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ABSTRACT

Largely, companies utilizing predominant cutthroat techniques, and which participate in fitting partnerships, acquire an upper hand over their rivals. In spite of the fact that cell phone network providers in Kenya pursue different competitive techniques, profitability, branch network, market share and their subscribers, portray a fluctuating drift. The main objective of this study was to investigate the influence of porter's generic competitive strategies and firm performance of mobile telephone network service providers in Kenya. The specific objective was to investigate the influence of differentiation strategy on performance of mobile telephone network service providers in Kenya. The study is underpinned by two theories, namely; Resource Based View Theory (RBV) and Syncretic Paradigm theory. The study used positivism research philosophy and descriptive research design methodology. The target population was all the 66 mobile telephone network service providers in Kenya. Primary data was gathered through use of structured questionnaires. Descriptive statistics, correlation and regression modeling was used to aid in data analysis. Descriptive analysis portrayed that 39.3% (24) out of 61 mobile telephone network service providers in Kenya adopted the differentiation strategy. On the other hand, inferential statistics revealed that Differentiation strategy had statistically significant influence on firm performance with β=83.2 % (P=.000). In overall, performance was positive and significant. Firms should consider the extent to which individual components of Porters' competitive strategies have on performance. Therefore, the management of those firms should consider differentiation strategy which optimize their business sustainability level so as to have competitive edge in the market.

Key words: *Differentiation Strategy, Porter's Generic Competitive Strategies*

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INTRODUCTION

Increased competition, disruptions and dynamics in business environment continue to exert pressure on firms to pursue effective strategies to gain sustainable competitive advantage (Abdirizak, 2019; Wheelen, et al. 2018). Empirical evidence demonstrates how companies leverage Porters' competitive strategies (Islami, Mustafa & Latkovikj, 2020), such as product differentiation strategy among others strategies so as to maintain market share (Kiarie, 2020). A competitive strategy is a long-term plan that assist a business gain a competitive advantage over its opponents. A firm position itself by leveraging its strengths. Porter (1985) in his model argued that a firm's strengths ultimately fall into one of two headings: cost advantage and differentiation. By applying these strengths in either broad or narrow scope, three generic strategies will arise as the consequences of this strategic move: cost leadership, differentiation, and focus. These strategies apply at the business unit level. They are known as generic strategies because they do not originate from the firm or industry. Porter's framework proposes that firms that pursue any of these competitive strategies would develop a competitive advantage that would enable them to outperform competitors in that industry. However, a company seeking competitive advantage must choose the type and the scope within which it will attain it (Niyarta, 2019). Many past studies (Munyambabazi 2018; Suparman, 2016; Nadia, et al. 2018; Onuoha and Olori, 2017; Olamitunji, 2015 and Ayaga and Nnabuko, 2019) have portrayed that most of the firms have attempted to adopt either of the Porters' generic competitive strategies to sustain themselves through improved performance, increased quality service provision and customer satisfaction amongst other performance indicators. These strategic moves have also been replicated in the mobile telephone network industry in Kenya for it stands out as one of the few sectors categorized as most turbulent.

Mobile telephone network service providers in Kenya are the registered mobile network service provider firms which provide mobile phone affiliated services backed by a network such as internet which enables the end users to utilize the services, they offer using a unique personal identity number. In Kenya there are sixty-six (66) such providers which are classified in to three tiers according to Communications Authority of Kenya (CA, 2020).

Mobile telephone network service providers in Kenya operate under the telecommunication industry which is regulated by Communications Authority of Kenya (CA) formerly known as Communication Commission of Kenya (CCK). The industry has witnessed a rapid and tremendous growth over the last decade. On the same breath, the fast-growing telecommunications industry in Kenya is characterized by rivalry between the two major operators, that is, Safaricom, accounting for a market share of 64.6 percent; and Airtel, accounting for 17.08 percent. Nevertheless, heightened competition cut across all sectors, the present-day mobile telephone network industry stands out as one of the few sectors categorized as most turbulent globally (Asena, 2019). For instance, Standard and Poor's market intelligence (2020) strategy and annual commoditization tracker analysis of the result for telecommunications providers worldwide points at the global shrinking Average Revenue Per User (ARPU), nose-diving profitability, sky-rocketing liability and dwindling cash flow, Kenya Mobile Subscriptions and Penetration uprising trends and Kenya mobile telephone operator declining market Share.

The aforementioned low performance trends witnessed for telecommunications providers worldwide is majorly attributed to hyper-competition (Imam, 2019) which is occasioned by fast disruptive, fast changing, short life cycle technologies and products (Ayaga and Nnabuko, 2019) as well as increasing and changing customer needs and tastes (HoRy, 2018). Still, inability to manufacture and control all requisite resources, forces them depend on these companies (Rahul, 2020). Further, some firms are stuck to beaten-path competitive strategies (Yu, Xu& Dong, 2019) while others fail embracing any competitive strategy (Kuratko, & Hoskinson, 2018).

Although most mobile telephone network service providers in Kenya have adopted the Porters' competitive strategies, mixed results have been witnessed across the 66 firms with some firms portraying favorable performance while others have faced a cut throat competition to the point of downsizing or closing business operations completely. For instance, with a population of about 44.35 million, Kenya's mobile penetration is relatively at a rate 5 of about 78.2 percent. In the financial year 2013-2014, mobile subscriptions grew by 5.6 percent to reach 32.2 million with Safaricom accounting for 20.8 million, Airtel 5.5 million, Essar 2.8 million and Telkom 2 million subscribers according to the regulator. The fast-growing telecommunications industry in Kenya is characterized by rivalry between the two major operators, that is, Safaricom, accounting for a market share of 64.6 percent; and Airtel, accounting for 17.08 percent. The rest (18.32% market share), goes to minor stream competitors in the market.

Statement of the Problem

Mobile telephone network industry in Kenya which is made up of 66 firm as per (CA, 2020) has significantly added to the development of the country's economy. According to Economic Survey Report, (2021), Telecommunication companies, radio and television broadcasting, publishing activities, internet service providers among others were recorded as the major players in the sector, contributing approximately Sh325 billion as at 2019. Mobile phone and mobile money subscriptions also recorded an upward trajectory of 126 per cent and 67 per cent respectively in 2020, as compared to 111 per cent and 61 per cent in 2019, respectively. It was also revealed that total mobile money transfers in the country increased from Sh4.3 billion to Sh5.2 billion in 2020. The sector has emerged to be the main source of government revenue particularly through duty remittance (KNBS, 2019). Undoubtedly, the mobile subsector has been expanding, currently boasting of over 59 million subscribers (CA, 2020) in Kenya. Nevertheless, the sector has also faced both performance fluctuations and stiff competition challenges within and without over the years even with continuous alliance partnership formations with other strategic organizations.

The mobile telephone network market downward and oscillating trend is illustrated by some of the key players in this industry such as Safaricom whose market share sunk to 63.7 percent from 64% in 2018, Telkom's 6.3% from 8.8% and Equitel's 2.8 from 4.3% of the portion of the overall industry as at September 2018 (CA, 2018). Notably, it is only Airtel that did not experience market share shrinkage for it gained from 22.3% in 2018 to 27.2% in 2020. Contrary to comparison of 2017, performance transfer of cash increased in 2018 where people utilizing the mobile banking totaled to 22.8 million and 1.6 million for Safaricom and Airtel respectively in 2017 (CA, 2018). Further, the same mixed fortune was displayed in profitability where Safaricom recorded Kshs. 48.4 billion improved returns while Airtel posted a deficiency of 5.95 billion in the year 2017(CA, 2018). Further, net returns for Sema Mobile dropped from € 7,254 to € 7,038 between 2019 and 2020 (Sema Mobile Final Report 2020). There are three main porter's generic competitive strategies that a firm may adopt in efforts to attain a competitive edge in the market. Against this backdrop, a focus on the magnitude of differentiation strategy and firm performance in the context of mobile telephone network service providers in Kenya is a timely and a rewarding intercession. This study sought to investigate the influence of differentiation strategy on firm performance of mobile telephone network service providers in Kenya.

Research Objectives

To examine the relationship between Porter's generic competitive strategies and firm performance of mobile telephone network service providers in Kenya.

To investigate the influence of differentiation strategy on firm performance of mobile telephone network service providers in Kenya.

LITERATURE REVIEW

Theoretical Framework

Resource Based View Theory (RBVT)

The first proponent of this theory was Penrose (1959) and later refined by Barney (1991) who associated inter-firm collaborations to performance. Resource-Based Theory (RBV) holds that assets or resources can be strategically be key if they are scant, dear and non-duplicable. The theory emphasizes that business operations could post sterling performance when individual employees exhibit insights, experiences, abilities and gifts which are intangible assets. Further, a business can post superior performance when physical assets such as machines, gadgets and apparatuses are described by their specialized qualities and effectiveness. The RBV theory in a nutshell emphasizes that if a firm owns resources with the four mainstream characteristics, namely; valuable, rare, difficult to imitate, and non-substitutable then such a firm can survive any competition in the market and make remarkable profit margins amongst its peers in the market (Barney, 1991). The theory advocate for a firm owning strategic resources and not just the normal resources that any firm can acquire but those which are (strategic resource) as opined by (Rahul, 2020 and Mamédio, Rocha, Szczepanik and Kato, 2019). The theory refers such resources as strategic resources unlike the normal ones which have no impact in the market.

According to RBV theory, it is difficult for a competing firm to imitate resources of another organization through replicating for they are protected by various legal rights such as trademarks, patents, and copyrights, which ensures they are difficult for the competition to imitate. For non-substitutable resources, the theory is of the view that competitors cannot find alternative ways to gain the benefits that a resource provides. Further, comparing tangible and intangible assets, the RBV theory advocate that the resources that are difficult to see, touch, or quantify, such as the knowledge and skills of employees, a firm's reputation, and a firm's culture are more of strategic resource as compared to the physical assets. Hence, intangible resources are more likely to meet the criteria for strategic resources and CEOs of firms who wish to achieve long-term competitive advantages should therefore place a premium on trying to nurture and develop their firms' intangible resources (Barney, 1991). Also, according to the RBV theory, firms with dynamic capability, that is the unique ability to improve, update, or create new capabilities, especially in reaction to changes in its environment are competitive in the market arena. Said differently, a firm that enjoys a dynamic capability is skilled as it continually adjusts its array of capabilities to keep pace with changes in its environment. The RBV theory is applicable for the current study for it underpins the concept of mobile telephone firms in the industry adopting competitive strategies such as the commonly known Porter's generic competitive strategies or alliance partnerships to excel in the telecommunication industry. The theory portrays that for a firm to make competitive sense, it has to go a notch higher to own requisite assets to execute their systems and content adequately. Activities that are aligned to a company's objectives contribute a component that is part of what is required in allocating a firm's resources into plausible setting.

The Syncretic Paradigm Theory

The syncretic paradigm theory pinpoints the returns offered by both competition and collaboration. It also points out the risk that managers who focus on competition might tend to ignore the returns that were offered by collaboration (Arndt& Pierce, 2018).

The syncretic paradigm is a middle ground between the competitive paradigm and the cooperative paradigm. The competitive paradigm held that firms attained competitive advantage in two key ways, either through achieving some advantageous position in the industry such as cost leadership, differentiation or focus, or through developing and using internal core competencies to develop superior products and services (Galvin et al, 2020).The cooperative paradigm, on the other hand, held that firms existed in networks characterized by interdependent relationships motivated by a desire to gain collaborative advantages through strategic collaboration (Andrevski, et al., 2016). Therefore, the syncretic paradigm is a hybrid paradigm that highlight the returns of both approaches, by advocating firms to deploy their core competencies to maximize value for both themselves and their competitors. This approach was applicable in the global airline industry. This theory is useful in this study for the reality is, firms always seek innovative ways of operating in their capacity as independent legal entities. Additionally, those firms engaged in alliance partnerships strategy seek to optimize their profitability through maintaining and growing their individual market share. Firm performance was a consequence of both competitive and collaborative behavior. However, this theory is constrained by limited human relations to rational tenets, for example, transparency which cannot fit in certain conditions.

Conceptual Framework

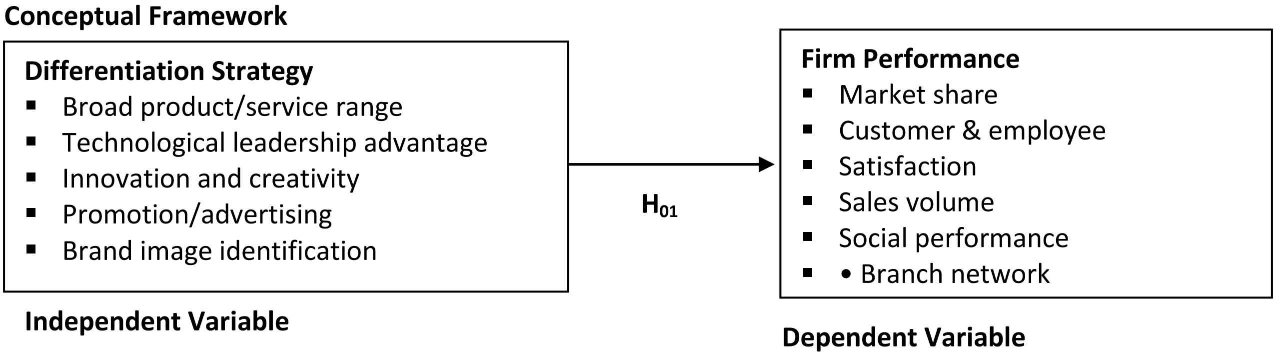

Figure 1: Conceptual Framework

Differentiation Strategy

Differentiation strategy is one of the long-term competitive plans that assist a business gain a competitive advantage over its opponents. Where by the perception of a business product/service value is increased such that the competitor's products/services are outweighed hence creating a customer preference for the firm's products/services or make it appear distinct. This kind of strategic move may assume the form of product differentiation, which involves marketing process that show cases the differences between products to make them more attractive by contrasting their unique qualities with other competing products and as a result create a competitive advantage for the seller, as customers view these products as unique or superior. Can also assume physical differentiation. That is, s differentiation strategy which covers location, space, design and display/layout and stores atmosphere. Alternatively, differentiation strategy may go the way of service differentiation which involves after sales services, retailer own brands, service quality, incentive programs and operating hours.

Largely, this strategy's aim is furnishing variation of results, utilities and attributes to customers where rivals have not reached. The enterprise returns with ability to supply a distinctive outcome or utility that none of the rivals is able to give (Tkaczynski, 2017). The master plan is suitable where the main consumer portion is not price-sensitive, the market is fierce, clients have very particular wants, which are probably underprivileged, entity has distinctive capabilities along with capacity, which make appeal content the particular needs in techniques that are hard imitating (Kalam, 2020). This strategy incorporates patents or other Intellectual Property (IP), special applied competence such as Apple's prototype prowess or original processes. Prosperous differentiation is flourished when an entity achieves a surcharge cost for the good or amenity, increased income per item, or the customers' allegiance. Contrast accelerates advantage at the same time additional cost concerning item surpasses extra expenditure towards the good. Differentiation is inadequate while its integrity is positively duplicated over rivals (Andersen, 2009).

Differentiation strategy is used for a firm to be unique in its market, and aims to obtain a price premium by its differentiation, which is not easily copied by its rivals (Porter, 1985; Jobber, 2004). It is often associated with a premium price, and higher than average cost for the industry as the extra value to customers often raises costs (Jobber, 2004). If a firm has the following internal strengths, it will be more appropriate to adopt this strategy, corporate reputation for quality and innovation, excellent customer service and management skills, and efficient dealer network and other unique dimensions. Namvar, Ghazanfari and Naderpour (2017) observe that differentiation strategy involves the use of distinctive amenities by an entity that aims to make products or services of a company unique compared to those of the rivals. For firms looking forward to outdo rivals, this strategy is appropriate. The provision of diversified products, techniques, and innovativeness makes a firm’s products unique compared to rivals. Onyango (2017) in her study concluded that making a product or service different from others has an impact on output as implied in the research results of BOC Kenya limited. The company pursued the strategy effectively. The strategy was harder to copy since products and services were different from the rivals.

Firm Performance

There is no one universally accepted way of defining the term firm performance. Therefore, this term is multidimensional. This is because performance entails various activities that have been put in place to establish the goals and aspirations of the entire organization and monitoring the progress that is been made towards achieving the targets that were set initially (Wijethilake, Munir and Appuhami, 2018). In strategic management, performance is in two perspectives, objective and subjective. From an objective perspective, Ayub, Kwendo and Liyayi (2019) defined business performance as a subset of the organizational effectiveness. In their view, the narrowest conception of business performance centers on the use of outcome-based financial indicators assumed to reflect the meeting of the economic goals of the firm. Typical of this approach would be indicators such as sales growth, profitability ratios (for example, return on investment, return on sale, and return on equity) and earnings per share.

A broader conceptualization of business performance may also include emphasis on indicators of operational performance (Chepng`etich & Kimencu, 2018). These would include measures such as market share position, new product introduction, product quality, marketing effectiveness, and value-addition. In this current study, the focus will be on customer and employee satisfaction, sales volume, social performance and branch network expansion.

Empirical Review

Orji, et al. (2017) had the objective of assessing the impact of new products development on the profitability of Nigerian deposit money banks. The findings of the study revealed that there is a relationship between new product development and profitability in Nigerian deposit money banks, and poor knowledge of the returns derived from new product innovation is responsible for low rate of profit maximization in banks. Also, it was established that new products innovation and developments come as a result of bank’s marketing research efforts. The study recommends however that banks should intensify their research efforts to provide timely information on product development and monitor the degree of customer's satisfaction through market situation analysis.

Tharamba (2018) inspected the impact of strategic positioning on the firm performance in the mobile telecommunication firms in Kenya with explicit reference to Safaricom Limited. The study established that marketing, research and development, resource availability and multiple products had a positive influence on the organizational performance in the mobile telephone network industry in Kenya. It was established that increased competition makes firms differentiate their products and services to boost sales performance.

The study by Atikiya et al. (2015) revealed that offering of broad products, building strong brand reputation within the industry and introduction of innovative products impacted well on manufacturing firm's performance. The researcher recommends that firms adopting differentiation strategy also need to further look deeper into how to make uniqueness less costly in order to make differentiation a significant practice in the sector. The study by Atikiya et al. (2015) was fundamentally based on cost leadership, focus strategies and differentiation strategy. The author used differentiation strategy as a variable and did not differentiate between product and service differentiation strategy and conclusion was made based on product differentiation.

Ntsandeni (2018) examined innovation-based competitive differentiation amongst South African fiber to the home (FTTH) operators and established that there is limited innovation-based competitive differentiation in the FTTH market. Instead, price-based differentiation is evident in the market. The results show that the dominant pricing strategy is price reduction in order to drive sales and this model is not sustainable. The evidence indicates that some of the service providers involves driving the price down in order to attract customers with the plan to sell or consolidate at a later stage. The pricing is not coherent across different networks meaning it is location dependent and, in some instances, it does not generate any margin for the internet service providers. The pricing is kept the same as ADSL by providers that are migrating customers from ADSL to FTTH.

Mayaka (2018) sought to give more insight on the effect of competitive strategies on the customer retention at Airtel Kenya. The study found that the four variables differentiated Airtel Kenya from its peers in customer retention. The study concluded that brand visibility, service quality, were a major determinant of customer retention.

Kireru, et al. (2016) investigated the link between product differentiation strategy and competitive advantage using a case study of Equity Bank Limited. Regression analysis was used in the study which revealed that there was significant influence of product differentiation in achieving competitive advantage in commercial banks. From the findings, there has been a product process differentiation in the bank where observable characteristics of a product or service that are relevant to customers' preferences and choice processes are met. These include size, shape, color, weight, design, material, and technology. The study concluded that financial institutions adopt product differentiation strategies to deliver best deposits pack at the best prices to the customers. The study concluded that for long-term profits in the banks is influenced by the continuously giving customers the products to their satisfaction and the creation and optimization of process goes beyond tools and practices.

Adebayo, Bananda and Eluka (2018) did a study on how product differentiation affects the competitive advantage of telecom firms in Nigeria in the context of four GSM telecommunication firms in South west of Nigeria. The study specifically evaluated the effect of distinctive product-quality on the market share of telecommunication firms in Nigeria and as well determines the effect of service differentiation on the Nigeria's telecommunication firms' overall corporate image. Evidence from the findings demonstrate that differentiation is a viable strategy for earning above average returns in a specific business because the resulting brand loyalty lowers customers' sensitivity to price. Additionally, the findings revealed that distinctive product-quality impacted positively on the market share of telecommunication firms. In Nigeria service differentiation positively affected the Nigeria's telecommunication firms' overall corporate image. Further, the research does suggest that differentiation strategy is more likely to generate higher profits than is a low-cost strategy because differentiation creates a better entry barrier.

METHODOLOGY

This study was based on descriptive research design. Descriptive research design entails description of a scenario in an in-depth manner. This design looks for explanations on the nature of certain relationships and investigates the cause influence relationship between variables (Saunders, Lewis & Thornhill, 2007). With this design, when exploring one or more variables, a wide range of research approaches is employed. With this design, the researcher does not control or change any of the variables instead; he or she just observes and measures the variables as they naturally exist (Kothari, 2004, Mbuva, 2022). The population of this research study comprised of 66 mobile telephone network service providers in Kenya. To establish the influence of differentiation strategy has on firm performance as indicated in the conceptual framework, the following empirical model was used.

$PER = \beta_0+\beta_1 DS+ \varepsilon$

Where;

PER is firm performance value which is a composite score

DS is Differentiation Strategy

β_0 is regression constant or the intercept on the y axis

β_1 is the regression coefficients for differentiation strategy and

ε is the error term

FINDINGS

Differentiation Strategy

The study sought to investigate the influence of differentiation strategy on firm performance of mobile telephone network service providers in Kenya.

In reference to a Likert scale of 1-5, this part sought to establish from respondents the accrued competitive advantages of utilization of the differentiation strategy in pursuit of competitiveness. To that end, respondents were asked to rate the extent to which competitive advantages accruing from utilization of differentiation strategy were evident in their organization and the responses are as summarized and presented in Table 1.

Table 1: Competitive Advantages of Differentiation Strategy

Competitive advantages	Mean	Std. Dev.	Sig.
This strategy targets the broad product/service range	3.69	1.15	0.027
The strategy gives a firm a technological leadership advantage	3.77	1.17	0.015
With this strategy, there is increased innovation and creativity	4.27	0.74	0.004
This strategy gives room for better promotion/advertising	3.76	1.16	0.045
Using this strategy, there is a strong brand image identification	3.70	1.22	0.003
Composite Score	3.83		

Results in Table 1 show that increased innovation and creativity has the highest value (mean=4.27, SD=0.74) added to the competitive advantage of a firm utilizing Porter's differentiation competitive strategy. As well, the second highest value addition (mean=3.77, SD=1.17) by differentiation competitive strategy gives a firm a technological leadership advantage followed by the strategy's competitiveness added value (mean=3.76, SD=1.16) that gives room for better promotion/advertising. Other differentiation competitive strategy high value additions to a firm's competitiveness include a strong brand image identification (mean=3.70, SD=1.22) and targets the broad product/service range (mean=3.69, SD=1.15). It can be noted further the competitive value additions by differentiation competitive strategy are significantly high as all the variables had values less than 0.05 leading to a conclusion that differentiation strategy influences firm performance in the mobile telephone network industry in Kenya significantly.

Performance is the most important single determinant of every input or investment made. To determine or measure the effectiveness of competitive strategies, differentiation strategy had on performance, on a scale of 1-5, respondents were asked to indicate their level of agreement with the trends from Porter's differentiation strategy in their organization over the past-specified years. To achieve this, respondents were requested to indicate the level of performance resulting from the accrued competitive advantages of utilization of differentiation strategy to the mobile telephone network companies. Using a Likert scale of 1-5 where: 5= Very High; 4= High; 3= Not Sure; 2= Low; 1= Very Low, the respondents rated the performance level of mobile telephone network service provider firms as summarized and presented in Table 2.

Table 2: Trends of Performance Attributes from Porter's differentiation strategy in Mobile Telephone Network Service Providers in Kenya

Returns	Mean	Std. Dev.
Increased organization revenue	3.75	1.28
Increased market Share	3.76	1.28
Rising sales volume	3.60	1.38
High shareholder value and satisfaction	3.63	1.37
Branch network expansion	4.18	1.08
Increased corporate social responsibility activities	4.12	1.14
Composite Mean	3.84	

In Table 2, respondents demonstrate accrued returns of differentiation strategy and alliance network such as branch network expansion (mean=4.18, SD=1.08), increased corporate social responsibility activities (mean=4.12, SD=1.14) and increased market share (mean=3.76, SD=1.28). Other returns as rated by respondent include increased revenue among individual organizations (mean=3.75, SD=1.28), added shareholder value, (mean=3.63, SD=1.37), and increased sales volume (mean=3.60, SD=1.38).

Multiple Regression Analysis

Coefficient of determination for model 1 from Table 3 was (Adj. R^2= 0.686.), which showed that differentiation strategy explained 68.6% of variations of firm performance of mobile telephone network service providers in Kenya. This shows that 31.4% of firm performance variations of mobile telephone network service providers in Kenya. was explained by other factors that were not part of this model.

Table 3: Regression Results of Differentiation Strategy and Firm Performance of Mobile Telephone Network Service Providers in Kenya

Model Summary				
Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.832[a]	.692	.686	.61204388

a. Predictors: (Constant), Differentiation Strategy

Analysis of Variance (ANOVA)

The results of Analysis of Variance (ANOVA) portrays that the significance of the F-test was done to test the influence of independent variables taken together on the dependent variable. The study outcome of the ANOVA Test or F-test is as shown in Table 4.

Table 4: Regression Results of Differentiation Strategy and Firm Performance of Mobile Telephone Network Service Providers in Kenya

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	49.576	1	49.576	132.345	.000[b]
	Residual	22.101	59	.375		
	Total	71.677	60			

a. Dependent Variable: Firm Performance

b. Predictors: (Constant), Differentiation Strategy

From Table 4 it is depicted that the F statistic of model 1 on the extent to which differentiation strategy influence firm performance of mobile telephone network service providers in Kenya. was 132.345 (p=.000). This shows that the influence of differentiation strategy on firm performance of mobile telephone network service providers in Kenya, was statistically significant at 95% confidence level for the (p=0.000). Hence, this model was suitable estimator of the variations of firm performance value of mobile telephone network service providers in Kenya.

The study conducted a multiple regression analysis to determine the association between the independent variables and dependent variable. The general form of the model was to predict the performance of mobile telephone network service providers in Kenya from differentiation strategy which was given as (PER = $\beta0+ \beta_1 DS+ \varepsilon$) then became PER = .023+0.832DS where by differentiation strategy depicted statistically significant influence on the firm performance of mobile telephone network service providers in Kenya for one-unit change in differentiation strategy resources, translated to positive 0.832 unit change in firm performance. These results are as shown in Table 5

Table 5: Regression Results of Differentiation Strategy and Firm Performance of Mobile Telephone Network Service Providers in Kenya

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	
		B	**Std. Error**	**Beta**		
1	(Constant)	.023	.079		.288	.775
	Differentiation Strategy	.898	.078	.832	11.504	.000

a. Dependent Variable: Firm Performance

CONCLUSION AND RECOMMENDATIONS

The study sought to investigate the influence of differentiation strategy on firm performance of mobile telephone network service providers in Kenya. To achieve these objective competitive advantages of differentiation strategy was investigated in to. From descriptive analysis, it was portrayed that differentiation strategy had several advantages that accrued to these telecommunication firms. One, differentiation strategy brought about innovation and creativity and also technological leadership advantage. Differentiation strategy brought about strong brand image identification and strong brand image identification. Another remarkable contribution is introduction of broad product/service range to benefit the firms and provision of room for better promotion/advertising. From regression analysis, differentiation strategy portrayed significant contribution towards firm performance. The adjusted R^2 of 0.686 showed that the model of differentiation was a suitable one to estimate the dependent variable at 95% confidence level for the it explained 68.6% of the variations on the dependent variable. Further, the F test of 132.345 (with p<) implied that the differentiation strategy had statistically significant influence on firm performance.

Conclusions of the Study

The research findings portray that if a firm chooses differentiation strategy as a tool to face competition in the market, it stands a better chance of winning. For one, there will be increased innovation and creativity which will be the first advantage that will be reaped by the organization. Also, the firms will enjoy technological leadership advantage which is ranked second and again the strategy will gives room for better promotion/advertising which would result to increased sales and profitability of the firm in the long-run. Although differentiation strategy brings good tidings to the firm, the elements of a strong brand image identification and broad product/service range does rank well as compared to components of differentiation. Overall, all the components of differentiation strategy positively contribute to competitive edge of the firm and by extension increase firm performance. From the regression report, one unit change in resources spend to adopt differentiation strategy translates to .832 unit change in firm performance

Recommendations of the Study

The mobile telephone network service providers in Kenya need to consider adhering to differentiation strategy for it has a high level of contribution towards growth and profitability increment. These firms should also consider being discriminative when selecting the individual components associated to differentiation strategy for some of them have low impact. For instance, innovation and creativity was highly ranked as compared to broad product/service range which ranked last. Also, the methodology of measuring firm performance needs to be revised such that instead of considering a composite score, the management should select the critical aspects of performance such as sales volume and market share which effectively provide indication of whether the firm is competitive in the market or not.

Areas for Further Research

The study was a revolutionary for supplementary research in the strategic management and performance of mobile telephone network service providers in Kenya Africa and particularly in Kenya. It was empirically evident that differentiation strategy was well fitting in estimating the variations of firm performance witnessed in mobile telephone network service providers in Kenya. It is therefore in order that further interrogation be done in the future to establish the level of significance each component of differentiation strategy, namely; broad product/service range, technological leadership advantage, innovation and creativity, promotion/advertising and brand image identification has on specific firm performance indicators such as sales volumes and market share. This will aid in well-informed decision making to make firms sustain their level competition.

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