

**AN EXAMINATION OF STRATEGIC MANAGEMENT PRACTICES ON
ORGANIZATIONAL COMPETITIVENESS IN PREMIER FOODS INDUSTRIES
LIMITED, NAIROBI COUNTY, KENYA**

BY

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DECLARATION

I hereby declare that this research project is my original work and has not been submitted for the award of degree in any other institution.

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DEDICATION

This work is dedicated to my family whom without their support this work would not have been possible.

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I wish to acknowledge my supervisor Mrs. Esther Gitonga and appreciate her efforts to guide me through each step by sharing his powerful knowledge with me. I also wish to thank Kenyatta University fraternity for giving me the opportunity to be part of such a great institution.

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May God bless the work of their hands!

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
ABBREVIATIONS AND ACRONYMS	x
OPERATIONAL DEFINITION OF TERMS.....	xi
ABSTRACT.....	xii
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction.....	1
1.2 Background to the Study.....	1
1.2.1 Organizational Competitiveness	1
1.2.2 Strategic Management Practices	1
1.2.3 Food Industry in Kenya.....	5
1.2.4 Premier Food Industries	5
1.3 Statement of the Problem.....	6
1.4 Objectives of the Study.....	8
1.4.1 General Objective	8
1.4.2 Specific Objectives	8
1.5 Research Questions	8
1.6 Significance of the Study.....	9
1.7 Scope of the Study.....	9
1.8 Limitations of the Study	9
1.9 Organization of the Study	Error! Bookmark not defined.
CHAPTER TWO: LITERATURE REVIEW	11
2.1 Introduction.....	11
2.2 Theoretical Review.....	11
2.2.1 Porter’s Theory of Competitive Advantage	11
2.2.2 Resource Based Theory (RBT).....	12

2.2.3	Ansoff Theory.....	13
2.3	Empirical Review	14
2.3.1	Product Differentiation and Organizational Competitiveness.....	14
2.3.2	Product Modification and Organizational Competitiveness	17
2.3.3	Product Innovation and Organizational Competitiveness	20
2.3.4	Macro Environment	22
2.4	Research Gaps.....	24
2.5	Summary of the Literature Review	Error! Bookmark not defined.
2.6	Conceptual Framework.....	26
CHAPTER THREE: RESEARCH METHODOLOGY		28
3.1	Introduction.....	28
3.2	Research Design.....	28
3.3	Target Population	28
3.4	Sampling Design and Sample Size.....	29
3.5	Data Collection Instruments	30
3.5.1	Questionnaires	Error! Bookmark not defined.
3.6	Validity and Reliability of the Instruments.....	31
3.6.1	Validity of the Instruments.....	31
3.6.2	Reliability of the Instruments	31
3.7	Data Collection Techniques	Error! Bookmark not defined.
3.8	Data Analysis	32
3.9	Ethical Consideration	32
CHAPTER FOUR.....		34
DATA ANALYSIS AND INTERPRETATION.....		34
4.1	Introduction.....	34
4.2	Response Rate	34
4.3	Background Information.....	35
4.3.1	Gender	35
4.3.2	Level of Education	36
4.3.3	Work Experience	36
4.4	Descriptive Statistics	37

4.4.1	Product Differentiation and Organizational Competitiveness.....	38
4.4.2	Product Modification and Organizational Competitiveness	40
4.4.3	Product Innovation and Organizational Competitiveness	43
4.4.4	Macro-environment and Organizational Competitiveness.....	45
4.4.5	Organizational Competitiveness	47
4.5	Inferential Statistics	48
4.5.1	Correlation.....	48
4.5.2	ANOVA	49
4.5.3	Regressions.....	50
4.5.4	β – Coefficients.....	51
CHAPTER FIVE.....		53
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS		53
5.1	Introduction.....	53
5.2	Summary of the Findings.....	53
5.2.1	Product Differentiation.....	53
5.2.2	Product Modification	54
5.2.3	Product Innovation.....	54
5.3	Conclusion	55
5.4	Recommendation.....	56
5.5	Suggestion for Further Studies.....	57
REFERENCES.....		59
APPENDICES.....		63
Appendix I: Introductory Letter.....		633
Appendix II: Questionnaire		644
Appendix III: Reliability Test Results		699
Appendix IV: Research Authorization Letter.....		700
Appendix V: Research Permit		711
Appendix VI: University Authorization Letter.....		722

LIST OF TABLES

Table 3.1: Target Population	29
Table 3.2: Sampling	30
Table 4.1: Response Rate	35
Table 4.2: Respondents' Level of Education.....	36
Table 4.3: Product Differentiation and Organizational Competitiveness	38
Table 4.4: Product Modification and Organizational Competitiveness	41
Table 4.5: Product Innovation and Organizational Competitiveness	44
Table 4.6: Organizational Competitiveness	47
Table 4.7: Correlation Analysis	48
Table 4.8: ANOVA.....	49
Table 4.9: Model Summary	50
Table 4.10: Coefficients	51

LIST OF FIGURES

Figure 2.1: Conceptual Framework	27
Figure 4.1: Respondents' Gender	35
Figure 4.2: Respondents' Work Experience.....	37
Figure 4.3: Product Differentiation and Organizational Competitiveness	38
Figure 4.4: Product Modification and Organizational Competitiveness.....	40
Figure 4.5: Product Innovation and Organizational Competitiveness	43

ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
NACOSTI	National Commission for Science, Technology and Innovation
PFIL	Premier Foods Industries Limited
PLC	Product Life Cycle
SPSS	Statistical Package for Social Sciences
US	United States

OPERATIONAL DEFINITION OF TERMS

Competitiveness	Refer to the ability of a firm to offer products and services that meet the quality standards of the local and world markets at prices that are competitive and provide adequate returns on the resources employed or consumed in producing them.
Differentiation	Process of distinguishing a product or service from others, to make it more attractive to a particular target market
Food Industry	Refer to a complex, global collective of diverse businesses that supply most of the food consumed by the world population
Green Supply Chain Management	A modern mode of management which considers the environmental influence and resource utilization efficiency in organizational operations.
Innovation	Involves creating winning products, which means products that are attractive in the market, target a profitable customer segment and achieve customer satisfaction better than any competing solution
Modification	An adjustment made to an existing product, usually made for greater appeal or functionality.
Strategy Management Practice	Involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes

ABSTRACT

Strategic management can be beneficial when an organization applies approach to strategic management which matches the situation they are in. The economic environment is changing rapidly and this change is characterized by phenomena such as globalization, changing customer and investor demands and ever increasing product-market competition, thus the importance of strategic management practices for the organization to compete successfully in this environment. Food manufacturing companies in Nairobi are performing poorly and facing intense competition from the imported food stuffs from overseas. The general objective of this study was to investigate the influence of strategic management practices in enhancing organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya. The specific objectives of the study were to examine the influence of product differentiation, product modification and product innovation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya. The findings are useful to the management of the food manufacturing industries in Kenya and management of Premier Food Industries Limited in improving its competitiveness. This study employed a descriptive survey research design. The target population was 196 respondents from sales department, production department, quality assurance department and marketing department. The sample size was 59 respondents. Stratified sampling method was used to group the respondents into 4 departments (sales, production, quality assurance and marketing) to ensure that all different subgroups were adequately represented in the sample, then simple random sampling method was used to select respondents from each stratum. Questionnaires were used to collect data from the employees. The study concluded that product differentiation, product modification and product innovation had a positive significant effect on the organizational competitiveness. Premier Foods Industries Limited gives careful consideration to the products beneficial quality, product composition and design. Product differentiation requires great deal of resources for doing a statistical surveying to know the client needs, product development, market penetration, promotion, monitoring and evaluation. Product modification builds the allure of a product to company's faithful clients and furthermore permits a firm to expand the interest of its products to competitor's dedicated clients. Product innovation helps in keeping or expanding market share, prompts utilization of new business chances to a huge degree and furthermore product innovation prompts authoritative development, extension and picking up an upper hand in the market and brand exchanging. The review recommended that Premier Foods Industries Limited ought to concentrate and contribute more on product differentiation as it could be utilized as a noteworthy competitive advantage instrument against rivals in the business and it is fit for ensuring the long drag survival of the organization. Product modification ought to be utilized by Premier Foods Industries Limited as a method for expanding its product life cycle. The organization needs to survey the open doors and dangers postured by innovative change. In addition, it is prescribed that the organization ought to survey the interdependencies of its products and others in the blend and how adjustment would affect upon the general cost structure. For product innovation to happen, Premier Foods Industries Limited need to change the way it maintains its organizations, since this could prompt the separating of connections between the business and its clients, providers and business accomplices.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter comprises of the background to the study, statement of the problem, objectives of the study, significance of the study, scope of the study, limitations of the study and organization of the study.

1.2 Background to the Study

1.2.1 Organizational Competitiveness

Ambastha and Monaya (2010) regard competitiveness to include performance in earnings, growth and profitability; quality of products, services and capacity to satisfy consumer expectations; productivity in terms of higher production and lower use of resources; innovation in products, services and management process; and image in corporate branding, building trust and reputation in relationship with stakeholders. Porter and Kramer (2011) argue that strategy must not regard competitiveness of an organization to be limited to specific and known forces of the market in which the organization operates, but competitive forces should be looked into in relation to competitive strategies the organization uses such as cost leadership, differentiation or focus strategies.

According to Thompson and Strickland (2010), a company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than rivals. To succeed in building a sustainable

competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price or a better quality product that is worth paying more for (Porter, 2008).

According to Porter (2008) strategists must assess the forces affecting competition in their industry and identify their company's strengths and weaknesses. Strategists can then devise a plan of action that may include first, positioning the company so that its capabilities provide the best defense against the competitive force, influence the balance of the forces through strategic moves, thereby improving the company's position. Further, strategists can then anticipate shifts in the factors underlying the forces and respond to them, with the hope of exploiting change by choosing a strategy appropriate for the new competitive balance before opponents recognize it (Porter, 2008).

The importance of competitive advantage and distinctive competencies as determinants of a firm's success has increased tremendously in the recent past based on the belief that fundamental basis of above average performance in the long term is sustainable competitive advantage. Superior value (what buyers are willing to pay) stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset the higher price (Porter, 2008). The very existence of competitive advantage sets in motion creative innovations that cause advantages to dissipate as competitors strive to level the playing field (Christiansen, 2011). It is therefore no guarantee that today's competitive advantage will suffice in the future.

1.2.2 Strategic Management Practices

Strategic management practice according to Murimbika (2011) involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. Strategic Management defines the purpose of the organisation and the plans and actions to achieve that purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals as indicated by Ofunya (2013).

Strategic management is involved in deploying a firm's internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Adeleke *et al.*, 2008). Strategic management can be beneficial when an organization applies approach to strategic management which matches the situation they are in. The benefits according to Ogundele and Oyenuga (2008) include: It brings about clearer definition of objectives, providing better guidance to the entire organization, making managers and organizational members more alert to new opportunities and threatening development. It also helps in overcoming risks and uncertainties and therefore contributes to organization success, increases the quality of business decisions, creates a more proactive management posture, helps to unify the organization and promotes the development of a constantly evolving business model that will produce sustained profitability for the business (Ogundele & Oyenuga, 2008).

Studies on strategic management have shown that strategic management is concerned with deciding on strategy and planning how that strategy is to be put in to effect (Kazmi, 2008; Johnson & Scholes, 2009; Dess & Miller, 2009). Nmadu (2007) maintain that in spite of all these benefits, the greatest persuasions for use of the strategic management approach are the financial

benefit associated with successful practitioners. Greater financial and competitive success than would be possible otherwise is one benefit chief executives can reasonably expect.

Adebisi (2011) explained that strategic management is also about assessing why some organizations are doing fine and why others are not doing fine in the same environment with opportunities and threats. Kazmi (2008) said the management strategy of an organization entails analysis, decision and actions. This is management strategy that is concerned with the analysis of strategy goals (vision, mission, and strategic objective) along with the analysis of the internal and external environment of the organization. Leaders must make strategic decisions which address questions such as what industries should we compete in? How should we compete in those industries? , then actions must be taken. These questions often involve organization's domestic as well as its international operations.

Ansoff (1990) says that strategy is the link between an organization and its external environment and must be consistent with an organization's goals and values, with its external environment, with its resources and capabilities and with its organizational structures and systems. The Ansoff (1957) Product-Market Growth Matrix is a marketing tool created by Igor Ansoff. The matrix allows managers to consider ways to grow the business via existing and/or new products, in existing and/or new markets. This matrix helps companies decide what course of action should be taken given current performance. The matrix illustrates, in particular, that the element of risk increases the further the strategy moves away from known quantities. Thus, product development (requiring, in effect, a new product) and market extension (a new market) typically involve a greater risk than 'penetration' (existing product and existing market); and diversification (new product and new market) generally carries the greatest risk of line, for this reason, amongst others, most marketing activity revolves around penetration.

1.2.3 Food Industry in Kenya

The food industries produce food products ready for sale and consumption (Ward *et al.*, 2012). The food manufacturing firms are a major contributor of income to the Kenyan economy. The growing economy, coupled with the increasing population in towns and cities creates demand for processed foods and value added agricultural products with easy and fast preparation methods. This demand has driven processing firms into vigorous struggle for sustainable competitive advantage. Kenyan local food manufacturing firms, foreign companies or as joint ventures with Kenyan shareholding are competing to supply the domestic and international markets. Food manufacturing firms have become important in the achievement of national food security which is a key objective of the agricultural sector.

1.2.4 Premier Food Industries

Premier Food Industries Ltd. (PFIL) is a leading food processing company in Kenya, manufacturing over 50 different products under the brand name among others PEPTANG and PEP. The brands PEPTANG and PEP have been in use since 1935 and thus have become a household name for various food products. PFIL is a member of Industrial Promotion Services (K) Ltd. (IPS) group of companies, which is the industrial and infrastructure arm of the Aga Khan Fund for Economic Development (AKFED), which is an affiliate of the Aga Khan Development Network (AKDN) an organization dedicated to improving human living conditions, strengthening cultural foundations and promoting corporate social responsibility.

Premier food industries take pride in their high levels of quality that are maintained right from raw material procurement to delivery of the final product. This has earned the company, the market leader position in some of the product lines. PFIL was the first company in Kenya to be awarded the Certificate of ISO 22000:2005 by Bureau Veritas Certification, for fully conforming

to the International Standard for Quality and Food Safety Management System for all its products (PEPTANG, 2016).

1.3 Statement of the Problem

The strategic management on organizational competitiveness has been the focus of intensive research efforts in recent times. The economic environment is changing rapidly and this change is characterized by phenomena such as globalization, changing customer and investor demands and ever increasing product-market competition, thus the importance of strategic management practices for the organization to compete successfully in this environment. Raduan (2009) argue that achieving a competitive advantage position and enhancing firm performance relative to their competitors are the main objectives that business organizations in particular should strive to attain.

The technological environment is changing rapidly and becoming increasingly complex; different technological areas are fusing and others are becoming more inter-related (Patel & Pavitt, 2010). As a result, firms have found it necessary to increase the range of technologies with which they are familiar in order to access new product markets; they have become 'multi-technology'. However, at the same time, the firm is constrained by the path dependent, incremental and cumulative nature of technological change and the limits of the firm's ability to learn and manage its growth. These conflicting forces have implications for the phenomenon of product diversification within firms and this, in turn, will impact upon the evolution of the firm's competencies and performance (Granstrand *et al.*, 2011).

Competition among the food industry sector in Kenya has necessitated examination of the generic strategies employed by firms to remain competitive. The business environment in which

organizations operate in a dynamic and turbulent environment with constant and fast paced changes that often render yesterday's strategies irrelevant (Ofunya, 2013). According to Kourdi (2009), the hypercompetitive business environment has pushed organizations to limits dictating the need to adopt strategic management practices that support plans, choices and decisions that will lead to competitive advantage and to achieve profitability, success and wealth creation.

Numerous studies have been carried globally and locally on the influence of strategic management practices on organizational performance. For instance, Molla (2011) conducted a study on green supply chain management practices in the food manufacturing industry in Kenya. The study found that green supply chain management practices adoption is still in its infancy among the food manufacturing companies in Kenya and that most of these companies have only planned to consider, or at most, are considering adoption except for eco-design practice which is currently under consideration. Stephen (2009) did a study on strategic management practices of firms in the wines and spirits industry in Kenya and found that the business environment within which dealers in the wines and spirits industry operate has experienced several changes. These include increased competition, increased government supervision, political reforms and unfavorable economic conditions. Nephath (2010) studied on responsiveness to challenges of globalisation by Kenya Wine agencies limited and found the concluded that although Kenya Wines Agency Limited (KWAL) responsiveness to globalizations yielded some positive results, the time taken was quite long and the sustainability of some of the strategies adopted is still questionable.

Based on the above studies, it is evident that though studies have been done on strategic management on organizational competitiveness, limited studies have been done on strategic management practices on competitiveness of food industries in Kenya. Therefore, this study

investigated the effects of strategic management practices on organizational competitiveness at Premier Foods Industries Limited in Nairobi County, Kenya.

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study was to investigate the effects of strategic management practices on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya.

1.4.2 Specific Objectives

- i. To examine the effects of product differentiation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya.
- ii. To establish the effects of product modification on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya.
- iii. To determine the effects of product innovation on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya.

1.5 Research Questions

- i. What are the effects of product differentiation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya?
- ii. What are the effects of product modification on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya?
- iii. What are the effects of product innovation on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya?

1.6 Significance of the Study

The findings will be useful to the management of Premier Food Industries in improving its competitiveness. The findings will also be useful to the management of the food manufacturing industries in Kenya. Managers of firms in the food manufacturing industry would use the study findings as a basis of formulation of policies on areas that need implementation of alternative strategies to enhance their competitive advantage through product diversification strategies. Investors would get helpful information which they can use to make their investment decisions.

The findings of the study will provide valuable information on strategic management practices to cope with competition in Kenyan market. The result of the study will assist the government of Kenya in formulating policies that assist firms in the foods industry to improve their competitive advantage. The findings of this study will also be beneficial to scholars of strategic management by adding to the body of knowledge into the influence of strategic management practices on organizational competitiveness.

1.7 Scope of the Study

This study was carried out in Premier Foods Industries Limited in Nairobi County, Kenya. The study looked at the influence of product differentiation, product modification and product innovation on organizational competitiveness. The respondents were employees from sales, production department, quality and assurance department and marketing department. The study covered a period of 2011-2015. Questionnaires were used as data collection instrument.

1.8 Limitations of the Study

This study could be limited by none participation of the respondents due to fear of victimization by their seniors. To overcome this, researcher assured the respondents of their privacy and

confidentiality of the collected data. Further, the respondents' names were not included in the data collection tools for the purposes of confidentiality. The study was also conducted using predetermined questionnaires. This could stop the respondents from expressing their views freely and widely. However, the researcher overcame this by designing a questionnaire with both open and closed ended questions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprised of the theoretical review, empirical literature, research gaps, summary of the literature review and conceptual framework.

2.2 Theoretical Review

2.2.1 Porter's Theory of Competitive Advantage

This study was guided by Porter's Theory of Competitive Advantage pioneered by Porter (1980). The competitive forces approach views the essence of competitive strategy formulation as relating a company to its environment. The key aspect of the firm's environment is the industry or industries in which it competes. Industry structure strongly influences the competitive rules of the game as well as the strategies potentially available to firms. In the competitive forces model, five industry level forces: entry barriers, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among industry incumbents determine the inherent profit potential of an industry or sub segment of an industry. The approach can be used to help the firm find a position in an industry from which it can best defend itself against competitive forces or influence them in its favor (Porter, 1980).

This five force framework provides a systematic way of thinking about how competitive forces work at the industry level and how these forces determine the profitability of different industries and industry segments. The competitive forces framework also contains a number of underlying assumptions about the sources of competition and the nature of the strategy process (Porter, 1980). Competitive strategies are often aimed at altering the firm's position in the industry vis-a-vis competitors and suppliers. This theory is relevant to the study because it provides a

sophisticated tool for analyzing competitiveness with all its implications. Closing the circle of factors which determine the existence of competitive advantage it is necessary to consider the context in which firms are created, organized and managed as well as the nature of domestic rivalry.

2.2.2 Resource Based Theory (RBT)

This study was based on Resource Based Theory by Grant (1991). According to Grant (1991) the Resource Based Theory (RBT) approach to competitive advantage contends that internal resources are more important for a firm than external factors in achieving and sustaining competitive advantage. In this view, organizational performance is primarily determined by internal resources including physical resources, human resources and organizational resources. The mix, type and amount and nature of a firm's internal resources should be considered first and foremost in devising strategies that can lead to sustainable competitive advantage. Managing strategically according to RBT involves developing and exploiting a firm's unique resources and capabilities and continually maintaining and strengthening those resources. The theory asserts that it is advantageous for a firm to pursue a strategy that is not currently being implemented by any other competing firm. Such resources must be either rare or hard to imitate or not easily substitutable.

This theory is relevant to the study because RBV sees resources as key to superior firm performance. If a resource exhibits VRIO attributes, the resource enables the firm to gain and sustain competitive advantage. Organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it. Sustained competitive advantage can be achieved more easily by exploiting internal rather than external factors as compared to organization input-output view. The resource based view of organizations

present different perspectives on how best to capture and keep competitive advantage. A firm must strive to achieve sustained competitive advantage by continually adopting to changes in external trends and events and internal capabilities, competences and resources and by effectively formulating, implementing and evaluating strategies that capitalize upon those factors.

2.2.3 Ansoff Theory

Ansoff introduced the concept of balancing “external characteristics of the product-market strategy and creating internal fit between strategy and business resources” (Ansoff, 2007). Ansoff’s (2007) work is based on developing an instrument which facilitates a top manager’s ability to analyze data with the objective of exploring and exploiting the “future profit potential” and, as a result, improve the firm’s competitive position. Ansoff’s (2007) approach can quantify information in a way that enables management to match their behavior and capabilities to the external operating environment. He noted that managers frequently try a “one-size fits all” approach and do not vary their plans and behaviors based on current conditions; instead they tend to develop plans and manage in ways that are based only on historical data. Ansoff was able to empirically prove that using data to account for both historical and future scenarios as well as changing plans and behavior to match these scenarios as they evolve is a valid method for optimizing the firm’s success (Ansoff, 2007).

Ansoff (1965) identified the Portfolio Analysis and Strategy as an alternative analytic tool in strategic management. The purpose of portfolio analysis is to analyze the opportunities that exist outside of the company’s current scope and come to a decision whether the firm must change the scope of its portfolio through diversification or internationalization, or both (Ansoff, 1965). There are four strategies suggested by Ansoff. The market penetration strategy of existing markets

occurs whenever an organization penetrates a market with its current products or offerings. In the market development strategy the goal can either be to change an established product or change the customer segment of a more current product. The product development strategy states that new products should be created so that the company can achieve growth and development. Diversification strategy involves moving simultaneously into new products and new markets. The theory of Ansoff helps in making sure that a firm will maintain its standing in an existing market, new products would be properly marketed and also helps in making sure that existing products would not be forgotten.

2.3 Empirical Review

2.3.1 Product Differentiation and Organizational Competitiveness

Product differentiation being the most commonly used one of these two strategic typologies (Spencer *et al.*, 2009). A differentiation strategy involves the firm creating a product/service, which is considered unique in some aspect that the customer values because the customer's needs are satisfied. Past researches have shown that a number of the manufacturing organizations view the differentiation strategy as a more important and distinct means to achieve competitive advantage in contrast to a low cost strategy (Kotha & Orne, 2009; Baines & Langfield-Smith, 2010).

Kibet and Chepkuto (2010) found that creation and sustenance of competitive advantage was achieved through product differentiation in companies. They found out that companies strive to survive and succeed in competition by pursuing strategies that enable them to perform better than their competitors. The company through competitive advantage therefore influence development of strategies based on customer service, enhancing differentiation of their products and to maintain competitive advantage making it more lasting than that just guaranteed by low prices.

Dirisu *et al* (2013) state that while there are numerous ways to differentiate brands, identifying meaningful product driven differentiators can be especially fruitful in gaining and sustaining a competitive advantage. Firms in the same industry, for example the seed industry, produce products that differ in performance and/or quality leading to production of low cost/low quality seed products or higher cost/high quality seed products. Often the same firm will sell a range of different products that differ in performance or quality and even service support from the seed producers. For example, Kenya Seed Company has different maize seed varieties that differ in performance for instance H614, H6210, H6213, H6218 and H629 (iKilimo.org, 2014).

Hill (1988) explained that the immediate effect of differentiation will be to increase unit costs. However, if costs fall with increasing volume, the long-run effect may be to reduce unit costs. Three sources of declining costs can be identified: learning effects, economies of scale, and economies of scope. The impact that differentiation has on demand depends on three major contingencies; the ability of the firm to differentiate its product, the competitive nature of the product market environment, and the commitment of consumers to the products of rival firms. The number of attributes inherent in a product creates scope for differentiation.

Business strategy development is concerned with matching customer requirements (needs, wants, desires, preferences, buying patterns) with the capabilities of the organization, based on the skills and resources available to the business organization, leading to the issue of core competence (Holmes & Hooper, 2010). Differentiation is when a firm or brand outperforms rival brands in the provision of a feature(s) such that it faces reduced sensitivity for other features (Sharp & Dawes, 2011). According to Webster (2014), when products are based on such core competencies, they define the organization's value proposition in each target market and the organization's business

strategy; thus, the business strategy adopted by an organization must be able to give it a competitive edge over other competitors in the industry.

Baines and Langfield-Smith (2010) argue that as globalization leads to more intense competition among manufacturing organizations, with increase in customer demands, these organizations tend to seek competitive advantage by producing products with more valued features, such as product quality, product flexibility or reliable delivery. As such, a differentiation strategy would provide greater scope for these organizations to produce products with more valued, desirable features as a means of coping with such demands.

Hitt and Hoskisson (2007) affirm that given the possibility of a negative impact in product variety on sales, it is important that brewing companies use product variety strategy with care, and this is the more reason why this study needs to be carried out. It is assumed that absence of such opportunity will make them go and shop elsewhere. King (2005) asserts that product variety affects consumer purchase behavior and consumer welfare. High product variety allows for the satisfaction of the needs and desires of heterogeneously distributed consumers. In addition, product variety allows consumers to enjoy a diversity of options through variety seeking behavior, which satisfies intellectual curiosity.

A well-designed product offers both functional and aesthetic benefits to consumers, which could become an important source of differentiation (Koter & Keller, 2011). Thus, a product's design will always aid to determine a consumer's choice of purchase amongst products of same brands and categories. A well-designed product can also be a point-of-difference in the marketplace aiding consumer acceptance through its ease of use, durability, reliability, or packaging;

therefore, serve as a source of competitive advantage. Irrespective of the design, it is important that the product meets the consumers' definition of a basic product.

Product differentiation strategy can be a tool of competitive advantage which is adopted by organizations in order to provide products that satisfies individual customer's needs. In satisfying individual customer's needs, quality has become a major differentiating factor among products (Shammot, 2011). As a result, customers are willing to pay more for products that cater to their individual size, taste, style, need or expression. Hence, achieving competitive advantage through product differentiation becomes the main focus of this study.

2.3.2 Product Modification and Organizational Competitiveness

Product Modification strategy according to Walters and Toyne (2009) is an attempt by companies to extend the length of the Product Life Cycle (PLC) by making small or big changes to a product to keep customers interested in the product, or cause them to buy accessory items to keep the product popular. Brand has been considered as the most valuable asset for enterprises in recent years. In such a competitive and changeable environment, enterprises therefore have to look for various emerging marketing strategies or tactics, expecting to enhance the brand and the competitiveness as well as to promote the market status (Harris & de Chernatony, 2011). Nevertheless, these ways seem to make the marketing activity be too complicated with too much terminology. How to coordinate and integrate activities, such as advertisement, product research and design, customer service, business promotion, and public relationship, has become a primary issue (Aaker, 2009).

Product modification strategy has become a popular strategy among Nigerian firms. In a study of the impact of product-market modification strategy on the performance and growth of 48

Nigerian companies, it was found that 62.5% of them were pursuing related, unrelated or mixed modification strategies while 37.5% of the sampled firms followed a specialization strategy (Oyedijo, 2012). According to Hill (2008), firms pursue a related modification strategy in order to realize economic benefits from the exploitation of the interrelationships between divisions, through the pooling and sharing of physical and human resources, to achieve economies of scope and sharing marketing or technological resources to achieve economies of scale.

Aaker (2009) mentioned that an enterprise should first understand the strategic objective before planning Brand Strategy, which aimed to create consonance between an enterprise and consumers, so as not to expose the advantages of competitors and to well utilize the weaknesses of competitors and the advantages of the enterprise itself. To achieve such an objective, an enterprise should precede consumer analyzes, competitor analyzes, and self-analyzes to enhance and improve Brand Strategy as well as to define the uncertain factors in Brand Strategy (Bei, 2009).

Aaker (2009) also proposed Brand Relationship Spectrum to define the combination structure of the relationship between brand role and brand. Four dimensions were covered; A house of brands was the set of independent and not mutually subordinate brands. Such a strategy allowed an enterprise clearly positioning the brand to focus on the niche market, Endorsed brands referred to a brand being endorsed by another brand (normally organizational brand). However, Endorsed brands were independent, meaning that Endorsed brands were the major driver on purchase decisions and use experiences, while endorsing brands played the minor role. Sub-brands, the brand name connecting with the major brand or the parent brand, could enhance or embellish the brand association, including attributes, applications, unprecedented innovation,

brand characters, and users and finally, A branded house extended a single brand to all products, where the role of the master brand turned from a driver into a dominant driver, and the sub-brand turned from a moderate driver into a weak driver or the one without any drive.

Sinha and Batra (2007) suggested that retailers should reinforce the identity of customers towards products and enhance enterprise image to appeal wider consumers; and, the research proved that Brand Strategy appeared positive effects on Purchase Intention. Fishbein and Ajzen (2007) proposed Fishbein model that consumers were likely to present higher evaluation on products with high brand awareness than the ones with low brand awareness. In this case, consumers would show better attitudes to products with high brand awareness than the ones with low brand awareness and would enhance the purchase intention.

Aaker (2009) found that favorable Brand Strategy could promote the loyalty and trust of consumers towards the brand and appear positive effects on Purchase Intention. Laroche and Saunders (2009) considered the important effect of Brand Strategy on the purchase process of consumers that Purchase Intention would present significantly positive effects. Wang (2006) believed in the effect of Brand Strategy on the purchase process of consumers that high Brand Strategy would show remarkably positive effects on Purchase Intention, in spite of specialties or convenience products.

According to Van-Riel and Balmer (2007), the establishment of private brands might be the optimal solution, as competitors could rapidly duplicate the technology or products, but not the brand. Tung (2012) observes that a strong brand could create business differentiation to tell the enterprise from competitors. Since the trust in strong brands could enhance the purchase intention and loyalty of customers and further achieve economies of scale, the operation cost

would be reduced and the cash flow would be produced. In this case, not only does the book numbers be embellished, but it could be the basis for product research and development, consumer investigation, and brand re-investment. The brand therefore according to Hankinson *et al* (2007) could continuously bring competitive advantages for the enterprise, presenting the importance of Brand Strategy.

2.3.3 Product Innovation and Organizational Competitiveness

Demands for innovation and technological advancement are increasingly crucial components of competitive strategy for many manufacturing firms in South Africa as observed by Miller (2009). This is observed from Ansoff (2007) who showed that most manufacturing companies face serious competitive challenges due to the rapid pace and unpredictability of technology change and failure to utilize innovation as a competitive advantage. Given the array of capabilities needed to sustain effective corporate entrepreneurship, competitive advantage provides the company with an attractive source of innovations to create positive synergy for the firm. Likewise, if the innovation process or the outcomes of innovation are difficult to copy, then it becomes an increasingly important ingredient in sustaining competitive advantage.

In Nigeria, Dirisu *et al* (2013) observe that innovative advantage and subsequent requirements for sustained exploitation, provides incentives for change in the strategic configuration. Innovative advantage might enable a firm to broaden its market appeal by introducing cost savings as well as unique features. Successful adaptability requires both knowing when to change and knowing when change is not appropriate. Innovation advantage that help a firm make correct choices will have a greater probability of maintaining competitive advantage.

According to De Clerck *et al* (2009), competitive advantage is realized, amongst other things, through continuous innovation and proactiveness, that is, the pursuit of new business opportunities, and the generation of novel ideas about business. Knowledge, research and innovation are of crucial importance for the competitiveness of the modern economy, as well as for the high standard of living and welfare. For innovation to occur, the ideas and insights of employees are of crucial importance (Nijhop *et al.*, 2012).

According to Belousova *et al* (2010), corporate entrepreneurship is also more than the development of new products; it also implies innovations to existing products or brands. The term is used to describe entrepreneurial behaviors existing within the confines of established organizations. It is a broad concept at the center of which is the process of organizational renewal which can be achieved through the ‘creation, development, and implementation of new ideas or behaviors.

Covin and Miles (2009) highlight the importance of the characteristic innovativeness in achieving organizational competitiveness. They mention that innovation was the single common theme underlying all forms of corporate entrepreneurship. Thornberry (2011) mentions that the concept of organizational competitiveness is a way in which a company can deal with rapidly changing environments. In these environments it is often difficult to predict what will happen in the future. He argues that companies can prepare for the unexpected by building opportunity-focused organizations; in this way the company is able to capture new business opportunities by the resources and people available.

Luecke and Katz (2008), sees innovation as the successful introduction of a better thing or method. It is the embodiment, combination, or synthesis of knowledge in original, relevant,

valued new products, processes, or services. Boer and During (2009) define innovation as ‘the creation of a new product-market-technology-organization-combination. The perceived newness of an innovation varies from incremental through synthetic to discontinuous innovation. Incremental innovation is small step innovation which makes minor improvements or simple adjustment to the current product, technology, market or organization.

Innovation has become nowadays in one the main strategies used by a big number of organizations to achieve not just expansion and development but also a higher level of business performance (Krause *et al.*, 2007). Innovation is seen today as one of the main activities and strategies that organizations are adopting not just to get a higher level of performance, but also to survive in the markets in which they participate (Heunks, 2008; O’Regan *et al.*, 2009; Maldonado *et al.*, 2009). Similarly, the expectations about the growth that companies have, mainly the growth in sales, has been associated positively and significantly with the development and innovation of new products (Verhees *et al.*, 2010).

2.3.4 Macro Environment

According to Bourgeois (2011), the choice of strategies to employ at a given time is informed by different factors within and without the organization. An organization has to develop competitive strategy to out compete the competitors. Strategy links organization to the environment. To achieve its objective the organization chooses strategies that align them properly with environment. This is aimed at avoiding any mismatch between the organization and the environment. This in turn leads to effect on the performance of the organization. Bourgeois (2011) show that organizations operate in an open system. The environment is turbulent and ever changing. Organization is environmental dependent and environment serving. They depend on

the environment for resources input and produce goods or service for the consumption by the environment.

According to David (2008) many excellent strategies fail when attempts to implement them are made. The implementation phase involves identifying the required resources and putting in place the necessary organizational changes needed to make the whole process a success. Within a global environment, various considerations during strategy implementation are made and these include global political, economic, legal, social and cultural environments, as well as extreme competition (Pearce & Robinson, 2007).

Companies that aim to capture and sustain competitive advantage must therefore ensure a strategy implementation process that will see them compete successfully in a global arena. The economic environment within which an organization operate, affects the success of strategy implementation. Economic factors concern the nature and direction of the economy in which the firm operates. On both the national and international level, managers must consider the general availability of credit, level of disposable income, the propensity of people to spend, prime interest rate, inflation rates and trends in the growth of the Gross National Product as economic factors for strategy implementation (Pearce & Robinson, 2007).

Organizations must therefore determine a strategy implementation process within a given economic situation. The direction and stability of political factors are a major consideration for managers in formulating company strategy. Political factors define the legal and regulatory parameters within which firms must operate. Political constraints are placed on firms through fair trade decisions, anti-trust laws, pricing policies and many other actions aimed at protecting the employees, consumers, the general public and the environment (Pearce & Robinson, 2007).

David (2008) assert that a critical look at the strategic management literature reveals that there are some key factors that are considered to be of great significance for the integration of strategy formulation and implementation to occur. These factors are both internally and externally to the organization. External factors include economic and political, ecological, technology and globalization, and government regulations.

2.4 Summary and Research Gaps to be filled by the study

Prajogo (2007) examined the underlying strategic intent of quality performance and the result of his findings show that product quality is predicted by differentiation strategy, but not cost leadership strategy. Allen and Helms (2008) were of the opinion that different types of reward practices more closely complement different generic strategies and are significantly related to organizational performance. Finally, Mosakowski (2009) study's results generally supported the hypotheses that, when the focus and differentiation strategies are established, performance is higher than for other firms. In conclusion, there is a general consensus that there is a positive relationship between differentiation and organizational performance.

According to Kang *et al* (2010), who studied the effects of product modification strategy on firm competitiveness and complementarities between products in US casinos, product modification strategy is becoming more relevant in attracting consumers who have more options for casino destinations as the US casino industry becomes more competitive. Hoskisson and Hitt (2014) stressed the complexity of the linkage between product modification and firm performance, and emphasized the importance of industry structure that significantly affects the relationship between modification and performance.

In a study conducted by Gonenc and Aybar (2006) weak evidence was found for a positive relationship between group diversification and performance in Turkish industrial firms. In a related research Delios *et al* (2008) sampled about 800 Chinese firms and found that focused firms outperformed conglomerates across all categories of ownership identity. This implies that the performance of product modification strategies is hinged upon the performance of the target industry. Hence, when the primary and diversifying target industry attributes are disregarded, the estimated performance of a diversification strategy could result in wrong policy recommendation. Mixed evidence on the cost-benefit effect of diversification on performance, leads to the conclusion that a non-linear relationship may exist between diversification and firm performance (Chen & Yu, 2011).

The literature review shows how product differentiation, product modification and product innovation influences the organizational competitiveness. Product differentiation being the most commonly used one of these two strategic typologies (Spencer *et al.*, 2009). Differentiation is when a firm or brand outperforms rival brands in the provision of a feature(s) such that it faces reduced sensitivity for other features (Sharp & Dawes, 2011). King (2005) asserts that product variety affects consumer purchase behavior and consumer welfare. High product variety allows for the satisfaction of the needs and desires of heterogeneously distributed consumers. In addition, product variety allows consumers to enjoy a diversity of options through variety seeking behavior, which satisfies intellectual curiosity.

According to Hill(2008), firms pursue a related modification strategy in order to realize economic benefits from the exploitation of the interrelationships between divisions, through the pooling and sharing of physical and human resources, to achieve economies of scope and sharing marketing or technological resources to achieve economies of scale. Covin and

Miles (2009) highlight the importance of the characteristic innovativeness in achieving organizational competitiveness. They mention that innovation was the single common theme underlying all forms of corporate entrepreneurship. Luecke and Katz (2008), sees innovation as the successful introduction of a better thing or method. It is the embodiment, combination, or synthesis of knowledge in original, relevant, valued new products, processes, or services.

2.5 Conceptual Framework

Figure 2.1 shows how independent, intervening and dependent variables relate to each other. The independent variables will be product differentiation, product modification and product innovation. The intervening variable is the macro environment and the dependent variable as the organizational competitiveness.

Independent variables

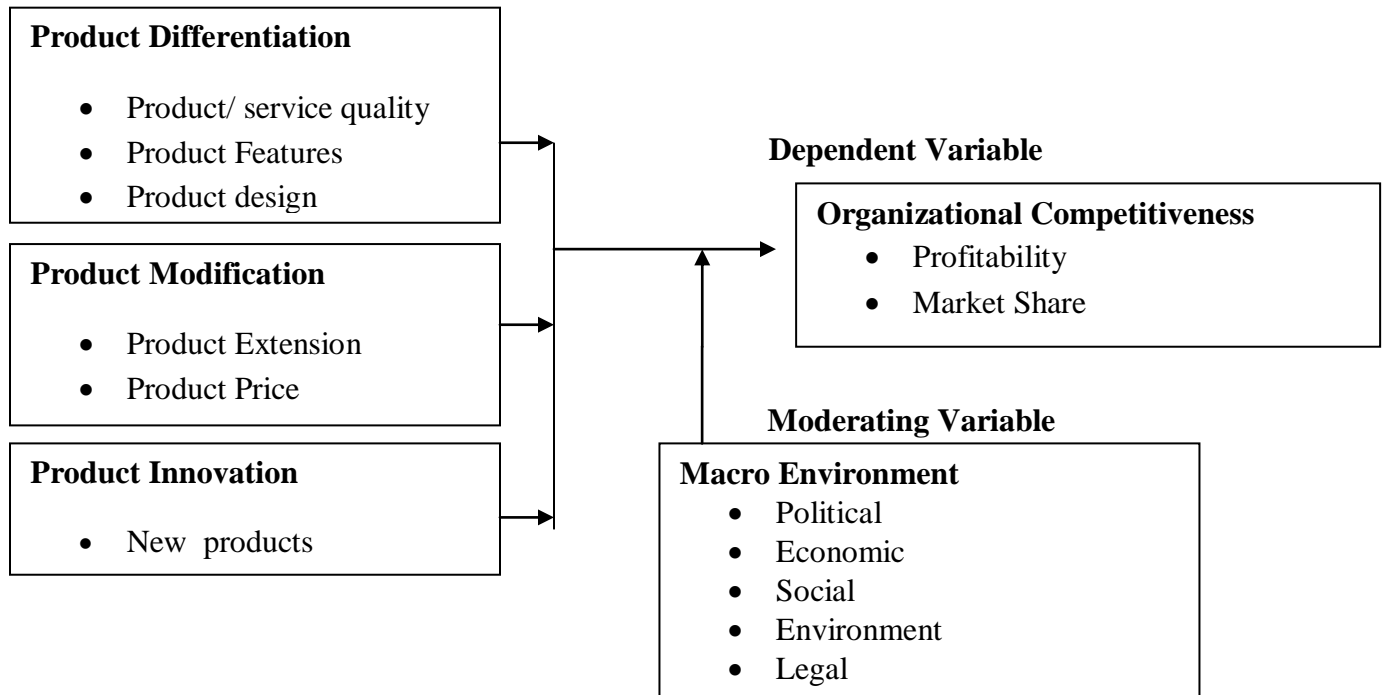


Figure 2.1: Conceptual Framework

Source: Researcher, (2016)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprised of the research design, target population, sampling design and sample size, data collection instruments, pilot study, data collection techniques, data analysis and ethical considerations.

3.2 Research Design

This study employed a descriptive survey research design. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive research includes surveys and fact finding enquiries and is applied where the study is using comparative variables in the field of study and the case at hand has no control over the variables and the researcher can only report on what has happened or what is happening (Mathooko *et al*, 2011). Descriptive research design was chosen because it enabled the findings to be generalized to a larger population. Descriptive design method could also provide quantitative data from cross section of the chosen population. The study sought to determine the influence of strategic management practices on organizational competitiveness.

3.3 Target Population

Target population is defined by Orodho (2005) as a large population from whom a sample population is selected. The target population in this study was 196 respondents from sales department, production department, quality assurance department and marketing department as shown in Table 3.1.

Table 3.1: Target Population

Category	Population	Percentage
Sales Department	57	29%
Production Department	92	47%
Quality Assurance Department	23	12%
Marketing Department	24	12%
Total	196	100%

Source: HRM Department (2016)

3.4 Sampling Design and Sample Size

Kombo and Tromp (2006) argue that sampling procedures and sample size are important to establish the representativeness of the sample for generalization. Stratified sampling method was used to group the respondents into 4 departments (sales, production, quality assurance and marketing) to ensure that all different subgroups are adequately represented in the sample, and then simple random sampling method was used to select respondents from each stratum. According to Mugenda and Mugenda (2003), a sample is a small group obtained from the accessible population. In a descriptive research, a sample size of 10-50% is acceptable according to Mugenda and Mugenda (2003). The researcher worked with a sample size of 30%. Therefore, the sample size was 59 respondents as shown in table 3.2.

Table 3.2: Sampling

Category	Population	Sample Size (30%)
Sales Department	57	17
Production Department	92	28
Quality Assurance Department	23	7
Marketing Department	24	7
Total	196	59

Source: Researcher (2016)

3.5 Data Collection procedures/ Instruments

The data collection instrument for this study was questionnaires for the employees. A questionnaire is a set of questions designed to generate the data necessary to accomplish the objectives of the research project (Orodho, 2005). Cooper and Schindler (2003) recommends the use of questionnaire in descriptive studies because self-administered questionnaires cost less than personal interviews and researcher can contact participants who might otherwise be inaccessible. This study used a questionnaire containing both open and close-ended questions so as to be able to capture more information from the respondents. The closed-ended questions provided more structured responses to facilitate tangible recommendations and the open-ended questions were used to provide additional information that will not have been captured in the close-ended questions.

The questionnaires were divided into five sections labeled A-E. Section A collected the general information of the respondents, section B collected information on product differentiation on organizational competitiveness, section C collected information on product modification on organizational competitiveness, section D collected information on product innovation on

organizational competitiveness, and section E collected information on organizational competitiveness.

Prior to the commencement of data collection, the researcher obtained all the necessary documents, including an introduction letter from the University and a research permit from the National Commission for Science, Technology and Innovation (NACOSTI). The researcher personally identified the respondents, booked appointment, and met them to administer questionnaires. The researcher allowed the respondent two weeks responding with filled questionnaires after which he approached them to collect the questionnaires

3.6 Validity and Reliability of the Instruments

3.6.1 Validity of the Instruments

Validity is the degree to which the research instruments will appropriately and accurately measure what they are supposed to measure (Orodho, 2005). Based on the analysis of the piloting, modification and removal of ambiguous or unclear items such as questions, inaccurate responses or indicated weaknesses was done to attract appropriate responses from the respondents. Borg and Gall (1989) assert that content validity of an instrument is improved through expert judgment and as such the researcher sought assistance of the university supervisors to find out whether the instruments will measure what it intends to measure. A pilot study will be carried out in Premier food industries limited (PFIL), Nairobi County, Kenya comprising of 10 respondents who were not included in the final sample.

3.6.2 Reliability of the Instruments

According to Mugenda and Mugenda (2003) reliability is a measure of the degree to which a research instrument yields same results on repeated trials. Reliability in research is influenced by

random error, which is deviation from a true measurement. After the pilot study, the respondents' questionnaires were tested using split-half technique. Orodho (2005) refers split-half method as a type of reliability testing based on the co-efficient of internal consistency of a research instrument. A correlation coefficient was calculated from the scores on each half of the test which usually fall between 0.0 and 1.0, with the closer to 1.0, the more reliable the instrument is. The study obtained a correlation coefficient of 0.98 as shown in Appendix III..

3.7 Data Analysis

The researcher used the quantitative analysis of the data obtained from the study. Descriptive statistics such as frequencies, percentages, mean and standard deviation was used to analyze the quantitative data and for this reason Statistical Package for Social Sciences (SPSS) version 20.0 was used. Regressions and Analysis of Variance (ANOVA) test was used to determine the effect of strategic management practices implementation on organizational performance. Multiple regression analysis was used show how independent variables relate to dependent variables. The regression equation was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Whereby Y= Organizational Competitiveness

X₁= Product Differentiation

X₂= Product Modification

X₃= Product Innovation

β₁, β₂, β₃ and β₄ are coefficients of determination

ε is the error term.

3.8 Ethical Consideration

The researcher undertook to keep private any information given by the respondents that touched on their persons or their private life. The researcher assured the respondents that no private information could be divulged to a third party. The researcher ensured and assured the respondent that his or her individual identity could not be revealed whatsoever. The nature and the purpose of the research were explained to the respondents by the researcher. The researcher explained to the respondents the procedure to be followed during the data collection so that they could participate willingly.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the analysis and interpretation of the data collected pertaining to the stated research objectives. The general objective of this study was to investigate effects of strategic management practices on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya. The specific objectives of the study were to examine the effects of product differentiation, product modification and product innovation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya.

The response rate of the respondents was established first, followed by the background information of the respondents, analysis and discussion of each of the three research objectives respectively. Descriptive statistics such as mean and standard deviation were used to analyze quantitative data and presented in tables, charts, figures and graphs.

4.2 Response Rate

A total of 59 questionnaires were distributed to the target responses. However, only 54 of the target sample population responded bringing the response rate to 91.5%. The findings shows that the respondents from the four categories of the population, sales, marketing, production and quality department, were fairly represented in the study thus, boosting the reliability of the study. According to Orodho (2004), a response rate of 30% on a large sample of more than 30 items is representative enough. The overall response rate of 91.5% was satisfactory for data analysis. These percentage rates were deemed adequate for the study. This is shown in the table 4.1.

Table 4.1: Response Rate

Category	Administered	Responded	Percentage
Sales Department	17	16	94.1
Production Department	28	25	89.3
Marketing Department	7	7	100
Quality Assurance Department	7	6	85.7
Total	59	54	91.5

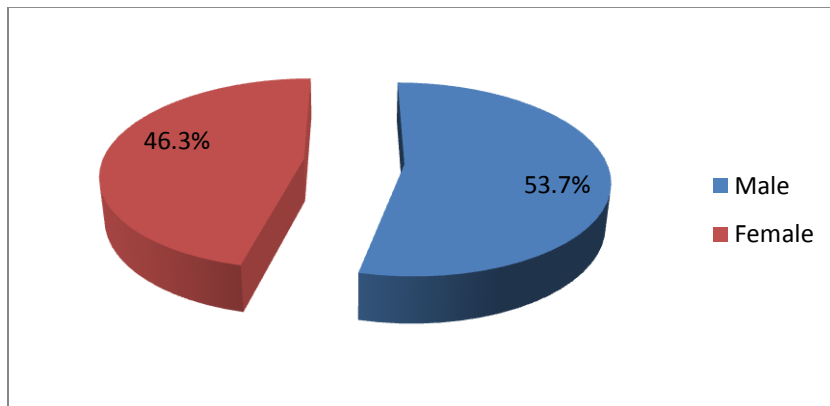
Source: Research Data (2017)

4.3 Background Information

4.3.1 Gender

The study sought to establish the gender of the respondents. The research findings were indicated in the Figure 4.1

Figure 4.1: Respondents' Gender



Source: Research Data (2017)

Figure 4.1 shows that majority (53.7%) of the respondents were male and 46.3% female. This is an indication that all the genders were well represented.

4.3.2 Level of Education

The study sought to establish the level of education of the respondents. The research findings are indicated in the Table 4.2.

Table 4.2: Respondents' Level of Education

Level	Frequency	Percentage
Bachelor's Degree	22	40.7
Post Graduate Diploma	14	25.9
Master's Degree	11	20.4
Diploma	7	12.9
Total	54	100

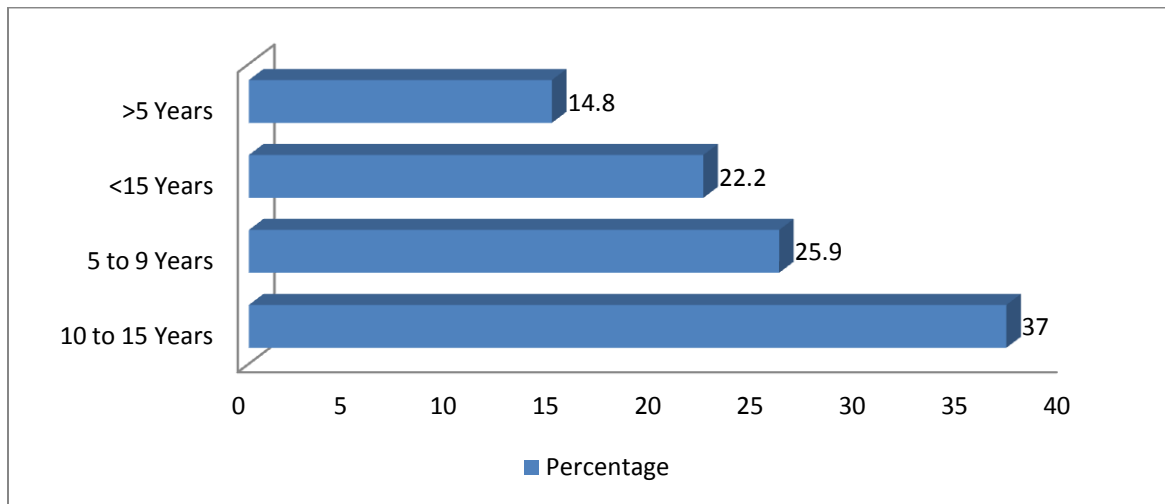
Source: Research Data (2017)

Table 4.2 shows that majority (40.7%) of the respondents had attained a Bachelor's Degree level of education, 25.9% Post Graduate Diploma, 20.4% Master's Degree and 12.9% Diploma level. This is an indicator that all the respondents had attained high levels of education and would therefore have the necessary qualifications to identify and implement strategic management strategies towards the organizational competitiveness.

4.3.3 Work Experience

The study sought to establish the length of service in the current station of the respondents. The research findings are indicated in the Figure 4.2.

Figure 4.2: Respondents' Work Experience



Source: Research Data (2017)

Figure 4.2 shows that majority (37%) of the respondents had worked in the organization for a period of between 10 and 15 years, 25.9% between 5 and 9 years, 22.2% for over 15 years and 4.8% for a period of less than 5 years. These findings imply that majority of the respondents had worked for long periods, which shows that they had enough experience to contribute to the study effectively on the effects of product differentiation, product modification and product innovation towards organizational competitiveness. These findings are consistent with those of Spencer *et al* (2009) who asserted that Product differentiation being the most commonly used one of these two strategic typologies.

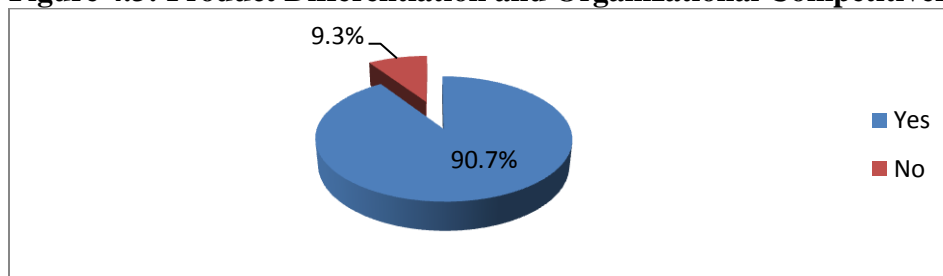
4.4 Descriptive Statistics

Descriptive statistics such as means and standard deviations were used to present that quantitative data with the use of Statistical Package for Social Sciences (SPSS) version 20.0. These were presented as per the study objectives as follows.

4.4.1 Product Differentiation and Organizational Competitiveness

The first research objective sought to examine the effects of product differentiation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya. From the research findings, majority (90.7%) of the respondents as shown in figure 4.3 were of the opinion that product differentiation influence the organizational competitiveness in Kenya while 9.3% were on the contrary.

Figure 4.3: Product Differentiation and Organizational Competitiveness



Source: Research Data (2017)

The respondents were further given a list of statements on a five-point likert scale to indicate their extent to which they concur regarding the effects of product differentiation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya. Their responses are shown in table 4.3.

Table 4.3: Product Differentiation and Organizational Competitiveness

Statement	M	SD
Product warranty influences organizational competitiveness	4.01	0.802
Fast delivery products influences organizational competitiveness	3.42	0.715
Better product design and development influences organizational competitiveness	3.96	0.678
Better quality in product influences organizational competitiveness	3.94	0.643
Product packaging the goods in a creative way influences organizational competitiveness	4.21	0.799
Product unique features influences organizational competitiveness	3.60	0.733
Product brand name influences organizational competitiveness	3.84	0.765

Key: M – Mean; SD – Standard Deviation

Source: Research Data (2017)

The results in Table 4.3 show that majority of the respondents strongly agreed on the statements that product packaging the goods in a creative way influences organizational competitiveness (M=4.21, SD=0.799) and Product warranty influences organizational competitiveness (M=4.01, SD=0.802). These were followed by the statements that better product design and development influences organizational competitiveness (M=3.96, SD= 0.678), better quality in product influences organizational competitiveness (M=3.94, SD=0.0.643), product brand name influences organizational competitiveness (M=3.84, SD=0.765), Product unique features influences organizational competitiveness (M=3.60, SD=0.765) and Fast delivery products influences organizational competitiveness (M=3.42, 0.715).

The respondents further indicated that product differentiation is an effective way of enhancing customers' responsiveness by providing them with a wide array of products or services in the market. Customers' preferences are met. The companies can gain competitive advantage through improvement on existing products to make them more effective and attractive. On the other hand, the respondents stated that product differentiation requires a lot of resources for carrying out a market research to know the customer needs, product development, launch, advertisement and monitoring.

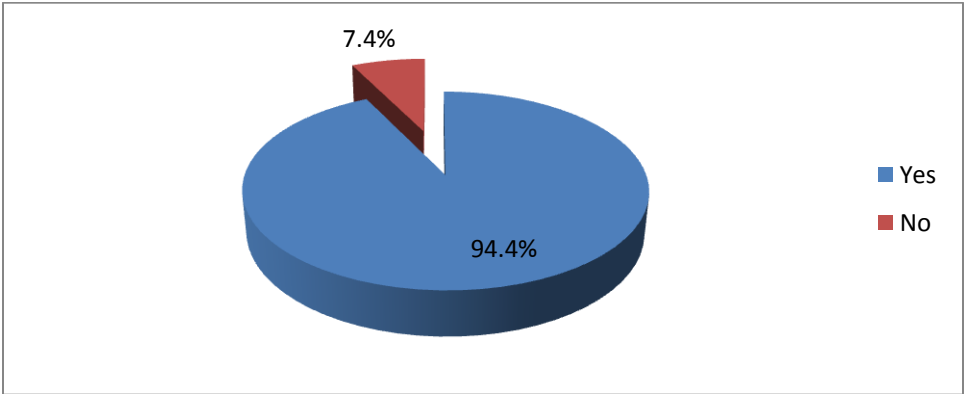
These findings concur with the findings of Kibet and Chepkuto (2010) who found that creation and sustenance of competitive advantage was accomplished through product differentiation in organizations. They discovered that organizations endeavor to survive and prevail in rivalry by seeking after procedures that empower them to perform superior to their rivals. The organization achieve competitive advantage by influencing development of strategies geared towards improving customer service by varying its products hence making its competitive edge more enduring than that just being ensured by low prices.

Hill (1988) explained that the immediate effect of differentiation will be to increase unit costs. However, if costs fall with increasing volume, the long-run effect may be to reduce unit costs. Three sources of declining costs according to Hill (1988) can be identified: learning effects, economies of scale, and economies of scope. The impact that differentiation has on demand depends on three major contingencies; the ability of the firm to differentiate its product, the competitive nature of the product market environment, and the commitment of consumers to the products of rival firms. The number of attributes inherent in a product creates scope for differentiation.

4.4.2 Product Modification and Organizational Competitiveness

The second research objective sought to establish the effects of product modification on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya. From the research findings, majority (94.4%) of the respondents as shown in figure 4.4 agreed that product modification influences organizational competitiveness while 7.4% disagreed. These findings concur with those of Tung (2012) who observed that a strong brand could create business differentiation to tell the enterprise from competitors.

Figure 4.4: Product Modification and Organizational Competitiveness



Source: Research Data (2016)

The respondents were further given a list of statements on a five-point likert scale to indicate their extent to which they concur regarding the effects of product modification on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya. Their responses are shown in table 4.4.

Table 4.4: Product Modification and Organizational Competitiveness

Statement	M	SD
Product shape influences organizational competitiveness	3.21	0.523
Product modification leads to new product development hence influences organizational competitiveness	3.77	0.698
Product modification strategy helps in eliminating out of date products hence influences organizational competitiveness	4.11	0.436
Product modification strategy attracts new users on new product hence influences organizational competitiveness	3.61	0.577
The price of the product influences organizational competitiveness	3.46	0.663
Brand extension quality influences organizational competitiveness	3.23	0.699

Key: **M** – Mean; **SD** – Standard Deviation

Source: Research Data (2016)

The results in Table 4.4 shows that majority of the respondents strongly agreed on the statements that product modification strategy helps in eliminating out of date products hence influences organizational competitiveness (M=4.11, SD=0.436) and product modification leads to new product development hence influences organizational competitiveness (M=3.77, 0.698). These were followed by the statements that product modification strategy attracts new users on new product hence influences organizational competitiveness (M=3.61, SD=0.577), the price of the product influences organizational competitiveness (M=3.46, SD=0.663), brand extension quality influences organizational competitiveness (M=3.23, SD=0.669) and product shape influences organizational competitiveness (M=3.21, SD=0.523).

The respondents further indicated that product modifications can give an organization a competitive advantage as it may be able to charge a higher price and enhance customer loyalty. Product modification is often used by the companies as a way of extending the product life cycle of a product. The product may have lost its uniqueness after introduction of new products or improved products from its main rivals. The company needs to continuously assess the opportunities and threats posed by technological change. The respondents also indicated that the organization should assess the interdependencies of the product and others in the mix and how modification would impact upon the overall cost structure.

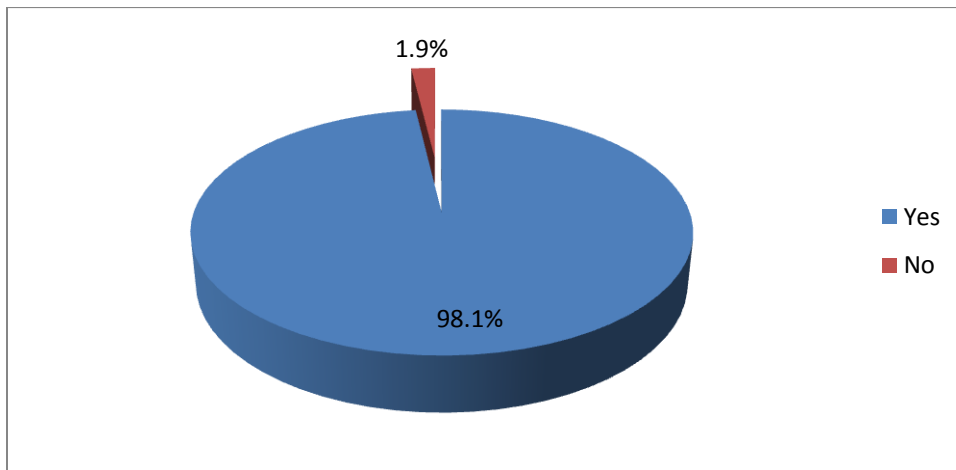
These findings are in line with the findings of Aaker (2009) who mentioned that an enterprise should first understand the strategic objective before planning brand Strategy, which aimed to create consonance between an enterprise and consumers, so as not to expose the advantages of competitors and to well utilize the weaknesses of competitors and the advantages of the enterprise itself. To achieve such an objective, an enterprise should precede consumer analyzes, competitor analyzes, and self-analyzes to enhance and improve Brand Strategy as well as to define the uncertain factors in Brand Strategy (Bei, 2009).

Sinha and Batra (2007) suggested that retailers should reinforce the identity of customers towards products and enhance enterprise image to appeal wider consumers; and, the research proved that Brand Strategy appeared positive effects on Purchase Intention. Fishbein and Ajzen (2007) proposed Fishbein model that consumers were likely to present higher evaluation on products with high brand awareness than the ones with low brand awareness. In this case, consumers would show better attitudes to products with high brand awareness than the ones with low brand awareness and would enhance the purchase intention.

4.4.3 Product Innovation and Organizational Competitiveness

The third research objective sought to determine the effects of product innovation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya. From the research findings, majority (98.1%) of the respondents as shown in figure 4.4 agreed that product modification influences organizational competitiveness while 1.9% disagreed.

Figure 4.5: Product Innovation and Organizational Competitiveness



Source: Research Data (2016)

The respondents were further given a list of statements on a five-point likert scale to indicate their extent to which they concur regarding the effects of product innovation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya. Their responses are shown in table 4.5.

Table 4.5: Product Innovation and Organizational Competitiveness

Statement	M	SD
Product innovation strategy helps in keeping or increasing organizational competitiveness	4.52	0.513
Product innovation strategy helps in securing a market strategic position hence influences organizational competitiveness	4.44	0.709
Improved products features influences organizational competitiveness	3.89	0.755
Product innovation strategy increases competitive advantage of the organization	3.77	0.668
New products influences organizational competitiveness	4.46	0.633
Product innovation strategy leads to use of new business opportunities hence increasing organizational competitiveness	3.46	0.800

Key: M – Mean; SD – Standard Deviation

Source: Research Data (2017)

The results in Table 4.5 shows that majority of the respondents strongly agreed on the statements that product innovation strategy helps in keeping or increasing organizational competitiveness (M=4.52, SD=0.513) and new products influences organizational competitiveness (M=4.46, SD=0.633). These were followed by the statements that product innovation strategy helps in securing a market strategic position hence influences organizational competitiveness (M=4.44, SD=0.709), improved products features influences organizational competitiveness (M=3.89, SD=0.755), product innovation strategy increases competitive advantage of the organization (M=3.77, SD=0.668) and product innovation strategy leads to use of new business opportunities hence increasing organizational competitiveness (M=3.46, SD=0.800).

The respondents observed that product innovation leads to organizational growth, expansion and gaining a competitive advantage and brand switching. However, when a business attempts to innovate its product, it will inject lots of capital and time into it, which may require several experimentation. Constant experimentation may result in failure for the business and will also cause the business to incur significantly higher costs. Furthermore, it could take years for a

business to successfully innovate a product, thus resulting in an uncertain return. Also it was observed that, for product innovation to occur, the business will have to change the way it runs, and this could lead to the breaking down of relationships between the business and its customers, suppliers and business partners.

These findings agree with the findings of Dirisu *et al* (2013) observe that innovative advantage and subsequent requirements for sustained exploitation, provides incentives for change in the strategic configuration. Innovative advantage might enable a firm to broaden its market appeal by introducing cost savings as well as unique features. Successful adaptability requires both knowing when to change and knowing when change is not appropriate. Innovation advantage that help a firm make correct choices will have a greater probability of maintaining competitive advantage.

According to De Clerck *et al* (2009), competitive advantage is realized, amongst other things, through continuous innovation and proactiveness, that is, the pursuit of new business opportunities, and the generation of novel ideas about business. Knowledge, research and innovation are of crucial importance for the competitiveness of the modern economy, as well as for the high standard of living and welfare. For innovation to occur, the ideas and insights of employees are of crucial importance (Nijhop *et al.*, 2012).

4.4.4 Macro-environment and Organizational Competitiveness

The respondents indicated that a country's political environment can influence the strategies and competitiveness of Premier Foods Industries Limited in Kenya because excessive business regulations and government market intervention can impose obstacles to organizations' competitiveness. Political corruption also has a differential impact on firms operating within a

country. Specifically, large firms are likely to hold advantages over smaller firms when corruption runs rampant in a country. Large firms are more likely to have access to public policy makers, and this access can facilitate special treatment. In addition, larger firms are more likely to have the financial resources to engage in bribery when their smaller competitors cannot, and are likely to have the capability to out-bribe their smaller rivals when bidding on a contract or attempting to influence a ministry's regulatory agenda.

The respondents indicated that economic factors influence organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya. For example, when there is decrease in dollar value of goods imported into a country. This reduces competition for Premier Foods Industries limited whose. Recession and depression lead to purchases of many durable goods such as appliances, furniture, and automobiles can be postponed during these periods. Economic downturns result in lower profits, reductions in hiring, increased borrowing, and decreased productivity for firms adversely affected by the recession. Kenya has citizens who are either extremely wealthy or extremely poor. Only a few persons would qualify as middle class. This affects opportunities of the organization to market products to the middle class.

The respondents indicated that the legal environment facing Premier Foods Industries limited in Kenya is becoming more complex and affecting businesses more directly. It has become increasingly difficult for businesses to take action without encountering a law, regulation, or legal problem. Such significant laws that affect business would include legislation in the areas of consumerism, employee relations, the environment, and competitive practices.

The respondents indicated that technology represents both potential threats and potential opportunities for established products in Premier Foods Industries limited in Kenya. For

example, products with relatively complex or new technology are often introduced while the technology is being refined, making it hard for firms to assess their market potential. The respondents also indicate that it is quite difficult to predict the impact of a new technology on an existing product. Changing technology may affect the demand for a firm's products and services, its production processes, and raw materials. Technological changes may create new opportunities for the firm, or threaten the survival of a product, firm, or industry. Technological innovation continues to move at an increasingly rapid rate.

4.4.5 Organizational Competitiveness

On the measurement of organizational competitiveness in Premier Foods Limited in Kenya as the dependent variable, the respondents were given a list of statements on a five-point likert scale to indicate their extent to which they concur. This is shown in Table 4.6.

Table 4.6: Organizational Competitiveness

Statement	M	SD
Sales growth	3.4	0.641
Increased market share	2.6	0.750
Increase in profits	2.8	0.802

Key: **M** – Mean; **SD** – Standard Deviation

Source: Research Data (2017)

Table 4.6 shows that the respondents strongly agreed on sales growth (M=3.4, SD=0.641), followed by increase in profits (M=2.8, SD=0.802) and increased market share (M=2.6, SD=0.750). Ambastha and Monaya (2010) regard competitiveness to include performance in earnings, growth and profitability; quality of products, services and capacity to satisfy consumer expectations; productivity in terms of higher production and lower use of resources; innovation in products, services and management process; and image in corporate branding, building trust and reputation in relationship with stakeholders.

Porter and Kramer (2011) argue that strategy must not regard competitiveness of an organization to be limited to specific and known forces of the market in which the organization operates, but competitive forces should be looked into in relation to competitive strategies the organization uses such as cost leadership, differentiation or focus strategies. According to Thompson and Strickland (2010), a company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces.

4.5 Inferential Statistics

In order to establish the effect of independent variables on the dependent variable, data was collected on each of the identified independent variable and thereafter, regression analysis was done. However, before carrying out the regression analysis, it was necessary to carry out correlation analysis to show the strength of a relationship between the independent variables and dependent variable.

4.5.1 Correlation

Table 4.7: Correlation Analysis

		Product Differentiation	Product Modification	Product Innovation
Product Differentiation	Pearson Correlation Sig. (2-tailed) N	1 54	.670** .000 54	.254** .000 54
Product Modification	Pearson Correlation Sig. (2-tailed) N	.670** .000 54	1 54	.310** .000 54
Product Innovation	Pearson Correlation Sig. (2-tailed) N	.254** .000 165	.310** .000 165	1 165

** Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis revealed that the data sets were highly correlated with each other. For example, product differentiation was found to correlate more with product modification as compared with product innovation at 0.05 level of significance. Also notable was that product modification was highly correlated with product innovation. In general, the data sets were highly correlated meaning that a change of one of the variable would result to a substantial change on the other variables which is expected for such independent Variables.

Product differentiation was found to have a good positive relationship with product modification (0.670). That means that the higher the rate of product differentiation the higher the rate of product modification is improved and the more the more competitive advantage is enhanced. The findings also show that Product modification had a weak relationship with product innovation (0.310).

4.5.2 ANOVA

Analysis of Variance (ANOVA) was used to determine the linear relationship among the variables under investigation. Using this method, the sum of squares, degrees of freedom (df), mean square, value of F(calculated) and its significance level was obtained. The results are shown in Table 4.8.

Table 4.8: ANOVA

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.453	3	6.113	1.759	.001 ^a
	Residual	72.527	51	1.543		
	Total	96.981	54			

a. Predictors: (Constant), product differentiation, product modification, product innovation

b. Dependent Variable: Organizational Competitiveness

The significance value is 0.001 which is less than 0.05 thus the model is statistically significant in predicting how various factors affect organizational competitiveness in the Premier Food Industry in Kenya. The F critical at 5% level of significance was 1.759. Since F calculated is greater than the F critical (value = 7.656), this shows that the overall model was significant. The relationship ($p < 0.05$) indicated a linear relationship among the variables under the study meaning there was 95% chance that the relationship among the variables was not due to chance.

4.5.3 Regressions

Regression analysis was used to model, examine, and explore the relationships between organizational competitiveness in Premier Foods Industries Limited in Nairobi County, in the food manufacturing industry in Kenya against three independent variables (product differentiation, product modification and product innovation) used for the study, this was important in measuring the extent to which changes in one or more variables jointly affected changes in another variable. This is shown in Table 4.9.

Table 4.9: Model Summary

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
1	.754 ^a	.691	.578	.214	.252	1.759	3	54	.001 ^a

a. Predictors: (Constant), product differentiation, product modification, product innovation

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in Table 4.9 the value of adjusted r squared was 0.578 an indication that there was variation of 57.8% on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya was due to

changes in product differentiation, product modification and product innovation at 95% confidence interval. This shows that 57.8% changes in organizational competitiveness were due to product differentiation, product modification and product innovation.

R is the correlation coefficient which shows the relationship between the study variables and from the findings shown in the Table 4.9 is notable that there exists strong positive relationship between the study variables as shown by 0.754. Additionally, this therefore means that factors not studied in this research contribute 42.2% of organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya and a further research should be conducted to investigate the other factors (42.2%) that affect organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya.

4.5.4 β – Coefficients

Table 4.10: Coefficients

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1(Constant)	0.531	.809		1.645	.107	.297	2.959
Product Differentiation	.656	.138	.149	2.134	.002	.433	.121
Product Modification	.761	.154	.313	2.341	.004	.051	.672
Product Innovation	.540	.154	.392	2.856	.006	.130	.750

a. Dependent Variable: Organizational Competitiveness

As shown on Table 4.10, product differentiation, product modification and product innovation were found to have a positive and significant effect on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya as indicated by beta values. The relationships ($p < 0.05$) are all significant with product differentiation ($t = 2.134$, $p < 0.05$), product modification ($t = 2.341$, $p < 0.05$) and product innovation ($t = 2.856$, $p < 0.05$).

Table 4.10 further shows the constant in this model is represented by a value of 0.531, which is the expected value of organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya when the values of the independent variables are equal to zero. Product modification was found to be the most (76.1%) significant among the three variables followed by product differentiation (65.6%) and product innovation (54.0%). Based on the analysis, the regression equation for the independent variable on the dependent variable resulted to the following; $Y = 0.531 + 0.656X_1 + 0.761X_2 + 0.540X_3$

Where Y = Organizational Competitiveness

X_1 = Product Differentiation

X_2 = Product Modification

X_3 = Product Innovation

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter provides the discussion of summary of findings, gives the conclusions, recommendations of the study and suggestions for further studies based on the objectives of the study. The specific objectives of the study were to examine the effects of product differentiation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya; to establish the effects of product modification on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya; and to determine the effects of product innovation on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya.

5.2 Summary of the Findings

The general objective of this study was to investigate effects of strategic management practices on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya. 54 respondents participated in the study comprising of 16 respondents from sales department, 25 respondents from production department, 7 respondents from marketing department and 6 respondents from quality assurance department. The study established that majority (53.7%) of the respondents was male and 46.3% female. Majority (40.7%) of the respondents had attained a Bachelor's Degree level of education, 25.9% Post Graduate Diploma, 20.4% Master's Degree and 12.9% Diploma level. Majority (37%) of the respondents had worked in the organization for a period of between 10 and 15 years, 25.9% between 5 and 9 years, 22.2% for over 15 years and 14.8% for a period of less than 5 years.

5.2.1 Product Differentiation

The study established that majority of the respondents (90.7%) strongly agreed that product packaging the goods in a creative way influences organizational competitiveness and Product warranty influences organizational competitiveness. These were followed by the statements that better product design and development, better quality in product, product brand name, Product unique features and Fast delivery products influences organizational competitiveness. It was further established that product differentiation is an effective way of enhancing customers' responsiveness by providing them with a wide array of products or services in the market. Customers' preferences are met. The companies can gain competitive advantage through improvement on existing products to make them more effective and attractive.

5.2.2 Product Modification

The study revealed that majority of the respondents (94.4%) strongly agreed on the statements that product modification strategy helps in eliminating out of date products hence influences organizational competitiveness and product modification leads to new product development hence influences organizational competitiveness. These were followed by the statements that product modification strategy attracts new users on new product hence influences organizational competitiveness, the price of the product, brand extension quality and product shape influences organizational competitiveness. It was also revealed that product modifications can give an organization a competitive advantage as it may be able to charge a higher price and enhance customer loyalty.

5.2.3 Product Innovation

The study found that majority of the respondents (98.1%) strongly agreed on the statements that product innovation strategy helps in keeping or increasing organizational competitiveness and new products influences organizational competitiveness. These were followed by the statements

that product innovation strategy helps in securing a market strategic position hence influences organizational competitiveness, improved products features, product innovation strategy and product innovation strategy leads to use of new business opportunities hence increasing organizational competitiveness. Product innovation means that a business that attempts to innovate its product, will inject lots of capital and time into it, which requires several experimentation.

5.3 Conclusion

5.3.1 Product Differentiation

The study concluded that product differentiation has a positive significant effect on the organizational competitiveness. Product design and development and a successful product differentiation strategy create brand loyalty among customers on organizational performance. Premier Foods Industry companies pay greater attention to the products service quality, product features and product design. Product differentiation requires a lot of resources for carrying out a market research to know the customer needs, product development, launch, advertisement and monitoring. This is in agreement with Baines and Langfield-Smith (2010) that a differentiation strategy involves the firm creating a product/service, which is considered unique in some aspect that the customer values because the customer's needs are satisfied.

5.3.2 Product Modification

The study concluded that product modification has a positive and significant effect on the organizational competitiveness. Product modification strategy increases the attractiveness of a product to a firm's loyal customers and also allows a firm to increase the appeal of its product to a competitor's loyal customers. The product may have lost its distinctiveness because of the introduction of new products or improvements of its main rivals. This is in line with Hill (2008)

that firms pursue a related modification strategy in order to realize economic benefits from the exploitation of the interrelationships between divisions, through the pooling and sharing of physical and human resources, to achieve economies of scope and sharing marketing or technological resources to achieve economies of scale.

5.3.3 Product Innovation

The study concluded that product innovation has a positive and significant effect on the organizational competitiveness. Product innovation helps in keeping or increasing market quota, leads to use of new business opportunities to a large extent and also product innovation leads to organizational growth, expansion and gaining a competitive advantage and brand switching. This is according to Storey and Easingwood (2008) that product innovation strategy provides the most obvious means for generating revenues. Process innovation, on the other hand, provides the means for safeguarding and improving quality and also for saving costs. Improved and radically changed products are regarded as particularly important for long-term business growth.

5.4 Recommendation

5.4.1 Product Differentiation

The study recommended that Premier Foods Industries in Kenya should focus and invest more on product differentiation as it could be used as a major competitive advantage tool against competitors in the industry and it is capable of guaranteeing the long term survival of the organization. Through this the company will be able to respond adequately to the dynamic nature of the business environment and the ever changing needs of customers and also provide adequate satisfaction to their customers. This concurs with Kotler and Keller (2011) who argue that a well-designed product offers both functional and aesthetic benefits to consumers, which could become

an important source of differentiation. Thus, a product's design will always aid to determine a consumer's choice of purchase amongst products of same brands and categories.

5.4.2 Product Modification

The study recommended that product modification should be used by the Premier Foods Industries in Kenya as a way of extending the product life cycle of a product. The organization needs to survey the open doors and dangers postured by innovative change. Likewise, it is recommended that the organizations should review the interdependencies of the thing and others in the mix and how change would influence upon the general cost structure. Aaker (2009) mentioned that an enterprise should first understand the strategic objective before planning Brand Strategy, which aimed to create consonance between an enterprise and consumers, so as not to expose the advantages of competitors and to well utilize the weaknesses of competitors and the advantages of the enterprise itself.

5.4.3 Product Innovation

The study recommended that for product innovation to occur, the business will have to change the way it runs, and this could lead to the breaking down of relationships between the business and its customers, suppliers and business partners. Singh et al (2010) assert that the major motive for a company's innovation strategy into different product categories and geographic markets is to satisfy its growth and corporate strategic objectives.

5.5 Suggestion for Further Studies

This study recommends that further studies should be carried out on the influence of market development strategies on the growth of Premier Foods Industries in Kenya. The study focused on strategic management practices (Product differentiation, product modification and product

innovation), this was found to contribute to 57.8% of competitive advantage of Premier Food Industries in Kenya. Therefore, the study suggests that further studies should be carried out to establish the other factors that contributed 42.2% of organizational competitiveness in Premier food industries limited in Nairobi County, Kenya. More study is recommended focusing on all the major players in the food industry in Kenya and establishing the respective firms' sources of competitive advantage.

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APPENDICES

Appendix I: Introductory Letter

Japheth Mutiso Maingi
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Nairobi.

Dear Participant,

RE: A Letter of Introduction to the Respondent

I am an MBA student in the school of business, Kenyatta University (City Campus). As part of the requirement for the award of the degree, I am expected to undertake a research study on *‘Strategic management practices and organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya’*. I am therefore seeking your assistance to fill the questionnaires hereby attached. Kindly answer all the questions.

The research results will be used for academic purposes only and will be treated with at most confidentiality. Only summary results will be made public. No one, except my university, will have access to these records. Should you require the summary, kindly indicate at the end of these questionnaires. Your cooperation will be appreciated

Yours Faithfully,

Japheth M. Maingi

MBA Student, Kenyatta University

Appendix II: Questionnaire

Instructions:

- i. Do not write your name or that of your department anywhere on this questionnaire
- ii. Tick [] where appropriate or fill in the required information on the spaces provided

Section A: Background Information

1. Gender: [] Male [] Female
2. Level of Education
[] Diploma [] Post Graduate Diploma
[] Bachelor's Degree [] Master's Degree [] Other(Specify)
3. How long have you worked in the current station?
Less than 5 years [] 5 – 9 years []
10 – 15 years [] Over 15 years []

Section B: Product Differentiation

4. Does the product differentiation influence the organizational competitiveness in Kenya?
[] Yes [] No
5. To what extent do you concur with the following statements concerning the influence of product differentiation on organizational competitiveness in Kenya?

Key: Strongly agree(SA)=5, Agree(A)=4, Undecided(U)=3, Disagree(D)=2, and Strongly Disagree(SD)=1.

Statement	5	4	3	2	1
Product warranty influences organizational competitiveness					
Fast delivery products influences organizational competitiveness					
Better product design and development influences organizational competitiveness					
Better quality in product influences organizational competitiveness					
Product packaging the goods in a creative way influences organizational competitiveness					
Product unique features influences organizational competitiveness					
Product brand name influences organizational competitiveness					

6. Based on your opinion, how does product differentiation influence the organizational competitiveness in Kenya?

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Section B: Product Modification

7. Does the product modification influence the organizational competitiveness in Kenya?

Yes No

8. To what extent do you concur with the following statements concerning the influence of product modification on organizational competitiveness in Kenya?

Key: Strongly agree(SA)=5, Agree(A)=4, Undecided(U)=3, Disagree(D)=2, and Strongly Disagree(SD)=1.

Statement	5	4	3	2	1
Product shape influences organizational competitiveness					
Product modification leads to new product development hence influences organizational competitiveness					
Product modification strategy helps in eliminating out of date products hence influences organizational competitiveness					
Product modification strategy attracts new users on new product hence influences organizational competitiveness					
The price of the product influences organizational competitiveness					
Brand extension quality influences organizational competitiveness					

9. Based on your opinion, how does product modification influence the organizational competitiveness in Kenya?

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Section C: Product Innovation

10. Does the product innovation influence the organizational competitiveness in Kenya?

Yes No

11. To what extent do you concur with the following statements concerning the influence of product innovation on organizational competitiveness in Kenya?

Key: Strongly agree(SA)=5, Agree(A)=4, Undecided(U)=3, Disagree(D)=2, and Strongly Disagree(SD)=1.

Statement	5	4	3	2	1
Product innovation strategy helps in keeping or increasing organizational competitiveness					
Product innovation strategy helps in securing a market strategic position hence influences organizational competitiveness					
Improved products features influences organizational competitiveness					
Product innovation strategy increases competitive advantage of the organization					
New products influences organizational competitiveness					
Product innovation strategy leads to use of new business opportunities hence increasing organizational competitiveness					

12. Based on your opinion, how does product innovation influence the organizational competitiveness in Kenya?

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.....

Section D: Macro Environment

13. What are the effects of the following macro environmental factors on organizational competitiveness in the food industry?

i. Political factors

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ii. Economic factors

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iii. Technological factors

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iv. Environmental factors

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v. Legal Aspects

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.....
.....

Section E: Organizational Competitiveness

14. To what extent do you concur with the following statements concerning the influence of strategic management practices on organizational competitiveness in Kenya?

Key: Strongly agree(SA)=**5**, Agree(A)=**4**, Undecided(U)=**3**, Disagree(D)=**2**, and Strongly Disagree(SD)=**1**.

Statement	5	4	3	2	1
Sales growth					
Increased market share					
Increase in profits					

Appendix III: Reliability Test Results

Respondent	X	Y	D (X-Y)	D ²
1	1	1	0	0
2	3	2	1	1
3	2	1	1	1
4	1	1	0	0
5	4	5	-1	1
Total				$\sum D^2 = 3$

Source: Research Data (2017)

$$r = 1 - \frac{6\Sigma(D)^2}{N(N^2-1)}$$

Where:

r = Correlation coefficient X- Split half 1

N = Sample, = 10 Y- Split half 2

Σ = Summation of scores,

D = Deviation = 3

$$r = 1 - \frac{6(3)}{10(10^2-1)} = 0.98$$

Coefficient (r) = 0.98

Appendix IV: Research Authorization Letter



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

Telephone +254-20-2213471,
2241349,3310571,2219420
Fax +254-20-318245,318249
Email dg@nacosti.go.ke
Website www.nacosti.go.ke
when replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No.

Date

NACOSTI/P/17/26414/15246

18th January, 2017

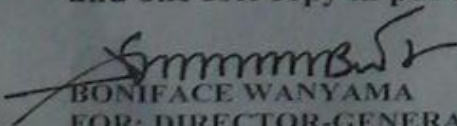
Japheth Mutiso Maingi
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Strategic management practices and organizational competitiveness in premier foods industries limited, Nairobi County, Kenya,*" I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **17th January, 2018.**

You are advised to report **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

Appendix V: Research Permit

THIS IS TO CERTIFY THAT:
MR. JAPHETH MUTISO MAINGI
of KENYATTA UNIVERSITY, 0-90119
Matuu, has been permitted to conduct
research in Nairobi County
on the topic: STRATEGIC MANAGEMENT
PRACTICES AND ORGANIZATIONAL
COMPETITIVENESS IN PREMIER FOODS
INDUSTRIES LIMITED, NAIROBI COUNTY,
KENYA
for the period ending:
7th January, 2018

Permit No : NACOSTI/P/17/26414/15246
Date Of Issue : 18th January, 2017
Fee Received :Ksh 1000



.....
Applicant's
Signature

.....
Director General
National Commission for Science,
Technology & Innovation

Appendix VI: University Authorization Letter



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D53/OL/CTY/24725/2014

DATE: 15th November, 2016

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

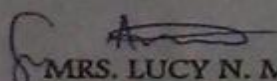
RE: RESEARCH AUTHORIZATION FOR MAINGI JAPHETH MUTISO – REG. NO. D53/OL/CTY/24725/2014

I write to introduce Mr. Japheth Mutiso who is a Postgraduate Student of this University. He is registered for M.B.A degree programme in the Department of Business Administration.

Mr. Mutiso intends to conduct research for a M.B.A Project Proposal entitled, “Strategic Management Practices and Organizational Competitiveness In Premier Foods Industries Limited, Nairobi County, Kenya”.

Any assistance given will be highly appreciated.

Yours faithfully,


MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL