Kabarak Journal of Research & Innovation
www.kabarak.ac.ke

RESEARCH ARTICLE

Effect of Porter's Generic Strategies on Firm Performance of Tyre Dealers in Nairobi County, Kenya

Edmond IMBWAGA*[1]

1. Department of Commerce, School of Business and Economics, Kabarak University

Corresponding Author: eimbwaga@kabarak.ac.ke

Submitted 26th July, 2023, Accepted 28th July, Year and Published 23rd September, 2023

ABSTRACT

The study sought to assess the effect of Porter's generic strategies on firm performance of Tyre dealers within Nairobi County. The study adopted a descriptive research design. The population of the study were tyre dealers in Nairobi County. A sample of 200 tyre dealers was picked through random sampling in Nairobi County. Out of the targeted tyre dealers that were picked through simple random sampling, 108 were responsive indicating 54% response rate, this large sample ensured the reliability of the responses while the mode of structure of the questionnaires guaranteed the validity of the data collected. After analysis of the data through correlation and multiple regression, it was deduced that there is a strong effect of porter's generic strategies on firm performance, with a strong correlation co-efficient of 0.975, 0.928 and 0.976 for cost leadership, differentiation and focus respectively. Multiple regression deduced that 95.2% of firm performance was attributed to cost leadership, differentiation and focus strategies based on the regression model. Based on the regression model cost leadership has a deduced coefficient of 0.84 implying that an increase in a unit of firm performance due to an increase in 0.84 unit of cost leadership. Differentiation generated a co-efficient of 0.09 implying increase in one unit of performance due to an increase in 0.09 unit of differentiation Focus strategy deduced a co-efficient of -0.05 implying a reduction of a unit of performance by an increased in practice of focus by 0.05. This overall indicated that cost leadership and differentiation have a positive effect on performance while focus strategy has a negative effect on firm performance.

Keywords: *Cost leadership strategy, Differentiation strategy, Focus strategy, Firm performance.*

I. INTRODUCTION

Owing to globalization, market liberalization and rapid technological change, business firms are operating in very competitive, unstable and unpredictable business environment (Julieni, Bakar & Ahmed 2010). According to Wangari (2014), customers incline to firms that are providing differentiated quality products at affordable prices. Organizations are a result making strategy changes in order to a mirror the customer aligned business environment by modeling the resources and activities of an organization to that of the environment in order to ensure competitive dominance and performance (Johnson & Scholes, 2002). According to Porter (1998), firms develop competitive strategies to survive and have a consistent competitive advantage, this consistent competitive advantage results in increased sales volumes, profitability and firm expansion. Porter (1980) advances that firm performance in an industry is determined by two factors; the attractiveness of the industry and the positioning of the firm within the industry. The positioning of the firm is an aspect within the control of the firm and firm can develop strategies to be able to position itself in manner that capitalizes on the opportunities offered in the market to grow its sales and profitability and improve its performance. Porter (1980) further asserts that the firm can in the long run maintain a position that gives it a sustainable competitive advantage over competitors. Porter (1980) adds that compared to its competitors a firm has a myriad of strengths and weaknesses that give it a competitive advantage position over its competitors. This strengths and weaknesses can be crystallized into cost advantage and differentiation which form the basic foundation of competitive strategies of a firm which combined with scope of application result in the generic strategies of competitive advantage; Cost leadership, differentiation and focus which intern give the firm a superior performance.

According to Porter (1980), Cost leadership aims to achieve low costs that in turn reduce the prices of commodities by taking into a consideration the economies of scale hence, achieving an advantage through low prices. These low prices make the firm to gain advantage over its competitors. Under this strategy, the company achieves profitability and stability by gaining through volumes, this making the organization sustainable and improving performance.

The differentiation approach to competition involves seeking a unique element, which the market demands, and the organization then narrows down to serve this needs at premium prices irrespective of volumes, the shortage in volume is compensated through premium prices, which help the firm, maintain high performance (Porter, 1980). Focus strategies involves breaking down the markets and choosing to serve a section of the market through a unique product that has been tailor made to serve that particular market at a specific unique cost. So differentiation can be experienced at the level of pricing and at the level of market segments, which in turn lead to niche loyalty, which improve sales volumes and improve firm performance (Porter, 1980).

The performance of a firm is indicated by market share in terms of sales volumes, profitability and ability of the firm to plough back investments through expansion (Richard et al., 2009). The Tyre dealership business in Kenya is characterized by cutthroat competition, with a motorization rate of 28 per 1000 people according to KIPPRA report of 2015; the Kenyan motorized population offers a good potential market for tyre dealers with an annual average of 2.5 Million vehicles on Kenyan roads.

This high number of vehicles per year on the roads require supply of tyres consistently given the diverse terrain that the vehicle traverses. This provides ready market for Tyre dealers. Survival and growth of firms in the market requires tyre dealers to be innovative. This necessitates adoption of competitive strategies (Barney, 1991). If porter's generic strategies have an effect on the performance of the tyre dealers is a question that necessitated this research.

The main objective of the study was to analyze the effect of Porters Generic strategies on firm performance of tyre dealers in Nairobi County. Porter (1980) and Porter (1985) proposes three generic competitive strategies for outperforming other firms in a particular industry, namely: cost leadership, differentiation and focus. Porter (1980) explains that the three strategies are an essential part of any effective business plan, which a firm can use to obtain a competitive market position and achieve good firm performance.

Porters (1985) advances that a firm attractiveness in an industry determines its profitability; the second determinant is the positioning in the industry. A firm optimal positioning determines its level of returns. This optimality is obtained by leveraging the core strengths of the firm which breakdown to cost advantage and differentiation. The core strengths can be applied in a narrow to broad range resulting in three generic strategies of cost advantage, differentiation and focus, this referred to as Porters Generic strategies. These strategies impact on the survival and growth of the firm whose economic indicators are sales revenue, sales volumes and profitability.

Porter (1998) recognizes that a firm does not exist in vacuum; it operates in an industry characterized by a business environment of competition, which each firm aiming to be the market leader and safeguard its share in the market. The firm therefore operates in a vicious external environment in contest with other firms offering similar products. In order to survive and grow, the firm has to develop a unique characteristic that gives it an advantage over the rest. Therein Porter (1998) further asserts that in order for the firm to develop a sustainable competitive advantage in has to develop either offensive strategies or defensive strategies. To be able to come up with strategies that address market competition it is imperative that the firm clearly analyzes the internal environment in the organization an analysis based on its core competences, which enable it affect firm performance.

Cost leadership involves becoming the low cost firm in an activity and can operationalized as low input costs, economies of scale, experience, products/process design and low pricing (Johnson et al., 2011). According to Porter (1980), this strategy requires the firm to be low cost producer in the industry for a given level of product quality. The firm sales its products at average industry prices to earn a profit higher than that of rivals or at below average industry prices to gain a market share. He added that, the implementation of differentiation strategy to the latter results in high performance (Porter, 2001). According to Ofunya (2013), there is a significant relationship between cost leadership and performance concerning growth in revenue, asset, net income and market share.

Johnson et al. (1999) postulate that the firm aims to get a competitive advantage by offering differentiated products and services at the same price or a price slightly higher. Firms that succeed in terms of performance in the differentiated strategy have the following internal strengths: access to a leading scientific research, highly skilled and innovative product development team, an aggressive marketing and sales team that communicate the strengths of the product and corporate reputation for quality and innovation. Acquaah and Agyapong (2013) indicated that differentiation strategy positively influence performance on as study done on family owned hotels in Ghana. Miller (2017) found that product-differentiated firms researched well in order to be innovative and competitive. The drive behind the strategy being to offer better products at the same price competitors are offering or at a price narrowly higher than they do.

According to Porter (1980), a firm concentrate on a narrow segment and within that segment seeks to achieve a cost advantage or differentiation. A firm that pursues focus strategy has a loyal clientele that acts as a barrier to competitors. This strategy targets a narrow segment of a market not served well by cost leadership or differentiation strategies and tailors its products to the needs of that specific segment to the exclusion of others (Johnson et al., 2011). It can also be used when it is not appropriate to apply the broad cost leadership or differentiation (Porter, 1985), by offering a limited range of services/products, serving specific markets only or having special product/service for specific type of customers (Allen and Helms, 2006; Powers and Hahn, 2004; Hahn and Powers, 2010).

Jothiabasu (2014) in his study argues that, there was a significant positive effects of cost leadership, differentiation and focus strategies on performance. Porter (1985) further avers that a firm performs best by pursuing one strategy. Many authors however argue that a single thronged implementation of porter’s generic strategies individually will have an effect on firm performance arguing that a combination of these strategies a present a firm the best chance to achieve competitive performance (Johnson et al., 2011; Johnson and Scholes, 2008). Whichever strategy a firm set itself on, it must be in line with the corporate goals and objectives to perform well (Hahn and Powers, 2010).

The fact that generic strategies can be a source of superior performance has provoked study within the strategic management discipline (Livvarcin, 2007). Various research on generic strategies has identified strong relationship between Porter generic strategy types and performance. Some studies have found support for a single-strategy performance benefit (Allen and Helms, 2006; Powers and Hahn, 2004; Hahn and Powers, 2010) while others studies have shown that it is possible to pursue a multi-pronged strategy that includes both cost and differentiation competitive methods.

The study by Karanja (2002) found that the strategies pursued by Real Estates conform to Porters Generic Strategy types and since Real Estates serve customers from different income groups, all the three generic strategies were found to be significantly related to performance. The more these strategies were pursued, the more the performance of real estates improved leading to superior performance. Also, Murage (2001) found generic strategies to have positive effects on the superior performance of Petroleum companies and recommended increased pursuit of these strategies by all Petroleum Dealers in Kenya.

Dennis and Richardson (2003) in their study of their whine market found hybrid focused differentiation was the best for Niche segments. Spanos et al. (2004) studied the Greek manufacturing and found hybrid strategies were preferable to pure strategies as approach to positively affecting performance in the Manufacturing industry.

Hahn and Powers, (2010) identified distribution, technology, segmentation, pricing, product development, branding, service quality, and relationship banking as areas where financial institutions pursue differentiation strategies.

Mugenda and Mugenda (2003) explain that a conceptual framework is made of several variables that represent a characteristic measure that is affected by several attributes. These variables are contributed into independent and dependent variables. Kombo and Tromp (2006) expound that the independent variable influences changes in the dependent variables. The independent variable for the interest of this research are cost leadership, differentiation and focus strategies. Cost Leadership is evidenced by economies of scale to optimize on output at low costs, mass production, efficiency and cost control. Differentiation is characterized by technological leadership to get different products, different pricing, unique advertising and promotion strategies. Focus strategies is approached through different socials classes, income levels and physiological aspects. The dependent variable which is affected by the independent variables in the case of this study is firm performance, measured through sales volumes and revenue, firm expansion and profitability.

II. METHODOLOGY

Research Design

This study adopted a descriptive research design. Descriptive designs allow measurement of variables and the relationship between them hence the choice. The study used quantitative method to gather data from the tyre dealers in Nairobi County. According to Hunter & Leahey (2008), the objective of quantitative method in research is to develop and employ mathematical models, theories and hypotheses on the phenomena. Quantitative data was gathered using semi-structured administered questionnaires to Tyre dealers.

Location of the Study

The study was done amongst tyre dealers in Nairobi County, specifically a manager per dealer. Nairobi being the commercial capital of the country portends good samples for the study.

Target Population

The population of a research refers to the total number of all units of the issue or phenomenon to be investigated. All possible observations of a population are known to be of the same kind (Kumekpor, 2002). The population of the study are 300 Tyre dealers in Nairobi County as at 2020.

Sampling Procedure and Sample Size

Sampling is defined as a process of selecting a section to represent a whole (Polit and Beck, 2004). For this study’s purpose, simple random sampling technique was used to select respondents. This sampling technique involves selecting respondents that are readily obtainable to the researcher. The sample selection process endures till the needed sample size is achieved (Saunders et al., 2009). This is considered cost effective and meaningful way of sampling from such a large population of potential respondent.

A choice of sample size is vital and depends on the margin of error the investigator can bear, the size of the total population and the kind of analysis to be performed. The chosen size of sample is thus the researcher’s prerogative (Saunders et al., 2009).

Stutely (2003) recommended thirty samples of the population as a minimum to ensure statistic effectiveness in research should the features of the respondents be considered akin. The samples were 200 drawn from tyre dealers on a simple random basis in Nairobi County.

Data Collection Instrument

A structured closed ended Likert based questionnaire was used for data collection; The questionnaire comprised of items measured on a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). A questionnaire is a data collection instrument consistent of a series of questions gathering information from respondents. A questionnaire was appropriate as it systematically laid out all information sought and was easier to analyze. This method was appropriate as it is easy to complete and thus has a high response rate. The questionnaires were administered on a drop and pick method for those who were unable to fill in a short time. Authorization to undertake research was obtained from NACOSTI permit number 214552 and Kabarak University inform of a letter of introduction to Tyre dealer shops questionnaires were then administered to managers of Tyre dealer shops. Tyre dealers were requested to fill the questionnaires on their own consent; they were not to be compelled or manipulated to fill the questionnaire. An agreement to remain anonymous was entered to safeguard the responses.

III. RESULTS

Response Rate

The study aimed to find out the effect of Porters generic strategies on the performance of firms, case study being that of tyre dealers. The target firms were 200 tyre dealers however, 108 were responsive, a response rate of 54%. The data has been summarized and presented in form of table, percentages and descriptive statistics. Descriptive statistics including mean, standard deviation and correlation coefficients. The unresponsive clients are not unique; the 54% are a fair representation of the sample of tyre dealers picked.

Table 1:

Response Rate Analysis

Response Rate	Frequency	Percentage
Complete	108	54%
Incomplete	92	46%
Total	200	100%

Source: Own Research (2022)

Organization Data

From the 108 responsive tyre dealers, 48 accounted for sole proprietorship while 60 represented companies representing 44% and 56% respectively on the question of nature of ownership. On the categorization of business based on scale, 17% accounted for small & upcoming business, 73 % for medium level firms and 10 % for large and established firms.

Cost Leadership

Based on the data in Table 2, on the cost leadership strategy, there is strong agreement at a weighted mean of 4.05 and standard deviation of 1.06 that firms take cost leadership as a key strategy to approach the market and overall the firm endeavors to be a low cost producer with an intention of maximizing profits through increased volumes and sales revenue.

Table 2:
Cost Leadership Practice

	COST LEADERSHIP	N	Mean	Standard deviation
1	The firm strives to supply a standard of high volume Tyres at the most competitive prices to customers	108	3.88889	1.022509018
2	The firm benchmarks itself against competing firms to access their relative cost	108	3.84259	0.969219348
3	The firm exploits all potential cost drivers to allow the greater efficiency in each value adding activity	108	4.09259	0.894096436
4	The firm underpins their products to open up a suitable cost advantage over competitors	108	4.14815	1.029486401
5	The firm has improved its efficiency by controlling costs along the existing activity cost chain	108	3.94444	1.146249924
6	The firm pursues cost savings through the cost chain not overlooking anything	108	4.55556	1.296719508
7	Cost advantage is achieved through restructuring the cost chain eliminating unnecessary cost sourcing activities	108	3.99074	1.23080948
8	The firm is a low cost supplier of Tyres in the Tyre distribution industry	108	4.0463	0.898448785
9	The firm sets the industry price to earn a profit around its market position	108	4.2037	1.033297656
	GRAND MEAN		4.07922	1.057870728

Differentiation Strategy

As the table 3 above demonstrates, the weighted mean of 4.06 indicate a strong agreement that differentiation is a strategy that is intensely used by firm to create a competitive market presence. In their research on the UK wine industry, Richardson and Dennis (2003) found the differentiation approach was best in achieving superior performance for niche segments. Hahn and Powers, (2010) identified distribution, technology, segmentation, pricing, product development, branding, service quality, and relationship banking as areas where institutions pursue differentiation strategies for superior performance.

Table 3:
Differentiation Strategy

	DIFFERENTIATION	N	Mean	Standard deviation
1	The firm creates customer value by offering high quality products supported by good services at premium prices	108	4.01	0.88
2	The firm markets unique products for varied customer groups	108	4.05	0.91
3	The firm has built value by creating attributes for its products and services at an acceptable cost	108	4.03	0.93
4	The firm uses technology to remain on the cutting edge of innovation	108	4.35	1.15
5	The firm has carried out its own strategic group- unique products and services within the industry	108	3.65	0.68
6	Customers are sensitive to unique type of products	108	4.21	1.02
7	The potential market share of firms is increased due to high quality services and products	108	4.18	0.91
8	The firms sources for uniqueness that cannot be quickly imitated	108	4.04	0.82
9	The firms depends on tangible product attributes to achieve differentiation	108	4.05	0.84
	GRAND MEAN		4.06	0.9

Focus strategy

There is also strong agreement that a firm focus strategy to serve a specific market is in such a way that other firm would find it difficult to serve the same market the same way hence developing barriers to entry by other competitors. Firm heavily agree that this strategy is an approach to consolidate market presence and volumes, demonstrated by a mean agreement rate 4.09. This explains the effect of porter's strategy in firm performance. Focus strategy is employed when it is not appropriate to apply the broad cost leadership or differentiation (Porter, 1985), by offering a limited range of having special product/service for specific type of customers (Allen and Helms, 2006; Powers and Hahn, 2004; Hahn and Powers, 2010).

Table 4:
Focus Strategy

	FOCUS	N	Mean	Standard deviation
1	The firms has identified a market niche for buyers	108	3.55	0.64
2	The firms focuses on low cost strategy	108	4.15	1.01
3	The firms produces unique focused products that enhances value to the organizations	108	4.56	1.37
4	The firms builds relationships with customers and suppliers	108	4.56	1.3
5	The firms has expanded on broader line that competitors cannot serve	108	3.41	0.45
6	The firm has improved on getting other sources of products that are of value adding activities	108	4.31	1.04
7	The firm targets a specific niche within an industry	108	4.05	0.81
8	The Firm specializes in activities in ways that other firms cannot perform	110	4.02	0.85
9	Firm develops its own set of barriers to market entry by other competitors	108	4.19	0.99
	GRAND MEAN		4.09	0.94

Firm Performance

As per table 5 the grand mean for the firms is at 4.36 out of 5 indicating that the level of agreeableness that performance has increased in the past three years. This is important in developing the relationship between the strategies that the firms have been using for the past three years and their general level of performance. Enterprise performance refers to the total social-economic outcomes resulting from the interaction of an organization's components in the course of operations (Lusch and Laczniak, 1989). It is the most important goal and a key measure of output. Organizational performance is the ability of an organization to achieve its goals and objectives such as high sales turnover, and returns on assets (Mudaki, 2012).

Table 5*:*
Firm Performance

	FIRM PERFOMANCE	N	Mean	Standard deviation
1	Sales Volume has increased has over the past three years	108	4.38	1.04
2	Sales Revenue has increased has over the past three years	108	4.27	0.95
3	The firm has expanded to other branches	108	4.26	0.95
4	Your firm has been able to make profit for the past three years	108	4.52	1.27
5	Your market share has grown over the past three years	108	4.52	1.34
6	Asset valuation has increased over the past three years	108	4.23	0.88
	GRAND MEAN		4.36	1.07

The table 6 below indicates a strong correlation between cost leadership, differentiation and cost focus with regard to firm performance a coefficient of 0.975, 0.928 and 0.976 respectively with a 99% confidence level in all the comparison. Focus strategy has an effect on firm performance indicated by a co-efficient of 0.976. Cost leadership has a correlation-co-efficient of 0.975 to firm performance implying that strategies that put the firm in a cost leadership position are more affecting the performance of the firm, third but still with an effect on performance is differentiation with a correlation coefficient of 0.928

With a general correlation coefficient of close to 1 for the three strategies, it's imperative that the three porter's generic strategies have an effect on firm performance which is consistent with the alternative hypothesis of this research that porter's generic strategies significantly affect the performance of firms in this case study being tyre dealers.

Table 6:

Effects of Porter's Generic Strategies on Firm Performance

		Cost Leadership	Differentiation	Focus
Firm Performance	Pearson coefficient	0.975	0.928	0.976
Sig_2 tailed		0.003	0.008	0.003

To further asses the effects of Porters generic strategies on firm performance multiple regression was used, using statistic packages the below results were developed from the data.

Multiple Regression Test

The R-squared value of ~0.952 indicates that the model explains 95.2% of the dependent variable's variance and the model can be relied on. The standard error is 0.1778 indicating that the model is significantly correct, as the variance between the data point and the fitted values is low.

Table 7:

Multiple Regression Results

Regression Statistics	
Multiple R	0.976033101
R Square	0.952640615
Adjusted R Square	0.951274478
Standard Error	0.17810217
Observations	108

For the second part of the table, Column F indicates the p value for the F test of overall significance of the model, the higher the p value the more statistically significant the model, the p value is 697.3248 indicating the model is statistically significant.

Table 8:
Multiple Regression ANOVA Statistics Results

ANOVA					
	df	SS	MS	F	Significance F
Regression	3	66.35823038	22.11941	697.3248	1.05767E-68
Residual	104	3.298919824	0.03172		
Total	107	69.65715021			

The third part of the table indicates the co-efficient, which give the relation between the dependent and independent variable. Under the cost leadership, the coefficient is +0.84 indicating that pricing has a positive effect firm performance, implying an increase in 1 unit of Cost leadership strategies, increases the performance by 0.84. Differentiation has an effect on firm performance indicated by a coefficient of 0.09, indicating an increase in a 1 unit of differentiation strategy increases performance by 0.09. Focus strategy has a coefficient of -0.05 indicating an effect of focus strategy on firm performance, an increase in 1 unit of focus strategy the decreases the performance by 0.05, owing to the limitation in terms of market volumes that the firm can access.

Table 9:
Multiple Regression Results Equation Summary

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.63	0.09	6.71	0.00	0.44	0.81	0.44	0.81
C	0.84	0.12	7.28	0.00	0.61	1.07	0.61	1.07
D	0.09	0.13	0.69	0.49	-0.17	0.36	-0.17	0.36
F	-0.05	0.07	-0.70	0.48	-0.19	0.09	-0.19	0.09

The regression equation deduced is as illustrated below,

$$Y = 0.63 + 0.84X1 + 0.09X2 - 0.05X3 + \varepsilon$$

This generally shows a positive on Porters generic strategies on firm performance This being in tandem with findings by Allen and Helms (2006) and Datta (2009) who found Generic strategies successfully to have an effect on firm performance.

IV. DISCUSSION

The study sought to establish the effect of cost leadership strategy on tyre dealer's performance, based on the responses by the firms, there is a strong agreement among the dealers interviewed that cost leadership is practiced there is an effect in attracting and retain customers which eventually lead to high sales volumes, revenue and profitability. This has been illustrated by the correlation coefficient of 0.975respectively amongst the tyre dealers interviewed. There is a strong effect of porter's generic strategies on performance indicated by the regression co-efficient of 0.84, indicating that the more a firm engages in cost leadership the greater the performance.

The study established that there is a positive effect of differentiation strategy on performance of tyre dealers indicated by correlation co-efficient of 0.928 and regression co-efficient of 0.09. Tyre dealers that apply this strategy tended to have a greater sales volumes and revenue and higher profitability.

Under the focus strategy, the research deduced from a positive correlation co-efficient of 0.976 that practice of focus strategy had an effect on performance. While the regression co-efficient of -0.05 deduced that the more a dealer practices focus strategy, the less the performance, mainly because focus strategy narrows the market reach and volumes hence affecting profitability and that the strategy should be approached in multipronged approach in line with other porter's generic strategies to achieve synergy.

Conclusion

The study aimed to assess the application of porter's generic strategies in firm's operations and find a correlation between the practice and firm performance. The study yielded a strong correlation between the strategies adopted and the firm performance comparative for a period of three years. The conclusion from the study was that cost leadership, differentiation and focus strategies had an overall effect on firm performance as customer respond positively to these strategies hence increasing volumes, revenue and profitability, which in turn have a direct impact on the market share and eventual ability of the business to have the capital to expand to other areas. These conclusions were drawn from the regression model used; cost leadership has a deduced coefficient of 0.84 implying that an increase in a unit of firm performance due to an increase in 0.84 unit of cost leadership. Differentiation generated a multiple regression co-efficient of 0.09 implying an increase in one unit of performance due to an increase in 0.09 unit of differentiation. Focus strategy deduced a co-efficient of -0.05 implying a reduction of a unit of performance by an increased in practice of focus by 0.05. This overall indicated that cost leadership and differentiation have a positive effect on performance while focus strategy has a negative effect on firm performance.

Recommendations

The researcher recommends that firms should endeavor to study and adopt Porters generic strategies. Customers being price sensitive will embrace products from a firm that positions itself such that it offers affordable products which is achievable because it pursues cost leadership strategies. Customers will also align themselves to a firm that offers products that have added beneficial features that make it different from products of competing firms, giving the firm an edge over existing firms. Firms should avoid focus strategy to avoid minimizing their market volumes and revenue as this limit the firm to a specific section of the market leaving out other potential market growth areas.

V. REFERENCES

Acquaah, M. and Agyapong, A. (2013). The Relationship between Competitive Strategy and Firm Performance in Micro and Small Businesses in Ghana: The Moderating Role of Managerial and Marketing Capabilities. *Africa Journal of Management*. Vol.1, No. 2, pp.136-140.

Allen, R.S. and Helms, M.M. (2006). Linking Strategic Practices and Organizational Performance to Porters Generic Strategies. *Business Process Management Journal*, 12(4), 433-454.

Barney, J.B (1991) Firm resources and sustained competitive advantage. *Journal of Management* 17: 99-120.

Datta, Y, (2009). *A critique of Porters Cost Leadership and Differentiation strategies*. Cincinnati, Oxford Business & Economics Conference Program.

Hahn, W. & Powers. T.L. (2010). Strategic plan quality, implementation capability, and firm performance. *Academy of Strategic Management Journal*, 9(1), 63-81.

Hunter, Leahey E. (2008). Collaborative Research in Sociology: Trends and contributing factors

Hunter, L., & Leahey, E. (2008). Collaborative research in sociology: Trends and contributing factors. *The American Sociologist, 39*(4), 290-306. https://doi.org/10.1007/s12108-008-9042-1

Johnson, G. & Scholes, K. (1999). *Exploring Corporate Strategy*. (11th Ed) London. Prentice Hall.

Johnson, G., Whittington R. & Scholes, K. (2002). *Exploring Strategy Text and Cases*, 6th edition. Harlow, England: Pearson Education Ltd

Johnson, G., Whittington R. & Scholes, K. (2011**).** *Exploring Strategy Text and Case***s,** 9th edition. Harlow, England: Pearson Education Ltd

Johnson, M. Christensen, C. & Kagermann, H. (2008). Reinventing your business model, *Harvard Business Review***,** Volume: 86 Issue: 12; pp.50-59

Jothiabasu, S. (2014). Innovative strategies performance: *Strategic Management Journal*, Vol. 1, pp.50.

Julieni, L., Bakar, A. & Ahmad, H. (2010). Assessing the Relationship between Firm Resources and Product Innovation Performance: A Resource-Based View. *Business Process Management Journal*, 16(3), 420-435.

Karanja, P.W. (2002). *Competitive Strategies of Real Estate Firms: The Prospective of Porter's Generic Model*."' Unpublished MBA Project University of Nairobi.

Kombo, D. K. & Tromp, D. L. A. (2006). Project and Thesis Writing**:** an Introduction. Nairobi: Paulines Publications.

Kumekpor, T. K. B. (2002), Research Methods and Techniques of Social Research**.** Accra: Sonlife Press.

Livvarcin, O. (2007). *An Exploratory Study on Strategy Direction And Strategy Magnitude in Organizations: The Strategy Vector Model***,** PhD Thesis Dissertation, Yeditepe University, Turkey.

Lusch, Laczniak, (1989) Macro environmental forces, Marketing Strategy and Business performance: *A future research approach.*

Lusch, R. F., & Laczniak, G. R. (1989). Macroenvironmental forces, marketing strategy and business performance: A futures research approach. *Journal of the Academy of Marketing Science*, *17*(4), 283-295. https://doi.org/10.1007/bf02726639

Miller, D. (2017). Relating Porter's Business Strategies to Environment and structure: Analysis and Performance Implications, *Academy of Management Journal*, Vol 30.

Mudak, A. L., Wanjere, D., Ochieng, I., & Odera, O. (2012). Effects of Operational Factors on Organizational Performance in Kenyan Insurance Industry. *International Journal of Business and Social Science*, *3*(17). https://core.ac.uk/download/pdf/11049491.pdf

Mudaki,J. and Masaviru,W(2012) Does the Composition of Public Expenditure Matter to Economic Growth for Kenya ?*Journal of Economics and Sustainable Development*,3,56-75.

Mugenda, O. & Mugenda, A. (2003). Research Methods: Quantitative & Qualitative approaches, Nairobi: Acts Press.

Ofun, S.N. (2001). Competitive Strategies adopted by members of the Kenya Independent Petroleum Dealer Association. Unpublished MBA Project. University of Nairobi.

Ofunya, F. A. (2013), Effects of Strategic Management Practices on Performance of Financial Institutions in Kenya. *International Journal of Business Management and Administration* Vol. 2 No. 6, pp. 122-141.

Polit, D. F. and Beck, C.T. (2004). Nursing Research: *Appraising Evidence for Nursing Practice* (7th Edition). Philadelphia: Wolters Klowers/Lippincott Williams and Wilkins

Porter, M E. (1980). Competitive strategy: techniques for analyzing industries and competitors. New York: Free Press.

Porter, M E. (1985**).** Competitive strategy: techniques for analyzing industries and competitors. New York: Free Press.

Porter, M.E. (1979). How Competitive Forces Shape Strategy**,** *Harvard Business Review*. March - April in The Strategy, Process, Concepts, Contents and Cases by H. Mintzberg and J.B.Quinn, 2nd edition, 1991, Prentice Hall Int Inc.

Porter, M.E. (1996). What Is Strategy*? Harvard Business Review*, Nov-Dec, (pp 61 - 78).

Porter, M.E. (1998). Competitive Advantage: Creating and sustaining Superior Performance. Republished with a New Introduction, New York Free Press.

Porter, M.E. (1998). Competitive Strategy Techniques for Analyzing Industries and Competition, Republished with a New Introduction, New York Free Press.

Porter, M.E. (2001). Strategy and the Internet, *Harvard Business Review*, 79, 62-78.

Porter. M.E (1990). Competitive Advantage of Nations. New York: Free Press. Prentice Hall, London. London

Porter. M.E (2004). Competitive Advantage. Free Press, New York.

Powers, T. and Hahn, W. (2004), Critical competitive methods, generic strategies, and firm performance**,** *International Journal of Bank Marketing*, Vol. 22 No. 1, pp. 43-64

Richardson, O., & Dennis, C. (2003).UK vineyards sector case study: analysis of retail activities using exemplar strategic marketing tools. *British Food Journal*, Vol. 105 No.9, pp.634

Saunder, M.N., A. Thornhill, P. Lewis (2009), Research Methods for Business Students, 5th Edition, Englewood Cliffs: Financial Times/ Prentice Hall

Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students.*.

Spanos, Y., Zaralis, G., & Lioukas, S. (2004). Strategy and industry effects on profitability: Evidence from Greece. *Strategic Management Journal*, 25(2), 139165.

Spanos, Y. E., Zaralis, G., & Lioukas, S. (2004). Strategy and industry effects on profitability: Evidence from Greece. *Strategic Management Journal*, *25*(2), 139-165. https://doi.org/10.1002/smj.369

Stutely, M. (2003). Numbers Guide: *The Essentials of Business Numeracy*. London Boomberg Press.

Thompson John E., Arthur A. Jr., Gamble A. J. & Strickland I (2008) Crafting & Executing Strategy: The Quest for Competitive Advantage: Concepts and Cases 17th Edition Irwin McGraw-Hill, New York, NY

Wangari, N. E. (2014). *Influence of globalization on performance of small and medium sized enterprises in the ICT sector in Kenya*. Retrieved from http://erepository.uonbi.ac.ke/handle/11295/76821