COMPETITIVE STRATEGIES, BUSINESS ENVIRONMENT, CORPORATE IMAGE AND PERFORMANCE OF LARGE MANUFACTURING FIRMS IN KENYA

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DECLARATION

This is my original work and has not been presented for examination in any institution.

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DEDICATION

I dedicate this thesis to my mum, Laura Wambui Ndung'u and my three children, Racheal Karimi, Laura Mukami and Daniel Mwenda. I thank you all for the support and encouragement. May God blessings be abundant to you.

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ABBREVIATIONS AND ACRONYMS

DC	Dynamic Capabilities Theory
GDP	Gross Domestic Product
HR	Human Resources
KAM	Kenya Association of Manufacturers
KNBS	Kenya National Bureau of Statistics
MITC	Ministry of Industry, Trade and Cooperatives
PU	Privatization Unit
SMEs	Small and Medium Firms
EUATTC	European Union and Association of Turkish Trade Chambers

ABSTRACT

Understanding of how firms can attain improved organization performance has been empirically researched but has not yet to be settled. While strategy is seen to influence performance, other factors seem to influence this relationship which could have either a direct or indirect influence. Empirical research indicates that organizations exist in a dynamic environment. Another factor which has received little attention is corporate image. Many firms today spend large amounts of significant resources in an endeavor to create a good image. Firm's stakeholders are sensitive to corporate image and they are the ones that influence performance. Literature is not clear on corporate image influence to the performance of firms. This study sought to determine the influence of competitive strategies, business environment, and corporate image on the performance of large manufacturing firms in Kenya. The study used Porter's (1980) competitive strategies framework and was founded on Dynamic Capability, Stakeholders theories and goal setting theory. The study used positivist philosophy while adopting a cross-sectional descriptive survey. The population of the study was all the large manufacturing in Kenya. Sample selection was through simple random sampling from each stratum of the manufacturing sector. Collection of data was done through a structured questionnaire. Descriptive statistics was done through the use of percentages, mean scores and standard deviations. Through regression analysis results indicated that manufacturing firms in Kenya adopted competitive strategies in response to business environment, cost strategy particularly had a higher influence on the performance of manufacturing firms in Kenya. These strategies significantly improved the performance of large manufacturing firms in Kenya. Additionally, results indicated that manufacturing firms have been trying to maintain a good corporate image leading to reinforcement of the view of dynamic capability theory stakeholder's theory and goal setting theory that firms should set goals, and then build a good corporate image as a firm's intangible resource toward the stakeholders, which can lead to improved performance. The findings for competitive strategies had a significant influence in predicting performance of the firms. The moderating role of both corporate image and business environment on the relationship between competitive strategies and performance of the firms was found to be statistically significant. Additionally, the joint influence of competitive strategies, business environment and corporate image on the performance of firms was significant. Corporate Image is a function of organization signal which determines perception of the stakeholders especially the key stakeholders who are the customers. The proximate basis for differences in firms' performance is mostly found within the capabilities and resources of the firm. Each firm can endeavor to set challenging goals to differentiate from rivals by creating value profitably in the eyes of the stakeholders to gain support. Large manufacturing firms in Kenya should emphasize cost leadership strategies especially consistently seeking to lower the costs of production, cutting down operating costs and putting more emphasis on tight control on expenses. This can enable the firms achieve a sustained performance. The study recommends further that manufacturing firms should craft competitive strategies to mitigate the influence of business environment as firms enhance corporate image. The study recommends that firms have a strategic view of corporate image since it can significantly influence performance of firms. The study recommends inclusion of other sectors like service industry and medium and small firms in future research to be able to further generalize the findings.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Globalization has exposed firms in the developing countries to intense competition. Competitive strategy entails being different and deliberately performing activities better than rivals. Competitive strategies are critical to firms irrespective of size. Competitive strategy is therefore the process by which an organization develops competitive advantage and earns above average return for stakeholders. This demands that firms should endeavor to be competitive. Firms can improve performance by adopting competitive strategies. Cohen et al. (2006) posits that, Porter's (1980) competitive strategies had statistical influence on satisfaction of customers in banking industry. Balatbat et al. (2011) asserts that inattention or inappropriate strategies can result in a failure of the firm to succeed or perform.

According to Porter (2008), firms can select and implement a generic strategy for a sustained competitive advantage leading to sustained performance. Competitive advantage can be realized through strategic management of unique resources and available capabilities like corporate image as well as how a firm is able to respond to available opportunities and threats in the business environment. This can help organizations position themselves better than rivals. The firm conducts spin around performance objectives. Intensity of competition has driven firms to pursue relevance and survival through continuous adaptation, renewal, re-configuration and finally re-creation of organizational capabilities and resources in line with the competition. Firms can therefore choose competitive strategy for constant adjustments and repositioning to improve internal competences which can enable firms to preempt changes in the ever turbulent business environment.

It is the work of managers to try to achieve superior performance which can be very challenging. Superior performance is the ability of the firm to generate increased profitability and profit growth or sustained attainment of the goals formulated at the planning stage. The principal reason is that organizations must continuously compete and be ahead of rivals for the scarce resources. In general, therefore, a business organization is more likely to attain high profitability and growth if it is capable of outperforming the rivals in the market place. This is what could be called a competitive advantage.

The business environment circumstances that organizations face have key influence upon their visions of success. The never-ending changes today calls for firms to continuously monitor their business environment with a view to creating strategies that will make them different from their competitors and improve their corporate image in the eyes of their customers. In an empirical research by Ting et al. (2012) business environment moderated innovation strategy and firm performance. Firms exist to serve customers, whose tastes and preferences keep changing. The corporate image perceived by various stakeholders of a firm may differ since it’s based on incomplete information.

The willingness to provide support or not by the stakeholders is influenced by the image they have for the firms. For example, if customers perceive a firm negatively together with its products, in the long run sales and profits are negatively affected since customers may not buy the goods and services the firm produces. Therefore, each of the firm’s stakeholders has fairly a differing perception of the firm since each differs in the facet of its operations. A study by Namubiru et al. (2014) indicated that corporate image significantly influenced organizational performance. Corporate image can generate competitive advantage when there is an insignificant or no difference between rivals. According to Smith (1993) corporate image can specifically help firms to improve sales, loyalty, support new product development and strengthen financial aspects of the firm. It can also help attract good caliber of workers when recruiting and manage crises. Maintaining a consistent corporate image is therefore vital. Firms can therefore constantly gather information on corporate image to effectively position them better in the market and enhance how they perform.

This study is founded on three theories, the dynamic capability theory and the stakeholders' theory and goal setting theory. Dynamic capability theory by Teece (2012) originally proposed by Teece, Pisano and Shuen (1997) is the core theory of this study. This theory theorizes that firms vary in resources which can vary the choice and implementation of any given strategy. Consequently, this can influence the firm's ability to produce value enabling the firm to attain a competitive advantage leading to better performance. Sustaining competitive advantages in today's unstable markets is hard which results in fierce competition. Dynamic capability notion emerged from resource-based view, enabling scholars to analyze organizational change with the environmental dynamism. Nevertheless, the theory is largely not able to explain how organizational resources, capabilities, assets and competencies relate.

The Stakeholder's theory connects strategy and ethics where organizations look forward to serving the interests of stakeholders. These groups are seen to generate more worth and time for a firm (Phillips, 2003). Through good treatment and value creation to stakeholders, stakeholders develop a positive image toward the firm and its products making a firm succeed economically through increase of sales. The goal setting theory by Locke and Latham (2006) links goal setting to enhanced performances. This is because effort is motivated, directed and inspired to persistence and development of strategy which can eventually lead to improved firm performance.

The manufacturing industry has been identified as a key sector in achieving Kenya's growth strategy (KNBS, 2015). The Kenya vision's 2030 economic pillar seeks to achieve prosperity through manufacturing sector by increasing Gross Domestic Product (GDP) to more than 10% and also create employment and facilitate foreign investment. Despite the low performance in GDP contribution the manufacturing sector remains a very key sector or strategy for Kenya in order to boost economic outcomes. This study therefore is very important to the Kenya government and to the manufacturers especially in policy making as demonstrated by the raft of proposed interventions for the sector over the years to make it competitive.

Kenya manufacturers can choose and implement competitive strategies depending on their firms' resources, capability, creative thinking and skills. These firms endeavor to achieve superior sustained performance in the long run. The competitive view of the firm is that, the firm's ability to understand and manipulate factors that can cause inequalities of firms can give a firm, a sustained competitive advantage which can lead to long term business success. These factors can vary widely with firms even within similar sectors in the industry requiring the firms to be different.

1.1.1 Competitive Strategies

Competitive strategies can be defined as moves and approaches that firms possess and actions they take to attract buyers and withstand competitive pressure so that they gain a competitive advantage (Thompson & Strickland, 2008). Porter (2008) asserts that strategy barricades a firm against competition. Strategic actions endeavor to find a good mixture of strategies to defend a firm against competition. Competitive strategies mitigate the chances and threats in the business environment through preemptive combined with reactive strategies.

Porter (2008) posits that strategy is what produces competitive advantage in a firm and opines that cost leadership, differentiation, and focus as three foundations on which a organization can attain such an advantage (David, 2011). Firms that adopt cost strategy demand that the facilities are efficiently used and also firms adopt an aggressive structure. Cost strategy objectives are to reduce and control costs without compromising quality, service and other areas and not moving away from customer expectations. Differentiation strategy is used by organization that seek to distinguish itself form rivals through the quality of its products or services.

Other authors like Johnson, Scholes and Wittington (2009) perceive competitive strategies from a viewpoint of business level. The empirical study posits that strategy assists in achieving a sustainable position by a business unit in a respective marketplace. Olson, Slater and Hult (2005) assert that competitive strategy is concerned with the products and services of the firm, combined with the uniqueness of the firm in terms of competencies and resources in attainment of a reasonable gain in the market. Noted from these definitions, strategy therefore is concerned with an organization conduct to achieve a sustained competitive position over rivals.

Companies can differentiate from competitors using various strategies like technology, innovation and distribution among others. Differentiation is what allows firms to provide superior value to consumers at a reasonable price, creating a win-win scenario that can boost the overall profitability and viability of the firm. Organizations that adopt a focus strategy aim at being the best provider of products and services to a particular market segment. Focus strategy enables firms increase revenue above the industry average performance (Singer & Lauc, 2007).

Contingency theory reveals that firms can adopt competitive strategies so that they can deal with the changes in the environment (Miller & Friesen, 1983). Porter’s cost and differentiated strategies according to many studies have been linked to achievement of improved performance (Dess & Davis, 1994; Campbell-Hunt, 2000).

Firms that choose appropriate competitive strategies can survive the turbulence in the environment and can finally improve their performance. Due to the intense market competition, any organizations that seek success must have clear competitive strategies in place. This study focused on Porter’s generic strategies (1980) in operationalization of competitive strategies which are cost strategies, differentiation and focus strategies. In affirmation, Isik et al. (2009) acknowledges that adoption of suitable competitive strategies can enable firms compete well with their competitors.

1.1.2 Business Environment

According to Daft (2010) business environment is infinite and represents all variables external to the organization and which have an ability to influence efficiency of the firm. The business environment of a firm consists of factors both internal and external to the organization that influence formulation of competitive strategies in order to improve performance (Kotler and Keller, 2012). Lynch et al. (2012) acknowledged that business environment is not static, it continuously changes, and the impact of the business environment upon organizations is substantial. Dockel and Ligthelm (2015) assert that the business environment is vital for firms' survival and their performance.

There is therefore the need for firms to explore success factors that can improve performance during an economic recession, downturn, and finally crisis to create an appropriate economic environment for growth. Even though the environment that confront firms within the same industry is similar, the environmental characteristics may be perceived differently from individual to individual. Firms responses are dictated by their perceptions of the environment. These perceptions should be studies in order in inform and help understand how firms adapt across the firms. Various empirical studies have been used to advance the concept of business environment. For example, Johnson and Scholes (2002) has cited Porter (1980); Political, Economic, Social, Technological, Environmental and Legal analysis as the key elements. Harris (2004) asserts that there is agreement on the soundness and applicability of Dess and Beard's (1984) model for analyzing business environments. Empirical work by Dess and Beard (1984) identifies dimensions of the business environment to be munificence, dynamism and complexity. The dimensions are reported to have a powerful influence upon executive policy making and which eventually influenced performance of the firms. According to Thompson (1967) environmental complexity refers to the number of environmental factors that impinge on the organization. Dynamic environment refers to the rate of change in these factors and munificence being the extent the environment supports sustained growth.

Porter (1985) acknowledged that organizations in the world depend fully on their business environment in order to exist. All firms depend fully on business environment for many things, from input resources like raw materials and labor among many others. Firms also depend on customers in the same environment for the consumption of finished goods or services.

This study measures business environment using complexity, dynamism and munificence. Studies such as Machuki and Aosa (2011) operationalized business environment in a similar manner. Similarly, Azadegan et al. (2013) used dynamism and complexity to operationalize manufacturing business environment. Environmental complexity indicates the number of important components in the organizational environment (Duncan, 1972). Complexity as defined by Dess and Beard (1984) Boyd (1990), being the level of competition in the industry. Keats and Hitt (1988) acknowledged complexity caused by firms within an industry. Firms operating in a complex environment are subjected to more uncertain environment, when compared with to firms operating in simpler environments. The speed and the level of accuracy to adaptation of firms within such an industry are central for firms. In a more turbulent industry, this can lead to a higher chance of losing customers. This consequently makes it valuable to firms to keep monitoring customers which provoke a necessity to advance sensing skills to attain flexibility and to deal with uncertainty and competition and change the resource base accordingly.

Dynamism is a significant element, which creates uncertainty and has two elements of the quantum of change which is a representation of magnitude of change within the environment and the degree of change representing frequency of change (Bakker & Knoben, 2015). Understanding dynamism is important to firms since it decreases the likely value of the resource base and enhances the competitive position of the firm. On the other hand, Starbuck (1976) affirms that environmental munificence is the extent to which the business environment is able to sustain growth. Competitive strategies therefore can mitigate the openings and pressures in the business environment through choice of both preemptive and reactive strategies.

1.1.3 Corporate Image

There is no universally agreed definition amongst researchers and practitioners about what exactly constitutes corporate image. According to Bouchet (2014), corporate image represents stakeholder's state of mind about the organization, a mental picture on their perception of the organization which keeps changing. Nguyen and Leblanc (2001) define corporate image as a firm's characteristics. These qualities include the business name, different products/services offered and design. These characteristics create quality impression to each person that interacts with the firm's services and products.

Cabral (2000) related the image of a firm to buyer interpretation kind of products and their relative quality sold by a firm. Ishaq et al. (2014) asserted that the most significant element in developing and maintaining customer loyalty is having a positive image. According to

Peloza (2006), if a firm has a good image it can influence its ability to increase prices and can create mobility blocks within the respective industry. Karim (2006) affirms that although image is an intangible concept, research shows that a good corporate image increases corporate worth and hence sustained competitive advantage. According to Kim et al. (2011) a favorable image can boost a firm's sales, attract new investors and employees, increasingly weakening the undesirable influence of competitors. This can enable organizations to attain higher levels of profit. Kinoti (2012) asserts that corporate image can enable a firm achieve a competitive advantage especially where there is little or no differentiation of products or services. A firm may perform better if it has a good image amongst its stakeholders. For customers whose preference keeps changing, a good image gives a strong sense of security. Customers get assured of value (good services/products) once they are launched and offered by a reputable company. A corporate reputation which is tainted can cripple even the most well-known establishments. Having a good corporate image in the market can build trust for customer which in turn makes them loyal to the company brands, eventually leading increased profitability.

On the contrary, redeeming one's image is costlier than losing a good deal. Therefore, all managers regardless of the size of the firm should strive to create a good corporate image for better positioning in the market. This will assist stakeholders to relate better with the firm and eventually the stakeholders can continue to support the business which can lead to improved performance. Conclusively, having a good corporate image is essential for those firms that want to positively distinguish their positioning in the market and enhance their performance.

1.1.4 Firm Performance

Kaplan and Norton (1992) defined firm performance as a set of financial and non-financial indicators capable of assessing the degree to which organizational goals and objectives have been accomplished. In terms of meaning, measurement and dimensions there is lack of agreement which restricts advancement in investigation and in the understanding of the concept (Santos & Brito, 2012). Different scholars and researchers have viewed performance measurement differently. Authors like Richard et al. (2009) assert that the firm performance can incorporate market performance, financial performance and owner's return. Miller and Swope (2007) opine that the performance of a firm can be structured around its productivity, effectiveness, and quality, ability to satisfying customer, efficiency, advancement and financial durability. Dossi and Patel (2010) assert that collecting non-financial information about the firm enhances how firms communicate, learn and how they are coordinated.

Dornier and Selmi (2012) identified factors that determine firm performance to include environmental factors, organizational and human factors. Kaplan and Norton (2010) notion of balanced scorecard as cited by Miller and Swope (2007) acknowledge that firm performance measures are multidimensional. Kaplan and Norton (2001) study established four perspectives of organizational performance which include internal processes, financial, innovation, and customer focus. The basis of the Balanced Scorecard (BSC) is that, each unit should be able to independently, identify the component's strategy, beside collective measurement scales that are utilized by all units. Basically the Balanced scorecard coordinate and combine financial aspect of the firm with development and market success (Kirjczyk, 2008).

Kalayci (2005) found out that amongst the financial measures preferred by the researcher would include net profit, sales growth, and gross profit. According to Yusuf and Saffu (2005) firms can utilize financial and non-financial methods when determining firm performance. Pushpakumari and Wijewickrama (2008) utilized non-financial and financial measures to assess performance. Other authors like Venkatraman and Ramanujan (1986) indicated the use of financial indicators and operational factors in assessing firm performance. Sainaghi (2010) used indicators like occupancy, service quality and customer satisfaction. In this research indicators of customer perspective, financial performance, market performance and cost performance are used to indicate performance. Customer perspective aims at answering the question, how the firm is perceived by customers. The customer focus is the reason or basic element of creating of the firm strategy in many firms. Good or appropriate relations of a firm with the customers allow more revenue generation and consequently contributing to achievement of the financial objectives of the firm. Satisfied customers can have an influence to gaining new customers and also retaining the existing customers. Spanos and Lioukas (2001) found positive and significant results between market performance and financial performance of firms.

1.1.5 The Manufacturing Industry in Kenya

The classification of the Kenya manufacturing industry is in terms of small, medium and large size of firms. Kenya Association of Manufacturing (KAM) (2015) directory indicated 655 firms fall under large manufacturing firms in Kenya. Each of these firms have the capacity to employ more than 100 employees. Manufacturing firms make a substantial contribution to Kenya's economy (Awino, 2011). Manufacturing firms in Kenya produce a variety of products and services (KAM, 2015) and most of the firms are concentrated in urban areas. In Kenya, the manufacturing sector has remained at 10% in terms of contribution to the economy's Gross Domestic Product (GDP) for quite some while (KNBS, 2015). Vision 2030 (Kenya's development blueprint) identifies manufacturing industry as key to Kenya's economy in attaining a continuous yearly GDP growth from the current 10% to 15% by 2020. Bigsten, Mulenga and Olsson (2010) acknowledge the high potential of manufacturing sector in creation of employment and eradication of poverty. If Kenya manufacturing industry is to lead in East and Central Africa there is a need to advance both efficiency and competitiveness in this sector.

Manufacturing priority agenda (2018) outlines actions that would yield tangible results to catalyze competitiveness making the local manufacturing sector better positioned internationally. By expanding the manufacturing industry, better market for other agricultural products is availed which is a major outlet for manufactured goods. The other benefit in this sector is that expansion can alleviate balance of payment problems by reducing imports. As the manufacturing sector grows it will continue to generate more employment. The list of the positive contributions of the manufacturing to our economy is endless. The central thing is that industrial growth is generally regarded as worth pursuing. Perhaps this may have contributed to why the importance of manufacturing sector as a strategy has gained a lot of importance in many developing countries and Kenya is no exception. These calls for managers of the large manufacturing firms to craft competitive strategies to enable them remain relevant not only in Kenya but even across borders.

1.2 Research Problem

Firms are exposed to competition irrespective of nature of industry, size of the firm, product and market conditions. For a firm to remain relevant in the turbulent and competitive business environment, it is central that firms seek ways to constantly improve performance. Creating a position of sustainable advantage in the market is considered a necessary requirement for improving performance (Raduan et al., 2014). Competitive strategies are used by firms to position themselves better than rivals in the industry. Firm competitiveness has grown in importance within the context of both product and service organizations undoubtedly with the reason that the business environment is rapidly changing and difficult to predict (Raduan et al., 2014). Porter (2012) attributes firm performance to business environment, which is ever changing manifesting itself differently from time to time. These changes have significant bearing on how the firm performs. Business environmental enshrines an important concept in business referred to as the corporate image. Corporate image represents an intangible asset which enables firms to differentiate themselves from rivals and increase their success or chances in the markets. In an empirical study by Alves and Raposo (2010) corporate image had the highest influence on performance of the firm.

Given the importance of the manufacturing industry in the Kenyan economy, the competitiveness of this industry is an important agenda in Kenya. While the manufacturing firms are anticipated to play a very key role in the growth of Kenya's economy, little information is known about how they deploy competitive strategies to manage performance in the competitive and challenging environment. The growth of the manufacturing sector in Kenya is worth pursuing owing to its contribution to the economy in terms of creation of employment and eradicating poverty. This can be achieved through crafting of competitive strategies to enable firms remain relevant both locally and internationally which can then lead to improved competitiveness eventually leading to efficiency and competitiveness. Stakeholders can influence the way firms can achieve their objectives and goals. Additionally, primary stakeholders can help business to survive and exert some power for firms to create options in terms of products and services in response to their demands.

Influence of competitive strategy on performance in diverse industries and contexts show different results and impacts. While studying product differentiation as a tool of competitive advantage on Nigeria Unilever Company, Dirisu, Iyiola & Ibidunni (2014) found a positive significant relationship. A study by Teeratansirikool et al. (2013) reported competitive strategies collectively to be good predictors of firm profitability and long-term performance.

Results of significant influence of differentiation strategy on organizational performance were reported by Khaled (2012). The study was a Meta-analysis of studies spanning over a period of 14 years in United States which established that firms that used differentiation strategy recorded higher financial performance outcomes. Banker, Mashruwala & Tripathy (2014) in the US while using publicly archived information consisting of 12,849 firms for the period 1989-2003 demonstrated how differentiation strategy led to better financial performance which was more sustainable in comparison to adopting a cost strategy. A firm which selects a differentiation strategy can aim at achieving cost equivalence or cost close to rivals by keeping the costs of production low.

Some studies such as Hambrick (1983) found that profitable firms adopted cost or differentiated strategies. Similarly, a study by Allen and Helms (2006) found that hospitals that used cost leadership had superior performance. Powers and Hahn (2004) in an experimental study in banking sector in US found banks using cost leadership strategy to be successful.

While using evidence from UK wine industry, Richardson and Dennis (2003) asserted that differentiation strategy is supported by niche segments. A study of 138 firms registered by KAM by 2011, Mutunga and Minja (2014) found that 56.2 percent of the food and beverage firms embraced duo strategies of cost and differentiation strategies concurrently. 25 percent of the firms embraced cost strategy while 18.8 percent used differentiation strategy exclusively to mitigate risks associated with competitive environment in the sector.

Organizations exist in a turbulent business environment which informs competitive strategy choice. A study by Parnell et al. (2012) linking environment uncertainties, strategy and performance in the context of SMEs found that strategy and performance were influenced by environmental uncertainties. These SMEs were under the EUATTC classification. The study utilized 107 respondents who were managers in service and manufacturing industry. Respondents in US were retail attendees of a retail trades totaling to 277 responses. The sample was a representation of three levels of management and had more women participants than men.

Goll and Rasheed (2004) found that both munificence and dynamism environment exerted a moderating effect between discretionary social responsibility and firm performance. The study established that both dimensions of the environment had moderating effect on the relationship. On their part, Gilley and Rasheed (2000) found statistically significant results for environmental dynamism moderation influence in the association between cost strategy and firm performance. A study by Machuki and Aosa while studying firms quoted in the Nairobi securities market reported that the surveyed firms had varying degrees of external environmental complexity, dynamism and munificence tending to be manifested in factors like economic, competition, market, technology regulatory as well as threats posed by new entrants. These factors had a great influence on the firm's strategic decision making. However, the study was able to note that the overall influence of external environment on performance of the firms were not significant. Other studies like Li and Atauhene-Gima (2001) found that environmental hostility did not significantly intervene in the relationship between product innovation strategy and the performance of new technology ventures in China.

The other variable of importance in this study is corporate image. According to Bitner (1990) corporate image is considered a key factor in the overall evaluation of a firm. Empirical findings on corporate image influence on the performance of firms are not very clear. For example, Namubiro et al. (2014) while studying state owned firms found that corporate image significantly influenced organizational performance. According to Walsh and Wiedmann (2006) asserted that good corporate image influences buyers' satisfaction. In Kenya, Waithaka (2014) revealed significant results of the influence of corporate identity, management practices and brand performance which was mediated by corporate image. Corporate image is therefore important to stakeholders. The influence of corporate image to organizational performance is not very clear, hence the need to explore it further to enable establish how it influences the relationship between competitive strategies and performance of firms.

The literature and empirical discussions is not clear on what influences competitive strategy and performance relationship. This is because various perspectives are used to explain strategy-performance relationships. Further, empirical studies on competitive strategies influence on the firm performance have indicated conflicting results. Consequently, the study sought to respond to the question, how does the business environment and corporate image impact the relationship between competitive strategy and performance of large manufacturing firms in Kenya?

1.3 Research Objectives

The study aims at determining the influence of competitive strategies, business environment and corporate image on the performance of large manufacturing firms in Kenya. The study intends:

i. To assess the relationship between competitive strategies and performance of large manufacturing firms in Kenya.
ii. To determine the influence of business environment on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.
iii. To evaluate the influence of corporate image on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.
iv. To Assess the joint influence of competitive strategies, business environment and corporate image on the performance of large manufacturing firms in Kenya

1.4 Value of the Study

Both Managers as well as scholars of management are concerned with how to strategically improve organizational performance in today dynamic business environment. This study empirically investigates whether the competitive strategies contribute to better firm performance. This study contributes a lot to the Kenya large manufacturing firms regardless of the in terms of how they can figure and reconfigure their capabilities, continuously scan the ever changing macro environment and operating environment, built good corporate image since this may enhance loyalty, support and continuously provide a strong sense of security to all the stakeholders so as to influence their organizational performance. Significantly, managers of large manufacturing firms will be equipped with competitive positioning knowledge and applicability in strategic decision making of their firms in order to enhance performance. The study will be of use to large manufacturing firms in determining whether the variables under study would lead to sustained performance.

This study forms a foundation for further scholarly work. The research has made contribution to the body of knowledge having assessed the joint influence of competitive strategies, business environment, corporate image and performance of Kenyan large manufacturers. The study indicates that the influence of the all variables jointly improves the performance of the firms. This demonstrates that firms can craft competitive strategies to mitigate the effect of business environment; create value in the eyes of their stakeholders who will continue being loyal leading to improved performance.

In Kenya, manufacturing is one of the key sectors which are very important, contributing substantially to the economic growth by creation of jobs, contributing to foreign exchange and attracting overseas investment. This finding provides insights to strengthen policy makers especially those in the ministry concerned in formulating policy that enhances manufacturing firms being competitive in the domestic market, East Africa Community and finally globally. Therefore, this study will assist the Ministry of Industry, Trade and Cooperatives (MITC) whose aim is to create policies that would enable firms to compete globally through appropriate policy, legal and regulatory framework. Of importance to policy makers and large manufacturing firms the findings of this study can assist policy makers to identify and address bottlenecks to competitiveness; to compare their firms' competitiveness based on their size, sector and location to better match their firms with potential investors and buyers.

1.5 Organization of the Thesis

The thesis is made up of six chapters; the first chapter outlines the Introduction of the thesis. Key variables are described in brief, the problem statement presented, research objectives including a brief description on the value for the research. Chapter two discusses the theoretical underpinning of the study and empirical review of relevant works related to competitive strategies, business environment, corporate image and firm performance. Knowledge gaps are identified in the literature; the conceptual framework and corresponding hypotheses are provided.

Chapter three is about methodology of the study, philosophy of the study, design, and a discussion of the population of the study and how sampling was done. Additionally, how the data was collected and analyzed. The fourth chapter presents the way data analyzed, presentation of the findings. The fifth chapter presents discussion of the results and finally the sixth chapter is a summary of the study, conclusions and recommendations of the study.

1.6 Chapter Summary

Chapter one introduces the study by presentation of the background of the work constituting the conceptual, theoretical and contextual discussion. The key variables of the study are introduced. Research problem stated, study objectives, the value of findings and the outline of how the thesis is organized. The next chapter is the theoretical foundation, review of literature, conceptual framework and finally hypotheses of the study stated.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is a review of literature on competitive strategies, business environment, corporate image and performance which leads to the identification of knowledge/methodological summary and gaps. The proposed conceptual framework and the research hypotheses are also presented.

2.2 Theoretical Foundations of the Study

This section reviews dynamic capability theory by Teece (2012) and stakeholder's theory by Freeman (1983).

2.2.1 Dynamic Capability Theory (DCT)

Dynamic capability theory originated from resource based theory and is the core theory for this study. Schilke (2014a) affirms that dynamic capabilities concept is an extension of the Resource-Based View (RBT) originally introduced by David Teece & Gary Pisano in 1994. According to Teece (2012), the theory sets out to explain how firm can achieve competitiveness arguing that successful firms globally demonstrate timely response to market dynamics. Additionally, firms that succeed coordinate and redeploy internal and external competence. Ability to achieve competitive advantage is what brings up dynamic capability. While defining the term dynamic, Teece (2012) acknowledges that it is the ability of the firm to renew its competencies so as to achieve congruence with business environmental turbulence. Capabilities are seen to play an important role in strategic management in properly adapting, incorporating and reconfiguring the firm both internally and externally in terms of resources, and competences in an endeavor to cope with the changes in the business environment.

A study by li and Liu's (2014) in China while studies 217 firms showed that dynamic capabilities had a positive influence on competitive advantage acknowledging that environmental dynamism as an important driver. Dynamic capability theory has been utilized empirically by authors like Lin and Wu (2014) while studying the mediating influence of dynamic capabilities on improved performance of firms, where the findings significantly correlated dynamic capability and performance. The findings also emphasized that by firms accumulating valuable, rare, unmatched/inimitable, non-substitutable (VRIN) resources can improve their competitive advantage and their performance. However, authors lack consensus on the definition of dynamic capability. Pearce et al. (2012) asserts that capabilities are the abilities of combining the other firm resources to achieve superior performance. This perspective aimed to comprehend a firm's development and survival. Additionally, they assert that capabilities assure sustainable competitive advantage which finally lead to improved long term performance of firms. Firms can perform differently originating from how the combine their resources.

Amit and Shoemaker (1993) affirm that a firm's competences are achieved through complex interactions amidst the firm's resources which are particular to the firm. The primary constants upon which organizations could be able to establish their identity and strategy are the company resources. Each firm possesses unique competencies which are critical source of a firm's success. The pathways to dynamic competencies are particular to the firm or to the industry. Dynamic capability theory has been criticized because it focuses greatly on firms' generalized capability for adaptation to change, and does not provide much understanding about strategic choices. A firm is said to be dynamic when capabilities are reorganized, reallocated in relation to the dynamic needs of the market. However, research has applied dynamic capability concept and theory to illustrate phenomena like competitive advantage in dynamic environments. Furthermore, as Amit and Shoemaker (1993) acknowledge, the dynamic capability theory despite its criticism has been validated empirically in various contexts. Therefore, disregarding the said inconsistencies, studies have managed to elaborate on the foundations as well as the elements of the DCT and its applicability.

Other studies like Pavlou and El Sawy (2011) posit that dynamic capability concept lacks consensus in terms of its definitions, measurement and other requirements that can allow the development and valuation of hypotheses and forecasts. According to Teece et al. (1997) empirical evidence demonstrates that the manner in which production in the firms is planned and managed can be determined by the skills available leading to differences in the performance. Depending on the resources, capability, skills available in the firm, a firm can position themselves better than rivals through competitive strategies.

This study adopted dynamic capability view that manufacturing firms can identify their abilities by figuring and reconfiguring their capabilities both internally and externally to address the dynamic business environment which eventually leading to competitive advantage leading to better performance. Thus, manufacturing firms can identify themselves with dynamic capabilities as a basis of competitive advantage. According to Pavlou and El Sawy (2011) dynamic capabilities can assist firms to be able to extend, adjust, and reconfigure existing operative capabilities into new ones that better match the dynamic environment.

2.2.2 Stakeholder Theory

According to Harrison, Bosse and Phillips (2010) the stakeholder theory's central premise is on focusing on stakeholder's interest. Managing stakeholder's interest better than competitors helps organizations produce value together with a number of dimensions which eventually leads to improved performance of firms.

Palgrave (1992) describes a stakeholder as one whose happiness is secured to a company. Stakeholder model offers a well-recognized and general code of organizational ethics. Firms are therefore seen as societal institutions (Bowie, 1982) with accountabilities outside their fiduciary duty to their various stakeholders. Business is about how these various stakeholders interact as value is created. Porter and Kramer (2011) assert that firms may have to embrace a mutual value since this approach boosts profit generation that generate social paybacks which the authors branded as corporate social responsibility.

Bowie (1991) developed a key point that corporate responsibility calls for organizations to satisfy some community needs as the organization pursue to maximize profit, consequently firms should show gratitude towards the societies as firms exercise their power responsibly. Several weaknesses have been associated with this theory. It doesn't clearly indicate how to achieve that gratitude or how the choice and diversity of such stakeholders gets identified with ease. Additionally, various stakeholders don't share similar commercial goals. Some stakeholders may desire the firm to grow, others would like to see it sustain its current size, while others may want the firm to be under receivership and so on. According to Argenti

(1993) adoption of multi-fiduciary policies by management may end up frustrating the company.

Argenti (1993) asserted that for optimum firm's success from anyone's perspective would be realized by the complete involvement of all stakeholders. Empirical research shows that successful firms manage their stakeholders' interest well and this enables the firms to get support (Freeman et al., 2007). Organizations that manage stakeholders can treat their stakeholders well, win their trust and socially conscious. A good corporate image, excellence and perfection are important and need to be continuously observed. When an organization attains a good image, buyers get a sense of security and get assured that they would get quality goods and services. In view of the stakeholders' theory, manufacturing firms that are able to provide value to stakeholders may be well placed to maintain their contribution and backing.

2.2.4 Goal-Setting Theory

Goal setting can be referred to goals that are set by either individual or organizations subsequently leading to improved performance. According to Locke and Latham (2006), when more difficult goals are set there is improved performance and the vice versa. Locke and Latham also assert that when a person or a firm is committed to achieving the set goals they do not suffer from any conflicting goals hence the achievement is therefore positive. Interestingly they acknowledge that high or hard goals are very motivating since to attain. The feeling of performance or success occurs to the extent that individuals see that they able to grow and meet job challenges by pursuing and finally attaining the set goals that are vital and meaningful.

According to O'leary-Kelly, Martocchio, and Frink (1994) goals lead to enhanced performances since effort is mobilized, direct attention, and inspire persistence and strategy development.

Large Manufacturing firms can set challenging goals, this is attributed to the fact that competitiveness is one of the pillars to stay abreast to the ever changing business environment; The significance of competitiveness is driving a firm to survive, A firm competitiveness can be demonstrated by the ability of a large manufacturing firm to design, produce and eventually commercialize an offer that entirely, uniquely and continuously satisfies the needs of targeted market, while linking with and drawing resources from the ever changing business environment, and achieving a sustainable returns on the resources employed.

2.3 Competitive Strategy and Firm Performance

Porter (2008) asserts that firms can select and implement a generic strategy for a better sustained positioning. Thompson and Strickland (2008) defined generic strategies as moves and those approaches that firm take to position the firm better to gain competitive advantage. Confirming Porter's (2008) was Duran and Akci (2015) while investigating the relationship between of competitive strategies and supply chain strategies and performance of firms. The empirical study was during environmental uncertainties at Borsa Istanbul in the manufacturing industry. Sampling was by use of simple random technique where 174 companies listed in Borsa Istanbul were chosen. Questionnaires were distributed by drop and pick and via e-mail. The study found competitive strategies to significantly influence the supply chain strategies; cost strategy and lean supply chain strategy additionally found to have a statistical significant impact on performance under the conditions of high uncertainty; On the other hand, differentiation strategy's influence on agile supply chain strategy had a significant impact on the firm performance under the low uncertainty. The study concluded that the firms can use environmental uncertainty as an element of the perceptions in setting their competitive strategies.

Tehrani (2003) acknowledged that the competitive strategy-performance relationship depended on geographical location of the firm. Firms in developed countries for instance, US that embraced low cost, product differentiation and focus were able to achieve an improved performance than those that did not have a strategy, while when it came to Europe only the firms that used cost strategy performed better than rivals. A study by Enida, Vasilika and Amali (2015) in Albania investigating the influence of Porter's generic competitive strategies on performance sought why some firms were different and obtained good performance in comparison to other companies. The study sought to examine Porter`s generic strategies' applicability in construction firms. The study concluded that cost strategy and differentiation strategy had a positive relationship with the firm's performance. The conclusion was that the managers should design better competitive strategies for their firms to compete.

Studies like Kim and Lim (1988) while examining Porter's generic strategies in Korea found firms without competitive strategies performed worse than those that had competitive generic strategies. Similar finding by O'Farrell et al. (1993) found that those firms which were stuck in the middle performed worse. Empirical research by Powers and Hahn (2004) in the banking sector found that those banks that pursued a cost strategy obtained an improved performance in comparison to banks which got stuck-midway. Similar results by Leitner and Guldenberg (2010) affirmed Porter's (2008) assertion that the performance of firms following low-cost and differentiation strategies was greater to that of firms that get stuck midway.

Some studies ratify that there are some interactions between strategy and performance. For example, Kaplan and Norton (1996) validated performance measures to have a significant role in strategy implementation and recommend that performance measurement system to have a key role in transforming strategy into action and backup role in the formulation of strategies. Lee et al. (2015) stress that firms can quantify their performance by using financial and non-financial outcomes relative to certain aspects they employ. Deshpande, Farley, and Webster (1993) acknowledge that through consumer oriented deeds, firms which are market focused can produce offering that are cost effective fulfilling the needs of the customer. According to Raduan et al. (2014) firms that create a position of sustained advantage perform better than rivals.

Pimtong et al. (2012) on a study on competitive strategies and organizational structure relationship and performance of hotels in US found competitive strategies and structure to have a direct influence on a hotel's performance whereas an IT competitive strategy had a direct influence on financial performance of the hotel. The study adopted causal-descriptive research design in examining the relationships between competitive strategies and organizational structure performance relationships which based findings on studies done previously.

A study by Mutunga and Minja (2014) focused on competitive strategies that Kenya beverage industries adopt so as attain above average performance. The study population consisted of 138 food and beverage manufacturing firms in Kenya registered with the Kenya Association of Manufacturers (KAM) by 2011. The study used regression analysis to test hypothesis. There was an indication that 56.2 percent of the firms embraced duo strategies of both cost and differentiation strategies concurrently. 25 percent were wholly embraced cost leadership strategy while 18.8 percent used differentiation exclusively. Noted from the study is that the dual use of strategies was a survival tactic to diversify the risks in competitive environment in the sector. From that empirical review it can be proposed that competitive strategies significantly influence firm performance.

2.3.1 Cost Strategies and Performance of Firms

Power and Hahn (2004) asserts that, when a firm chooses cost leadership strategy it's able to achieve a significant performance advantage. A study by Allen and Helms (2006) established cost leadership to relate to the performance firms. Overall, cost strategy had the maximum average return on assets (Dess & David, 1984). Akbolat and Işık (2012) asserted that to generate a sustainable competitive advantage firms can manufacture goods/services by reducing costs relative to rivals.

Haberberg and Rieple (2008) asserts that cost leadership strategy is when the firm has abilities to produce at lower costs. It involves an organization setting out to be the lowest cost producer in the industry by maximizing economies of scale and other sources of cost advantage. The strategy calls for close control of costs, cost efficiencies, preferential or advantage in access to raw materials, to components, to labor, and some other important inputs. As long as the firm is able to get lower costs to produce, it can provide lower prices to its customers which can lead to valuable profit from a high volume of sales. This can also be supported with a production process strengthened by economies of scale and experience curve effects. The aim of cost leadership strategy is to enable a firm achieve a sustainable cost advantage over rivals and then use lower costs as a basis for either underpricing competitors and gaining market share. Having a low-cost position can enable a firm to continue to earn profits during times of heavy competition. The firm's high market share means that it can have high bargaining power relative to its suppliers (because it buys in large quantities). The low price can also serve as a barrier to entry because few new entrants will be able to match the returns on investment.

2.3.2 Differentiation Strategy and Performance of Firms

According to Jenning and Betts (1996) a differentiation strategy can be suitable for a large firm. Cheah, Kang and Chew (2007) asserts that differentiation strategy requires a very strong financial resources, this is also accompanied by good credibility, high reputation and the ability to make high risk moves.

Najib and Kiminami (2011) asserts that by a firm adopting differentiation strategy they can achieve a superior position by striving to differentiate themselves from competitors through their product and marketing programs. Differentiation strategy is substantially supported by investing in research, through the design of product or service and marketing. A match between differentiation strategies conforming to human resource strategy heightens employees' adaptation and innovation (Hsieh & Chen, 2011).

2.3.3 Focus Strategy and Performance of Firms

Porter (1985) asserts that if a firm implement focus strategy appropriately, its' performance will improve. Focus strategy means that a firm concentrate on a particular regional market, product line or maybe group of buyers (Griffin, 2005).

Stone (1995) acknowledged that when a firm that adopt focus strategy, they serve a certain segment of the market or a niche requiring the use of product or special attributes which appeal to the market. Additionally, an organisation often enjoys a higher degree of client loyalty which discourages other firms from competing directly. However, the study reported that due to the narrow focus, firms pursuing focus strategy have low volumes leading to less ability to bargain with the suppliers. Additionally, firms that pursue differentiation focus can be able to pass higher cost to customers due to lack of close substitute products. Firms that are able to adopt focus strategy can be able to tailor a variety of product range to fairly a narrow market segment that they have an in-depth knowledge about (Grant, 2012).

2.4 Competitive Strategies, Business Environment and Performance

Environmental changes drive firms to perceive the environment and come up with responses to deal with the changes. Therefore, these responses impact how they perform. Ansoff and Sullivan (1993) suggest that whenever the environmental change, pressure is created in the firm's strategy as well as on the internal competencies. Firms are not in a vacuum and usually respond to and function upon the business environments (Leavitt et al., 1974). Allred & Swan (2005) found out that business environment moderated innovation strategy and the performance of firms.

Ibrahim and Primiana (2015) while studying the influence of environmental performance relationship which was based on a literature review concluded that business environment influenced performance significantly. Other studies like Norzalita Abd and Norjaya (2010) found environment had insignificant influence in SMES in Malaysia.

Wamalwa et al. (2014) in a study of how effective marketing strategy influences the superior performance of firms found the environmental demands as a moderator, indicating the importance of organizations to recognize diversity, interrelation and often dialectical elements of business environment and the same time recommending that firms try to match the elements with an effective strategy. It can then be postulated that the business environment influences the relationship between competitive strategies and the performance of firms.

2.4.1 Environmental Munificence and Influence to Firm Performance

According to Covin and Slevin (1989), environmental munificence is an unfavorable environmental state that implies competition for scarce resources and opportunities According to Dess and Beard (1984) macro environment presents both opportunities and threats to firms. Boyne (2003) assert that the munificence of the environment resonates strongly with evidence of abundant resources for improved performance for a firm.

O'Reagan et al. (2008) acknowledges of three dimensions of munificence including growth/decline, opportunity or threat and capability. These dimensions allow the creation of opportunities, profit leading to growth through growth strategy. Additionally, munificence in the industry environment allows firm to create opportunities and strive for growth. According to Sougata (2004) posits that firm environment which has higher munificence is motivated to increase the business, geographical and operation scope to attain improved performance. Contrary findings by Li (2001) posited that environmental hostility on financial performance had no significant intervening influence in the relationship.

Panel et al. (2012) when linking environment uncertainties and how they influenced strategy and performance relationship in the context of SMEs indicated that strategy and firm performance relationship was influenced by environmental uncertainties significantly. The study used SMEs classification for EUATTC, utilizing 107 respondents who participated and were managers representing service and manufacturing sectors. In the US, respondents were attendees of a retail trades which was national totaling to 277 responses. The sample represented the three management levels with more women participating than men with various types of businesses included in the sample.

2.4.2 Environmental Dynamism and Firm Performance

Miller and Friesen (1983) defined environmental dynamism in view of both volatility and predictability as the key characteristics of a dynamic environment. Volatility being the amount and rate of change and unpredictability being the uncertainty in the environment. Similarly, (Dess and Beard, 1984: Duncan, 1972) posit that dynamic environment is characterized by unpredictability and rapidity in terms of change, increasing uncertainty for individuals and firms that operate within them.

Tushman (1979) acknowledges that due to the high levels of uncertainty those making decisions in a dynamic environment suffer from burdens of information processing. Eisehardt(1989) while studying the moderating influence of the environment on the decision behavior and the performance of firms found that the behavior of effective decision makers who work on dynamic environment is characterized by speediness and comprehensiveness. Further, Glick et al. (1993) found rational decision making to be very critical to the performance of organization in a dynamic environment, contrary to firms operating in a stable environment. A study by Akgün et al. (2008) found environmental dynamism to moderated the relationship between emotional capability and performance of firms. A study by Goll and Rasheed (2004) while established the moderation influence of environmental dynamism on the relationship between corporate social responsibility and the performance of firms. This however, contradicted Machuki and Aosa (2011) who found environmental dynamism not to have any significant impact on the firm performance.

2.4.3 Influence of Complexity and Firm Performance

Environmental complexity according to Thompson (1967) refers to the number of environmental influences that effect an organization. Goll and Rasheed (2004) found complex environment to moderate corporate social responsibility and firm performance. Hopkins and Hopkins (1997) posits complex environment can lead to poor financial performance. Contrary results by Canon and Joh (2007) concluded that environment complexity has no significant influence to firm performance.

2.5 Competitive Strategies, Corporate Image and Performance of Firm

Chang and Fong (2010) asserted that image of an organization is an important determinant to firm performance. While strategy is based on market conditions, it interacts with organizational capabilities and resources to influence performance of the firm which is in line with Porter and Kramers' (2011) assertion that both social and environmental performance must be aligned to a firm strategy.

According to Balmer (2008) corporate image determines the success of an organization. Likewise, Liou and Chuong (2008) affirm that positive corporate image sets organizations apart from other organization and encourages increased purchases. All firms according to Al-Khouri (2010) are considered to be performing well based on the positive ratings they get from stakeholders. Namubiru et al. (2014) while studying state owned firms supervised by privatization unit (PU) in Uganda found out that corporate image significantly influenced performance.

A study by Dinnie and Wiedmann (2006) found that corporate image influenced customer satisfaction further influencing performance in the long run. In a study by Waithaka (2014) the findings while studying corporate identity, management practices and brand performance indicated that the relationship was mediated by corporate image. A study by Muhammad (2012) show that corporate image similarly mediated the relationship between corporate social responsibility and performance. It can therefore be concluded that corporate image significantly influences the performance of firms.

2.5.1 Brand Name

According to Morgan and Rego (2009) brand name is a very critical intangible asset that can have a profound influence on firm performance. Schau, Muñiz, and Arnould, (2009) posits that consumers can develop a deep significant relationship with a brand. This brand recognition in particular is has a key influence when firms develop a market, resulting to increased brand purchase.

In summary therefore, a brand can create an identity whereby customers can associate with creating perceptions and letting clients know what they exactly expect. This of great importance particularly in intense competitive environment where many products and service exist or where firms are perceived as faceless or distant from buyers' selves, but they have developed a considerably stronger affinity towards brand (Escalas & Bettman, 2005). From this understanding it can be concluded that brand name influences customer perception resulting to increase purchase eventually influencing performance of firms.

2.5.2 Reputation

In strategic management, Weigelt et al. (1988) argued that corporate reputation is a trait or a set of traits ascribed to an organisation which is inferred from the organisations past actions. According to a study by Nguyen and LeBlanc (2001), there is an interface between an organization image and reputation adding to customer's loyalty.

A positive reputation can therefore bring multiple benefits to an organization such as ability to withstand occasional hostile publicity. It can also lead to a strong identification among employees (Dutton et al., 1994). Additionally, it can increase customer loyalty and also attract investors eventually even leading to a greater competitive advantage.

2.5.3 Firm Location

Studies have attempted to study the influence of location on the performance of businesses. For example, Sefiani et al. (2016) in a classificatory study on perceptual influence of location on the performance of small businesses in Tangier as perceived by local managers, the study found location to be a salient factor that influences the performance of the SMEs in Tangier. Additionally, a study by Minai and Lucky (20111) in support, posited that location had a moderation influence between external factors and small firm performance.

2.5.4 Employee Perceptions

Mendonica (2002) while acknowledging expectancy theory, suggested that employees are likely to be motivated to perform when they perceive a strong link between reward and performance. Armsrong (2006) employee perception as the attitude they have towards policies on payment, quality of life, promotion and many more which can have a profound influence of the group the employee identify with.

In summary employee perception can affect the firm productivity. This is because it will affect the employee willingness or unwillingness to be committed to the goals of the firm. Therefore, employees need to be given an environment of freedom and autonomy where they can make choices related to their work.

2.5.5. Corporate Social Responsibility

Today, firms are essential part of our society. Mohr, Webb and Harris (2001) defines Corporate Social Responsibility as a firm's effort and responsibility to lessen or avoid harmful influence and to maximize its long run positive and beneficial impact on society. Basically it can there be said that CSR can be used as a tool for organization to carry out diverse accomplishments in trying to solve social problems and therefore CSR means incorporating societal and moral practices into business strategies. This can help the customers build positive image toward the firm and its products. However, there is still a long ongoing debate in literature about CSR. For example, Coombs and Gilley (2005) however have related CSR to improved financial performance of firms.

Because firms are bound together by contracts to various stakeholders, each firm can therefore benefit by attempting to balance their needs using managerial tools and actions such as CSR and communicate the same through social accounting.

2.6 Competitive Strategies, Business Environment, Corporate Image and Firm Performance

The evidences and impact of competitive strategy, business environment and corporate image influence on performance. Lenz (1980) while investigating how the environment, strategy and organization structure influence performance in US found a pattern of performance in one industry beginning from association among various factors. The study which was based on a single hypothesis found that neither the environment nor strategy or structure on its own was sufficient enough to explain the variance of firm performance.

Rogoff, Lee and Suh (2004) in assessing business success acknowledged that factors internally and externally to the firm are critical. Barbero, Casillas and Feldman (2012) asserted that to establish a competitive position a firm strategy should be aligned to firm's resources, competences depending on the changes in the environment. Hitt, Ireland and Hoskisson (2015) asserted that competitive strategies are the firm's strategy towards the external environment which includes competitors and customers.

The concept of image is in the business environment considering that customers build perceptual pictures of what the firm is. Corporate image is an important concept since these pictures build up progressively to generate attitudes which can lead to customers acting in either way in favor or against a said firm. This is something that firms need to monitor diligently since the sales come from customers (Heslin, VandeWalle, & Latham, 2005).

This therefore means that corporate image is an important consideration in ensuring that firms succeed.

According to Leitner and Guldenberg (2010) management practices and technologies which are up-to-date, tended to permit an organization to differentiate products and cut costs. A study by Priem, Rasheed and Kotulic (1995) in USA while establishing whether dynamic environment moderated the relationship between strategic decision-making process and performance of firms results indicated that those firms operating in an environment which was hostile reduced their innovativeness. The results of the study were based on a survey of 101 firms in manufacturing which indicated a positive rationality-performance significant influence for firms facing dynamic environment and no relationship between rationality and performance for organizations facing stable environments.

Akgün et al. (2008) while studying whether environmental dynamism moderated the emotional capability of the firm and performance, results showed that firm performance was affected the environmental dynamism. This included changes in industry, consumer tastes and preferences and competition.

The main aim of strategic management is matching the environment and a firm's capabilities to enable a firm perform (Bourgeois, 1984). According to Heslin, VandeWalle, and Latham (2005), companies need to monitor closely the corporate image of their firms since the increase in sales for their existence come from how customers/ stakeholders perceive their firm. Conclusively, firm can try to match its business environment by use of competitive strategies and by creatively utilizing resources like corporate image which is of critical importance in realizing its goals of increased performance.

2.7 Summary of Literature and Knowledge Gaps

The review of literature shows that competitive strategies, business environment and corporate image have different impact and influence on the performance of firms. The review also discussed theories that support the study. Table 2.1 is a presentation of summary of previous studies, finding and knowledge and methodological gaps.

Table 2.1: Previous Studies, Findings and Knowledge and Methodological Gaps Summary

Study	Focus	Findings	Knowledge/Methodological /Conceptual gaps	How the gaps was addressed
Pimtong et al. (2012)	Effect of competitive strategies and organizational performance structure on hotel performance	The results showed that competitive human resources (HR) strategy has a direct impact on a hotel's behavioural performance and a competitive IT strategy has a direct impact on a hotel's financial performance.	-This study utilized a causal and descriptive research design in determining the cause and effect -This was based on secondary data. -Population of the study was US hotel owners and general and executive managers whose e-mail addresses appeared listed on a publicly available database.	This data utilized primary data and adopted cross sectional descriptive survey. The population of the study was Large manufacturing industry in Kenya.
Köseoglu et al. 2013)	The Linkage between business strategy, uncertainty and performance in the hospitality industry:	The results indicated a partial support on the linkages between environmental uncertainty financial and non-financial performance.	-a survey approach was adopted. -The sector was hospitality industry in Turkey.	This study sector was large manufacturing industries in Kenya.

	Evidence from an emerging economy	-Overall the results indicated that the defender/cost leadership and prospector/focus strategies seemed better for Turkish hotels		
Namubiru et al. (2014)	The influence of corporate image on organizational performance of state owned enterprises monitored by privatization unit (PU) Uganda	The findings showed that corporate image of state-owned enterprises significantly influenced performance	-was a cross sectional research - The firms were divided into four groups relative to the industry. -Out of a population of 140 firms, 104 firms were chosen to form a sample.	This study was a cross sectional descriptive design. -The firms were from large manufacturing firms from all the sectors in Kenya.
Parnell et al. (2012)	How environmental uncertainty influenced business strategy and performance in SMEs - Evidence from China, Turkey, and the USA	The results indicated that a combination strategy-performance linkage was supported in Turkey and the USA. -In China, the most performing strategic group stressed a focus orientation which was accompanied by neither cost leadership nor differentiation, -the lowest performing group was comprised of low cost businesses	The SME classification was European Union and the Association of Turkish Trade Chambers - 107 managers in both manufacturing and service industries on the mainland completed the survey. -In US, the survey tool was administered to attendees at a national retail trade show. -A total of 277 responses were received. All three management levels were well represented in the sample, with slightly more women participating than men. - Businesses of various sizes were represented in the sample	The firm classification adopted was from Kenya Association of manufacturers The respondents were all from the large manufacturing firms in Kenya

Ting et al. (2012)	The moderating role of environmental dynamism on the influence of innovation strategy and firm performance of high technology industries in Hsinchu Science Park (HSP)	The results showed that the environment dynamism moderated innovation Strategy and firm Performance	-a survey of Taiwan manufactures -- collected data on environment, innovation strategy, and performance. -The context of this study is high technology industries in Hsinchu Science Park (HSP), one of the best developed high technology industry zones in Taiwan. -The population was developed from industry lists complied by the HSP office at the end of 2009 and consists of 426 firms.	This study was a descriptive survey of large manufacturing firms in Kenya. -Data was collected on competitive strategies, business environment, corporate image and performance.
Grant (1991)	The Resource base theory of competitive advantage: Implications for strategy formulation	Firm's resources were found to be the main variable which can enable a firm become unique and frame strategy and profitability.	A cross sectional descriptive survey of 20 companies among the U.S top 100 companies	Was a cross section descriptive study of all large manufacturing firms in Kenya
Ibrahim, and Primiana (2015)	Influence of business environment on the organizational performance	The results indicated that business environment statistically influenced organization performance.	-Finding based on a literature review and a framework that had been developed	Findings based on Primary data
Atinc and Ocal (2014)	The Moderating influence of organizational environment on Post-IPO corporate governance changes and firm performance relationship	The results indicated that the three dimensions of business environment did not moderate the degree of change in top management teams and firm performance.	-The sample consisted of 185 companies. -out the sample 12.4% of the firms in the sample went public in 2001, while 8.1% in 2002, 9.2% in 2003, 43.8% in 2004, and finally 26.5% in 2005. -Amidst the companies firms, 155 (84%) were	The sample consisted of 139 large manufacturing firms in Kenya. All had been in existence for more than three years

			form American and 30 (16%) represented foreign firms.	
Davis and Walters (2004)	Environment, strategy, and performance among firms in China.	Firms in China did not trade off one strategic direction against another - Some strategy/environment co alignments had significance to performance some did not.	Sample Size was 959 firms in China	Sample size of this study were 139 large manufacturing firms in Kenya
Akgun E. Keskin H. & Byme J. (2008)	The moderating role of environmental dynamism between firm emotional capability and performance.	The results indicated that the performance to be influenced by environmental dynamism including dynamism in the industry.	The research adopted a questionnaire based on a survey of managers and employees from a variety of firms operating in Turkey.	The study adopted a questionnaire of large manufacturing firms in Kenya
Venkatraman and Prescott (1990)	The performance impact on the environment-strategy co-alignment: An empirical test of performance implications	The findings were indicated positive performance impact of environment strategy co-alignment.	Study was limited to 'external fit'. The formulation and alignment to environment. -Strategic orientations displayed in individual environments were not considered.	The study considered complexity, dynamism and munificence dimensions to assess business environment
(Lenz,1980)	The influence of Environment, strategy-structure and performance	Performance of firms was influence by many different factors, and neither environment, strategy nor structure alone adequately explain the variance performance	The study was based on a single hypothesis - Side by side organizations different industries was not considered. - strategic choices as determined by population served was not considered	The study had four hypothesis

2.8 Conceptual Framework

The conceptual outline shows direct and indirect relationships among competitive strategies, business environment, corporate image and performance. Business environment and corporate image were hypothesized to be moderating the relationship between competitive strategies and performance of firms. Finally, competitive strategies, business environment, corporate image hypothesized to jointly influence firm performance more than the individual influence.

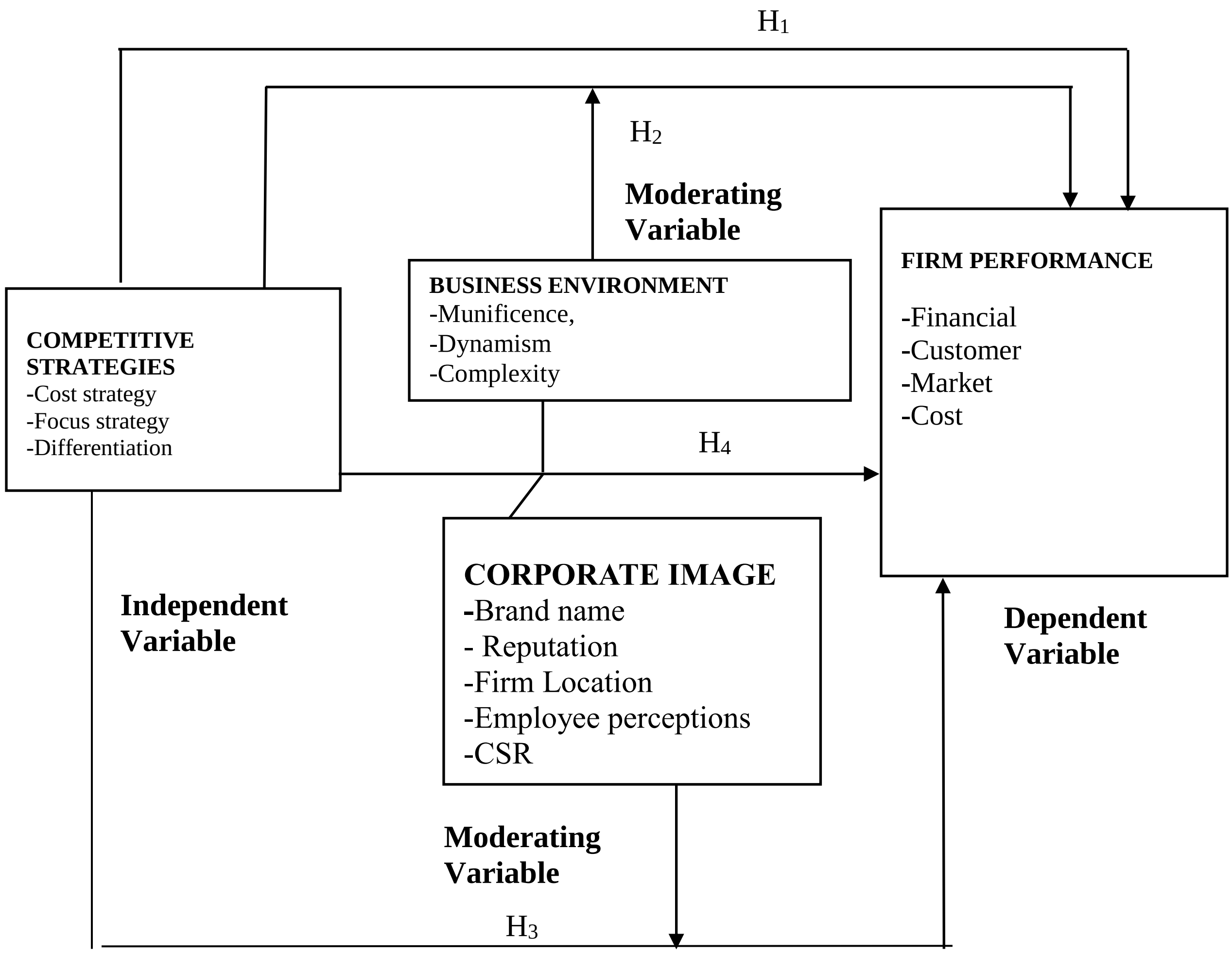


Figure 2.1: Conceptual Model (Source: Researcher, 2020

2.9 Research Hypotheses

To enable the researcher establish the relationships schematized in the conceptual model. The researcher developed four hypotheses which include:

H_1: Competitive strategies has no significant influence on the performance of large manufacturing firms in Kenya.

H_2: Business environment has no significant moderation influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.

H_3: Corporate image has no statistical significant moderating influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.

H_4: The sum of the joint influence of competitive strategies, business environment and corporate image have no significant influence on performance of large manufacturing firms in Kenya.

2.10 Chapter Summary

Chapter two was a presentation of the theories supporting the study. It is a review of dynamic capability theory and stakeholder's theory which constituted the theoretical foundations of the study. The chapter presented theories and empirical literature of previous works and a summary of gaps of knowledge identified. A conceptual framework and corresponding hypothesis follows. The next chapter presents the research methodology.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details methodology utilized in studying the variables. This includes research philosophy, design, target population and sampling of the study. The sampling procedure and data collection approach used is presented. In addition, how reliability and validity was ensured including operationalization of the study variables and measurement and finally how data was analyzed.

3.2 Research Philosophy

Perry (2006) asserts that the research paradigm employed in a study is a precursor to the methodology choice and study questions. Components of a paradigm include epistemology, methodology and ontology (Guba & Lincoln, 1994). Epistemology is a description of what makes adequate knowledge in a specific field of research (Bryman, 2008) while methodology discusses the conceptualization of how an investigation should be carried out. Ontology represents nature of reality that is the way researchers see the world It entails two streams of thought, objectivism and subjectivism (Saunders, Lewis & Thorn 2009). Three key streams of thought commonly characterize epistemology: positivism, realism and interpretivism (Bryman & Bell, 2012). Phenomenology (interpretivism) utilizes qualitative data whereby human beings endeavor making sense of the world around them. It is premised on that the knowledge is subjective, focuses on immediate experience, knowledge of the person and how they interpret that knowledge (Saunders, Lewis & Thornhill, 2007).

This study was guided by the positivistic philosophy. This is because it sought to establish gaps through hypothesizing then deducing from the observations. The study entailed collection of data and making comparisons with theories guiding the study. When adopting positivism, scholars detach themselves from any potential interpretation that could influence the results of the empirical investigation and follow highly structured approaches allowing reproduction of the study (Saunders et al., 2009). As opposed to phenomenological approach, positivism refers to testing an existing theory guiding the study. Hypotheses are set and tested either to reject or accept conclusions depending on the results obtained (Cohen et al., 2007).

3.3 Research Design

The research design adopted was a cross sectional descriptive survey since relationships are examined between variables and that there is no time order to the variables. Cooper and Schindler (2011) opines that descriptive cross sectional survey concentrates with answering questions like what, when and how much of the phenomena at one point in time. This design has been utilized by other researchers like (Awino, 2007). According to Baruch and Holtom (2008) surveys can offer into a variety of insights including individual attitude and perceptions as well as organizational policies and practices.

According to Kothari (2009), surveys are economical and they help researchers to understand opinions and attitudes of the respondents. A cross sectional descriptive survey provided the opportunity for collection of data across different sectors and firms and to tests their relationship in this study and quantify the hypothesized influence between competitive strategies and business environment and corporate image and firm performance hypotheses.

3.4 Target Population

The population of the study was all large manufacturing firms' operating in Kenya. KAM directory (2015) defines a large manufacturing firm as one that is able to employ more than 100 employees, medium manufacturing firms employ up to 100 employees, small firms have employees from up to 50 and below 50 employees as micro enterprises. The sub sectors in the manufacturing industry include: building, mining and construction, food and beverages, timber wood and furniture, motor vehicles and accessories, chemical and allied, pharmaceutical and medical equipment sector, paper and board, plastics and rubber, leather and footwear, timber and wood, furniture, textiles and apparels and fresh produce energy and finally electrical and electronics. Following the criterion of large firms in Kenya, 655 organizations fitted the categorization of large manufacturers.

The choice of the firms was informed by the fact that, the number of employees is a good indicator of size because being profit making, employees can be taken as a proxy of profits, strategy implementation and firm performance. Previous empirical study like Aosa (1992) affirms that large firms are seen to have proper strategic planning in place unlike the small firms.

3.5 Sampling Procedures

Stratification sampling was utilized to divide the manufacturing firms into 13 sub-sectors forming a stratum. This was appropriate to enable the researcher to represent the overall population and key sub-groups of the population. According to Saunders et al. (2007), this technique provides a better comparison across strata hence reducing standard error and provision of some control over variance. To get the sample, a simple random technique was adopted allowing equal representation of all firms in the defined population and reducing biases that could arise.

The research adopted sample size determination formula from Kate (2006) choosing 139 organizations for the research. Kate's formula allows a higher percentage of representation that allows a comparative relationship to the size of the population from which it is drawn. Other studies like Murgor (2014) utilized Kate's formula. The formula is as follows:

$\mathbf{N=t^2xp\ (1\text{-}p)/m^2}$

Where:

N represents the population size required for the study

t is the required level of confidence which was at 95% (standard value of 1.96)

P represents the projected proportion prevalence of population of interest -10%

m being the margin of error - 5% (0.05- standard value)

Therefore, the study sample size (N) was calculated as follows:

$N=1.96^2 0\ .1(1-0.1)\ /\ 0.05^2$

$N=3.8146 \times 0.09\ /\ 0.0025$

$N=3.457/\ 0.0025$

N=138.2976=139 large manufacturing firms

Out of the stratification, one hundred and thirty-nine large manufacturing firms amounted as the sample to be considered with respect to sectors as per KAM (2016) which was considered acceptable in this work. Table 3.1 presents the sampling strata of the study.

Table 3.1: Sampling Strata

	Sectors in Large manufacturing	Population of firms	Percentage proportion P_n = N/total population*sample
1.	Food, Beverages and Tobacco	19	4
2.	Building, construction and mining	86	18
3.	Energy, Electrical and Electronics	47	10
4.	Chemical and Allied Products	168	35
5.	Leather and Foot Wear	9	2
6.	Metal and Allied	64	14
7.	Motor and Accessories	28	6
8.	Paper and Board	42	9
9.	Pharmaceutical and Medical Equipment	29	6
10.	Plastic and Rubber	60	13
11.	Timber, Wood and Apparels	15	3
12.	Textile and Apparels	63	13
13.	Fresh Produce	25	5
	Total	655	139

Source: Research Data (2020)

3.6 Data Collection

The research used a structured questionnaire covering all the variables under study. The questionnaire was established on the foundation of other previous studies. Dess and Devis (1984) affirm that a question item can be adopted from previous studies and can be modified. In line with this previous question items from assisted the study by ensuring that the instrument was valid and reliable as asserted by Morgan and Hunt, (2004). The target respondent was the chief executive officer or a marketing manager or head of corporate planning depending on the structure of the firm. The questionnaire contained section A which covered organizational characteristics and the questions were open-ended apart from ownership structure where the respondents were supposed to tick appropriately, according to their firm's structure.

For corporate image respondents were required to indicate organizational perceived image by use of sematic differential by ticking the box that correctly depicted their assessment using the rating scale (5 = extremely favorable; 4 = favorable; 3 = indifferent; 2 = unfavorable; 1 = extremely unfavorable). Sections B, C and D covered competitive strategies, business environment and performance. Respondents were required to indicate the level of agreement or disagreement to the statements reflecting the firm's position by ticking appropriately using the key: 5 = to a very great extent, 4 = to a large extent, 3 = moderate extent, 2 = to a less extent and 1 = not at all. Likert type scale according to Nunnally and Berstein (1994) contains an established set of qualitative differences of a particular attribute or entity ordered sequentially from least to most and has been used in business inquiries (Sakaran, 2000).

For every question or statement five choices were specified representing the degree of the respondent agreement to a given question. The Likert type of questions enabled the researcher to quantitatively use statistics for data interpretation and the respondent's responses better and with ease.

The questionnaire administration was drop and pick. The questionnaire was pilot-tested using five firms and which were not used in the analysis. This is in accordance to Orodho (2003) who indicated that pilot studies assist in validating of the data collection tool enabling the researchers to refine the research tool.

3.7 Operationalization of Study Variables

Competitive strategy was the independent variable. The business environment and corporate image were assumed to moderate competitive strategies and performance relationship of large manufacturing firms in Kenya. Each variable was measured using its indicators. Composite scores were computed to measure the variables.

Table 3.2: Operationalization of Study Variables

Variable	Operational Definition	Operation Indicators	Supporting Literature	Measurement Scale	Questionnaire
Competitive Strategies (independent Variable)	Moves to attract buyers, survive competitive pressures and reinforce a firm's market position	• Cost Strategy • Differentiation Strategy • Focus Strategy	Porter typology (1980) Thompson & Strickland, 2008). Porter (2008)	5–point Likert type scale	Q10
Business Environment (Moderating Variable)	-all features that were outside the organizational border which may potentially influence all the other parts of the organization.	• Munificence, • Dynamism, • Complexity	Daft (2010) Ansoff and McDonell, (1990) Pearce et al., (2012). Lawrence &Lorsch, (1967) Kotler & Keller (2012)	5–point Likert type scale	Q11

Corporate Image (Moderating Variable)	Corporate image represents a picture formed in the mind of stakeholders	Dimensions of -Reputation -Product Offerings -firm Location -CSR	Shamma (2012) Cabral (2000)	Semantic Differential Scale	Q9
Performance (Dependent variable)	Economic outcomes from the interaction amongst a firms capabilities, choices of actions and the environment	Dimensions of -Financial -Customer -Market -Cost	Kaplan and Norton (2010) Venkatraman and Prescott (1990)	Direct Measure 5–point Likert type scale	Q 12

3.8 Reliability and Validity Tests

Reliability measures consistency of the research findings based on methods used to collect data and analysis (Saunders, Lewis & Thornhill, 2007). Cronbach's alpha according to Bryman and Bell (2011) indicates a mean of possible half-split reliability coefficients. Cronbach's alpha 0.5 and above was considered ideal for reliability test and where alpha was less than 0.5 as unacceptable which was in line with (George & Mallery, 2003).

Validity measures the accuracy of data tool or magnitude which a mark truthfully signifies a particular concept (Zikmund & Babin, 2010). Face validity was addressed by involving experts from strategy and management science during construction of the questionnaire (Saunders et al., 2007). Construct validity has two elements which are discriminant and convergent validity. Convergent validity is the scores for a category for example; extremely favorable is higher than indifferent category for each of the dimensions (Aldalaigan & Buttle, 2002). Discriminant validity was verified through factor analysis. The questionnaire was pretested by involving five manufacturing firms. Cooper and Schidler (2011) recommended pilot testing so that the instrument can be improved to avoid unreliable results. This was to enable the researcher improve the instrument.

3.9 Data Analysis

After data collection there was data preparation, analysis and reporting. Simple regression was used in analyzing direct relationship whereas multivariate regression was determined by grouping of variables together to predict a given dependent variable. Avkiran (1995) asserts that when a researcher utilizes a multiple regression analysis it offers an equation which enables the researcher to be able to predict the level of magnitude of variables relative to independent variables.

This study adopted graphical methods for linearity testing by plotting standardized residuals and standardized estimates (Fitted Values) of dependent variable in an expectation to show a random pattern if non linearity lacked. Normality was tested using probability-probability (p-p plots) and Shapiro-Wilk and Kolmogorov-Smirnov tests and a visual inspection of data plots to determine normality graphically. Data was to be assumed normal when the histogram appeared symmetrical which was bell-shaped curved, with highest occurrence of points in the middle and lesser occurrences to the extremes.

Multicollinearity was tested through VIF (Variance Inflation Factor). The VIF values were not to go beyond 10 and the tolerance values should be higher than 0.10. Heteroscedacity was tested by variance of residuals which was indicated by the width of the scatter plotting of the residuals as explanatory variable increases. If the width of the p-p plots of the residuals increased or decreased as explanatory variable increased, then the assumption of constant was not met. Correlation analysis and Chi square test were used to establish the independence of association. The research explored significant relationship between competitive strategies, business environment, corporate image variables and organizational performance. The study adopted the formula:

$y=\beta_0 + \beta_1 x_1 + \beta_x x_2 + \beta_3 x_3 + \beta_n x_n + \varepsilon$

Where: y = firm performance (dependent variable)

β_0 = Regression constant.

The coefficients β_1, β_2, β_3. β_n represents a measure of the variance in the dependent variable with reverence to a unit variance in an explanatory variable, holding other factors constant, ε = the error/disturbance term. It accounted for variables other than those specified in the model that explains changes in the dependent variable. The model used to test the impact of explanatory variables on firm performance was in the form: Firm performance = β_0 + β_X competitive strategies + β_E business environment + β_I corporate image + ε.

Table 3.3: Research Objectives, Hypotheses and Data Analytical Models

Objective	Hypotheses	Analysis and Test	Interpretation of Results
Assess the Relationship between competitive strategies and performance of large manufacturing firms in Kenya	Competitive strategies has no significant influence on the performance of large manufacturing firms in Kenya.	Simple regression analysis. $y = \beta_0 + \beta_x X + \mathcal{E}$ Where: y= composite score of firm performance X= Aggregate score of competitive strategies β_0 = y intercept/constant β_X = regression constant for competitive strategies ε=error term	R^2- to assist in determining the variance in performance due to competitive strategies F – Test to assess overall significance of the simple regression model. - (β) assess the contribution of each predictor to the significance of the model.

Objective	Hypotheses	Analysis and Test	Interpretation of Results
			P-Value <0.05 to assess the Significance
To determine the influence business environment on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.	Business environment has no significant moderation influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.	Stepwise regression Analysis Step 1; $y = \beta_0 + \beta_X X + \mathcal{E}$ Step 2; $y = \beta_0 + \beta_X X + \beta_E E + \varepsilon$ Step 3; $y = \beta_0 + \beta_X X + \beta_E E + \beta_{XE} XE + \varepsilon$ where, y= Aggregate score of firm performance β_0 = y intercept/constant β_X, β_E,β_{XE}=Regression coefficients for competitive strategies, business environment and interaction term X= Aggregate score of competitive strategies E= composite score of business environment B_{XE}= XE= Interaction term of competitive strategies, business environment ε = error term	-R^2 - assessing the influence of business environment on the relationship between competitive strategies and firm performance. -Significant variance in adjusted R^2 upon introduction of the interaction term $\beta_{XE}XE$ which confirms or refutes a moderating effect. - P-Value <0.05 - assess whether step 1 and 3 are statistically Significant -F test assist in assessing the significance of the model
To evaluate corporate image influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya. Determine the how corporate image influence the competitive strategies - performance of large manufacturing firms in Kenya.	Corporate image has no statistical significant moderating influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.	Stepwise regression Analysis Step 1; $y = \beta_0 + \beta_X X + \mathcal{E}$ Step 2; $y = \beta_0 + \beta_X X + \beta_X I + \varepsilon$ Step 3; $y = \beta_0 + \beta_X X + \beta_X I + \beta_{XI} XI + \varepsilon$ where, y = Aggregate score of firm performance β_0 = y intercept/constant β_X,β_I,β_{XI}=Regression coefficients for competitive strategies, corporate image and interaction term X= Aggregate score of competitive strategies I = composite score of corporate Image $B_{XI}XI$ =Interaction term of competitive strategies corporate image ε= error term	R^2 in to determining the influence of corporate image on the relationship between competitive strategies and performance of firms. -statistical significant change in adjusted R^2 upon introduction of the interaction term $\beta_{XI}XI$ confirms moderating effect. -P-Value <0.05 to examine whether step 1 and 3 are statistically Significant
Assess the joint influence of competitive	The joint influence of competitive strategies, business	Multiple regression Analysis $y = \beta_0 + \beta_X X + \beta_I I + \beta_E E + \varepsilon$ Where:	-R^2 to assess the influence firm performance are jointly explained by combined

Objective	Hypotheses	Analysis and Test	Interpretation of Results
strategies, business environment and corporate image on the performance of large manufacturing firms in Kenya	environment and corporate image has no statistical significant influence on organizational performance of large manufacturing firms in Kenya.	y= Aggregate score of firm performance X=Aggregate score of competitive strategies I = Composite score of Corporate Image E= composite score of business environment B_0 = y intercept/constant $B_{0,}$ β_X, β_E, $\beta_{I=}$Regression coefficients for competitive strategies, business environment corporate image ε = error term	effects of competitive strategies, business environment and Corporate Image -F - testing the overall statistical significance of the simple regression model - P-Value should be <0.05- to examine whether step 1 and 3 are statistically Significant

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The study assessed the influence of competitive strategies, business environment and corporate image and performance of large manufacturers in Kenya. The study had four objectives and hypotheses. The first hypothesis tested the statistical significance of competitive strategies and performance of large manufacturing firms in Kenya. The second hypothesis had the assumption that business environment significantly moderated competitive strategies and performance relationship of large manufacturing firms in Kenya. The third hypothesis assumed statistical significance of corporate image moderation of the relationship between competitive strategies and the performance of large manufacturing firm in Kenya and finally competitive strategies, business environment and corporate image was assumed to significantly have a higher influence on the performance of large manufacturing firms in Kenya.

4.2 Response Rate

Data analyzed was obtained from 79 manufacturing firms out of the targeted 139 manufacturing firms sampled. Seven of the questionnaires returned were not complete. 72 questionnaires were analyzable representing 52% of the manufacturing firms sampled. Munyoki (2007) in his study had a response rate of 51%. Machuki (2011) had a response rate of 36%. Murgor, 2014 had a response rate of 58.7%. According to Nachmias and Nachmias (2004) survey research has a challenge of low response rate and rarely goes above 50% and a suggestion of a response rate above 50% is seen as satisfactory. Similarly, Baruch and Holtom (2008) acknowledged that studies targeting data from top level executives have low response rates but recommended their publication. There was a pretest of the questionnaire using five firms not included in the analysis. This was to ascertain how compressive the questionnaire was and also to phase the questionnaire item.

4.3 Reliability Tests of Instruments of the Study

It was necessary to assess the psychometric properties of the constructs despite the fact that most of the measures employed in this study were adopted from recognized scales in the extant literature. Reliability was measured using alpha coefficient to determine the consistency or average correlation of survey tool (Sekaran, 2003). If the values are too low, either too few items were used or the items had little in common (Nunnally, 1978). Alpha equals to 1.0 when all items measured only the true score and error free component while Sekaran (2003) posits that any values between 0.5 and 0.8 are adequate for internal consistency. The study used value of 0.70 and above as a quick rule.

Table 4.1: Summary of Cronbach Alpha Reliability Coefficients

Variables	Measures	No. of Items	Cronbach Alpha Coefficient
Competitive Strategies	• Cost strategy • Focus Strategy • Differentiation	26	0.792
Business Environment	• Munificence • Dynamism • Complexity	24	0.844
Corporate Image	• Reputation • Product offerings • Firm location • CSR	6	0.889
Firm Performance	• Financial perspective • Customer perspective • Market perspective • Cost perspective	13	0.926

Source: Research Data (2020)

The measures of independent variable (competitive strategies) attained Cronbach's alpha coefficient of 0.792. Firm performance being the independent variable had Cronbach's alpha coefficient of 0.926. Further business environment had 0.844 and corporate image had 0.889. The study variables therefore were found to be highly reliable since all variables had alpha coefficient higher than the accepted Cronbach's alpha coefficient of 0.70 which was the predetermined cut off point.

4.4 Validity Test

Research validity determines whether research instruments measure what was intended to measure (Patton, 2002). There are various kinds of validity including construct, face, content, and criterion validity. In this study content and construct validity were measured. Content validity is the extent to which a measure represents aspects of a given social construct providing suitable coverage of the questions guiding the study. The researcher utilized expert judgment of the supervisors in the school of business, university of Nairobi.

The pilot testing of the questionnaire was administered to five manufacturing firms to establish if the respondents could answer the responses with ease and minimize ambiguous, double edged and sensitive questions. This allowed for the cleaning of the tool. KMO and Bartlett's Test for sampling adequacy to test various types of validity including construct, discriminant and convergent validity was used. Further Varimax methods and principal component analysis were applied to extract those factors that clearly measure the variables under investigations. Principal element analysis and varimax rotation technique were used and factors with Eigen values greater than (1) were derived and items with factors loadings with greater or equal 0.5 were retained. The study results are presented in Table 4.2.

Table 4.2: Summary of KMO and Bartlett's Test

Variable	KMO	Bartlett's Test of Sphericity		
		Chi-square (χ)	**df**	**Sig. Level**
Competitive Strategies	.533	144.106	66	.000
Business Environment	.663	170.644	66	.000
Corporate Image	.574	71.582	15	.000
Firm performance	.593	1293.910	78	.000

Source: Research Data (2020)

The results indicate that the sampling adequacy for all the variables under study showed adequacy in the respective samples. From the results competitive strategies had (KMO=0.533, Chi-square (χ)= 144.106, df=66 and sig. level=0.000); business environment (KMO=.663, Chi-square (χ)= 170.644, df=66 and sig. level=0.000) , corporate image (KMO=.574, Chi-square (χ)= 71.582, df=15 and sig. level=0.000) and finally firm performance had (KMO=.593, Chi-square (χ)= 1293.910, df=78 and sig. level=0.000). The values of KMO are all higher than 0.50. The Bartlett's Test of Sphericity values are less than 0.05 of the significance level indicating that factor analysis to be useful with the data.

4.5 Pretesting for Multiple Regression Assumptions

After fitting a regression model it is significant to determine all the necessary model assumptions appropriate before performing inference. Presence of violations means that subsequent inferential procedures may be invalid resulting in faulty conclusions. Regression model diagnostic procedures demand both graphical means and formal statistical tests prior to carrying out of statistical tests (Prabowo, 2014). These processes allow a study to explore whether the expectations of the regression model are valid thus indicating subsequent reliability of results.

4.5.1 Tests of Normality

In statistics, it is important that normality is ascertained to avoid serious deviation from normality. Variables that are not normally distributed can distort relationships and significance tests. Additionally, when normality concept assumption is violated, interpretation may not be correct and inferences may not be reliable or valid (Razali and Wah, 2011). This is because all regression analyses assume normal distributions.

There are several ways of testing normality such as Shapiro-Wilk, Kolmogorov-Smirnov, Lilliefors and Anderson Darling. Razali and Wah (2011) opine that Shapiro-Wilk is the most powerful normality test. This study used Shapiro-Wilk test, histogram and P-P plot in testing normality as indicated in Table 4.3, Figure 4.1 and 4.2.

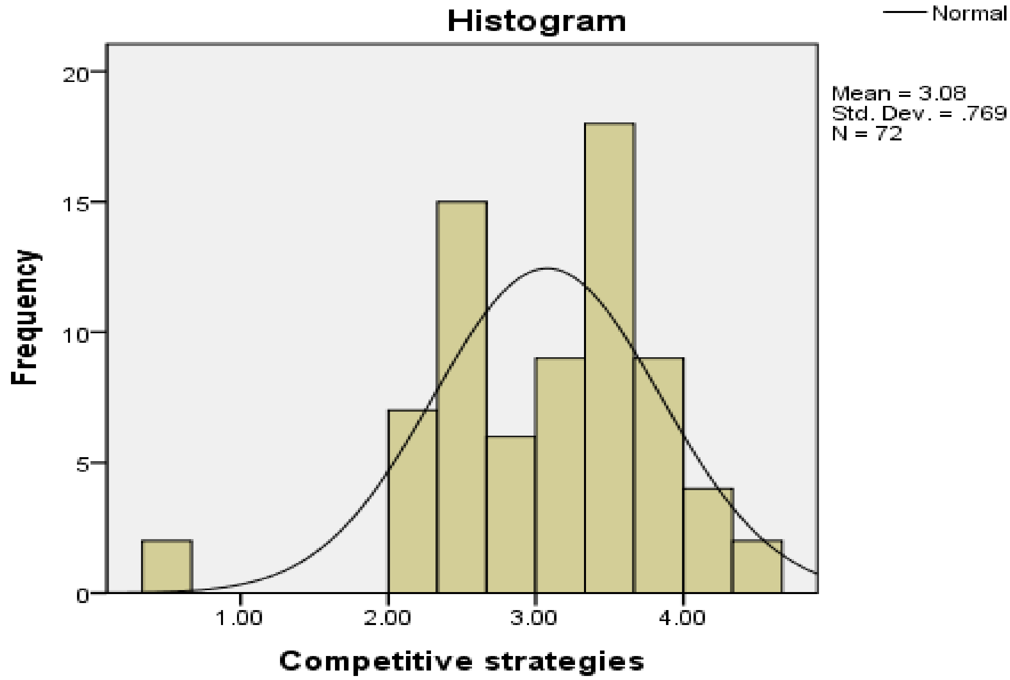
Table 4.3: Test of Normality

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Competitive strategies	.119	72	.013	.914	72	.000
Business environment	.097	72	.019	.920	72	.000
Corporate Image	.158	72	.000	.902	72	.000
Firm Performance	.138	72	.002	.909	72	.000

Source: Primary Data (2020)

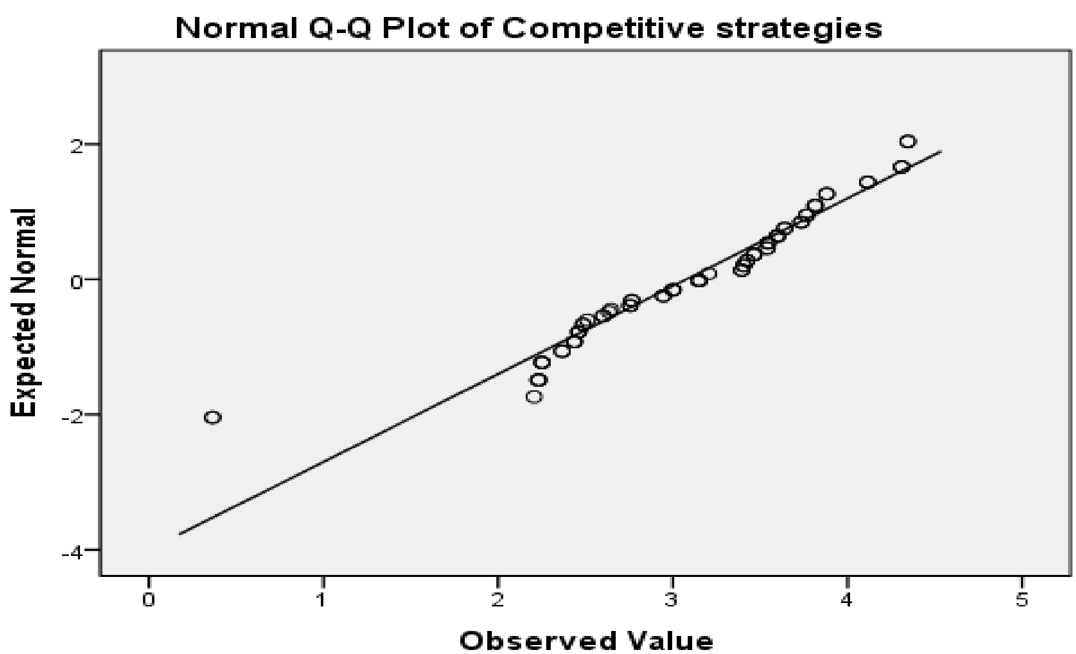
The Shapiro-Wilk tests show that all the variables were below 0.05 ($p > 0.05$) hence confirming that the data was normally distributed. Normality of data assumes that sampling distribution mean to be normal. Data normality was also demonstrated by the plotted Quantile plot (QQ plot) and normal histograms. Q-Q plots are as presented in Figures 4.1(a, b), 4.2(a, b), 4.3(a, b) and 4.4(a, b). The normal distribution had a good fit for the study variables.

Figure 4.1 (a): Normal Histogram Plot of Competitive Strategies



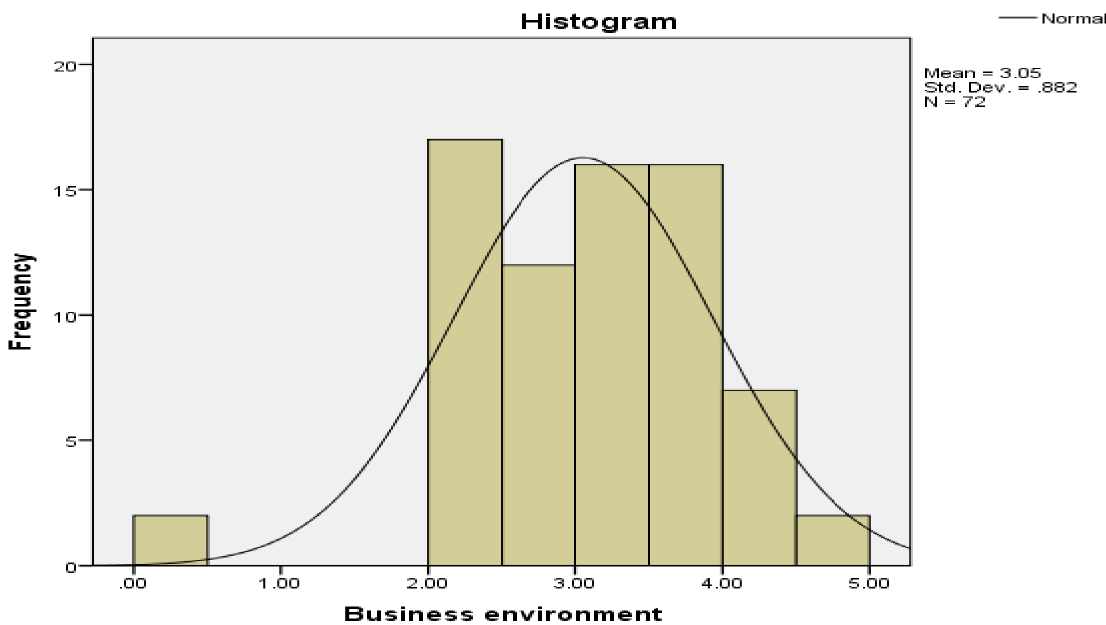
Source: Primary Data (2020)

Figure 4.1 (b): Normal Q-Q Plot of Data on Competitive Strategies



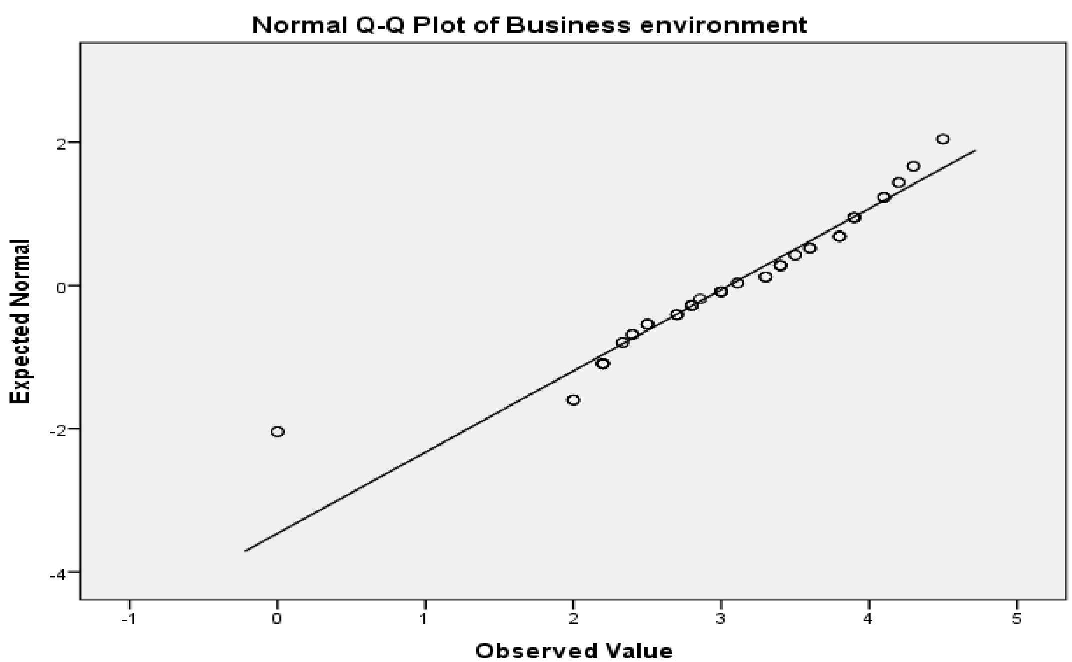
Source: Primary Data (2020)

Figure 4.2 (a): Normal Histogram Plot of Business Environment



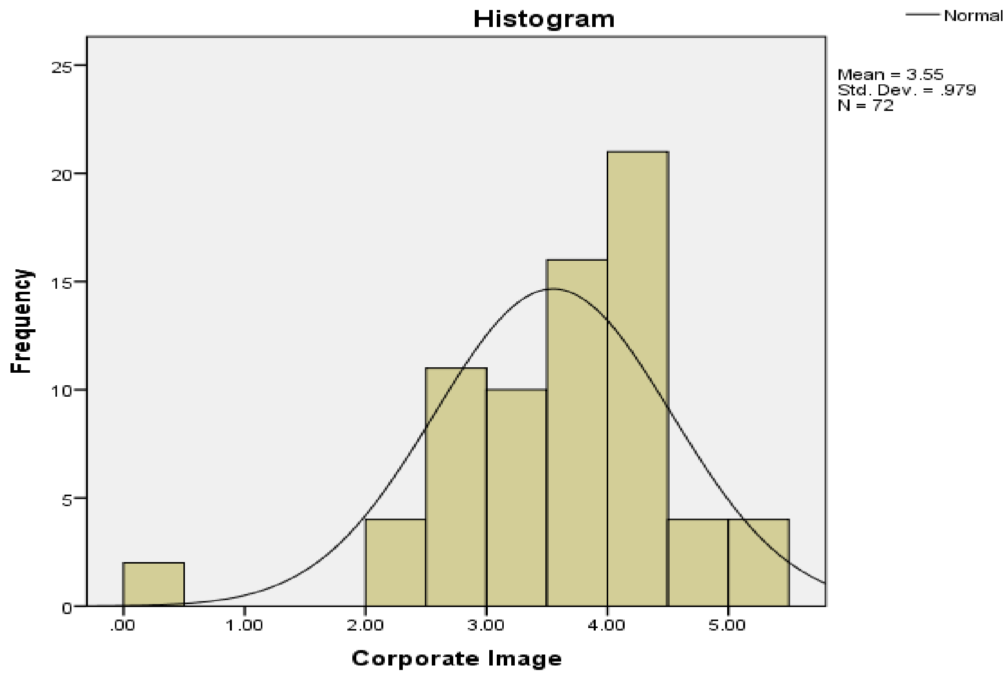
Source: Primary Data (2020)

Figure 4.2 (b): Normal Q-Q Plot of Data on Business Environment



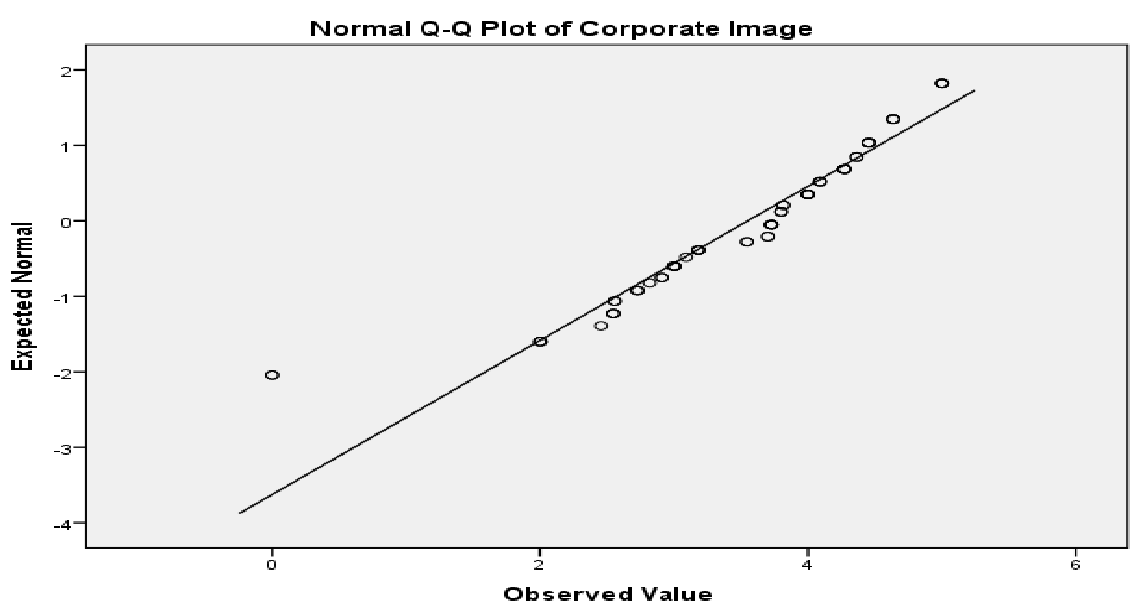
Source: Primary Data (2020)

Figure 4.3 (a): Normal Histogram Plot of Corporate Image



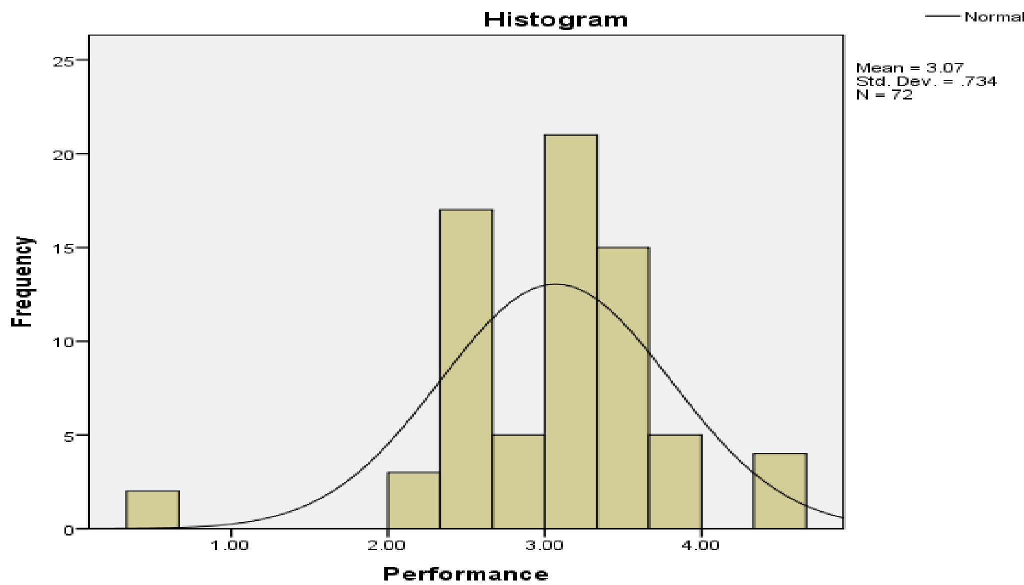
Source: Primary Data (2020)

Figure 4.3 (b): Normal Q-Q Plot of Data on Corporate Image



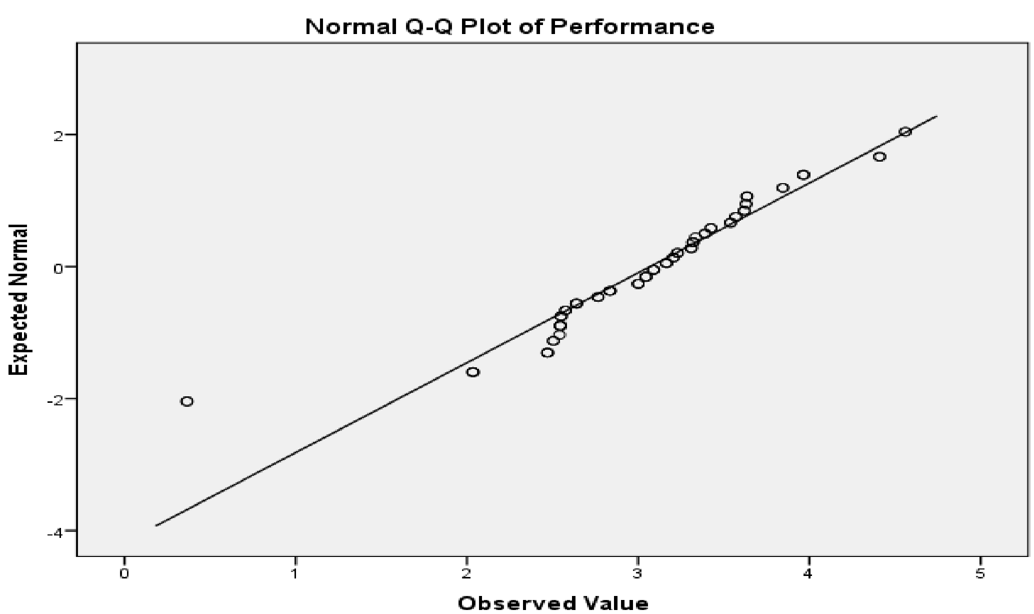
Source: Primary Data (2020)

Figure 4.4 (a): Normal Histogram Plot of Data on Firm Performance



Source: Primary Data (2020)

Figure 4.4 (b): Normal Q-Q Plot of Data on Firm Performance



Source: Primary Data (2020)

The results shown above indicate that the circles in the Q-Q plots and histograms show that all the observed values are normal with Q-Q plots cleaving along the line of best fit and the normal curve on histogram showing normality distribution. Therefore, all the variables had a good fit in the normal distribution.

4.5.2 Tests of Multi-collinearity

Multi-collinearity is an assumption of linear regression which states that there is too high a correlation between some of the predictors included in the analysis. In order to ensure that this assumption was not violated measures of tolerance and variance inflation factors were calculated with regard to the regression assessment undertaken in order to establish whether multi-collinearity presented an issue with regard to any of these evaluations. The tolerance is an indication of the percent of variance in the predictor that cannot be accounted for by the other predicator. The rule of thumb shows that values less than 0.10 may need further investigation. Also, for the VIF value, which is the variance inflation factor, values greater than 10 may need further investigation. Table 4.4 presents the results of multi-collinearity test.

Table 4.4: Multi-Collinearity Test

Description	**Multi- Collinearity statistics**	
	Tolerance	**VIF**
Competitive strategies	.658	1.521
Business environment	.731	1.369
Corporate Image	.690	1.448

Source: Primary Data (2020)

From Table 4.4 multi-collinearity results shows that the variables in this study have no multi-collinearity. According to DeVaus (2002) if the tolerance value is greater than 0.2, it means that variables may not produce multi-collinearity. Furthermore, VIF outcome in the above table, which refer to the Variable Inflation factor, were varying from 1.369 to 1.521 and hence do not display multi-collinearity as the VIFs are less than 10 (Hair et al., 2010) or even less than 5 (DeVaus, 2002). Pearson's correlation was used to compute multi-collinearity. The results presented in the table 4.4 show that none of the bivariate correlations was above 0.8 for any of independent variables.

4.5.3 Test of Heteroscedasticity

Heteroscedasticity was measured by Levene's test. This test examines whether or not the variance between independent and dependent variables is equal. If the Levene's Test for equality of variances is statistically significant α= 0.05, this would indicate that the group variances are unequal. It is a check as to whether the spread of the scores in the variables are approximately the same.

Table 4.5: Tests for Heteroscedasticity

Variable	Levene's Statistic	df1	df2	Sig.	Comment
Competitive strategies	1.29	10	61	.11	p>0.05 hence equal variance
Business environment	1.89	10	61	.10	p>0.05 hence equal variance
Corporate image	2.44	10	61	.17	p>0.05 hence equal variance
Firm performance	1.97	10	61	.13	p>0.05 hence equal variance

Source: Primary Data (2020)

The significant values for the Lavene's test were 0.11 for competitive strategies, 0.10 for business environment and 0.17 for corporate image and 0.13 for firm performance. From the results, P-values of Levene's test for homogeneity of variances were all greater than 0.05. The test therefore was not significant at $\alpha = 0.05$ confirming homogeneity.

4.6 Manufacturing Firms' Profile

The research required respondents to indicate ownership structure by ticking appropriately whether firms were locally owned, foreign owned or both locally and foreign owned which is presented in Table 4.6.

Table 4.6: Percentage of Ownership Structure

	Frequency	Percent
Fully locally Owned	32	44.4
Fully foreign Owned	12	16.7
Both locally and foreign owned	28	38.9
Total	72	100.0

Source: Primary Data (2020)

The Table 4.6 indicate that most respondents were from firms which were locally owned who constituted 44.4% of the total respondents. This was followed by firms which were fully both locally and foreign owned at 38.9%. Those that had fully foreign ownership constituted 16.7%. This was an indicator that most large manufacturers are Kenyan owned. Kenya manufacturing policy has also enabled foreign investors to operate in Kenya. It requires therefore that policy makers in the government to come up with policies which can enable them not only to survive locally but also globally. This is in line with Kenya vision (2030) to make the sector more vibrant and double employment, increase the Kenya GDP from the current 10% to 15 % by 2020 and also eradicate poverty.

The study sought to understand the percentage of firm ownership by indicating the period they had worked with their firms. The results are presented in Table 4.7.

Table 4.7: Percentage of Period Worked with the Firm

Period worked with the firm	**Frequency**	**Percent**
3	8	11.1
4	15	20.8
5	12	16.7
6	8	11.1
7	13	18.1
8	1	1.4
10	4	5.6
12	5	6.9
18	2	2.8
20	2	2.8
25	2	2.8
Total	**72**	**100.0**

Source: Primary Data (2020)

Table 4.7 indicates that most respondents had been with their firms for 3 to 25 years. Majority of them had worked for 4 years at 20.8%, followed by 5 years at 16.7%. 18.1% of the respondents had worked in those firms for 7 years, while 6.95% had worked for 12 years. A small percent of 8.4% constituted those respondents who had been with the organization for 12 years. This is an indication that they are well versed with their organization and they understand strategy development and implementation. The respondents were required to indicate period worked in the current position in their respective firms. Table 4.8 presents how the period they had worked in their current position.

Table 4.8: Percentage of Period Worked in the Current Position

Period worked in the current position		Frequency	Percentage of Frequency
	3	20	27.8
	4	21	29.2
	5	15	20.8
	6	8	11.1
	7	2	2.8
	12	2	2.8
	15	2	2.8
	16	2	2.8
	Total	**72**	**100.0**

Source: Primary Data (2020)

The results in Table 4.8 shows that most of the participants retained their present position for a period between 3 to 16 years. Out of 72 respondents (n=72), 20 of the respondents having worked in the current position for a period of three years which represents 27.8% of the respondents. 29.2 of the participant retained their position in their firms for a period of four years. 20.8% of the respondents had been with the current firm for a period of five years. 2.8% of the participants had been in their current position for 7, 12, 15 or 16 years. This clearly showed that the respondents were conversant with strategic decisions in their respective organization in terms of choice and implementation and therefore their responses could be relied upon. Descriptive findings are for composite index of competitive strategies, corporate image, business environment and performance are presented in section 4.7.

4.7 Findings for Composite Index Competitive Strategies, Corporate Image, Business Environment and Performance Indicators

Table 4.9 presents the findings of Composite scores of competitive strategies, corporate image, business environment and performance. The means, standard deviations and covariance of variation results are presented in Table 4.9.

Table 4.9: Descriptive Statistics for Competitive Strategies, Corporate Image, Business Environment and Performance Indicators

Variable	N	Mean	Standard Deviation	CV-%
Competitive Strategies	72	4.0272	.41782	10
Corporate Image	72	4.3495	.38063	8
Business Environment	72	3.7454	.47618	13
Firm Performance	72	3.8056	.74400	20

Source: Primary Data (2020)

Table 4.9 shows that the mean of composite scores of competitive strategies data to be 4.0272, a standard deviation of 0.41782 and a covariance of 10%. The mean for corporate image was 4.3495, standard deviation of 0.38063 with a CV of 8. Business environment had a mean of 3.7454 ad std. dev. 0.47618 and CV of 13% and performance mean was 3.8056 and std. deviation of 0.744 and a CV of 20%. This means in terms of responses the respondents were in agreement but varies more when it comes to firm performance as indicated by CV of 20%.

4.8 Findings for Competitive Strategies Indicators

The respondents indicated the extent the statements given reflected the strategic choices their firm had to make, given the development in its external environment by ticking appropriately using the key (1 = Not at all, 2 = to a less extent, 3 = to a moderate extent, 4 = to a large extent and 5 = to a very large extent). Table 4.10 presents the results

Table 4.10: Descriptive Statistics for Competitive Strategies Indicators

COST STRATEGY					
	N	**Mean**	**Std. Dev.**	**Variance**	**CV%**
We consistently seek for lower costs of production	72	4.33	.872	.761	20
The firm has been cutting down its operating costs over the years	72	4.18	.738	.544	18
The firm has been emphasizing on tight control on expenses	72	4.18	.811	.657	19
There has been emphasizes on price competition (this was by the organization offering competitive prices)	72	4.13	.963	.928	23
We have outsourced non-core activities to reduce costs	72	3.99	.831	.690	20
Management encourages recycling of wastes	72	3.94	.886	.786	25
In our organization, management do not encourage waste of resources	72	3.89	1.251	1.565	32
We are committed to sourcing raw materials from low cost suppliers	72	3.85	.833	.695	22
Our products are priced lower than our competitors	72	3.08	1.297	1.683	42
Average Mean Score	**72**	**3.95**	**0.942**	**0.923**	**25**
Differentiation Strategy					
Firm has Emphasis on producing high quality products	72	4.64	.539	.290	12
We build and maintain brand reputation	72	4.54	.918	.843	20
We provide products with many features	72	4.46	.711	.505	16

Table 4.10 contd'…

The firm has continuously developed and introduced new products to the market by our company	72	4.40	1.002	1.004	23
We have put in place strict product quality control procedures	72	4.40	.914	.835	21
	N	Mean	Std. Dev.	Variance	CV%
We consistently monitors market trends and respond to customer needs using uniquely designed products	72	4.39	.865	.748	20
Our products are rated premium quality by customers	72	4.36	.793	.628	18
Our employees are continuously trained on product and service quality management	72	4.32	.990	.981	23
Innovation is encouraged and rewarded by our company	72	4.24	.864	.746	20
The firm emphasized on quick delivery and response to customer orders	72	4.10	1.050	1.103	26
The company has been Refining existing products/services	72	3.90	1.090	1.188	28
Our services sets us apart from the competition	72	3.58	1.480	2.190	41
Average Mean Score	**72**	**4.28**	**0.935**	**0.922**	**22**
FOCUS STRATEGY					
Our products target high end market	72	3.82	1.167	1.361	31
Our products are customized to the unique requirements of customers	72	3.78	1.270	1.612	34
Our company serves specially defined market segment	72	3.68	1.509	2.277	41
Our products are sold in specialty stores	72	3.42	1.563	2.444	46
Large share of our business is based on manufacturer by order (contract manufacturing)	72	3.11	1.029	1.058	33
Average Mean Score	**72**	**3.562**	**1.3076**	**1.7504**	**37**

Source: Primary Data (2020)

The results presented in Table 4.10 show that among items measuring competitive strategies respondents felt that their firms had emphasis on producing high quality products and had a mean of 4.64, standard deviation of 0.539 and CV of 12%. Respondents to a large extent felt that firm had emphasis on producing high quality products. This is an attempt to making the customer happy as they address the various customer requirements. Followed by the item firms build and maintained brand reputation mean and standard deviation of 4.54, 0.918 respectively and a CV of 20%. Respondent generally agreed therefore that the firm emphasized on producing high quality products.

Other items 'like the firms providing products with many features' attained a mean of 4.46, standard deviation of 0.711 respectively, CV (16%). The item, 'the firm's products are priced lower than competitors' scored the least mean of 3.08 with a standard deviation of 1.297 and a CV of 42%. Most respondents indicated that their firms adopted various competitive strategies response due to variations in the business environment. Therefore, the study concluded that competitive strategies were important to the organizational performance of large manufacturing firms.

4.9 Descriptive Statistics for Business Environment

The respondents were required to indicate the influence of business environment in relation to decision making due the changes in the business environment. For each statement they were to provide a response by rating the statement as it applied to their organization using the Key: 1 = not at all; 2 = to a less extent; 3 = to a moderate extent; 4 = to a large extent; 5 = to a very large extent. The results are presented in Table 4.11.

Table 4.11: Descriptive Statistics of Business Environment

ENVIRONMENTAL COMPLEXITY				
	N	**Mean**	**Std. Dev.**	**CV-%**
There are more products in our target market	72	4.53	.649	14
Participation in the industry requires high degree of knowledge sophistication	72	4.51	.605	13
There is need to increase the diversity in production methods and marketing strategies to accommodate customers differences	72	4.50	.692	15
There are wider varieties of production process in our industry	72	3.90	1.009	26
Changes in technology are fast and unpredictable	72	3.75	1.110	30
Market actions of key rivals have become far more intimidating	72	3.18	1.417	45
We cannot predict the tastes and preferences of customers in our principal market in recent years	72	2.76	.911	33
Growth of opportunities in the overall business environment have gone down	72	2.39	1.273	53
Average Mean Score	**72**	**3.69**	**0.958**	**29**
ENVIRONMENTAL DYNAMISM				
Changes are continuously taking place in the market	72	4.24	.927	22
competitor's sales strategies have changed	72	3.97	1.087	27
Changes in the market are tense	72	3.94	1.185	30
Volumes of products supplied to the market changes from time to time	72	3.69	1.206	33
There are changes in customer preferences for products and brands	72	3.68	1.173	32
Customers regularly ask for completely new products	72	3.43	.976	29
Market demand is relatively stable	72	3.03	.787	26
Within a year, nothing will have changed in the industry	72	2.75	1.412	51
Average Mean Score	**72**	**3.59**	**1.094**	**31**
ENVIRONMENTAL MUNIFICENCE/HOSTILITY				
	N	Mean	Std. Deviation	CV-%
Our investors are interested in the business we do	72	4.33	.822	19

Table 4.11 Contd'

The industry is rich in investment and marketing opportunities	72	4.33	.787	18
Growth in the industry is fast	72	4.14	.924	22
The business environment is receptive to new investors	72	4.07	.924	23
We can acquire resources within a short time	72	3.96	.863	22
Resources are abundant within the environment	72	3.78	.923	24
Our firms creativity count very little against the tremendous technological forces	72	3.72	1.313	35
There is minimal threat to the survival and well-being of the firm	72	3.29	.941	29
Average Mean Score	**72**	**3.95**	**0.941**	**24**

Source: Primary Data (2020)

The results in Table 4.11 demonstrate that there were other products in the market. This is indicated by the mean of 4.53, standard deviation of 0.649 with a CV of 14%. This is an indication of intense competition in the market. The Item describing 'growth opportunities in the overall business environment declined' scored the lowest mean score was 2.39 and a standard deviation of 1.273 with a CV of 53%. This indicated a variation in the responses indication to a very large extent agreed that growth opportunities in the overall business environment had declined. Most of the respondent indicated that most of these statements had an influence to how decisions were made in their firms due to the business environment changes. Section 4.10 present the descriptive findings for corporate image.

4.10 Descriptive Findings for Corporate Image

The respondents were asked to assess the organizational perceived image using the rating scale of 5 = as extremely favorable; 4 = as favorable; 3 = as indifferent; 2 = as unfavorable finally 1 = as extremely unfavorable the level of their agreement to the statement items. Tables 4.12 represent the results.

Table 4.12: Descriptive Statistics for Corporate Image

	N	Mean	Std. Deviation	CV (%)
Good reputation	72	4.51	.581	13
The firm conserves the environment	72	4.46	.768	17
The firm has a strong brand name	72	4.46	.649	14
The firm Contribute to the society	72	4.39	.723	16
Employees have positive perception towards the firm	72	4.15	.725	18
The firm's location is conducive for me	72	4.13	.786	19
Average Mean Score	**72**	**4.35**	**0.705**	**16**

Source: Primary Data (2020)

The Table 4.12 shows that the respondents favorably indicated that a good reputation was important to organization image. This was indicated by items scoring mean ranging from 4.13 to 4.46 with a standard deviation ranging from 0.581 to 0.786 and CV ranging from of 13% to 19%. This meant that there was little variation in responses. The items, 'firm conserving the environment 'scored a mean of 4.46, standard deviation of 0.768 and a CV of 17%. Followed by the item 'firm have a strong brand name' scoring 4.46, standard deviation of 0.649 and CV of 14% respectively. The item firm's location scoring the least mean of 4.13, a standard deviation of 0.786 with a CV of 19%, which meant the responses, differed about the location of the firms. Most respondents therefore indicated that corporate image was important to the large manufacturing firms. The Table 4.13 presents the descriptive results of firm performance.

4.11 Descriptive Findings for Firm Performance

Table 4.13: Descriptive Statistics for Firm Performance

	N	Mean	Standard Dev	CV %
We often obtain complimentary phone calls/ letters/ emails from our clients	72	4.10	1.103	27
Overall, the firm customers are contented with our products and services	72	4.08	.884	22
Customers are pleased with how the firm manages complaints	72	4.08	.960	24
Our customers are committed to doing business with us	72	4.08	1.045	26
Our return on asset is above the industry average	72	3.92	.746	19
We enjoy high financial liquidity in the industry	72	3.83	.822	22
Our rate of customer acquisition is above the industry average	72	3.71	.879	24
Our rate of customer retention is above industry average	72	3.71	.941	25
Firm's market share has grown significantly over the last 3 years	72	3.68	1.098	29
Our return on marketing is relatively high	72	3.64	1.214	33
Sales growth in our company is above the industry average	72	3.57	1.111	31
Our market costs have reduced over the last three years	72	3.57	1.330	37
Our overhead costs are lower than our peers in the industry	72	3.50	.993	28
Average Mean Score	**72**	**3.81**	**1.010**	**27**

Source: Primary Data (2020)

Table 4.13 shows the Mean score ranging from 3.50 to 4.10. Most respondents indicated that their firm performance had improved. Most respondents indicated that 'firms often received complimentary phone calls/ letters/ email from their customers' hence the mean of 4.10 and 1.103 as the standard deviation.

Item on the 'firm's customers being pleased with the firm products and services' scored a mean of 4.08, standard deviation of 0.884 and a CV value of 22% and the item that scored least was ‘overhead costs lower than their peers in the industry’ which averaged 3.50 with a standard deviation of 0.993 and a CV of 28%. Respondents of large manufacturing firms to a moderate extent indicated that they received complimentary phone calls/letters/emails from their customers, they also responded that to a ‘large extent overall their customers were satisfied with their products and services’. They also indicated that to a large extent their overhead costs were lower than their peers in the industry. Presentation the test of hypothesis and discussion of findings follows in chapter five

4.12 Findings for Tests of Hypotheses

This section reports the findings for the tests of the hypotheses. It provides appropriate explanations to the findings of each hypothesis. Hypotheses were formed on the basis of the research objectives. They were tested using simple regression analysis for direct relationship hypotheses one, stepwise regression analysis for indirect hypothesis two and three and multiple regression analysis for hypothesis four. The choice of which analytical tools were used was guided by the study objective, type of data as well as the measurement scales. The hypotheses were tested at 95 percent confidence level (α=0.05), hence decision points to reject or fail to reject a hypothesis were based on the p-values. Where $p<0.05$, the study failed to reject the hypotheses, and where $p>0.05$, the study rejected the hypotheses.

Interpretations of results and subsequent discussions also considered correlations (R), coefficients of determinations (R^2), F-Statistic values (F) and beta values (β). R^2 indicated the change in dependent variable explained by change in the independent variables combined. Further, the higher the F-Statistic, the more significant the model was. The negative or positive effect of the independent variable on the dependent (either negative or positive) was explained by checking the beta (β) sign. The R-value shows the strength of the relationship between the variables, t-values represent the significance of individual variables. The findings are presented along study objectives and corresponding hypotheses.

4.12.1 Competitive Strategies and Firm Performance

This subsection presents the results of the tests for the first hypothesis of the study which was formulated from the first research objective. The objective of the study was to establish the relationship that exists between competitive strategies and performance of large manufacturing firms in Kenya. It required respondents to rate the extent to which the given statements matched their perception in the specified areas using a Likert type scale of 1 to 5, with 1 representing 'not at all'/ 'strongly disagree' and 5 representing 'to a very large extent'/ 'strongly agree'. The study first determined the influence of each of the competitive strategies constructs (focus strategy, cost strategy and differentiation strategy). This objective was therefore tested through three hypotheses and the overall hypothesis.

H_1a: Cost strategy has no significant influence on the performance of large manufacturing firms in Kenya; **H_1b**: differentiation strategy has no significant influence on the performance of large manufacturing firms in Kenya and **H_1c**: focus strategy has no significant influence performance of large manufacturing firms in Kenya. The relevant results are presented in the sub sections that follow below.

4.12.1.1 Influence of Cost Strategy on Firm Performance

The study determined independently the influence of cost strategy on firm performance. This was determined by getting the composite index of cost strategy and performance constructs and application of simple linear regression analysis to determine their significance levels. Consequently, the following hypothesis was tested.

H_{1a}: Cost strategy has no significant influences on the performance of large manufacturing firms in Kenya**.** The results are presented in Table 4.14.

Table 4.14: Cost Strategy and Firm Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.563	.317	.308	5.78642	.317	32.541	1	70	.000	1.913

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1089.546	1	1089.546	32.541	.000
	Residual	2343.787	70	33.483		
	Total	3433.333	71			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.663	5.337		1.436	.156
	CS_Cost	1.528	.268	.563	5.704	.000

Source: Primary Data (2020)

The study found a relatively strong relationship between cost strategy and firm performance (R= 0.563). Coefficient of determination (R^2 =0.317) indicates that cost strategy explain 31.7% of variation in firm performance. Also the overall model is significant (F=32.541, p<0.05). The individual influence of cost strategy significant relationship is further revealed by the t-value in the coefficient table (β=1.528, t=5.704, p<0.05). This therefore depicts that cost strategy is key in determining firm performance in manufacturing firms in Kenya and thus the hypothesis that cost strategy has no significant influence on firm performance was rejected.

Based on the outcomes of the results of the regression analysis as presented in Table 4.14, the model became; $Y= 1.528\ X_1$

Where Y was firm performance and X_1 is cost strategy. This implies that a unit change in cost strategy results to 1.528 change in firm performance of manufacturing firms in Kenya. This implies that cost strategy significantly influences performance of large manufacturing firms in Kenya. Large manufacturing firms can therefore embrace cost strategy since the strategy can improve the performance of their firms.

4.12.1.2 Differentiation Strategy and Firm Performance

The study determined the influence of differentiation strategy on firm performance through hypothesis that **H_1b:** Differentiation strategy has no significant influence on performance of large manufacturing firms in Kenya. This was tested through computing composite index of differentiation strategy and firm performance data and applied simple linear regression analysis to determine their significance levels. The results are presented in Table 4.15.

Table 4.15: Differentiation Strategy Influence on Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.335	.112	.100	6.59808	.112	8.864	1	70	.004	1.618

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	385.907	1	385.907	8.864	.004
	Residual	3047.426	70	43.535		
	Total	3433.333	71			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.107	6.680		2.711	.008
	CS_Diff	.924	.310	.335	2.977	.004

Source: Primary Data (2020)

The study found a moderate relationship between differentiation strategy and firm performance ($R= 0.335$). Coefficient of determination ($R^2 =.112$) indicates that differentiation strategy explains 11.2 % of variation in the performance of large manufacturing firms in Kenya. Overall, relationship model is significant ($F=8.864$, $p<0.05$).

The individual influence of differentiation strategy's significant relationship is further manifested by the t-value in the coefficient table ($\beta=.924$ $t=2.977$, $p<0.05$). This therefore depicts that differentiation strategy is key in determining performance of large manufacturing firms in Kenya and thus the hypothesis that differentiation strategy positively influence the performance of large manufacturing firms was supported.

Based on the outcomes of the results of the regression analysis, the model becomes

$Y= 18.108+0.924 X_1$

Where Y was firm performance and X_1 is differentiation strategy. This implies that a unit change in differentiation strategy results to 0.924 change in the performance of large manufacturing firms in Kenya. Further when differentiation strategy is held constant, firm performance is 18.108 units as shown by a constant value (β). This implies that differentiation strategy significantly influences the performance of large manufacturing firms in Kenya leading to rejection of the hypothesis that differentiation strategy has no significant influences on the performance of Kenyan large manufacturers. Kenya large manufacturers firms can therefore adopt differentiation strategy since it can improve performance significantly.

4.12.1.3 Focus Strategy and Firm Performance

To test the influence of focus strategy on firm performance the following hypothesis was used:

H_{1C}: Focus strategy has no significant influence on the performance of large manufacturing firms in Kenya. Table 4.16 presents a summary for the results for focus strategy and firm performance.

Table 4.16: Finding for Focus Strategy on Firm Performance Relationship

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.532	.283	.273	5.92851	.283	27.684	1	70	.000	1.917

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	973.031	1	973.031	27.684	.000
	Residual	2460.303	70	35.147		
	Total	3433.333	71			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.304	3.223		6.609	.000
	CS_F.S	.930	.177	.532	5.262	.000

Source: Primary Data (2020)

The study found a strong relationship between focus strategy and firm performance (R= .532). Coefficient of determination (R^2 =.283) indicates that focus strategy explain 28.3 % of variation in firm performance. Also the results noted that the overall relationship model is significant (F=27.684, p<0.05).

The individual influence of focus strategy significant relationship is further manifested by the t-value in the coefficient table (β=.930 t=5.262, p<0.05). This therefore depicts that focus strategy is key in determining firm performance of large manufacturing firms in

Kenya and thus the hypothesis that focus strategy has no significant influence on firm performance of large manufacturing firms was rejected.

Based on the outcomes of the results of the regression analysis, the model becomes

$Y = 21.304+0.930\ X_1$

Where Y was firm performance and X_1 is focus strategy. This implies that a unit change in focus strategy results to 0.930 changes in firm performance of large manufacturing firms in Kenya. Further when focus strategy is held constant, firm performance is 21.304 units as shown by a constant value (β). This implies that focus strategy significantly influences the performance of large manufacturing firms in Kenya leading to rejection of the hypothesis. Large manufacturing firms can consider focus strategy since it can improve their performance.

4.12.1.4 Overall Influence of Competitive Strategies and Firm Performance

The objective of the study was to establish the relationship that exists between competitive strategies and performance of large manufacturing firms in Kenya. This study had anticipated that competitive strategies would have a significant and positive influence on performance of large manufacturing firms in Kenya. Consequently, the following hypothesis was tested.

H_1: Competitive strategies have no significant influence on performance of large manufacturing firms in Kenya.

Table 4.17 presents a summary for competitive strategies and organizational performance.

Table 4.17: Competitive Strategies and Firm Performance

Model Summary										
					Change Statistics					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.328	.108	.095	.69872	.108	8.445	1	70	.005	2.302
a. Predictors: (Constant), Competitive strategies1										
b. Dependent Variable: Performance										

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.123	1	4.123	8.445	.005[b]
	Residual	34.174	70	.488		
	Total	38.297	71			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Competitive strategies1						

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.633	.501		3.257	.002		
	Competitive strategies	.437	.150	.328	2.906	.005	1.000	1.000
a. Dependent Variable: Performance								

Source: Primary Data, (2020)

The study found a strong relationship between competitive strategies and firm performance (R= 0.328). Coefficient of determination (R^2 =0.108) indicates that competitive strategies explain 10.8 % of variation in firm performance. Also the results noted that the overall relationship model is significant (F=8.445, p<0.05).

The individual influence of competitive strategies significant relationship is further manifested by the t-value in the coefficient table (β=.437 t=2.906, p<0.05). This therefore, depicts that competitive strategies are key in determining firm performance of large manufacturing firms in Kenya and thus the hypothesis was supported that, Competitive strategies have a significant effect on performance of large manufacturing firms in Kenya was supported. Based on the outcomes of the results of the regression analysis, the model becomes

$Y= 1.633+0.437 X_1$

Where Y was firm performance and X_1 is competitive strategies. This implies that a unit change in competitive strategies results to 0.437 changes in firm performance of large manufacturing firms in Kenya. Further when competitive strategies are held constant, firm performance is 1.633 units as shown by a constant value (β). This leads to rejection of the hypothesis that competitive strategies have no significantly influence on the performance of large manufacturing firms in Kenya.

4.12.2 Competitive Strategies, Business Environment and Firm Performance

The objective for the study was to establish the effect of the business environment on the relationship between competitive strategies and performance of large manufacturing firms in Kenya. To test this relationship, the following hypothesis was tested;

H_2: Business Environment has no significant moderating influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.

The hypothesis was tested through Stepwise regression analysis. In step one, competitive strategies were regressed on firm performance. In step two, competitive strategies were regressed on business environment and in step three the interaction term between competitive strategies and business environment was introduced. The moderation effect is confirmed when the effect of interaction term is statistically significant. The results were as presented in Table 4.18.

Table 4.18: Regression Results showing Moderation Effect of Business Environment on Relationship between Competitive Strategies and Firm Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.482	.232	.221	.58406	.232	21.147	1	70	.000	
2	.597	.357	.338	.53843	.125	13.366	1	69	.000	1.880

a. Predictors: (Constant), Business environment, Competitive advantage
b. Predictors: (Constant), Business environment, Competitive strategies, CS_BE interaction
c. Dependent Variable: Firm performance

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.214	1	7.214	21.147	.000
	Residual	23.879	70	.341		
	Total	31.093	71			
2	Regression	11.089	2	5.544	19.125	.000
	Residual	20.004	69	.290		
	Total	31.093	71			

a. Dependent Variable: Firm performance
b. Predictors: (Constant), Business environment, Competitive strategies
c. Predictors: (Constant), Business environment, Competitive strategies, CS_BE interaction

Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	1.390	.406		3.421	.001		
	Business environment, Competitive strategies	.601	.131	.482	4.599	.000	1.000	1.000
2	(Constant)	.636	.427		1.487	.141		
	CS_BE interaction	.518	.142	.432	3.656	.000	.669	1.496

a. Dependent Variable: Firm performance

Source: Primary Data, (2020)

Table 4.18 shows that model 1 is significant (p-value < 0.05, R^2 = 0.357). implying that competitive strategies and business environment jointly explain 35.7% of variation in performance. Further, upon introduction of the interaction term, the change in p-value in model 2 is 0.00 which is also significant (p-value<0.05) implying that business environment significantly moderates the relationship between competitive strategies and firm performance.

Therefore, based on the results of the test, the hypothesis that business environment has no moderation influence on the relationship between competitive strategies and firm performance was rejected. This guided the following model; $Y= \alpha + \beta_1 Z + \beta_2 X.Z + \varepsilon$

Where: Y_i is Firm performance

Z is Business environment (Moderating variable)

X.Z is Competitive strategies and business environment (interaction)

ε= Error term

β = the beta coefficients of independent variables after the regression analysis results, the model became Y= .636 + .601 Z +.518 XZ

This implies that Y=firm performance=0.636 in absence of both competitive strategy and business environment. Upon introduction of the interaction terms of competitive strategy and business environment each contribute 0.601, and 0.518 respectively. Therefore, business environment moderates the relationship between competitive strategies and performance of large manufacturing firms in Kenya. Large manufacturing firms should continuously monitor their business environment and craft competitive strategies to mitigate the changes. This can help them improve their performance.

4.12.3 Competitive Strategies, Corporate Image and Firm Performance

This was achieved by testing the following hypothesis; **H_3: Corporate image has no significant influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.**

The hypothesis was tested through Stepwise regression analysis. In step one, competitive strategies were regressed on firm performance. In step two, competitive strategies were regressed on corporate image. In step three the interaction term between competitive strategies and corporate image was introduced. The moderation effect is confirmed when the effect of interaction term is statistically significant. The results are presented in Table 4.19.

Table 4.19: Regression Results Showing Moderation Effect of Corporate Image on Relationship between Competitive Strategies and Firm Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.566	.320	.311	.54947	.320	32.985	1	70	.000	
2	.600	.360	.341	.53708	.040	4.265	1	69	.043	1.932

a. Predictors: (Constant), Corporate image, Competitive strategies
b. Predictors: (Constant), Corporate image, Competitive strategies1, CS_CI interaction
c. Dependent Variable: Firm performance

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.959	1	9.959	32.985	.000[b]
	Residual	21.134	70	.302		
	Total	31.093	71			
2	Regression	11.189	2	5.595	19.395	.000[c]
	Residual	19.904	69	.288		
	Total	31.093	71			

a. Dependent Variable: Firm performance
b. Predictors: (Constant), Corporate image, Competitive strategies
c. Predictors: (Constant), Corporate image, Competitive strategies1, CS_CI interaction

Coefficients

Model		Unstandardized Coefficients: B	Std. Error	Standardized Coefficients: Beta	t	Sig.	Collinearity Statistics: Tolerance	VIF
1	(Constant)	.997	.394		2.530	.014		
	Competitive strategies1	.678	.118	.566	5.743	.000	1.000	1.000
2	(Constant)	1.320	.416		3.175	.002		
	CS_CI interaction	.137	.067	.203	2.065	.043	.958	1.044

a. Dependent Variable: Firm performance

Source: Primary data (2020)

Table 4.19 shows that model 1 is significant (p-value < 0.05, R^2 = .360 implying that competitive strategies and corporate image jointly explain 36.0% of variation in performance. Further, upon introduction of the interaction term, the change in p-value in model 2 also becomes .043 which is also significant (p-value<0.05) implying that corporate image significantly moderate the relationship between competitive strategies and firm performance.

Therefore, based on the results of the test, the hypothesis that corporate image has no moderation influence on the relationship between competitive strategies and performance of large manufacturing firms was rejected.

This was guided by the following model; $Y= \alpha+ \beta 1Z+\beta 2\, X.Z + \varepsilon$

Where: Y_i is Firm performance

Z is corporate image (Moderating variable)

X.Z is Competitive strategies and corporate image (interaction)

ε= Error term

β = the beta coefficients of independent variables after the regression analysis results, the model became Y= 1.320 + .997 Z+ .137 XZ. This means that firm performance =1.320 without competitive strategy and corporate image. Upon introduction of the interaction term of the two variables competitive strategy and corporate image each contribute 0.678, and 0.137 respectively. There is a moderation influence of corporate image on the relationship between competitive strategies and performance of large manufacturing firms. Large manufacturing firms can therefore strategically consider corporate image impact and choose to invest on working on their corporate image. This will help position themselves better in the market which can eventually lead to improved performance.

4.12.4 The Joint Effect of Competitive Strategies, Business Environment and Corporate Image on Firm Performance

The fourth hypothesis was to establish the joint influence of competitive strategies, business environment, and corporate image on performance. The study sought to establish whether the joint effect of competitive, business environment, corporate image and performance was more that individual effects. To assess the joint effect, the following hypothesis was tested.

H_4: The joint effect of competitive strategies, business environment and corporate image have no significant influence on performance of large manufacturing firms in Kenya.

The Table 4.20 presents a summary of regression results for joint influence analysis of competitive strategies, business environment, and corporate image on organizational performance.

Table 4.20: Joint Influence Analysis of Competitive Strategies, Business Environment, and Corporate Image on Organizational Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.328	.108	.095	.69872	.108	8.445	1	70	.005	
2	.496	.246	.224	.64684	.139	12.677	1	69	.001	
3	.874	.765	.751	.36684	.518	73.768	2	67	.000	2.445

a. Predictors: (Constant), Competitive strategies
b. Predictors: (Constant), Competitive strategies, Business environment
c. Predictors: (Constant), Competitive strategies, Business environment, Corporate Image, Business environment
d. Dependent Variable: Performance

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.123	1	4.123	8.445	.005[b]
	Residual	34.174	70	.488		
	Total	38.297	71			
2	Regression	9.427	2	4.714	11.266	.000[c]
	Residual	28.870	69	.418		
	Total	38.297	71			
3	Regression	29.281	4	7.320	54.398	.000[d]
	Residual	9.016	67	.135		
	Total	38.297	71			

a. Dependent Variable: Performance
b. Predictors: (Constant), Competitive strategies
c. Predictors: (Constant), Competitive strategies, Business environment
d. Predictors: (Constant), Competitive strategies, Business environment, Corporate Image, Business environment

Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	1.633	.501		3.257	.002		
	Competitive strategies	.437	.150	.328	2.906	.005	1.000	1.000
2	(Constant)	.849	.514		1.654	.103		
	Competitive strategies,	.088	.170	.066	.517	.607	.669	1.496
	Business environment	.630	.177	.455	3.561	.001	.669	1.496
3	(Constant)	.167	.303		.550	.584		
	Competitive strategies,	-.024	.097	-.018	-.246	.807	.659	1.518
	Business environment,	.256	.105	.185	2.438	.017	.608	1.644
	Corporate Image	.229	.063	.306	3.636	.001	.496	2.015

a. Dependent Variable: Performance

Source: Primary data (2020)

The results displayed in Table 4.20 reveal that the joint effect of competitive strategies, business environment and corporate image on performance was statistically significant. The results show that jointly the variables explain 76.5% of the variations in firm performance (R^2 = .765). Therefore, the hypothesis was rejected. The results show that competitive strategies in model 1 explain 10.8% of the variation in firm performance. Competitive strategies and business environment jointly explain 24.6% of the variations in performance (R^2 = .246). Competitive strategies, business environment and corporate image jointly explain 76.5% of the variations in firm performance (R^2 = .765). The joint influence of competitive strategies, business environment, and corporate image had significant influence on the performance of large manufacturing firms in Kenya leading to rejection of the hypothesis. Large manufacturing firms can consider all the variables jointly since this can lead to improved performance of the firms. A summary of the research objectives, hypothesis, analytical models and conclusion is presented in Table 4.21 and further discussion continues in chapter five.

Table 4.21: Summary of Research Objectives, Hypotheses, Analytical Models and Conclusions

Objective	Hypothesis	Conclusion	Decision
i) Establish the relationship of Competitive strategies and Performance of Large manufacturing firms in Kenya	**H_1:** Competitive strategies has no significant influence on the performance of large manufacturing firms in Kenya.	Competitive strategies is a strong predictor of firm performance	H_1 was rejected
ii) Determine the influence of business environment on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.	**H_2:** Business environment has no significant moderation influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya. .	There is a strong significant moderating influence of business environment on the association between competitive strategies and firm performance	H_2 was rejected
iii) Determine the effect of corporate image on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.	**H_3**: Corporate image has no statistical significant moderating influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.	There is a strong significant moderating influence of corporate image on the relationship between competitive strategies and firm performance	H_3 was rejected
iv) Establish the joint effect of competitive strategies, business environment and corporate image on performance of large manufacturing firms in Kenya.	**H_4**: The joint effect of competitive strategies, business environment and corporate image have no significant influence on performance of large manufacturing firms in Kenya.	The joint effect of competitive strategies, business environment and corporate image influence on firm performance was significant	H_4 was rejected

Source: Primary Data (2020)

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Discussion of Findings

In the previous section the study's major empirical findings were presented. This current section presents a critical discussion of these findings in line with the research objectives and the hypotheses formulated from which theoretical. The primary objective of the study was to establish the relationship between competitive strategies, business environment, corporate image and performance of large manufacturing firms in Kenya. The research objectives and the hypotheses were formulated based on existing conceptual and empirical literature and led to the development of the conceptual model which outlined the relationships between the variables. This section discusses the results and explains the reasons for the findings and the extent to which they are consistent or not consistent with previous empirical studies or theoretical arguments.

5.2 Competitive Strategies and Organizational Performance of Large Manufacturing Firms in Kenya

The first objective sought to determine the relationship between Competitive strategies and performance of large manufacturing firms in Kenya. Competitive strategies were found to have a significant relationship to performance of large manufacturing firms in Kenya. Section 5.2.4 presents the results of the overall influence of competitive strategies and firm performance of large manufacturing firms in Kenya. These results conform to Porter (2004) study who recognized that for firms to perform, they have to adopt a competitive strategy. Tang et al. (2007) in their study indicated that, generic strategies are appropriate in a dynamic environment.

The findings concur with Porter (2008) who opined that organizations can gain a competitive advantage when they produce value for their customers and by performing the chain of strategically important activities cheaply and better in comparison to their competitions. Aaby and Slater (1989) affirmed that firms which implement generic studies successfully outperform their competitors. Additionally, they acknowledged that competitive strategies are part of a firm's internal element and therefore a vital factor since it influenced export performance directly.

Duncan (1972) affirmed that when the responsiveness of a firm matches strategy and its environment, performance is assured. Accordingly, Tan and Litschert (1994) argue that firms with appropriate strategic responses performed better than those which do not take appropriate responses. Li and Li (2008) found out that firms competing in China with both low-cost and differentiation strategy obtained higher performance than firms competing with just one of the two competitive strategies.

Other studies like Acquaah and Agyapong (2015) indicated that while differentiation strategy was related to firm performance, cost leadership strategy did not influence performance which contradicts the current study. According to Acquaah and Agyapong (2015) strategy therefore should be based on the firm's unique and individual capabilities and circumstances. Those capabilities enable effective implementation of strategies and influence organizational performance (Olson et al., 2005). While conducting a field research in hardwood lumber industry, Bush & Sinclair (1992) asserted that the overall cost strategy was not satisfactory in a mature industry, however the study revealed that companies that succeeded are those that combined cost leadership with differentiation.

The finding of this study demonstrated the importance of competitive strategies to firm performance. Firms must be keen to scan their business environment and craft strategies in response to the changes. This will enable firms to understand the customer needs and wants which constantly keep changing. This will also help be a head of rivals. In order to survive firm must pursue differentiation in cost leadership strategies, focus strategy and differentiate themselves from competitors and attain superior performance.

5.2.1 Influence of Cost Strategy on Organizational Performance of Large Manufacturing Firms in Kenya

The study found that cost strategy significantly influences firm performance. The findings are consistent with Porter (2008) who asserts that for firms to achieve cost leadership, they must be able to perform activities and deliver products and services faster, cheaper than the competitors. White (1986) asserts that firms or any business units that adopted pure cost strategies ended up to achieving higher return on investment when they have low dependency.

However, Bush and Sinclair (1992) on a study in the hardwood lumber industry acknowledged that overall leadership in cost strategy was not sufficient in a mature industry. Additionally, the study revealed that those companies that succeeded combined both cost leadership and differentiation strategy. Similarly, a study by Powers and Hahn (2004) found out that leading in cost provided a significant performance advantage. Allen and Hems (2006) additionally found being a leader cost related improved performance.

Large manufacturing firms can therefore adopt different ways or tactics to achieve cost leadership either through differentiation like cutting down firms operating cost, outsourcing non-core activities, discouraging waste of resources, pricing products lower that competitors amongst others. Average returns can be achieved when firms charge low prices for the products and services especially to customers who are price oriented than quality. The study findings imply that organizations are environment dependent and to manage this firm-environment interface, an appropriate competitive strategy is necessary. The study also presents a very clear link between environment-strategy-performance such that firms can consider in enhancing company survival and growth by adoption of Porters generic strategy.

5.2.2 Influence of Differentiation Strategy on Organizational Performance of Large Manufacturing Firms in Kenya

This objective was to examine the differentiation strategy's influence on firm performance. It had been assumed that differentiation strategy has an influence on how the large manufacturing firms in Kenya performed. The study found that differentiation had a statistical positive influence to performance of large manufacturing firm in Kenya. Table 4.15 show the results that differentiation strategy was able to influence firm performance by 11.2%. A number of studies has established this relationship too, for example both Allen & Helms (2006) & Teeratansirikool (2013) established that selecting differentiation strategy gave a better performance that rivals.

Other studies like Hilman & Narentheren (2015) and Alsiwidi & AL-Hosan (2012) stressed that differentiation strategy is suitable strategy in improving performance. Grant (1991) asserts that differentiation strategy may give a firm better sustainable advantages through provision of unique activities or products which are valued by customers and which cannot be easily be imitated by competing firms.

The findings of the study require managers in large manufacturing to understand the customer needs and wants and develop products and services to satisfy them. New ways may help address the dynamic needs of the market to remain ahead of competitors. Differentiation strategy can be through emphasis on production of high quality products, building and maintaining brand image, providing products with many features, continuously introduce new products to the market.

Other ways can involve putting strict quality control procedures, continuously monitoring market trends and responding to customers' needs using unique products and training employees on product and service quality among others. Training employees on quality enables improve efficiency. This is in line with dynamic capability theory that capabilities of firms like having skilled employees cannot easily be copies by competitors.

5.2.3 Influence of Focus Strategy on Firm Performance of Large Manufacturing Firms in Kenya

It had been anticipated that focus strategy could have a significant influence on the performance of firms. The model was significant and focus strategy explained 28.3% of variance of the large manufacturing firm's performance. This is in agreement with Porter (2008) who asserted that a firm must be able to focus its products and services to particular market segments in order to succeed. With focus strategy firms select a particular market, buyer group, geographical market or even a segment which the firm channels its focus on serving and endeavoring to meet the needs and being unique more efficiently that other incumbents. Kim and Lim (1988) acknowledged that business firms need to consider the overall business strategy and deliver unique products and services that will help them capture a particular segment of the market.

The significant findings of focus strategy to the performance of large manufacturing firms in this study contradicts the findings by Powers and Hahn (2004) in a study of critical competitive methods, generic strategies, and firm performance whose findings were that in the banking industry it may be difficult to generate superior returns using a differentiation or focus strategy.

Management of these large manufacturing firms can therefore embrace focus strategy for continued realization of improved firm performance. Amongst the focus strategies the large manufacturing firms should can consider targeting high end markets, customizing products to the customer requirements and serve specially defined markets. Additionally, other strategies like manufacturing by order, cost reduction and differentiation may be included to boost the performance further. This is likely to enhance the performance of large manufacturing firms in Kenya.

5.3 Influence of Business Environment on the Relationship between Competitive Strategies and Organizational Performance of Large Manufacturing Firms in Kenya

The second research objective was to examine the influence of business environment on the relationship between competitive strategies and organizational performance of large manufacturing firms in Kenya. Using hierarchical regression analysis, the study established that, business environment significantly moderated the relationship between competitive strategies and organizational performance. Studies like, Hough and White (2000) indicated that dynamism was a contingent predictor of the relationship between rational comprehensive decision making and firm performance.

The findings of this study differ from Norzalita and Norjaya (2010) who found out that environment did not moderate the relationship between market orientation and business performance among SMEs in the Agro-Food Sector in Malaysia. Similarly, Machuki and Aosa (2011) found that the external environment had no statistical influence on performance of firms. Similar conclusions were found by Canon and Joh (2007) when he concluded that environmental complexity was insignificant to firm performance.

Conclusively, manufacturing firms in Kenya can improve their firm performance by reconfiguring their resources and capability to execute strategies depending in the business environment. This is in anchored in dynamic capability theory, and stakeholder’s theories that customers’ needs and preferences keep changing, competition is continuous in all sectors of due to globalization. A firm’s success depends on how it utilizes the resources to succeed. Competitive strategy is what can help firms address the changes in the environment utilizing the different competencies which vary depending on the firms’ behavior and environment to gain sustainable competitive advantage.

5.4 Influence of Corporate Image on the Relationship between Competitive Strategies and Organizational Performance of Large Manufacturing Firms in Kenya

There was an assumption that corporate image could moderate the relationship between competitive strategies and performance of large manufacturing firms in Kenya.

Hierarchical analysis was used to test the hypothesis. The order of the analysis was first the independent analysis and then combined effects. Lastly, interaction term is introduced to test for the hypothesis. Using hierarchical regression analysis, the study established that corporate image significantly moderated the relationship between competitive strategies and performance of large manufacturing firms in Kenya.

The study concurs with Chang and Fong (2010) who found out that corporate image had a positive effect on performance of organizations. Similarly, Heslin, VandeWalle & Latham (2005), asserts that a positive corporate image is able to distinguish itself from competitors and encourage customers to buy. Porter and Kramer (2007) contend that through corporate social responsibility, firms are able to establish their image that ensures competitive advantage and provide financial returns from the market.

Good corporate image of a firm helps to significantly reduce associated costs of a firm as employees have a preference to work in a firm with good reputation at a lower salary (Roberts & Dowling, 2002). De Madariaga and Valor (2007) asserted that the key factor to survive in mature markets heavily relies on the ability of firms to sustaining long term relationships with their stakeholders. Different stakeholders hold different view of the image of the firm depending on their interactions with the firm products, services innovations, governance, ethics and many more. Corporate image is an outcome of those interactions over time. According to Fombrun and Shanley (1990) favorable image gives a firm a competitive advantage. This position is also supported by Van Riel (1995) who recommended that firms should consider the transmission of favorable image as a precondition for establishing a commercial relationship with target market and groups.

Heslin, VandeWalle and Latham (2005) emphasis that firms need closely to monitor their image for their long run existence. This will depend on how customers/ stakeholders perceive the firm. This is of importance because competitive strategies are the firm's strategy towards the external environment which includes competitors and customers (Hitt, Ireland & Hoskisson, 2015). However, studies like Kamal et al. (2013) found that corporate image had no statistical significance moderation influence on the relationship between distributive justice, procedure justice and satisfaction. From the above discussion though there is inconsistent result from researcher, many research studies indicate the relevance of a good corporate image. It implies therefore that, large manufacturing firms that seek to create a positive image amongst their stakeholders can endeavor to understand the stakeholder's different dimensions of how they evaluate the firm and try to create a good corporate image for a sustainable competitive advantage.

5.5 Establish the Joint Effect of Competitive Strategies, Business Environment, Corporate Image and Performance of Large Manufacturing Firms in Kenya

The fourth objective was to establish whether the joint effect of competitive strategies, business environment and corporate image and firm performance was different from that of individual effects. There was an assumption that the joint effect of competitive strategies, business environment and corporate image was different from individual influence. The results show that competitive strategies, business environment and corporate image had a statistically significant relationship to performance of firms. This implied that competitive strategies, business environment and corporate image jointly influenced the performance of large manufacturing firm in Kenya. The combination had a higher influence on the performance than each of the individual factors.

A study by Olson et al. (2005) that firm can choose competitive strategies which can lead to competitive advantage improving firm performance. The competencies and the resources of the firm required to implement the strategies effectively also has some influence. Supporting this notion is Teece et al. (1997) in the model of dynamic capability theory which posits that the ability of firms to incorporate and rearrange these capabilities to address the ever changing environment both internally and externally is very crucial.

5.6 Summary

The chapter presented data analysis and findings, tests of hypotheses and discussion of findings. The discussions laid focus on the results, whether they were consistent or contradicted other empirical studies. It also covered areas of suggestions to management on what to take keen interest and pay attention to enable firms attain sustained performance. This study was able to establish that competitive strategies contribute significantly to firm performance. Cost strategy explained more variance in organizational performance followed by focus and finally differentiation strategy in explaining firm performance of large manufacturing firms in Kenya.

Regression analysis established that competitive strategies significantly influence organizational performance; the relationship was moderated by business environment and corporate image. When all variables were multiple regressed together the relationship was significant meaning that, there is synergy when all factors are put together and hence all manufacturing firms should consider these variables together so that they can achieve enhanced performance. The next chapter presents summary of summary, conclusion and recommendations.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The chapter presents the summary of the study, conclusions and recommendations of the study. The chapter draws the implications to theory, policy and practice. Research limitations are discussed in this chapter and areas that have been identified for further research.

6.2 The Summary of the Study

This study aimed at examining the moderating influence of both business environment and corporate image on the relationship between competitive strategies and performance of firms in large manufacturing sector in Kenya. Most of the respondents were from firms which were fully locally owned, followed by foreign owned and finally firms with mixture of foreign and locally owned. Most of the respondents indicated to have worked with their firms for a period of more than four years clearly indicating that they understood strategic policies about their firms. Employee retention is very critical for firm efficiency and customer service.

The study formulated four hypotheses. The first hypothesis tested a direct linear relationship on competitive strategies and firm performance. These results are presented on Table 4.17. Amongst the competitive strategies, cost strategy had the highest influence on the variance of performance of the firms as presented on Table 4.14, followed by focus strategy in Table 4.16 and finally differentiation on Table 4.15. The statistically significant relationships between competitive strategies and performance suggest that competitive strategies, namely: cost-leadership, differentiation and focus contributed significantly to the performance of the large manufacturing firms in Kenya. Respondents indicated that firms that adopted differentiation strategy did put more emphasis on producing high quality products, built and maintained brand reputation, manufactured products with many features while continuously developing and introducing new products to the market. There was also an indication that firms adopted focus strategy through targeting high end market while customizing products to the unique requirement of the customers, serving specially defined market segment and finally basing their business largely on order.

Influence of focus strategy on overall organizational performance was tested and was significant. This is in line with Porter (2008) framework who asserted that when firm adopt the focus strategy they are able to clearly address the customer needs better. Satisfied customers keep buying and referring others to the firm's products hence repeat purchase and leading to improved performance.

The second hypothesis had the assumption that the business environment had no moderation influence on the relationship between competitive strategies-performance. The results were found to be significant and therefore the hypothesis was rejected. The business environment manifests itself different continuously. Firms can motivate their staff to see the organization as a whole. Motivated staff are able to analyze the needs of the customer and constantly seek ways to address them timely and efficiently. The employees of manufacturing firms can assist when competitor's actions and responses change. This could be achieved through collaborative measure with the workers and also sharing information about buyers and rivals that direct them to the goals of the firm. The capabilities of knowledge and skill can be built on and extended to the development of distinctive expertise using communication, motivation, better coordination, and good leadership.

The third hypothesis had the assumption that corporate image did not have significant moderation influence on competitive strategy-performance relationship of large manufacturing firms in Kenya. Results were significant and therefore the hypothesis was rejected. Manufacturing firms can manufacture unique, quality products to create a distinct image in the minds of the consumers. From a managerial perspective, results indicate an indirect relationship between corporate image and firm performance reinforcing the need for large manufacturing firms to prioritize the development of a clear, strong corporate image in customers' minds. For large manufacturing firms, corporate image building is a very costly exercise that is typically considered to have primarily long-term strategic benefits. At times, in the midst of much competition for internal resources, initiatives that achieve more immediate goals are often prioritized. However, the results of this thesis imply that a strong, well-defined corporate image can drive to improved firm performance which is one of the ultimate goals of any organization.

A direct relationship between employees and customer satisfaction implies that employees are also a driver of a customer's satisfaction with the manufactured products and services experience. For firms, this implies that utmost care should be taken with the selection, training and rewarding of staff. Not only do friendly, knowledgeable and helpful staffs are critical to supporting a strong corporate image, but they enhance customer satisfaction with the product experience. The firms can embrace strategic view of corporate image since it can influence performance of firms.

The fourth hypothesis assumed that competitive strategies, business environment and corporate image had no significant influence on the performance of large manufacturing firms in Kenya. The hypothesis was significant. Results of joint influence explained 76.5% of the variations in firm performance ($R^2 = .765$). This means that manufacturing firms can consider all variables together to synergistically improve firm performance.

The manufacturing firms in Kenya should proactively search on how to improve on carrying out tasks and providing of market activities like through usage of the Internet to gain relevant information on the market. This may certainly need the firms to pay close attention to maintain proper communication with other areas/functions in the firm organization while also collecting marketing intelligence about rivals and buyers/customer. The manufacturing firms may also need to identify and gather useful information and understanding to draw useful and well-timed deductions from rival's data. Equally, the firm should be able to learn from mistakes which are a significant aspect in the growth of firm success.

6.3 Conclusion

Competition compromises the development, growth and competitiveness of firms. Results of this study show that competitive strategies statistically influence performances of large manufacturers in Kenya. It is worth stating that competitive strategies are unique approaches that a firm can use to succeed in the market. These strategies are usually more skill based and involve strategic thinking, innovation and execution, critical thinking and also positioning. Achieving improved performance and competitive advantage is a major priority to virtually all large manufacturers in Kenya. Amongst the three generic strategies, cost strategy was found to have a higher contribution to firm performance followed by focus strategy and finally differentiation (31.7%, 28.3 and 11.2 respectively). Adopting the stakeholders view, firms can craft competitive strategies, reorganize their competencies both internally and externally to lessen the risk which emanate from to the changes the dynamic environment. Firms can differentiate themselves in the minds of the customers. This can be achieved by doing things differently from rivals. Corporate image was found in this study to enhance performance of the firms. Firms can improve performance by maintaining a good image especially to customers and general stakeholders' fraternity. A good image can assist a firm achieve its objectives more easily. Stakeholders especially the key ones like customers, community, suppliers, and opinion leaders should have a good image from the firm for support.

The study supports the proposition that generic strategies have a strong predictive effect on performance of large manufacturing firms in Kenya. Further, manufacturing firms can use generic strategies types to attain better performance. Lack of firms to understand application of competitive strategies to achieve a competitive advantage can lead to low productivity. Increased competition is central to success/failure of any firm. This is because competition controls the suitability of a firm's actions contributing to its performance. Competitive strategies can therefore assist manufacturing firms in Kenya to find a favorable competitive position in the industry in an aim to establishing a profitable sustainable position in industry and stay ahead of rivals in the market.

6.4 Implications and Recommendations

This section covers the implications to theory, practice, and policy and recommendations for further research.

6.4.1 Implications for Theory

The relationship between competitive strategies and firm performance was found to be statistically significant in this study. The study supports Porter (2008) model that firms must make appropriate game plans in order to be ahead of rivals by adopting generic strategies. This is in line with Barney (2001) who indicated that a firm's capability and responses contribute to the performance based on the business environment. The study confirms that when firms adopt competitive strategies they can actually attain better performance. Owing to the recent noticeable shift of products available into the Kenyan market currently from all parts of the world, Kenya manufacturing firms can adopt competitive strategies more proactively to address the changing business environment. Further, the results confirm that firms adopting cost strategy by large manufacturing firms in Kenya can help them attain superior performance. The results of the findings clearly indicate cost had a much higher impact amongst the porters' generic strategies studied. Additionally, all the large manufacturing firm can also incorporate differentiation and focus strategy since the strategies had positive significant impact on the performance of firms.

The results on the positive moderation influence of business environment clearly confirm that firms operate in a dynamic environment (open system) and hence their performance is subject to those changes. This requires therefore, that large manufacturing firms adapt competitive strategies more proactively to mitigate the changing environment. Stakeholder's theory directly addresses the stakeholder's interests and how they keep changing, so it's upon the firm to find ways to remain relevant or survive. Significant contribution of corporate image as a dynamic capability if utilized well through satisfaction of stakeholder's interest can significantly improve the performance of firms.

The policies and action of the firm can determine the firm's profitability. Competitive strategies and the correspondent response/outcome/performance depend upon specific capabilities and how the organization responds to the needs of the stakeholders' and adapt to the environmental changes (Felin & Foss, 2009). This study has developed a conceptual framework to enhance large manufacturing firm performance through adoption of competitive strategies, especially cost leadership strategy being the best in influencing performance of firms.

6.4.2 Implications for Policy

The findings show that competitive strategies significantly influence performance of large manufacturers. Kenya manufacturing sector is critical to the contribution to Kenya's GDP and to achieving the 2030 Vision. The policy makers can come up with policies which can make firms attain competitiveness given the importance of manufacturing sector in Kenya.

The results on business environment moderation influence on the relationship between competitive strategy and performance of manufacturing firms in Kenya was significant. The results presented on Table 4.18 show the R^2 to be 35.7%. The firms can therefore adopt competitive strategies to address the changes in the market.

The findings on corporate image moderating the relationship between competitive strategy and performance of manufacturing firms in Kenya show significance. Hence, manufacturing firms in Kenya should take utmost care to improve the corporate image. This can be achieved for example even in selecting, training and rewarding of their staff. Friendly employees who are, knowledgeable and helpful are critical to supporting a durable corporate image or even through CSR activities. Large manufacturing firms in Kenya need to recognize the benefits that can be accrued by maintaining good corporate image which can eventually lead to sustained firm success. Finally, the government and other bodies will also find guidance in this study when making policies to enable this sector to be competitive against other countries products which are now available in our market.

6.4.3 Implications for Practice

Competitive strategies influence on firm's performance relationship had a statistical significance. This study implies that competitive strategies especially cost leadership can influence the performance of the firms followed by focus and finally differentiation strategies, hence all the competitive strategies are important to large manufacturer's performance.

Results indicated that business environment moderated on the relationship between competitive strategies and firm performance. The large manufacturing firms in Kenya are encouraged to craft competitive strategies in relative to the external environment changes (Busch, 2011). This can allow them to utilize their resources better to achieve firm performance. In order to survive in the current economy, large manufacturers can pursue cost leadership strategy, focus and differentiation strategies to mitigate the changes that may come from the changes in the environment.

The findings on the influence of corporate image on the relationship between competitive strategies and performance was significant. Firms can achieve better performance by maintaining a good image to the stakeholders. This can be achieved by understand the stakeholders interest and trying to satisfy them to motivate them to support the firm. This would in turn help the lead to improve performance.

To summarize, the firms need to be aware of the changing environment to enable them take appropriate actions and adjustments of strategies. Inaction or slow acting would mean loss of the market share, sales and profit which would lead to decreased performance.

6.5 Limitations of the Study

This study has drawn a sample from Large Manufacturers from a developing country, Kenya and thus generalizability of the results may not be possible because of the contextual dissimilarities.

The study found corporate image indirectly influence performance. To generalize the results, it requires the study of individual stakeholder in building up of firm's corporate image. This study was a cross sectional study and further investigation need to be carried out to understand the underlying reasons or if causality existed between variables.

6.6 Suggestions for Further Research

This study hypothesized business environment and corporate image as moderators between competitive strategies and performance of large manufacturing sector in Kenya. This can form a foundation for other authors from other context. Though the conceptual framework linking competitive strategies and performance is well grounded in literature, simultaneous investigation of all relationship in this study is lacking, particularly in the Kenyan context of large manufacturing firms. This study was therefor able to address that deficiency. Future research could be carried out in other developing or emerging countries which have similar sociocultural context.

Although the respondent were senior executives and the questions were articulated, bias that maybe arose from the respondents' subjectivity and maybe possible misunderstanding, could not be eliminated completely.

The study used only large manufacturing firms registered under KAM. This conclusion may not be suitable for generalizing results for the whole populations until all manufacturing sector and all sizes of manufacturing firms are considered. Generalizing the findings requires additional studies in other sectors like service industry for example banking, insurance tourism. Longitudinal studies can be carried out to establish the underlying causal relationship between all the variables under study.

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APPENDICES

Appendix I: Letter of Introduction

Consolata Wangari Ndungu

University of Nairobi

School of Business,

P.O. Box 4702-00200

NAIROBI

E.mail: consolatathuranira@gmail.com

To: All concerned

Dear Madam/Sir,

RE: REQUEST FOR ACADEMIC RESEARCH DATA

I am undertaking a degree in Doctor of Philosophy (PhD), Department of Business Administration at School of Business at the University of Nairobi. It is a requirement for the award of the Doctor of Philosophy (PhD) degree, to undertake a research study on competitive strategies, business environment, and corporate image on the performance of large manufacturing firms in Kenya.

Am therefore requesting for your participation kindly to help achieve the objectives of the study. The research examines the influence of business environment and corporate image on the relationship between competitive strategies and firm performance of large manufacturing firms in Kenya**.** Please find the attached questionnaire which will take few minutes of your time to complete. Kindly attempt all the questions as completely as possible. The research results will be used for academic purposes only and will be treated with utmost confidentiality.

Yours Sincerely

Consolata Ndungu

Doctoral Student

Appendix II: Letter of Full Admission to Postgraduate Studies (Doctorate)

UNIVERSITY OF NAIROBI

BOARD OF POSTGRADUATE STUDIES

Telephone: 318262
Fax Number: 243626
Telegrams: "Varsity of Nairobi"
Email: bps@uonbi.ac.ke

P. O. Box 30197, 00100
NAIROBI, KENYA

Our Ref: D80/94109/2014

20th June, 2016

Ms Consolata Wangari Ndungu
C/o Associate Dean, GBS
School of Business

Dear Ms. Ndungu,

FULL ADMISSION TO POSTGRADUATE STUDIES (DOCTORATE)

Following your application for a higher degree at this University, I am pleased to inform you that the Director acting on behalf of the Board of Postgraduate Studies has approved your application for full registration for the degree of Doctor of Philosophy in Business Administration in the School of Business. She has also approved Prof. Martin Ogutu, Dr. John Yabs and Dr. James Muranga Njihia as the supervisors of your thesis entitled; **"Competitive Strategies, Business Environment, Firm Characteristics and Performance of Small and Medium Firms Manufacturing Paper and Paper Products in Kenya."** The Guidelines on Postgraduate Supervision can be accessed on our website (www.bps.uonbi.ac.ke) while the Research Notebook is available at the University Bookstore.

The degree for which you are registered will be offered by coursework, research and thesis.

Your admission into the programme commenced on 6th January 2014 and your registration is governed by the common regulations for Doctorate degrees in all Faculties and the School of Business. **You will be expected to carry out supervised thesis research in your chosen area of study for a minimum period of four (4) semesters, with effect from the date of this letter, culminating in a doctoral thesis.**

Please note that all fees and other charges due shall be paid by **Direct Cash Deposits, EFT (Swift Code is "BARCKENX) or RTGS transfer to UON CESSP Collection Account No. 2032771362 at Barclays Bank, Barclays Plaza Nairobi, Kenya or at any Barclays Bank Branch countrywide using the Reference Number quoted above.** Personal Cheques, Bankers Cheques or Institutional Cheques are NOT acceptable. The student account will be updated the next working day after payment and can be accessed through the student online portal (http://smis.uonbi.ac.ke)available in the University website (www.uonbi.ac.ke).

Details regarding payment of fees and other charges remain as outlined in the attached fees structure.

Yours sincerely,

J. K. GACHUNGA
FOR: DIRECTOR, BOARD OF POSTGRADUATE STUDIES

c.c. Dean, School of Business
PhD Programme Co-ordinator, SOB
Prof. Martin Ogutu (Supervisor) –School of Business
Dr. John Yabs (Supervisor) - School of Business
Dr. James Muranga Njihia (Supervisor) – Dean, School of Business

Encl. Fees structure

JKG/mv

Appendix III: Questionnaire

Dear Respondent,

This questionnaire seeks to collect data on the various aspects of the study. Strictly the data is for academic purposes only and shall be handled with a lot of confidentiality. Your contribution in enabling the study is highly appreciated. You are therefore requested to kindly respond the questions as per the guidelines given in every section.

SECTION A: ORGANIZATIONAL CHARACTERISTICS

1. For how long has this firm been operating in Kenya?.............30 YRS...........................
2. What is the percentage of your market share?...
3. How many permanent employees do you have?...
4. Ownership structure (*Tick (√) as appropriate*)
    1) Fully Locally owned [ ]
    2) Fully Foreign owned [ ]
    3) Both locally and foreign owned [ ]
5. Percentage of local ownership _______________%
6. Percentage of foreign ownership_______________%
7. Please indicate the period you have worked with this firm (years)____________
8. Please indicate the period you have worked in the current position (years)____________

B: Corporate Image

9. The following questions present an assessment of organizational perceived image. Please indicate your answer for each question by ticking the box that correctly depicts your assessment using the rating scale hereunder (*Scale description: 5 = extremely favorable; 4 = favorable; 3 = indifferent; 2 = unfavorable; 1 = extremely unfavorable*)

Extremely Favorable						**Extremely unfavorable**
	5	4	3	2	1	.
The firm has a strong brand name						The firm does not have a strong brand name
The firm has a good reputation						The firm does not have a good reputation
The firm's location is conducive for me						The firm's location is not conducive for me
Employees have a positive perception towards the firm						Employees do not have a positive perception towards the firm
The firm conserves the environment						The firm does not conserve the environment
The firm contributes to the society						The firm does not contributes to the society

SECTION B: COMPETITIVE STRATEGIES

10. Another aspect of this study is competitive strategies. For purposes of this study, competitive strategies are represented by the strategic choices your firm had to make given development in its external environment.

10. Please by indicating the extent to which the statements reflect the status in your firm. Tick where it is appropriate using the key which is given below; (1=Not at all, 2=less extent, 3=Moderate extent, 4= large extent and 5=very large extent)

No	Statement	1	2	3	4	5
A	**Cost-related Strategy**					
1	The firm has been cutting down its operating costs over the years					
2	The firm have outsourced those activities that are not core to reduce costs					
3	In our organization, management do not encourage waste of resources					
4	Our products are priced lower than our competitors					
5	The firm has Emphasis on tight control on expenses					
6	We consistently seek for lower costs of production					
7	We are committed to sourcing raw materials from low cost suppliers					
8	The firm has put on weight on price competition (i.e. emphasis/offering competitive prices)					
9	Management encourages recycling of wastes					
B	**Differentiation**					
1	We have put in place strict product quality control procedures					
2	We consistently monitors market trends and respond to customer needs using uniquely designed products					
3	New products are continuously developed and introduced to the market by our company					
4	Innovation is encouraged and rewarded by our company					
5	Firm emphasis on production of high quality products					
6	Firm has emphasis on quick delivery and immediate response to customer orders					
7	We build and maintain brand reputation					
8	Our products are rated premium quality by customers					
9	We provide products with many features					
10	The company has been Refining existing products/services					
11	Our services sets us apart from the competition					
12	Our employees are continuously trained on product and service quality management					
C	**FOCUS**					
1	Our company serves specially defined market segment					
2	Our products target high end market					
3	Our products are sold in specialty stores					

4	Our products are customized to the unique requirements of customers					
5	Large share of our business is based on manufacture by order (contract manufacturing)					

SECTION C: BUSINESS ENVIRONMENT

11. Decision making is very crucial in relation to the dynamism in the external environment. Please indicate the level you agree to the statement on each of the following factors in the external environment has had an effect on the decision making in your firm. For each statement, please provide your response by rating the statement as it applies to your organization.

(*Key: 5-Very large extent: 4- Large extent; 3- Moderate extent; 2-Less extent; 1-Not at all*)

	Statement	**1**	**2**	**3**	**4**	**5**
A	**Environmental Complexity**					
1	Opportunities to Grow in the overall business environment have declined					
2	Market actions of our competitors have become very hostile					
3	Changes in technology are fast and unpredictable					
4	Participation in the industry requires high degree of knowledge sophistication					
5	There are more products in our target market					
6	There are wider varieties of production process in our industry					
7	There is increased need for diversity in production methods and marketing tactics to cater for different customers					
8	Predictability of the tastes and preferences of customers in our principal market has been difficult in recent years					
B	**Environmental Dynamism**					
1	There have been changes in the competitor's sales strategies					

2	There are changes in customer preferences for products and brands					
3	Changes in the market are tense					
4	Customers regularly ask for completely new products					
5	Changes are continuously taking place in the market					
6	Volumes of products supplied to the market changes from time to time					
7	Market demand is relatively stable					
8	Within a year, nothing will have changed in the industry					
C	**Environmental Munificence/Hostility**					
1	The industry is rich in investment and marketing opportunities					
2	We can acquire resources within a short time					
3	Resources are abundant within the environment					
4	The business environment is receptive to new investors					
5	Growth in the industry is fast					
6	Our investors are interested in the business we do					
7	Little threat to existence and well-being of the firm					
8	Our firms creativity count for every little against the tremendous technological forces					

SECTION D: FIRM PERFORMANCE

12) The following statements reflect performance description of an organization. For each statement, please provide your response by rating the statement as it applies to your organization (*Key: 5- to a Very large extent;4- Large extent; 3- Moderate extent;2-Less extent; 1-Not at all;*

A		1	2	3	4	5
1	Our market share has grown significantly over the last 3 years					
2	Our rate of customer retention is above industry average					
3	Customers are happy with our complaints management system					
4	We often receive complimentary phone calls/ letters/ emails from our customers					

5	Overall, buyers are satisfied with the products and services that the firm offers					
6	Our customers are committed to doing business with us					
7	Our market costs have reduced over the last three years					
8	Our rate of customer acquisition is above the industry average					
9	Our return on marketing is relatively high					
10	We enjoy high financial liquidity in the industry					
11	Our return on asset is above the industry average					
12	Sales growth in our company is above the industry average					
13	Our overhead costs are lower than our peers in the industry					

THANK YOU SO MUCH FOR YOUR PARTICIPATION IN THE STUDY

Appendix IV: The List of Large Manufacturing Firms in Kenya

BUILDING, MINING &CONSTRUCTION SECTOR

1	Bamburi Cement	11	Ceramics Manufacturers Ltd
2	Brush Manufacturers	12	Kenya Glassworks Ltd
3	Central Glass Industries Ltd	13	Mombasa Cement Ltd
4	African Diatomite	14	Kay Salt Ltd
5	ARM Cement Ltd	15	Koto Housing Kenya Ltd
6	Buyama Building Materials		
7	Building and Construction Concepts		
8	East African Portland Cement		
9	Flamingo Tiles (Kenya) Ltd		
10	Glenn Investments Ltd C/0 The Mehta Group Ltd		
Sector: Chemical and Allied Products (62)			
1	Anffi Kenya Ltd	26	Galaxy Paints and Coatings Co. Ltd
2	Basco Products(K) Ltd	27	Grand Paints Ltd
3	Bayer East Africa Ltd	29	Haco Tiger Brands Industries Ltd
4	Berger-Kenya Paints Ltd	30	Henkel Kenya Ltd
5	Blue Ring Products Ltd	31	Interconsumer Products Ltd
6	BOC Kenya Ltd	32	Johnsons Diversey EA Ltd
7	Buyline Industries Ltd	33	KAPI Limited
8	Carbacid (Co2) Ltd	34	Sadolin Paints E A Ltd
9	Canon Chemicals Limited	35	Sana Industries
10	Coates Brothers EA Limited	36	Sara Lee Kenya Limited
9	Continental Products Ltd	37	Sera Coatings Int. Ltd
11	Colgate Palmolive Industries Ltd	38	Strategic Industries Limited
12	Cooper K-Brands Ltd	39	Superfoam Ltd
12	Crown Berger(K) Ltd	40	Syngenta East African Ltd
13	Crown Gases Ltd	41	Tri-Clover Industries (K) Ltd
14	Chrysal Africa Limited	42	Tata Chemicals Magadi Ltd
15	Cussons E.A Ltd	43	MEA ltd
14	Kenya Flourspa Co. Ltd	44	Milly Glass Works ltd
15	Kel Chemicals	45	Murphy Chemicals Ltd
16	Magadi Soda Co. Ltd	46	Oasis Limited
17	Maroo Polymer Ltd	47	Odex Chemicals
18	Match Masters Ltd	48	Orbit Chemicals Ltd
19	Desbro Kenya Limited	49	Osho Chemical Industries Ltd
20	E. A. Heavy Chemicals (1999) Ltd	50	Pan Africa Chemicals Ltd
21	Elex Product Ltd	55	Pfizer Laboratories Ltd
22	European Perfumes and Cosmetics Ltd	56	PolyChem East Africa Ltd
23	Eveready Kenya Ltd	57	Procter & Gamble EA Ltd
24	Faaso Exporters Ltd	58	PZ Cussons Ltd
25	Foam Mattresses	59	Reckitt Benckiser (E.A) Ltd
		60	Twiga Chemical Industries
		61	United Chemical Industries
		62	Vitafoam Ltd

Sector: Energy, Electrical and Electronic(32)			
1	Afro Plastics Ltd	21	Mecer East Africa Ltd
2	Biogas Power Holdings (EA) Ltd	22	Module Engineering Systems Ltd
3	Amedo Centre Kenya Ltd	23	Nationwide Electrical Industries
4	AssaAbloy East Africa Ltd	24	PC TL Automation Ltd
5	Aucma Digital Technology Africa Ltd	25	Pentagon Agencies
6	Avery(East Africa) Ltd	25	Power Engineering International Ltd
7	Baumann Engineering Limited	26	Power Technics Ltd
8	Centurion Systems Limited	27	Reliable Electrical Engineers Ltd
10	East Africa Cables Ltd	28	Sanyo Armco (K) Ltd
11	Holman Brothers	29	Solar Works East Africa
12	Iber Africa Power (EA) Ltd	30	Specialized Power Systems Ltd
13	International Energy Technik Ltd	31	Synergy-Pro
14	Kenwestfal Works Ltd	32	Vivo Energy Kenya Ltd
15	Kenya Power and lighting Co. Ltd		
16	Kenya Scale Co. Ltd/ Avery Kenya Ltd		
17	Kenya Shell Ltd		
18	Libya Oil Kenya Limited		
19	Manufacturers and Suppliers (K) Ltd		
20	Marshalls Fowler (Engineers) Ltd		
Sector: Food, Beverages and Tobacco (130)			
1	Acquamist Limited	75	Kenya Sweets ltd
2	Africa Spirits Limited	76	Kenya Tea Development Agency
3	Agro Chemical and Food Ind. Ltd	77	Kenya Tea Packers Ltd
4	Alliance One Tobacco Kenya Ltd	78	Kenya Wine Agencies Ltd
5	Alpha Fine Foods	79	Keroche Industries Ltd
6	Alpha fine Foods Ltd	80	Kevian Kenya Limited
7	Alpine Coolers Ltd	81	Kinagop Dairy Ltd
8	Aquamist Ltd	82	Kisii Bottlers
9	Bakers Corner ltd	83	Krystalline Salt Ltd
10	Beverage Services (K) Ltd	84	Kuguru Food Complex
11	Bidco Africa Ltd	85	Kwality Candies & Sweets Ltd
12	Bio Food Products	86	London Distillers
13	British American Tobacco Kenya Ltd	87	Mabroukie Tea Factory
14	Broadway Bakery	89	Manji Food Industries
15	Brookside Dairy Limited	90	Mastermind Tobacco
16	C. Dormans	91	Mayfeeds Kenya Ltd
17	Cadbury Kenya Ltd	93	Melvin Marsh International
18	Candy Kenya Ltd	94	Menengai Oil Refineries Ltd
19	Capwell Industries Ltd	95	Milly Fruit Processors Ltd
20	Carlton Products (E.A) Ltd		Mini Bakeries (Nbi) Ltd
21	Centrofood Industries Ltd	96	Mjengo Ltd

22	Chemelil Sugar Company ltd	97	Mombasa Maize Millers
23	Coast Maize Millers	98	Mount Kenya Bottlers Ltd
24	Coast Silos (K) Ltd	99	Mumias Sugar Company Ltd
25	Coastal Bottlers Ltd	100	Mzuri Sweets Ltd
26	Coca-cola East and Central Africa ltd	101	Nairobi Bottlers Ltd
27	Crown Foods Ltd	102	NAS Food Processing Ltd
28	Deepa Industries	103	Nestle Foods Ltd
29	Del Monte Kenya Ltd	104	New Kenya Cooperative Creameries Ltd
30	Diamond Industries Ltd	105	Njoro Canning Factory (Kenya) Ltd
31	Dorman & Company Ltd	106	Norda Industries ltd
32	DPL Festive Ltd	107	Nzoia Sugar Company Ltd
33	Dutch Water Ltd	108	Patco Industries Ltd
37	East African Sea Food Ltd	109	Pearl Industries Ltd
38	East African Breweries Ltd	110	Pembe Flour Mills
39	East African Caning Limited	111	Premier Oils Mills
40	East African Malt Ltd	112	Proctor and Gamble Ea Ltd
41	East African Seed Co. Ltd	113	Pwani Oil Products Ltd
42	Edible Oil Products	114	Rafiki Millers Ltd
43	Eldoret Grains Ltd	115	Rift valley Bottlers Ltd
44	Equator Bottlers Ltd	116	Sameer Dairies Limited
45	Excel Chemicals	117	Sigma supplies
46	Farmers Choice	118	South Nyanza Sugar Company Ltd
47	Githunguri Dairy Farmers Co-operative Society	119	Spectre International Ltd
48	Glaciers Products Ltd	120	Super Bakery Ltd
50	Global Allied Industries Ltd	121	Tri-Clover Industries
51	Gold Crown Foods (EPZ) Ltd	122	Trufoods
52	Happy Cow Ltd	123	Tuzo Milk
53	Heritage Foods Kenya Ltd	124	Umoja Beverage Manuf. Ltd
54	Highlands Canners Ltd	125	Unga Group Ltd.
55	Highlands Mineral Water Company Limited	126	United Distillers and Vintners
56	House of Manji	127	United Millers Ltd
57	Jambo Biscuits	128	Williamson Tea
58	James Finlay Kenya Ltd	130	Wrigleys (EA) Ltd
59	Jetlak Foods Ltd		
60	Kabianga Dairy Ltd		
61	Kapa Oil		
62	Karirana Estate Ltd		
63	Kenafric Bakery		
64	Kenafric industries Ltd		
65	Kenblest Ltd		

66	Kenchic Ltd		
67	Kenlab Suppliers ltd		
68	Kenstate Products		
69	Kenya Meat Commission		
70	Kenya Nut Company		
71	Kenya Nuta Company		
72	Kenya Orchards Limited		
73	Kenya Planters Cooperative Union		
74	Kenya Seed Company		
Sector: Leather and Foot Wear (7)			
1	Athi River Tanneries Ltd	5	Sandstorm Africa Limited
2	Bata Shoe Company (K) Ltd	6	Leather Industries of Kenya Ltd
3	C & P Shoe Industries Ltd	7	Umoja Rubber Products Ltd
4	Budget Shoes Limited		
Sector: Metal and Allied (50)			
1	Allied Metal Services Ltd	27	Nampak Kenya Ltd
3	Amalgamated Industries Ltd	28	Napro Industries Limited
4	Apex Steel Rolling Mill	29	Nairobi and Steel Products
5	ASL Limited Steel Chains	30	Orbit Engineering Ltd
6	ASP Company	31	Roll Mill Kenya Ltd.
7	Bhachu Industries Ltd	32	Sanvik Kenya Limited
8	Booth Extrusions Limited	33	Sheffield Steel Systems Ltd
10	Corrugated Sheets Ltd	34	Southern Engineering Co. ltd
11	Crystal Industries Ltd	35	Specialized Engineer Co. Ltd
12	Davis &Shirtliff Ltd	36	Steel Structures Ltd
13	Devki Steel Mills Ltd	37	Steelmakers Ltd
14	East African Foundry Works Ltd	38	Steelwool (Africa) Ltd
15	Elite Tools Ltd	39	Warren Enterprises Ltd
16	Friendship Container Manufacturers	40	Welding Alloys Ltd
17	General Aluminum Fabricators ltd	41	Antlantic Ltd
18	Gopitech (Kenya) Ltd	42	Brollo Kenya Ltd
19	Heavy Engineering Ltd	43	Eldoret Farm Machinery
20	Insteel Limited	44	Ganglong International Company Ltd
21	J. F, McCly Ltd	45	Grief East Africa Ltd
22	Kehar Sing & Co Ltd	46	Hobra Manufacturing
23	Kens Metal Industries ltd	47	Kenya General Industries
24	Metal Crowns Limited	48	Kenya United Steel Company (2006) ltd
25	Morris & Co. Ltd	49	Kitchen King Ltd
26	Naciti Engineering Works Ltd	50	Laminate Tube Industries
Sector: Motor Vehicle and Accessories (17)			
1	Associated Battery Manufacturers Ltd	11	Pipe Manufacturers Ltd
2	Bhachu Ltd	12	Sameer (EA) Ltd
3	Chui Auto Spring Industries Ltd	13	Sohanasons Ltd
4	General Motors East Africa Ltd	14	Theevan Enterprise
5	Impala Glass Industries Ltd	15	Toyota East Africa Ltd
6	Kenya Grange Vehicle Industries Limited	16	Unifilters Kenya Ltd

7	Kenya Vehicle Manufacturing Ltd	17	Varsani Brake Linings Ltd
8	Labh Singh Harnam Sing Ltd		
Sector: Paper and Board (60)			
1	Allpack Industries	35	De La Rue Currency And Security
2	Associated Paper And Stationery	36	D.L Patel Press Kenya Ltd
3	Bags & Balers Manufacturers	37	East African Paper Converters Ltd
4	Carton Manufacturers	38	Economic Industries Ltd
5	Central Packaging Factory	39	Ellams Products
6	Chandaria Industries	40	English Press Ltd
7	Creative Print House	41	Essential Manufacturing
8	East Africa Packaging Industries Ltd	42	Euro Packaging Ltd
9	General Printers Ltd	43	Fortune Printers And Stationers Ltd
10	Kartasi Industries	44	General Printers Ltd
11	Kenya Paper Mill Ltd	45	Graphic And Allied Ltd
12	Kenya Ritho Printers	46	Highland Paper Mills Ltd
13	Kitabu Industries Ltd	47	Interlabels Africa Ltd
14	Packaging Africa Ltd	48	Kenafric Diaries Manufacutures Ltd
15	Panesar Industries Ltd	49	Kenya Stationers Ltd
16	Paperbags Limited	50	Kim-Fay East Africa Ltd
17	Polysack Ltd	51	Modern Lithographic (K) Ltd
18	Tetra Pack	52	Nation Media Group Ltd Printing Plant
19	Unified Bag Converters Ltd	53	National Printing Press
20	United Bags Manufacturers Ltd	54	Packaging Manufacturers (1976) Ltd
21	Adpak International Ltd	55	Paper House Kenya Ltd
22	Allpack Industries	56	Pressmaster Ltd
23	Andika Industries Ltd	57	Printwell Industries
24	Associated Paper And Stationery Ltd	58	Punchlines Ltd
25	Bag And Envelope Converters	59	Ramco Printing Works Ltd
26	Brand Printers Ltd	60	Sketchers Design Promoters Ltd
27	Cempack Solutions Ltd		
28	Colour Labels Ltd		
29	Colour Packaging Ltd		
30	Colourprint Ltd		
31	Soloh Worldwide Inte Enterprises Ltd		
32	Standard Group Ltd		
33	Statpack Industries Ltd		
34	Twiga Stationers And Printers Ltd		
Sector: Pharmaceutical And Medical Equipment (16)			
1	Alpha Medical Manufacturers Ltd	12	Norbrook Laboratories Ltd

2	Beta Healthcare International Ltd	13	Novelty Manufacturing Ltd
3	Biodeal Laboratories Ltd	14	Pharmaceutical Manufacturing Co.
4	Cosmos Ltd	15	Pharm Access Africa Ltd
5	Cosmos Pharmaceuticals	16	Revital Healthcare (Epz) Ltd
6	Dawa Limited		
7	Glaxosmithcline Beecham		
8	KAM Pharmacy		
9	Laboratory And Allied Ltd		
10	Macs Pharmaceutical Ltd		
11	Medivert Products Ltd		
Sector: Plastic And Rubber (63)			
1	Acme Container Ltd	32	Cables And Plastics Ltd
2	Afro Plastics(K) Ltd	33	Complast Industries
3	Allpack(K) Ltd	34	Coninx Industries Ltd
4	Bobmill Industries	35	Darshan Plastics Ltd
5	Elgitread (Kenya) Ltd	36	Dynaplas Ltd
6	Elgon Kenya Limited	37	Elson Plastics Of Kenya
7	General Plastics Ltd	38	Five Star Industries Ltd
8	Haco Industries Ltd	39	Flair Kenya Ltd
9	Kamba Manufacturing (1986) Ltd	40	Foam Mattresses
10	Kenpoly Manufacturers Ltd	41	Jumbo Chem
11	Kentainers Ltd	42	Kenploy Manufacturers Ltd
12	King Plastics Kenya Ltd	43	Kenya Suitcase Manufacturers Ltd
13	Kingsway Tyres & Automart Ltd	44	Kinpash Enterprises Ltd
14	Malplast Industries	45	Laneebe Plastic Industries Ltd
15	Metro Plastics Kenya Ltd	46	Mombasa Polythene Bags Ltd
16	Nairobi Plastics Ltd	47	Nakuru Plastics Ltd
17	Ombi Rubber Rollers Ltd	48	Plastic Electricons
18	Packaging Industries Ltd	49	Polly Propelin Bags Ltd
19	Packaging Masters Ltd	50	Princeware Africa (Kenya) Ltd
20	Plastics And Rubber Industries Ltd	51	Prosel Ltd
21	Poly Propelin Bags Ltd	52	Raffia Bags (K) Ltd
22	Polyflex Industries Ltd	53	Rubber Products Ltd
23	Polythene Industries Ltd	54	Sameer Africa Ltd
24	Premier Industries Ltd	55	Sanpac Africa Ltd
25	Prestige Packaging Ltd	56	Silver Coin Imports Ltd
26	Pyramid Packaging Ltd	57	Singh Retread Ltd
27	Qplast Industries Ltd	58	Springbox Kenya Ltd
28	Safepak Ltd	59	Samaria Industries Ltd
29	Top Tank	60	Thermopak Ltd
30	Treadsetters Tyres Ltd	61	Top Pak Ltd
31	Betatrad (K) Ltd	62	Uni-Plastics Ltd
32	Bluesky Industries Ltd	63	Vyatu Ltd

Sector: Textile And Apparels (48)			
1	Africa Apparels Epz Ltd	29	Mirage Fashion Wear EPZ Ltd
2	Altex Epz Ltd	30	Mombasa Towel Manufacturers
3	Alpha Knits Limited	31	Ngecha Industries
4	Baraka Apparels (EPZ) Ltd	32	Premier Knitwear Ltd
5	Bedi Investments	33	Sameh Textile Industries
6	Bhupco Textile Mills Limited	34	Spinners & Spinners Ltd
7	Blankets Industries Ltd	35	Sunflag Textiles & Knit Wear Ltd
8	Blue Plus Limited	36	Taitung Garments EPZ Ltd
9	Brother Shirts Factory	37	Tarpo Industries Limited
10	Embalishments Ltd	38	Thika Cloth Mills
11	Fantex (K) Ltd	39	Tigra Knit Ltd
12	Fulchandmanek & Bros Ltd	40	Tristar Ltd
13	Image Apparels Ltd	41	United Textile Industries Ltd
14	J.A.R Kenya	42	Summit Fibres Ltd
15	Kapric Apparels Ltd	43	Straighline Enterprises
18	Kenya Trading (EPZ) Ltd	44	Long – Yu Ltd
19	Kenya Uniform Ltd	45	Rupa Mills Ltd
20	Kifaru Textile Mills	46	New Wide Garments (K)
21	Kikoy Co. Ltd	47	Rivatex (East Africa Ltd)
22	Rupa Mills Ltd	48	Mega Pack Ltd
23	Leather Industries Of Kenya		
25	Le-Stud Limited		
26	Londra Limited		
26	Megh Cushion Industries		
27	Metro Impex Ltd		
28	Midco Textiles E. A. Ltd		
Sector: Timber, Wood And Furniture(13)			
1	Eldema (K) Ltd	9	Shamco Industries Ltd
2	Fine Wood Works Limited	10	Timsales Ltd
3	Furniture International Limited	11	Woodmakers Kenya Ltd
4	Hwan Sung Industries (K) Ltd	12	Woodtex Kenya Limited
5	Kenya Wood Ltd	13	Umoja Manufacturers Ltd
6	Newline Ltd		
7	Transpaper Kenya Ltd		
8	Rosewood Office Systems Ltd		

Source: KAM,2015

Appendix V: Research License from NACOSTI

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