

## **Abstract**

The Kenya manufacturing industry contributes to 10.7% of the country GDP, 26% of the merchandise exported and 12 % of formal employment. The manufacturing industry in Kenya is faced with a number of challenges one of which is competition from local firms as well as well-established multinationals. This necessitates the need for the sector to implement a viable business strategy in order to improve its competitiveness. Generic strategies are widely accepted both academically and practically as sustainable competitive strategies and their influence on performance have been critically examined in a wide range of business settings in countries worldwide. TQM on the other hand establishes quality enhancement as a dominant priority and one that is vital for long-term effectiveness and survival, it focuses on increasing efficiency and improving processes, providing superior customer value and meeting customer needs. The purpose of this study was to examine the mediation effect of TQM practices, on the relationship between competitive strategies and organization performance in the Kenyan manufacturing industry. The study adopted a descriptive research design. The target population for the study was 39 ISO certified, manufacturing firms. The target respondents were the CEO, Strategic managers and Quality Assurance Managers a total of 117 respondents. A pilot test was conducted to assess the questionnaire validity and reliability of the data. Structural equation modeling (SEM) and multiple Regression analysis were used. The finding indicated that TQM partially mediates the relationship between cost leadership strategy and organization performance (organization learning and growth and internal process performance) but TQM fully mediated the relationship between differentiation strategy and the following performance measures internal process performance and organization learning and growth.