



## Role of Porter's Generic Strategies on Determining Competitive Advantage of Postal Corporation of Kenya Courier Services

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### Abstract

In order to thrive amidst globalization, corporations and enterprises have to compete with each other on the global scale. Competition for market share has become turbulent and most likely, only the most efficient and effective companies will thrive and win out. The Postal Corporation of Kenya is one such corporation that has been caught out by global and regional competition threatening its survival. The purpose of this study was to investigate the role of porter's generic strategies in determining competitive advantage of postal corporation of Kenya courier services. The study was anchored in the Porter's generic strategies. The study was undertaken using a descriptive cross-sectional survey research design. The target population comprised of forty five senior staff of Postal Corporation of Kenya which included one general manager, eleven departmental heads and thirty three branch managers. A semi-structured questionnaire was used to collect data. A Cronbach coefficient of 0.88 was achieved for the study variables. Data was analyzed using descriptive statistics, which comprised of frequencies, percentages, mean and standard deviation. Chi-Square test and analysis was used to assess the possible association and relationship between strategies adopted by postal corporation of Kenya and competitiveness in the courier services. The study found Porter's generic strategies had association with Competitive advantage of Postal Corporation of Kenya. The study concluded that Porter's generic strategies are important strategic determinants of competitive advantage in the postal corporation of Kenya courier services. The study recommended that Postal Corporation of Kenya should focus on cost leadership and differentiation in order to enhance competitiveness in the market as the long term strategies for survival.

### Key words

Porter's Generic Strategies, Competitive Strategy, Courier Services

Received:	12 Jun 2020	© The Authors 2020
Revised:	07 Jul 2020	Published by Human Resource Management Academic Research Society (www.hrmars.com)
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Published Online:	25 Aug 2020	

## 1. Introduction

### 1.1 Background of the Study

Competition is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit, and market share growth (Short *et al.*, 2010). A competitive advantage is an attribute that allows a company to outperform its competitors. This allows a company to achieve superior margins compared to its competitors and generates value for the company and its shareholders (Lorenzo *et al.*, 2018). Porter (1980) identified two basic forms of competitive advantage namely cost advantage and differentiation advantage. A cost advantage is a firm that can produce a particular product or service at a lower cost than the competitor. Companies with this advantage produce in higher quantities and benefit from, access to low-cost raw materials, efficient processes and technologies, low distribution and sales costs and efficiently managed operations (Aureli *et al.*, 2019). Differentiation advantage occurs when a firm

is able to obtain from its differentiation a price premium in the market that exceeds the cost of providing the differentiation (Niu *et al.*, 2019). Successful differentiation creates a competitive advantage for a company. This leads to increased brand loyalty, which means more sales and allows the company to sell its products at a higher price, if it chooses to do so (Fainshmidt *et al.*, 2019). In addition, Porter (1980) explains that competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage) or deliver benefits that exceed those of competing products (differentiation advantage).

According to Wanjiku (2012), a firm's competitive advantage is influenced by internal factors and external factors. Internal factors include financial ability, human resources, research collaborations, marketing, product differentiation and cost. External factors that influence a firm's competitive advantage include political factor, economic, social, and technical and culture. Other factors that can influence competitive advantage are quality and quantity of natural resources, Strength of country's currency, infrastructure in a country, research and development, workforce characteristics, entrepreneurship and government involvement. Porter's Generic Strategies is a category of strategies consisting of three general types of strategies that are mostly used by businesses to achieve and maintain competitive advantage (Ouma & Oloko, 2015). According to Porter (1985), the generic strategies include "Cost Leadership" (no frills), "Differentiation" (creating uniquely desirable products and services) and "Focus" (offering a specialized service in a niche market). He then subdivided the Focus strategy into two parts: "Cost Focus" and "Differentiation Focus." Porter (1985) claims, "The ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firm's behaviour. He also identified a fourth strategy "middle of the road" strategy, which although adopted by some businesses, is unlikely to create a competitive advantage (Kisaka & Okibo, 2014). According to Porter (1998), entry of new competitors and the bargaining power of buyers increase market competition. The entry of new couriers with faster and cheaper services has reduced Posta Kenya's profit. There is a need therefore, to revolutionize Postal Corporation of Kenya courier service so as to attain sustainability and avert loss of jobs.

Postal and courier services form a key part of the global communications infrastructure, with high economic and social importance. Across Europe there are about 55.1 thousand postal and courier services enterprises in 2012. Together they employ 1.8 million persons, equivalent to 1.4 % of all persons employed in the non-financial business economy (Eurostat, 2015). East African countries after becoming independent sovereign states between 1961 and 1963 continued cooperating closely with one another in a number of ways, among them being their common postal services which culminated into the formation of East African Posts and Telecommunications Corporation (EAP&T) under the Treaty for East African Cooperation which came into effect on 1st December 1967. In 1977, due to the breakup of the East African Community, the Kenya Posts and Telecommunications Corporation (KP&TC) was established. Due to emerging market and economic trends spearheaded by the Universal Postal Union (UPU), efforts to separate postal services from those of Telecommunications were initiated in the late 1980s. They bore fruit in Kenya and in July 1999, the KP&TC was split to create, Postal Corporation of Kenya (PCK), Telkom Kenya and Communications Commission of Kenya (CCK).

Postal Corporation of Kenya (PCK) whose mandate under the Postal Corporation Act of 1998 is to provide and operate postal services, offers the following range of products and services, letter post, parcels, Expedited Mail Services (EMS), Philately, Postal Financial Services (Money Orders and Postal Orders), Agency Services (Third party payments and receipts) and technology based money transfer services. Postal Corporation of Kenya which has had little or no competition in the past is currently facing competition on its core business of Postal and Courier services. Over the years, services of the post office had been provided with little or no competition since it operated in monopoly until 1990s when global and local markets were liberalized (Mwanzia, 2011). This led to increased levels of competition, therefore new strategies and operational plans have to be looked at to meet the challenges brought about by both increased activity from existing competitors as well as the threat of new stronger competition into the industry.

The Kenya Communications Act, 1998, mandates the Communications Commission of Kenya to license and regulate postal & courier services in Kenya. This responsibility involves the issuance of licenses to all operators, regulation of tariffs for basic services, enforcement of regulations to ensure compliance

with license conditions, and creation of order in the postal & courier market. The Commission has continued to create a favourable environment for the development of the postal/courier market segment. According to CAK Industry Report (2015), postal and courier market segment registered significantly little or no growth. This is in regard to the postal and courier items handled during the period between the year 2007 and 2016. The stagnated growth is associated with increased level of competition as depicted by the expansion of outlets and the number of licensed courier operators.

### **1.2. Statement of the Problem**

The global postal and courier environment is changing dramatically and the pace of change may not relent any time soon. The entry of new courier services in the market has threatened the profitability of Postal Corporation of Kenya. Posta has already lost market share in the courier sector to rivals which now control the Ksh 3.3 billion (US\$43 million) courier business. Various studies have been carried out on porter's generic strategies and have found that porter's generic strategies if well applied can result in greater competitive advantage for the firms. The point of departure is that the aforementioned studies were carried out in other sectors and industries such as banks, SACCOs and public universities. Little has been done in way of research into porter's generic strategies adopted by Posta Kenya. This study therefore found it relevant to assess porter's generic strategies determinants of the competitive advantage in Postal Corporation of Kenya courier services by focusing on the role of porter's generic strategies in determining competitive advantage of postal corporation of Kenya courier services.

### **1.3. Objective of the study**

To investigate the role of porter's generic strategies in determining competitive advantage of postal corporation of Kenya courier services.

### **1.4. Significance of the Study**

The study findings could help potential investors in obtaining more insight to understand the courier new developments in courier industry, hence can make sound decisions in the provision of their services. The study findings may also assist government agents like CAK to formulate national policies based on a framework that is pertinent to the factors that influence the Courier Industry in Kenya. The study findings further provide insight to the researchers to fill the existing gaps in the same field.

## **2. Literature review**

### **2.1 Porter's Generic Strategies**

According to Porter (1998), there are five generic competitive strategies that an organization can use to gain competitive advantage. These include: low cost provider strategy, broad differentiation strategy, best cost provider and focus strategy. Low cost provider strategy aims at operating the business in a highly cost effective manner leading to being the lowest cost provider in the market. This can be done by performing value chain activities and managing the factors that drive down costs of value chain better than competitors or restructuring the organizations value chain to bypass some cost- producing activities altogether. There are many ways of controlling the cost drivers. These include: economies or diseconomies of scale, learning and experience curve effects, vertical integration and outsourcing, full capacity utilization in high fixed cost activities, timing considerations associated with first mover advantages (Thompson & Strickland, 2008).

Organizations can achieve a cost advantage by reconfiguring their value chain by shifting to e-business technologies, simplifying product design and offering no frills service. They can also shift to a less capital intensive, more streamlined and flexible technological process, and avoid use of high cost raw materials or component parts in addition to relocating facilities closer to suppliers (Pearce *et al.*, 2010). They can also re-engineer business process to consolidate work steps and cut out low value added activities. Elsewhere, Prajogo (2007) assert that a firm attempts to maintain a low cost base by controlling its production costs, increasing their capacity utilization, controlling material supply and product distribution, and minimizing other related costs such as advertising. Mass production, mass distribution,

economies of scale, technology, product design, learning curve benefit, workforce dedicated to low cost production, reduces sales force and reduced costs on marketing, helps an organization to maintain a low cost base (Tidstrom, 2012). For cost leadership to be effective a firm should have a large market share. New entrants, as well as, firms with a smaller market share may not benefit from such strategy since mass production, mass distribution and economies of scale will not make an impact on such firms (Baker, 2007). In addition, Porter (1980) suggests the use of the following generic strategies in order to perform better than the competition and to create a defensible position against the five competitive forces.

### **2.1.1. Cost Leadership Strategy**

Cost leadership, or rather being able to offer a product to a market at the best price often involves the need for a high market share (Kiragu, 2014). Also, more favourable access to raw materials compared to the competition can be a factor involved. In addition, Hilman, and Kaliappen (2014) indicate that achieving the overall low cost position involves the need for efficient scale facilities, often with high initial capital investment, as well as avoiding marginal customer accounts and minimizing costs in various areas of the business such as in research and development, advertising and service. The cost leadership strategy applies industry wide. According to, Dulcic *et al.* (2012) looking at the five competitive forces that the cost leadership strategy is constructed to defend against, a cost leadership position defends the firm against powerful buyers since buyers only can drive down prices to the level of the next most efficient competitor. It provides protection against supplier power giving a higher comfort zone in terms of dealing with higher input costs. Achieving a cost leadership position involves activities that often form high barriers of entry, such as high initial capital investment, protecting against new entrants (Waema, 2013). Being the cost leader provides protection against competitor rivalry since the competition with higher costs can only compete to a maximum low without earning negative profits, while the cost leader continue to earn above-average profits, even at the competitor's lowest price level. According to Thompson & Strickland (2012), offering the lowest price often also protects against substitutes already offering great value. Achieving a cost leadership position hence protects against the five competitive forces in a good way and the cost leader pursuing this strategy is able to enjoy above-average returns. Once achieved, profits can be re-invested into maintaining the position.

### **2.1.2. Differentiation Strategy**

Another industry wide strategy is that of differentiation. Differentiation means that a company for example focuses on brand image, technology that sets a product apart from the competition or a high level of customer service (Abu, 2012). It may also involve differentiating the product or service in several ways, for example through an exclusive distributor network as well as having unique product features. According to Rahman (2011), the key to the differentiation strategy is the product or service is perceived as unique industry wide, although all customers by definition may not purchase it due to price or exclusivity. It should be noted that simply because a company pursues a differentiation strategy, it cannot ignore costs. Cost however, is not the primary strategic target. Differentiation as a strategy in the same way as cost leadership aims at creating a defensible position against the five competitive forces. According to Zekiri & Nedelea (2011), if achieved, it protects against buyer bargaining power through the fact that buyers lack clear alternatives, and hence have less power and are less price sensitive. It also protects against new entry since customer loyalty and the uniqueness of the product or service offering makes it hard to replicate. It provides a defence against competitor rivalry because of the same brand and customer loyalty, resulting in lower sensitivity to price. Differentiation results in higher margins, which means more of a cushion to deal with supplier bargaining (Acquaah & Agyapong, 2013). As the last piece of the puzzle, differentiation when achieved, also position the company in a favourable way against substitutes through for example technical features (Dulcic *et al.*, 2012). It is quite usual that the activities necessary to build a differentiation strategy position are expensive such as advertising, production technology, building brand image, providing higher service levels etc which makes it quite contrary to a cost leadership strategy. Even though differentiation is not quite different in terms of approach and strategic objectives, it does in the same way as cost leadership provide a defence against the five competitive forces (Porter, 1980).

### **2.1.3. Focus Strategy**

The strategy Porter (1980) refers to as focus, is sometimes divided into two different – cost focus and differentiation focus (Hill & Jones, 2004). The main elements of the differentiation strategy or cost leadership strategy applies to the focus strategy as well, however it does not apply industry wide, but rather in the focus strategy, a company is targeting on a niche market, for example a particular buyer group, geographic market or product segment. The focus strategy is built around servicing a certain niche market in a good way. The scope of the business is hence smaller for a company pursuing a focus strategy. A company pursuing a focus strategy may perhaps not achieve a differentiation position, or cost leadership position for the market as a whole, however, it may be possible in the certain niche market they are interested in and see potential in (Thompson & Strickland, 2012). Whether pursuing a cost focus or differentiation focus, the focus strategy provides the same defences against the five competitive forces as would the respective industry wide cost leadership or differentiation strategies.

### **2.3. Empirical literature review**

Empirical research is defined as research based on observed and measured phenomena. It is research that derives knowledge from actual experience rather than from theory or belief (Dawson, 2009). This section brings into light previous research studies conducted in the field of research or studies on competitive advantage strategies.

#### **2.3.1 Porter's Generic Strategies and Competitive Advantage**

A study by Yamin *et al.* (1999) examined the relationships among generic strategy, competitive advantage, and organizational performance. The findings suggested that those star companies that utilize both cost leadership and differentiation strategies effectively are more likely to enhance their financial performance and financial management compared with any other group. A study by Ouma & Oloko (2015) aimed at establishing the relationship between Porter's generic strategies used by bus companies plying the Kisumu Nairobi route and competitive advantage. The study established that there is a strong positive correlation between Porter's generic strategies and competitive advantage. Porter's generic strategies and competitive advantage with coefficients of 0.549, 0.594, 0.553 and 0.588 for cost leadership strategy, differentiation strategy focus strategy and integrated strategies respectively.

A Kenyan study by Sifuna (2014) sought to establish the effect of competitive strategies on the performance of public universities in Kenya. The study concluded that cost leadership affects performance of universities in Kenya through achieving economies of scale, capacity utilization of resources, reducing operations time and costs, efficiency and cost control, mass production, forming linkages with service providers, suppliers and other supplementary institutions and mass distribution and that differentiation affect performance of the university through product/service, promotion/advertising campaign, personnel differentiation. Similarly, Kisaka & Okibo (2014) sought to establish the effect of Porter's generic strategies on expansion of academic programmes for competitive advantage in Kenya. Specifically the study sought to determine the effect of differentiation and focus strategies on the influence on expansion of academic programmes.

Among the key findings of this study was that both focus and differentiation strategies had positive correlation with expansion of academic programmes. Moreover, combining the two strategies had an effect on increasing the competitive advantage of the university. In another Kenyan study, Kinyuira (2014) assessed the effects of Porter's generic competitive strategies adopted by SACCOs in Murang'a County on their performance. The study found significant positive effects of cost leadership, differentiation and focus strategies on performance of SACCOs and concluded that SACCOs that pursue generic strategies can achieve superior performance compared to those that do not. In a similar study, Justinian (2015) analysed the effect of application of Porter's generic competitive business strategies on firm performance in Zanzibar hotel industry with specific reference to 3 to 5 star hotels in Unguja. The study established the effect of cost leadership on firm performance, determined how differentiation strategy affect firm performance and evaluated the effects of focus strategies. The study also confirmed that there is no significant relationship between the Porter strategies and firm performance taking customer satisfaction as an indicator. The

findings did not strongly attribute the firm performance to the strategies adopted thus suggesting that pursuit of single generic business strategy as suggested by Porter, did not place a firm in a better strategic position and did not result in superior performance.

An analytical study by Paulaj *et al.* (2015) examined the relationship between competitive strategies and organizational performance. The study found significant positive effects of cost leadership, differentiation and focus strategies on performance. A study by Kolivanis (2011) examined the relationship between the generic strategies, including the integrated strategy (i.e. stuck in the middle) combining elements of cost leadership and differentiation strategies, and the business performance in e-commerce. The data indicated that Porter's generic strategies were relevant to electronic markets. Depending on their business model, firms follow different competitive strategies. Online firms are more likely to follow a differentiation strategy while click-and-mortar firms are more reliant to come with a strategy based on cost. The data also suggested that differentiation strategy had the strongest contribution to business performance.

In an Iranian study, Fathali (2016) carried out an empirical assessment of the impact of competitive strategies on corporate innovation in the automobile industry of Iran. The results revealed that competitive strategies of Porter had a positive and significant influence on corporate innovation. With strong statistical significance, three competitive strategies-cost leadership, differentiation, and focus- provide an explanation for variations in corporate innovation dimensions including innovation in product, innovation in process, and administrative innovation.

#### 2.4. Conceptual Framework

A conceptual framework is described as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Dawson, 2009). The conceptual framework shows the variables in the study.

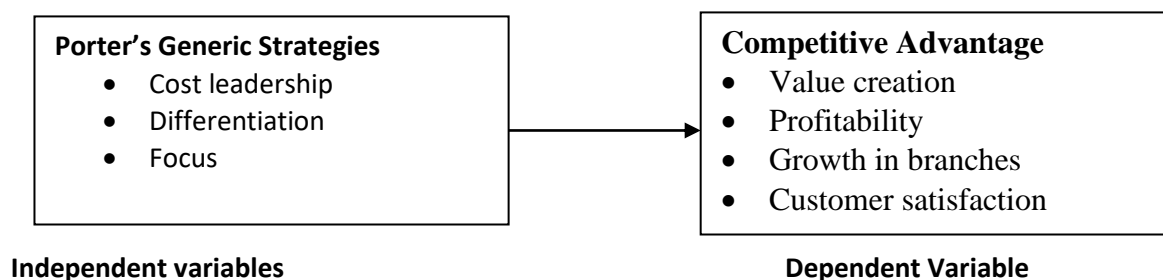


Figure 1. Conceptual Framework

Figure 1 illustrates the independent and dependent variable of the study. In this study, Porter's generic strategies were the independent variables while competitive advantage was the dependent variable. The strategies that can be adopted are centred on cost leadership, differentiation and focus strategy. The performance indicators of strategy adoption in gaining competitive advantage are high value creation, higher profits and higher customer service satisfaction.

#### 2.5. Research Gaps

Extensive literature has been reviewed on the various strategies of achieving competitive advantage. While a dearth of empirical evidence exists, majority of studies (Kolivanis, 2011; Sifuna, 2014; Njogo & Ayanwale, 2016; Kaol, 2017; de Toni *et al.* (2017) such as have related the various strategies with financial performance rather than competitive advantage. This study aimed to add to the body of knowledge by examining strategies adopted by postal corporation of Kenya to gain competitive advantage in the courier services.

### 3. Methodology of research

#### 3.1. Research Design

This study was undertaken using a descriptive cross-sectional survey research design. A cross sectional study looks at data collected across a whole population to provide a snapshot of that population

at a single point in time. The target population comprised 45 senior staff of Postal Corporation of Kenya. A census of all forty-five senior management staff in PCK headquarters in Nairobi was done in the study. This included 1 general manager, 11 departmental heads and 33 branch managers. These persons were selected because they formed the top level management team which is responsible for strategy formulation and implementation. They were therefore resourceful persons on issues relating to strategies adopted by postal corporation of Kenya to gain competitive advantage in the courier services. A questionnaire was used to collect primary data.

### 3.2. Test of Reliability

Reliability is the measure of the degree to which a research instrument yields constant results after repeated trials (Ochola, 2006). The study used the split half test to determine the reliability of the research instruments. A Cronbach’s alpha of 0.7 was taken as acceptable reliability according to Cronbach (1957). The study registered an average Cronbach’s alpha of 0.88 which signifies high internal consistency. This shows that the instrument was highly reliable as the coefficient is greater than 0.7.

Table 1. Reliability Test Results

Variable	Number of items	Cronbach alpha
Porter’s Generic Strategies	8	0.88

### 3.2. Data Analysis and Presentation

Primary data from the field was edited to eliminate errors made by respondents. Coding was done to translate question responses into specific categories. Coding was done to organize and reduce research data into manageable summaries. Quantitative data was analysed using descriptive statistics which comprised of frequencies, percentages, mean and standard deviation. Chi Square test of association was carried out to assess if there was indeed association between the different strategies and the competitive advantage of PCK. For each pair of (strategy and Competitiveness) the test was carried and the significance evaluated using p-value at 0.005 level of significance.

## 4. Research findings and discussions

### 4.1. Socio-Demographic Characteristics of Respondents

Socio-demographic characteristics assed in the study included in the study comprised gender, and working experience. Findings in Table 2 show that majority (76%) of respondents in the study were male. This shows that there was a big gender disparity in the composition of senior staff of Postal Corporation of Kenya. The findings also show that slightly above half (58%) of the respondents had a working experience of between 10 and 20 years while 23% of the respondents had a working experience of over 20 years. This show that majority of respondents had acquired adequate working experience to enable them respond resourceful to the study questions regarding strategic determinants of competitive advantage in the postal corporation of Kenya courier services.

Table 2. Socio-Demographic Characteristics of Respondents

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	30	76
	Female	10	24
Working experience (years)	6-10	8	19
	10-20	23	58
	>20	9	23

### 4.2. Competitive Advantage of PCK

The study sought to establish the competitive advantage of Postal Corporation of Kenya. The findings would enable the study investigate strategic determinants of competitive advantage in the postal corporation of Kenya courier services. Respondents in the study were therefore asked to indicate the extent to which their organisation achieved competitive advantage benchmarks. The findings are presented

in Table 3. The findings show that customer satisfaction (M=1.28, SD=0.302) value creation (M=1.4, SD=0.671) and profitability (M=2.06, SD=0.847) were highly rated while growth in branches was rated moderate (M=3.57, SD=0.861). The average mean  $2.08 \pm 0.670$  shows that Postal Corporation of Kenya had a high competitive advantage. This is in contrast to CAK Industry Report (2015) that Postal and Courier market segment registered significantly little or no growth.

Table 3. Competitive Advantage of PCK

Variable	N	Min	Max	Mean	SD
Value creation	40	1	2	1.41	0.671
Profitability	40	1	4	2.06	0.847
Growth in branches	40	1	5	3.57	0.861
Customer satisfaction	40	1	3	1.28	0.302
Average				2.08	0.670

#### 4.3. Porter's Generic Strategies and Competitive Advantage

The objective of this study was to determine the role of Porter's generic strategies in determining competitive advantage of postal corporation of Kenya courier services. The study assessed the extent to which Porter's generic strategies were employed in Postal Corporation of Kenya. Respondents in the study were therefore asked to indicate the extent to which their organisation applied the principles of Porter's generic strategies. The findings are presented in Table 4.5. The findings show an average mean of  $1.89 \pm 0.570$  indicating extensive application of elements of Porters generic strategies. The findings show that the most used principles are striving to improve operational efficiency (M=1.97, SD=0.162), seeking to develop brand name identification (M=1.85, SD=0.366), providing specialized products and services (M=1.59, SD=0.498) and carrying out vigorous pursuit of cost reductions (M=1.41, SD=0.498).

The findings therefore show that Porter's generic strategies were employed to a very large extent by Postal Corporation of Kenya. The finding is in agreement with Justinian (2015) who confirmed that there is no significant relationship between the Porter strategies and firm performance taking customer satisfaction as an indicator. The finding is also in agreement with findings of Kolivanis (2011) who found that porter's generic strategies were relevant to electronic markets.

Table 4. Results of Application of Porter's Generic Strategies in PCK

Statement	N	Min	Max	Mean	SD
Company carries out vigorous pursuit of cost reductions	40	1	3	1.41	0.498
Company provides outstanding customer service	40	1	2	1.28	0.510
Company strives to improve operational efficiency	40	1	4	1.97	0.162
Company controls quality of products/services	40	1	4	1.41	0.595
Company carries out intense supervision of frontline personnel	40	1	5	1.87	1.005
Company seeks to develop brand name identification	40	1	4	1.85	0.366
Company targets a specific market niche or segment	40	1	5	3.79	0.923
Company provides specialty products/services	40	1	3	1.59	0.498
<b>Average</b>				<b>1.89</b>	<b>0.570</b>

#### 4.4 Effect of Porter's Generic Strategies on Competitive Advantage

Association between components of Porter's generic strategies was established using chi-square analysis. Findings in Table 5 show that cost leadership ( $\chi^2=10.810$ ,  $df=2$ ,  $p=0.004$ ) and differentiation ( $\chi^2=10.560$ ,  $df=4$ ,  $p=0.032$ ) were significant. Cramers v values show that cost leadership ( $v=0.541$ ) had the largest effect on competitive advantage followed by differentiation ( $v=0.514$ ) and focus ( $v=0.236$ ). This shows that there is a significant relationship between Porter's generic strategies and competitive advantage. Specifically, Porter's Generic Strategies have a significant and positive influence on competitive advantage. The findings are therefore in agreement with Ouma & Oloko (2015) who found that outstanding customer service, specialty products/services, quality products/services, operational efficiency and vigorous pursuit of cost reductions. The finding is in agreement with Justinian (2015) who confirmed that



there is no significant relationship between the Porter strategies and firm performance taking customer satisfaction as an indicator. The finding is consistent with Fathali (2016) that competitive strategies of Porter had a positive and significant influence on corporate innovation. The finding is also consistent with findings of Kolivanis (2011) who found that porter’s generic strategies were relevant to electronic markets. The finding is also in agreement with Kisaka & Okibo (2014) who found that both focus and differentiation strategies had positive correlation with expansion of academic programmes.

Table 5. Chi-Square Tests between Porter’s Generic Strategies on Competitive Advantage

Strategy	$\chi^2$	df	p	v
Cost Leadership	10.810	2	0.004	0.541
Differentiation	10.560	4	0.032	0.514
Focus	2.219	2	0.330	0.236

#### 4.5. Discussion of Findings

The study sought to determine the role of Porter’s generic strategies in determining competitive advantage of postal corporation of Kenya courier services. The study found that Porter’s generic strategies were employed to a very large extent (M=1.89, SD=0.570). Under Porter’s generic strategies, cost leadership ( $\chi^2 =10.810$ , df=2, p=0.004) and differentiation ( $\chi^2 =10.560$ , df=4, p=0.032) were significant. The study found that there was a significant relationship (p=0.00) between Porter’s generic strategies in determining and competitive advantage. The study found that there was a significant relationship (p=0.00) between Porter’s generic strategies in determining and competitive advantage. Porter’s generic strategies were the most affecting of the four strategies under investigation. The findings therefore show that Porter’s generic strategies were important in cultivating competitive advantage of PCK. This can be attributed to outstanding customer service, specialty products/services, quality products/services, operational efficiency and vigorous pursuit of cost reductions. The findings are therefore in agreement with Ouma and Oloko (2015) who found that outstanding customer service, specialty products/services, quality products/services, operational efficiency and vigorous pursuit of cost reductions. The finding is in agreement with Justinian (2015) who confirmed that there is no significant relationship between the Porter strategies and firm performance taking customer satisfaction as an indicator. The finding is consistent with Fathali (2016) that competitive strategies of Porter had a positive and significant influence on corporate innovation. The finding is also consistent with findings of Kolivanis (2011) who found that porter’s generic strategies were relevant to electronic markets. The finding is also in agreement with Kisaka and Okibo (2014) who found that both focus and differentiation strategies had positive correlation with expansion of academic programmes. Moreover, combining the two strategies had an effect on increasing the competitive advantage of the university.

#### 5. Conclusions and recommendations

The study concludes that Porter’s generic strategies have an important role in determining competitive advantage of postal corporation of Kenya courier services. There was a significant relationship between Porter’s generic strategies and competitive advantage. Specifically, Porter’s Generic Strategies had a significant and positive influence on competitive advantage. This is due to outstanding customer service, specialty products/services, quality products/services, operational efficiency and vigorous pursuit of cost reductions. This enhances value creation which leads to greater profitability and increased competitive advantage. The study recommends that Postal Corporation of Kenya Company should target a specific market niche or segment. This can be done through market segmentation where the company employs demographic segmentation, geographical segmentation, psychographic segmentation and behavioral segmentation. The study recommends that the company should enter into partnerships and strategic alliances to enhance competitive advantage. Entering into partnerships and strategic alliances will ensure that the company gets to share fixed costs and resources, gain new skills and technology and enhance its image in the marketplace.

## 6. Suggestions for further study

The current study was conducted at Postal Corporation of Kenya as a case study. It is therefore recommended that another study be conducted on strategic determinants of competitive advantage among all firms in the courier services sector for the industry survival in the region. In addition it is recommended that consumers of courier services be incorporated as respondents in future studies to get their insight as to their future aspiration of the sector services.

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