



Effects of Focus Strategies on Financial Performance of Telecommunication Companies in Kenya During the COVID-19 Pandemic: A Case of Safaricom PLC

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Abstract

The challenges of the global business environment during the COVID-19 pandemic forced many businesses to scrutinize their competitive strategies more closely. The objective of this study was to establish the influence of focus strategies on the financial performance of telecommunication companies in Kenya using Safaricom PLC as a case study. The specific objectives of the study were to determine the influence of the focus strategy. The study used a cross-sectional design involving the management staff of Safaricom PLC. The target population was 650 employees of the Safaricom head office. The sample size was 248 employees of Safaricom PLC. Porter's 5-force theory guided the study. The research collected primary data through a questionnaire administered to each member of the sample. A pilot study was conducted to pretest and validate the questionnaire before its administration. Both descriptive and inferential statistics were used to analyze the data collected. The data collected was then analyzed using the Statistical Package for the Social Sciences (SPSS) version 24, with descriptive statistics such as means, standard deviations, frequencies, and percentages. Regression analysis was conducted, and an ANOVA test was performed to test hypotheses and establish the best model for the study. The study found that the coefficients of the independent variables were positive and statistically significant. The study found that the focus strategy was a significant predictor of customer satisfaction ($\beta = 0.408$,

$p = 0.000$). The ANOVA F-test p -value was less than 0.05, indicating that the overall model was significant. The analysis also indicated that the study variable was a predictor of financial performance. The study concluded that the study's variables should be considered in the company's decision-making. The study established that Safaricom PLC required careful market segmentation, thorough competitor analysis, and continuous monitoring of customer preferences and market dynamics to remain agile and adapt its focus strategy to evolving market trends and competitive forces, thereby sustaining long-term financial success. Focus strategy, which involved concentrating efforts and resources on a specific market segment or niche, demonstrated a positive impact on financial performance. By adopting a focus strategy, Safaricom PLC would experience improved revenue generation, higher profit margins, and an enhanced return on investment compared to those pursuing a broad-based strategy. Recent sector evidence shows that Kenya's post-pandemic telecommunications market remains strongly shaped by broadband growth, mobile money adoption, and customer-centered digital services, with mobile data subscriptions reaching 58.5 million by June 2025 and mobile service revenue rising to KSh 425.5 billion in 2024 (Communications Authority of Kenya, 2025).

Keywords: Focus strategy, financial performance, Telecommunication companies

Introduction

Organizations increase their profits by undertaking activities such as innovation, which may include introducing a new product or a new quality of goods. Introduction of new methods of production, emergence or opening of a new market, finding sources of raw material, and innovatively organizing the industry with new techniques. Porter's Five Forces framework provides a way to analyze an industry by identifying the competitive forces at play. Whether a firm's market is broad or narrow, and whether the firm is pursuing a competitive advantage. Connected to low cost or product differentiation. Five distinct competitive approaches are prominent: low-cost-to-provider strategy, broad differentiation strategy, best-cost provider strategy, focused strategy based on low cost, and focused strategy based on differentiation. (Thompson Jr., Strickland, and Gamble, 2022).

This study focused on the firm's competitive advantage, anchored in Porter's 5 Forces theory. A deep dive into a study investigating the effect of competitive advantage on the financial performance of the organization, an integral component in every business setting, as it measures how well a firm can use assets from its primary mode of business to generate revenues.

The difficult trials of the business environment in the Nineties were characterized by fragmented markets, intensifying competition, rapid technological change, shifting regulatory frameworks, and increasing reliance on nonprice competition, which compelled several businesses to examine their competitive strategies more closely. Porter (2015) argues that companies gain a competitive advantage by identifying new ways to deliver greater value to customers. Innovation could be a key source of competitive advantage and may occur at any point in the value chain. Recent regulatory statistics further indicate that by June 2025, Kenya had 73.2 million mobile devices connected to networks and an 83.5% smartphone penetration, confirming that focus strategies based on digital access, mobile broadband, and segmented customer solutions remain relevant in the post-COVID period (Communications Authority of Kenya, 2025).

Communication and relief efforts among the world's key economies have further intensified competition. This has reduced the globe to a world village, as so many business transactions are involved (Marshall McLuhan & Quentin Fiore, 2023). As a result, organizations are facing stiff competition from both local and foreign competitors. To compete and survive in a competitive environment, different organizations are adopting different strategies. Organizations are also implementing numerous competitive strategies to achieve a sustainable competitive advantage and enhance their survival in the business environment.

For the telecommunications industry in Kenya, in addition to continuously measuring the lead indicator, it is important to achieve and maintain competitiveness and to develop and implement a strategy. Currently, the Kenyan telecommunications industry has three main players: Safaricom, Airtel, and Telkom Kenya (Orange). The main players are Safaricom, Airtel, and Telkom Kenya (Orange), with market shares of 64.4%, 21.4%, and 8.9%, respectively. The sector has 54.56 million active subscribers. The business in the African country goes through profound changes. In the past ten years or so, technological advancement and regulatory restructuring have transformed the industry (CCK, 2019). More recent sector data show that mobile subscriptions had already reached 68.9 million by June 2024, while mobile services generated KSh. 384.3 billion in revenue in 2023, illustrating the continued commercial importance of customer-focused digital and mobile-money services in Kenya (Communications Authority of Kenya, 2024).

To measure key performance indicators, Weidinger and Platts (2012) explain that it involves grouping, analyzing, and/or generating new data concerning the performance of a private group, organization, system, or part. Du Randt (2000) showed that performance measurement should ultimately lead to performance management, a tool for transforming the ideas, vision,

and mission of senior managers into actions that can be planned, measured, modified, and corrected. This study will use Porter's 5 forces model. All the leading telcos have adopted Porter's 5 Forces strategy as their business model, as stated on their websites. This study examines the relationship between competitive strategies and the financial performance of firms in Kenya's telecommunications industry. This study will be guided by 1 specific objective: to investigate the effect of a market-focused strategy on the financial performance of telecommunication companies in Kenya and to determine the effect of strategic alliances on their financial performance. In its latest annual report, Safaricom reported that its Vision 2025 strategy supported a 47.8% increase in Group revenue from FY2020 to FY2025, alongside significant capital expenditure directed toward network capacity and customer experience, reinforcing the strategic importance of focused investment in technology and customer value (Safaricom PLC, 2025).

Statement of the problem

The COVID-19 pandemic has had a significant impact on the financial performance of telecommunication companies in Kenya (Mwangi & Wanjau, 2020). To remain competitive and sustain their operations, these companies have had to adopt various strategies, including a market focus strategy. However, the effectiveness of this strategy in improving the financial performance of telecommunication companies in Kenya during the pandemic remains unclear (Mwaura & Kosgei, 2021). Therefore, there is a need to investigate the impact of a market-focused strategy on the financial performance of telecommunication companies in Kenya during the COVID-19 pandemic. This study aims to address this knowledge gap and provide insights to inform strategic decision-making in the industry.

Specific Objective

To investigate the effect of the market focus strategy on the financial performance of telecommunication companies in Kenya

Research Hypothesis: Hypothesis No. 1

H01: There is no significant relationship between Market focus strategy and the financial performance of telecommunication companies in Kenya.

Scope of the study

There are four telecommunication firms in Kenya; however, this study will focus on only one registered mobile phone company in Nairobi County, Kenya, namely Safaricom PLC, which has existed since 1999. The focus group comprises the firm's managers, categorized into three levels: top, middle, and lower. The three groups are the respondents, as they are

involved in policymaking and operations. The resources at the researcher's disposal will limit the study to Nairobi County, where the network provider's managers are based at the head office in Westlands. The study will use one independent variable, a moderating variable, and one dependent variable: financial performance (profitability and market share).

Literature review

Porter's theory of competitive strategy provides a useful framework for understanding the market-focus strategy adopted by telecommunications companies in Kenya during the COVID-19 pandemic. According to Potter (2008), a market-focused strategy involves tailoring a company's products and services to meet the specific needs and preferences of a particular customer segment. This can be achieved through market research, segmentation, and targeting, and the development of differentiated products and services.

In Kenya's telecommunications industry, the market focus strategy was seen as a response to changing customer needs and behaviors during the pandemic. For example, with more people working from home and relying on digital communication channels, telecommunication companies may have focused on developing and promoting products and services that cater to this segment of the market. This included offering affordable data bundles, improving network quality and reliability, and providing customer support through digital channels.

Potter (2008) argues that a market focus strategy can be an effective way for companies to differentiate themselves from competitors and achieve sustainable competitive advantage. By targeting specific customer segments and meeting their unique needs, companies can increase customer loyalty and retention, ultimately leading to higher revenues and profits. However, the success of this strategy depends on various factors such as the company's ability to identify the right customer segments, the effectiveness of its marketing campaigns, and the quality of its products and services. More recent Kenyan evidence is consistent with this view: Gitonga, Kariuki, and Kimani (2025) found that market penetration strategies explained 61.0% of the variation in competitive advantage among telecommunication firms in Kenya, while ICT regulatory policy significantly moderated this relationship.

Recent research by Mwaura and Kosgei (2021) supports Potter's theory by showing that telecommunication companies in Kenya that adopted a market-focused strategy during the pandemic improved their financial performance compared to those that did not. This highlights the importance of a market-focused strategy for achieving a competitive advantage in the industry.

In summary, Porter's theory of competitive strategy offers a useful lens for understanding the market-focus strategy adopted by telecommunications companies in Kenya during the COVID-19 pandemic. This study aims to investigate the impact of this strategy on the financial performance of these companies and provide insights to inform strategic decision-making in the industry.

Empirical Review

An empirical review has shown that a market-focused strategy can significantly affect the financial performance of companies across various industries. For example, a study by Chen and Huang (2019) found that market focus strategy positively affects the financial performance of firms in the Chinese telecommunications industry. Similarly, research by Kuo and Wu (2020) showed that a market-focused strategy can improve the financial performance of firms in Taiwan's semiconductor industry. Recent Kenyan studies also support the continued relevance of Porter's generic strategies in the sector; Musyoka, Arasa, and Ombuki (2022) reported that the differentiation strategy had a statistically significant influence on firm performance among mobile telephone network service providers in Kenya.

In the context of Kenya's telecommunications industry, recent research by Mwaura and Kosgei (2021) found that telecommunications companies that adopted a market-focused strategy during the COVID-19 pandemic improved their financial performance compared to those that did not. The study analyzed financial data from five major telecommunications companies in Kenya and found that those that focused on meeting their customers' specific needs during the pandemic increased their revenues and profits.

These findings are consistent with Porter's theory of competitive strategy, which suggests that a focus on the market can be an effective way for companies to achieve sustainable competitive advantage. By targeting specific customer segments and meeting their unique needs, companies can increase customer loyalty and retention, ultimately leading to higher revenues and profits.

Additionally, a study by Almanthari and Al-Matari (2019) found that market focus strategy positively affects the financial performance of firms in the Yemeni banking sector. The study analyzed data from 14 banks over six years and found that those that focused on meeting their customers' specific needs achieved higher profitability and growth.

Also, research by Amran et al. (2019) showed that a market focus strategy can improve the financial performance of firms in the Malaysian manufacturing industry. The study analyzed data from 200 manufacturing

firms and found that those that adopted a market-focused strategy achieved higher sales growth, profitability, and return on assets.

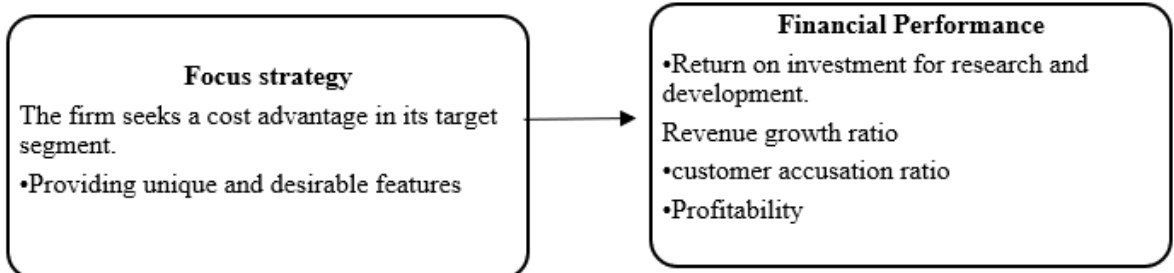
Furthermore, a study by Kuo et al. (2018) found that a market focus strategy positively affects the financial performance of firms in Taiwan's tourism industry. The study analyzed data from 147 hotels and found that those that adopted a market-focused strategy achieved higher occupancy rates, revenue per available room, and profitability.

These studies provide further evidence that a market-focused strategy can be an effective way for companies to improve their financial performance across various industries. By targeting specific customer segments and meeting their unique needs, companies can increase customer loyalty and retention, ultimately leading to higher revenues and profits. The findings of these studies have important implications for strategic decision-making in Kenya's telecommunications industry, suggesting that a market-focused strategy can be an effective way for companies to remain competitive and sustain their operations during the COVID-19 pandemic. In summary, empirical studies suggest that a market-focused strategy can positively affect the financial performance of companies across various industries, including Kenya's telecommunications industry. The study by Mwaura and Kosgei (2021) provides evidence that telecommunication companies that adopted a market-focused strategy during the COVID-19 pandemic improved their financial performance compared to those that did not. These findings have important implications for strategic decision-making in the industry. Similarly, Ngugi (2022) found that focus cost, focus differentiation, differentiation, and cost leadership strategies had positive and significant relationships with performance among Kenyan telecommunication firms, strengthening the argument that focus strategy should be continuously aligned with customer needs, demographic segments, and market trends.

Conceptual framework

Independent

Dependent



Methodology

Research Design

Research design is defined by Cooper and Schindler (2014) as a blueprint for the collection, measurement, and analysis of data. It is a map for an objective research study aimed at answering specific research questions or testing a specific hypothesis. The study used descriptive research, a study designed to depict the participants accurately. This is because descriptive research focuses on describing the people who participate in the study. A cross-sectional survey method was used in collecting data from the respondents.

Target Population

Population refers to an entire group of individuals, events, or objects having a common observable characteristic. Safaricom PLC has 4,456 permanent employees (2021, financial report). The target population in this study was 650 employees of Safaricom PLC's head office in Nairobi, Kenya. McMillan (2016) defines a population as a group of elements or cases, whether individuals, objects, or events, that conform to specific criteria and to which we intend to generalize the results of the research. According to Alvi (2016), a target population refers to all the members who meet the criterion specified for a research investigation.

Table 1: Sample Size and Design

Category	Target population	Sample size
Senior management	400	153
Middle management	100	38
Lower management	150	57
Total	650	248

The study focused on top, middle, and lower management staff, comprising senior, middle, and lower-level managers who directly handled the day-to-day operations of Safaricom Ltd. Since they were conversant with Safaricom's competitive strategies, 650 respondents were targeted, and the study used simple random sampling to select a representative sample.

The data collection instrument for this study will be a structured questionnaire administered to employees of telecommunications companies in Kenya. The questionnaire will consist of closed-ended questions to collect data on the following variables: market focus strategy, financial performance, and the impact of COVID-19.

Response rate

The sample comprised 248 respondents, including senior, middle, and lower-level managers at Safaricom PLC. Table 1 indicates that of the 248 questionnaires administered, 200 were completed, yielding a response

rate of 80.6 percent. According to Mugenda and Mugenda (1999), a response rate of 50 percent is adequate, 60 percent is good, and above 70 percent is excellent. Therefore, a response rate of 80.6 percent was sufficient for data analysis.

Table 2: Response rate

Response Rate	Sample Size	Percentage (%)
Returned Questionnaire	200	80.6
Unreturned Questionnaires	48	19.4
Total	248	100

Demographic Characteristics

The section shows the demographic data of the respondents. The respondents' demographic information reflects the relevant attributes of the population, forming the foundation on which the research obtained pertinent data. Data recorded includes gender, age, highest level of education, years worked at the organization, and the number of years the company has been in operation. Of the respondents, 54% were men, while 46% were women.

The respondents were asked to specify their gender. The results are shown in Figure 1.

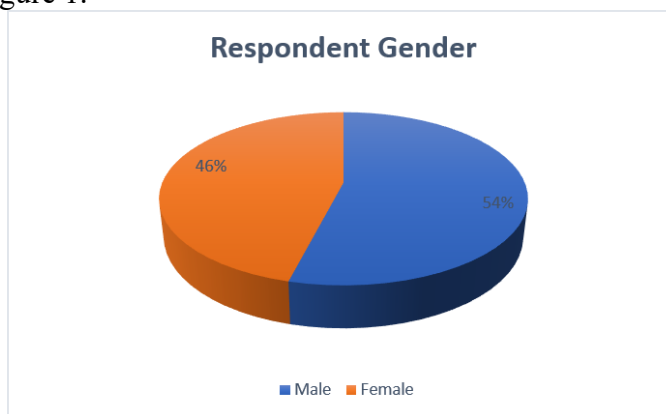


Figure 1: Gender of the Respondents

Age of the Respondents

In this section, the respondents were asked to specify their age. The respondents' ages were recorded in structured age brackets. The results are presented in Table 3.

Table 3: Age of the Respondents

Age	Frequency	Percent (%)
Below 20	0	0
20–30	20	10
31–40	83	41.5
41–50	60	30
Above 50	37	18.5
Total	200	100

Respondents aged 20-30 were 8%. The majority of respondents (40.5%) were aged 31-40 years, while 39% were aged 41-50 years. On the other hand, 12.5% of the respondents were aged above 50 years.

Respondents’ Highest Level of Education.

The respondents were asked to report the highest level of academic qualification they had attained. The results are shown in Table 4.

Table 4: Level of Education of Respondents

Level of education	Frequency	Percentage%
Certificate	5	2.5
Diploma	20	10
Degree	100	50
Masters	75	37.5
Total	200	100

As the findings in Table 4 indicate, the study's respondents had varying levels of education. Certificate holders were the fewest at 2.5%, followed by diploma holders at 10%. The majority (50%) have completed a degree course. 37.5% of the respondents have attained a master's/postgraduate degree. The findings reveal that all respondents had attained at least a certificate level of education and were therefore sufficiently knowledgeable to respond to the questions in the data collection instrument.

Level of Experience

The respondents were asked to indicate the number of years worked at Safaricom PLC.

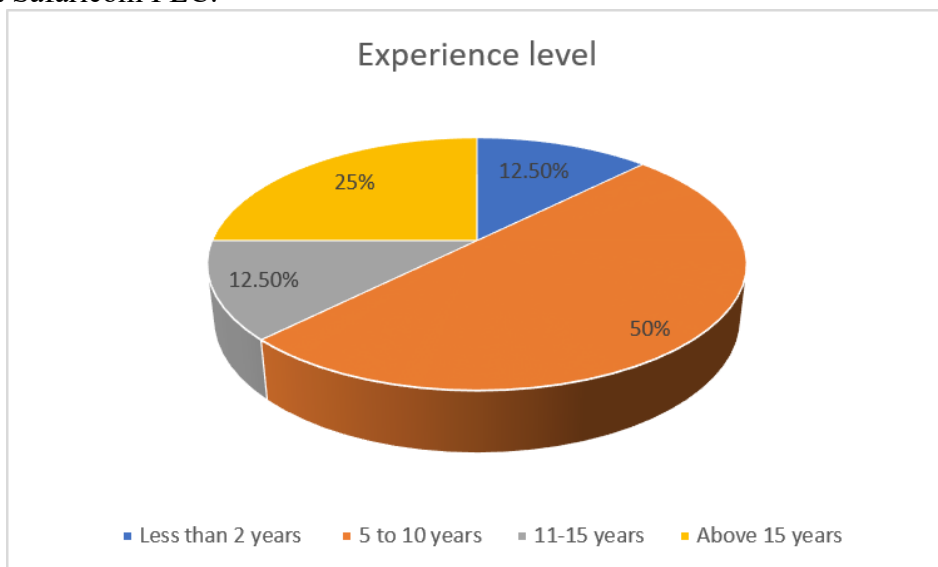


Figure 2: Level of Experience of Respondents

The respondents had varied years of experience in their various positions at Safaricom PLC. Most respondents reported that they have worked at the organization for between 5 and 10 years. The findings indicate that the majority of the respondents, at 50%, have worked between 5-10 years, 21.50% have worked between 11-15 years, 12.50% have worked for less than 2 years, while 25% have worked for more than 15 years. The results reveal that the employees at Safaricom PLC had experience and understood the company dynamics.

Occupation

The respondents who took part in the study were Safaricom PLC senior, middle, and lower-level managers. An analysis was conducted to establish the representation of each occupation. A presentation of the findings in Table 5 indicates that most respondents, 38.5%, were lower-level managers, 32.5% were middle-level managers, and 29% were senior managers. Therefore, the majority of the workforce were lower-level managers, as consumer service, product sales, and satisfaction were their core focus. It is also important to note that there was adequate representation of the core professions at Safaricom PLC relevant to this study.

Table 5: Occupation of Respondents

Occupation	Frequency	Percentage %
Senior managers	58	29
Middle-level managers	65	32.5
Lower-level managers	77	38.5
Total	200	100

Data Collection Instruments & Procedure

The questionnaire was designed based on the research objectives and the literature review and was pre-tested with a sample of employees to ensure its validity and reliability. The final version of the questionnaire was administered through an online survey platform to ensure ease of access and timely data collection.

The target population for this study was employees of Safaricom PLC companies in Kenya who are involved in strategic decision-making processes. A purposive sampling technique was used to select the sample to ensure it is representative of the industry. The sample size was determined using a power analysis based on the expected effect size, the significance level, and the study's power.

Data analysis involved both descriptive and inferential statistics. Descriptive statistics such as means, standard deviations, and frequencies were used to summarize the data, while inferential statistics, such as regression analysis, were used to test the hypotheses. The data analysis was conducted using statistical software such as SPSS.

Reliability and Validity of Data Collection Instruments

The researcher used a pilot study to ensure the validity of the data-collection instrument. The test-retest method was applied, with a portion of the population used to assess reliability. This was done by issuing a questionnaire to the management of Safaricom plc in Nairobi County. The questionnaire was found to be both reliable and valid.

Data Analysis and Presentation

The collected data were analyzed quantitatively using statistical methods in social science research. Data were analyzed using descriptive statistics, percentages, frequency distributions, and presented using graphs, charts, and tables.

Measurement of variables

The variables in this study were measured using perceptual indicators. Focus strategy was measured depending on six items, namely, use of technology to keep operation costs down and to improve the quality, offers services and products that serve a particular type of customers' needs and preferences, segments products based on the benefit sought by the customers, committed and highly motivated staff, and known for use of technology. However, a five-point Likert-type scale ranging from one (Strongly agree) to five (Strongly Disagree) was used. These measures have been adopted from previous research (Dess & Devis, 1984). Several items were, however, amended for clarity. The Cronbach's alpha was 0.68, indicating that the scale's internal reliability was satisfactory. According to Bryman and Cramer (1997), a reliability of 0.70 is generally acceptable for basic research. Based on the coefficient values, the results indicate that the data has a high level of internal consistency. Several parameters were used to measure firm performance. These include the sales growth rate, sales, the profit growth rate, profit, the profitability ratio, and overall performance. A five-point Likert-type scale ranging from 1 (much worse) to 5 (much better) was used. The Cronbach's alpha was 0.9, indicating satisfactory internal consistency of the scale.

Research Findings and Discussions

Descriptive Statistics

The primary data collected were analyzed using SPSS version 25, and the following descriptive statistics were computed for each independent variable in this study: cost leadership, differentiation, focus, and strategic alliance.

Descriptive analysis for Focus Strategy

Table 6 presents the descriptive statistics for the responses to the focus strategy statements in the questionnaire. The statements were developed to measure the effect of the focus strategy on the financial performance of telecommunication companies in Kenya. Out of the 248 questionnaires sent, 200 were returned.

Table 6: Descriptive statistics for Focus Strategy

Focus strategy	SD F (%)	D F (%)	N F (%)	A F (%)	SA F (%)	Mean	Std. D
Safaricom exploits the use of technology to keep operational costs down and to improve the quality	0	0	4(2)	7(33.5)	129(64.5)	4.26	.899
Safaricom offers fair prices by providing better quality products and services	0	1(0.5)	3(1.5)	79(39.5)	117(58.5)	4.02	.892
Safaricom offers services and products that serve a particular type of customer's needs and preferences	0	0	0	69(34.5)	131(65.5)	4.62	.490
Safaricom segments its products based on the benefit sought by the customers	0	1(0.5)	2(1)	89(44.5)	108(54)	4.54	.646
Safaricom is known for its committed and highly motivated staff	0	0	0	69(34.5)	131(65.5)	4.66	.479
Safaricom is known for the use of technology	0	0	3(1.5)	81(40.5)	116(58.0)	4.60	.571
Composite mean and standard deviation						4.45	0.662

Most respondents agreed that Safaricom is known for its committed, highly motivated staff. 69 (34.5%) agreed, and 131(65.5%) strongly agreed with the statement. Additionally, most respondents agreed that “Safaricom offers services and products that serve a particular type of customers’ needs and preferences.” 69 (34.5%) agreed, and 131 (65.5%) strongly agreed with the statement. Other notable high mean values include “Safaricom is known for use of technology,” where 3 (1.5%) respondents were neutral, 81 (40.5%) agreed, and 116 (58.0%) strongly agreed with the statement. There was, however, a low mean score posted on the statement “Safaricom offers fair prices by providing better quality products and services 1(0.5%) of the respondents disagreed, 1.5% remained neutral, while 79(39.5%) agreed, and 117(58.5%) strongly agreed with the statement. Key informant interviews were conducted with Safaricom employees on the focus strategy and its effect on financial performance. When asked what they thought the significance of the strategy was in the business, they thus had this to say: *“The focus strategy has allowed us to differentiate ourselves from the competition. Instead of trying to be everything to everyone, we have chosen to excel in certain areas. This has helped us build a strong brand image and attract a loyal customer base. As a result, we have been able to command premium pricing for our services, which has positively impacted our financial performance.*

"One of the key benefits of the focus strategy is operational efficiency. By concentrating our resources on specific areas, we have streamlined our operations and achieved cost savings. This has directly translated into improved financial performance, as our profitability has increased through reduced expenses and optimized resource allocation."

When asked what the focus strategy for the organization caused the challenges, this is what they had to say: *"While the focus strategy has yielded positive results, it also comes with challenges. We need to monitor the market and stay ahead of our competitors continuously. Additionally, there is a risk of over-reliance on specific market segments, which could"*

Overall, feedback from Safaricom employees suggests that the focus strategy has been instrumental in driving positive financial performance for the company. However, Safaricom needs to monitor the market and stay ahead of competitors continuously. Additionally, there is a risk of over-reliance on specific market segments, which could expose the company to potential vulnerabilities during downturns.

Inferential Statistics of Focus Strategies on the Financial Performance of Telecommunication Companies in Kenya during the COVID-19 pandemic

Correlation and regression analyses were conducted to determine the relationship between focus strategy and the financial performance of telecommunication companies in Kenya during the COVID-19 era. These were further explained in the following sub-themes

Correlation Analysis

The correlation analysis shows a significant positive relationship between focus strategy ($X = 0.408$, $p\text{-value} = 0.005$) and financial performance. Therefore, an increase in focus strategy leads to an increase in firm performance.

		x	y
Focus Strategy	Pearson		
	Correlation	1	0.408**
	Sig. (2-tailed)		0.005
	N	200	200
Financial	Pearson correlation		
		1	0.408**
	Sig. (2-tailed)		0.005
	N	200	

**Significant at 0.01 level (2-tailed), * significant at 0.05 (2-tailed)

Key Y=Firm performance, X = Focus strategy.

Regression Analysis

H01: The focus strategy has a significant effect on the financial performance of telecommunication companies in Kenya.

Table 7: Focus Strategy and Financial Performance Model Summary

Model	Coefficients		Standardized Coefficients	t	Sig.
	Unstandardized Coefficients B	Std. Error			
1 (Constant)	68.785	15.030		4.577	<.001
Financial performance	.177	.180	.177	.986	.332

a. Dependent Variable: focus strategy

Table 7 of the regression coefficient shows the unstandardized beta coefficient for financial management skills to be 0.177. The T value for financial management skills is also significant: $T(247) = 0.986$; $\beta = 0.177$. $P \leq .05$. This implies that for each unit increase in focus strategy, financial performance could increase by 0.177 units.

Table 8: The F-statistic was used to test the model's goodness of fit.

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	8.276	1	4.276	8.57	.000 ^b
Residual	255.442	30	8.515		
Total	263.719	31			

a. Dependent Variable: focus strategy

b. Predictors: (Constant), Financial performance

Table 8 ($F = 8.57$, $p\text{-value} = 0.00$) shows a significant relationship between focus strategy and firm financial performance, with a slope (β coefficient) that is not zero.

Hypothesis testing

H01: There is no significant relationship between Market focus strategy and the financial performance of telecommunication companies in Kenya. The hypothesis is that the market focus strategy has no significant effect on the financial performance of telecommunication companies in Kenya. was positive and significant ($p = 0.000$), with a significance level of 0.05. As such, the null hypothesis was rejected, which stated that the market focus strategy has no significant effect on the financial performance of telecommunication companies in Kenya, and the alternative was adopted, namely, there is a significant relationship between market focus strategy and the financial performance of telecommunication companies in Kenya, as adopted by this study

Summary of findings

The study's findings contradict the hypothesis that the focus strategy has no significant effect on the performance of manufacturing firms in

Kenya. The results of the regression analysis indicated that the Focus strategy has a significant effect on the firm performance of manufacturing firms. Firms employing a focus strategy appear to have higher performance than those in other clusters. The study conducted a descriptive analysis on the effect of the focus strategy on the financial performance of telecommunication companies in Kenya, using Safaricom as a case study. The responses to focus strategy statements on the questionnaire were analyzed using descriptive statistics, including mean scores and standard deviation.

The findings indicate that most respondents agreed that Safaricom is known for its committed and highly motivated staff, with 69 (34.5%) agreeing and 131 (65.5%) strongly agreeing. Similarly, most respondents agreed that Safaricom offers services and products that meet the needs and preferences of a particular customer type, with 69 (34.5%) agreeing and 131 (65.5%) strongly agreeing. Additionally, respondents agreed that Safaricom is known for its use of technology, with 81 (40.5%) agreeing and 116 (58.0%) strongly agreeing.

However, the mean score for the statement that Safaricom offers fair prices by providing better quality products and services was low, with only 79 (39.5%) agreeing and 117 (58.5%) strongly agreeing. One example of this strategy is the company's focus on mobile money services through its M-PESA platform. This has allowed Safaricom to tap into Kenya's large unbanked population and drive revenue growth. Additionally, the company has invested in expanding its network coverage and improving service quality, thereby increasing customer loyalty and reducing churn. Overall, Safaricom's focus strategy has been successful in driving financial performance, with the company reporting strong revenue and profit growth in recent years.

Further, the findings suggest that focus strategy elements such as committed staff, customer-centric products and services, and the use of technology may positively impact the financial performance of telecommunication companies in Kenya. However, further analysis would be needed to determine the specific relationship between focus strategy and financial performance and to assess the generalizability of the findings beyond Safaricom as a case study.

Conclusion

The findings-based focus strategy revealed that Safaricom Plc has employed various focus strategy marketing techniques in its goal to maximize shareholder wealth. The focus strategy, as initially presumed, was confirmed to have a positive effect on Safaricom plc's financial performance. Focus on strategies tailored to the speciality of products and/or

services, and fair prices by providing higher-quality products and services. Most of the respondents in this study agreed that focusing on a specific niche- in this case, offering services and products that serve a particular type of customers' needs and preferences; segmenting products based on the benefit sought by the customers; using technology; and having committed and highly motivated staff improved the firm's financial performance. This is similar to findings by Atikiya (2015), which revealed that focusing on a market segment with growth potential guarantees an increase in sales compared to a saturated market. Most of the respondents in the study agreed that by offering high-quality products and services, Safaricom PLC has steadily increased its market share and can therefore offer fair prices by exploiting economies of scale. According to Bertozzi, Ali, and Gul (2017), when a firm adopts a focus strategy, specifically the cost-focus variant, it increases brand loyalty and market share by offering high-quality products and services at affordable prices to a particular market segment. Ouma and Oloko's (2015) study on bus companies established that firms may achieve financial growth by gaining a cost advantage in a particular segment. In this study, most respondents agreed that "Safaricom PLC was able to attract more customers by charging pocket-friendly fees" and "Safaricom PLC was able to attract more customers by offering manageable payment plans to its various services, e.g., internet connectivity, data plan, voice plan, postpaid and prepaid". Safaricom plc was able to offer fair prices by minimizing its costs". There is, therefore, a consensus that Safaricom PLC employed some focus strategy techniques that, unfortunately, according to the data analysis, have not yielded a very strong positive effect on organizational performance. Analysis of the study's responses aligns with Waiyaki (2014), who found that differences across market segments require companies to focus on differentiated products/services with an attractive design to cater to customers' needs and wants. Therefore, proper identification of the niche market is critical for the successful implementation of focus strategies. The fact that the niche can disappear over time due to changes in preferences, tastes, and fashion demands that companies pay close attention to these shifts and adapt rapidly to customer demands (Lynch, 2003). In his summation, Yasar (2010) noted that in many departments, such as marketing, procurement, and R&D, a focus strategy is instrumental, as it indicates where more resources should be allocated to improve performance. These conclusions are further supported by recent evidence that market penetration and competitive strategies remain strongly associated with competitive advantage and performance in Kenya's telecommunication sector (Gitonga et al., 2025; Musyoka et al., 2022; Ngugi, 2022).

Recommendation

Based on the findings presented, telecommunication companies in Kenya may consider adopting policies and regulations that encourage focus strategy elements such as committed staff, customer-centric products and services, and the use of technology to enhance their financial performance. These policies and regulations may include incentives for companies that prioritize these focus strategy elements, as well as regulations that encourage fair pricing practices.

Additionally, policymakers and regulators may consider conducting further research to determine the specific relationship between focus strategy and financial performance in Kenya's telecommunications industry and to assess the generalizability of the findings beyond Safaricom as a case study. This research could inform the development of policies and regulations tailored to the industry's unique characteristics, thereby promoting sustainable growth. Given the rapid growth of smartphone penetration, 4G and 5G coverage, and mobile broadband subscriptions, future regulatory and managerial decisions should also emphasize digital inclusion, affordable data access, cybersecurity readiness, and customer-focused innovation as part of sustainable focus strategy implementation (Communications Authority of Kenya, 2025; Safaricom PLC, 2025).

Overall, policies and regulations that encourage a focus on strategic elements may help promote financial success in Kenya's telecommunications industry. However, further research is needed to fully understand the relationship between focus strategy and financial performance and to develop effective policies and regulations that support sustainable growth in the industry.

Areas of further research

The objective of this study was to investigate the effects of competitive strategies on the financial performance of telecommunication companies in Kenya. Similar studies should be conducted in other telecommunications companies during and after the COVID-19 era. Future studies could also include other telecommunications companies.

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