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**EFFECT OF COMPETITIVE STRATEGIES ON THE PERFORMANCE OF OIL
MARKETING COMPANIES IN KENYA**

LUCY GICHUHI

ADMISSION NUMBER – 12888



**A DISSERTATION SUBMITTED TO THE STRATHMORE UNIVERSITY BUSINESS
SCHOOL IN PARTIAL FULFILLMENT FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION AT STRATHMORE BUSINESS SCHOOL,
STRATHMORE UNIVERSITY.**

MAY 2023

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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DEDICATION

To my late father, J.G. Thungu who taught me that everything is possible when you believe and dedicate yourself, supporting me and pushing me to be the best through my academic journey, I hope this makes you proud.

To my mother, Millicent Gichuhi a woman who gives everything including herself for the ones she loves not to lack.

To my husband and my son for always encouraging me, filling in the gaps I leave at home to dedicate most of my time for school, we are almost at the end.



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I would like to thank the Almighty God for the gift of life, leading me through this journey and keeping me strong even on the days I would feel like quitting. I am very grateful to my supervisor Dr. Olga Auma Adede for the guidance and commitment to ensure am on the right track, reaching out to check on the progress, dedicating her time for me, thank you. Am forever grateful to my husband for supporting me through this journey, your encouragement and not giving up on me when it was tough, for taking care of our son to allow me focus on my studies.

My son, for your patience, understanding and allowing mom to be absent from your life to focus on her studies. To my colleagues for their contribution to this study. To my entire family thank you for the encouragement. God bless you all.



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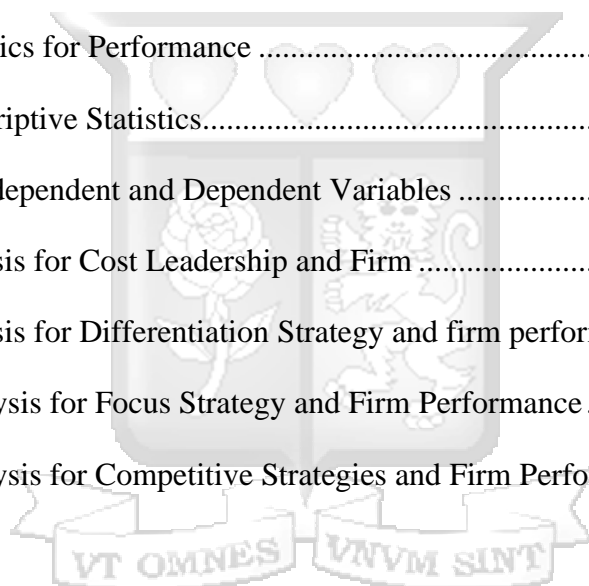
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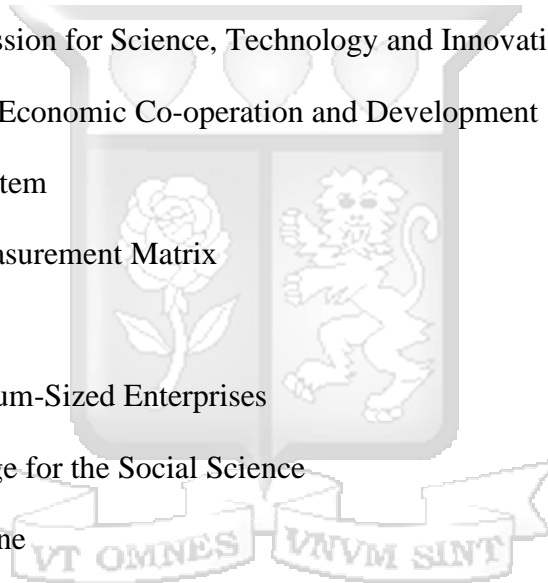
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ABBREVIATIONS AND ACRONYMS

BSC	Balance Score Card
EPZ	Export Processing Zones
GDP	Gross Domestic Product
KPC	Kenya Pipeline Company
KPRL	Kenya Petroleum Refineries Limited
MFIs	Micro Finance Institutions
MSMEs	Micro, Small and Medium Enterprises
NACOSTI	National Commission for Science, Technology and Innovation
OECD	Organization for Economic Co-operation and Development
OTS	Open Tender System
PMI	Performance Measurement Matrix
ROA	Return on Assets
SMEs	Small-And Medium-Sized Enterprises
SPSS	Statistical Package for the Social Science
TBL	Triple Bottom Line
US	United States
VC	Venture Capitalist



ABSTRACT

Oil Marketing Companies (OMCs) have been critical for the fuel industry cost as they are the ones who buys the fuel from the offshore suppliers, finances the import and ensure delivery to supply the country. Oil marketing companies play an important role in a country's economy, and thereby the well-being of these businesses is a necessity for that country's future success. This study aimed to determine the effect of competitive strategies on the performance of oil marketing companies in Kenya. It aims to evaluate the effect of cost leadership strategy, differentiation strategy and focus strategy on performance of oil marketing companies in Kenya. The study was anchored on Porter's competitive advantage and resource-based view theory. Positivism was the philosophical foundation for this study. The research design that was used in this study is the descriptive cross-sectional design. The target population for this study was the 71 registered oil marketing companies in Kenya. The study applied census in targeting all the 71 companies due to the small population. Primary data was collected using structured questionnaire. The descriptive and inferential statistics was used in data analysis. Descriptive statistics comprised frequencies, percentages, mean and standard deviations. The correlational analysis was used to determine the strength of the association between dependent variable and independent variables. The regression analysis was used to determine the effect of competitive strategies on the performance of oil marketing companies in Kenya. To present the findings, tables, graphs and charts were used. The respondents participated in the study voluntarily and their anonymity was ensured. The researcher ensured the respondents that the data was treated with privacy and confidentiality. The findings of this study showed that cost leadership, differentiation strategy and focus strategy have a positive and significant relationship with performance of oil marketing companies in Kenya. The study showed that Oil Marketing companies in Kenya have adopted these strategies to enhance their performance. The study suggests that the oil companies should study the market continuously. Further, the companies should be aware of what their competitors are up to. This would help the companies to make use the low-cost strategy without making loses by setting lower prices than those of competitors. Understanding the market would help the oil companies to differentiate its products better than competitors and the companies would know where to sell its products that is focus strategy.



CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Oil marketing companies play an important role in a country's economy, and thereby the well-being of these businesses is a necessity for that country's future success (Ipinnaiye, Dineen & Lenihan, 2017). Hashim, 2018 found out that globally, the business environment is consistently volatile and becoming more global in nature as well as increasingly more complex and dynamic. There are both opportunities and challenges faced by the oil marketing companies due to the changes in the business environment. More importantly, the companies need to adopt an effective business strategy to exploit the opportunities and cope with the challenges (Hashim, 2018).

Further, the dynamism of the environment implies that the organization has constantly redesigned their strategies to remain competitive. These organizations need to adjust to the environment for them to achieve their goals and objectives (Pearce & Robinson, 2012). According to Huse and Gabrielson (2014) globalization and competition in the business environment have in the recent past forced organizations to adjust their ways of doing things. The adoption of a clear strategic perspective in organizations is one of the factors that affect the performance of these organizations.

Jabbouri and Zahari, 2014 note that a competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage) or deliver benefits that exceed those of competing products (differentiation advantage). The source of the advantage can be something the business does that is distinctive and difficult to replicate, also known as a core competency. Additionally, Hitt, Ireland and Hoskisson (2015) posits that while deciding on which competitive strategy to pursue, firms therefore decide between two broad competitive advantages: lower cost than competitors or the ability to differentiate and charge a premium price that covers costs. Hence, in the dynamic and growing business environment, it is crucial that management map out their strategic orientation carefully to match their capabilities with existing opportunities.

1.1.1 Competitive Strategies

Competitive strategies are tactics employed by firms in search of accumulation of inimitable competitive advantage that will ensure a dominant position in the industry to continually achieve above industry performance. Competitive strategy is the search for a favourable competitive position, in an industry, the

fundamental arena in which competition occurs (Thompson & Strickland, 2003). According to Porter (2007), competitive strategies are essentially the long-term plans of a firm as it seeks to build sustainable competitive advantage over its competitors in the industry.

Akan et al., (2006) posits that the pursuit of competitive strategies aims at building a defensive position in an industry and generating a superior return on investment. They concern the specifics of management's game plan for competing successfully and attaining a competitive edge over other firms in the same industry. While Johnson (2016) indicated that the line of distinction between these competitive strategies are drawn on two major considerations. These are whether a company's market target is broad or narrow and whether the company is pursuing a competitive advantage linked to low cost or product differentiation. While Porter (1985) identified three generic competitive strategy typologies low-cost leadership, differentiation and focus.

Under cost leadership, a firm sets out to become the low-cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price. The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others (Porter, 1985). The study will adopt low-cost leadership, differentiation and focus to measure competition. This is because the oil marketing companies compete mainly in terms of cost of their products, how their products are differentiated and they focus on certain customers in the market.

1.1.2 Firm Performance

Firm performance is an economic category that reflects the ability of firms in using human resources and material resources to achieve the targets of the firm (Le, 2005). Firm performance is to consider the efficiency of using business means during the production and consumption process. Firm performance shows the correlation between the output results and input resources employed in the process of business operations of enterprises (Truong & Tran, 2009). The definition of firm performance principally focuses on the capability and ability of an organization to efficiently exploit the available resources to achieve

accomplishments consistent with the set objectives of the company, as well as considering their relevance to its users (Peterson, Gijsbers, & Wilks, 2003).

Lebans and Euske (2006) explains the concept of organizational performance such as a set of financial and non-financial indicators that offer information on the level of accomplishment of objectives and results. Further, performance offers information on the level of accomplishment of objectives and results, a dynamic, requiring judgment and interpretation. The financial indicators of performance include profits, return on assets, return on equity and market share while the non-financial indicators of performance comprise customer satisfaction and service quality.

Kaplan and Norton (1992) developed the Balance Score Card (BSC) that measures performance using four perspectives which are financial, customer, internal growth and learning. They further explained them as, financial perspective is controlling financial resources is very important for the success of the firm. Most of the organizations focus on financial results and ignore the other perspectives. Customer perspective as knowing what customers want in terms of quality, cost and distribution, and the most important thing, what they want in the future from the organization. Internal processes perspective is understanding how internal processes work is very essential for the organization to achieve its goals and to know how to add the expected value to the products or services that the customers purchase. Learning and growth perspective as all the achievements from the customer, internal processes, and financial perspective are strictly linked to the organizational capabilities to train and develop its human resources and innovation system. This study measured performance using balance scorecard model which includes financial, customer, internal processes and learning and growth perspectives. This aspect gives an overall overview of rating firm performance and are relevant for the Oil Industry and hence they form the basis for evaluating performance of Oil Marketing Companies in this study. Balance score card was also used by Kaplan and Norton (1992) because they cover internal and external performance of the companies that is internal processes measures internal performance while customers is a measure of performance externally.

Framework developed by Porter, (1980) builds on the structure-conduct-performance (SCP) paradigm, essence being the firm's performance in the marketplace depends critically on the characteristics of the industry in which it competes, that is, the structure. Porter acknowledges the role of firms in formulating appropriate competitive strategy to achieve superior economic performance, competitive strategy that may

change the industry rules in the firm's favour (for instance, firms can choose strategies that affect or deter entry into their industries).

Ashok, (2017) did a study to determine the impact of competitive advantage on profitability and found out that among cost advantage and differentiation advantage, the later has been found to be a greater driver of performance. According to Photis, (2010) companies that apply competitive strategies are more likely to be high performers. The strongest influences on performance seem to be achieving economies of scale, differentiation (through a wider range of services offered) and market-focus and competitor-analysis.

1.1.3 Oil Marketing Companies in Kenya

Oil marketing in Kenya dates to colonial times. In the 1900s, Royal Dutch Shell established the first depot at Shimanzi, Mombasa County (EPRA, 2021). The sector has grown tremendously, with over seventy-one (71) registered oil-marketing companies and 1695 registered retail stations in Kenya as of 2020 (EPRA, 2021). These are companies, which market, sell and distribute oil products such as diesel, kerosene, gasoline (petrol), lubricants, and liquefied petroleum gas (LPG). Importation of petroleum products through the open tender system allows all the oil marketing companies to access petroleum products at the same price and therefore ensures competition in the petroleum market. The market has proved competitive over the last year (EPRA, 2021). With the shutting down of the refinery plant in Changamwe, Mombasa County in 2013, Kenya currently imports all its petroleum products in refined form. The Ministry of Petroleum and Mining coordinates this activity with oil marketing companies through the Open Tender System (OTS). The Kenya Pipeline Company (KPC) provides product movement infrastructure including storage and oil pipeline services (EPRA, 2021).

Kenya being an oil importing country is affected by changes in world prices. Imported crude is refined into oil products at the Kenya Petroleum Refineries Limited (KPRL) which Essar managed to acquire 50% interest through a consortium of BP, Shell and Chevron. Essar had committed to invest an estimated USD 500 for a significant upgrade of the refinery, a project which later stalled (Deloitte, 2014). In Kenya, price regulations are made by Energy and Petroleum Regulatory Commission, but in other countries, legal legislations or government agencies are mandated with the regulatory responsibility. Through the Energy Act 2006, an Energy Regulation Commission was formed and was mandated to formulate, set and implement pricing tariffs. Other functions include reviewing of operator's licenses and the protection of oil consumer groups (The Energy Act, 2006). The Petroleum Act 2019, EPRA, is mandated to determine the wholesale and retail prices of petroleum and petroleum products. In compliance with the statute, the

Authority regulates the maximum petroleum pump prices for AGO, Super Petrol and Illuminating Kerosene. The Authority publishes maximum pump prices for all major towns around the country every 14th day of the month (EPRA, 2021). The oil marketing companies in Kenya face high competition. This is because of improved services by the existing companies and new entrants. Hence, it is important for the companies to adopt competitive strategies to remain in the market in the long run.

1.2 Statement of the research problem

The oil marketing companies play an important role in the growth of the Kenyan economy. The oil marketing is characterized by many players. This implies there is a high competition among the oil marketing companies. Though there are more than 71 oil marketing companies in Kenya, top oil companies like Rubis, Total energies and Vivo energies control over 50% of the total market share. Further, competition has been evident through acquisitions. For instance, according to the Competition Authority of Kenya (CAK), which approved the acquisition in November 2019, Rubis made a cash offer of KShs. 23 per share for 1,182,968,076 shares, thereby taking 100% control of KenolKobil. This made Rubis a significant player in the fuel's distribution business in Kenya, enjoying a market share of about 20% (CAK, 2019). This study seeks to determine how competitive strategies affect performance of oil marketing companies in Kenya.

Porter, (1998) further states that the goals of a competitive strategy for a business unit in an industry is to find a position within the industry where the company can best defend itself against the five forces that determine the competitive intensity and therefore attractiveness of a market, which are rivalry, threat of substitutes, buyer power, supplier power and the threat of new entrants. Industry attractiveness in Porter's five forces analysis refers to the overall industry profitability. An "unattractive" industry is one in which the combination of these five forces acts to drive down overall profitability, that is performance.

Lbidunni (2015) studied on the competitive strategy and performance of selected SMEs in Nigeria and found that better product quality has an influence on returns on investment. In another study Kowo, Sabitu and Adegbite (2018) studied on influence of competitive strategies on corporate performance in firms Nigeria and found out that cost leadership strategy has significant effect on cost reduction. Edson and Muranda (2021) studied the effect of competitive strategies and innovation on firm performance in Zimbabwean textile and clothing firms. It was revealed that focus and differentiation strategies have a positive direct relationship with firm performance and innovation.

In Kenya, Sifuna (2014) sought to establish the effect of competitive strategies on the performance of public universities in Kenya. It was noted that cost leadership affects performance of universities in Kenya through achieving economies of scale. Sagwa (2018) studied the effect of competitive strategy on the performance of Deposit Taking Saccos in Nairobi County, Kenya and found that he positions that competitive strategy has a positive effect on organization performance. Makina (2020) researched on the effect of competitive strategies on organization performance in relation to sugar industry in Kenya and revealed that organizations that use competitive strategies realize better performance than those that does not. The reviewed studies focused on different contexts and showed varied findings without giving which competitive strategy should be employed by firms and hence the reason for this study to fill in the research gap on the effect of competitive strategies looking at each strategy and focusing on Oil Marketing Companies in Kenya. By doing this, the research addressed the question: What is the effect of Competitive Strategies on Performance of Oil Marketing Companies in Kenya?

1.3 Research Objectives

The general objective of this study was to determine the effect of competitive strategies on performance of oil marketing companies in Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

- i. To determine the effect of cost leadership strategy on the performance of oil marketing companies in Kenya
- ii. To establish the effect of differentiation strategy on the performance of oil marketing companies in Kenya
- iii. To determine the effect of focus strategy on the performance of oil marketing companies in Kenya

1.4 Research Questions

- i. What is the effect of cost leadership strategy on the performance of oil marketing companies in Kenya?
- ii. What is the effect of differentiation strategy on the performance of oil marketing companies in Kenya?
- iii. What is the effect of focus strategy on the performance of oil marketing companies in Kenya?

1.5 Scope of the study

The study objective was to determine the effect of competitive strategies on the performance of oil marketing companies in Kenya. The specific objectives were to determine the effect of cost leadership strategy, differentiation strategy and focus strategy on the financial performance of oil marketing companies in Kenya. Performance was operationalized based on balance score card (financial, customer, internal growth and learning). The study was conducted in 71 oil marketing companies in the EPRA's list of registered marketers in the 2022 Energy & Petroleum Report. oil marketing companies imports, distributes and sell fuels across the country. The study adopted a descriptive research design. The study was conducted between March 2023 to May 2023.

1.6 Significance of the study

The study would be important to policy makers, oil marketing companies and researchers and scholars. To policy makers, the study would illustrate the importance of competitive strategies on firm performance of the volatile business environment. This would influence the adoption of the competitive strategies by the companies.

This research would provide good insights to oil marketing companies on how the competitive strategies are affecting the performance of oil marketing companies thereby showing the sustainability of this industry. The study would guide the investors in the oil marketing companies on future adjustments to be directed to the industry.

To the researchers and scholars, the study would provide further literature to understand competitive strategies in oil companies in Kenya. The study would add to the body of knowledge and can be used as a source of reference in future related studies.

1.7 Chapter Summary

This chapter has covered the background information of the study, statement of problem, research objectives, research questions, scope of the study and the significance of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, past studies related to competitive strategies and performance was reviewed. The chapter comprises of a theoretical review, empirical review relating to the areas of the study, conceptual framework and operationalization of study variables.

2.2 Theoretical Review

The study will use two primary theories underpinning the study. These theories are the porter's competitive advantage theory and resource-based view theory.

2.2.1 Competitive Advantage Theory

Peteraf and Barney (2003) defined competitive advantage as superior differentiation and lower costs achieved by an organization when compared to competitors' marginal breakeven in the product market. The concept underpins that ability of the firm to gain competitive advantage is dependent on its ability to create economic value that differentiates its brands and lead to better market acceptance than competitors. According to Frawley and Fahy (2006) and Ma (1999), it is expected that the achievement of a sustainable competitive advantage status leads to greater efficiency, typically calculated in traditional terms with market share and profitability, that is method for assessing financial performance.

An organization has a competitive advantage over its rivals or competitors whenever it can design and defend its distinctive competence and image, using the specific indices mentioned in the given definition as critical sources of competitive advantage. Therefore, it is important to emphasise that strength of the concept underpins the factor of buyers' perception of superior value as a critical goal of firm's decisions toward the attainment of competitive advantage. It takes a successful company to outweigh other performing firms operating in the same competitive environment by investing more aggressively on creation of preferred customer value consistently (Collins & Troilo, 2015).

Porter's (1985) competitive advantage theory is based on characteristics that enable a company to outperform its rivals, such as superior market position, expertise, or capital. Porter's generic strategy includes several approaches to business that differ in focus and details. This includes cost leadership, differentiation, cost-focus and differentiation focus. These 3 approaches have been applied for this study to evaluate their effect on performance of Oil Marketing Companies in Kenya.

2.2.2 Resource Based View

The resource-based view of the firm is the work of Barney (1991) on his publication ‘firm resources and sustained competitive advantage’. Resource-based view contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals. Competitive advantage is the ability to create more value than rivals, and therefore generate higher returns on investment. The theory assumes that firms within an industry may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resource heterogeneity may persist over time because the resources used to implement firms’ strategies are not perfectly mobile across firms. Resource heterogeneity is considered a necessary condition for a resource bundle to contribute to a competitive advantage.

Resource-based view suggests that resources that are valuable, rare, difficult to imitate, and no substitutable best position a firm for long-term success. These strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time. The resource-based view emphasizes on economic rent creation through distinctive capabilities. Economic rent, or economic value, is what companies earn over and above the cost of the capital employed in their business (Barney, 1991).

The theory has been criticized that valuable resources do not necessarily provide a competitive advantage. The global economy and other external factors may have a greater impact under certain circumstances. Although it is true that a firm's resources are important, they are not the only factor behind business growth and performance. Regulatory policies and strategic planning are important (Denford & Chan, 2011). The resource-based view theory has been applied in related studies (Eisenhardt & Martin, 2000; Winter, 2003; Collis, 1994).

For this study however, the competitive advantage theory was applied to review the effect on performance of Oil Marketing Company.

2.3. Empirical Review

This section is a review of past studies in relation to competitive strategies and performance.

2.3.1 Cost Leadership Strategy and Firm Performance

Cost leadership strategy is based on a firm’s ability to provide a product or service at a lower cost than its rivals (Birjandi, Jahromi, Darasi & Birjandi, 2014). The basic operating assumption behind a low-cost

leadership strategy is to acquire a substantial cost advantage over other competitors that can be passed on to consumers to gain a large market share. According to Cavusgil, Ghauri and Akcal (2013) a low-cost strategy then produces competitive advantage when the firm can earn higher profit margin at current market prices. In many cases, firms attempting to execute low-cost strategies aim to sell a product that appeal to an average customer in a broad target market.

Kharub, Patle and Sharma (2019) researched on the relationship between cost leadership competitive strategy and firm performance and the mediating role of quality management (QM) practices in the context of micro, small and medium enterprises (MSMEs). A structures questionnaire was used to collect from certified MSMEs in India. Structural equation modelling approach was employed to test the research hypotheses. The study results revealed that no direct relationship exists between the cost leadership and firm performances. However, quality management practices entirely mediated their relationship. Among eight model parameters, with highest total effect on product quality improvement and process improvement, the continuous improvement secured the rank one, followed by information and analysis and supplier management.

A study by Islami, Mustafa and Topuzovska (2020) focused on linking porter's generic strategies to firm performance. The questionnaires of the study were prepared, the responses were obtained, and the econometric model constructed to measure these relationships. Findings stemmed by data that were taken from 113 firms that operate in the Republic of Kosovo. t test, Pearson's correlation analysis, and multivariate regression analysis were used to provide testing of hypotheses. Econometric results suggested that pursuing differentiation strategy provides higher firm performance compared to two other Porter's generic strategies (low-cost strategy or focus strategy) that have a positive impact as well.

Njuguna and Waithaka (2020) studied the link between cost leadership strategy and organizational performance at insurance companies in Nyeri County, Kenya. Census study approach was used to subject all the twenty insurance companies operating in the county to study. Primary data was collected through questionnaires while secondary data was gathered using a document review. Both descriptive and inferential statistics were used in the analysis. The Pearson correlation analysis results established that cost leadership had a positive correlation with organizational performance.

2.3.2 Differentiation Strategy and Firm Performance

Differentiation is a strategy used to influence consumers of unique products that gives a competitive advantage over similar products (Porter, 1985). Differentiation strategy consist of making products and

services different from competitors in the industry to ensure that they are more attractive to the customers. This includes modifying the characteristics of the product such as durability, functionality, and brand image and the after-sales service. Hariyati, Venusita and Dyani (2018) researched on differentiated strategy, business performance, and intellectual capital: Evidence small medium enterprise from Indonesia. This study applied quantitative research which used survey method. The results of this study show that intellectual capital mediates the relationship between differentiation strategies and business performance of SMEs.

Kharub, Patle and Sharma (2019) examined the impact of competitive differentiation strategy on firm's performance and the mediating role of quality management (QM) in India. Study results found no direct relationship between differentiation strategy and firm performances, but QM entirely mediated their relationship. Empirical results concluded that design and development and information and analysis are the two components of QM which are successful in mediating the relationship between differentiation competitive strategy and firm performance. Thus, for a firm pursuing differentiation competitive strategy a clear understanding and the emphasis on these two components of QM is crucial to maximizing profits and hence the competitiveness.

Ifeoma (2021) studied differentiation strategy and organizational growth of manufacturing firm in Ebonyi State, Nigeria. Correlational research design was employed to examine the relationship between differentiation strategy and organizational growth of manufacturing firms. Data were elicited through questionnaire structured on five-point Likert scale. The target population was 126 staff. The sample of 63 was derived using Taro Yamane formula. Pearson product-moment correlation coefficient and simple regression were used to test the hypotheses. The result revealed that there is a statistically significant relationship between product differentiation, market share and personnel differentiation have a significant positive effect on competitive advantage.

Adhiambo (2018) researched on the adoption of differentiation strategies by pharmaceutical companies operating in Kenya and how the strategies influence performance of these companies. The study employed descriptive survey research design for collection of quantitative data by use of standardized questionnaire. Target population was the manufacturers and distributors of pharmaceutical companies operating in Nairobi area. The study findings show that the services strategies is mostly applied as they employ qualified personnel who do direct marketing and sales to the targeted consumers. The findings showed a positive relationship between differentiation strategy and performance of organizations.

An evaluation by Nyokabi (2019) was on differentiation strategy, firm structure and performance of star rated hotels. This study adopted positivism research philosophy and a descriptive-correlative research design. The population consisted of general managers and functional managers from Kenya's three, four and five star rated vacation and town hotels as of 2018. Structural equation modelling was used for hypothesis testing. The study concluded that differentiation strategy-firm structure coalignment has no significant influence on performance of star rated hotels in Kenya. The study however revealed that differentiation strategy directly and positively affects hotel performance.

2.3.3 Focus Strategy and Firm Performance

In the focus strategy, a firm targets a specific segment of the market. The firm can choose to focus on a select niche market, customer group, product range, geographical area, or service line. It is based on adopting a narrow competitive scope within an industry (Sable, 2013). Lee, Weiss and Karion (2021) researched on how combining porter's low-cost and focus strategies hurts firm performance. The study highlighted that mechanisms driving the interaction of these two strategies are, in fact, non-additive in nature, consistent with recent analytical work. Using the context of the scheduled U.S. passenger airline industry over two decades, the results showed that combining a low-cost strategy with a focus strategy is, indeed, detrimental to firm profitability, which has important implications for scholarship and practice. Managerial Summary Firms have effectively used low-cost or focus strategies to improve their performance. The study demonstrated that although firms pursuing either strategy individually can benefit, pursuing these two generic strategies of low-cost and focus simultaneously actually hurts firms' profitability. When firms pursuing a low-cost strategy already possess a cost efficiency advantage over their rivals for the full customer base, firms have nothing to gain by simultaneously limiting rivalry through focusing on a smaller customer segment and thus giving away revenue to rivals.

Gakuya and Njue (2018) studied the effect of focus strategy on customer loyalty among pharmaceutical companies in Nairobi County, Kenya. The research was carried using descriptive survey design. The research targeted 119 pharmaceutical firms. The study used questionnaires as an instrument of collecting data. It was found that all the measurers of focus strategy were found to have effect on the customer loyalty among pharmaceutical firms in Nairobi County. The focus strategy variable was found to have a positive and a statistically significant effect customer loyalty. This meant that increase in focus strategy facilitated the increase in customer loyalty among pharmaceutical firms in Nairobi County.

Ochodo, Oloko and Yabs (2020) studied the role of focus strategy in performance of NHIF Accredited Hospitals in Kenya. A mixed research design was adopted based on non-experimental, descriptive and causal approaches considering both qualitative and quantitative techniques. The population of study comprised NHIF accredited hospitals. Data was collected using semi structured questionnaires and interviewing schedules and administered to hospital administrators and CEO's respectively of the sampled hospitals. Quantitative data collected from the questionnaires was analyzed by the help of SPSS while the qualitative data from the CEOs was analyzed using thematic content analysis. The results of the study revealed that there was a positive and significant relationship between the focus study and performance of hospitals. The quantitative result was further validated by the CEOs responses that indicated that they focus on niche market that remained unexploited.

Chelanga (2017) researched on the effect of differentiation and focus strategies on the financial performance of small and medium enterprises. Explanatory research design was used in the study. The target population of the study was made up of 7384 SMEs and a sample of 95 SMEs was picked using systematic random sampling. Structured questionnaires were used to collect data, which was then analyzed using descriptive and inferential statistic. Findings indicated that differentiation strategy and market focus strategy were positively and significantly related to financial performance. The study concluded that that differentiation strategy and market focus strategy had positive and significant effect on the financial performance of SMEs.

2.4 Research Gap

Kharub, Mor and Sharma (2019) researched on the relationship between cost leadership competitive strategy and firm performance and the mediating role of quality management (QM) practices in the context of micro, small and medium enterprises (MSMEs) in India. However, this study focused on MSMEs in India while the current study focused on oil marketing companies in Kenya. A study by Islami, Mustafa and Topuzovska (2020) focused on linking porter's generic strategies to firm performance in Republic of Kasovo. Njuguna and Waithaka (2020) studied the link between cost leadership strategy and organizational performance at insurance companies in Nyeri County, Kenya. This study focused on insurance firms while the current study is focus on oil marketing companies in Kenya.

Ifeoma (2021) studied differentiation strategy and organizational growth of manufacturing firm in Ebonyi State, Nigeria. This study adopted correlational research design the current study used the descriptive research design. Hariyati, Venusita and Dyani (2018) researched on differentiated strategy, business

performance, and intellectual capital: Evidence small medium enterprise from Indonesia. However, this study focused on SMEs in Indonesia while the current study will focus on oil marketing companies in Kenya. This study adopted correlational research design while the current study used the descriptive research design. An evaluation by Nyokabi (2019) was on differentiation strategy, firm structure and performance of star rated hotels. This study focus was on the hotel industry while the current study was about oil marketing companies in Kenya.

Gakuya and Njue (2018) studied the effect of focus strategy on customer loyalty among pharmaceutical companies in Nairobi County, Kenya. This study focus was on the pharmaceutical companies while the current study was about oil marketing companies in Kenya. Ochodo, Oloko and Yabs (2020) studied the role of focus strategy in performance of NHIF Accredited Hospitals in Kenya. This study adopted non-experimental, descriptive and causal approaches while the current study used the descriptive research design. Chelanga (2017) researched on the effect of differentiation and focus strategies on the financial performance of small and medium enterprises. This study adopted explanatory research design while the current study used the descriptive research design.

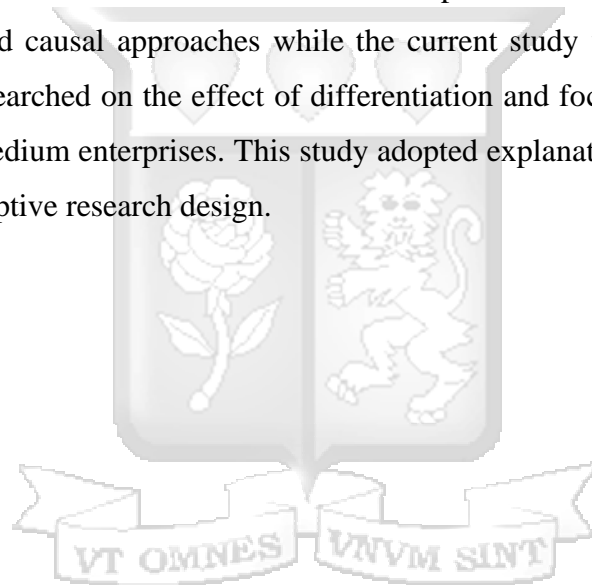


Table 2.1: Summary of Research gaps

Study	Focus of Study	Findings	Research Gaps	Focus of the Current Study
Kharub, Mor and Sharma (2019)	Relationship between cost leadership competitive strategy and firm performance and the mediating role of quality management (QM) practices in the context of micro, small and medium enterprises (MSMEs) in India	The study results revealed that no direct relationship exists between the cost leadership and firm performances.	This study focused on MSMEs in India	The study will focus on oil marketing companies in Kenya
Miles and Snow (1978)	Organizational Strategy, Structure, and Process.	The study developed four competitive strategic typologies on how to address the product-market decisions in organizations namely defenders, prospectors, analysers and reactors.	The findings were indirectly derived from Porter competitive strategies.	This study will directly focus on the Porter's competitive advantage
Islami, Mustafa and Topuzovska (2020)	Linking porter's generic strategies to firm performance in Republic of Kasovo	pursuing differentiation strategy provides higher firm performance compared to two other Porter's generic strategies (low-cost strategy or focus strategy) that have a positive impact as well.	This study focused on firms in Kasovo	The study will focus on oil marketing companies in Kenya
Njuguna and Waithaka (2020)	Lnk between cost leadership strategy and organizational performance at insurance companies in Nyeri County, Kenya	cost leadership had a positive correlation with organizational performance.	This study focused on insurance firms	The study will focus on oil marketing companies in Kenya

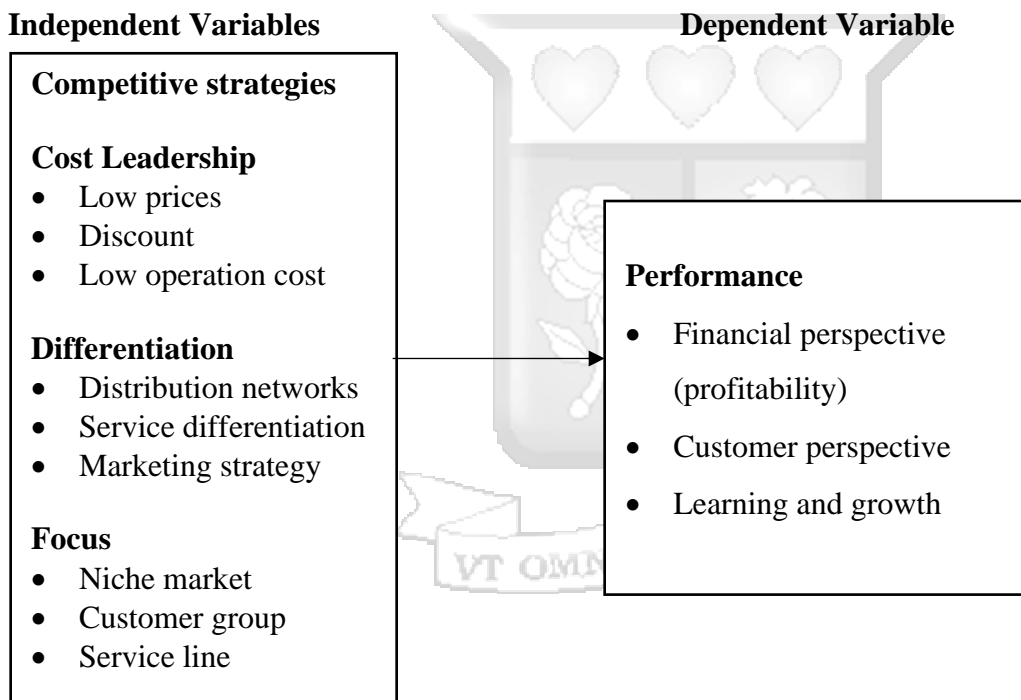
Ifeoma (2021)	Differentiation strategy and organizational growth of manufacturing firm in Ebonyi State, Nigeria	there is a statistically significant relationship between product differentiation, market share and personnel differentiation have a significant positive effect on competitive advantage	This study adopted correlational research design the current study will use the descriptive research design.	The study will focus adopt a descriptive research design
Hariyati, Venusita and Dyani (2018)	Differentiated strategy, business performance, and intellectual capital: Evidence small medium enterprise from Indonesia	intellectual capital mediates the relationship between differentiation strategies and business performance of SMEs	However, this study focused on SMEs in Indonesia	The study will focus on oil marketing companies in Kenya
Nyokabi (2019)	Differentiation strategy, firm structure and performance of star rated hotels.	differentiation strategy-firm structure coalignment has no significant influence on performance of star rated hotels in Kenya	This study focus was on the hotel industry.	The study will focus on oil marketing companies in Kenya
Gakuya and Njue (2018)	The effect of focus strategy on customer loyalty among pharmaceutical companies in Nairobi County, Kenya	The focus strategy variable was found to have a positive and a statistically significant effect customer loyalty.	This study dependent variable was customer loyalty	The current study dependent variable is organizational performance
Ochodo, Oloko and Yabs (2020)	The role of focus strategy in performance of NHIF Accredited Hospitals in Kenya	there was a positive and significant relationship between the focus study and performance of hospitals	This study adopted non-experimental, descriptive and causal approaches	The current study will adopt a descriptive design
Chelanga (2017)	The effect of differentiation and focus strategies on the financial performance of small and medium enterprises	differentiation strategy and market focus strategy were positively and significantly related to financial performance.	This study adopted explanatory research design while the current study will use the descriptive research design.	The current study will adopt a descriptive design

Source: Researcher (2022)

2.5 Conceptual framework

The conceptual framework shows the connection between the independent and dependent variables. The independent variable competitive strategies were measured in terms of are cost leadership strategy, differentiation strategy and focus strategy (Birjandi, Jahromi, Darasi & Birjandi, 2014). While the dependent variable performance measures are profitability, customer base and market share (Kaplan & Norton, 1992). According to Kaplan and Norton (1992) who developed the Balance Score Card (BSC), performance uses four perspectives which are financial, customer, internal growth and learning. These perspectives were used for purposes of this study as the dependent variables.

Figure 2.1: Conceptual Framework



Source: Researcher (2022)

2.6 Operationalization of Study variables

Operationalization is the process of strictly defining variables into measurable factors. A rating scale ranging from 1=strongly disagree to 5=strongly agree will be used to measure both the dependent and independent variables. The operationalization is as presented in Table 2.2.

Table 2.2: Operationalization of Study variables

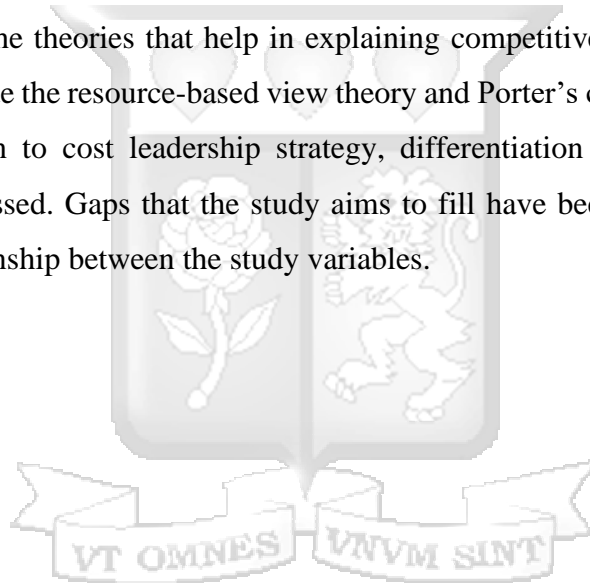
Variable	Constructs	Operational definition	Measurement scale	Source(s)
Independent variable (Competitive strategies)	Cost leadership strategy	It is based on a firm's ability to provide a product or service at a lower cost than its rivals	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	(Birjandi, Jahromi, Darasi & Birjandi, 2014)
	Differentiation strategy	It consists of making products and services different from competitors in the industry to ensure that they are more attractive to the customers	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	(Porter, 1985)
	Focus strategy	In the focus strategy, a firm targets a specific segment of the market.).	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	(Sable, 2013)
Dependent variable (Organizational Performance)	Profitability	It is the revenue remaining after all cost are paid	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	(Kaplan & Norton, 1992)
	Customer base	It is a group of people willing to purchase the products or services that a company provides.	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree	(Kaplan & Norton, 1992)

			5-Strongly Agree	
	Market share	It is the portion or percentage of a market earned by the company	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	(Kaplan & Norton, 1992)

Source: Researcher (2022)

2.7 Chapter summary

This chapter has discussed the theories that help in explaining competitive strategies and performance. The theories discussed include the resource-based view theory and Porter's competitive advantage theory. Literature review in relation to cost leadership strategy, differentiation strategy, focus strategy and performance has been discussed. Gaps that the study aims to fill have been identified. The conceptual framework shows the relationship between the study variables.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The methodology that was used is discussed. The chapter has the following section: the design for the study, population, methods of sampling, tools for data collection and methods, pilot testing, analysis and presentation of data and ethical factors.

3.2 Research Philosophy

Research philosophy refers to the process of discovering knowledge as well as understanding and turning it into knowledge that is acceptable in a particular discipline (Creswell, 2012). The role being played by research philosophy is very significant in development of knowledge and what is assumed regarding the view of researchers regarding the world. Saunders, Thornhill and Lewis (2013) indicated that the main philosophies in research are the interpretivism and positivist. Interpretivism comprises researchers to interpret elements of the study, thus it integrates human interest into a study. Interpretivism assumes that access to reality (given or socially constructed) is only through social constructions such as language, consciousness, shared meanings, and instruments.

Positivism adheres to the view that only factual knowledge gained through observation, including measurement, is trustworthy. In positivism studies the role of the researcher is limited to data collection and interpretation through objective approach and the research findings are usually observable and quantifiable (Saunders *et al.*, 2013). Positivism was philosophical foundation for this study. This indicates that the study relied on quantifiable observations that lead themselves to statistical analysis. Positivism is based purely on facts and consider the world to be external and objective.

3.3 Research Design

The research design provides for a systematic way of carrying out the study. It guides of data collection and analysis (Kothari, 2014). The research design that was used in this study is the descriptive cross-sectional design. Descriptive design aims to describe a topic studied more accurately. Descriptive research allows for the use of both quantitative data. This design helps to describe a subject in a natural setting without any manipulation from the researcher (Creswell, 2013). A cross-sectional study is utilized to obtain data from different people at a single point in time and the variables are observed without influencing them (Sekaran, 2013). The descriptive design is suitable since the study aims at describing the

variables. The cross-sectional design enabled collection and analysis of quantitative data. The design supported the analysis of multiple variables using the descriptive and inferential analysis methods. The descriptive cross-sectional design has been applied in studies by Acey (2019) and Dizon-Ross (2017).

3.4 Population of the Study

Target population is the group of individuals or items that a researcher wishes to study (Cooper & Schindler, 2013). This study was conducted in oil marketing companies in Kenya. There are 71 registered oil marketing companies in Kenya (EPRA, 2021) and all of them formed the population of this study. The target population for this study was the 213 managers who worked in the 71 registered oil marketing companies in Kenya. This were grouped in Finance who gave insight into the firm performance (performance), Marketing managers who are the implementers of the firm strategy and gave insight on customer focus and gave responses and finally operations managers gave insight on cost management.

3.5 Sampling Design

Sampling is a way of selecting a small population from a larger population (Saunders, Lewis & Thornhill, 2012). It is important to select a representative sample for the study. The researcher targeted managers responsible for Operations, Marketing and Finance in each of the oil companies who gave insights on performance, customer and cost focus for the Oil Marketing Companies.

The study applied the census method in the selection of the study sample. Census sampling involves enumeration of all population. The researcher then used the judgmental sampling which is a non-probability sampling method advocated by Black (2010) to select managers. The study units were selected based on the professional judgment of the researcher. The projected respondent was from 3 managers from each of the Oil Marketing Companies and this formed a total of 213 respondents.

3.6 Data Collection

Primary data was collected using structured questionnaire with closed-ended questions. Questionnaires was used because large amount of information can be collected from a large audience and it is inexpensive (Cooper & Schindler, 2013). The questionnaire provides flexibility for respondents over where and when to complete their questionnaire (Saunders, Lewis & Thornhill, 2012). Primary data was utilized because it provides first hand information from the participants (Sekaran, 2013).

The questionnaire contained three sections; section A entailed question on the respondent's profile, section B questions on the competitive strategies and section C questions about organizational performance. The

researcher administered the questionnaires to the respondents using the emailing and drop and pick later method. Trained research assistants were employed to assist in data collection. The researcher followed-up on the respondents to enhance on the response rate and fast tract the process.

3.7 Data Analysis

Data from the field was cleaned and edited for completeness. To analyse the data SPSS version 23.0 was used. The descriptive and inferential statistics was used in data analysis. Descriptive statistics will comprise frequencies, percentages, mean and standard deviations. To present the findings, tables, graphs and charts was used.

The correlational analysis was used to determine the strength of the association between dependent variable and independent variables. The regression analysis was used to determine the effect of competitive strategies on the performance of oil marketing companies in Kenya.

The model will be: -

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where: -

Y = Organizational Performance,

X1 = Cost leadership strategy

X2= Differentiation strategy

X3 = Focus strategy

$\beta_1, \beta_2, \beta_3$, are regression coefficients corresponding to X1, X2, X3 respectively,

ε = Error term,

β = the beta coefficients of independent variables.

Results from the study was disseminated to the oil marketing companies, policy makers and other researchers. The dissemination was done through presentation in defence, peer reviewed journal where the study be published and external examiners who reviewed the study to further validate the findings. The findings would utilize in organizations to make important decisions. Policy makers would use the study to develop policies that enhance competitiveness and Researchers would utilize information gained and continue with research using the most efficient methods.

3.8 Validity and Reliability Tests

This section presents the reliability and validity tests.

3.8.1 Validity Test

Piloting of the research instrument was done to determine its validity and reliability. Piloting is a small-scale study conducted to determine the feasibility of proposed large study. It helps to determine the adequacy of the study methods and procedures (Polit & Beck, 2017). The pilot study was done at Lake oil limited. The respondents were the managers in the Oil Marketing Companies. Validity is the accuracy of a measure or the extent to which a score truthfully represents a concept while reliability represents how consistent a measure is, in that the different attempts at measuring the same thing converge on the same point (Zikmund, Babin, Carr & Griffin, 2010). To ascertain the validity of the questionnaire, content validity was used. Content validity addresses how well the items developed to operationalize a construct provide an adequate and representative sample of all the items that might measure the construct of interest. The researcher sought the opinion of the supervisors and lecturers in business school department on the clarity and relevance of the questionnaire. This enabled the amendment of the questionnaire to improve on them, hence enhancing validity.

3.8.2 Reliability Test

Reliability is a measure of the degree to which research instruments yields consistent results or data after repeated Trials (Cooper & Schindler, 2012). Oluwatayo (2012) adds that reliability is the stability of the measure used to study the relationships variables. To determine the reliability of the research instrument the Cronbach Coefficient alpha (α) was used. Alpha coefficient ranges in value from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous. The higher the score, the more reliable the generated scale is. If the alpha value is greater than .70, the instrument is considered reliable (Nunnally, 1978). While Hair et al. (2010) provides that while a value of 0.60 and 0.70 is acceptable. Additionally, George and Mallery (2003) suggests a tiered approach consisting of greater than 0.9 excellent, 0.8 good, 0.7 acceptable, 0.6 questionable and 0.5 poor. In this study a Cronbach alpha of 0.7 and above was acceptable. The study's threshold was a coefficient of above 0.7. This have been applied by Njagi (2017), Taber (2018) and Amin (2017) in their studies.

Table 3.1: Data Reliability

	Cronbach's Alpha	N of Items
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Cost leadership	.772	4
Differentiation strategy	.878	4
Focus strategy	.876	4
Firm performance (Profitability, Customers, focus, learning and growth)	.825	5

Source: Researcher (2023)

Reliability test was conducted using data collected from 20 respondents. To determine the reliability of the research instrument the Cronbach Coefficient alpha (α) was used. If the alpha value is greater than .70, the instrument is considered reliable (Nunnally, 1978). In this study a Cronbach alpha of 0.7 and above was acceptable and therefore the variables were reliable.

3.9 Ethical Consideration

A researcher permit was obtained from National Commission for Science, Technology and Innovation (NACOSTI). This gave a go ahead to collect data. Ethical clearance was obtained from Strathmore University's ethics committee. Consent was sought form the oil marketing companies' manager's to be allowed to collect data from their organizations.

The respondents participated in the study voluntarily and their anonymity was ensured since they were not required to indicate their name on the research tool. The researcher ensured the respondents that the data was treated with privacy and confidentiality. This encouraged the participants to provide honest information. The study was purely for academic purposes.

3.10 Chapter Summary

This chapter comprised of the design, population of the study, sampling design, data collection method and analysis, validity and reliability test and ethical consideration.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the results of the analysis, findings and discussions of the study on the research objectives. The objectives of the study were to establish the effect of competitive strategies on performance of Oil Marketing Companies in Kenya.

4.2 Response rate

The study target was 213 managers who worked for the Oil Marketing Companies. The researcher issued 213 questionnaires from which 166 were returned. Therefore, the response rate was 77.9% and it was considered excellent. This response rate concurs with stipulations by Mugenda and Mugenda (2003) that a response rate which is above 50% is representative for the target population. This is summarised in Table 4.1.

Table 4.1: Response Rate

Category	Frequency	Percent
Returned	167	77.9%
Not returned	47	22.1%
Total	213	100%

Source: Researcher (2023)

4.3 Demographic Information

4.3.1 Gender of Respondents

The study sought to determine the gender of respondents. The results were as summarised in Figure 4.1.

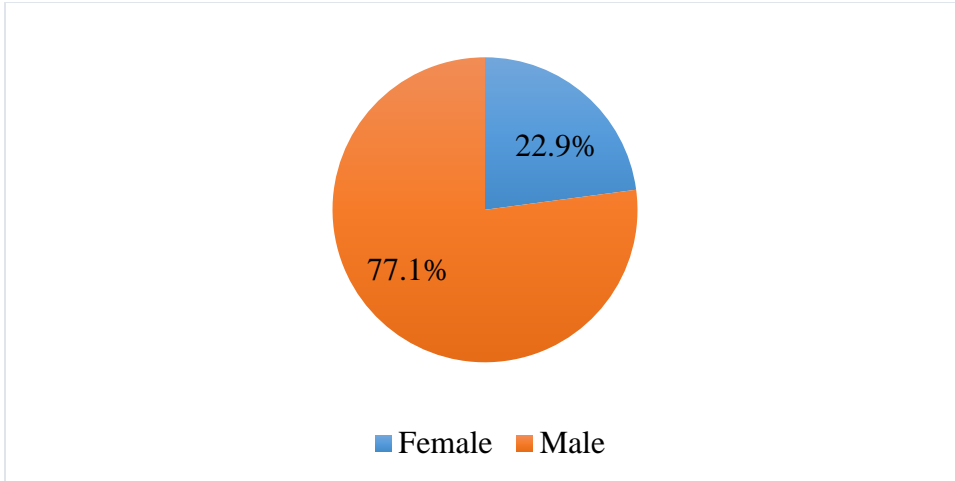


Figure 4.1: Gender of Respondents

Source: Researcher (2023)

The results show that the majority (77.1%) of the respondents were male, while 22.9% were female. This implies that both male and female work as managers in the oil companies though at different proportions.

4.3.2 Age of Respondents

The study sought to determine the age of respondents. The results were as depicted in Figure 4.2.

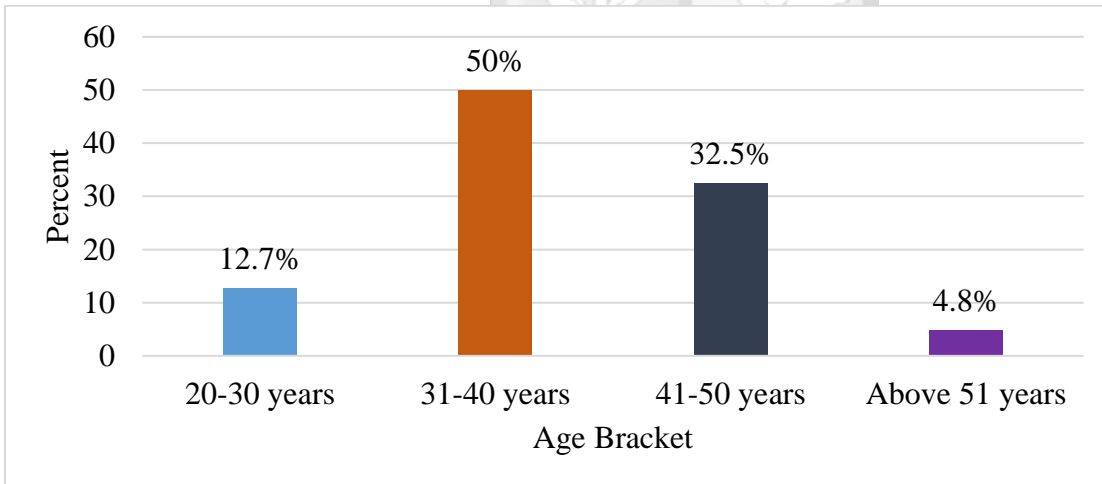


Figure 4.2: Age of Respondents

Source: Researcher (2023)

The results show that majority (50.0%) of the respondents were aged between 31-40 years, 32.5% were aged between 41-50 years, 12.7% were aged between 20-30 years while 4.8% were above 51 years.

4.3.3 Period of Service in the organization

The study sought to determine the period the respondents have worked in their organizations. Figure 4.3 shows the summary of the results.

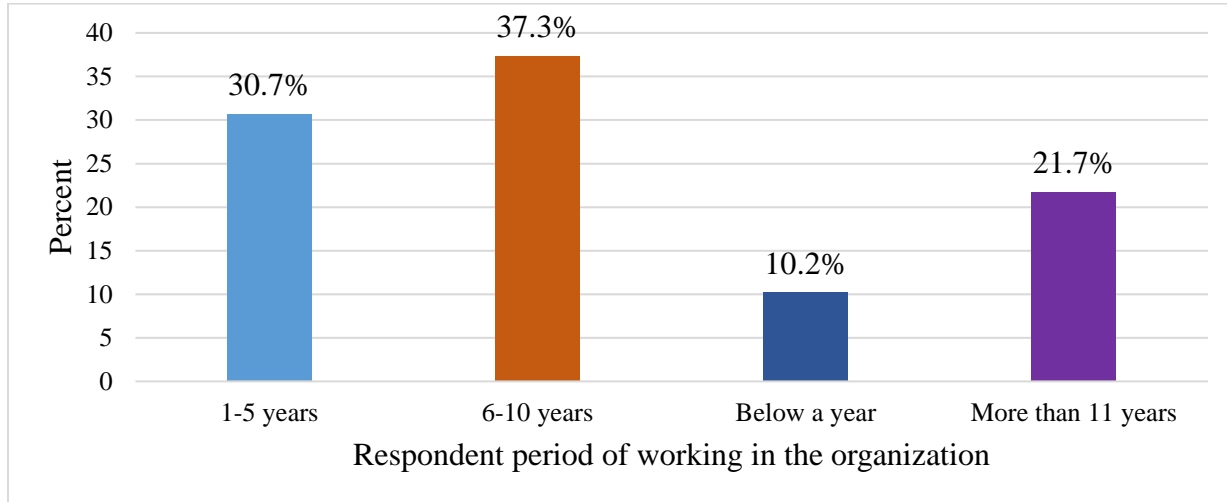


Figure 4.3: Period of Service in the organization

Source: Researcher (2023)

Majority (37.3%) of the managers have worked in their organization for a period between 6-10 years, 30.7% have worked in their organization for between 1-5 years, 21.7% have worked in their organization or more than 11 years and 10.2% for below one years. This implies that the managers have worked in their organization long enough to provide views that will contribute to the analysis of this study in determining the effect of competitive strategies in performance of Oil Marketing Companies in Kenya.

4.3.4 Respondents Department of Work

The study sought to determine the department that the respondents work in, this is as shown in Figure 4.4.

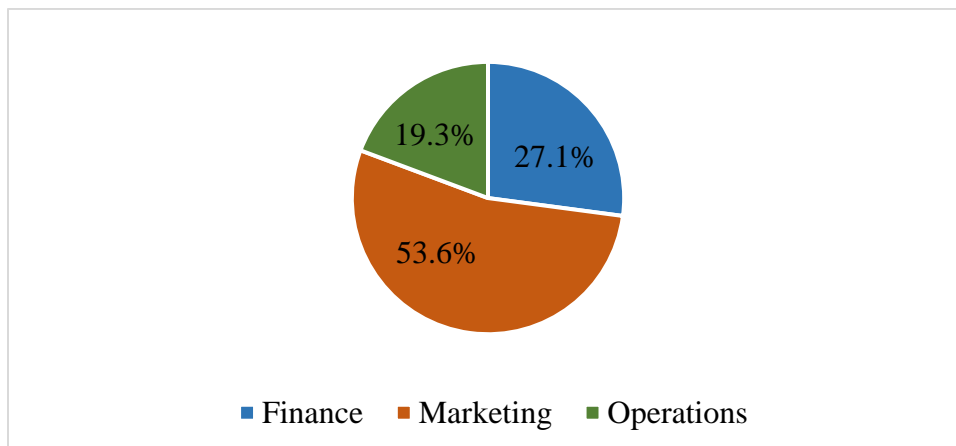


Figure 4.4: Respondents Department of Work

Source: Researcher (2023)

The data was collected from employees in different departments of Oil Marketing Companies and the views collected are from these employees working in this companies. The findings depict that, 53.6% of the respondents were form the marketing department, 27.1% were from finance department and 19.3% were from the operations departments. This implies that the departments were well represented in the study.

4.4 Descriptive Statistics

Descriptive statistics, which include frequencies, percentages, mean and standard deviation was used in this section. In the likert scale, if the mean is between 1 to 1.49, it is interpreted in relation to the one given a scale of 1 in the likert that is strongly disagree , if the mean is between 1.5 to 2.49, it is interpreted in relation to the one given a scale of 2 in the likert scale that is disagree , if the mean is between 2.5 to 3.49, it is interpreted in relation to the one given a scale of 3 in the likert scale that is moderate , if the mean is between 3.5 to 4.49, it is interpreted in relation to the one given a scale of 4 in the likert scale that is agree and if the if the mean is between 4.5 to 5 , it is interpreted in relation to the one given a scale of 5 in the likert scale that is strongly agree. Standard deviation is measure of variation, it shows variation in respondent opinion, if the standard deviation is greater than one it is a high standard deviation which means that respondent had differing opinion, if the standard deviation is less than 1 it is a low standard deviation an indication that respondent had similar opinion

4.4.1 Cost Leadership Strategy and Performance of Oil Marketing Companies in Kenya

The study aim was to establish the effect of cost leadership strategy and performance of oil marketing companies in Kenya. Table 4.2 shows the results.

Table 4.2: Descriptive Statistics for Cost Leadership Strategy

	N	Mean	Std. Deviation
Our organization has adopted a cost leadership strategy	166	4.02	.874
Our organization offers competitive prices for its services	166	4.37	.749

Our organization provides discount for its services	166	3.95	.907
Our organization has adopted low operational cost	166	4.22	1.057
Average score		4.140	0.897

Source: Researcher (2023)

The findings in Table 4.2 shows that majority of the respondents agreed that their organization offers competitive prices for its services as shown by 4.37 and standard deviation of 0.749. The respondents agreed that ‘Our organization has adopted low operational cost’ as shown by a mean of 4.22 and standard deviation of 1.057. Their organization has adopted a cost leadership strategy as shown by a mean of 4.02 and standard deviation of 0.874 and their organization provides discount for its services as shown by a mean of 3.95 and standard deviation of 0.907. Based on the average score (4.140), it can be concluded that the oil companies have adopted cost leadership strategy to enhance their company performance.

4.4.2 Differentiation Strategy and Performance of Oil Marketing Companies in Kenya

The study sought to determine the effect of differentiation strategy and performance of oil marketing companies in Kenya. The results are as summarised in Table 4.3.

Table 4.3: Descriptive Statistics for Differentiation Strategy

	N	Mean	Std. Deviation
Our organization has adopted the differentiation strategy	166	3.85	.982
Our organization brand is well-known	166	3.90	1.126
Our organization provides after sale services	166	3.64	.991
Our organization has a strong customer relationship	166	4.49	.815
Average score		3.970	0.979

Source: Researcher (2023)

The results show that, the respondents agreed that their organization has a strong customer relationship as shown by a mean value of 4.49, their organization brand is well-known as shown by a mean value of 3.90, their organization has adopted the differentiation strategy as shown by a mean value of 3.85 and their organization provides after sale services as shown by a mean of 3.64. The average score is 3.970 implying that differentiation strategy has been adopted by the oil companies to enhance their performance.

4.4.3 Focus Strategy and Performance of Oil Marketing Companies in Kenya

The study aim was to establish effect of focus strategy on the performance of oil marketing companies in Kenya. The results were as displayed in Table 4.4.

Table 4.4: Descriptive Statistics for Focus Strategy

	N	Mean	Std. Deviation
Our organization has adopted the focus strategy	166	4.31	.893
Our organization has an established niche market	166	4.15	.982
Our organization provides services for all customer	166	3.71	1.231
Our organization has branches in different geographical areas	166	3.92	1.386
Average score		4.023	1.123

Source: Researcher (2023)

The results show that the respondents agreed with the statement ‘Our organization has adopted the focus strategy’ as shown by a mean value of 4.31. Majority of the respondents agreed with the statement, ‘our organization has an established niche market’ as shown by a mean value of 4.15. They agreed that their organization has branches in different geographical areas as shown by a mean value of 3.92 and their organization provides services for all customers as shown by a mean value of 3.71. The average score is 4.023, hence, it can be concluded that focus strategy has been adopted to improve the performance of oil marketing companies in Kenya.

4.4.4 Performance

The study sought to determine the performance of oil marketing companies in Kenya and the findings were as displayed in Table 4.4.

Table 4.5: Descriptive Statistics for Performance

	N	Mean	Std. Deviation
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The organization controls its financial resources	166	4.49	.865
The organization provides quality services	166	4.55	.775
The organization offer products at affordable cost	166	4.14	.741
The organization products are distributed in different geographical areas	166	4.27	1.085
The organizations maintain good customer relations	138	4.64	.702
Average score		4.418	0.834

Source: Researcher (2023)

From the findings, majority of the respondents agreed that the organization maintain good customer relations as shown by a mean value of 4.64. The respondents agreed that the organization provides quality services as shown by a mean value of 4.55. Further, the organization controls its financial resources as shown by a mean value of 4.4.9. The respondents agreed that the organization products are distributed in different geographical area a shown by a mean value of 4.27 and the organization offer products at affordable cost as shown by a mean value of 4.1.4. Since the average score is 4.418, it can be concluded that the organization that put efforts to improve its performance through maintaining good customer relations and providing quality services.

Table 4.6: Summary of Descriptive Statistics

Area of focus	Item description	N	Mean score	Standard deviation
Competitive strategy	Cost leadership	166	4.140	0.897
	Differentiation strategy	166	3.970	0.979
	Focus strategy	166	4.023	1.123
Firm performance (Profitability, Customers, focus, learning and growth)		166	4.418	0.834

Source: Researcher (2023)

The summary results show that cost leadership had the greatest impact on firm performance as shown by a mean of 4.140, followed by focus strategy as shown by a mean of 4.023 and finally differentiation strategy had the least impact on firm performance as shown by a mean of 3.970.

4.5 Correlational Analysis

The correlational analysis was used to determine the strength of the association between dependent variable and independent variables. The results were as displayed in Table 4.7. Correlation analysis is key in determining prevalence and relationships

among variables, and to forecast events from current data and knowledge (Curtis et al., 2016).

Table 4.7: Correlation for Independent and Dependent Variables

		Firm Performance	Cost leadership	Differentiation strategy	Focus strategy
Firm Performance	Pearson Correlation	1	.489**	.625**	.692**
	Sig. (2-tailed)		.000	.000	.000
	N	166	166	166	166
Cost leadership	Pearson Correlation	.489**	1	.391**	.256**
	Sig. (2-tailed)	.000		.000	.001
	N	166	166	166	166
Differentiation strategy	Pearson Correlation	.625**	.391**	1	.650**
	Sig. (2-tailed)	.000	.000		.000
	N	166	166	166	166
Focus strategy	Pearson Correlation	.692**	.256**	.650**	1
	Sig. (2-tailed)	.000	.001	.000	
	N	166	166	166	166

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher (2023)

Table 4.7 findings show that there was a strong positive correlation between cost leadership, differentiation strategy and focus strategy with the correlation's coefficients of 0.489, 0.625 and 0.692 respectively. The results imply that firm performance is determined to a greater extent by focus strategy, differentiation strategy and cost leadership strategy.

4.6 Regression Analysis

The regression analysis was used to determine the effect of competitive strategies on the performance of oil marketing companies in Kenya. The independent variables in the model were cost leadership, differentiation strategy and focus strategy while the dependent variable was firm performance. A simple regression was conducted for each variable.

4.6.1 Cost Leadership and Firm

The study sought to determine how cost leadership affects firm performance. The results were depicted in Table 4.8.

Table 4.8: Regression Analysis for Cost Leadership and Firm

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.489 ^a	.239	.234	.54922		
a. Predictors: (Constant), Cost Leadership						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.541	1	15.541	51.522	.000 ^b
	Residual	49.469	164	.302		
	Total	65.010	165			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Cost Leadership						
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.351	.291		8.067	.000
	Cost leadership	.499	.070	.489	7.178	.000
a. Dependent Variable: firm performance						

Source: Researcher (2023)

Table 4.8 shows the relationship between cost leadership, the independent variable and firm performance, which is the dependent variable. This shows a notable coefficient of determination between cost leadership and firm performance (R=0.489). Further, it is evident from the table that coefficient of determination was

significant (R Square = 0.239, P < 0.05). This implied that 23.9% of variation in firm performance is because of cost leadership strategy.

The significance of the regression model was tested using Analysis of Variance (ANOVA). F= 51.211, and p=0.000 which is less than 0.05 thus the model is statistically significant in predicting how cost leadership strategy affects firm performance of oil marketing companies in Kenya. Given that p<0.05, the model is significant at 95% confidence level and that the variables in the equation are important.

The cost leadership strategy had a coefficient of 0.499 and p <0.05. This meant that the relationship was significant at the 5% level. The standardized coefficients indicate the corresponding change in the dependent variable when a change of one unit is affected in the independent variable. Thus, a 1% improvement in cost leadership will lead to 49.9% change in firm performance.

Therefore, the regression equation is.: -

$$Y = 2.351 + 0.499CL$$

Where,

Y is performance,

CL is cost leadership.

4.6.2 Differentiation strategy

The study sought to determine how differentiation strategy affects firm performance. The results were depicted in Table 4.9.

Table 4.9: Regression Analysis for Differentiation Strategy and firm performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.625 ^a	.391	.387	.49135
a. Predictors: (Constant), Differentiation Strategy				
ANOVA ^a				

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.417	1	25.417	105.279	.000 ^b
	Residual	39.593	164	.241		
	Total	65.010	165			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Differentiation Strategy						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.147	.225		9.549	.000
	DS	.572	.056	.625	10.261	.000
a. Dependent Variable: Firm performance						

Source: Researcher (2023)

Table 4.8 shows the relationship between differentiation strategy, the independent variable and firm performance, which is the dependent variable. This shows a notable coefficient of determination between differentiation strategy and firm performance ($R=0.625$). Further, it is evident from the table that coefficient of determination was significant ($R\text{ Square} = 0.391$, $P < 0.05$). This implied that 39.1% of variation in firm performance is because of differentiation strategy.

The significance of the regression model was tested using Analysis of Variance (ANOVA). $F= 105.279$, and $p=0.000$ which is less than 0.05 thus the model is statistically significant in predicting how differentiation strategy affects firm performance of oil marketing companies in Kenya. Given that $p<0.05$, the model is significant at 95% confidence level and that the variables in the equation are important.

The differentiation strategy had a coefficient of 0.572 and $p < 0.05$. This meant that the relationship was significant at the 5% level. The standardized coefficients indicate the corresponding change in the dependent variable when a change of one unit is affected in the independent variable. Thus, a 1% improvement in differentiation strategy will lead to 57.2% change in firm performance.

Therefore, the regression equation is: -

$$Y = 2.147 + 0.572DS$$

Where,

Y is performance,

DS is differentiation strategy.

4.6.3 Focus strategy

The study sought to determine how focus strategy affects firm performance. The results were depicted in Table 4.10.

Table 4.10: Regression Analysis for Focus Strategy and Firm Performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.692 ^a	.479	.476	.45431		
a. Predictors: (Constant), focus strategy						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.162	1	31.162	150.983	.000 ^b
	Residual	33.849	164	.206		
	Total	65.010	165			
a. Dependent Variable: firm performance						
b. Predictors: (Constant), focus strategy						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.258	.179		12.583	.000
	FS	.538	.044	.692	12.288	.000
a. Dependent Variable: firm performance						

Source: Researcher (2023)

Table 4.9 shows the relationship between focus strategy, the independent variable and firm performance, which is the dependent variable. This shows a notable coefficient of determination between focus strategy and firm performance (R=0.692). Further, it is evident from the table that coefficient of determination was significant (R Square = 0.479, P < 0.05). This implied that 47.9% of variation in firm performance is because of focus strategy.

The significance of the regression model was tested using Analysis of Variance (ANOVA). F= 150.983, and p=0.000 which is less than 0.05 thus the model is statistically significant in predicting how focus strategy affects firm performance of oil marketing companies in Kenya. Given that p<0.05, the model is significant at 95% confidence level and that the variables in the equation are important.

The focus strategy had a coefficient of 0.538 and p <0.05. This meant that the relationship was significant at the 5% level. The standardized coefficients indicate the corresponding change in the dependent variable when a change of one unit is affected in the independent variable. Thus, a 1% improvement in focus strategy will lead to 53.8% change in firm performance.

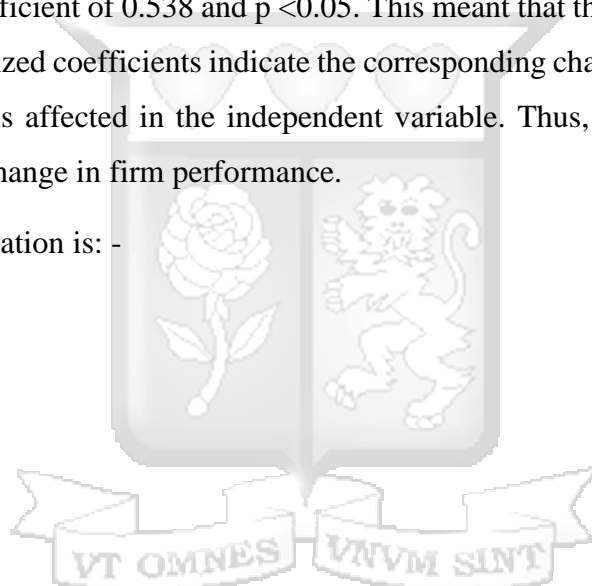
Therefore, the regression equation is: -

$$Y = 2.258 + 0.538FS$$

Where,

Y is performance,

FL is Focus strategy.



4.6.4 Regression Analysis for Competitive Strategies and Firm Performance

The study sought to determine the effect of competitive strategies on performance of oil marketing companies in Kenya. The findings are as depicted in Table 4.11.

Table 4.11: Regression Analysis for Competitive Strategies and Firm Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.776 ^a	.603	.595	.39932
a. Predictors: (Constant), Focus strategy, Cost leadership, Differentiation strategy				
ANOVA ^a				

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	39.178	3	13.059	81.900	.000 ^b
	Residual	25.832	162	.159		
	Total	65.010	165			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Focus strategy, Cost leadership, Differentiation strategy						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.963	.242		3.974	.000
	Cost leadership	.294	.055	.288	5.344	.000
	Differentiation strategy	.176	.063	.192	2.801	.006
	Focus strategy	.384	.051	.494	7.586	.000
a. Dependent Variable: Firm Performance						

Table 4.11 shows a direct relationship between the dependent and independent variables. This shows a strong coefficient of determination between competitive strategies and performance ($R=0.776$). Further, it is evident from the table that coefficient of determination was strong and significant ($R\text{ Square} = 0.603$, $P < 0.05$). This implied that 60.3% of variation in firm performance is because of cost leadership, differentiation strategy and focus strategy.

The ANOVA results show that $F = 81.900$ and $p=0.000$. The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how competitive strategies affects performance of oil marketing companies in Kenya. Since $p<0.05$, the model is significant at 95% confidence level and that the variables in the equation are important. This means that the regression model can effectively be used to predict the firm performance using cost leadership, differentiation strategy and focus strategy.

The coefficient results in Table 4.11 show that the variables were significant. The researcher regression used unstandardized coefficients because they are intuitive to interpret and understand, and they are preferable for use in calculations and analysis (Siegel, 2016). Cost leadership strategy had a coefficient of 0.294 and $p < 0.05$, differentiation strategy with coefficient of 0.176 and $p < 0.05$ and focus strategy with coefficient of 0.384 and $p < 0.05$. Hence, 1% improvement in cost leadership will lead to a 29.4% change

in firm performance; 1% improvement in differentiation strategy will lead to a 17.6% change in firm performance and 1% improvement in focus strategy will lead to a 38.4% change in firm performance.

$$Y = 0.963 + 0.294CL + 0.176DS + 0.384FS$$

Where: -

Y = Organizational Performance,

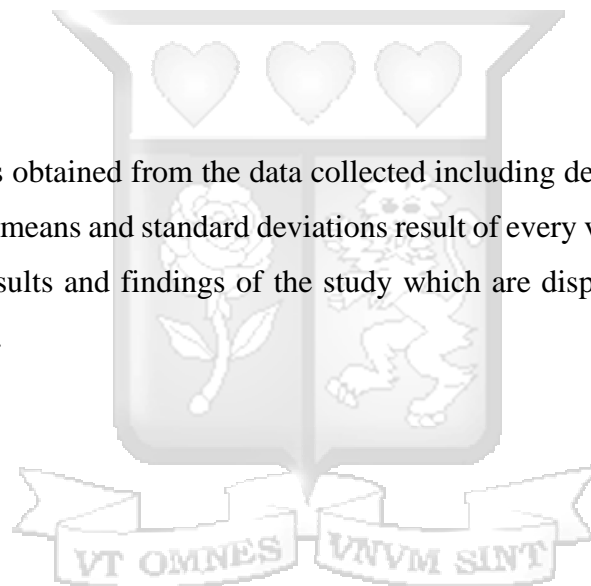
CL = Cost leadership strategy

DS= Differentiation strategy

FS = Focus strategy

4.7 Chapter Summary

The chapter presented results obtained from the data collected including descriptive statistics, regression analysis and correlation. The means and standard deviations result of every variable are also included. The chapter has explained the results and findings of the study which are displayed on tables with detailed explanation under each table.



CHAPTER FIVE

DISCUSSIONS

5.1 Introduction

This chapter provides a summary of the key findings, discussion and conclusion drawn from the study findings. Further, the study presents recommendations on further studies on this topic to help fill in the gaps left out because of the scope limitations of this study.

5.2 Demographic Profile

In this study both male and female participated in the study though at different proportions. Theobald (2017) posits that integrating gender analysis into research is one important way to contribute to gender equality and create more inclusive research results. The benefits of incorporating the gender dimension include increased scientific creativity and excellence as well as inclusion of all potential individuals in the organization. The participants in this study were of different age groups. The age element is supported by the duration of service which explains the degree and depth of interaction with people and norms in organizations. Chang et al. (2006) explains that the longer an individual is entrenched in some processes and practices, the more they understand and adopt them easily.

5.3 Discussion of Findings

The general objective of this study was to determine the effect of competitive strategies on performance of oil marketing companies in Kenya. Descriptive and inferential statistics were adopted for the analysis. The findings were as below.

5.3.1 Effect of Cost Leadership Strategy on Firm Performance

The study sought to evaluate the effect of cost leadership strategy on the performance of oil marketing companies in Kenya. It was found that oil marketing companies offers competitive prices for its services. Majority of the respondents agreed that their organizations have adopted low operational cost and cost leadership strategy. Further, the respondents agreed that their organizations provide discount for its services. The regression results showed that cost leadership strategy had a strong positive correlation with performance of oil marketing companies in Kenya.

According to Birjandi, Jahromi, Darasi and Birjandi (2014), the basic operating assumption behind a low-cost leadership strategy is to acquire a substantial cost advantage over other competitors that can be passed

on to consumers to gain a large market share. Further, Cavusgil, Ghauri and Akcal (2013) note that a low-cost strategy then produces competitive advantage when the firm can earn a higher profit margin than results from selling products at current market prices. In many cases, firms attempting to execute low-cost strategies aim to sell a product that appeal to an average customer in a broad target market.

The findings concur with those of a study done by Njuguna and Waithaka (2020) on the link between cost leadership strategy and organizational performance at insurance companies in Nyeri County, Kenya where the Pearson correlation analysis results established that cost leadership had a positive correlation with organizational performance. The findings contend with a study by Islami, Mustafa and Topuzovska (2020) on linking porter's generic strategies to firm performance. Econometric results suggested that pursuing differentiation strategy provides higher firm performance compared to two other Porter's generic strategies (low-cost strategy or focus strategy) that have a positive impact as well.

The findings contradict with a study conducted by Kharub, Patle and Sharma (2019) on the relationship between cost leadership competitive strategy and firm performance mediated by quality management practices. The study results revealed that no direct relationship exists between the cost leadership and firm performances. However, quality management practices entirely mediated their relationship. Among eight model parameters, with highest total effect on product quality improvement and process improvement, the continuous improvement secured the rank one, followed by information and analysis and supplier management.

5.3.2 Effect of Differentiation Strategy on Firm Performance

The study sought to establish the effect of differentiation strategy on the performance of oil marketing companies in Kenya. The study found that the oil marketing companies have a strong customer relationship. It was generally revealed that the oil Marketing companies brand is well-known. The respondents agreed that the oil marketing companies have adopted the differentiation strategy and provide after sale services. The regression showed that differentiation had a strong positive correlation with performance of the oil marketing companies.

Differentiation is a strategy used to influence consumers of unique products that gives a competitive advantage over similar products (Porter, 1985). Differentiation strategy consist of making products and services different from competitors in the industry to ensure that they are more attractive to the customers. The study findings are consistent with a study done by Hariyati, Venusita and Dyani (2018) on

differentiated strategy, business performance, and intellectual capital which showed that intellectual capital mediates the relationship between differentiation strategies and business performance of SMEs.

The findings were consistent with a study by Ifeoma (2021) on differentiation strategy and organizational growth of manufacturing firm in Ebonyi State, Nigeria. The result revealed that there is a statistically significant relationship between product differentiation, market share and personnel differentiation have a significant positive effect on competitive advantage. The findings concur with a study by Adhiambo (2018) on the adoption of differentiation strategies by pharmaceutical companies operating in Kenya and how the strategies influence performance of these companies and found a positive relationship between differentiation strategy and performance of organizations.

The findings are inconsistent with a study by Nyokabi (2019) on differentiation strategy, firm structure and performance of star rated hotels that concluded that differentiation strategy-firm structure coalignment has no significant influence on performance of star rated hotels in Kenya. However, differentiation strategy directly and positively affects hotel performance. The findings are inconsistent with a study by Kharub, Patle and Sharma (2019) on the impact of competitive differentiation strategy on firm's performance and the mediating role of quality management (QM) in India and found no direct relationship between differentiation strategy and firm performances, but QM entirely mediated their relationship.

5.3.3 Effect of Focus Strategy on Firm Performance

The study sought to evaluate the effect of focus strategy on the performance of oil marketing companies in Kenya. It was established that the oil marketing companies have adopted the focus strategy. The respondents agreed that the oil marketing firms have an established niche market. Further, it was noted that the oil companies have branches in different geographical areas and provide services for all customers. The regression results established that focus strategy has a strong positive correlation with performance of the oil marketing companies.

According to Sable (2013), in the focus strategy, a firm targets a specific segment of the market. The firm can choose to focus on a select niche market, customer group, product range, geographical area, or service line. It is based on adopting a narrow competitive scope within an industry. The findings contend with those of a study by Lee, Weiss and Karion (2021) that combining a low-cost strategy with a focus strategy is, indeed, detrimental to firm profitability. Further, firms have effectively used low cost or focus strategies to improve their performance. The study demonstrated that although firms pursuing either strategy

individually can benefit, pursuing these two generic strategies of low cost and focus simultaneously actually hurts firms' profitability.

The findings are consistent with a study by Gakuya and Njue (2018) that established that all the measurers of focus strategy were found to have effect on the customer loyalty among pharmaceutical firms in Nairobi County. The focus strategy variable was found to have a positive and a statistically significant effect customer loyalty. This meant that increase in focus strategy facilitated the increase in customer loyalty among pharmaceutical firms in Nairobi County. The findings are consistent with Ochodo, Oloko and Yabs (2020) on the role of focus strategy in performance of NHIF Accredited Hospitals in Kenya. The results of the study revealed that there was a positive and significant relationship between the focus study and performance of hospitals. The quantitative result was further validated by the CEOs responses that indicated that they focus on niche market that remained unexploited. The findings are consistent with Chelanga (2017) whose findings indicated that differentiation strategy and market focus strategy were positively and significantly related to financial performance. The study concluded that that differentiation strategy and market focus strategy had positive and significant effect on the financial performance of SMEs.

5.4 Conclusion

The findings of this study showed that cost leadership has a positive and significant relationship with performance of oil marketing companies in Kenya. Oil Marketing companies have adopted the cost strategy to enhance performance. The findings agree with these of Njuguna and Waithaka (2020) who established that cost leadership had a positive correlation with organizational performance. The findings differ with that of Kharub, Patle and Sharma (2019) who revealed that no direct relationship exists between the cost leadership and firm performances.

The findings revealed that differentiation strategy has a positive and significant relationship with performance of oil marketing companies in Kenya. Further, the companies have adopted the differentiation strategy to enhance customer service. The findings agree with that of Adhiambo (2018) who found a positive relationship between differentiation strategy and performance of organizations. The findings differ from that of Nyokabi (2019) who studied differentiation strategy, firm structure and performance and concluded that differentiation strategy-firm structure has no significant influence on firm performance.

The findings indicate that focus strategy has a positive and significant relationship with performance of oil marketing companies in Kenya and the companies have adopted focus strategy to enhance their market share. The findings agree with those of Ochodo, Oloko and Yabs (2020) whose study revealed that there was a positive and significant relationship between the focus study and performance of hospitals. Chelanga (2017) whose findings indicated that differentiation strategy and market focus strategy were positively and significantly related to financial performance.

Overall, the research showed that as much as Oil Marketing Companies employ cost leadership, differentiation and focus strategy as their competitive advantage. Focus strategy stood out as the strategy with the highest effect on performance of Oil Marketing Companies.

5.5 Implication of Research

The study findings have implications on management, policy and knowledge.

5.5.1 Contribution to Policy

Oil marketing companies play an essential role in the growth of economy. Therefore, their performance is very important since it shows the ability to contribute to the economy. To achieve outstanding performance, the oil companies, need to be competitive. Holding a competitive advantage over competitors means to be more profitable than them over the long term. The findings demonstrate that the oil companies have adopted cost leadership, differentiation strategy ad focus strategy to enhance their performance. Therefore, policy makers can intervene by ensuring that the business environment offer healthy competition for organizations.

5.5.2 Contribution to Management

The findings show that oil marketing companies offer competitive prices for their products, their brand is well known and they have established niche markets. The study suggests that the oil companies should study the market continuously. Further, the companies should be aware of what their competitors are up to. This would help the companies to make use the low-cost strategy without making loses by setting lower prices than those of competitors. Understanding the market would help the oil companies to differentiate its products better than competitors and they would know where to sell its products that is focus strategy.

5.5.3 Contribution to Knowledge

The study evaluated competitive strategies in terms of low-cost leadership, differentiation and focus. Firm performance was measured in terms of financial, customer, internal processes and learning and growth perspectives. The study findings showed that low-cost leadership, differentiation and focus had a significant influence on firm performance. Further, the competitive advantage theory was used to show how resources can be used to achieve competitiveness. The resource-based view shows how the company unique resource can be used to achieve competitive edge. Therefore, the study can be used by scholars and researchers as a source of reference.

5.6 Suggestions for Further Research

The study suggests further research on the effect of competitive strategies on performance of oil companies and other companies since this study solely focused on oil marketing companies in Kenya.

The study suggests that a different research design like the mixed research design which incorporates qualitative and quantitative data can be used to obtain in-depth information on effect of competitive strategies on firm performance.

The study suggests that the oil marketing should adopt the competitive strategies and improve on them since the business environment keep on changing due to new customer needs and changing customer needs. Further, the adopted competitive strategies should be matched with other strategies in the organization to achieve good results.

5.7 Limitations

The study faced some limitations, first competitive strategies conceptualization was based on Porter (1985) three generic competitive strategy typologies low-cost leadership, differentiation and focus. Though there are other strategies like the work of Miles and Snow (1978) who developed four competitive strategic typologies on how to address the product-market decisions in organizations namely defenders, prospectors, analysers and reactors. The findings were derived from Porter competitive strategies.

Secondly, the firm performance was measured in terms of financial, customer, internal processes and learning and growth perspectives. There exist other measures of firm performance like efficiency, effectiveness, return on assets and return on equity.



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Appendix I: Introductory Letter

Lucy Gichuhi

Dear Respondent,

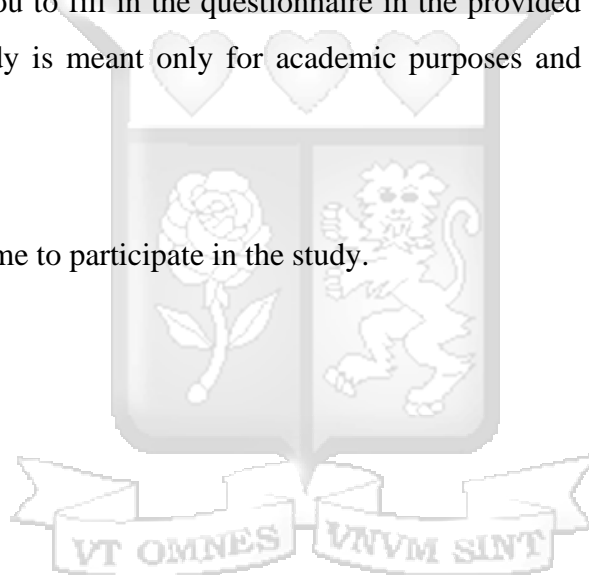
RE: DATA COLLECTION

I am a postgraduate student at the Strathmore University, I am conducting a study titled, **EFFECT OF COMPETITIVE STRATEGIES ON PERFORMANCE OF OIL MARKETING COMPANIES IN KENYA**. I kindly request you to fill in the questionnaire in the provided spaces. Your honesty will be highly appreciated. The study is meant only for academic purposes and the information will be kept confidential.

Thank you for taking your time to participate in the study.

Yours sincerely,

Lucy Gichuhi.



Appendix II: Questionnaire

The questionnaire will be used for data collection. The study aim is to ‘determine the effect of competitive strategies on the performance of oil marketing companies in Kenya’

Kindly give your answers by a tick (√) in the provided spaces.

Confidentiality

All information will be used for academic purposes and it will be kept confidential

SECTION A: DEMOGARPHIC INFORMATION

Name of the company.....

1. Kindly indicate your gender

Male () Female ()

2. What is your age group of respondents?

20-30 ()

31-40 ()

41-50 ()

51 and Above ()

3. How long have you been working in organization?

Below a year ()

1-5 years ()

6-10 years ()

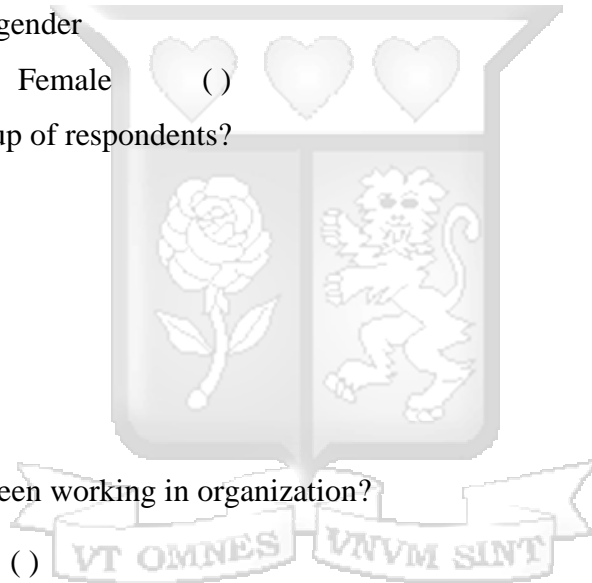
More than 11 years ()

4. Which department do you work in?

Finance ()

Marketing ()

Operations ()



SECTION B: COMPETITIVE STRATEGIES

The following statements relate to competitive strategies. State the extent to which you agree with the following statements with regards to competitive strategies in your organization (where 1-strongly disagree, 2-diasagree, 3-neutral, 4-agree, and 5-strongly agree).

	SD (1)	D(2)	N(3)	A(4)	SA(5)
Cost leadership strategy					
Our organization has adopted a cost leadership strategy					
Our organization offer competitive prices for its services					
Our organization provide discount for its services					
Our organization has adopted low operational cost					
Differentiation strategy					
Our organization has adopted the differentiation strategy					
Our organization brand is well-known					
Our organization provides after sale services					
Our organization has a strong customer relationship					
Focus strategy					
Our organization has adopted the focus strategy					
Our organization has an established niche market					
Our organization provides services for all customer groups					
Our organization has branches in different geographical areas					

SECTION C: FIRM PERFORMANCE

The statements below relate to firm performance. State the extent to which you agree with the following statements with regards to performance in your organization (where 1-strongly disagree, 2-diasagree, 3-neutral, 4-agree, and 5-strongly agree).

	SD (1)	D(2)	N(3)	A(4)	SA(5)
The organization controls its financial resources					

The organization provides quality services					
The organization offer products at affordable cost					
The organization products are distributed in different geographical areas					
The organizations maintain good customer relations					

Thank you for your participation



Appendix III: List of Registered Oil Marketing Companies In Kenya

1. VIVO ENERGY KENYA	2. AXON ENERGY LIMITED
3. TOTAL KENYA LIMITED	4. HAMMEX ENERGY LIMITED
5. RUBIS KENYA	6. NGUVU SERVICE STATION LIMITED
7. NATIONAL OIL CORPORATION OF KENYA	8. PETROKENYA OIL CO. LIMITED
9. OLA ENERGY KENYA	10. SABILI ENERGY LIMITED
11. OIL LIBYA KENYA	12. TORCH ENERGY LTD
13. ORYX ENERGIES KENYA LIMITED	14. ACER PETROLEUM LIMITED
15. JAK LINE COMPANY LTD	16. AMANA PETROLEUM (KENYA) LIMITED
17. ONE PETROLEUM LIMITED	18. ARECH PETROLEUM LIMITED
19. OXIUM ENERGY LIMITED	20. LEXO ENERGY KENYA LIMITED
21. LUQMAN PETROLEUM LIMITED	22. KENCOR PETROLEUM LIMITED
23. REGNOL OIL (K) LIMITED	24. TIBA OIL COMPANY LIMITED
25. SHEIKH PETROLEUM INTER (K) LIMITED	26. ELK ENERGY KENYA LTD
27. TOWBA PETROLEUM COMPANY LIMITED	28. HELLER PETROLEUM LIMITED
29. LINK OIL LTD	30. BLUE SKY ENERGY LIMITED
31. KOSMOIL PETROLEUM (EA) LIMITED	32. BE ENERGY LIMITED
33. NOMAD PETROCHEM LTD	34. FASTNETT ENERGY LIMITED
35. OIL ENERGY KENYA LIMITED	36. FUTURES ENERGY COMPANY LIMITED
37. RAMJI HARIBHAI DEVANI LIMITED	38. AINUSHAMSI ENERGY LIMITED
39. TECAFLEX LIMITED	40. ASPAM ENERGY KENYA LIMITED
41. EMKAY INTERNATIONAL LIMITED	42. EAST AFRICAN GASOIL LIMITED
43. MOIL KENYA LIMITED	44. GALANA OIL KENYA LIMITED
45. ZACOSIA TRADING LIMITED	46. GAPCO KENYA LIMITED
47. MERIDIAN ENERGY LIMITED	48. STABEX INTERNATIONAL LTD
49. TESLOR CORPORATION LIMITED	50. FINEJET LIMITED
51. TOSHA PETROLEUM (KENYA) LIMITED	52. FUEL LINK ENERGY LIMITED
53. BACHULAL POPATLAL (KENYA) LIMITED	54. LAKE OIL LIMITED
55. RED STAR PETROLEUM LIMITED	56. ALBA PETROLEUM LIMITED
57. ENGEN KENYA LIMITED	58. DALBIT PETROLEUM LIMITED
59. AFRO PETROLEUM LTD	60. HASS PETROLEUM KENYA LIMITED
61. BUZEKI ENTERPRISES LIMITED	62. OLYMPIC PETROLEUM LIMITED
63. MENA ENERGY LIMITED	64. PETRO OIL KENYA LIMITED
65. ASTROL PETROLEUM COMPANY LIMITED	66. BANODA OIL LIMITED
67. GUUL ENERGY LIMITED	68. CITY OIL (K) LIMITED
69. HARED ENERGY LIMITED	70. HASMACK COMPANY LIMITED
71. TAAM PETROLEUM LIMITED	
72.	

Source: EPRA (2022)

Appendix IV: Strathmore Introductory Letter

Ole Sangale Rd, Madaraka Estate,
P.O. Box 59857 00200, Nairobi, Kenya,
Cell: +254 703 414/6/7, Twitter: @SBSKenya
Email: info@sbs.ac.ke or visit www.sbs.strathmore.edu



22nd March 2023

To Whom It May Concern.

Dear Sir/ Madam.

RE: FACILITATION OF RESEARCH – LUCY MWIHAKI GICHUHI

This is to introduce Lucy Gichuhi who is a Master of Business Administration student at Strathmore University Business School, admission number MBA/12888/21. As part of our MBA Program, Lucy is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MBA course. To this effect, she would like to request for appropriate data from your organisation.

Lucy is undertaking a research paper on “**Effects of Competitive Strategies on Performance of Oil Marketing Companies in Kenya**” The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

Our MBA seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Alois Njenga". The signature is stylized with a large initial 'A' and a long horizontal stroke.

Alois Njenga.
Manager – Graduate Programs.
Strathmore University Business School.

Appendix V: Strathmore Ethics Permit



21st March 2023

Ms Gichuhi Lucy,
lucy.gichuhi2021@strathmore.edu

Dear Ms Gichuhi,

RE: Effects of Competitive Strategies on Performance of Oil Marketing Companies in Kenya

This is to inform you that SU-ISERC has reviewed and approved your above SU-masters research proposal. Your application reference number is SU-ISERC1622/23. The approval period is from 21st March 2023 to 20th March 2024.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 48 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 48 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-ISERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

for: **Dr Ben Ngoye,**
Secretary; SU-ISERC

Cc: Mr Ambrose Rachier,
Chairperson; SU-ISERC



Appendix VI: Nacosti Permit

 <p>REPUBLIC OF KENYA</p>	 <p>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>
<p>Ref No: 881550</p>	<p>Date of Issue: 25/March/2023</p>
<p>RESEARCH LICENSE</p>	
	
<p>This is to Certify that Ms., Lucy Mwihaki Gichuhi of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Mombasa, Nairobi on the topic: EFFECTS OF COMPETITIVE STRATEGIES ON PERFORMANCE OF OIL MARKETING COMPANIES IN KENYA for the period ending : 25/March/2024.</p>	
<p>License No: NACOSTI/P/23/24764</p>	
<p>881550 Applicant Identification Number</p>	 <p>Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>
<p>Verification QR Code</p>	
	
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