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Relationship between Strategic Market Entry Practices and Financial Performance of Telecommunication Firms in Kenya

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Abstract: **Market entry strategies have been known to increase sales, brand awareness and business stability in various industries across the world. The success and sustainability of any organization in a competitive environment may be determined by its market entry strategy. This entails a planned method of delivering goods and services to a new market and distributing them there. The challenges of the business environment in the 1990s, characterized by fragmented markets, increased competition, rapid technological changes, shifting regulatory frameworks, and a growing dependence on non-price competition have forced many businesses to more closely scrutinize their competitive strategy. The increased competition has been further fueled by communication and liberalization of the major world economies. This has reduced the world into a global village as far as business transactions are concerned. As a result, organizations are facing stiff competition from both local and foreign competitors. In order to compete and survive in the competitive environment, different organizations are adopting different strategies, including but not limited to venturing into foreign markets. The telecommunication industry is no exception. The choice of market entry strategies is now a dominant driver that shapes the landscape of how these firms compete on the basis of costs and risks involved. A well-developed market entry strategy coupled with proper execution will result in the organization's success. Therefore, the objective of this study was to examine the relationship between strategic market entry practices and financial performance of telecommunication firms in Kenya. The population of interest for this study was 290 top level employees of the three telecommunication firms in Kenya, namely Safaricom, Airtel and Telkom. A sample of 145 employees was randomly selected to participate in this study after applying 50% criterion in selection. The study used a mixed research design, which allowed for both quantitative and qualitative data capture. Primary data was collected through questionnaires. Descriptive statistics such as, mean, frequencies and inferential statistics (regression and correlation analysis) were used to analyze data. The study recommends that the management of telecommunication firms in Kenya should have a paradigm shift towards the spirited entry into unexplored markets as it pays to be a pioneer in the market. The benefits of a spirited entry into unexplored markets seem to outweigh the disadvantages. This therefore means that the sooner the entry into a foreign market, the better for a firm's performance in this specific market and the sooner the entry into a specific market, the higher the probability that the pattern of market entry modes can be characterized by incrementally increasing commitment. The study also recommends it would be appropriate for the management of telecommunication firms to exploit the market entry practices when developing their strategic plan with the aim of ensuring a competitive advantage over other market competitors thus attaining superior firm performance.**

Keywords: **market entry strategy, financial performance and telecommunication firms.**

1. INTRODUCTION

Business performance of industries is a vital issue to management. In today's economic climate, industries competitions are greater than ever. Globalization has made business systems to undergo a number of changes in recent years. These changes are accompanied by growth both in size and magnitude. To cope with these changes, modern management techniques are used in contemporary business environments. One of such techniques is strategic management. Strategic management has been advanced as one of the effective management tools in strengthening organization performance through effective decision making and systematic strategic formulation and implementation (Anthony, 2009).

The challenges of the business environment in the 1990s, characterized by fragmented markets, increased competition, rapid technological changes, shifting regulatory frameworks, and a growing dependence on non-price competition have forced many businesses to more closely scrutinize their competitive strategy. Porter (1985) argues that firms create competitive advantage by conceiving new ways to deliver superior value to customers. Innovation is a key source of competitive advantage and can occur at any stage of the value chain.

Background of the Study:

Strategic management is both the process and philosophy for determining and controlling the organizational relationship in its dynamic environment. As a process, it attempts to define approaches and techniques to assist management adapt to the dynamics of today, through the use of objectives and strategies. As a philosophy it changes how managers look at competitors, customers, market and even the organization itself. Its objective is to stimulate management's awareness of the strategic implication of environmental event and internal decision (Paul, 2008). Strategic management is based on the belief that an organization should continually monitor internal and external events and trends so that timely changes can be made as needed. Organizations must be capable of astutely identifying and adopting to change.

The use of strategic management enables firms define their strategies which provide a central purpose and direction to its activities to people who work in the firm and often to the outside world. Strategic planning and implementation enables firms to adapt under conditions of external pressure caused by changes in environment. Firms can and often do create their environment besides reacting to it. Strategic planning and management helps firms develop competitive strategies (Johnson & Scholes, 2002).

In USA, Telecommunications operators are mastering the demands of technological and regulatory changes while illustrating transparency, customer innovation and bringing new services to the market. The telecom industry is transforming before our very eyes. And in many instances, there are no hard set rules for the new digital platforms, tools and lifecycle in which they live (Martinez, Rodriguez & Torres, 2010). In this industry more than any other, therefore, embracing a strategic, forward-looking business model is critical to survival and success. The transformation that has gripped the landscape presents with challenges, risks and opportunities as never before. With continued pressure from new players entering the market, operators must continually find ways to stay ahead of the game.

In Nigeria, the telecommunication industry has experienced tremendous changes in recent years. The liberalization and de-regulation of the nation's telecommunication industry and the economy as a whole has prompted the entry of many new players into this sector. Taking advantage of the opportunities provided by the de-regulation, many local and foreign investors of different sizes and strength have sought to create a niche for themselves. The level of activities in this sector has increased significantly over the past ten years and it is envisaged that this will not abate soon (Oyedijo, 2012). The environment is, therefore, becoming more competitive than before while some of the leading telco companies have started expanding their operations overseas especially into the West African sub-region to compete with long established international players. In all of this, there is increasing demand and pressure on the management of these companies to deliver on shareholders earnings and justify increasing investment in their companies.

The telecommunications industry in Kenya, just like the rest of the world, is going through profound changes. In the recent past, technological advancement and regulatory restructuring have transformed the industry. Markets that were formerly distinct, discrete and vertical have coalesced across their old boundaries with a massive investment of capital - much of it originating from private sector participants. The result is new markets, new players, and new challenges. Market liberalization efforts have also picked up, ensuing in the successful partial privatization of Telkom Kenya Limited and divestment of Government of Kenya's 25% stake in Safaricom Limited through a public listing (March, 2008), and the launch of a fourth mobile operator Yu Mobile (December, 2008). This has resulted into some of the world's best known telecommunication providers being major players in the Kenyan market; Vodafone and France Telecom's through

their investments in Safaricom Limited and Telkom Kenya Limited (brand name Orange) respectively, while Bharti Airtel and Essar Communications have a presence in the Kenyan market as Airtel Kenya and Yu Mobile respectively (Communications Authority of Kenya (CA), 2014).

Problem statement:

Increased expenditures and the growing number of players in the telecommunication industry have created many challenges to telecommunication players (Telco players) globally (Martinez, *et al*., 2010). In Kenya, there have been four major Telco players since the year 2000; Safaricom, Airtel, Essar Telecom - operating under the brand name YU, and Orange. During the year 2014, the mobile market segment in Kenya saw the exit of Essar Telecoms Kenya Limited (Yu). Only one player (Safaricom) has been dominant and profitable with the rest registering losses (Airtel, Essar, Orange). This has led to investors divesting from the Kenyan market (Kencell to Celtel to Zain to Airtel). Orange Telecom has since left the market in 2016, paving way for a new investor, Helios Investment Partners.

The level of competition in local calls and inter-exchange carriage has been limited up to the present under the duopoly arrangements (Ocharo, 2014). There have nevertheless been real reductions in local call charges under the price capping arrangements and in response to the threat of direct competition. Strategic management has been touted as one of the effective management tools in strengthening organization performance through effective decision making and systematic strategic formulation and implementation. However, it is not clear what role strategic management plays on the financial performance of firms in the telecommunications sector. It is for this reason that this study sought to determine the role.

Studies done on strategic management practices in Kenya are insufficient. Arasa and Gathinji (2014) conducted a study on the relationship between competitive strategies and firm performance: a case of mobile telecommunication companies in Kenya. Ochola (2013) conducted a study on outsourcing strategies adopted by telecommunication vendor companies in kenya**.** Ocharo (2014) carried out a study on factors influencing change management practices in the telecommunication industry in Kenya. Mutemi (2014) explored the strategic management practices and performance of small scale enterprises in Kitui town in Kenya. Suraj and Ajiferuke (2013) did a study on Knowledge Management Practices in the Nigerian Telecommunications Industry. As can be evidenced in the above studies, none of the studies capture strategic market entry practices in the telecommunication industry in Kenya. The studies have focused on isolated factors that could affect financial performance of firms, and could be a subset of strategic management, as a practice. Strategic market entry is a management practice if it is well understood and implemented accordingly. Therefore, the purpose of this study was to examine the relationship between strategic market entry practices and financial performance of telecommunications firms in Kenya.

Objective of the study:

The objective of this study was to examine the relationship between strategic market entry practices and financial performance of telecommunications firms in Kenya.

Hypothesis:

H_1 There is a significant relationship between strategic market entry practices and financial performance of telecommunications firms in Kenya.

H_0 There is no significant relationship between strategic market entry practices and financial performance of telecommunications firms in Kenya.

2. LITERATURE REVIEW

Theoretical Review:

The study focused on agency theory and The Uppsala internationalization process model

Agency theory:

The assumptions and prescriptions of agency theory fit naturally with the issues inherent in strategic management. Agency theory is predicated on the belief that individual economic agents choose actions that maximize their personal utility. Within the modern corporation, there often exists a separation between the individuals making corporate decisions (managers) and the individuals bearing the wealth consequences of those decisions (shareholders).

Agency theory is concerned with agency relationships. Two parties have an agency relationship when they cooperate and engage in an association wherein one party (the principal) delegates decisions and/or work to another (an agent) to act on its behalf (Rungtusanatham et al., 2007). The important assumptions underlying agency theory are that: Potential goal conflicts exist between principals and agents; each party acts in its own self-interest; Information asymmetry frequently exists between principals and agents; Agents are more risk averse than the principal and Efficiency is the effectiveness criterion (Ekanayake, 2004; Rungtusanatham et al., 2007).

In agency relationships, typically, the principal will seek to minimize the agency costs, such as, specifying, rewarding and monitoring, and policing the agent's behavior, while the agent works towards maximizing rewards and reducing principal control (Fleisher, 1991). Efficient management of agency problems such as information acquisition (or communication), preference mismatch (or conflict of interest), effort (or moral hazard) and capability (or adverse selection), mainly associated with the agent (Fleisher, 1991), is also imperative to any principal-agent relationship.

The agency theory addresses issues of particular relevance to market entry of firms. Agency relationships are present whenever companies rely on another party to undertake some actions on their behalf. These relationships are therefore pervasive in market entry as most goods and services are distributed through intermediaries, and all contractual relationships involved in the value chain involve an agency relationship.

Uppsala Internationalization Process Model:

The internationalization process model developed by Johanson and Vahlne (1977) describes a process whereby a firm gradually increases its international involvement, as being sequential from the initial export activities to the setting up of foreign production units. Each firm goes through a number of logical steps of international behavior, based on its gradual acquisition, integration and use of knowledge about foreign markets and operations, and on its successively increasing commitment to foreign markets (Johanson & Vahlne, 1977).

According to that literature, firms choose, or should choose, the optimal mode for entering a market by analyzing their costs and risks based on market characteristics and taking into consideration their own resources. They would subsequently formalize their entries through deals with intermediaries, often agents who represented the focal companies in the foreign market. Usually, as sales grew, they replaced their agents with their own sales organization, and as growth continued they began manufacturing in the foreign market to overcome the trade barriers that were still in place. This dimension of the internationalization pattern was labelled as the "establishment chain" (Johanson & Vahlne, 1977).

The internationalization process model had a number of shortcomings which have been accepted and addressed by Johanson and Vahlne (2009). Some of the limitations included: it is too deterministic; its significance is limited to the early stages of internationalization; and as the world becomes more homogeneous, the explanatory value of psychic distance tends to decrease. The deterministic, sequential nature of this process model excludes other options of strategic choices, e.g., to initiate local production in a foreign country without having gone through the steps of exporting or having local sales subsidiaries. Leapfrogging of intermediate stages is in fact quite common (Hedlund and Kverneland, 1984; Bjorkman, 1989; McKiernan, 1992).

Ahlbrecht and Eckert (2013) posit that despite numerous changes and adjustments to their theory (Johanson and Vahlne 1990, 2003, 2006, 2009, 2011), the central assumption of the Uppsala model has not changed since Johanson and Vahlne's (1997) original contribution, i.e., that firms acquire knowledge about foreign markets over time, and then gradually expand their international activities according to the accumulation of foreign market knowledge. Foreign market commitment and accumulating foreign market knowledge through learning were of central importance in the original model and are still important in contemporary adaptations (Johanson and Vahlne 2006). Therefore, the establishment chain of the original model cannot be considered to be theoretically discarded.

Empirically, Engelhard and Eckert (1994) found an indication that establishment chain-like patterns of market entry lead to higher foreign market performance in the case of unstable transition countries. Newbould et al. (1978) observed a higher foreign market performance for companies following an incremental internationalization.

In addition to the choice of entry modes and their sequence, the timing of entry also appears to be of crucial importance (Lieberman and Montgomery 1988; Luo 1998; Pan and Chi 1999). Firms entering early into a market can secure sustainable competitive advantages, leading to a higher level of performance (Lambkin 1988; Luo and Peng 1998; Pan *et al.,* 1999). These benefits are due to being able to raise market entry barriers (Bain 1956; Luo and Peng 1998) or to better availability of information (Stigler 1961). Several studies proved such first mover advantages empirically (Lambkin 1988; Luo and Peng 1998; Tsou *et al*., 2009). On the other hand, scholars also argue that pioneers are exposed to high risks in

new markets (Mascarenhas 1997), while later entrants benefit from better information about the market, learn from pioneers' experiences and also can use a better developed infrastructure in the target market. Therefore, in contrast to pioneers, the risks and uncertainties are much lower for later entrants (Luo and Peng 1998; Schnaars 1994).

Strategic market entry practices:

Lymbersky (2008) defines a market entry strategy as the planned method of delivering goods or services to a new target market and distributing them there. When importing or exporting services, it refers to establishing and managing contracts in a foreign country. Many companies successfully operate in a niche market without ever expanding into new markets. Some businesses achieve increased sales, brand awareness and business stability by entering a new market. Developing a market-entry strategy involves a thorough analysis of potential competitors and possible customers. Some of the relevant factors that are important in deciding the viability of entry into a particular market include trade barriers, localized knowledge, price localization, competition, and export subsidies.

Carter (1997) argues that when an organization has made a decision to enter an overseas market, there are a variety of options open to it. These options vary with cost, risk and the degree of control which can be exercised over them. The simplest form of entry strategy is exporting using either a direct or indirect method such as an agent, in the case of the former, or countertrade, in the case of the latter. More complex forms include truly global operations which may involve joint ventures, or export processing zones. Having decided on the form of export strategy, decisions have to be made on the specific channels. He further states that in building a market entry strategy, time is a crucial factor. The building of an intelligence system and creating an image through promotion takes time, effort and money. Brand names do not appear overnight. Large investments in promotion campaigns are needed. Transaction costs also are a critical factor in building up a market entry strategy and can become a high barrier to international trade. Costs include search and bargaining costs. Physical distance, language barriers, logistics costs and risk limit the direct monitoring of trade partners. Enforcement of contracts may be costly and weak legal integration between countries makes things difficult. Also, these factors are important when considering a market entry strategy. In fact these factors may be so costly and risky that governments, rather than private individuals, often get involved in commodity systems.

There are a variety of ways in which organizations can enter foreign markets. The three main ways are by direct or indirect export or production in a foreign country (Carter, 1997).

Exporting:

Exporting is the most traditional and well established form of operating in foreign markets. Exporting can be defined as the marketing of goods produced in one country into another. Whilst no direct manufacturing is required in an overseas country, significant investments in marketing are required.

Foreign production:

Besides exporting, other market entry strategies include licensing, joint ventures, contract manufacture, ownership and participation in export processing zones or free trade zones.

Licensing:

Licensing is defined as the method of foreign operation whereby a firm in one country agrees to permit a company in another country to use the manufacturing, processing, trademark, know-how or some other skill provided by the licensor.

Joint ventures:

Joint ventures can be defined as an enterprise in which two or more investors share ownership and control over property rights and operation.

Ownership:

The most extensive form of participation is 100% ownership and this involves the greatest commitment in capital and managerial effort. The ability to communicate and control 100% may outweigh any of the disadvantages of joint ventures and licensing

Strategic alliances:

Ireland, Hitt, and Vaidyanath (2002) define a strategic alliance as a situation where firms combine their assets and capabilities in a cooperative way to achieve competitive advantage. A Strategic alliance is considered an essential source of resource-sharing, learning, and thereby competitive advantage in the competitive business world.

Firm performance:

Superior financial performance is a way to satisfy investors and can be represented by profitability, growth and market value (Cho & Pucik, 2005). These three aspects complement each other. Profitability measures a firm's past ability to generate returns (Glick *et al.*, 2005). Growth demonstrates a firm's past ability to increase its size. Increasing size, even at the same profitability level, will increase its absolute profit and cash generation. Larger size also can bring economies of scale and market power, leading to enhanced future profitability. Market value represents the external assessment and expectation of firms' future performance. It should have a correlation with historical profitability and growth levels, but also incorporate future expectations of market changes and competitive moves.

Customer and employee satisfaction are two further aspects to consider. Customers want companies to provide them with goods and services that match their expectations (Fornell, Johnson, Anderson, Cha, & Bryant, 1996). To do that, companies must understand their needs, avoid defects and improve the perceived quality and value added by their offerings. Customer satisfaction increases the willingness-to-pay and thus the value created by a company (Barney & Clark, 2007). Employees' satisfaction is related to investments in human resources practices. This group tends to value clearly defined job descriptions, investment in training, career plans and good bonus policies (Harter, Schmidt, & Hayes, 2002). The satisfaction of these stakeholders, translates itself into a firm's ability to attract and retain employees and lower turnover rates.

According to Ganeshkumar and Nambirajan (2013) firm performance can be measured by the following factors: Market share, Sales growth, Profit margin, Overall product quality, Overall competitive position, Average selling price, Return on investment and the Return on sales. The approach in measuring firm performance can be divided into two categories which are financial measures and non-financial measures. Alternative, firm performance can be measured by financial measures and strategic measures. Non-financial measures include aspects such as customer satisfaction, employee satisfaction, environmental performance, social performance, efficiency, effectiveness and relevance. Financial measures were adapted to measure organizational performance in this study.

3. RESEARCH METHODOLOGY

This study adopted a mixed research design, which allowed for both quantitative and qualitative approaches. This method has been known to facilitate collection of data from large populations within a reasonably short period of time (Koul, 2002). A formalized study, structured with clearly indicated investigative questions was given out to a targeted population from a representative sample of the population.

A cross-sectional survey design was be used to collect quantitative data. Bryman and Bell (2007) define a cross-sectional design as a research method that entails the collection of data on more than one case and at a single point in time in order to collect a body of quantitative or quantifiable data in connection with two or more variables, which are then examined to detect patterns of association.

A survey was also found to be the most appropriate form of research whenever the population was big and largely homogeneous. The Communication Authority of Kenya puts the number of licensed mobile telco providers in Kenya as three (Safaricom, Airtel and Orange/Telkom). This study focused on all the three operators. The main focus of the study was quantitative. However, some aspects of qualitative approaches were used in order to gain a better understanding from respondents, through their opinions in particular areas, and this, therefore, enriched the quantitative data. The target population was 290 senior employees drawn from the three telecommunication firms; 130 from Safaricom, 110 from Airtel and 50 from Orange. A sample of 145 employees was randomly selected to participate in this study. Both primary and secondary data was used for the study. Primary data was collected using questionnaires which covered the relationship between strategic market entry practices and financial performance of telecommunication firms in Kenya while Secondary data consisted of publications and literature related to product development and firm performance.

4. RESEARCH FINDINGS AND DISCUSSION

Response Rate:

The number of questionnaires that were administered was 145. A total of 125 questionnaires were properly filled and returned. This represented an overall successful response rate of 86% as shown in Table 1.This agrees with Babbie (2004) who asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on this assertion 86% response rate was adequate for the study.

Table 1: Response Rate

Response	**Frequency**	**Percent**
Returned	125	86%
Unreturned	20	14%
Total	**145**	**100%**

Reliability Analysis:

Cronbach's alpha was used to test the reliability of the measures in the questionnaire (Cronbach, 1951). According to Sekaran (2003), Cooper and Schindler (2003), Cronbach's alpha has the most utility for multi-item scales at the interval level of measurement, requires only a single administration and provides a unique, quantitative estimate of the internal consistency of a scale.

Reliability was tested using questionnaire duly completed by eight randomly selected respondents. These respondents were not included in the final study sample in order to control for response biasness.

The questionnaire responses were input into statistical package for social sciences (SPSS) and Cronbach's alpha coefficient generated to assess reliability. The findings indicated that strategic market entry practices had a coefficient of 0.885.

Strategic market entry practices and financial performance:

Respondents were asked different questions with an aim to establish the relationship between strategic market entry practices and financial performance of telecommunication firms in Kenya. Using a five-point likert scale, the study sought to know respondents' level of agreement on various statements relating to the relationship between strategic market entry practices and financial performance of telecommunication firms in Kenya as shown in Table 2.

Measurement of Strategic market entry practices:

Table 2: Strategic Market Entry Practices

Statements	**strongly disagree**	**Disagreed**	**Neither agree nor disagree**	**Agree**	**strongly agree**	**Mean**	**Std. Dev**
It pays to be first with a product or service and this has led to an increase in the company's profits	0.00%	0.00%	33.60%	32.00%	34.40%	4.01	0.83
Being innovator of a product/service is worth the risk and this has led to an increase in the company's profits	0.00%	0.00%	9.60%	64.00%	26.40%	4.17	0.58
It is better to wait and learn from the experiences of the first entrant to the market and this has led to an increase in the company's profits	9.60%	56.00%	16.80%	8.00%	9.60%	2.52	1.09
My organization does whatever the means to prevent share erosion and reduce costs when a new player enters the market and this has led to an increase in the company's profits	0.00%	8.00%	43.20%	40.80%	8.00%	3.49	0.76
Strategic market entry practices influences profitability of an organization	0.00%	0.00%	0.00%	17.60%	82.40%	4.82	0.38
Average						**3.80**	**0.73**

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Results in Table 2 revealed that majority of the respondents who were 66.4% (32.0%+34.4%) agreed that it pays to be first with a product or service and this has led to an increase in the company's profits. 90.4% agreed that being innovator of a product/service is worth the risk and this has led to an increase in the company's profits. 72.8% of the respondents disagreed that it is better to wait and learn from the experiences of the first entrant to the market and this has led to an increase in the company's profits. The results further revealed that 48.8% agreed that their organization does whatever the means to prevent share erosion and reduce costs when a new player enters the market and this has led to an increase in the company's profits. Finally, 100% of the respondents agreed that strategic market entry practices influences profitability of an organization.

Using a five point scale likert mean, the overall mean of the responses was 3.80 which indicates that majority of the respondents agreed to the statement of the questionnaire. Additionally, the standard deviation of 0.73 indicates that the responses were varied. The results herein imply that market entry practices affect financial performance.

Further, the respondents were asked to indicate whether strategic market entry practices influences financial performance. Results indicate that majority of the respondents who were 84.8% said yes while 15.2% said no. This implies that strategic market entry practices play a significant role in firms' financial performance.

Correlation Analysis:

Correlation analysis was conducted between strategic market entry practices (independent variable) and financial performance (dependent variable). Results presented in Table 3 indicated that there was a positive and a significant association between strategic market entry practices and financial performance (r=0.661, p=0.000). This implies that both strategic market entry practices and financial performance change in the same direction.

The findings concur with that of Ahlbrecht and Eckert (2013) who evaluated both the impact of following the establishment chain of the Uppsala Model and the impact of the timing of market entry on the performance in the foreign market. They tested their hypotheses with empirical data collected in a survey among German manufacturing companies that have entered markets in Central and Eastern Europe (CEE). The findings indicate that levels of performance tended to be higher for companies entering CEE markets early in comparison to later entries. It was found out that pioneers' performance in CEE markets was higher than the performance of early followers, which in turn was higher than the performance of late entrants. The study concluded that it pays to be a pioneer. Their findings also showed that the sooner the entry into a foreign market, the better for a firm's performance in this specific market and the sooner the entry into a specific market, the higher the probability that the pattern of market entry modes can be characterized by incrementally increasing commitment.

Table 3: Correlation matrix

		Financial Performance	Market Entry Practices
Financial Performance	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Market Entry Practices	Pearson Correlation	0.661**	1.000
	Sig. (2-tailed)	0.000	
** Correlation is significant at the 0.01 level (2-tailed).			

Regression Analysis:

The results presented in Table 4 present the fitness of model used of the regression model in explaining the study phenomena. Strategic market entry practices were found to be satisfactory variable in explaining financial performance. This is supported by coefficient of determination also known as the R square of 43.7%. This means that Strategic market entry practices explain 43.7% of the variations in the dependent variable which is financial performance of telecommunication firms in Kenya.

Table 4: Model Fitness

Indicator	Coefficient
R	0.661
R Square	0.437
Adjusted R Square	0.432
Std. Error of the Estimate	0.26619

In statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non-significant.

Table 5 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variable is a good predictor of financial performance. This was supported by an F statistic of 95.468 and the reported p value (0.000) which was less than the conventional probability of 0.05significance level.

Table 5: Analysis of Variance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6.765	1	6.765	95.468	.000
Residual	8.716	123	0.71		
Total	15.480	124			

Table 6 presents the regression of coefficient results. The findings revealed a positive and significant relationship between strategic market entry practices and financial performance of telecommunication firms in Kenya as supported by a p value of 0.000 and a beta coefficient of (0.370). This implies that a change in strategic market entry practices by a unit led to an improvement in financial performance of telecommunication firms by 0.370 units.

The findings agree with that of Sadaghiani, Dehghan, and Zand (2011) who conducted a study on Impact of International Market Entry Strategy on performance of Iranian export companies. The study results depicted that the entry strategy affects the export performance of the export companies. Also, the variable share of entry strategy in anticipation and changes in export performance of the export companies is approximately 48%.

Table 6: Regression of Coefficients

Variable	B	Std. Error	T	sig
(Constant)	2.830	0.151	18.679	0.000
Strategic Market Entry Practices	0.370	0.038	9.771	**0.000**

Thus, the model for the study is;

Financial Performance= $2.830 + 0.370 X_1$

Where,

X_1= Strategic Market Entry Practices

Hypothesis Testing:

The hypothesis was tested by using the ordinary least square regression. The acceptance/rejection criteria was that, if the t-value is greater than t-critical (1.96), the Ho is rejected but if it's less than 1.96, the Ho fails to be rejected. The null hypothesis was that Strategic Market Entry practice does not affect financial performance of telecommunication firms in Kenya. The alternative hypothesis was that Strategic Market Entry practices affect financial performance of telecommunication firm in Kenya. Results in Table 6 show that the calculated t-statistic of 9.771 was higher than the critical t statistic ($t\ \alpha = 1.96$). The findings were further supported by a p-value of 0.000. This indicated that the null hypothesis was rejected hence Strategic Market Entry practices had a significant relationship with financial performance.

5. CONCLUSION AND RECOMMENDATIONS

Results revealed that it pays to be first with a product or service and this leads to increase in the company's profits. In addition, results revealed that being innovator of a product/service is worth the risk and leads to increased profitability. Further, the study findings showed that organizations do whatever the means to prevent share erosion and reduce costs when a new player enters the market and that strategic market entry practices influences profitability of an organization. Lastly, the results revealed that it is not prudent for a firm to wait and learn from the experiences of the first entrant to the market.

Correlation analysis showed that strategic market entry practices and financial performance are positively and significantly associated. Regression analysis indicated that strategic market entry practice has a positive and significant effect on financial performance of telecommunication firms. The hypothesis results indicated that there is a significant relationship between strategic market entry practices and financial performance in telecommunication firms in Kenya.

The objective of the study was to establish the relationship between strategic market entry practices and financial performance of telecommunication firms in Kenya.

Based on the findings the study it can be concluded that strategic market entry practices influenced the financial performance of telecommunication firms in Kenya. This can be explained by the regression results which showed that the influence was positive and also showed the magnitude by which strategic market entry practices influenced the financial performance of telecommunication firms. The univariate regression results showed that strategic market entry practices influenced the financial performance of telecommunication firms by 0.370units. Further, the overall regression results revealed that strategic market entry practices influenced the financial performance of telecommunication firms by 0.156units.

Based on the conclusions of this study, it is recommended that telecommunication firms in Kenya should have a paradigm shift towards the spirited entry into unexplored markets as it pays to be a pioneer in the market. The benefits of a spirited entry into unexplored markets seem to outweigh the disadvantages. This therefore means that sooner the entry into a foreign market, the better for a firm's performance in this specific market and the sooner the entry into a specific market, the higher the probability that the pattern of market entry modes can be characterized by incrementally increasing commitment.

The development of improved hybrid market entry plans such as strategic alliances and multiple licensing to prevent share erosion and reduce costs when new players enter the market will lead to increase in profitability. Therefore, the study recommends it would be appropriate for the management of telecommunication firms to fuse different the market entry practices when developing their strategic plan with the aim of ensuring a competitive advantage over other market competitors thus attaining superior firm performance.

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