Miles and Snow Typology of Strategic Positioning on Performance of Mobile Telecommunication Companies in Kenya

Njenga Gitahi Samson[1], Daniel M. Wanyoike[2]

[1]Kabarak University, School of Business and Economics, Nakuru, Kenya

[2]Jomo Kenyatta University of Agriculture & Technology, School of Entrepreneurship, Procurement and Management

Abstract: *Establishing a solid strategic positioning for the future has never been more important or more challenging for mobile phone company executives and their organizations. Most of the strategies adopted by mobile phone companies do not deliver the promised outcomes and this has intensified the competition and subsequently impacted on their performance. Accepting and adapting to that changing environment is the difference between those organizations that thrive – and those that do not. Analysts allude that the strategies the mobile phone operators employ make all the difference by how their strategic positioning is assumed and culminates with the tactical means to adapt continuously to an ever-changing environment (Allio, 2005). The study aimed to analyze the influences ofstrategic positioning onperformance in the mobile telecommunication industry in Kenya. Specifically, the study sought to determine the influences ofdefender, prospector, analyzer and reactor typologies on performance in the mobile telecommunication industry in Kenya. The study was premised on miles and snow typology while applying a combination of explanatory design, descriptive survey research design and cross sectional design.A study of 3 mobile phone telecommunication firms was conducted to investigate the relationships between the typologies and performance. The results indicate that firm size and strategy explains the difference in the relationships between strategic positioning and performance.*

Keywords: Miles and Snow Typology, Performance, Strategic Positioning

1. Introduction

The study concentrated on Strategic positioning as it identified and measured the key traits of strategies and typologies and assessed differences and similarities across a profile consisting of a set of characteristics that collectively describe mobile firms. The mobile phoneTelecommunication firmsare continuously liberalized markets with outstanding growth and as their environment continues to change, the nature of demand for telecom services changes as well.Kenya comprises of three highly competitive which have adjusted to the new market conditions very well.

1.1 Strategic positioning

As most companies search for the best strategies in order to consolidate their position in the market, application of appropriate strategy and due maintenance of competitive position must be frequently evaluated. This will mean that strategic positioning must be linked to the organization's objectives, mission, operations, and measurable outcomes that meet the needs of the stakeholders in order to guarantee gain in profitability and financial strength, gain in the company's competitive position strength and market standing. These strategies position firms to be well matched to industry and the surrounding conditions and be distinctive in the eyes of stakeholders. A good strategic positioning statement is reflected in the product-market positions established by the firm, whereby companies seek to find ways to build positional advantages and makes it clear who the customer is and what business problem they need to solve (Power, 2017).

1.1.1 Mobile Telecommunication Industry in Kenya

World Telecommunication Indicators Symposium (2017) has ranked Kenya position 129 in the Global ICT Development Index (IDI) and position 9 in Africa after Mauritius, Seychelles, South Africa, Cape Verde, Botswana, Ghana, Namibia and Gabon. According to the Communications Authority of Kenya, quarterly report (Dec-2016), Kenyan macro environment constitutes a population of 45 million with a subscription base of 39.8 million mobile customers and a mobile penetration rate (teledensity) of 89.2% by early 2017.

1.2 Statement of the problem

There is a clear dearth of studies in Kenya on strategic positioning-performance linkage applying Miles and Snow typology. Subsequently, to bridge knowledge gaps that exist in the Kenya mobile phone telecommunication industry, this study sought to delineate the research along theoretical, contextual and methodological lines. This study thus sought to establish how do and to what extent activities of the strategic positioning affects performance in context of the Kenya changing telecommunications sector.

1.3 Objectives of the Study

1.3.1 General Objective
To analyze miles and snow typology of strategic positioning on performance of mobile telecommunication companies in Kenya.

1.3.2 The Specific Objectives
The specific objectives for the study were:

1) To determine the influence of defender typology on Performance in the mobile telecommunication industry.
2) To examine the influence of prospector typology on Performance in the mobile telecommunication industry.
3) To establish the influence of analyzer typology on Performance in the mobile telecommunication industry.
4) To explore the influence of the reactortypology on Performance in the mobile telecommunication industry.

1.4 Hypotheses of the Study

H_{01}.Defender typology does not significantly influence Performance of mobile telecommunication companies in Kenya.

H_{02}:Prospector typology does not significantly influence Performance of mobile telecommunication companies in Kenya.

H_{03}:Analyzer typology does not significantly influence Performance of mobile telecommunication companies in Kenya.

H_{04}:Reactor typology does not significantly influence Performance of mobile telecommunication companies in Kenya.

1.5 Justification of the Study

Through the study, the researcher provides insights and contributes to greater understanding of how mobile phone operators in Kenya compete with each other in terms of their strategy and how snow and miles typologies are applicable in the telecommunication sector.

2. Literature Review

2.1 Theoretical Review

2.1.1 Miles and snow typology
Typologies provide a theoretical basis for identifying strategic groups across industries (Parnell, 2011). The typology of Miles and Snow (1978) is particularly suitable as a context in which to investigate strategy-performance relationships of firms from different industries having different firm size.The typologyindicates that for a firm to perform and have competitive advantage over others, it must adopt one of the fourstrategic positioning which are (prospector, defender, analyzer, and reactor).

2.1.1.1 Prospector
The mobile firms in this kind of strategic positioning are always seeking new opportunities and innovations. They tend to grow exponentially mostly to their creativity, flexibility andrisk taken. They are alwaysfirst to market with a very wide technological base; to which theircompetitions must respond.

2.1.1.2 Defenders
The mobile Firms in this kind of strategic positioning always attempt to protect their market from new competition.

2.1.1.3 Analyzers
The mobile Firms in this kind of strategic positioning combineboth the prospector and defender strategy position together so as toachieve their predetermined result. They are rationallaggards.

2.1.1.4 Reactors
The mobile Firms in this kind of strategic positioning have no consistent strategy to suit specific environments and tend to react to the competitive market only when forced to do so, and do nothave a reliable market orientation. They sometimes tend to be innovative when they attempt to reduce calling costs.The top management frequently perceives change and uncertainty butare unable to respond effectively. In most instances, a failed organisation is a result of reactor strategies.

3. Conceptual Framework

Thebelow conceptual framework examines the link between strategic positioning (independent variable) and performance (dependent variables).
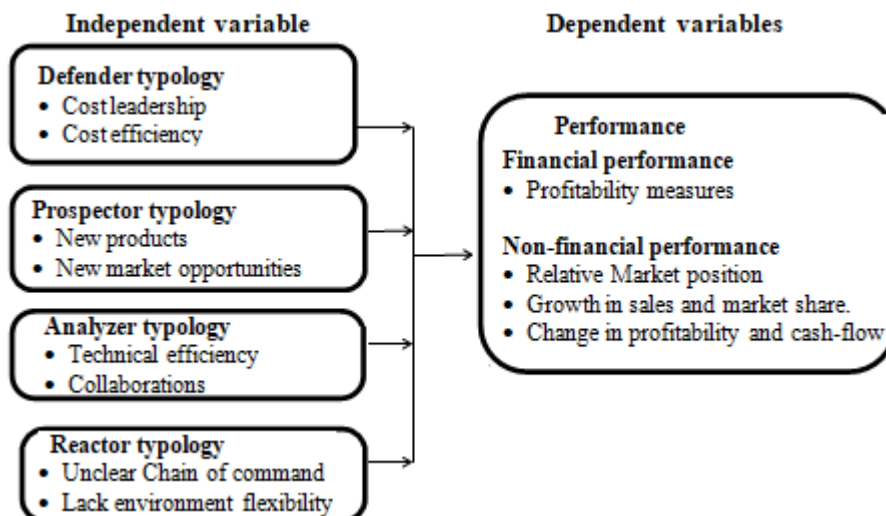
Figure 2.1: Miles and Snow typology of strategic positioning on performance of mobile telecommunication companies in Kenya

4. Research Methodology

4.1 Research Design

The researcher adopted a positivist epistemological research philosophy which is an objective-based method and could be used to test a hypothesis from existing theories. Explanatory research design served to test hypotheses derived from the theory and thus tested causality between the independent and dependent variable to determine their significance (Saunders, Lewis &Thornhill, 2009). The cross-sectional study involved surveying the respondents using a questionnaire in order to seek information about strategic positioning and performance.

4.2Population

The target population consisted of three mobile operator companies: Safaricom, Airtel Kenya and Telkom Kenya that are categorized by the communication Authority as mobile telecommunication companies.

4.3 Data Collection Procedures

Questionnaires were developed from the literature derived from snow and miles typology. Drop- and –pick method was preferred because it reduced Non response bias through reduction of non-coverage, noncontact or refusal to participate.

4.4 Validity and Reliability

The research instrument was evaluated in terms of reliability, validity, sensitivity and generalizability. Reliability coefficient was determined when the sum of item variances was compared to the variance of the sum scale. Content validity checked the representativeness or sampling adequacy of the content.

Table 3.1: Measures of Internal Consistency

Aggregated Variables	Number of Items	Cronbach's Alpha Coefficient	Reliability Status
Defender typology	15	0.811	Reliable
Prospector typology	17	0.908	Reliable
Analyzer typology	13	0.898	Reliable
Reactor typology	16	0.667	Reliable
Overall		**0.746**	**Reliable**

The overall reliability was 0.746 based on Cronbach's alpha, 0.737 based on standardized items and with 79 numbers of items tested, from the ten (10) questionnaires administered to the pilot sample.

4.5 Data Analysis

The researcher organized data into descriptive and inferential statistics and further into quantitative and qualitative data. Descriptive statistical analysis that is frequencies, percentages prepared the data for further inferential analysis. Inferential data analysis was utilized to establish the statistical significance of the respective hypotheses. Factor analysis was carried out on all items in each variable to determine what items or scales should be included on and excluded from the measure. Pearson correlation coefficient was applied to test the relationship between strategic positioning and performance. Multiple linear regression analysis was conducted to generate a measure of the degree of association, appropriate at 95 percent confidence level (α=0.05).

5. Results and Discussion

5.1 Correlation Analysis

Karl Pearson's Correlation analysis was used to determine the average relationship between the variable. The coefficient of correlation symbolized by "r" measured the degree of association of the variables (i.e. strength of the relationship) between the independent and dependent variables.

Table 4.1: Correlation results of Strategic Positioning on Performance

		Defender typology	Prospector typology	Analyzer typology	Reactor typology	Performance
Defender typology	Pearson Correlation	1	.173[**]	.494[**]	.479[**]	.515[**]
	Sig. (2-tailed)		0	0	0	0
	N	121	121	120	119	121
Prospector typology	Pearson Correlation	.173[**]	1	.196[**]	.172[**]	.677[*]
	Sig. (2-tailed)	0		0	0	0.011
	N	120	121	121	121	120
Analyzer typology	Pearson Correlation	.494[**]	.196[**]	1	.625[**]	.321[**]
	Sig. (2-tailed)	0	0		0	0
	N	120	121	120	121	120
Reactor typology	Pearson Correlation	.479[**]	.172[**]	.625[**]	1	.211[**]
	Sig. (2-tailed)	0	0	0		0
	N	121	121	121	120	120
Performance	Pearson Correlation	.515[**]	.677[*]	.321[**]	.211[**]	1
	Sig. (2-tailed)	0	0.011	0	0	
	N	120	120	121	120	120

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).
Source: Research data, 2017

The results showed that there was a significant positive correlation between the defender typology (IV1) and Performance (DV) with coefficient correlation r = .515 at p< 0.00 level; there is a positive and significant correlation between the prospector typology (IV2) and Performance (DV) with coefficient correlation r=.677 at p <0.00 level; there is a positive significant correlation between analyzer typology (IV3) and Performance (DV) with coefficient correlation r = .321 at p < 0.00 level and positive significant correlation between reactor typology (IV4) and Performance (DV) with coefficient correlation r = .211 at p < 0.00 level. This suggested that change in one variable was accompanied by a change in the other variable and was due to the complex and dynamic competitive business environment.

5.2 Regression Analysis

Multiple Linear regression analysis was used to test the predictive ability of a set of independent variables on one dependent measure by determining which variables influenced the dependent variable most and which of those factors were more significant. Validity of the model was checked with f- test while (R^2) was measured the model's goodness of fit. The nature and outline of their relationships was described by the results of regression analysis. The coefficient of determination measured how well the regression line represented the data.

Table 4.2: Moderated Regression Analysis Model Summaries

Model	R	R Squared	Adjusted R Square	Std of Error Estimate
1	0.720^α	0.522	0.527	0.54947

Source: Research data, 2017

The adjusted coefficient of determination (R-squared) was used to indicate the percentage of variability of the variables that was accounted for by the factor**s** under study**.** The coefficient of determination was indicated by R square of 0.522 showing that the predictors in the model can explain 52% of the variation in dependent variable by variation in the independent variables. This shows that 48% of the variations in changes in performance are explained by other factors not captured in the model. The positivity and significance of all values of R shows that model summary is significant and therefore gives a logical support to the study typology. This further presents an opportunity for future studies to include additional variables that could explain mobile firm's performance.

5.2.1 Overall Significance of the ANOVA
Kothari (2014), described ANOVA as a procedure for testing the difference among different groups of data for homogeneity. The essence of ANOVA is that the total amount of variation in a set of data is broken down into two types, that amount which can be attributed to chance and that amount which can be attributed to specified causes while F- test was also used in the context of the analysis of variance (ANOVA).

Table 4.3: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.936	3	3.645	15.252	$.000^b$
	Residual	27.964	117	.239		
	Total	38.901	120			
a. Dependent Variable: Performance						
a. Predictors: (Constant), defender typology,						
b. prospector typology, analyzer typology, reactor typology						

Table 4.3 shows the overall significance of the predictors in explaining performance. The model predictors are significant in explaining changes in strategicpositioning with a 0.000 level of significance.

5.2.2 Multiple Linear Regression Results
Unstandardized coefficient of Beta was used to explain what changes in dependent variable when independent variable is changed.

Table 4.4: Multiple Linear Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.433	.044		99.707	.000
	Defender typology	.268	.151	.372	4.323	.000
	Prospector typology	.652	.127	.229	2.119	.036
	Analyzer typology	.229	.043	.205	5.334	.000
	Reactor typology	.180	.041	.193	4.440	.000

a. Dependent Variable: Performance

Based on regression coefficients results in Table 4.4 the regression equation can be written as follows:
Performance = 4.433 + 0.268 (*Defender typology*) + 0.652 (*Prospector typology*) + 0.229(*Analyzer typology*)+ .180(*Reactor typology*)

The coefficient of *Defender typology*was at (β=0.268, p=0.000, <0.05) showing a statistically significant relationship between *Defender typology*and performance in the mobile telecommunication industry. The regression coefficient of 0.268 obtained in this case implies that a unit increase of the *Defender typology* would lead to 0.268 unit increase in performance of mobile telecommunication firms.

β_2 = .652, shows that one unit increase in adoption of *Prospector typology*results in .652 increase in Performance (financial & non-financial), holding other factors constant. β_3 = .229, shows that one unit increase in *Analyzer typology*options result in .229 increase in Performance (financial & non-financial), holding other factor constant while $\beta_4 = 180$ shows that one unit increase in *Reactor typology* options result in .180 increase in Performance (financial & non-financial). The standard error (.044), being a random variable with a mean of zero captured the variables that could not be quantified. The *p* value that pertains to strategic positioning on performance score is less than 0.05 and thus achieved significance.

5.3 Summary of the Hypotheses Results

Hypotheses were tested to determine whether influence by the independent variable would be significant or not. Null hypothesis was tested as the default position that there is no

significant relationship between two variables being studied under the assumption that if $P \leq 0.05$, then it would be rejected or otherwise fail to be rejected and vice-versa (Hair *et al.*, 2006). Four hypotheses are presented, which affirm that Strategic Positioning combinations are key determinants of Performance.

Table 4.5: Results of Hypotheses Test

Null	Hypothesis Statement	Hypothesis Testing	Remark/ Conclusion
$H_0 1$	Defender typology does not significantly influence Performance of mobile telecommunication companies in Kenya.	Regression analysis *p* value (0.000)	$H_0 1$ was rejected
$H_0 2$	Prospector typology does not significantly influence Performance of mobile telecommunication companies in Kenya.	Regression analysis *p* value (0.36)	$H_0 2$ was rejected
$H_0 3$	Analyzer typology does not significantly influence Performance of mobile telecommunication companies in Kenya.	Regression analysis *p* value (0.000)	$H_0 3$ was rejected
$H_0 4$	Reactor typology does not significantly influence Performance of mobile telecommunication companies in Kenya	Regression analysis *p* value (0.000)	$H_0 4$ was rejected

Source: Research data, 2017

6. Conclusions

The mobile telecommunication market place is more complex than ever before prompting the mobile telecommunication industry to assess the segments and niches in which they operate to remain competitive. As miles and snow notes, no single strategic typology is best. Each one can position an organisation so that it can respond and adapt to its environment.

Prospectors (Safaricom PLC) werefound to be more adaptiveto the changing environment type was most likely the first organisation to adopt new products services. Prospectors outperformedall other typologies in terms of market share and showed higher sales growth providing higher return on asset. Reactors (Airtel Kenya) were least adaptive. The other two typologies fell inbetween the extremes, analyzer (Telkom Kenya) was the second most adaptive and tended to adopt managerial procedures and systems followed by defenders (Airtel Kenya) who were less proactive. In conclusion, State owned firms were found to adopt defender typology while the privately owned tended to adopt prospector typology. The foreign owned firms were also fond to adopt analyzer typology

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