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Strategic Options and Firm Performance of the Telecommunications Industry in Kenya

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Abstract

In the past, organizations needed to create strategies that aligned their strengths with those of the market to remain relevant in the corporate landscape. The rate of change in Kenya's small-scale company sector had accelerated as more micro businesses recognized the potential of leveraging telecommunications services such as mobile payments in their service delivery. The proposed study aimed to analyze the strategic options adopted by telecommunications companies to improve their performance. Specifically, the study focused on the efficacy of cost leadership, channel management, focus, and differentiation strategies that were adopted by telecommunication companies concerning firm performance. The study adopted the Dynamic Capabilities Model, Porter's Generic Competitive Strategies, and the Resource-Based View (RBV) theory. The study employed an explanatory survey research methodology and followed a positivism study philosophy. The study was focused on all 26 registered telecommunications providers in Kenya that were subject to the 1999-enacted Kenya Information and Communications Act. A purposive sample technique was used to select at least two respondents from the expected target population of the 26 registered telecommunications businesses in Kenya, including staff members in marketing, corporate, and operations management. As a result, the study's sample size comprised 156 people. For analysis, descriptive statistics were used, including measures like standard deviation, means, and frequencies. Quantitative data was presented using tables and graphs. In the study, inferential statistics were employed, including tests for the assumptions of multiple regression that were carried out for the model. The outcomes of the multiple regression analysis clearly demonstrate that the variations observed in the tested strategic options namely: Focus Strategies, Differentiation Strategies, Cost Strategies, and Channel Management Strategies account for approximately 45.3% of the variance in the firm performance of the 26 registered telecommunications companies in Kenya. The study's findings emphasize the strategic significance of cost management, channel management, differentiation, and focus strategies in positively influencing the performance of telecommunications companies in Kenya. These insights offer valuable guidance for companies seeking to optimize their strategies to achieve better results in a competitive business environment.

Keywords: Cost Leadership, Channel Management, Focus, and Differentiation Strategies and Firm Performance

Background of the study

In the realm of modern business, maintaining strong strategic perspectives is critical to preserving global financial competitiveness (Akhtar, Zameer, & Saeed, 2014). Successful enterprises adopt distinct strategies to carve out competitive advantages, attracting customers and outperforming their rivals (Mohamed, 2018). Muigai (2017) stresses the significance of strategic capabilities, emphasizing their rarity, complexity, and tacit nature. These capabilities are essential for businesses seeking to safeguard their market positions and boost profits, a pursuit clouded by the sobering reality that over 55% of new Kenyan businesses fail within their initial five years (Eurostat, 2019).

Two primary strategic approaches, cost leadership, and differentiation, are key subjects of discussion. Cost leadership strategies, according to Chesire and Kombo (2015), revolve around minimizing economic expenditures through methods like cost-cutting, enhanced efficiency, and robust cost control (Pickens et al., 2015). In contrast, differentiation strategies, as articulated by Saeed *et al.* (2014), aim to establish unique services and products tailored for specific target markets.

The telecommunications industry emerges as a focal point, particularly in Kenya, where performance metrics such as customer satisfaction, brand perception, subscriber counts, and market share take center stage (Tundikbayeva & Ahmed, 2019; Saeed *et al.,* 2014; Kamau, 2018). The sector's competitiveness becomes evident, with Safaricom's M-Pesa mobile money service standing as a linchpin of the industry's future (IMF, 2017). Nevertheless, challenges loom as M-Pesa faces mounting competition from other telecom providers and global payment systems, raising the urgency for Safaricom to boost usage and engagement among its current customers (Karuri & Kamunyu, 2014).

This research introduces the concept of strategic options, offering goal-oriented responses to external uncertainties (Andrea, Silvia, and Edoardo, 2014). The importance of aligning these strategic choices with an organization's mission, requirements, and available resources is underscored (Pearce & Robinson, 2007). These strategic options take the form of cost strategies and differentiation strategies, accompanied by challenges such as the need for cross-sector cooperation, bridging cultural gaps, and navigating complex legislative landscapes (Ndubisi & Richardson, 2012). Building and motivating distribution networks to maintain cash liquidity and foster customer trust are acknowledged as crucial aspects of the strategic process (Khalid et al., 2019).

Contemporary business performance, as defined by Taouab & Issor (2019), hinges on effectively utilizing resources to enhance organizational capacities and meet objectives. Success is contingent upon generating revenues sufficient to cover costs while catering to the multifaceted needs of stakeholder groups (Burhan & Ramanti, 2012). Evaluation of a company's success includes metrics like return on investment (ROI), manufacturing efficiency, and customer service quality (Taouab & Issor, 2019). In the telecommunications sector, both monetary and non-monetary measures are deemed imperative for assessing performance (Mostaghel, Oghazi, Beheshi, & Hultman, 2015).

Within Kenya's economic landscape, the telecommunications sector takes center stage, contributing to the GDP and facilitating economic opportunities (Mwancha & Ouma, 2018). The sector's expansion is propelled by the digital economy, mobile services, and accessible internet, resulting in broad network coverage and widespread broadband access (CAK, 2019). The government's acknowledgment of the sector's significance is evidenced by its efforts to encourage competition (CAK, 2019).

In this environment, Safaricom, the market leader, stands at the forefront of competition alongside other providers. The proliferation of wireless networks, national and metropolitan fiber backbone networks, and the government's national broadband strategy further validate the sector's vitality and dynamism (Mbesa and Kihara, 2019).

Against this backdrop of a rapidly evolving business environment, the research aims to explore the impact of strategic options on the performance of mobile service providers in Kenya's telecommunications sector. The study emerges as a response to the pressing need to investigate the effectiveness of these strategic choices and their correlation with firm performance, filling a critical knowledge gap in the sector (Njenga, 2017).

1. Review of existing literature

The review of existing literature for this research was a comprehensive endeavor, delving into the empirical analysis of strategic maneuvers and performance on both national and international scales. This process involved a thorough examination of prior research, where the goal was to discern the intricate connections between various scholarly works and demonstrate their relevance to the subject matter. Additionally, it sought to pinpoint emerging research gaps that have surfaced in recent years. By meticulously scrutinizing a wide array of academic sources such as research articles, journals, books, and other pertinent references, the review aimed to extract overarching themes, commonalities, and discrepancies that characterize the existing body of knowledge in the field of strategic maneuvers and performance. This holistic synthesis of insights and findings provided a cohesive narrative showcasing the evolution of thought and research within this domain, with a particular focus on its applications in both domestic and global contexts.

1.1 Cost Strategies and Firm Performance

Cost strategies play a crucial role in shaping the performance of firms. A cost leadership strategy, as defined by Acquaah and Agyapong (2015), involves a detailed action plan to supply goods or services at the most affordable price possible, compared to competitors. The implementation of such strategies has been a focal point in various studies, with insights into their impacts on business operations. Atikiya, Mukulu, and Waiganjo's (2015) research, focusing on Kenyan manufacturing companies, examined how the use of a cost leadership strategy influences business performance. Their findings highlighted the significant impact of this strategy on the operations of these businesses, indicating that managers often employ cost leadership strategies to enhance competitiveness and overall performance. Consolata, Ogutu, Muranga, Njihia, and Wanjiru's (2020) Kenyan study delved into the relationship between cost strategy and the performance of large manufacturing enterprises. Their research revealed that the performance of Kenyan manufacturing enterprises is notably influenced by the specific costing methods they employ. This suggests that cost strategy serves as a special tactic capable of enhancing a company's overall performance, while emphasizing that these techniques are frequently rooted in competence and creative execution, involving positioning and critical thinking. Donkor, Osman, and Kankam-Kwarteng's (2019) investigation focused on inventive low-cost approaches and their impact on restaurant firm success. The study unveiled a substantial positive association between low-cost approaches and enterprise performance. Moreover, it underscored the role of competitive strategy, indicating that it partially influences business performance. The results also pointed out that competition moderates the association between low-cost approaches and restaurant firm performance.

Chelanga, Rono, and Boit (2017) explored the impact of distinctiveness and focus strategies on the financial success of small and medium-sized businesses. Their findings showed a strong positive association between low-cost approaches and company performance. While competitive strategy had a relatively low effect on firm performance, the study indicated that competition intensity moderates the relationship between low-cost approaches and restaurant firm profitability. These studies collectively highlight the significance of cost strategies in enhancing business performance and underscore the role of competition and other moderating factors.

1.2 Channel Management Strategies and Firm Performance

Effective channel strategies are instrumental in facilitating business growth and enhancing firm performance. The relationship between distribution channels, strategic factors, and business performance has been a subject of investigation in several studies. Bui and Nguyen's (2021) research focused on the impact of distribution channels and strategic factors on firm performance. They found that both the distribution channel and strategic factors have a favorable impact on firm performance, highlighting the crucial role of distribution channels as a bridge between operational and strategic success. The study also identified two theoretically ideal configurations that contribute more to the success of firms compared to other channel configurations, emphasizing the significance of aligning channel strategies with broader business goals.

Kabadayi, Eyuboglu, and Thomas (2017) conducted an analysis of the performance implications of creating multiple channels to align with strategy and environment. Their research revealed the existence of ideal channel configurations that are more effective in contributing to firm success. Furthermore, a profile deviation study indicated that a channel system's structural profile similarity to those of top-performing channels in comparable strategic and environmental settings can enhance the company's performance. Adesoga and James (2019) investigated the association between a specific consumer products company's channel approach and marketing efficiency in Lagos State, Nigeria. Their findings highlighted the significant impact of channel strategy on marketing effectiveness, with certain channel strategy elements showing significant positive connections. Kuswantoro's (2018) study explored the enhancement of firm performance through distribution channel innovation, focusing on the conduct and governance of channel participants. The study revealed an increase in channel performance as a result of these innovative approaches.

Oliech's (2017) research evaluated the impact of distribution tactics on organizational performance, emphasizing the role of effective communication and cooperation among channel members. The study found that properly communicating with management motivates channel participants to contribute to the channel's effectiveness, with incentives such as raises, transportation, coaching, and training. The criteria considered when selecting the best distribution channel were also found to have a favorable impact on a company's results and service delivery.

1.3 Focus Strategies and Firm Performance

Focus strategies, which involve concentrating efforts on specific markets or segments to offer specialized products or services, have been explored in the context of their impact on firm performance. These studies reveal the relationship between focus strategies and business success, emphasizing the nuances of this approach. Gichuhi's (2015) research emphasizes the loyalty-building aspect of a focus strategy, where a company dedicates its resources to growing within or joining a specific target market. The study indicates that this approach often results in high levels of client loyalty, acting as a deterrent for other competitive enterprises.

Atikiya's (2015) study delves into the impact of rivalry tactics on Kenya's manufacturing firms and compares focus strategies with differentiation and cost strategies. The report suggests that businesses should select markets where their strategy aligns with the characteristics of the target market. Jacob and Chase's (2011) research highlights the importance of adding value for customers through a focus strategy, with a particular focus on reducing the cost of production or product prices to maintain a competitive edge. The study underscores the need for strategic focus and an enabling workplace environment to support the smooth integration of established processes and information.

In the Kenyan telecom sector, Arasa and Gathanji (2014) evaluated the relationship between focus leadership and business performance. Their findings showed a positive and significant correlation between focus leadership and company performance, using both correlation and regression analysis. Aykan and Aksoylu (2013) examined the impact of strategic management accounting approaches and competitive strategies on business performance. They categorized cost leadership, focus leadership, and differentiation strategy and found a favorable and significant association between focus leadership and business success through regression analysis. Carolina's (2014) research emphasizes the role of buyer segments and seller capabilities in deploying focus strategy effectively. The study also highlights how businesses can pass on higher expenses to customers when there are no close substitutes.

Onyango's (2017) study on the effects of cost leadership, differentiation, and focus tactics on company competitiveness demonstrates the positive impact of these strategies on a firm's ability to compete in the market. The differentiation approach, in particular, had a significant impact on company performance, driven by its larger coefficient of determination. BOC Kenya integrated cost reduction, differentiation, and focus strategies to gain a competitive edge and enhance profitability. A study by Chelanga et al. (2017) focused on the impact of differentiation and market focus strategies on the financial performance of SMEs. Their findings revealed a strong and favorable relationship between differentiation strategy and financial performance, emphasizing the positive influence of differentiation and market focus on business success. The study encouraged management to consider the use of strategic management to fulfill the goals and missions of SMEs while prioritizing development and profitability.

1.4 Differentiation Strategies and Firm Performance

Differentiation strategies, characterized by providing distinct or unique goods or services to the market, have been studied in relation to their impact on firm performance. These investigations explore the various facets of differentiation and their consequences for businesses. Kiragu's (2016) study on market penetration tactics employed by Kenyan football betting companies emphasizes the value of customer loyalty for businesses offering distinctive products. The study also underscores the importance of paying particular attention to the organization's structure when implementing the differentiation strategy, especially in response to the sector's evolving market trends.

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Acquaah and Agyapong's (2015) research highlights the primary goal of differentiation: capitalizing on unique markets to yield earnings above those in a typical market. The study also distinguishes three main perspectives on differentiation: focusing on product qualities, emphasizing the relationship between the company and customers, and repricing, among other aspects. Aliqah's (2012) exploration of Jordanian manufacturing enterprises provides evidence linking differentiation approaches to improved organizational performance. The study reveals a significant and positive association between differentiation strategies and company performance, with a strong correlation between performance and product design, special product features, and new product creation.

Kamau (2013) examined the effects of rivalry on supermarkets in Nakuru, Kenya, and discovered that supermarkets are differentiating their products and services to improve sales in response to intensified competition. The findings align with Barney and Hesterley's (2016) emphasis on creating unique products to showcase innovation and gain a competitive edge. This approach offers protection against competitive rivalry, as consumer loyalty reduces susceptibility to price changes. The importance of organizational structure, management controls, and the deployment of cost leadership measures is highlighted in Martina's (2014) research on achieving the differentiation strategy. The study emphasizes that the organization's structure and implementation methods should support the strategies employed, rather than merely aligning with the environment. An organization that enables differentiation is characterized by a transverse funnel instead of complex structures.

Musyoka, Arasa, and Ombuki's (2019) study demonstrates a strong and positive correlation between increasing innovation and creativity, technological leadership, better promotion and advertising, strong brand image, and a diverse range of products and services. This strategy fosters innovation and creativity, offers a technological leadership advantage, improves promotion and advertising, enhances brand image, and broadens the range of goods and services

2. Objective of study

This study has the following specific objectives-

i. To clarify the relationship between cost strategies and firm performance
ii. To establish a connection between channel management strategies and firm performance
iii. To investigate the relationship between differentiation strategies and firm performance
iv. To ascertain the connection between focus strategies and firm performance

3. Hypothesis of the study

Null Hypothesis ($H0_1$): There is no significant relationship between cost strategies and firm performance.

Alternative Hypothesis (Ha_1): There is a significant relationship between cost strategies and firm performance.

Null Hypothesis ($H0_2$): There is no significant connection between channel management strategies and firm performance.

Alternative Hypothesis (Ha_2): There is a significant connection between channel management strategies and firm performance.

Null Hypothesis (H03): There is no significant relationship between differentiation strategies and firm performance.

Alternative Hypothesis (Ha3): There is a significant relationship between differentiation strategies and firm performance.

Null Hypothesis (H0$_4$): There is no significant connection between focus strategies and firm performance.

Alternative Hypothesis (Ha$_4$): There is a significant connection between focus strategies and firm performance.

4. Database and methodology of the study

For this investigation, a descriptive research design was selected. This choice was substantiated by the researcher's capacity to scrutinize and characterize the distribution of one or more variables, devoid of invoking any causal or other hypotheses. This approach was particularly conducive to the utilization of hierarchical regression analysis, which enabled an evaluation of the interrelation between the hypothesized strategies encompassing cost, channel management, differentiation, and focus, and their impact on firm performance.

Mugenda and Mugenda (2013) describe "target population" as referring to the complete assemblage of individuals or events, whether actual or hypothetical, from which an investigator seeks to deduce general conclusions. The study centered on the Kenya Information and Communications Act, enacted in 1999, which governed all 26 registered telecommunications businesses in Kenya. The study focused specifically on the corporate, marketing, and operational management staff.

A researcher's selection of components for population samples is referred to as their sampling technique (Cooper & Schindler, 2010). In this study, the purposive sample technique was employed to select at least two respondents from the marketing, corporate, and operations management levels of all 26 registered Telecommunication businesses in Kenya, representing the expected target audience of these organizations. The intentional sampling strategy was chosen because it allowed the researcher to focus on specific demographics in order to gather information relevant to the study (Suresh, Thomas & Suresh, 2011). As a result, the study's sample size comprised 104 participants.

The study made use of standardized self-administered questionnaires to gather relevant data based on the set objectives. A questionnaire is a collection of questions to which research subjects are expected to respond to. Questionnaires were used because of their ability to be administered in a large group of respondents and be able to collect information faster and within a short span of time (Mugenda & Mugenda, 2013). The objectives in the study were transformed in to questions that provided answers in the questionnaire. Each objective culminated into a series of questions within the questionnaire and therefore guided the respondents in answering them. Questionnaires were chosen for their ability to collect data from a large number of respondents within a short time.

Data will be analysed after being gathered and reliability-tested. The connection between financial outcomes and the strategic decisions that were chosen will then be established by the study using descriptive statistics and inferential statistics. The percentages, mean, and deviations from the mean are the descriptive data that should be employed. A linear regression model that establishes the link between variables is part of the inferential statistics. Tables and graphs will be used to present the data. To determine the connection between the aspects of the strategic alternatives under test and firm performance, statistical coefficients will be calculated.

$$\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon}$$

Wherein: **Y (FP)** = Firm Performance

β_0 indicates a constant.

Variable X's sensitivity to changes in FP is measured between β_1 and β_4

X_1 = Cost Strategies (CS);

X_2= Channel Management Strategies (CMS);

X_3= Differentiation Strategies (DS)

X_4= Focus Strategies (FS) and

ε = Error Term.

5. Major findings of the study

5.1 Testing of Regression Model Assumptions

The process begins with evaluative examinations conducted on a sample of an Ordinary Least Squares (OLS) regression model. These assessments serve to validate the model's credibility and assumptions, utilizing data gathered from the sample. The outcomes of these diagnostic tests offer insights into the model's efficacy and its adherence to the foundational assumptions of linear regression. This validation procedure plays a pivotal role in determining the suitability of the model for subsequent analysis, encompassing hypothesis testing and the computation of parameter estimates. To ascertain the strength, linearity, and magnitude of the relationships between variables, Pearson correlation diagnostics were employed. The Pearson's r values for all variable relationships—Cost Strategies (X1), Channel Management Strategies (X2), Differentiation Strategies (X3), and Focus Strategies (X4)—revealed notably strong linear correlations, with respective values of 0.490**, 0.461**, 0.520**, and 0.375**. The assessment of data normality, determined through Kolmogorov-Smirnov tests, indicated that the obtained data exhibited a significance level above 0.05. This observation affirmed that all variables—Cost Strategies (X1), Channel Management Strategies (X2), Differentiation Strategies (X3), and Focus Strategies (X4)—followed a normal distribution.

Lastly, the assessment of multicollinearity unveiled Variance Inflation Factors (VIF) below 3.0 for all categories of tests: Cost Strategies (VIF = 1.268), Channel Management Strategies (VIF = 1.699), Differentiation Strategies (VIF = 1.154), and Focus Strategies (VIF = 1.856). Consequently, there were no significant concerns regarding multicollinearity among the variables investigated in the study.

After confirming the fulfillment of all Ordinary Least Squares (OLS) assumptions, including normality, strength of relationships, linearity, homoscedasticity, and collinearity diagnostics, a multiple regression analysis was conducted. This analysis aimed to empirically test the study's hypotheses by either accepting or rejecting the null hypotheses. The utilization of multiple regression analysis was pivotal in gauging the strength, magnitude, and hypothesized relationships among the variables.

Table 1; Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.673[a]	.453	.427	.30731	.453	17.799	4	86	.000

a. Predictors: (Constant), Focus Strategies, Differentiation Strategies Cost Strategies, Channel Management Strategies

Source: Research data, (2023)

The findings unequivocally demonstrate that the four strategic options elements under examination namely: Focus Strategies, Differentiation Strategies, Cost Strategies, and Channel Management Strategies account for approximately 45.3% of the variation in the firm performance of the 26 registered telecommunications companies in Kenya. This relationship is quantified and represented by the R-squared (R^2) value.

Table 2: Analysis of Variance (ANOVA[a])

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.724	4	1.681	17.799	.000[b]
	Residual	8.122	86	.094		
	Total	14.845	90			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Focus Strategies, Differentiation Strategies Cost Strategies, Channel Management Strategies

Source: Research data, (2023

To assess the significance of the model, the study employed ANOVA. Referring to Table 2, the calculated p-value is 0.0000[b], which is below the 0.05 threshold. This indicates that the model holds statistical significance in its capacity to predict the influence of the independent variables, namely Focus Strategies, Differentiation Strategies, Cost Strategies, and Channel Management Strategies, on firm performance. At a 5% significance level, the critical F value stands at 2.70. However, the calculated F value (17.799) surpasses this critical value. This outcome underscores the overall significance of the model. The coefficients of the multiple regression models are presented in Table 3.

Table 3: Regression Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.978	.399		2.449	.016
	Cost Strategies (CS)	.252	.084	.269	2.998	.004
	Channel Management Strategies (CMS)	.148	.102	.158	1.450	.041
	Differentiation Strategies (DS)	.266	.074	.373	3.587	.001
	Focus Strategies (FS)	.137	.062	.189	2.209	.030

a. Dependent Variable: Firm Performance (FP)

Source: Research data, (2023)

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The regression model has established that, while keeping the tested strategic options elements constant at zero, the firm performance stands at 0.978. Upon analyzing the study findings, it became evident that Differentiation Strategies exhibited the most pronounced influence on firm performance, contributing to 26.6% of the variance, followed by Cost Strategies at 25.2%. Subsequently, Channel Management Strategies contributed 14.8% to the variance, and Focus Strategies contributed 13.7%.

Furthermore, the research has concluded that all four tested strategic elements—Focus Strategies, Differentiation Strategies, Cost Strategies, and Channel Management Strategies—hold significance, given that their respective p-values are below the 0.05 threshold. The t-statistics play a pivotal role in assessing the relative importance of each variable in the model. As a guideline for identifying valuable predictors, the study deems t-values below -0.05 or above +0.05 as substantial. According to the study results, the resulting model can be represented as:

$$\boldsymbol{Y = 0.978 + 0.252X_1 + 0.148X_2 + 0.266X_3 + 0.137X_4 + \varepsilon}$$

6. Conclusions

In conclusion, this study aimed to explore the relationships between various strategic approaches and the performance of 26 registered telecommunications companies in Kenya. The investigation covered four specific objectives: cost strategies, channel management strategies, differentiation strategies, and focus strategies. The findings from the multiple regression analyses revealed significant insights regarding the influence of these strategies on firm performance.

For cost strategies, including economies of scale adoption, cost control measures, and operational efficiency, the study found a significant and positive relationship with firm performance. This implies that implementing effective cost strategies can enhance the overall performance of the telecommunications companies.

Similarly, concerning channel management strategies, encompassing distribution/agency services, channel integration to attract customers, and the number/variety of channels, a significant and positive relationship with firm performance was established. This suggests that well-executed channel management strategies contribute to improved performance.

Regarding differentiation strategies, such as innovative product development, emotional response management, and pricing approach, the study demonstrated a significant and positive relationship with firm performance. This underscores the importance of differentiation strategies in driving positive performance outcomes.

Lastly, for focus strategies, which involve market segmentation, market niche, and target customers, the study identified a significant and positive relationship with firm performance. This indicates that a focused approach to the market can lead to enhanced company performance.

Overall, the study's findings emphasize the strategic significance of cost management, channel management, differentiation, and focus strategies in positively influencing the performance of telecommunications companies in Kenya. These insights offer valuable guidance for companies seeking to optimize their strategies to achieve better results in a competitive business environment.

7. Recommendations

Based on the findings of the study, several policy recommendations can be suggested to telecommunications companies in Kenya to enhance their performance and competitiveness:

Telecom companies should continue to prioritize and implement effective cost strategies, including

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economies of scale adoption, cost control measures, and operational efficiency improvements. These strategies have been shown to have a significant positive impact on firm performance. Regular assessments of cost structures and the identification of areas for cost optimization are crucial.

Given the positive relationship between channel management strategies and firm performance, telecom companies should focus on improving distribution/agency services, integrating channels to attract customers, and diversifying the number/variety of channels. This may involve investing in innovative distribution models and technologies to reach a broader customer base efficiently.

To boost performance, telecom companies should invest in differentiation strategies such as innovative product development, emotional response management, and pricing approaches. These strategies can help the companies stand out in a competitive market, attract loyal customers, and create a distinctive brand identity.

The study highlights the importance of market segmentation, market niche targeting, and catering to specific customer segments. Telecom companies should tailor their offerings and marketing efforts to address the unique needs and preferences of these segments, resulting in more effective customer engagement and ultimately improved performance.

Incorporating these policy recommendations can help telecommunications companies in Kenya optimize their strategies, enhance their performance, and maintain a competitive edge in a rapidly evolving market.

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