The Role Of Competitive Strategies On Performance Of Kenya State Corporations

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Abstract

Competitive strategies are important determinant of performance of State Corporations in Kenya. The main objective of the study was to determine the role of organizational autonomy and strategic positioning in the relationship between competitive strategies and performance of Kenyan State Corporations. This study was guided by positivist philosophy. The study adopted a descriptive cross-sectional census survey on a population of 187 Kenyan state corporations across the public sector. The study used both primary and secondary data. Primary data was collected by questionnaires which were administered to the Chief Executive Officers of the State Corporations. Data analysis entailed both descriptive and inferential statistics. The results indicated moderate mean score for cost leadership an indication that cost leadership was rated by the respondents as being inadequate for the Kenyan State Corporations. The corporations that emphasized efficiency had the highest mean score followed by the organizations emphasizing on time management. The study concluded that competitive strategies had a great influence on performance.

Introduction

A strategy is the outcome of some form of planning, organized process for anticipating and acting in the future in order to carry out an organization's mission (Baulcomb, 2003). According to Porter (1985) competitive strategy refers to how a firm intends to compete in a given business. Further, Porter (1985) contends that competitive strategy is a plan that establishes a profitable and sustainable competitive position against the five forces that drive industry competition: threat of new entrants, bargaining power of suppliers, bargaining power of buyers, rivalry among competitors and threat of new substitutes. It is concerned with how a company can gain a competitive advantage through a distinctive and different way of competing (Porter, 1980).

Several competitive strategy typologies exist in the strategic management literature. Among the most common and widely used typologies for studying various aspects of organizational behavior are Ansoff (1965), Miles and Snow (1978) and Porter (1980) typology. Ansoff (1965) developed four different strategies that address product-market growth namely; market penetration, market development, product development and diversification. Porter (1980, 1985) identified three generic competitive strategy typologies namely; low cost leadership, differentiation and focus. From the differentiation and low cost perspective, Porter (1980) contends that firms can view their product-market decisions in terms of how the organization creates or add value to customers. From the focus perspective, this may depend on how firms define their scope of operations that is, the scope of market coverage. He however, contends that a firm that pursues one of these strategies of either low-cost or differentiation should achieve above-average returns but, firms that pursue low cost and differentiation simultaneously will be stuck-in-the-middle and end up with poor performance. Porter (1980) however, argues that implementation of low cost and differentiation strategies requires different investments in resources, control procedure, leadership, culture, organization structure and incentive systems.

While each of these typologies has its own advantages and disadvantages, this study chose to focus on Porter's (1980) generic competitive strategic typologies for the following reasons. According to Porter's (1980) generic strategies were formulated in relation to organization performance. Likewise, the main concern of this study was to establish the overall performance of Kenyan state corporations. The three dimensions of generic competitive strategy are namely; low cost leadership, differentiation and focus served as independent variables. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (Ongeti, 2014). According to Richard, Devinney, Yip and Johnson (2009), organizational performance encompasses three specific areas of firm outcomes: Financial and stewardship: which includes utilization of allocated resources, appropriation in aid, cost reduction, development index service delivery, Non-Financial which includes compliance with strategic plan, disposal of idle assets, ISO certification, statutory obligations, competency development and service delivery which includes customer satisfaction, compliance with statutory obligations, IT, ISO 9001 certification. Performance has been defined as organizational effectiveness, efficiency, financial viability and relevance (Javier, 2002; IDRC, 1999). For the purposes of this study, Financial and Stewardship, Non-financial and Service delivery will form the basis of performance measurement of the Kenyan state corporations.

The competitive strategy view focuses on the influence of industry structure on firm performance. Companies formulate their strategic position by finding the best defensive position against competitive forces, by swaying the balance of the forces to enhance the company's position, and by choosing a strategy for competitive balance prior to opponents' movement (Kipley & Lewis, 2009). In this view, the strategic positioning of a firm reflects the firm's ability to generate competitive advantage. According to Reilly and Brown, (2009), a company can either position itself to deflect the effect of the competitive forces in the industry (defensive strategy) through investing in technology that will lower production costs or through increased advertising and creating a strong brand; or it will use its strengths to affect the competitive forces in the industry (offensive strategy). Both, the defensive and offensive competitive strategies can incorporate low cost and differentiation strategy. The competitive strategy view maintains that resources are the results obtained from the implementation of strategy and/or purchase from the environment (Porter, 1991). Consequently, resources cannot achieve an independent status in relation to firm performance. The importance of resources is understood only in conjunction with the capability of those resources to support the strategy pursued or the fitness of those resources for a particular industry structure (Spanos & Lioukas, 2001).

The state corporations in Kenya are established by a statute or an Act of parliament in pursuance of government policy or various Acts with reference to State Corporation Act Cap.446. They extend performance of certain services of central government to the nation. These corporations make a surplus in order to sustain themselves while meeting their objectives which are to correct market failure, exploit socio-political objectives, provide education, provide health, redistribute income and develop marginal areas (DPM, 2006). The Kenya government forms state corporations to meet both commercial and social goals. State corporations exist for various reasons including: to correct market failure, to exploit social and political objectives, provide education, health, redistribute income or develop marginal areas. The Parastatals reform initiatives which have been and continue being implemented by the Gok, is a testimony of the importance of the Kenyan state corporations especially because their failure to implement competitive strategies, lack of autonomy and non-positioning has resulted in some of them being a burden to the ex-chequer. The study will therefore envisage to guide the Kenyan state corporations in applying private sector business management with anticipation of recording the anticipated performance in line with their mission and vision which is the very essence of their establishment in the first place (Awino & Mutua, 2014).

Literature review

Generic Competitive Strategies

Cost Leadership Strategy emphasizes efficiency. By producing high volumes of standardized products, the firm hopes to take advantage of economies of scale and experience curve effects. The product is often a basic no-frills product that is produced at a relatively low cost and made available to a very large customer base. Maintaining this strategy requires a continuous search for cost reductions in all aspects of the business. The associated distribution strategy is to obtain the most extensive distribution possible. Promotional strategy often involves trying to make a virtue out of low cost product features (Javier, 2002). Low costs will permit a firm to sell relatively standardized products that offer features acceptable to many customers at the lowest competitive price and Low cost leadership could be considered as a competitive strategy that will create a sustainable competitive advantage. However, low cost leadership is attached to a disadvantage which is less customer loyalty (Yakhlef, 2001). Relatively low prices will result in creating a negative attitude towards the quality of the product in the mindset of the customers (Roger, 2009). Such low prices will gain competitive advantage and increase market share (Porter, 1980).

The firm pursuing differentiation seeks to be unique in its industry along some dimension that is valued by customers, which means investing in product R&D and marketing (Porter, 1980). Differentiation is aimed at the broad market that involves the creation of a product or services that is perceived throughout its industry as unique. The company or business unit may then charge a premium for its product. This specialty can be associated with design, brand image, technology, features, dealers, network, or customers' service. Differentiation is a viable strategy for earning above average returns in a specific business because the resulting brand loyalty lowers customers' sensitivity to price. A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist. Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well.

Competitive Strategies and Organizational Performance

Competitive strategies emerged in the year 1985, when Porter discussed the basic types of competitive strategies firms' possess (low-cost, Differentiation and focus) to achieve sustainable competitive advantage. Sustainable competitive advantage is the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by current or potential competitors along with the inability to duplicate the benefit of this strategy. In an effort to improve organizations profitability, and the overall performance, Barney (1986) notes that managers continuously make decision whether to launch new strategic initiatives as well as how to respond or counter other competitors' moves. He however points out that managers are able to make more effective decisions if they fully understand the firm's competitive environment.

The concept of competition pointed out by Reuer (2004) is gaining popularity among firms in a bid to improve efficiency; this is through joint ventures, strategic alliances and organizational networks that enable an organization to avoid duplication of resources. However, cooperation exposes the firm to certain risks including loss of control over key operations and potential exploitive behaviours by partners. Therefore, focusing on competition with other firms avoid such risks and enables a firm to be innovative and efficiently manage resources. Porter (1980) suggested that there are three types of competitive advantages through strategic positioning a company can own: low cost, differentiation and focus. The domination through costs strategy is specific to organizations which produce and sell standardized products. The aimed market is vast, with numerous segments. Adopting this strategy implies intensifying the investments, which afterwards implies a productivity growth, a better organization of the production processes, rationalizing the products gamut, etc. This strategy is generally used by organizations with a big financial power.

Conceptual Framework

Competitive strategies
- Cost leadership
- Differentiation
- Focus

Organizational Performance

Financial and stewardship:

Utilization of allocated resources, Appropriation in Aid, Cost Reduction, Compliance with budgetary levels, Level of Debt-Equity ratio

Non-Financial:
Compliance with Strategic Plan, employee satisfaction, Disposal of Idle assets, ISO Certification, Statutory Obligations, Competency Development, IT

Service Delivery:
Customer satisfaction, stakeholders' satisfaction
Development Index Service delivery.

Research Hypotheses

H_1: Competitive strategies have significant influence on the performance of Kenyan State Corporations.

Research Methodology

The study adopted a descriptive cross-sectional census survey. In such surveys data is collected from the entire population to help answer research questions of interest. Census survey research design collects data from every member of the population being studied rather than choosing a sample. The study population was all Kenyan state corporations as at January 30th 2015 there were 187 Kenyan state corporations across all the ministries (Gok, 2015). These corporations are classified into: revenue collection; cultural and social services; development or promotional agencies; commercial; regulatory; educational, professional; and research institutions. The population of study is a total of one hundred and forty-seven (147) state corporations.

The study used primary data which was largely quantitative. The questionnaire was used for this study. A five point likert scale ranging from not at all (1) to a very large extent (5) was used to construct the items on the questionnaire. The questionnaires were administered to the Chief Executive Officers of these state corporations. The study also used secondary data. Secondary data on performance was collected from annual performance

contract reports for State corporations for the five performance contracting cycles of 2009/2010, 2011/2012 and 2013/2014, from the department of performance contracting in the ministry of Planning and Devolution.
The internal consistency of the research instrument was assessed using Cronbach's alpha coefficient which is commonly used when there are multiple rating scale questions in a survey/questionnaire that form a scale. In the current study pilot questions were administered through personal interviews to ten state organizations which were not included in the target sample. Their feedback was used to improve the questionnaires and compute the reliability coefficient. Descriptive analysis and inferential statistics were used to evaluate the hypothesis presented in the study.

Analysis of Descriptive Data and Results

147 Questionnaires were sent to all the corporations out of which one hundred and thirty-four (134) were filled and returned, representing a response rate of ninety-one (91%).This response rate was considered adequate and therefore representative of the population of study. The test of reliability was done and the results indicated a Cronbach's alpha coefficient of 0.95 for competitive strategies. The researcher also used experts to examine and review the instrument for validity. In this study, normality was tested using Kolmogorov-Smirnov Test and the significance values were 0.200 for competitive strategies. This implies that population is normally distributed.

Competitive Strategies and Organizational Performance

The competitive strategies comprised of cost leadership, differentiation and focus. The study sought to establish the influence of the three competitive strategies on performance of Kenyan State Corporations.

Cost Leadership Strategy

The descriptive statistics of the current study on the influence of cost leadership strategy on organizational performance are presented in Table 1.

Table 1: Descriptive Statistics for Measures of Cost Leadership Strategy

Attributes	N	Mean	Std. Deviation	Coefficient of Variation (%)
Our organization has optimum level of personnel	134	3.5224	.89876	26
Our organization continuously trains staff on effective resource utilization	134	3.6343	.94623	26
Our organization maximizes on profitability through cost reduction strategies	133	3.6466	.93091	26
Our organization improves on production/service delivery process to cut on waste and duplication	133	3.7895	.74927	20
Our organization minimizes cost through innovation	133	3.8120	.86296	23
Our organization emphasizes on time management	134	4.1866	.85986	21
Our organization emphasizes on efficiency	134	4.1940	.75072	18
Overall Mean Score		**3.385**	**.8486**	**23**

The results in Table 1 indicate that in general the respondents moderately agreed that cost leadership strategy influences the performance of Kenyan State Corporations (mean= 3.385). The low coefficients of variation ranging from 18% to 26% imply that the influence of cost leadership factors on the performance of Kenyan State Corporations was less varied across the organizations. In addition, most influential cost leadership strategy on the performance of Kenyan State Corporations was the respondents' organization emphasizing on efficiency as depicted by the mean score of 4.194, standard deviation of .7507 and CV of 18%. It was followed by the respondents' organization emphasizing on time management as portrayed by the mean score of 4.187, standard deviation of .859 and C.V of 21%. On the other hand the most varied cost strategy that influence the performance of Kenyan State Corporations were organization's optimum level of personnel, continuously training staff on effective resource utilization and organization's maximization on profitability through cost reduction strategies (C.V of 26%).

Differentiation Strategy

In this study these differentiation factors were captured on the extent to which they influence performance and the findings are presented in Table 2.

Table 2: Means and standard deviation for Differentiation

Attributes	**N**	**Mean**	**Std. Deviation**	**Coefficient of Variation (%)**
Our organization offers products/services with unique characteristics	132	3.6439	.83009	23
Our organization does research to match products/services with customer needs	133	3.6466	.91449	25
Our organization creates and maintains products/services with appealing features	133	3.6617	.81545	23
Our organization offer products/services at affordable prices	133	3.7519	.84751	23
Our organization always strives to lead in product/service delivery in our sector	133	3.9248	.70307	18
Our organization always keeps our customers always aware of our product/service attributes	133	4.1429	.81782	20
Overall Mean Score		3.795	.8214	22

Source: Field data (2015)

The results as shown in Table 2 indicated on overall respondents agreed that differentiation influences performance of state corporations mean score of 3.795. The most influential differentiation factors on the performance of the corporations were; the organization always keeps their customers always aware of their product/service attributes and the organization always strives to lead in product/service delivery in their sector with (Mean score=4.143, standard deviation=0.818, C.V=20%; Mean score=3.925, standard deviation=0.703, C.V=18%;. All other statements had mean scores above 3.0 that is; the organization offers products/services with unique characteristics (mean=3.6439, standard deviation of .83009 and variation of 23%), the organization creates and maintains products/services with appealing features (mean=3.6617, standard deviation of .81545 and variation of 23%), the organization does research to match products/services with customer needs (mean=3.6466, standard deviation of .91449 and variation of 25%) and the organization offer products/services at affordable prices (mean=3.7519, standard deviation of .84751 and variation of 23%). On further analysis the

C.V depict that the influence of differentiation strategy on the performance was less varied across the organizations.

Overall, the essential success factor of differentiation in terms of strategy implementation is to develop and maintain innovativeness, creativeness, and organizational learning within a firm (Pennathur, 2001). Successful differentiation is based on a study of buyers' needs and behaviour in order to learn what they consider important and valuable. The desired features are then incorporated into the product to encourage buyer preference for the product. The basis for competitive advantage is a product whose attributes differ significantly from rivals products. Kotter (2001) insists that anything that a firm can do to create buyer value represents a potential basis for differentiation. Once it finds a good source of buyer value, it must build the value, creating attributes into its products at an acceptable cost. These attributes may raise the product's performance or make it more economical to use. Differentiation possibilities can grow out of possibilities performed anywhere in the activity cost chain.

Focus Strategy

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

Based on this argument, the current study sought to evaluate the extent to which focus was important in organizational performance. Various statements depicting the different manifestations of focus were posed and respondents were required to indicate the extent of agreement to which these statements applied to their organization. The results are presented in Table 3.

Table 3: Descriptive Statistics for Measures of Focus strategy

Attributes	**N**	**Mean**	**Std. Deviation**	**Coefficient of Variation (%)**
Our organization always reviews changes in the niche market	130	3.8923	.73922	19
Our organization always updates its mandate in line with changes in the market	133	4.0150	.74858	19
Our organization always strives to remain in its market	130	4.0231	.78222	19
Our organization specializes on its target market	131	4.0458	.77323	19
Our organization understands its focus and mandate	133	4.3158	.79170	18
Overall Mean Score		**4.058**	.7670	19

Source: Field Data (2015)

The results in Table 3 show high agreement with respect to the influence of focus strategy on organizational performance of Kenyan SCs generally (Mean scores 4.058, SD=0.767). The C.V of 19% indicates that there was minimal variation of the views on focus strategy amongst the corporations. The most influential and least varied focus strategy on performance according to the respondents was that the organization understands its focus and mandate (Mean=4.3158, SD=.79170 and CV=18%) with the least influential focus strategy on performance was pointed out as that the organization always reviews changes in the niche market (Mean=3.8923, SD=.73922 and CV=19%). The findings imply that focus as a competitive strategy is practiced by the Kenyan State Corporations to high extent in order to enhance the competitive advantage. Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly and more importantly other focusers may be able to carve out sub-segments that they can serve even better.

Organizational Performance of Kenyan State Corporations

The performance of organizations continues to draw interest in strategic management research because it is the optima for any organization. It is what determines the survival of an organization. Due to the critical position that performance holds in organizations, its measurement is key because it brings forth a report to the owners of the organization on how well the resources were utilized to derive benefits for them. From the foregoing, the composite scores for the state corporations and their rankings were obtained from the performance-contracting department and their means compared using one sample statistics. The findings are presented in Table 4.

Table 4: Organizational Performance

Item	**N**	**Mean**	**Std. Deviation**
Performance	133	2.6592	0.32017

Source: Field Data (2015)

Kenyan State Corporations' performance was rated on a scale of 1.00 to 5.00 where 1.00 represents excellent and 5.00 represents poor. 1-2.4 is excellent, 2.4-3 is very good, 3.0- 3.6 is good, 3.6-4.0 is fair and 4.0-5.0 is poor (GoK, 2006). The results in Table 4 indicated that State Corporations performance had a mean scores 2.6593 in the financial years 2008/09 to 2013/14. This shows that performance of the organizations were very good across the years.

Competitive Strategies and Organizational Performance

The influence of competitive strategies (cost leadership, differentiation and focus) on the performance of Kenyan state corporations was established through the following hypothesis:

H1: *Competitive strategies have significant influence on the performance of Kenyan state corporations*.

This hypothesis was then tested using a linear regression model where the values of performance were regressed on the values of each of the three competitive strategies. The results are presented in table 5.

Table 5: Effect of Competitive Strategies on Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.494[a]	.244	.198	.52833
a. Predictors: (Constant), Cost leadership, Differentiation, Focus				

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	4.414	3	1.471	5.271	.003b
	Residual	13.677	49	.279		
	Total	18.091	52			
a. Dependent Variable: Organizational performance						
b. Predictors: (Constant), Cost leadership, Differentiation, Focus						

coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	220.527	15.144		14.562	.000
	Cost leadership	.090	.516	.019	.175	.861
	Differentiation	-1.080	.684	-.174	-1.579	.117
	Focus	1.531	.712	.219	2.151	.033
a. Dependent Variable: Organizational performance						

P<0.05 **Source: Field Data (2015)**

As shown in table 5 (a) coefficient of determination is significant (R^2=0.244, F= 5.271, P<0.05). Results of the study therefore showed a relatively moderate or average relationship (R=.494). This was an indication that competitive strategies explained 24.4% (R^2 =.244) of organizational performance. The other variables in the organizations explained the remaining 75.6%.

The analysis from the model had the F value of 5.271. At p-value less than 0.05, the findings thus were sufficient to support influence of competitive strategies, implying that competitive strategies had statistically significant effects on organizational performance. Based on these findings, hypothesis H_1 is accepted.

The above findings are supported by differences in the mean scores and coefficient of variation for the three competitive strategies namely: focus, cost leadership and differentiation. As evident in table 1, 2 and 3, focus leads with an overall mean of 4.058 and coefficient of variation of 19%. It is followed by differentiation with a mean of 3.795 and coefficient of variation of 22% and lastly cost leadership with a mean of 3.385 and coefficient of variation of 23%.

Clearly, focus strategy has the highest mean and lowest variability, which appear to have contributed to the beta level of coefficient observed in the regression output. However, the influence of focus strategy appears to have declined in the presence of the two other strategies.

Competitive Strategies and Organizational Performance

The objective of the study aimed at establishing the influence of competitive strategies on the performance of Kenyan State Corporations. This objective had a corresponding hypothesis, H_1, which stated that competitive strategies have no significant influence on the performance of Kenyan State Corporations. Both competitive strategies and performance of organizations have gained momentum in the recent years due to the competitive environment in which they operate (Chawla & Berman, 1995).

In order to test the hypothesis, both the individual effects and combined effect of competitive strategies on organizational performance were tested. The results for the individual influence of the aspects of competitive strategies on performance indicated mixed outcomes. The influence of competitive strategies was evaluated based on the dimensions (cost leadership, differentiation and focus). These were evaluated against organizational performance. Performance scores for the State Corporations studied was obtained as a composite score from the performance contracting evaluation reports from the performance contracting department in the Ministry of planning and devolution for the five-year period from 2009/2010 to 2011/14 financial year. The composite includes both financial and non-financial measures of performance. First, the individual influence of competitive strategies dimensions on performance was tested and then the influence of the combined effect of competitive strategies on performance was tested.

Overall, the results show that competitive strategies had a weak but positive relationship with performance which however was not statistically significant. The individual contribution of each of the variables defining competitive strategy on performance gave mixed results. The results indicated that cost leadership positively influenced performance but the influence was not statistically significant. Differentiation on the other hand, had negative but the influence was not significant. Focus had positive effect on performance. Differentiation strategy is aimed at the broad market that involves creation of a product or service that a perceived throughout its industry as unique. This implies that Kenyan State Corporations have not fully embraced differentiation in terms of design, brand image, technology, features, dealer network, or customers' service. However, Kenyan State Corporations have embraced cost leadership and focus that enable them offer goods and services at a lower price than private organizations. Low costs permit the corporations to sell relatively standardized products that offer features acceptable to many customers at the lowest competitive price and such low prices lead to competitive advantage and increase in market share (Porter, 1988).

From the findings, positive effects were reported for cost leadership and focus but a negative effect was reported on differentiation. This negative change could be attributed to the fact that most State Corporations do not apply differentiation strategy and the fact that private competitors produce same goods and services to the public in a better way. The combined effect of competitive strategies on organizational performance was also tested and the results presented. Results of the study showed a relatively moderate or average relationship. The findings were sufficient to support influence of competitive strategies, implying that competitive strategies had statistically significant effects on organizational performance.

In an effort to improve organizations profitability, and the overall performance, Barney (1986) notes that managers continuously make decision whether to launch new strategic initiatives as well as how to respond or counter other competitors' moves. He however points out that managers are able to make more effective decisions if they fully understand the firm's competitive environment.

Summary, Conclusion and Recommendations

This study sought to establish the extent to which each of the cost leadership factors had an influence on the performance of Kenyan state corporations. The results indicated average the mean score for cost leadership an indication that cost leadership was rated by the respondents as being not adequate for the Kenyan state corporations.

The organization emphasizing on efficiency had the highest mean score followed by the organization emphasizing on time management. This means that the two factors being at strong agreement were the most practiced by the Kenyan state corporations. In this study differentiation factors were captured on the extent to which they influence performance. The results had average mean score of 3.795 implying that differentiation influences performance. The statement with highest mean score was that organizations always keep their customers always aware of their product/service attributes. All other statements had mean scores above 3.0.

On further analysis on t- test the values confirms that the statements on differentiation had statistically significant differences which was a confirmation that the Kenyan state corporations apply differentiation strategy to avoid duplication in offering goods and services to the public. The current study sought to evaluate the extent to which focus was important in organizational performance. Various statements depicting the different manifestations of focus were posed and respondents were required to indicate the extent of agreement to which these statements applied to their organization. The results show high agreement with respect to different manifestations on focus in Kenyan state corporations.

The highest score was on statements that the organization understands its focus and mandate with the lowest score being on the statement that the organization always reviews changes in the niche market implying that focus as a competitive strategy is practiced by the Kenyan state corporations to high extent in order to enhance the competitive advantage. Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well.

Conclusion

Overall, there is a significant relationship between competitive strategies and performance. The results for the individual influence of the aspects of competitive strategies on performance indicated mixed outcomes. The influence of competitive strategies was evaluated based on the dimensions (cost leadership, differentiation and focus). These were evaluated against organizational performance.
The combined effect of competitive strategies on organizational performance was also tested and the results presented. Results of the study showed a relatively moderate or average relationship. The findings were sufficient to support influence of competitive strategies, implying that competitive strategies had statistically significant effects on organizational performance. The finding that competitive strategies have a statistically significant influence on performance is critical and state corporations need to pay attention to the competitive strategies especially during strategy formulation process. These findings support the game theory.

Limitations of the Study

Considering that the researcher was self-sponsored for the study the exercise was strained of financial resources. Kenyan State corporations compute a composite of performance by plugging in six raw scores. The raw scores are for the indicators of performance include finance and stewardship, non-financial, operations, dynamic/qualitative, service delivery, corruption eradication, employee satisfaction, customer satisfaction and stakeholder satisfaction. The study used the composite performance indicator only.

Suggestions for Further Research

This study concentrated on establishing the influence of each of the competitive strategies on the performance of Kenyan state corporations. However, performance was tested as a composite score as reported by the performance contracting department. It would be interesting if the individual competitive strategies dimensions were tested against the raw score of each of the six performance areas in the performance contracts of state corporations as defined in the performance contracting guidelines.
This study used only four variables to test the factors that influence performance in state corporations. Given the fact that there are many other factors that may affect performance, other researchers may seek to unravel the influence of such other factors like corporate governance, resource allocation and so forth on the performance of state corporations. It would be interesting to find out whether the results would be the same when different variables are used.

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