COMPETITIVE STRATEGIES ADOPTED BY LARGE MANUFACTURING FIRMS IN THE ROOFING INDUSTRY IN KENYA

MICHAEL WANJIHIA NJOROGE

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

SEP 2014

DECLARATION

This Research Project is my original work and has not been presented for the award of a degree in any University.

Michael Wanjihia Njoroge

Signed ________________________ Date ________________________

REG: D61/60018/2013

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

Dr Zachary B. Awino, PhD

Senior Lecturer, Department of Business Administration

School of Business

University of Nairobi

Signed ________________________ Date ________________________

DEDICATION

I wish to dedicate this research project to my wife Catherine and my children Eddy and Victoria. Their continued love, understanding and support really helped me to make this project a success. I would also wish to dedicate the same to my parents for their continued support during my academic life.

ACKNOWLEDGEMENTS

First and foremost is to give thanks to the Almighty God for His favour and grace upon me during my entire studies. He has been my Jehovah El - Sheddai in reaching this great milestone.

I hereby also wish to acknowledge the inspirations and guidelines of Dr Z. B. Awino, PhD. His positive criticism and insightful guidance made this project a success. To all the other lecturers and tutors at the University of Nairobi (UoN), School of Business. I am very grateful for your academic support.

My acknowledgements also extend to several different scholars. These scholars whose writings have enriched the literature review. Their rich input on the topics of competition and strategic management greatly enriched this study. These scholars are listed in the reference section of this study.

Last but not least, to all my family and friends for the emotional support through-out the study. My special thanks extend to Meshack for his great support during the study.

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
KAM	Kenya Association of Manufacturers
MRM	Mabati Rolling Mills Ltd
PESTEL	Political, Economic, Social, Technological, Enviromental, Legal Analysis
SAP	System Application Product
SWOT	Strengths Weaknesses Opportunities and Threats
VRIO	Valuable, Rare, Costly to Imitate and Organized Resources

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

Organizations whether public or private adopt strategies. These strategies are used to ensure growth of the organizations. In some cases, the survival of some organizations is dependent on strategies. The study was carried out to determine the competitive strategies adopted by large manufacturing firms in the Kenyan roofing industry. This study used the cross sectional survey to understand how the different large manufacturing firms utilized different competitive strategies in order to ensure they attain the higher market share than their rivals. The study used both primary and secondary data. The primary data was collected by use of a semi structured questionnaire. The questionnaire was administered to different strategic managers in the large manufacturing firms in the Kenyan roofing industries. These strategic managers were corporate strategic managers, business development managers, sales managers and the marketing managers. The study findings established that these large manufacturing firms use competitive strategies. To tackle the competition within the Kenyan roofing industry these large manufacturing firms use different strategies. It was also observed that they all had different mix of these competitive strategies. These findings concurred to what other scholars have found out in their past studies. The use of this different mix of the competitive strategies was evident by the success of one large manufacturing firm to the other. Those with larger market shares used very unique strategies to ensure they out did their rivals. The study recommends that these large manufacturing firms should continue using the different competitive strategies to ensure their success and at times their survival. The study also clearly outlined why some firms are more successful than others. This shows that different strategy mix could lead to greater success than others. The researcher therefore recommends that strategies need to be well crafted and the implementations done very well. The study can be used by other small manufacturing firms to ensure they grow to become the large manufacturers of tomorrow. As revealed in the study the existing firms felt threatened by any new entrant into the industry. This therefore means that they have in store strategies that will deter any new entrant from having an easy entry into the industry.

CHAPTER ONE

INTRODUCTION

1.1Background of the Study

Competitive strategies are vital to the success. This is because of the changes in the environment that firms exist in. The changes have made the environment to become both dynamic and complex. This complexity has resulted in organizations looking for ways to sustain their competitive advantage over their rivals. Barney (2007) defined competitive advantage as a position when a firm is able to create more economic value than the rival firms. The economic value is the difference the full economic cost of the product and service and the perceived benefit that is gained by the customer. Therefore firms are required to create more economic value than their rivals in order to have more competitive advantage.

Competitive strategies are anchored on the dynamic capability theory. This is because the market conditions are always changing at a fast rate. These changes constantly require organizations to adopt new and different competencies in form of competitive strategies. The organizations need to develop, refresh and renew their important capabilities in order to be competitive (Augier and Teece, 2008). When organizations do this, they are able to align their systems and designs. Consequently by so doing the firms are able to monitor their environment for emerging opportunities and threats.

According to (Zahra et al, 2006) it is the abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by its principal decision maker. Dynamic capabilities are not about the firm's resources or knowledge but more about the assets that the firm has. These assets include technological knowledge, intellectual property, business process knowledge, customer business relationship, reputations and the overall organizational culture and values (Stewart, Chris, Kornberger and Schweitzer, 2011).

The resource based theory also helps in understanding the concept of competitive strategies. According to Wernefelt (1984), resource based theory emphasizes that for a firm to achieve competitiveness it needs to have resources. The firm relies on resources that are both tangible and intangible. The tangible resources include physical things like, land, buildings, capita, machinery and equipment. The intangible resources include, trademarks, intellectual property and brand reputation. These resources must also be heterogeneous and immobile.

Heterogeneous resources mean that they should be different from the competition. The resource based theory therefore assumes that the firms use different types of resources in order to achieve competitive advantage. Immobile means that the resources should not move from one company to the other. Therefore the companies cannot be able to replicate the resources of the rival firms to implement similar competitive strategies.

In the 21st Century, the changes in the environment have been very dynamic. The Kenyan Roofing industry has also witnessed these changes. This has necessitated them to formulate and adopt competitive strategies that ensure their success and at times their survival. The industry which is part of the larger housing industry has experienced a lot of demand due to the increased demand for housing units. The customers want more sophisticated products and more value for their money. The industry is therefore forced to meet these customers' needs in their manufacturing practices.

1.1.1 Concept of Strategy

Strategy as defined by Johnson, Scholes & Whittington (2008) it is the direction and scope of an organization over the long term. It helps organizations to achieve advantage in a changing environment by configuring the resources and competences with the aim of fulfilling stakeholder expectations. A good strategy guides in making good decisions. These decisions include determining the long term direction and determining the market scope of an organization. It also helps in gaining competitive advantage by addressing the changes in the business environment.

Strategy is what guides the organizations on their scope. The scope is the area to which the company can focus on. Strategy guides which area to focus on. Through strategy the organization can decide to focus on one area or many areas. This also depends on the resources of the organization. The use of strategy helps in making the focus more effective. The resources are also put into the most effective use.

Strategy also helps in fulfilling the shareholders values and expectation (Johnson, Scholes and Whittington, 2008). The stake holders are both the internal and external stakeholders. They each have a say in the formulation and implementation of the strategy. The stakeholders each have different powers. Through their power and politics they can be able to formulate strategies that benefit them most. The stake holders include the employees, directors, government, owners and customers.

Competitive strategies deal with the specifics about the management game plan for competing successfully and securing a competitive advantage over the rivals. Competitive strategies are about pleasing the customers by doing significantly better than the rivals. It is also about providing the buyers with what they want. This enables the firms to secure an upper hand in the market place that they are competing in. Competitive strategy is all about an organization been different from the rest.

The above decisions help in building on resources and competences therefore giving value to the organization and achieving the overall goal of achieving the expectations of the stakeholders. Strategic capability is defined as the resources and the competences of an organization needed for it to survive and prosper. Organization's competitive advantage depends on it having distinctive or unique capabilities that competitors will find difficult to imitate.

According to Teece et al (1997) dynamic capability is the ability to integrate, build and reconfigure internal and external competences to address rapidly changing environment. It is the ability to renew and recreate its strategic capabilities to meet the needs of a changing environment. A firm that has strategic response has the ability to position itself in the environment it exists in. By so doing the organization is able to have continuous success. When the organizations have the continuous success they stand a better chance of gaining larger market share (Ansoff and McDonnels, 1990).

Strategy therefore gives coherence and a sense of direction of the growth of a complex organization. According to Hiriyappa (2008), strategy is a long term plan of action that is designed in order to achieve a set particular goal. By use of strategy an organization is therefore able to achieve an advantage over the others. The strategy therefore brings harmony to the process of achieving the set goals. Organizations are able to keep focus on the set goal and work to achieve. The actions on how to achieve the overall goal of the organization are laid out in the long term plan. This creates effectiveness.

However strategies are not so easy. They are complex in nature. This is especially very true for those organizations that operate in very many geographical areas. These organizations include multinational organizations. Organizations that also provide large numbers of products and services also have complex strategies. These strategies become complex because of the complexity of their operations. They operate in dynamic areas.

Strategies are also formulated in times of uncertainty. During this time organizations need strategies in order to survive. Strategies are therefore required because no one knows about tomorrow. Everyday situations change in a rapid manner and for organizations to survive they require to have sound strategies. Strategies therefore become a necessity tool for survival for all organizations. For those organizations without strategy they may find themselves closing down when faced with problems in the future.

1.1.2 Competitive Strategies

Competitive advantage can be described as a strategic advantage a company has over its rival entities within its competitive industry. To achieve competitive advantage it helps the company to strengthen and position itself much better within the competing business environment. According to Learned, Christensen, Andrews, and Guth (1969) they defined strategy as how a firm attempts to compete in its environment. It involves key choices about goals, products, markets, marketing and manufacturing. This formed the foundation of the business policy.

The goals of the firm are also broadly conceived to encompass both economic and non-economic considerations such as social obligations, treatment of employees and organization. Porter (1985) outlined on ways through which companies achieve competitive advantage. These are through differentiation, focus and cost leadership. Cost leadership involves supplying the products to the customer at a lower price than the competition.

This involves well management of the costs incurred to deliver the desired product. Differentiation on the other hand involves having a unique and high quality product than the competition. This entails new product development and continuous improvement and innovation. Focus on the other hand entails having a set target market. The company is able to focus their resources on this target market.

1.1.3 Roofing Industry in Kenya

An industry is a group of firms producing the same principal product or service (Johnson et al, 2008). The roofing industry in Kenya has been very vibrant over the recent years. This is because there has been rise in the construction industry. This increase has also been accompanied by changes in tastes and needs by the customers. The 21st century is the century of economic globalization.

Many organizations have adapted different strategies in order to survive and also to ensure continuous growth. There has been need for a structure – strategy fit. The environment has posed many challenges and the organizations are contingent to the environment it exists in. The challenges cut across all the industries across the globe though they may differ from one industry to the other.

The Kenyan industry has faced these enormous environmental changes and therefore requiring adopting good competitive strategies. The changes in economic trends have made the industry become more vibrant. The customer preference has also changed over the years. The customers have demanded for more quality products and at times very sophisticated in nature. The industry has also experienced a lot of climatic change therefor requiring the manufacturers to improve on quality of the products.

The industry supplies numerous products from corrugated sheets, clay tiles, concrete tiles and stone coated tiles. These products range in different prices. Among the different categories, they also differ in quality and designs. The costs of installation of the different products also vary. The cost of installing the cheaper product is much lower than when the customers use the more costly products.

The industry been part of the larger roofing industry has been viewed as very lucrative industry to be in. This is because there has been great increase in the demand for housing. The real estate business has really experienced growth. This has caused a lot of organizations desiring to enter into the market. This is because these organizations believe they can reap profits.

The industry according to the KAM statistic has stood for over sixty (60) years. The industry has experienced several challenges and therefore necessitating the key large manufacturers to come up and join to the bigger umbrella body of the KAM. Through the umbrella body they are able to get better incentives from the government. This is done through the government – private sector forums. Through this initiative the government is able to dialogue with these large manufacturers. This dialogue becomes beneficial to both the government and the private sector.

1.1.4 Large Manufacturing Firms in the Roofing Industry in Kenya

The Kenyan roofing industry is composed of many manufacturing companies. These manufacturers differ in the capacity of their production. Some of the manufacturers are large while others are small in their capacities. The manufacturers are spread across Kenya but mostly having their central offices in Nairobi. Large manufacturers are those organizations that have more than 50 employees working in the organization. They also have to be manufacturing locally to qualify them to be Kenyan.

There are eight large roofing manufacturers in Kenya according to the Kenya Association of Manufacturers. These large manufacturers are Mabati Rolling Mills (MRM), Safal Mitek Ltd, Steel Structures Ltd, Maisha Mabati Ltd, Frametech Structures Limited, Kenya Clay Products Ltd, Kaluworks Limited and Corrugated Sheets Limited. The companies compete against each other for the bigger share of the market. The operations of these manufacturers are located across Kenya. All of them however have their central offices located in Nairobi.

The demand for roofing materials is on the rise following the recent rise in housing demand in Kenya. They have their presence in Kenya and some have expanded to the greater East and Central African Region. These large manufacturers are competing against each other for the market share. They need to embrace competitive strategies that will outwit their rivals. They also need to have products that will attract more customers to themselves than their rivals.

These large manufacturers belong to the Kenya Association of Manufacturers. This is an association of the entire manufacturers in Kenya. Through this association the manufacturers are able to get better relationship with the government. The association organizes forums where the government and the manufacturers dialogue over pertinent issues. Among the issues are taxations, trade tariffs and other incentives. The manufacturers gain more from bargaining as a group rather than individually.

These large manufacturers have invested in huge factories spread across Kenya. Some of the key manufacturers that have larger market shares have opened up customer service centres across major towns in Kenya. This has enabled them to make their products more available to their intended customers. The customer service centres have also allowed the large manufacturers to attend to any queries that may arise from their customers. This has helped them to create an edge over their rivals.

1.2 Research Problem

Competitive strategies are used by firms to differentiate their products from similar offerings. Therefore firms need to use well-crafted strategies to be able to have a competitive edge over their rivals. The implementation of the strategies also plays a very vital role in the success of these firms. The fact that the companies have different market shares shows that they have different tactics or strategies to ensure their success and sometimes survival.

The Kenyan roofing industry plays a key role in the Kenyan economy. Through the industry the key stakeholders in the housing industry are able to meet the demand for the housing industry. The customers have been having different tastes and needs. These needs have been changing as witnessed in the global market. There is therefore the need for the industries to formulate and implement competitive strategies. This is so that they can remain competitive in the market. They all want to have the larger share of the market to themselves.

Several other studies have been done in the field of competitive advantage and how to sustain the competitive advantage over rivals. Thompson and Strickland (2008) did studies on competitive strategies and argued that they are composed of specific approaches. These approaches can either be defensive or offensive. They help the organization to become successful. Therefore when organizations gain a position that has an edge over their rivals, they attain competitive advantage. The organizations by so doing they are able to improve their overall performance.

Porter (1980) came up with the competitive strategies on analyzing industries. These strategies enable the firm to deliver unique mixtures of value against their rivals. The environment in the industry puts constraints on the goals set by the organization. There are competitive strategies that help the organization to attain competitive strategies. These strategies include broad differential, best cost provider, focused (market niche) strategies and low cost provider strategies according to the Porter’s generic model.

Stewart et al (2011) also did previous studies on practicing competitive strategies. Through their studies they were able to show how the internal and external environments affect the strategy of the companies. Their study was able to explain how both power and politics play a key role in the formulation and implementation of the strategies. Organizations need to understand that power and politics play a key role to strategy formulation. This is because industries are located in a social world where forces of power and politics play key roles.

Teece (2008) analyzed how dynamic capabilities can enable organizations to be competitive. The market conditions are rapidly changing and therefore organizations need to adopt unique strategies. The organizations therefore are required to also adopt unique competencies in order to have sustained competitive advantage. The organizations also need to integrate, build and configure their internal and external capabilities.

Some of the local research in Kenya done include Nyaboke (2012) on the strategies applied by multinational pharmaceutical corporations in Kenya, Muinde (2010) on the strategies employed by National Housing Corporation to achieve competitive advantage and Anyango (2012) on strategies adopted by Fairmont Hotels and Resorts to gain competitive advantage in Kenya. Fiona (2013) did a study on the competitive strategies adopted by mobile technology companies in Kenya. This shows that sustaining competitive advantage is very important for firms competing in the same industry.

Given the preceding justifications, the aim of this study is to gain further knowledge of which strategies are been used by large roofing manufacturers in the roofing industry in Kenya. The study seeks to explore answers to the following research questions: Which competitive strategies are adopted by the large manufacturers in the Kenyan roofing industry? Do these large manufacturers have competitive strategies to increase their market share? Which competitive strategies are used by these large manufacturing firms in the Kenyan roofing industry to sustain their competitive advantage?

1.3 Research Objectives

The objectives of this study were as follows

1.3.1 General Objective

The general objective was to determine if there are any competitive strategies used by the large manufacturers in the Kenyan Roofing industry.

1.3.2 Specific Objectives

The researcher will have two specific objectives:

i) The specific objective was to determine how the large manufacturing firms use the competitive strategies to increase their market share.

ii) The other specific objective was to determine how the large roof manufacturing firms sustain their competitive advantage.

1.4 Value of the Study

The roofing industry has played a key role in the Kenyan economy. With the increased demand for housing, the roofing industry plays an integral role to realize the fulfillment of this demand. Most of the Kenyan population was the most economical product that will agree with their set budgets. The large manufactures have therefore been required to compete for the available market of roofing materials.

This research will help in evaluating the strategies been used in the roofing industry by the large manufactures to sustain their competitive advantage in the Kenyan industry. This will help the roofing manufacturers to realize that strategies are very important as they compete against each other to meet the requirements of the Kenyan Market.

Competitive strategies as described earlier will be different from firm to firm since they all have different capabilities. The researcher will be able to understand much better how each of the firm uses their capabilities to achieve competitiveness over their rival firms. Each organization is unique from each other and for the organizations to have competitive advantage they need to have a unique mix of strategies. They also need to have unique capabilities. The study will reveal what kind of competitive strategies are being used by the large manufacturing firms.

It will also help the senior managers and other key stakeholders in the realizing the importance of using competitive strategies to increase their market share.To get increased market share companies need to have well-crafted strategies. They need to allocate resources to ensure that they implement the crafted strategies. The senior managers will be able to understand the value of using competitive strategies in their operations.

The research will also help other researchers who may want to carry out research in the area by shedding light on adopting well-crafted strategies to sustain competitive advantage. This will also help in identifying the relevant gaps that may need to be improved as well as contributing to the general body of knowledge on the use of strategies to sustain competitive advantage.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes literature from other researchers who have carried out research in the field of competitive strategies. This chapter covers the areas of concept of strategy, organizations and its environment and competitive advantage strategies.

2.2 Theoretical Foundations

Competitive strategies are embedded by the dynamic capability theory and the resource based theory. These two theories help to explain why some organizations perform better than others. The theories explain why certain organizations are more competitive than other organizations. The two theories expounds on the how resources are accumulated, on the replication and inimitability of the organizations capabilities. The resource based view theory explains how the firm has to identify the potential key resources and use them to achieve sustained competitiveness.

Dynamic capabilities on the other hand are not about the firm's resources or knowledge but more about the assets that the firm has. These assets include technological knowledge, intellectual property, business process knowledge, customer business relationship, reputations and the overall organizational culture and values (Stewart, Chris, Kornberger and Schweitzer, 2011). These assets

Dynamic capabilities reflect on the organizations ability to achieve new and innovative forms of competitiveness. Organizations have to have the right processes, paths and market positions in order to attain distinctive competence. Dynamic capabilities are all about having the ability to integrate, build and also to reconfigure both the internal and external competences in order to adopt to the rapidly changing environment (Teece et al, 1997). Therefore dynamic capabilities explain how strategic managers should be able to deal with the ever changing environment and how to sustain their competitive advantage.

The firms need to have the capability to assess the threats in the environment. The firm also must exploit the opportunities that exist in the environment. Firms also need to identify any gaps by constantly reconfiguring their business assets. This will in turn ensure that they are able to protect their competitive advantage and sustain their competitive advantage. A winning strategy is one that fits the circumstances of an organization's existing situation with its internal strengths and competitive capabilities.

The organization therefore builds competitive advantage and consequently its overall performance improves (Thompson, Strickland and Gamble, 2012). Strategic fit is developing strategies by identifying opportunities in the business environment and adapting resources and competences so as to take advantage of these opportunities. Central tenet of this approach is the need to align (fit) the organization to its environment. This is a key aspect of which is the industry in which it operates.

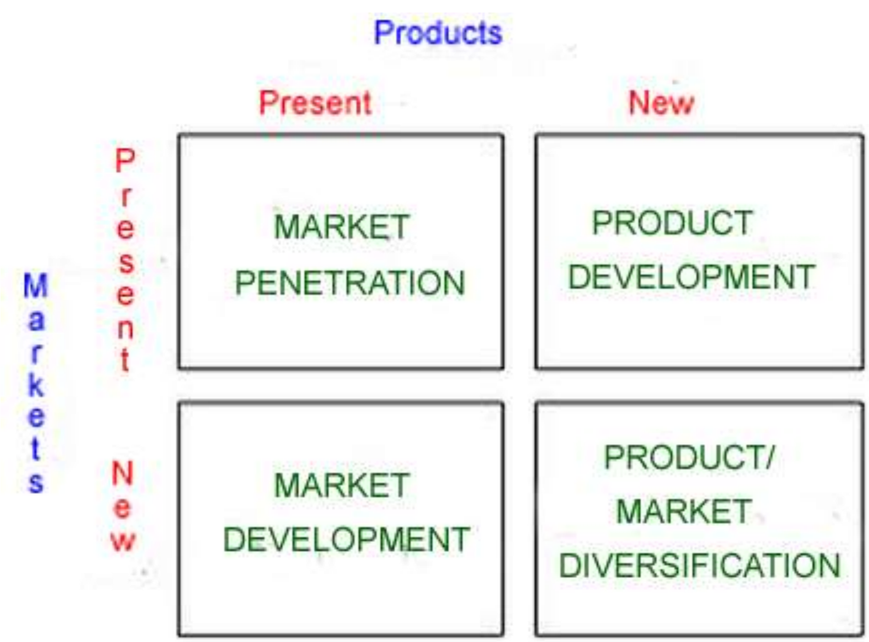
Industry structure strongly influences the competitive rules of the game as well as the range of strategies open to the organization. This model has greatly influenced the thinking in strategy practice within organizations. Strategic stretch is the leverage of the resources and competences of an organization to provide competitive advantage and yield new opportunities.

The resource based view theory helps explain the strategic stretch model. According to Wernefelt (1984) to advance the idea that strategy of a firm is a function of the complement of the resources held. This theory emphasizes that the firm relies on resources that are both tangible and intangible. The tangible resources include physical things like, land, buildings, capita, machinery and equipment. The intangible resources include, trademarks, intellectual property and brand reputation.

These resources must also be heterogeneous and immobile. Heterogeneous resources mean that they should be different from the competition. The resource based theory therefore assumes that the firms use different types of resources in order to achieve competitive advantage. Immobile means that the resources should not move from one company to the other. Therefore the companies cannot be able to replicate the resources of the rival firms to implement similar competitive strategies.

According to Barney (2007) the firm needs to adopt a more complex framework which examines resources in a different way. The resources need to be valuable, rare, costly to imitate and non-substitutable. These resources enable the firm to be competitive. The organizations require this complex framework since their environments are also complex. There are a lot of uncertainties in the environments they exist in.

They also ensure that the firm achieves sustainable competitive advantage. Ansoff and McDonnell (1990) define strategy as set of decision making rules that give guidance to the organizational behavior. The figure 2:1 below shows the summary of the Ansoff's matrix.

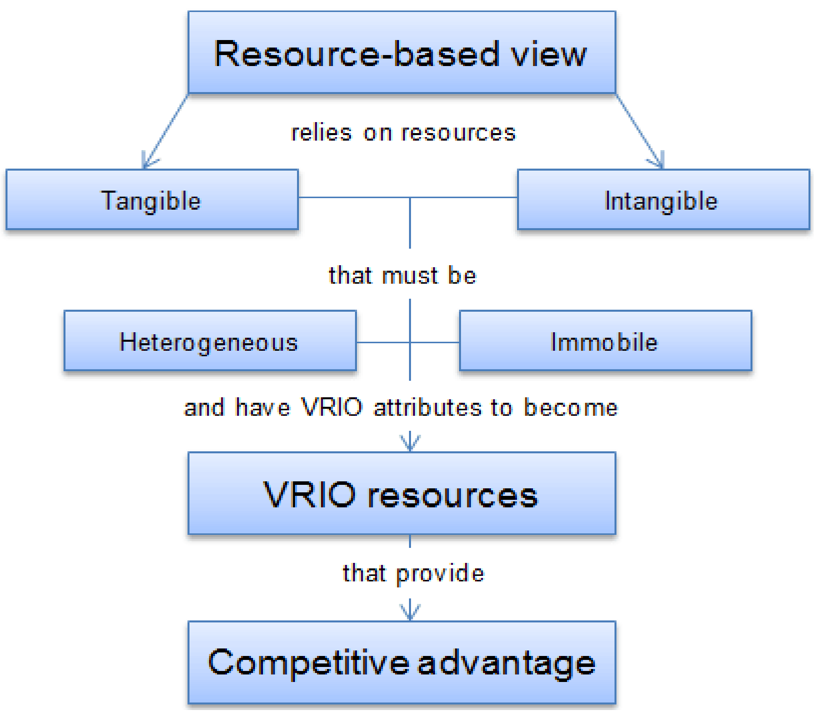


Source: http://www.ansoffmatrix.com/

Figure 2:1: Ansoff's Product and Market Growth Matrix

Strategy therefore gives coherence and a sense of direction of the growth of a complex organization. According to Hiriyappa (2008), strategy is a long term plan of action that is designed in order to achieve a set particular goal. By use of strategy an organization is therefore able to achieve an advantage over the others.

The essence of the Resource Based Model is that competitive advantage is created when resources that are owned exclusively by the firm are applied to developing unique competencies. The resulting advantage can be sustained due to lack of substitution and imitation by the firm's competitors. The figure 2.2 below gives a summary of the resource based view.



Source: www.strategicmanagementinsight.com

Figure 2.2: Resource Based View Model

The resources and capabilities of the firm are the key factors to be considered when formulating the firm’s strategy. They form the vital determinant upon which the firm can establish its identity and formulate its strategy. To clearly use the resource based approach, firms need to understand the relationship between resources, capabilities, the firm’s competitive advantage and its overall profitability. It is therefore important for the firm to identify its resources. The firm also needs to evaluate their strengths and weaknesses as compared to their competition.

The firm should also identify the opportunities in the industry which can lead to better utilization of the available resources. The firm then needs to identify their capabilities. These capabilities are basically what the firm can do better than their competitors. The firm then needs to importantly identify the resource inputs that are required for the various capabilities. The firm also needs to evaluate the complexity of each of their capabilities.

Once these capabilities are identified, there is need to evaluate and assess their profitability to the firm. This in turn helps in understanding better the potential for sustainable competitive advantage of the firm. The use of a well-crafted strategy helps in exploiting the firm’s resources and capabilities with the available opportunities in the external environment. The organizations should therefore keep doing their market analysis. This will ensure that they monitor the activities of the competition.

2.3 Large Organizations and Operating Business Environment

Every organization needs to constantly do an analysis of the environment that it exists in. The environment rapidly changes due to several factors among them political, social, economic, cultural and technological changes. There are changes globally like political or social crises, increased competition, changes in customer needs and new advanced technology requirements. The main objective of analyzing the environment, in which an organization exists, is to identify the anticipated changes and trends (Hoskisson, Ireland and Hitt, 1997).

There are political, social cultural, economic and technological changes that affect the operations of the manufacturers. It is therefore important to understand clearly the industrial environment and the competitors. Understanding the PESTEL changes goes a long way to ensuring that the organization survives in the environment it exists in.

This enables the firms to identify the opportunities and threats that exist in the environment it exists in.

According to Barney (2007) by conducting a thorough external analysis an organization is able to identify the threats and opportunities that exist in the competitive environment. On the other hand the firm should also conduct and internal analysis to understand its strengths and opportunities. The firm is also able to understand its resources and capabilities. When the companies understand their resources and capabilities they are able to align them well. This also helps them to formulate and implement their competitive strategies effectively.

The organization also needs to undertake a SWOT analysis. This analysis involves identifying the internal environment and the external environment. The internal environment is analyzed by understanding the strengths and weaknesses of the organization. The external environment analysis involves understanding the opportunities in the external environment and the threat posed by the same. Several external factors influence the choices of an organization in regard to its direction and action.

The organization structure and internal processes depend upon these choices (Pearce and Robinson, 2010). The forces in the environment as dynamic in nature they are also interactive, therefore their impact of one single element cannot be wholly separated from the effects of the other elements. It is therefore the duty of the strategic managers in the organization to anticipate these changes. This will enable the key decision makers in the organization to narrow down their choices of decisions.

Competitive position, customer profiles and marketing changes are some of the key issues in the operating environment of the organization. The supplier relationships, creditors and labour market also play a key role in the operating environment (Pearce and Robinson, 2010). The strategies that are adopted to cater for these challenges are very important in order to ensure the success and at times the survival of the organizations.

It is therefore vital to know what the customers regard as value through a market research. The demographic and population changes also play a key role in evaluating the customer profiles. The change in the lifestyle of their customers is very important when organizations need to achieve competitive advantage. The various competitive strategies greatly depend on what trends are in the market. The organizations need to align their competitive strategies in a way that they meet the customers' expectations.

The organization also is required to understand the behavior of their rivals in order to anticipate their priorities and ability to change. According to (Hoskisson et al , 1997) the external environment plays a very key role in the growth and profitability of an organization. The organizations therefore constantly attempt to understand their external environment in order to gain information about their customers, competitors, suppliers and all the other stakeholders.

Organizations conduct an environmental scanning by studying the different segments of the environment. An analysis is done and based on the new information that organizations gathered, knowledge and capabilities, the firm may take necessary actions. The external analysis involves scanning, monitoring, forecasting and assessing the external environment. This analysis of the external environment helps the organizations to identify the best way to use their resources.

According to (Pfeffer and Salancik, 1978) there are various strategies that can be used by organization to balance their dependencies on the environment. One of the strategies is to adapt or try to alter the constraints in the external environment. Another strategy is to try and alter the interdependency through the use of mergers, diversification and or through growth. Organizations can also use joint venture or even by interlocking directorships.

The last strategy could by trying to change the legitimacy of the environment by use of political options. Through political action the organizations are able to get good and favourable conditions such as taxation, trade tarrifs and government subsidies. When the organizations work well with the government they are able attract lower taxes on their operations. The political stability of a country can greately affects the competitive advantage of organizations. Countries that have low instability increase the risks of doing business. This makes the country unfavorable to do business. The costs could also be higher in such situations.

2.4 Sustainable Competitive Advantage

According to (Thompson and Strickland, 1989) competitive strategies are composed of specific approaches that an organization takes in order to compete successfully in a given industry. These approaches can either be offensive or defensive and can shift from one to the other as deemed necessary. Competitive advantage is therefore gained when an organization moves into a position that has an edge over their rivals. An organizations competitive advantage is usually at the heart of its performance in competitive markets.

Competitive strategies deal with the specifics about the management game plan for competing successfully and securing a competitive advantage over the rivals. Competitive strategies are about pleasing the customers by doing significantly better than the rivals. It is also about providing the buyers with what they want. This enables the firms to secure an upper hand in the market place that they are competing in. Competitive strategy is all about an organization been different from the rest.

It involves deliberately choosing to do activities differently than the rivals. This enables the organizations to deliver unique mixtures of value against their rivals (Porter, 1980). The environment guides on which strategic decisions that executives should make as they attempt to lead their organizations to success. In most cases, the environment puts constraints on the organization’s set goals.

An organization needs to take into account the surrounding environmental conditions when coming up with investment decisions. These decisions include whether or not to start doing business in a new region or country, whether or not to acquire another firm, and whether or not to launch an innovative product into the market. The competitive forces model describes the five industrial forces that determine the profitability of a firm.

These forces include entry barriers, threat of substitution, bargaining power of the buyers, bargaining power of the suppliers and the rivalry among the firms in the industry (Porter, 1980). Competitive strategies therefore help the firms to position themselves in the industry against their competitors and suppliers. The strategy to be adopted therefore is determined by the structure of the industry.

According to Pearce and Robinson (2011) whenever new entrants come into an industry, they want to attain a larger market share. They also want to bring their new capacity and mostly have substantial amounts of resources. The extent of the threat of entry depends mainly on the barriers that exist. The reaction of the organizations that have been operating in the industry also plays a key role in the threat. The new entrant can either find high barriers or low barriers. Some of the barriers that exist in an industry can be product differentiation, capital, government policy and economies of scale.

The threat of suppliers can take shape in form of increasing the prices of their supplies. These supplies include raw materials and manpower (Barney, 2007). The suppliers can also threaten an industry by reducing the quality of their supplies. However the existence of a substitute product can help an industry to counter the threat of these suppliers. There is also a chance that the suppliers can overturn the tables and becoming rivals with the firms they were supplying. This is commonly referred to as forward vertical integration.

Bargaining power of the customers is also an important force that shapes the strategy in an industry. If the firms experience rise in their operating costs, it is not automatically that these costs will be absorbed by their customers. This forces the firms not to increase their prices and by so doing reduce their profits (Porter, 1985). The buyers can also turn into suppliers if they feel they can make more profits as the suppliers are earning. This is referred to as backward vertical integration. By so doing the customers now become rivals with the existing firms in the industry. For firms to gain competitive advantage they need to have an edge over their rivals.

Another force in the industry that helps shape up the strategy in an industry is the threat from substitute products. According to Thompson, Gamble and Strickland (2012) when customers view products from two industries as substitute, there will be competitive pressure on the firms in one industry. The cost of shifting from one substitute to the other determines the level of the competitive pressure. The quality and the performance of these substitute products also determine the competitiveness.

High number of competing firms and price wars are some of the main reasons why there will be rivalry in an industry. Strong advertising campaigns also can lead to rivalry between competing firms (Barney, 2007). The industry can experience price cuts from one firm and the other firm offering similar or higher discounts. This leads to the competing firms to become rivals and formulate competitive reactions and action. The production output of the firms in the industry can also lead to rivalry.

A good example is when one firm increases its output and causing flooding of goods in the market. This in turn leads to reduction of prices leading to rivalry. The flooding of the products in the market causes price to be reduced downwards. This makes the other competing firms to look for ways to match this reduction. They work ways to ensure that their products also move in the market. This causes rivalry between the opposing firms. The customers however benefit from such actions by the competing firms. The only negative issue could be when the quality of the products is compromised.

For firms to gain competitive advantage they need to have an edge over their rivals. In today's aggressive business economy, firms need to adopt good strategies that embrace strategic planning and a lot of market research. Firms need to identify their target market or a group of customers that the firm will target to supply their goods and services. This can be done by understanding their socioeconomics, demographics and also their consumption behaviour.

This will help the firms to direct all their resources to a group of consumers that really need their products and services. There is also need to evaluate which other firm targets the same market and what differentiated products are they offering. An industry is a competitive environment since it comprises of multiple organizations that collectively compete with each other by providing similar goods, services, or both.

For every action that an organization takes for instance to increase its prices, creates some level of changes in the environment around it. Most organizations are limited to influencing their industry with their products. A few unique organizations have the power and influence that can shape some elements of the general environment. While most organizations simply react to major technological trends, these unique organizations help create these changing trends. There are some aspects that needs to be taken as a given by all organizations among them demographics.

Firms also need to learn from their competitors by understanding their strengths and weaknesses. The information about competition can help to get insight about the customers. This will in turn help in maximizing the use of revenues and also help in customer retention. Once competitive advantage is achieved, the firms need to ensure that they maintain this competitive advantage since their rivals will not be sitting back and let the firms enjoy their market share. This can be achieved by predicting the future trends in the industry the firm is operating in.

Porter (1985) outlined on ways through which companies achieve competitive advantage. These are through differentiation, focus and cost leadership. Cost leadership involves supplying the products to the customer at a lower price than the competition. This involves well management of the costs incurred to deliver the desired product. An organization can gain the cost advantage through economies of scale, proprietary technology and by sourcing for cheap raw materials. Those organizations that achieve cost leadership can benefit by gaining market share.

Differentiation on the other hand involves having a unique and high quality product than the competition. This entails new product development and continuous improvement and innovation. They can also achieve the same by having a unique and different delivery system. These products offered by the organization should have unique features that customers value a lot. The organizations can also attain this differentiation strategy by using marketing approaches that are unique (Porter, 1980).

These organizations achieve a greater market share than their competitors.

Focus on the other hand entails having a set target market. The company is able to focus their resources on this target market. Porter (1980) by choosing this narrow segment within the industry, organizations are able to offer tailor made strategies. For organizations to achieve this they need to achieve cost leadership and differentiation in their niche markets. They can only be successful if these achievements are not easily available to the more broadly focused competitors.

The figure 2.2 shows the summary of the Porter's Strategies Generic Model. It is important for organizations to recognize and act on market intelligence reports. Organizations also need to foresee the changes in their industry. This way the organizations are able to be competitive in their industry. Proper analysis of the market intelligence allows organizations to plan way ahead of time.

Source: http://strategy-models.blogspot.com/2011/06/introduction-to-porters-generic.html

Figure 2.3: Porter's Generic Strategies Model

This model also has its risks. One of the risks is when the other competitors decide to lower their cost. By so doing they also become cost effective. This way they also become competitive and the advantage the other firm had becomes reduced. By having the lowest cost the organizations are able to offer their products at cheaper prices. Therefore when the rival organizations reduce their costs, they also gain competences to match their rivals.

Another risk is improved technology. The current trends in technology are that each day new innovations come up. The organizations that had lower technology can use new technology and increase their capacity. By so doing the organizations competitive advantage becomes reduced. The advantages however of using the model out ways the above disadvantage of using this model.

There are also some other limitations of using the model. They include imitations from the competition. If the competitors come up with similar products they pose a risk to the existing firms. The imitation of their products reduces their competitive advantage. There is also a chance of changes in the customer preference. This is especially when the organizations use focus strategy. There is also a great risk when organizations use the focus strategy. This is because there could be limited opportunities for growth.

Outsourcing strategy can also be one of the strategies used in the organizations. This is whereby the organizations engage the services of another company (provider) to manage essential tasks that would otherwise be managed by their own employees. When firms use this strategy they allow their business to use its assets to best advantage. This strategy also allows the company to move closer to the achievement of its goals. An outsourcing strategy can be used by any organization whether it is small or large.

The strategy helps the firms to reduce their cost of operations and ensure that the available resources are allocated to the other necessary functions which are still managed within the organization. By so doing, organizations are able to access tools and skills that they did not have. However it is important for organizations to do a cost-benefit analysis before undertaking this strategy.

This will ensure that the organizations make a well informed decision before they adopt this strategy into their operations. This is because the organizations need to ensure that they achieve sustainable competitive advantage. Through outsourcing organizations can be structured to become a modular organization. This is whereby they provide products or services that originate from numerous other different organizations brought together.

According to Thompson, Strickland and Gamble (2012) an organization needs to make strategic choices for each of their functional areas in their operations. The functional areas include the research and development, production, sales and marketing, finance and the human resource. By so doing the organizations are able to support their strategic choices. There are also several ways that organizations can supplement their strategies to ensure great success. Some of these supplements include forming strategic alliances, mergers, acquisition, integration and joint ventures.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1: Introduction

This chapter outlines the research methodology that the researcher adopted to collect and analyze the data on competitive strategies adopted by large manufacturing firms in the Kenyan roofing industry. It comprises of the research design, target population, the sample, data collection and data analysis techniques used during the study.

3.2 Research Design

The study was a cross sectional survey aiming at establishing the competitive strategies adopted by the large manufacturing firms in Kenya. Nachmias (1996) Cross sectional survey allows the researcher to carry out studies in natural and real life settings. This is used to examine relationships between properties and dispositions. They help to approximate the group design by using statistical data analysis technique.

The researcher carried out a descriptive study so as to get enough information on the competitive strategies. Cooper and Schindler (2003) a descriptive study is used to learn the what, where, who and how of a phenomenon, therefore it is most suited. The use of descriptive study enabled the researcher to study the population and do analysis in standard deviations, mean and percentages.

3.3 Population of the Study

Cooper and Schindler (2003) the population of the study is the total number of items which information is desired to make inferences. The Kenyan roofing industry is composed of many roofing companies. The researcher however concentrated on the large manufacturing firms only. The population for the study was all the large manufacturing firms in the Kenyan Roofing industry as per the Kenya Association of Manufacturers database.

These large manufacturing firms were Mabati Rolling Mills, Maisha Mabati Limited, Steel Structures Limited, Safal Mitek Ltd, Frametech Structures Ltd, Kaluworks Limited, Kenya Clay Products and Corrugated Sheets Limited. The researcher used all the companies for research. The study therefore considered all these companies in the research as per the KAM database.

3.4 Data Collection

Primary data was collected by the use of questionnaires. The researcher used a semi structured questionnaire with both close and open ended questions. The questionnaires administered them to the strategic managers, business development managers and the marketing managers of the firms. The questionnaire had three parts. Part A was to give the general information about the firm. Part B on the other hand was to help in understanding the competition within the Kenyan roofing industry. Lastly Part C was to help to critically analyze the various competitive strategies used by the large manufacturing firms to deal with completion within the Kenyan market.

The study also collected secondary data from journals, magazines, newspapers and other published sources. The study also collected secondary data from the website reviews. The study also collected some secondary data from published financial statements. This secondary data helped to give more information in order to achieve the objectives of the study.

3.5 Data Analysis

Data analysis requires closely related operations such as establishment of categories. Data analysis involves coding, tabulation and drawing of statistical inferences. After the collection of the data, it was be analyzed by the use of descriptive statistics method. The data was checked for accuracy, uniformity and completeness.

The researcher conducted a qualitative data content analysis. Creswell (2003) qualitative data analysis is a technique that is used to make inferences. The researcher systematically and objectively identifies specific characteristics of messages. The same approach was used to relate trends. The researcher used percentages, tables, mean and standard deviations as means of data analysis.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter focuses on the analysis and the interpretation of the data that was collected by use of the semi structured questionnaire attached in the Appendix.

4.2 Data Analysis and Results

The researcher collected data by use of a semi structured questionnaire. This was done in order to understand the competitive strategies adopted by the large manufacturing firms in the Kenyan roofing industry. The researcher targeted the sales and marketing managers, business development managers, corporate strategy managers of the large roofing manufacturers in Kenyan roofing industry.

These large manufacturing firms were Mabati Rolling Mills, Maisha Mabati Limited, Steel Structures Limited, Safal Mitek Ltd, Frametech Structures Ltd, Kaluworks Limited, Kenya Clay Products and Corrugated Sheets Limited. The questionnaire had questions that helped to achieve the objectives of the study. The questionnaires were administered to all the above companies.

4.2.1 Number of Respondents

The study sampled 32 respondents which was the 100% sample size. 29 questionnaires were returned, 3 respondents declined to return the questionnaires. According to Mugenda and Mugenda (1999) a 50% response rated as adequate, 60% as rated as good and 70% response rated as very good. Therefore the response rate of 90.6% was very good.

Table 4.1: Number of Respondents

Number of Respondents	**Frequency**	**%**	**% Valid**	**% Cumulative**
Strategic Managers	1	3.4%	3.4%	3.4%
Sales Managers	19	65.5%	65.5%	68.9%
Marketing Managers	6	20.7%	20.7%	89.6%
Business Development Managers	3	10.4%	10.4%	100%

Source: Primary Data, 2014

The table 4.1 above shows how the respondents returned the filled in questionnaires. 10.4% of the respondents were business development managers. 65.5% of the respondents were the sales managers of the respective organizations. 3.4% of the respondents were corporate strategic managers.

4.2.2 Years of Operation in Kenya

The researcher wanted to understand how many years the firms have been operating in Kenya. This study would help in understanding how many years the manufacturers have been operating in Kenya. This would assist in determining how many of the organizations are new entrants into the roofing industry.

Table 4.2: Years of Operation in Kenya

Number of Years	Frequency	Percentages (%)	Cumulative (%)
Less than 20Yrs	2	25%	25%
21-40 Yrs	2	25%	50%
41 and above Years	4	50%	100%

Source: Primary Data, 2014

The study revealed as shown in table 4.2, that 50% of the companies had been in established in Kenya for more than 50 years. This shows that they have a good experience in the roofing industry. However 25% had less than 20 years in the industry. These are the new entrants into the industry.

4.2.3 Number of Employees in the Organization

This study was to determine the number of employees in the organization. This helped in determining whether the manufacturers qualify to be called large manufacturing firms.

Table 4.3: Number of Employees

Number of Employees	**Frequency**	**Percentage (%)**	**Cumulative Percentages (%)**
Less than 20 Employees	0	0%	0%
20 to 50 Employees	0	0%	0%
More than 50 Employees	8	100%	100%

Source: Primary Data, 2014

Table 4.3 above shows that the study revealed that 100% of the companies under the study had more than 50 employees therefore they qualified to be classified as large manufacturers. This is according to the KAM guidelines.

4.2.4 Ownership of the Organization

This study helped to understand the ownership of the large manufacturing firms in Kenya. The study revealed that there 87.5% of the companies used in the study were privately owned. None of the companies in the study were publicly owned. There was also none which were fully owned by foreigners. However one of the companies was a joint venture between a local company and a foreign company. This represented 12.5% of the respondents.

Table 4.4: Ownership of the Companies

Ownership	Frequency	Percentage (%)	Cumulative Percentage (%)
Privately (Local) Owned	7	87.5%	87.5%
Public Owned	0	0%	87.5%
Foreign Owned	0	0%	87.5%
Any Other	1	12.5%	100%

Source: Primary Data, 2014

4.2.5 Experiencing Major Challenges in the roofing business

This study involved research on whether the organizations experienced major challenges while conducting their business. The table indicates that the 58.6% strongly agreed that they experienced major challenges in the roofing business. 27.6% of the respondents also agreed that they experienced major challenges in the roofing industry.

However it was interesting to note that 3.45% of the respondents strongly disagreed that they did not experience major challenges in the roofing industry. The study also revealed that 6.9% of the respondents could neither agree nor disagree that they experienced major challenges while conducting their business.

Table 4.5: Experiencing Major Challenges in the Roofing Business

Experience Major Challenges	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	1	3.45%	3.45%	3.45%
Disagree	1	3.45%	3.45%	6.9%
Neither Disagree nor Agree	2	6.9%	6.9%	13.8%
Agree	8	27.6%	27.6%	41.4%
strongly agree	17	58.6%	58.6%	100%
Total	29	100%	100%	

Source: Primary Data, 2014

4.2.6 Strength of Forces of Competition

This study was to determine the extent at which the forces of competition affect the different organizations within the Kenyan Roofing Industry. The study according to table 4.6 revealed that rivalry amongst the competing firms had the highest mean of 3.52. The study also revealed that from substitute products had a mean of 2.90. Study also revealed that threat from the new entrants had a mean score of 2.76.

Table 4.6: Strength of Forces of Competition.

Strength of Forces of Competition	**F**	**Mean**	**S.D**
to what extent does rivalry among existing firms affect your organization	29	3.52	1.405
to what extent does bargaining power of suppliers affect your organization	29	3.03	1.401
to what extent does bargaining power of your customers affect your organization	29	2.97	1.636
to what extent does threat of substitute products affect your organization	29	2.90	1.235
to what extent does threat of new entrants affect your organization	29	2.76	1.300
Valid Frequency	29		

Source: Primary Data, 2014

4.2.7 Strategies to Increase Market Share

This study was done to determine if the organizations use any type of strategies in order to increase their market share. This was one of the specific objectives of the study. The study revealed that 55.2% of the respondents strongly agreed that they have strategies that are used to increase their market share. 31.1% of the respondents also agreed that they have strategies to increase their market share.

However, 3.4% of the respondents strongly disagreed that they did not have strategies to increase their market share. Similarly another 3.4% could neither agree nor disagree that they have strategies to increase their market share. Table 4.7 gives the summary of these results.

Table 4.7: Strategies to Increase Market Share.

Use Strategies to Increase Market Share	Frequency	Percent	Valid Percent (%)	Cumulative Percent (%)
Strongly disagree	1	3.4%	3.4%	3.4%
Disagree	2	6.9%	6.9%	10.3%
Neither disagree nor agree	1	3.4%	3.4%	13.7%
Agree	9	31.1%	31.1%	44.8%
Strongly agree	16	55.2%	55.2%	100%
Total	29	100%	100%	

Source: Primary Data, 2014

4.2.8 Competitive Advantage

This study was to determine to what extent the different competitive advantage strategies according to the Porter's Model are used by the different organizations. It was found out that the broad differential strategy got a mean score of 3.14. The focus strategy or the market niche strategy had a mean score of 2.55. This was similar to the low cost provider strategy.

Table 4.8: Competitive Advantage.

Extent of Different Strategies	Mean	Standard Deviation
To what extent does Broad Differential strategies apply to your firm	3.14	1.329
To what extent does Best Cost provider strategies apply to your firm	2.83	1.284
To what extent does Focused (Market Niche) strategies apply to your firm	2.55	1.429
To what extent does Low Cost provider strategies apply to your firm	2.55	1.352

Source: Primary Data, 2014

4.2.9 Sustained Competitive Advantage Strategies

This study was done to determine how the large manufacturers sustained their competitive advantage strategies. Most of the companies agreed that they used the different strategies to ensure that they had sustained competitive advantage over the other companies.

62.1% of the respondents felt that using outsourcing as a strategy does not necessarily mean that the companies will have a sustained competitive advantage over the other manufacturers. They felt that at times when outsourcing is done there is a high chance of possibility of not achieving the best quality of output as to when all the processes are done within the firm.

However 27.9% of the respondents felt that outsourcing could great assist in accessing tools and skills that are not available within the company. They also felt that they could reduce operational costs and accelerate organizational changes in their companies. The table below shows a summary of the respondents.

Table 4.9: Sustained Competitive Advantage Strategies

Strategy	**True/False**	**Frequency**	**Percentages (%)**
Collaborative Strategies (Alliances & Partnerships)	**True**	23	79.3%
	False	6	20.7%
Acquisitions of New Companies	**True**	27	93.1%
	False	2	6.9%
Outsourcing Strategies	**True**	11	37.9%
	False	18	62.1%
Customer Business Relationships	**True**	29	100%
	False	0	0%
Mergers	**True**	25	86.2%
	False	4	13.8%
Technological Advancements	**True**	29	100%
	False	0	0%
New Product Developments	**True**	29	100%
	False	0	0%

Source: Primary Data, 2014

The study also revealed that 100% respondents agreed that technological advancements and new product developments play a key role to ensure that their organizations have sustained competitive advantage. The study also revealed that 79.3% of the respondents believed that having collaborative strategies could help achieve sustainable competitive advantage. This is a high percentage and that could explain why they agreed to be members of the KAM.

The respondents also agreed that forming mergers creates sustainable competitive advantage. 86.2% of the respondents agreed that forming mergers could help sustain competitive advantage. 93.1% of the respondents also agreed that acquisition of new companies could help sustain competitive advantage. 37.9% of the respondents agreed that outsourcing non-core services could help sustain competitive advantage. 100% of the respondents agreed that having good customer business relationship.

20.7% of the respondents did not agree that having collaborative strategies could help the large manufacturing firms to have sustainable competitive advantage. This is evident in the way the companies are owned. Only 12.5% of the companies were partially owned by locals and foreign companies. 6.9% of the respondents also did not agree that acquisition of new companies can help in creating sustainable competitive advantage. 13.8% of the respondents also did not agree that forming mergers can help sustain competitive advantage.

4.3 Discussion of the Results

This section discusses the findings of the study and relating the objectives with the existing literature. The findings of the study were that the large manufacturers in the Kenyan roofing industry used different competitive strategies. This concurred with the research objective of determining whether these manufacturers adopted competitive strategies. The study revealed that 86.2% of the respondent agreed that they experienced major challenges in the roofing industry. They listed the challenges as competition, pricing, high energy costs and cheap imports.

The study revealed that the large roofing manufacturing companies in Kenya use extensive strategies that ensure their success and at times their survival. 55.2% of the respondents strongly agreed that they use different strategies to ensure that they gain larger market share. According to Ansoff (1987) for firms to ensure greater success in their market share, they need to adopt different strategies. These strategies will ensure that they get new products and get into new markets. The study revealed that the large manufacturers use these strategies.

The study revealed that the large manufacturing firms were using strategies that ensured they got larger market shares than their rivals. A large number of respondents agreed that they used strategies to ensure that they perform better than their competition. It was also important to note that the study also revealed that the large manufacturing firms used different competitive strategies. This is evident from the high mean scores.

The study also revealed that the large manufacturing firms used different strategies to ensure that they had sustained competitive advantage. For organizations to achieve competitive advantage they need to adopt low cost leadership (Pearce and Robinson, 2011). The study revealed that the large manufacturing firms strongly appreciated that having the best and low cost is very important in order to achieve competitive advantage. This is evident by the fact that they both achieved mean scores of 2.83 and 2.55 respectively.

Low cost has an advantage as it reduces the attractiveness of substitute products in the industry. The large manufacturing firms in Kenya therefore have ensured that they keep substitute products at bay. The organizations have ensured that they create competitive advantage through ensuring that they maintain low costs. The lower the costs in most cases translate into better prices. This is turn ensures that the organizations has more customers. Those organizations which want to have greater market share they ensure that they get both their pricing and costing right.

Differentiation is also an important strategy to ensure that firms have competitive advantage. The study revealed that differentiation was also highly appreciated a strategy in the Kenyan roofing industry with a mean score of 2.84. According to Barney (2007) through product differentiation customers become more willing to pay for the products and services. Some of the differentiation strategies included some of the key players using the AluZn technology on their products. These made their customers more willing to buy their products.

The study also revealed that 100% of the respondents used technological advancement, new product development and customer business relationships as key strategies to ensure that they had sustained competitive advantage. According to Porter (1985) to create competitive advantage organizations need to adopt the value chain analysis. This means that the large manufacturers appreciate that they need to understand their customer needs and offer products that the customers feel they are getting value.

Through technological development the firms are able to lower their production costs. Through new product development the firms are able to give highly differentiated products. This in turn helps the firms to have products that are unique from other competitors. This strategy allows the large manufacturers to offer products that the customers perceive are of higher quality than the competition (Pearce and Robinson, 2011). The customers in turn feel that the higher price of the unique product is below the other alternatives in the industry.

Customer business relationship is also very important if the organizations need to achieve larger market share. This entails knowing what the customer needs and how best to satisfy their needs (Kotler, 2000). These strong marketing activities ensure that organizations achieve sustained competitive advantage. The marketing activities involve advertising, on time deliveries and promotions. This helps to create loyalty and retention of customers.

The study also revealed that the large manufacturing firms used collaborative strategies to ensure that they achieved sustainable competitive advantage. These collaborative strategies include forming strategic alliances. According to Barney (2007) strategic alliances can be used to ensure sustained competitive advantage. In Kenya been a less developed country it is common to find that only one company has the capabilities to enter into a new market. It is therefore important for the large manufacturers to form alliances.

The study also revealed that there was strong rivalry between the firms with a mean score of 3.52 as they all competed to get the highly lucrative business. There was also threat from other substitute products that posed a great challenge in the industry. The mean score of the threat from new entrants was least at 2.76. This means that there are high barriers to entry therefore the existing firms are less worried. When there are high barriers to entry into a market they reduce the competitive pressure of threat of a new entrant (Thompson, Strickland and Gamble, 2012).

The study also revealed that these manufacturers were continuously making huge investments in their operations. These large manufacturers work with their research and development to come up with new products. These gave new challenges in the industry and the Ansoff's Product Matrix helped to increase their market shares with these new products. The matrix helps in understanding how to enter into new markets and also how to ensure that if an organization launches a new product they become successful.

Other large manufacturers invested in technology to make their production process much better and cost effective. The use of technology creates competitive advantage over rival companies. As indicated in the study 100% of the respondents agreed that to have sustained competitive advantage they believe technological advancement can be used as a strategy. According to Barney (2007) through technological inputs organizations often produces much more differentiated products.

Other companies like MRM invested in SAP which is a customer relation management (CRM) system. This sophisticated system ensures that the organization is able to track all transactions from the receiving of orders up to when the materials are supplied to the customer. The system is also able to incorporate after service requirements. These include customer complaints, guarantees and also warrantees. Through such customer business relationship the organizations are able to have sustained competitive advantage over their rivals. This is because they are able to track customer satisfaction and dissatisfaction.

Other companies also used corporate social responsibility as a competitive strategy. These organizations give back to the communities around them. The large manufactures through CSR activities, have helped the communities through medical clinics, schools and other community projects. According to them this has helped them to create some ownership with the community. The members of the community feel they are also part of the organizations. Once they are in need of the roofing products they feel they need to also buy from these organizations.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The objective of the study was to determine the competitive strategies adopted by large manufacturers in the Kenyan roofing industry. This chapter gives the summary of the key findings of the study, discussion and conclusion. It also gives recommendations and suggestions for further research.

5.2 Summary

The study found out that the large manufacturers offer different range of products in the Kenyan roofing industry. These products include IT5 sheets, Covermax, Lifestyle, Decra, Frametech Trusses, Ultra Span, Dumu Zas and Alu-Zinc products. These products had different unique characteristics that made their customer vary from one company to the other. They had products that attracted both the high-income customers and low-end customers.

Each large manufacturing firm adopted unique mix of strategies that ensured that they were performing better than their rivals. Among the strategies used agreed to the Porter's generic model. The strategies involved targeting particular segment of customers (focus) whereby some products were customized to meet this particular segment. This focusing enabled them to utilize their unique resources well. Through focusing the organizations are able to ensure effective use of their resources.A good example is the stone coated steel tiles which were highly priced and give elegant finishes. This product was for the high end market segment.

The large manufactures were also keen on cost reduction and differentiation. There were also a lot of dynamic changes in the roofing industry that forced these large manufacturing firms use relevant strategies. Some companies like the Kenya Clay Products were losing their customers due to changes in lifestyle of the consumers. Most customers preferred to buy roofing sheets in place of the clay tiles which was the oldest conventional means of roofing.

The study also revealed that these manufacturers were continuously making huge investments in their operations. These large manufacturers work with their research and development to come up with new products. These gave new challenges in the industry and the Ansoff's Product Matrix helped to increase their market shares with these new products. Other large manufacturers invested in technology to make their production process much better and cost effective. This strategy allows the large manufacturers to offer products that the customers perceive are of higher quality than the competition (Pearce and Robinson, 2011).

Other companies like MRM invested in SAP which is a customer relation management (CRM) system that were more sophisticated than the rest of the companies. Others invested in the GEMBA – Kaizen system to enhance efficiency and effectiveness. One of the key strategies to have sustained competitive advantage is to have good customer business relationship. The use of CRM system makes it easy to have good customer business relationship and helps in tracking service delivery.

5.3 Conclusion

From the study the research confirmed that in deed the large manufacturing firms in the Kenyan roofing industry use competitive strategies to ensure their success and at times their survival. These competitive strategies adopted were in different mixes. Their top management showed a lot of satisfaction from the strategies that they have adopted in their firms. This could be read from their financial reports and various journals that some of these large manufactures published.

The study concluded that from one firm to the other they recognized that competitive strategies were their only way of ensuring that they achieved better market share. According to Thompson, Strickland and Gamble (2012) for organizations to be market leaders they need to adopt various defensive actions. One of the actions is to create high barriers of entry. This can be achieved through the organizations ensuring that they use large amounts of their resources on advertising.

The organizations also are required to maintain high levels of customer business relationship. The study revealed that all the large manufacturers believe that maintaining good customer business relationship is very important to the success of their business. The organizations also need to invest highly on their research and development. This will ensure that they keep coming up with new products that meet their customers' preferences.

The study concluded that the large manufacturing firms in the Kenyan roofing industry appreciate the need for technological development, customer business relationship and new product development. This revealed that they all want to be market leaders in the industry. The fact that these large manufacturers considered differentiation as a key strategy to ensure they are competitive also indicated how much the firms need to be the market leaders.

5.4 Recommendations

The researcher recommends that these large manufacturing firms need to continue using strategies in their operations. This will enable them to have continued success in the industry. Those firms that are not using unique strategies need to embrace them. This will go a long way to make them as successful as their competition. For some of the organizations there is effectiveness in their operations.

The researcher also recommends that these large manufacturing firms need to embrace CSR in their strategic plans. The use of CSR has been proven to be important in success. This is because communities feel ownership of the business. This makes the customers want to buy from these organizations because they know they will benefit at a later moment. Therefore the study recommends that these large manufacturing need to all embrace CSR in their policies. Though some consider it as a cost, the long term benefits surpass these costs. The organizations stand a better chance to be more successful if they embrace CSR.

5.5 Limitations of the Study

This study was carried out well but there were a few limitations that were experienced during the study. One of the limitations was that the targeted response of 100% was not achieved. The response rate was 90.6% which was below the targeted response. Although Mugenda and Mugenda (1999) could rate this response as very good, the study could have been much better if the response was at the targeted 100%. This is because the study could have gotten all the views of the targeted respondents

The other limitation was that the study also collected some secondary data from journals, magazines and company websites whose authenticity cannot be fully guaranteed. This secondary data if not correct could have led to false conclusions and misleading. Some of the facts in these secondary data materials could be erroneous and maybe published to act as distractors to the competitors.

5.6 Areas for further research

Further research needs to be done on all the manufacturing firms in the Kenyan roofing industry. These other manufacturers are those in the medium size and small manufactures. This is because they also play a role in the entire roofing industry. This study will help to see what strategies are used by these medium and smaller manufacturers. The study could reveal if the strategies they used are similar or different in nature.

Further research is also needed to find out which strategies that the local manufacturers use in order to protect themselves from other firms that import similar products from outside Kenya. The local manufacturers could be using unique strategies to protect themselves from imports that could be probably cheaper than what they are offering. Their marketing activities could also be unique to counter their rivals and protect their customers from moving to the competition.

5.7 Implications on Policy, Practice and Theory

This study revealed that the large manufacturing firm in the Kenyan roofing industry adopted competitive strategies in their policy framework. This study can therefore be used by the policy makers in these firms to enrich their strategies. The study can also be used a point of reference for other firms in different industries to enrich their policy making decisions. The use of different mixes of strategies is an interesting phenomenon which policy makers can adopt to outwit their competition.

The study can also be put into practice by some of the large and small manufacturers in the roofing industry. This is because as found out during the study some organizations had formulated very good strategies but waited to see what happens before they implemented them. Some of the firms adopted and put the strategies into practice. This should be an eye opener to those firms that only put their strategies on paper and never implemented them.

The study gives more input on the existing theories from previous studies on competitive strategies. These earlier studies include Porter Generic Strategies Model, Porter (1985), Ansoff's Model and the Porter's Five Forces Model. The most successful firms also used dynamic capabilities in form of unique assets, unique products which were in agreement with Teece et al (1997). The study therefore adds to the knowledge on these theories.

According to Chris, Kornberger and Schweitzer (2011) dynamic capabilities is about the assets that the firms have over their rivals. The organizations need to have assets that cannot be imitated. These assets include technological knowledge, intellectual property, business process knowledge and customer business relationship. The study revealed that the large manufacturing firms in the Kenyan roofing industry highly appreciate that these assets are essential to have sustainable competitive advantage.

The study revealed that these large manufacturing firms had these capabilities which include a lot of technological knowledge, intellectual properties like Mitek 20/20 Software. They also had business process knowledge like the use of Gemba – Kaizen in their processes to enhance effectiveness. There was also use of CRM systems to enhance customer business relationships that helped in developing loyal customers. This therefore means that the study can be put into practice and assist manufacturers in the same or different industry to become successful.

REFERENCES

Andrews, K. R. (1987): *The Concept of Corporate Strategy*. Homewood, Illinois, Dow-Jones – Irwin.

Ansoff I. & McDonell E. (1990): *Implanting Strategic Management*. Prentice Hall, 2nd Edition.

Ansoff, H. I. (1987): *The Concept of Corporate Strategy*. Penguin Books.

Anyango J. O. (2012): Strategies adopted by Fairmont Hotels and Resorts to gain competitive advantage in Kenya, *Unpublished MBA research project ; University of Nairobi.*

Augier M. Teece D. (2008): Strategy as Evolution with Design: The Foundation of Dynamic Capabilities and Role of Managers in Economic Systems. *Organization Studies.*

Bain, J. S. (1968): *Industrial Organization,* Wiley, 2nd Edition.

Barney J. B. (2007): *Gaining and Sustaining Competitive Advantage*. Prentice Hall, 3rd Edition.

Cooper D. and Schindler P. (2003): *Business Research Method.* Mc GrawHill. 8th Edition.

Doyle, P. (1990): Building Successful Brands: The Strategic Options. *The Journal of Consumer Marketing*. Oxford University Press.

Grant R. A. (2010): *Contemporary Strategy Analysis*, 7th edition. John Wiley & Sons Ltd.

Mutisya F. (2013): Competitive Strategies Applied by Mobile Technology Companies in Kenya, *Unpublished MBA Research Project; University of Nairobi.*

Hiriyappa B. (2008): *Strategic Management*. New Age International (P) Limited Publishers.

Hoskisson R., Hitt M., Wan P., Yiu D. (1999): Theory and Research in Strategic Management: Swings of a Pendulum. *Journal of Management*.

Hoskisson R. E. Ireland D. R. & Hitt M. A. (1997)*: Strategic Management Competitiveness & Globalization.* West Publishing Company. 2nd Edition.

Johnson G., Scholes K. & Whittington R. (2008): *Exploring Corporate Strategy*, Prentice-Hall, 8th Edition.

Kohli, A. K. and Jaworski, B. J. (1990): Market orientation: the construct, research propositions,and managerial implications, *Journal of Marketing.*

Kotler, P. (2000): *Marketing Management*. Pearson Publishing.

Kotler, P. Kerin, R. A. and Peterson, R. A. (2004): *Strategic Marketing Problems*. (10th Edition.). Pearson Publishing.

Learned, E. P., Christensen, C.R., Andrews, K. R., Guth, W. (1969): *Business Policy*. Irwin.

Lawrence, P. R., & Lorsch, J. W (1967): *Organization and Enviroment*. Boston: Harvard Business School Press.

Miles, R. E. & Snow, C. C. (2003): *Organization Strategy, Structure and Process*, 2nd Edition, Stanford C.A: Stanford University Press.

Mintzberg, H. (1987): *The Concept of Corporate Strategy*, 3rd Edition, Home Wood Illinois, Irwin.

Muinde L. (2010):Strategies employed by NHC to achieve competitive advantage, *Unpublished MBA research project; University of Nairobi.*

Mugenda, A. G. & Mugenda, O. M. (1999): *Research methods. Quantitative and Qualitatitive Approaches*. Publishers Acts Press. Nairobi.

Nachmias F. & Nachmias D. (1996): *Research Methods in the Social Sciences*. 5th edition. Arnold.

Nyaboke R. O. (2012): Strategies applied by Multinational Pharmaceutical Corporations in Kenya to attain Sustainable Competitive Advantage, *Unpublished MBA Research Project; University of Nairobi.*

Pearce, J. A. & Robinson, R. B. (2011): *Strategic Management; Formulation, Implementation and Control*, 12th Edition.

Pfeffer, J. & Salancik, G. R. (1978): *The External Control of Organizations: A Resource Dependence Perspective.* New York: Harper & Row.

Porter, M. E. (1980): *Competitive Strategy: Technique For Analyzing Industries and Competitors.* The Free Press.

Porter, M. E. (1985): *Competitive Advantage: Creating and Sustaining Superior Performance*. The Free Press

Saunders, M. & Lewis, P. (2000): *Research Methods for Business Students*, 4th Edition.

Scherer, F .M. (1970): *Industrial Market Structure and Economic Performance*. Rand McNally.

Stewart C., Chris C., Kornberger M., Schweitzer J., (2011) *Strategy Theory and Practice*. Sage Publications.

Teece D., Pisano G., & Sheen A., (1997) Dynamic Capabilities and Strategic Management. *Strategic Mangement Journal*. Willey- Blackwell.

Thompson A. & Strickland A. J. (1989) *Strategy Formulation and Implementation*. Irwin

Thompson A., Peteraf M., Gamble J. and Strickland A. (2012). *Crafting and Executing Strategy: Concepts and Cases*. McGraw – Hill/ Irwin, 18th Edition.

Zahra S., Sapienza H., Davidson P., (2006) Entreneurship and Dynamic Capabilities. A Model & Research Agenda. *Journal Management Studies*.

APPENDICES

Appendix I: Questionnaire

This Questionnaire seeks to collect information on the competitive strategies adopted by the Large Manufacturing Firms in the Kenyan Roofing Industry.

(Please Tick Where Appropriate)

PART A

1. What is the name of your firm?

   ………………………………………………………………………………..

2. What is your current position in the firm?

   ………………………………………………………………………………..

3. How many years has your firm been operating in Kenya?

- ☐ Less than 20 Years
- ☐ 21 – 40 Years
- ☐ 41 and above Years

4. How many employees are in the firm?

- ☐ Less than 20 Employees
- ☐ 20 to 50 Employees
- ☐ More than 50 Employees

5. Please kindly indicate if your firm is

- ☐ Privately Owned
- ☐ Public Owned
- ☐ Foreign Owned
- ☐ Any Other

Please Specify……………………………………………………

PART B

Competition within the Kenyan Roofing Industry

6. Does your Organization Experience Challenges in the Roofing Business?

(Please Kindly Tick Appropriately)

I Strongly Agree	
I Agree	
I Neither Disagree nor Agree	
I Disagree	
I Strongly Disagree	

7. If you Strongly Agree, Agree or Neither Disagree nor Agree in (6) above what are the challenges that you face?

…………………………………………………………………………………….

…………………………………………………………………………………….

……………………………………………………………………………………

8. Who are your three (3) key competitors in the Kenyan Roofing Industry?

………………………………………………………………………………….

……………………………………………………………………………………..…

…………………………………………………………………………………..

9. To what extent do the following forces of competition within the Kenyan Roofing Industry affect your Organization?

(5 – Very Large Extent, 4 - Large Extent, 3 – Moderate Extent, 2 – Low Extent, 1 – Very Low Extent)

Forces of Competition	Rank
Rivalry Among Existing Firms	
Bargaining Power of your Suppliers	
Bargaining Power of your Customers	
Threat from Substitute Products	
Threat of New Entrants	

PART C
Competitive Strategies

10. Do you have strategies to counter the above forces from the competition, to ensure that you have the larger market share?

(Please Kindly Tick Appropriately)

I Strongly Agree	
I Agree	
I Somehow Agree	
I Do not Agree	
I Strongly Do Not Agree	

11. To what extent do the following Competitive Strategies apply to your firm?

(1 – Very Large Extent, 2 - Large Extent, 3 – Small Extent, 4 – No Extent, 5- No Extent At All)

Strategy	**Rank**
Low Cost Provider Strategies	
Broad Differential Strategies	
Best Cost Provider Strategies	
Focused (Market Niche) Strategies	

12. Sustainable Competitive Advantage Strategies

(Please kindly tick below if the strategies are used by your firm to ensure they remain competitive.)

Competitive Strategies	**True**	**False**
Collaborative Strategies (Alliances & Partnerships)		
Acquisitions of New Companies		
Outsourcing Strategies		
Customer Business Relationships		
Mergers		
Technological Advancements		
New Product Developments		

Appendix II: List of Companies

1. Mabati Rolling Mills

2. Safal Mitek Limited

3. Corrugated Sheets Limited

4. Frametech Structures Ltd

5. Maisha Mabati Limited

6. Kaluworks Limited

7. Kenya Clay Products Ltd

8. Steel Structures Limited

Source: Kenya Association of Manufacturers (2014)

Appendix III: Letter of Introduction

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 10th July 2014.

TO WHOM IT MAY CONCERN

The bearer of this letter MICHAEL WANJIHIA NJOROGE

Registration No: D61/60018/2013

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/~~she~~ is required to submit as part of his/~~her~~ coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/~~her~~ collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
10 JUL 2014
P.O. Box 30197 - 00100, NAIROBI