COMPETITIVE STRATEGIES AND PERFORMANCE OF FIRMS IN THE TELECOMMUNICATION INDUSTRY IN KENYA

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ABSTRACT

The telephony sector played a critical role in communication, contributed to the Gross Domestic Product (GDP), created economic opportunities through mobile money agents, facilitated economic activities, and provided mobile money and internet services. The firm performances of the telecommunication companies were thus important in Kenya's context. The study sought to explore the competitive strategies and performance of firms in the telecommunication industry in Kenya. The objectives of the study were as follows: cost leadership strategy, focus strategy, innovation and differentiation strategy on the performance of firms in the telecommunication industry in Kenya. To achieve the set objectives, the study developed research hypotheses and statistically tested them at $\alpha = 0.05$. The study was hinged on theories such as Porter's Competitive Business Strategy Typology, Configuration theory, Result-based View Theory, and Miles and Snow typology. It adopted a descriptive research design and used both qualitative and quantitative approaches. The study examined a population of six telecommunication companies in Kenya, employing simple random sampling to select 384 employees in these firms who were directly involved with competitive strategies and the performance of firms in the telecommunication industry in Kenya. The research employed both qualitative and quantitative analytical methods. Qualitatively, the study utilized regression analysis, while quantitative data underwent analysis involving percentages, frequencies, means, and standard deviations, with the assistance of SPSS software. Regression analysis was also applied to establish the relationships between variables. The study's findings revealed that telecommunications companies in Kenya had adopted three key competitive strategies: differentiation strategy, market focus strategy, and cost leadership strategy. Concerning the market focus strategy, the research identified that these companies segmented their products based on customer-desired benefits. In terms of differentiation strategy, there were clear indications that these companies had successfully implemented strategies to differentiate their products and services from those of their competitors. As for the cost leadership strategy, it was apparent that these companies employed cost-effective measures to expand their market share and maintain a competitive edge. In conclusion, the study established a positive and significant relationship between the adopted competitive strategies, namely differentiation strategy, market focus strategy, and cost leadership strategy, and the overall organizational performance of telecommunications companies in Kenya. The study recommended that these companies should continue to invest in cutting-edge technology and the development of unique products to maintain their competitive differentiation. Moreover, they should consider benchmarking their differentiation strategies against those of other firms in the service industry. Additionally, the study advised telecommunications companies in Kenya to sustain their efforts in innovation, product development, and aggressive marketing to enhance and sustain their competitiveness in the market.

INTRODUCTION

Background of the Study

Rapid development of internet and information technology has driven telecommunication organizations into the era of new competitive business environment (Chong & Wong, 2017). In the 21st Century telecommunication companies must effectively master information to remain competitive in an increasingly global market; tremendous business opportunities have been created because of liberalization of global communications thereby presenting opportunities for mergers. Strategy choices are critical for the successful implementation of these mergers in Kenya and thus the reason to examine how this process has been undertaken in the Kenyan context.

Thompson and Strickland (2015) on their part, define competitive strategies as consisting of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. Walker (2015) avers that competitive strategies must grow out of sophisticated understanding of rules of competition that determine an industry's attractiveness. Lester (2019) on his part argues that competitive strategies enable a firm to define its business today and tomorrow and determine the industries or markets to compete in. Jonsson and Devonish (2019) further recognize that firms that have properly planned and applied competitive strategies have a tendency to have higher performance than those that do not.

According to Porter (1985), the major focus of competitive strategy is a firm's relative position in an industry which indicates whether its profitability is above or below industry average. Competitive strategies are formulated and developed with the purpose of assisting firms in performing various activities differently from its rivals (Zott, 2014).

Raduan, Jegak, Haslinda and Alimin (2015) further affirm that a business that does something that is distinctive and difficult to replicate has competitive advantage and is likely to be more profitable than its rivals. Factors such as strategic types, adoption of new technologies, quality products among others have also been considered to have important influence on superior performance of firms. Over the years, business strategies have been found to have direct influence on firm's competitiveness and growth performance (Sandlberg,2016). To this effect, a number of competitive strategy frameworks have been proposed and empirically tested (Hayes & Schmenner, 1978; Miles & Snow, 1978; Wheelwright, 1978; Porter, 1980; Spanos & Lioukas, 2001; White, 2014) among others. Porter's (1980) generic strategy framework is the most notable one in terms of achieving superior performance and has significantly contributed to development of the strategic management literature and serves an excellent starting point for the framework proposed in this study.

According to this framework, a business maximizes performance either by striving to be the low cost producer in an industry or by differentiating its line of product or services from those of other businesses. However, the results obtained in previous research are far from conclusive. Some authors (Dess & Devis, 1984; Hall, 1980; Hambrick 1983; Kim & Lim, 2018) found many of the most profitable firms having either low cost or differentiated position which supports Porter's position. Others have found that Porter's generic strategies do not represent ways to achieve a higher performance and that hybrid strategies are the ones entailing improved performance (Gopalakrishna & Subramanian, 2001; Spanos, Zaralis & Lioukas, 2016).

Porter (1981) also examined the linkage between environment and organization performance and discovered that the environment is the primary determinant of organizational performance. According to Ilesanmi (2017), an organization must be in touch with its external environment to be successful overtime. There must be a strategic fit between what the environment wants and what the firm has to offer as well as what the firm needs and what the environment can provide.

Telecommunication firms are vulnerable to changes in their operating environment in many ways and these have great consequences on their operation. As a result of this vulnerability telecommunication firms are required to be proactive and able to formulate and adopt appropriate competitive strategies that will enable them to overcome the competitive challenges they experience in the environment they operate in. Competitive strategy helps a firm to gain a competitive edge over its rivals and sustain its success in the market. A firm that does not have appropriate strategies cannot exploit the opportunity available in the market and will automatically fail.

The strategic fit between competitive strategies and innovation as one of the environmental aspect is argued to have significant effect on firm performance. Auh and Menguc (2017) define innovation as a situation where an enterprise operates in a market characterized by a high number of competing enterprises, thus limiting potential for growth opportunities. According to Porter (1980) innovation is an important determinant of firm profitability in a given industry.

The level of innovation determines a firm's choice of strategic actions and responses. Competition exists in the telecommunication sector in Kenya due to the high advertising, price wars and frequent product launches experienced. Whilst innovation is acknowledged to have effect on firm profitability, scanty attention has been paid to it by researchers in Kenya.

A strategic change is the overall formulation and review of the strategies that the organization is implementing to ensure that the business can respond to the market needs and handle the new opportunities as well as how to deal with the threats that other competitors are offering (Kevin, 2019). These changes are usually driven by the top management with advices that they receive from the middle management of the organization, although the top management bear the greatest responsibility for the strategic changes being made in the organization.

The strategies being implemented in the organization have choices based on the nature of the business that the organization is undertaking. These competitive strategies have a direct impact on the growth of the organization and industry in general. With the different dynamics in business, the management of the organization has and is experiencing a lot of challenges that relate to competitive strategies for their businesses and this requires better policy making for them to be achieved (Burnes, 2019). The changes being implemented by the corporate managers need to be accepted on a continuous basis for it to be fully successful in the enterprise/organization progress

Schein (2019) indicated that the past decades have seen a lot of transformation in terms of management especially in the organizations across the globe. Majority of factors have contributed towards this phenomenal change but not limited to competition which has been the driving force towards competitive strategies in the organization. The modern marketplace is so competitive in that if the services and the products being offered are not well managed the organization may lose a lot of clients to their competitors. Additionally, the changes in the strategy have influenced how the business is being done and the managerial positions in the organization have been affected.

Based on Racelis (2018), the corporate culture in the organization influences competitive strategies in the organization and its performance at all levels of the organization. Organizational goals can only be achieved when all members of the organization are involved and the membership of the leadership is fully involved too. The creation of good competitive strategies helps an organization have an influence on the jobs of the employees for the sustainability of the company or organization

Global Perspective on Competitive Strategies

The management of strategic change is characterized by the changes in the content of a company strategy based on scope, resource allocation, competitive advantages and synergy. Implementing strategic change requires fundamental corporate transformation and growth, which are motivated by financial, systemic and systems progress. Implementation of structural change essentially requires people not only to develop new skills and expertise, but also to develop new approaches to problems. This allows them to develop new actions and attitudes to changing needs through a whole internal reorientation (Lichtenstein, 2018).

Currently all organizations experience some kind of transition. Many of those transformation programs, such as culture change, business process innovation, empowerment and absolute efficiency, derive from structured management strategies. Other reform efforts are motivated by the need for companies, in view of changing market dynamics, to reposition themselves. Political change also involves radical change within an organization, including political, systemic, systems, processes and culture (Beckhard, 2017). The long term strategic transition affects and is aimed at generating productivity throughout the enterprise.

Today most corporate managers accept that change is a continual process, which needs to be treated and implemented correctly to succeed in an enterprise. The methods, products and services that are generated are all significantly affected by technology, market changes, information systems, the global economy, social values, the dynamics of workers and a political environment. The climaxing of these forces created a complex and volatile external environment, challenging and often debilitating for the unprepared or unable to respond organizations (Burnes, 2016).

The performance of telecommunication players is of critical importance to diverse stakeholders in both developing and developed countries. In Thailand, Sirapracha and Tocquer, (2016) noted that customer experience, brand image and customer loyalty were key indicators of firm performance in telecommunication industry. On the other hand, Ramalingam, Karim, Piaralal, and Singh (2015) noted that in Malaysia the number of mobile service providers was used to measure the firm performance of the telecommunication sector. In this context, Ramalingam et al., (2015) noted an increase in the mobile number service providers from about 3 million subscribers in 1999 to about

20 million subscribers in 2006. This represented an over 600% growth in subscriber numbers. Similar to Sirapracha and Tocquer (2012), Hsu (2018) in Taiwan noted that corporate image, innovation , and customer loyalty were key indicators of firm performance of telecommunication sector.

Focusing on the telecommunication industry in Indonesia, Natasaputra and Kusumastuti (2017) notes that the sector is extremely competitive in nature. The country has eight telecommunication industry players making the sector to be extremely competitive in nature. In this context, the firms have adopted diverse competitive strategies in order to improve on their organization performance. Amongst these strategies is the focus strategy that seeks to establish the quantity and quality of the services provided by the telecommunication firms (Natasaputra & Kusumastuti, 2017).

In Sri Lanka, the telecommunication industry continues to face diverse firm performance levels. In this context, Newton and Ragel (2017) indicates presence of increased competition amongst the five mobile service providers that is Dialog, Airtel, Mobitel, Hutch and Etisalat. Amongst the key firm performance concerns for the telecommunication sector include customer switching service providers, market share and customer loyalty aspects (Newton & Ragel, 2017). Comparing the Indian and Chinese telecommunication markets, Venkatram (2016) indicate that these firms face similar firm performance challenges related to number of subscribers, technology innovation aspects, and government regulatory concerns.

In Pakinstan, Khan (2015) noted increased growth in the sector was measured through improvement of the mobile service providers. In Europe, various telecommunication firms have had diverse firm performance aspects. In Croatia, the country has over four million mobile services subscribers served by three mobile services providers that is Hrvatski, A1, and Tele companies. The Hrvatski has the largest market share at above 45% share. On the other hand, Portugal has over thirteen million mobile phone subscribers served by three telecommunication firms. These three firms include Meo, Vodafone, and Nos (Newton & Ragel, 2017).

Regional Perspective on Competitive Strategies

There are many drivers for change in the telecommunication sector; caused by technological advancement, fierce competition that has risen drastically in the last years, and the need to develop new services in the telecommunication sector (Hodges, 2017). Telecommunication organizations need razor-sharp reflexes to cope with the fast changing technologies and management skills. Therefore, change management is a vital tool to be adopted by the telecommunication sector to maintain development and growth. As organizational changes have become more frequent and a necessity for survival, the resistance of employees in this sector has become an important human resources management function and a priority for top management to increase chances of success of different change projects (Tang and Gao, 2016).

However, managing employees' resistance during organizational change requires an effective type of change management processes. In particular, communications from the right entity in the organization help improve the employees' response to organizational change. O'Neill (2016) explained that management practices related to organizational change must be clear, consistent and based on what is in the change for the individuals to improve their perception, and ultimately, improve their cognitive appraisal about the change. In other words, without appropriate body in the organization to communicate with employees, organizational inappropriate practices may even increase resistance of employees.

Furthermore, Minerich (2018) stated that creating awareness and reasons for change must be clear and simple and that communicating these reasons must be realistic and linked to the vision in the company in order for employees to buy-in. With this in mind, there seems to be lack of change management frameworks that help telecommunication companies choose the most appropriate course of action to navigate successfully during change process.

The Nigeria telecommunication industry is an extremely competitive sector. According to Nwakanma et al., (2018) indicates that Nigeria has amongst the largest telecommunication sectors across the globe. The country was estimated to have 149.2 million subscribers and contributed 9.1% of the country's GDP. The sector faces challenging firm performance due to high competition amongst the players and introduction of Mobile Number Portability (MNP). These factors have impacted on the telecommunication industry firm performance as measured using service quality, network coverage, and prices for the provided services . In Somalia, Abdi and Sasaka (2017) examines the firm performance of the Hormuud telecommunication company in terms of geographical reach of its services, employee numbers, shareholders and diversity of services offered.

In this context, Abdi and Sasaka (2017) notes that Hormuud Telecommunication Company that was established in 2002 in Mogadishu has expanded to five thousand employees, over four thousand Somali businessmen have invested into the company and it has diversified its services. Amongst the services offered include Mobile service, landlines and mobile linked internet services (Abdi & Sasaka, 2017). The company has also greatly increased its geographical reach for its services. Still in Somalia, Mohamed (2018) noted that the telecommunication industry in the country is extremely competitive. This is due to the high number of telecommunication sector players with the country having six main mobile service providers including Hormuud Telecom, Telecom Somalia, Telesom, Somafone, Nationlink, and Golis Telecom (Mohamed, 2018). The many players in the telecommunication sector in Somalia led to the price wars in the sector leading to the lower financial performance of the sector. Amongst the competitive strategies that the telecommunication sector engaged in included cost leadership strategy, differentiation strategy and focus strategy (Mohamed, 2018). On the cost leadership strategy, Mohamed and Gichinga (2018) noted that amongst the aspects that were considered in Somalia included low prices for services, production cost, develop new products, reduction of operations costs and economies of scale. Similar to Abdi and Sasaka (2017), Mohamed and Gichinga (2018) examined firm performance in the telecommunication sector in terms of innovation , customer retention, customer loyalty, operational efficiency, and company profitability aspects.

Olu-Egbuniwe and Maeyouf (2019) indicates that the firm performance of telecommunication industry was of importance in Libya. In Rwanda, there is a nascent telecommunication sector in the country with four telecommunication players that is Tigo, MTN Rwanda, Rwandatel and Airtel

Rwanda enjoy diverse firm performance in terms of market share, profitability and provision of innovative products (Kule, Ntawiha,& Zenom, 2016). In Egypt, four mobile telecommunication firms that is Vodafone, Orange, Etisalat, and We telecommunication firms serve the about 99 million telecommunications subscribers. Vodafone as a market leader was estimated to have over 38 million subscribers. In Ghana, the largest telecommunication firm is MTN Ghana with other telecommunication firms being Vodafone, Tigo, Airtel, Glo and Expresso Telecom.

Local Perspective on Competitive Strategies

The Kenyan telecommunication industry has many players and hence there is competition between them. The competitive nature of the industry today, presents implications for telecommunication companies as far as corporate performance is concerned (CCK, 2015). Excellent corporate performance is not only a prerequisite for continued operation in the industry but also, a necessary condition for a particular company to assume a competitive edge, dominate or a capture a significant share of the total market (Khan, 2016). Kenya has recorded impressive growth in the telecom sector since its liberalization in late 1990's to date. This was made possible due to good business environment created by the government.

This implies that companies in the telecommunication industry need to have sound competitive strategy to be able to win the market. The telecommunication industry in Kenya is fast growing and has revolutionized the way people communicate, network or transact. This growth has led to a stiff competition within the industry and very low switching costs for the customers (Wende, 2019).The competitive strategies seek to align internal operations, with new expectations imposed by the environment. Those that adapt successfully achieve sustainable growth. According to Rajasekar (2014), the dynamic and turbulent environments, requires analyzing and understanding the uncertainties, threats and constraints in turbulent environments, making business corporations to be under great pressure and struggle to sustain healthy survival.

The Kenya Communications Act (KCA) of 2019, established the National Communication Secretariat (NCS), headed by a Communication Secretary, whose main objective is to advise the government on the adoption of a communication policy, which, among other things is meant to encourage competition in the provision of communication services. The Communications Commission of Kenya is an independent regulator, whose objectives are to license and regulate telecommunications, radio communication and postal services. Its vision is to enable access to reliable communications services by all Kenyans, while its mission is to ensure that the communications sector contributes to the country's overall development through efficient and enabling regulation and public participation.

Communication Companies in Kenya include: Access Kenya, Bharti Airtel (formerly Zain, Celtel), Essar Telecom Kenya (Yu, formerly Econet), Jamii Telecom, Liquid Telecom, Nokia Siemens Networks (NSN), Safaricom (Vodafone), Telkom Kenya (Orange, France Telecom, Telcom (K) Ltd), Wananchi Online and ZTE. Previously it was not clear which arm of government dealt with matters relating to IT or who was responsible for the regulation of the IT sub-sector. Once this was implemented through requisite changes in the Kenya Communications Act of 2019, there was clarity on these matters and hopefully there was increased growth in the ICT sector, (Waema, 2017). The sector liberalization as implemented by the CCK has significantly changed the communications sector positively. Some of the key statistics of what has been achieved with the liberalization initiatives are that there were 303,905 fixed-line subscribers and 6.48 million mobile phone subscribers as at June 2017. This translates into fixed tele density of 0.91 per hundred inhabitants for fixed-line and19.42 per hundred inhabitants for mobile phones. The number of registered ISPs has been growing, reaching a peak of 78 between 2015 and 2015 and reducing to 51 between2015 and 2017. Out of 51 information services providers (ISP) licensees, below 50% are currently active, with approximately 1.5 million internet users. There were also over 1,000 cyber cafes and telephone bureaus by June 2015. There were 16 operational television stations and 24 FM radio stations. Around 8,915 public phones were installed throughout the country, but this number has been recalled due to the high usage of mobile.

Statement of the Problem

Telecommunication firms are struggling to achieve the desired level of performance in the modern highly competitive markets. Regardless of the several strategies they adopt, not all companies in the telecommunication industry have been able to achieve the level of performance that they expect. Notably, the performance of different firms exhibit significant differences with some firms performing exceptionally while some are almost leaving the market. It is worth noting that the basic goal of every company is organizational efficiency. This is because organizations can only grow and progress through performance (Waema, 2017).

It is important for firms in an industry to develop competitive advantage over its competitors. For some time now, Safaricom seems to have developed this advantage over its rivals like Airtel Networks Kenya Limited, Telkom Kenya Limited (Orange), Finserve and most recently the Equitel money platform of Equity Bank Limited. This is evident from the fact that Safaricom has posted exemplary results compared to its competitors for the last five years. In the year 2016, for example, Safaricom had a net profit of Kshs. 38.104 Billion (Safaricom Limited Annual report, 2022).

The aim of competitive strategy is to achieve sustainable competitive advantage (Coyne, 1986; Stalk & Lachenauer, 2016). The results obtained in previous research are far from conclusive. Some authors (Dess & Devis, 1984; Hall, 1980; Hambrick 1983; Kim & Lim, 1988) found many of the most profitable firms having either low cost or differentiated position which supports Porter's position. However, others have checked that Porter's generic strategies do not represent ways to achieve a higher performance well (Dawes & Sharp, 1996; Parker & Helms, 1992) and that hybrid strategies are the ones entailing improved performance (Gopalakrishna & Subramanian, 2001; Spanos, Zaralis & Lioukas, 2016). There is therefore need to progress research to add knowledge in this area. The current study is thus undertaken to advance knowledge in this area.

Studies on competitive strategies have also been conducted by a number of scholars in Kenya. For instance, Warucu (2017) looked at competitive strategies employed by commercial banks. Kiptugen (2015) carried out a research on strategic responses to a changing competitive environment in the case study of Kenya Commercial Bank. Mbwayo (2015) focused on the strategies applied by commercial banks in Kenya in anti-money laundering compliance programme. Gathoga, (2018) in his study focused on competitive strategies used by commercial banks in Kenya. Kimotho, (2018) did a study on the impact of competitive strategies on the financial performance of CFC Stanbic Bank Limited. Murage, (2018) focused on competitive strategies in the petroleum industry. Waiganjo (2017) focused on effect of competitive strategies on the relationship between strategic human resource management and firm performance of Kenya's corporate organizations. Whereas the cited studies focused on competitive strategies and how they are implemented in various organizations, the studies were majorly case study. The current study used survey research design and others for example Waiganjo (2018), used competitive strategy as a moderating variable and used Schuler and Jackson (1987) elements of competitive strategies. The current study utilized competitive strategy as independent variables and tested Porter's generic competitive strategies.

Liberalization in the telecommunication industry in Kenya has opened avenues for multi players within the industry and as a result competition for the same market share has increased. Such players are government though ministry of ICT and CAK, service providers, equipment vendors, contractors, infrastructure companies etc. The mobile service sector in particular has experienced pressure from the government to lower their service rates. In addition technology is changing rapidly forcing the organizations to update accordingly by constantly investing in costly infrastructure. For example the organizations that were previously on 2G technologies have had to upgrade to 3G, through to 4G and now 5G. This creates a problem since the return on investment on the infrastructure is not realized by the time a new technology comes to market. Such a problem prompts organizations in the mobile service sector to find ways of maximizing their profits in order to survive in the industry where revenues are diminishing these methods thus lead to price war amongst the telecommunication industry.

In Kenya, Ongache (2015) ought to identify the competitive strategies being adopted by Airtel Kenya Limited to tackle competition, and the challenges experienced in applying the strategies although the study failed to established how consumer behavior influence pricing strategies. Similarly, Njoroge (2015) study established the competitive strategies that Telkom Kenya (Orange) was adopting to gain competitive advantage and increase its profits in the long run. There are other researchers who have also looked at the influence of different competitive strategies on consumer purchase decision in different contexts but few have focused on the influence of competitive strategies on consumer purchase decision in the telecommunication sector in the Kenyan context especially Safaricom. In that regard, this study accessed the competitive strategies on performance among telecommunication industry in Kenya?

Research Objectives

General Objective

The general objective of the study was to determine the effect of competitive strategies on performance of firms in the telecommunication industry in Kenya.

Specific Objectives

i. To establish the effect of cost leadership strategy on performance of firms in the telecommunication industry in Kenya
ii. To find out the effect of focus strategy on the performance of firms in the telecommunication industry in Kenya
iii. To determine the effect of Innovation on performance of firms in the telecommunication industry in Kenya
iv. To evaluate the effect of differentiation strategy on performance of firms in the telecommunication industry in Kenya

Research Questions

i. To what extent does cost leadership strategy affect performance of firms in the telecommunication industry in Kenya?
ii. What is the effect of focus strategy on the performance of firms in the telecommunication industry in Kenya?
iii. How does innovation affect performance of firms in the telecommunication industry in Kenya?
iv. To what extent does differentiation strategy affect performance of firms in the telecommunication industry in Kenya?

Significance of the Study

Researchers

The study was of great impact to other scholars, academicians as well as researcher to improve their knowledge and understanding of the study as well as gaining more insight on the study. Through this the researchers will understand

how best they can improve strategies that they implement in the organization especially that relates to choices of strategies not only in the telecommunication sector but to other sectors too.

Government

The government will find the study useful in that it will understand exactly what has been going on in the telecommunication industry and was able to be proactive in enacting legislation so that it does not stifle the innovation momentum as long as it is beneficial to its citizens and the National Treasury.

Telecommunication Firms

The research will create awareness on the available effective strategies for creating overall sustained competitive advantage rather than short term that is easily outgrown by competitors. Furthermore, the findings of this study will assist executives of telecommunication firms in evaluating various factors and their fit to strategic choices on performance.

Scope of the Study

The study was conducted in Nairobi in consideration of companies in the telecommunication sector their headquarters are in Nairobi and getting the much needed information concerning the competitive strategies was easy. The study further focused on 5 telecommunication firms who are operating in Kenya and are members of Communication Commission of Kenya (CCK). CCK is the business member representing organization for telecommunications sector in Kenya.

Limitations of the Study

During the course of conducting this study, the researcher initially encountered difficulties in obtaining information and data from the management staff, who were the primary respondents. Gaining access to these management personnel in the targeted telecommunications companies posed challenges, as they were frequently occupied and it was challenging to align with their busy schedules. Nonetheless, the researcher addressed this limitation by scheduling appointments at times that were most convenient for the respondents, ensuring minimal disruption to their busy agendas.

In addition to the access challenge, there was some reluctance among certain respondents to share information, driven by concerns that the data might be disclosed to unauthorized individuals or rival companies in the market. However, the researcher successfully addressed this issue by transparently communicating the purpose and potential benefits of the study to the participants. Ethical protocols were strictly followed, and a commitment to maintaining the confidentiality of the provided data was assured.

LITERATURE REVIEW

Theoretical Literature Review

Khan (2016) defines theoretical framework as an agenda, outline or construct of a research approach that preceded the literature review. According to Ocholla and Le Roux (2017), theoretical framework forms the rationale for a study that helps a reader make logical sense of relationships between variables relevant to a problem and the theorized relationship between them.

This study focused on the following theories: Porter's Competitive Business Strategy Typology, Configuration theory, Result-based View Theory and Miles and Snow typology in explaining the relationship between competitive strategy and firm performance. The main theory relating to this study is Porter's competitive Business Strategy Typology.

Porter's Competitive Business Strategy Typology

Porter's competitive business strategy typology was founded by Michael Porter in 1980. Porter states that strategy target either cost leadership, differentiation or focus and that a firm must only choose one of the three strategies or risk waste of precious resources. According to Lu, Shem and

Yam (2018), Porter's theory is useful in understanding the competitiveness of organization suggesting that competitive advantage stems from the competitive strategies adopted to deal with strength, weaknesses, opportunities and threats facing an organization. Anupkuma (2015) states that Porter's (1980) strategic theory postulates that to succeed in business a firm needs to adopt generic competitive strategies comprising of cost leadership, differentiation and focus.

A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, leads to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus Porter (1980, 1985).

As extended by Porter (1985), in cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it was an above average performer in its industry, provided it can command prices at or near the industry average. In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs.

Similarly, Porter (1985) avers that the generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. This strategy has two variants, namely; cost focus and differentiation focus. In cost focus, a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behaviour in some segments, while differentiation focus exploits the special needs of buyers in certain segments.

Porter's generic strategies have been widely accepted by researchers. However, his typology also has critics in the literature, especially the assertion that the generic strategies are mutually exclusive. A number of scholars argue the pursuit of a single generic strategy may lead to lower performance Kim, Nam and Stimpert (2016), Spanos, Zaralis and Lioukas (2017). In relation to this study, the telecommunication industry in Kenya have to some extent adopted Porter's element of competitive strategies. However, the findings revealed that majority of the telecommunication industry in Kenya have adopted these strategies simultaneously unlike Porter's assumption of exclusive application of these strategies. Similarly it was notable that most of the telecommunication firms preferred to use differentiation strategy compared to that of cost leadership and focus respectively.

Configuration Theory

The configuration school which perceive strategy formulation as a transformation process was developed in the 1960s and 70s. Major contributors to configuration school are Chandler (1962), Mintzberg and Miller (late 1970s) and Miles and Snow (1978). The concept of configuration theory postulates that the performance of an organization depends on the fit of environment and organizational design. The basic assumption behind the theory is that the best performance can be achieved when organization structure matches external contingency factor. Only those organizations that align their operation with the current environment achieve maximum output. The general model implicit in configuration theory assumes that for organizations to be effective there must be an appropriate fit between structure, strategy and environmental context (Fincham & Rhodes, 2015).

Empirical studies regarding configuration have also consistently found evidence that the fit among organizational characteristics is an important predictor of firm performance (Slater & Olson, 2016). According to Gao et al. (2017), any firm's external environment is exogenous, so the firm must adjust its strategy according to the environmental constraints. As such, there are no universally optimal strategic choices for all businesses.

In the context of this study, configuration theory brings out the link between competitive strategies and the innovation as an aspect of external environmental which may influence telecommunication industry in Kenya on the choice of competitive strategies based on the changes in the environment as well as the basis of explaining the necessity to have a fit between competitive strategies, innovation and performance. However, telecommunication industry in Kenya seem to adopt competitive strategies without due consideration to the environmental factor hence realizing negative effect on their performance.

Resource-based View Theory

The origin of resource based view can be traced back to earlier research of Seiznick (1957), Penrose (1959) among other researchers. The emphasis on this school of thought was on the importance of resources and its implication for the firm performance.

This theory simply emphasizes the idea that an organization must be seen as a bundle of resources and capabilities to create value and therefore gain competitive advantage (Barney, 1991). The resource-based view further posits that firms can achieve overall competitiveness and performance if they possess tangible or intangible resources that are valuable, rare, inimitable and non-substitutable.

These four characteristics of resources describe what Barley (2017) considers strategic assets that, if properly mobilized build and sustain a firm's competitive advantage and improve its performance. According to Barney (1991), enterprises in the same sector can be heterogeneous in respect to their own resources and as resources are not perfectly transferable among enterprises, the heterogeneity and the consequent competitive advantage achieved could be durable over time. However, resources and capabilities are not valuable on their own and are essentially unproductive in isolation Newbert (2018). As such, Newbert contends that the key to attaining a competitive advantage is by exploitation of a valuable resource-capability combination. This view is further supported by Bitar and Hafsi (2017), who opine that resources and capabilities are sources of competitive advantage, but they do not necessarily contribute to competitive advantage.

However, despite the increased literature devoted to use of RBV. The theory has its own critics. According to Hedman and Kalling (2016), this theory is criticized for neglecting the obstacles to dynamics and managements. Chan et al. (2016) similarly criticizes the theory for its implicit assumption of static equilibrium yet competitive advantages stem from developing current capabilities that are highly effective in responding to the organizational environment.

For firms to attain competitive advantage in this competitive environment, they need to provide value to customers. This value can be derived from either cost advantage, service or differentiated products. Resource-based theory therefore, focuses on the relationship between a firm's internal resource stability and the ability to stay competitive through its strategy formulation. Resource-based view theory (RBV) has also been extended by Grant (1991) to encompass competitive strategy.

According to Grant, Resource-based View Theory links competitive strategies and capabilities to value creation. He posits that not only do capabilities need to be considered as the base to develop competitive strategy but they also need to be renewed and maintained by strategist. Hence RBV is important to understand value may stem from strategic alignment of resources and competitive strategies. In developing their competitive strategies the telecommunication industry in Kenya may pay attention to the resources existing within the firm so as to be able to create value for its customers.

Miles and Snow Typology

This theory was founded by Miles and Snow in 1978. It is one of the most frequently empirically proven classifications (Peng et al., 2004). Its usefulness has been demonstrated by numerous studies confirming the basic assumptions of the proposed model in the area of strategic management and strategic marketing (Moore, 2015; Andrews et al., 2016; Pleshko & Nickerson 2018).

According to Sumer and Bayraktar (2016), Miles and Snow proposed four strategy types which include; defenders, prospectors, analyzers and reactors that a firm can employ to compete in the industry. The typology proposes that firms develop relatively stable patterns of strategic behaviour that is compatible with perceived environmental conditions. Defenders focus on improving the efficiency of their existing operations by becoming more successful in existing markets with existing products, with the lowest level of uncertainty compared to other strategic types. Companies using this strategy maintain internal focus by concentrating on a narrowly defined product-market domain.

Prospectors always search for new market opportunities and analyzers show some characteristics of both prospectors and defenders. They try to achieve efficient production for current lines and at the same time emphasize the creative development of new product lines. They achieve competitive advantage by company entering markets with new products, by being innovative and by quickly embracing new technologies. The company maintains external focus on constantly adapting to market changes, but with a possible significant loss in operational efficiency.

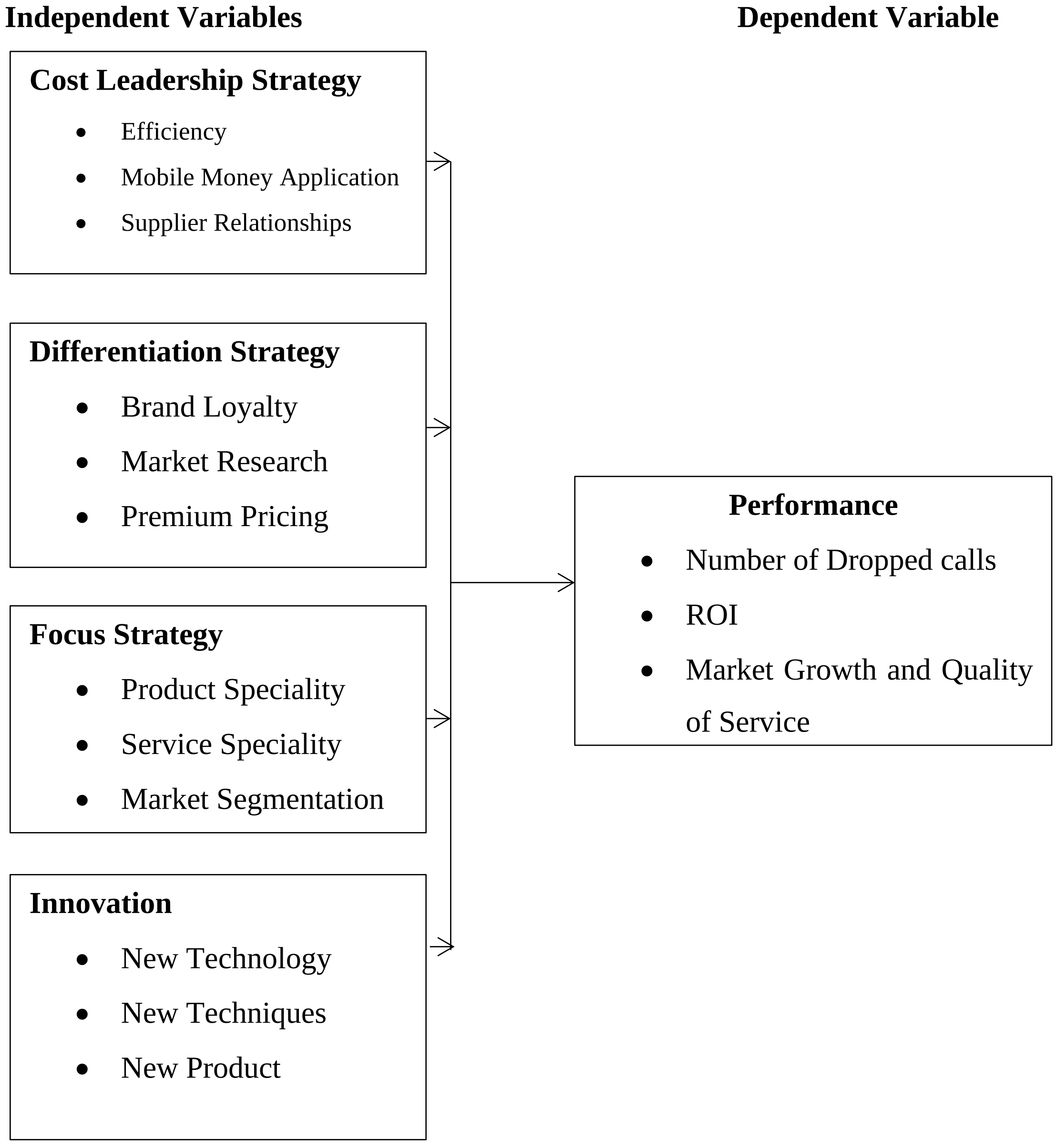
On the other hand, reactors have no systematic proactive strategy. They react to events as they occur. Miles and Snow contend that the prospector, defender and analyzer styles are capable of leading to competitive advantage within the industry. However, they caution that the reactor style is often a manifestation of a poorly aligned strategy and structure therefore, unlikely to lead to competitive advantage.

The authors believe that companies develop their adaptive strategies based on their own perception of the environment in which they compete. According to Hitt et al., (2001), modern researchers have undoubtedly recognized a great usefulness of Miles and Snow's strategic typology which results precisely from the requirements of the increasing dynamism, complexity and unpredictability of the environment a modern manager has to face.

Conceptual Framework

A conceptual framework forms a simplified familiar structure, which is meant to help gain insight into a phenomenon that one needs to explain (Orodho, 2019). Conceptual research is that related to some abstract ideas or theory. It is generally used by philosophers and thinkers to develop new concepts or to reinterpret existing ones, the conceptual literature concerning the concepts and theories and explain how the variables relate (Kothari, 2019).

Figure 2.1 Conceptual Framework



Cost Leadership Strategy

Cost leadership strategy refers to gaining competitive advantage through charging sustainably lower prices than other competitors (Porter, 2001). This is achieved by reducing costs incurred in production and distribution in order to lower the overall price of commodities. In markets where there is price control, this is still possible through automation, flexibility and improved production thereby eliminating large percentage of inefficiencies in the production process. When a company keeps lowering prices without a reduction in operating costs, it runs the risk of depletion of resources and consequently becoming insolvent especially in a fiercely competitive market (Woodruff, 2017). This strategy faces many challenges in different sectors and is only applicable in certain environments such as in the telecommunication where the level of output is higher as compared to the market size thereby being able to achieve economies of scale. Morrison and Roth (2020) advanced the view that, for telecommunication firms to be competitive, they need to adopt cost leadership, characterized by tight control of overhead and variable costs, optimal use of production capacities and pricing below competitive price levels. This is aimed at achieving superior results. Zahra (2015) posits that, outsourcing is a popular method of reducing salary costs while maintaining workforce size and productivity.

Cost leadership strategy seeks to improve efficiency and control costs throughout the organization supply chain (El-Kelety, 2016). The strategy further requires management to focus its attention on competing on cost (Cheah et al., 2017). A low-cost position gives a firm a defense against rivalry from competitors, because its lower costs means that it can still earn returns after its competitors have exhausted their profits through rivalry (Porter 1980). Firms adopting cost leadership strategy try to be the low-cost producers in the markets. Sources of cost advantages depend on industrial structure. Cost advantages may come from economies of scale, economies of scope, propriety technology, preferential access to materials and other factors. With cost advantages, firms are able to have above-average return or can command price.

Grant (2015) argues that common to the success of Japanese companies in consumer goods industries such as cars, motorcycles, consumer electronics, and musical instruments has been the ability to reconcile low cost with high quality and technological progressiveness. This position is further supplemented by Barney and Hesterley (2016) who affirm that few layers in the reporting structure; simple reporting relationships, small corporate staff, and focus on narrow range of business functions are elements of organizational structure that allow firms to realize the full potential of cost leadership strategies.

Li and Li (2018) posit that cost leadership strives to supply a standard, high-volume product at the most competitive price to customers. It is important to note that a company might be a cost leader but that does not necessarily imply that the company products would have a low price. In certain instances, the company can for instance, charge an average price while following the low-cost leadership strategy and reinvest the extra profits into the business Lynch (2003). The risk of following the cost leadership strategy, however, is that the company's focus on reducing costs even sometimes at the expense of other vital factors may become so dominant that the company loses vision.

Differentiation Strategy

Differentiation is one of the key business strategies (Allens & Helms, 2016). According to Koskela, (2015), a firm differentiates itself from competitors if it can be unique at something that is valuable to customers. Murphy (2016) posits that differentiation occurs when a firm tries to make the product/service more appealing to the customer than the competition thereby potentially commanding a higher price. Thus differentiation is concerned with creating something that is perceived as unique by buyers (Cheah et al., 2017). Porter (1985) opined that differentiation strategy may be explained based on differentiation through technology, brand, positioning, design or innovation. Differentiation strategy involves the development of strengths that can give a firm a differential performance advantage above other competitors. An example of this is a firm that competes by having the most inclusive branch network open at customers' convenient time, and is able to cut down waiting time and speed up service delivery or one that is able to cut down lending time without securities.

A firm adopting differentiation strategy tries to differentiate its products or services from competitors by using unique attributes which are widely valued by buyers. Uniqueness can be achieved through service/innovation s, superior service, creative advertising, better supplier relationships leading to better services, or in an almost unlimited number of ways. With unique attributes, a firm can charge premium prices for the products and services.

Differentiation has been adopted in an increasing numbers of industries, specifically in industries that need quality for success Bacanu (2016). A differentiation strategy is also based upon persuading customers that a product is superior in some way to that offered by competitors. In differentiation strategies, the emphasis is on creating value through uniqueness, as opposed to lowest cost.

A differentiation strategy occurs when a firm gains an unprecedented position within the sector of operation by differentiating its products or services. Barney and Hesterley (2016) assert that the rarity of a differentiation strategy depends on the ability of individual firms to be creative in finding new ways to differentiate their products. As rivals try to imitate these firms' last differentiation move, creative firm will already be working on new moves and therefore, remain one step ahead of competition.

Baum, Locke and Smith (2014) also suggest that firms implementing differentiation strategies like innovative and high quality products achieve the highest growth. Some problematic areas of differentiation include the difficulty on the part of the firm to estimate if the extra costs entailed in differentiation can actually be recovered from the customer through premium pricing. Moreover, successful differentiation strategy of a firm may attract competitors to enter the company's market segment and copy the differentiated product Lynch (2013). Mosey (2019) posits that telecommunication firms which repeatedly introduce innovative new products end up openings up new market niches, which is essential to their survival. Slater and Olson (2015) lament that the effectiveness of differentiation strategy depends on how well the firm can balance product benefits and product costs for the customer relative to competitive offering. Moreover, Acquaah and

Ardekani (2016) avers that differentiating firms are able to achieve competitive advantage over their rivals because of the perceived uniqueness of their products and services.

Focus Strategy

According to Porter (2015), focus strategy implies pursuing specific market segments through overall cost leadership and or differentiation as opposed to engaging in the whole market. It involves, first, market segmentation and then specialization in the chosen segment which is useful in gaining competitive advantage. The firm can choose to focus on a selected customer group, product range, geographical area or service line (Darrow et al., 2015). Focus is based at growing market share through operation in a niche market, in markets not attractive to or overlooked by larger competitors.

A successful focus strategy depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Focus strategies are most efficient when customers have distinct preferences and when the niche has not been pursued by rival firms (David, 2016).

The disadvantage of this strategy is that it may put an organization in danger if the focused segment is too small to be economical, or if it declines. The focus strategy differs from the other strategies in one aspect. While in the differentiation and cost strategies wide fractions of customers are being appealed to, the firms that follow a focus strategy prefer to appeal to a certain geographical area or a certain fraction of customers. To capture those markets, firms may use cost focus or differentiation focus strategy.

Different cost structures in different market segments allow a firm to use cost focus strategy. Meanwhile, different market segments also have different wants and needs; therefore, a firm takes the opportunity by designing products or services to satisfy customer wants and needs in a specific market segments. The focus on costs can be difficult in industries where economies of scale play an important role. There is also an evident danger that the niche may disappear over time, as the business environment and customer preferences change Lynch (2013).

According to recent scholars, the success in any of these strategies is achieved through having effective and clear objectives. However, others also argue that firms cannot succeed by only employing a single strategy and that the success currently experienced is due to effective application of multiple strategies notably low cost in addition to differentiated services or products. It is worth noting that Porter (1980) has been criticized in relation to the dynamics of the generic strategy framework.

Grimm (2015) as well states that one problem with Porter's framework is that it tends to view industries as in equilibrium and competitive advantage as sustainable. However, today's environment is fast changing and dynamic. Companies need constantly to reassess their strategic position and adapt their strategies. Thus, some scholars have argued that using Porter's framework with the purpose of committing in the longer term may lead firms to a poor position with lower than average performance. Abidin et al., (2016) also warn that focus strategy will hinder the firm movement if they have a vision to internationalize their firms.

Innovation

According to Cote (2022), Innovation is the process of creating a new product or improving an existing one to meet customers' needs in a novel way. She further explained that innovation s come in three forms, sustaining innovation which involves a business providing higher quality products continuously. low-end disruption comes about when a new product enters the market through the bottom chain providing a product substitute with low profits, Innovation • Product development • Product Functionality • Product diversification Marketing Innovation • Product placement • Product promotion • Product pricing Sustainability • Return on investment • Market share • Innovation Business model Innovation • Customer segment • Value proposition • Revenue stream Process Innovation • New technology • New Techniques • Delivery system 15 and new market disruption involves creating a new segment in an existing market and moving upmarket, gradually rendering the incumbent products obsolete.

Companies innovate their products to increase business efficiency and show the type of strategy they have chosen to pursue. In today's atmosphere of intense competition, businesses must adopt strategies geared at creating new items in response to customer demands. Innovation seeks to draw in new customers. A shorter product life cycle compels businesses to embrace cutting-edge tactics designed to innovate their products. Innovative products initially encounter less rivalry, which helps them generate significant profits. One of the main elements that contribute to an organization's success is innovation. (Kariuki 2014). Guthre (2021) says that Innovation in a product refers to improvements in the product's capacity, functionality, appearance, feel, and overall user experience. A tangible enhancement can be a real product, while an intangible one might be software or services. Innovation aids businesses in maintaining their market relevance as well as long-term growth and improvement. Innovation is regarded as crucial to a business's long-term success. She further argues that businesses that constantly introduce new products into the market, are at an advantage of earning higher profits, driving expansion through opening new market opportunities and tapping into a new customer segment. (Guthrie 2021). Innovation strategies are majorly driven by advances in technologies, ever-changing customer tastes and preferences, shortening item cycles, and expanding rivalry (Koech and Kiptoo, 2019). Innovation involves intensive research and Development, therefore, the returns from the product should be able to exceed the expenditure on research and development. A product must either be entirely new or greatly improved in terms of its components, substance, intended application, software, and user-friendliness to qualify as innovative. Innovation is also regarded as a change in design that materially alters the intended purpose or attributes of the product.

Empirical Review

Tehrani (2013) discusses the impact of five types of competitive strategies (product differentiation, low cost, marketing differentiation, focus product differentiation, and focus low cost) on prominent performance among sixteen segments of high-tech industries in the US and EU. The results indicate that the relationship between competitive strategy and performance depends on the geographies the firm operates in, since US firms that adopt product differentiation, low cost, and focus product differentiation had superior performance than others while in Europe, only the low cost firms outperformed other firms.

Kaya (2014) examined the relationship among advanced telecommunication technologies (AMT), competitive strategies, and firm performance. The study, which was conducted in telecommunication firms, located in Gaziantep, revealed that AMT use and adoption of differentiation strategy are both positively and significantly influential on firm performance. Another significant finding is that implementation of a dual strategy (combination of cost leadership and differentiation) as having a positive impact on performance especially when AMTs use is higher. Yasar (2015) in his research on effect of competitive strategies on firm performance on Gaziantep carpeting sector found that there is no significant relationship between competitive strategies and firm performance in Gaziantep carpeting industry. The result however, suggested that in order to improve firm performance and get sustainable competitive advantage in global markets, competitive strategies should be used resolutely and cost and differentiation strategies implemented simultaneously by decision-makers.

Cater and Pucko (2015) investigated Porter's generic strategy framework in relation to 225 Slovenian firms within different industry settings. The authors reveal that the average financial performance of groups of firms strategic business units (SBUs) with different corporate strategies differs significantly between these groups: firms that are 'stuck in the middle' achieve a significantly worse financial performance than firms with any one of the suggested four generic business strategies; and firms with a (focused) differentiation strategy perform slightly better than firms with a (focused) cost leadership strategy.

A study by Marques et al., (2016) surveying 12 large telecommunication firms from Portugal's glass industry, concluded that companies that had a higher return on equity pursued a cost leadership strategy based on the efficiency of production and a cost leadership strategy derived from production innovation. Similarly, Silva et al., (2018) applied Porter's typology in 43 firms in the Portuguese telecommunication industry proving the effectiveness of differentiation as a preferred strategic orientation. Shah et al., (2017) in a more extended study in Japan, German and US found that Japanese firms apply low cost and performed better than US and German companies that apply a 'stuck in the middle' strategy.

A study by Allen et al., (2017) of 101 Japanese Managers investigated current strategic syntheses and the degree to which Japanese management is embracing "The Porter Prize" in Japan. They concluded that Japanese companies mainly apply cost leadership, and to a lesser degree employ a product differentiation strategy, and none of the emerging strategic factors appeared to represent a focus strategy. In addition, Allen et al., (2017) claim that some firms reported using strategic practices that fit into multiple strategic factors as few real world organizations implement pure strategies.

Similarly, various studies have been carried out on competitive strategies across different contexts and sectors in Kenya. Mutunga and Minja (2014) focused on competitive strategies that firms adopt in the Kenyan beverage industry. The results indicated that 56.2 per cent of the firms embraced duo strategies of cost leadership and differentiation simultaneously while 25 per cent were exclusively on cost leadership and 18.8 per cent were exclusively using differentiation.

In his study of implementation and effects on performance of large private sector firms in Kenya, Waweru (2008) found that there were three strategic groups of low cost leaders, differentiators and duo strategists in the proportion of 1:3:6. Warucu (2016) evaluated competitive strategies employed by commercial banks that participate in clearing house. The study found that focus and product differentiation are some of the major strategies that the banks have employed in their quest to outdo each other. Similarly, Kiptugen (2016), in his case study of KCB, looked at the strategic responses to a changing competitive environment and established that proactive rather than reactive strategies such as research on changing customer needs and preferences form the basis of its strategic planning.

George (2018) examined the relationship of competitive strategies and firm performance in the mobile telecommunication service industry. The findings revealed that the strategies adopted by Safaricom Kenya Limited so as to cope with the competitive environment included vigorous pursuits of cost reduction; providing outstanding customer service; improving operational efficiency; controlling quality of products/services; intense supervision of frontline personnel; developing brand or company name identification; targeting a specific market niche or segment; and providing specialty products/services. The findings also revealed a significant relationship between the strategies adopted by Safaricom Kenya Limited and its performance with respect to the following objective performance indicators used: total revenue growth, total asset growth, net income growth and market share growth.

Waiganjo (2018) looked at the effect of competitive strategies on the relationship between strategic human resource management and firm performance of Kenya’s corporate organizations. The study revealed that business performance will improve when HR practices mutually reinforce the choice of competitive strategy. The study further revealed that organizations that coordinate their business strategy and HRM practices achieve better performance. Karanja, (2015) did a survey of competitive strategy of real estate firms on perspective of Porter’s general model. The study findings were that firms in different industries adopt different competitive strategies which are unique in each context. Murage, (2016) focused on competitive strategies in the petroleum industry and found that service stations used differentiation as a way of obtaining competitive advantage.

A study by Thathi (2018) focused on competitive strategies used by advertising firms in Kenya and found that discounts, competitive pricing and quality service provision were major strategies applied by advertising firms under focus. Murimiri (2019) in his study found that Commercial Banks in Kenya pursued cost reduction, outstanding customer service and operational efficiency with respect to performance indicators of revenue growth, asset growth and market share.

Maluku (2018) in his study on competitive strategies on performance of dairy firms in Kenya found that focus strategy was most preferred by dairy firms in Kenya compared to cost leadership and differentiation strategies. Mary (2014), in her study assessment of the relationship between generic strategies and competitive advantage among organizations in the tourism industry in Kenya also found that compared to other generic strategies, focus strategy was the factor that had the most significant effect on the company's competitive advantage. Gitonga (2015) in his study application of Porters generic strategies framework in hospitality establishments in Nairobi found that cost leadership was the one applied by hospitality establishments to cope with competition.

Critique of the Existing Literature Relevant to the Study

Majority of the empirical literature reviewed have been carried out in the context of developing countries such as United States and other European countries. The reviewed literature also pointed out a number of conflicting perspectives on the relationship between competitive strategies and firm performance which is also one of the key concerns of business strategy research. Some studies (Dess & Devis, 1984; Hall 1980; Hambrick, 1983) found many of the profitable firms having either low or differentiated positions which support Porter's position, other studies have checked that Porter's generic strategies do not represent ways to achieve a higher performance well (Daves & Sharp 1996; Parker & Helms, 1992) and that hybrid strategies are the ones yielding improved performance (Spanos, Zaralis & Lioukas, 2014).

The literature analysis also revealed that there seems to be no agreement on one single theory that is most appropriate in achieving competitive advantage as well as improved performance. For instance, Sumer and Bayraktar (2015) in their study on business strategies and gaps in Porter's typology found that porter's typology was insufficient in explaining business competitiveness. Porter argues that enterprises that prefer any of the three strategies would gain competitive advantage and perform better than their rivals. In addition, he indicated that those who do not prefer one of these strategic orientations would be 'stuck in the middle' and their profitability would decrease.

Accordingly, enterprises that implement two conflicting strategies of cost leadership and differentiation strategy simultaneously cannot be successful (Acquaah & Ardekani, 2018). However, this perception has been losing its legitimacy in part due to applications such as quality management systems, flexible production systems and networks that enable cost leadership and differentiation to be implemented together. Hitt et al., (2017). Furthermore, scholars have shown that increase in quality, increases demand for products which gives the firm the chance to reduce the costs (Prajogo, 2017).

The more recently developed theories such as Result-based View (RBV) considered to be one of the most widely accepted theories of strategic management (Powell, 2001; Priem & Butler, 2001a) has also been seen to suffer similar limitations. For instance, despite an increase in literature devoted to advancing the RBV conceptually and empirically, advocates (Barney, 2001) and critics (Priem & Butler, 2001a) point to a number of issues that require further theoretical and empirical attention

(Srivastava, Fahey, & Christensen, 2001). They assert that RBV's acceptance appears to be grounded more on the basis of logic and intuition than on empirical evidence (Newbert, 2018).

Empirical literature also shows relatively little knowledge about how environmental, strategic and organizational factors combine across categories in a comprehensive model of firm performance. The studies which looked at innovation are largely done in the marketing field and have shown mixed results. For instance, Kirca et al (2015) found insignificant evidence to support the moderating role of innovation in their study while Gatignon and Xuereb (1997) found significant effect.

According to Porter (1980), innovation is an important determinant of a firm profitability in a given industry. The level of innovation determines a firm's choice of strategic actions and responses. However, the reviewed study has not looked into effect of innovation on strategy-performance relationship critically. Criticisms cited above provide evidence that much research is needed in this area especially in the context of developing countries such as Kenya. Hence, the researcher identified these gaps which were filled by focusing on the effect of competitive strategies on performance of telecommunication firms in Kenya.

Summary

The chapter elaborated on the theoretical background and conceptual framework through extensive literature review. Most empirical studies have reported positive effect of competitive strategies on firm performance. The researcher examined the way in which competitive strategies may be used to attain competitiveness and improve firm performance. This led to the suggestions that telecommunication firms intending to achieve competitiveness and improve their performance should pursue competitive strategies of cost leadership, differentiation and focus either exclusively or simultaneously in order to achieve superior performance. The constantly changing customer demands and a dynamic competitive environment also require that firms be flexible in applying these strategies together.

Review of examining the fit between innovation as one of the aspects of external environment, competitive strategies and firm performance has also been advanced. This was done as the existing literature showed that competitive strategy has strong relationship with environment and that the environment influence competitive strategy as well as firm performance**.** Appropriate selection of competitive strategy also depend on the understanding of external environmental hence the fit between competitive strategies, innovation and firm performance is of paramount importance. The next chapter outlines the methodology used in this study.

Research Gaps

The existing literature showed that research has been done on competitive strategy and firm performance. However, most studies examining the influence of competitive strategies on firm performance have been conducted in developed countries for example United States (US). To fill this gap, and to establish existence of such a relationship, it is imperative to conduct research in developing economies context such as Kenya. The reviewed literature pointed out a number of conflicting perspectives on the relationship between competitive strategies and firm performance which is also one of the key concerns of business strategy research. This provides evidence that much research is needed to add to the debate in this area.

Other similar researches carried out in Kenya (Warucu, 2015; Kiptugen, 2018) are sector specific and adopted case study research design and may not be generalized to fairly represent this study. It is, therefore, imperative to undertake a study in telecommunication sector and use other methodology, thus this study utilized a survey research design. Others, for instance, Otieno (2016) looked at telecommunication sector in Kenya but used a smaller sample of five sub-sectors and studied competitiveness of telecommunication firms operating under East African Regional Integration.

Waiganjo (2013) used Schuler and Jackson, (2017) measures of competitive strategy and used competitive strategies as a moderator in her study effect of competitive strategies on the relationship between strategic human resource management and firm performance of Kenya’s corporate organizations. There is need to test other models of competitive strategy, thus the current study used Porter’s model to conceptualize competitive strategies and competitive strategies as independent variables.

More specifically, the study demonstrates the effect of elements of the Porter’s model that is cost leadership, differentiation and focus strategies on performance of telecommunication firms in Kenya. Finally, the reviewed studies did not address the effect of innovation as an aspect of external environment which affect the relationship between competitive strategies and firm performance.

RESEARCH METHODOLOGY

The section presented the methodology that was used to carry out the study. It further described the type and source of data that the research was based. It gave the target population and sampling methods and techniques that was used to select the sample size. It also describes how data was collected and analyzed based the validity of research instruments and data analysis method that was used in this research.

Research Design

Research design is the outline, plan or scheme that was used to generate answers to research problem (Cooper and Schindler, 2017). This study adopted descriptive research design in order to provide a framework or examine current conditions, trends and status of events. Descriptive research was used here because it describes how specific variables relate with trends or phenomenon. It is easy to analyze and in most cases can enable researcher to single out how a variable or factor or individual subject related with the issue to be determined in the hand. According to Cooper and Schindler (2017) such a study is concerned with findings can who, what, where, and how of the relevant phenomenon.

Target Population

Mugenda and Mugenda (2016) refers to target population as the entire group of individuals, events or objects having common observable characteristics to which the research needed to generalize the result of the study. Chara & David (2015) defines population as the aggregate of all cases that conform to some designated set of specifications. These scholars agree that a target population is the whole set of units from which the survey data is to be used to make inferences. The unit of analysis and unit of observation are important measures that explain the subjects and objects under study. For the purpose of this study the unit of analysis was all the staff directly related to issues of strategy formulation of the five telecommunication companies in Kenya. The unit of observation included board members, management and the administrators of these telecommunication companies the unit of observation was regarded as homogenous when it comes to strategy issues.

Table 3.1: Target Population

Name of Mobile Phone Operator	Market Share	Number of Employees
Safaricom	65.4	10321
Airtel Kenya	21.4	3377
Telkom Kenya	8.9	1404
Equitel Kenya	4.3	678
Finserve	0.11	17
Total	**100**	**15782**

Source: CCK 2022

Sample Size and Sampling Technique

The sample size of 384 respondents was derived from the target population using Fishers sample size determination formula. The sample size is derived as shown in the Table 3.2 basing on a table for determining Sample size for a given population size generated by Chatfield (2018). This can also be compared to the formula by Kumar (2019). Since the study population is less than 10, 000, the total sample size is determined by use of Mugenda and Mugenda (2012) as effective for social sciences, for samples less than 10,000. The Fisher's formula was used to determine the appropriate sample size of this study. This is because the target population consists of a large number of units (Manly & Alberto, 2016; Kline, 2015; Bryne, 2016). Based on the total population of 15,782 a sample size was determined using Fisher's formula since the target population consists of a large number of units (Brymann, 2016). The researcher assumes 95% desired level of confidence, which is equivalent to standardized normal deviate value of 1.96, and an acceptable margin of error of 5% (standard value of 0.05).

$n = z^2pq/e^2 = 384$; (which was proportionately distributed across the population of 3738)

Where: n = the desired sample size (if target population is large)

z = the standard normal deviate at the required confidence level.

P = the proportion in the target population estimated to have characteristic being measured.

$q = 1-p$ d = the level of statistical significance set.

Assuming 50% of the population have the characteristics being measured, $q=1-0.5$

Assuming we desire accuracy at 0.05 level.

The Z-statistic is 1.96 at this level.

Therefore n= $(1.96)^2(.5)$ $(.5)/$ $(.05)^2$ =384. The 384 sampling units was distributed to the conveniently identified population using the simple random sampling technique using the formula;

$$n_i = \left(\frac{N_i}{N}\right)n$$

Table 3.2: Sample Size

Category	Population (N)	Sample(n)
Safaricom	10321	251
Airtel Kenya	3377	82
Telkom Kenya	1404	34
Equitel Kenya	678	16
Finserve	17	1
Total	**15782**	**384**

Source: CCK 2022

Data Collection and Procedures

According to Mugenda and Mugenda (2016) data collection is the gathering of pieces of information that are necessary for research process. Data collection instrument refers to method or the facility that was used to gather such data from respondents. This study used both secondary and primary data They was designed with open ended questions which was used to give the respondents a chance to contribute their views on the research problem while closed ended questions was geared at obtaining straight forward answers which included opinions questionnaires was used because they are not only flexible but also cost effective as a means of collecting opinions or views and also a means of gathering quantifiable information required to solve research problem.

Pilot Study

These can be pointed out as a beginning step in researcher where the researcher often samples a small population in the entire study to assist in the analysis to see whether the study is worth being done and also help in planning for the main study (Mugenda and Mugenda, 2016). A pilot study was done to identify elements of study population and unit of analysis. During the study, draft questions was pre-tested to remove ambiguity and achieve high degree precision. A pilot study is conducted with 4% - 10% of the sample population (Creswell & Clark, 2017). Thus, the pilot study comprised of 38 respondents that is 10% of the sample size. During pre-testing, the researcher had thorough discussions on questionnaires with 38 respondents in order to identify flaws, limitations, or/and other weaknesses in the research instrument so as to allow revisions and or adjustments in good time prior to conducting field work

Validity of Research Instruments

Validity refers to the accuracy of a measure, whether the results really do represent what they are supposed to measure. Based on the research the researcher validated all the information that was collected to ensure that they are verifiable based on the questionnaire that was presented to them. During questionnaire development, various validity checks were conducted to ensure the instrument measured what it was supposed to measure. Validity is the extent to which a construct measures what it is supposed to measure (Hair et al., 2017). There are three important approaches to assessing measurement validity: content validity (also referred to as face validity), construct validity and criterion validity. The current study utilized content and construct validities.

Content Validity

Content validity is the most important validity test (Hair et al., 2017). It is based on the extent to which a measurement reflects the specific intended domain of content. Validity is not quantified using statistical methods, meaning that validity is a qualitative measure. To ensure content validity, discussions were held with experts during the questionnaire formulation stage to ensure that the measure included an adequate and representative set of items that tapped the content. The questionnaire used also borrowed from that used by Dess and Devis (1984) and that of Jaworski and Kohli (1993) in measuring competitive strategy and innovation respectively.

Construct Validity

Construct validity assesses what the construct or scale is in fact measuring. Construct validity was maintained through anchoring of the constructs to the theory from which they were derived.

Reliability of Research Instruments

Regardless of the research procedure used and the method employed, researchers need to critically assess to what extent it is likely to consistently measure what it ought to accurately. According to Orodho (2016), reliability is the extent to which results are consistent over time and an accurate representation of the total population under study is said to be reliable if the results of a study can be reproduced under a similar methodology then the research instrument is considered to be reliable. Data reliability was measured using Cronbach's alpha method. The coefficient alpha is an appropriate measure of variance attributable to subjects and variance attributable to the interaction between subjects and items. In terms of the specific testing of internal reliability, the following scores were obtained; cost leadership strategy 0.68; differentiation strategy 0.77; focus strategy 0.69; innovation 0.65 and firm performance 0.9. This indicates that the internal reliability of the instrument was reasonable as a Cronbach's alpha of 0.60 as a minimum level was said to be acceptable (Zinkmund, 2016). Cronbach's alpha is a general form of the Kunder-Richardson (K-R) 20 formula.

The formula is as follows;

$$KR20 = \frac{(K)\,(S^2 - \Sigma s^2)}{(S^2)\,(K-1)}$$

KR20 = Reliability coefficient of internal consistency

K = Number of items used to measure concept S^2 = Variance of all scores

s^2 = Variance of individual items

Data Processing and Analysis

Data analysis is the process of packaging the collected information in a form that can be understood by the person who is doing the research. After the fieldwork and before analysis all questionnaires was adequately checked for reliability and verification. Editing, coding and tabulation was carried out. The data was analyzed both qualitatively and quantitatively. Therefore, quantitative and qualitative techniques of analyses was employed. Qualitative methods was used for content analyses and evaluation of text materials particularly obtained from the open-ended question in the questionnaires

Data analysis is the process in which raw data was ordered and organized so as to extract useful information (Smith, 2016). This study generated both quantitative and qualitative data. First, the researcher examined the data collected to make inferences through a series of operations involving editing to eliminate inconsistencies, classification on the basis of similarity and subsequent tabulation to relate variables.

Quantitative Data Analysis

Quantitative data was analyzed through descriptive statistics and inferential statistics which enabled meaningful distribution of scores or measurement using indices and statistics. According to McClave and Sincich (2016), descriptive statistics utilize numerical and graphical methods to look for patterns in a data set to summarize the information revealed in a data set and to present the information in a convenient form.

The main descriptive statistical analysis used included mean, percentages, standard deviation and frequencies to cater for the likert scales that had been used in the study. According to Orodho (2018), the advantage of descriptive statistics is that they enable the researcher to use one or more numbers (for example mean and standard deviation) to indicate the average score and variability of scores of a sample. Inferential statistics was used to analyze relationship between variables. This was done through correlation and regression analysis.

Pearson product moment of correlation was used to determine the effect of competitive strategies on performance of Telecommunications firm while linear multiple regression analysis was used to explain the extent to which competitive strategies, that is, cost leadership, differentiation and focus strategies (independent variables) explained variation in Telecommunications firm performance (dependent variable).

Standard F-test was used to test the overall combined effect of the independent variables on performance and where the p-value was greater than 0.05, it was concluded that there was no significant effect and cannot be used to explain the variations in the dependent variable.

T-test was used to test the direction of the relationship between the independent variable and the dependent variable, that is, whether the relationship was positive or negative. A positive value indicates that as one variable increases, the other variable increases whereas a negative value means that as one variable increases, the other variable decreases.

ANOVA, the test inbuilt in the multiple regression analysis tests was used to determine whether the model works in explaining the variable relationships. If the p-value was greater than 0.05, it implied that none of the independent variables predict, the dependent variable, thus implying that the model does not work. Where the p-value was less than 0.05, it implied that the model works and therefore, establishing a significant relationship between the study variable.

Before testing the fit of the model, multicollinearity analysis was performed to establish the possibility of a collinearity problem of the predictor variables having some explanatory power over each other. This was assessed using correlation matrix. Pallant (2015) argues that a value of 0.8 or 0.9 shows that there is a relation of multi-collinearity between two variables. However, no multicollinearity was noted as all the variables had correlation coefficient of less than 0.80.

Qualitative Data analysis

Qualitative technique took into account the respondents' feelings, suggestions and opinions. The study used likert scale to provide a measure for qualitative data generated that needed to be subjected to statistical processes.

Measurement of Variables

a) Measure of independent variables

The dimensions of competitive strategy in this study was based on Porter's (1980, 1985) competitive strategy typology. To measure the three strategy dimensions in this study, the researcher used the variables suggested by Dess and Devis (1984) in their operationalization of Porter's generic strategies and commonly adopted in strategy studies. For the purpose of conducting analysis of this study, three independent variables were taken into account, namely; cost leadership strategy, differentiation strategy and focus strategy. Each of the variables were measured using five-point likert scale ranging from 1= strongly agree to 5 = strongly disagree).

b) Measure of dependent variable

Perceived financial performance measure was used as the degree of satisfaction with the firm's profitability and sales growth. This measure is said to be preferred by respondents since objective measures such as profit or revenue are seen as confidential (Gruber, Heinemann & Bretel, 2016). Use of multi-dimensional measures based on perceptual firm performances further facilitates comparison across firms and contexts across industries, time horizons and economic conditions (Song, Droge, Hanvanich & Calantone, 2015).

Chandler and Harks (2014) also aver that earlier studies have indicated perceptual performance measures tend to be highly correlated with objective indicators which support their validity. A five-point response scale ranging from (1= much worse, to 5 = much better) was used to get response to statements relating to sales growth rate, sales, profit growth rate, profit, profitability ratio and overall performance.

Statistical Model

For bivariate relationship, the hypotheses were tested on the basis of Pearson's bivariate correlation (r) with the degree of correlation in magnitude and statistical significance joint effect based on regression analysis from the following models;

i) $Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + e$

$\beta 0$ = Constant

Bi = Regression coefficient for Xi (i =1, 2, 3,4)

X1 = Cost leadership strategy

X2 = Differentiation strategy

X3 = Focus strategy

X4 = Innovation

e =error term

Diagnostic Tests

Diagnostic tests were also considered to test the model for multicolinearity, heteroscedasticity, and auto-correlation.

Multicollinearity Test

Multicollinearity test was adopted to examine the degree of interrelationship amongst, independent variables. It was tested using variance competitive strategies strategic factors and performance levels. Jones (2018) points out that any objective has competitive strategies which are greater than 10, and then it should be dropped from the model or regressed on its own in absence of others.

Autocorrelation Test

This study employed the Breusch-Godfrey Serial Correlation (LM) test that was proposed by Breusch (1978) and Godfrey (1978) to test the null hypothesis of no serial correlation. This test was done to detect whether the error terms relating to any two different observations are mutually independent.

Heteroscedasticity Test

Heteroscedasticity is the situation in which regression error term have unequal variance. According to Porter (1985), if there is non-uniformity of the error term variation then there are possibilities of making biased conclusions since T ratios was too small. To ascertain heteroscedasticity, Breusch-Pagan test was applied and if p value was less than 0.05 then the error term was not considered +homoscedastic.

Normality Test

A normality test is used to decide whether sample data has been drawn from a normally distributed population (Oduol, 2015). There are several methods of assessing whether data are normally distributed or not. They fall into two broad categories: graphical and statistical. Normality plays a vital role in predicting the scores of the dependent variable and also in knowing the shape of the distribution.

This study adopted Shapiro Wilk test to test for normality. It tells how well a theoretical distribution models the empirical data. Park (2018) states that the quantile-quantile plot compares ordered values of a variable with quantile of a specific theoretical distribution for example in normal distribution. If two distributions match, the points on the plot formed a linear pattern passing through the origin with a unit slope.

RESEARCH FINDINGS AND DISCUSSION

The chapter focuses on examining the data, presenting, and interpreting the results, and discussing the objectives of the study. It begins by providing demographic information about the participants of the study, followed by a descriptive analysis and subsequently inferential statistics. The chapter presents the findings in relation to the research objectives and questions. The purpose of the research findings was to investigate the impact of competitive strategies and performance of firms in the telecommunication industry in Kenya.

Response rate

The study distributed questionnaires to 328 managers from telecommunications companies. However, 351 of them were filled and returned for further analysis. The returned questionnaires formed a response rate of 91.5%. This high response rate was achieved because the researcher personally issued the questionnaires and also went back to collect them. This ensured that she created a rapport with the respondents hence the high response rate. Mugenda and Mugenda (2020) notes that a response rate of 30% is not viable, 60% is good while a reply percentage of 70% and above is excellent. This assertion by Mugenda and Mugenda (2020) agrees with the discovery of Kothari (2021) who avers that any response rate of less than 50% for a descriptive research design is unviable while a response rate of more than 70% is exceptional.

Table 4.1: Response Rate

Questionnaire	Frequency	Percent
Returned	351	91.5
Non returned	33	8.5
Total	384	100.0

Demographic Information

In this section, the study sought to establish the general information of study respondents. The study specifically sought to establish their how long they have worked in the organisation, How long they have worked in the current position and their education level.

Respondents response on how long they have worked in the organisation

The respondents were requested to indicate how long they have worked in the organisation. The findings are summarized in Table 4.1.The findings in table 4.1 shows that majority of the respondents (39.8%) had worked in the organisation for between 6 to 10 years, followed by those who had worked for between 1 to 5 years at (26.2%) and those who had worked for over 10 years were the least at 15.6 %. These findings show that the sample selected was well representative and therefore the findings can be generalized.

Table 4.1 Respondents response on how long they have worked in the organisation

Time in the Organisation	Percentage
Less than 1 year	18.4
1 to 5 years	26.2
6 to 10 years	39.8
Over 10 years	15.6

Respondents response on how long they have worked in the current position

The respondents were requested to indicate how long they have worked in the organisation. The findings are summarized in Table 4.1.The findings in table 4.1 shows that majority of the respondents (45.8%) had worked in the current role of the organisation for between 7 to 9 years, followed by those who had worked for less than 3 years at (22.4%) and those who had worked for over 10 years were the least at 15.6 %. These findings show that the sample selected was well representative and therefore the findings can be generalized.

Table 4.2: Respondents response on how long they have worked in the current position

Time in the Organisation	Percentage
Less than 3 years	22.4
between 4-6 years	16.2
between 7-9 years	45.8
above 10 years	15.6

Respondents Education Level

The study collected information to ascertain the education level of the respondents. Figure 4.1 presents the findings obtained. From the findings presented in Figure 4.1, majority of the respondents had an education level of Bachelor's degree (53.7%) with the certificate level of education the smallest with (2%).

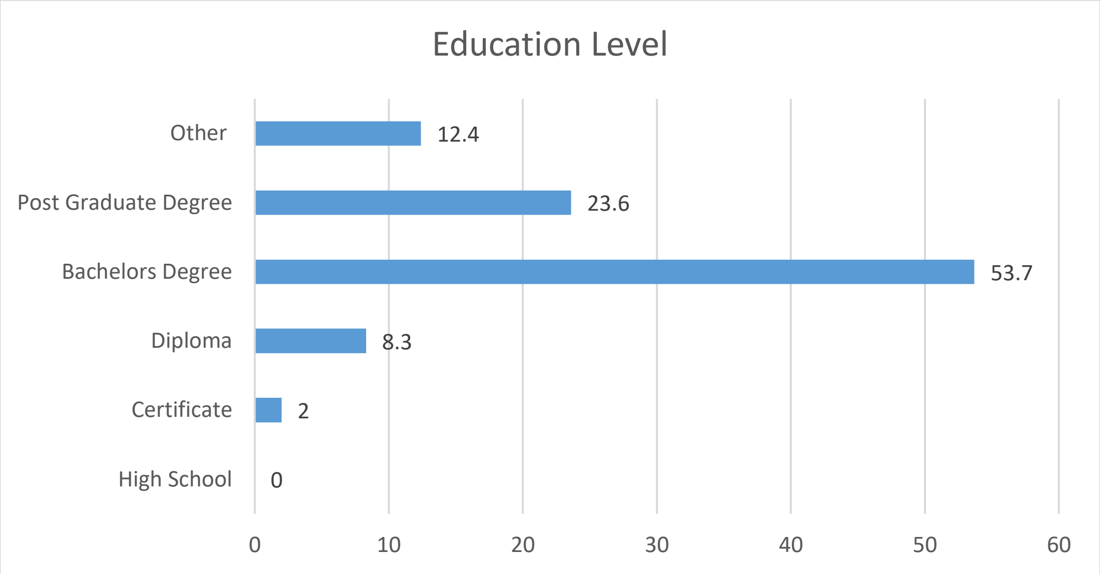


Figure 4.1: Respondents Education Level

Results of the Pilot Study

Pilot testing was conducted on 10% of the sample size. The respondents that were piloted were not included in the main study. According to Morgan (2017), a pilot study can be done using 5% to 10% of the sample size. According to Kothari (2021), 10% of study population is appropriate for pilot test in an academic social science research. The study therefore, used 10% of the sample size to carry out the pilot test. This gave a sample size of 32respondents and helped to identify any ambiguous and unclear questions. Feedback received was used to fine tune the questionnaire before embarking on the actual data collection. Research experts were also consulted to review the instrument to ascertain content validity.

Response Rate for the Pilot Study

The pilot study targeted 32 respondents drawn from areas meeting the threshold for the target population but outside study locale. The 32 respondents were surveyed using the questionnaire as it would be done in the actual study. The research instrument used on this study were based on a 5-point Likert scale. Out of the 32 issued questionnaires, 26 were dully filled and returned for analysis. This represented a response rate of 82.6% which was considered adequate for analysis. The distribution of the response rate is as shown in Table 4.2.

Table 4.2: Response rate of the Pilot Study

Targeted Sample		**Response**		**None-response**		**Verdict**
Frequency	Percent	Frequency	Percent	Frequency	Percent	The response meets the 60% threshold
38	100%	31	82.6%	7	17.4%	

Source: Research Data (2023)

Reliability of the Research Instrument

According to Mugenda and Mugenda (1999), reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. An instrument is reliable when it can measure a variable accurately and obtain the same results over a period of time. Reliability is the extent to which data collection techniques or analysis procedures would yield consistent findings (accuracy and precision of a measurement procedure) (Creswell, 2021). It establishes if the measure is able to yield the same results on other occasions, similar observations are reached by other observers and transparency in the raw data. Reliability was used to check the internal consistency of the data measuring instrument. Cronbach's Alpha (α) was used to test for the instrument reliability. This is a test of reliability proposed by Cronbach (1952).

Cronbach (α) is the measure of the extent to which all the variables in the scale are positively related to each other (Ravi & Shankar, 2015). According to Cronbach (1952), the general assumption of the coefficient alpha is that the correlation between all the items under consideration in the study ought to be positive since they are measuring the same thing. This is to mean that if a correlation coefficient is negative, then the item is not reliable hence it has to be deleted/omitted from the research instrument. This further illustrates that a reliable coefficient should be between 0.00 and 1.00. A coefficient of 0.00 means the measurement is not consistency while a coefficient of 1.00 means the instrument is perfectly consistent.Reliability analysis was done to evaluate survey construct using Cronbach's alpha and the results as shown in Table 4.3 and it implied that the items met the threshold hence they were adopted for the main study.

Table 4.3: Reliability Results

Variables	**Cronbach's Alpha**	**Number of Items**	**Conclusion**
Cost leadership strategy	0.768	6	Reliable
Differentiation strategy	0.782	5	Reliable
Focus strategy	0.728	4	Reliable
Innovation	0.736	5	Reliable
Performance	0.772	6	Reliable

Source: Research Data (2023)

Test for Construct Validity

Validity is the ability of the research instrument to measure what it is supposed to measure (Gujarati, 2017). There are several types of validity tests that can be conducted on an instrument namely construct, content, and face and criterion validity (Hair, 2017). Content validity can be determined by pre-testing the questionnaire by use of subject matter experts and peer review. Face validity was estimated by use of correlations between the objective and subjective items utilized in the scales.
Content validity was assessed through review and verification of the extant literature for the items contained in the questionnaire. Construct validity was assessed from the correlations of items. Positive and significant correlations are expected for convergent validity while for divergent validity, items are expected to positively and significantly correlate with one another, but not with items from other dimensions (Hair, 2017). The questionnaire was pilot tested in selected respondents to establish if the respondents can answer the questions without difficulty. The feedback received was used to fine tune the questionnaire before embarking on the actual data collection.

The study adopted Kaiser-Meyer Olkin (KMO) to test for construct validity. The corresponding significance values of the KMO values were significant since they fell under the 0.05 threshold for testing significance (p-value < 0.05). A Chi-Square coefficient ranging from 16.403 to 84.892 and a p-value of less than 0.05 imply that the coefficients were significant. The results imply the statements are fit to produce valid results as shown in Table 4.4 below.

Table 4.4: Factorial Test Results for Construct Validity

	KMO	Bartlett's Test of Sphericity			Validity
Variables		**Approx. Chi-Square**	**df**	**Sig.**	
Cost leadership strategy	0.594	39.625	30	0.011	Valid
Differentiation strategy	0.638	75.29	30	0.000	Valid
Focus strategy	0.502	77.442	30	0.000	Valid
Innovation	0.574	84.892	30	0.000	Valid
Performance	0.720	58.087	30	0.011	Valid

Source: Research Data (2023)

Descriptive Analysis

The study gives the findings on the specific objectives of the investigation in this section. The scale for the likert scale questions was 5 with 1 strongly disagree, 2 disagree, 3 somewhat disagree, 4 agree, and 5 strongly agree. Means and standard deviations were used to interpret the results, with a mean of 0-1.4 implying that the respondents strongly disagreed, 1.4-2.4 implying that they disagreed, 2.5-3.4 implying that they were neutral, 3.5-4.4 implying that they agreed, and 4.5-5 implying that they strongly agreed.

Cost leadership strategy

The first objective of the study was to determine the relationship between cost leadership strategy and performance of firms in the telecommunication industry in Kenya. Data findings are presented in Table 4.5 below.

On the statement "The leadership style shows equal attention to all functional-level concerns" 5.6% of the respondents disagreed to the statement, 23.5% of the respondents neither agreed nor disagreed to the statement, 33.78% of the respondents agreed to the statement whereas 13.1% of the respondents strongly agreed to the statement, with a mean of 3.78 and standard deviation 0.739. On the second statement "Leaders are exceptional in motivating employees to increase?" 19.1% of the respondents neither agreed nor disagreed to the statement, 41.0% of the respondents agreed to the statement while 38.9% of the respondents strongly agreed to the statement, with a mean of 4.21 and standard deviation 0.741. On the statement "Effective leadership is key to successful strategy execution, 2.8% disagreed with the statement, 38.6% of the respondents neither agreed nor disagreed to the statement, 32.3% of the respondents agreed to the statement whereas 26.3% of the respondents strongly agreed to the statement, with a mean of 3.82 and standard deviation 0.885. Regarding the statement "Senior executive management have a significant impact on the strategies and performance", 13.1% strongly disagreed to the statement, 10.4% of the respondents disagreed to the statement, 23.9% of the respondents neither agreed nor disagreed to the statement, 35.5% of the respondents agreed to the statement whereas 17.1% of the respondents strongly agreed to the statement, with a mean of 3.33 and standard deviation 1.251.

On the statement "The company considers the skills and experience of employees before hiring them." 8.4% strongly disagreed to the statement, 23.9% disagreed to the statement, and 23.5% of the respondents neither agreed nor disagreed to the statement, 31.1% of the respondents agreed to the statement whereas 13.1% of the respondents strongly agreed to the statement, with a mean of 3.17 and standard deviation 1.178. On the statement "The leadership style shows equal attention to all functional-level concerns." 8.0% strongly disagreed to the statement, 23.9% disagreed to the statement, and 26.3% of the respondents neither agreed nor disagreed to the statement, 33.5% of the respondents agreed to the statement whereas 8.4% of the respondents strongly agreed to the statement, with a mean of 3.10 and standard deviation 1.105.

Table 4:5: Cost leadership strategy Frequencies

Statements on Cost leadership strategy	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Mean	Std. Dev.
The leadership style shows equal attention to all functional-level concerns	-	5.6	23.5	337.8	13.1	3.78	.739
Leaders are exceptional in motivating employees to increase	-	-	19.1	41.0	38.9	4.21	0.741

Effective leadership is key to successful strategy execution.	-	2.8	38.6	32.3	26.3	3.82	.885
Senior executive management have a significant impact on the strategies and performance.	13.1	10.4	23.9	35.5	17.1	3.33	1.251
The company considers the skills and experience of employees before hiring them.	8.4	23.9	23.5	31.1	13.1	3.17	1.178
The leadership style shows equal attention to all functional-level concerns.	8.0	23.9	26.3	33.5	8.4	3.10	1.105

This study established that Cost leadership strategy affects performance of firms in the telecommunication industry in Kenya. The study findings agree with those of Tufano (2017) who found out that Cost leadership strategy among financial institutions was highly effective and this led to improved performance.

Differentiation strategy

The second objective of the study was to establish the influence of differentiation strategy on performance of firms in the telecommunication industry in Kenya. Therefore, the respondents were asked to indicate their level of agreement or disagreement with various statements on differentiation strategy. Table 4.6 illustrates the outcomes that were attained after analyzing data. On the statement "The leadership style shows equal attention to all functional-level concerns" 15.1% strongly disagreed to the statement, 13.9% of the respondents disagreed to the statement, 35.5% of the respondents neither agreed nor disagreed to the statement, 24.7% of the respondents agreed to the statement whereas 10.8% of the respondents strongly agreed to the statement, with a mean of 3.02 and standard deviation 1.195.

On the statement "Leaders are exceptional in motivating employees to increase" 13.5% strongly disagreed to the statement, 8.8% of the respondents disagreed to the statement, 10.8% of the respondents neither agreed nor disagreed to the statement, 43.8% of the respondents agreed to the statement whereas 24.1% of the respondents strongly agreed to the statement, with a mean of 3.54 and standard deviation 1.306. On the statement "Effective leadership is key to successful strategy execution", 5.2% strongly disagreed to the statement, 23.9% of the respondents disagreed to the statement, 19.1% of the respondents neither agreed nor disagreed to the statement, 20.7% of the respondents agreed to the statement whereas 31.1% of the respondents strongly agreed to the statement, with a mean of 3.49 and standard deviation 1.291.

Regarding the statement "Senior executive management have a significant impact on the strategies and performance", 4.8% strongly disagreed to the statement, 15.9% of the respondents disagreed to the statement, 7.6% of the respondents neither agreed nor disagreed to the statement, 47.0% of the respondents agreed to the statement whereas 24.7% of the respondents strongly agreed to the statement, with a mean of 3.71 and standard deviation 1.145. On the statement "The company considers the skills and experience of employees before hiring them" 4.8% strongly disagreed to the statement, 29.9% disagreed to the statement, 5.2% of the respondents neither agreed nor disagreed to the statement, 41.8% of the respondents agreed to the statement whereas 18.3% of the respondents strongly agreed to the statement, with a mean of 3.39 and standard deviation 1.223.

Table 4.6: Descriptive Statistics on Differentiation strategy

Differentiation strategy	**Strongly Disagree**	**Disagree**	**Neither Agree nor Disagree**	**Agree**	**Strongly Agree**	**Mean**	**Std. Dev.**
The leadership style shows equal attention to all functional-level concerns.	15.1	13.9	35.5	24.7	10.8	3.02	1.195
Leaders are exceptional in motivating employees to increase.	13.5	8.8	10.8	43.8	24.1	3.54	1.306
Effective leadership is key to successful strategy execution.	5.2	23.9	19.1	20.7	31.1	3.49	1.291
Senior executive management have a significant impact on the strategies and performance	4.8	15.9	7.6	47.0	24.7	3.71	1.145
The company considers the skills and experience of employees before hiring them.	4.8	29.9	5.2	41.8	18.3	3.39	1.223

The study finding of this study agrees with those of Kiplimo (2017), who studied to determine the effect of Differentiation strategy on performance of manufacturing businesses in Kenya and determined that Differentiation strategy played a major role determining the performance of manufacturing companies in Kenya. In addition, this study findings agrees with those of Chombo (2016) who determined that Differentiation strategy was significant in determining the operation of pharmaceutical businesses in Kenya.

Focus Strategy

The third objective of the study was to investigate the influence of Focus Strategy on performance of firms in the telecommunication industry in Kenya. Respondents were therefore asked to give their level of agreement with various statements on differentiation strategy. The findings are presented in Table 4.7. On the statement "The leadership style shows equal attention to all functional-level concerns" 2.0% strongly disagreed to the statement, 2.8% of the respondents disagreed to the statement, 11.6% of the respondents neither agreed nor disagreed to the statement, 30.7% of the respondents agreed to the statement whereas 53.0% of the respondents strongly agreed to the statement, with a mean of 4.30 and standard deviation 0.922.

On the statement "leaders are exceptional in motivating employees to increase" 5.6% strongly disagreed to the statement, 7.2% of the respondents disagreed to the statement, 5.6% of the respondents neither agreed nor disagreed to the statement, 53.8% of the respondents agreed to the statement whereas 27.9% of the respondents strongly agreed to the statement, with a mean of 3.91 and standard deviation 1.058. On the statement "Effective leadership is key to successful strategy execution, 5.6% strongly disagreed to the statement, 27.1% of the respondents disagreed to the statement, 19.1% of the respondents neither agreed nor disagreed to the statement, 27.5% of the respondents agreed to the statement whereas 20.7% of the respondents strongly agreed to the statement, with a mean of 3.31 and standard deviation 1.229.

Regarding the statement "Senior executive management have a significant impact on the strategies and performance.", 10.4% strongly disagreed to the statement, 2.8% of the respondents disagreed to the statement, 19.1% of the respondents neither agreed nor disagreed to the statement, 41.8% of the respondents agreed to the statement whereas 25.9% of the respondents strongly agreed to the statement, with a mean of 3.70 and standard deviation 1.188.

Table 4:7 Focus Strategy Frequencies

Focus Strategy	**Strongly Disagree**	**Disagree**	**Neither Agree nor Disagree**	**Agree**	**Strongly Agree**	**Mean**	**Std. Dev.**
The leadership style shows equal attention to all functional-level concerns.	2.0	2.8	11.6	30.7	53.0	4.30	0.922
Leaders are exceptional in motivating employees to increase.	5.6	7.2	5.6	53.8	27.9	3.91	1.058
Effective leadership is key to successful strategy execution.	5.6	27.1	19.1	27.5	20.7	3.31	1.229
Senior executive management have a significant impact on the strategies and performance.	10.4	2.8	19.1	41.8	25.9	3.70	1.188

The findings agree with Owegi, and Aligula (2017) who established that managements in the private sector in Kenya were using Differentiation strategy to run their organizations and generate profits.

Innovation

Respondents were therefore asked to give their level of agreement with various statements on Innovation. The findings are presented in Table 4.10.On the statement "The leadership style shows equal attention to all functional-level concerns" 2.0% strongly disagreed to the statement, 2.8% of the respondents disagreed to the statement, 11.6% of the respondents neither agreed nor disagreed to the statement, 30.7% of the respondents agreed to the statement whereas 53.0% of the respondents strongly agreed to the statement, with a mean of 4.30 and standard deviation 0.922.

On the statement "Leaders are exceptional in motivating employees to increase" 5.6% strongly disagreed to the statement, 7.2% of the respondents disagreed to the statement, 5.6% of the respondents neither agreed nor disagreed to the statement, 53.8% of the respondents agreed to the statement whereas 27.9% of the respondents strongly agreed to the statement, with a mean of 3.91 and standard deviation 1.058. On the statement "Effective leadership is key to successful strategy execution", 5.6% strongly disagreed to the statement, 27.1% of the respondents disagreed to the statement, 19.1% of the respondents neither agreed nor disagreed to the statement, 27.5% of the respondents agreed to the statement whereas 20.7% of the respondents strongly agreed to the statement, with a mean of 3.31 and standard deviation 1.229.

Regarding the statement "Senior executive management have a significant impact on the strategies and performance.", 10.4% strongly disagreed to the statement, 2.8% of the respondents disagreed to the statement, 19.1% of the respondents neither agreed nor disagreed to the statement, 41.8% of the respondents agreed to the statement whereas 25.9% of the respondents strongly agreed to the statement, with a mean of 3.70 and standard deviation 1.188. On the statement "The Company considers the skills and experience of employees before hiring them" 21.9% strongly disagreed to the statement, 29.1% of the respondents neither agreed nor disagreed to the statement, 39.0% of the respondents agreed to the statement whereas 10.0% of the respondents strongly agreed to the statement, with a mean of 3.15 and standard deviation 1.284.

Table 4:10 Innovation Frequencies

Innovation	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Mean	Std. Dev.
The leadership style shows equal attention to all functional-level concerns.	2.0	2.8	11.6	30.7	53.0	4.30	0.922
Leaders are exceptional in motivating employees to increase.	5.6	7.2	5.6	53.8	27.9	3.91	1.058
Effective leadership is key to successful strategy execution.	5.6	27.1	19.1	27.5	20.7	3.31	1.229
Senior executive management have a significant impact on the strategies and performance.	10.4	2.8	19.1	41.8	25.9	3.70	1.188
The company considers the skills and experience of employees before hiring them .	21.9	-	29.1	39.0	10.0	3.15	1.284

Diagnostic Tests

The underlying assumptions in linear regression include: normality, no autocorrelation, little or no multicollinearity, homoscedasticity and linear relationship. In case of violation of the regression assumptions, the confidence intervals as well as other scientific insights derived from the regression model may be regarded as misleading, biased or inefficient and therefore the inferences derived incapable of being generalizable on other data.

Test of Autocorrelation

This is a measure that seeks to test whether observations of a single variable are similar due to time. This indicates that autocorrelation is a correlation of observations of the same variable due to time lags, to test for autocorrelation in non-panel data (cross-sectional or time series data), you can use various statistical tests. One commonly used method is the Durbin-Watson test, which is suitable for detecting first-order autocorrelation (autocorrelation between consecutive observations).The d value ranges from 0 to 4, if the value is found to be less or equal to 2 then it implies absence of autocorrelation. If the d values are; $1.5 < d < 2.5$ it implies absence of autocorrelation in the data. The enquiry used Durbin-Watson test of autocorrelation whose findings are as shown on Table 4.11

Table 4.11: Autocorrelation Test

Model	**Durbin-Watson**
1	1.620

a. Predictors: (Constant), Cost leadership strategy, Differentiation strategy, Focus Strategy , Innovation

b. Dependent Variable: Performance

Findings presented in Table 4.6 show that the d-value was 1.620; since the value lies within the range $1.5 < d < 2.5$, then we conclude that there is no autocorrelation in the data and therefore regression analysis can be computed.

Multicollinearity Test

Multicollinearity can be said to be the existence of correlation among the independent variables. In Ordinary Least Squares the independent variables are not supposed to influence each other. The enquiry embraced Variance Inflation Factor (VIF) in testing for presence of multicollinearity. The results are tabulated on Table 4.12

Table 4.12: Multicollinearity Test

Coefficients[a]		Collinearity Statistics	
Model		**Tolerance**	**VIF**
1	Cost leadership strategy	.699	1.431
	Differentiation strategy	.881	1.135
	Focus strategy	.671	1.490
	Innovation	.847	1.180

a. Dependent Variable: Performance

The rule of the thumb in interpretation of VIF is that it should be less than 10 to indicate no presence of multicollinearity. The tables above shows the VIF values were less than 10. Thus, the multicollinearity issue was not found in the variables.

Heteroscedasticity

Breuch-pagan / cook-weisberg test was used to test for Heteroscedasticity. The null hypothesis for this test is that the variances of error terms are equal (Vinod, 2017). If "Prob > Chi-squared" is greater than 0.05 it suggests existence of homoscedasticity (Park, 2017).

Table 4.13: Breusch-Pagan / Cook-Weisberg test for heteroscedasticity

Ho: Constant variance

Statistics	Df	Stat value	p-value
Chi-squared	4	1.3457	0.3241

The findings presented in Table 4.8 shows $Chi^2 = 1.3457$ has p-value P (0. 3241) greater than 0.05. This therefore suggests insignificance and therefore there is no heteroscedasticity.

Test of Normality

Normality is a measure of whether a given set of data displays a standard feature. This study used the Jarque-Bera Statistics of Skewness and Kurtosis. As shown on table 4.14

Table 4.14: Normality Test

	N	Skewness		Kurtosis	
	Statistic	**Statistic**	**Std. Error**	**Statistic**	**Std. Error**
Cost leadership strategy	351	.145	.3513	-1.851	.750
Differentiation strategy	351	.592	.3513	-.673	.750
Focus strategy	351	-.512	.3513	-1.0351	.750
Innovation	351	.3515	.3513	-.605	.750
Performance	351	-1.467	.3513	1.218	.750

The rule of Normality is that a normal distributed data is that that Skewness should be of -3 to +3 whereas Kurtosis should have a range of -10 to +10.From the table above, cost leadership strategy had a Skewness of 0.145 and kurtosis of -1.851, differentiation strategy had a Skewness of 0.592 with a kurtosis of -0.673, focus strategy had a Skewness of -0.512 and a kurtosis of -1.0351, innovation had a Skewness of 0.3515 with a kurtosis of -0.605 while performance had a Skewness of -1.467 and a kurtosis of 1.218.

Inferential Statistics

The study undertook inferential statistics in order to examine the relationship between competitive strategies on performance of firms in the telecommunication industry in Kenya. This segment covers the demonstration of the findings in this regard. The study used correlation analysis and regression analysis.

Correlation Analysis

Correlation analysis was used to establish the strength and direction of the relationship between dependent and the independent variables. If the variables are not related, then that would mean that the correlation coefficient is zero. The closer the correlation coefficient was to 1, the greater the relationship, whereas the closer the correlation coefficient is to 0, the weaker the relationship (Hair et al., 2020). The correlation strengths was interpreted using Cohen and Cleveland decision rules where 0.1 to 0.3 indicate weak correlation, 0.3 to 0.5 indicate moderate correlation strength and greater than 0.5 indicate a strong correlation between the variables.

Table 4.15: Correlation Analysis

		Performance	Cost leadership strategy	Differentiation strategy	Focus strategy	Innovation
Performance	Pearson Correlation	1				
	Sig. (2-Tailed)					
	N	351				
Cost leadership Strategy	Pearson Correlation	.786**	1			
	Sig. (2-Tailed)	.000				
	N	351	351			
Differentiation strategy	Pearson Correlation	.872**	.261	1		
	Sig. (2-Tailed)	.000	.147			
	N	351	351	351		
Focus Strategy	Pearson Correlation	.698**	.325	.264	1	
	Sig. (2-Tailed)	.000	.168	.078		
	N	351	351	351	351	
Innovation	Pearson Correlation	.702**	.245	.178	.325	1
	Sig. (2-Tailed)	.047	.356	.091	.147	
	N	351	351	351	351	351

Based on the findings in Table 4.15, cost leadership strategy had strong positive relationship with performance of firms in the telecommunication industry in Kenya (r=0.786). The relationship between the two variables was significant since the p-value obtained (0.000) was less than the selected level of significance (0.05). The finding that cost leadership strategy has a strong positive relationship with the performance of firms in the telecommunication industry in Kenya is consistent with previous studies that highlight the importance of leadership in organizational performance (Sisaye et al., 2017; Mwangi & Muturi, 2016).

The findings also show that Differentiation strategy has positive and significant relationship with performance of commercial state corporations in Kenya (r=0.872, p=0.000). Significant relationship was considered since the p-value was less than selected level of significance (0.05). The finding that Differentiation strategy has a positive and significant relationship with the performance of commercial state corporations in Kenya is consistent with previous research that emphasizes the need for differentiation strategy to improve organizational performance (Tidd & Bessant, 2017; Njihia et al., 2017).

The findings further showed that focus strategy is seen to have a strong positive and significant relationship with performance of firms in the telecommunication industry in Kenya (r=0.698, p=0.000). Since p-value was less than 0.05, the relationship between the two variables was consider to be significant. The finding that focus strategy has a strong positive and significant relationship with the performance of firms in the telecommunication industry in Kenya.

Finally, Innovation had strong positive relationship with performance of firms in the telecommunication industry in Kenya (r=0.702). The relationship between the two variables was significant since the p-value obtained (0.000) was less than the selected level of significance (0.05). The finding that Innovation has a strong positive relationship with the performance of firms in the telecommunication industry in Kenya is consistent with previous research that emphasizes the importance of policy innovation and adaptation to improve organizational performance (Damanpour & Schneider, 2016).

All the four independent variables had strong positive relationship with the dependent variable. This means that an increase in any of the independent variable (Differentiation strategy, Focus strategy, Innovation and Cost leadership strategy) will result to an increase in the independent variable (Performance of firms in the telecommunication industry in Kenya)**.** To determine the extent to which each of the independent variables influence the dependent variable, regression analysis was computed.

Regression Analysis

Multiple regression analysis was used to determine to determine the influence of competitive strategies and performance of firms in the telecommunication industry in Kenya.

Model Summary

Model summary is used to determine the amount of variation in the dependent variable that can be explained by changes in the independent variables. This study used model summary to test the amount of variation in performance of firms in the telecommunication industry in Kenya as a result of changes in Differentiation strategy, focus strategy, innovation and Cost leadership strategy. Table 4.16 presents the findings obtained.

Table 4.16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.883[a]	.780	.754	.41075

a. Predictors: (Constant), Cost leadership strategy, Differentiation strategy, Focus strategy, Innovation

b. Dependent Variable: Performance

The predictive power of the model was determined using coefficient of determination (R^2). The model summary results in Table 4.16 show that the R-squared is 0.780 which suggests that 78% of all variation in performance of firms in the telecommunication industry in Kenya are explained by changes in differentiation strategy, focus strategy, Innovation and Cost leadership strategy. The remaining 22% suggests that there are other factors that can be attributed to variation in performance of firms in the telecommunication industry in Kenya that were not discussed in this study. Correlation coefficient (R) shows the relationship strength between the study variables. From the findings the variables were strongly and positively related as indicated r= 0.83.

Analysis of Variance

The significance of the model was ascertained by undertaking an analysis of Variance. This study tested significance at 95% confidence interval which means that a statistics of below 0.05 is significant. The outcomes are presented on Table 4.17

Table 4.17 ANOVA Test

ANOVA[a] Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.775	4	4.944	29.302	.000[b]
	Residual	5.568	347	.169		
	Total	25.343	351			

a. Dependent Variable: Performance

b. Predictors: (Constant), Cost leadership strategy, Differentiation strategy, Focus strategy, Innovation

From the analysis of variance (ANOVA), the study found out that the regression model was significant at 0.000 which is less than the selected level of significance (0.05). Therefore, the model was significant, meaning, data was ideal for making a conclusion on the population parameters. The F calculated value from Table 4.17 was greater than the F critical value from the f-disribution tables

(29.302 > 2.693), an indication that cost leadership strategy, differentiation strategy, focus strategy and innovation significantly influences performance of firms in the telecommunication industry in Kenya. The significance value was less than 0.05 indicating that the model was significant in predicting performance of firms in the telecommunication industry in Kenya.

Coefficients of the Regression Model

Table 4.18 shows the results for coefficients that show the extent and nature of relationship among the variables.

Table 4.18: Beta Coefficients for the Study Variables

Coefficients[a] Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.058	0.313		3.3510	0.001
	Cost leadership strategy	0.237	0.098	0.129	2.418	0.031
	Differentiation strategy	0.594	0.216	0.239	2.750	0.010
	Focus strategy	1.466	0.174	0.8351	8.425	0.000
	Innovation	1.058	0.313		3.3510	0.001

a. Dependent Variable: Performance

Table 4.18 shows the coefficients of the regression model that were obtained. The regression model is specified as follows:

$$\mathbf{Y= 1.058 + 0.237X_1 + 0.594X_2 +1.466X_3 + 0.186X_4 +e}$$

The findings showed that holding Cost leadership strategy, Differentiation strategy, focus strategy and Innovation to constant at zero, performance of firms in the telecommunication industry in Kenya would be 1.058. The constant (β= 1.058) was significant at 0.05 significance level (P=0.001).

The findings also show that Cost leadership strategy is statistically significant in explaining performance of firms in the telecommunication industry in Kenya (β = 0.237, P = 0.031). This indicates that Cost leadership strategy and significantly relates with performance of firms in the telecommunication industry in Kenya. The findings also suggest that improvement in Cost leadership strategy would lead to an increase in performance of firms in the telecommunication industry in Kenya by 0.237 units.

It is also seen that Differentiation strategy is statistically significant in explaining performance of firms in the telecommunication industry in Kenya ($\beta = 0.594$, $P = 0.010$). This indicates that Differentiation strategy positively and significantly relates with performance of firms in the telecommunication industry in Kenya. The findings also suggest that improvement in Differentiation strategy would lead to an increase in performance of firms in the telecommunication industry in Kenya by 0.594 units.

Regarding focus strategy, the study found that focus strategy is statistically significant in explaining performance of firms in the telecommunication industry in Kenya ($\beta = 1.466$, $P = 0.000$). This indicates that focus strategy positively and significantly relates with performance of firms in the telecommunication industry in Kenya. The findings also suggest that improvement in focus strategy would lead to an increase in performance of firms in the telecommunication industry in Kenya by 1.466 units. The findings thus agrees with Hooi, Lean, and Lin (2019) that focus strategy had a significant impact on the financial performance of Malaysian banks.

Finally, the study found that innovation is statistically significant in explaining performance of firms in the telecommunication industry in Kenya ($\beta = 1.058$, $P = 0.000$). This indicates that innovation positively and significantly relates with performance of firms in the telecommunication industry in Kenya. The findings also suggest that improvement in innovation would lead to an increase in performance of firms in the telecommunication industry in Kenya by 1.058 units. This agrees with Ayodele, Adetiloye, and Aderibigbe (2019) that innovation had a significant impact on the financial performance of Nigerian banks.

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter highlights the study's findings in relation to the study's objectives, the study's conclusions and recommendations to various stakeholders, and, at the end, suggested areas for further research.

Summary of Findings

The research undertaken aimed at delving into the intricate dynamics between competitive strategies and the performance of firms operating within the Kenyan telecommunication industry. To achieve this overarching objective, a multifaceted research approach was employed, combining both descriptive and inferential statistical methods for the rigorous analysis of the amassed data. The study focused on four pivotal variables, namely: Cost leadership strategy, Differentiation strategy, Focus strategy, and Innovation. In evaluating the performance of organizations within this context, the research adopted a comprehensive perspective, encompassing a wide array of performance metrics that are widely regarded as fundamental within the industry. These metrics encompassed customer satisfaction, retention rates, budget adherence, customer attrition rates, cost-efficiency, external response to job openings, innovation expenditures, training-acquired skills, and competitive salary packages.

One salient finding of this study was the discernible and positive influence of competitive strategies on organizational performance. It became evident that firms that strategically embraced techniques such as product and service differentiation, effective quality management, and innovative approaches consistently achieved elevated levels of customer satisfaction and were on upward performance trajectories over time. Furthermore, the research unearthed the strategic practices adopted by these companies to sustain their competitive advantage. These practices ranged from product segmentation grounded in customer-desired benefits to cost-based strategies for market expansion and creative promotional and advertising endeavors. The findings were further fortified by regression analysis, which underscored statistically significant positive relationships between the adoption of competitive strategies (including differentiation, market focus, and cost leadership) and the organizational performance of telecommunication companies operating in Kenya.

The study findings mesh with generic strategy research which suggested that cost leadership, differentiation and focus are appropriate strategies in dynamic environment (Chew et al., 2018; Tang et al., 2017). The study further investigated the moderating effect of competitive intensity on the relationship between competitive strategies and firm performance. The results of the study revealed that competitive intensity had negative significant effect on manufacturing firm performance. This result is congruent with Porter's (1980) assertion that competitive intensity is an important determinant of firm profitability in a given industry. Similarly, it was established from the findings of the study, that competitive intensity had no significant moderating effect between competitive strategies and manufacturing firm performance. These findings are consistent with those of other scholars.

Shigang (2020) in his study investigating competitive strategy and business environment on performance of Small Enterprises in China found a negative relationship between competitive pressure and SMEs performance. Sorensen (2009) also argued that competitive intensity within the industry may lead to poor firm performance. Jaworski and Kohli (1993) similarly explained that higher competitive intensity will give customers more options leading to lesser market dominance of the firm and reduced sales.

Nonetheless, it is essential to critically assess some limitations in the research. Firstly, the study relied heavily on self-reported data from respondents within these organizations, potentially introducing elements of bias and subjectivity into the findings. Furthermore, the research did not delve deeply into the external factors that might exert an influence on organizational performance, such as regulatory changes or the prevailing economic conditions.

The empirical findings of this study indicated that cost leadership strategy influenced performance of telecommunication firms in Kenya. These results are consistent with previous studies investigating the relationship between cost leadership strategy and firm performance. The findings of the study support the work of Porter, (1980) who asserts that focus of firms implementing a cost leadership strategy is on stringent cost control and efficiency in all areas of operation. An implication of this finding is the possibility that cost leaders, in a competitive environment, have an average performance because they are not focusing on acquiring new markets or customers. Similar conclusions were drawn by Marques et al., (2020), Silva et al., (2018) and Lumpkin and Dess (2017).

An in-depth exploration of the challenges faced by firms in the implementation of these strategies and the strategies they employed to overcome them would have enriched the research. Lastly, for broader applicability, future research endeavors could extend their scope to encompass a more diverse range of industries and solicit input from a more varied set of respondents. In summation, while this research has provided valuable insights into the intricate relationship between competitive strategies and organizational performance in the Kenyan telecommunication sector, further research adopting a more comprehensive and nuanced approach would be instrumental in deepening our comprehension of this complex dynamic.

These findings are consistent with some recent studies and researches on the use of competitive strategies reliance which indicated that business strategy of cost leadership, differentiation; cost leadership with focus and differentiation with focus led organization to higher performance (Campbell-Hunt, 2016; Cater & Pucko, 2018; Porter, 1980a; Porter 1985b; Projogo & Sohal 2017b; Spanos & Lioukas 2021; Yamin et al., 2019)

Conclusions

The research findings shed light on the predominant use of the cost leadership strategy within telecommunications organizations, illustrating its multifaceted implementation across various operational aspects. These companies strategically reduce operational expenses, aim to provide services across a wide market at competitive prices, and defend their existing product offerings. Their competitive edge is maintained through strategies such as competitive pricing, development of market-aligned products, and efficient knowledge utilization from previous production cycles, pursuit of economies of scale, and the delivery of high-quality services at competitive prices in strategic locations. The study's comprehensive analysis reveals that these strategies collectively contribute to marked improvements in organizational performance, notably influencing critical performance indicators such as cost efficiency, customer retention, salary competitiveness, profitability, and the transformation of product growth.

However, while the research offers valuable insights into the competitive strategies employed by telecommunications firms in Kenya, there are some points that merit critique. Firstly, the study presents these strategies as predominantly adopted, but it does not provide a detailed examination of the challenges, drawbacks, or limitations associated with their implementation. Understanding the potential downsides and obstacles faced by organizations in pursuing these strategies would provide a more balanced perspective. Additionally, the study could benefit from a deeper exploration of the specific market conditions and regulatory factors that may influence the effectiveness of these strategies, as external factors can significantly impact a firm's ability to execute its chosen strategies. Lastly, it would be valuable to explore the long-term sustainability and adaptability of these strategies in the face of evolving industry dynamics and technological advancements, as these factors can reshape the competitive landscape over time. In summary, while the research offers valuable insights into competitive strategies, a more comprehensive and critical analysis of their practical implications and potential challenges would enhance its overall impact and relevance.

Recommendations

The research provides a set of recommendations for policy formulations based on its findings and conclusions. One key recommendation is the continued investment in the development of distinctive products by telecommunication companies in Kenya. This aligns with the study's identification of distinct market positions achieved by these companies through unique goods and services. However, while the recommendation emphasizes product development, it lacks specificity regarding the nature of innovation and differentiation, leaving room for ambiguity. A more concrete suggestion could involve encouraging research and development efforts targeted at addressing specific gaps in the market or exploring emerging technologies that could set these organizations apart.

Furthermore, the recommendation to undertake aggressive marketing initiatives to sustain competitiveness and alter customer perceptions about pricing is sound. However, the study could have delved deeper into the specifics of effective marketing strategies, such as digital marketing, customer segmentation, or branding, to provide actionable guidance for companies in the telecommunication sector. Additionally, the suggestion to benchmark against successful service industry firms is valuable but could benefit from more in-depth analysis of the particular strategies and practices that have proven successful in other industries and how they can be adapted to the unique context of the telecommunications sector in Kenya. A more detailed exploration of best practices and their applicability would enhance the practicality and impact of this recommendation. Overall, while the recommendations offer useful guidance, they could be further refined and expanded to provide a more comprehensive roadmap for telecommunication companies seeking to strengthen their competitive position in the market.

Areas for Further studies

The primary focus of this research on competitive strategies within the telecommunications sector in Kenya is commendable as it contributes to a better understanding of how specific strategies influence the performance of companies in this particular industry. The study's clear objective to investigate the strategies adopted and their effects on performance helps in providing valuable insights for telecommunications companies in Kenya to refine their approaches. However, a potential limitation of this study is its narrow scope, which is limited to one specific industry and geographical region. While this focus allows for an in-depth examination, it may limit the generalizability of the findings to a broader context. Future research could consider expanding the scope to include multiple industries or examining similar studies in different countries to facilitate cross-industry and cross-border comparisons, thereby enriching our understanding of competitive strategies and their impact on organizational performance on a larger scale.

Additionally, the research wisely suggests a direction for future studies, emphasizing the importance of conducting similar research in different industries beyond telecommunications. This recommendation highlights the potential for comparative analyses that can reveal industry-specific nuances in competitive strategies and their effects. However, it would be beneficial if the study had provided more specific guidance on which industries or sectors might be most interesting for such comparative research. Furthermore, it could have discussed the potential challenges and differences in methodology when expanding the study's scope to different industries, helping future researchers navigate these complexities effectively. While the suggestion for broader research is valuable, offering more practical insights on how to undertake such cross-industry studies would enhance its utility.

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