Management through Strategy; a review of Michael Porter’s Generic Strategies, Pearce and Robinson’ Grand Strategies and Ansoff’s Product/ Market Growth Strategies

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INTRODUCTION

A company’s competitive strategy deals exclusively with the specifics of management’s game plan for competing successfully. Its specific efforts to please customers, its offensive and defensive moves to counter the maneuvers of rivals, its responses to whatever market conditions prevail at the moment, its initiatives to strengthen its market position, and its approach to securing a competitive advantage vis-à-vis rivals (Obado, 2005). A company achieves competitive advantage whenever it has some type of edge over rivals in attracting buyers and coping with competitive forces. There are many routes to competitive advantage, but they all involve giving buyers what they perceive as superior value compared to the offerings of rival sellers.

Organization’s ability to increase its profits is dependent on its ability to outwit, out bluff and outmaneuvers its rivals. To achieve this it needs the concept of game theory which deals with the process of competitive interaction whereby the firm seeks to determine a rival’s most profitable counter strategy to one’s own best moves and formulates the appropriate defensive measures (Mwakundia, 2006). Also required is the concept of strategic conflict model which portrays competition as war between rival firms. Central to this approach according to Karanja, (2002) is the view that a firm can achieve increased profits by influencing the actions of and behavior of its rivals and thus in effect, manipulate the market environment. Therefore, the model incorporates the role of strategic signaling as an important mechanism for influencing or intimidating rivals.

In the choice of competitive strategy Kibiru, (1999) argues that two central question must be considered. The first is the attractiveness of industries for long term profitability and the factors that determine it. The second central question is to determinant of relative competitive position within an industry. Porter (1985) continues to argue as quoted by Mungai, (2006) in that neither question is sufficient by itself to guide the choice of competitive strategy. Both industry attractiveness and competitive position can be shaped by a firm and this is what makes the choice of competitive strategy both challenging and exciting. While industry attractiveness is partly a reflection of factors over which a firm has little influence, competitive strategy has considerable power to make an industry more or less attractive. According to Karanja, (2002) competitive strategy is the basis on which a business unit might achieve a competitive advantage in its market. At the same time a firm can clearly improve or erode its position within an industry through its choice of strategy. Competitive strategy then not only responds to environment but also attempts to shape that environment in a firm’s favor. The essence of formulating competitive strategy according to Murage, (2001) is relating a company to its environment.

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Industry structure has a strong influence in determining the competitive rules of the game as well as the strategies potentially available to the firm. Murdoch (1999) argues that a firm implements a competitive strategy when it seeks to gain superior economic performance by contending with other firms. Competition in an industry is rooted in its underlying economic structure and goes well beyond the behavior of current competition. The state of competition in an industry depends on five basic competitive forces. The collective strength of these forces determine the ultimate profit potential in the industry where profit potential is measured in terms of long run returns on invested capital. Hence to cope successfully with the five competitive forces and thereby yield a superior return on investment, firms have discovered many different approaches to this and the best strategy for a given firm is ultimately unique construction reflecting its particular circumstances.

**Purpose of the study**

The managers of successful organizations must have a strategic plan in order to ensure a strong competitive position on the market and therefore achieve the desired outcome. Competitive advantage is the key for obtaining high revenue and a long-term success. Less profitable organizations are always those that lack a good strategy. Their managers, preoccupied with internal problems and paperwork deadlines, do a poor job of maneuvering their organizations into favorable competitive positions; they don't develop effective ways to compete more successfully. They often underestimate the strength of competitors and overestimate the ability of their own organizations to offset the competitive advantage of the market leaders. High-performing organizations are strongly results-oriented and performance-conscious. Their managers consider the individual performance of each employee as a pillar to organizational competitiveness, and they fairly reward outstanding results. The managers of poorly performing organizations excuse weak performance on the basis of uncontrollable factors such as a depressed economy, slack demand, strong competitive pressures, rising costs and unforeseen problems. In their case, rewards are only loosely tied to standards of superior performance. In best performing companies, managers are deeply involved in implementing the chosen strategy and making it work as planned. They understand the internal requirements for successful strategy implementation and they insist that careful attention be paid to the details required for first-rate execution of the chosen strategy. They personally lead the process of strategy implementation and execution. In contrast, the managers of poorly performing organizations are into the machinations of corporate bureaucracy; the bulk of their time is taken up with studies, reports, meetings, policy making, memos and administrative procedure. They don't see systematic implementation of strategic plans as their prime administrative responsibility. They spend most of the workday in their offices, remaining largely invisible to their employees, using immediate subordinates as a conduit to the rest of the organization, and keeping tight control over most decisions, hence the article on Management through strategy a review of Michael Porter’s generic strategies, Pearce and Robinson’ Grand Strategies and Ansoff’s Product/Market growth Strategies

**Theoretical review**

**Mathematical Theory of Games**

The mathematical theory of games was invented by Deschamps and Nayak (2008). Game theory is the study of the ways in which strategic interactions among rational players produce outcomes with respect to the preferences (or utilities) of those players, none of which might have been intended by any of them. Game theorists, like economists and philosophers studying rational decision-making, describe these by means of an abstract concept called utility. This refers to the amount of “welfare” an agent derives from an object or an event. Welfare refers to some normative index of relative well-being, justified by reference to some background framework. In the case of people, it is most typical in economics and applications of game theory to evaluate their relative welfare by reference to their own implicit or explicit judgments of it (Omondi, 2006)

Brands, as a result of innovations and differentiation, can be considered as a method of signaling quality and other product characteristics to consumers. This allows various models developed in game theory to be applied, such as Karnani (2008) classic “market for lemons” model in which price signals quality. The “hidden” value that may be uncovered by applying game theory is the deterrence value of investments in intellectual capital. As is well known, patents and copyrights add value by deterring competitors from making use of the same work and allow the patent or copyright holder to enjoy exclusive use of the intellectual work for a limited time. However, game theory shows that such a deterrence effect can also occur in the absence of patents and copyrights. The simplest scenario is where the market is limited and there is overcapacity in the industry. In such a scenario, an incumbent that makes a preemptive move by making a large investment may deter new entrants if the entrant believes that the incumbent will react aggressively to entry, or if the move allows the incumbent to move so far down the learning curve that it is difficult for new entrants to catch up. The mere fact of making a large investment may be enough to deter entry even if there is no patent or copyright protection. Most of the examples that can be quoted are practical benefits of applying game theory in the valuation of intellectual capital. However, game theory provides additional benefits in allowing one to draw insights about how to gain strategic value from intellectual capital. The conventional strategic management wisdom expounded by many authors (Murray, 1988) is that, in order for a firm’s resources (including intellectual capital) to lead to a sustainable competitive advantage, they must be difficult to replicate, durable and imperfectly mobile or not easily traded.

**Michael Porter’s generic strategies**

Namada, (2006) argued that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition. If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy. Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Karanja, 2002). Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals.
To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price or a better quality product that is worth paying more for (Kibiru, 1999). Porter's cost leadership strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Mungai, 2006). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy (Murage, 2001). The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Ndubai, 2003). For an effective cost leadership strategy, a firm must have a large market share (Hyatt, 2001). Lower costs and cost advantages result from process innovations, learning curve benefits, and economies of scale, product designs reducing manufacturing time and costs, and reengineering activities. Only one firm in an industry can be the cost leader and if this is the only difference between a firm and competitors, the best strategic choice is the low cost leadership role (Ndung'u, 2006). A firm could enjoy low cost leadership through access to raw materials or superior proprietary technology which helps to lower costs (Ogolla, 2005). Lower prices lead to higher demand and, therefore, to a larger market share (Okal, 2006). As a low cost leader, an organization can present barriers against new market entrants who would need large amounts of capital to enter the market (Obado, 2005). As a low cost leader, an organization can present barriers against new market entrants who would need large amounts of capital to enter the market.

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 (Omidi, 2006). 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. Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better (Njoroge, 2006).

In the focus strategy, a firm targets a specific segment of the market (Karanja, 2002). The firm can choose to focus on a select customer group, product range, geographical area, or service line (Karanani, 2008). Focus also is based on adopting a narrow competitive scope within an industry. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors.

A successful focus strategy (Kibiru, 1999) depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. Focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms. When using differentiation strategy, a company focuses its efforts on providing a unique product or service (Mungai, 2006). Since, the product or service is unique this strategy provides high customer loyalty (Murdock, 1999). Product differentiation fulfills a customer need and involves tailoring the product or service to the customer. This allows organizations to charge a premium price to capture market share. The differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support.

Firms following a differentiation strategy can charge a higher price for their products based on the product characteristics, the delivery system, the quality of service, or the distribution channels. The differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique or quality product and willing to pay a higher price. The key step in devising a differentiation strategy is to determine what makes a company different from a competitor's (Murray, 1988). When using differentiation, firms must be prepared to add a premium to the cost (Mwakundia, 2006). This is not to suggest costs and prices are not considered; only it is not the main focus. However, since customers perceive the product or service as unique, they are loyal to the company and willing to pay the higher price for its products (Namada, 2006). The value added by the uniqueness of the product may allow the firm to charge a premium price for it. 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 (Ndubai, 2003). Firms that succeed in a differentiation strategy often have the following internal strengths: access to leading scientific research; highly skilled and creative product development team; strong sales team with the ability to successfully communicate the perceived strengths of the product; and corporate reputation for quality and innovation.

**Pearce and Robinson’ Grand Strategies**

The grand strategies, often called master or business strategies provide basic direction for strategic actions. They are the basis of coordinated and sustained efforts directed toward achieving long term business objectives. Okal (2006) discusses pearce et al. 15 principal grand strategies which are concentrated growth, market development, product development, innovation, horizontal integration, vertical integration, concentric diversification, conglomerate diversification, turnaround, divestiture, liquidation, bankruptcy, joint ventures, strategic alliances, and consortia.

Any one firm of these strategies could serve as the basis for achieving the major long term objective of a single firm. But many firms which are involved with multiple industries, businesses, and product lines, or customer groups usually combine several grand strategies. For the purpose of this discussion the research will discuss the following; concentrated growth, Innovation, Market and Product development, Horizontal and Vertical integration and Joint
venture and Strategic alliances. Grand strategies indicate the time period over which long range objective are to be achieved, thus a grand strategy can be defined as a comprehensive general approach that guides a firm’s major actions.

Ogolla, (2005) observes that the Concentrated growth is the strategy of the firm that directs its resources to the profitable growth of a single product, in a single market’ with a single dormant technology. The main rationale for this approach, sometimes called a market penetration or concentrated strategy is that the firm thoroughly develops and exploits its expertise in a delimited competitive arena. Concentrated growth strategies lead to enhanced performance through its ability to assess market needs, knowledge of buyer behavior, customer price sensitivity, and effectiveness of promotion. This strategy if favorable in industries which are resistant to technological advancement, firms targeted market is product saturated, when firm’s product market are sufficiently distinctive to dissuade competitors in adjacent product market from trying to invade the firm’s segment. And also when the firm’s inputs are stable in price and quantity and are available in the amounts and at the times needed.

Obado, (2005) posits that Innovation is a grand strategy that seeks to reap the premium margins associated with creation and customer acceptance of a new product or service. The underlying rationale according to Pearce et al. (2010) is to create a new product lifecycle and thereby make similar existing products obsolete and a divesture from the product development strategy of extending the existing product’s life cycle. While most growth oriented firms appreciate the need to be innovative, a few firms use it as their fundamental way of relating to their markets as costs associated with R&D, and pre-marketing costs of converting a promising idea into a profitable product are extremely high.

Njoroge, (2006) observes that Vertical and horizontal integration strategies of Pearce are among grand strategies whereby vertical integration involve the acquisition of the firm that supply the acquiring firm with inputs or new customers for its outputs the reasons for choosing a vertical integration are to increase dependability of the supply or quality of the raw materials used as production inputs and also to control costs. Horizontal integration involves acquisition of similar firms operating at the same stage of the production marketing chain. In this case, Ndungu’ (2006) new commodities are added by the purchase of a competitive organization. It is accomplished by the acquisition of competitor’s common stock, by the purchase of competitor’s assets or by pooling together the interest of the two organizations.

Strategic alliances are commonly defined as purposive linkages between organization that cover collaborations involving an exchange, a co development or sharing relationship (Namada, 2004). Strategic alliance has a number of defining features, these are among them; they bring two or more individual organization together. The alliance requires these parties to be interconnected in some way with resource dependencies, interconnectedness involves reciprocal relations, the alliance strives to define itself through consistent goals, interests or values, and in the alliance there is an assumption that the individual parties maintain at least some level of autonomy (Okal, 2006). Joint ventures are an entity owned by multiple parent firms that is legally distinct from the parent firms. (Njoroge, 2006) It is an entity formed by two or more independent firms that choose to carry out an activity joint rather than pursuing the project individually or by merging or acquiring entire business units.

**Ansoff’s Product/ Market growth Strategies**

A product-market strategy, accordingly, is a joint statement of a product line and the corresponding set of missions which the products are designed to fulfill. Ansoff (1957) created Product-Market Growth Matrix as a marketing tool to allow for marketers to consider ways to grow the business via existing and/or new products and also in existing and/or new markets. There are four possible product/market combinations. This matrix helps companies decide what course of action should be taken given current performance. Pearce and Robinson (2010) the matrix includes market penetration, product development, market development and diversification. The output from the Ansoff product/market matrix is a series of suggested growth strategies that set the direction for the business strategy (Omondi, 2006)

Market penetration is an effort to increase company sales without departing from an original product-market strategy. The company seeks to improve business performance either by increasing the volume of sales to its present customers or by finding new customers for present products. The company first considers whether it could gain more market share with its current products in their current markets (Niemira, 2000). Market penetration occurs when a company penetrates a market with current products. The best way to achieve this is by gaining competitors’ customers other ways include attracting non-users of your product or convincing current clients to use more of your product/service, with advertising or other promotions. Market penetration is the least risky way for a company to grow. According to Ndubai, (2003) Market penetration seeks to achieve four main objectives; Maintain or increase the market share of current products, Secure dominance of growth markets, Increase usage by existing customers and doing business as usual.

Product development strategy, on the other hand, retains the present mission and develops products that have new and different characteristics such as will improve the performance of the mission. A firm with a market for its current products might embark on a strategy of developing other products catering to the same market although these new products need not be new to the market; the point is that the product is new to the company. According to Obado, (2005) this strategy may require a commitment to high levels of research and development.

According to Pearce et al. (2010) product development strategy is based on the penetration of existing markets by incorporating product modification into existing or developing new products with a clear connection to the existing product line. When a firm creates new products, it can gain new customers for these products. Hence, new product development can be crucial business development strategy for firms to stay competitive. A successful product development strategy places the marketing emphasis on R & D, detailed insights into customer needs and how they change and being the first to market.

Market development is a strategy in which the company attempts to adapt its present product line (generally with some modification in the product characteristics) to new missions. Pearce et al. (2010) argue that this strategy involves the selling of present products with only cosmetic modification to customers in related marketing areas by adding channels of distribution or by changing the content of advertising or promotion. An airplane company which adapts and sells its
passenger transport for the mission of cargo transportation is an example of this strategy. An established product in the marketplace can be tweaked or targeted to a different customer segment, as a strategy to earn more revenue for the firm. Also the market need not be new in itself; the point is that the market is new to the company.

Diversification is the final alternative. It calls for a simultaneous departure from the present product line and the present market structure. Each of the above strategies describes a distinct path which a business can take toward future growth. However, it must be emphasized that in most actual situations a business would follow several of these paths at the same time. According to Karanja, (2002) a company becomes prime candidates for diversifying when it spots opportunities for expanding into industries whose technologies and products complement its present business, when it can leverage existing competencies and capabilities by expanding into businesses where same resources strengths are key success factors and valuable competitive, where diversifying into closely related business opens new avenues for reducing costs and where it has a powerful and well known brand name that can be transferred to the products of other business and thereby used as a lever for driving up the sales and profits of such business

The diversification strategy stands apart from the other three (Karnani, 2008). When the latter are usually followed with the same technical, financial, and merchandising resources which are used for the original product line, diversification generally requires new skills, new techniques, and new facilities. For a business to adopt a diversification strategy, it must have a clear idea about what it expects to gain from the strategy and an honest assessment of the risks. However, for the right balance between risk and reward, a marketing strategy of diversification can be highly rewarding. The Ansoff matrix illustrates in particular, that the element of risk increases the further the strategy moves away from known quantities that is the existing product and the existing market. Thus, product development and market extension typically involve a greater risk than penetration. And diversification generally carries the greatest risk of all.

**Strategic alliances Strategic**

Alliances are increasingly becoming popular day by day. To achieve competitive advantages firms combine their assets and capabilities in a cooperative policy that is termed as strategic alliance. Strategic alliance is considered as an essential source of resource-sharing, learning, and thereby competitive advantage in the competitive business world. Management of alliance and value creation to attain competitive advantage is very important in strategic alliance (Murray, 1988). This involves firms exchanging and sharing of resources and capabilities to co-develop or distribute goods or services (Ndumbai, 2003). The achievement of competitive advantages may not be possible by one firm itself because it does not possess required all resources and knowledge to be entrepreneurial and innovative in dynamic competitive markets. Inter - organizational relationships create the opportunity to share the resources and capability lies of firms while working with partners to develop additional resources and capabilities as the function for new competitive advantages (Obado, 2005).

**Relationship between Competitive Strategies and Firm Performance**

Measurement of performance and productivity has garnered significant interest recently among both academics and practitioners. Much progress has been made on establishing performance management systems (PMSs) which include a portfolio of measures aimed to balance the more traditional, single focus view on profitability. The relationship between competitive strategy and an organization's economic performance is “a controversial, problematic and unresolved issue” (Pearce et al., 2007). Competitive strategy has been associated with the field of strategic management from its earliest foundations. According to Namada (2006) strategists must assess the forces affecting competition in their industry and identify their company's strengths and weaknesses, then strategists can devise a plan of action that may include first, positioning the company so that its capabilities provide the best defense against the competitive force, influence the balance of the forces through strategic moves, thereby improving the company's position, and, anticipate shifts in the factors underlying the forces and responding to them, with the hope of exploiting change by choosing a strategy appropriate for the new competitive balance before opponents recognize it.

**Empirical review**

Karanja (2002) investigated the influence of competitive strategies and organizational structure on hotel performance and to explore whether organizational structure has a moderating effect on the relationship between competitive strategies and hotel performance. This study employed a causal and descriptive research design to determine the cause-and-effect relationships among competitive strategies, organizational structure, and hotel performance based on previous studies. A 28-question self-administered questionnaire comprising three sections was employed. The target population for this study was US hotel owners and general and executive managers whose e-mail addresses were listed on a publicly available database. A census survey was carried out and e-mails were sent to all of the hoteliers listed in the database. The results show competitive human resources (HR) strategy to have a direct impact on a hotel's behavioral performance, and a competitive IT strategy to have a direct impact on a hotel's financial performance. Organizational structure is found to have a moderating effect on the relationship between both of these strategies and behavioral performance. However, the results of the current study show that organizational structure has no influence on the relationship between a brand image strategy and a hotel's behavioral performance, nor does it have any moderating effect on the relationship between a hotel's financial performance and its competitive brand image, HR or IT strategy.

Karnani, (2008) in his study on the business case for sustainable development: making a difference toward the earth found that on the level of marketing sustainability, the aspects of competitive advantage are becoming the most stressed issues. Earlier, and for most public universities even today, legal and social pressures played a primordial importance for thinking about and acting in sustainability matter. Nowadays, an increasing number of public universities realize the need to implement corporate sustainability for maintaining competitiveness. Sustainability issues are increasingly integrated into overall company strategy, into strategy of business units and into that of different company’s functions as well, such as innovation, purchasing, marketing, human resource management, and so on. Moreover, performance of public universities-oriented competitive strategies have been identified and elaborated.
Kibiru, (1999) investigated the mediating effects of a firm’s competitive strategy in the market orientation-performance relationship. Based on a sample of 371 operations firms in China, evidence was found that the three dimensions of market orientation exert different effects on competitive strategy and performance. Among them, customer orientation has the strongest association with competitive strategy and market performance. This lends credence to a component wise approach on the study of the relationship between market orientation and performance. The results of structural equation analyses indicate that the mediating effect of competitive strategy is mainly revealed in innovation strategy, the most vital factor in creating superior value for the company in the emerging market.

Analyzing success factors of leading public universities in new product development Okal, (2006) found, that big public universities seem particularly adept and translate societal improvements, and ideas of their new products often come from analysis of social trends, especially environment trends or interest in healthier eating. However, a range of research reports and management publications admit that an increasing number of public universities is becoming involved in sustainability concerns, but relatively few public universities have adapted corporate sustainability principles and actions as an integrated system. Just so-called „high performance businesses” serve as examples and may be submitted to benchmark and follow leading practice.

A number of studies have been done on competitive strategies but under different contexts in Kenya. Kimotho (2012) did a study on the impact of competitive strategies on the financial performance of CFC Stanbic Bank Limited. The link between these competitive strategies and the financial performance of commercial banks form the framework of the study. A case study approach was employed to determine the impact of competitive strategies on the financial performance of commercial banks specifically focusing on CFC Stanbic Bank Ltd in Kenya. Content analysis was used to analyze the data collected in this study. The presentation of the analysis and interpretations was captured in two parts: the first part capturing the general information in regard to those sampled, while the second part was further subdivided into parts capturing: Segmentation Strategies; Price Strategies; Delivery and Distribution Strategies; Promotional Strategies; Risk management strategies; Product and service differentiation strategies and performance of the bank. The results indicate that those companies that are effective at rapidly bringing innovative new products and services to the market have gained a huge competitive edge in today’s business world. The results therefore attributed the improvement in financial performance on the competitive strategies that the bank has been undertaking in the past years of its existence.

Murage (2011) focused on the competitive strategies in the petroleum industry and found that service stations use differentiation as a method of obtaining competitive advantage over other service stations. Obado (2005) in his study, focused on competitive strategies by commercial banks in Kenya. The study revealed that banks in Kenya use various means in order to remain competitive, he also concluded that expansion into other areas by opening new branches has also, been used as a strategy. Karanja, (2002) did a survey of competitive strategies of real estate firms in the perspective of Porter’s generic model. These studies reveal that firms in different industries adopt different competitive strategies which are unique in each context.

No study has been done on competitive strategies adopted by firms in the mobile telecommunications industry in Kenya. Owiye (1999) argued that competitive strategies will be vital to a firm while developing its fundamental approach to attaining competitive advantage (low price, differentiation, niche), the size or market position it plans to achieve, and its focus and method for growth. Day and Wensley (2008) focused on two categorical sources involved in creating a competitive strategy: superior skills and superior resources. Competitive strategies adopted by a firm should result in a competitive advantage. Porter (2000) argues that there are three generic competitive strategies which firms can employ. These are cost leadership, differentiation and focus. This generalization was applied in US firms and can be applied amongst mobile telecommunication companies in Kenya. Owiye (1999) however, argues that findings of studies carried out in one culture could not be assumed to apply to other cultures unless that was supported by research. The environment, that is, cultural context, in USA is very different from that of Kenya. Evidence suggests that complementary business level strategic alliance, especially vertical ones, have the greatest probability of creating a sustainable competitive advantage. More and more companies are entering into alliances to gain competitive advantages (Gari, 1999).

Strategic alliance designed to respond to competition and to reduce uncertainty can also create competitive advantages. Research on strategic alliance in the past few decades has suggested that strategic alliance can enhance competitiveness. Whatever forms joint venture, equity based or non-equity based, strategic alliance assist in ensuring the economic value addition, multidimensional inter-firm network, and inter-organizational coordination. Studies concluded that there was no clear systematic relationship between competitive strategy and firm performance. Niemira, (2000) recognized that firms that have properly planned and applied competitive strategies have a tendency to have higher performance than those that do not. Competitive strategies can lead to high organizational performance, customer satisfaction and increased competitiveness in the face of competitors.

Discussion

While researchers may not always agree on the best strategy, or strategy combination, most if not all, support the long-term benefits of strategic planning for the successful performance of an organization or business unit. However, measuring the performance of a company is challenging. Researchers (Olson, Eric, Stanley and Slater, 2002; Niemira, 2000) disagree about how to both define and operationalize performance. Most studies on organizational performance use a variety of financial and non-financial success measures. Researchers employ financial measures such as profit (Murray, 1988), turnover (Kibiru, 1999), return on investment (Ndubai, 2003), return on capital employed (Mwakundia, 2006), and inventory turnover (Niemira, 2000). Nonfinancial measures include innovativeness (Murray, 1988) and market standing. When performance is measured at a variety of levels (national, industry, company, and product), comparison of results is difficult (Murdoch, 1999).

Measures of firm performance generally include such bottom-line, financial indicators as sales, profits, cash flow, return on equity, and growth. It is important to determine how a firm compares with its industry competitors when assessing firm performance (Ndungu’ 2006). With the multitude of competitive environments faced by firms in differing industries, knowing only absolute financial numbers such as
sales, profits, or cash flow is not very illuminating unless viewed in the context of how well the firm is doing compared to their competition. Therefore, it is important to use an industry comparison approach when making firm performance assessments for organizations sampled from a wide variety of industries.

Omondi, (2006) define business performance as the total economic results of the activities undertaken by an organization. Okal, (2006) found primary dimensions of business performance could be grouped into the three categories of effectiveness, efficiency, and adaptability. But there is little agreement as to which measure is best. Thus, any comparison of business performance with only these three dimensions involve substantial trade-offs: good performance on one dimension often means sacrificing performance on another (Obado, 2005).

In many research situations it is impractical or impossible to access objective measures of organizational performance. Even if such measures were available it does not guarantee the accuracy of the performance measurement. For example, when a sample contains a variety of industries, performance measurement and comparisons can be particularly problematic. What is considered excellent performance in one industry may be considered poor or middling performance in another industry. If researchers limit themselves to a single industry, the performance measures may be more meaningful, but the generalizability of the findings to other industries is problematic. The literature has remained largely at the conceptual level in discussing the link between the generic strategies and firm performance. Scholars agree it should and must exist, but researchers have not determined which specific strategic practices within the generic strategy framework best achieve organizational performance goals. It seems some combination of practices is more effective than others, but propositions on strategic practices have remained largely untested and there is a recognized need for empirical work in this area.

Analysis and judgment are the most important factors. The right choice and strategy for one organization need not be right for another organization - even one in the same business, because situations differ from organization to organization, as well as from time to time. Strongly positioned firms can do things that weakly positioned ones can't do, and weak firms need to do things that strong ones don't. A good strategy is one that is right for the organization, considering all of the relevant specifics of its situation. The entrepreneurial task of formulating strategy thus always requires heavy doses of situational analysis and judgment, with the aim being to achieve “goodness of fit” between strategy and all the relevant aspects of the organization's internal situation and external environment. Indeed, one of the special values and contributions of managers is an ability to develop customized solutions that fit the unique features of an organization's situation.

Neither strategy formulation nor strategy implementation is a once-and- for-all-time task. In both cases, circumstances arise which make corrective adjustments desirable. Strategy may need to be modified because it is not working well or because changing conditions make fine-tuning, or even major overhaul, necessary. Even a good strategy can be improved, and it requires no great argument to see that changes in industry and competitive conditions, the emergence of new opportunities or threats, new executive leadership, a reordering of objectives and the like can all make a change in strategy desirable. Likewise, with strategy implementation there will be times when one or another aspect of implementation does not go as well as planned, making adjustments necessary. And changing internal conditions, as well as experiences with current strategy execution, can drive different or improved implementation approaches. Testing out new ideas and learning what works and what doesn't through trial and error is common. Thus, it is always a compulsory task for managers to monitor both how well the chosen strategy is working and how well implementation is proceeding, making corrective adjustments whenever better ways of doing things can be supported. The function of strategic management is ongoing, not something to be done once and then neglected. The advantages of first-rate strategic thinking and a deep commitment to the strategic management process include the guidance it provides to the entire management hierarchy in making clear just what it is the company is trying to do and to achieve; the contribution it makes to recognizing and responding to market changes, new opportunities, and threatening developments; the rationale it provides for management in evaluating competing requests for investment capital and new staff; the coordination it adds to all the strategy-related decision making done by managers across the organization; and the proactive instead of reactive posture that it gives to the organization. As already stated, high-performing companies use their knowledge and global expertise to deliberately try to impact their target markets with a powerful strategy; they try to initiate and lead, not just react and defend. In their view, the real purpose and value of strategy is to come up with an action plan that will successfully attract buyers, produce a sustainable competitive advantage, boost the firm’s market stature, put added competitive pressure on rivals, and push performance to superior levels.

Conclusion

The issues of strategy thus go up and down the managerial hierarchy; strategy is not just something that only top management wrestles with. While there is indeed a strategy for the organization as a whole that is top management's responsibility, there are strategies for each line of business the organization is in; there are strategies at the functional area level (manufacturing, marketing, finance, human resources, and so on) within each business; and there are strategies at the operating level (for each department and field unit) to carry out the details of functional area strategy. Optimally, the strategies at each level are formulated and implemented by those managers closest to the scene of the action and then sufficiently coordinated to produce a unified action plan for the whole organization. The content of a strategic action plan reflects entrepreneurial judgments about the long-term direction of the organization, any need for major new initiatives (increased competitive aggressiveness, a new diversification move, divestiture of unattractive activities), and actions aimed at keeping the organization in position to enjoy sustained success.

The managers of successful organizations are action-oriented strategic-thinkers who make a habit of keeping an eye on customer needs, new opportunities and competitive positioning while controlling internal operations. They are aware of their responsibility to shape their organization's long term direction, formulate a coherent strategic action plan that will produce competitive advantage and long-term financial success, and orchestrate successful implementation of the chosen strategy. These managers are good strategists and entrepreneurs as well as good inside leaders.
Therefore, we can conclude that strategic management is the key factor in achieving organizational performance.

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