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**EFFECT OF COMPETITIVE STRATEGIES ON THE PERFORMANCE OF
LIQUEFIED PETROLEUM GAS COMPANIES IN NAIROBI COUNTY, KENYA**

CHRISTINE M. NJIRU

MBA/59768

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION AT STRATHMORE UNIVERSITY**



MAY 2024

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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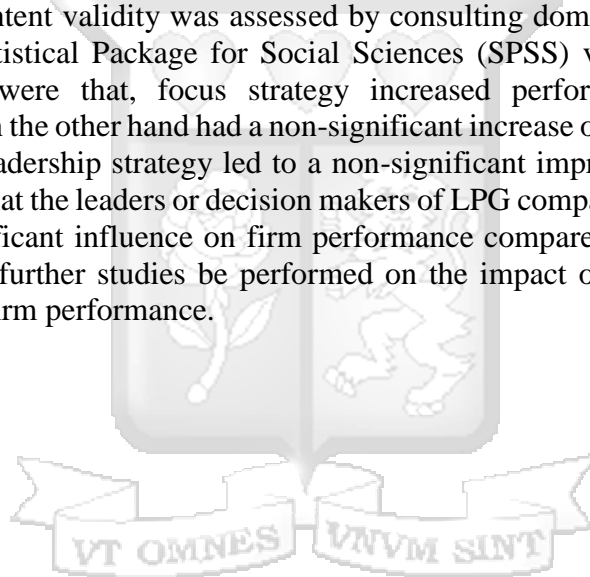
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ABSTRACT

It is essential for Liquefied Petroleum Gas (LPG) companies to outperform their competitors in the industry. LPG consumption has expanded in Kenya in recent years, thanks to better import and distribution facilities. The use of LPG in the commercial sector doubled to around 124,000 metric tonnes by 2017, up from a low base in 2014. In 2018-19, rapid demand growth continued, with demand almost doubling to 217,000 metric tonnes. Demand has boosted competition among LPG manufacturers, which has resulted in price wars. This study examined how competitive strategies influence the performance of LPG companies and how the performance of liquefied petroleum gas companies in Nairobi County is affected by competitive strategies. The specific research objectives were to determine the impact of focus strategies on performance; to define the impact of differentiation strategies on performance, and to determine the impact of cost leadership strategies on LPG business performance in Nairobi County. The study used a descriptive cross-sectional research design approach. LPG companies in Nairobi County were investigated and the sample size was 154 respondents, selected using simple random sampling. Cronbach's alpha was used to verify reliability, and content validity was assessed by consulting domain experts. The data was analysed using IBM Statistical Package for Social Sciences (SPSS) version 29.0.2.0. The key findings of the study were that, focus strategy increased performance significantly and differentiation strategy on the other hand had a non-significant increase on performance. Similarly, a unit increase in cost leadership strategy led to a non-significant improvement in performance. The study recommends that the leaders or decision makers of LPG companies widely adopt a focus strategy as it has a significant influence on firm performance compared to other strategies. The study also suggests that further studies be performed on the impact of differentiation and cost leadership strategies on firm performance.



DEDICATION

Mum, this is for you. May it always make you smile.



ACKNOWLEDGEMENTS

I thank God for His infinite strength that has led me through this dissertation journey and His wisdom and grace. I would like to sincerely thank my supervisor Dr. Fredrick N. Oduori for his amazing patience and direction. I am also grateful to my family and friends for their unwavering support and encouragement. I would like to particularly acknowledge my mother, for her belief that this journey would come to a victorious completion. I am grateful for you all.



TABLE OF CONTENTS

DECLARATION	ii
ABSTRACT	iii
DEDICATION	iv
ACKNOWLEDGEMENTS	v
LIST OF FIGURES	ix
LIST OF TABLES	x
LIST OF ABBREVIATIONS	xi
OPERATIONAL DEFINITION OF TERMS	xii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the study	1
1.1.1 Competitive Strategies.....	2
1.1.2 Firm Performance	2
1.1.3 Liquefied Petroleum Gas Companies in Kenya	4
1.2 Problem Statement	5
1.3 Primary Objective	6
1.4 Specific objectives.....	6
1.5 Scope of the Study.....	7
1.6 Significance of the study.....	7
1.7 Summary of the Chapter	7
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Theoretical Review	8
2.2.1 Porter's Generic Competitive Strategies Theory	8
2.2.2 Resource-Based View of the Firm (RBV) Theory	9
2.3 Empirical Review	11
2.3.1 Focus Strategy and Firm Performance	11
2.3.2 Cost Leadership Strategy and Firm Performance.....	13
2.3.3 Differentiation Strategy and Firm Performance	15

2.4 Research Gaps	17
2.5 Conceptual Framework	20
2.6 Operationalization of Study Variables	21
2.7 Summary of the Chapter	22
CHAPTER THREE	23
RESEARCH METHODOLOGY	23
3.1 Introduction	23
3.2 Research Philosophy	23
3.3 Research Design	23
3.4 Population of the Study	24
3.5 Sampling Design	25
3.6 Data Collection	26
3.7 Research quality	27
3.7.1 Validity	27
3.7.2 Reliability	27
3.8 Data Analysis	28
3.9 Ethical Considerations	30
3.10 Summary of the Chapter	30
CHAPTER FOUR.....	31
DATA ANALYSIS AND PRESENTATION OF FINDINGS.....	31
4.1 Introduction	31
4.2 Response rate.....	31
4.3 Demographic Profiles of the Respondents	31
4.3.1 Years in the Company	32
4.3.2 Level of Management.....	32
4.3.3 Age Distribution of Respondents	33
4.3.4 LPG Company Affiliation	34
4.3.5 Launch of New Product or Services	34
4.4 Descriptive Analysis	35
4.4.1 Descriptive Analysis of Focus Strategy.....	35
4.4.2 Descriptive Analysis of Differentiation Strategy	36
4.4.3 Descriptive Analysis of Cost Leadership Strategy.....	37

4.4.4 Descriptive Analysis of Firm Performance	39
4.5 Correlation.....	40
4.6 Regression Model.....	41
4.6.1 Regression Model of Focus Strategy.....	41
4.6.2 Regression Model of Differentiation Strategy.....	43
4.6.3 Regression Model of Cost leadership Strategy.....	45
4.6.4 Regression Model of Competitive Strategies	47
4.7 Summary of the Chapter	49
CHAPTER FIVE	50
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS	50
5.1 Introduction	50
5.2 Summary	50
5.3 Discussions of the findings	50
5.3.2 Impact of Differentiation Strategy on Firm Performance	51
5.3.3 Impact of Cost Leadership on Firm Performance	53
5.4 Conclusions	53
5.5 Recommendations of the Study	54
5.5.1 Contributions to Management	54
5.5.2 Contributions to Knowledge.....	55
5.5.3 Contributions to Policy.....	55
5.6 Limitations of the study.....	55
5.7 Areas for Further Studies	56
REFERENCES.....	57
APPENDICES.....	67
Appendix I: Introduction Letter	67
Appendix II: Questionnaire.....	68
Appendix III: List of Registered LPG Companies in Kenya	73
Appendix IV: Strathmore University Business School Introductory Letter	74
Appendix V: Strathmore University Business School Ethics Permit	75
Appendix VI: NACOSTI Permit.....	76

LIST OF FIGURES

Figure 2.1: Conceptual Framework	20
Figure 4.1: Length of Time in Company	32
Figure 4.2: Level of Management	33
Figure 4.3: Distribution of Respondents Age	33

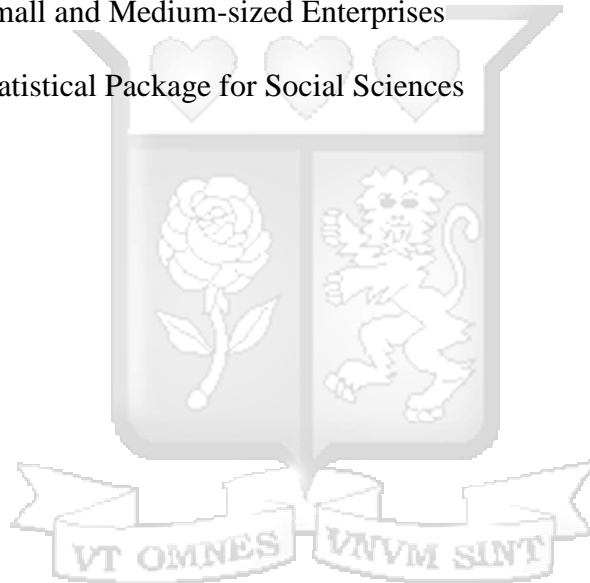


LIST OF TABLES

Table 2.1: Summary of Literature and Research Gaps.....	17
Table 2.2: Study Variables and their Operationalization.....	21
Table 3.1: Population.....	24
Table 3.2: Sample Size Distribution	25
Table 3.3: Cronbach’s Alpha Coefficient for the Study Variables.....	28
Table 4.1: Response Rate.....	31
Table 4.2: Respondents’ Distribution Across LPG Companies.....	34
Table 4.3: Launch of Product or Service in Past Years.....	35
Table 4.4: Descriptive Analysis of Focus Strategy.....	36
Table 4.5: Descriptive Analysis of Differentiation Strategy.....	37
Table 4.6: Descriptive Analysis of Cost Leadership Strategy.....	38
Table 4.7: Descriptive Analysis of Firm Performance.....	39
Table 4.8: Descriptive Statistics Summary	40
Table 4.9: Correlation Table.....	40
Table 4.10: Model Summary (Focus).....	41
Table 4.11: ANOVA (Focus).....	42
Table 4.12: Coefficients (Focus).....	43
Table 4.13: Model Summary (Differentiation)	43
Table 4.14: ANOVA (Differentiation).....	44
Table 4.15: Coefficients (Differentiation)	44
Table 4.16: Model Summary (Cost leadership)	45
Table 4.17: ANOVA (Cost leadership).....	46
Table 4.18: Coefficients (Cost leadership).....	46
Table 4.19: Model Summary (Competitive Strategies).....	47
Table 4.20: ANOVA (Competitive Strategies)	48
Table 4.21: Coefficients (Competitive Strategies).....	48

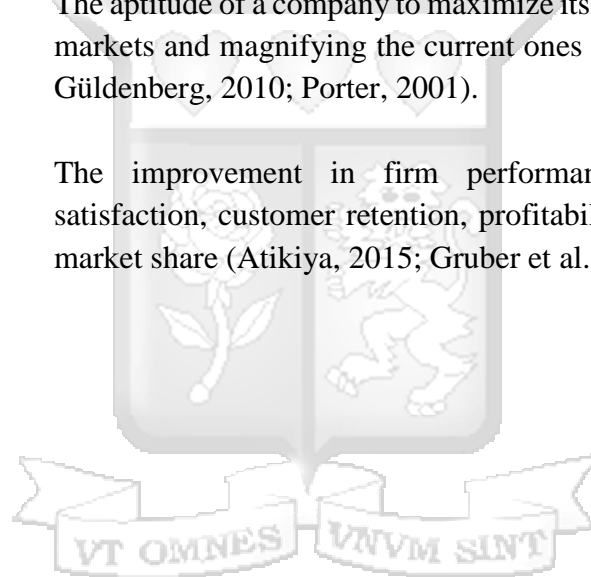
LIST OF ABBREVIATIONS

DTS	Deposit Taking Saccos
EPRA	Energy and Petroleum Regulatory Authority
LPG	Liquefied Petroleum Gas
OMCs	Oil Marketing Companies
OTS	Open Tender System
SACCOs	Savings and Credit Co-operatives
SMEs	Small and Medium-sized Enterprises
SPSS	Statistical Package for Social Sciences



OPERATIONAL DEFINITION OF TERMS

- Differentiation Strategy** This refers to the benefits that a company can obtain from having a distinctive position in a certain industry based on product pricing and features. It requires a company to be creative in creating or improving its products or services to stay competitive (Atikiya, 2015; Leitner & Guldenberg, 2010; Porter, 2001).
- Cost Leadership Strategy** This is an edge over our competitors, resulting from lower pricing policy than what they offer (Atikiya, 2015; Leitner & Guldenberg, 2010; Porter, 2001).
- Focus Strategy** The aptitude of a company to maximize its resources to infiltrate new markets and magnifying the current ones (Atikiya, 2015; Leitner & Guldenberg, 2010; Porter, 2001).
- Firm Performance** The improvement in firm performance regarding customer satisfaction, customer retention, profitability, customer loyalty and market share (Atikiya, 2015; Gruber et al., 2010).



CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Globalization, technological adoption, fragmented markets, and liberalization of industry standards have all contributed to substantial changes in the corporate environment during the last three decades. Companies that want to succeed and outperform their rivals must be able to adapt fast to new demands and compete at unprecedented levels. They must use competitive tactics to gain a competitive advantage. Businesses have a purpose beyond just staying alive. They need to adjust to global changes, explore new paths, and leverage opportunities to achieve remarkable growth. Competitive strategy is essential for a company's smooth functioning, since it governs rules, actions, and decisions (Makina & Oundo, 2020).

Various companies use different strategies for the achievement of certain goals. The objectives might include competing with other businesses in the industry, gaining a competitive edge, and making money. Porter (1985) suggests that companies can design exceptionally distinctive roles that are particularly important to the organization and consist of different activities. By adopting these competitive strategies, companies can enhance their performance in various ways, such as raising their income, boosting their sales, growing their market share, reducing customer dissatisfaction and trimming operational costs (Makina & Oundo, 2020).

According to Porter (1998), all companies in a given sector must develop competitive strategies to succeed in the market. Companies develop competitive strategies in response to the ever-changing commercial environment. Adaptability, according to Abonda (2017), is a critical component of most companies' competitive strategy. A lot of companies struggle to overcome the obstacles that stand in their way of improved performance due to a lack of organizational structure in developing the tactics that they apply. A company must first identify its strategy before focusing on the instruments necessary and how they should be employed in order to achieve a breakthrough. The ability of the company to make an educated and effective decision about its future destination is dependent on its ability to develop competent and effective plans (Porter, 1980).

1.1.1 Competitive Strategies

Competitive strategies, according to Makina and Oundo (2020) are a company's long-term direction and scope to ensure that it surpasses its rivals in terms of financial performance. When a business has a competitive edge, it may be able to increase production and supply goods more efficiently than its competitors. Gaining a competitive edge allows a company to increase production and deliver items more effectively than its rivals (Mbithi et al., 2015). Businesses adopt business plans in the majority of situations in order to maintain a competitive position in the market against other companies that supply equivalent products and services. Corporate strategy should be built on the capacity to gain a competitive advantage.

In order to cope with external environmental concerns as they develop, business managers design adaptive competitive strategies. Continuous innovation, better technology, and size of operation are all part of a competitive strategy. Higher quality items at a cheaper cost, exceptional value for money, and a high degree of reliability and performance are all characteristics that contribute to a competitive strategy. According to Salavou (2015), flexibility is a fundamental component of the majority of companies' competitive strategies. In reaction to the ever-changing nature of the business environment in which they compete, companies adopt competitive strategies. Tanwar (2013) proposes three possible strategies: differentiation, cost leadership and focus strategies.

Focus strategies may make it possible for enterprises to take advantage of the one-of-a-kind competencies and resources they possess in order to carve out lucrative new markets (Allen & Helms, 2006). A differentiation strategy, as Porter (1980) described and Kamau (2013) cited, aims to enhance the value that customers perceive a company's products or services to have compared to their rivals by making those products or services stand out for their distinctive features. Cost leadership is a technique used by manufacturers and service providers to produce products and offer services at a lower cost than their rivals (Banker et al., 2014).

1.1.2 Firm Performance

According to Taouab and Issor (2019), measuring and evaluating firm performance is very important, because companies always want to achieve results that are both productive and economical. The efficiency and effectiveness of a company, as well as conformity with rules and

regulations, are used to evaluate its performance. It also includes environmental preservation and conservation measures.

According to Laitinen (2002), performance is defined as the capacity of an item to accomplish objectives in a dimension that is evaluated in light of the desired result. That is, performance is how well an object can achieve its goal. Rauch et al. (2009) as cited in Atikiya (2015) differentiate between two different kinds of firm performance: firm performance as perceived and archival data. While archival data, focuses on metrics such as financial performance and is gathered from internal documents, perceived firm performance relies on the opinions of owners and management. These are two types of information that can be used to assess the success of a business (Atikiya (2015)).

There is a school of thought among academics that argues archival data is superior since it is unbiased. However, respondents favour perceived success over objective indicators like profit or revenue, as stated by Gruber et al. (2010). Further easing comparison between companies and settings, including as across sectors, time periods, and economic situations, is the use of multi-dimensional measurements based on perceived performance (Song, et al., 2005).

Performance may also be defined as a measure of how a company responds to a given request or performs activities that result in a successful outcome, or the actual application and use of information rather than merely gathering and holding data. Performance is the result of a company's strategies and activities (Nderitu, 2015).

According to Newbert (2007), three different types of performance metrics are often employed in the research on strategy. These measurements include objective financial performance, objective non-financial performance and subjective financial performance. Abade (2017) as cited in Japheth and Wanjira (2021) identifies different factors of competitive advantage. These include customer satisfaction, financial performance and internal business process.

Competitive techniques improve a company's success by increasing profits, gaining market share, and lowering customer dissatisfaction. Kinyuira (2014) conducted research in the Kenyan town of Murang'a. The impact of Michael Porter's Generic competitive strategies on the performance of

SACCOs in Murang'a County was assessed by the researcher. The findings revealed that competitive techniques such as cost leadership, focus, and product differentiation had a significant positive impact on SACCO performance. The study aids in the comprehension of broad strategies and their application to improve performance. This suggests that performance might be improved in terms of increased profits, increased market share, and a reduction in customer complaints.

1.1.3 Liquefied Petroleum Gas Companies in Kenya

In Kenya, there were more than seventy-two oil-marketing companies registered as of 2018. Oil marketing, sales, and distribution companies promote, sell, and distribute oil products and liquefied petroleum gas (LPG).. The sector, however, remains oligopolistic, with the top three companies - Vivo Energy (Shell's African licensee), TotalEnergies (previously known as Total), and Rubis Energy (formerly known as KenolKobil) - owning more than half of the market. There are no restrictions on the price of LPG in Kenya. This is mostly because LPG infrastructure is still in its infancy stage. However, the OTS could be used to encourage competition if infrastructure improvements are made (EPRA, 2019).

The Kenyan government liberalized and controlled the Kenyan LPG market via Legal Notice No. 121 of 2009, which was released in 2009. This was due to a range of concerns that resulted in erratic cooking gas supply in the market. Despite the country's growing need for imported LPG, its production does not match demand. About sixty reputable companies make up the oil marketing sector in Kenya. It is vital to note that traditional cooking methods like wood and charcoal are utilized by 97 percent of Kenyan families, whereas LPG is used by just 9 percent of homes (Ochieng et al., 2020).

Growth in LPG consumption in Kenya is driven by several factors. Increased product availability, in addition to government initiatives, has been a critical enabler, allowing wealthier families and restaurants in metropolitan areas to switch to LPG for cooking. Kenya now has two LPG import ports in Mombasa, and the use of rail and trucks to transport LPG into the country's interior has increased. In the next years, more port and storage facilities ought to be built, allowing for further consumption growth; however, affordability constraints will likely slow the rate of expansion compared to recent years' rapid growth (The World Bank Group & Live Wire, 2018).

1.2 Problem Statement

Despite various government efforts to promote LPG as a clean cooking option, Kenya is not on track to meet its 2030 development target for LPG adoption (The World Bank Group & Live Wire, 2018). The current operational environment of Liquefied Petroleum Gas is dynamic and very competitive, as a similar product is on offer by different companies. This has intensified market rivalry, making the companies dependent on market conditions. As a result, liquefied petroleum gas companies face increased competition, lower profits, and even losses. LPG companies must therefore adopt different competitive strategies for their similar products, in order to beat their rivals and maintain market success.

Being able to adjust quickly to changes in the surroundings enables firms to act suitably on both chances and risks, which can affect business operations significantly. According to Alexander et al. (2015), firms must adopt strategies to mitigate environmental turbulence in order to attain their desired outcomes and targets.

Fathali (2016) conducted an empirical study of the car industry in Iran. He analysed how different competitive strategies affected corporate innovation using Porter's basic model. The results showed the significance of competitive methods in stimulating high value and creative activities. Duran and Akci (2015) investigated how applying competitive strategies influenced the business outcomes of manufacturing firms that were listed on the Borsa stock market entity (Istanbul, Turkey). The results showed that competitive tactics had a positive and statistically significant effect on business performance under high uncertainty conditions.

Bwire (2021) explored how competitive strategies affected the adoption of life insurance in Uganda, based on the example of Kampala Central Business District. The study discovered a meaningful positive link between life insurance adoption and strategies for differentiation, distribution channel and cost leadership. Kampire (2012) looked at how insurance companies in Rwanda competed and found improvement came from differentiating the product from competition and widening the customer base.

Previous studies in Kenya are noted to have given attention to performance in the petroleum industry. For instance, Kago et al. (2018) investigated the relationship between competitive strategies and organizational performance of Kenyan petroleum companies so that they could keep their competitive edge and significance. Otieno (2013) examined the competitive strategies that oil marketing firms employed to outperform their competitors in Kenya's oil market. However, previous studies have not evaluated the impact of competitive strategies approaches on firm performance, particularly for companies in the LPG industry. This research gap is what this study explored. The study examined the effect of competitive strategies on the performance of liquefied petroleum gas companies in Nairobi County, Kenya.

1.3 Primary Objective

The primary objective of the study was to determine the effect of competitive strategies on the performance of Liquefied Petroleum Gas companies in Nairobi County.

1.4 Specific objectives

The secondary objectives of the study were:

- i) To establish the effect of focus strategy on performance of liquefied petroleum gas companies in Nairobi County
- ii) To determine the effect of differentiation strategy on performance of liquefied petroleum gas companies in Nairobi County
- iii) To establish the effect of cost leadership strategy on performance of liquefied petroleum gas companies in Nairobi County

To achieve the purpose of this study, the research was guided by the following research questions:

- i) What is the impact of focus strategy on performance of liquefied petroleum gas companies in Nairobi County?
- ii) How does the differentiation strategy affect liquefied petroleum gas companies' performance in Nairobi County?
- iii) What is the impact of cost leadership strategy on liquefied petroleum gas companies' performance in Nairobi County?

1.5 Scope of the Study

This study looked into all of the LPG companies that can be found in Nairobi County. The research covered the concepts that underpin focus strategies, cost leadership strategies and differentiation strategies. The study was carried out between the period of March 2012 to September 2023 and assessed the impact of various business strategies on the company's overall performance.

1.6 Significance of the study

This research would have various applications for different stakeholders including LPG companies, policy makers and researchers. The leaders of companies will use this research to determine how to effectively implement competitive strategies, in order to improve their company's results in terms of sales revenues and cost reduction. In order to find strengths and opportunities, rivals may use it to evaluate competitive tactics, which will help them to identify and enhance their own.

Researchers that are interested in related topics may utilize the present study to complement and enhance their future research efforts by relying on the results of the current study. As a consequence, their empirical investigations in their future study may be dependent on this knowledge as well.

The results will be utilized by policymakers in the energy sector to establish regulations that will guide the future organization of the energy industry, especially the LPG sector.

1.7 Summary of the Chapter

The background of the study, problem statement, the main and specific research objectives, research questions, study scope and the importance of the study were covered in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers existing literature on competitive strategies implemented by different companies to acquire competitive advantage. It conducts an empirical evaluation on diverse literature linked to the research variables identified. The chapter will in addition present a conceptual framework upon which the study is based.

2.2 Theoretical Review

This section outlines the theories that support the present investigation. The ideas emphasize the underpinnings of competitive strategy and performance. The two main theories explored are porter's generic competitive strategies theory and resource-based view of the firm (RBV) theory.

2.2.1 Porter's Generic Competitive Strategies Theory

Michael Porter initially proposed the theory in 1980, and it has subsequently acquired broad support. The theory is that a company may get a competitive edge in its industry by pursuing many aims. Tanwar (2013) proposes three possible strategies: differentiation, focus and cost leadership (or a mix) (or a combination of these). This concept is based on the assumption that a company's relative market position determines whether it is profitable or not. The idea is crucial in establishing a company's course. Cavaleri and Shabana (2018) state that Porter identified three approaches to help companies gain a competitive edge over their competitors.

Porter (2008) defines five elements of competition as threat of substitutes, buyer power, fierce rivalry, threat of entry and supplier power. Interpretation of the processes that shape a sector's competitiveness, he believes, is key to devising a strategy for that industry. It is possible to link generic strategies to firm performance by using basic strategic activities. Theoretically, if the forces are benign, the majority of enterprises will be successful. For each sector, such as public colleges, a company must have a unique strategy. Porter (1998) categorizes generic approaches into four types: low cost, focus, distinction, and combination. They are often used as a strategic classification for all companies.

According to Porter (1985), a company's main concern is the level of industry competition. The idea that low cost and uniqueness are opposite poles of a spectrum has generated much discussion in theory and practice. Many scholars now believe Porter's perspective is flawed, and that cost leadership and differentiation can co-exist (Datta, 2010). According to Leitner and Guldenberg (2010), the generic strategy framework could be improved by considering focus, distinctiveness, and cost as three aspects of strategic positioning instead of three different strategies.

A company's appeal can be evaluated by applying Porter's value chain approach. Companies may develop strategies to improve their own competitive standing, depending on how they perceive the level and force of competitive pressures. To succeed, companies must adapt their approaches to the changing demands of the market. The successful approach may have a significant effect on the company's competitive challenges. The goal is to limit the ability of rival forces to compete. Despite the fact that many companies pursuing cost and differentiation at the same time may put many companies in a middle ground that is disadvantageous, there is evidence that some companies have achieved higher economic performance by pursuing both simultaneously (Becerra et al., 2013).

A company's profitability is determined by its industry position. Profitable companies outperform the industry average in terms of profitability. Long-term profitability requires a competitive edge. A corporation may have two competitive advantages: the ability to reduce costs and the ability to differentiate. Cost leadership, uniqueness, and focus are three ways to achieve above-average performance in an industry. These strategies are based on a company's competitive advantage and the scope of its activities (Foss, 2003).

2.2.2 Resource-Based View of the Firm (RBV) Theory

Resource-Based View of the Firm (RBV) theory was first proposed by Wernerfelt in 1984. A company's structure and resources, viewed from an internal perspective that focuses on its resources, is essential to understand how companies establish their competitive advantage (Wernerfelt, 1984). The theory advises companies to look inside for resources that might help them obtain a competitive advantage. Priem and Butler (2001) claim that resources are critical to achieving optimum performance and competitive advantage. It states that companies must plan

their position carefully, based on internal resources and their ability to efficiently use them. In other words, RBV's primary concept tackles how companies vary and how they gain and sustain competitive advantage via resource leveraging. According to Kostopoulos et al. (2002), the core idea of RBV tackles the basic question of what makes companies distinct and how they gain and maintain competitive advantage by using their resources.

The Resource-Based View (RBV) combines the internal (core competence) and external (industry structure) perspectives on strategy. RBV defines resources as a company's physical and intangible assets and capabilities. Unlike the underlying competence and skills frameworks, market factors determine the value of broadly defined resources. The resource-based business strategy relies on economic rent and views a company as a set of skills (Fahy, 2000). The RBV differs from traditional strategy models, as it highlights the importance of aligning a company's internal capabilities with its external market conditions. A corporation's internal environment, which consists of its capabilities and resources, is essential for choosing strategic actions (Lin & Wu, 2014).

According to Njoroge (2011), resource management gives companies a long-term competitive advantage. This creates a competitive hurdle in the workplace and economy. The approach generates long-term competitive advantage by using a company's unique resources. Using Resource-Based View theory, Muia (2017) analysed how insurance businesses in Kenya's competitive landscape have fared. Cost leadership was shown to have the most positive link with firm performance, making it the preferred approach of insurance sector operators. However, a company should not aim to be the cost leader at the expense of profit. As Chege (2016) notes, a decrease in price might boost demand and the company's share of the market, but it could also reduce profits. A company that can set itself apart from the rivals will have an edge over them and keep its leading position in the market. However, if rivals have replicated the company's most valuable resources, the advantage will erode (Ogbonna & Harris, 2003). This is an issue that has been addressed by the emerging trends in institutional thinking, which also provide a link to the resource-based perspective.

For this research, the performance of LPG companies was examined by using Porter's generic competitive strategies theory to analyse the impact.

2.3 Empirical Review

This segment below summarizes the results of previous linked literature to identify the gaps that need to be addressed in this study.

2.3.1 Focus Strategy and Firm Performance

Focus strategy is a strategy that aims at specific parts of the markets by identifying customer needs and offering them the best prices they can afford (Jiri et al., 2013). Small businesses seeking a competitive edge tend to utilize a low-cost focus strategy or sector focus approach. Cost-focus businesses are those who produce at the lowest possible cost in their market segment. Cost-cutting isn't feasible in businesses that depend on economies of scale; thus, companies should analyse the processes that would be required (Atikiya, 2015). In contrast, with focus strategy, companies decide to target a particular group of customers, a region of the market or a part of the product (Japheth & Wanjira, 2021). A corporation must choose a market that matches its strategy. It must choose markets where focusing resources will most likely result in targeted sales volumes, revenues, and profits.

In the face of bigger, more diverse competition, focus strategy allows a company to carve out a market niche. Some companies have used this method to develop niches within niches, further separating themselves from bigger industry competitors that are unable to service the niche as well (Kamau, 2013). Distinguishing features of focus/specialization approaches include defensibility and the avoidance of direct price rivalry. According to Abwodha (2019), a focus/specialization strategy helps a corporation find new ways to provide value while cutting costs.

Arasa and Gathinji (2014) investigated the link between focus and firm performance in Kenya's telecommunications sector. According to both correlation and regression research, there is a statistically substantial link between firm performance and focus strategy. Aksoylu and Aykan (2013) explored how strategic management accounting methods and competitive strategies are related. The research classified the strategies for competing into three types: focus strategy,

differentiation and cost leadership. This study found a statistically significant correlation between focus strategy and performance. To be effective, a focus strategy requires a huge industrial region compared to other main rivals (Atikiya, 2015). When clients have precise preferences and competitors have not pursued the position, the focus approach is regarded the most effective. The focus approach, on the other hand, threatens the company's development when the market segment is too narrow or the industry begins to deteriorate. Comparatively, a focus strategy targets a particular geographic area and a specific segment of customers (Saif, 2015).

Sagwa and Kembu (2016) examined how competitive strategy influenced the performance of deposit taking SACCOs using data from Nairobi County SACCOs. The research was based on the hypothesis that a corporation's competitive strategy has an effect on the company's performance. The findings confirm the prediction that generic strategies have a substantial extrapolative influence on Deposit Taking Saccos (DTSs) performance, with the focus approach having the strongest predictive impact. As a result, as compared to DTSS pursuing differentiation or cost-cutting strategies, the focus strategy may assist DTSs in achieving the most statistically significant performance improvement. According to the conclusions of this research, DTSs may apply a variety of generic strategy types to get better results. These results back with previous research that has linked focus strategy to company success.

In China, Saif (2015) did a study to see how focus strategy affects a company's operational success. This research looked at the influence of marketing strategy elements such as promotion, price, distribution on the company's performance over time. It also looked at the effect of standardized goods as assessed by changes in sales, customer satisfaction, and other financial statistics. A customer-centric marketing approach has unquestionably been proven to have significant influence on a company's overall success. The research not only evaluated the focus strategy, but it also ruled out the adoption of other competitive strategies. By examining the competitive environment as a whole, the present study tries to close this gap. Businesses that use a focus approach effectively may have diverse product development abilities for a small market niche that they are familiar with (Mahdi et al., 2015).

2.3.2 Cost Leadership Strategy and Firm Performance

Founded on the study by Sumer and Bayraktar (2012), cost leadership strategy means reducing costs at every stage of the value chain to attain the lowest possible cost configuration where the products have high quality, but with few basic characteristics with the goal of gaining an edge over the competitors and increasing market share.

Baraza (2017) examined how East Africa Breweries (Kenya) Limited's low-cost strategy affected the firm's financial performance. This research employed a descriptive research method. The data came from senior management, who were regarded as having deep knowledge of the company. This study used inferential and descriptive statistics. Inferential analysis relied heavily on regression analysis. The research concluded that cost leadership promotes firm performance. There are misunderstandings regarding the necessity to examine new businesses to compare results. Kago et al. (2018) studied the success of Kenyan petroleum companies' cost-cutting strategies. The study looked at the relationship between cost leadership, differentiation, focus and performance. This research provided the results of a descriptive survey of 59 petroleum companies in Kenya. The study used descriptive statistics and content analysis. The results showed that a cost-cutting approach improved the company's overall performance.

Atikiya (2015) employed questionnaires in survey research design to assess how cost leadership strategy affects the performance of manufacturing enterprises in Kenya. The target demographic of the study consisted of 131 enterprises from different sub-sectors in Nairobi. They discovered a link between cost leadership and the performance of manufacturing companies. As a result of the study, it is recommended that companies use Generic techniques to improve their overall performance, especially cost-cutting strategies. The study, on the other hand, focuses on cost leadership while disregarding other strategies (such as focus and product differentiation) that, when combined, might help companies perform better.

Ali and Zehir (2016) examined data from a number of sources to investigate the link between cost leadership strategy, overall quality management programs, and a company's financial performance. The research employed a survey study approach to collect information from 142 executives from well-known companies and institutions. The findings of the study revealed that a

company's financial success is favourably connected with its cost leadership. The researchers, on the other hand, were critical of other generic techniques that are just as capable of increasing a company's performance as the ones they studied. A few instances of this include cost leadership, product differentiation, and a laser-like concentration on results. Furthermore, the researchers did not do any investigation into the LPG sector.

Birjandi et al. (2014) published a study in 2014 that examined the impact of cost leadership on Return on Asset and possible performance of companies listed on the Tehran Securities Exchange (TSE) based on their research in Tehran. Companies that used cost-cutting measures showed a favourable association between sales-to-capital-expenditure ratios and revenue growth, according to the results of a survey investigation of 45 businesses listed on the Tehran Stock Exchange. The company's overall performance is improved as a result of the study conducted. On the other hand, companies should adopt additional competitive tactics such as focus and product differentiation, which may help them improve their overall performance. As a result of their efforts, they will not only help to raise a company's profitability, but they will also help to gain market share (focus) and reduce the number of complaints received from customers (product differentiation). This could also apply to the LPG business to enhance the company's overall performance.

According to Bwire (2021), a company that wanted to reduce costs chose to provide products of adequate quality with minimal basic features available, so that it could gain a competitive advantage, grow its market share and maximize profits. It is the goal of this kind of marketing plan to appeal to a broad range of potential clients. Duran and Akci (2015) examined how using competitive methods affected the performance of manufacturing enterprises that were traded on the Borsa stock exchange entity (Istanbul, Turkey). According to the findings, competitive approaches had a favourable and statistically significant impact on corporate performance when faced with a high degree of uncertainty. These findings were consistent with earlier studies.

The aim of the study by Njuguna and Waithaka (2020) was to examine how cost leadership strategy affects the performance of insurance firms in Nyeri County, Kenya. They applied purposive sampling to select the respondents. Both inferential and descriptive statistics were applied in the analysis. From the results obtained, cost leadership has a strong and affirmative association with

insurance firm performance. Therefore, it was concluded that pursuing cost leadership strategies benefits the organisation.

Buil and Omundi (2017) investigated the competitive strategies of SMEs in Nairobi's central business area. Small and medium-sized businesses (SMEs) must embrace and invest in cost leadership strategies, as well as primarily build links with service providers, suppliers, and other auxiliary companies. Kampire (2012) studied Rwandan insurers' cost-cutting strategies. An investigation on Rwandan insurance companies' competitive tactics in a high-activity environment was undertaken. Price wars are the most typical tactic used by insurance companies to achieve their aims. Companies' high switching costs dissuade consumers from switching. Ouma (2016) evaluated Kenyan insurers' cost-cutting strategies and overall performance. The research was conducted in Kenya because the insurance sector there was exceptionally competitive, with forty-nine companies competing for a tiny market with low penetration (only 2.93 percent). Statistically, strategic cooperation is the most often adopted technique by insurance sector participants. The findings also showed that adopting a cost leadership approach improved the financial and non-financial performance of insurance companies in Kenya.

2.3.3 Differentiation Strategy and Firm Performance

Differentiation can lead to long-term benefits, as many studies have shown, such as Banker et al. (2014); though, this only works if the items or services are distinctive to customers and not replicable by competitors. Furthermore, since differentiation methods are based on innovations and marketing that are specific to the company and the product, according to Banker et al. (2014), replicating the concept, as well as the efforts put forward, may take time. Changes in commodity prices, for example, may be readily copied across sectors, but R&D-driven innovation is more difficult to copy across industries. The company would benefit from improved performance before the concept is made accessible to the entire market.

Atikiya et al. (2015) investigated how differentiation strategy and manufacturing business performance in Kenya are related. A combination of descriptive and exploratory research approaches were used in this study. A simple random selection procedure was used to pick the 170 participants for this study. The differentiation strategy involved these actions: offering products

that were different and tailored to customers' needs, unlike competitors; developing new products constantly; creating products that had innovation; launching new products sooner and more frequently; reacting fast to competitors' product innovations; investing a lot in market research and building products with good reputation. A better way to create a differentiation approach index would have been to use exploratory factor analysis, instead of adding up the variables. This index would have shown how differentiating strategies are related to each other, even if it used all of these characteristics.

Aliqah (2012) looked at the empirical data to determine the link between differentiation strategy and business performance in Jordanian manufacturing companies. This research relied on primary data obtained via the use of a closed-ended questionnaire. The study applied product differentiation strategy measures based on the five-product differentiation tool, as Chenhall and Langfield-Smith (1998) reported. These measures included offering high-quality products; delivering products quickly; modifying designs and launching new products; and adding distinctive product features. The attributes were combined using factor analysis, resulting in the formation of a single index. The company asked customers to rate on a five-point Likert scale how its products, product quality, and market development affected differentiation, measuring their satisfaction with each aspect. The research results showed a beneficial and statistically meaningful link between differentiation strategy and firm performance.

Dirisu et al. (2013) looked at the influence of Unilever's product diversity strategy as a competitive advantage in Nigeria. Productivity increase, innovative product creation, creative product design, and distinctive product attributes all contributed to product differentiation. However, the company's success was measured by sales growth and customer happiness. The main data was acquired using a closed-ended questionnaire and analysed using regression. The study showed a connection between product design, unique product characteristics, product innovation and success. According to research by Kamau (2013) of Supermarkets in Nakuru, Kenya, growing rivalry is forcing supermarkets to distinguish goods and services. Compared to service differentiation, product differentiation and physical difference (in terms of product attributes) had a major effect in triggering yearly sales performance, the researchers observed (Kamau, 2013).

2.4 Research Gaps

The effect of focus strategy on the performance of the telecommunication industry in Kenya was examined by Arasa and Gathinji (2014). However, the research focused on Kenya's telecommunications business and not the LPG industry. The authors examined how competitive strategies influenced the performance of deposit taking SACCOs using data from SACCOs in Nairobi County (Sagwa & Kembu, 2016). However, the impact of the focus approach was only applied on the performance SACCOs that take deposits.

The cost leadership strategy's impact on the performance of manufacturing firms in Kenya was examined by Atikiya (2015). The study focused on cost leadership, but it did not include other methods (such as focus and product differentiation) that, when combined, might improve performance. Njuguna and Waithaka (2020) examined how the performance of insurance firms in Nyeri County, Kenya was influenced by the strategy of having lower costs than competitors. The research applied purposive sampling to select the respondents while the present study will apply simple random sampling.

Dirisu et al. (2013) looked at the influence of Unilever's product diversity strategy as a competitive advantage in Nigeria. The study did not examine how differentiation strategy affected business performance in Jordanian manufacturing firms, which was the focus of Aliqah (2012). The study applied product differentiation strategy measures based on the five-product differentiation tool, while the present study will apply Porter's generic competitive strategies theory.

The competitive strategies studied have research gaps, necessitating the conduct of future study. The following Table 2.1 summarizes empirical literature studies and highlights major issues that formed the foundation of this study.

Table 2.1: Summary of Literature and Research Gaps

Author	Focus of Study	Findings	Research Gaps	Focus of Current study
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Arasa and Gathinji (2014)	The impact of focus strategy on performance of the telecommunication industry in Kenya.	Focus strategy and performance have a good and substantial link.	Because the research focused on Kenya's telecommunications business, the findings cannot be applied to the LPG industry.	The present research will concentrate on the LPG industry.
Sagwa and Kembu (2016)	The effect of competitive strategies on the performance of deposit taking SACCOs using data from SACCOs in Nairobi County	Generic strategies have a substantial extrapolative influence on Deposit Taking Saccos (DTSs) performance, with the focus approach having the strongest predictive impact.	Impact of the focus approach is applied on the performance of deposit taking SACCOs.	The study will concentrate on the LPG industry to explore impact of focus approach.
Saif (2015)	How focus strategy affects a company's operational success in China	According to the findings, focus strategy has a positive impact on business performance.	The research ruled out the adoption of other competitive strategies.	The present study explored the competitive environment as a whole,
Kamau (2013)	The ways that supermarkets in Nakuru County set themselves apart and stand out from one another.	Due to increased competition, supermarkets are being forced to distinguish their goods and services in order to boost sales.	This was a case study of a supermarket in Nakuru.	The present research will concentrate on the LPG industry.
Atikiya et al. (2015)	The impact of differentiation strategy on the	When compared to rivals, the differentiation	By summing the variables, all of the differentiation traits	Rather of summing the variables, the present research

	performance of manufacturing companies in Kenya.	approach was described as being conscious of product difference by having personalized items.	were combined to generate a differentiation strategy index.	will employ exploratory factor analysis to create an index.
Dirisu et al. (2013)	The influence of Unilever's product diversity strategy as a competitive advantage in Nigeria.	The study showed a connection between product design, unique product characteristics, product innovation and success.	This was a case study of Unilever Nigeria (PLC)	The present research will concentrate on the LPG industry.
Aliqah (2012)	The link between differentiation strategy and business performance in Jordanian manufacturing companies	The research results showed a beneficial and statistically meaningful link between differentiation strategy and company performance	The study applied product differentiation strategy measures based on the five-product differentiation tool	The study will apply Porter's generic competitive strategies theory.
Baraza (2017)	The impact of cost leadership strategy on the performance of East Africa Breweries (Kenya) Limited.	According to the findings, cost leadership has a positive impact on business performance.	Gaps occur in the necessity to evaluate additional businesses in order to improve outcomes comparability.	To improve comparisons, the research will concentrate on the LPG business.
Atikiya (2015)	The effect of cost leadership strategy on the performance of Kenyan	According to the findings, a link is observed between company performance	The study focuses on cost leadership, but it ignores other methods (such as focus and product	Differentiation, cost leadership and focus strategy will be the focus of the study.

	manufacturing firms.	(manufacturing firms) and cost leadership.	differentiation) that, when combined, might improve performance.	
Njuguna and Waithaka (2020)	How cost leadership strategy affects the performance of insurance firms in Nyeri County, Kenya	Cost leadership has a strong and affirmative association with insurance firm performance.	The study applied purposive sampling to select the respondents.	This study will apply simple random sampling to select the respondents

2.5 Conceptual Framework

A conceptual framework shows, with a diagram or words, the main aspects of what is being studied the important elements, concepts or variables and how they are related to each other (Miles & Huberman, 1994). As shown in Figure 2.1, the independent variables are the three competitive strategies applied which are cost leadership strategy, differentiation strategy and focus strategy (Atikiya, 2015; Leitner & Guldenberg, 2010; Porter, 2001). The dependent variable of firm performance is based on elements of customer satisfaction, profitability and market share (Gruber et al., 2010).

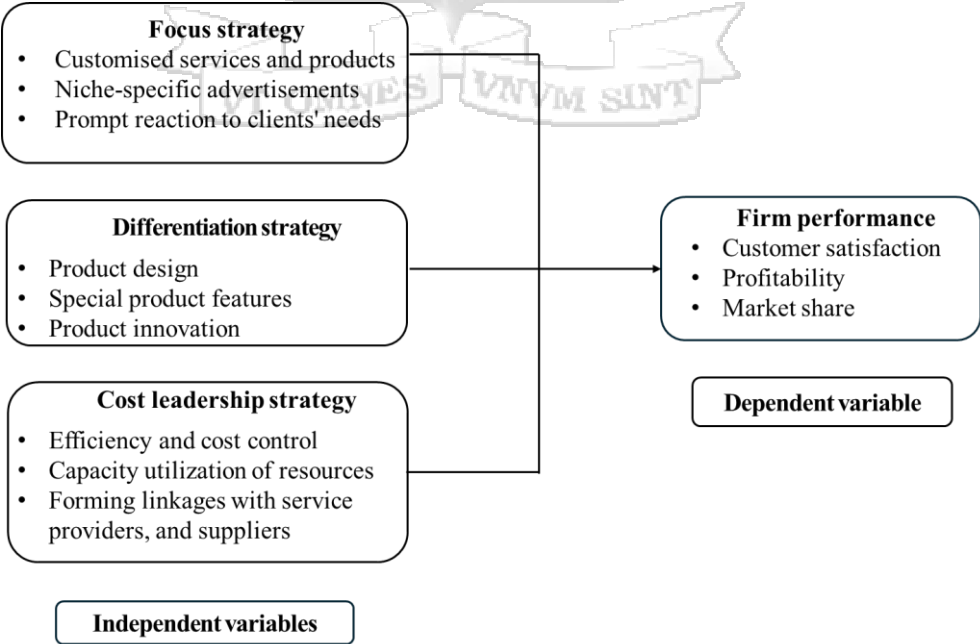


Figure 2.1 Conceptual framework

2.6 Operationalization of Study Variables

Literature review identified many competitive strategies that affect the firm performance and require operationalization. These were: focus strategies (Aksoylu & Aykan, 2013), differentiation strategy (Atikiya et al., 2015), and cost leadership strategies (Atikiya, 2015). The study sought to examine their influence on the dependent variable firm performance. See Table 2.2: Study Variables and their Operationalization.

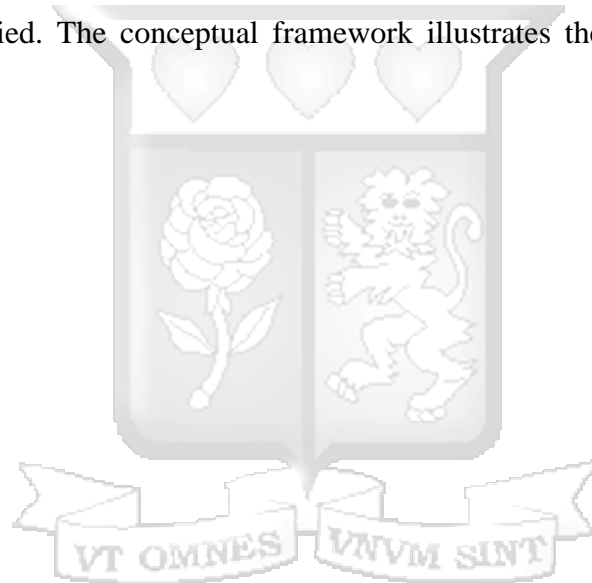
Table 2.2: Study Variables and their Operationalization

Variable	Indicators	Measurement	Supporting Literature	Questionnaire Item
Focus Strategy (Independent Variable)	Customised services and products Niche-specific advertisements Prompt reaction to clients' needs	5-point Likert Scale	Aksoylu and Aykan (2013)	Questionnaire Section B
Differentiation Strategy (Independent Variable)	Product design Special product features Product innovation	5-point Likert Scale	Banker et al. (2014) Kamau (2013)	Questionnaire Section C
Cost Leadership Strategy (Independent Variable)	Efficiency and cost control Capacity utilization of resources Forming linkages with service providers, and suppliers	5-point Likert Scale	Atikiya et al. (2015) Duran and Akci (2015)	Questionnaire Section D

Firm performance (Dependent Variable)	Customer satisfaction Profitability Market share	5-point Likert Scale	Abwodha (2019) Arasa and Gathinji (2014)	Questionnaire Section E
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2.7 Summary of the Chapter

The chapter examined the theories that are used to understand how firms compete and perform. The article examined two theories: porter's theory of generic competitive strategies and the theory of the resource-based view (RBV) of the firm. Literature review was performed for cost leadership strategy, focus strategy, differentiation strategy and firm performance. Research gaps that require further study are identified. The conceptual framework illustrates the link between the study variables.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research strategy that was followed in the investigation. The study covers the research design, demographics, and sample, data collection methods, expected data analysis and presentation, research quality, and ethical considerations of the study.

3.2 Research Philosophy

The philosophy of research centres on the pursuit of knowledge, which serves as the primary objective of the study (Saunders et al., 2009). Interpretivism, realism, and positivism are the three tenets that may be used to the study of research philosophy. This research aimed to determine how the performance of Liquefied Petroleum Gas (LPG) companies in Nairobi County was influenced by their competitive strategies. As a result, the research adhered to the positivist philosophy since it would require collecting a significant amount of data from the LPG businesses located in Nairobi County. The positivist approach was used by Sporta (2018) in order to investigate how different financial pressures impacted the financial outcomes of commercial banks in Kenya. The research entailed gathering the information in its most recent form, doing an analysis on it, and determining what it indicated. The study's goal was to find out how the level of success of LPG companies in Nairobi County could be influenced by the use of competitive strategies. The study was quantitative, to remove the element of subjectivity from it.

3.3 Research Design

The research design is a method that the researcher uses to conduct a scientific study in a methodical way. It refers to the entire strategy for conducting the study using a systematic and methodical approach, with the goal of answering the research questions via data collection, analysis, interpretation, and presentation (Creswell & Creswell, 2017). This study used a descriptive cross-sectional research design that allowed the researcher to gather data from a sample of individuals over a time period and observed phenomena as they occurred on the ground.

3.4 Population of the Study

A population is described as a collection of people, events, or things that share observable features (Thacker, 2020). A target population is a whole collection of people or products that a study wants to investigate in order to apply the study's results and implications to other groups that are similar to the target population (Majid & Vanstone, 2018). For this study, a survey of liquefied petroleum gas (LPG) companies in Nairobi County was done. Ten gas companies in Nairobi were selected. The LPG companies included: Total Energies Kenya, Vivo Energy Kenya, Rubis Energy Kenya, OLA Energy, Hashi Energy Ltd, National Oil Corporation of Kenya, Lake Oil Kenya, Midland Energy Ltd, Hass Petroleum Kenya, and Galana Oil Kenya Ltd.

The population was 250 respondents (Table 3.1), comprising employees from different departments and levels of management in LPG companies in Nairobi, Kenya. The 10 LPG companies operating in Nairobi City County have been in operation legally since 2013, concurrent with the Ministry of Energy's strategic plans 2013-2017 and 2018-2022 (EPRA, 2020).

Table 3.1 Population

LPG	No. of employees
Total Energies Kenya	28
Rubis Energy Kenya	29
OLA Energy	25
Vivo Energy Kenya	27
Hass Petroleum Kenya	29
Hashi Energy Ltd	21
Lake Oil Kenya	26
National Oil Corporation of Kenya (NOCK)	24
Midland Energy Ltd	23
Galana Oil Kenya Ltd	18
Total	250

Source: EPRA, 2019

3.5 Sampling Design

The sample size of 154 respondents was obtained using the formula by Yamane (1973), who proposed a technique for determining sample size. This was appropriate for locations with populations of fewer than 500 people. The following formula was provided:

$$n = \frac{N}{1+N(0.05^2)}$$

where:

n = Sample size

N = Population size

e = Acceptable margin error estimated at 0.05

$$n = \frac{250}{1+250(0.05^2)}$$

n = 154

The sample size distribution is shown in Table 3.2. Using simple random sampling approach, the sample size was spread across station managers, department heads, supervisors, and other staff members. Random sampling guarantees that the findings obtained from the sample are close to what would be obtained if the entire population was to be measured (Nardi, 2018). Simple random sample guarantees that each unit in the population has the same chance of being selected.

Table 3.2 Sample Size Distribution

LPG	Total no. of employees	n/N*y	Sample size
Total Energies Kenya	28	154/250 × 28	17
Rubis Energy Kenya	29	154/250 × 29	18
OLA Energy	25	154/250 × 25	15
Vivo Energy Kenya	27	154/250 × 27	17
Hass Petroleum Kenya	29	154/250 × 29	18
Hashi Energy Ltd	21	154/250 × 21	13
Lake Oil Kenya	26	154/250 × 26	16
NOCK	24	154/250 × 24	15
Midland Energy Ltd	23	154/250 × 23	14

Galana Oil Kenya Ltd	18	$154/250 \times 18$	11
Total	250		154

Source: 2023

In applying simple random sampling, each stratum's target population names were written down and placed in a basket from which the required sample size for each stratum was taken, ensuring that each constituent of the target population had an equivalent chance of being chosen. The differences in responses given by the respondents were categorised into main themes for analysis.

3.6 Data Collection

The method of collecting data varies according to the type of research. These methods include, questionnaires, interviews, focus group conversations and observations. A questionnaire is seen as the most precise method for assessing how independent people are in relation to things or situations, and their own opinions and actions (Neuman, 1997). Questionnaires are used since they may be distributed to many people at once and need less expertise to administer than other approaches (Paradis et al., 2016). Moreover, the questionnaire is considered to be suitable as it enables data to be gathered in a fast and effective way. By using a questionnaire, one can perform statistical analysis that describes, correlates and infers data (Saunders et al., 2009).

Most questions in the survey used a five-point likert scale, except for the first section that asked about respondents' information. Likert type scale is a type of chronologic scale that consists of a series of different levels of a certain quality or thing, arranged in order from lowest to highest (Nunnally & Bernstein, 1994).

Each question or statement had six options to choose from. The options showed how much someone agreed with the particular question. The options varied from agree, strongly agree, neutral, disagree and strongly disagree. The Likert-scale type of interrogations facilitated the respondents' responses to the queries. Moreover, they enable the researcher to apply the numerical approach efficiently by using statistics for data analysis.

3.7 Research quality

3.7.1 Validity

Validity refers to how well the data collection instrument measures what it is supposed to measure. The validity of the instrument evaluates how well the instrument can measure what it is intended to measure and how dependable the results will be (Allen et al., 2017). According to Middleton (2020), validity can be assessed from three perspectives: construct, content and face validity, which this current study intends to adopt. Construct validity refers to determining whether or not the research tool is acceptable for evaluating the objectives being investigated, as well as how well a researcher converts ideas or theories into actual. Content validity refers to how well a measure covers the construct of interest and is determined by expert judgement (Mohajan, 2017). Face validity is the researcher's subjective judgment of how suitable the measuring instrument is and how much the researcher thinks the instrument is fitting (Zohrabi, 2013). The questionnaire used during the research process was tested to check for instrument accuracy before being put to actual use. The pilot study was conducted at TotalEnergies Limited. Operationalization of terms, review of empirical and theoretical literature, and consultation of experts were all used to ensure construct validity. The study evaluated face validity using expert opinion and supervisors' guidance.

3.7.2 Reliability

Reliability is a statistical indicator of how stable the data from the survey tool is (Fink & Litwin, 1995). The instruments should have reliability, which means the consistency of how people answer the questions in the questionnaire should not vary. The instrument's reliability was measured using Cronbach alpha. A reliability criterion of 0.7 Cronbach alpha was proposed by Cronbach (1951). Cooper and Schindler (2014) state that measurements with a Cronbach alpha higher than 0.7 are good measurements. Cronbach's alpha of 0.9 and above may be an indication of redundancies (Field, 2013). This study evaluated the reliability threshold based on Cronbach's alpha with the IBM Statistical Package for Social Sciences (SPSS). Table 3.3 shows the findings of the study.

Table 3.3 Cronbach's Alpha Coefficients for the Study Variables

Variable	No. of items	Cronbach's alpha Coefficient (α)
Firm performance	7	0.723
Focus Strategy	7	0.707
Differentiation Strategy	7	0.753
Cost Leadership Strategy	8	0.842
Composite Cronbach's alpha Coefficient (α)	29	0.799

Source: Research data (2023)

Cost Leadership Strategy had the highest Cronbach alpha, followed by differentiation strategy, then focus strategy and firm performance. All the coefficients of the variables used were greater than 0.7 and less than 0.9, demonstrating that all the indicators were reliable.

3.8 Data Analysis

Data analysis is the procedure where unprocessed data is arranged and structured to produce meaningful information (Richmond, 2006). The researcher analysed the data gathered to draw conclusions via a process of editing to remove discrepancies, grouping on the basis of likeness and later tabulating to connect variables. The analysis of numeric data involved the application of both inferential and descriptive statistics. This made it possible to create meaningful distributions of scores or measures by using statistics and indices. Descriptive statistics, as McClave and Sincich (2003) explain, use numbers and graphs to trace patterns in a set of data that reveal the information contained in it. They also present the information in a suitable way. These methods were utilized in the process of descriptive statistics.

Competitive strategies, namely cost leadership, differentiation and focus strategies (independent variables), were examined using linear regression analysis to see how much they accounted for the differences in firm performance (dependent variable).

To evaluate the combined impact of the independent factors on performance, the standard F-test was used; if the p value was higher than 0.05, it would be inferred that the independent variables do not significantly account for the variation in the dependent variable. We would infer that the independent variables have a significant influence on the changes in the dependent variable if the p value was lower than 0.05.

The analysis of variance (ANOVA), which is a test that is incorporated into the tests for multiple regression analysis, was applied to assess the effectiveness of the model in characterizing the connections that exist between the variables. When the p value for the model is inferior to 0.05, it is determined that there is a significant correlation between the study variable and the model. If the p value is superior to 0.05, then the model cannot be considered valid since this would imply that none of the independent components can predict the dependent variable.

The study used regression analysis to investigate how competitive strategies affected the performance of companies that sell liquified petroleum gas in Nairobi County, Kenya.

The model to be tested was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3$$

Where:

Y = firm performance

X_1 = focus strategy

X_2 = differentiation strategy

X_3 = cost leadership strategy

X_1, X_2, X_3 have regression coefficients of $\beta_1, \beta_2, \beta_3$ respectively,

β_0 = the beta coefficients of independent variables.

The percentages and frequency were used in the proportion measures analysis. Tables, graphs, figures, and charts were used to portray the data for simple interpretation and comprehension. IBM SPSS version 29.0.2.0 was used for quantitative analysis of the data collected.

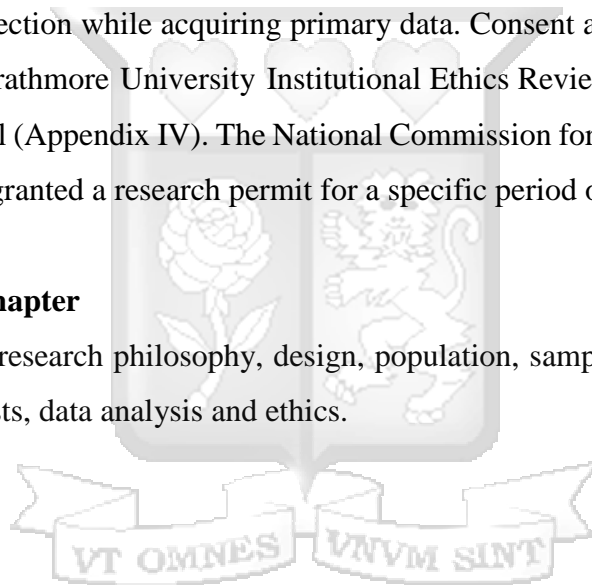
3.9 Ethical Considerations

This academic study was the only purpose for using the information gathered. Some interviewers were hesitant to provide confidential information to strangers. The research addressed this limitation by explicitly stating the investigation's purpose and informing participants of the ethical guidelines that was followed throughout the study. Participants were informed that they could choose not to give feedback on any questions that made them feel uneasy or that they suspected revealed personal information. Participants' identities were protected, and they were unable to be identified as they did not provide their names on the research tool.

A letter of introduction by Strathmore University Business School (Appendix I) was used to establish a working connection while acquiring primary data. Consent and approval for the study was also sought from Strathmore University Institutional Ethics Review Committee (SU-IERC) who gave ethical approval (Appendix IV). The National Commission for Science, Technology and Innovation (NACOSTI) granted a research permit for a specific period of time (Appendix VI).

3.10 Summary of the Chapter

The chapter covered the research philosophy, design, population, sampling, data collection tool, validity and reliability tests, data analysis and ethics.



CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

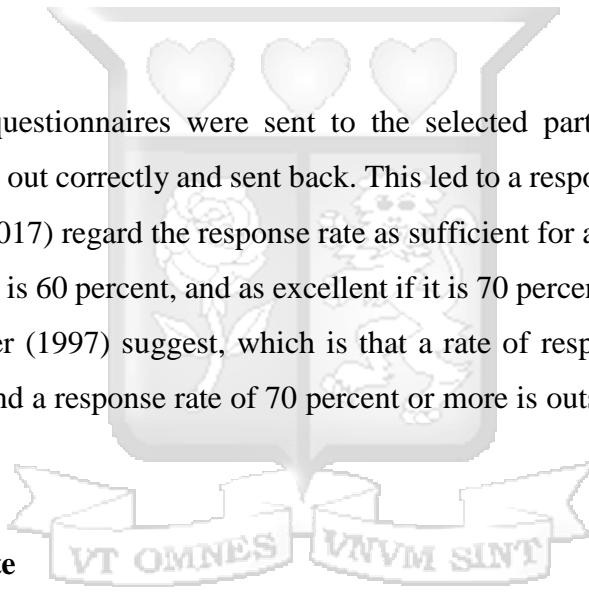
4.1 Introduction

This chapter shows and explains the data that was gathered during the research. The data analysis was based on the specific goals of the research, making sure that the results are pertinent and offer useful knowledge about the subject being investigated. The research aimed to explore how different competitive strategies affect the performance of LPG companies in Nairobi County. The data was analysed with regression and descriptive methods and the results are shown with tables, graphs, figures, and charts based on the research objectives.

4.2 Response rate

A total of 154 survey questionnaires were sent to the selected participants, from which 85 questionnaires were filled out correctly and sent back. This led to a response rate of 55.19 percent. Creswell and Creswell (2017) regard the response rate as sufficient for analysis and reporting if it is 50 percent, as good if it is 60 percent, and as excellent if it is 70 percent or higher. This matches with what Rea and Parker (1997) suggest, which is that a rate of response of 50 percent to 60 percent is good enough and a response rate of 70 percent or more is outstanding. The summary is provided in Table 4.1.

Table 4.1: Response Rate



Category	Frequency	Percentage
Response	85	55.19
Non-Response	69	44.81
Total	154	100.00

Source: Research data (2023)

4.3 Demographic Profiles of the Respondents

This section contains information that shows the basic features of the respondents. They were examined according to their years in the respective company, management level, age group and LPG product or service launched recently.

4.3.1 Years in the Company

The participants were asked to report how much time they had worked for their respective company.

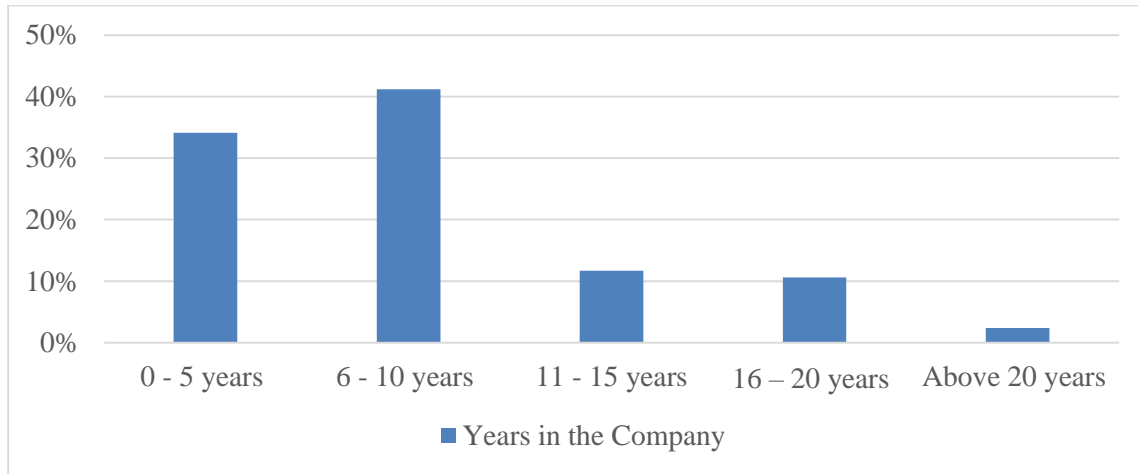


Figure 4.1: Length of time in the company

Source: Research data (2023)

As shown in Figure 4.1 showed that 34.1 percent had worked for 0-5 years, while 41.2 percent of respondents had served for six to ten years. In addition, 11.8 percent had been in operation between eleven and fifteen years, while 10.6 percent were employed for sixteen to twenty years. Further 2.4 percent had served for more than 20 years. This means that over 75 percent of respondents in these organizations had worked for a period of less than ten years.

4.3.2 Level of Management

The study also sought to determine the level of management of the respondents. They include low level (LL), middle level (ML) and top level (TL). According to the result shown in Figure 4.2, 52.9 percent of the respondents were LL, 42.4 percent respondents were ML while the remaining 4.7 percent were TL. This implies that the organization of liquefied petroleum gas companies available in Nairobi County was mainly under low level management.

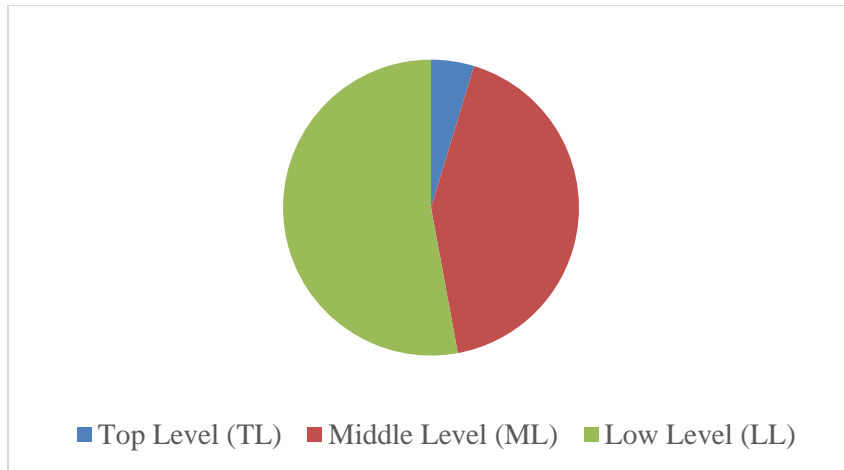


Figure 4.2: Level of Management

Source: Research data (2023)

4.3.3 Age Distribution of Respondents

The respondents chose their age group to find out how old the respondents were. Figure 4.3 displays the results.

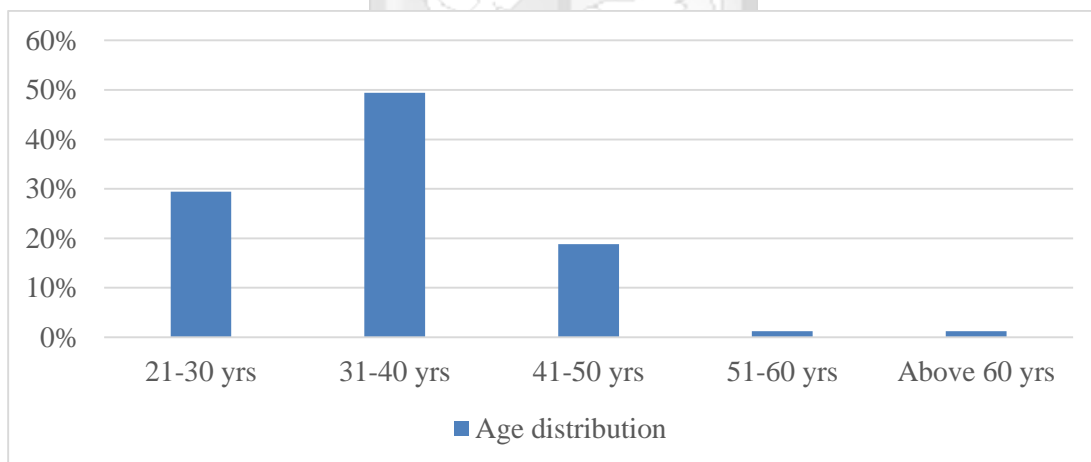


Figure 4.3: Distribution of Respondents by Age

Source: Research data (2023)

The findings in Figure 4.3 indicate that nearly half of the respondents (49.4 percent) were 31-40 years old, and almost a third of the respondents (29.4 percent) were 21-30 years old. In addition, 18.8 percent fell into the age group of 41-50 years old, while 1.2 percent each belonged to the age

groups of 51-60 years old and over 60 years old. This means that over 78 percent of workers in the LPG industry are below 50 years of age.

4.3.4 LPG Company Affiliation

The respondents were required to specify their company affiliation. Table 4.2 indicated that 22.4 percent of the respondents worked in Total Energies Kenya while OLA energy, VIVO energy, Hass Petroleum Kenya and NOCK had 12.9 percent each. A total of 11.8 percent of the respondents worked in Lake Oil Kenya. In addition, 8.2 percent of the respondents worked in Rubis Energy Kenya while the remaining portion of 7.1 percent worked in Galana Oil Kenya Ltd.

Table 4.2: Respondents' Distribution across LPG Companies

LPG	Frequency	Percent
Total Energies Kenya	19	22.4
Rubis Energy Kenya	7	8.2
OLA Energy	11	12.9
Vivo Energy Kenya	11	12.9
Hass Petroleum Kenya	11	12.9
Lake Oil Kenya	10	11.8
NOCK	11	12.9
Galana Oil Kenya Ltd	6	7.2
Total	85	100

Source: Research data (2023)

4.3.5 Launch of New Product or Services

The survey asked the respondents whether their company had introduced any product or service in the past three years. The respondents were required to tick a box that corresponds to the recent launch of any new product or service. The findings are indicated in Table 4.3. The findings showed that over the past three years of operation, 21.2 percent of the companies had introduced a product or service, while for the same period, 78.8 percent had not brought any product or service to the market.

Table 4.3: Launch of product or service in the past years

Yes/No	Frequency	Percent
Yes	18	21.2
No	67	78.8
Total	85	100

Source: Research data (2023)

The study found that on average, the companies that had indicated yes in Table 4.3, had launched three new products and services in the last three years (between 2019 and 2023).

4.4 Descriptive Analysis

This study presents and analyses the results according to the particular objectives of the research. This section calculated the average (mean) and variability (standard deviation) of the data. A Likert-type scale with five points was applied. According to it, a mean from 1 to 1.49 corresponds to the rating of 1 in the Likert-type scale, which means 'Strongly Disagree'. A mean from 1.5 to 2.49 matches the rating of 2 inside the Likert-type scale, which means 'Disagree'. A mean from 2.5 to 3.49 aligns with the rating of 3 inside the Likert-type scale, which means 'Neutral'. A mean from 3.5 to 4.49 fits the rating of 4 inside the Likert-type scale, which means 'Agree'. If the mean is from 4.5 to 5, it is equivalent to the rating of 5 inside the Likert-type scale, which means 'Strongly Agree'.

Standard deviation is a gauge of variability, in how the respondents answered. A standard deviation above one means that the respondents had different opinions, whereas a standard deviation inferior to 1 is interpreted to mean that the respondents concurred with each other. The following sections give a summary and presentation of the results.

4.4.1 Descriptive Analysis of Focus Strategy

The study aimed to find out how the performance of LPG firms in Nairobi County were affected by the focus strategy. Table 4.4 shows a summary of the descriptive statistics using standard deviation and mean.

Table 4.4: Descriptive Analysis of Focus Strategy

Statement	Mean	Std. Dev
Our company focuses on providing goods that are not available in other fuel companies	3.32	1.243
Our company is only focused on supplying goods to a single market sector	2.47	1.140
To fulfil client need, our company provides customised services and products	4.16	0.911
Our company places a strong emphasis on selling specialised products	3.58	1.039
Our company reacts promptly to changes in our clients' needs	4.22	1.004
Our company creates niche-specific advertisements and marketing campaigns	4.04	0.851
Employees at our company are educated on the requirements and mentality of the target market	4.16	0.974
Focus Strategy	3.70	0.607

Source: Research data (2023)

The majority of respondents agreed that ‘Our company reacts promptly to changes in our clients' needs’ as shown in Table 4.4, with a mean of 4.22 (standard deviation=1.004). Respondents concur that their company provided customised services and products evidenced by a mean of 4.16 (standard deviation=0.911). Employees at their company are educated on the requirements and mentality of the target market as disclosed by a mean of 4.16 (standard deviation=0.911). Respondents agree that their company creates niche-specific advertisements and marketing campaigns represented by a mean of 4.04 (standard deviation=0.851) and to fulfil client need, their company places a strong emphasis on selling specialised products as presented by a mean of 3.58 (standard deviation=1.039).

It can be concluded that focus strategy has an impact on the performance of LPG Companies in Nairobi County, as indicated by a mean of 3.70 and a standard deviation of 0.607.

4.4.2 Descriptive Analysis of Differentiation Strategy

The study examined how LPG firms in Nairobi County performed based on their differentiation strategy. An overview of the descriptive analysis using standard deviation and average mean are depicted in Table 4.5.

Table 4.5: Descriptive Analysis of Differentiation Strategy

Statement	Mean	Std. Dev
Our products and services have a strong brand identity	4.27	0.878
We are more inventive than our rivals when it comes to introducing new products	3.76	1.087
Depending on market need, our business produces new goods every two years	2.99	1.210
In comparison to rivals, our business focuses on customer service	4.31	0.787
We make a concerted effort to set our product apart from that of our rivals	3.87	1.044
We concentrate on product design techniques that reduce material costs	3.74	1.114
We are always the first ahead of our rivals to offer new products	3.60	1.026
Differentiation Strategy	3.77	0.710

Source: Research data (2023)

Based on the results in Table 4.5 most of the respondents concurred that in comparison to rivals, their business focuses on customer service with a mean of 4.31(standard deviation=0.787) and their products and services have a strong brand identity with a mean of 4.27 (standard deviation=0.878). They concurred that their company makes a concerted effort to set their product apart from that of their rivals represented by a mean of 3.87 (standard deviation=1.044), they are more inventive than their rivals when it comes to introducing new products represented by a mean of 3.76 (standard deviation=1.087), they concentrate on product design techniques that reduce material costs as evidenced by a mean of 3.74 (standard deviation=1.114) and they are always the first ahead of their rivals to offer new products with a mean of 3.60 (standard deviation=1.026).

From the aggregate score of 3.77 for the strategy of differentiation and its standard deviation of 0.710, it can be confirmed that differentiation strategy affects how well LPG Companies perform in Nairobi County.

4.4.3 Descriptive Analysis of Cost Leadership Strategy

The research investigated how the performance of liquefied petroleum gas firms in Nairobi County was influenced by cost leadership. Table 4.6 shows the descriptive analysis using means plus standard deviation.

Table 4.6: Descriptive Analysis of Cost Leadership Strategy

Statement	Mean	Std. Dev
Our rivals' goods are available at a more reasonable cost than our goods	2.69	1.124
The business has implemented cost-cutting initiatives that have improved the company's efficiency	3.68	0.929
We are constantly looking for methods to reduce operational and administrative costs	3.96	0.879
We concentrate on product design techniques that reduce material costs	3.92	0.941
In most cases, we charge more than our rivals	2.71	1.163
We direct a large portion of our budget to sales and marketing	3.61	0.874
The pricing of our good is directly affected by the cost to create it	4.11	0.900
We maintain strict cost management and pay close attention to spend	3.98	1.046
Cost Leadership Strategy	3.58	0.569

Source: Research data (2023)

Based on the results in Table 4.6, the respondents concurred that the pricing of the good is directly affected by the cost to create represented by a mean of 4.11 (standard deviation=0.900) and they maintain strict cost management and pay close attention to spend as evidenced by a mean of 3.98 (standard deviation=1.046). They also seek ways to reduce operational and administrative costs represented by a mean of 3.96 (standard deviation=0.879) and they concentrate on product design techniques that reduce material costs indicated by mean of 3.92 (standard deviation=0.941). The respondents affirm that the business has implemented cost-cutting initiatives that have improved the company's efficiency as revealed by a mean of 3.68 (standard deviation=0.929) and they direct a large portion of budget to sales and marketing as disclosed by a mean of 3.61 (standard deviation=0.874).

The mean score of 3.58 with a standard deviation of 0.56 confirms that the cost leadership strategy influences LPG Companies' performance in Nairobi County.

4.4.4 Descriptive Analysis of Firm Performance

The research's goal was to evaluate how well LPG Companies in Nairobi County, Kenya performed. Table 4.7 gives a summary of the descriptive analysis using standard deviation and mean.

Table 4.7: Descriptive Analysis of Firm Performance

Statement	Mean	Std. Dev
Return on investment	4.06	0.661
Sales turnover	4.25	0.615
Improved customer satisfaction	4.51	0.629
Improved product/service delivery	4.31	0.724
Product/service innovation	4.21	0.773
Quality of product/services	4.40	0.640
Profit growth	4.18	0.640
Firm Performance	4.27	0.420

Source: Research data (2023)

Table 4.7 indicates that customer satisfaction had enhanced over the previous five years, with a mean of 4.51 (standard deviation=0.629). The respondents concurred that the quality of the product/services was better, with a mean of 4.40 (standard deviation=0.640), while delivery of the product/service was faster, as evidenced by a mean of 4.31 (standard deviation=0.724). Sales turnover was better compared to five years ago represented by a mean of 4.25 (standard deviation=0.615) and product/service innovation was also better as show by a mean of 4.21 (standard deviation=0.773). Furthermore, profit growth was better represented by a mean of 4.18 (standard deviation=0.640), while return on investment was better within the preceding five years as evidenced by a mean of 4.06 (standard deviation=0.661).

Overall, the aggregated score for performance of LPG companies was a mean of 4.27 plus standard deviation was 0.420, which leads to the conclusion that LPG performance was closely followed and companies put in efforts to improve customer satisfaction and providing products/services of quality.

Table 4.8: Descriptive Statistics Summary

Area of interest	Category	N	Mean	Standard Deviation
Competitive Strategy	Focus strategy	85	3.70	0.607
	Differentiation strategy	85	3.77	0.710
	Cost leadership strategy	85	3.58	0.569
Firm performance (return on investment, sales turnover, customer satisfaction, etc.)	Firm performance	85	4.27	0.420

Source: Research data (2023)

As Table 4.8 shows, differentiation was the most influential factor for firm performance, with a mean of 3.77 and then by focus strategy, with a mean of 3.70. Firm performance was least affected by cost leadership strategy with a mean of 3.58.

4.5 Correlation

Table 4.9 demonstrates that focus strategy and firm performance have a significant and positive association, with a correlation coefficient of 0.328. Firm performance is also positively related to differentiation strategy and cost leadership, with 0.214 and 0.114 as the correlation coefficients respectively. The results indicate that focus strategy has a larger impact on firm performance.

Table 4.9: Correlation Table

		Focus	Differentiation	Cost Leadership	Firm Performance
Focus	Pearson Correlation	1	.577**	.607**	.328**
	Sig. (2-tailed)		<.001	<.001	.002
Differentiation	Pearson Correlation	.577**	1	.639**	.214*
	Sig. (2-tailed)	<.001		<.001	.049
Cost Leadership	Pearson Correlation	.607**	.639**	1	.116
	Sig. (2-tailed)	<.001	<.001		.291
Firm Performance	Pearson Correlation	.328**	.214*	.116	1

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

*. Correlation is meaningful at the 0.05 level (2-tailed).

Source: Research data (2023)

Pearson correlation, also known as Pearson's r , is a statistical approach of measuring the linear association between two continuous variables. It assesses the strength and direction of the linear relationship between these variables. The Pearson correlation coefficient has a value between -1 and 1. When the two variables have a positive linear relationship, the correlation ($r > 0$) is positive. This implies that as one variable goes up, the other also tends to go up. A negative linear ($r < 0$) means that the two variables have a negative linear association. This means that when one variable increases, the other typically decreases. When r is near zero ($r = 0$) this indicates that the two variables have little or no linear relationship between them. The table in section 4.12 displays the outcomes.

4.6 Regression Model

The regression model was applied to assess how the performance of LPG companies in Nairobi County is influenced by competitive strategies. It used focus, differentiation and cost leadership as the independent variables, and firm performance as the dependent variable. Each variable was analysed using a basic regression method.

4.6.1 Regression Model of Focus Strategy

The regression model aimed to find out how firm performance is influenced by focus strategy. Table 4.10, Table 4.11 and Table 4.12 show the results.

Table 4.10: Model Summary (Focus)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.328 ^a	.108	.097	.39948	1.763
a. Predictors: (Constant), Focus Strategy					

b. Dependent Variable: Firm Performance

Source: Research data (2023)

The independent variable, focus strategy, and the dependent variable, firm performance, are related as shown in Table 4.10. Focus strategy and firm performance are strongly related to each other ($R = 0.328, p < .05$). Also, the Table 4.10 shows that the correlation partly predicts the outcome ($R^2 = 0.108$). This means that focus strategy accounts for 10.8 percent of the variation in firm performance.

Table 4.11: ANOVA (Focus)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.596	1	1.596	10.001	<.002 ^b
	Residual	3.246	83	.160		
	Total	14.842	84			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Focus Strategy						

Source: Research data (2023)

ANOVA (Analysis of Variance) was used to evaluate the importance of the regression model in Table 4.11. This model has a statistical significance in forecasting how focus strategy influences LPG companies' performance in Nairobi, as $F = 1.596$ and $p < .002$, which is lower than 0.05. This model has a 95 percent chance of being accurate and the variables in the equation are relevant because p is less than 0.05.

Table 4.12: Coefficients (Focus)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	3.431	.269		12.739	<.001
	Focus Strategy	.227	.079	.328	3.163	.002
a. Dependent Variable: Firm Performance						

Source: Research data (2023)

According to Table 4.12 The association was meaningful at the 5% level as the coefficient of focus strategy was 0.227 and $p < .05$ which implied that. The standardized coefficients show how much the dependent variable moves when the independent variable increases or decreases by one unit. Therefore, a 1 percent increase in focus strategy will result in 22.7 percent change in firm performance.

Hence, the equation for the regression follows:

$$Y = 3.431 + 0.227X_1$$

Where,

Y = firm performance,

X₁ = focus strategy.

4.6.2 Regression Model of Differentiation Strategy

The regression model aimed to examine how firm performance is influenced by differentiation strategy. The results of the analysis are displayed in Table 4.13, Table 4.14 and Table 4.15.

Table 4.13: Model Summary (Differentiation)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.214 ^a	.046	.034	.41307	1.760
a. Predictors: (Constant), Differentiation Strategy					
b. Dependent Variable: Firm Performance					

Source: Research data (2023)

Table 4.13 shows how differentiation strategy, the variable that leads to change, and firm performance, the variable that changes, are related. This indicates a significant degree of association linking differentiation strategy and firm performance ($R = 0.214$, $p < .05$). Additionally, the table shows that coefficient of determination has some predictive power for the outcome ($R^2 = 0.046$). This suggested that differentiation strategy is associated with 4.6% of change in firm performance.

Table 4.14: ANOVA (Differentiation)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.680	1	.680	3.985	.049 ^b
	Residual	14.162	83	.171		
	Total	14.842	84			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Differentiation Strategy						

Source: Research data (2023)

The regression model was assessed for significance using ANOVA (Analysis of Variance) in Table 4.14. The model that predicts how differentiation strategy influences performance of LPG companies in Nairobi is statistically significant, as $F = 3.985$ and $p = .049$ (below 0.05). The variables in the equation are notable and the model is reliable at 95% confidence level because $p < .05$.

Table 4.15: Coefficients (Differentiation)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.795	.243		15.603	<.001

	Differentiation Strategy	.127	.064	.241	1.996	.049
a. Dependent Variable: Firm Performance						

Source: Research data (2023)

According to Table 4.15, the strategy of differentiation had a meaningful effect on the relationship, which was statistically significant at the 5 percent level. The coefficient of the strategy was 0.127 and the *p* value was .049. The standardized coefficients indicate the amount of change in the dependent variable when the independent variable increases or decreases by one unit. On this basis a 1% increase in differentiation strategy will cause a 12.7 percent change in firm performance. Hence, the equation for the regression follows:

$$Y = 3.795 + 0.243X_2$$

Where,

Y = firm performance,

X₂ = differentiation strategy.

4.6.3 Regression Model of Cost leadership Strategy

The regression model was used to analyse how cost leadership strategy and firm performance were related. Table 4.16, Table 4.17 and Table 4.18 showed the results.

Table 4.16: Model Summary (Cost leadership)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.116 ^a	.013	.002	.42002	1.737
a. Predictors: (Constant), Cost Leadership Strategy					
b. Dependent Variable: Firm Performance					

Source: Research data (2023)

The Table 4.16 displays how the cost leadership strategy, the independent variable, affects the firm performance, the dependent variable. There is a significant connection between low-cost strategy

and firm performance ($R = 0.116$, $p < .05$). The table also shows that the coefficient of determination was not meaningful ($R^2 = 0.013$). This means that cost leadership strategy explains 1.3 percent of the variation in firm performance.

Table 4.17: ANOVA (Cost leadership)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.199	1	.199	1.129	.291 ^b
	Residual	14.643	83	.176		
	Total	14.842	84			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Cost Leadership Strategy						

Source: Research data (2023)

According to Table 4.17, ANOVA (Analysis of Variance) was applied to evaluate the importance of the regression model. This model that predicts how cost leadership strategy affects LPG companies' performance in Nairobi is not statistically significant, as $F = 1.129$ and $p = 0.291$ which is higher than 0.05. This means that at 95 percent confidence level, the model is not reliable and the variables in the equation are not relevant.

Table 4.18: Coefficients (Cost leadership)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.966	.292		13.571	<.001
	Cost Leadership Strategy	.086	.081	.116	1.062	.291
a. Dependent Variable: Firm Performance						

Source: Research data (2023)

The coefficient and p value for the strategy of cost leadership were 0.086 and 0.291, respectively in Table 4.18. This indicated that the association was not statistically significant at the 0.05 level. The standardized coefficients demonstrate how much the dependent variable changes when the independent variable changes by one unit. Consequently, a 1 percent increase in cost leadership strategy will cause an 8.6 percent change in firm performance.

Hence, the equation for the regression follows:

$$Y = 3.966 + 0.292X_3$$

Where,

Y = firm performance,

X_3 = cost leadership strategy.

4.6.4 Regression Model of Competitive Strategies

The objective of the regression model was to find out how competitive strategies influenced the performance of LPG companies in Kenya. The results are shown in Table 4.19, Table 4.20 and Table 4.21.

Table 4.19: Model Summary (Competitive Strategies)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.355 ^a	.126	.094	.40020	1.765
a. Predictors: (Constant), Focus Strategy, Differentiation Strategy, Cost Leadership Strategy					

Source: Research data (2023)

The independent variables and the dependent variable have a positive relationship, as shown in Table 4.19. There is a strong relationship linking competitive strategies and firm performance ($R = 0.355$, $p < .05$). The table also indicates that the coefficient of determination was significant ($R^2 = 0.126$). This implies that cost leadership, focus strategy and differentiation explain 12.6 percent of the change in firm performance.

Table 4.20: ANOVA (Competitive Strategies)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.869	3	.623	3.889	.012 ^b
	Residual	12.973	81	.160		
	Total	14.842	84			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Cost Leadership Strategy, Focus Strategy, Differentiation Strategy						

Source: Research data (2023)

The ANOVA analysis reveals that $F=3.889$ and $p = .012$ displayed in Table 4.20. The model is statistically significant in demonstrating how competitive strategies influence LPG companies' performance in Kenya because the p value is less than 0.05 at 95 percent confidence level. This implies that the regression model can dependably forecast how the company will perform using differentiation strategy, cost leadership strategy and focus strategy.

Table 4.21: Coefficients (Competitive Strategies)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.546	.307		11.538	<.001
	Focus Strategy	.258	.095	.373	2.712	.008
	Differentiation Strategy	.070	.084	.118	.828	.410
	Cost Leadership Strategy	-.137	.108	-.186	-1.271	.207
a. Dependent Variable: Firm Performance						

Source: Research data (2023)

The Table 4.21 shows that, when other factors stayed the same, firm performance rose by 0.258 units for each unit of focus strategy that increased. This effect was meaningful from a statistical standpoint because the p value was lower than 0.05 significance level ($p < .001$). When other

factors stayed the same, firm performance rose by 0.070 units for every unit that differentiation strategy increased. There was no significant effect because the p value ($p = .410$) was higher than 0.05 level of significance. As cost leadership strategy changed by one unit, firm performance also changed by 1.271 units, keeping other factors constant. The effect was however insignificant because the p value ($p = .207$) was higher than 0.05 level of significance. Consequently, for every 1 percent increase in each strategy, focus strategy affects firm performance by 25.8 percent; differentiation strategy affects firm performance by 7 percent and cost leadership strategy affects firm performance by 13.7 percent.

From the coefficient Table 4.21, the study arrived at the following estimated model:

$$Y = 3.546 + 0.258X_1 + 0.07X_2 + 0.137X_3$$

Where

Y = firm performance

X_1 = focus strategy

X_2 = differentiation strategy

X_3 = cost leadership strategy

4.7 Summary of the Chapter

The section showed the outcomes of the data compilation, comprising summary statistics, regression models, and associations. It included the standard deviations and means for each variable. The chapter showed the outcomes and significance of the study, displaying them in tables with comprehensive explanations below each table.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter explains the meaning of the study results that were presented in the previous chapter for discussion and conclusion. This interpretation also yields recommendations on further studies with regard to the study theme, due to the limitations of this study.

5.2 Summary

The study looked at how competitive strategies influenced the outcomes of LPG companies in Nairobi County, Kenya. The study had three aims: to examine the impact of focus strategy on LPG companies' performance; to assess the impact of differentiation strategy on LPG companies' performance; and to determine the impact of cost leadership strategy on LPG companies' performance. The study applied a method of descriptive cross-sectional research design and gathered data from 154 participants using simple random sampling. The data was analysed with inferential and descriptive statistics, and the results were shown using tables, graphs, figures, and charts. The study found that focus strategy improved LPG companies' performance significantly, while cost leadership strategy and differentiation strategy did not improve LPG companies' performance significantly, though they had positive effects.

5.3 Discussions of the findings

This study aimed to find out how competitive strategies influenced the performance of LPG companies in Nairobi County, Kenya. Cost leadership strategy, focus strategy and differentiation strategy, were the three independent variables that were examined in this research. Inferential and descriptive statistics were applied for the exploration and the findings were as below.

5.3.1 Impact of Focus Strategy on Firm Performance

The study investigated how focus strategy influenced the outcomes of LPG firms in Nairobi County. It was discovered that LPG companies reacted promptly to changes in their client's needs. It was also observed that companies in the liquefied petroleum gas industry placed a strong emphasis on selling specialised products and that their employees were educated on the

requirements and mentality of their target market. The regression analysis revealed a robust and positive link between the use of a focus strategy and the overall success of LPG companies in Nairobi County.

According to Abwodha (2019), a focus strategy helps a corporation find new ways to provide value while cutting costs. To be effective, a focus strategy requires a huge industrial region that is not significant to other main rivals (Atikiya, 2015). This study agrees with Aksoylu and Aykan (2013) who explored the link between competitive strategies and strategic management accounting methods. Their study found a statistically significant correlation between focus strategy and firm performance. The results are also consistent with Arasa and Gathinji (2014) who studied the link between focus strategy and business performance in Kenya's telecommunications sector. According to the correlation and regression research, there is a statistically substantial link between focus strategy and firm performance.

This study's results agree with those of Sagwa and Kembu (2016) who examined how competitive strategy affects the performance of SACCOs (deposit taking) using data from SACCOs in Nairobi County. The findings confirmed the prediction that generic strategies have a substantial influence on Deposit Taking Saccos (DTSS) performance, with the focus approach having the strongest predictive impact.

The regression results concur with those of Gichuhi (2023) who investigated the effect of competitive strategies on the performance of oil marketing companies in Kenya. The study found that a strong positive relationship exists between focus strategy and how well the oil marketing companies perform.

5.3.2 Impact of Differentiation Strategy on Firm Performance

The study explored the impact of the differentiation strategy on the performance of LPG firms in Kenya. Differentiation strategy involves the creation of products and services that set them apart from industry competitors, aiming to enhance their appeal to customers. The research revealed that LPG companies exhibit robust customer service to distinguish themselves from rivals. It was broadly observed that these companies enjoy a prominent brand identity. Respondents concurred

that LPG companies employ a differentiation strategy, putting concerted efforts into setting their products apart from those of competitors. The analysis revealed that differentiation had a positive but weak link to the performance of LPG companies.

The goal of a company's service/product differentiation strategy is to make its products or services appealing and exclusive to consumers in the industry. A product's unique features should combine performance and compliance with the product's quality, consistency, and longevity. Differentiating items can be done using physical structure, shape and size (Porter, 1998). A differentiation strategy as described by Porter (1980) and referenced by Kamau (2013), aims to enhance how customers view the value of a company's products or services compared to its rivals by making those products or services stand out with their distinct features.

The results agreed with Dirisu et al. (2013) who examined how Unilever's product diversity strategy gave them a competitive edge. Product differentiation resulted from higher productivity, innovative product creation, creative product design, and unique product characteristics. Their research showed a connection between product design, special product features, product innovation, and company success.

This study contradicted with the findings of Chenhall and Langfield-Smith (1998) with regards to significant association between the strategy of differentiation and firm performance. Their study used product differentiation strategy measures based on the five-product differentiation tool, which included offering high-quality products; delivering products quickly; modifying designs and launching new products; and adding distinctive product features. The study's results showed a strong and statistically meaningful link between differentiation strategy and organizational performance.

Based on this study, the sample provides insufficient evidence to conclude that there is a meaningful link between the dependent variable, firm performance and the independent variable, differentiation strategy.

5.3.3 Impact of Cost Leadership on Firm Performance

The aim of the study was to assess how cost leadership strategy influenced the performance of LPG companies in Nairobi County. The research showed that low operational cost has a positive impact. Most of the respondents affirmed that the pricing of their goods was directly affected by the cost to create them. Further, the respondents affirmed that their companies maintained strict cost management and paid close attention to spend. It was broadly observed that companies are constantly looking for methods to reduce operational and administrative costs. The regression analysis indicated that cost leadership strategy was positively associated with the performance of LPG companies in Nairobi County.

These results match previous studies such as Baraza (2017) who examined how cost leadership strategy affected the performance of East Africa Breweries (Kenya) Limited. The results indicate that adopting a cost leadership strategy positively affects business performance. Further, Atikiya et al. (2015) used survey research design questionnaires to evaluate the impact of cost leadership strategy on the performance of manufacturing enterprises in Kenya. They found a connection between low-cost strategies and the outcomes of manufacturing enterprises. As a result of the study, it is recommended that firms use Generic techniques to improve their overall performance, especially cost-cutting strategies.

Muia (2017) analysed how insurance businesses in Kenya's competitive landscape have fared. His study concluded that cost leadership was shown to have the most positive link with firm performance, making it the preferred approach of insurance sector operators. However, this study revealed that there is insufficient evidence to conclude that the independent variable, cost leadership explains the variation in the dependent variable, firm performance.

5.4 Conclusions

The study showed that focus strategy positively and significantly affects how well liquefied petroleum gas companies in Nairobi County perform and the companies have used focus strategies to improve their competitive edge. The results are consistent with those of Aksoylu and Aykan (2013) who reported a statistically significant association between focus strategy and firm performance.

The results showed that companies have pursued the differentiation strategy by improving customer service and building a strong brand identity. However, differentiation strategy has a positive but insignificant impact on how LPG companies in Nairobi County perform. The findings agree with the ones from Dirisu et al. (2013) who discovered a connection between unique product features, product design, innovative product innovation and company success. They differ from Chenhall and Langfield-Smith (1998), who found a positive and significant link between differentiation strategy and organizational effectiveness in their study.

This study revealed that cost leadership has a beneficial but negligible effect on the performance of LPG companies. LPG companies have improved their performance by following the cost leadership strategy, which focuses on paying close attention to costs. The results are consistent with Baraza (2017)'s study, which examined the effect of cost leadership strategy on East Africa Breweries (Kenya) Limited's performance and which found that the cost leadership approach improves firm performance. The findings however differ from that of Muia (2017) who concluded that cost leadership was shown to have the most positive link with firm performance.

The research revealed that although LPG companies use differentiation strategy, cost leadership strategy and focus strategy to gain an edge over their competitors. Focus strategy was the most effective strategy for improving the performance of LPG companies.

5.5 Recommendations of the Study

The results of the research affect policy, management and knowledge.

5.5.1 Contributions to Management

On the basis of the results of this study, prompt reaction to changes in client needs and strong emphasis on selling specialised products impact the performance of LPG companies. Achieving profitability thus involves ensuring that employees at the company are educated on the requirements and mentality of the target market. The results are useful as they can assist managers in implementing competitive strategies and assessing their outcomes. The study recommends to first identify the category of the competitive strategies to apply and compare the strength of each

to understand which would be most effective on performance. This can lead them to develop the most effective strategies.

5.5.2 Contributions to Knowledge

Generic Competitive Strategies Theory was used to assess how a company may get a competitive edge in its industry by pursuing many aims, while the Resource-Based View (RBV) of the Firm Theory was used to evaluate how company's looking inside for resources might help them obtain a competitive advantage. Hence, the study can serve as a reference for academics and researchers. The researchers also benefit from this, as it offers a basis for more research.

5.5.3 Contributions to Policy

To significantly enhance the LPG industry's performance in Nairobi, it is recommended that the industry adopts a focus strategy to remain competitive by responding promptly to clients' needs, offering specialised products, and educating its employees on the market requirements and mentality. The industry may adopt a differentiation strategy to enhance competitiveness, focusing on strong brand identity, differing customer service and product distinction. The industry can also focus on strengthening cost leadership by maintaining strict cost management.

5.6 Limitations of the study

The research took place in Nairobi County, Kenya and the findings may not be applicable to LPG companies in other regions with different market dynamics, regulations, and customer behaviours. LPG companies in different counties or countries may operate under varying economic, regulatory, and cultural conditions. Nairobi County's unique set of circumstances may result in competitive strategies and performance outcomes that are specific to that area. These specific conditions may not be replicated elsewhere, making it challenging to apply the findings universally. Moreover, small sample size could have been a possible cause of insignificance.

In addition, the study used Porter's (1980) three general types of competitive strategy: differentiation, low-cost leadership, and focus to conceptualize competitive strategies. The study excluded other strategies such as Miles et al. (1978) four competitive strategic types on how to

choose product-market actions in organisations, which are analysers, prospectors, defenders and reactors. The results of this study came from Porter's competitive strategies.

5.7 Areas for Further Studies

The research on how competitive strategies affect the outcomes of LPG companies in Nairobi County opens up several avenues for further studies and exploration. These include conducting a comparative analysis across different counties or countries to how the effect of competitive strategies on LPG firm performance varies in diverse market contexts. This can help identify factors specific to certain regions that influence the relationship. Further research could be conducted on the specific market dynamics of the LPG industry. This involves analysing the established market structure, the behaviour of competitors, and the role of governing bodies in shaping competition.

The study proposes the need for additional investigation into how significantly competitive strategies impact the performance of both LPG companies and other enterprises. It emphasises that the current study is limited to LPG companies in Nairobi, Kenya, and therefore recommends exploring a broader scope to determine the extent to which competitive strategies impact performance. The proposal is to use a separate research design, for example a mixed research design, that integrates quantitative and qualitative data to obtain a more complete insight into how competitive strategies affect the company's performance as a whole.

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APPENDICES

Appendix I: Introduction Letter

Dear Respondent,

RE: Research Proposal

I am a Strathmore University postgraduate student seeking a Master of Business Administration degree. I am carrying out a management research project aimed at examining the **EFFECT OF COMPETITIVE STRATEGIES ON THE PERFORMANCE OF LPG COMPANIES: A SURVEY OF NAIROBI COUNTY, KENYA.**

By answering the questions asked in this research instrument, you may make a substantial contribution to the success of this study. I respectfully request that you complete the questionnaire honestly and to the best of your knowledge. The questionnaire was created only for the purpose of this research. As a result, ethical norms will be observed, and your comments will be kept completely secret. Any response will not be obliged to provide their name.

Please accept my sincere gratitude in advance for your help.

Yours sincerely,
Christine Njiru

Appendix II: Questionnaire

STRATHMORE UNIVERSITY

QUESTIONNAIRE

Kindly give your responses by ticking [✓] in the spaces provided. Please specify and elaborate where required.

Section A: Respondents Information

1. How long have you been working for your company? (*Tick one*)

0 – 5 yrs []

6 – 10 yrs []

11 – 15 yrs []

6 – 20 yrs []

above 20 yrs []

2. Which department are you working in?

3. Indicate your level of management within the company. (*Tick one*)

Top-level management (oversee all operations) []

Middle-level management (execute plans and policies) []

Low-level management (direct task execution and deliverables) []

4. Indicate your age (*Tick one*)

21-30 yrs []

31- 40 yrs []

41 – 50 yrs []

51 – 60 yrs []

56 and above []

5. Which LPG company are you working for? (*Tick one*)

TotalEnergies Kenya []

Hashi Energy Ltd []

Rubis Energy Kenya []

Lake Oil Kenya []

OLA Energy []

NOCK []

Vivo Energy Kenya []

Hass Petroleum Kenya []

Midland Energy Ltd []

Galana Oil Kenya Ltd []

6. Have you launched any new product or service in the last three years?

Yes []

No []

7. If “Yes”, how many new products have you launched in the last three years?

8. Please name the products you have launched in the last three years

Section B: Focus Strategies on the Performance of LPG Companies

To what extent do you agree with the following statements related to focus strategies on the performance of your LPG company? Use the Likert scale: SA= Strongly Agree A=Agree, N=Neutral, D=Disagree SD= Strongly Disagree

Statement	SA	A	N	D	SD
Our company focuses on providing goods that are not available in other fuel companies					
Our company is only focused on supplying goods to a single market sector					
To fulfil client need, our company provides customised services and products					
Our company places a strong emphasis on selling specialised products					

Our company reacts promptly to changes in our clients' needs					
Our company creates niche-specific advertisements and marketing campaigns					
Employees at our company are educated on the requirements and mentality of the target market					

Section C: Differentiation Strategies on the Performance of LPG Companies

To what extent do you agree with the following statements related to differentiation strategies on the performance of your LPG company? Use the Likert scale: SA= Strongly Agree A=Agree, N=Neutral, D=Disagree SD= Strongly Disagree

Statement	SA	A	N	D	SD
Our products and services have a strong brand identity					
We are more inventive than our rivals when it comes to introducing new products					
Depending on market need, our business produces new goods every two years					
In comparison to rivals, our business focuses on customer service					
We make a concerted effort to set our product apart from that of our rivals					
We concentrate on product design techniques that reduce material costs					
We are always the first ahead of our rivals to offer new products					

Section D: Cost Leadership Strategy on the Performance of LPG Companies

To what extent do you agree with the following statements related to cost leadership strategies and the performance of your LPG company? Use the scale: SA= *Strongly Agree* A=*Agree*, N=*Neutral*, D=*Disagree* SD= *Strongly Disagree*

Statement	SA	A	N	D	SD
Our rivals' goods are available at a more reasonable cost than our goods					
The business has implemented cost-cutting initiatives that have improved the organisation's efficiency					
We are constantly looking for methods to reduce operational and administrative costs					
We concentrate on product design techniques that reduce material costs					
In most cases, we charge more than our rivals					
We direct a large portion of our budget to sales and marketing					
The pricing of our good is directly affected by the cost to create it					
We maintain strict cost management and pay close attention to spend					

Section E: LPG Firm Performance

Please rate the performance of your company over the past five (5) years in terms of the following variables using the scale: 1=*Much Worse*, 2=*Worse*, 3=*Indifferent*, 4=*Better* and 5= *Much Better*

Statement	1	2	3	4	5
Return on investment					
Sales turnover					

Improved customer satisfaction					
Improved product/service delivery					
Product/service innovation					
Quality of product/services					
Profit growth					

THANK YOU



Appendix III: List of Registered LPG Companies in Kenya

1. VIVO ENERGY KENYA
2. TOTAL KENYA LIMITED
3. RUBIS KENYA
4. OLA ENERGY KENYA
5. NATIONAL OIL CORPORATION OF KENYA
6. GULF ENERGY KENYA
7. PETRO OIL KENYA LIMITED
8. BE ENERGY LIMITED
9. GAPCO KENYA LIMITED
10. HASS PETROLEUM KENYA LIMITED
11. GALANA OIL KENYA LIMITED
12. ENGEN KENYA LIMITED
13. TOSHA PETROLEUM KENYA
14. HASS PETROLEUM KENYA
15. ONE PETROLEUM LIMITED
16. LAKE OIL KENYA
17. ORYX ENERGIES KENYA LIMITED

Source: EPRA (2019)

Appendix IV: Strathmore University Business School Introductory Letter

Che Sangale Rd, Mbaraka 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



24th September 2022

To Whom It May Concern.

Dear Sir/ Madam.

RE: FACILITATION OF RESEARCH – CHRISTINE MUKAMI NJIRU

This is to introduce Christine Njiru who is a Master of Business Administration student at Strathmore University Business School, admission number MBA/59768/19. As part of our MBA Program, Christine 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 organization.

Christine is undertaking a research paper on “Effect of Competitive Strategy on the Performance of LPG Companies” 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 read "Njoki Kiagiri".

Njoki Kiagiri.
Manager – Graduate Programmes
Strathmore University Business School.

Association of African
Business Schools



Strathmore Business School is a Proud member of



AACSB

Appendix V: Strathmore University Business School Ethics Permit



12th September 2022

Ms Njiru Christine
christine.mukami@strathmore.edu

Dear Ms Njiru,

RE: Effect of Competitive Strategies on The Performance of LPG Companies

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU- master's** research proposal. Your application reference number is **SU-ISERC1456/22**. The approval period is from **12th September 2022 to 13th September 2023**.

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: Prof Fred Were,
Chairperson; SU-ISERC



