

**ADVERTISING AND THE GROWTH OF TELECOMMUNICATION INDUSTRY IN
SELECTED DISTRICTS IN CENTRAL KENYA**

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DECLARATION B

"I/We confirm that the work reported in this dissertation was carried out by the candidate under my/our supervision".

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DEDICATION

I dedicate my research to my wife Karen Gathoni for encouraging me during the period of my course and also for taking care of my daughter in my absence, my daughter Kimberley Njeri for being patient during my absence, my extended family sisters Edna who would call me every day to find out on the progress, Dorcas who advised me on the various tips on research methodologies and my mother Lucy Njeri for the encouragement she never ceased to give me.

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ABSTRACT

Before the 2000 liberalization by the government of Kenya, there was only one telecom provider in Kenya, Kenya Post and Telecommunications, which was supposed to serve the entire population in Kenya. This led to many people being denied quality telecom services because of the monopoly Kenya Post and Telecommunications had by then. However the industry experienced slow growth registering a 20% market growth due to lack of product awareness in the region. This study was set out to establish the extent to which advertising affects growth of telecommunications in selected districts in Central Kenya namely Gatanga, Gatundu, Githunguri, Kandara and Kabete. Specifically the study wanted to establish the effect of (i) level of advertising and (ii) level of growth, on telecommunication firms in selected districts in Central Kenya. The study was done by developing a conceptual frame relating advertising and growth. The study employed a descriptive correlation design; data was collected from 155 respondents using self administered questionnaires as the key data collection instruments. Data was analyzed at univariate level using frequency counts and summary statistics and Pearson Linear Correlation coefficient at bi-variate level. The study revealed that advertising affects organization's growth. From the above findings, appropriate conclusions and recommendations including those for further research were made. Findings established that advertising influences the change of growth in a firm and the Recommendations from the study were (i) the government should enhance and encourage telecommunication by adopting communication levels in consultation with stake holders in the industry, (ii) telecommunication firms need to prioritize advertising as remedy to success, (iii) telecommunication firms should invest reasonably in advertising to create brand awareness, (iv) government should introduce tax incentives to allow telecommunication firms have sufficient reservations for advertising for industry growth (v) telecommunication companies should train marketing students in order to equip them with the expertise in advertising to enable them grow the industry.

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CHAPTER ONE

THE PROBLEM AND ITS SCOPE

Background of the Study

Before the 2000 liberalization by the government of Kenya, there was only one telecom provider in Kenya, Kenya Post and Telecommunications, which was supposed to serve the entire population in Kenya. This led to many people being denied quality telecom services because of the monopoly Kenya Post and Telecommunications had by then. In order to boost development, competition with the other private parties, to reduce cost of operation by placing risk in the hands of business or private enterprise, to increase the level of business growth, to lower prices and greater supply in services, to get effective and time bound results among other reasons, the government of Kenya liberalized telecom sector which led to many private telecom companies springing up including Airtel, Safaricom, Yu Telecom, and Orange telecom.

To achieve what telecom companies were created for, they need to perform well to the expectations of all stakeholders. Little (2005) observes that all organizations need to encourage advertising which contributes to enormous business growth; this leads to the realization of overall organization's goals and objectives.

Several researchers have had interest in business growth in different contexts. For example, Mona (2007) studied the process of growth strategizing and entrepreneurial activities. Bermont (2006) studied business growth and how to reduce marketing costs while significantly increasing sales at an accelerated rate in any economic rate. Reece (2010) studied how to create a culture that thrives on accountability, execution, winning and a better way to plan and execute for business growth. Tellis (2004) assessed how advertising affects consumers and market outcomes. Some research has been done on business success in context of telecom sector in Kenya. For example, Africa and the Middle East newsletter (May 2007)

reported on the quality of service delivery and entrepreneurial success of Orange Telecom in Kenya, while Nielsen (2005) assessed customer satisfaction and business success in Safaricom. However, all these studies left gaps showing the relationships between advertising and growth of telecommunication industry to be explored further to isolate factors affecting the business growth in firms in selected districts in Central Kenya, a gap the proposed study will attempt to fill.

Theoretically, the study was based on Schultz(2004) Marketing Communication–Organization’s Growth Theory, which explains that advertising is one of the most important factors in the growth of an organization. According to this theory, organizations need to advertise in order to make products well known to consumers and also to keep consumers conscious about the organization.

On the basis of this theory of the study proposes business growth in telecommunication companies in selected districts in central Kenya may be or may not be influenced by advertising.

Statement of the Problem

Business analysts have always argued that organizations’ growth rate for different organizations is not the same across all businesses though they operate in the same environment while others remain stagnant even; at a glance many studies have explored the relationships of growth measures with the personal characteristics of managers or business owners (Kalleberg and Leicht, 1991). In such tough economic times, knowing how to achieve long-term growth is more critical than ever, but one thing organisations can do to have growth is to foster advertising to create awareness of its products to existing consumers and prospective customers, given its associated innumerable benefits that leads to improved sales, public attention, brand loyalty, creation of awareness, market interest, global awareness, knowledge on new designs among others.(Kotler, 1991).

Unfortunately, however, telecom firms' growth in selected districts in Central Kenya has been reported to be low. African telecom news letter (2000) asserts that some of the telecom companies in Central Kenya were making 20% sales, rarely generating profits, having very small market share, yielding very little earning per share to shareholders, poor customer satisfaction and poor sustained growth, which puts the growth of telecommunication companies at risk.

Bowhill (2008), asserts there could be several contributory factors of low business growth but, advertising has been ignored; hence the need for the study to establish how advertising affects business growth in telecommunication companies in selected districts in Central Kenya.

Purpose of the Study

This study was to explore the various dimensions of advertising, growth of telecommunication industry, the cause and effect relationship of the two variables, test hypotheses of no significant difference and no significant relationship between advertising and growth of telecommunication industry, to bridge the gaps of previous studies and to validate existing information in relation to the theory to which this study is based.

Research Objectives

General: This study is to establish the relationship between advertising and growth of telecommunication industry in selected Districts in Central Kenya.

Specific: This study was meant to achieve the following objectives:

1. To determine the profile of the respondents in terms of age, gender, rank, income level and educational level.
2. To determine the level of advertising (print, broadcast, outdoor and celebrity) in selected Districts in Central Kenya.

3. To determine the level of growth in terms of sales, market share, net profit, service level, consumer value and income level in selected districts in Central Kenya.
4. To establish the relationship between advertising and growth in telecommunication industry in selected districts in Central Kenya.

Research Questions

1. What is the profile of the respondents in terms of age, gender, rank, income level and level of education?
2. What is the level of advertising (print, broadcast, outdoor and celebrity) growth in telecommunication industry in selected districts in Central Kenya?
3. What is the level of growth in telecommunication industry in terms of sales, market share, net profit, service level, consumer value and income level in selected districts in Central Kenya?
4. Is there a significant relationship between advertising and growth in telecommunication industry in selected districts in Central Kenya?

Null Hypotheses

1. There is no significant difference in the level of advertising (print, broadcast, outdoor and celebrity) in selected districts in Central Kenya.
2. There is no significant difference in level of growth in terms of financial performance indicators, customer service and corporate social responsibility in selected districts in Central Kenya.
3. There is no significance between advertising and growth.

Scope

Geographically, the proposed study was carried out in the selected Districts of Gatanga, Gatundu, Githunguri, Kandara and Kabete in Central Kenya.

Theoretically, the study was specifically based on Schultz (2004). The study embraced theories from several disciplines such as brand contacts and brand networks.

In content, the study focused on how advertising affected growth of telecom firms of Airtel, Safaricom, Yu telecom and Orange telecom in selected Districts in Central Kenya, and is important for upcoming telecom firms.

The respondents in the research were employees of the selected telecom firms in Central Kenya, who were proportionately represented.

In time scope, the study considered the operations of telecom firms in Central Kenya from 2008-2011 when the world had started experiencing the effects of global financial crisis.

Significance of the Study

The findings of this research will be used by government agencies to evaluate the role of advertising on growth as they come up with policies affecting telecom firms in Central Kenya.

The study findings will help policy makers in the different telecom firms to come up with informed decisions concerning advertising and growth of telecommunication industry in Central Kenya.

The study findings will be used as reference for future researchers in this study or related studies that will be interested in studying business growth and other related variables.

Operational Definitions of Key Terms

For the purpose of this study, the following terms are operationally defined:

Advertising: refers to paid mediums for exposing a product or brand to the target audience.

Broadcast advertising: refers to several branches like television radio or the internet.

Business growth: refers to how the organization scores on the different dimensions such as financial performance indicators, customer service and corporate social responsibility.

Celebrity advertising: refers to the involvement of signing up celebrities for advertising campaigns.

Customer service: is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation.

Financial survival indicators: are factors such as profits, sales, market share, and earnings per share.

Outdoor advertising: refers to the use of several tools and techniques to attract customers outdoors.

Print advertising: refers to advertising through newspapers and magazines.

Profile: refers to the characteristics of the respondents which in terms of age, gender, employee designation or rank, position in the organization, level of income and highest educational qualification.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Concepts, Opinions, Ideas from Authors/Experts

Advertising

According to Petley (2003) advertising is a non-personal communication of information usually paid for and usually persuasive in nature, about products (goods & services) or ideas by identified sponsor through various media.

In this study, advertising is conceptualized to be referring to broadcast, print, outdoor and celebrity advertising.

Broadcast advertising refers to several branches like television radio or the internet.

Print advertising refers to advertising through newspapers and magazines, fliers, brochures etc.

Celebrity advertising refers to the involvement of signing up celebrities for advertising campaigns such Tiger Woods a golfer who was used to endorse advertisements on Rolex watch.

Outdoor advertising refers to the use of several tools and techniques to attract customers outdoors such as billboards, Kiosks, trade shows, wall branding, events etc.

Business Growth

Ericson (2007) refers to business growth as the output or results of an organization as measured against its intended outputs (or goals and objectives). In this study, business growth refers to how the organization scores on the different dimensions such as sales, market share, profits, quality products, sustained growth, consumer satisfaction, and owner(s) satisfaction.

A sale is the exchange of goods or services for an amount of money or its equivalent; sales are the lifeblood of a business as it is what helps it to pay employees, cover operating expenses, buy more inventory, market

new products and attract more investors. Sales forecasting is a crucial part of the financial planning of a business; self-assessment tool uses past and current sales statistics to intelligently predict future performance. (Emerson, 2009).

Market share is market's total sales that are earned by a particular company in relation to other players in the market over a specified time period. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general view of the size of a company to its market and its competitors and increasing market share is one of the most important objectives of a business because market share increase can allow a company to achieve greater scale in its operations and improve profitability, as such companies are always looking to expand their share of the market, in addition to trying to grow the size of the total market by appealing to larger demographics, lowering prices, or through advertising (Mansila, (2011)).

Profits are the financial returns or rewards that business owners aim to achieve to reflect the risk that they take and given that most entrepreneurs invest in order to make a return, the profit earned by a business can be used to measure the success of that investment (Donaldson, 2007). Profit is also an important signal to other providers of finance to a business for instance banks, suppliers and other lenders are more likely to provide finance to a business that can demonstrate that it makes a profit (or is very likely to do so in the near future) and that it can pay debts as they fall due. Further profit is also an important source of finance for a business as the profits earned which are kept in the business (i.e. not distributed to the owners via dividends or other payments) are known as retained profits (Smith, 1868-1869).

Quality product is the ability of a product to meet consumer requirements in terms of benefits offered, while Total quality control is a

measure used in cases where sales decreases despite implementation of statistical quality control techniques or quality improvements. If the original specification does not reflect the correct quality requirements, quality cannot be inspected or manufactured into the product. For instance, the parameters for a pressure vessel should include not only the material and dimensions, but also operating, environmental, safety, reliability and maintainability requirements.(Webber and Wallace,2006).

Sustained growth is a measure of how much a firm can grow without borrowing more money (without having to increase financial leverage), but after the firm has sustained its growth, it must borrow funds from another source to facilitate further growth (Dyllick & Hockerts, 2002). In simple terms and with reference to a business, sustainable growth is the realistically attainable growth that a company could maintain without running into problems. A business that grows too quickly may find it difficult to fund the growth; a business that grows too slowly or not at all may stagnate. In essence, finding a company's sustainable growth rate answers the question: how much can this company grow before it must borrow money (Lasher, 2010).

Consumer satisfaction is measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals or the extent to which consumers are happy with the products or services provided by a business. Consumer satisfaction is an important concept in business, because happy customers are those most likely to place repeat orders and explore the full range of services offered and as such consumer satisfaction has increasingly become a key element of business strategy (Purohit, 2004).

Owner(s) satisfaction is regarded as one of the ultimate goals of business which includes earnings per share, ordinary dividends per share, dividend cover, and return on equity among others (Block, 2004).

Theoretical Perspectives

In this study, the researcher opted to view telecommunication firms' growth as a special case, and hence could make use of growth theories, which assert that there are factors (referred to as advertising in this study) influence business firm' growth (Mc Meal, 1922) and that advertising is one of the most important factor in the growth of an organization. Several studies have examined the causes of high and low business growth from this theoretical orientation or perspective such as Falk & Lyson (1922). This Theory is popular in advertising and like business growth, was developed by Steven (2005).

Broadcast Advertising and Business Growth

According to Zeigler & Howard(1991) broadcast advertising refers to several branches like television which is a popular way of disseminating information to a mass market and large audiences. Although the medium has the ability to reach a high number of potential buyers, it is also one of the most costly forms of advertising. Radio is one of the most effective ways of advertising based on location or similar tastes for example, a local night club seeking college student clientele would probably consider advertising on a local pop station. The internet enables organizations to create awareness to the target audience which result to influencing the purchasing behaviours of consumers. These results to increase in sales volume, market share and income growth of the company.

Print Advertising and Business Growth

According to Okulska (2010) Print advertising refers to advertising through newspapers and magazines, fliers, brochures among others. It

offers the ability to target specific audience based on geography or common interest. The classifieds advertisements are typically very affordable, whereas display advertisements are a bit pricey. Print offers the ability to target a specific audience based on geography or common interests. Print includes larger display advertisements, as well as classified advertising. The role of Print advertising is critical for any business to survive. Nowadays, print advertising has become a science of profit making rather than routine business. The success of any business thus often lies in employing the most effective tool of print advertising which contributes to business growth as companies are able to display the functional attributes of their products with contacts that generate leads, enquiries, bookings and place purchase orders for the products. This leads to increase in sales, repetitive purchase, growth in revenue and market share.

Outdoor Advertising and Business Growth

According to Agnew (1938) Outdoor advertising refers to the use of several tools and techniques to attract customers. Outdoors such as billboards, kiosks, trade shows, wall brandings among others helps to generate phenomenal recall value. Outdoor advertisement present large advertisements to passing pedestrians and drivers typically showing large, ostensibly witty slogans and distinctive visuals. Due to the conspicuous display of advertisements in outdoor advertising, it allows a company to market its business in its trade area and direct to target consumers that leads to enquiries, bookings and order placing that eventually results to increased sales, market share and revenue growth.

Celebrity Advertising and Business Growth

According to Ship (2008) Celebrity advertising refers to signing up celebrities for advertising campaigns. It is a technique that persuades consumers to relate to the person(s) appearing in the advertisement, if the celebrity/athlete/star uses the product, then it must be good, so they will

purchase/use too. When celebrities endorse a product by appearing in the advertisements, it builds confidence in consumers' mind that gets influenced to make purchase. The call to action by celebrities to consumers to make purchases leads to increased demand for the commodities resulting to increase sales, income and market share.

Related Studies

Several studies have discussed the growth of firms in different contexts as a result of advertising and from different points of orientation.

For example, Burke and Srull (1985) studied the competitive interference and consumer memory for advertisement who established that consumer memory brands advertising was inhibited as a result of subsequent exposure to advertisements for the product in that manufacturer's product line and advertisements for competing brands in the product class. The study also proved that advertisements demonstrate analogue proactive interference effects and the presence of advertising for competitive brands changes the relationship between advertisement repetition and consumer memory.

Holbrook and Batra (1982) in a study of mass media advertising, assessing the role of emotions as mediators of consumer responses to advertisement proposed that the manner in which intervening emotional reactions mediate the relationship between advertising content and attitudes towards the advertisement or brand.

Deighton (2002) studied interaction of advertising and evidence and argued that an interaction between advertising and evidence on evaluations finds experimental support for the interaction.

Delmar (1996) in a study of Entrepreneurial Behaviour and Business Performance of Small and Medium enterprises in Stockholm established that good entrepreneurial behaviour contribute to success of Small and Medium enterprises in Stockholm .

Skiba (2002) in his study improved delivery channels and organization's performance in Central Wisconsin Fire fighters established that improvements in delivery channels leads more market, more sales and consequently better organization's performance.

Hume (1993) in his study promotion and business success in the United Kingdom food industry established that product promotion is one of the major factors that contribute to business success in United Kingdom food industry.

In another study Kalikwani (2008) related product ease of use and success of Nokia products in Uganda who established that product ease of use makes the product to be demanded in large quantities which makes the organization producing the products to sell more volumes and achieve organizational goals and success.

Belda (2006) in the study of business growth of Rivatex Textiles Limited in North Rift Kenya established that quality of products/services contributes to business growth and is one of the factors that affect organization's performance among others because if the quality being produced is poor in this global competitive environment, buyers will shun low quality products, consequently sales will be low and so will be the profits and so the organization will be not able to meet its objectives.

Chapman (2008) in his study promotion and business success in the United Kingdom food industry established that product promotion is one of the major factors that contribute to business success in UK food industry.

Pride, Robert & Kapoor (2009) in the study pricing and success of Coca-cola in Nairobi Kenya established that pricing among other factors contribute to the success of Coca-cola in Nairobi Kenya.

CHAPTER THREE

METHODOLOGY

Research Design

The study used a survey design; specifically descriptive correlation to determine the level of advertising and growth and descriptive comparative where showing in parallel two slides of two slightly different objects or situations and by asking people to explain verbally their differences. The study was a descriptive survey since it involved a large sample; descriptive in that data collected was used to describe a phenomenon; co-relational in that it was interested in relating advertising (print, broadcast, outdoor and celebrity) to telecom firms growth and pertinent data that was collected from the respondents during research that reduced on time and costs involved on such a large population; comparative, in that the study determined whether the significant difference in the level of advertising and growth in telecom companies in selected districts in Central Kenya. The study followed a quantitative approach in that it was based on variables measured with numbers and analyzed using statistical procedures (Creswell, 2003; Kumar, 2005; Mantri, 2008).

Research Population

Target Population

In this study the target population involved 254 employees of the selected telecom firms in selected Districts in Central Kenya. All the categories of employees (top level managers, middle level managers, and lower level managers) were involved because they will directly be affected by whatever policy that is to be made on advertising which in turn will affect telecom firms' growth.

Table 1
Respondents of the Study

Company	Total Target Population	Sample Size
Airtel	61	38
Safaricom	98	55
Yu Telecom	42	28
Orange Telecom	53	34
Grand Total	254	155

Sample Size

The minimum sample size was computed using the Sloven's formula, which states that, for any given population, the required sample size is given by;

$$n = \frac{N}{1 + N(e^2)} , \text{ Where; } n = \text{the required sample size; } N = \text{the known}$$

population size; and e = the level of significance, which is = 0.05. Given a total population of 254 respondents in telecom firms in selected districts in Central Kenya, a sample was 155 respondents as illustrated in Table 1.

Sampling Procedures

The target population of 254 (which included 61 Airtel employees, 98 Safaricom employees, 42 Yu telecom employees, and 53 Orange telecom employees) respondents being large, a sample of 155 respondents was used, a stratified random sampling was used to reduce costs, time of doing research and to increase the degree of accuracy of the study. (Saunders *et al*, 2000). Regarding sample size, the sampling frames (i.e employees) in the selected telecom companies were stratified according to departments in the telecom networks in Central Kenya. Then proportionate systematic random samples were chosen from the respective stratum sampling frames or lists (Creswell, 2003).

Data Collection Methods

The researcher used secondary and primary data collection approaches.

Secondary data was got from reviewing text books, journals articles, manuals, periodicals, dissertations, internet sources among others.

Primary data was got using research questionnaires as the data collection instruments because of their cost effectiveness in a survey involving literate respondents.

Research Instrument

There were three sets of questionnaires directed towards employees in telecom companies in Central Kenya; one was respondents' bio-data, another was on level of advertising and other on growth. The questionnaire also consisted of the main title and introductory letter, with a section of 5 bio-data questions, assisted in classifying respondents.

The questionnaire on advertising (independent variable) consisted of 8 questions divided in three sub-sections distributed as follows; 2 questions on print advertising, items 1-2; 2 questions broadcast advertising, items 4-5 ; 2 questions on Outdoor advertising items 5-6 and Items 7-8; 2 questions on celebrity advertising. All questions in this section were close ended, based on four Likert Scale, ranging from one to four; where 1=Strongly Disagree, 2= Disagree,3=Agree, 4= Strongly Agree.

The questionnaire on telecommunication firms growth (dependent variable) consists of 30 questions divided in 4, 5, 6 sub-sections respectively distributed as follows; 5 questions on sales growth, items 1-5; 5 questions on market share growth, items 6-10; 5 questions net profits growth, items 11-15; 4 questions on service growth, items 16-19; 6 questions on consumer value growth, items 20-25 and 5 questions on income growth items 26-30. All questions in this section were close ended, based on four Likert Scale, ranging from one to four; where 1=Strongly Disagree, 2= Disagree,3=Agree, 4= Strongly Agree.

Validity and Reliability of the Instruments

The researcher tested the validity and reliability on the advertising questionnaire which was non-standardized; where content validity was done by ensuring the questions or items in the questionnaire conformed to the study's conceptualization. Supervisors and other senior staff in KIU who are experts in the field of study evaluated the relevance, wording and clarity of questions and items in the instrument. Pre-testing for reliability was done by administering the questionnaire to employees in selected telecom firms who were not included in the actual study.

Construct validity was ensured using Factor Analysis. Reliability of the instrument on multi item variables (print, broadcast, outdoor and celebrity advertising) was tested using the Cronbach Alpha Methods
$$\alpha = \frac{n}{n-1} \left(1 - \frac{\sum V_i}{V_{test}} \right)$$
 n = number of questions, Vi = variance of scores on each question, Vtest = total variance of overall scores (not %'s) on the entire test where 15 respondents participated and a Cronbach alpha (α) of at least 0.8 (Amin, 2003) that led to the questionnaires to be declared reasonably reliable or consistent.(Amin, 2005).

While on growth of telecom firms, the construct and criterion validity of the growth of telecom firms' questionnaire was empirically proven by Porter (1980) that was adopted in this study.

Data Gathering Procedures

The following data collection procedures were implemented:

A. Before the administration of the questionnaires

The researcher requested for an introduction letter from the School of Postgraduate Studies and Research addressed to the authorities of the telecom firms under study for the researcher to be permitted to conduct the study. The letter contained the criteria for selecting the respondents and the request to be provided with the list employees from the selected telecommunication firms. After approval, the requested list of respondents that was provided to the researcher by the selected

telecom firms was used by the researcher as a guide in identifying the participants of the study, after which pre-testing of the instrument on advertising followed.

The researcher prepared the questionnaires and sat with selected research assistants to discuss and brief them on the sampling techniques and data gathering procedures.

The researcher utilized the table on respondents (Table 1) to determine the number of participants.

B. During the administration of the questionnaires

Specifically, the researcher together with 3 research assistants requested the respondents: (1) to sign the informed consent; (2) to answer all questions hence leave no item unanswered; (3) to avoid biases and to be objective in answering the questionnaires.

The researcher together with research assistants ensured that retrieving the questionnaires was done within two weeks from the date of distribution.

All questionnaires retrieved were checked to ensure they were completely filled out.

C. After the administration of the questionnaires

The data collected was organized, collated, summarized, statistically treated and drafted in tables using the Statistical Package for Social Sciences (SPSS).

Data Analysis

To determine the profile of the respondents, the frequency and percentage distribution was used.

The mean and standard deviation was used to compute the level of advertising and growth. An item analysis based on the mean scores and ranks reflected the strengths and weaknesses of the respondents in terms of advertising and growth. To interpret the obtained data, the following numerical values and descriptions were used:

Mean Range	Description	Interpretation
3.26-4.00	Strongly Agree	Very Good
2.51-3.25	Agree	Good
1.76-2.50	Disagree	Fair
1.00-1.75	Strongly Disagree	Poor

The z-test for difference in means was used to test the hypothesis for difference between means (Ho#1) at 0.05 level of significance.

A multiple correlation coefficient to test the hypothesis on correlation (Ho#2 and Ho#3) at 0.05 level of significance using the F-test was used.

Ethical Considerations

To ensure utmost confidentiality for the respondents and the data provided by them as well as reflect ethics practiced in this study, the following was done:

1. All questionnaires were coded to provide anonymity of the respondents.
2. The respondents were requested to sign the informed consent.
3. Authors quoted in this study were recognized through citations and referencing.
4. A written communication to the authors of the standardized instrument on organization' performance to solicit permission to use the standardized questionnaire.
5. Presentation of findings were generalized.

Limitations of the Study

The researcher claims an acceptable (0.05 level of significance) 5% margin of error in view of the following anticipated threats to validity with relevance to this study:

1. *Testing:* Differences in conditions and time when the data was obtained from respondents by different persons on different days at

different hours. This was minimized by orienting and briefing the research assistants on the sampling techniques and data gathering procedures.

2. *Instrumentation*: The research instrument on advertising is not standardized. A validity and reliability test was done to produce a credible research tool.
3. *Extraneous variables*: The researcher did have control over the extraneous variables such as honesty of the respondents, personal biases and descriptive nature of the Design. For untruthfulness where some of the respondents were expected not to say the truth, the researcher probed the respondents further to establish the truth when it deemed necessary and personal biasness were also avoided by the researcher.
4. *Attrition*: The researcher experienced loss of respondents over the course of a study, such as employees retired, resigned or died but the researcher gave out more questionnaires more than the required number to reduce on this.



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CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Introduction

This chapter presents the analyzed data and interpretations made there of following the study objectives. It specifically shows data on profile of respondents, level of advertising, level of business growth, significant differences in the level of advertising and growth of telecommunication among the selected districts in Central Kenya and the relationship between advertising and growth.

Profile of Respondents

Respondents in this study were described according to age, gender, designation, income level and education level. In each case, respondents were asked through a closed ended questionnaire, to provide their respective profile information, to enable the researcher classify and compare them accordingly. Their responses were analyzed using frequencies and percentage distributions as summarized in table 2 below;

Table 2: indicating a profile of respondents

Category	Frequency	Percent
Age		
20-39years	129	83
40-59years	26	17
Total	155	100
Gender		
Male	75	48
Female	80	52
Total	155	100
Employee designation or Rank		
Top level manager	25	16
Middle level manager	35	23
Lower level manager	95	61
Total	155	100
Level of income		
Low	110	71
Medium	30	19
High	15	10
Total	155	100
Highest Educational Qualifications		
Diploma	70	45
Degree	40	26
Masters	45	29
Total	155	100

Source: Primary data

Table 2 shows most respondents in the study sample were Female (52%), indicating that the area of the study is dominated by female as compared to male (48%). Regarding designation, most respondents in the study were employees of lower management 95 respondents (61%) while 35 respondents (23%) were middle level managers and only 25 respondents (16%) were top level managers. Such a distribution of employees at any organization is expected as it is normal that most employees at any company are in lower management and few are in top level management. Regarding level of income, results indicate that majority of employees are low income earners (71%), medium level income earners (19%) and the high income earners (10%). This however is surprising to find that most telecommunication firms in selected districts in Central Kenya low income earners. It is though assumed that the sampling procedure could have been not suitable for such people or that they could have been biased on income entitlement.

Regarding education level, results indicate that respondents in selected districts in Central Kenya are relatively educated. At least no respondent was below diploma level as they were (45%), degree level (26%) and masters' level (29%). This analysis indicates that due to the level of literacy in Telecommunication firms, there is a great understanding of the level of advertising and growth effects in the firm.

About respondents' age group, majority of them were below 39 years (83%), while very few are above 40 years (only 17%), which is in line with the age distribution in most firms where the biggest portion of employees lies below 35 years and none are above 59 years. This is an indication that there is young knowledge and talent in the firms.

Description of the Level of Advertising

The dependent variable in this study was the level advertising referring to broadcast, print, outdoor and celebrity advertising. Advertising was measured using 2 questions divided in four sub-sections distributed as

follows; 2 questions on print advertising, 2 questions broadcast advertising, 2 questions on Outdoor advertising and 2 questions on celebrity advertising. All items on advertising were Likert scaled using five points ranging between 1= strongly disagree, 2= Disagree, 3= agree, 4= strongly agree. The first objective in this study was set to determine the level of advertising, for which respondents were required to indicate the extent to which they agree with each of the items or statements by ticking the number that best describes their perceptions. Their responses were analyzed and described using means as summarized in table 3 below;

Table 3: Level of advertising

Categories	Mean	Interpretation	Rank
Your organization uses broadcast advertising regularly	3.48	High	1
Your organization uses Television, Radio and Online advertising	3.15	High	2
Your organization uses newspapers, magazines, fliers, brochures among others	2.98	High	3
Your organization uses outdoor advertising.	2.77	High	4
Your organization uses print advertising regularly	2.77	High	5
Your organization uses billboards, wall branding, trade shows among others	2.77	High	6
Your organization uses athletes, musicians, comedians among others	2.55	High	7
Your organization uses celebrity advertising	2.32	Low	8
Total	2.85		

Source: Primary data

Results in table 3 indicated that there were different levels of advertising on different aspects. For example, respondents rated the level of broadcast to be high on advertising (mean=3.48), equivalent to agree, radio, TV and online high(Mean=3.15) equivalent to agree and ranked as very high usage of broadcast advertising, however print was also rated as high (Mean=2.98), equivalent to agree and ranked as high. Overall, all items on advertising related to telecommunication were rated as high level of advertising, indicating that there is a relatively high level of broadcast and print in Selected districts in Central Kenya.

Regarding outdoor related advertising, respondents rated outdoor advertising as high (Mean=2.77), which is equivalent to agree and ranked as high advertising on the Likert scale. And regarding celebrity advertising, respondents rated celebrity usage as low (mean=2.32), which showed respondents disagreed on the Likert scale. To get a summary picture on how respondents' rated Advertising, an average index was computed for all the four components on Advertising, which happened to be 2.85, confirming that respondents rated advertising as being at a high level.

Description of the Level of Growth

The independent variable in this study was the level of growth, which was broken into six types of growth namely sales, market share, net profit, service level, consumer value and income level. Each of these components were measured using 30 questions divided in 4, 5, 6 sub-sections respectively distributed as follows; 5 questions on sales growth, 5 questions on market share growth, 5 questions net profits growth, 4 questions on service growth, 6 questions on consumer value growth, and 5 questions on income growth items 26-30 with each question rated to a four point Likert Scale, ranging from one to four; where 1=Strongly Disagree, 2= Disagree, 3=Agree, 4= Strongly Agree. The second objective in this study was set to determine the level of growth, for which respondents were required to rate the level of growth by indicating the extent to which they agree with each item in the table. They had to do this by ticking the number that best describes their perceptions. Their responses were analysed and described using means as summarized in table 4 below;

Table 4
Level of business growth

Categories	Mean	Interpretation	Rank
Your organization gives consumers value for their money	3.97	High	1
Your organization produces services that are safe without causing danger to the consumers.	3.97	High	2
Your organization communicates to consumers in a language they understand best.	3.94	High	3
Your organization keeps consumers informed	3.92	High	4
Market share of your organization is set to be increasing in the future compared to other players in the market.	3.90	High	5
Your organization provides services that are accessible to consumers whenever needed.	3.89	High	6
Your organization keep shareholders informed of latest development	3.86	High	7
Your organization offers services that are reliable	3.84	High	8
Your organization gives earnings per share holder on time	3.83	High	9
Market share of your organization is increasing in because of charging consumer friendly prices among others.	3.65	High	10
Net profits in your organization are set to be increasing in future	3.61	High	11
Your organization is committed to keep safe earning per share for its shareholders.	3.59	High	12
Sales in your organization are as good as best player in market	3.57	High	13
Sales in your organization are high compared to others in the market	3.55	High	14
Your organization offers consistent channels of distribution management for its services.	3.53	High	15
Your organization provides services in time	3.52	High	16
Market share of your organization is big compared to other players in the market.	3.45	High	17
Your organization abides by warranties given to consumers	3.32	High	18
Sales in your organization are set to be increasing in future	3.16	High	19
Your organization offers good after sales service	2.99	High	20
Earnings per share in your organization are to increase in future	2.73	High	21
Your organization's earnings per share are better than those of other players in the market.	2.65	High	22
Sales in your organization are increasing compared to other players in the market.	2.65	High	23
Net profits (after deducting taxes & interest) in your organization are high after deducting taxes and interest after taxes	2.61	High	24
Market share of your organization faces little or no challenges	2.52	High	25
Sales in your organization meet your organization's expectation	2.30	Low	26
Market share of your organization is as big as the organization expects	2.23	Low	27
Net profit in your organization is as good as best player in market	2.20	Low	28
Net profits in your organization satisfy your organization's expectation	2.17	Low	29
Net profits in your organization are high compared to other players in the market.	2.10	Low	30
Total	3.24		

Source: Primary data

Table 4 results indicate that the level of growth is relatively high in selected districts in Central Kenya, explaining the high levels of growth

discovered above. All the six types of growth namely sales, market share, net profit, consumer service level, consumer value and income level were rated or perceived by the respondents. For example, sales was rated as high (mean =3.55), which falls under agree on the Likert scale and was ranked as high, market share was rated high (mean=3.45), falling under agree on the Likert scale and ranked as high, Net profit was also rated as high (mean=2.61), falling under agree on the Likert scale and ranked as high, service level was rated as high (mean =3.84), falling under agree on the likert scale and ranked as high, consumer value was rated as high (mean=3.97), falling under agree on the likert scale and ranked as high, and income level was rated as high (mean=2.65), falling under agree on likert scale and was ranked high. To get a summary picture on how respondents rated the level of growth, a mean index for all the types of growth was rated, computed which turned out to be 3.24 or approximately 3, which falls under agree on the Likert scale and ranked as highly growing.

Relationship in the Level of Advertising and Growth among Selected Districts in Central Kenya

The fourth objective in this study was to determine whether there is a significant relationship in the level of advertising and level of growth in selected districts in central Kenya, for which it was hypothesized that the mean perceptions of respondents from the selected districts in Central Kenya regarding the level of advertising and level of growth do not significantly relate. To test this hypothesis, the researcher compared the mean perceptions computed in table 3 and 4 for respondents from all the four firms involved in this study, using Fisher's one way Analysis of Variance (ANOVA), results of which are indicated in table 5 below;

Table 5: Relationship in the Level of Advertising and Growth in Selected Districts in Central Kenya

Table 5
Relationship Between Advertising and Growth in Telecommunication Industry

Variables Correlated	r-value	Sig.	Interpretation	Decision on Ho
Advertising Vs Growth	0.978	0.000	Positive and significant	Rejected

One way ANOVA results in table 5 indicate that there is significant relationship in the level of advertising and growth in selected districts in Central Kenya. For example, the mean perceptions from the overall selected districts in Central Kenya significantly related for existence of advertising ($r=0.978$, sig. = 0.000). In the same way, respondents' mean perceptions from the advertising is significantly related to growth ($r=0.978$, sig. = 0.000). To test this null hypothesis, the researcher correlated all the mean perceptions computed in Table 3 and 4 above, using the Pearson's Linear Correlation Coefficient (PLCC, r). Basing on these results, the null hypothesis is rejected, leading to a conclusion that advertising and growth is significantly related from the selected districts of Central Kenya.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

INTRODUCTION

This chapter presents a summary of the findings, conclusions, recommendations following the study objectives and pertinent hypotheses and areas of future research.

FINDINGS

This study was set out to establish the relationship between advertising and growth in selected districts in Central Kenya which was guided by the following objectives; to determine the profile of the respondents in terms of age, gender, designation, income, and educational level; to determine the level of advertising (broadcast, print, outdoor, celebrity) in selected districts in Central Kenya; to determine the level of growth in terms of sales, market share, net profit, service level, consumer value and income level in selected districts in Central Kenya; to establish whether there is a significant relationship in the level of advertising and growth in selected districts in Central Kenya.

Data was analyzed using SPSS's descriptive statistics for means and showed that; (i) level of advertising (broadcast, print, outdoor and celebrity) (mean ≈ 3); (ii) level of growth in terms of sales, market share, net profit, service level, consumer value and income level (mean ≈ 3); (iii) whether there is a significant relationship in the level of advertising and growth selected districts in Central Kenya ($r=0.978$ sig. = 0.000).

Data analysis using SPSS's descriptive statistics showings means indicated that the level of advertising was medium for growth over sales (mean ≈ 4) and market share (mean ≈ 3), net profit (mean ≈ 3), service level (mean ≈ 4) consumer value (mean ≈ 4) and income level (mean ≈ 3). In general the overall level of advertising was medium (mean ≈ 3). Results also indicated

high growth of firms (mean \approx 3) and high growth (mean \approx 3). On the overall all the six indicators of growth considered in the study were found to be high (mean \approx 3).

Results from one way ANOVA showed significant relationship in the level of advertising over growth ($r=0.978$, Sig 0.000).

The person's linear correlation coefficient results indicated a significant relationship between advertising and all the six indicators of growth ($r=0.978$, Sig 0.000)

CONCLUSION

There was a high level of advertising in terms of broadcast, print, and outdoor while celebrity advertising was low showing its unpopularity in selected districts of Central Kenya. There was also a high level of growth in sales, market share, net profit, customer service level, consumer value and income level.

The levels of advertising significantly relate to growth in selected districts in Central Kenya due to the usage of different advertising levels namely broadcast, print, outdoor and celebrity.

Advertising in these districts is significantly correlated to Growth, indicating that the high level of advertising in selected districts in Central Kenya is significantly responsible for the existence of growth of telecommunication in this region.

RECOMMENDATIONS

This section deals with recommendations arising from the pertinent findings and conclusions of this study, following the study objectives and hypotheses;

The government should enhance and encourage telecommunication

by adopting different levels of communication in consultation of stakeholders in the industry.

Telecommunication firms need to prioritize advertising as remedy to the success of telecommunication firms should invest reasonably in advertising to create brand awareness.

The government should introduce tax incentives to allow telecommunication firms have sufficient reservations for advertising for industry growth.

Telecommunication companies should train marketing professionals in order to equip them with the expertise in advertising to enable them grow the industry.

AREAS FOR FURTHER RESEARCH

There is need to do research in customer satisfaction and growth of telecommunication companies, further research can also be done in pricing and growth of telecommunication companies.

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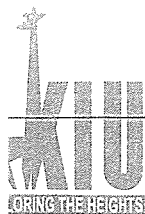
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**OFFICE OF THE COORDINATOR, BUSINESS AND MANAGEMENT
SCHOOL OF POSTGRADUATE STUDIES AND RESEARCH (SPGSR)**

August 25, 2011

**RE: REQUEST FOR WALLIS GACHARIA WAHOME MBA/20082/82/DF
TO CONDUCT RESEARCH IN YOUR ORGANIZATION**

The above mentioned is a bonafide student of Kampala International University pursuing a Masters of Business Administration.

He is currently conducting a field research of which the title is "**Advertising and the Growth of Telecommunication in Selected Districts in Central Kenya.**"

Your organization has been identified as a valuable source of information pertaining to his research project. The purpose of this letter is to request you to avail him with the pertinent information he may need.

Any information shared with him from your organization shall be treated with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,

Mr. Malinga Ramadhan
**Coordinator
Business and Management, (SPGSR)**

APPENDIX 1B

TRANSMITTAL LETTER FOR THE RESPONDENTS

Dear Sir/ Madam,

Greetings!

I am a Masters in Business Administration candidate of Kampala International University. Part of the requirements for the award is a dissertation. My study is entitled, **Advertising and the Growth of Telecommunication in Selected districts in Central Kenya**. May also I request you to participate in this study by answering all questions. Any data you will provide shall be for academic purposes only and no information of such kind shall be disclosed to others.

May I retrieve the questionnaire within five days (5)?

Thank you very much in advance.

Yours faithfully,

Mr. Wallis Gacharia Wahome

APPENDIX 11
CLEARANCE FROM ETHICS COMMITTEE

Date _____

Candidate's Data

Name _____

Reg.# _____

Course _____

Title of Study _____

Ethical Review Checklist

The study reviewed considered the following:

- ___ Physical Safety of Human Subjects
- ___ Psychological Safety
- ___ Emotional Security
- ___ Privacy
- ___ Written Request for Author of Standardized Instrument
- ___ Coding of Questionnaires/Anonymity/Confidentiality
- ___ Permission to Conduct the Study
- ___ Informed Consent
- ___ Citations/Authors Recognized

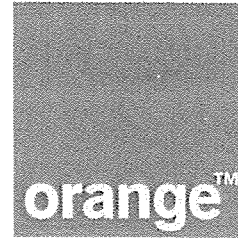
Results of Ethical Review

- ___ Approved
- ___ Conditional (to provide the Ethics Committee with corrections)
- ___ Disapproved/ Resubmit Proposal

Ethics Committee (Name and Signature)

Chairperson _____

Members



1st July 2011

Wallis Gacharia Wahome
Kampala International University

RE: DATA COLLECTION FOR ACADEMIC RESEARCH

The above captioned subject refers.

This is to authorize you to collect data from our employees for academic purpose to enable you complete your research thesis.

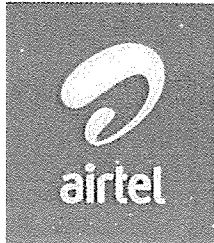
I wish you success in your research.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Sharon Mutua". The signature is stylized with a large initial 'S' and a cursive 'M'.

Sharon Mutua

MARKETING MANAGER



1st July 2011

Wallis Gacharia Wahome
Kampala International University

RE: DATA COLLECTION FOR ACADEMIC RESEARCH

The above captioned subject refers.

This is to authorize you to collect data from our employees for academic purpose to enable you complete your research thesis.

I wish you success in your research.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'George Wambua', with a horizontal line underneath.

George Wambua
MARKETING MANAGER



1st July 2011

Wallis Gacharia Wahome
Kampala International University

RE: DATA COLLECTION FOR ACADEMIC RESEARCH

The above captioned subject refers.

This is to authorize you to collect data from our employees for academic purpose to enable you complete your research thesis.

I wish you success in your research.

Yours faithfully,

A handwritten signature in black ink, appearing to read "H. Otieno", followed by a horizontal line.

Helen Otieno
MARKETING MANAGER



1st July 2011

Wallis Gacharia Wahome
Kampala International University

RE: DATA COLLECTION FOR ACADEMIC RESEARCH

The above captioned subject refers.

This is to authorize you to collect data from our employees for academic purpose to enable you complete your research thesis.

I wish you success in your research.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Kimani Mweru', is written over a horizontal line.

Kimani Mweru
MARKETING MANAGER

APPENDIX III
INFORMED CONSENT

In signing this document, I am giving my consent to be part of the research study of Mr. Wallis Gacharia Wahome that will focus on communication and employee conflict.

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and right to withdraw my participation anytime.

I have been informed that the research is voluntary and that the results will be given to me if I ask for it.

Name and Signature of Respondent

Date_____

APPENDIX IVA
RESEARCH INSTRUMENT
FACE SHEET: PROFILE OF THE RESPONDENTS

Age_____

Gender_____

Employee designation or Rank _____

Level of income _____

Highest Educational Qualifications _____

APPENDIX IVB

QUESTIONNAIRE ON LEVEL OF ADVERTISING

Please describe the level of advertising in your organization; respond to each item by using the scoring guide below. Kindly write your best choice in the space before each item. Be honest about your options as there is no right or wrong answers.

Score	Response	Description
4	Strongly Agree	You agree with no doubt at all
3	Agree	You agree with some doubt
2	Disagree	You disagree with some doubt
1	Strongly Disagree	You disagree with no doubt at all

___1. Your organization uses print advertising regularly.

___2. Your organization uses newspapers, magazines, fliers, brochures among others.

___3. Your organization uses broadcast advertising regularly.

___4. Your organization uses Television, Radio and Online advertising.

___5. Your organization uses outdoor advertising.

___6. Your organization uses billboards, wall branding, trade shows among others.

___7. Your organization uses celebrity advertising.

___8. Your organization uses athletes, musicians, comedians among others.

APPENDIX IVC **QUESTIONNAIRE TO DETERMINE THE LEVEL OF BUSINESS** **GROWTH**

Please describe the level of growth in your organization; respond to each item by using the scoring guide below. Kindly write your best choice in the space before each item. Be honest about your options as there is no right or wrong answers.

Score	Response	Description
4	Strongly Agree	You agree with no doubt at all
3	Agree	You agree with some doubt
2	Disagree	You disagree with some doubt
1	Strongly Disagree	You disagree with no doubt at all

- _____1. Sales in your organization are high compared to other players in the market.
- _____2. Sales in your organization are increasing compared to other players in the market.
- _____3. Sales in your organization are set to be increasing in future.
- _____4. Sales in your organization are as good as the best player in the market.
- _____5. Sales in your organization meet your organization's expectation.
- _____6. Market share of your organization is big compared to other players in the market.
- _____7. Market share of your organization is increasing in because of charging consumer friendly prices among others.
- _____8. Market share of your organization is set to be increasing in the future compared to other players in the market.
- _____9. Market share of your organization faces little or no challenges to maintain.
- _____10. Market share of your organization is as big as the organization expects.

-
- _____ 11. Net profits in your organization are high compared to other players in the market.
- _____ 12. Net profits (after deducting taxes and interest) in your organization are high after deducting taxes and interest after taxes.
- _____ 13. Net profits in your organization are set to be increasing in future.
- _____ 14. Net profits in your organization are as good as the best player in the market.
- _____ 15. Net profits in your organization satisfy your organization's expectation.
- _____ 16. Your organization offers services that are reliable.
- _____ 17. Your organization produces services that are safe (i.e used without causing danger or risk to the consumers).
- _____ 18. Your organization provides services in time (without causing delays to the consumers).
- _____ 19. Your organization provides services that are accessible to consumers when ever needed.
- _____ 20. Your organization communicates to consumers in a language they understand best and listens to consumers.
- _____ 21. Your organization gives consumers value for their money
- _____ 22. Your organization abides by warranties given to consumers.
- _____ 23. Your organization offers consistent channels of distribution management for its services.
- _____ 24. Your organization keeps consumers informed.
- _____ 25. Your organization offers good after sales service.
- _____ 26. Your organization gives earnings per share holder on time.
- _____ 27. Your organization's earnings per share are better than those of other players in the market.
- _____ 28. Earnings per share in your organization are set to be increasing

in the future.

_____29. Your organization is committed to keep safe earning per share for its shareholders.

_____30. Your organization keeps share holders informed of the latest development.

Source: Porter (1980).

RESEARCHER'S CURRICULUM VITAE

Personal Profile

Name: Wallis Gacharia Wahome

Date of Birth: 19th January, 1979

Marital Status: Married

Nationality: Kenyan

Contact: +254722710675

Email: wallisg2001@yahoo.com

P.O. BOX 60572, 00200 Nairobi - Kenya

Educational Background

2005-2007	Limkokwing University of Creative technology	BBA
1997-1998	Graffins College	Diploma In Sales Management and Marketing
1993-1996	Shauri Moyo muslims High School	KCSE

Work Experience

2010-To date	ZK Advertising Kenya
2000-2010	Automobile Association of Kenya
1998 - 2000	Impact Communications

HF5823
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2011

