# STRATEGIC LEADERSHIP PRACTICES AND COMPETITIVE ADVANTAGE AMONG LARGE MANUFACTURING FIRMS IN NAIROBI COUNTY, KENYA

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
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NAIROBI

# **DECLARATION**

I therefore certify that my research project is an unique piece of work created alone by me and has not been presented at any other institution.

Signature: Date: 23/10/2022

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This research project has been handed in for evaluation, and I, in my capacity as a supervisor at the University, have given my permission.

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# **DEDICATION**

This research project is dedicated to God without whom this project would not have been possible.

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# ABBREVIATIONS AND ACRONYMS

**BSC** : Balanced Scorecard

SPSS : Statistical Package for Social Sciences

**UN** : United Nations

**CEOs** Chief Executive Officer

**CFA** Confirmatory Factor Analysis

## **ABSTRACT**

Strategic leadership is a change in the emphasis of management away from internal dynamics and toward outward alignment with the organization's strategic objectives. In recent years, strategic leadership has become the most important and extensively utilized leadership technique. Strategic leadership practices define the organization's strategic direction and the strategic actions intended to boost the company's competitiveness. In point of fact, having a well-thought-out strategy does not guarantee that one will accomplish strategic objectives in the absence of involvement from strategic leaders. The general objective of the study was to establish the effect of strategic leadership practices on competitive advantage among manufacturing firms in Nairobi County, Kenya. This study was based on two theories, porter's theory of competitive advantage as well as strategic leadership theory. This study used a descriptive research methodology known as cross sectional. The population of interest consisted of all 455 manufacturing enterprises in Kenya. There were a total of 46 businesses that made up the sample. A kind of sampling known as stratified sampling was used in the investigation. It was discovered that the majority of manufacturing companies embraced strategic direction and strategic controls to a significant degree, whereas a significant number of manufacturing companies embraced human capital development, corporate communication, and strategic controls to a moderate degree. It was discovered that practices of strategic leadership have an effect on a company's competitive advantage. According to the findings of the research, manufacturing companies in Kenya might enhance their competitive advantage by using strategic leadership practices. These activities have been demonstrated to increase a company's overall competitive advantage. The research also suggests that companies should focus their efforts primarily on the strategic leadership practices that will have the greatest effect on their competitive advantage

## **CHAPTER ONE**

#### INTRODUCTION

## 1.1 Background of the Study

Strategic leadership is a change in the emphasis of management away from internal dynamics and toward outward alignment with the organization's strategic objectives. In recent years, strategic leadership has become the most important and extensively utilized leadership technique. The present level of competitiveness in the modern market demands, which are being met with the objective of achieving competitive benefit, has become the focal point of organizational transformation for today's corporate companies (Gill, 2010). Strong strategic leadership contributes to increased levels of customer and staff satisfaction, as well as increased levels of operational success for the organization. Companies are forced to fight tooth and nail to stay in business, lest they be driven out of the industry by rising operational expenses and more competition in the market (Hoque, 2014). Strategic management teaches executives to maximize returns on investments by maximizing returns on existing assets, so creating value and gaining a competitive edge (Serfontein, 2009).

Theory of competitive advantage and strategic leadership theory are the two theories that guided this study. Organizational success as well as its values may be traced back to leaders' efforts, according to Finkelstein and Hambrick (1996). A company's long-term performance may be impacted by the strategic choices of its top executives, for example. According to Michael Porter, environmental factors determine both the sort of company and the level of competition (Porter, 1985). This theory will be useful for this research

since it provides an explanation of the mechanisms by which industries become competitive and, as a result, assists managers in the process of establishing competitive advantage.

The manufacturing sector is a key contributor to the economy in Kenya. In 2021, it contributed 7.5 percent to the Gross Domestic Product (GDP) (KNBS, 2020). It also accounted for 18.9 percent of total wage employment (KNBS, 2021). Despite its importance, the sector faces some challenges. The contribution of the sector to the GDP has virtually stalled at approximately 10 percent since independence, and has actually reduced to below 10 percent in recent years, according to Kenya Association of Manufacturers (KAM, 2021). The employment of a leadership style that is more strategic is necessary for manufacturing companies if they are to prosper and maintain their position as competitive players in the manufacturing sector. This sort of leadership is able to determine the strategic direction of the organization, ensuring that existing resources are used to the maximum degree feasible, and create an atmosphere in which workers are able to work successfully. The importance of strategic leadership and the role it plays in the attainment of a company's aims and objectives, as well as the contribution this function provides to that attainment, have been more apparent to Kenya's manufacturing sector in recent years. This will be accomplished by developing strategic plans and devising methods that are efficient for putting these plans into action in order to attain the organization's goal (Ndunge, 2016).

#### 1.1.1 Strategic Leadership Practices

A leader's ability to persuade followers to adopt choices that will have long-term consequences for the business is referred to as strategic leadership techniques (Phipps &

Burbach2010). The term "choice architecture" is used to describe the chain of choices that leads to the formulation and execution of plans that assist an organization achieve its goals. These plans are created with the intention of assisting in the achievement of those goals (Serfontein,2010). A leader with strategic vision can see where their business is headed, make modifications based on that vision, come up with innovative solutions to problems, and work in concert with others to make those solutions a reality (Serfontein, 2010). The long-term vision and performance of a company are influenced by strategic leadership techniques. There is little use in developing a strategy plan if there are not sufficient strategic leaders to put it into action.

The strategic activities of the company's leadership are crucial because they determine the company's long-term goals and objectives, which in turn impact the efficiency of the company's strategic processes. These kinds of tactics provide organizational leaders the ability to influence the behavior of their followers in order to successfully achieve their aims and the company's objectives (Omar, 2018). It is hard for an organization to be successful if it does not have strong leadership. This is because the leaders have been unable to inspire in their employees a sense of pride in and commitment to the firm, and to win the loyalty of those who work there (Kirimi & Minja, 2010).

Different academics have arrived at distinct operationalizations of strategic leadership approaches. Strategic leadership, as defined by Ireland and Hitt (2005), entails a number of actions, including the adoption of strategic controls, the selection of an appropriate culture, the cultivation of human resources, the exploitation and preservation of organizational capabilities, an emphasis on ethics, and the establishment of a clear objective and vision for the company. According to Boal and Hooijberg (2000), strategic

leadership practices focus on the following areas: making choices that are strategic; creating a vision for the future of the company and effectively expressing it; sustaining an acceptable organizational culture; the development and establishment of efficient organizational structures, controls, and processes; identifying and cultivating potential future leaders; enhancing the organization's key competencies and capabilities; and infusing the organization with an ethical value system. This research aims to provide light on the essential strategic leadership activities of setting strategic direction, building organizational capacity, stressing ethical standards, creating strategic controls, and sustaining an effective organizational culture.

#### 1.1.2 Competitive Advantage

The term "competitive advantage" refers to the ways in which a company can gain and maintain an edge over its rivals by producing and guaranteeing superior performance (Wang, 2015). Alternately, it may be seen as the capacity of a company to provide outstanding goods and services to its customers (Jones, Harrison & Felps, 2018). According to Porter (1985), a company's primary competitive strategy should be to have superior knowledge of a specific market and develop innovative means of outperforming the competition. To succeed in business, one must strike a balance between the company's internal and external surroundings (Barney, 2011).

According to Porter (1985), Michael Porter's Generic model incorporates cost leadership, differentiation, and concentration. Cost leadership is the practice through which a company strives to become the market leader by producing goods at the lowest possible cost to consumers. Some of these motivations might include the desire to increase production volume, protect intellectual property, gain an advantage in the marketplace, or get access

to more advantageous raw materials. For a company to become a market leader, it must have a highly distinctive product line and advertising campaign that stand out from the competition and the company's other offerings (Kotler & Armstrong, 2012). Using its unique strengths in areas like design, expertise, and experience, the company is able to produce superior products for a certain subset of consumers.

Focus refers to the strategy of narrowing one's attention on a certain subset of customers as opposed to the whole market (Kotler & Armstrong, 2012). Niches serve a specific subset of the overall market. For this approach to be successful, Davidson (2008) argues, a company must focus on a narrow segment of the market. Profits may skyrocket if the nicher understands its clients so well that it can satisfy their every demand and create more talent and loyalty among them than its rivals (Kotler & Armstrong2012). Because they provide something unique to their clientele, niché businesses may command higher rates and enjoy greater profit margins (Kotler & Armstrong, 2012). When specialized markets expand, the nicher needs to prepare defensive techniques to fight off larger rivals.

#### 1.1.3 Manufacturing firms in Kenya

Manufacturing is the process of using vast industrial gear to transform raw materials into finished goods, which is referred to as the conversion process (Njeri, 2014). Manufacturing companies are the primary pillars around which growth is built, and they provide a significant opportunity for both general advancement and further development. Some of the more common sub-sectors include horticulture and agricultural products, small-scale consumer items (cigarettes, textiles, batteries, furniture and plastics), as well as the steel and cement industries, all of which fall under this broad category. On top of a number of other significant legacies, Kenyan manufacturing is one of the country's most important. It

is critical for the attainment of Vision 2030 and it is crucial in job creation due to its backward and forward linkages with other sectors in the economy (Parliamentary Service Commission, 2018). According to the Big 4 agenda, policy interventions should raise the sectors' input to GDP to 15 percent by the year 2022 (KNBS, 2018).

Manufacturing firms in Kenya contributed 7.5 percent to GDP in 2019 (KNBS, 2020). It employs approximately 353,300 people representing 12.1 percent of formal employment and 3,044,900 labourers accounting for 20.2 percent of informal employment (KNBS, 2020). The sector's total employment averaged 18.9 percent, being second to the agriculture industry. According to KAM (2018), manufacturing share of GDP has averaged 10 percent from 1964 to 1973, rising marginally to 13.6 percent from 1990 to 2007 and dipping below 10 percent in recent years. In comparison, countries comparable to Kenya economically at independence like Democratic Republic of Congo, Vietnam, Cameroon, Malaysia and Bangladesh have their manufacturing sector contribution to GDP at 18.1 percent, 16 percent, 15.3 percent, 22 percent and 18 percent respectively (World Bank Group, 2019). These are all more than double that of Kenya

The continued weak performance of the sector is linked to a number of challenges. One of these is trade in illegal, inferior and counterfeit products which is a key hindrance experienced by manufacturing companies in Kenya today. For manufacturers, counterfeit items in the supply chain have cost them 40% of their market share, 50% of their sales revenue, and 10% of their goodwill (KAM, 2018). A World Bank report (2018) on Logistic Performance Index (LPI) ranked logistical attractiveness of Kenya at number 63 in 2018, which is a deterioration from position 42 in 2016 when the World Bank conducted the survey last. Transport and related infrastructure and quality of trade are some of the

measures in this index thus indicating infrastructural challenges despite government's recent investment.

#### 1.2 Research Problem

Strategic leadership is the practice of shaping an organization's future by defining and shaping its mission, vision, values, and core competencies to achieve its goals and objectives (Fred, 2011). Still, most companies find it difficult to keep up with the everchanging business climate, which includes things like innovative goods, growing markets, and cutting-edge technology (Gathungu & Mwangi, 2012). An organization's competitiveness rises as a result of strategic leadership practices being used (Sull, 2009). Strategic leadership practices define the organization's strategic direction and the strategic actions intended to boost the company's competitiveness. Actually, without the participation of strategic leaders, even the most well-thought-out plan would fail to ensure that strategic goals will be met. One of the crucial strategies is the implementation of strategic leadership practices, however it is unclear from the available evidence whether or not doing so significantly affects a business's competitive edge, as reported by Huettel (2012). Institutional problems include ineffective coordination of the firm's policies, plans, management, and marketing efforts, as well as between the many departments inside the organization (Hoque, 2014). Finding answers to the problems mentioned so far requires leaders with the ability to think strategically and govern and manage organizational processes in a manner that increases the firm's competitive advantage, according to research (Serfontein, 2010). Businesses have been able to uncover new possibilities in the market, boost the morale of their staff, handle external threats and pressures, and govern

internal operations by introducing balanced scorecards and organizational structures (Kirimi & Minja, 2010).

The effects of Kenya's industrial investments have been mixed, as new manufacturing businesses have entered the Kenyan market while others have relocated to other regional markets. Some of these enterprises have even gone out of business. This is mostly due to the very competitive climate that has been established on the domestic front, which has been supplemented by programs aimed at regional integration (Kenya Economic Report, 2020). In spite of the fact that Kenya is a fantastic manufacturing nation with prospects, the country is confronted with a higher difficulty due to variables related to the environment. Companies in the manufacturing sector have been making efforts to implement a variety of competitive tactics in recent years (Birasnav & Bienstock, 2019). It has been stated that the nature of top leadership, the selection of strategies that are used, and the quality of the process by which plans are put into action may all have an impact on a company's level of competitive advantage. However, it has been shown that implementing a strategic management and leadership framework may significantly increase a company's ability to compete in its industry (Kahiga, 2017).

Globally, regionally, and locally, there have been several research on strategic leadership approaches. For instance, Borkovskaya (2018) conducted a research in the United States to investigate the impact of strategic leadership on the mitigation of dangers in the building trades. According to the findings of the research, effective strategic leadership is linked to improved company performance. In the United Kingdom, Akhtar, Kaur, and Punjaisri (2017) investigated the value chain systems that support the success of strategic leadership in businesses. They found that strategic leadership is connected with the capacity to

effectively make decisions, solve problems, and inspire people. According to the findings of the research, strategic leaders also possess the capacity to predict changes in the external environment, which is a skill that is essential for effectively managing the performance of a company. Semuel, Siagian, and Octavia (2017) conducted research in Indonesia to examine how leadership and innovation affect a company's ability to differentiate itself from the competition. It was discovered that having strategic leadership has a beneficial effect on innovation. Strategic leadership is also based on the application of modern innovation to increase the firm's overall performance and market share, according to the author. The effects of strategic leadership on the overall performance of industrial enterprises in Lebanon were also studied by Omer, Sadq, and Ahmed (2017). It was determined that there was a need for strategic leadership plans in order to adequately coordinate the activities of the company in the not too distant future. A case study of Korek Telecom Company was used in the research, and its results proved that strategic leaders have strategic thinking abilities and the capacity to predict future issues.

Kahiga (2017) analyzed the National Bank of Kenya in Kenya to determine how strategic leadership actions influenced the bank's competitive advantage. Research shows that the presence of a strategic plan is closely tied to a company's potential to prosper. It noted that firms should adopt strategic leadership in managing their organizations. Small and medium-sized businesses (SMEs) in Kenya were studied by Ogechi (2016), who discovered that compared to SMEs without strategic leaders, SMEs with strategic leaders had superior overall firm performance. Kabetu and Iravo (2018) state that the success of UN-Habitat in Kenya is heavily driven by strategic direction communication, adoption of core competencies, and human capital development. Research on strategic leadership in

Kenyan manufacturing companies was conducted by Omar (2018), who utilized Zenko Kenya Limited as an example of the topic. According to the results, key performance indicators include information and communications technology (ICT), important work processes, knowledge management, resources and competencies, and critical work processes.

From all of the research that were covered, the vast majority of them focused on strategic leadership practices and performance, whereas just a few studies investigated the advantages of being competitive. It is the goal of this research project to find out whether or not the competitive advantage enjoyed by a Nairobi County, Kenya manufacturing business is linked to certain strategic leadership practices. This study, based on the gaps that were discovered, aims to address the research question, What is the influence of strategic leadership practices on competitive advantage among manufacturing enterprises in Nairobi County, Kenya?

# 1.3 Research Objective

The objective of this study was to determine the effect of strategic leadership practices on competitive advantage among manufacturing firms in Nairobi County, Kenya.

#### 1.4 Value of the Study

For this study, there is a potential that the theory of strategic leadership and Porter's theory of competitive advantage will be affected. Because of this study, the researcher had a greater knowledge of strategic leadership and the effect that it has on competitive advantage. Starting points for further research on strategic leadership and competitive advantage may be found in these results.

Manufacturing companies may benefit from the research and put into practice best practices in strategic leadership. Additionally, these companies can better grasp the effect that strategic leadership has on their competitive advantage. These results opened up opportunities for Kenyan business leaders to compare and contrast their strategic leadership methods with those of their competitors. Both the leaders' potential and their limitations in terms of strategic leadership were brought to light by these assessments.

In order to help manufacturing businesses compete on price, policymakers should prioritize the development and maintenance of excellent strategic leadership abilities. These behaviors aid manufacturing businesses. The findings of the study were beneficial to the process of formulating public policy in this area. Organizational performance may be improved for economic growth by implementing the revised policies' suggestions for maximizing competitive advantage and the efficacy of strategic leadership actions.

## **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1 Introduction

This section contains a thorough examination of the literature and research around the link between strategic leadership practices and the achievement of a competitive advantage. This review analyzes the research's theoretical underpinnings, draws attention to the research's lacunae, and identifies the empirical research's contradictions.

#### 2.2 Theoretical Foundation

Two theories guided the study: Porter's theory of competitive advantage as well as strategic leadership theory.

#### 2.2.1 Strategic Leadership Theory

For strategic leadership theory, Hambrick and Mason (1984) provided the framework with their notion of upper echelons. Organizational performance and results are said to be influenced by leadership, according to this view (Vera & Crossan, 2004). The authors of the study argue that strategic leadership may be able to assist corporate executives in determining and repairing the reasons for the continued existence of a firm. With the right kind of direction from the top, a company may be able to set itself apart from the competition and achieve above-average profits via the establishment of a strategy that supports the company's objective. In order for strategic leaders to have an impact on how the rest of the world perceives their organizations, it is essential for them to develop crystal clear goals and visions for those companies. As a result of this idea, organizations are

created to accomplish certain goals. Leaders have the power to excite and inspire their employees to work together to achieve previously agreed-upon objectives and goals.

Strategic leaders accomplish their aim of conveying a unified set of values, mission and vision to their followers by creating an inspiring vision and being well-prepared for every meeting with their team. By acting in this way, they want to further their overarching vision, mission, and core values. These leaders guide their followers by instilling in them a sense of purpose as well as a desire for a challenge. They strive hard to instill a sense of dedication and collaboration in those who follow them and encourage it. Leaders that bring about transformation in their followers incite their followers to be inventive and creative. In this group, new ideas are welcomed, and members are not publicly corrected for their mistakes. When issues arise, the group focuses on what is causing the issue rather than assigning blame (Barine & Minja, 2011). To ensure the group's continued success, followers are prompted to look out for each other and the group as a whole by a leader who inspires them to grow personally and professionally (Warri, 2012). The primary components of strategic leadership are called awakening, inspiring, imagining, and redesigning.

Leaders, according to the strategic leadership theory, should take full ownership of the organization's success and mission (Finkelstein & Hambrick, 1996). According to empirical evidence, top management teams have a major influence on an organization's effectiveness and performance, and the qualities of top management are strongly associated with an organization's success, according to Mason & Hambrick (1984). Therefore, an organization's success will be affected by the values, beliefs, and decisions of its leaders, as well as by how challenges are viewed and how organizational teams and followers

respond to them (Boal & Hooijberg, 2001). This is significant to the ongoing research because it sheds insight on a major research hypothesis about the connection between strategic focus and organizational effectiveness. The idea has been criticized for failing to provide a foundation for identifying strategic leaders, which is a critical need for the task (Warri, 2012).

#### 2.2.2 Theory of Competitive Advantage

Michael Porter first presented his idea of competitive advantage in the year 1980. This thesis is considered to be one of the primary pillars of the research. Sectors or even various areas of a single market do not have the same types of competition or competitive advantages that make it possible for a business to succeed in a particular market, according to this theory. In 1984, day came up with the concept of a competitive advantage. It has been hypothesized that the strategy that an organization chooses to implement may play a role in determining how well it can maintain its position of preeminence in its sector. Threats of replacement products, new competitors, bargaining power of customers, and the jockeying among present rivals are all factors that influence the level and type of competition in a sector. These factors, taken as a whole, are what define the profit potential of every industry (Pearce & Robinson, 2011).

As a result of pricing competition, new promotional strategies, product improvements and a rise in warranties supplied to consumers as part of their service, rivalry is formed. The ability of the participants to negotiate is impacted by the suppliers, who may either raise prices or lower the overall quality of the items they provide. New companies entering an industry bring with them additional resources, which either make it more likely that prices will go up or make it more likely that they will go down. Having a large piece of the market

necessitates that you also have a large portion of the market. Buyers have a significant impact on price because of their capacity to negotiate cheaper costs, demand higher quality services, or play rivals against one other at the expense of total industry profitability.(Porter,1996).

The study will benefit from this theory since it focuses on a wide range of elements that impact an industry's competitive structure as well as its economic environment, such as suppliers' ability to bargain, buyers' power to bargain, the threat of new entrants, and substitutes. This theory will provide an appropriate guideline in understanding strategic leadership practices and competitive advantage in manufacturing companies in Kenya. This model has been criticized by Barney (1991) because it does not give a comprehensive picture of the forces at play in a business environment. A beginning point for a more indepth examination of an organization's performance, this framework is similar to other analytical frameworks such as SWOT Analysis.

## 2.3 Strategic Leadership Practices

When confronting difficult environmental problems, leaders are expected to engage in the practice of strategic leadership (Hitt et al., 2010). Furthermore, it is essential for firms when shaping their internal culture, purpose, values, and strategy (Gill, 2010). Achieving goals requires a balance of managerial, strategic, and visionary leadership, argue Kirimi and Minja (2010). The following is a discussion of the many aspects of strategic leadership practices.

Effective strategic direction requires that all levels of an organization execute and follow the activities and procedures that must be followed in order to achieve the intended outcome. A broad variety of adjustments are necessitated by the strategic direction in order to achieve success (Serfontein, 2009). Higher-ups in a company use the phrase "strategic direction" when speaking with the many departments and divisions that make up the company. Using this channel, they may also interact with their employees, who are ultimately responsible for implementing and overseeing strategic initiatives. In order to achieve the goal, strategic leaders are responsible for guiding and controlling the organization, which may entail varied degrees of change; as a consequence, they are accountable for determining the actions and procedures that must be followed at all levels (Hoque, 2014).

Strategic planning refers to the process through which a company determines, implements, and evaluates the options that will help it realize its goals as illustrated by Mbaka and Mugambi (2014). It is the transformation plans that have been properly researched and talked through, Murugan (2016). As stated by Draft (2011), this procedure helps to synchronize the long-term objectives and aspirations of a company. However, it is an averages by which performance is driven. On the other hand, strategic forecasting involves making projections on the capabilities of the company to adapt to the changing circumstances. Predicted outcomes may be made by using forecasting as a technique of turning current information and proposed strategy into a statement about future expectations (Sull, 2009).

In order for employees to be effective in their jobs, organizations must invest in human capital development. An engaged and motivated workforce is created via effective training programs. Human Capital Development, according to Marimuthu et al. (2009) research, is critical for developing countries to join the global economy. There is a consequent need to

spend time and effort in learning and growing one's human capital. Doing so has a favorable effect on the company's overall success. Hsu et al. (2007) claim that a company's success is determined in part by the quality of its personnel, which in turn is determined by its human capital.

According to the findings of research conducted by Hoque (2014), communication has been acknowledged as one of the key principles that may have an effect on the overall subject of strategic management and development. As a result of increased communication, not only can the development groups involved in the endeavor enhance their public image and reputation, but the community may also be consulted on numerous initiatives (Klette et al, 2014). For a company to consistently exhibit success, researchers Johansson et al. (2014) discovered that having executives who can communicate effectively is essential. In addition, top leaders from every sector and region believe that one of the most critical traits for a company's success is having great communication abilities.

The practice of monitoring the strategies that have been implemented by an organization in order to assist that organization's internal environment become more aligned with the company's external environment is what is known as strategic control (Huettel 2012). In order to lower the overall risk level to a level that the business can tolerate, effective strategic risk management encourages leaders to take responsibility for their decision making. Controls should be permitted to be exercised by the corporate leaders in their own distinct business sector (Hoskisson & Johnson, 1992). The fluctuating conditions of the external environment have had a considerable influence on the overall performance of all businesses as well as their strategic directions (Harrison, French & Kelly 2014). Business possibilities may be buried in the external environment, according to Mansor et al. (2012)

research, and companies must have proper preparations to deal with changing surroundings, particularly when such changes are unanticipated and may come quickly.

#### 2.4 Measures of Competitive Advantage

When a company has an advantage over its rivals in terms of acquiring new customers and keeping existing ones despite the presence of competition, that company is said to have attained what is known as a "competitive advantage." In order to acquire a competitive edge, businesses will use a variety of various techniques. Competitor differentiation, cost leadership, and laser-like focus are all signs of an advantage. Wheelen & Hunger (2015) describe cost leadership as focusing on price in order to target a limited market. By using this approach, a multinational corporation hopes to position itself as the industry's lowest-price manufacturer. This makes a customer-focused approach important (Stern & Stalk, 2013). Customer-focused marketing is giving customers amazing value across all aspects of the business. It is different from customer-centric marketing, which gives more importance to profits as the customer and their buying habits are put in the middle of a marketing strategy.

A targeted differentiation strategy is marketing differentiated goods to a select set of clients in order to attract their business (Kochan, et al, 2008). Loyalty from customers, large margins, a limited amount of competitors, and awareness among consumers are essential components of this sort of company approach. And by differentiating their strategy, these MNCs have greater chances of standing out in the crowd, offering something more than what the competition offers, and appealing to the clients. Both Coca-Cola and Heineken use three primary differentiating methods. A more affordable price point for their libations, product leadership, and top-notch customer service.

Ong"olo (2004) explains focus as the act of targeting a particular market segment. This involves developing, marketing and selling products or services to a niche market. Studies indicate that MNC"s in Kenya use focus strategy to boost their business operations in the Kenyan. Evidently, focus marketing is a high performance business strategy and technique which helps multinational organizations to focus on the unique needs of a market segment which competitors have not adequately addressed. Person and Robinson (2012) assert that focus aims towards a focused and narrow market. This business strategy has been part of the long term planning of MNC"s marketing functions in Kenya.

#### 2.5 Strategic Leadership Practices and Competitive Advantage

Phipps and Burbach (2010) conducted a study to determine the impact that a company's strategic orientation has on the competitive advantage it has in the manufacturing industry in Netherlands. Primary data sources were used alongside the survey of 98 manufacturing companies that was carried out.. To determine whether there was a connection between the firm's competitive advantages and strategic leadership, researchers used correlation. An organization's long-term course may be determined by its strategic leadership. Strategic direction is guided by it, and employees are encouraged to work toward their goals as a result of it as well.

Serfontein (2010) analyzed the way in which strategic leadership affects a company's competitive edge in the manufacturing sector. Regression analysis was the approach used in this study. The study's results suggest that strategic leadership was crucial in establishing the company's future course, which in turn boosted the firm's competitive edge. An organization has to have a crystal-clear image of where it should be in the next five to ten years via the strategic leadership of its executives. In order for the company to realize its

strategic goals and produce desirable outcomes, it must have a well-defined strategy for doing so. Strategic leadership inside the organization lacked a compelling mission and roadmap to rally employees behind the strategy's execution and the company's success.

Strategic leadership and the competitiveness of Nigeria's tertiary firms were explored by Palladan, Kadzrina, and Chong (2016). The data was analyzed using a multiple linear regression technique, which was applied to questionnaires given to the managers of 49 distinct organizations. Strategic leadership strategies such as strategic direction have been shown to increase a company's competitive edge over its rivals, according to a study. Strategic leadership, according Lufthans (2014), has a significant effect in determining a bank's level of competitiveness. Descriptive surveys were conducted by sending out questionnaires and collecting data from firms. Organizational core competencies were shown to be personal attributes that improved performance when strategic leadership was used. An examination of the influence that core competence has on the competitiveness of banks in Sri Lanka was carried out by Nimsith, Rifas, and Cader (2016). It was decided to conduct a survey using a descriptive approach. This research aimed to determine how core competencies affect Sri Lanka banks' competitiveness. According to the findings of this research, several Sri Lankan financial institutions saw various aspects of their work as reflecting their core capabilities. In addition, it was shown that there is a significant link between a financial institution's fundamental competences and the degree to which it has a competitive advantage.

Organizational culture was adopted as a source of competitive advantage by 2,600 people in 311 sub-units of organizations in South Africa, according to Klein (2011). The firm's competitive advantage comes from organizational culture, according to the assessment.

The measures were consisted of two different data collecting instruments, one of which was a survey instrument that was both valid and reliable. The interview guide was used in the course of conducting interviews with the executive managers. The findings indicated that a culture that encouraged technically helpful behaviors had a beneficial association with desired results. It was determined that in order for top management to function effectively, they required to have an understanding of business strategy as well as cultivate a culture that was adaptive, flexible, and helpful in order to assist the execution of business plan.

According to a research by Mohammad (2016), Jordanian pharmaceutical companies' competitiveness is strongly influenced by their employees' human capital. The makers of human pharmaceuticals in Jordan that were listed in the records of the Jordanian Association of Pharmaceutical manufactures in 2015 were selected as participants in the research. There were a total of 15 businesses in the population. Management and department leaders from a range of administrative levels made up the sample unit and participated in the analysis. Questionnaires were used to gather the data, and a descriptive analysis was performed on the information. Human capital, which includes learning, knowledge, and skills, was shown to have a significant correlation with competitive advantage.

The research that Olaka, Lewa, and Kiriri conducted for their dissertation focused on strategic leadership as well as the execution of strategy in Kenyan commercial banks (2017). Core competences, corporate culture, strategic control, human capital, strategic direction, social capital, and ethical practices were the seven aspects of strategic leadership that were investigated in this research. In order to collect information from 436 senior

commercial bank executives, questionnaires were employed. According to the findings, a favorable and statistically significant correlation exists between strategic leadership and the successful execution of plans. However, they may have gotten skewed results since they only interviewed the commercial bank's upper executives (Olaka et al., 2017).

Moss (2008) claims that 160 people in the public and commercial sectors in the United States were protected thanks to transformational leadership. Regression analysis was used to assess participants' function, regulatory emphasis, fair world ideals attachment style andlevels of self-esteem as well as the leaders' shifting leadership styles. When leaders show genuine care for their followers' well-being and appreciate their input, their subordinates feel valued and committed to the success of the group as a whole, despite the fact that they may be experiencing some temporary setbacks.

According to Muriithi (2018), research on teenagers at Gospel Celebration Church (GCC) in Kenya was carried out with the intention of determining whether or not strategic leadership has an effect on the number of people who attend services at the church. The research collected data from a total of 220 participants via the use of random sampling techniques, as well as questionnaires. According to the findings of the study, adolescent retention was shown to have a favorable correlation with participation in church activities, leadership ability, and commitment to ethical conduct. According to the findings of the study, church programming, leadership competence, and ethical practice adherence were all factors that had a negative influence on the retention of teenagers. The findings indicate that participation in church activities, the capacity for leadership, and adherence to ethical practices all have a beneficial effect on high school student retention, with the positive influence outweighing the negative impact.

Ogech (2016) looked at the ways in which strategic leadership might effect the performance of SMEs. One of the indicators that were used to evaluate strategic leadership was the way in which decisions were made about the company strategy and the distribution of resources. Ethics and ethical standards, in addition to organizational controls, were some of the factors that were taken into consideration. According to the findings, Kenya's small and medium-sized enterprises (SMEs) may enhance their performance by adopting strategic leadership methods. Kitonga, Bichanga, and Muema (2016) conducted research looking at the relationship between strategic leadership tactics and the success of non-profit organizations. The effectiveness of a company's strategic leadership has been shown to have a direct bearing on that leadership's company's level of success, according to several in-depth studies. According to the findings, the leaders of such companies will be able to dramatically raise their organizations' levels of performance if they are successful in their application of strategic leadership.

A study of strategic leadership and its implementation in Kenyan commercial banks was conducted by Olaka, Lewa, and Kiriri (2017) for their dissertation. This study analyzed seven facets of strategic leadership, including ethical procedures, company culture, social capital, human resources, expertise, strategic orientation, and command of the organization's strategic reins. The results point to a positive, statistically significant relationship between plan execution and all aspects of successful strategic leadership.

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.1 Introduction

Research methodology is described in this chapter, along with the rationale behind it. This section discusses the study's design, the targeted study population, the research instrument, the data collection methods, and the data processing procedures.

#### 3.2 Research Design

This study used a descriptive cross-sectional technique. Researchers are given the opportunity to observe and characterize study variables of interest at a particular moment in time using a cross-sectional survey. This kind of survey eliminates the need for any sort of manipulation (Kothari, 2004). Description study seeks to provide an explanation of a topic via the creation of an individual, group, or event's profile. This is accomplished by collecting data, tabulating the requirements of variables, or integrating the results of these processes (Mugeni et al., 2020). The method guarantees that the what, when, who, and where of a given context and degree within a set of variables may be analyzed.

# 3.3 Target Population

A target population is described by Kothari (2004) as every member of a real or imaginary group of persons, things, or topics from whom the researcher seeks to draw broad

conclusions about the variables that are the focus of the study. Among the study's core demographic and focus groups are large Nairobi, Kenya, manufacturing corporations. According to the Kenya Association of Manufacturers (2021), there are 455 businesses in Nairobi that meet the criteria for being considered big manufacturers based on the number of workers that they have (above 100).

# 3.4 Sampling Method

The purpose of research surveys, as indicated by the findings of Barlett, Kotrlik, and Higgins (2001), is to collect data from a population sample that is believed to be representative of the whole population. The results from the survey were used to make generalizations to the whole population, while keeping the constraints of random error in mind. These generalizations was based on a sample. According to the findings of Mugenda (2003), an optimal sample size for a research of this descriptive kind would be 10 percent of the entire population. As a consequence, the sample size has been decided to be 45 presently operating manufacturing firms in Nairobi, as shown in Table 3.1 below, where they were selected using a stratified sampling technique.

**Table 3.1: Determination of sample size** 

Category	Population	% of industry	10% sample
Pharmaceuticals	18	3.95	2
Timber, Wood Products and Furniture	17	3.73	2
Paper and Paperboard	44	9.67	5
Energy	34	7.47	4
Metal and Allied	55	12.08	4
Building	16	3.51	1

Motor vehicle	14	3.07	2
Food and Beverage	108	23.73	10
Textile and Apparels	36	7.91	4
Plastics and Rubber	48	10.54	5
Leather Product and Footwear	6	1.31	1
Chemical and Allied	59	12.96	6
Total	455	100	46

Source: Researcher (2022)

#### 3.5 Data Collection

This study relied on information obtained from original sources. During the process of gathering primary information for analysis, a standardized questionnaire was employed as part of the data collecting procedure. Questionnaires are widely accepted as the most effective way for collecting relevant and complete data, according to Mugenda and Mugenda (2003). The questionnaire had close-ended questions. There are three sections to the questionnaire, the first of which gathered information on the organization's demographics. The second component was strategic leadership, and the third portion was competitive advantage. Using the "drop and pick" methodology, the researcher gave the blank questionnaires to the people who are the focus of the study, and then the researcher collected the questionnaires that have been filled out on the days that were previously specified. The questionnaires were distributed through email and online platforms.

### 3.6 Data Analysis

Following the completion of the gathering of data, the questionnaires were revised to ensure internal coherence. The questionnaires were revised to be described as complete for uniformity. Data are edited, tabulated, and coded in order to identify any abnormalities in the replies and include particular numerical data into the responses for future research. Measures of the central trend (mean) and dispersion were examined using the descriptive statistic (variance and standard deviations). Data provided in the form of graphs and tables, where appropriate. The following model of multiple linear regressions were used to determine the link between the various variables:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \acute{\epsilon}$$

Where:

**Y**= Competitive Advantage

 $\beta_1$  to  $\beta_5$  are the regression coefficients

 $X_1 = Strategic direction$ 

 $X_2$  = Human capital development

 $X_3$  = strategic planning and forecasting

 $X_4$  = Corporate Communication

**X**<sub>5</sub>=Strategic Controls

E=Error term

### **CHAPTER FOUR**

## DATA ANALYSIS, PRESENTATION AND DISCUSSION

#### 4.1 Introduction

This chapter presents statistical analysis as well as comments on the outcomes of the study on strategic leadership practices and competitive advantage among big industrial enterprises in Nairobi County, Kenya.

#### **4.2 Response Rate**

The response rate was 87%, which was determined from the fact that 40 of the 46 questionnaires that were given out were later handed back for examination. The data lend credence to the contention made by Mugenda and Mugenda (2013) that it is feasible to achieve pass rates in evaluations that are higher than 50%. In contrast, Babbie (2010) views a return of 60 percent to be satisfactory, while an outstanding return of 70 percent would be considered exceptional. Because of the findings, additional research was able to be done. After receiving an adequate number of replies, the researcher proceeded with the data analysis.

### 4.3 Organizational Characteristics

This section is dedicated to the basics of the company's background and operations. Having access to this information made it easier to grasp the history of the companies that were being taken into consideration. It inquired about the number of staff members, the length of time that the business had been in existence, and the names of the company's proprietors.

## **4.3.1 Period of operation**

According to the information provided by respondents, the manufacturing companies in Nairobi, Kenya have been in business for the periods of time stated in Table 4.1.

**Table 4. 1: Period of Operation** 

Years	Frequency	Percent
Less than 4 years	7	17.5
4-8 years	18	45
Above 8 years	15	37.5
Total	40	100.0

Source: Field Data (2022)

According to Table 4.1, 45% of Kenya's manufacturing enterprises have been in business for 4-8 years, 37.5 % have been there for more than 8 years, and 17.5 % have been around for less than 4 years. According to the data, most Kenyan factories have been there for some time and have a solid grasp on the local market.

## **4.3.2** Number of Employees

The study's primary objective was to quantify the labor force size of Kenya's industrial sector. Responses from respondents are shown in Table 4.2.

**Table 4. 2: Number of Employees** 

Employees	Frequency	Percentage
Less than 400	13	32.5
401 - 800	20	50
Above 800	7	17.5
Total	40	100.0

Source: Field Data (2022)

According to Table 4.2, the majority of Kenya's manufacturing companies have between 401 and 800 employees, followed by those with less than 400 workers (32.5%), and then those with more than 800 workers (17.5%). This shows that the majority of industrial enterprises in Kenya are capable of functioning on a large scale with a large number of personnel.

## **4.3.3** Ownership structure

The purpose of the study was to determine the types of ownership structures that are prevalent among manufacturing companies in Kenya. Table 4.3 presents the results of the replies obtained from the respondents.

**Table 4. 3: Ownership structure** 

Branches	Frequency	Percentage
Private	30	75
Publicly listed	8	20
Government owned	2	5
Total	40	100.0

Source: Field Data (2022)

Table 4.3 depicts that most of manufacturing firms in Kenya are privately owned at 75% while 29% are publicly listed and lastly 5% was government owned.

## **4.4 Strategic Leadership Practices**

The strategic leadership behaviors were the ones acting independently as variables in this research. It was crucial to find out the respondents' perspectives on the various strategic leadership methods.

## **4.4.1 Strategic Direction**

The participants were given five statements concerning the strategic plan's trajectory and asked to score their level of agreement with each. Table 4.4 displays the findings.

**Table 4.4 Strategic Direction** 

Statement	N	Mean	Std Dev
The company has a defined vision, which	40	4.11	.504
guarantees that everyone is committed to			
the strategic path.			
The company has a plan that connects the	40	4.54	.505
vision to present reality.			

Composite Statistics	40	4.35	.652
goals.			
developed in order to attain the intended			
defining the competencies that must be			
The corporate strategy serves as a guide in	40	4.26	.611
direction.			
stakeholders the rationale for strategic			
Our company's executives explain to	40	4.63	.547
execution of plans.			
facilitate transformation via the strategic			
The organization develops methods to	40	4.23	.798

Source: Field Data (2022)

In regards to Table 4.4, company's executives explain to stakeholders the rationale for strategic direction with an average 4.63 and S.D 0.547. The company has a plan that connects the vision to present reality having a 4.54 as average and a 0.505 as S.D. The corporate strategy serves as a guide in defining the competencies that must be developed in order to attain the intended goals, with an average of 4.26 and a variation from 611. In addition to this, organization develops methods to facilitate transformation via the strategic execution of plans having a 4.23 as average and a 0.798 as S.D. Finally, company has a defined vision, which guarantees that everyone is committed to the strategic path with an

average difference of 4.11 and 0.504. The average score was 4.35, indicating that many manufacturing companies have fully adopted strategic direction.

# **4.4.2 Human Capital Development**

Participants were given five statements on the development of human capital and asked to rate their level of agreement with each. Results are shown in Table 4.5.

**Table 4.5: Human Capital Development** 

Statement	N	Mean	Std.
			Dev
My company has a skills inventory database for its			
	40	4 11	1 17
employees.	40	4.11	1.17
In order to increase our chances of turning a profit, my			
organization makes investments in human capital.	40	3.73	0.98

Composite Statistics	40	3.66	1.06
coordinating cross-functional efforts.	40	3.23	1.07
My company excels in integrating through			
based learning through knowledge management.	40	3.90	0.89
Employees in my business participate in knowledge-			
with the organization's fundamental principles.	40	3.34	1.19
Employee values at my company have been aligned			

### Source: Field Data (2022)

My company has a skills inventory database for its employees provided by Mean 4.11 and S.D 1.17.Employees in my business participate in knowledge-based learning through knowledge management with an average of 3.90 and 0.89. In addition, company invests in human capital with the goal of generating a profit a 3.73 as average and a 0.98 as S.D. With an average score of 3.34 and S.D of 1.19, employee values at my company have been aligned with the organization's fundamental principles. Finally, with an average score of 3.23and S.D of 1.07, company excels in integrating through coordinating cross-functional efforts. The overall average was 3.66 which implies that the manufacturing firms embraced human capital development to a moderate extent.

### **4.4.3** Corporate Communication

The participants were given five statements concerning business communication, and they were asked to score the extent to which they agreed with each statement on a scale from

strongly disagreeing to completely agreeing. Table 4.6 provides more information on the findings.

**Table 4.6: Corporate Communication** 

Statement	N	Mean	Std. dev
Organizational strategies are communicated to employees and other stakeholders on time.	40	4.18	0.95
The top management, organizational team, and other important stakeholders exchange information on a regular basis.	40	3.73	1.06
Leaders in my business are able to authenticate replies from organizational teams in a timely manner.	40	3.57	0.99
Leaders in my company foster trust, openness, and open communication across the organization.	40	3.00	1.02
Leaders in my company can network with other industry stakeholders.	40	3.40	1.05
Composite mean	40	3.57	1.01

Source: Field Data (2022)

Organizational strategies are communicated to employees and other stakeholders on time having a 4.18 as average and a 0.95 as S.D as depicted in Table 4.6. Having a 3.73 as average and a 1.06 as S.D, top management, organizational team, and other important stakeholders exchange information on a regular basis. Leaders in my business are able to authenticate replies from organizational teams in a timely manner having a 3.57 as average and a 0.99 as S.D as espoused by survey data. Leaders in my company can network with other industry stakeholders supported by an average of 3.40, and S.D of 1.05. In addition,

leaders in my company foster trust, openness, and open communication across the organization having a 3.00 as average and a 1.02 as S.D. The overall average was 3.57 which implies that many manufacturing firms, embraced corporate communication to a moderate extent.

## 4.4.4 Strategic Planning and Forecasting

Each participant was given five statements on strategic planning and forecasting and asked to indicate to what extent they agreed with each of the statements. Table 4.7 displays the findings.

**Table 4. 7: Strategic Planning and Forecasting** 

Statement	N	Mean	Std. dev
When making choices, there is a bold and			
forceful attitude.	40	4.20	0.89
Research and development are receiving a significant amount of attention.	40	3.52	1.08
Formal monitoring approaches are used in order to identify and solve the strategic difficulties faced by a company.	40	4.30.	0.92
Strategic choices are usually documented in			
written reports.	40	4.11	1.10

When making significant operational and strategic choices, leaders at my business mostly depend on experience-based intuition. 40 3.80 0.99

Composite Statistics 40 4.02 0.99

Source: Field Data (2022)

Table 4.7, formal monitoring techniques are used to detect and address organizational strategic challenges as shown by an average of 4.30 and a std deviation of 0.92, when making choices, there is a bold and forceful attitude having a 4.20 as average and a 0.89 as S.D while strategic choices are usually documented in written reports having a 4.11 as average and a 1.10 as S.D. When making significant operational and strategic choices, leaders at my business mostly depend on experience-based intuition with an average of 3.80 and a S.D of 0.99. There is a considerable focus on research and development with a 3.52 as average and a 1.08 as S.D. Overall, the average was 4.02 which imply that strategic planning and forecasting are adopted by the manufacturing firms to a great extent.

### 4.4.5 Strategic Controls

Five assertions about strategic controls were presented to the participants, and they were asked to score how much they agreed with each statement. Tabulated outcomes are shown in Table 4.8.

**Table 4.8: Strategic Control** 

Statement	N	Mean	Std. dev

When making choices, there is a bold and forceful	40	4.18	0.95	
attitude.				
There is a considerable focus on research and	40	3.73	1.06	
development.				
Formal monitoring techniques are used to detect	40	3.57	0.99	
and address organizational strategic challenges.				
Strategic choices are usually documented in written	40	3.00	1.02	
reports.				
When making significant operational and strategic	40	3.40	1.05	
choices, leaders at my business mostly depend on				
experience-based intuition.				
Composite mean	40	3.57	1.01	

Source: Field Data (2022)

Table 4.8 shows that when making choices, there is a bold and forceful attitude at an average of 4.18 with SD 0.95. On the other hand, there is a considerable focus on research and development having an average of 3.73 with S.D 1.06. Similarly, formal monitoring techniques are used to detect and address organizational strategic challenges with an average of 3.57 and SD of 0.99. When making significant operational and strategic choices, leaders at my business mostly depend on experience-based intuition with an average of 3.40 with a S.D of 1.05 and finally strategic choices are usually documented in written

reports with an average of 3.40 with S.D 1.02. The average was 3.57, suggesting that manufacturing companies generally adopted strategic controls in a modest fashion.

## 4.5 Competitive Advantage

According to the findings of this study, the competitive advantage was a dependent variable. It was necessary to ascertain the views of the respondents on the competitive advantage.

### 4.5.1 Cost Leadership

The participants were asked for their thoughts on cost leadership, after which they were given the opportunity to indicate the degree to which they agreed or disagreed with each of the statements shown in Table 4.9.

**Table 4.9: Cost Leadership** 

Cost leadership	N	Mean	SD
The company is able to bring down its overhead expenses.	40	4.53	0.487
The company maintains stringent control over its overhead	40	4.40	0.493
expenses.			
The prices that the firm charges its customers are cheaper than	40	4.30	0.498
those of our competitors.			
Mean	40	4.41	0.498

Source: Field Data (2022)

From table 4.9, the firm reduces its operational costs at an average of 4.5, followed by firm ensure tight controls for overhead costs at an average of 4.40. Lastly, compared to our competitors, our organization provides more affordable prices to the end user at an average of 4.30, S.D 0.498. The overall average was 4.41 which imply that cost leadership influence competitive advantage at great extent.

#### **4.5.2 Differentiation**

The participants were asked for their thoughts on distinction and then had the opportunity to indicate the degree to which they agreed with each of the statements included in Table 4.10.

**Table 4,10: Differentiation** 

Differentiation		Mean	Stdev
Our company is situated in an advantageous location.	40	4.20	0.554
Our reputation gives us an advantage over the competition that we face.	40	4.16	0.528
The company provides exceptional assistance and service to its clients.	40	4.06	0.555
Mean	40	4.14	0.551

Source: Field Data (2022)

From Table 4.10, business is strategically located at an average of 4.20, followed by have an edge over our rivals because of our reputation at an average of 4.16. The firm offers

superior customer service and support was at an average of 4.06. The overall mean was 4.14 which imply that differentiation influence competitive advantage at great extent

#### **4.5.3 Focus**

The participants were asked for their thoughts on the topic of focus, and then they were directed to indicate the degree to which they agreed with each of the statements included in Table 4.11.

**Table 4.11: Focus** 

Focus		Mean	Stdev
The firm is solely focused on marketing its products to a certain	40	4.54	0.582
subset of the market.			
In order to satisfy the demands of this specific segment of the	40	4.53	0.583
market, we develop and launch brand-new goods and services.			
We adapt our wares and services in response to the requirements	40	4.53	0.557
posed by customers.			
Mean	40	4.49	0.586

Source: Field Data (2022)

According to table 4.11, the corporation is solely concerned with selling items to a specific market segment, which has an average score of 4.54. This is followed by developing new goods and services to fulfill the requirements of this particular market segment, which has an average score of 4.53. As a final outcome of changes brought about by customer

demand, we have adjusted the mean price of our products and services to 4.53. The total average was 4.49, which suggests that the degree to which one focuses on their work influences their competitive edge to a great extent.

## **4.6 Correlation Analysis**

In order to evaluate the degree of link that exists between the predictor factors and the responder variables, a correlation analysis was carried out. It is helpful in connecting strategic leadership practices with advantages in the marketplace.

**Table 4.12: Correlation Analysis** 

		SD	HCD	SPF	CC	SC	CA
SD-Strategic	Pearson Correlation	1					
direction	Sig. (2-tailed)						
	N	40					
HCD-Human	Pearson Correlation	.690**	1				
capital development	Sig. (2-tailed)	.01					
	N	40	40				

SPF- strategic	Pearson Correlation	.613*	.631*	1			
planning and forecasting	Sig. (2-tailed)	.05	.05				
	N	40	40	40			
CC-Corporate	Pearson Correlation	.674**	.624*	.241*	1		
Communication	Sig. (2-tailed)	.01	.05	.05			
	N	40	40	40	40		
SC-Strategic	Pearson Correlation	.649**	.573*	.324**	.315*	1	
Controls	Sig. (2-tailed)	.01	.05	.01	.05		
	N	40	40	40	40	440	
CA- Competitive	Pearson Correlation	.815**	.760**	.650**	.430*	.565*	1
Advantage	Sig. (2-tailed)	.01	.01	.01	.05	.01	
	N	40	40	40	40	40	1

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

<sup>\*.</sup> Correlation is significant at the 0.05 level (1-tailed).

According to the data shown in Table 4.12, a positive connection exists between Strategic direction and competitive advantage. The Pearson's correlation value for this relationship is r=0815. With a Pearson's correlation value of 0.760 and a threshold of significance of 0.01, human capital development and competitive advantage are positively correlated. On the other hand, strategic planning and forecasting demonstrated a substantial positive connection correlation with competitive advantage, as measured by a Pearson's correlation value of 0.650. This indicates a positive relationship correlation with competitive advantage. With a Pearson's correlation value of 0.430 and a level of significance of 0.05, we find a positive association between corporate communication and competitive advantage. This relationship is significant to a modest degree. With a Pearson's correlation value of 0.430 and a significance threshold of 0.05, strategic controls have a substantial positive association correlation with competitive advantage. In conclusion, a Pearson's correlation of 0.565 and a p-value of 0.01 indicate a statistically significant connection between strategic controls and competitive advantage.

#### 4.7 Regression Analysis

The determination coefficient (r2) was applied in regression analyses in order to ascertain how strategic leadership practices contribute to the success of manufacturing companies. Additionally, the  $\beta$  coefficient was applied in order to make projections regarding the relationships between the variables. Each of the five factors that were considered to be predictors of the dependent variable (competitive advantage) was subjected to multiple regression analyses to determine the relative contribution of each factor (strategic direction, human capital development, strategic control, corporate communications, strategic forecasting and planning.

## **4.7.1 Model Summary**

In order to emphasize the impact of the predictor factors on the dependent variables, an analysis of multiple regressions was carried out. Table 4.13 presents the model's executive summary.

**Table 4. 13: Model Summary** 

Mode	<b>;</b>			
1	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.920ª	.846	.652	.582

a. Predictors: (Constant), strategic direction, human capital development, strategic plannir
 and forecasting, corporate communication and strategic controls

## Source: Field Data (2022)

The results are summarized in Table 4.13, and at a significance level of 0.005, they indicate that R and R2 were, respectively, 0.920 and 0.846. As shown by the value of R equal to 0.846, there is a strong correlation between strategic leadership practices and a competitive advantage. According to the findings, predictors in the model are responsible for explaining 84.6% of the variance in competitive advantage, whereas other variables account for 15.4% of the variation in competitive advantage that cannot be explained by the model.

#### 4.7.2 Goodness of Fit of the Model

The researcher carried out an analysis of variance, and the regression model that was adopted was appropriate for the data collection (ANOVA). According to the findings in Table 4.14

**Table 4.14: ANOVA** 

		Sum	of			
Model		Squares	Df	Mean Square	$\mathbf{F}$	Sig.
1	Regression	.245	5	.063	1.465	.013 <sup>b</sup>
	Residual	1.173	34	.043		
	Total	1.165	39			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), strategic direction, human capital development, strategic planning and forecasting, corporate communication and strategic controls

## Source: Field Data (2021)

Table 4.14 displays the findings obtained from doing the ANOVA on the data. This table illustrates that the f statistic for the coefficient of determination is 1.465 at the = 5% level

of significance. It was determined that a significance threshold of 0.013<0.05 was appropriate for the p value. This would imply that characteristics related with strategic leadership practices have a significant impact in determining the degree to which a company has an edge over its competitors.

# **4.7.3 Model Regression Coefficients**

The presentation may be seen in Table 4.15, and it includes significant values, t-statistics, standardized and unstandardized coefficients.

**Table 4.15: Regression Coefficients** 

Model	Unstandardized		Standardize	t	Sig.
	Coefficients		d		
			Coefficients		
	Β (β)	Std.	Beta		
		Error	(β)		
(Constant)	.279	.756		.3690	. 001
Strategic Direction	.256	.239	.145	1.071	.000
Human Capital Development	.174	.159	.254	1.094	.000
Strategic Planning And Forecasting	.149	.125	.315	1.192	.019

Corporate Communication	.170	.273	.124	.622	.000
Strategic Controls	.167	.156	.139	1.071	.000

### a. Dependent Variable: Competitive advantage

The correlation between strategic leadership practices and the competitive advantage enjoyed by manufacturing companies is shown by the regression coefficients presented in Table 4.15. Corporate communication reported p values of 0.000 <0.05, strategic planning and forecasting posted p values of 0.019 < 0.05, and strategic direction posted p values of 0.000 <0.05. The strategic controls yielded a p value of 0.000 <0.05. The significance level was set at alpha=0.05 for this test, which means that the significance level is met when p records a value that is less than 0.05. According to the findings, the criteria of strategic leadership practices contain a substantial degree of a competitive advantage.

The linear model then stands to be;

$$Y=0.279+0.256X_1+0.174X_2+0.149X_3+0.170X_4+0.167X_5$$

According to the findings, when all other independent factors are held constant, an increase in the strategic leadership practices parameter in relation to strategic direction by a single unit will result in a change of 0.256 in competitive advantage; an increase in the human capital development parameter in relation to strategic leadership practices by a single unit will result in a change of 0.174 in competitive advantage; and an increase in strategic planning and forecasting in relation to strategic direction by a single unit will result in a change of 0.256 in competitive advantage. The change in competitive advantage brought about by corporate communication in respect to strategic response by a single unit will be

equal to 0.170. Finally, a change in manufacturing companies' competitive advantage of 0.167 will occur from an increase in strategic controls in respect to strategic leadership practices by a single unit.

#### 4.8 Discussion of Findings

It was discovered that manufacturing companies have a significant amount of buy-in for strategic direction. The following claims provided evidence for this: business executives inform stakeholders of the rationale for the firm's strategic direction, and the company itself has a strategy that connects the vision to the present. These results confirm those of Serfontein, (2009) effective strategic direction requires that all levels of an organization execute and follow the activities and procedures that must be followed in order to achieve the intended outcome. A broad variety of adjustments are necessitated by the strategic direction in order to achieve success.

Human capital development and internal communication were shown to have a modest impact on companies' ability to gain a competitive edge. Evidence for this was provided by claims such my firm maintains a skills inventory database for workers and employees in my organization engage in knowledge-based learning via knowledge management. These results corroborate with Marimuthu et al. (2009) research, is critical for developing countries to join the global economy. There is a consequent need to spend time and effort in learning and growing one's human capital. Doing so has a favorable effect on the company's overall success. Hsu et al. (2007) claim that a company's success is determined in part by the quality of its personnel, which in turn is determined by its human capital.

Strategic planning and forecasting were found to be widely used by manufacturers. Evidence for this included the following claims: To identify and manage strategic concerns inside an organization, formal monitoring procedures are used. Consistent with the findings of Mbaka and Mugambi (2014) Strategic planning refers to the process through which a company determines, implements, and evaluates the options that will help it achieve its goals. It is the transformation plans that have been properly researched and talked through. Research indicated that manufacturing companies generally adopted strategic controls to a modest degree. This was supported by claims that people are making decisions, that they have a confident and assertive demeanor, and that they are placing a high priority on research and development. Controls should be permitted to be exercised by the corporate leaders in their own distinct business sector (Hoskisson & Johnson, 1992). The fluctuating conditions of the external environment have had a considerable influence on the overall performance of all businesses as well as their strategic directions (Harrison, French & Kelly 2014).

The results indicate a favorable association between strategic leadership practices and competitive advantage. Regression analysis was utilized to determine the effect of strategic leadership practices on competitive advantage in Kenyan manufacturing enterprises. With an R<sup>2</sup> value of 0.846%, the determination coefficient was considered to have a good fit for the data, showing that it is a trustworthy predictor. The significance of the full regression model was shown by a p-value of 0.000 (0.05). These findings support Ngaira's (2018) conclusion that the primary strategic leadership techniques have a beneficial impact on competitive advantage.

The study's findings also apply to Porter's theory of competitive advantage, which was valuable for the study since it explained the factors that cause industries to become competitive and helped managers get an edge in their respective fields. These results match the assertions from strategic leadership theory, Hambrick and Mason (1984) provided the framework with their notion of upper echelons.

#### **CHAPTER FIVE**

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

A summary of the results, conclusions, recommendations, and limitations of the study as well as comments provided by the researcher are presented in this chapter. This is done so as to fulfill the requirements of the goal of the research.

### **5.2 Summary of Findings**

The researchers in this study set out to answer the question, "How do strategic leadership practices affect the degree to which large industrial firms in Nairobi County, Kenya have a competitive advantage?" with respect to their respective industries. It was uncovered that

most manufacturing firms have been around for more than eight years, employ over 400 people, and are privately owned.

It was discovered that the majority of manufacturing companies have implemented strategic direction and strategic controls to a significant degree. This was supported by the statements that the company has a plan that connects the vision to the present reality, company executives explain to stakeholders the rationale for strategic direction and making choices, there is a bold and forceful attitude, and there is a considerable focus on research and development.

Many manufacturers were found to have only moderately adopted human resource development, corporate communication, and strategic controls. It is not a secret that the constantly changing status of the external environment has had a significant influence on the bottom line and long-term ambitions of each and every firm.

The findings of this study suggest a link between effective strategic leadership and achieving competitive advantage. According to the findings of the study's regression analysis, the chosen regression model adequately predicted the outcomes. Statistical significance was established by a p-value less than 0.05, and the correctness of the model was verified by variance analysis. The data shows that there was a substantial correlation between those variables.

#### **5.3** Conclusion

Research shows that Kenya's manufacturing sector is only somewhat dedicated to areas like human capital training, internal company communication, and strategic management

controls. This is because management encourages significant change among workers in order to realize the future that the company envisions, and they do this via communication and market positioning, which also assist the company establish its image. It has been established that the use of strategic leadership methods may assist effectively create and deepen connections amongst employees by ensuring that they share the same values and goals while working toward the same objectives.

The study also concludes that strategic direction and strategic controls influence competitive advantage to great extent. The industrial firms promote interdepartmental cooperation to increase output per unit of time and to better incorporate customer feedback. Organizational culture should include authoritarian, democratic, laissez-faire, and bureaucratic leadership styles, thus it's important to build fundamental competencies in these areas and implement training and development programs.

The study also found that strategic direction, human capital development, strategic control, corporate communication, strategic planning and forecasting are significantly related to competitive advantage, therefore the research model is important. The results of this study provide credence to both Porter's theory of competitive advantage and the notion of strategic leadership.

#### **5.4 Recommendations**

According to the findings, Kenyan manufacturing enterprises may increase their competitive edge by adopting certain strategic leadership techniques. The research concluded that in order for organizations to get a competitive edge, they must first identify the precise parts of strategic leadership techniques that are applicable to their sector.

In order to realize the company's vision, accomplish its purpose, and realize its goals, manufacturing companies in Kenya have to have policies and processes in place that encourage their employees to become active. This is because workers represent the most important interest group in the plan's actual implementation.

Similarly, the study recommends that firms should only put their resources on those strategic leadership practices that have a greater impact on competitive advantage. As no section of an organization operates in isolation, it is essential that all stakeholders endorse the adoption and execution of strategic leadership practices procedures.

#### 5.5 Limitations of the study

The fact that the research only focused on one facet of those strategic leadership techniques is one of the limitations of the study. However, there are additional aspects that have an influence on competitive advantage that were not taken into consideration. Technology, strategy, finances, and organizational structures are all part of this. For valid findings, it is necessary to take them into account.

A number of obstacles arose from the fact that the study's intended respondents were members of the middle management level. Many participants were too swamped with work and stress to fill out the questionnaires when the researcher handed them out. The questionnaires' validity was checked before they were sent out to ensure that the research questions had been stated clearly and were answered. This was done to guarantee that only serious responses were given on the surveys.

#### 5.6 Suggestions for Further Studies

A quantitative cross-sectional study was used to compile the data for this enquiry. The research essentially served as a diary for the participants' innermost sentiments. In the cross-sectional research, the quantitative approach was used. This technique was chosen because it was the most suitable approach available to cope with the issues associated with time and financial restrictions. For this reason, in order to arrive at a result, comparative research that is based on qualitative methods such as interviews is essential.

Furthermore, this research was limited to solely, manufacturing firms in Kenya as a subject of investigation. Strategic leadership practices are not being managed as well in other types of businesses, such as hospitals, aviation corporations, large-scale farms, and industrial enterprises, among others. Future studies should analyze the impact of strategic leadership practices on competitive advantage across sectors, not only in business.

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**APPENDICES** 

**Appendix I: Introduction Letter** 

April 2022

Masters Student- MBA

University of Nairobi

**RE: REQUEST FOR RESEARCH DATA** 

At the moment, I am working toward earning a Master of Business Administration degree

with a concentration in Strategic Management from the University of Nairobi, where I am

now enrolled. As a component of the evaluation for my course work, I am expected to

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submit an investigation on "EFFECT STRATEGIC LEADERSHIP PRACTICES

AND COMPETITIVE ADVANTAGE AMONG LARGE MANUFACTURING

FIRMS IN NAIROBI COUNTY, KENYA". Your company has been chosen to provide

the data that is necessary for this investigation so that this goal may be accomplished. This

information will not include your identity, and it will only be used for academic purposes.

This report will not be shared with anybody. On your request, we will make the findings

of the research available to you.

Your help and cooperation will be very much welcomed in this endeavor.

Thank you so much in advance.

Masters Student – Researcher

University of Nairobi

Appendix II: Questionnaire

A Masters Research project will utilize the survey data to investigate the "impact strategic

leadership techniques on competitive advantage among large manufacturing enterprises in

Nairobi County, Kenya." The data obtained in this survey is only for academic use. All

collected data will be treated with the utmost care and secrecy. There are 6 sections.

**SECTION 1: Organization Characteristics** 

Please pick the most appropriate answer.

1. Which firm in the Provider industry do you work for? (Enter below)

2. How long has this particular business been in existence? (Tick one)

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Less than 4 years	[]
4-8 years	[]
Above 8 years	[]
3. What is the to	stal number of staff members at the company? (tick one)
Less than 400	[]
401 - 800	[]
Above 800	[]
4. Which shareh	olders are involved in the company? (tick one)
Private	[]
Publicly listed	[]
Government owned	[]
SECTION TWO: S'	TRATEGIC LEADERSHIP PRACTICES
How much do the fol	llowing assertions reflect your own extent in describing the st

How much do the following assertions reflect your own extent in describing the strategic leadership approaches that your company employs? Please rank this on a scale from **one** to **five**, with **one** representing absolutely not at all, **two** representing extent at little rating, **three** representing extent at moderate rating, **four** representing extent at great rating, and **five** representing extent at very great rating.

Strategic direction	1	2	3	4	5

The company's clear direction ensures that all employees are on the same page with the company's strategic goals.					
The business has a strategy that will bring the vision into the present.					
The organization develops methods to facilitate transformation via the strategic execution of plans.					
Our company's executives explain to stakeholders the rationale for strategic direction.					
The corporate strategy serves as a guide in defining the competencies that must be developed in order to attain the					
intended goals.					
Human capital development	1	2	3	4	5
	1	2	3	4	5
Human capital development  My company keeps a list of its employees' skills in a	1	2	3	4	5
Human capital development  My company keeps a list of its employees' skills in a database.  The goal of my company's investments in people is to make	1	2	3	4	5
Human capital development  My company keeps a list of its employees' skills in a database.  The goal of my company's investments in people is to make money.  Employee values at my company have been aligned with	1	2	3	4	5

My company excels in integrating through coordinating cross-functional efforts.					
Strategic Planning and Forecasting	1	2	3	4	5
The strategic planning process for a company is directly influenced by its vision.					
My company has a strategic strategy that governs its operations.					
My organization's plans outline goals as well as alternate tactics.					
My organization's leaders choose one strategy as the foundation for activity.					
Forecasts are used as resources in my company's strategic planning.					
Corporate Communication	1	2	3	4	5
Organizational strategies are communicated to employees and other stakeholders on time.					

The top management, organizational team, and other					
important stakeholders exchange information on a regular					
basis.					
My company's executives can quickly verify the validity of					
responses from their teams.					
Openness, honesty, and free flow of information are					
promoted by corporate leaders at my place of employment.					
My organization provides leaders with opportunities to					
connect with key players in their field.					
Strategic Controls	1	2	3	4	5
When making choices, there is a bold and forceful attitude.					
Research and development are receiving a lot of attention.					
Research and development are receiving a lot of attention.  Organizational strategic concerns are identified and					
Organizational strategic concerns are identified and					
Organizational strategic concerns are identified and addressed via the use of formal monitoring tools.					
Organizational strategic concerns are identified and addressed via the use of formal monitoring tools.  Strategic choices are usually documented in written					
Organizational strategic concerns are identified and addressed via the use of formal monitoring tools.  Strategic choices are usually documented in written reports.					
Organizational strategic concerns are identified and addressed via the use of formal monitoring tools.  Strategic choices are usually documented in written reports.  When making significant operational and strategic choices,					

## **SECTION 3: COMPETITIVE ADVANTAGE**

How much do you agree that these statements describe your firm's competitive edge? Please rank this on a scale from **one** to **five**, with **one** representing absolutely not at all, **two** representing extent at little rating, **three** representing extent at moderate rating, **four** representing extent at great rating, and **five** representing extent at very great rating.

Cost leadership	1	2	3	4	5
The company is able to cut down on overhead expenses.					
All of the company's overhead expenses are strictly monitored.					
Our company's consumer prices are lower than those of our competitors.					
Differentiation	1	2	3	4	5
Because of our excellent reputation, we are ahead of the competition.					
The company provides convenient scheduling (hours of operation).					
This company has excellent assistance and service for its customers.					
Focus	1	2	3	4	5
The business has narrowed its focus to a certain customer base.					

To cater to this niche market, we provide innovative products and services.			
The needs of our clientele drive the evolution of our offerings.			

# Thank You

Appendix III: List of Large Manufacturers in Nairobi

**COMPANY** SECTOR

1.	BROADWAY BAKERY LTD	Food, Beverages and Tobacco
2.	CORN PRODUCTS KENYA LTD	Food, Beverages and Tobacco
3.	TROPICAL HEATH LTD	Food, Beverages and Tobacco
4.	EAST AFRICAN SEA FOOD LTD	Food, Beverages and Tobacco
5.	GOLD CROWN BEVERAGES (K) LTD	Food, Beverages and Tobacco
6.	GLOBAL ALLIED INDUSTRIES LTD	Food, Beverages and Tobacco
7.	KENYA WINE AGENCIES LIMITED	Food, Beverages and Tobacco
8.	KAPA OIL REFINERIES LTD	Food, Beverages and Tobacco
9.	PEARL INDUSTRIES LTD	Food, Beverages and Tobacco
10.	PREMIER FLOUR MILLS LTD	Food, Beverages and Tobacco
11.	BRITISH AMERICAN TOBACCO	Food, Beverages and Tobacco
12.	BAYER EAST AFRICA LTD	Chemical and Allied
13.	BOC KENYA LIMITED	Chemical and Allied
14.	CONTINENTAL PRODUCTS LTD	Chemical and Allied
15.	CROWN BERGER KENYA LTD	Chemical and Allied
16.	CHEMICALS & SOLVENTS E. A. LTD	Chemical and Allied
17.	GALAXY PAINTS & COATING CO. LTD	Chemical and Allied
18.	ELGITREAD (KENYA) LTD	Plastics and Rubber
19.	BLOWPLAST LTD	Plastics and Rubber
20.	FIVE STAR INDUSTRIES LTD	Plastics and Rubber
21.	HI-PLAST LTD	Plastics and Rubber
22.	KECI RUBBER INDUSTRIES	Plastics and Rubber
23.	TILE AND CARPET CENTRE (TOPTANI	K) Plastics and Rubber

24.	BARAKA APPARELS (EPZ) LTD	Textile and Apparels				
25.	MIDCO TEXTILES (EA) LTD	Textile and Apparels				
26.	PROTEX KENYA (EPZ) LTD	Textile and Apparels				
27.	RUPA MILLS LTD	Textile and Apparels				
28.	STORM APPAREL MANUFACTURERS	CO. LTD Textile and Apparels				
29.	ECONOMIC HOUSING GROUP LTD	Timber, Wood Products and				
Furnit	ture					
30.	NEWLINE LTD	Timber, Wood Products and				
Furnit	ure					
31.	AFRICAN COTTON INDUSTRIES LTD	Pharmaceutical and Medical				
Equipment						
32.	NOVELTY MANUFACTURING LTD	Pharmaceutical and Medical				
Equipment						
33.	MANHAR BROTHERS (K) LTD	Pharmaceutical and Medical				
Equip	ment					
34.	REVITAL HEALTHCARE (EPZ) LTD	Pharmaceutical and Medical				
Equip	ment					
35.	OSS.CHEMIE (K)	Pharmaceutical and Medical				
Equipment						
36.	GLAXO SMITHKLINE	Pharmaceutical and Medical				
Equipment						
37.	BOOTH EXTRUSIONS LIMITED	Metal and Allied				
38.	ALLOY STEEL CASTINGS LTD	Metal and Allied				

39.	COOK N LITE LIMITED	Metal and Allied
40.	ASP COMPANY LTD	Metal and Allied
41.	ALPHARAMA LTD	Leather Products and Footwear
42.	BAG AND ENVELOPE CONVERTERS I	TD Paper and Paperboard
43.	ELLAMS PRODUCTS LTD	Paper and Paperboard
44.	BUSINESS FORMS & SYSTEMS LTD	Paper and Paperboard
45.	GENERAL PRINTERS LIMITED	Paper and Paperboard
46.	ICONS PRINTERS LTD	Paper and Paperboard