GREEN STRATEGIES AND COMPETITIVE ADVANTAGE OF AUTOMOBILE FIRMS IN KENYA

BY

TSINDI TINEYI TADIUS

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2016

DECLARATION

This project is my original work and it has not been submitted to any University, College or any other academic institution for purposes of obtaining an academic qualification.

_____ _____

TSINDI TINEYI TADIUS **Date**

D61/77148/2015

This research project has been submitted for examination with my approval as the University Supervisor.

_____ _____

Prof. Martin Ogutu **Date**

Department of Business Administration

School of Business

University of Nairobi

DEDICATION

This work is dedicated to my family for the love, encouragement, understanding and prayers during the duration of my Post Graduate Studies and most of all to the Almighty God who has enabled me.

ACKNOWLEDGEMENT

My special appreciation goes to the Almighty God who has given me the strength, direction and wisdom during my Post Graduate studies.

I thank the University of Nairobi for giving me a chance to learn at this prestigious institution. I further thank the faculty staff of the department of business administration who have always been there to help. My profound aknowledgement goes to my supervisor, Prof. Martin Ogutu, for his guidance and the support offered during the course of this project report writing, without whose advise and continuous help this project would not have come to fruition.

I also thank my family and friends who have shown their support and understanding to ensure that I persue my academic goal, I hereby acknowledge their valued contribution.

Lastly I thank my loving wife, Belinda Tsindi who has been encouraging me through the duration of my studies and made enormous sacrifices as I spent most of my time trying to accomplish my studies.

ABSTRACT

Companies worldwide have tried to gain competitive advantage over their competitors in order to achieve organizational success with less emphasis on environmental effects of their economic activities. Firms are turning to green strategies in an attempt to address cost and profit related issues. The study sought to identify the green strategies and establish the influence of green strategies on competitive advantage of automobile firms in Kenya. This study adopted a descriptive cross-sectional survey design. The target population of the study comprised all 167 registered automobile dealers in Nairobi County. The study used simple random sampling technique to select a sample of 51 firms. The study collected primary data using semi structured questionnaires. Descriptive statistics including mean and standard deviation was used in the analysis. For open ended questions, content analysis was used. The analyzed data was presented using tables and charts. In addition, the study conducted a multiple regression analysis. The study found out that the organizations had a policy on environmental conservation and the environmental conservation policy was adhered to in all organizational tasks, the companies imports the latest vehicles which are energy efficient, selects units with little smoke emissions to conserve the environment, imports vehicle units manufactured with recyclable materials, imports vehicle units that uses renewable energy sources, imports vehicle units that are efficient in fuel consumption, imports vehicle units that are bio-fuel propelled and adheres to importation of good quality cars. The study further established that the companies uses eco-branding to attract customers and had environmental preservation labels on all their units. The study concludes that environmental policy strategies, energy saving strategies, eco-branding strategies and eco-labeling strategies are the major factors that positively affect the adoption of green innovation by automotive firms in Kenya and that automotive companies that align these requirements with innovative green products and processes meet customer demand well and outperform their competitors. The study recommends that companies should design green innovative products and adopt green innovative processes to achieve competitive advantage.

TABLE OF CONTENT

LIST OF FIGURES

LIST OF TABLES

LIST OF ACRONYMS

CMC	Cooper Motor Cooperation
FCEV	Fuel Cell Vehicle
GMEA	General Motor East Africa
HEV	Hybrid Electric Vehicle
KEBS	Kenya Bureau of Standards
KVM	Kenya Vehicle manufacturer
PCB	polychlorinated biphenyl
PEV	pure electric vehicle
RBV	Resource Based View Theory
SPSS	Statistical Package for Social Sciences
TKL	Toyota Kenya Limited

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Companies worldwide are trying to gain superior performance ahead of their industry rivals in order to achieve organizational success with less emphasis on environmental effects of their economic activities. Recently, attention is shifting to adopting environmentally friendly strategies and corporate social responsibilities in light of the increased negative impact of business operations. Globally, many stakeholders are now taking a keen interest on how businesses are operating and managing their activities to minimize their environmental footprints. Consumer tastes and preferences are currently altering towards green initiatives and hence going green is now a source of competitive advantage through reductions in costs, increased customer loyalty, employee retention, regulatory compliance and effective risk management. As pointed out by Zhang, Shen, & Wu (2011), the shift in attention towards sustainable development is altering the way businesses are operating in all industries beginning to incorporate green practices, ensuring that organizational activities are in line with their environmental performance.

The study was based on the resource based theory which is built on firm-specific resources that determine which organization is more competitive and performs better than its rivals. This theory emphasizes on the company's strategic resources and how they can be used strategically to give the firm a competitive advantage. The unique resources which are not available in other organizations can are exploitable to facilitate a sustainable superior performance. This theory also helps to explain why firms of similar size and resources can have differences in competitiveness because of the inimitability of

the resources owned. The uniqueness could include internal processes, experienced staff, and information technology among other parameters. This study also anchored on the stakeholder theory which is a modern instrument in the management of business entities that uses ethics and morals in management. In 2004 Freeman defined stakeholders as the various entities and groupings that are critical to the profitability or failure of the organization. The various stakeholders include; local community, employees, managers, shareholders, customers, suppliers, loan providers, environmental groups, competitors among others. The actions of these stakeholders affect the operations of the firm and are also affected by organizational activities. The theory highlights how the organizational managers and the various stakeholders actually behave and outlines their duties and responsibilities. This stakeholder view theory is also helpful to management through an assessment of how the company's strategic decisions and operational activities affect the other stakeholders of the company.

The automobile sector in Kenya has experienced increased competition as more and more players compete for a sizeable market share. The accelerated growth of the Kenyan level of disposable income and availability of various sources of funds has been a major factor contributing to the shift in the automobile industry in Kenya becoming more vibrant and attractive. More and more vehicle manufacturers have now been forced to incorporate green strategies in their production systems to enhance fuel consumption and reduce maintenance costs of their models. This study sought to evaluate how the automobile industry in Kenya is applying green strategies to ensure they remain competitive.

1.1.1 The Concept of Strategy

Strategy refers to the various courses of action that brings together the organizational objectives, its policies and day to day activities into a coordinated unit for the smooth realization of organizational objectives (Mintzberg & Quinn, 1996). It is a means by which an organization decides to change from its current status to an intended destination in the future by clearly following its strategic management process. It can also be viewed as set of beliefs on how a firm can achieve success as it lays down the activities to be performed, how they are to be performed, the person to perform them and the targeted outcome (Woods and Joyce, 2003). In 1962 Chandler saw strategy as the way an organization sets up its fundamental long run objectives and then deciding the action plans and the way resources will be allocated in order to achieve these goals.

The main purpose of strategy in an organization is to provide a road map that enables the organization to attain long term success while successfully mitigating its threats and taking advantage of the opportunities that come its way in its operational environment (Pearce and Robinson, 2007). Strategy helps align the operations of an organization to the dynamic operating environment. In 1984 Jauch and Glueck viewed strategy as a comprehensive plan that fully strikes a balance between the firm's opportunities to the difficulties that are posed by the environment and this plan is made to make sure that the goals of the organization are achieved.

1.1.2 Green Strategy

Green strategy or eco-friendly strategy refers to business approaches that observe conservation of the environment. These approaches involve the organization taking into

consideration the impact of its activities on the various stakeholders and the environment instead of concentrating solely on the profit motive and other corporate objectives. Environmental consciousness and the resulting integration of green principles into business goals can give an organization an age over its competitors as it ensures that it pursues a strategy that ensures that its products are well differentiated, cost effective and have a market focus (Porter and Van der Linde, 1995). Ensuring that the activities of the organization today do not deprive future generations of a good standard of living has been an important issue in the determination of strategy in corporations and prosperity of organizations in global markets. Environmental sustainability is more than just a corporate obligation but is also a vital component of any organization's survival and competitiveness. Organizations are now required to be environmentally conscious in the way they conduct business to ensure that they conserve the environment. This is because organizations are environmentally dependent for their sustainability.

Green strategies can broadly include support for renewable energy in the form of geothermic, hydro, wind and solar, atomic energy, and carbon capture and sequestration. Another program of green strategies involve energy efficiency, building of retrofits, electrical grid improvements, vehicle fuel efficiency, public transport and rail; and other measures for environmental protection like water and waste management. Hallegatte et al. (2011) identified several ways by which green policies might enhance organizational competitiveness and performance such as through reduction in conventional air pollutants and exposure to toxic compounds thereby improving public health, enhancing labor productivity by reducing sick days, mortality, and health care expenditures.

1.1.3 Competitive Advantage

The main justification for strategic management in business is competition in a dynamic environment. Strategies that win in business need to be grounded on sustainable competitive advantage (Porter, 1985). To gain competitive advantage an organization needs to develop or acquire a set of attributes that allow it to do better than its rivals in a given industry. Johnson, Scholes, & Wittington (2006) view competitive advantage from the business viewpoint and conclude that it is the ability of an entity to get a competitive edge over its competitors within a given environment. Porter (2008) stated that the goal of competitive strategy for a business unit in an industry is to be able to secure a desired market position against competitors and prospective entrance or to be able to influence such market forces in its favor.

For a firm to develop a competitive edge against its competitors it must analyze and understand the five forces that shape the industry's competitive environment as was defined by Porter (1980). Porter (1996) argued that a strategy that wins should be based on uniqueness in industry, that is, deliberately varying the actions of the organization to provide a distinctive combination of value. Having an upper hand over competitors enables an organisation to obtain above average returns in the long run. The common way for an organization to gain competitive advantage is if it manages to have cost leadership over its competitors or through differentiating its products from rivals.

1.1.4 Automobile Industry in Kenya

The Kenyan automobile industry stretches its dimensions from automobile assembly, spare parts dealers, motor garages of varying sizes, motor vehicle accessories suppliers

and motor vehicle retail services. The Kenya Motor Industry Association reports show that the automobile industry in Kenya is mostly involved in the assembling of motor vehicles and retail and distribution of vehicles. There are a number of automobile dealers licensed in Kenya and the most established are Toyota Kenya Limited (TKL), Cooper Motor Cooperation (CMC), General Motor East Africa (GMEA), DT Dobie, Simba Colt, RMA Motors (Kenya) ltd. Major assemblers include Kenya Vehicle manufacturer (KVM), General Motors East Africa, Honda Motor cycles Kenya, Associated Vehicle Assembly and T.VS motors Kenya (KMIA Reports, 2013). The motor assembly industry in particular has led to development of business partners namely body builders, whose role is to build bodies for trucks and buses.

The industry faces stiff competition from second hand vehicles, following the liberalization of the economy in 1993. Massive importation of these vehicles reduces the capacity utilization in vehicle assembly plants. However, the government has put up policies and regulations that restrict the importation of vehicles which are beyond 8 years since their first registration. Experts in the Motor Sector argue that the new vehicle trade is characterized by big businesses and substantial initial capital investment as opposed to second hand car dealership which is dominated by small businesses with low initial capital requirements. This therefore implies that the operators in the new vehicles sub-sector will not be able to pull out whenever business environment changes due to the huge potential losses of market and invested capital.

1.2 Research Problem

Competition is an important component in any industry as it encourages innovations and inventions to develop better ways of doing things and better products. As open systems,

organizations are affected by their immediate operating environment in equal measure as they affect them. This has led to organizations seeking ways of ensuring environmental sustainability for their competitiveness. Organizational competitiveness is a function of several factors including costs and revenue management in the face of increased competition and changing customer expectations. Firms are turning to green strategies in order to avoid unwarranted costs and therefore increase profits. Getting rid of by-products that are a danger to the ecosystem such as polychlorinated biphenyl (PCB) contaminated oil is now a very costly activity and now becoming a challenge due to many environmental laws and pressure groups. Therefore firms that can reduce dangerous wastes are likely to avoid huge costs and therefore make significant savings (Thaker & Vaghela, 2013).

Several studies have been conducted on green strategies and organizational competitiveness. For instance, Sitnikov, Vasilescu, Ogarcă, and Tudor (2015) examined the impact of marketing in ensuring sustainable business, reviewing the matters that affect the environment and how they can be affected by strategic decisions. They discovered that entities are able to achieve superior performance by managing the various environmental factors and thereby developing and implementing appropriate green marketing strategies.

In Kenya, Ochieng (2014) sought to determine how the different eco-friendly marketing strategies have an impact on cost management among commercial banks in Kenya. Musa (2015) sought to investigate the effect of eco-marketing strategies on sustainable development among non-alcoholic beverages manufacturing firms in Kenya. In another study, Mwangi (2015) carried out a study on the pursuit of eco- marketing strategies in

Nairobi by the manufacturers of fast moving consumer goods. The findings indicate that the adoption of green marketing practices is crucial to the manufacturing sector in order to remain competitive and profitable. In another study, Sheikh (2014) examined effects of green operation practices on the performance of commercial banks in Kenya financially and established that banks had adopted different green operation practices such as environmental policies and goals, green lending, green processes and procedures and green products and services. As observed above, the existing studies have been done in different contexts and on different variables from the ones that this study focuses on. This therefore limits their application in the current study setting, hence creating a research gap. To fill this gap, the study sought to answer one research question: How do green strategies affect the competitive advantage of automobile firms in Kenya?

1.3 Research Objectives

i. To identify the green strategies applied by automobile firms in Kenya.
ii. To establish the influence of green strategies on competitive advantage of automobile firms in Kenya.

1.4 Value of the Study

This study would be important in assisting various stakeholders in decision making including: managers of automobile firms, automobile customers, the Government of Kenya, and future scholars and researchers. Firstly, managers of automobile firms would find the findings of this study relevant in informing strategy formulation and implementation process to ensure that they remain competitive in the industry. Secondly, for the automobile customers, the study would provide them with information on how the

automobile firms use green technology and how it has impacted on their competitiveness. Thirdly, the findings would also inform customer demand for automobiles and the criteria for evaluating the dealers from whom to purchase these automobiles.

The findings of this study would also be relevant to the Kenyan Government especially the Ministry of Industrialization through relevant offices like the Kenya Bureau of Standards (KEBS) in policy formulation. It also helps the Government ensure that the automobiles that do not meet the set standards are not allowed entry into Kenya.

The findings of this study would also be important to future researchers and scholars in that it would act as a source of empirical literature in informing their studies besides suggesting areas for further research. This would help improve the existing literature and theory on green strategy application for competitive advantage.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature as studied by various scholars and researchers in the area of green strategies and competitive advantage of automobile firms. The chapter also presents theoretical perspective and empirical literature relevant for the study.

2.2 Theoretical Perspective

The study was based on the resource based theory which explains the role of resources which are identifiable to a particular firm in explaining competitiveness among organizations. This study will also be anchored on the stakeholder theory which is a modern instrument in the management of business entities that uses ethics and morals in management. The various stakeholders include; local community, employees, managers, shareholders, customers, suppliers, loan providers, environmental groups, competitors among others.

2.2.1 Resource Based View Theory

The resource Based View Theory (RBV) identifies the resources owned by an entity as the crucial determinants of its competitive advantage (Peteraf & Barney, 2003). In a normal industry setting, firms have heterogeneous resources that they control which if well utilized can give them a competitive edge over rivals in industry. These resources are unique to an organization and may not be easily replicated by other organizations. This therefore means that the owning organization can utilize these resources at its disposal competitively in the industry (Peteraf & Barney, 2003). Firms develop competencies from these resources as the source of their competitive advantage

(Dharanaj & Beamish, 2003). Also a different angle of analysis is found between an industry and a firm; a strategic group, that is a set of companies within an industry which pursue strategies that are common to each other (Porter, 1980).

Resource heterogeneity is a vital factor for a group of resources to give a firm a superior advantage over rivals . Unlike other theories that emphasize actions that are available to an organization to make economic rent by making advantageous markets or positions in industry over their competitors, the RBV theory is about creating superior performance and making above average returns arising from fundamental operational efficiencies at the firm-level. This theory addresses an organization's identity as it is concerned with the basis and type of strategic abilities of the firm. The theory therefore holds that performance is a result of firm-specific resources and capabilities (Barney, 1991).

The resource based view asserts that firm resource heterogeneity leads to differential performance implications both locally and internationally (Grant, 1991). Peteraf and Barney (2003) provided a number of factors that were the basis for long run competitive advantage: excellent resources (heterogeneity within an industry), performing better than competitors, the need for resources to be completely immobile and un-substitutable and trying to maintain the good performance to restrict competition in the future. In 1991 Barney emphasized that firm resources must be valuable, rare, not be easily imitated and not substitutable in order to be a source of sustained competitive advantage. This theory is relevant for this study because it explains how heterogeneous resources owned and controlled by automobile companies can be used to gain a sustainable competitive advantage.

2.2.2 Stakeholder Theory

This theory places more weight on the organization's social corporate responsibilities to the various stakeholders above the usual prominences like profit maximization and other financial goals. The stakeholders are groups who affect and are also affected by the achievement of the company's objectives (Freeman, 1984). The obligations of organizations to the stakeholders are more than just regulatory compliance; therefore accommodating stakeholders is not always the ideal way of conducting business from a financial perspective (Elias, Cavana and Jackson, 2000). The stakeholders who may affect the operations of an organization include: Local community, owners, customers, competitors, employees, suppliers, media, environmentalists, governments among others. Under this theory organizations are required to fulfill stakeholder obligations and ensure that they are satisfied and kept informed. Failure to meet basic stakeholder requirements even if not mandatory may negatively affect the operations of the firm and reduce its competitiveness.

Freeman noted that through their key roles and influence, stakeholders do hold enough power to affect the competitiveness of organizations. Other relevant research also shows that pressure groups have certain expectations from corporations in regard to preservation of the environment and sustainability (Henriques & Sadorsky, 1999).

Managers of the various automobile firms should therefore not make strategic decisions without considering the impact of these actions on other stakeholders. The stakeholder map for each organization changes also with developments in the operating environment. The theory is relevant to this study because green strategy issues affect virtually all stakeholders of the organization and therefore competitiveness of automobile firms.

2.3 Green Strategies

According to Chitra (2007) there are two sides to organizational environmentalism: one is environmental orientation which is defined as the awareness by managers of the significance of ecological concerns faced by the companies, and two the green strategy recognized as the degree to which green issues are consolidated in the entity's corporate objectives. Green strategies refer to those plans developed by an organization that result in the promotion of goods and services that are known to be environmentally friendly relative to others. There are several eco-strategies used by organizations to gain competitive advantage in their industries.

2.3.1 Energy Saving Strategy

A study conducted by Lacroix (2011) on the attempt that is made by firms to buy products and services that have less impact to the environment identified typical green strategies as including: commodities made of recycled material, products that use energy in an optimal way, devices that utilizes standby power efficiently, vehicles that use fuel efficiently, biological goods and substances that do not deplete the environment. Energy saving is an important concept in an organization's effort to preserve the environment. These findings are supported by Huang, Zhong, and Huo (2015) who studied the energy preserving plan for green cellular railway communication network. Right from the design and development, manufacturing companies need to take energy saving into account (Yang, 2009) for sustainability.

In another study, Litman (2015) explored the smart transportation emission reduction strategies with the main aim of identifying the true optimal methods of preserving energy and minimize emissions. Challenges in the current energy utilization which include issues

of environmental protection, how to respond to the lack of balance between fuel demand and supply and ecological contamination challenges have seen major countries that produce cars in the world consider refocusing their attention to new innovations of energy vehicles that improve market attractiveness and promoting the use of energy-saving technology cars (Xu, 2009).

The global automotive industry has seen companies competing in the development of energy vehicles creating an escalation in the automobile industry (Litman, 2015). The development of new energy vehicles has shown a new direction in the future where companies would rival each other for market share for many years to come. The industry will expand and transform as better opportunities are being ushered in to influence corporate decisions. Among the new energy vehicles are hybrid electrical vehicles, pure electrical vehicles (PEV), fuel cell vehicles (FCEV), hydro engine vehicles and vehicles propelled by gas, alcohol fuelled vehicle among others (Chen, 2010). Hybrid cars use both conventional fuel to enhance the vehicle speed using a motor generator to together with various models of fuel consumption at once.

In other countries, fuel cell vehicles have been developed which use hydrogen and methanol as fuel and produce electricity by chemical reaction. The battery power results from the oxygen and hydrogen reacting chemically instead of the combustion change. According to Litman (2015) there are no dangerous products that manifest as a result of the chemical reaction of the fuel cell. This means that the vehicle that uses the fuel cell is very efficient in fuel consumption and does not pollute the environment.

2.3.2 Development of Environmental Policy

A company needs to have an effective environmental policy which guides its employees and the various partners who deal with the organization. This will enable the firm to come up with green strategies that can be cascaded within the organization. Verbeke, Buysse & Coeck (2015) argued that the introduction of a wide range of environmental laws and multilateral agreements make it hard for violators to be negligent through the imposition of heavy penalties on companies. There need to be well formulated and implemented national policies on environmental issues that can influence the performance of companies depending on their environmental footprints. In Europe, the findings indicated that in order to achieve growth in the economy as a result of free trade, foreign investments and significant environmental fortification; the global policies on ecological issues need to be well coordinated. The findings further indicate the belief that going green has a significant impact on the growth of the national output through the promotion of departments of eco-friendly technologies and products. Directives encouraging recycling of materials within industries are some of the shifts towards greening.

In order to be effective environmental policy instruments need to be reviewed regularly for: making sure that the laws are being properly enforced and observed and that they are being built into the various markets and economic sectors. There should also be environmental reforms on taxation and ensuring that subsidies are removed to encourage compliance with environmental regulations. The government should also have campaigns on environmental awareness and reporting requirements on environmental performance. There should be increased information transmission to the general public to improve their

decision making on environmental issues and to effectively monitor the changes taking place in the global markets. There is need to improve sustainability through a proper review of the ecological effect of every work undertaken. All staff needs to be regularly reminded of the contents of the environmental policy and how it applies to their operations. It should be stressed that their actions are important in ensuring environmental compliance of the whole organization. Čater, Prašnikar, & Čater (2009) argue that companies should have a forward way of crafting strategies that are environmentally friendly by making sure that actions that are eco-friendly are incorporated into the long term goals of the organization.

Global efforts on environmental policy have been an important driving force to regulate producers rather than motivating consumers to demand green products (Daugbjerg et al., 2014). The proliferative social and regulatory interests on the environment lead to an increasing number of companies to undergo major strategic change that is shift in technologies and product innovations and start considering the green issues (Vernekar & Wadhwa, 2011).

2.3.3 Eco-Branding

According to Rahman and Haq (2016) eco-branding is a market instrument which helps both companies and consumers achieve sustainable goals and contribute to environmental protection. Several other names are used to mean eco-branding. These include: Eco-label or Environmental branding" or "Green branding". The study identified that increasing demands for natural resources to address rapid urbanization and global economic development are responsible for the deterioration of environmental conditions in today's world (Cherian & Jakob, 2012). The already experienced increasing consciousness on the

issues of climate change and global warming and their impacts has made companies thrive to become good corporate citizens. Also solid waste, dangerous results of water pollutants, among others have driven companies towards adopting eco-friendly and socially responsible practices to enhance business performance (Kim & Periyayya, 2013).

In 2002 Sarkar identified the broad range of activities associated with green branding which include modifying products, altering processes of manufacturing, changing the way products are packed, changing styles and changing the way advertising is carried out. A firm can increase its image and the consumer's connectedness with a brand and eco-brand has been proven successful on this regard (Paladino & Pandit, 2012).

2.3.4 Eco-labelling

This refers to the way companies make products that have a clear label which shows that the company conforms to accepted ecological standards. This is a proactive way for organizations to voluntarily reveal their environmental compliance certification with a globally recognized label. This eco-label categorizes commodities that are confirmed to be environmentally friendly and desirable over others in a particular product class. It is the responsibility of a neutral third party to give certification to an eco-label that meets the set standards of ecological criteria. Eco-labeling ensures that consumers are provided with adequate product information on its quality as regards to environmental performance and numerous labels are used regularly worldwide.

According to Golden (2010), analysis of eco-labels has shown that if more labeled products are introduced into the market and well marketed this can lead to high profitability in the agricultural and food industry. Certification has also proved to be a

way of improving efficiency in the economy with examples cited in the Forestry Sector. The eco-labeling programs in place enable the governments and other organizations to influence consumer buying decisions towards products and services that are more environmentally friendly.

2.4 Influence of Green strategies on organizational competitiveness

Before adopting eco-brand, a firm needs to make sure that its customers have access to information on the environmental performance of the product and they are in a position to pay the environmental differentiation costs (Orsato, 2006). A number of organizations are eager to be viewed as champions of greening, however, the issue of what is green is subjective to the various customers and companies (Saha & Damton,2005). In 2003, Peattie and Charter believed that sustainability was the main reason for the pursuant of the green marketing belief. Sustainable development is therefore ensuring that the pleasure and consumption of this day is not to the detriment of the standard of living of future generations.

In order for a firm to penetrate certain markets it is important to have a good record of ecological performance. In 2008 Kotler emphasized that there was a rise in the demand for green products and therefore in order for companies to have a competitive edge firms must make sure they provide consumers with what they are preferring. Peattie and Charter (2003) came up with an argument that in order for a product or brand to gain loyalty in the eye of the consumers, there should be significant environmental inclination. However, Ambec and Lanoie (2008) maintained that there was no solid empirical facts which confirm that consumer buying decisions are affected by their “green” position.

Montoro-Rios et al. (2008) argued that environmental associations had little influence on consumer buying patterns. However, Private sector firms and Government institutions are recently shifting their preferences to service providers whose products and services are eco-friendly. In 1994 Welford indicated that being conscious of all the activities that are integrated in green marketing enables a company to use green advertising style as a strategy. Ginsberg and Bloom (2004) maintained that it was difficult to identify the correlation between information on environmental issues and consumer attitudes towards products and services. On the other hand, many entities attain competitive advantage by availing promotional information with an environmental bias.

Peattie and Charter (2003) claimed that going green is changing the strategy of many companies by reviewing their relationships with suppliers as the supply chain will be impacted on by the ultimate environmental picture. Lankoski (2006) claimed that reduced level of pollution would result in reduced expenditure on potential legal suites and fines. Porter and Van der Linder in 1995 established that in order to reduce pollutants, energy consumption and material usage companies had to increase spending on clean technology approaches. Waddell (2000) mentioned that in order to improve the image of the firm, develop innovative products, improve processes and be competitive in the market; a company had to have behavior that was more inclined to the environment. In order to develop sustainability it was imperative for people to realize that they are part of the ecosystem (Leopold, 1949). It is worth mentioning that the impact of green strategies on competitiveness of firms has been dampened by the arrival of green washing. Green washing refers to how the whole philosophy of ecological advertising has been misused and casually mentioned to the extent that customers no longer believe advertising

content. In the end consumers end up asking themselves whether companies are really green focused or they are only mentioning it. As indicated by Peattie and Charter (2003), the company structure needs to be integrated with green marketing policies in order to improve its performance and make above average returns. The firms must improve customer awareness through provision information on how environmental values are built into the organizational values, operations and products and services.

In practice, consumer buying decisions are influenced by the price and product characteristics instead of environmental issues (Ginsberg & Bloom, 2004). This is largely because consumers believe that green products are of poor quality and also that it is only green washing; thus they are reluctant to purchase green products. Eco-labeling has become an effective way in furnishing consumers with product information about better ecological performance compared to rival products. Consumers are now more aware of the national eco-labels and they are more eager to pay more for eco-friendly goods (Basu et al., 2003).

All the above studies cited above have been on different contexts and variables than the ones proposed in this study, that is, green strategies and competitive advantage of automobile firms in Kenya. The applications of these studies are therefore limited in their relevance to the current study setting thereby creating a research gap.

2.5 Summary

The study underlines the theoretical basis upon which this study is based on. These include the resource based theory and the stakeholder theory. These theories explain why an organization cannot gain competitive advantage without the unique, rare, valuable tangible and intangible assets that can give the organizations superior performance and also how the firm needs to manage the various stakeholders who can affect the competitiveness of the firm in different ways.

The various green strategies which can influence the firm's competitiveness have also been discussed. The relationship between eco-friendly strategies and competitive advantage of firms has also been discussed.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

The section describes the research design used in the study and the methodology adopted to realize the objectives of the research. The methods that were followed are also given below. What is clearly identified is the research design, population, data collection and data analysis procedures used in the study.

3.2. Research Design

The study adopted a descriptive cross-sectional survey design. This is a descriptive research design which involves the gathering of information from elements of a sample population once (Ngechu, 2004). A survey tries to gather data from elements of a population and describes a phenomenon by asking people about their insights , feelings , behaviour or values.

Cross-sectional research design was chosen because it allows for generalization of findings within a particular parameter. The data obtained was standardized to allow easy comparison. This design is meant to enhance a systematic description that is accurate, valid and reliable as possible regarding green strategies and competitive advantage of automobile firms in Kenya.

3.3 Study Population

Population refers to the cumulative number of elements or units from which relevant information is collected. In 2003 Bryman and Bell defined population to mean the entire section or group of elements, people, households, events and services that are under

investigation. A population is also the aggregate of all units or items from which inferences can be made by the researcher (Cooper & Emory,1995).

The target study population comprised all 167 registered automobile dealers in Nairobi County (Kenya Automobile Association, 2016). In particular, the study targeted one respondent from each automobile company. Following the huge population, the study applied sampling to select a representative sample for the study. The study stratified the population into new and second hand dealers.

3.4 Sample Design

A sample is a section of the population. It is used whenever the population of the study is huge and uneconomical to include the whole population in the study. Following the huge population, the study applied sampling to select a section that was representative for the research. In 2003 Mugenda and Mugenda proposed that if the population is highly homogeneous, a sample of between 10 to 30 per cent is large enough to be used to generalize results of the sample to be representative of the whole population on condition that the sample size is more than 30 elements.

A sample of thirty per cent was selected for incorporation in this study. Simple random sampling technique was used because it gives every population element an equal opportunity of being selected. Thus the sample size of the study was 51 firms that were drawn from the 167 registered automobile dealers in Nairobi County.

3.5 Data Collection

Primary data was collected for the study. In 2003 Mugenda and Mugenda defined primary data as the data that is collected by the researcher. This type of data is usually

more reliable and current as compared to secondary data. A semi structured questionnaire was the key instrument used to collect data because it captures both an element of standardization of answers and it also enables respondents to furnish the researcher with other intuitive information which is pertinent to the study. In 2003 Mugenda and Mugenda realized that a questionnaire was a quicker way of gathering data relative to other collection instruments. A questionnaire enables the researcher to get data that is understandable and complete through the inclusion of many factors. Both unrestricted and restricted type of questions will be used.

The study targeted the operations managers of each of the automobile companies although the company was free to delegate to whoever they deem relevant in providing responses for the study. These respondents were chosen upon because of their high level of involvement in strategic management processes.

3.6 Data analysis

In order to comprehend the responses and make inferences, the questionnaires collected from the field were coded and inputted into a software application for statistical analysis for social sciences (SPSS. 22.00). The data collected was mainly quantitative because of the standardized questions by the use of a five point likert. To analyze the likert scale questions, descriptive statistics including mean and standard deviation was used in the analysis. For open ended questions, content analysis was used. In order to present the analyzed data charts and tables were used.

In addition, the study conducted a multiple regression analysis using the following model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where **Y** = Competitive advantage

$\mathbf{X_1}$ = Energy Saving Strategy

$\mathbf{X_2}$= Environmental Policy Strategy

$\mathbf{X_3}$= Eco-branding Strategy

$\mathbf{X_4}$= Eco-labelling Positioning

$\boldsymbol{\varepsilon}$ = Error Term

$\boldsymbol{\beta}$= Coefficients

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 Introduction

In this section the data that has been collected using questionnaires is analyzed and the results are interpreted and outlined in light of the research objectives. The study aimed at establishing how green strategies affect the competitive advantage of automobile firms in Kenya. The data was presented in summary by the application of descriptive statistics that is using averages, standard deviations, percentages and frequency distribution tables. Regression analysis was also utilized to find if there is a relationship between the green strategies adopted and competitive advantage of automobile firms in Kenya.

4.1.1 Response Rate

A total of 51 questionnaires were circulated to the various respondents. Of the issued feedback forms, 39 were returned duly completed. This was a response ratio of 76%. Mugenda and Mugenda (2003) noted that such a response rate was sufficient to be representative of the population as it was above the stipulated 70 per cent margin which was considered to be an adequate representation. This was therefore considered a representative sample for further analysis. The findings are shown in Figure 4.1.

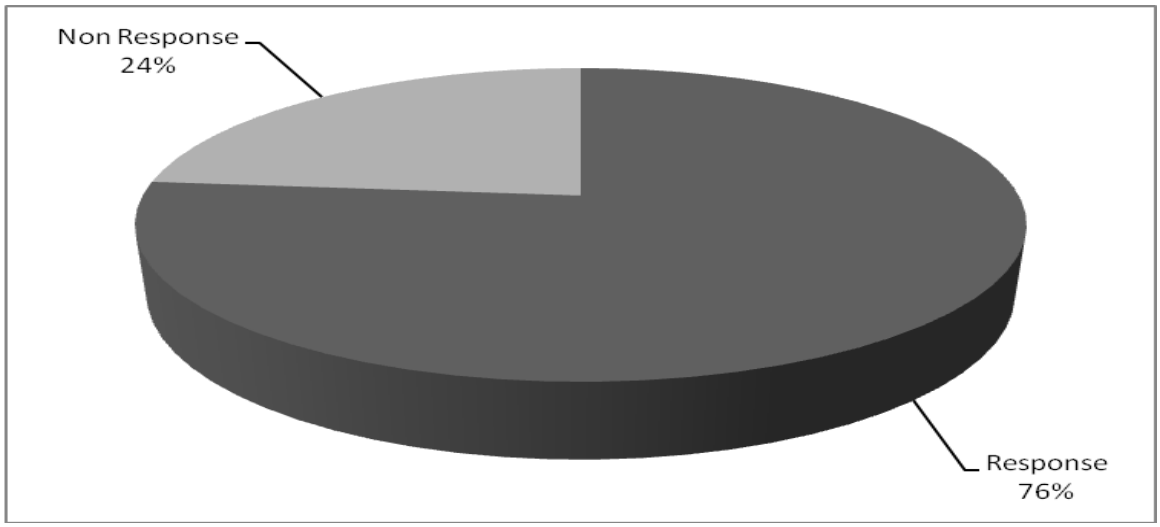

Figure 4.1: Response Rate

4.2 Demographic Information

The researcher wanted to determine the demographic information of the respondents. This was aimed at determining the suitability of the responses in providing data relevant for completion of this study. The results are as explained in the subsequent sections.

4.2.1 Number of years in Operation

The respondents were required to indicate the length of time in years their firms have been in operational. The findings are indicated in Table 4.1.

Table 4.1: Number of years in Operation

	Frequency	Percent
Under 5 years	9	23.1
6-10 years	25	64.1
11-15 years	5	12.8
Total	**39**	**100.0**

Of the respondents, 23.I% revealed that their firm had been operational for less than 5 years, 64.1% for between 6-10 years while 12.8% were operational for a time period of 11-15 years. This proves that the firms have been in operation for a reasonably lengthy period showing that the information accumulated was relevant for the research.

4.2.2 Position in the Organization

The respondents were requested to specify their positions in their respective firms. The results are shown in Table 4.2.

Table 4.2: Position in the Organization

	Frequency	Percent
Top level management	24	61.5
Middle Level Management	10	25.6
Low Level Management	5	12.8
Total	**39**	**100.0**

As shown in Table 4.2, 61.5% of the respondents were in top level management, 25.6% were in middle level management and 12.8% were in low level management. This shows that all management levels were considered as they have a significant contribution to the strategic management process within an organization thus providing relevant information that is reliable for the research.

4.2.3 Period Working for the Firm

The various people questioned were asked to specify the duration they have been working with their respective firms. The answers are shown in Table 4.3.

Table 4.3: Period Working in the Firm

	Frequency	Percent
Less than 5 years	29	74.4
6-10 years	10	25.6
Total	**39**	**100.0**

Table 4.3 shows that, 74.4% of the people who responded have been working with their respective firms for less than 5 years while 25.6% for between 6-10 years. This reveals that the respondents had worked at their firms for duration sufficient enough to comprehend the green initiatives adopted and how they affect the competitive advantage of automobile firms hence providing information relevant for the research.

4.3 Green Strategies

A number of assertions on green strategies adopted by organizations for competitive advantage were recorded and the respondents were tasked with indicating to what extent their firms were characterized by each. On a scale of 1-5 where; 1= not at all, 2= little extent, 3= moderate extent, 4= great extent and 5= very great extent was used. Using the feedback, central tendency measures were used to allow easier generalization and interpretation of results that is the mean and standard deviation. The results are presented in the subsequent sections.

4.3.1 Environmental Policy Strategy

The people giving feedback were required to indicate to what degree they agreed with the statements regarding the environmental policy strategy adopted by organization for competitive advantage. The finding is shown in Table 4.4.

Table 4.4: Environmental Policy Strategy

	Mean	Std. Dev
Our organization has a policy on environmental conservation	3.74	.677
The environmental conservation policy is adhered to in all organizational tasks	3.61	.711
Our company adheres to rules and regulations governing the cut off rule for vehicle importations	4.74	.442
The environmental preservation policy on vehicle importations is effective	3.87	.614
The Government of Kenya is effective in the enforcement of environmental preservation laws	3.25	1.117
The government of Kenya regulatory bodies exert adequate pressure on companies to adhere to developed laws	3.12	.614
The environmental policy instruments are reviewed regularly in our organization	3.51	.854

As indicated in Table 4.4, organization has a policy on environmental conservation had an average of 3.74 with a standard deviation of 0.677, the environmental conservation policy is adhered to in all organizational tasks had a mean of 3.61 with a standard deviation of 0.711, company adheres to rules and regulations governing the cut off rule for vehicle importations had a mean of 4.74 with a standard deviation of 0.442, the environmental preservation policy on vehicle importations is effective had a mean of 3.87 with a standard deviation of 0.614, the Government of Kenya is effective in the enforcement of environmental preservation laws had a mean of 3.25 with a standard deviation of 1.117, the government of Kenya regulatory bodies exert adequate pressure on companies to adhere to developed laws had a mean of 3.12 with a standard deviation of 0.614 and the environmental policy instruments are reviewed regularly in our organization had a mean of 3.51 with a standard deviation of 0.854. The mean values for the finding ranges from 3.12-3.87 which shows that the respondents agreed with the statements which is in line with the finding of Vernekar & Wadhwa (2011) that proliferative social and regulatory interests on the environment lead to an increasing number of companies to undergo major strategic change i.e. shift in technologies and product innovations and start considering the green issues.

4.3.2 Energy Saving Strategy

The respondents were requested to indicate to what degree they were in agreement with the statements on the energy saving strategy adopted by organization for competitive advantage. The finding is shown in Table 4.5.

Table 4.5: Energy Saving Strategy

	Mean	Std Dev
Our Company imports the latest vehicles which are energy efficient	3.51	1.253
Our Company selects units with little smoke emissions to conserve the environment	3.74	.849
Our company imports vehicle units manufactured with recyclable materials	3.43	1.602
Our company imports vehicle units that uses renewable energy sources	3.00	1.572
Our company imports vehicle units that are efficient in fuel consumption	3.87	.614
Our company imports vehicle units that are bio-fuel propelled	3.46	1.072
Our company adheres to importation of good quality cars	3.89	1.372

As shown in Table 4.5, companies imports the latest vehicles which are energy efficient showed a mean of 3.51 and a standard deviation of 1.253, company selects units with little smoke emissions to conserve the environment had a mean of 3.74 with a standard deviation of 0.849, company imports vehicle units manufactured with recyclable materials had a mean of 3.43 with a standard deviation of 1.602, company imports vehicle units that uses renewable energy sources had a mean of 3.00 with a standard deviation of 1.572, company imports vehicle units that are efficient in fuel consumption had a mean of 3.87 with a standard deviation of 0.614, company imports vehicle units that are bio-fuel propelled had a mean of 3.46 with a standard deviation of 1.072 and company adheres to importation of good quality cars had a mean of 3.89 with a standard deviation of 1.372. the average values for the finding ranged from 3.00-3.89 which indicate that the people who responded agreed with the assertionswhich concurs with the finding of Litman (2015) that development coupled with the adoption of new energy

using cars is now the overall inclination of the global automotive industry; resulting in the automobile industry becoming a new growth point.

4.3.3 Eco-branding Strategy

The respondents were requested to show how much they agreed with the assumptions regarding the eco-branding strategy adopted by organization for competitive advantage. The finding is shown in Table 4.6.

Table 4.6: Eco-branding Strategy

	Mean	Std dev
Our Company uses eco-branding to attract customers	2.58	1.332

From the finding in Table 4.6, companies' uses eco-branding to attract customers had a mean of 2.58 with a standard deviation of 1.332. The results concured with that of Paladino and Pandit who in 2012 claimed that a firm can increase its image and the consumer's connectedness with a brand and eco-brand has been proven successful on this regard.

4.3.4 Eco-labelling Strategy

The respondents were tasked with revealing their level of agreement with the statements on eco-labeling strategy adopted by organization for competitive advantage. The finding is shown in Table 4.7.

Table 4.7: Eco-labeling Strategy

	Mean	Std Dev
Our company have environmental preservation labels on all our units	2.17	1.144

As shown in Table 4.7, companies have environmental preservation labels on all their units had a mean of 2.17 with a standard deviation of 1.144. This discovery agrees with of the one made by Golden (2010) that analyzing eco-labels in the food and agriculture industry revealed that increasing supply of labeled products on markets and the accompanying advertising and promotion of the label itself, can lead to economic success.

4.4 Influence of Green Strategies on Competitive Advantage

The respondents were required to point out their degree of concurrence with how the competitiveness of their organization was affected by the green strategies adopted. From the responses, mean and standard deviation were used in order to make the understanding and generality of results simple. The results are presented in Table 4.8.

Table 4.8: Influence of Green Strategies on Competitive Advantage

	Mean	Std. Dev
Organizational environmental policy	3.28	.825
Adherence to rules and regulations governing the cut off rule for vehicle importations	4.76	.426
Importation of fuel efficient vehicles	4.23	.841
Importation of vehicles with low carbon emission	3.64	.873
Importation of vehicles manufactured using recyclable materials	2.61	1.349
Importation of bio-fuel propelled vehicles	2.23	1.223
Eco-labeling	2.87	1.301
Eco-branding	2.00	1.025
Importation of energy saving vehicles	3.20	.800
Procuring raw materials from eco-observing suppliers	2.84	1.181

From the finding in Table 4.8, organizational environmental policy had a mean of 3.28 with a standard deviation of 0.825, adherence to rules and regulations governing the cut off rule for vehicle importations had a mean of 4.76 with a standard deviation of 0.426, importation of fuel efficient vehicles had a mean of 4.23 with a standard deviation of 0.841, importation of vehicles with low carbon emission had a mean of 3.64 with a standard deviation of 0.873, importation of vehicles manufactured using recyclable materials had a mean of 2.61 with a standard deviation of 1.349, importation of bio-fuel propelled vehicles had a mean of 2.23 with a standard deviation of 1.223, eco-labeling

had a mean of 2.87 with a standard deviation of 1.301, eco-branding had a mean of 2.00 with a standard deviation of 1.025, importation of energy saving vehicles had a mean of 3.20 with a standard deviation of 0.800 and procuring raw materials from eco-observing suppliers had a mean of 2.84 with a standard deviation of 1.181. The mean values ranges from 2.00-4.76 which shows that the respondents had mixed reactions. The finding is consistent with that of Ginsberg and Bloom (2004) who claimed that it is not easy to determine how customer loyalty to products and services was influenced by information on environmental issues; rather a number of organizations tried to gain advantages over their competitors through the incorporation of environmental data within their product campaigns.

4.5 Regression Analysis

A regression analysis was carried out to discover how green strategies affect the competitive advantage of automobile firms in Kenya. For the purposes of coding, entering and computing the variables of the multiple regressions for the study; Statistical Package for Social Sciences (SPSS) was used. The results are presented in the subsequent sections.

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.850[a]	.723	.691	0.01418

The above table is a summary of the model of regression analysis among the independent variables which are four in total that is; environmental policy strategy, energy saving strategy, eco-branding strategy and eco-labeling strategy and the dependent variable which is competitive advantage. The value of R was 0.850; the value of R square was 0.723 and the value of adjusted R square was 0.691. From the findings, 72.3% of changes

in the competitive advantage in the automobile companies were found to be as a result of the independent variables in the research. Positivity and implication of the values of R revealed that the model summary is relevant and shows a reasonable foundation to the study model.

Table 4.10: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	807.409	4	201.852	22.218	.000[b]
Residual	308.899	34	9.085		
Total	**1116.308**	**38**			

ANOVA statistics of the processed data at the 5% significance level revealed that the value of F calculated was 22.218 while F critical value at the 5% level was 2.62. Since the value of F calculated is greater than the F critical (22.218>2.62), it implies that the model used was significant.

Table 4.11: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.842	3.907		.472	.040
Environmental Policy Strategy	1.063	.194	.818	5.477	.000
Energy Saving Strategy	.280	.191	.188	1.468	.015
Eco-branding Strategy	1.693	.465	.416	3.637	.001
Eco-labeling Strategy	1.623	.437	.343	3.712	.001

The established regression equation becomes;

$$\mathbf{Y = 1.842 + 1.063X_1 + 0.280X_2 + 1.693X_3 + 1.623X_3 + \varepsilon}$$

Where: Y= Competitive Advantage, X_1= environmental policy strategy, X_2= energy saving strategy, X_3= eco-branding strategy, X_4= eco-labeling strategy and ε = error term.

The results of the regression analysis disclosed that if the independent variables are held constant (environmental policy strategy, energy saving strategy, eco-branding strategy and eco-labeling strategy), the value of competitive advantage will be 1.842. A raise in environmental policy strategy results in an increase in competitive advantage by 1.063. A rise in energy saving strategy results in the growth of competitive advantage by 0.280. An improvement in eco-branding strategy would result in an increase in competitive advantage by 1.693 and an increase in eco-labeling strategy would lead to increase competitive advantage by 1.623. All variables were significant as the values of P were less than 5 per cent showing that all the considered factors were statistically significant.

4.6 Discussion of the Findings

This section presents the discussion of findings as per the research objectives set out in the study. These include the green strategies allied in the automobile firms in Kenya and their influence on competitive advantage of the automobile firms.

4.6.1 Green Strategies Applied by Automobile Firms in Kenya

The study established that organizations had a policy on environmental conservation and the environmental conservation policy and environmental preservation policy was adhered to. The Government of Kenya was effective in the enforcement of environmental preservation laws and exerts pressure on companies to adhere to developed laws and the environmental policy instruments.

This finding is in line with that of Verbeke, Buysse, & Coeck (2015) who argued that introducing a number of global environmental policies and regulations to make the companies who pollute the eco-system pay for their footprints has resulted in increased costs for many organizations.

The study revealed that companies import the latest vehicles which are energy efficient, manufactured with recyclable materials, uses renewable energy sources, efficient in fuel consumption and bio-fuel propelled. The finding is consistent with that of Lacroix (2011) that organizations are aiming at designing products with minimal environmental footprints and identified unique green strategies as including: products made of recycled materials, products that use energy efficiently and power devices that use energy efficiently, vehicles that use other fuel options, and vehicles that have efficient fuel utilization, biological products, substances that do not harm the ozone layer and environmental protection priority chemicals.

The study further established that companies' use eco-branding to attract customers and had environmental preservation labels on most of their units. This finding is consistent with that of Rahman and Haq (2016) that eco-branding is a market instrument which helps both companies and consumers achieve sustainable goals and contribute to environmental protection.

4.6.2 Influence of Green Strategies on Competitive Advantage of Automobile Firms in Kenya

The study revealed that adherence to rules and regulations governing vehicle importation, importation of fuel efficient vehicles with low carbon emission, manufacturing using recyclable materials and bio-fuel propelled had an influence on the competitiveness of automobile companies in Kenya. This finding is in line with that of Waddell (2000) who noted that the image of the firm changes if it has environmental associations and this is good for the firm's bottom line by improving products and processes, improved productivity and superior performance over rivals.

The study further showed that eco-labeling and eco-branding was applied and procuring raw materials from eco-observing suppliers. This finding collaborates with Sarkar (2012) who noted that eco-branding or green branding of products involves activities such as product modification, changing the production process, changing the packaging method, remodeling, stylizing and modifying the advertisements. While Golden (2010) stated that organizational success can be attained by having a significant number of labeled products in the market and massive advertising programs.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section amalgamates the entire report elements and contains a summary of the findings from the research, conclusions made from these results, what has been recommended and the suggestions for additional study based on the research objectives.

5.2 Summary of the Findings

The study established that the companies had rules on environmental conservation and these environmental conservation policies were adhered to in all organizational tasks. The various respondents indicated that their companies adhered to rules and regulations governing the cut off requirements for vehicle importation and the environmental preservation policies on vehicle importation were effective in achieving organizational objectives. The respondents indicated that the Government of Kenya was effective in the enforcement of environmental preservation laws and its various regulatory bodies exerted adequate pressure on companies to adhere to developed laws. The various environmental policy instruments were reviewed regularly in the organizations and this created a good image of the organization in the eyes of the various stakeholders.

The study also revealed that the companies import the latest vehicles which are energy efficient and customers had a strong inclination to such vehicles. The companies also selected vehicle units with little smoke emissions to conserve the environment and meet stakeholder requirements. The organizations also import vehicle units manufactured with recyclable materials, import vehicle units that use renewable energy sources, import

vehicle units that are efficient in fuel consumption, import vehicle units that are bio-fuel propelled and adhered to importation of good quality cars. The study further established that the companies use eco-branding to attract customers and have environmental preservation labels on most of their units.

5.3 Conclusion

This study concludes that several green strategies adopted in the automobile industry in Kenya have a positive impact on the competitiveness of the automotive firms. Environmental policy strategies, energy saving strategies, eco-branding strategies and eco-labeling strategies are the major drivers that significantly influence the adoption of green innovations by automotive firms in Kenya to improve and sustain their ability to make above average returns. Firms should have strategic resources that are unique, inimitable, valuable and un-substitutable that can help develop eco-friendly processes and technologies to the satisfaction of key stakeholders.

The study also concludes that in order to outperform competitors automobile firms have to make innovative green products and have processes that satisfy customers. There is also a positive relationship linking the internal programs of the firm and the eco-friendly strategies adopted. There is need for adequate technology, human capital, organizational policies and systems for managing the environment that assures the effective adoption of the green philosophy.

The study further concluded that the new apparatus to be started on green strategies, the government and other businesses need to be paying attention to the dynamic and emergent trends that will shape the markets of the future. These emerging trends include

the shift towards renewable energy sources and materials, increased industrial output and the need for sustainable production and consumption. Both governments and companies in business should also come up with agreed standards of what defines a green product. This is also in relation to the international standards of green procurement practice. These measures are not only for economical boost purposes but also for the general international and local standards of production and the environmental preservation.

5.4 Recommendation

Having come up with a conclusion of the study and an analysis of the findings, the following recommendations were made for theory development, policy and practice and academicians:

5.4.1 Recommendation for Theory

The study recommends that organizations need to design green innovative products and processes that help attain and sustain competitive advantage. This assists in increasing the superiority of the entity over its rivals and also makes better the ecological and sociological performance thereby the organizational image and repute.

It is therefore recommended that the companies should consider adopting green strategies fully as the potential benefits to be realized are enormous compared to the initial and operational cost of implementing the practice.

5.4.2 Recommendation for Policy and Practise

The study recommends that automobile companies in Kenya should consider how they can tailor their corporate strategies to go green thus gaining above average returns in the midst of competition. This would enable the firms to take advantage of the changing ecological factors in their environment thus meeting stakeholder expectations. The study

also recommends that organizations such as NEMA, UNEP and governments should formulate policies that forward the application of green strategies and regulate automobile firms to adopt green strategies that are eco-friendly for environmental preservation.

The study recommends green strategies to be applied by all automobile dealers in the industry. They should practice green strategies throughout all their process: from procuring to disposal in an effort of gaining competitive advantage in the market place and environmental sustainability. The management teams in the automobile dealers should incorporate green strategies within the company's policy framework, so that it can be implemented throughout the organization by all the staff.

5.4.3 Recommendation for Academicians

To academicians, this study has established how green strategies affect the competitive advantage of automobile firms in Kenya. These findings form a basis for future research in extending the literature on how green strategies affect the competitive advantage of firms. This would enable academicians identify other effects of green strategies on competitive advantage of oil firms in Kenya, Multinational firms in Kenya and Construction firms in Kenya.

These studies if undertaken will enrich the findings of this research. It is further proposed that studies can be made on the impact of eco-branding on competitiveness of beverage firms in Kenya and improving competitiveness of multinational companies in Kenya through eco-labeling.

5.5 Limitations of Study

The study examined and confirmed the objectives using questionnaires while undertaking a cross-sectional approach. This technique reduces the opportunity to discover the causal-effects relationship among the different variables. This inability to note the dynamic variations of eco-friendly strategies in the process of development of the automotive industry has to some extent affected the results.

The study was limited to green strategies in the automobile dealers and therefore the findings are limited to the automobile industry and may not be applicable to other sectors of the economy. The study was done in Nairobi County and the findings may not be generalized to the whole country.

5.6 Suggestions for Further Studies

This study sought to determine how green strategies affect the competitive advantage of automobile firms in Kenya, a topic that deserves a deeper analysis, making contributions for both academia and practitioners. New research avenues are still open, future studies might analyze in more detail the previous circumstances and determinants of consumers' reaction to green strategies.

To provide more accurate results a longitudinal approach should be undertaken. This type of study will examine the relationships over a long period of time. In addition, the sub-section of the population investigated was only restricted to the automotive industry. If other sectors of the economy need to apply these results they need to be cognitive of the many factors which vary from industry to industry.

The study should also be conducted in different regions of the country for data comparison and to obtain additional information. In addition, the study suggests on further research on the tools and techniques required to measure the performance of firms who have adopted green strategies.

REFERENCES

Elias, A. A., Cavana, R. Y. and Jackson, L. S. (2000), *Linking Stakeholder Literature and System Dynamics: Opportunities for Research, Proceedings of the International Conference on Systems Thinking in Management, Geelong, Australia*. 174-179.

Ambec, S., Lanoie. P. (2008). Does It Pay to be Green? *A Systematic Overview, Academy of Management Perspectives.* 22, 45–62.

Basu, A. Chau, N. and Grote, U. (2003) Eco-Labeling and Stages of Development Review of Development Economics, p228-247

Bryman, A., Bell, E. (2003). *Business Research Methods*. Oxford University Press.

Čater, T., Prašnikar, J., and Čater, B. (2009). Environmental Strategies and Their Motives and Results in Slovenian Business Practice, Economic and Business Review, Vol. 11, No. 1, pp. 55-74.

Chandler, A. D. (1962). *Strategy and Structure,* MIT Press.

Chen, J. H. (2010). Several Countermeasures for the Development of New Energy Automotive Industry, *Technology and Market*, 26, 34.

Chitra, K. (2007). In search of the green consumers: A perceptual study, *Journal of Services Research,* 7(1).

Cooper, D. R. and Emory, C. W. (1995) Business Research Methods, 5th ed., Irwin, Chicago, IL.

Dhanaraj, C., Beamish, P.W, 2003. A resource-based approach to the study of export

Daugbjerg, C., Smed, S., Andersen, L. M., & Schvartzman, Y. (2014). Improving eco-labelling as an environmental policy instrument: knowledge, trust and organic consumption. Journal of Environmental Policy & Planning. 16(4), 559-575.

Freeman, R.E (1984). "*Strategic Management: A stakeholder Approach*". Boston, MA: Pitman.

Freeman, R.E (2004). "A Stakeholder Theory of Modern Corporations", *Ethical Theory and Business*, 7th edn.

Ginsberg J., Bloom P.(2004). Choosing the Right Green Marketing Strategy. *MIT Sloan Management Review*. 46(1), pp.79-84.

Glueck, W .F. and Jauch, L.R. (1984) *Business Policy and Strategic Management*, Singapore McGraw-Hill International Book Company.

Grant, R.M., (1991), The Resource-Based Theory of Competitive Advantage: *Implications for Strategy Formulation*. California Management Review; 33, (3).

Hallegatte S, Ranger N, Mestre O, Dumas P, CorfeeMorlot J, Herweijer C, Muir Wood R (2011) Assessing climate change impacts, sea-level rise and storm surge risk in port cities: A case study on Copenhagen. Clim Change.

Henriques I., Sadorsky P., (1999) The Relationship between Environmental Commitment and Managerial Perceptions of Stakeholder Importance , *The Academy of Management Journal*, Vol.42, No1, pp.87-99.

Huang, J., Zhong, Z. &Huo, H. J. (2015). A dynamic energy-saving strategy for green cellular railway communication network: *Journal on Wireless Communication and Networking*. Vol. 2015.

Johnson, G., Scholes, K. & Whittington, R. (2006) Exploring Corporate Strategy: text and cases (7th Ed). Harlow: Pearson Education.

Kim. V. W., & Periyayya. P.(2013). The Beauty of "Green Branding": Way to the Future. *Global Journal of Management and Business Research Marketing*. Vol. 13 (5)

Kotler, P. (2008) Principles of Marketing Harlow: Prentic Hall.

Lacroix, R. (2011), Green procurement and Entrepreneurship. Available at: http://kallithea.hua.gr/epixeirein/hmerida7/lacroix.pdf [Accessed 5 March 2015

Lan, Y. X. (2009). Domestic New Energy Vehicle Development Opportunities and Challenges, *The Car forward Observation,*13, 68-77.

Lankoski, L. (2006). *Environmental and Economic Performance. The Basic Links*, in: Schaltegger, S. and Wagner, M. (eds.) *Managing the Business Case for Sustainability.* Sheffield: Greenleaf Publishing, 32-46.

Leopold, A. (1949). A Sand Country almanac and sketches here and there London: Oxford University Press.

Litman, T. (2015). Smart Transportation Emission Reduction Strategies: Identifying Truly Optimal Ways To Conserve Energy And Reduce Emissions. Victoria Transport Policy Institute.

Magure, M. M. (2015). Adoption of Green Marketing Strategies By Fastmoving Consumer Goods Manufacturers In Nairobi City County. Unpublished MBA Thesis, University of Nairobi.

Mintzberg, H., & Quinn, J. B. (1996). *The Strategy Process: Concepts, Contexts, Cases.* 3rd Ed. Upper Saddle River, NJ: Prentice Hall.

Montoro-Rios, F. J., Luque-Martinez, T., & Rodriguez-Molina, M. A. (2008). How Green Should You Be: Can Environmental Associations Enhance Brand Performance? *Journal of Advertising Research*, 48(4), 547-563.

Mugenda, O.M. & Mugenda A.G. (2003). *Research Methods: Quantitative and Qualitative Approaches.* Nairobi: Acts Press.

Musa. A. (2015). The Influence Of Eco-Marketing Strategies On Sustainable Development Among Non-Alcoholic Beverage Firms In Kenya. Unpublished MBA Thesis, University of Nairobi.

Ochieng., M. O. (2014).The Influence Of Green Marketing Strategies On Cost Management Among Commercial Banks In Kenya. Unpublished MBA Thesis, University of Nairobi.

Ngechu M (2004). *Understanding the Research Process and Methods: An Introduction to Research Methods Nairobi,* Acts Press.

Orsato, R., 2006. Competitive environmental strategies: When does it pay to be green?. *California Management Review*, 48(2), pp. 127-143

Paladino, A. and Pandit, A. P. (2012). Competing on service and branding in the renewable electricity sector. Energy Policy, 45(1), 378–388.

Peattie, K. and Charter, M. (2003). *Green marketing*, in Baker, M.J. (Ed.), The Marketing Book, Butterworth-Heinemann An imprint of Elsevier Science, Oxford,

Pearce, J. A., and Robinson, Jr. R. B. (2007). *Formulation, Implementation and Control of Competitive Strategy*, 10th edition, Chicago, IL, Richard D. Irwin.

Peteraf, M. and Barney, J. (2003). Unraveling The Resource-Based Tangle", *Managerial and Decision Economics*, 24, 309-323.

Porter E. M. 2008, The five competitive forces that shape strategy, *Harvard Business Review*, January 2008.

Porter, E. M. & Van der Linde, C. (1995). Green and Competitive: Ending the Stalemate. *Harvard Business Review,* September/October, 1995b.

Porter, E.M. (1985) *Competitive Advantage,* The Free Press, London.

Porter, M. (1980). Competitive Strategy: *Techniques for Analyzing Industries and Competitors*, New York, The Free Press.

Porter, M. (1985), Competitive Advantage: *Creating and Sustaining Superior Performance,* London, Free Press, p. 120.

Porter, M. E. (1996). What Is a Strategy? *Harvard Business Review*, November–December, 45-59.

Rylander, A. and Peppard, J. (2004). What is Really a Knowledge Intensive Firm? An Analysis of the Dependent Variable. In Bart, Bontis and Head (Eds.) Conference Proceedings of the 25th McMaster World Congress, Janeiro de 2004, Hamilton, Canada: MWC.

Saha, M., Darnton, G. (2005). Green Companies or Green Con-panles: Are Companies Really Green, or Are They Pretending to Be? *Business & Society Review,* 110 (2): 117-15

Sarkar, A. N. (2012). Green branding and eco-innovations for evolving a sustainable green marketing strategy. *Asia-Pacific Journal of Management Research and Innovation,* 8(1), 39-58.

Sheikh, S. (2014). Effect of Green Operations Practices On Financial Performance Of Commercial Banks In Kenya. Unpublished MBA Thesis, University of Nairobi.

Szulanski, G. (2003). Sticky Knowledge – *barriers to knowing in the firm.* London: Sage Publications Ltd

Sitnikov, C., Vasilescu, L., Ogarcă. R., & Tudor, S. (2015). Matrix Model for Choosing Green Marketing Sustainable Strategic Alternatives, *Amfiteatru Economic*, vol. 17, (40), pp. 909-926.

Thaker M. M., Vaghela, J. (2013), Overview of Green Marketing, *Journal of Commerce and Management,* ISSN: 2279-025X, Year. 1, Issue. 05.

Waddell, S. (2000). Complementary resources: The win-win rationale for partnership with NGOs In J. Bendell (Ed.), Terms for endearment: Business, NGOs and sustainable development (pp. 193-206). Sheffield, UK: Greenleaf.

Welford, R. (1994). Corporate Environmental Management: *Systems and Strategies*, *Earthscan*.

Wiklund, J. and Shepherd, D. (2003). Knowledge-Based Resources, Entrepreneurial Orientation, and the Performance of Small and Medium-sized Businesses. *Strategic Management Journal*, 24, 1307-1314.

Woods, A. & Joyce, P. (2003).Owner-Managers and the Practice of Strategic Management. International Small Business Journal, 21(2).

Xu, M. (2009). The Main Obstacle to the Development of New Energy Vehicles and Solutions, *Shanghai Automobile*, 8, 7.

Yang, F. (2009). Technical and Economic Considerations about the Development of New Energy Vehicles, *Shanghai Autom*obile, 20, 21-22.

APPENDICES

APPENDIX I: LETTER OF TRANSMITTAL

14th August, 2016

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: INTRODUCTORY LETTER – RESEARCH PROJECT

I am a final year student in the School of Business at the University of Nairobi. In partial fulfillment of the requirements of the degree of Master of Business Administration, I am conducting a research on ***'GREEN STRATEGIES AND COMPETITIVE ADVANTAGE OF AUTOMOBILE FIRMS IN KENYA'***

I kindly request your input through filling the attached questionnaire. Please note that your honest responses will be strictly confidential and purely for academic purpose.

Your acceptance to complete this questionnaire is greatly appreciated.

Thanking you in advance for your co-operation

Sincerely,

Tsindi Tineyi Tadius

Reg No.: **D61/77148/2015**

Tel: +254 717 368431

Email: tintsinn@gmail.com

APPENDIX II: QUESTIONNAIRE

SECTION A: DEMOGRAPHIC INFORMATION

1) Name of the organization (Optional) _____

2) Number of years in Operation _____

3) What is your position in the organization _____

4) How many years have you worked in this organization? _____

SECTION B: GREEN STRATEGIES

5) Below are several statements on green strategies adopted by organizations for competitive advantage. On a scale of 1-5, kindly indicate the extent to which your organization is characterized by each, where; 1= not at all, 2= little extent, 3= moderate extent, 4= great extent and 5= very great extent.

Statement	**1**	**2**	**3**	**4**	**5**
Environmental Policy Strategy					
Our organization has a policy on environmental conservation					
The environmental conservation policy is adhered to in all organizational tasks					
Our company adheres to rules and regulations governing the cut off rule for vehicle importations					
The environmental preservation policy on vehicle importations is effective					
The Government of Kenya is effective in the enforcement of environmental preservation laws					
The government of Kenya regulatory bodies exert adequate pressure on companies to adhere to developed laws					
The environmental policy instruments are reviewed regularly in our organization					

Energy Saving Strategy					
Our Company imports the latest vehicles which are energy efficient					
Our Company selects units with little smoke emissions to conserve the environment					
Our company imports vehicle units manufactured with recyclable materials					
Our company imports vehicle units that uses renewable energy sources					
Our company imports vehicle units that are efficient in fuel consumption					
Our company imports vehicle units that are bio-fuel propelled					
Our company adheres to importation of good quality cars					
Eco-branding Strategy					
Our Company uses eco-branding to attract customers					
Eco-labeling Strategy					
Our company have environmental preservation labels on all our units					

SECTION C: GREEN STRATEGIES AND COMPETITIVENESS OF ORGANIZATION

6) Kindly indicate your level of agreement with the competitiveness of your organization based on the following green strategies on a scale of 1-5 where 1= not at all, 2= little extent, 3= moderate extent, 4= great extent and 5= very great extent.

Statement	1	2	3	4	5
Organizational environmental policy					
Adherence to rules and regulations governing the cut off rule for vehicle importations					
Importation of fuel efficient vehicles					
Importation of vehicles with low carbon emission					
Importation of vehicles manufactured using recyclable materials					
Importation of bio-fuel propelled vehicles					
Eco-labeling					
Eco-branding					
Importation of energy saving vehicles					
Procuring raw materials from eco-observing suppliers					

THANK YOU FOR YOUR PARTICIPATION IN THIS STUDY

APPENDIX III: REGISTERED AUTOMOBILE FIRMS IN KENYA

1 Tymstar Motors

2 ESSO MOTOR SALES (TOYOTA)

3 Renault Kenya (Simba Caetano Formula)

4 Kenya Coach Industries Ltd

5 CMC Motors Group Ltd

6 Marshalls East Africa Ltd

7 A-Plus Motors Company

8 ACMG Ltd(Africa Commercial Motor Group Ltd)

9 Aisha Motor Dealers Ltd

10 Al-Ginza Automobiles Ltd

11 Al-Ikhlas Motors

12 Al-Shujah Motors Ltd

13 Alfa Motors Ltd

14 Alibaba Motors

15 Allfix Services Ltd

16 Amazon Motors Ltd

17 Ameen Motors

18 Amu's Motors Ltd

19 Arrow Motors Ltd

20 Associated Motors Ltd

21 Atsushi Information Services Ltd

22 ATV Motors

23 Auto Connection Ltd

24 Auto Prestige Motors Ltd

25 Auto Selection (K) Ltd

26 AutoBazaar Kenya

27 Automobile Warehouse Ltd

28 Automotive Products (K) Ltd

29 Autoplanet Motors Ltd

30 Autosueco (K) Ltd
31 Autoswift Ventures Ltd
32 Avic-Jac Motors (E.A) Ltd
33 B T Automobile Ltd
34 Bavaria Auto (K) Ltd
35 Beneva Parts Accessories Ltd
36 Best Property Connection & Car Dealers
37 BHP Performance (K) Ltd
38 Bomas Motor Mart
39 Bon Motors Co Ltd
40 Bond Autos Ltd
41 Bottomline Motors
42 Brands Motors Ltd
43 Bruce Trucks & Equipment (E A) Ltd
44 Capital Trucks & Cars Ltd
45 Car Dealers (1969) Ltd
46 Car Giant Co. Ltd
47 Car House Ltd
48 Car Master (k) Twenty Eleven Ltd
49 Car Soko Ltd
50 Car-Net Ltd
51 Carland
52 Carmax (E A) Ltd
53 Carview Kenya Ltd
54 Caza Ltd
55 Central Motor Service Ltd
56 Chaka Motors Ltd
57 Checkered Investments
58 Chery Motors (EA) Ltd
59 Chi Motors
60 City Centre Auto Bazaar

61 Clyde Motors Company Ltd
62 Connel Trading Services
63 Crater Automobiles (NBI) Ltd
64 D T Dobie & Co (K) Ltd
65 Daewoo International Corporation
66 Dejavu Ltd
67 Diamond Shield Star Investments
68 Doughty Ltd
69 Dynacorp Motors Ltd
70 Easy Ways Auto Mobile
71 Empress Motorworld Ltd
72 Escorts Motors Limited
73 Esso Motor Sales
74 Euro Cars Ltd
75 Fiona Motors Ltd
76 Foton East Africa Ltd
77 General Motors East Africa Ltd
78 Good Luck Trading Co
79 Greenland Motors
80 Heiwa Auto Kenya Ltd
81 Highridge Autobazaar Ltd
82 Hino Motors Kenya
83 Hotspot Motors Ltd
84 Hyundai
85 Hyundai East African Holding Ltd
86 Interswift Enterprises
87 IX Global Car Bazaar
88 Japan Africa Marketing Co Ltd
89 Jayton Enterprises
90 Joginder's Auto Service Ltd
91 Joniz Wheelz

92 Kamsons Ltd
93 Kaptumoise Investments
94 Karen Motor Mart Ltd
95 Kenmuch Motors
96 Kenya Coach Industries Ltd
97 Kenya Grange Vehicles
98 Kheng Keng Auto Kenya Limited
99 Kilimani Motors (K) Ltd
100 Kingsway Motors (K) Ltd
101 Koima Motors
102 Langata Road Motors
103 Leviticus Enterprises
104 Liberty Powers
105 Limo Auto
106 Lonrho Motors
107 Mara Rach Investment
108 Marine Auto Sales (K) Ltd
109 Marshalls (East Africa) Ltd
110 Mashlyn Sky Ltd
111 Medaleon Enterprises
112 Mobius Motors
113 Motor Care Ltd
114 Motor Mec Motors Ltd
115 Motorbank Kenya
116 Mottiz Company Ltd
117 Multiline Motors (K) Ltd
118 Muthaiga Megga Motors
119 Mwalimu Motor Enterprises Ltd
120 New World Auto Ltd
121 Newnet Motors
122 Nissan Kenya

123 Odin Motors
124 Palm Motors Ltd
125 Panther Trading Kenya Ltd
126 Patrick Mwenda
127 Permaton Marketing Services
128 Pewin Motors Ltd
129 Porsche Center Nairobi Limited
130 Principles Investments
131 Rafiki Cars Ltd
132 Real Motors Ltd
133 Motorvehicle Dealers - Used
134 Renault Kenya (Simba Caetano Formula)
135 Rimco Motors Ltd
136 RMA Kenya
137 Runda Motors
138 Ryce East Africa Ltd
139 Sakai Trading Ltd
140 Scania East Africa Limited
141 Sean Garstin Motors
142 Shahid Automobiles Ltd
143 Signature Cars Ltd
144 Sinani Motors Ltd
145 Sleek Car Ltd
146 Softude Auto Ltd
147 Stantech Motors Ltd-New Motor Vehicle Sales Division
148 Subaru Kenya
149 Sunbelt Motors Ltd
150 Tata Africa Holdings
151 Timestar Marketing Option
152 Toyota Kenya Ltd
153 Toyotsu Auto Mart Kenya Ltd

154 Transallied Ltd
155 Trendex Company Limited
156 Truckmart Africa Ltd
157 Tymstar Motors
158 Urban Autos Ltd
159 Valley Road Motors
160 Volex General Motors (K) Ltd
161 Wagemar Automobile Co
162 Windsor Motors Ltd
163 Yaya Carsales Ltd
164 Yuasa International Ltd
165 Zeema International
166 Associated Motors Ltd
167 Bruce Trucks & Equipment (EA) Ltd