Competitive Strategies on Organizational Growth of Manufacturing Firms in Kenya.

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ABSTRACT: Relationship between competitive strategies and organizational growth of manufacturing firms has gain credence globally. Manufacturing firms Japan has recorded greater success in manufacturing sector globally due to their ability to adopt various competitive strategies that has aided them to achieved sustained competitive advantage. However, manufacturing industry in Kenya has experienced decline over the last five years. Manufacturing sector GDP contribution in Kenya has reduced in 2016 first quarter to KES 118,134 from KES 113,460 million 2016 second quarter. Therefore, this study sought to examine the influence of effect of competitive strategies on the organizational growth of manufacturing firms in Kenya. The specific objective was to examine the influence of cost leadership strategy on organizational growth among manufacturing firms in Kenya, to examine influence of differentiation strategy on organizational growth among manufacturing firms in Kenya, to examine influence of focus strategy on organizational growth among manufacturing firms in Kenya and to examine influence of product innovation strategy on organizational growth among manufacturing firms in Kenya. The study was guided by generic strategy theory, competitive advantage theory, resource based view theory, open systems theory and organizational growth theory. Survey research design was used covering a stratified sample of 189 firms drawn from the 454 manufacturing firms distributed across the 12 key industrial sub-sectors. The researcher used multi-stage sampling technique. In the first instance, stratified sampling technique was used to classify each of the 12 sub-sectors into individual strata. The sample then selected using simple random sampling technique from each of the stratum. Questionnaires were used to collect data. The statistics generated was descriptive statistics which included frequencies and percentages and inferential statistics which included a multiple linear regression. A multiple linear regression model was used to show the relationship between the dependent and independent variables. A pilot study was conducted in order to establish the validity and reliability of the questionnaire. In this study, the questionnaire was tested on 10% of the sample to ensure that it is relevant and effective. The subjects participating in the pilot study included in the final study to avoid survey fatigue. From the study findings, majority of the respondents agreed that competitive strategies are implemented by manufacturing firms in Kenya in which cost leadership strategy and differentiation strategy was mostly implemented. The study revealed that cost leadership strategy had a strong positive correlation with organizational growth. The study established that differentiation strategy plays a significant role on organizational growth. The regression analysis results indicated that differentiation strategy had a statistically significant influence on the organizational growth. The study established that focus strategy had a significantly strong positive relationship with the organizational growth, since a unit improvement in the product innovation strategy was likely to result to an improvement in the organizational growth. The regression analysis results indicated that product innovation strategy had a statistically significant influence on the organizational growth. The study also concluded that all the independent variables (cost leadership strategy, differentiation strategy, focus strategy and product innovation strategy contribute significantly to organizational growth. Based on the findings, study recommended that manufacturing firms do adopt the use of differentiation strategy in their business processes. Managers should focus on good cost management practices in addition to setting low interest rates to derive competitiveness.

Key words: Competitive Strategies, Cost Leadership Strategy, Differentiation Strategy, Focus Strategy, Product Innovation Strategy, Organizational Growth
1.0 INTRODUCTION

1.1 Background of the Study

Organizations are facing exciting and dynamic challenges in the 21st century thus making it very difficult for any modern business enterprise to operate. Because of uncertainties, threats and constraints, the business corporations are under great pressure and are trying to find out the ways and means for their healthy survival. Under such circumstances, the only last resort is to make the best use of strategic management which can help the corporate management to explore the possible opportunities and at the same time to achieve an optimum level of efficiency by minimizing the expected dangers (Ansoff, Kipley & Ansoff, 2019). Globalization of business has forced organization to consider their strategic thinking and this can be achieved by involving robust competitive strategies for them to attain sustainable competitive. Sustainable or sustained competitive advantage can be realized when an organization implements a strategy with value creation and other firms in the industry are incapable to replicate the benefits or find it expensive to introduce them. Competitive strategy comprises of action, decision and commitments that are need for an organization to attain strategic competitiveness which will enable it to gain beyond average in the industry (Peng, 2013). Challenges of grand strategy goals are not limited to large firm as small firms are not exempted.

Competitive strategy is something that has the characteristics of being long term in scope. Competitive strategies are foundation for sustained and coordinated efforts aimed for attainment of long term business goals (Robinson & Pearce, 2013). The key role of competitive strategy is to coordinate all the resources of a firm towards the attainment of its goals, objectives and vision. Competitive strategies describe a company’s overall direction towards growth by managing business and product line. These include stability, growth and retrenchment. The process of developing corporate strategy involves making the moves to establish in different businesses and achieve diversification, initiating actions to boost the combined organizational growth of the businesses the firm has diversified into, pursuing ways to capture valuable cross-business strategic fits and turn them into competitive advantage and establishing investment priorities and steering corporate resources into the most attractive business units.

The arguments that competitive strategy has a limited impact on organizational growth have been challenged (Thompson, 2011). Empirical evidence has shown that competitive strategy matters in organizational growth (Monroe, 2012). It has a small but significant influence on the variance of both business unit performance and organizational growth. Brush & Bromiley (2014) asserted that competitive strategies influence organizational growth due to its ability to maximize organization potential and resources in the industry. Monroe (2012) established that competitive strategy could be used to distinguish successful firms from non-successful firms, hence competitive strategy actually influences organizational growth. This was also supported by Wheelen and Hunger (2012) where they indicated that competitive strategy does matter to organizational growth and can be utilized to differentiate the continuing firm superior organizational growth from the non-continuing firm superior performance groups on the basis of the incidence of resource governance decisions. The key role of competitive strategy is to co-ordinate and direct all the resources of a firm towards the attainment of its goals and objectives and vision (Pearce & Robinson, 2013). Therefore, grand strategy should be aligned appropriately so as to drive organizational growth towards a stated target.
1.2 Statement of the Problem

Kenya manufacturing sector has registered stagnation and declining profits for the last five years due to unpredictable operating environment. This exposes a gap in the country’s ability to achieve a fully industrialized economy by 2020 (WB, 2020). The gross domestic product from manufacturing sector has been stationary and in some cases there has been drop due to seasonal fluctuations (Trading Economics, 2021). KPMG (2021) revealed that real growth in the manufacturing sector averaged 4.1% p.a. during 2018-2021 which is lower than the average annual growth in overall real GDP of 4.6%. It is estimated that manufacturing firms in Kenya have lost 70 per cent of their market share in East Africa (GoK, 2022) due to contingencies. This has made some of the manufacturing firms in Kenya to announce plans to shut down their plants or shift operations from Nairobi to other countries due to cost of production, cheap imports and counterfeit products (KAM, 2021).

Manufacturing firms in the country struggle to operate manage and deliver their quality products to their clients. This has been attributed to turbulent market environment which is mostly dominated by well-established foreign firms in the country. It has also been attributed to time consuming and expensive application of business strategies by several firms (Bukirwa & Kising’u, 2017; Abonda, 2017) This has brought a very withering negative effect on the firm’s survival which has resulted to increased internal inefficiencies, poor service delivery and most importantly reduced contribution to GDP and loss of job opportunities.

Abade (2018) study targeting the competitive advantage of large manufacturing firms revealed that competitive strategies positively influenced competitive advantage and furthermore the competitive strategies positively influenced customer satisfaction, ensured products and services of superior quality and positive feedback. On the same line, the study by Abonda (2017) pointed out that the construction firms in Kisumu County had adopted several competitive strategies among them being generic strategies (differentiation strategy, cost leadership strategy, focus strategy), growth strategies (market penetration, product development, diversification, market development) and grand strategies (strategic alliance joint venturing, innovation, integration) (Gitari, Nderitu, & Ngala, 2023). The study by Abonda (2017) came close to this study but the main critique is that he focused on all the manufacturing firms in the county whether foreign or local, a gap that this study hopes to fill.

Oyiela (2011) and Karanja (2010) studies on commercial banks’ performance due to their competitive strategies and pointed out that the adopted strategies led to improvements in customer base and the networking also went up. Adhiambo (2009) recommended that firms have to consider repackaging their products and services have to be innovative and imaginative in order to increase their survival in the business environment that more oftenly experience turbulence due to various external forces. The researcher study focused only on the banking sector leaving a gap that this study seeks to fill. Kiamburi (2013) evaluated the strategies that the leading commercial banks in Kenya adopted in order to improve their competitiveness in the market using census survey and recommended that firms have to identify their greatest resource and skills from which to build their strategies so as to gain sustainable competitive advantage though he did not consider the specific aspects of the competitive strategies that this study seeks to imply.
Although the studies above were carried out on competitive strategies and the relationship with competitive advantage (some on performance), they were mainly done on specific firms which don’t operate in the manufacturing industry (Charles, & Benson 2023). Generally, the studies objectives will be to determine the link between the various strategies the firms adopted and the performance. These studies therefore did not take into consideration determining how the competitive strategies influenced organizational growth. More so, they were not conducted in Nairobi County, Kenya which is the case of this study. The current study will utilize competitive strategy as independent variables and therefore it is imperative to examine influence of competitive strategies on organizational growth of manufacturing firms in Kenya. This culminates into four specific research objectives identified as

1. To examine influence of cost leadership strategy on organizational growth among manufacturing firms in Kenya
2. To examine influence of differentiation strategy on organizational growth among manufacturing firms in Kenya
3. To examine influence of focus strategy on organizational growth among manufacturing firms in Kenya
4. To examine influence of product innovation strategy on organizational growth among manufacturing firms in Kenya

2.0 Research Methodology

Cooper and Schindler (2018) define a research design as a blueprint or framework for collection, measurement and analysis of data, a plan or procedural outline that enables a researcher obtain answers to research questions. Mohajan, (2018) on the other hand define a research design as a logical and systematic plan prepared for directing a research study, it specifies the objectives of the study, the methodology and techniques to be adopted for achieving the objectives.

Descriptive cross sectional research design used to address the research problem of the study. A descriptive study aims at finding out the what, where and how of a phenomenon (Cooper & Schindler, 2018). The appropriateness of this design is that it allowed the researcher to utilize both quantitative and qualitative data so as to establish the influence of competitive strategies on the organizational growth of manufacturing firms in Kenya.

The target population of this study was all the 454 manufacturing firms drawn from the 12 key industrial subsectors located in Nairobi and its surroundings (KAM, 2021). The target population was identified based on the fact that 80% of all manufacturing firms are located within Nairobi and its surrounding area hence a high concentration of manufacturing firms which led to ease of accessing the manufacturing firms. According to Bernard (2017) a research population is a well-defined collection of individuals or objects known to have similar characteristics and usually have a common, binding characteristic or trait.

A list comprising of sampling units from which the study population is obtained is known as sampling frame (Cochran, 2007). The sampling frame for this study was all of the 454 manufacturing firms in the 12 key industrial sub-sectors obtained from the directory of Kenya Association of Manufacturers (2021). These sub-sectors include; building, mining and construction, chemical and
Primary data was collected using semi-structured questionnaire. The questionnaires contained both closed-ended questions and few open-ended questions to encourage higher response rate. Open-ended questions provided the respondents with a chance to express their own personal opinions beyond the researcher’s span of knowledge.

These questions also aided in enriching the qualitative methodology effectively. The questionnaires further provided anonymity as most respondents did not want their identity revealed. Before embarking on the field study, the researcher recruited and train three research assistants so that they were able to get quality data. Since the data was collected from top level managers or their equivalent it required booking appointments. Appointments will be booked and the questionnaires were administered by the research assistants at agreed times. This approach helped in clarifying any item that required some explanation by the respondents. The approach also helped reduce delayed response usually associated with CEO/managers where there is no personal contact.

After data collection data analysis was done. This process is important as it makes data sensible. Data analysis tool that was used is dependent on the type of data to be analyzed depending on whether the data is qualitative or quantitative. Qualitative data was analyzed by content analysis. The quantitative data in this research was analyzed by descriptive statistics using statistical package for social sciences (SPSS) version 24. Descriptive statistics includes mean, frequency, standard deviation and percentages to profile sample characteristics and major patterns emerging from the data.

Inferential data analysis was done using regression analysis. The regression analysis was used to establish the relations between the independent and dependent variables. Regressions was used because the procedure uses two or more independent variables to predict a dependent variable. To examine the linear correlations between certain predictor factors and the dependent variable, each individual independent variable has the following models:

\[ Y = \beta_0 + \beta_1 X_1 + \mu \] \hspace{1cm} Equation 1
\[ Y = \beta_0 + \beta_2 X_2 + \mu \] \hspace{1cm} Equation 2
\[ Y = \beta_0 + \beta_3 X_3 + \mu \] \hspace{1cm} Equation 3
\[ Y = \beta_0 + \beta_4 X_4 + \mu \] \hspace{1cm} Equation 4

To assess the relevance of the effect of the independent factors on the dependent variable, the study used a multiple linear regression model

The following was the regression equation:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Where: \( Y \) is the dependent variable (Organizational Growth),
\( \beta_0 \) is the regression coefficient/constant/Y-intercept,
\( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) are the slopes of the regression equation,
\( X_1 \) = Cost leadership strategy
\( X_2 \) = Differentiation strategy
\( X_3 \) = Product innovation strategy
\( X_4 \) = Focus strategy
3.0 Findings and Discussion

In this study, reliability tests were conducted to assess whether the five-point Likert scale used in the questionnaire to measure the study constructs (variables) was reliable (measures intended purpose). To achieve this, the study employed Cronbach’s Alpha coefficient analysis to assess how reliable this scale was; a coefficient of 0.7 was adopted as the minimum threshold for deciding on the sufficiency of the reliability of the study scale (Kendell & Jablensky, 2003). Results for reliability test were as indicated in Table 1 below.

Table 1: Reliability Test Results

<table>
<thead>
<tr>
<th>Variables (Constructs)</th>
<th>Number of items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost leadership strategy</td>
<td>5</td>
<td>0.900</td>
</tr>
<tr>
<td>Differentiation strategy</td>
<td>5</td>
<td>0.781</td>
</tr>
<tr>
<td>Focus strategy</td>
<td>5</td>
<td>0.818</td>
</tr>
<tr>
<td>Product innovation strategy</td>
<td>5</td>
<td>0.778</td>
</tr>
<tr>
<td>Organizational Growth</td>
<td>5</td>
<td>0.885</td>
</tr>
<tr>
<td>Overall</td>
<td>25</td>
<td>0.832</td>
</tr>
</tbody>
</table>

The results as indicated in Table 1, clearly shows that Cronbach alpha coefficients for all the variables were above the minimum threshold of 0.7 (Kendell & Jablensky, 2003); Cost leadership strategy was 0.900; Differentiation strategy was 0.781; Focus strategy was 0.818; Product innovation strategy was 0.778 and Organizational growth was 0.885. Therefore, our study concluded that the 5-point scale of the items used to measure the study constructs was reliable and acceptable for further analysis.

Validity was performed by use of KMO and Bartlett’s Test for sampling adequacy to test various types of validity including construct, discriminant and convergent validity. Construct validity shows how the instrument is measuring the target construct (Zapolski, Guller & Smith, 2012). Further Varimax methods and also principal component analysis was applied to extract those factors that clearly measure the variables under investigations. Principle element analysis and varimax rotation technique were done applying Eigen values greater than or equal to 0.5. Factors with Eigen values greater than (1) were derived and items with factors loadings with greater or equal 0.5 were retained. A KMO sampling adequacy value of less than 0.5 indicates that the questions depicting a variable are not valid. In addition, the Bartlett’s test of sphericity must be significant at \( p \leq 0.05 \) to ensure validity.

Table 2: Kaiser-Meyer-Olkin and Bartlett’s Test of Sphericity Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy</th>
<th>Bartlett's Test of Sphericity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approx. Chi-Square</td>
<td>Degrees of freedom</td>
</tr>
<tr>
<td>Cost Leadership</td>
<td>0.841</td>
<td>128.550</td>
</tr>
<tr>
<td>Differentiation Strategy</td>
<td>0.833</td>
<td>314.774</td>
</tr>
<tr>
<td>Focus Strategy</td>
<td>0.795</td>
<td>235.857</td>
</tr>
<tr>
<td>Product Innovation Strategy</td>
<td>0.548</td>
<td>321.159</td>
</tr>
<tr>
<td>Organizational Growth</td>
<td>0.730</td>
<td>300.305</td>
</tr>
</tbody>
</table>

(Source: Pilot study results)
Findings as indicated in Table 2, shows that the value of KMO for all the variables (constructs) were above a minimum threshold of 0.5; cost leadership = 0.841, differentiation strategy= 0.833, Focus strategy= 0.795, Product innovation strategy= 0.548, organizational growth= 0.730. This indicates that the number of items for each constructs (variable) were adequate to measure the respective variables. The Chi-square test results for Bartlett’s Test of Sphericity were all found to be significant; \[\chi^2 (10) = 128.550, p=0.000 < 0.05\] for cost leadership, \[\chi^2 (35) = 314.774, p=0.000 < 0.05\] for differentiation strategy, \[\chi^2 (28) = 235.857, p=0.000 < 0.05\] for focus strategy, \[\chi^2 (10) = 321.159, p=0.000 < 0.05\] for product innovation strategy and \[\chi^2 (45) = 300.305, p=0.000 < 0.05\] for organizational growth; this indicated that the sampled items for each variable were from a population with equal variance.

Multiple Linear Regression Model was adopted in this study to model the relationship between the competitive strategies (Independent Variables) and organizational growth (Dependent Variable). The study dataset was tested for purposes of inference or prediction, if it satisfied all the assumptions of this model which included: Normality, Linearity and multicollinearity. This is critical because scientific insights yielded by a regression model that has violated these assumptions may be at best, inefficient or at worst, seriously biased or misleading (Oteki, 2019).

To check for normality, the study adopted the Shapiro-Wilk test to test for the assumption of normal distribution of the study variables; cost leadership strategy, differentiation strategy, focus strategy and product innovation strategy and organizational growth. The findings were as shown in Table 3.

<table>
<thead>
<tr>
<th>Variable Construct</th>
<th>Shapiro-Wilk test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic (W)</td>
</tr>
<tr>
<td>1. Cost leadership strategy</td>
<td>.105</td>
</tr>
<tr>
<td>2. Differentiation strategy</td>
<td>.109</td>
</tr>
<tr>
<td>3. Focus strategy</td>
<td>.116</td>
</tr>
<tr>
<td>4. Product innovation strategy</td>
<td>.154</td>
</tr>
<tr>
<td>5. Organizational growth</td>
<td>.184</td>
</tr>
</tbody>
</table>

The Shapiro-Wilk test results shown above (Table 3) indicate that the p-values for product innovation strategy was greater than 0.05 level of significance; cost leadership strategy (W=0.105, p-value=0.200>0.05). We therefore rejected the null hypothesis and concluded that cost leadership strategy was significantly normally distributed. Also, Shapiro-Wilk test results indicated that the p-value for differentiation strategy was greater than 0.05 level of significance; differentiation strategy (W=0.109, p-value=0.169>0.05). We therefore rejected the null hypothesis and concluded that the score for differentiation strategy was significantly normally distributed.

The Shapiro-Wilk test results (Table 3) shows that the p-value for focus strategy was greater than 0.05 level of significance; focus strategy (W=0.116, p-value=0.074>0.05). We therefore rejected the null hypothesis and concluded that the score for focus strategy was significantly normally distributed. The Shapiro-Wilk test results (Table 3) shows that the p-value for product innovation strategy was greater than 0.05 level of significance; product innovation strategy (W=0.154, p-value=0.190>0.05).

We therefore reject the null hypothesis and conclude that the score for product innovation strategy was significantly normally distributed.

The Shapiro-Wilk test results (Table 3) shows that the p-value for organizational growth was greater than 0.05 level of significance; organizational growth (W=0.184, p-value=0.264>0.05). We therefore reject the null hypothesis and conclude that the score for organizational growth was significantly normally distributed.

To find out whether the independent variables were closely related a multicollinearity test was done. Multicollinearity leads to unstable coefficient estimates in regression models, which can lead to exaggerated standard errors for the coefficients. This is the major issue. The research used the Variance Inflation Factor (VIF) to look for problems with collinearity. The existence of multicollinearity is indicated by independent variables with VIF more than 10 or a tolerance value less than 0.1, according to Brien (2007). To see the results of the collinearity test, look at Table 4.

Table 4: Multicollinearity test using Variance Inflated Factor (VIF)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Tolerance (1/VIF)</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost leadership strategy</td>
<td>.396</td>
<td>2.525</td>
</tr>
<tr>
<td>Differentiation strategy</td>
<td>.211</td>
<td>4.733</td>
</tr>
<tr>
<td>Focus strategy</td>
<td>.609</td>
<td>1.641</td>
</tr>
<tr>
<td>Product innovation strategy</td>
<td>.597</td>
<td>2.456</td>
</tr>
</tbody>
</table>

These findings show that there was no collinearity among the independent variables because the tolerance values for all four variables are greater than or equal to 0.10 and the VIF values are lower than or equal to 10. Therefore, all of the independent variables were incorporated into the multiple linear regression model.

Correlation analysis was used to determine the strength and direction of the relationship between the innovations strategies (cost leadership strategy, differentiation strategy, focus strategy and product innovation strategy and organizational growth the findings were as shown in Table 5 below.

-Table 5: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>Product innovation</th>
<th>Process innovation</th>
<th>Market Innovation</th>
<th>Tecnological innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost leadership strategy</td>
<td>Pearson Correlation 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.139</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differentiation strategy</td>
<td>Pearson Correlation .756**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>139</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus strategy</td>
<td>Pearson Correlation .504**</td>
<td>.579**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>139</td>
<td>139</td>
<td>139</td>
</tr>
</tbody>
</table>
The results above (Table 5), all the relationships were positive, and significant (p-value=0.001) implying that competitive strategies are positively and significantly related with organizational growth. The most significant stronger relationship was between cost leadership strategy and organizational growth (r= 0.728, p-value= 0.000< 0.05). This implied that increase in competitive strategy in cost leadership would results to increase in organizational growth.

This followed by the relationship between organizational growth and differentiation strategy, (r= 0.705, p-value = 0.000<0.05). This postulated that increase in competitive strategy in differentiation strategy would results to increase organizational growth.

This was followed by the relationship between organizational growth and focus strategy, (r= 0.647, p-value = 0.000<0.05). This implied that increase in competitive strategy in focus strategy would results increase in organizational growth.

This was followed by the relationship of product innovation strategy and organizational growth (r= 0.524, p-value = 0.000<0.05) indicating that there was a statistically significant moderate positive correlation between product innovation strategy would results increase in organizational growth.

### Table 6 Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>29.958</td>
<td>4</td>
<td>7.490</td>
<td>44.5833</td>
<td>.000p</td>
</tr>
<tr>
<td>Residual</td>
<td>22,482</td>
<td>134</td>
<td>.168</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>52,440</td>
<td>138</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Growth  
b. Predictors: (Constant), Cost leadership strategy, Differentiation strategy, Focus strategy and Product innovation strategy

Further, ANOVA results in table 6 also shows that the F-calculated value was 44.5833 while the F-Critical/tabulated was 2.42 at 5% significance level (P=0.05). That is, from the study model, the significant F value shows that the four independent variables (Cost leadership strategy, Differentiation strategy, Focus strategy and Product innovation strategy) are indeed different from each other and that they affect the dependent variable organizational growth in varied ways.

Basing on the findings in Table 6, the study observed that the competitive strategies had significant partial influence in predicting organizational growth as indicated by the significant unstandardized
beta coefficients: cost leadership strategy had $\beta = 0.204, t = 2.519, p-value = 0.001 < 0.05$, differentiation strategy had $\beta = 0.112, t = 8.615, p-value = 0.000 < 0.05$ and market innovation strategy had $\beta = 0.242, t = 2.327, p-value = 0.004 < 0.05$ which were considered to be significant at 5% level of significance whereas technological innovation strategy had $\beta = 0.427, t = 3.028, p-value = 0.002 < 0.05$ which was considered significant at 5% level of significance. The constant was found to be insignificant, that is, $\beta = -0.286, t = -0.605, p-value = 0.548 > 0.05$; this indicates that apart from the four competitive strategies (cost leadership strategy, differentiation strategy, focus strategy and product innovation strategy), there are other variables, not included in the model, that could possibly influence organizational growth, thus paving way for further research to be done in this area.

Table 7 Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-0.286</td>
<td>.473</td>
<td>-0.605</td>
<td>0.548</td>
</tr>
<tr>
<td>Cost leadership strategy</td>
<td>0.204</td>
<td>.081</td>
<td>0.170</td>
<td>2.519</td>
</tr>
<tr>
<td>Differentiation strategy</td>
<td>0.427</td>
<td>.141</td>
<td>0.364</td>
<td>3.028</td>
</tr>
<tr>
<td>Focus strategy</td>
<td>0.112</td>
<td>.013</td>
<td>0.104</td>
<td>8.615</td>
</tr>
<tr>
<td>Product innovation strategy</td>
<td>0.242</td>
<td>.104</td>
<td>0.200</td>
<td>2.327</td>
</tr>
</tbody>
</table>

Multiple Linear Regression model equation that was used to predict the organizational growth of manufacturing firms in Kenya when given the innovation strategies (cost leadership strategy, differentiation strategy, focus strategy and product innovation strategy) were:

$$CS = -0.286 + 0.203 \text{CLS} + 0.427 \text{DS} + 0.242 \text{FS} + 0.112 \text{MI}$$

Where;

- CS = Competitive Strategy
- CLS = Cost Leadership Strategy
- DS = Differentiation Strategy
- FS = Focus Strategy
- MI = Market innovation strategy

The first hypothesis of the study sought to examine the significance of the causal and effect relationship between cost leadership strategy on organizational growth among manufacturing firms in Kenya. The researcher sought to test for the following hypothesis;

$H_{01}$: There is no significant influence of cost leadership strategy on organizational growth among manufacturing firms in Kenya.

Basing on the results indicated in Table 7, the regression Coefficient results showed that $\beta = 0.204, p=0.001<0.05$; therefore, cost leadership strategy had a statistically significant influence on the organizational growth among manufacturing firms in Kenya. This indicates that a unit improvement in the cost leadership strategy was likely to result to an improvement in the on the organizational growth among manufacturing firms in Kenya by 20.4%. The results reiterate the importance of
innovation strategy in product innovation strategy. According to the results, cost leadership strategy are key in competitive strategies.

The second hypothesis of the study sought to establish the significance of the causal and effect relationship differentiation strategy on organizational growth among manufacturing firms in Kenya. The researcher sought to test for the following hypothesis;

H02: There is no significant influence of differentiation strategy on organizational growth among manufacturing firms in Kenya.

The regression Coefficient results showed that \( \beta = 0.427, p=0.003<0.05 \); therefore, differentiation strategy had a statistically significant influence on the organizational growth among manufacturing firms in Kenya. This indicates that a unit improvement in the differentiation strategy was likely to result to an improvement in the organizational growth among manufacturing firms in Kenya by 42.7%. Given the above findings, the study notes that, it is crucial to have differentiation strategy in an organization.

The third hypothesis of the study sought to examine the significance of the causal and effect relationship between focus strategy on organizational growth among manufacturing firms in Kenya. The researcher sought to test for the following hypothesis;

H03: There is no significant influence of product innovation strategy on organizational growth among manufacturing firms in Kenya.

The regression Coefficient results showed that \( \beta = 0.112, p=0.000<0.05 \); hence focus strategy had a statistically significant influence on the organizational growth among manufacturing firms in Kenya. This indicates that a unit improvement in the market innovation was likely to result to an improvement in the organizational growth among manufacturing firms in Kenya by 11.2%.

The fourth hypothesis of the study sought to establish the influence of product innovation strategy and organizational growth among manufacturing firms in Kenya. The researcher sought to test for the following hypothesis;

H04: There is no significant influence of focus strategy on organizational growth among manufacturing firms in Kenya.

The regression Coefficient results showed that \( \beta = 0.242, p=0.004<0.05 \); hence product innovation strategy had a statistically significant influence on the organizational growth among manufacturing firms in Kenya. This indicates that a unit improvement in the product innovation strategy was likely to result to an improvement in the organizational growth among manufacturing firms in Kenya by 24.2%. This implies that manufacturing firms in Kenya depend on product innovation strategy.

Conclusions

The study concluded that cost leadership strategy is an important factor that influences organizational growth. Moreover, the results indicated that cost leadership played a great impact in the results posted by the manufacturing firms. The strategy according to respondents, led to manufacturing firms
The study further concluded that the use of differentiation strategy was found to have a positive and significant relationship with the organizational growth. Hence, the use of differentiation strategy is expected to lay strong foundation for increase in growth of manufacturing firms which was also affirmed by most of the respondents agreeing that the strategy played a great role on financial results posted by the firms. Therefore, it can be concluded that to ensure greater growth by manufacturing firms in Kenya, it is imperative that the firms consider adopting differentiation strategy as it significantly influences their overall growth.

The study also concludes that the relationship between focus strategy and organizational growth was determined to be statistically insignificant at 5% confidence level. When firms considered focus strategy as a competitive strategy, its organizational growth would increase. The strategy ensured that firms gained a competitive advantage, acquired and retained customers, increased market share and profitability, played a great role in relationship management and ensured that banks acquired low cost products and specific products for a given market.

Lastly, the study concluded that new products are an important factor that influences organizational growth. It was also found out that development of new products is a key factor contributing to organizational growth; and that companies that register their patents gain on profitability from intellectual property rights arising from the patents hence increasing organizational growth. Further, the findings showed that product research and development is a vital ingredient enhancing organizational growth and that management meeting on product innovation strategies was positively correlated to organizational growth.

The study recommends that manufacturing firms do adopt the use of differentiation strategy in their business processes. With the increase in the number of firms in manufacturing sector and advancement in technology coupled with interest rate cap, the researcher recommends that manufacturing firms should embrace the use of differentiation strategy so as to remain resilient to changes and competition in the manufacturing industry.

Managers should focus on good cost management practices in addition to setting low interest rates to derive competitiveness. Cost leadership strategy is an integrated set of action taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors. Managers should pursue cost reduction, tight cost and overhead control to achieve a low cost position. Product differentiation is key to corporate growth.

The study also establishes that the relationship between focus strategy and organizational growth was determined to be statistically insignificant at 5% confidence level. The study therefore suggest to management of manufacturing firms should also concentrate on focus strategy. The manufacturing firms should come up with customized products that can attract customers to their products.

Manufacturing firms in Kenya should stipulate policies that provide and enhance platforms for product innovation so as to enhance organizational growth. There is need also to invest in product
innovation strategies that would enhance new products, quality improvement, research & development and training on innovative product activities.

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