

**INFLUENCE OF COMPETITIVE STRATEGIES ON THE
PERFORMANCE OF BATA KENYA LIMITED**


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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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This research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

I dedicate this thesis to the almighty God who empowered me during my study, and much more in the research project phase. Thanks be to God who by wisdom and power of his might has granted me success in my MBA course.

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First, I am grateful to God for seeing me through this journey, which started 6 years ago. It would have not been possible for me to continue with my MBA in strategic management were it not for God's faithfulness and grace that is new every day. The completion of my MBA has indeed been a long journey. I also take this opportunity to express my deepest gratitude to my supervisor, Dr Joseph Aranga, whom without his consistent supervision and motivation this would not have been possible. The data collection for the study was a challenge in the current circumstances. I do also pass my sincere thanks to my friends and colleagues without whose interest and co-operation I could not have produced this study. I thank my church leadership through Pastor Andrew for his stewardship and mentorship. Words fail me in my attempt to thank my family especially my fiancée Lavie Ayete for her endless encouragement and motivation, I would never be where I am without her numerous inspirations.

ABBREVIATION AND ACRONYMS

CA- Competitive Advantage

RBV- Resource Based View

ROE- Return on Investment

VRIN- Valuable, rare, imitable, non-substantial

VRIO- Valuable, rarity, inimitability, organization.

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ABSTRACT

Strategy formulation and implementation is at the centre of organization performance, a situation that has led organizations to adopt strategic measures aligned to an organization strategic priority. In light of increased recognition of the role of strategy implementation on organization performance, this study was conducted to establish the influence of competitive strategies on the performance of Bata Limited in Kenya. Resource-based theory and Porter's Competitive Model guided the study. Case study design was applied in the research with semi-structured interviews. Given the nature of the study an interview guide was used in data collection process, with a total of 15 managers interviewed. The study findings showed that Bata Limited has adopted competitive strategies in terms of process, organizational and market strategies. The findings also revealed that implementation of competitive strategies has helped improve the financial and operational performance of Bata Kenya Limited. The study concluded that adoption of competitive strategies contributes to improved performance within the organisation. The study recommends that organizations should constantly invent and adopt different competitive strategies as a way of improving organization performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The business environment is becoming increasingly aggressive and volatile given the ever-emerging trends, challenges and opportunities forcing managers and business owners to constantly adopt and be above par in order to attain a formidable competitive edge leading to greater business performance and sustainability. Strategy is generally regarded as the skill and discipline of proper alignment of resources for their utmost effective utilization. Chandler (1965) viewed strategy as the process of setting and determining of the fundamental long-term goals and objectives of the firm, and the acquisition of viable alternative choices of action and appropriation of resources for achieving the set targets. Strategy is therefore tied to the long-term vision and future stability of the business.

Firm performance on the other hand is said to be a product of prudent utilization of the unique attributes, efficient and effective strategies and resources that a firm owns. Barney (1991) viewed performance as the continuous derivation of gains from the effective utilization of specific value generation strategies which are distinct from prospective rivals in such a manner that they are unable to imitate such strategies. It is a function of a series of specific strategies employed by a firm, often more superior compared to those concurrently being employed by its current or probable competitors. The continued better performance of an organization is therefore related to the organization's efforts in creating and sustaining benefits for a long-term period.

The study was anchored on two theoretical foundations; the Resource-Based View, (RBV) and the Porter's Model. RBV mainly sought to determine and highlight strategic resources and competencies an organization can exploit to attain solid performance. It considers individual resources as a unit of analysis thereby concentrating on internal conditions of a firm and disregarding the external factors. It focuses capabilities as a source for sustainable superior returns (Rugman & Verbeke, 2002).

Penrose (1959) affirms that a firm can be in a position to generate economic benefits not by mere ownership of resources but through constructive and unconventional deployment of the idiosyncratic resources. Porter (1980) on the other hand suggests that performance of an organization is not solely based on the internal factor efficiency of the firm, but also considers the prevailing threats and opportunities as presented by the external environment. Porter (1980), in his study of sustainable firm performance, outlined five factors namely threat of new entrants, ability of consumers and suppliers to negotiate better terms, threat of substitutes and intensity of existing competition among similar firms that affects organization performance. Porter, (1998, and 2004) highlighted three basic competitive strategies namely Differentiation, cost leadership and focus strategies that firms could employ to outperform their competitors. He outlined that the business should not only focus on exploiting of the internal competencies but also consider the factors presented by the external environment of which are key to survival and future concern of the business.

Bata limited has its markets and footprints within the shoe manufacturing and retailing industry. It boasts of branches within the country and also subsidiary across the world. It has an established market throughout the world and its products are considered durable and appealing to a wide spectrum of clients. Bata limited has continually invested in research and development which gives it an edge in terms of customer tastes and preferences. Bata products come in various emerging designs and trends which are suitable for mostly the young and old generation of customers. Bata arguably engages in range of products, not only the shoes but also general wears which gives it a milestone in terms of market penetration and growth. Despite stiff competition from multinationals such as Adidas, Nike, Timberland and from locally manufacturing firms for instance slapper industries, and Umoja rubbers, Bata limited has been able to constantly maintain and grow its brands. This study therefore examined the influence of competitive strategies on the performance of Bata Limited.

1.1.1 Competitive Strategy

Miles and Snow (1978), regard strategy as an assemblage of resolutions regarding the alignment of managerial process of different business units within the environment. Mintzberg and Quinn (1991) defined strategy as a purposive quest for a master plot to enhance and modify the competitive ability of the firm, the distinctness between the organization and its immediate rivals being basis of its performance advantage. Andrews (1991) regards strategy as the pattern of an organization's settlement that evaluates and discloses out its aims, desires, defines the principles, guidelines and mechanism to be employed to achieve the set targets. He further regards strategy as the ascertainment of the

size of business operations that the firm should engage in, the economic and human capital needs required and the nature of the economic and non-economic benefits derived to stakeholders and society at large. Jones (2004) regarded strategy as process of examining the primary aims of the firm and setting up of layout methods and mechanism of achieving them. Strategy is therefore about being the best among the best. It is thus of paramount importance that business entities develop performance strategies as a means of maintaining a competitive edge within the market or industry relative to other firms offering similar products and services.

Ansoff (1998) defines competitive strategy as an idiosyncratic and unique approach that a firm formulates and undertakes in order to succeed in the business arena. Day and Wensley (1988) suggested that a suitable competitive strategy emanated from two sources, namely use of superior skills and superior resources. Rumelt (2003) views competitive strategy as a technique of generating or exploiting those conditions or traits that are most appealing, enduring or durable and certainly most difficult to emulate or terminate. Competitive strategy therefore is considered as a facet of strategy that is often concerned with how to be the best you can possibly be beyond your rivals. Porter (1980) emphasized the need to analyze the nature and extent of market composition and competition and likely counter reaction of competitors towards a firm's strategic choices. Porter's view of competitive strategy imposes the necessity to be flexible and to cope with uncertainty.

Porter (1980), in addition explained that the dissimilarity in returns among industries was mostly associated with his five competitive factor model thereby departing slightly from the economists' classical concept of free competition. Adams (2003) reckons that a firm can boost its commodity output and processes as well as create new ones by constantly developing learning and innovation programmes. He concludes that organizations are able to achieve competitive strategies through well-coordinated improvement in learning, knowledge acquisition and application via product, service and process innovation, this is in addition to differentiation, cost leadership and focus strategies.

1.1.2 Firm Performance

Armstrong (1994), defined performance as the process of setting targets and objectives to be achieved and implementing various approaches of managing resources to attain them both in the long run and short term. Thompson and Strickland III (1995) in their study of business sustainability further viewed business performance as an assortment of rigorous business changes and methodologies that business owners implemented to achieve the company's best results in terms of market position, customer satisfaction and objectives attainment. Efficient business performance is generally viewed as the capacity gained through possession of various qualities and varying resource level that enables a firm to be above par compared to its rivals within the same industry. Sustainable firm performance therefore requires trade-offs and consistent efforts to be the best within the business environment, and possess four traits namely inimitability, paucity, value, and irreplaceability (Barney 1991)

Firm performance can either be financial or non-financial. Financial firm performance can be attributed to greater profitability in terms of low cost of operations or higher sales margin compared to competitors. Financial performance is easily quantifiable and most often reflects the financial strength and position of the firm and can easily be measured through indicators such as revenue growth rate, net profit and return of investments. Non-financial performance relates to positive attributes that cannot be quantified in monetary terms but determine in great length the market share and growth of an organization. These factors may include good reputation, outstanding firm image, positive organizational values which are considered as consumer oriented thereby giving the firm a competitive edge against its rivals.

Prahalad and Hamel (1990) in their study of business survival submitted that performance outcomes premised on efficient utilization and allocation of trait resource contributed more significantly than competitive advantage which was focused on the commodity and market position of the firm. In diverging from porter's view, Krause (2005) and Rumelt (1991) accentuate the significance of the heterogeneity of the firm's traits as the primary source of long-term better productivity. They assert that companies within the same industry may not share the same attributes, rather it was each company's unique differences, that should be exploited to generate solid performance benefits over and above its rivals.

Barney (1991) asserts that firms achieve sustainable results when they possess resources that fall under the VRIN technique, that is valuable, rare, imperfectly imitable and non-substitutable. He further reformulates VRIN to VRIO, that is valuable, rarity, inimitability

or non-substitutability and organization thereby emphasizing on the important role of organizing in the derivation of performance advantages. Firm performance is therefore not only factor of internal capabilities and how these are to be appropriated but also a function of how managers and shareholders undertake their respective responsibilities of organizing, monitoring and evaluating to what extent their decisions impact on the going concern aspect of the firm.

1.1.3 Bata Limited

Bata Shoe company was registered in Ziln, Czech in 1931 by siblings Tomas, Anna and Antonin Bata. In 1985 Antonin and Anna left the company to pursue other interest leaving Tomas as the sole manager of the company. He managed to grow the company into the world class shoemaker now recognized all over the world. The company has managed to earn its place and cement its market share and market growth with branches and outlets in almost all parts of the world. Bata Shoe Limited commonly known to the ordinary Kenyan citizen as 'Bata' was incorporated in 1939 with its headquarters at Limuru and has over the years established over 100 stores country wide. The stores offer affordable, durable and state of the art footwear to a wide variety of customers. The stores also have gone further to stock all kinds of clothing and fashion wear which are appealing to most kenyan since they are considered as genuine and long lasting. The outlets also offer jobs to a number of kenyan thereby easing out on the unemployment rate in Kenya. The retail industry has witnessed economic turbulent with big players such as Adidas and Nike Incorporation.in the shoe and general wears closing their outlets across the country and others such as slapper shoe industry initiating employee layoffs and early retirement so as to maintain its market

position. Bata Limited has managed to operate for several decades, expand and even open branches in other towns and cities.

The changing nature of the business environment calls for firms and or businesses to strategize for long term performance benefits. Managers and business owners are therefore in constant quest to understand their internal and external environment and effectively allocate and utilize the resources. This was supported by Wood (1999) who reckoned that analysis of the firm's current position cannot be solely relied upon to ascertain its future performance. Industry globalization, infrastructural development, growth of the middle class, increased purchasing power, technological advancement, population growth and urbanization, changing consumer tastes and preferences, and friendly regulatory frameworks have seen the upsurge of small-scale businesses in Kenya. The retail sector in particular the shoe industry has become competitive with secondhand wears, locally manufactured wears and other imported wears being available in plenty. Emergence of substitute shoes and other wears from firms and other small-scale business in the same industry line is constantly widening the competition while scaling down the relevant target market. In light of this competition, Bata Limited through innovation and employment of the right strategic matrix had to rebrand and reposition itself as a brand of choice and remain relevant in the market.

1.2 Research Problem

Given the current uncertainty and increasing turbulence in the global market, there is need for firms to enhance flexibility in their planning and implementation of projects. Aosa

(1992) states that sustainable business performance is about designing a strategic match between the external and internal environment of an enterprise in solving out strategic bottlenecks. (Rostagi, 2008). Smith (1990) asserted that the main purpose of assessing the firm's capabilities was to use the same to determine the directions which the new strategy would take. Managers usually face a daunting task of ascertaining the right competitive strategy to adopt, in light of the threats and opportunities they face in their respective industry environment. Firms have to make the move as objective as possible, while at the same time considering their implications on the future strategy and environmental trends and changes. This therefore calls for a thorough internal and external examination of the organization.

The operating environment has become dynamic and very competitive and therefore Bata Limited has had to reestablish in terms of its product design and service delivery in order to secure its market territory from its rivals. Continuous improvement in technology and empowerment of the firm's human and machine capital would give it a greater mileage against its competitors. Bata limited costing and pricing mechanisms when implemented effectively would go a long way in establishing and cementing its performance ratings. The differentiation strategy if properly executed would enhance the market network and increase Bata limited chances of survival as it would enable it focus not only in differentiating cost but also its products and services.

A number of studies have been conducted in the field of competitive strategies leading to efficient firm performance on different firms. Fathali (2016) in her study of the effects of competitive remedies on corporate innovation within the automobile industry found that cost leadership and differentiation strategies played an important role of improving innovation across the various market segments of the industry. Njenga (2013) in his study on factors influencing brand loyalty amongst the buyers of Bata Shoe company in Nairobi, concluded that consumers remain loyal to Bata products regardless of the price increase, they rather considered the quality and durability of the product, and the service delivery before purchasing. Mwalimu (2008), during his survey of the competitive mechanisms employed by shipping firms in Kenya, revealed that affordability of rates and service delivery in terms of safety, fast and efficient delivery of cargo and effective clearance procedures coupled with additional after sale services such as warehousing tended to keep other shipping companies at a more competitive advantage than others.

It is evident from the studies that organizations in each industry employed varying competitive strategies which were distinct in each market, since not all competitive strategies arguably result to better performance. Although research has been done on competitive strategies implemented by banks and advertising firms in the retail sector, while others have also focused on the effect of brand products of Bata limited on its customer loyalty, studies touching on the influence of competitive strategies on performance of Bata limited are scarce, thus this study therefore sought to answer the following question: what is the influence of competitive strategies on the performance of Bata limited?

1.3 Research Objective

To establish the influence of competitive strategies on the performance of Bata limited

1.4 Value of the Study

The finding of the study will be of valuable help to the top management and decision makers of Bata limited in understanding and evaluating different types of strategies employed by the retailers. The study will seek to provide insights to the management for future reference and decision making. The study findings will be vital to stakeholders in the retail and manufacturing sector as it will provide a platform of examining the various methods and mechanisms a firm can utilize the available resources amidst the existing business bottlenecks to gain sustainable firm performance

The results of the study will contribute significantly to the government through the industrialization ministry in initiating and providing measures to promote the interest of business owners. The policy makers will be able to formulate policies that ensure a conducive environment for performance of business growth and development especially in the retail and manufacturing sectors. The government in addition, will be able to determine the hindrances and bottlenecks within the business environment that are disadvantageous in ensuring that they receive maximum gains from new entrants and emerging investors.

The findings will provide information for researchers on related topics. The study will in addition assist to contribute to the body of knowledge on competitive strategy in gaining sustainable performance for businesses besides other research works done by other authors.

The outcomes of this study will therefore have value in the academic field in that it will provide room for more research and improvements on the existing literature in regard to attaining a solid and sustainable efficient firm performance

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discussed the relevant literature, it covers the theoretical framework of the study namely resource-based view and the Porter's Model of competitive advantage. Other areas covered include the relevant empirical literature, summary of knowledge literature, research gap and the conceptual framework.

2.2 Theoretical Foundations of the Study

This section discussed the theoretical underpinnings of the study namely the Resource based view and Porter's model of competitive advantage.

2.2.1 Resource Based View

Proponents of this view focused mainly on the intramural resources and aspects of the firm. Stoelhort and Bridoux (2000), best explained the view using three approaches. The first approach is the imperfect market competition approach which states that firms exist and operate in an imperfect factor market and are enriched with specific strategic resources. It assumes a monopolistic environment in which there are no major rivals existing and the firm thereby takes up the leading role in determining the industry's strategic direction. The role of accumulating and allocation of resources therefore becomes a focal point during decision making process within such organizations.

The second approach focused on the capabilities rather than on the specific resources. Capabilities are defined as the level of preparedness of an organization and its ability to undertake well interrelated set of responsibilities while utilizing resources of the organization with an aim of attaining a specific outcome (Helfat & Peteraf, 2003). Amit and Shoemaker (1993) emphasize on the economic benefits that are generated from the apportionment of the firm's specific resources and competencies. Mahoney (1995) proposes that the incorporation of resources and mental models can as well be the source of extra ordinary firm performance. This approach concluded that a firm's peculiar attributes significantly determine the rate and level of resource utilization and are therefore considered more vital than the resources themselves.

The third approach maintained that as firms rarely exist in an invariable or stable surrounding, business owners needed to develop mechanisms to mitigate risk associated with resource utilization in the current and foreseeable future. This viewpoint of RBV argued that the ability of firms to homogenize, deploy, regenerate and reconfigure resources in light of the changing dynamic environment results to greater performance, (Teece, Pisano & shuen, 1997). Firms therefore achieved above average performance through implementation of the varying dynamic capabilities to generate long term benefits. RBV can also be viewed from the bargaining perspective approach. Coff (1999) argues that stakeholders play a vital role in appropriation of profits and resources utilized by the organization. According to Bowman and Ambrosini (2000), smooth interaction of the firm with its stakeholders such as consumers and resource suppliers would in the long run enhance achievement of performance benefits.

Barney (1991) classified resources into three, physical which comprises plant and machinery outlay of the firm, human resources which include knowledge, experience and expertise, and lastly organizational which constitutes the organizational framework and culture of the firm. He asserted that the suitable strategic matrix of the resources is therefore paramount to achieve performance advantage. RBV therefore considers the intrinsic abilities of the organization as the source of establishment and development of reliable performance outcomes. In addition, (Peteraf 1993, Powell 2001) asserted that high level performance of an enterprise originated from either monopoly rents, Ricardian rent or Schumpeterian rents.

Monopoly rents are obtained from a position of secured economy deficient of competition. The firm in this market enjoys full advantage and dominancy and thus becomes a leader in driving the trends and innovation within the market (Peteraf 1993). A firm's distinct impalpable internal inputs such as knowledge and culture are the sources of Ricardian rent (Peteraf 1993). Schumpeterian rents emanate from the influential ability and advantage gained over time by innovation and continuous advancement and improvement in product design, durability and other appealing features (Peteraf, 1993, Powell, 2001). RBV is a set of inter-connected views with a shared presupposition of heterogeneity and immobility of resource across the firms. This perspective therefore assisted in evaluating and examining how Bata Limited had continuously determined and employed its intrinsic attributes to achieve sustainable above average performance.

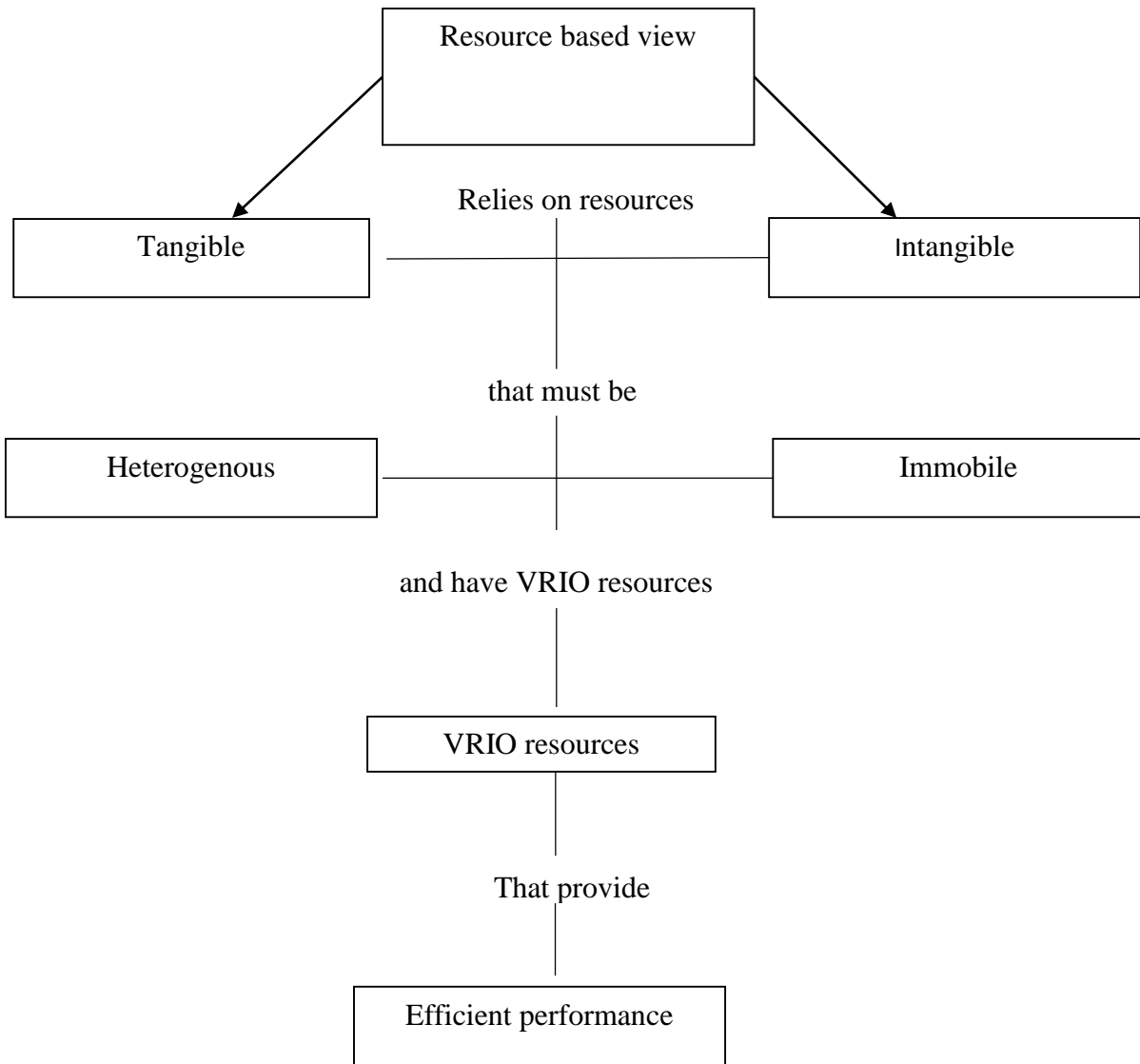


Figure 2.1: Resource Based View Diagram

Source: Johnson Scholes and Whittington (2008). Exploring corporate strategy

2.2.2 Porter's Generic Model

He is considered as one of the great researchers of the dynamic environment under which a firm operates in relation to the internal and external forces promoting sustainable competitive advantage. Porter (1985) opined that competitive advantage was the major determining factor of conceited performance. He asserts that the environment is often in nature both internal and external with the internal aspect consisting of controllable factors that the organization can manipulate and efficiently implement to achieve competitive advantage. The external environment consists of political, socio-cultural, economic and technological factors that are not within the jurisdiction of the firm and therefore are common to all players within the industry.

Porter's model of competitive advantage outlined three strategies that are of fundamental importance for the business when trying to gain and sustain their performance. These are cost leadership, differentiation and focus. Cost leadership basically entails firms within the same industry level trying to offer at the lowest cost possible as compared to their rival's firms, products and services that satisfy consumer requirements and preferences. Porter argued that a firm can definitely perform way above average for as long as they can achieve and sustain overall cost leadership in addition to commanding prices which are near or at par with the industry average. This in turn will result to higher returns, larger economies of scale, market penetration and ultimately market growth. Porter (1985) further recommended the utilization of lower cost bases such as labor and raw materials for firms that make insufficient profits to sustain their operations.

Differentiation strategy involves creating or offering commodities or services that are considered to be distinct. It may be achieved through product or process design, firm's

reputation, technology advancement, product characteristics, customer service and a suitable network distribution channel. Barney and Hesterley (2006) affirmed that product differentiation was the endmost outcome of enterprises within the market. They suggested that the positive outcomes of the differentiation strategy was depended upon the efficacy of the firm in finding new ways of distinguishing their products in the markets. For firm's products and services to remain relevant to the consumers, firms should continuously work on new differentiation moves so as to eliminate the chances of being imitated by their rivals. Porter (1980) suggested that technological leadership, effective research and development, strong marketing abilities, creative flair, efficient channel distribution and strong skill combination from other business are key requirements for implementing differentiation.

Focus strategy entails concentrating on a few selected target markets as compared to the entire industry market, through effectiveness rather than efficiency (Porter, 1980, 1985). According to Draft (2000), a firm would target specific regions or market segments through a mixture of cost leadership and differentiation strategies, resulting to either low cost focus strategy or differentiation focus strategy, but only applicable for a narrow target market. The firm segments the market under different categories either geographically, demographically, gender based or in terms of other suitable parameters. Low cost focus strategy mainly entails selling out products at the lowest cost possible while still making a sizeable profit out of it given the low production cost. Differentiation focus specializes on the presence of consumers who demand unique distinct features within their products or services. (Berthoff, 2002). Harberg and Rieple (2012) in addition submitted that focus

strategy was hinged largely on the presence of notable differences on targeted segments compared to the rest of the industry.

2.3 Competitive Strategies.

Firm performance generated through the RBV comprises a set of interrelation of different competitive strategies. According to Hill and Jones (2001) for instance, proper utilization of the unique specific resources and raw materials available to the firm would most often give it an added advantage over its rivals. Raw materials acquired at cheaper prices would result to a significant reduction in the production cost. Itami and Roehl (1987) submitted that efficient acquisition, knowledge improvement of the human capital within the firm will increase the relevant skills and expertise required to enhance efficacy of tasks. Grant (1991) reckoned that suitable asset composition matrix with up to date state of technology and effective production timelines will atomically improve output production and in the long run add to the benefits of efficient performance. Proponents of the RBV model therefore focused solely on the intramural abilities and the capacity of the organization as opposed to the external attributes.

Porter (1988) highlighted three important strategies, namely cost leadership which relates to offering prices below the market average with the view of increasing the market target base, given the low production cost incurred in generation of those outputs. The firm here in most cases prefer to be the first to initiate the low-price strategy. Differentiation strategy refers to diversifying in terms of products and process features, designs and appealing attributes such as aftersales services which aim to improve the competitive nature of the firm. Focus strategy that mainly focuses on target market in terms of cost and

differentiation. This utilizes a mix of both cost and differentiation strategies depending on the needs and requirements of the target market at play. Competitive strategies therefore require a tradeoff and complete matrix match in order to derive its benefits and result in solid and sustainable competitive advantage.

2.4 Empirical Literature Review

There exist a variety of studies carried out on different firms in regard to the different competitive strategies they employed to gain outstanding performance. Kinuthia (2014) on his study about the competitive strategies implemented by Safaricom limited to gain better performance in the telecommunications industry, found out that the mobile firm had made use of the opportunities around and its competencies. Safaricom limited had utilized online marketing, development of new services and products, exploiting of new technology and new markets to gain solid performance. It was able to accomplish this as a result of its key pivotal attributes which include effective management, consumer trustworthiness, economies of scale and efficient expertise and machinery.

Miranga (2015) in his study about competitive approaches implemented by local media houses in Kenya to acquire outstanding performance posit that media houses had embarked on consumer profiling, and product tailoring strategies to meet their unique needs in addition to introduction of a wide range of products so that customers can have a wide base to select from. He also found that the media houses maintained high quality standards to improve and enhance their good image with customers.

Milao (2018) while looking at factors that determine an organization's competitive edge in the telecommunication industry in Kenya, revealed that innovation is a major determinant

for any organization that needs to maintain an added advantage over and above its rivals. The study further revealed that innovation and continuous product design and employee improvement coupled with in-depth customer orientation and endless stakeholder involvement are also key factors contributing significantly in achieving high performance. Kihara (2013) in his study on aspects determining brand constancy among the consumers of Bata Shoe company, suggested that product and service quality played a major role in achieving customer loyalty. Availability of shoes in different designs, colors and size ensured brand loyalty. He further suggested that the location set up, layout signs and general tidiness of the outlets and staff in general in part added to customers maintaining the same brand even despite price increases.

Kamau (2013) in his examination about the competitive measures employed by private universities in Kenya in their quest to attain good performance, revealed that the universities implemented different competitive strategies to remain pertinent within the market. The strategies included cost leadership, focus on few selected courses and consumers that are marketable, offering online learning and registration, internet marketing and automating of various services such as e-library and administration of online examinations in some course areas.

Fathali (2016) in her study of the influence of competitive strategies on corporate innovation within the automobile industry found that cost leadership and differentiation strategies were integral in improving innovation and subsequent revenues of the firms. She premised her conclusion on the fact that consumers were price sensitive based on the unique features and attributes that most automobile products could offer. Automobile firms

therefore had to embrace differentiation and invest in unique expertise to attain advantage over their rivals.

Njenga (2013) in his study on factors affecting consumer commitment among customers of Bata Shoe company in Nairobi, concluded that consumers remain loyal to Bata products regardless of the price increase, they rather considered the quality and durability of the product, and the service delivery before purchasing. He concluded that consumers preferred products that are long lasting and could stand adverse weather and terrain conditions regardless of their prices.

Mwalimu (2008), during his survey of the competitive action plan embraced by shipping companies in Kenya, revealed that affordability of rates and service delivery goes hand in hand with the level of service satisfaction clients derived from their firms. Clients preferred firms with vast variety of services and expertise in order to cushion them from accruing additional shipping cost as a result of engaging multiple forwarders and clearing agents.

In depth examination of the above studies highlights how each firm within its unique operating conditions employed varying competitive strategies to sustain its performance. These studies are relevant to this research project since they assist in outlining different scenarios under which performance of an organization can be achieved depending on the strategy implemented and the prevailing internal and external environmental conditions.

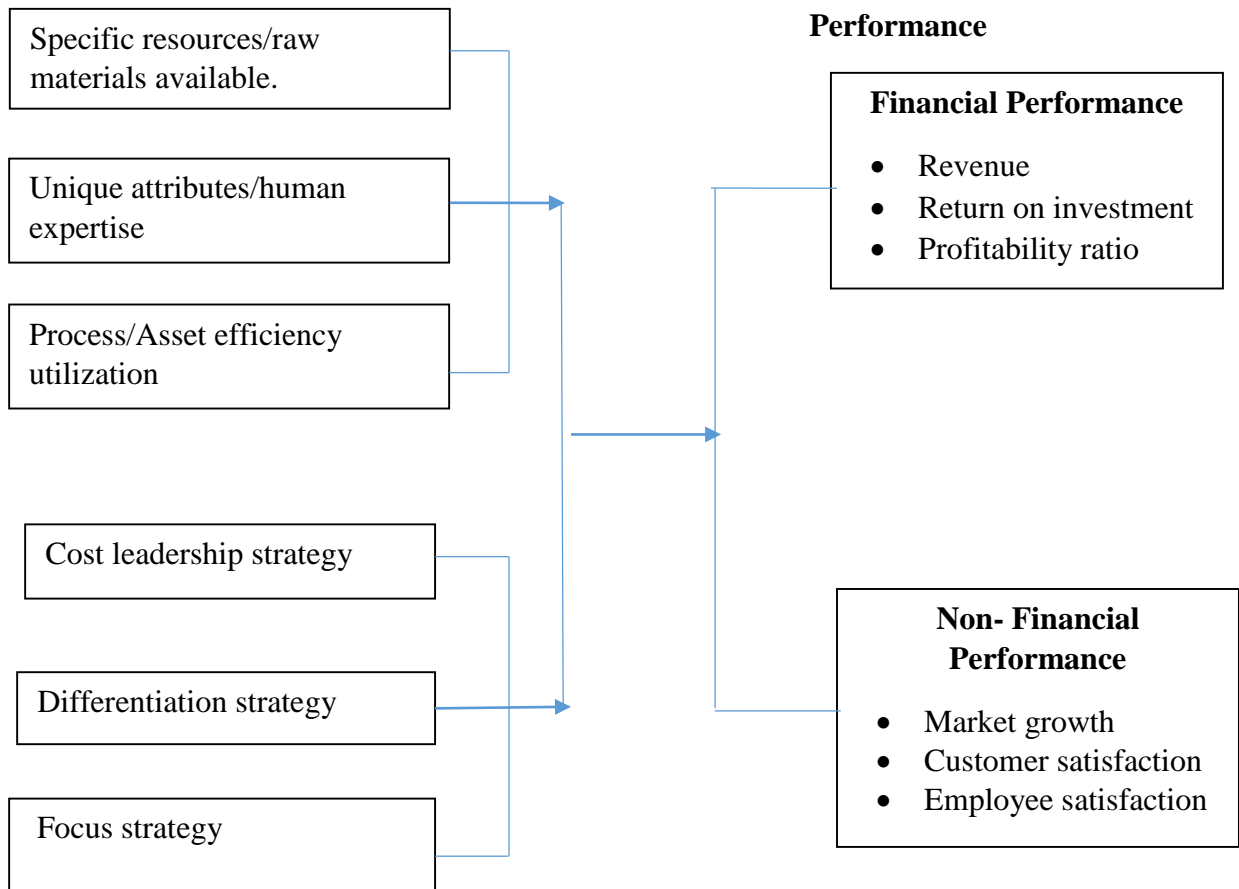
2.5 Summary of Literature and Knowledge Gap.

Most research scholars have dwelt their literature in finding how variables such as consumer perception and preferences of products and services impact on the competitive ability of the firm while ignoring the specific attributes that a firm poses that results in consumer loyalty and long-term brand establishment. Recent researches have also been focused on the emerging firms that have made milestone within a short period of time while disregarding those very firms that originally have endured the stiff skyrocketing rate of competition over the years to establish their market and create a brand name for themselves.

This study was specifically focused on Bata limited and how it has managed to stand the test of time and be regarded as the reliable shoe manufacturer and retailer not only among the young and school going generation but cutting across genders and also among career professions.

2.6 Conceptual Framework

**Figure 2.2: Conceptual Framework
Competitive Strategies**



Source: Author's conceptualization, 2019

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out the research design, data collection and data analysis that was used to carry out the study. It sought to outline the type of data, the sources of data, the process of data collection and data analysis techniques that were used in the presentation and analysis of the data.

3.2 Research Design

Case study design was adopted for the research. Case study as per Gerring (2004) is typically regarded as an experiential inquiry that probes into a phenomenon within its actual context, with a view of elucidating features of a larger class of similar phenomenon. Choice of a case study design was convenient since this study focused solely on a single organization.

3.3 Data Collection

The researcher utilized both primary and secondary methods to collect data. Interview guides were used to collect primary data. The guide was administered mainly to the top and middle management of the organization and also to the consumers in general. Face to face interviews were also employed in the collection of primary data since this allows the researcher to probe the respondents for vast and rich amount of data. Secondary data materials such as company profiles, financial publications and other reports was assessed to provide secondary information relevant for data analysis. The major respondents of this study were the management and staff of Bata Kenya Limited

3.4 Data Analysis

Data was analyzed through descriptive statistics and content analysis. Descriptive statistics measures such as mean score and mode values were utilized to ascertain the mean distribution of the respondents and most types of strategies employed. Pie charts, bar graphs and frequency tables were used to display the results.

Qualitative data was analyzed using Content analysis to ascertain the interconnection between competitive strategies and firm performance in order to draw conclusion and make generalization based on the qualitative and quantitative data collected from interview guides. Content analysis entails making inferences and valid conclusions by way of detailed observation and description of the objects and items of study in a systematic way.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the research results and findings and concludes by presenting a detailed analysis and discussions of the research objective as guided by the research questions and research problem. Data collected was transcribed, coded through pattern coding and later analyzed through content analysis with results presented according to themes that answer the research objectives.

4.2 Findings from the General Information

This section highlighted the basic information of the respondents and the company. The aim was to find out the position of the respondent, the number of years that the respondent has served in the company and the highest level of education reached by the respondent. This information enabled the researcher to establish the appropriateness of the persons selected for the study.

4.2.1 Response Rate

In regard to the response rate, the results were as indicated in the Table 4.1.

Table 4.1: Response Rate

	Intended to be administered	Administered and responded to	Total
Number of Interview guide	15	12	12
Percentage	100%	80%	80%

Table 4.1 highlights the responses received out of the targeted 15 interview guides. The study had targeted a total of 15 respondents being 100%, however response and successful interviews conducted amounted to 80% of the total.

4.2.2 Gender of the Respondents

Gender was highlighted as per the responses received, this was in order to offer guidance to the researcher in determining the degree of congruence of the responses with the gender characteristics and also to find out whether the organization observed the gender provisions as per the constitution. The results are displayed as presented in Figure 4.

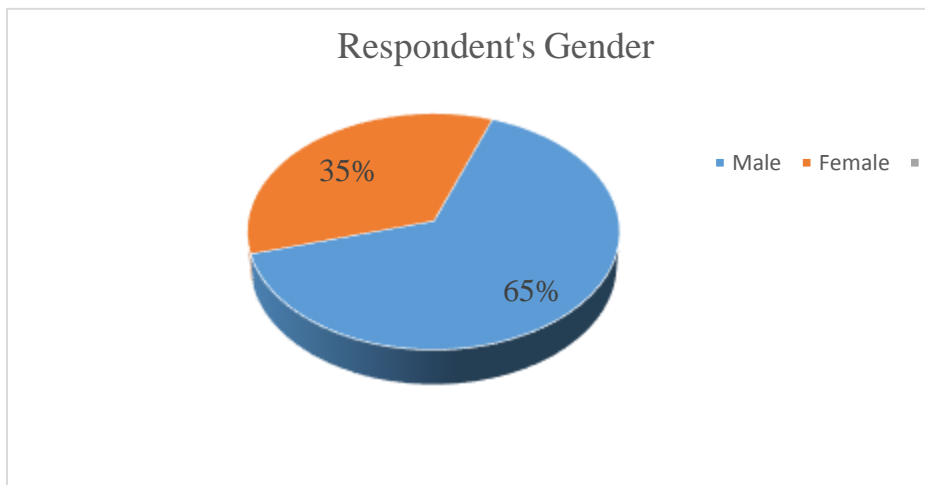


Figure 4.1: Gender of Respondents

Figure 4.1 shows the percentage gender of the respondents, 65% being male while 35% were female. The findings therefore indicated the male gender as the majority of the respondents interviewed.

4.2.3 Age category of the respondents.

In regard to age, the results indicate that 13% of those interviewed were between ages of 26 to 30 years, 30% between 31 to 35 years, 34% were aged 36 to 40 years, 13% were aged 41 to 45 years and another 10% were above the age of 45 years. From the findings, it was evident that most managers are from 36-40 years age category. This was the most agile age group hence they are effectively engaged in the management of the organization since they have immense experience and are appreciative of the changing dynamics of the industry.

Table 4.2: Age of the respondents

Age Category	Frequency	Percentage
26-30	2	13%
31-35	3	30%
36-40	4	34%
41-45	2	13%
46-50	1	10%
Over 51		

4.2.4 Academic Background

Table 4.3 indicates the academic achievements of the respondents. This was to assist the researcher to comprehend the education levels attained by the interviewees. The study findings indicated that 20% of the respondents achieved diploma status and other levels of education status, 25% attained certificate level while 35% acquired degree status and lastly 20% acquired above degree status.

Table 4.3 Respondents academic qualification

Highest Education Level	Percentage
Certificate	25%
Diploma	20%
Degree	35%
Above Degree	20%

4.3 Impact of specific resources and raw materials on the Revenue and ROE of the firm

The respondents outlined that Bata Limited had encouraged use of recycled waste as a form of raw material and had a large outlay of machines to produce large quantities of products. It had also capitalized on use of online marketers and independent retailers to increase its revenue and ultimately improve its return on investments since the cost of production and sale will have been lowered.

Table 4.4: Relationship between availability of Resources/Raw materials and the revenue of the firm

Base Year using cheap available resources	% Revenue	ROE
2017	40%	12%
2018	50%	13%
2019	52%	13.2%

Table 4.4 highlights the percentage revenue and return on investments that accrued over a three-year period when Bata Limited capitalized on cheap available resources and raw materials. Revenue has been on the increasing trend with the corresponding return on investment increasing gradually due to the introduction of efficient resource utilization mechanisms such as using cheap labor and raw materials at a lower cost. The firm had also set up recycling plants where it converts its waste products into reusable raw materials that can be utilized for manufacturing other wears. The firm's margin on the other hand had increased gradually since the operating environment was becoming more competitive and cost of doing business was on a constant increase thereby making the general operational costs incurred in 2019 more as compared to previous years. This in turn makes the margin

to increase gradually as the firms endeavors to make more sales while sourcing and accruing resources and raw materials at the lowest cost possible.

4.4. Impact of Cost leadership on the Revenue and Market growth of the firm.

Respondents outlined that the firm utilized cost leadership strategy in ensuring their quick penetration and cementing of its market share and growth. The strategy was also incorporated with cost management techniques where raw materials and other services were outsourced at relatively low prices over the years. This in turn enabled the firm to mark up slightly lower relatively to its competitors thereby initiating a price down trend that capitalized on the available target and emerging markets, this ultimately assisted in pushing up the revenue and profit figures of the firm. The firm in addition introduced new brands of shoes, clothes wears and also professional gears at affordable prices which attracted a large market pool as compared to previous years. Bata limited adopted market sensitization mechanism by ensuring awareness and advertising to existing and intended market. The market growth of the firm gradually increased as a result of these strategies implemented.

4.5 Impact of Unique Resources and Employee Expertise on the profitability of the firm

Based on the respondents received, Bata Limited strives of potential brand image and durability of its products and services thus giving it a value advantage over its rivals. The firm also implemented state-of-the-art machinery and equipments which assisted in ensuring the quality of the products were maintained and that the firm was at par with the changing dynamics of its consumers in terms of their tastes and preferences. Bata limited in 2018 outlaid capital expenditure aimed at replacement and improving its asset base in

terms of the equipments and machinery used in the production of goods and service provision. The firm in addition managed an online shopping store where consumers could access the goods online and also customize orders based on their desired specifications. The firm also had over the recent past employed experienced and well knowledgeable staff and personnel who possessed exemplary skills and expertise and assisted immensely in ensuring the firm's stability. Bata Limited enders to instill a culture of fair recognition and reward to employees who exhibit outstanding performance so as to motivate them and also create a sense of belonging. It provides conducive environment to its employees by observing best employee practice, regular training and development and employee upward promotion in order to encourage better productivity from its employees.

4.6 Impact of Differentiation Strategy on the Market Growth and Profitability of the firm.

The firm over the years had engaged in the manufacturing, distribution and retailing of new products and services. It does not only stock shoes of all types, profession or gender but it had gone ahead in introducing even clothes and sporting jerseys for various genres of consumers. The firm in the recent past had also endeared to partner with organizations such as Adidas and Safaricom and retailing some of their products on their behalf. This ultimately added to their profitability figures despite the tough times. Majority of the respondents agreed that differentiation strategy had positively impacted market growth and ultimately profitability of the firm

Table 4.5: Relationship between differentiation strategy, market growth and profitability of the firm

<u>Variable</u>	<u>Year</u>	<u>Market Growth</u>	<u>Mean Profitability</u>	<u>Standard Deviatio</u>
Introduction of new products	2017	10%	12	0.198
	2018	12%	13	0.186
	2019	14%	14	0.125
Merger with other firms	2017	8%	6	0.39
	2018	8.2%	8	0.3
	2019	10%	10	0.214
Improvement of CRS	2017	10%	7	0.7
	2018	12%	8.5	0.59
	2019	13%	10	0.45

Table 4.5 highlights the tests results done on the various differentiation techniques the firm employed over a period of 3 years. Introduction of new products in 2018 increased the market by 12%, and had a standard deviation of 0.186, in 2019 the growth increase by another 14% reflecting a standard deviation of 0.125. Partnership with other organizations increased market share in 2019 to 10% with a standard deviation of 0.214 as compared to 2018 where the market share was 8.2% with a corresponding deviation of 0.3. The results indicated clearly that over the years there was an upward trend of increment in regard to market growth and profitability as a result of diversification and differentiation. The gradual decrease in standard deviation reflects a strong relationship between increase in market share, profitability and differentiation.

4.7 Impact of Focus strategy on customer and employee satisfaction.

Over the years the firm had taken the leading role in introduction of low affordable products thereby gaining tangible market share and also cementing the already acquired market.

Customer satisfaction had improved with minimal complaints and less negative remarks received from clientele. Effective implementation of the focus strategy resulted to an upward trend in level of market growth and customer efficiency. The focus strategy enabled the firm to gain milestone and increase its revenue figures. The mix of cost and differentiation focus strategies also improved the firm’s revenue levels as the firm concentrated solely on the markets where it was likely to gain more sales and also manufactured new appealing products and improved its distribution channels leading to higher sales

Figure 4.2: Relationship between Focus Strategy and Revenue levels of the Firm

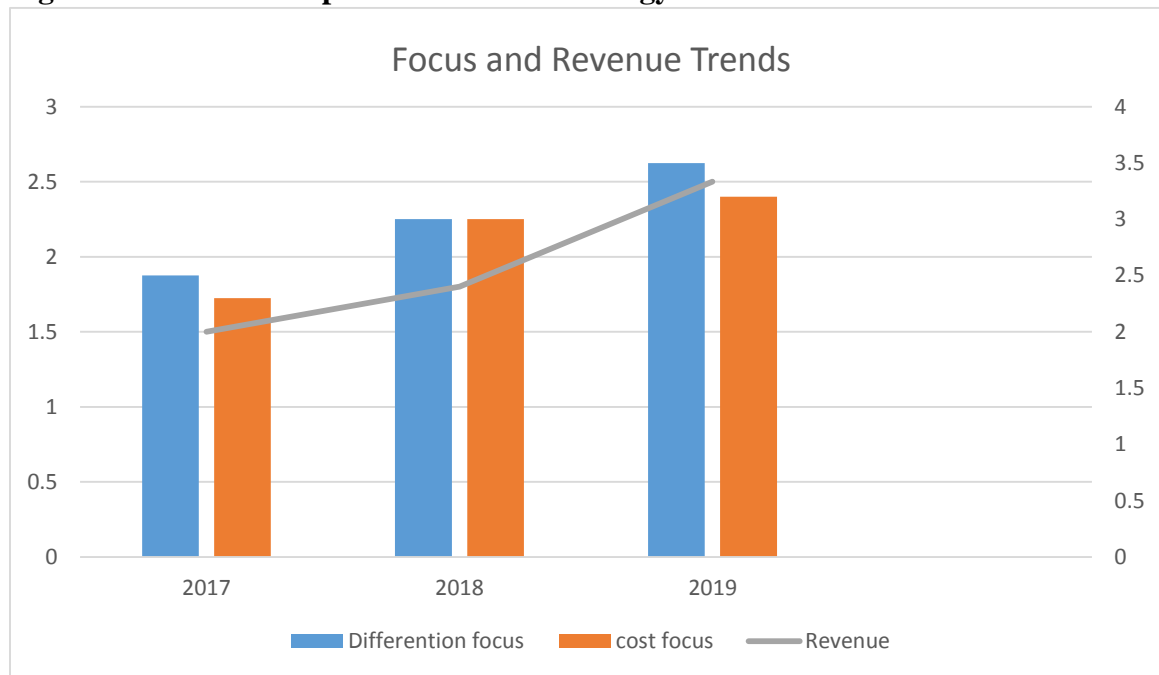


Figure 4.2 highlights the impact of focus strategy on the revenue levels of the firm. The results indicate that none of the focus strategies can be employed independently, the two must be interchanged accordingly depending on the prevailing circumstances the firm is facing. Revenue trends tend to increase when both Differentiation and Focus strategies were implemented efficiently in 2019

4.8 Discussion

The results indicate that Bata limited employed a mix of resource-based strategies which ensured their resources and raw materials were efficiently utilized to ensure maximum productivity, profitability and revenues at the lowest cost possible. The firm tactfully employed the available employee expertise to create unique products so as to distinguish them from their rivals. Bata limited continuously endeavored to improve the working conditions and welfare of their employees through constant knowledge improvement training seminars, recognitions and rewards system which ensured the employees are motivated to achieve their best potential. Bata limited also utilized Porter's competitive model strategies depending on their target market, external market conditions and expected revenue and profitability goals. Differentiation and low-cost strategies appeared to have greater positive impacts compared to the focus strategy since the focus strategy depends mostly on the consumer and market segmentation to be assessed.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION.

5.1 Introduction.

This chapter summarizes the major findings of the study and draws conclusions based on the study results arrived at by the researcher. It also highlights the recommendations made by the researcher for improvements and concludes by suggesting areas for additional study.

5.2 Summary of Findings

The aim of the study was to establish the influence of competitive strategies on the performance of Bata limited. The focus of the study was therefore to determine extend to which the strategies adopted by Bata limited have affected its performance over the recent past. The study adopted case study design in analyzing the data available.

The analysis of the findings thus revealed that the firm adopted three main competitive approaches, that is cost leadership, differentiation and focus strategies. The strategies were employed interchangeably depending on the prevailing economic conditions, characteristics of the target market and the cost associated with launching and sustaining the strategy. The findings highlighted that Bata limited mostly focused on the Differentiation strategy to a great extend since it provided high returns and offered less risks compared to the low cost and the focus strategies.

The findings also highlighted the utilization of available resources and outsourcing of cheap labor as key in ensuring efficient cost management. Bata limited outsourced services that seemed expensive to be undertaken internally by the firm's personnel. The organization also improved its employee welfare by providing training in relevant production areas, recognizing and rewarding exemplary performance and implementing strict recruitment and selection mechanism which ensured that the firm hires the most qualified labor for the available positions.

The analysis also attributed the better performance of the firm as a result of automation of its services by encouraging an online platform portal where clients can access and get their inquiries attended to as soon as possible. Efficient partnering with viable firms also encouraged cementing and acquisition of new markets and clientele. There is therefore close relationship between firm performance and variables such as firm's processes and personnel, unique attributes available

5.3 Conclusion

From the findings, Bata limited mostly employed differentiations strategy as a way of distinguishing its products from those of its rivals. It encouraged unique features, symbols and trademark as a measure against imitation of their products with those of their competitors. The firm also utilized market segmentation in relation to differentiating their target market in terms of their tastes and preferences, gender, demographic or other parameters in order to improve their revenues and ultimate firm profitability.

The findings also revealed that the firm invested heavily in procurement of ultra-modern equipments and technology to aid in lowering their operating cost and increase productivity. The firm purchased capital assets which made its production process easier and faster, in addition investment in skilled personnel with relevant unique expertise and knowledge also added value in terms of invention of new designs and lowering labor charges.

The findings revealed that raw materials and resources available were cheaply procured from upcoming vendors, this is in addition to the recycling of waste products in order to add into the raw materials quantity. The firm engaged in constant improvement of its sales focus strategy by adapting to the new technological ways of online selling and marketing.

It also outsourced retailers who added into the chain of sales thereby increasing their revenues over time.

The results also revealed heavy reliance on focus strategy in terms of strategic location of its branches and also appropriate time and season to launch new products and services. This assisted much in ensuring less competition or retaliation moves are expected from their rivals. The firm also ensured that branches that were not profit producing for longer periods that expected were either closed or merged with others which were considered profitable and certain of long-term revenue in the long run.

5.4 Recommendations

The study advocates that Bata Limited should continuously engage product and process differentiation to enhance competitive advantage it possesses against other players in the retail industry. This can be achieved by encouraging constant new designs and creativity in delivery of their products and services.

The study also proposes the need to expansion and upgrading of online platforms to capture a larger market and more detailed traits and features of the products and services. The firm should also strive to take advantage of the technologies available to enlarge their market share.

The study lastly recommends the constant liaison and partnering with other firms in order to exchange creativity and pool resources together for better returns and solid growth. Efficient recognition and reward procedures coupled with rigorous recruitment methods should be implemented to sustain the long-term productivity of the firm.

5.5 Suggestions for Further study.

The researcher proposes that a future studies to be carried out in other firms other Bata Kenya Limited in the shoe Industry, to investigate the role of other factors affecting and influencing a company's ability of gaining competitive advantage for better organizational performance. In addition, further research should be conducted on strategies used by other firms operating in different business industry, not necessarily manufacturing and retailing, to gain competitive advantage and enhance performance.

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APPENDIX 1: INTERVIEW GUIDE FOR TOP/ MIDDLE MANAGEMENT

I am undertaking a research on the **INFLUENCE OF COMPETITIVE STRATEGIES ON PERFORMANCE OF BATA LIMITED**. I humbly request you to participate in this study by offering your responses to the items and questions on the interview guide. Your responses will be treated as confidential and will solely be used for purposes as prescribed for this research.

Kindly answer each question by writing on the blanks provided or tick (✓) against the boxes provided. Do not write your name on the answer sheet. Please note that there are no correct or wrong answers.

SECTION A: GENERAL INFORMATION

1. Gender:

Male []

Female []

2. State your age category?

25-35yrs []

36-45 yrs []

Over 46 yrs []

3. What is your highest level of education?

[] Certificate

[] Diploma

[] Degree

[] Other.....

4. What is your job title/Department?

[] Finance

Operations

Supply chain

Marketing

Research and Design

Other

SECTION B – COMPETITIVE STRATEGIES

1. How are your production processes or procedures unique compared to other competitors?

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.....

2. What state of the art machinery and equipment does your firm possess that adds to its production levels

.....
.....

3. How do you distinguish your products from other products in the market?

.....
.....

4. Briefly describe the distinct human expertise that gives your firm a competitive edge.

.....
.....

5. Where do you get raw materials from? do you outsource or utilise own materials?

.....
.....

6. Does your firm engage in cost/differentiation focus strategy? if yes, briefly explain.

.....
.....

7. What attributes and capabilities does your firm poses that makes it unique compared to other firms in the same industry line

.....
.....

SECTION C – FIRM PERFORMANCE

(i) FINANCIAL PERFORMANCE

8. How has the financial position of the firm changed over the past 3 years?

.....
.....

9. How has differentiation strategy affected the firm's profitability?

.....
.....

10. How has cost leadership influence the market growth of the firm?

11. How has the specific resources and expertise affected the ROE of the firm

.....
.....

(ii) NON- FINANCIAL PERFORAMNCE

12. How has the focus strategy influence corporate social responsibility firm?

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.....

13. How have the strategies impacted consumer and employee satisfaction?

.....
.....

14. How have the employee expertise influenced profitability and market growth of the firm?

.....
.....

15. What percentage of the market growth has the firm experienced for the last 3 years as result of the strategies implemented.?

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