EFFECT OF CORPORATE COMMUNICATION STRATEGY ON PERFORMANCE OF SAFARICOM LIMITED IN KENYA

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Abstract: The Kenyan telecommunications sector has been undergoing rapidly varying environmental conditions in terms of the competition. With penetration of information and technology, the market has become a global village and the telecommunications companies are no exception. This study was conducted to establish the effect of corporate communication strategy on performance in Safaricom Limited. Diffusion of innovation theory supported the study. This study adopted census approach and the target population was 90 principal officers, 60 senior officers, 25 senior managers and 37 managers. Data was collected using structured questionnaires. Data was analyzed using Statistical Package for Social Sciences (SPSS) version 25.0 and descriptive statistics and inferential statistics were used in analysis. Descriptive statistics showed that respondents agreed that corporate communication strategy affected performance at the Safaricom limited. Regression analysis showed that corporate communication strategy affected performance positively and significantly (β = 0.080, Sig. = 0.004). Results also showed that corporate communication strategy was positively and significantly correlated (r=0.293, p=0.006). The study concludes that by communicating openly and effectively, Safaricom can build strong relationships, address concerns, gather feedback, and foster a sense of involvement and trust among stakeholders. The study recommends Safaricom limited to capitalize on advertising its products since advertising can provide a competitive advantage by positioning a business as a preferred choice among competitors.

Keywords: Corporate communication strategy, Performance, Safaricom Limited

INTRODUCTION

A strategy involves a series of actions that are taken to move from the present situation to a desired future state (Porter & Kramer, 2011). Strategic management involves the identification of aims and intents, the development of strategies to attain those goals, and the allocation of resources and implementation of plans to execute those strategies (Johnson et al., 2008). The strategic management helps organizations to clearly define their goals and objectives. This clarity ensures that all stakeholders are aligned and working towards the same objectives, which in turn increases the likelihood of success. Many research studies have denoted that a well-executed strategic management process can give organizations a competitive advantage over their competitors (Fred, 2011).

Pearce and Robinson (2012) pointed out that every organization's performance is dependent on the balance between its strategic receptiveness and assertiveness, and the way these balance with environmental mayhem. It can therefore be noted that for companies to fit into the tumultuous climate, there is need for a strategic match between what the climate needs and what the company needs to offer and what the client demands and what is given by the world. Organizational performance is dependent on a complex interaction of various internal and external factors. To achieve optimal performance, organizations must prioritize leadership, strategy, culture, human resources, processes and systems, financial resources, and their external environment (Porter & Kramer, 2011).

Corporate communication is the various approaches and techniques used by companies to communicate with their stakeholders, including employees, investors, suppliers, and the public (Christensen et al., 2007). It encompasses all forms of communication, such as verbal, written, and non-verbal, and involves both internal and external communication (Jacksons, 2009). Corporate communication helps to build and maintain a positive image of the organization, establish strong relationships with stakeholders and promote the organization's values, products, and services. Effective corporate communication also helps to manage issues and crises, and to support business objectives (Freeman, 1984). Corporate communication can take many forms, such as press releases, social media posts, annual reports, marketing materials, and speeches by company executives. It can also involve communication with employees through newsletters, meetings, and training sessions.

Safaricom limited is a telecommunications company headquartered in Nairobi, Kenya. It is the largest mobile network operator in Kenya and has a dominant market share in the telecommunications industry in the country. The company began in 1997 as a fully owned subsidiary of Telkom Kenya, but it was later privatized and sold to a consortium led by Vodafone. Some of the telecommunication solutions it provides includes high speed data, voice services, mpesa, mshwari, mobile banking, mobile and fixed data internet services among others. Safaricom company is focused on providing personalized solutions that meet the specific needs of their customers. Safaricom understands that each customer is unique, and therefore, has different needs and preferences. As a result, the company has developed a customer fit strategy that involves understanding customer needs, customizing products and services and through personalized communication.

In Safaricom company, operational excellence is a key strategic priority, and the company has implemented various initiatives to achieve this objective. Delivering relevant products is a key focus area for Safaricom, as the company aims to provide solutions that meet the specific needs and preferences of its customers. Safaricom has implemented various initiatives to ensure that it delivers relevant products to its customers. In Safaricom limited, the level of customer satisfaction is not excellent in regard to the high number of complaints by customer that range from poor quality reception, expensive products and services, unaccounted data bundles usage, congested network and high tariff rates and thus the need for the current study.

THEORETICAL FRAMEWORK

This study was anchored on diffusion of innovation theory which was developed by Rodgers in 1962. It is based on Rogers' observations of how new technologies and ideas spread through society, and it aimed to explain why some innovations are adopted quickly, while others take longer to catch on. The foundation of this theory is the idea that the adoption of new ideas, technologies, or innovations follows a predictable pattern over time. The theory also identifies four main elements that are necessary for an innovation to be adopted: the innovation itself, communication channels, time, and a social system. The innovation must be perceived as being better than existing solutions, and it must be communicated effectively to potential adopters through appropriate channels. The amount of time it takes for an innovation to be adopted can vary depending on factors such as the complexity of the innovation and the nature of the social system in which it is being introduced (Dearing & Cox, 2018).

Rogers identified five categories of adopters based on their adoption rate and attitude towards innovation: innovators, early adopters, early majority, late majority and laggards. Innovators are individuals who are the first to adopt a new innovation. They are often risk-takers and have a high degree of willingness to try out new things (Dearing, 2009). Innovators are typically a small percentage of the population, but they play a critical role in the diffusion process, as they are the ones who first recognize the potential of a new innovation and take action to adopt it. Innovators are often characterized by their curiosity and openness to new ideas. They are willing to experiment with new products or services and are often early adopters of new technologies. Innovators are also willing to take risks and try new things, even if there is some uncertainty or potential for failure. They are often seen as opinion leaders or trendsetters, and their adoption of an innovation can influence the attitudes and behaviors of others (Dearing & Cox, 2018).

Early adopters are individuals who adopt a new innovation after the innovators but before the majority of the population. Early adopters tend to be opinion leaders and are often respected by their peers for their knowledge and expertise in a particular field. Early adopters are often characterized by their social status and influence. They are typically well-respected and influential members of their communities, and their adoption of an innovation can influence the attitudes and behaviors of others. Early adopters may also be motivated by a desire to gain a competitive advantage or stay ahead of their peers in their field (Dearing, 2009).

Late adopters are individuals who adopt a new innovation after the early majority, but before the laggards. They tend to be more skeptical of new innovations and may require more convincing before they are willing to try something new. Late adopters are often characterized by their cautiousness and reluctance to take risks. They may be less influenced by social norms and trends than early adopters and may require more evidence of the benefits of an innovation before they are willing to adopt it. Late adopters may also be more set in their ways and less willing to change established habits or routines (Dearing & Cox, 2018).

Laggards are the last group of individuals to adopt a new innovation, often long after the majority of the population has already adopted it. Laggards tend to be very traditional in their attitudes and behaviors and may be resistant to change. Laggards are often characterized by their skepticism and fear of the unknown. They may be less educated and less informed about new innovations, and may not see the value in adopting them. Laggards may also be more risk-averse and may be unwilling to invest time or money in something that they perceive as unproven or unnecessary (Dearing & Cox, 2018).

EMPIRICAL REVIEW

Bery et al. (2015) investigated the impact of employee communication on the performance of organization in the horticulture industry in Kenya. The study involved all flower farms located in Naivasha. Respondents used in the study were drawn from target population using a stratified random sampling method. Both qualitative and quantitative data were gathered. Inferential analysis including correlation and regression analysis was applied in testing the relationship between the variables. The study concluded that communication of employees is a crucial determinant of organizational performance of flower farms and thus recommended the need to have effective communication strategies of communication.

Ojwang (2018) investigated the influence of corporate communication strategies in financial performance focusing on Airtel Kenya. The objectives of the study were to identify corporate communication strategies used by Airtel Kenya, establish the factors attributed to Airtel Kenya financial performance of Airtel Kenya. The sample size comprised Airtel Kenya Corporate Communication department and 248 Airtel Kenya customers. The study revealed that Airtel Kenya corporate communication strategies has an influenced financial performance in the areas of revenue, market share, shareholder value and customer satisfaction. Communication at Airtel Kenya allowed its stakeholders to make informed decisions which influences their interactions with the organization.

Kinyua et al. (2020) studied the effects of strategic communication on performance of financial and commercial state corporations in Kenya. The researcher adopted descriptive research design in the study and both proportionate stratified sampling and simple random sampling were used to select a representative sample comprising of 145 respondents. Research data collected was by use of a structured questionnaire. Field data was analyzed using descriptive and inferential statistics. The results found out that strategic communication affect the performance of financial and commercial state corporations in Kenya.

Kumar and Trehan (2015) examined internal corporate communication and job performance: a comparative study of public and private telecom organizations. Data from 605 employees were processed by using statistical Package for the Social Science and MS excel software. Independent sample t text and linear regression were used to analyze the data. The study concluded differently from previous studies as organizational integration and organizational perspective have emerged as two very important dimensions influencing the job performance.

RESEARCH METHODOLOGY

This study adopted a descriptive design since it offers qualitative descriptions of trends, approaches and insights of the population where a study of a sample of that population is done. The study population consisted of two hundred and twelve senior employees (principal officers, senior officers, senior managers and managers from six departments in Safaricom namely risk management, strategy and innovation, customer information technology, enterprise business unit and customer care. Questionnaires were used in collecting data and administering of the questionnaires was via drop and pick later approach to reduce the risk of collecting data that is inaccurate, incomplete, or biased and improving the data quality. Data was analyzed using descriptive and inferential statistics using Statistical Package of Social Sciences. The regression model was

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where

Y	=	Performance of commercial banks
β_0	=	Constant
β_1	=	Coefficients of corporate communication strategy
X_1	=	Corporate communication strategy
ε_o	=	Error term assumed to be a constant

RESULTS AND DISCUSSION

5.1 Descriptive statistics

The study sought to determine the effect of corporate communication strategy on performance of Safaricom limited. The mean summaries showed incorporating functional features like advertisements play a massive role in performance as it had a mean of 2.07. There was a low variation (standard deviation (SD) of 0.95). Safaricom Ltd has a culture of open communication where ideas flow freely in the organization had a mean of 2.08. There was a high variation (SD of 1.09). Safaricom Ltd has a planned-out communication with employees, customers, suppliers and investors had a mean of 2.10 and SD of 1.01 while corporate communication has helped Safaricom Ltd to build its market share had a mean of 2.44 and an SD of 1.14. The results imply that at the Safaricom limited, there is a likelihood that corporate communication strategy affects organizational performance and that crisis management and advertising are critical strategies affecting customer satisfaction, employee engagement and employee satisfaction.

Table 1: Descriptive statistics of corporate communication strategy

Corporate communication strategy statements	Mean	Standard deviation
Safaricom Ltd has a culture of open communication where ideas flow freely in the organization	2.08	1.09
Safaricom Ltd has a planned-out communication with employees, customers, suppliers and investors	2.10	1.01
Corporate communication has helped Safaricom Ltd to build its market share	2.44	1.14
Incorporating functional features like advertisements play a massive role in performance	2.07	0.95
Aggregate Mean	**2.17**	**1.05**

Advertising plays a crucial role in building brand awareness and recognition among target audiences and by promoting products, services, or the brand itself through advertising campaigns, organizations can increase visibility and create a strong brand presence in the market (Lee et al., 2018). This can lead to improved brand recall and recognition, which are essential for attracting and retaining customers. Further, advertising contributes to shaping the reputation and image of a business. By consistently delivering key messages, highlighting strengths, and demonstrating values, organizations can establish a positive perception in the minds of consumers (Alnawas et al., 2020). A strong reputation and positive brand image can attract customers, enhance trust, and create a favorable perception of the organization. Effective advertising campaigns have the potential to drive sales and generate revenue growth (Van Vaerenbergh & Vermeir, 2018). By reaching out to the target market with persuasive messages and compelling offers, advertising can create a sense of urgency and desire, prompting consumers to make purchases. Well-executed advertising campaigns can directly impact sales figures and contribute to business growth (Kwak et al., 2019).

5.2 Inferential statistics

5.2.1 Pearson correlation

This was done to establish the linear relationship between the variables. The test results of the study variables are as in Table 2.

Table 2: Results of Pearson's Linearity Test

Performance	Pearson's correlation	1
	Sig. (2-tailed)	
	N	193
Corporate communication strategy	Pearson's correlation	.293**
	Sig. (2-tailed)	.006
	N	193

Source: Survey data (2023)

Findings shown in Table 2 demonstrated that Pearson correlation co-efficient of organizational performance to the corporate communication strategy was 0.293 implying a positive relationship between organizational performance corporate communication strategy (29.3%). This positive relationship suggests that when corporate communication strategy increase, performance increases. The correlation coefficient (P) between performance and corporate communication strategy was found to be 0.293 at (p=0.006) indicating a significant linear correlation.

5.2.2 Regression analysis

Regression model determined the effect of corporate communication strategy on performance of Safaricom limited as shown as in Table 3.

Table 3: Regression coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.908	0.284		6.714	0.000
Corporate communication strategy	0.080	0.096	0.069	0.836	0.004

As per the results generated, the equation translated to;
$Y= \beta_0 + \beta_1 X_1 + \varepsilon$

Performance = 1.908 + 0.080 (0.096)

Where; Performance = Constant + Corporate communication strategy

The findings in Table 3 indicate that corporate communication strategy affected performance at the Safaricom limited positively as shown by the beta coefficient of 0.080. The effect is also significant as shown by a significance level of 0.004 which is less than 0.05 at 5% level of significance. The study findings indicate that enhancing corporate communication strategy leads to 0.080increase in organizational performance at the Safaricom limited. According to Ojwang (2018), corporate communication strategies influenced financial performance at the Airtel Kenya while Kinyua et al. (2020) established that strategic communication affected the performance of financial and commercial state corporations which supports the findings of this study.

CONCLUSION AND RECOMMENDATION

The regression analysis results helped in making the conclusion that corporate communication strategy influenced organizational performance at the Safaricom limited positively and significantly. Corporate communication strategies facilitate meaningful and ongoing engagement with stakeholders, including customers, employees, investors, regulators, and the broader community. By communicating openly and effectively, Safaricom can build strong relationships, address concerns, gather feedback, and foster a sense of involvement and trust among stakeholders.

The study recommends Safaricom limited to capitalize on advertising its products since advertising can provide a competitive advantage by positioning a business as a preferred choice among competitors. Through effective advertising, Safaricom limited can highlight unique selling propositions, competitive advantages, and value propositions that differentiate it in the market. This differentiation can attract customers, increase market share, and create barriers to entry for competitors. Further, by consistently communicating with customers through advertising channels, Safaricom limited can build relationships and emotional connections. Engaging advertisements that resonate with customers' needs and values can enhance customer loyalty, leading to repeat purchases and positive word-of-mouth referrals.

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