COMPETITIVE STRATEGIES AND COMPETITIVE ADVANTAGE OF LARGEMANUFACTURING FIRMS IN NAIROBI, KENYA

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DECLARATION

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

Signature... Date...............................

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

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DEDICATION

This research project is dedicated to God Almighty who has been my strength and divine inspiration in everything I do. My appreciation also goes to my family for the source of support, encouragement and motivation they accorded me.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis Of Variance
DJSI	Dow Jones Sustainability Index
GDP	Gross Domestic Product
GRI	The Global Reporting Initiative
MAPSKID	Master Plan for Kenya's Industrial Development
SMEs	Small Medium Scale Enterprises
SPSS	Statistical Package for Social Sciences
UNEP	United Nations Environment Programme

ABSTRACT

The environment is faced with constant changes which make it dynamic and complex. Due to this, firms have been compelled to adopt competitive strategies in order to gain competitive advantage over their rivals. The research objectives was to identify the competitive strategies used by large manufacturing firms in Nairobi, Kenya and to establish the influence of competitive strategies on the competitive advantage of large manufacturing firms in Nairobi. This study will be based on three theories: in porter's theory of competitive advantage, the reconciliation of opportunities and threats of a firm that gives a firm it competitive advantage are explained. The resource-based theory of competitive advantage explains that a firm relies on the application of a set of important resources that are at firms' disposal. The dynamic capability theory is the ability of the firm to integrate, build and configure internal and external competences to tackle fast-changing environments. This research employed a descriptive research design. Questionnaires were used in data collection and included both open and close ended questions. The population under study consisted of fifty six (56) manufacturing firms in Nairobi hence a census study was adopted. Collected data was summarized, coded, classified and tabulated using statistical package for social sciences (SPSS) data output was presented using statistical measures such as such as measures of central tendency and inferential statistics such as multiple regression analysis. Based on the findings in relation to specific objective, the study concluded the study concluded that competitive strategies positively lead to competitive advantage. Competitive strategies influences customer satisfaction, ensures superior quality services and products, customer oriented products, and positive feedback from customers. The key recommendations included adopting competitive strategies so as to improve the organization's performance through increasing customer base, asset quality, quality of service and increased market share. for organizations to perform effectively on their financial performance ,clear strategies that guide their operations should be formulated and guidelines provided to all the concerned departments in order to eradicate occurrence of compromise. To enhance customer satisfaction and eventual performance customers should be treated well customers should be treated well since they are the key assets in the organization's survival hence strategies set should focus on the quality of service. Strategic change should be adopted so as to improve performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The environment is faced with constant changes which make it dynamic and complex. Due to this, firms have been compelled to adopt competitive strategies in order to gain competitive advantage over their rivals. Competitive strategies refer to all measures and approaches employed by the firms in their operations in order to gain competitive advantage over rivals (Kay, 2014). A firm is said to have competitive advantage when it's able to create more economic value than the rival firms (Barney, 2007). The difference between the full economic cost of the product or service and the perceived benefit that gained by the customer is termed as the economic value (Dash, 2013).Therefore firms are required to create more economic value than their rivals in order to have more competitive advantage.

This study will rely on Porter's theory of competitive advantage, the resource-based theory of competitive advantage and the theory of dynamic capability. In Porter's theory of competitive advantage, Michael Porter explains that a reconciliation of opportunities and threats of a firm can place it in a position that gives it competitive advantage (Dash, 2013). The resource-based theory of competitive advantage explains that a firm relies on the application of a set of important, tangible or intangible resources that are at the disposal of the firm. The theory explains the necessity of identifying a firm's potential key resources. The dynamic capability theory is the ability of the firm to integrate, build and configure internal and external competences to tackle fast-changing environments. It explains the ability of competences to provide competitive advantage and create rents(Ferdinand, Graca, Antonacopoulou & Smith, 2004).

Changes in the environment has been very dynamic in the 21st Century. The Kenyan This has compelled various companies to formulate and adopt competitive strategies that ensure their success and at times their survival. According to Master Plan for Kenya's Industrial Development (MAPSKID) (2007), manufacturing firms engage in strategic management due to the increased competition in the manufacturing industry. The industry consisted of local manufacturing firms as well as multinational firms, some of which are new players in the industry.

Despite the adoption of these strategies, a number of companies that have applied competitive strategies still performed dismally hence the need to establish the impact of competitive strategies on its ability to become more competitive in the industry. The manufacturing industry today also remains very competitive necessitating that all manufacturers adopt strategies that give them an advantage over others in the industry. The study therefore seeks to determine competitive strategies and competitive advantages adopted by manufacturing firms in Nairobi.

1.1.1 Competitive Strategies

All the moves and approaches a firm puts in place in a bid to lure buyers, survive the pressure of competition and enhance its position in the market (Hussein, 2011). Competitive strategy is about gaining some form of advantage over competitors by setting up a favorable, profitable and sustainable position against the competition-determining forces within the industry. Competitive strategy, as stated by Dash (2013) can be seen as a process of perceptions of positions that are new to lure customers from already established positions or attract new customers into the market. Ideally, the firm should gain a position that is difficult or impossible for rival firms to imitate (Kay, 2014).

There are three general strategy types that companies can choose from so as to build competitive advantage according to Porter (1985): a differentiation strategy, a low-cost strategy and a third approach that is constantly employed by entrepreneurs is focusing or strategy that is based on niche (Papulova & Papulova, 2006). If a firm chooses the strategy of differentiation, it will compete based on the capability to do things in a different way. If a firm chooses to base its impact on competitive advantage on low-cost strategy, it produces its products at a very low cost while firms that choose niche strategies base on specific set of special skills that are matched with a particular market(Kay, 2014). These serve a small market but are rewarded with high profits.

Competitive strategy is about being different (Kamau, 2015). For delivery of exclusive value mix, firms have to deliberately choose different activity set. Strategy, according to Porter (1985) , is about competitive position, show of difference in the customer's eyes and addition of value through various activities that vary from the competitors'. The generic strategies identified by Porter that can be adopted by firms so as to attain competitive advantage are three and include cost leadership, differentiation and focus strategies (Zekiri & Nedelea, 2011).

Various methods or models exist that are used as indicators of a competitive strategy. The Balanced Scorecard Model (BSC) introduced by Kaplan & Norton (1997) facilitates organizations' non-tangible assets capture, description and modification to stakeholders value. The reflection of the BSC model is an organizations need of expressing their strategic concerns; shift the production focus (1980) for products and services of quality, a crucial business part since 1990.

1.1.2 Competitive Advantage

Competitive advantage is a firm's capability to frequently earn returns on investments above average of the market (Ndung'u, 2012). According to Hussein (2011) this strategic advantage of a firm over the competitors involves generating sales or margins greater than those of competitors and retaining more customers than rival firms. Competitive advantage can also be said to be a unique position assumed by a firm against its rivals due to the efficient use of its resources (Samira, 2013).

The existence of a competitive advantage is only possible if a firm has a product or service that the customers in the target market perceive to be better or superior to the competitors'' (Dash, 2013).Competitive advantage is evidenced by a firm's penetration of a new market, retention of its existing market, a greater creation of economic value and lower costs of production. A firm has to ensure that it sustains its impact on competitive advantage since it can also be lost. This can be made possible through identification of rare, inimitable and non-substitutable resources and employing strategies to protect and care for them.

Aspects of indicators of competitive advantage include Dow Jones Sustainability Index and Global Reporting Initiative. Dow Jones Sustainability Index (DJSI) was introduced in 1999 (DJSI, 2011). Currently, 317 are global companies in the DJSI. The Global Reporting Initiative (GRI) is a guide to reporting of competitive advantage acknowledged globally. It was founded by the American nongovernmental organization Coalition for Environmentally Responsible Economies (CERES) and by United Nations Environment Programme (GRI, 2006) in 1977. With the consideration of economic, environmental and social aspects.

1.1.3 The Manufacturing Industry in Kenya

The manufacture and trade branch whose basis is fabrication, processing or product preparation from raw materials is referred to as manufacturing industry (Research, Industrial System, 2012). These include food, chemical, textile, machine and equipment's. It also includes metals that have been refined and derived minerals, all lumber, wood and pulp products. After the conversion of the raw materials into finished goods, these can either be sold to the final consumers or other manufacturers for the production of more complex products for the end consumer. There are many manufacturers in direct competition in capitalist free markets where goods are manufactured on demand. Legally protected publishing and manufacturing monopolies mass-produce finished products in the capitalist captive market.

An individual skilled artist with assistants used to do manufacturing in the earliest forms. The training form was apprenticeship. Manufacturing was mostly done in the rural areas before the industrial revolution where the supplement to agriculture was household manufacturing. Urban artisans' privileges and secrets were protected by the guild system. A number of manufacturing households would be organized by entrepreneurs into a single enterprise the putting-out system or subcontracting work. Manufacturing systems have since then changed to adopt factory settings with labour coming from skilled and semi-skilled workers. New technologies have also been adopted in manufacturing to ensure optimization in order to remain profitable. Flexibility is also an important aspect in manufacturing today due to a rapidly evolving market (Research, Industrial System, 2012).

Since 1990 and into the new century in Kenya, the manufacturing industry has been growing. There are many small manufacturing industries which are relatively diverse with more than 2000 units. These include the manufacture of chemicals, textiles, cement, cigarettes, beer, soft drinks, metal products, rubber and leather goods among others.

Kenya remains a favorite destination for investments in manufacturing due to the availability of a good workforce, a productive agricultural sector, a stable financial sector, telecommunications that are reliable and closeness of the facilities of the port. About 254,000 people have been employed by the manufacturing industry. This makes up about 13% of the total employment of Kenya. The informal side of the manufacturing industry has employed an additionally 1.4 million people. The major hub of these manufacturing firms is Nairobi (Industrialization.go.ke, 2017).

1.1.4 Large Manufacturing Firms in Nairobi

Large manufacturing firms are listed by the Kenya Association Manufacturing (2016). Nairobi is a business and financial Centre not only for Kenya but also East Africa. This is where a large number of industries are located and remains a favorite location due to the large market base present. Manufacturing industries based in Nairobi include aluminum industries, steel industries, lead industries, companies producing small-scale consumer goods (clothing, soap, cigarettes, and textiles) and agro-based firms (PWC, 2017). Nairobi City County hosts fifty six (56).

The Kenyan local market and exportation to the region of East Africa is supplied by Kenya's manufacturing sector in Nairobi. The sector, contributes about 13% significantly to the Kenyan Economy of which 13% of the Gross Domestic Product (GDP) in 2014. It also led to an increase in the supply of agricultural products for agro processing, improved supply of geothermal and hydroelectric power, tax reforms that are favorable and tax incentives, more energetic promotions on exports and liberal trade incentives to benefit from the market outlets that has expanded through COMESA, AGOA and East African Community arrangements in comparison with 1.5% in 2013 (PWC, 2017).

The cost of raw material or inputs of these manufacturing firms is considered relatively high due to poor infrastructure. The result of this has been high costs of locally produced products hence limiting their regional market's competitiveness and hindering the utilization capacity of the sector. On the other hand, Manufacturing firms in Nairobi face steep competition due to the existence of large number of international and local manufacturing firms and therefore need to device strategies that enable them gain advantage over rivals (Industrialization.go.ke, 2017).

1.2 Research Problem

If companies establish differences that they can preserve, they can outperform their competitors according Dash (2013). The probability of the success of a firm depends on the matching of the strengths of the business with the fundamental requirements of success for operating in the market targeted and also surpass those of its rivals according to Dash and Das (2010) This means therefore that any firm needs to create strategies in terms of quality, cost and marketing that exceed those of rivals.

Several studies have been done in relation to competitive strategies and competitive advantages both globally and locally. Globally, Papulova & Papulova (2006) evaluated competitive strategy and competitive advantages of small and medium manufacturing firms in Slovakia and explained that strategies in regard to financial resources and human resources were necessary in gaining competitive advantages. This study relied on collecting secondary data cited from re known authors in the field, as well textbooks and electronic academic sources.

Yasar (2010)studied on the effect of competitive strategies on firm performance in Gaziantep carpeting industrial cluster. The study administered questionnaires and used descriptive statistics to analyze the data. The findings revealed that there is no significant relationship between competitive strategies and firm performance in Gaziantep carpeting industry. Fathali(2016) examined the effect of competitive strategies on corporate innovation in the automobile industry using questionnaires and correlation and regression analysis. The results revealed that competitive strategies of Porter had a positive and significant influence on corporate innovation.

Locally, Hussein (2011) evaluated the competitive strategies utilized by Mumias Sugar Company to develop competitive advantage. The study was based on case study and Content analysis was used to extract key themes, concepts and arguments from collected qualitative data. The study explained that a good strategy to a specified type of firm or organization can contribute to growth, profitability, market penetration, cost reduction and sustainable competitive advantage of business firms.

Njiru(2011) investigated strategies used by matatus in Nairobi to gain competitive advantage. The researcher used a cross sectional survey and structured questionnaires in collection of primary and secondary data and industry analysis report respectively. The research concluded that amid great competition, the matatu industry remained lucrative for those that employed competitive strategies including job training to employees, proper vehicle maintenance and compliance with industrial rules. Kiamburi(2013) evaluated strategies adopted by commercial banks in Kenya to gain competitive advantage using census survey and explained that firms need to identify their greatest resources and skills from which to hedge their strategies so as to gain sustainable competitive advantage.

From the above studies, competitive strategies and competitive advantage has been researched on by scholars, however, none of the studies covered all the manufacturing companies in Nairobi, Kenya. The research design adopted did not involve a census survey study. Therefore, this study aim to fill this knowledge gap by answering the research question: What is the influence of competitive strategies on competitive advantage of large manufacturing firms in Nairobi?

1.3 Research Objectives

i. To identify the competitive strategies used by large manufacturing firms in Nairobi, Kenya to achieve competitive advantage

ii. To establish the influence of competitive strategies on the competitive advantage of large manufacturing firms in Nairobi.

1.4 Value of the Study

To the management and employees of manufacturing firms in Nairobi, the findings of this study may be used to establish the competitive strategies that drive an organization's performance and advantages these strategies give the organization. A careful analysis of the competitive strategies and means of dealing with challenges associated with them will help drive the firms to greater success.

Policy makers are usually informed by research findings that attempt to demystify the phenomena with which they are concerned. The findings of this research may therefore be used by policy makers in creating policies and mechanisms that guide firms accordingly and foster competitive advantages in these firms.

To the scholarly field, the findings of this study was significant to scholars and academicians in understanding the competitive strategies and competitive advantages employed in manufacturing firms. This research helps to add to the pool of literature available on the subject from which future research may be based and from which areas for further research may also be identified.

The study will bring more insights to the theoretical foundation. Specifically, porter's five forces, resource-based theory and dynamic capability theory. The findings, if in conformity with theories, aided many players in manufacturing industry in applying them.

The general background of this study is indicated in this chapter. The meaning of both the independent and dependent variables are extensively discussed. The research problem is identified which gives the researcher reason for conducting this study. Various players who will benefit from the study are shown. Previous studies was discussed in the next chapter where the researcher was able to identify the research gap.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter contains a review of literature relating to the subject of competitive strategies and competitive advantage as presented by various researchers. This includes various theories of competitive advantage, the competitive strategies adopted by manufacturing firms and the sources of competitive advantages in these firms. This study was based on three theories.

The empirical literature will contain the researches that were done previously by different scholars. Both international and local research work was factored. For each empirical study the following was covered: name researcher, year of study, study objective, Study context and population used.

Conceptual framework expresses the link between the dependent variable and independent variable was provided to aid in understanding the study more. Lastly, the summary of the chapter was provided. Whereby, research gap was realized from the either the theoretical or empirical studies.is also inclusive of conceptual framework.

2.2 Theoretical Foundation

A crucial debate that has arisen in the strategic field management over the last two decades is how organizations attain and maintain competitive advantage. This debate has led to the development of two basic schools of thought which can be categorized as the positioning school and the resource based school (Asad, 2012).

This study was based on three theories: In Porter's theory of competitive advantage, the reconciliation of opportunities and threats of a firm that gives a firm it competitive advantage are explained (Dash, 2013). The resource-based theory of competitive advantage explains that a firm relies on the application of a set of important resources that are at firms' disposal. The dynamic capability theory is the ability of the firm to integrate, build and configure internal and external competences to tackle fast-changing environments (Ferdinand, Graca, Antonacopoulou & Smith, 2004).

While these theories explain the importance of a firm's external environment and the resources at its disposal, they leave out the knowledge economy. The dynamic capability theory addresses the knowledge economy and is the capability of the firm to integrate, build and configure internal and external competences to address the fast changing environment. This theory explains that the provision of competitive advantage and generation of rents by competences is entirely based on the routines of collection, skills, assets that are complementary(Ferdinand, Graca, Antonacopoulou & Smith, 2004).

2.2.1 Porter's Model

Michael Porter developed the Porter's five forces theory of competitive advantage in 1980. Generally, it is a structure used for assessment of the industry and business strategy development. The basis is the premise that the corporate strategy should be able to meet opportunities and threats without the organization's environment. The five competitive forces identified by porter shape every market and industry according to him. These forces determine the competition level in an industry and thereby determine the industry's profitability and attractiveness.

Porter (1998) discussed the basic types of competitive strategies firms' possess to achieve sustainable competitive advantage: low cost, Differentiation and focus Barney (1986) notes that managers continuously make decision whether to launch new strategic initiatives as well as how to respond or counter other competitors' moves. He however points out that managers are able to make more effective decisions if they fully understand the firm's competitive environment. Porter's proposition that competitive strategy creates competitive advantage and superior business performances was also supported by many studies (Campbell-Hunt,2000; Julien &Ramagalahy, 2003).

This theory has faced criticism from scholars such as Kevin and Subramaniam (1996) who argued that there is low, allowing participants in market to plan for and respond to competitive behavior, it has the assumption of a classic perfect market yet most industries in the real-world are not perfect markets in an economical sense. This theory considers only the external factors to a firm as its only source of competitive advantage. This view is flawed in this way since there are other sources of competitive advantage internal to the firm (Ferdinand, Graca, Antonacopoulou, & Easterby-Smith, 2004).

The theory concentrates on the industry without consideration of the individual firm. Porter's theory although of interest in short term in so as to imbalance rivals, is of slight help in cases of rapid technological change and highly dynamic markets. Porter's theory is relevant to the research study by analyzing the level of competition within an industry. For any firm to survive Asad(2012) notes that the firm needs to manage these five forces such that they play in its favor.

2.2.2 Resource-Based Theory

The resource based theory of competitive advantage as a powerful research body within the strategic management field by Birger Wernerfelt in his article "A Resource-Based View of the Firm" (1984). The resource based origin theory can be drawn back to previous research. Two publications by Barney in which he talked about strategic factor markets and the expectation's role closely followed Wernerfelt's initial article and although not referencing Wernerfelt directly, the statements he made can be seen clearly within the resource-based structure developed later by Barney (1991). Other researchers have strengthened this theory while others have offered criticism.

The suggestion of the resource based theory is that super normal profits can be earned by firms that have valuable, rare, inimitable and non-substitutable resources. The primary resource based view principle is that the basis for a firm's competitive advantage is primarily found on the application the resources that are valuable at the disposal of the firm (Asad, 2012). These valuable resources have the ability to create value to a frim, and they include technological know-how, or innovations, managerial skills and specialized human capital.

The resource based theory faces a number of limitations, this includes; the theory assumes that a firm can gain competitive advantage in a competitive environment by using its valuable resources, but this may not necessarily be the case since it ignores the external factors in the industry (Barney, 1991). This view is centering on the inner arrangements of the company, and the external components like the demands of the market are not regarded. This theory is applicable since it shows criteria for identifying a firm's potential resource that would lead to a competitive advantage.

2.2.3 Dynamic Capability Theory

The theory of dynamic capability theory was introduced by Gary Hamel's paper of 1989 titled 'multinational strategy research leading to core competences of a firm. A gap existed in previous theories since the theories failed to address the dynamic nature of business environments. The dynamic capability theory can be said to be an progressive version of the resource based view of the firm in that it is an inside-out approach, yet accepts the influence of external factors thereby to some extent incorporating Porter's theory (Ferdinand, Graca, Antonacopoulou, & Easterby-Smith, 2004).

The dynamic capability theory can also be said to be a link between the resource-based and knowledge-based views of the firm. According to Teece, Pisano and Shuen(1997) dynamic capabilities involve the adaptation of organizational ability in relation to external change. The theory is based on the premise that strong capability should be used for adjustment of short-term positions that are competitive that can be used in building of longer-term competitive benefits.

The dynamic capabilities theory has the greatest explanation power when partly foreseeable alteration in technology is on the edge of altering market competition(Jason, Manuela, Elena &Mark (2004). This theory however, has less power of explanation when dynamic abilities are not underestimated or limited, when change is unforeseeable, when there is foreseeable change, when the size of impact of new abilities is small, in industries that are subjected to continuous changes in technology and in markets that remunerate short bursts of outstanding performance over long-term consistency.

2.3 Competitive Strategies and Competitive Advantage

West (1990) conducted a study on strategy, scanning of the environment and performance of the firm: an integration of satisfaction and process in the food service industry. A survey of 65 foodservice firms questioned CEO's on their firm's strategy, environmental scanning, and performance. Data was collected using questionnaires. The indication of the results is that firms advocate for low cost or differentiation function considerably higher than focus firms; firms that are of higher performing levels take part in considerably higher levels of environmental scanning and the effects of strategy.

A study on competitive strategies and firm performance was conducted by Yasar (2010): case study on Gaziantep faculty of carpeting. This research studies the effect of competitive strategies on performance of a firm and was inspected empirically by taking into account value chain activities in Gaziantep carpeting industrial cluster. The study administered questionnaires and used descriptive statistics to analyze the data. The research findings revealed an insignificant connection between competitive strategies and firm performance in Gaziantep carpeting industry. The results show that for improvement of firm performance and attainment of competitive advantage there should be resolute use and implementation of competitive strategies, that is, cost and differentiation.

The leadership style and strategy impact on small medium scale enterprise (SMEs) organizational performance was examined by Yanney (2010). This was necessitated by lack of precise literature available on the subject matter. This was with regards to specificity of leadership styles and strategy which approached better in improvement of performance in the study area chosen.

An investigation was conducted in Accra by means of questionnaires, involving 60 CEOs and senior managers gotten from 10 organizations which were sampled at random for the research. Additionally, data was collected from 10 organizations from 2008 to 2013 on sales, profits before tax and employment for development of performance indices for the organizations. To study the correlation between leadership, strategy and organizational performance were run using the Regression and analysis of variance (ANOVA). The revelation of this study was the statistical and significant impact of leadership and business strategy on performance of an organizational but the influence of strategy was greater. Again, organizational behavior was greatly impacted on by transformational leadership style and cost leadership ($p = 0$).

Achoki (2013) focused on competitive strategies employed by the Bank of India, Kenya. The study administered interview guide and used content analysis to analyze the data. The study found that the bank used and insisted on the appliance of focus/ market niche strategy to a large extend. It also uses to some extend differentiation, cost leadership and market penetration strategies to compliment the focus strategy. The bank had also started to apply market development to enable it keep up with the stiff competition in the sector.

Kamau (2013) studied the competitive strategies employed by Kenya’s private universities. In this study, the researcher wanted to establish the different competitive strategies that private universities in Kenya adopt so as to attain a competitive advantage over other players in the same industry. The study administered questionnaires for data gathering and used descriptive statistics to analyze the data.The study established that private universities in Kenya have adopted various competitive strategies to remain competitive in the market. These were: differentiation of product, cost leadership, focus on customer, internet marketing, offering e-learning, online registration among others.

Kabutia (2014) conducted a study on competitive strategies employed by catholic secondary schools to attain competitive advantage in the archdiocese of Nairobi, Kenya.

The aim of this study was finding out the strategies employed by catholic schools sponsored by the Catholic Archdiocese of Nairobi to gain competitive advantage. The study administered questionnaires and used descriptive statistics to analyze the dataIt was concluded that integration of Catholic religion plays a unique role and most catholic secondary schools have widely adopted differentiation and collaborative strategy to gain competitive advantage.

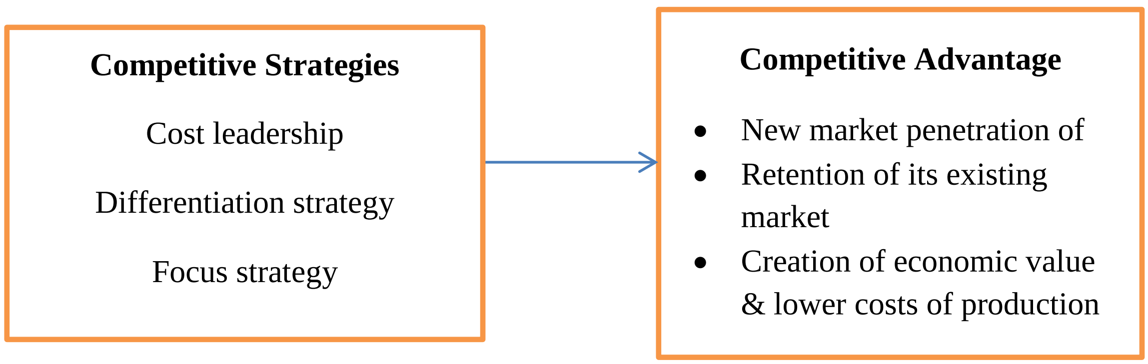
Kung'u, Desta and Ngui (2014) analyzed the efficiency of competitive strategies by commercial banks using a case of Equity bank, Kenya. The intention of the research was to analyze the efficiency of the competitive strategies employed by Commercial Banks to respond to the banking services demand in Kenya and utilized a descriptive design of research. The study administered questionnaires and used descriptive statistics to analyze the data. The discovery of the study was that there was use of various competitive strategies used by Equity Bank, including the strategy of combination, strategy of cost leadership, strategy of differentiation, and the strategy of focus. Equity Bank's main source of competition is external. The study found a positive relationship between competitiveness strategy efficiency; and innovation; focus on customers, bench marking and differentiation that were found to be statistically crucial.

2.4 Conceptual Framework

Figure 2.1 below shows a correlation between the independent variable (Competitive strategy) and the dependent variable (competitive advantage). Competitive advantage was achieved as a result of cost leadership strategy, differentiation strategy and focus strategy. These strategies will result in a more superior service or product than its competitors such as charging lower prices or provision of quality services or other advantages that validate a higher price. It is therefore in the interest of every organization to develop strategies that aide in gaining sustainable competitive advantage.

Figure 2.1. Conceptual framework

Independent Variable **Dependent Variable**



2.5 Empirical studies and Knowledge Gaps

The findings of the empirical literature reveal the most common strategy used by firms to the least strategy used by firms to gain competitive advantage. West (1990) findings revealed that low cost or differentiation strategy is more effective than focus strategy. While Yasar (2010), Kamau (2010), Achoki (2013), Kabutia (2014), Kung'u, Desta and Ngui (2014) revealed differentiation, cost leadership and focus strategy as the dominant factors. Other strategies used include use of internet marketing, offering e-learning, horizontal integration, concentrated growth and collaborative strategies.

These studies covered competitive strategies, competitive advantage, business strategy, environmental, firm performance. The study areas included food service industry, carpeting sector, commercial banks in Kenya, private universities in Kenya and catholic secondary schools in Kenya. There exists a knowledge gap with regard to manufacturing sector in Nairobi, Kenya. Hence, the research topic; the impact of competitive strategies on competitive advantage in the manufacturing firms in Nairobi.

This chapter discussed theoretical and empirical reviews. Conceptual framework was also shown. The empirical studies were analyzed and research gap determined. Given that there is a valid reason to conduct this study, the researcher will find various methods for conducting the study which was discussed in the next chapter.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology was contained in this chapter. Methods used in collection, analysis, presentations and discussions of the study findings are shown. Discussions on the methods through which sets of data was analyzed and presented are also shown. This research employed a descriptive research design. A descriptive design is appropriate given that it involves observing and describing the behavior of the variables without influencing it in anyway. Questionnaires were used in data collection and included both open and close ended questions.

The population under study consisted of fifty six (56) manufacturing firms in Nairobi hence a census study was adopted. Collected data was summarized, coded, classified and tabulated using statistical package for social sciences (SPSS). Data output was presented using statistical measures such as such as measures of central tendency and inferential statistics such as multiple regression analysis.

3.2 Research Design

Burns and Grove (2003) define research design as a plan, structure and strategy of analysis regarded so as to achieve results to research question and control variances. This study adopted descriptive research which is a data collecting process so as to answer questions regarding the current status of the subjects being studied. This type of design determines and reports things the way they are.

The study utilized primary data which is a tool that depicts a situation in its real state of happening (Burns & Grove 2003). Questionnaires aided the collection of data. The aim is to collect data on competitive strategies used by the manufacturing firms.

Cross sectional survey was used to identify the competitive strategies adopted by large manufacturing firms in Nairobi, Kenya (Zikmund, Babin, Carr, & Griffin, 2010). The method is important to this study as it collects and analyzes data on all the various variables on competitive strategy and provides statistical data on the actual current status.

3.3 Population of the Study

Burns and Grove (2003) define the population as the entire group of elements which have similar characteristics or share at least one thing in common. It is the larger group from which the sample is taken. Cooper & Schindler (2006)states that the target population must be clearly defined so that proper sources from which data are to be collected can be identified.

The population of the study was composed of all the fifty six (56) manufacturing firms in Nairobi. According to the Kenya Association of Manufacturers there are a total of 56 large manufacturing firms in Nairobi, Kenya. A list of the manufacturing firms studied is indicated in Appendix 1.

The number of manufacturing firms in Nairobi is small. This prompts the use of census study. Through conducting the study on all the firms will also give a clear picture on the on the study.it collects data on many attributes of a population and the findings are representative of the population under study.

3.4 Data Collection

For the study quantitative data was collected and analyzed. The main method of collecting primary data was a semi-structured questionnaire. This will entail both open ended and closed ended questions. Open-ended questions were predominantly administered to gather for subjective answering. However, a number of open-ended questions was used to give room for quality information that could have been overlooked. Questionnaires were used and were divided into two sections.

Section A is the background information of the respondents. In this study the respondents include the head of operations department since they play a major role in strategy planning. Section Bentailed the competitive strategies adopted by manufacturing firms to gain competitive advantage. The questionnaires was dropped and picked up at a later date. Zikmund et al (2010) also explain that self-administered questionnaires allow the respondent to take responsibility for reading and answering.

3.5 Data Analysis

The data obtained from the questionnaires was analyzed using quantitative analysis. Zikmund et al (2010) states that raw data from the field may not be in a suitable form for analysts. Unedited responses contain errors in the form of respondent or non-respondent errors. Thus editing will ensure that the data is checked and adjusted for omissions, consistency and legibility. The information once collected and edited was coded and analyzed. A data result was presented using tables and a pie chart.

The quantitative data it was analyzed using open sourced statistical software called SPSS. The first objective: A competitive strategy adopted by manufacturing firms in Nairobi, Kenya was analyzed through descriptive statistics. Inferential statistics was used to analyze data related to the objective of study.

The regression equation is as indicated below:

$Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Where; Y – Competitive advantage

$\beta 0$, $\beta 1$, $\beta 2$, $\beta 3$ – Are constants regression coefficients representing the condition of the independent variables to the dependent variables.

ε= Error term; X_1 – Cost leadership; X_2 – Differentiation strategy; X_3 – Focus strategy

This chapter discussed the methodology to be used for this research. Through analyzing this study, the researcher was able to come up with findings which were used in the next chapters. Conclusions will then be made. Finally, the researcher will recommend various strategies that were of value to many players in the industry.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This part examines the elucidation and introduction of the examination discoveries drawn from the exploration instrument by method for information investigation. This part introduces the examination and discoveries of the investigation as set out in the exploration approach. The exploration information was assembled solely through primary data.

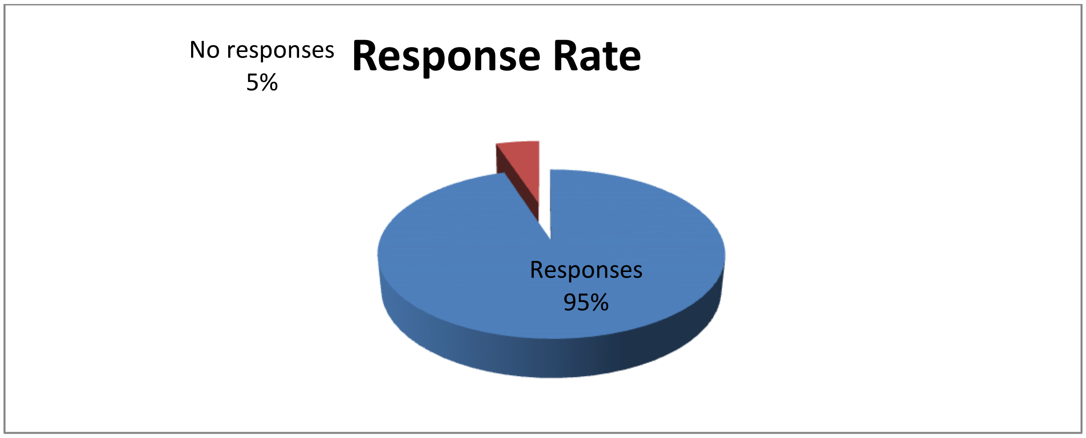
4.2 Demographic Information of the Respondents

The demographic data obtained from individual respondents and their background is examined in this segment. Doing this will enable the researcher comprehend the respondents setting and their capability to provide useful data. The results are presented according to the demographics and the research questions. The general information sought from the respondents included the duration of work at the firm in Kenya, duration of operation of manufacturing firm, services and products offered and the number of years they had been in their current positions. The study required the respondents to indicate their respective positions in the company.

4.2.1 Response Rate

The study targeted a total of 59 Respondents who constituted top level management in large Manufacturing Companies in Kenya . Out of these, 56 respondents could be reached while the rest were not available to be interviewed hence the response rate of the study at 95%. (Mugenda & Mugenda, 2009) indicated that a response percentage of more than 70 is to be considered good enough for examination and reporting.

Figure 4.1.A pie chart representations of the responses



4.2.2 Length of Service in the Manufacturing Industry

The Respondents were required by the study to disclose the duration they had served in their organizations.

Table 4.1Length of Service in the Manufacturing Company

	Frequency	Valid Percent
Less than a year	4	7.1
1-5years	12	21.4
6-10years	23	41.1
11-15years	12	21.4
Over 15years	5	8.9
Total	56	100

According to the research findings, the study established that 7.1% of the respondents had served in the Manufacturing industry for Less than a year, while 21.4% of the respondents said that they had served for a period of 1-5years. 41.1% the respondents had served in the Manufacturing industry for 6-10years while 21.4% of the respondents had served in the Manufacturing industry for 11-15years. 8.9%the respondents had served in the Manufacturing industry for over 15years.The respondents are of relevance to the study based on their experience in working with the Manufacturing industry.

4.2.3 Duration of Operation of the Manufacturing Firm

The Respondents were required by the study to disclose the duration of operation of the manufacturing firm.

Table 4.2 Duration of operation of the firm

	Frequency	**Valid Percent**
1-5years	1	1.8
6-10years	11	19.6
11-15years	14	25
Over 15years	30	53.6
Total	56	100

The findings indicate that 1.7 percent of the respondent manufacturing firms have been in operation for a period of 1-5years. The findings indicate that 18.6 percent of the respondent manufacturing firms have been in operation for a period of 6-10years. The findings indicate that 23.7 percent of the respondent manufacturing firms have been in operation for a period of 11-15years. The findings indicate that 50.8 percent of the respondent manufacturing firms have been in operation for a period of over 15years.

4.2.4 Services and Products Offered

The Respondents were required by the study to disclose the duration of operation of the manufacturing firm.

Table 4.3 Services and products offered

	Frequency	**Valid Percent**
Food	14	25
Automotive	16	28.6
Beverages	11	19.6
Chemicals	3	5.4
Timber	5	8.9
Leather products	3	5.4
Metal and steel	1	1.8
electrical	1	1.8
cloths and design	2	3.6
	56	100

The findings indicate that 23.7 percent of the respondent organizations operate in the Automotive sector. The findings indicate that 27.1 percent of the respondent organizations operate in the Beverages sector. The findings indicate that 18.6 percent of the respondent organizations operate in the chemicals sector. The findings indicate that 5.1 percent of the respondent organizations operate in the timber sector. The findings indicate that 8.5 percent of the respondent organizations operate in the Leather products sector. The findings indicate that 5.1 percent of the respondent organizations operate in the Metal and steel sector. The findings indicate that 1.7 percent of the respondent organizations operate in the electrical sector. The findings indicate that 1.7 percent of the respondent organizations operate in the cloths and design sector.

4.2.5 Number of Employees in the Organization

The Respondents were required by the study to disclose the duration of operation of the manufacturing firm.

Table 4.4 Number of Employees in the Organization

	Frequency	Valid Percent
1-100	25	44.6
101-200	31	55.4
Total	56	100

The findings indicate that 44.6% of the respondent organizations have estimated 1-100 employees while 55.4% of the respondent organizations have estimated 100-200 employees.

4.2.6 Years of Operation in Kenya

The Respondents were required by the study to disclose years of operation of the large manufacturing companies in Kenya.

Table 4.5 Years of operation

	Frequency	Valid Percent
Less than 20 years	22	39.3
21-40 years	34	60.7
Total	56	100

The findings indicate that 39.3% of the respondent organizations had been operating in Kenya for a period of less than 20 years. The findings indicate that 60.7% of the respondent organizations had been operating in Kenya for a period of less than 20 years.

4.2.7 Ownership Structure

The Respondents were required by the study to disclose ownership structure of the large manufacturing companies in Kenya.

Table 4.6 Ownership structure

	Frequency	Valid Percent
Privately owned	31	55.4
Public owned	25	44.6
Total	56	100

The findings indicate that 55.4% of the respondent organizations are privately owned. The findings indicate that 44.6% of the respondent organizations are pubic owned.

4.2.8 Frequency of Competitive Strategy Review

In this section the researcher sought to find out the Frequency of competitive strategy review in large manufacturing firms.

Table 4.7 Frequency reviewing strategy

	Frequency	Valid Percent
Quarterly	43	76.8
Half yearly	10	17.9
Annually	3	5.4
Total	56	100

The findings indicate that 76.8 % of the respondent organizations undertake quarterly strategic plan review while 17.9 % of the respondent organizations undertake haif year strategic plan reviews. 5.4 % of the respondent organizations undertake annual strategic plan reviews.

4.3 Competitive Strategies Adopted Large Manufacturing Firms in Nairobi, Kenya

This section the researcher sought to find out the nature of competitive strategies adopted by large manufacturing companies in Kenya.

4.3.1 Differentiation Strategy

This section the researcher sought to find out the nature of differentiation strategies adopted by large manufacturing companies in Kenya. The findings are indicated in the table below.

Table 4.8 Differentiation strategies adopted

Differentiation strategies adopted	Mean	Std. Deviation
Having a unique brand image valued by customers	4.45	0.63
Offering attractive and distinguished services that other companies are not offering	4.32	0.47
Offering a wide range of products than competitors	4.23	0.57
Keeping size larger than competitors	4.18	0.47
Keeping size smaller than competitors	1.38	0.49

The findings indicate that large manufacturing companies have adopted unique brand image valued by customers to a great extent as indicated by the mean of 4.45 and a small standard deviation of 0.63 that indicates close similarly of respondent opinions. The findings indicate that large manufacturing companies have adopted offering attractive and distinguished services that other companies are not offering to a great extent as indicated by the mean of 4.32 and a small standard deviation of 0.47 that indicates close similarly of respondent opinions. The findings indicate that large manufacturing companies have adopted Offering a wide range of products than competitors to a great extent as indicated by the mean of 4.23 and a small standard deviation of 0.57 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that large manufacturing companies have adopted Keeping size larger than competitors to a great extent as indicated by the mean of 4.18 and a small standard deviation of 0.47 that indicates close similarly of respondent opinions. The findings indicate that the respondents strongly agreed that large manufacturing companies have adopted Keeping size smaller than competitors to a great extent as indicated by the mean of 1.38 and a small standard deviation of0.49 that indicates close similarly of respondent opinions.

4.3.2 Cost Strategy

This section the researcher sought to find out the nature of cost strategies adopted by large manufacturing companies in Kenya. The findings are indicated in the table below.

Table 4.9 Cost control strategies

Cost control strategies	**Mean**	**Std. Deviation**
Minimizing cost of delivering services	4.50	0.50
Ensuring cost efficiency in the company	4.46	0.54
Charging lower product prices than competitors	4.46	0.50
Allowing for flexible payment of prices	4.45	0.50

The findings indicate that large manufacturing companies have adopted the cost cutting strategy of Minimizing cost of delivering services to a great extent as indicated by the mean of 4.50 and a small standard deviation of 0.50 that indicates close similarly of respondent opinions. The findings indicate that large manufacturing companies have adopted the cost cutting strategy of Ensuring cost efficiency in the company to a great extent as indicated by the mean of 4.46 and a small standard deviation of 0.54 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that large manufacturing companies have adopted the cost cutting strategy of Charging lower product prices than competitors to a great extent as indicated by the mean of 4.46 and a small standard deviation of 0.50 that indicates close similarly of respondent opinions. The findings indicate that large manufacturing companies have adopted the cost cutting strategy of Allowing for flexible payment of prices to a great extent as indicated by the mean of 4.45 and a small standard deviation of 0.50 that indicates close similarly of respondent opinions.

4.3.3 Focus Strategy

This section the researcher sought to find out the nature of focus strategies adopted by large manufacturing companies in Kenya. The findings are indicated in the table below.

Table 4.10 Focus strategies adopted

Focus strategies adopted	Mean	Std. Deviation
Offering services to suit unique specific needs of consumers more than competition	4.82	0.39
Developing unique low cost services for particular segment	4.75	0.44
Developing uniquely differentiated for particular segment	4.73	0.45
Drawing customer from the neighboring counties	4.68	0.47
Targeting a specific market segment	4.45	0.50

The findings indicate that the respondents strongly agreed that large manufacturing companies have adopted the focus strategy of Offering services to suit unique specific needs of consumers more than competition to a great extent as indicated by the mean of 4.82 and a small standard deviation of 0.39 that indicates close similarly of respondent opinions. The findings indicate that the respondents strongly agreed that large manufacturing companies have adopted the focus strategy of Developing unique low cost services for particular segment to a great extent as indicated by the mean of 4.75 and a small standard deviation of 0.44 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that large manufacturing companies have adopted the focus strategy of Developing uniquely differentiated for particular segment to a great extent as indicated by the mean of 4.73 and a small standard deviation of 0.45 that indicates close similarly of respondent opinions. The findings indicate that the respondents strongly agreed that large manufacturing companies have adopted the focus strategy of Drawing customer from the neighboring counties to a great extent as indicated by the mean of 4.68 and a small standard deviation of 0.47 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that large manufacturing companies have adopted the focus strategy of Targeting a specific market segment to a great extent as indicated by the mean of 4.45 and a small standard deviation of 0.50 that indicates close similarly of respondent opinions.

4.4. Effect of Competitive Strategy on Competitive Advantage

In this section the specific objectives of differentiation, focus and cost leadership and were analyzed against the dependent variable. The study used Likert Scale where 1is strongly disagree 2. Disagree 3.Neither agree, nor disagree 4. Agree 5. Strongly agree

4.4.1 Effect of Product Differentiation Strategy on Competitive Advantage

The study also sought to find out the application of differentiation as a competitive strategy and its impact on competitive advantage using Likert Scale where 1is strongly disagree 2. Disagree 3.Neither agree, nor disagree 4. Agree 5. Strongly agree.

Table 4.11: Effect of product differentiation strategy on competitive Advantage

Effect of Differentiation Strategy Competitive Advantage	Mean	Std. Deviation
Increase in market share	4.84	0.37
Increase in marketing communication	4.8	0.4
Competitive pricing	4.79	0.41
Increase in productivity	4.68	0.47
Increase in sales volume of its products	4.48	0.5

The findings indicate that the respondents strongly agreed that as a result of implementation of the differentiation strategy large manufacturing companies in Kenya have witnessed increase in market share to a great extent as indicated by the mean of 4.84 and a small standard deviation of 0.37 that indicates close similarly of respondent opinions. The findings indicate that the respondents strongly agreed that as a result of implementation of the differentiation strategy large manufacturing companies in Kenya have witnessed Increase in marketing communication to a great extent as indicated by the mean of 4.8 and a small standard deviation of 0.4 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that as a result of implementation of the differentiation strategy large manufacturing companies in Kenya have witnessed Competitive pricing to a great extent as indicated by the mean of 4.79 and a small standard deviation of 0.41 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that as a result of implementation of the differentiation strategy large manufacturing companies in Kenya have witnessed Increase in productivity to a great extent as indicated by the mean of 4.68 and a small standard deviation of 0.47 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that as a result of implementation of the differentiation strategy large manufacturing companies in Kenya have witnessed Increase in sales volume of its products to a great extent as indicated by the mean of 4.48 and a small standard deviation of 0.5 that indicates close similarly of respondent opinions.

4.4.2 Effect of Cost Cutting Strategy on Competitive Advantage

The study also sought to find out the application of differentiation as a competitive strategy and its impact on competitive advantage using Likert Scale where 1is strongly disagree 2. Disagree 3.Neither agree, nor disagree 4. Agree 5. Strongly agree

Table 4.12 Effect of cost strategy competitive advantage

effect of cost strategy competitive advantage	Mean	Std. Deviation
Customer delight	4.89	0.31
Increase in repeat customers	4.77	0.43
Reduced customer defections	4.73	0.45
Reduced product defections	4.68	0.47
Improved customer care	4.5	0.5

The findings indicate that the respondents strongly agreed that as a result of implementation of cost-cutting strategy large manufacturing companies in Kenya have witnessed Customer delight to a great extent as indicated by the mean of 4.89 and a small standard deviation of 0.31 that indicates close similarly of respondent opinions. The findings indicate that the respondents strongly agreed that as a result of implementation of cost-cutting strategy large manufacturing companies in Kenya have Increase in repeat customers to a great extent as indicated by the mean of 4.77 and a small standard deviation of 0.43 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that as a result of implementation of cost-cutting strategy large manufacturing companies in Kenya have reduced customer defections to a great extent as indicated by the mean of 4.73 and a small standard deviation of 0.45 that indicates close similarly of respondent opinions. The findings indicate that the respondents strongly agreed that as a result of implementation of cost-cutting strategy large manufacturing companies in Kenya have reduced product defections to a great extent as indicated by the mean of 4.68 and a small standard deviation of 0.47 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that as a result of implementation of cost-cutting strategy large manufacturing companies in Kenya have improved customer care to a great extent as indicated by the mean of 4.5 and a small standard deviation of 0.5 that indicates close similarly of respondent opinions.

4.4.3 Effect of Focus Strategy on Competitive Advantage

The study also sought to find out the application of focus strategy as a competitive strategy and its impact on competitive advantage using Likert Scale where 1is strongly disagree 2. Disagree 3.Neither agree, nor disagree 4. Agree 5. Strongly agree.

Table 4.13 Effect of Focus strategy on performance

Effect of Focus Strategy On Competitive Advantage	Mean	Std. Deviation
Improved product quality	5	0
Substitute lower cost materials where possible	4.5	0.69
Elimination of unnecessary product features	4.41	0.5
Reduction of waste	4.41	0.5
Improved business value for shareholders	4.41	0.5

The findings indicate that the respondents strongly agreed that as a result of implementation of focus strategy large manufacturing companies in Kenya have witnessed improved product quality to a great extent as indicated by the mean of 5 and a small standard deviation of 0 that indicates close similarly of respondent opinions. The findings indicate that the respondents strongly agreed that as a result of implementation of focus strategy large manufacturing companies in Kenya have witnessed substitute lower cost materials where possible to a great extent as indicated by the mean of4.5 and a small standard deviation of 0.69 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that as a result of implementation of focus strategy large manufacturing companies in Kenya have witnessed elimination of unnecessary product features to a great extent as indicated by the mean of 4.41 and a small standard deviation of 0.5 that indicates close similarly of respondent opinions. The findings indicate that the respondents strongly agreed that as a result of implementation of focus strategy large manufacturing companies in Kenya have witnessed reduction of waste to a great extent as indicated by the mean of 4.41 and a small standard deviation of 0.5 that indicates close similarly of respondent opinions.

The findings indicate that the respondents strongly agreed that as a result of implementation of focus strategy large manufacturing companies in Kenya have witnessed improved business value for shareholders to a great extent as indicated by the mean of 4.41 and a small standard deviation of 0.5 that indicates close similarly of respondent opinions.

4.5 Regression Analysis

A regression model was applied to determine the relationship between the study variables. The dependent variable is the competitive strategies while the independent variable is performance. The analytical model used in analyzing the relationship between the dependent and independent. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables. The analytical model used in analyzing the relationship between the dependent and independent variables is:

$$Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where; Y – Competitive advantage X_1 – Cost leadership; X_2 – Differentiation strategy; X_3 – Focus strategy

Table 4.14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.402[a]	.162	.113	.53869

R-Square is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R^2, also called the coefficient of determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. 11.3% of competitive advantage could be attributed to the combined effect of the predictor variables.

Table 4.15 Summary of One-Way ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.910	3	.970	3.343	.026[b]
Residual	15.090	52	.290		
Total	18.000	55			

The study used One-way ANOVA to establish the significance of the regression model from which a probability value of 0.026 was established. This indicates that the regression relationship was highly significant in predicting how competitive strategies affect performance in large Manufacturing Companies in Kenya. The F calculated at 5%

level of significance was 3.343 Since F is greater than the F critical, this shows that the overall model was significant.

Table 4.16 Regression Coefficients results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.198	.992		2.216	.031
Cost leadership	.367	.117	.425	3.136	.003
Differentiation	.070	.136	-.074	-.518	.607
Focus strategy	.242	.172	.213	1.406	.166

The regression equation above established that holding all other factors constant (no competitive strategies) performance would be at 2.198. A unit increase in differentiation strategy would lead to an increase in competitive advantage by 0.07.A unit increase in cost leadership strategy, would lead to an increase in competitive advantage by 0.367. A unit increase in focus strategy would lead to an increase in competitive advantage by 0.242.

4.6 Comparison of findings with others

From the above regression model, the study found out that adoption of competitive strategies enhances competitive advantage of large Manufacturing Companies in Kenya. The independent variables that were studied explain a substantial 11.3% of competitive strategies for performance of as represented by adjusted R^2 (0.113). This therefore means that the independent variables contribute 11.3% of the competitive advantage while other factors and random variations not studied in this research contribute 88.7%. The study concurred with Hill and Jones (2000) who found that adoption of competitive strategies positively enhanced organizational market share, increase in customer base, enhanced production of quality services and gaining competitive advantage over rivals in the market.

4.6.1 Product Differentiation Strategy on Competitive Advantage

Study findings on the influence of product differentiation strategy on the competitive advantage revealed that as a result of implementation of the differentiation strategy large manufacturing companies in Kenya have witnessed increase in market share to a great extent; that the respondents strongly agreed that as a result of implementation of the differentiation strategy large manufacturing companies in Kenya have witnessed increase in marketing communication to a great extent; large manufacturing companies in Kenya have witnessed competitive pricing to a great extent; large manufacturing companies in Kenya have witnessed increase in productivity.

The findings are in line with the findings of Mwangi (2008) who studied the relationship between competitive strategies and competitive advantage of independent oil companies in Kenya. His findings revealed that differentiation strategy led to competitive pricing, increased productivity, improved marketing communication among the independent oil companies in Kenya.

4.6.2 Cost Cutting Strategy on Competitive Advantage

The findings on cost cutting strategy on competitive advantage indicate that as a result of implementation of cost-cutting strategy large manufacturing companies in Kenya have witnessed customer delight to a great extent; implementation of cost-cutting strategy large manufacturing companies in Kenya have led to increase in repeat customers to a great extent; reduced customer defections to a great extent; have reduced product defections; have improved customer care to a great extent. The study findings are in line with the findings of Wairegi (2009) who studied the influence of competitive strategies on performance of oil firms in Kenya with a focus on motor fuel and the major oil companies their findings indicate that most of the companies employed the competitive strategies to cope with the competitive environment. His findings revealed that cost cutting strategy lead to reduced customer defections, increased repeat customer and reduced product defections.

4.6.3 Focus Strategy on Competitive Advantage

The study findings indicate that focus strategies enhance competitive advantage to a great extent. It enhances competitive advantage throughimproved product quality to a great extent; substitute lower cost materials where have witnessed elimination of unnecessary product features to a great extent. The respondents further agreed that as a result of implementation of focus strategy large manufacturing companies in Kenya have witnessed reduction of waste to a great extent.

The findings concur with Pearce II and Zahra (1991) in a study involving 139 of 500 Fortune firms and where there was found to be a positive relationship between Competitive strategies and earnings per firms shares, waste reduction, increase in firm customer base, asset quality, quality of product/service, increased production and increased market share. They argued that in taking appropriate measure at the rightful time where strategies seems to fail in achieving set goals, abilities and energies channeled to explicitly enhance strategies that propel firm's performance positively.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of findings, conclusions and recommendations. The findings are summarized in line with the objectives of the study which was to establish the effect Competitive strategies and competitive advantage in large Manufacturing Companies in Kenya. The findings have been discussed relative to the questionnaire aspects which were on; demographic data on the respondent, competitive strategies adopted and competitive strategies in a competitive business environment at large Manufacturing Companies in Kenya.

5.2 Summary of Findings

The objectives of this study were to identify the competitive strategies used by large manufacturing firms in Nairobi, Kenya to achieve competitive advantage; and to establish the influence of competitive strategies on the competitive advantage of large manufacturing firms in Nairobi. The study adopted a survey study research that adopted a descriptive research design. Data was collected using questionnaires administered to employees of the sampled companies and analyzed using inferential and descriptive statistics. The general information sought from the respondents included the duration of work at the firm in Kenya, duration of operation of manufacturing firm,services and products offered and the number of years they had been in their current positions. The study required the respondents to indicate their respective positions in the company.

The study targeted a total of 59 respondents who constituted top level management in large Manufacturing Companies in Kenya. Out of these, 56 respondents could be reached while the rest were not available to be interviewed hence the response rate of the study at 95%. (Mugenda & Mugenda, 2009) indicated that a response percentage of more than 70 is to be considered good enough for examination and reporting. The study established that 7.1% of the respondents had served in the Manufacturing industry for Less than a year, while 21.4% of had served for a period of 1-5years. 41.1% the respondents had served in the Manufacturing industry for 6-10years while 21.4% of the respondents had served in the Manufacturing industry for 11-15years. 8.9% the respondents had served in the Manufacturing industry for over 15years.The respondents are of relevance to the study based on their experience in working with the manufacturing industry.

The findings indicate that 1.7 percent of the respondent manufacturing firms have been in operation for a period of 1-5years, 18.6 for a period of 6-10years, 23.7percent for a period of 11-15years and 50.8 percent for a period of over 15years. Findings indicate that 23.7 percent in the Automotive sector. 27.1 percent in the Beverages sector, 18.6 percent in the chemicals sector. 5.1 percent in the timber sector, 8.5 percent in the Leather products sector, 5.1 percent in the Metal and steel sector, 1.7 percent in the electrical sector and 1.7percent in the cloths and design sector.

44.6% of the respondent organizations have estimated 1-100 employees, while 55.4% have estimated 100-200 employees. 39.3% of the respondent organizations had been operating in Kenya for a period of less than 20 years while 60.7% had been operating in

Kenya for a period of less than 20 years. 55.4% of the respondent organizations are privately owned while 44.6% are pubic owned. 76.8 % of the respondent organizations undertake quarterly strategic plan review, 17.9 % undertake half year strategic plan reviews while 5.4 % undertake annual strategic plan reviews.

The competitive strategies used by large manufacturing firms in Nairobi, Kenya to achieve competitive advantage include adoption of unique brand image valued by customers, offering attractive and distinguished services that other companies are not offering, offering wide range of products than competitors. The findings indicate that large manufacturing companies have to a great extent large manufacturing companies have adopted the cost cutting strategy of minimizing cost of delivering services, adopted the cost cutting strategy of ensuring cost efficiency in the company, the cost cutting strategy of charging lower product prices than competitors and the cost cutting strategy of allowing for flexible payment of prices.

The findings indicate that large manufacturing companies have to a great extent adopted focus strategy of offering services to suit unique specific needs of consumers more than competition , developing unique low cost services for particular segment, developing uniquely differentiated for particular segment, drawing customer from the neighboring counties and targeting a specific market segment.

The findings indicate that as a result of implementation of the differentiation strategy large manufacturing companies in Kenya have witnessed increase in market share, have witnessed Increase in marketing communication, competitive pricing increase in productivity, increase in sales volume of its products. The findings indicate that as a result of implementation of cost-cutting strategy large manufacturing companies in Kenya have witnessed customer delight. Increase in repeat customers, reduced customer defections, reduced product defections. Improved customer care and improved product quality. The findings indicate that as a result of implementation of focus strategy large manufacturing companies in Kenya have witnessed lower cost of materials, elimination of unnecessary product features, and reduction of waste and improved business value for shareholders.

The findings on the influence of competitive strategies on the competitive advantage of large manufacturing firms in Nairobi. The findings revealed a positive linear relationship between competitive strategy and competitive advantage as explained by coefficient of determination (R^2) of 16.4 %. The independent variables that were studied explain a substantial 11.3% of competitive strategies for performance of as represented by adjusted R^2 (0.113). This therefore means that the independent variables contribute 11.3% of the competitive advantage while other factors and random variations not studied in this research contribute 88.7%.

5.3 Conclusion

The study sought to identify the competitive strategies used by large manufacturing firms in Nairobi, Kenya to achieve competitive advantage; and to establish the influence of competitive strategies on the competitive advantage of large manufacturing firms in Nairobi. Based on the findings in relation to specific objective, the study concluded that competitive strategies positively lead to competitive advantage. Competitive strategies influences customer satisfaction, ensures superior quality services and products, customer oriented products, and positive feedback from customers.

5.4 Recommendations

The study recommends that organizations should focus on adopting competitive strategies so as to improve organizational performance through increasing customer base, asset quality, quality of service and increased market share. The study recommended that for the organization to perform effectively on its financial performance clear strategies that guides it operation should be formulated and guidelines be provided to all the concerned departments in order to eradicate occurrence of compromise. In order for organizations to achieve their goals, i.e. Profitability, large market share and customer retention, there should be effective strategies that cater for the customer needs, organization goals and environmental changes.

To enhance customer satisfaction and eventual performance the study recommends that customers should be treated well since they are the key assets in organization's survival, hence strategies set should be focus on quality of service .strategies adopted by organization should be adaptive to changes in the external environment and should be continually evaluated through frequent competitor analysis, SWOT analysis, stakeholder opinion polls and ensuring adherence to corporate governance practices if performance is to be continually enhanced.

The study recommends that organizations should focus on adopting strategic change practices so as to improve organizational performance through increasing customer base, asset quality, quality of service and increased market share. The study recommended that effective performance of a company must entail strategies that offer clarity for guidance concerning financial operations. All the concerned departments should be provided with the guidance formulated in order to eradicate occurrence of compromise. In order for organizations to achieve their goals, i.e. Profitability, large market share and customer retention, there should be effective strategies that cater for the customer needs, organization goals and environmental changes.

To enhance customer satisfaction and eventual organizational growth the study recommends that customers should be treated well since they are the key assets in organization's survival, hence strategies set should be focus on quality of service .strategies adopted by organization should be adaptive to changes in the external environment and should be continually evaluated through frequent competitor analysis, SWOT analysis, stakeholder opinion polls and ensuring adherence to corporate governance practices if organizational growth is to be continually enhanced.

5.5 Limitations of the Study

The study's limitations included limited time set aside for the research and the limited scope of study. It would have been interesting to research on competitive strategies adopted by several other industries and their impact on performance. Securing face to face interviews was a challenge due to the senior managers' busy schedules and the limited stipulated time to carry out the research. To counter this, appointments had to be sought and scheduled, sometimes outside the official working hours.

The respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image of the institutions. The researcher handled the problem by carrying an introduction letter from the university and assured them that the information they would offer would be treated confidentially and it was to be used purely for academic purposes. The study's limitations included limited time set aside for the research and the limited scope of study.

5.6 Suggestions for Further Research

The study suggests further survey on study Competitive strategies management and performance in other industries. This research should be replicated in other industries in order to establish whether there is consistency among them on Competitive strategies management and business performance. The study will supplement the findings of this study by providing information on the strength and weaknesses experienced in the implementation of competitive strategies.

Additionally, further studies should be carried out in order to determine performance of large Manufacturing Companies in Kenya and how they impact on the Manufacturing industry 's performance. Further research should be done on the factors affecting strategy implementation and impact of strategy implementation on organization performance by focusing on other sectors other than manufacturing industry in order to depict reliable information that illustrates real situation in across all sectors.

The study suggests further survey on study Strategic change practices and performance in other industries. This research should be replicated in other industries in order to establish whether there is variation in response. Further research should be done on the factors that affect strategy change and impact of strategic change on organization performance with a focus on other sectors, so as to have an all-encompassing research that provides a bigger picture of actual situations.

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APPENDICES

Appendix I: Questionnaire

Please answer all the questions by filling appropriately after carefully reading through them. The questions are seeking your opinion on the competitive strategies and competitive advantage of large manufacturing firms in Nairobi, Kenya. All the answers you give will help in achieving the objectives of this study. Your answers was treated with confidentiality and will only be used for the purpose of this study.

SECTION A: BACKGROUND OF RESPONDENTS

1. How long have you worked with at the firm Kenya?

Less than a year [ ] 1-5 years [ ] 6-10years []

11-15 years [ ] Over 15 years [ ]

2. How long has the manufacturing firm been in operation?

Less than a year [ ] 1-5 years [ ] 6-10years [ ]

11-15 years [ ] Over 15 years[ ]

3. What services and products does your firm offer?

Food [ ] Automotive [ ]

If any other specify..

SECTION B: BACKGROUND ON THE ORGANIZATION

4. Which sector does your organization belong?

Building and Construction [ ] Food, Beverage and Tobacco [ ]

Chemical and Allied [ ] Energy, Electrical and Electronics [ ]

Plastics and Rubber [ ] Textile and Apparels [ ]

Timber, Wood Products and Furniture [ ] Pharmaceutical and Medical Equipment [ ]

Metal and Allied [ ] Leather products and Footwear [ ]

Motor Vehicle assembly and Accessories [ ] Paper and Paperboard [ ]

Any other please specify..

5. Number of employees?

1 – 100 [ ]

101- 200 [ ]

201 -300 [ ]

Above 301 [ ]

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

Less than 20 years [ ]

21 - 40 Years [ ]

41 and above Years [ ]

7. Please kindly indicate if your firm is

Privately Owned [ ]

Public Owned [ ]

Foreign Owned [ ]

Any other, please specify..

SECTION C: COMPETITIVE STRATEGIES ADOPTED BY MANUFACTURING FIRMS

8. Which competitive strategies has the firm adopted?

Cost leadership strategy	[ ]	Market focus strategy	[ ]
Differentiation strategy	[ ]	Corporate growth strategy	[ ]
Resource based strategy	[ ]	Generic strategy	[ ]
Any other strategy	[ ]		

9. How often does firm review its impact on competitive strategies adopted?

Monthly [ ] Quarterly [ ] Half Yearly [ ] Annually [ ]

10. Does firm enjoy competitive advantage in the industry?

Yes [ ] No [ ]

11. If yes, what are the sources of competitive advantage enjoyed by the firm?

Pricing strategy	[ ]	distribution strategy	[ ]
Promotion strategy	[ ]	target market	[ ]

If any other specify……………………………

12. How have the strategies contributed towards achieving competitive advantage in for the firm in the industry? ………………………………………………………....................

……………………………………………………………………………………………..

13 Every organization desires to be the most competitive in its field of business overtime. Please rate to if you agree or disagree with the statements below strategies. Please indicate on a Scale of 1 – 5 where: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree. (Kindly tick(✓) as appropriate.

DIFFERENTIATION

Statement	**5**	**4**	**3**	**2**	**1**
Offering a wide range of products than competitors					
Having a unique brand image valued by customers					
Offering attractive and distinguished services that other companies are not offering					
Keeping size smaller than competitors					
Keeping size larger than competitors					

COST

Statement	**5**	**4**	**3**	**2**	**1**
Ensuring cost efficiency in the company					
Charging lower product prices than competitors					
Minimizing cost of delivering services					
Allowing for flexible payment of prices					

FOCUS

Statement	**5**	**4**	**3**	**2**	**1**
Targeting a specific market segment					
Offering services to suit unique specific needs of consumers more than competition					
Developing unique low cost services for particular segment					
Drawing customer from the neighboring counties					
Developing uniquely differentiated for particular segment					

SECTION D:THE FIRMS COMPETITIVE ADVANTAGE

14. To what extent has the competitive strategies led to the following statements? Where: Very great extent [1], great extent [2], moderate extent [3], small extent [4], very small extent [5] (Kindly tick(✓) as appropriate.

NEW MARKET PENETRATION

Statement	**5**	**4**	**3**	**2**	**1**
Increase in sales volume of its products					
Increase in market share					
Increase in marketing communication					
Increase in productivity					
Competitive pricing					

RETENTION OF ITS EXISTING MARKET

Statement	5	4	3	2	1
Increase in repeat customers					
Reduced product defections					
Improved customer care					
Reduced customer defections					
Customer delight					

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Creation of economic value & lower costs of production

Statement	5	4	3	2	1
Improved product quality					
Improved business value for shareholders					
Reduction of waste					
Elimination of unnecessary product features					
Substitute lower cost materials where possible					

SECTION E: STRATEGY AND COMPETITIVE ADVANTAGE

In what ways has adoption of competitive strategy influenced the competitive advantage of the company? Please indicate on a Scale of 1 – 5 where: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree. (Kindly tick(✓) as appropriate.

Statement	**5**	**4**	**3**	**2**	**1**
Cost Leadership					
Differentiation					
Focus Strategy					
Collaborative strategies					
Resource Based Strategies					
Advertising in print and local media					
Retaining and motivating popular staff					
Intensive staff training					

Others(Please Specify)…………………………………………………………………...

…………………………………………………………………………………………

…………………………………………………………………………………………

Appendix II: Large Manufacturing Firms in Nairobi, Kenya

1. WIGGLESWORTH EXPORTERS LTD
2. UNIVERSAL CORPORATION LTD
3. EAST AFRICAN BREWERIES LIMITED
4. GENERAL INDUSTRIES LTD
5. POLYPIPES LTD
6. UNILEVER KENYA LIMITED
7. UNGA GROUP LTD.
8. STATPACK INDUSTRIES LIMITED
9. SAMEER GROUP
10. STAINLESS STEEL PRODUCTS LTD
11. STEEL STRUCTURES LIMITED
12. TOP TANK
13. SUDI CHEMICAL INDUSTRIES LIMITED
14. RHINO SPECIAL PRODUCTS LTD
15. KAPA OIL REFINERIES LIMITED
16. JET CHEMICALS (KENYA) LTD
17. MAKIGA ENGINEERING SERVICE LIMITED
18. PZ CUSSONS EAST AFRICA LTD
19. POLYTHENE INDUSTRIES LTD
20. ORBIT CHEMICAL INDUSTRIES LTD
21. PETMIX FEED
22. ESLON LTD

23. STEELROLLING INDUSTRIES
24. HYDRAULIC HOSE & PIPE MANUFACTURERS LTD
25. EQUATORIAL TEA LTD
26. EXCEL CHEMICAL LTD.
27. FARMERS CHOICE LTD
28. FAIRDEAL UPVC, ALUMINIUM AND GLASS LTD
29. FLEXOWORLD LTD
30. FOAM MATTRESS LTD
31. GAHIR ENGINEERING WORKS LTD
32. DOSHI GROUP OF COMPANIES
33. BIDCO OIL REFINERIES LIMITED
34. BRITISH AMERICAN TOBACCO KENYA LTD
35. BOBMIL INDUSTRIES LIMITED
36. C. DORMANS LTD
37. CHLORIDE EXIDE KENYA LIMITED
38. BOSKY INDUSTRIES LTD
39. BLOWPLAST LIMITED
40. BLUE RING PRODUCTS LTD
41. CHANDARIA INDUSTRIES LIMITED
42. BOGANI INDUSTRIES LTD
43. CHEMPLUS HOLDINGS LTD
44. COLGATE-PALMOLIVE(EAST AFRICA) LTD
45. COSMOS LIMITED

46. UNGA FARM CARE (EA) LTD
47. ALPHA DAIRY PRODUCTS LTD
48. ADHESIVE SOLUTIONS AFRICA LTD
49. APEX STEEL LTD
50. AGNI ENTERPRISES LTD
51. ASHUT QUALITY PRODUCTS
52. ALI GLAZIERS LTD
53. KENBRO INDUSTRIES
54. KIM-FAY E.A LIMITED
55. WELRODS LIMITED
56. THE KENSTA GROUP

Source: Kenya association of manufacturers (2016)