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COMPETITIVE STRATEGIES AND PERFORMANCE OF LARGE MANUFACTURING FIRMS IN KENYA; THE ROLE OF CORPORATE IMAGE

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Abstract

The performance of firms not only depends on the strategies in place but also the image they create to stakeholders and general market. Corporate image can generate competitive advantage when there is an insignificant or no difference between rivals. Maintaining a consistent corporate image is therefore vital as firms may require less effort in positioning themselves on the market and therefore reduce costs which eventually lead to improved performance. The study sought to determine the role of corporate image on the relationship between competitive strategies and the performance of large manufacturing firms in Kenya. It was guided by positivist philosophy and a cross-sectional descriptive survey. The target population was large manufacturing firms in Kenya where a structured questionnaire was utilized to collect data. Regression analysis was used to test the hypotheses. The results indicated that firms perceive corporate image positively especially to large manufacturing firms in Kenya and implying that competitive strategies and corporate image jointly explain variation in performance significantly. The finding of this study implies that managers particularly with respect to decision making and scope of operation need to understand the implication of their decisions in terms of cost management, product quality and development as well as developing strong company image. They also need to check their processes, customer satisfaction and finally employee satisfaction. A happy employee will always serve the customer well and the vice versa.

Key words: *Competitive Strategies, Corporate Image, Firm Performance, Large Manufacturing firms*

Introduction

Competitive strategies are critical to firms irrespective of the size. This is due to globalization which has exposed firms in the developing countries to an intense competition. This can help organizations position themselves better than rivals. The conduct of the firm revolves around performance objectives. Intensity of competition has driven firms to pursue relevance and survival through continuous adaptation, renewal, re-configuration and finally re-creation of organizational capabilities and resources in line with the competition. Competitive strategy therefore requires continuous adjustments and realignment to develop internal competences enabling firms to preempt changes in the business environment.

The never-ending changes today calls for firms to continuously monitor their business environment with a view to creating strategies that will make them different from their competitors and improve their corporate image in the eyes of their customers. For example, Ting et al. (2012) showed that the business environment moderated innovation strategy and firm performance. Firms exist to serve customers, whose tastes and preferences keep changing. The corporate image perceived by various stakeholders of firm may differ since it's based on incomplete information.

The willingness to provide support or not by the stakeholders is influenced by the image they have for the firms. For example, if customers have a negative perception of the firm itself and its products, eventually they may stop buying the firm's product and eventually sales and profits are negatively affected. Therefore, each of the firm's stakeholder groups is likely to have fairly different perception of the firm since each is concerned mostly with different facet of its operations. A study by Namubiru et al. (2014) indicated that corporate image significantly influenced organizational performance. Corporate image can generate competitive advantage when there is an insignificant or no difference between rivals. According to Smith (1993) corporate image can specifically help firms to improve sales, loyalty, support new product development and strengthen financial aspects of the firm. It can also help attract good caliber of workers when recruiting and manage crises. Maintaining a consistent corporate image is therefore vital.

There is no universally agreed definition amongst researchers and practitioners about what exactly constitutes corporate image. According to Bouchet (2014), corporate image is a state of mind that stakeholder's can have on the organization. This is what the various stakeholders hold as a mental picture in relation to their perception on the organization. It keeps changing. Nguyen and Leblanc (2001) affirm that a firm's image is related to the characteristics of a firm. These qualities include the business name, different products/services offered and design. These characteristics create quality impression to each person that interacts with the firm's services and products. Cabral (2000) related the image of a firm to buyer interpretation kind of products and their relative quality sold by a firm. Ishaq et al. (2014) asserted that the most significant element in developing and maintaining customer loyalty is having a positive image. According to Peloza (2006) corporate image can influence the ability to increase prices with customers and can create mobility barriers within the industry.

Karim (2006) affirms that although image is an intangible concept, research shows that a good corporate image increases corporate worth and hence sustained competitive advantage. The pervasive blurring of boundaries between organizations and their stakeholders in today's business world has highlighted the need to strategically manage corporate image. According to Kim et al. (2011) favorable image can boost a firm's sales, attract investors and employees and weaken the negative influence of competitors, enabling organizations to achieve higher levels of profit. A firm may perform better if it has a good image amongst its stakeholders. For customers whose preference keeps changing, a good image gives a strong sense of security. Customers get assured of value (good services/products) once they are launched and offered by a reputable company. A corporate reputation which is tainted can cripple even the most well-known establishments. Having a high corporate image in the market can build trust for customer which in turn makes them loyal to the company brands, eventually leading to profitability. Redeeming one's image is very costly than losing a good deal. Therefore, all managers regardless of the size of the firm should strive to create in the mind of various stakes a good image. This will assist these stakeholders to relate better with the firm and eventually these stakeholders continue to support the business hence performance can be attained. Thus, continuous research on corporate image is essential for those organizations that want to successfully differentiate their positioning in the market and enhance their performance

Given the role of the manufacturing sector on the national economy, the competitiveness of the industry is an important agenda in Kenya. Manufacturing firms in Kenya just like in other parts of the world have been experiencing challenges of having to cope with a lot of competition in the business environment. The sector contribution to Kenyan GDP has been stagnating at 10% for some time while the growth rate has gone down (KIPPRA, 2013). However, these firms are expected to play a very critical role in the growth of Kenya's economy in line with the aspirations of vision 2030 development agenda. This is by creation of employment; increase in foreign exchange and attracting foreign direct investment. Empirical studies have shown that formulating appropriate strategies can yield superior performance (Porter, 2012). A manufacturing firm with well formulated and implemented competitive strategies with a good corporate image can distinguish itself from its competitors and survive in a competitive environment.

Problem Statement

In today's rapidly changing economic and business environments organizations compete for customers, market share, revenue, with products and services that satisfy customer's needs (Dirisu et al. 2013). Raduan et al. (2014) acknowledges that, though there are many objectives a firm would want to achieve, the two major ones are; to achieve a sustained competitive advantage position and enhance their organization's performance in relation to that of their competitors. It therefore requires a firm to create a good corporate image as a very importance intangible resource and craft competitive strategies that would help them remain relevant in the eyes of their various stakeholders.

The manufacturing industry has been identified as key sector in achieving Kenya's growth strategy (KNBS, 2015). The Kenya vision 2030 economic pillar seeks to achieve prosperity through manufacturing sector by increasing Gross Domestic Product (GDP) to more than 10% and also create employment and facilitate foreign investment. Despite the low performance in GDP contribution manufacturing sector remains a very key sector or strategy for Kenya in order to boost economic outcomes. This study therefore is very important to Kenya government and to the manufacturers especially in policy making as demonstrated by the raft of proposed interventions for the sector over the years to make this sector competitive. The ways Kenya manufacturers choose and implement competitive strategies depend on the firms' resources, capability, creative thinking and skills of respective managers. These firms must endeavor to achieve a sustained competitive advantage and therefore achieve superior sustained performance in the long run. The competitive view of the firm is that, Kenyan manufacturing firm understanding and manipulating the factor that cause inequalities of firms can give a firm a sustained competitive advantage, leading to long term business success. These factors vary widely in firms even within similar industry and often calls for firms to be different.

Corporate image influence on firm performance has been researched but the manner in which it influences performance of firms is not very clear. A study by Dinnie and Wiedmann (2006) found out that a good corporate image significantly influenced customer being satisfied which eventually reduced buyer's defection. Alves and Raposo (2010) asserted that image had the highest influence on satisfying customer. From the empirical discussions, literature is not clear on what influences competitive strategy and performance relationship. There are various perspectives used to explain strategy-performance relationships. Further empirical studies on the relationship of competitive strategies on the firm performance of firms have indicated conflicting results. This enquiry therefore sought to respond to the question, what is the role of corporate image in the relationship between competitive strategies and performance of large manufacturing firms in Kenya?

Objective

The study aimed at determining the role of corporate image on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.

Literature Review

The dynamic capability theory evolved from Resource Based Theory. Schilke (2014) asserts that dynamic capabilities concept is usually regarded as an extension of the recourse-based view. Dynamic capability theory originally was introduced by David Teece and Gary Pisano in 1994. According to (Teece et al. (1997), dynamic capability theory sets out to explain how competitive advantage is achieved. The approach explains the way firm develop particular competences due to the changes in the business environment. This is ultimately related to the organizational process, opportunities and market positions. It is concerned with how the firm is able to shape, reconfigure its competencies internally and externally. This is in an effort to alleviate risk associated to the dynamic environment (Eisenhardt & Martin, 2000).

Authors lack consensus on the definition of dynamic capability. For instance; Pearce, Robinson and Mital (2012) perspective aimed to understand a firm's growth and survival, Makadok (2001), asserts that it explains marketplaces dynamism and inter-firm performance variance. This is explained by firm's competences for acquiring and organizing resources in a manner that match the firm's marketing environment. Manufacturing firms in Kenya therefore must be endeavor to be very effective than rivals by incorporating and reconfiguring their internal resources (corporate image in particular), abilities and all other capabilities to match necessities of the changing environment as they produce value to their stakeholders. This study adopted dynamic capability theory view that firms can identify their abilities to incorporate, figure and reconfigure their competences both internally and externally to address the dynamic business environment. According to Harrison, Bosse and Phillips (2010) stakeholder theory central premise is on focusing on stakeholder's interest. Managing stakeholders interest better than competitors help organizations produce value together with a number of dimensions which eventually leads to improved performance of firms. Freeman (1983) asserts that a stakeholder is any individual affected by the decision made by the organizations.

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

Bowie (1991) developed a key point that corporate responsibility calls for organizations to satisfy some community needs as the organization pursue to maximize profit, consequently firms should show gratitude towards the society's as firms exercise their power responsibly. Several weaknesses have been associated with this theory. It doesn't clearly indicate how to achieve that gratitude or how the choice and diversity of such stakeholders legitimately get identified with ease. Additionally various stakeholders don't share similar commercial goals. Other stakeholders may desire the firm to grow, some to sustain its current size, others stakeholders may want the firm to be under receivership and so on. According to Argenti (1993) adoption of multi-fiduciary policies by management may end up frustrating the company. Freeman's (1983) affirms that firm's rival's part of its stakeholders. They are affected by the company's achievements of the goals. It is hard to comprehend what usefulness competitors bring to each other. This theory guided in the understanding of corporate image. Argenti (1993) asserted that for optimum firm success from whoever's perspective would be realized by the complete involvement of all stakeholders. A good corporate image, excellence and perfection must continuously be observed. When an organization attains a good image, buyers get a sense of security and get assured that they would get quality goods and services. In view of the stakeholder's theory, manufacturing firms that are able to provide value to stakeholders may be well placed to maintain their contribution and backing.

Chang and Fong (2010) asserted that corporate image is an important determinant to the performance of firms. While strategy is based on market conditions, it interacts with organizational capabilities and resources to influence performance of the firm. This is in line with Porter and Kramer (2011) who asserted that both social and environmental performance be aligned to firm strategy. According to Balmer (2008) corporate image determines the success of an organization. Likewise Liou and Chuong (2008) affirm that positive corporate image sets organizations apart from an organization from its competitors and encourages increased purchases. All firms according to Al-Khouri (2010) are considered to be performing well based on the ratings they get from both internal and external stakeholders. Namubiru et al. (2014) in a study of state owned firms supervised by privatization unit (PU) in Uganda found out that corporate image significantly influenced firm performance.

Methodology

This study was guided by the positivistic philosophy and a cross sectional descriptive survey. The target population of the study was large manufacturing firms in Kenya which are 655 firms as categorized Kenya Association of manufacturers. Stratification sampling technique was utilized to divide the manufacturing firms into 13 sub-sectors forming a stratum. This was appropriate to enable the researcher represent the overall population and key sub-groups of the population.

The study adopted the formulae:

$N=t^2xp\ (1-p)/m^2$

Where:

N is the size of population required for the study

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

P is the projected percentage prevalence of population of interest -10%

m -margin of error - 5% (standard Value of 0.05)

The sample size (N) for the study was calculated as follows:

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

$N=3.8146\ x\ ^0.09\ /\ 0.0025$

$N=3.457/\ 0.0025$

N=138.2976=139 large manufacturing firms

Stratification sampling technique was utilized to divide the manufacturing firms into 13 sub-sectors forming a stratum. This was appropriate to enable the researcher represent the overall population and key sub-groups of the population.

Out of that stratification, one hundred and thirty nine large manufacturing firms amounted as the sample to be considered with respect to sectors as per KAM (2016) which was considered acceptable in this work. Table 1 presents the sampling strata of the study.

Table 1: Sampling Strata

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

The data used a structured questionnaire covering all the variables under study.

Multivariate regression was used to ascertain the independence of association, the research pursued to explore the presence of significant relationship between competitive strategies, business environment, corporate image variables and firm performance. The study adopted the formulae:

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

Where: y = firm performance (dependent variable)

β_0 = Regression constant.

The coefficients β_1, β_2, β_3. β_n represents a measure of the variance in the dependent variable with reverence to a unit variance in an explanatory variable, holding other factors constant, ε = the error/disturbance term.

Results and Discussion

Descriptive statistics findings for the composite mean scores for competitive strategies, corporate image and performance indicators.

Findings for Competitive Strategies Indicators

The participants were requested to rate themselves on the extent the statements given reflected the strategic choices their firm had to make, given the development in its external environment by ticking appropriately using the key (1 = Not at all, 2 = to a less extent 3 = to a moderate extent 4 = to a large extent 5 = to a very large extent). Table 2 presents the result.

Table 2: Descriptive Statistics for Competitive Strategies Indicators

Cost Strategy	**N**	**Mean**	**Std. Dev.**	**Variance**	**CV%**
We consistently seek for lower costs of production	72	4.33	.872	.761	20
The firm has been cutting down its operating costs over the years	72	4.18	.738	.544	18
The firm has been emphasizing on tight control on expenses	72	4.18	.811	.657	19
There has been emphasizes on price competition (this was by the organization offering competitive prices)	72	4.13	.963	.928	23
We have outsourced non-core activities to reduce costs	72	3.99	.831	.690	20
Management encourages recycling of wastes	72	3.94	.886	.786	25
In our organization, management do not encourage waste of resources	72	3.89	1.251	1.565	32

We are committed to sourcing raw materials from low cost suppliers	72	3.85	.833	.695	22
Our products are priced lower than our competitors	72	3.08	1.297	1.683	42
Differentiation Strategy					
Firm has Emphasis on producing high quality products	72	4.64	.539	.290	12
We build and maintain brand reputation	72	4.54	.918	.843	20
We provide products with many features	72	4.46	.711	.505	16
The firm has continuously developed and introduced new products to the market by our company	72	4.40	1.002	1.004	23
We have put in place strict product quality control procedures	72	4.40	.914	.835	21
Our products are rated premium quality by customers	72	4.36	.793	.628	18
Our employees are continuously trained on product and service quality management	72	4.32	.990	.981	23
Innovation is encouraged and rewarded by our company	72	4.24	.864	.746	20
The firm emphasized on quick delivery and response to customer orders	72	4.10	1.050	1.103	26
The company has been Refining existing products/services	72	3.90	1.090	1.188	28
Our services sets us apart from the competition	72	3.58	1.480	2.190	41
Focus strategy					
Our products target high end market	72	3.82	1.167	1.361	31

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Our products are customized to the unique requirements of customers	72	3.78	1.270	1.612	34
Our company serves specially defined market segment	72	3.68	1.509	2.277	41
Our products are sold in specialty stores	72	3.42	1.563	2.444	46
Large share of our business is based on manufacturer by order (contract manufacturing)	72	3.11	1.029	1.058	33

The results presented in Table 2 indicated that among the items of competitive strategies used, the respondents felt that their firms had emphasis on producing high quality products. This is attained a mean of 4.64, standard deviation of 0.539 and CV of 12%. This meant that the respondents to a large extent felt that firm had emphasis on producing high quality products. This is an attempt to making the customer happy as they address the various customer requirements. Most respondents indicated that their firms adopted various competitive strategies response due to changes in the business environment. Therefore competitive strategies were important to the organizational performance of large manufacturing firms.

Descriptive Findings for Corporate Image

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

Table 4: Descriptive Statistics for Corporate Image

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

The Table 4 shows that the respondents favourably indicated that a good reputation was important to organization image. This was indicated by items scoring mean ranging from 4.13 to 4.46 with a standard deviation ranging from 0.581 to 0.786 and CV ranging from of 13% to 19%. This meant that there was little variation in responses. The items, 'firm conserving the environment 'scored a mean of 4.46, standard deviation of 0.768 and a CV of 17%. Followed by the item 'firm have a strong brand name' scoring 4.46, standard deviation of 0.649 and CV of 14% respectively. The item firm's location scoring the least mean of 4.13, a standard deviation of 0.786 with a CV of 19%, which meant the responses, differed about the location of the firms. Most respondents therefore indicated that corporate image was important to the large manufacturing firms.

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Descriptive for Firm Performance

The Table 5 presents the results.

Table 5: Descriptive Statistics for Firm Performance

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

Table 5 shows the Mean score ranging from 3.50 to 4.10. Most respondents indicated that their firm performance had improved. Most respondents indicated that ‘firms often received complimentary phone calls/ letters/ email from their customers’ hence the mean of 4.10 and 1.103 as the standard deviation. Item on the ‘firm’s customers being pleased with the firm products and services’ scored a mean of 4.08, standard deviation of 0.884 and a CV value of 22% and the item that scored least was ‘overhead costs lower than their peers in the industry’ which averaged 3.50 with a standard deviation of 0.993 and a CV of 28%. Respondents of large manufacturing firms to a moderate extent indicated that they received complimentary phone calls/letters/emails from their customers, they also responded that to a 'large extent overall their customers were satisfied with their products and services'. They also indicated that to a large extent their overhead costs were lower than their peers in the industry.

This was achieved by testing the following hypothesis; **H_3: Corporate image has a significant influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya.**

The hypothesis was tested through Stepwise regression analysis using two steps. The first step involved testing the influence of competitive strategies and corporate image on performance. The second step involved introduction of the interaction term through stepwise regression analysis. Regression results for the influence of corporate image on the relationship between competitive strategies and performance are contained in Table 6.

Table 6: Regression results showing Moderation effect of corporate image on relationship between competitive strategies and firm performance

Model Summary[c]

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

a. Predictors: (Constant), Corporate image, Competitive strategies

b. Predictors: (Constant), Corporate image, Competitive strategies1, CS_CI interaction

c. Dependent Variable: Firm performance

ANOVA[a]

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

Residual	19.904	69	.288		
Total	31.093	71			

a. Dependent Variable: Firm performance

b. Predictors: (Constant), Corporate image, Competitive strategies

c. Predictors: (Constant), Corporate image, Competitive strategies1, CS_CI interaction

Coefficients[a]

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

a. Dependent Variable: Firm performance

Table 6 shows that model 1 is significant (p-value < 0.05, R^2 = .320 implying that competitive strategies and corporate image jointly explain 32.0% of variation in performance. Further, upon introduction of the interaction term, the change in p-value in model 2 also becomes .043 which is also significant (p-value<0.05) implying that corporate image significantly moderate the relationship between competitive strategies and firm performance.

Therefore based on the results of the test, the hypothesis that corporate image moderate the relationship between competitive strategies and firm performance was accepted.

This was guided by the following model; $Y = \alpha + \beta_1 Z + \beta_2 X.Z + \varepsilon$

Where: Y_i is Firm performance

Z is corporate image (Moderating variable)

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

ε= Error term

β = the beta coefficients of independent variables

after the regression analysis results, the model became Y= 1.320 + .997 Z+ .137 XZ

The study is in line with Chang and Fong (2010) who found out that corporate image had a positive effect on performance of organizations which was in agreement with Heslin, VandeWalle & Latham (2005). Lio & Chuong (2008) asserts that a firm with a positive corporate image is able to distinguish it from competitors and encourage customers to buy. Kamal et al. (2013) found that corporate image to have no significant moderation influence on the relationship between distributive justice, procedure justice and satisfaction. From the above discussion though there is inconsistent result from researcher, many research studies indicate the relevance of a good corporate image. It implies therefore that, large manufacturing firms that seek to create a positive image amongst their stakeholders must endeavor to understand the stakeholder's different dimensions of how they evaluate the firm and try to create a good corporate image for a sustainable competitive advantage.

Conclusion and implications

There was an assumption that corporate image could moderate the relationship between competitive strategies and performance of large manufacturing firms in Kenya. Hierarchical analysis was used to test the hypothesis. The study established that corporate image significantly moderated the relationship between competitive strategies and organizational performance.

The Respondent's indicated that their organizations had been perceived corporate image positively and was important to large manufacturing firms in Kenya. Regression analysis established corporate image had a statistical significant influence on the relationship between competitive strategies and performance of large manufacturing firms in Kenya. .

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

This study has supported the relationship between strategic responses embraced by organizations and their influence on firm's success. The study however contributes to theory in that firms adopting cost can attain superior performance. The study notes that the key to these strategies is the ability for firms to differentiate themselves from rival. This can be achieved through manufacturing unique products and services which help the firm's position favorably in the market.

Recommendations regarding the use of various competitive strategies to ensure that firms adopt the strategies which will ensure that they can assist their firm perform in the long run. Finally the government and other bodies will also find guidance in this study when making policies to enable this sector to be competitive against other countries products which are now available in our market. The government should also offer training to manufacturers on strategic thinking and appreciating the environment they operate in as it presents many opportunities and threats that need to be responded to appropriately.

The finding of this study implies that managers particularly with respect to decision making and scope of operation need to understand the implication of their decisions in terms of cost management, product quality and development. They also need to check their processes, customer satisfaction and finally employee satisfaction. A happy employee will always serve the customer well and the vice versa. The large manufacturing firms in Kenya are encouraged to craft competitive strategies in relative to the external environment changes. This will allow them to utilize their resources better to achieve firm performance. In order to survive in the current economy, large manufacturers must pursue cost leadership strategy, focus and differentiation strategies to increase their organizational performance.

The findings can assist management of the manufacturing firms to have a base from which they can refer when thinking about responses relative to their situation. Competitive strategies can address those constraints which could lead to under-utilization and under-productivity in this sector. In regard to better quality products and services they need to utilize research in order to understand the customer as an important stakeholder. This in endeavoring to satisfy the customer's needs and wants profitably by producing unique and valuable products. The managers need to address the inefficient use of technology to a verse internal weakness.

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