World Journal of Innovative Research (WJIR)
ISSN: 2454-8236, Volume-7, Issue-4, October 2019 Pages 55-64

Influence of Competitive Strategies on Firm Performance in the Telecommunication Industry: A Case Study of Telkom Kenya in Nakuru East Sub County

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***Abstract*— Firm performance of the telecommunication companies is thus important in Kenya's context. However, comparing the firm performance of Telkom Kenya Limited with other mobile phone service providers, Telkom Kenya Limited has performed relatively low compared to its peers as evidenced by data from communication authority of Kenya. Competitive strategies have been noted as key drivers of firm performance around the world. This study sought to examine the role of competitive strategies on the firm performance of Telkom Kenya. In particular, the study examined the influence of differentiation strategy and cost strategy on firm performance of Telkom in Nakuru. The study was guided byInstitutional Theory and Michael Porter Theory. This study utilized a correlational research design. The target population of this study is 56 Telkom Kenya staff involved in marketing, finance and operations aspects of the Telkom offices at Nakuru East Sub County. The study used the census method in selecting sample members. The sample size of the study is therefore 56 Telkom Kenya staff based in Nakuru East Sub County offices. The study used structured questionnaires for the purposes of the data collection process. A pilot study was undertaken in Naivasha offices of Telkom Kenya. The validity of the instrument in this study was examined using the content validity of the instrument. Reliability of the research instrument in this study was examined using the Cronbach alpha coefficient. Data was coded into the SPSS software in preparation for data analysis. The data from the questionnaire was analysed using descriptive and inferential statistics. The statistics to be undertaken include frequencies, chi-square, and linear regression analysis.The results of this study indicate that a positive statistical significance relationship existed between differentiation and firm performance. In respect to the influence of the cost strategy on the firm performance, the results indicated that there was a positive and statistically significant relationship between cost strategy and firm performance.The study recommended that the competitive strategies such as focus strategy, differentiation strategy and cost strategy should be implemented continuously by the organization. The study further recommends that Telkom Kenya as a firm should place its emphasis on cost strategy as it had the most influence on the firm performance at the organization followed by focus strategy, and differentiation strategy respectively.**

***Index Terms*— Competitive Strategies, Firm performance, Differentiation Strategy, Cost Leadership.**

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I. Introduction

According to Mohamed and Gichinga (2018) competitive strategies refers to the distinctive approach that a firm intends to use with a view of having an advantage over its rivals in respect to attracting customers and defending against competitive forcesKasongo, (2019) indicates that competitive strategies can be divided into the cost leadership, product differentiation and focus strategy.

The telecommunication industry plays a critical role in the communication between individuals. According to Khan, Ahmed, Ibrahim, and Shahid (2012) telecommunication refers to the transmission of signs, signals, messages, words, writings, images and sounds through wire, radio, optical or other electromagnetic systems. Telecommunication has also been simply defined as the communication over distance through a telephone (Paulrajan & Rajkumar, 2011). Amongst the importance of the telecommunication sector is the contribution of the sector to the Gross Domestic Product (GDP) of a country through creation of employment opportunities and facilitation of communication aspects. Venkatram (2012) indicates that the telecommunication industry acts as a facilitator of economic activities in diverse sectors thus contributing towards GDP. The telecommunication sector has also been integral in facilitating provision of mobile banking and mobile based lending as provision of internet services to its clients. These aspects have been noted to spur economic activities, introduced convenience and improved the quality of life generally.

In Thailand, Sirapracha and Tocquer, (2012) 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.

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 (2012) indicate that these firms face similar firm performance challenges related to number of subscribers, technology innovation aspects, and government regulatory concerns. In Pakinstan, Khan (2014) noted increased growth in the sector was measured through improvement of the mobile service providers.

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 .

The firm performance of telecommunication sector in Kenya has received scholarly attention from diverse scholars. Amongst the noted firm performance challenges in telecommunication sector in Kenya include service quality (Odhiambo, 2015; Obambo, 2013), customer satisfaction (Obambo, 2013), market share (Mwancha & Ouma, 2017), customer relationship (Karanja, 2013), and profitability (Mbesa & Kihara, 2017) amongst other aspects. The industry sector regulator in Kenya continue to document various firm performance changes across the year. For the 2018/2019 period, Communications Authority of Kenya (2019) notes a growth in mobile phone subscribers with a margin of 2.4% between July and September of 2018. This also led to the growth of mobile phone services penetration by a margin of 2.3% for the same period.Safaricom PLCs' market share for mobile subscriptions dropped by 1.2 per centage points during the quarter to stand at 64.2 per cent whereas Airtel Networks Limited gained 0.9 percentage points to post a market share of 22.3 percent(Communications Authority of Kenya, 2019).There was also noted growth in mobile money agents and users during the period under review. A marginal increase in number portability was also noted for the period.

Telkom Kenya was established in 1999 through its incorporation under the companies act (Cap 486) with its operations commencing from 1st of July of the same year. At its incorporation, the company had acquired a license from the then Communication Commission of Kenya (CCK) to operate telecommunication services under the provisions of Kenya Communications Act of 1998 (Kamau, 2018). The company at that point was a state corporation with Government of Kenya (GoK) owning up to 100% shares. The Government of Kenya was in 2007 to offload 51% stake of the company to France Telecom Group (FTG) through strategic partnership with the firm (Nyambu, 2013).From fifth of November, 2015 the company changed ownership in favour of Helios Investment partners at 60% and government of Kenya at 40%. There is also a planned merge with airtel Kenya. This enabled the company to make investment in its systems and networks.

A. Statement of the Problem

The telecommunication sector play a critical role in communication, contributing to the Gross Domestic Product (GDP), creation of economic opportunities through mobile money agents, facilitating economic activities, facilitating provision of mobile money and internet services (Paulrajan&Rajkumar, 2011; Nwakanma et al., 2018; Venkatram 2012). The firm performance of the telecommunication companies is thus important in Kenya's context. However, comparing the firm performance of Telkom Kenya Limited with other mobile phone service providers, Telkom Kenya Limited performs lower than its peers in the market do according to data from Communication Authority of Kenya (Communication Authority of Kenya, 2019). Competitive strategies have been noted as key drivers of firm performance around the world. This study seeks to examine the role of competitive strategies on the firm performance of Telkom Kenya in Nakuru..

B. Objectives of the Study

i. To examine the influence of differentiation strategy on the firm performance of Telkom in Nakuru, Kenya .

ii. To establish the influence of cost strategy on the firm performance of Telkom in Nakuru, Kenya

C. Research Hypotheses

$H0_1$: There is no statistically significant influence of differentiation strategy on the firm performance of Telkom in Nakuru, Kenya.

$H0_2$: There is no statistically significant influence of cost strategy on the firm performance of Telkom in Nakuru, Kenya.

II. LITERATURE REVIEW

The paper was based on institutional theory which was developed by Oliver (1991). The theory explains how institutional environment affects the development of structures in the organization. In this context, institutional environment refers to rules, norms, and routines that are used to guide the operations of the institutions. According to the theory, the institutional values adopted by an organization acts as a framework of differentiation of products and services.In the context of this study, telecommunication firms have rules and norms embedded in its operations. The rules guide the way the firm adopts strategies in the market. Managers of these firms only adopt the strategies that do not violate the set standards and routines (Greenstein &Mazzeo, 2016). The differentiation strategies may be in terms of design and controls, quality systems, or many unique and superior products (Oteki et al., 2015). Therefore, institutional theory was relevant in guiding the current study to examine the influence of differentiation strategy on the firm performance of Telkom in Nakuru.

The theory was also based Porter's Generic Strategies. The theory was was developed by Michael Porter in 1985 to explain how organizations attain cost leadership and product differentiation by focusing on a relevant and a specific market niche.The theory is divided into cost focus and differentiation focus. In this context, cost focus emphasizes on cost-minimization within a focused market while differentiation focus is concerned in strategic differentiation within a focused market.In the context of this study, telecommunication firms' focus on strategic focus aspects such as customized services to niche market, better service attributes to market niches and market segmentation. Other firms invest in research and innovations in order to develop unique products that are attractive in the market. This aspect creates a competitive edge for the firm and assures survival in a highly competitive sector. Therefore, the theory is highly applicable in the context of strategy focus (Möller, 2015). In this study, the theory was used to guide in the study in examining the influence of focus strategy on the firm performance of Telkom in Nakuru.

A. Differentiation Strategy on the Firm performance

The effect of development of a unique product or service that customers find better than the alternatives offered by competitors have seen studies by different scholars in different contexts (Holmberg &Jönsson, 2016; Oteki et al., 2015). In a study that sought to examine the relationship between product differentiation and financial performance of telecommunications firms in Kenya, Namusonge et al., (2018) discussed various aspects of product differentiation. The study gathered information for the study from 145 respondents from the three top telecommunications firms in Kenya, namely; Safaricom, Airtel and Telkom. The study revealed that product development practices included using subcontractors and suppliers in product development, prepared for products roll early enough and also resolved production issues quickly as well as articulating product designs in early stages of production. The study concluded that there was a positive relationship between product differentiation and financial performance of the telecommunication firms. These findings are echoed by Greenstein and Mazzeo (2016) who found out that differentiated products resulted to high demands of the products by telecommunications firms in United States of America. Namusonge, et al, (2018) recommended scaling up of products to fit market needs and demands.

Product differentiation strategies are also geared towards attracting, retaining and maintaining customers for continuous profitability. In respect to this, Akingbade (2017) carried out a study in Nigeria to examine the role of competitive strategies in improving telecommunication profits. Using survey research design, the study collected data using structured questionnaires from 125 respondents from Media houses in Lagos State. The study concluded that product differentiation led to improved profits in the media houses through improvement of customer satisfaction, retention and loyalty. These findings are in line with those by Chelimo (2014) who found out that the level of product differentiation affected the choice of products offered by firms in the telecommunication industry in Kenya. The study recommended the use of ethical product differentiation strategies in consideration of culture of the customers.

Competitive strategies in the midst of stiff competition in the telecommunication industry have been seen to guarantee survival in the market. Kyengo (2016) carried out a study to examine among other objectives, the influence of differentiation in products on performance of telecommunication industries in Kenya. Using descriptive research design, the study found out that telecommunications firms employed differentiation strategies in terms of design and controls, quality systems, many unique and superior products. These differentiation strategies was found to improve on profitability, return on investment, new product introduction, market share, product quality, annual earnings and improvement in employee skills. These finding concur with the findings by Ogake (2017) who found out that telecommunication firms in Kenya differentiated its products and services from their rivals and this improved the performance of the firms in terms of customer satisfaction and retention rate as well as employee skills.

- Differentiation strategies may also involve engaging highly skilled staff, quick delivery timelines and maintaining high innovation adoption with an aim of reducing rate of customer defection (Kamau, 2015; Mfwaya, 2013; Nwaeke, Harcourt, Benaiah, & Harcourt, 2017). In line to this, Mohamed (2018) carried out a study in Mogadishu in Somalia to examine the effect of differentiation strategies on firm performance. Mohamed (2018) adopted descriptive research design to meet the study objectives. It was established that differentiation strategies such employing skilled personnel, high degree of innovation, introducing unique products, quick service delivery and creating a first-mover advantage resulted to improvement in customer satisfaction, retention and loyalty as well as increased operational efficiency profitability of the firms. Kireru et al.,(2016) concur with these findings by noting that differentiation strategies have a positive and significant relationship with performance metrics of banks.

B. Cost Strategy and Firm performance

Cost strategies are aimed at reducing the level of competition in the market and this can be achieved thorough economies of scale as observed in diverse studies in the telecommunication industry (Kamau, 2015; Möller, 2015). Focusing on how business strategies affect the performance of telecommunication organizations in Lagos in Nigeria, Onyeaghala and Odiba (2019)conceptualized cost leadership in terms of economies of scale, low prices of raw materials and cheap labour. The study usedsurvey research design and sampled 103 top managers from two top telecommunication firms in Nigeria. The study revealed that the telecommunication firms used adhered to strict cost control measures as well as using standard operation procedures. It was also reported that there was strict procurement policies with close supervision. These aspects led to low cost of operations and production and therefore the firms achieving cost leadership. It was in this respect concluded that there was a significant relationship between cost leadership and organization performance whose findings are supported by Buul and Omundi (2017). Buul and Omundi (2017) observed that there was a positive relationship between cost leadership strategies and firm performance.

Exploiting all sources of cost reduction through price reduction in all activities of the production and supply chain can be used as cost strategy in telecommunication sector. Using descriptive research design, Baroto, Madi and Abdullah (2017) carried out a study to examine among other factors the effect of cost leadership in performance of telecommunication firms in Kenya. The study established that the telecommunications firms engaged in vigorous pursuit of cost reductions, tight cost and overhead control and cost minimization in areas such as sales force, and advertising. The study concluded that cost strategy was related to the long-term performance of organization in the telecommunication industry. Mutisya (2013) in a study on competitive strategies adopted by telephony companies in Kenya observed that cost leadership was a determinant of performance the firms and there for consistent with the findings by Baroto *et al*., (2017).

Cost leadership was also examined in respect to its influence on performance of telecommunication firms by Gathinji (2014). The study adopted a descriptive survey design and collected data using semi-structured questionnaires. The study observed that low cost leadership was adopted by 21% of the firms as a competitive strategy. It was further established that there was a positive relationship between cost leadership and performance of telecommunication firms in Kenya. In agreement to this, Onyango (2017) in a study on cost leadership in petroleum industry observed that there existed a positive relationship between cost leadership and performance of the firms. Onyango (2017) recommended reduction of advertisement to reduce the cost of marketing and therefore achieving cost leadership.

Different scholars to affect the performance of firms in diverse sectors have identified cost reduction and cost leadership (Holmberg & Jönsson, 2016; Mfwaya, 2013; Nwaeke *et al*., 2017; Rotich & Anyango, 2018). Using descriptive research design, Rotich and Anyango (2018) in a study on competitive strategies adopted by Safaricom Public Limited Company to gain competitive advantage concluded that cost leadership though reduction of operational costs affected the level of performance of the company. These findings are consistent with the findings by Kyengo (2016) who noted that cost leadership in terms of low-cost manufacturing, process innovations, economics of scale and low learning curve benefits resulted into improved performance of firms in telecommunication industry. The study recommended the telecommunications firms in Kenya to continuously keep evaluating their cost leadership since the market is highly dynamic.

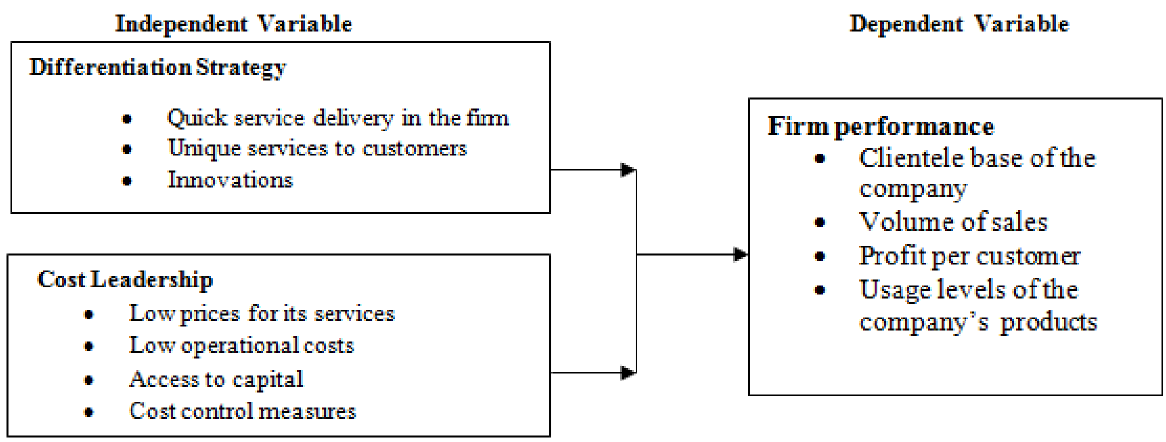
C. Research Gaps

Mohamed (2018) carried out a study in Mogadishu in Somalia to examine the effect of differentiation strategies on firm performance. Telecommunication industry in Somalia differs significantly from the one in Kenya and therefore the results obtained from Somalia could not be generalizable to Kenya and hence a need for another study in Kenyan context.

Using descriptive research design, Onyango (2017) in a study on cost leadership in petroleum industry observed that there existed a positive relationship between cost leadership and performance of the firms. However, the study was done in the petroleum industry and therefore the need to carry out a study on cost leadership in telecommunication industry.

Using descriptive research design, Rotich and Anyango (2018) carried out a study on competitive strategies adopted by Safaricom Public Limited Company to gain competitive advantage. The study was done in Safaricom Public Limited Company while the current study was done in Telkom Kenya and therefore a contextual research gap. In a study on competitive strategies by telecommunication industries in Nigeria, Nwaeke et al., (2017) observed that the offer of tailor made products and services improved the customer's satisfaction levels and increased market share. Telecommunication industry may vary from country to country and therefore there is need to carry out a study in Kenyan context.

D. Conceptual Framework



III. METHODOLOGY

This study utilized descriptive research design. The study was undertaken in Nakuru East Sub County. Telkom Kenya has its regional offices for the rift valley in Nakuru East Sub County along Moi Road. The target population of this study was 56 Telkom Kenya staff involved in marketing, finance and operations aspects of the Telkom offices at Nakuru East Sub County. In this context, the target population of this study was 56 Telkom Kenya staff located at Nakuru East Sub County offices.The census method was utilized in this study.The sample size of the study was therefore 56 Telkom Kenya staff based in Nakuru East Sub County offices.The study used structured questionnaires for the purposes of the data collection process. The pilot study was undertaken in Naivasha offices of Telkom Kenya since organizational structure for Naivasha was similar to that of Nakuru. The validity of the instrument in this study was examined using content validity of the instrument. The content validity examines on whether the set questions are adequate in form to address the research phenomenon. This was undertaken through use of the research supervisors and senior Telkom officials. The study used a threshold of 0.7 Cronbach alpha coefficient for reliability of the study. This is a threshold as indicated by (Wyk, 2015). The researcher used the University issue data collection authority to apply for a research permit from National Commission of Science, Technology and Innovation (NACOSTI). After the issuance of NACOSTI permit, the researcher also sought authority from Telkom management to collect data from their organization. Data was collected through a drop off and pick up later self-administration method in which the questionnaires were distributed to the respondents to be picked up at a later date that is mutually agreed with the respondents. Data was coded into the SPSS software in preparation for data analysis. The questionnaire was analyzed using the descriptive such as frequency distributions and inferential statistics were undertaken using chi square and the linear regression analysis. The frequencies indicated the proportion of respondents that have chosen a particular option in a structured questionnaire. The chi square was used to check on whether the independent variables are associated with the dependent variable while the regression analysis was key in checking the influence of independent variable on dependent variable. The data was presented in tables due to the ease of use of the tables for purposes of data collection. The researcher obtained an authorization letter from the management of Telkom Kenya to undertake the research within the institution.

IV. RESULTS

A. Response Rate

The target population of the study was 56 Telkom Kenya staff located at Nakuru East Sub County offices and therefore 56 questionnaires were distributed to the respondents.

Response Rate

Distributed Questionnaires	Returned Questionnaires	Response Rate
56	46	82.1%

Out of the 56 distributed questionnaires, 46 questionnaires were returned thus achieving a response rate of 82.1%. According to Lyons and Doueck (2010) a response rate of above 80% is deemed sufficient for the study. Therefore, the achieved response rate was deemed adequate for the study.

Age Distribution

	Frequencies	Percentage
Below 25 Years	0	0%
25-34 Years	12	26.0%
35-44 Years	20	43.4%
45-54 Years	14	30.6%
Above 55 years	0	0%
Total	**46**	**100%**

The results indicated that 26.0%, 43.4%, and 30.6% of the respondents were in the age group of 25-34 years, 35-44 years, and 45-54 years respectively. The results thus revealed that a majority of the respondents were between 35-44 years of age. The study noted that a large proportion of the employees at Telkom Kenya were relatively old. This demonstrated that the employees would less techservey in nature leading to challenges in adoption of new strategies required to competitively advantaged.

Descriptive Statistics of Differentiation Strategy

	Strongly Disagree Freq N %	Disagree Freq N %	Undecided Freq N %	Agree Freq N %	Strongly Agree Freq N %	Chi-Square Value	P Value
There is quick service delivery in the firm	2 4.3%	4 8.7%	5 10.9%	28 60.9%	7 15.2%	38.136	<0.05
The firm offers unique services to customers	1 2.2%	6 13.0%	7 15.2%	31 67.4%	1 2.2%	22.131	<0.05
The firm offers superior services to its customers	0 0.0%	5 10.9%	16 34.8%	21 45.7%	4 8.7%	34.419	<0.05
There is high degree of innovations	3 6.5%	1 2.2%	18 39.1%	23 50.0%	1 2.2%	15.001	>0.05
There is continuous improvement in firm's services	0 0.0%	5 10.9%	15 32.6%	24 52.2%	2 4.3%	23.441	<0.05

The differentiation strategy was examined using five indicators that is quick service delivery, firm offering unique services to customers, firm offering superior services to customers, high degree of innovations, and continuous improvement in firm's services. The study results indicate that in respect to the quickness of the service delivery in the firm a majority of the respondents (60.9%) were in agreement that the firm provided quick services. This is in contrast to the 4.3% and 8.7% of the respondents who chose strongly disagree and disagree respectively. The chi square test was used in this variable and across these study results to test the hypothesis that the specific indicator and the dependent variable are independent (have no relationship) or not.

The achieved chi square results of χ^2 =38.136, p< 0.05 indicated that there was a relationship between the quickness of service delivery and firm performance at Telkom Kenya. These results are in agreement with other available literature on the variables. In this context, Sakwa and Oloko (2014) assert that quick service provides opportunity for appealing to a wider range of customers and improves on the referral aspects. These aspects further lead to improvement in firm performance. These views are further asserted by Akhtar, Zameer, and Saeed (2014) who noted that provision of quick services have an influence on the firm performance amongst diverse firms.. The relationship between firm offering unique services and firm performance achieved chi square results of $\chi2$ =22.131, p< 0.05 which indicates that there is a relationship between the two variables. A cumulative majority of 69.6% of the respondents who strongly agreed and agreed that the firm offered unique services further evidences this. The role of unique services on the firm performance has been empirically found by various scholars including Oyoolo and Bett (2017), Kaliappen (2014), and Adhiambo (2018) amongst others. In this context, Oyoolo and Bett (2017) indicates that unique services influences improvement in firm performance through leading to higher customer loyalty levels. Kaliappen, (2014) further notes that unique services may lead to superior services and higher customer satisfaction levels leading to improved firm performance.

When asked on whether Telkom offered superior services to its customers, 10.9%, 34.8%, 45.7%, and 8.7% of the population disagreed, were undecided, agreed and strongly agreed respectively. These results thus indicated that a cumulative percentage of 54.4% of the respondents agreed and strongly agreed respectively. These results led to the achieved chi square results of $\chi2$ =34.419, p< 0.05 indicating lack of independence between Telkom offering superior services to its clients and the firm performance of the firm. The relationship between superior services and firm performance is asserted by Mohammed, Gichunge, and Were (2017) who noted that superior services built competitive advantages amongst the firms leading to firm performance. The views of Mohammed *et al*., (2017) were consistent with those of Mazidi, Amini, and Latifi (2014) in their study who found that superior services improved on firm performance through customers' satisfaction, customers' loyalty, brand image, return on assets (ROA), sales growth, market share and overall competitive position.

The role of high degree of innovation at the firm was also examined. The achieved results indicated that 6.5%, 2.2%, 39.1%, 50.0%, and 2.2% of the respondents were strong disagreement, disagreement, undecided, agreement and strong agreement in respect to the metric respectively. The chi square results of $\chi2$ =15.001, p>0.05 indicated that there was no association between high degree of innovation and firm performance of Telkom Kenya. The study further examined the presence of continuous improvement in the firm's services and its relationship with the firm performance at Telkom Kenya. The Chi Square test of independence indicated that there was no independence between the continuous improvement in the firms' services and firm performance due to the chi square results of $\chi2$ =23.441, p< 0.05. This was attributed to a high percentage of 52.2% of the respondents who were agreement that there was continuous improvement of the firm's services. The findings of this study on the relationship between continuous improvement and firm performance are consistent with those found in other studies including Kiprotich, Njuguna, & Kilika (2018), Shukla (2016), Tunji (2013) amongst others. In this context, Kiprotich *et al*., (2018) noted a statistically significant relationship between the continuous improvement and performance through improvement of services, and processes within an organization

Descriptive Statistics of the Cost Strategy and Firm performance

	Strongly Disagree Freq N %	Disagree Freq N %	Undecided Freq N %	Agree Freq N %	Strongly Agree Freq N %	Chi-Square Value	P Value
The firm charges lower prices for its services	0 0.0%	4 8.7%	17 37.0%	20 43.5%	5 10.9%	13,988	>0.05
The firm reduces its operational costs	2 4.3%	6 13.0%	24 52.2%	12 26.1%	2 4.3%	17.226	<0.05
The firm reduces its marketing costs	1 2.2%	7 15.2%	9 19.6%	23 50.0%	6 13.0%	21.435	<0.05
The firm always procures its products from the lowest services providers	3 6.5%	5 10.9%	12 26.1%	21 45.7%	5 10.9%	17.614	<0.05
The firm adheres to strict cost control measures	1 2.2%	6 13.0%	19 41.3%	19 41.3%	1 2.2%	14.356	>0.05

The cost strategy was examined using five indicators that of charging of lower prices for its services, reduction of operational costs, reduction of marketing costs, procurement of products at the lowest services providers, and adherence to strict cost control measures. In respect to the firm charging the lowest prices for its services and association with the firm performance, the achieved chi square results revealed that $\chi2$ =13,988, p>0.05. This achieved chi square results indicated that there was no relationship between firm charging the lowest prices for its services and association with the firm performance at 5% level of significance. A huge number of respondents who cumulatively strongly disagree and disagree at 17.3% compared to those cumulative agreed and strongly disagreed at 30.4% further evidences these results. The results of this study are inconsistent with those found in other studies. Kairanya and Bett (2018) had indicated that charging of lower prices may lead to improved firm performance through gaining of price leadership hence higher sales volumes as well as undercutting of the competitors' profitability. Mita, Ochie'ng, and Mwebi (2017) notes that the ways in which firms have been able to cut costs is through cost efficiency in non-priority areas.

The association between reduction of the operational costs and firm performance of Telkom Kenya was examined in the study. The achieved chi square results of $\chi2 = 17.226$, $p<0.05$ indicated a statistically significant relationship between reduction of operational costs and firm performance at Telkom Kenya. This was further evidenced by the achieved frequency distribution for the respondents that indicated 4.3%, 13.0%, 52.2%, 26.1%, and 4.3% who strongly disagreed, disagreed, were undecided, agreed and strongly agreed respectively. A statistically significant relationship between the firm reducing its marketing costs and firm performance was observed due to the achieved chi square results of $\chi2 = 21.435$, $p<0.05$. These results were further evidenced by over half of the respondents at 63% of the respondents indicating cumulatively that they agreed and strongly agreed that the firm was reducing its operational costs. In the context of the role of reduction of operational costs on firm performance, Gure (2018) indicate that lower operational costs leads to competitiveness of the firm that is manifested in its lower prices and or higher profit margins in its operations. In respect to the firm procuring its products from the lowest services providers, 6.5%, 10.9%, 26.1%, 45.7%, and 10.9% of the respondents strongly disagreed, disagreed, were undecided, agreed and strongly agreed respectively. The chi square results of $\chi2 = 17.614$, $p<0.05$ showed that there was a statistically significant relationship between the firm procuring its products from the lowest services providers and firm performance. A statistically significant relationship between firm adherence to strict cost control and firm performance was not observed. This was demonstrated by 2.2%, 13.0%, 41.3%, 41.3% and 2.2% of the respondents who strongly disagreed, disagreed, were uncertain, agreed, and strongly agreed respectively.

Descriptive Statistics for Firm performance

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
	Freq N %	Freq N %	Freq N %	Freq N %	Freq N %
Clientele base of the company	3 6.5%	5 10.9%	9 19.6%	20 43.5%	9 19.6%
Volume of sales	1 2.2%	1 2.2%	14 30.4%	23 50.0%	7 15.2%
Profit per customer	2 4.3%	7 15.2%	16 34.8%	19 41.3%	2 4.3%
Customer satisfaction levels	4 8.7%	7 15.2%	15 32.6%	17 37.0%	3 6.5%
Usage levels of the company's products	5 10.9%	6 13.0%	13 28.3%	16 34.8%	6 13.0%

The study found that in respect to the improvement in the clientele base of the company,6.5%, 10.9%, 19.6%, 43.5% and 19.6% of the respondents strongly disagreed, disagreed, were uncertain, agreed, and strongly agreed respectively. In respect to the volume of sales in the firm, a cumulative percentage of the 65.2% strongly agreed and agreed that the competitive strategies included the volumes of sales. On whether the competitive strategies influence the profit per customer at Telkom, 4.3%, 15.2%, 34.8%, 41.3%, and 4.3% of the respondents strongly disagreed, disagreed, were uncertain, agreed and strongly agreed respectively. The study further found that a cumulative percentage of 43.5% of the respondents were in agreement that competitive strategies influenced customer satisfaction levels at Telkom Kenya. Finally, in respect to the usage levels of the company as a result of the competitive strategies 10.9%, 13.0%, 28.3%, 34.8%, and 13.0% of the respondents strongly disagreed, disagreed, were uncertain, agreed, and strongly agreed respectively on the strategies leading to firm performance.

Correlational Analysis

		Differentiation	Cost	Firm performance
Differentiation	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	46		
Cost	Pearson Correlation	0.118*	1	
	Sig. (2-tailed)	0.034		
	N	46	46	
	Sig. (2-tailed)	0.001	0.005	
	N	46	46	
Firm performance	Pearson Correlation	0.642**	0.692**	1
	Sig. (2-tailed)	0.000	0.000	
	N	46	46	46

From the finding the correlational analysis results between differentiation and firm performance were r=0.642, Sig=0.000, P Value <0.01. These results further indicated that there was statistically significant relationship between the variables at 1% level of significance and the relationship was positive in nature. The correlational relationship between cost strategy and firm performance were r=0.692, Sig=0.000, P Value < 0.01. These results thus indicated the presence of a statistically significant relationship between the variables.

Multiple Linear RegressionAnalysis

Coefficients[a] of the independent variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.139	.208		.668	.508
	Differentiation	.304	.052	.337	5.886	.000
	Cost	.449	.048	.522	9.427	.000

a. Dependent Variable: Firm performance

The results indicated that due to a beta coefficient of 0.304 for differentiation, a unit increase of differentiation was associated with a positive increase on the firm performance to the magnitude of 0.304. The positive influence of the differentiation strategy on firm performance that was observed in this study is consistent with other studies examining the two variables such as Sheikh and Kimencu (2017), Kasongo (2019), Arasa and Githinji (2014) and Isaboke (2018) amongst others. The study was also interested with whether differentiation had a statistically significant influence on the firm performance. The tested hypothesis to achieve this was as follows;H01: There is no statistically significant influence of differentiation strategy on the firm performance of Telkom in Nakuru, Kenya.The t test static was used for testing the hypothesis (H01) at 5% level of significance which achieved t = 5.886, and Sig= 0.000. Since the hypothesis was tested at 5% level of significance, the decision rule for the study was reject null hypothesis for p value less than 0.05 (5%). In the context of this study, since the p value is less than 0.05, a conclusion was made to reject the null hypothesis. Therefore, differentiation has a statistically significant influence on the firm performance of Telkom Kenya.

In respect to the influence of the cost strategy on the firm performance, the result indicates that due to a beta coefficient of 0.449 for cost strategy, a unit increase of cost strategy was associated with a positive increase on the firm performance to the magnitude of 0.449. This positive influence of the cost strategy on the firm performance is consistent with empirical literature on the variables. Similar results include those by Chepng'etich and Kimencu (2018), Mutinda and Mwasiaji (2018), Kinyuira (2014), and Isaboke (2018) amongst others. The study was also interested with whether cost strategy had a statistically significant influence on the firm performance. The tested hypothesis to achieve this was as follows;H02: There is no statistically significant influence of cost strategy on the firm performance of Telkom in Nakuru, Kenya.The t test static was used for testing the hypothesis (H02) at 5% level of significance which achieved t = 9.427, and Sig= 0.000. Since the hypothesis was tested at 5% level of significance, the decision rule for the study was reject null hypothesis for p value less than 0.05 (5%). In the context of this study, since the p value is less than 0.05, a conclusion was made to reject the null hypothesis. Therefore, cost strategy has a statistically significant influence on the firm performance of Telkom Kenya. The statistical significant relationship between cost strategy and organization performance is collaborated by other studies examining the two variables. Other studies that have observed statistical significance between cost strategy and firm performance include Oyoolo and Bett (2017), Mwangi and Ombui (2013), Kyengo (2016), Sheikh and Kimencu (2017), and Chepng'etich and Kimencu (2018) amongst others. The influence of the cost strategy on the firm performance can be attributed to diverse aspects. According to Naftali (2017) in his study, the cost strategy influences firm performance through achievement of cost leadership. This ensures that the company automates its services and products in order to achieve economies of scale and hence improve on the sales volumes of their services.

Using the observed regression coefficients for differentiation strategy, cost strategy, and focus strategy the following multiple linear regression model was achieved;

$Y = 0.304X1 + 0.449X2$

Where;

Y = Firm performance of Telkom Kenya

β0, β1, β2, β3,= Model coefficients

X1 = Differentiation Strategy

X2= Cost Strategy

V. CONCLUSION & RECOMMENDATION

A. Conclusion

The study concluded that there was a strong and positive correlation between the independent variables (competitive strategies) cumulatively and the dependent variable (firm performance). The coefficient of determination was also examined. The study further found that the proportion of the variance (or change) in firm performance that can be attributed to the competitive strategies stood at 89.4% with the difference of 10.6% of the variance in performance as a result of other factors not in the model. The study further concluded that differentiation had a positive and statistically significant influence on the firm performance aspects. In respect to the influence of the cost strategy on the firm performance, the study found that cost strategy was associated with a positive increase on the firm performance

B. Recommendation

The study recommended that the competitive strategies such as focus strategy, differentiation strategy and cost strategy should be implemented continuously by the organization. The study further recommends that Telkom Kenya as a firm should place its emphasis on cost strategy as it had the most influence on the firm performance at the organization followed by focus strategy, and differentiation strategy respectively.The study recommends for further studies the role of competitive strategies and the government moderating effect in providing competitive advantages to Telkom Kenya as an organization.

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