

**INFLUENCE OF COMPETITIVE STRATEGIES ON FIRMS PERFORMANCE OF
EXPORT PROCESSING ZONE TEXTILE INDUSTRIES IN KENYA**

DIDACUS ATIANG

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DECLARATION

I declare that this project is my original work and has not been presented for a degree in any other university.

Signature..... Date.....

Didacus Atiang

KCA/18/03979

This project has been submitted for examination with my approval as the University Supervisor:

Signature..... Date

Dr. Fanice Nafula

KCA University

DEDICATION

This project is dedicated to my beloved parents without whom; my dreams of going to school would not have been possible; God Bless You. It is also dedicated to my dear wife Olivia Akeyo who gave me the strength to soldier on and work hard in everything I put my hands to. I appreciate my daughter and son for their continuous prayers and support throughout the entire project.

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ABBREVIATION AND ACRONYMS

ANOVA	Analysis of Variance
EPZ	Export processing zone
GDP	Gross Domestic Product
JIT	Just in Time
RBV	Resource based view
SPSS	Statistical Package for the Social Sciences
VMI	Vendor Managed Inventory
WTO	World Trade Organization

OPERATION DEFINITION OF TERMS

- Competitive Strategy:** Is defined as the long-term plan of a particular company in order to gain competitive advantage over its competitors in the industry
- Cost leadership:** Is establishing a competitive advantage by having the lowest cost of operation in the industry
- Differentiation strategy:** Is an approach that a business takes to develop a unique product or service that customers will find better than or in another way distinctive from products or services offered by competitors.
- Firm performance:** Means attainment of ultimate objectives as set out in the strategic plan.
- Focus strategy:** Is where the company knows its segment and has products to competitively satisfy its needs
- Strategy:** Is a high-level plan to achieve one or more goals under conditions of uncertainty.

ABSTRACT

This study seeks to assess the influence of competitive strategies on firm performance in textile industry in Kenya. The specific objectives of the study include the influence of cost leadership strategies, focus strategies and differentiation strategies on firm performance in textile industry in Kenya. These theories informing the study are Porter's Generic Competitive Strategies, Capability Based Theory and Resource Based View Theory. The target population of the study was the 15 EPZ companies in Nairobi County. Data was collected by administering a semi structured questionnaire. Descriptive research design was adopted because the study sought to describe one variable in a population at the selected EPZ companies. This study used human resource, sales and operations departments. In order to check reliability of the results, study used Cronbach's alpha methodology, which was based on internal consistency of values more than 0.7. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations, frequencies, Anova and the information was displayed by use of bar charts, graphs, pie charts, inferential statistics and regression analysis. A critical p value of 0.05 was used to determine whether the overall model was significant or not. The regression of coefficients results show that cost leadership strategy and firm performance is positively and significantly related ($\beta=0.103$, $p=0.013$). The results further indicated that Focus strategy and firm performance are positively and significantly related ($\beta= 0.129$, $p=0.001$). Lastly, results showed that differentiation strategy and firm performance were positively and significant ($\beta =0.078$, $p=0.043$). The study concluded that competitive strategies played a significant role on firm performance in textile industry in Kenya. This is because there existed a positive and significant relationship between cost leadership strategy, focus strategy and differentiation strategy on firm performance in textile EPZ companies in Nairobi County. The study recommends that the textile organizations should focus on adopting competitive strategies so as to improve organizational performance through increasing customer base, asset quality, quality of service and increased market share.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The progression of globalization in service industries, accompanied by the changing competitive situation in the world markets, the changing characteristics of trade relations, and the effects of policies and government frameworks have created a new dynamic business environment and a fair market structure shaped by liberation, interdependence and technological enhancements. In view of the highly competitive market, companies must quickly grasp surprising opportunities, respond to threats and outmaneuver their rivals to endure and succeed (Ormanidhi & String, 2018)

In the global perspective, competitive strategies have become one of the common concepts employed to approach and describe the sustainable development of the textile and manufacturing industries industry. In Europe, competitive strategies have been adopted to cater for the fast changings needs for the customers of garments of the textile industry. This has become vital for their survival and growth in the international market, in the conditions of improving technology and rising levels of disposable income (Saxena & Salze-Lozach, 2017). As Gooroochum and Sugiyarto (2018) pointed out, the issue of competitiveness of garments has become increasingly important, particularly for countries and regions that rely heavily on garments. A fabric may be considered competitive if it can attract and satisfy potential customers.

In Nigeria, the business environment is in an increasing trend of a challenging economic landscape and intense competition. Therefore, managers are increasingly seeking for strategic approaches to accomplish, improve and sustain organizational performance and competitive advantage (Mutunga & Minja, 2014). Design and implementation of strategy are perceived as important components in the firm's management process in diverse industries. This has enabled the industries gain a competitive advantage thus giving firms edge over rivals and an ability to generate greater value for the firm and its stakeholders (Uchegbulam & Akinyele, 2015).

According to Wadongo, Odhuno, Kambona, and Othuon (2017), the textile industry made a significant contribution to the economic development of Kenya. It is also becoming source of job opportunities for many people. The textile industry in Kenya contributed 509,000 jobs in 2016

and forecast that the industry will contribute 628,000 jobs in 2019 (KNBS, 2018). This steady growth in the sector shows that it is contributing a lot for the general economic development of the Country. Companies operating in the textile industry are facing higher competition in the market for skilled labor in the garment profession and for market share. Customers' expectation and preferences are also increasing from time to time (Bosibori, 2016). Because of these and other globalization factors, companies should revise their strategy and invest more amount of money in their premises to compete effectively. They should identify their core competences and unique resources to adopt competitive strategies to get competitive advantage in the highly competitive market in the industry.

Currently, the textile industry is operating under highly competitive business environment. The competition for market share among EPZ companies and the sector is increasing from time to time. Customers' preferences for products and services are increasing faster than ever (Ikiara & Ndirangu, 2014). They also give more value for money and seeking alternative services instead of having one supplier. Like any other economic sectors, textile industry is facing the challenges of globalization. Due to such increasing rate of competition, companies have to position themselves strategically by identifying their core competences and unique resources to gain competitive edge (Mutambi, 2017).

Understanding the behavior of the firm, serves as input to improve practices of competition (Ormanidhi *et. al.* 2018) realizing a high performance and sustainable competitive advantage. Notwithstanding the rapid growth, the textile industry is facing various challenges from external and internal factors in a business environment which affect the organizational performance. Kenya has been experiencing turbulent times with regard to competition. This has resulted in generally low profits across the economy and this picture is fairly well replicated in the textile Industry (Namusonge, Kabare & Mutua, 2012). The decline in world garments has grossly affected sales and posed a threat to operators because Kenyan EPZ largely depend on the International Market (Oketch, Wadawi, Brester & Needetea, 2016).

The textile Industry normally thrives because of the garments, the fabrics and the political environment, which attracts a number of investors who frequent for pleasure for business (Menano, 2014). The organizations have to adopt strategies which will ensure it stays afloat, especially with the turbulent environment. With the current flair of insecurities, some of the

organizations express their concern that some customers may change their buying pattern to competitors in the country. This requires the organizations to shift the way they do business in order to remain competitive (Mutambi, 2017)

In Kenya, competition from other textile manufacturers has made it difficult to maintain the market share. Smugglers importing cheaper products has made the situation worse (Romberg, 2013). The Kenyan textile development was hampered by competitive environment due to market liberalization and as a result, local producers who were concentrating on the local market faced great competition from imports leading to decline in performance of the industry Maiyo and Imo (2012). Olweny and Karuiki (2013) indicated that some textile firms operate on equipment of up to 38 years old which drew on more power for its output than modern equipment. Speed to market also requires fast and effective trade logistic Kenya fare unfavorably in the global market due to delays which escalates the cost.

Competitive strategies consist of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. Competitive strategies are employed by firms within a particular Industry. The strategies adopted are expected to relate to performance of the company. From a scheme developed by Mutambi (2017), long term strategy should derive from a firm attempt to seek and sustain a competitive advantage based on one of the three generic strategies. These are cost leadership, differentiation and focus strategies.

According to Porter (1985), cost leadership strategies depend on some fairly unique capabilities of the firm to achieve and sustain their low-cost position within the industry of operation. Differentiation strategy refers to a firm striving to create a market unique product for varied customer groups. Competitive strategies dependent on differentiation are designed to appeal to customers with special sensitivity for a particular product attribute. Focus strategy is a marketing strategy in which an organization concentrates its resources on entering or expanding in a narrow market (Mutunga & Minja, 2014). It is usually employed where the company knows its segment and has products/services to competitively satisfy its needs

Firms need competitive strategies to enable them overcome the competitive challenges they experience in the environment where they operate (Thompson & Strickland, 2010). A competitive strategy therefore enables a firm to gain a competitive advantage over its rivals and

sustain its success in the market. A firm that does not have appropriate strategies cannot exploit the opportunities available in the market and will automatically fail. A company has a competitive advantage whenever it has an edge over its rivals in securing and defending against competitive forces.

1.1.1 Competitive Strategies

The concept of generic strategies is based on the premise that there are a number of ways in which competitive advantage can be achieved depending on the industry structure (Allen & Helms, 2016). If all firms in an industry followed the principles of competitive strategy, each would choose different bases for competitive advantage and while not all would succeed, the generic strategies provide alternate routes to superior performance (Wicker, Soebbing, Feiler & Breuer, 2015). The generic strategies are approaches to outperforming competitors in the industry. Porter (1985) identifies three potentially successful generic strategic approaches to outperforming other firms in an industry. These are cost leadership, differentiation and focus strategies. This section describes the generic strategies presented by Porter (1985) and explores how heads of departments can use them to define the strategies of departments.

Cost leadership strategy is a strategy that is used by the organizations to create a low cost of operation within their niche. The use of this strategy is primarily to gain an advantage over competitors by reducing operation costs below that of others in the same industry (Strickland, 2014). Cost leadership requires the construction of efficient-scale facilities and a vigorous pursuit of cost reductions in areas such as research and development, service and marketing. A great deal of managerial attention is necessary in order to achieve cost efficiency. Low cost also provides a defense against input cost increases. Achieving a low overall cost position often requires favorable access to input (Mutunga & Minja, 2014).

Focus strategy is a management practice where an organization concentrates its resources on entering or expanding in a narrow market or industry segment. A focus strategy is usually employed where the organization knows its segment and has products to competitively satisfy its needs (Klein, 2015). The focus strategy can be based on broad or narrow market scope, where broad refers to the overall market and narrow refers to one market segment only. Focus can be facilitated through Focused planning and efficiency controls.

Differentiation strategy is a management practice approach where an organization takes to develop a unique product or service that customers will find better than or in another way distinctive from products or services offered by competitors. Differentiation strategy is a way for an organization to distinguish itself from the competition through technological leadership, enhanced customer delivery and product promotion (Nelson, 2017). The advantage of uniqueness may be in the form of customer service, design, brand image or technology. Nelson (2017) further advises that differentiation extends beyond the characteristics of the product or service, to include every possible interaction between the firm and its customers.

1.1.2 Firm Performance

The performance of any business organization is affected by the strategies the organization has chosen (Mutuku, 2015). Porter's Generic Strategies that include differentiation, Focus, and cost leadership strategies defines the purpose of the organization and the plans and actions to achieve performance. Firm performance means attainment of ultimate objectives as set out in the strategic plan. Firm performance refers to how well employees achieves its goals as well as its financial goals. In general, the firm performance is based upon the idea that employees are the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Kumar, 2018). When the industry is not growing, the firm still can grow its sales by increasing its market share such growth in market share leads to a growth in revenues which in the long run can be used as a measure of performance.

Firm performance can be used to view how employee are doing in terms of level of education and service quality in relation to other employees in the same industry. Consequently, it is a reflection of performance of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization. Firm performance includes multiple activities that help in establishing the goals of the organization and monitor the progress towards the target (Johnson, Christensen, & Kagermann, 2011). It is used to make adjustments to accomplish goals more efficiently and effectively. For the textile industry to be successful, functions must be defined and accomplished. It is important for employees to develop strategies around the skills that would enhance their performance.

Kiragu (2015) highlights firm performance in terms of four perspectives which are the financial, customer, internal processes and innovativeness. The financial perspective identifies the key

financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital. He further states that customer focus describes performance in terms of brand image, customer satisfaction, customer retention and customer profitability. Internal processes involve the efficiency of all the systems in the organization while innovativeness is concerned with the ease with which employees are able to adapt to changing conditions.

According to Harzing (2010), firm performance is not only indicated by the sales figures, rather, changes in sales may simply reflect changes in the market size or changes in economic conditions. Performance of employees relative to competitors is measured by the proportion of the market that the employees are able to capture (market share). Sales may be determined on a value basis or on a unit basis and while the employee sales figures are readily available, total market sales is more difficult to determine. Many employees to increase their sales relative to competitors.

1.1.3 Competitive Strategies and Firm Performance

Competitive strategies involve a set of managerial decisions and actions that determine the long-term performance of an organization. Furthermore, it involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals. Organizations that pursue sustainable competitive practices base the formulation, implementation, and evaluation of their strategies on an analysis of the organizational issues they face (Pauline, 2017). A study by Rothaermel (2015) associated strategy management practices with performance, distinguishing between strategies associated with high and low performance. Strategies which result in high performance are identified with activities that generally lead to success in the organization; that is key success factors. These activities are associated with initiatives in organization. The initiatives in competitive strategies include emphasis on product quality, product and service innovations, development of new operating technologies, and discovery of new markets (Pearce & Robinson, 2014). Activities associated with high performing strategies also include emphasis on customer service and support, extensive advertising, and effective adoption of cost leadership.

1.1.4 Textile Industry in Kenya

Kenya's textile and garments industry are one of the largest sub-sectors of the country's manufacturing industry. As of 1988, textiles accounted for nearly 20% of all manufacturing jobs and around 10% of total manufacturing output. Experts said the industry had the best capacity utilization of any sub-sector in manufacturing in 1988. At 80% it was then virtually double the average rate of capacity utilization in Kenya (Rael, Maiyo & Beatrice, 2012). As of 1987, there were 29 textile mills operating in Kenya with an installed annual weaving capacity of 83 million square meters of materials.

There is also need to improve cotton quality by development of new strains which mature quickly and pest resistant. As we move towards globalization of trade Kenya is taking advantage of the opportunities presented so as to reap the maximum benefits (Bosibori, 2016). Kenya is now a member to the newly launched). At the same time its competitors World Trade Organization (WTO in the region are already members of the International Cotton Advisory Committee and reaping the benefits of this membership. Kenya should take advantage of this organization's objectives to advance in cotton fibre trade.

Ikiara and Ndirangu (2014) observed that textiles industries in Kenya still experience high cost of production arising from various factors as high cost of electricity, technological changes, poor infrastructure, high interest rates and unskilled labor. It can be noted that various textiles industries in Kenya still poses old machines which compromises on the production. Due to lack of money to buy sophisticated and modern machines coupled with taxation and high exchange rate to import new machines, textiles industries continue to face enormous challenges.

Major problem facing textiles industries is the poor quality, insufficient training and inadequate supply of human resource. Due to financial challenges, textiles industries tend to employ cheap and unsuitable labor force than hiring highly trained and qualified manpower. According to Bosibori (2016), the mainstream academic institutions offering courses in the field of textiles have not adequately catered for the industry because universities training in Kenya lack a direct practical link to the industries. It is uncommon for many companies to undertake on job retraining courses for new graduates which also become expensive for the textile company.

1.2 Statement of the Problem

Textiles industries in Kenya experience stiff competition both in the importation of raw material and export of finished products in the market. Due to the fact that various textiles industries in Kenya still use obsolete technology, the products produced are of low quality which are not competitive in the market. High production cost makes textiles firms to be more prone to stiff competition. As a result, EPZ companies as a result is exposed to a risk of losing its market share and experience high employee turnovers, diluting the workforce quality and therefore quality of services offered (Menano, 2014). The textile industries further have not diversified in their products in decades. The offer products that are not competitive to meet the current generation needs. Compared to the technology industry that has been adapting fast to the current customer needs, the textile industry has been lagging behind and perhaps the record for continued poor performance. Some of the garments produced are not fashionable and thus cannot compete in the current market. Therefore, there is a compelling need to come up with strategies in the textile sector that can place them to a competitive edge.

In addition, there have been constant reported complains about late deliveries, rude or incompetent personnel and needlessly complicated procedures. This is despite the EPZ daunting effort to implement a customer focus based on giving friendly, fast and accurate services, relationship management and solving customer clothing needs (Musau, Namusonge, Makokha & Ngeno, 2017). Further still, some of the EPZ companies has good products and services are poorly planned and implemented or rolled out. This study will bring new knowledge on application of competitive strategies in the textile industries in an effort to make the firms competitive in the business market.

Some of the studies conducted in this field present gaps; Warucu (2011) examined the competitive strategies employed by commercial banks. Kibe (2018) investigated on the strategy implementation at equity Bank Limited. Gitonga (2018) explored on the response strategies by Equity Bank Limited to competition in the Kenyan banking industry, Ogongo (2014) conducted a research on customer retention strategies adopted by commercial banks in Kenya, Abishua (2010) carried out a survey on the strategies used by equity bank to compete in the Kenyan banking industry, while Mwangangi (2014) investigated the effect of service recovery strategies on service quality in telecommunication sector in Kenya. The studies have limited themselves on

competitive strategies, response strategies and strategy implementation. Previous studies reviewed have not examined how competitive strategies influence firm performance in the textile sector. This study therefore sought to bridge this gap by carrying out a survey that assessed the influence of competitive strategies on firm performance in textile industry of Kenya.

1.3 Research Objective

1.3.1 General Objective

To determine the influence of competitive strategies on firm performance in textile industry in Kenya.

1.3.2 Specific Objectives

- i. To assess the influence of cost leadership strategy on firm performance in textile industry in Kenya.
- ii. To establish the influence of focus strategy on firm performance in textile industry in Kenya.
- iii. To analyze the influence of differentiation strategy on firm performance in textile industry in Kenya.

1.4 Research Hypotheses

- i. Cost leadership strategy does not have a statistical significance on firm performance in textile industry in Kenya?
- ii. Focus strategy does not have a significant significance on firm performance in textile industry in Kenya?
- iii. Differentiation strategy does not have a significant effect on firm performance in textile industry in Kenya?

1.5 Justification of the Study

Undertaking this study, therefore, becomes necessary as the results thereof will be used by various stakeholders to assess the industry's positioning and inherent challenges. Further, the study will be expected to be beneficial to various stakeholders including the Government of Kenya, current and potential investors, members and management of the companies and scholars

interested in similar or related areas of study. The Government policy makers will obtain knowledge of the industry dynamics and thus obtain guidance in designing appropriate practices that will regulate the stakeholders for the purpose of financial stability. The researcher will anticipate that the findings of the study will help investors in discovering new and better techniques of improving and running their operations in order to improve firm performance. Finally, the study will identify knowledge gaps and provide suggestions for further research to benefit scholars interested in expanding the scope or undertaking related studies.

1.6 Significance of the Study

1.6.1 Management of EPZ Companies

The investigation results will benefit managers' textile industry in acknowledging the analytical function done by competitive strategies and in improving firm performance in Nairobi County. This study will assist managers of textile sector to establish how competitive strategies influence firm performance of the respective EPZ Company.

1.6.2 Policy makers and Government

The results from the investigation will be used to prepare procedures which are essential and conscious to the effort that influence the Textile sector firm performance in Kenya.

1.6.3 Stakeholders

This investigation will benefit stakeholders to develop competitive strategies and governance approaches whose overall aims are to rebuild confidence in the textile sector, expedite rate of improvement, and build firm performance and profitable companies.

1.6.4 Academicians and Researchers

To the scholars, the research will commit to the current literature in the area of competitive strategies. It should also act as a catalyst for future study to clarify and enlarge the current research particularly in Kenya. Results of the investigation will be significance to investigators and academicians as it will add to the body of know how in the field of competitive strategies. It will also assist future investigators to further their research on field of interest not yet utilized.

1.7 Scope of the Study

The study focused on the influence of competitive strategies on firm performance in textile industries in Kenya. The objective scope includes the influence of cost leadership strategies, focus strategies and differentiation strategies on firm performance in textile industry in Kenya. These theories informing the study are Porter's Generic Competitive Strategies, Capability Based Theory and Resource Based View Theory. The target population of the study was the 15 EPZ companies in Nairobi County. Data was collected by administering a semi structured questionnaire. Descriptive research design was adopted because the study sought to describe one variable in a population at the selected EPZ companies. This study used human resource, sales and operations departments. This study covered the period from April 2019 to August 2019.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter reviews literature from other studies on the aspect of competitive strategies and organizational performance. This chapter presents the introduction, theoretical review, empirical review, conceptual framework and operationalization of variables.

2.2 Theoretical Framework

This section provides the theories that support the variables under investigation. These theories informing the study are Porter's Generic Competitive Strategies, Capability Based Theory and Resource Based View Theory.

2.2.1 Porter's Generic Competitive Strategies

Porter (1980) developed this theory and the hypothesis that the level of competitiveness within an industry is dictated by a complex interaction of suppliers, customers, substitute products and the threat of new competitors' entry into the market. Companies in a highly competitive environment are forced to find competitive edge to survive. Porter (1985) contends that companies competing in a given industry must fulfil many different activities that form cost and create value for the customers. By using the competitive strategy, a company targets to position itself in a sustainable and profitable position against the forces shaping the industry

Porter (1985) asserts that there are basic businesses strategies – differentiation, cost leadership, and focus and a company performs best by choosing one strategy on which to concentrate. Many researchers are however of the divergent view that a combination of these strategies may offer a company the best chance to achieve a competitive advantage. Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage.

One of Porter's generic strategies is cost leadership (Porter 1985). This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Pulaj, Kume & Cipi, 2015). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy (Wicker, Soebbing, Feiler & Breuer, 2015). The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000). For an effective cost leadership strategy, a firm must have a large market share (Hyatt, 2001). Porter (1985) purports only one firm in an industry can be the cost leader and if this is the only difference between a firm and competitors, the best strategic choice is the low-cost leadership role (Hlavacka *et al.*, 2001). As a low-cost leader, an organization can present barriers against new market entrants who would need large amounts of capital to enter the market (Hyatt, 2001). The leader then is somewhat insulated from industry wide price reductions (Porter, 1980; Malburg, 2010). The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a firm lowers prices too much, it may lose revenues (Cross, 1999).

Differentiation is also one of Porter's key business strategies (Reilly, 2002). When using this strategy, a company focuses its efforts on providing a unique product or service (Porter, 1996; Cross, 1999). Since the product or service is unique, this strategy provides high customer loyalty (Porter, 1985). Product differentiation fulfils a customer need and involves tailoring the product or service to the customer. This allows organizations to charge a premium price to capture market share. Aaker (1984) further argues that a differentiation strategy is often but not always associated with a higher price because it usually examines the appropriateness of different strategies of the business more indirectly by considering whether they are responsive to the external surrounding and the mission and long-term goals.

For focus strategies, the firm chooses a specific segment or group of segments in the industry. A firm that does not have an overall competitive advantage optimizes its strategy in order to serve the needs of the target segments and achieve a competitive advantage in them. Cost focus and differentiation focus rely on the differences of the given segment from the other segments in the industry, that is, differences in cost behavior or the unique needs of a segment. It means tailoring the activities to a specific segment exclusively which is not served properly by broadly targeted

competitors. However, sometimes firms choose to create separate business units under the same corporate entity (Porter, 1985).

Porter's Generic Competitive Strategies theory is relevant as it depicts how an organization seeks after upper hand over its picked market scope. Organizations in a highly competitive environment are forced to find competitive edge to survive. Textile industries competing in the sector must fulfil many different activities that form cost and create value for the students. By using the competitive strategy, the textile industry target to position themselves in a sustainable and profitable position against the forces shaping the sector.

2.2.2 Capability Based Theory

The Capability Approach was first articulated by the Indian economist and philosopher Amartya Sen in the 1980s and proposes on individual differences in the ability to transform resources into valuable activities. Grant (2010) argued that capabilities are the source of competitive advantage while resources are the source of capabilities. Amit and Shoemaker (2013) adopted a similar position and suggested that resources do not contribute to sustained competitive advantages for a firm, but its capabilities do. Haas and Hansen (2014) supported the importance of capabilities and suggest that a firm can gain competitive advantage from its ability to apply its capabilities to perform important activities within the firm at a low cost.

Grant (2010) defines organizational capability as, a firm's ability to perform repeatedly a productive task which relates either directly or indirectly to a firm's capacity for creating value through effecting the transformation of inputs to outputs. Grant (2010) also divides capability into four categories: cross-functional capabilities, broad-functional capabilities, activity-related capabilities and specialized capabilities. McQuarrie (2014) stressed the importance of organizational learning. It has been argued by Lee and Lee (2010) that the ability to learn and create new knowledge is essential for gaining competitive advantage.

Ray, Barney and Muhanna (2011) defined capabilities in contrast to resources, as 'a firm's capacity to deploy resources, usually in combination using organizational processes, and affect a desired end in cost advantage. They are information-based, tangible or intangible processes that are firm-specific and developed over time through complex interactions among the firm's resources. Hamel and Prahalad (2011) define dynamic capabilities as, the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing

environments. Based on capability view theory, the firm is able to determine where it has an upper hand over its competitors and therefore focus on a certain market where it is likely to beat the competitors. Therefore, the firm will achieve its competitive advantage by segmenting the market and focus on products or services that it is good at.

The capabilities-based theory is relevant as it can be adopted in textile industry for firm level competitive advantage under strong innovation-driven competition. This will help in analyzing the opportunities and threats. This is because dynamic capabilities govern organizational capabilities that allow firms to generate greater profits by developing and producing differentiated products and services which address new and existing market demands. Dynamic capabilities determine the speed and degree to which a firm's difficult-to-imitate resources can be deployed and re-deployed in line with the firm's strategy and marketplace requirements. Strong dynamic capabilities will enable the firms to produce not only the best of their product type or service but something that is unique and exceptional in the value created.

2.2.3 Resource Based View Theory

Barney proposed Resource Based View theory in 1991. According to Barney, RBV focuses attention on an organization's internal resources as a means of organizing processes and obtaining a competitive advantage. Barney stated that for resources to hold potential as sources of sustainable competitive advantage, they should be valuable, rare, imperfectly imitable and not substitutable. The emphasis of the RBV approach to strategic management decision making is on the strategic capabilities as basis for superiority of the firm rather than attempting to constantly ensure a perfect environmental fit. Resources are the specific physical, human, and organizational assets that can be used to implement value creating strategies. Capabilities present the capacity for a team of resources to perform a task or activity, in other words, capabilities present complex bundles of accumulated knowledge and skills that are exercised through organizational processes, which enable companies to coordinate their activities and make use of their assets (Ekundayo & Ajayi, 2017). Clegg, Carter, Kornberger and Schweitzer (2011), says capabilities are always vulnerable to be competed away by a competitor's higher order capability amongst other limitations such as erosion or substitution. Intangible assets are central to the RBV approach to understanding competitive advantage since they cannot easily be acquired or imitated, in contrast to tangible assets.

Gathoga (2011) identified the relevant intangible assets as know-how, product reputation, culture and networks as main contributing factors to the overall success of a firm. Thus, the asymmetric performances between heterogeneous companies are very much driven by the intangible strategic assets. David (2017) denotes that since companies have different attributes at different levels and different bundles of resources, differences in organizational performance are likely to be witnessed. The theory further asserts that firms have three types of resources namely; tangible resources, intangible resources and organizational capabilities. Tangible resources include financial, physical, technological and organizational assets and thus are easily identified on the other hand intangible resources are more complex to identify and thus difficult to imitate. They include strategies that a firm adopts over time and culminates to improved performance (Barney & Hesterly, 2016). Finally, organizational capabilities are skills and competencies which a firm combines to transform tangible and intangible resources into outputs, for example, outstanding customer service (Dess, Lumpkin, & Eisner, 2017).

The resource-based theory also argues that organizational resources in themselves are not necessarily a source of competitive advantage because rival firms may also possess similar resources. In this case therefore, competitive advantage lies in the resources possessing one or more of other attributes such as valuable substitutes. A firm has to therefore sustain a competitive advantage as long as other firms are unable to duplicate the same attributes (Dess *et al.*, 2017). Parnell (2013) accepts that environmental threats and opportunities are essential, but organizations exceptional resources consist of the main variables that allow it create distinctive competencies. This permits an organization to differentiate itself from competitors and develop competitive advantage. Resource-based theory lays emphasis mainly on individual organizations instead of the competitive environment. It is believed that organizations resources (tangible and intangible) are related to its capabilities, which in turn, create values and improvement in the level of profit achieved.

The relevance of this theory lies on the fact that it examines how resources drive competitive advantage, especially in relation to successful implementation of development projects. In the context of this study, in order to create a sustainable environment, the project team needs resources within all three resource categories which rationalizes the use of this theory in this

study. Therefore, resource-based theory is relevant in current study as it stipulates how resources hold potential as sources of sustainable competitive advantage in the textile industry.

2.3 Empirical Review

2.3.1 Cost Leadership and Firm Performance

This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (McQuarrie, 2014). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low cost strategy (Oliver, 2016). The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Oliver, 2016). Lower costs and cost advantages result from process innovations, learning curve benefits, and economics of scale, product designs reducing manufacturing time and costs, and reengineering activities. Cost leadership strategy seeks to achieve above-average returns over competitors through low prices by driving all components of activities towards reducing costs.

Economies of scale exist when proportionate increases in the amount of inputs result in lower unit costs. In the production of any good a certain amount of fix costs was involved for the establishment of a production plant. Such costs are warehouse facilities, the actual machines producing the goods, different vehicles used for transportation, overheads, such as electricity, and many more which are essential for the production of goods (Ogbonna *et. al.* 2013). The more you produce, the lower the cost of each unit produced because the fixed costs are spread. The human race has been able to evolve in the past thousand years mainly because of its ability to learn. We learn from our mistakes and thus improve by learning. The same occurs on our everyday personal and business life. Through repetition we can achieve individual skills and organization routines specialized to provide dexterity and problem solving that each organization faces every day.

The ability to learn will increase productivity by doing more of the right things and less of the wrong things that can have a great effect on costs. In a few words, use less and produce more. This concept is closely related to whether a business relies more on automated or manual processes. Using technology to achieve a process can lower the degree of error while a manual process, usually involving the use of human power can be vulnerable to error. Choosing manual

against automated is matter of pricing the relative inputs. Porter (2008) stated that a cost leadership strategy is appropriate where a business has a high relative market share and has been able to reduce costs because of economies of scale. He states, cost leadership requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, and cost minimization in areas like service, sales force, advertising and so on.

This is a strategy where a company aims to out price its competitors by reducing overheads or the fixed costs associated with manufacture and distribution. It requires a focus on the efficiency of production lines and economies of scale. This strategy is employed where customers have the ability to change supplier easily and the products or services are standardized and well understood by the consumer (Hamel *et. al.* 2011).

The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low-cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average. By using this strategy, marketing the product becomes less important. The benefits include raising barriers for competitors to enter the market and easing the effect of fixed-cost rises across the industry (Porter 2008).

This strategy involves the firm winning market share by appealing to cost-conscious or price-sensitive customers. This is achieved by having the lowest prices in the target market segment, or at least the lowest price to value ratio. To succeed at offering the lowest price while still achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals. There are three main ways to achieve this as the approach is achieving a high asset turnover. This approach mean fixed costs are spread over a larger number of units of the product or service, resulting in a lower unit cost, i.e. the firm hopes to take advantage of economies of scale and experience curve effects. Higher levels of output both require and result in high market share, and create an entry barrier to potential competitors, who may be unable to achieve the scale necessary to match the firm's low costs and prices (Barney *et. al.* 2016).

The second dimension is achieving low direct and indirect operating costs. This is achieved by offering high volumes of standardized products, offering basic no frills products, and limiting customization and personalization of service. Production costs are kept low by using fewer components, using standard components, and limiting the number of models produced to ensure larger production runs. Overheads are kept low by paying low wages, locating premises in low rent areas, establishing a cost-conscious culture, etc. Maintaining this strategy requires a continuous search for cost reductions in all aspects of the business. This will include outsourcing, controlling production costs, increasing asset capacity utilization, and minimizing other costs including distribution, Research Development, and advertising (Dess *et. al.* 2017)

The third dimension is control over the supply/procurement chain to ensure low costs. This could be achieved by bulk buying to enjoy quantity discounts, squeezing suppliers on price, instituting competitive bidding for contracts, working with vendors to keep inventories low using methods such as Just in Time purchasing (JIT) or Vendor Managed Inventory (VMI). Cost leadership strategies are only viable for large firms with the opportunity to enjoy economies of scale and large production volumes. However, this takes a limited industrial view of strategy. Small businesses can also be cost leaders if they enjoy any advantages conducive to low costs. Innovation of products or processes may also enable a startup or small company to offer a cheaper product or service where incumbents' costs and prices have become too high. A cost leadership strategy may have the disadvantage of lower customer loyalty, as price-sensitive customers will switch once a lower priced substitute is available. A reputation as a cost leader may also result in a reputation for low quality, which may make it difficult for a firm to rebrand itself or its products if it chooses to shift to a differentiation strategy in future (Porter, 2008).

2.3.2 Focus Strategy and Firm Performance

Firms that are successful in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow geographic market segment, or to a particular buyer group or segment (Dyer, Kale & Singh, 2014). They also target market segments that are less vulnerable to substitutes or where a competition is weakest in order to earn above average return on investment. Whereas low cost and differentiation strategies are aimed at achieving their objective industry wide, focus is built around serving a particular target or niche extremely well.

The strategy is based on the assertion that the firm can serve its narrow strategic target more effectively or efficiently than more broadly-based competitors.

According to Conger and Kanungo (2017), firms may achieve differentiation from better meeting the needs of the particular target or lower costs in serving the target and may even achieve both. Even though the focus strategy does not achieve low cost or differentiation from the perspective of the market as a whole, it does achieve one or both in its narrow market target. Often the focus strategy of filling a limited need or offering a product that only a few will purchase, allows for products to be priced at a premium since the firm is satisfying a small group of consumers. Most successful midsize growth companies are leaders in market niches, often in markets they have created through innovation. Such niche strategies are often born of necessity, since these firms lack the resources to fight openly, they succeed by seeking out niches that are too small to be of interest to larger competitors.

Focus allows businesses to compete on the basis of low cost, differentiation, and rapid response against much larger businesses with greater resources. Focus lets a business learn its target customers their needs, special considerations they want accommodated and establish personal relationships in ways that differentiate the smaller firm or make it more valuable to the target customer. Low costs can be achieved filling niche needs in a buyer's operations that larger rivals either do not want to bother with or cannot do as cost effectively. With enhanced knowledge of its customers and intricacies of their operations, the small, focused company builds up organizational knowledge about timing sensitive ways to work with a customer. This allows the firm to respond rapidly to customer requirements (Mutambi, 2017).

Kim, Nam, and Stimpert (2014) noted that value chain model is targeted towards the analysis of various activities within and around the organization and used it to define the competitive strength or position of the organization. Thus, it helps the organization to measure the impact and importance of different activities and prioritize their role in the performance of organization in the market in comparison to its competitors. This model shows that Porter an organization is just not a mere combination of machinery, people and money, but it is larger than this and it is necessary to consider each and every aspect of the business to include in the framework for the better and effective strategy formulations.

Porter (2008) argued that it is important for any organization to develop a system that facilitate and allow the management to connect the machine, money and people in a synchronized manner to produce the products that customers need. He said that it is very important for the management to control and manage all different activities and their linkages will be act as a source of competitive advantage. This approach of Porter shows that he understands the importance of every aspect of the business in the strategy formulation and treated the organization as a system. In his model, Porter divided all activities in two major categories namely primary activities and support activities, primary activities are those activities which are directly associated with the production and delivery of the products or service. There are five major areas inbound logistics, operations, outbound logistics, marketing and sales, and service (Porter, 2008).

The primary activities play an important role in the creation of image of the organization in the market and directly impact the satisfaction level of the customers. For the effective and efficient completion of these primary activities there are certain support activities. These support activities are linked with the primary activities and fulfill the basic requirements which are required to improve the effectiveness and efficiency of the primary activities. The four main support activities defined by in the Value Chain model are procurement, technology development, human resource management, and infrastructure (Burns 2014).

2.3.3 Differentiation Strategy and Firm Performance

This strategy involves uniqueness in doing something that is sufficiently valued by customers to allow a price premium (Johnson et al., 2011). The emphasis can be on brand image, proprietary technology, special features, superior service, a strong distributor network or other aspects that might be specific to an industry. According to Porter (2008), differentiation strategy is one of Porter's strategies used in the service industry for the purpose of enhancing customer satisfaction. It is believed that differentiation strategy can be the result of a strong strategic campaign designed to strengthen the unique characteristics of the products/services within the mind of the consumers

Porter (2008) contends that brand is a name, term, symbol, design or all the aforementioned, and is used to distinguish one 's products and services from the competitors. For instance, Nike adopts a check mark as its brand image, which creates a positive effect indicating approval.

Differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique and quality product. The brand name is a strong differentiation element within such a strategy. Offering unique and a broad range of new services to customers and refining existing services delights customer since they have a variety to choose from. Having a strong brand enables companies to distinguish its offerings from the competition, create customer loyalty in performance, exert greater control over promotion and distribution of the brand, and command a premium price over the competitors (Kim *et. al.* 2014).

Murphy (2011), posits that differentiation occurs when a firm tries to make the product/service more appealing to the customer than the competition thereby potentially commanding a higher price. A firm adopting differentiation strategy tries to differentiate its products or services from competitors by using unique attributes which are widely valued by buyers. Uniqueness can be achieved through service/product innovations, superior service, creative advertising, better supplier relationships leading to better services, or in an almost unlimited number of ways. With unique attributes, a firm can charge premium prices for the products and services. Thus, differentiation is concerned with creating something that is perceived as unique by buyers (Burnes, 2014).

Differentiation has been adopted in an increasing number of industries, specifically in industries that need quality for success (Burnes, 2014). A differentiation strategy is also based upon persuading customers that a product is superior in some way to that offered by competitors. In differentiation strategies, the emphasis is on creating value through uniqueness, as opposed to lowest cost. According to Barney *et. al.* (2016), a differentiation strategy occurs when a firm gains an unprecedented position within the sector of operation by differentiating its products or services. The rarity of a differentiation strategy depends on the ability of individual firms to be creative in finding new ways to differentiate their products. As rivals try to imitate these firms' last differentiation move, creative firm will already be working on new moves and therefore, remain one step ahead of competition.

Pertaining performance differentiation, According to Burnes (2014) firm performance should have the form of devising means by which a firm appears different from its rivals. He advocates for factors such as quality of work, the size of the firm, involvement in client organization and

uniqueness in the delivery system. To this end, for this strategy to succeed the message of differentiation must reach the targeted clients or customers.

2.4 Conceptual Framework

This section summarizes the approach of the investigation in terms of objectives correlations. The main independent variables of the investigation will be cost leadership strategy, focus strategy and differentiation strategy. The independent variables were considered in the investigation as independent variables which influence competitive strategies on firm performance at textile industries in Kenya represented in Figure 2.1.

Independent Variables

Dependent Variable

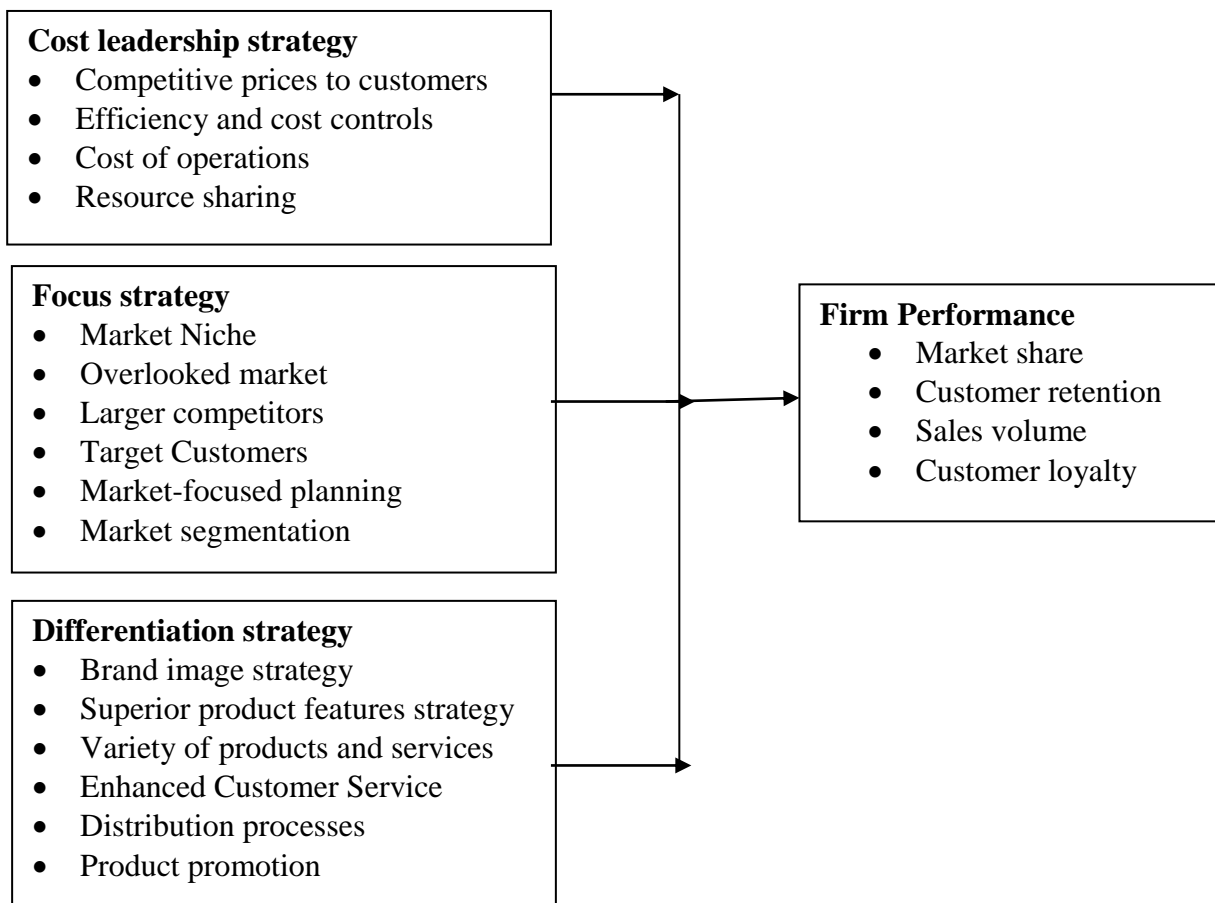


Figure 2.1 Conceptual Framework

Source: Author (2019)

2.5 Research Gap

Textiles industries in Kenya still experience high cost of production arising from various factors for instance high cost of electricity, technological changes, poor infrastructure, high interest rates and unskilled labor. It can be noted that various textiles industries in Kenya still poses old machines which compromises on the production. Due to lack of money to buy sophisticated and modern machines coupled with taxation and high exchange rate to import new machines, textiles industries continue to face enormous challenges. Textiles industries in Kenya experience stiff competition both in the importation of raw material and export of finished products in to the market. Due to the fact that various textiles industries in Kenya still use obsolete technology thus products produced are of low quality which are not competitive in the market. Also, the high production cost is another factor that makes textiles firms to be more prone to stiff competition.

Another major problem facing textiles industries is the poor quality, insufficient training and inadequate supply of human resource. Due to financial challenges, textiles industries tend to employ cheap and unsuitable labor force than hiring highly trained and qualified manpower. According to Bosibori (2016), the mainstream academic institutions offering courses in the field of textiles have not adequately catered for the industry because universities training in Kenya lack a direct practical link to the industries and hence a knowledge gap. It is uncommon for many companies to undertake on job retraining courses for new graduates which also become expensive for the textile companies.

In addition, Ogongo (2014) conducted a research on customer retention strategies adopted by commercial banks in Kenya, Abishua (2010) carried out a survey on the strategies used by equity bank to compete in the Kenyan banking industry, while Mwangangi (2014) investigated the effect of service recovery strategies on service quality in telecommunication sector in Kenya. Warucu (2011) examined the competitive strategies employed by commercial banks. Kibe (2018) investigated on the strategy implementation at equity Bank Limited. Gitonga (2018) explored on the response strategies by Equity Bank Limited to competition in the Kenyan banking industry. The studies have limited themselves on competitive strategies, response strategies and strategy implementation. Previous studies reviewed have not examined how competitive strategies influence firm performance in the textile sector. This study therefore

sought to bridge this gap by carrying out a survey that will assess the influence of competitive strategies on firm performance in textile industry of Kenya.

2.6 Operationalization of Variables

Table 2.1: Operationalization of Variables

Variables	Operational Indicators	Measure	Type of Scale
Cost leadership strategy	<ul style="list-style-type: none"> • Competitive prices to customers • Efficiency and cost controls • Cost of operations • Resource sharing 	5-point Likert Type Scale 1= Strongly Disagree 5= Strongly Agree	Interval Scale
Focus strategy	<ul style="list-style-type: none"> • Market Niche • Overlooked market • Larger competitors • Target Customers • Market-focused planning • Market segmentation 	5-point Likert Type Scale 1= Strongly Disagree 5= Strongly Agree	Interval Scale
Differentiation strategy	<ul style="list-style-type: none"> • Brand image strategy • Superior product features strategy • Variety of products and services • Enhanced Customer Service • Distribution processes • Product promotion 	5-point Likert Type Scale 1= Strongly Disagree 5= Strongly Agree	Interval Scale
Firm Performance	<ul style="list-style-type: none"> • Market share • Customer retention • Sales volume • Customer loyalty 	5-point Likert Type Scale 1= Strongly Disagree 5= Strongly Agree	Interval scale

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section outlines the methodology that was used in carrying out the study. It comprised of research design, population, sample size and sampling procedure, data collection method and data analysis and presentation.

3.2 Research Design

Research design refers to a plan outlining how information is gathered in identifying the data collection methods, the instruments to be used, how the instruments was administered, and how the information was organized and analyzed (Kisilu *et al.* 2006). The study employed descriptive research design for it portrays an accurate profile of situations (Saunders *et al.* 2009). This study was designed to describe the characteristics of interest to the researcher. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way (Creswell & Creswell, 2017). It was designed to gain more information about variables within a particular field of study. Its purpose is to provide a picture of a situation as it naturally happens.

This descriptive research design was adopted because the study sought to describe one variable in a population at the selected EPZ companies. The objective was stated clearly and a clear definition of the population was given. The instrument for data collection was tested for validity and reliability which was necessary for descriptive studies (Kothari, 2012). The descriptive research design established the relationship between competitive strategies and firm performance

and establish the influence of competitive strategies and firm performance of selected EPZ companies in Nairobi County.

3.3 Target Population and Sampling Frame

The target population of the study was the 15 EPZ companies in Nairobi County. The study focused on companies which are well established in terms of equipment, capital base, county coverage and skilled human resources with EPZ 2019 statistics. This study used human resource, sales and operations departments as they can justify the financial performance of the companies. Therefore, the total population of this study was 402 as shown in Table 3.1.

Table 3.1 Target Population

EPZ Company	Human Resource	Sales	Operations	Total
Africa Apparel	9	5	11	25
Capital Industrial Park	10	8	13	31
Global Apparels (K) Ltd	12	3	6	21
Hela Intimates	10	4	11	25
Kikay Mall	10	7	16	33
Mahalakshimi Garments	15	5	14	34
New Wide Garments	19	4	10	33
Royal Garments	9	10	14	33
Shona	11	8	12	31
Softrate	9	6	19	34
Generation	6	11	13	30
Dala	5	10	15	30
Emerging Concepts	3	3	5	11
Enke Management Ltd	4	5	7	16
Textile Technology	5	4	6	15
Total	137	93	172	402

Source: (EPZ, 2019)

3.4 Sampling and Sampling Procedure

According to Kombo and Tromp (2010), an effective sample should possess diversity, representativeness, reliability, accessibility and knowledge. This process was applied in this study because the study population was large. Creswell and Creswell (2017) advised that 40% of

the accessible population was sufficient for descriptive study if the population units are more than 30. Thus, a sample of 161 employees, representing 40% of the population, was used which satisfies the above conditions as shown in Table 3.2.

Table 3.2: Sample Size

EPZ Company	Human Resource	Sales	Operations	Total
Africa Apparel	4	2	4	10
Capital Industrial Park	4	3	5	12
Global Apparels (K) Ltd	5	1	2	8
Hela Intimates	4	2	4	10
Kikay Mall	4	3	6	13
Mahalakshimi Garments	6	2	6	14
New Wide Garments	8	2	4	13
Royal Garments	4	4	6	13
Shona	4	3	5	12
Softrate	4	2	8	14
Generation	2	4	5	12
Dala	2	4	6	12
Emerging Concepts	1	1	2	4
Enke Management Ltd	2	2	3	6
Textile Technology	2	2	2	6
Total	55	37	69	161

Source: Author (2019)

3.5 Research Instrument

Research Instruments are measurement tools designed to obtain data on a topic of interest from research subjects (Kothari, 2012). Data was collected by administering a semi structured questionnaire. This type of questionnaire used both closed and open-ended questions. Closed questions had predetermined answers and usually collect quantitative data while open ended questions gave the respondents freedom to give answer and usually collect qualitative data. The use of questionnaire ensured collection of data from many respondents within a short time and respondents was free to give relevant information because they were assured of their anonymity.

3.6 Pilot Study

A pilot study is a small-scale preliminary study conducted before the main research in order to measure the validity and reliability of the data collection instrument (Burns & Grove, 2007). According Kombo and Tromp (2010), validity is the ability of an instrument to measure what it is expected to measure while reliability is the ability of the instrument to give consisted results. According to Lindlof and Taylor (2017), a pretest sample ranges from 1% to 10% depending on the sample size. In this study, 10% of the sample size was used for the pilot test. Therefore, 16 questionnaires entailing 6 in human resource, 4 in sales and 6 operations was piloted by issuing them to respondents who were not be included in the final study sample.

3.7 Validity and Reliability of Research Instrument

Lune and Berg (2016) asserts that validity is the accuracy and meaningfulness of inferences, which are based on the research results. Validity exists if the data measure what they are supposed to measure. In order to test and enhance the validity of the questionnaire, fifteen questionnaires were pilot tested and reviewed with a view to improve validity of the data that was collected (Kothari, 2004). Validity refers to whether a questionnaire measures what it purports to measure (Sekaran & Bougie, 2016). This study used both construct validity and content validity. For construct validity, the questionnaire was divided into several sections to ensure that each section assessed information for a specific objective, and also ensure that the same closely ties to the conceptual framework for this study. To ensure content validity, the questionnaire was subjected to thorough examination on some randomly selected project supervisors. They were asked to evaluate the statements in the questionnaire for relevance.

. Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. Cronbach's alpha was used to test the reliability of the measures in the questionnaire (Cronbach, 1995). A measure is considered reliable if a person's score on the same test given twice, is similar. . The 16 questionnaires were then be coded and response input into SPSS which then was used to generate the reliability coefficient. The questionnaire response was entered into statistical package for social sciences (SPSS) and Cronbach's alpha coefficient was generated to assess reliability. The closer Cronbach's alpha coefficient was to 1, the higher the internal consistency reliability (Sekaran & Bougie, 2016).

3.8 Data Collection Procedure

Data collection entails gathering relevant data while data collection instruments are the instruments for measuring information on variables of interest, in a recognized systematic manner that enables one to answer declared research questions, test hypotheses, and weigh up outcomes. This study used primary data. Primary data was obtained using self-administered questionnaires. The questionnaire was made up of closed questions relating to the study's objectives.

3.9 Diagnostic Tests

3.9.1 Goodness of Fit

Beta and regression coefficients were computed to indicate the magnitude or strength of effect of the independent variables on the dependent variable. Coefficient of determination (R^2) was used to measure the extent to which the variation in financial performance is explained by the variations in its determinants. Adjusted R^2 was also used to test the goodness-of-fit requirement.

3.9.2 ANOVA Test

F-test was performed to test the significance of the whole model at a 5% significance level. The p-value for the F-statistic was applied in determining the robustness of the model. T-test was also done to test the significance of each of the independent variables in influencing the dependent variable. This was done at 95% confidence level. Correlation analysis was used to compute correlation coefficient (r) which was used to assess the relationship between variables, the direction of the relationship and the strength of that relationship.

3.9.3 Multicollinearity Test

Multicollinearity test was also conducted to determine if two or more of the predictor (independent) variables in the regression model was highly correlated. Variance inflation factor (VIF) was used to test multicollinearity and SPSS VIF of below 10 indicates acceptable limits. If the VIF value of exploratory variables was greater than 10, then variables were regarded as highly collinear.

3.9.4 Normality Test

Test for normality determines if the data is well modeled and normally distributed (linear). To test the normality of the variables, Shapiro–Wilk test was used as it has the highest power among all tests for normality. The hypothesis was tested at a critical value at 0.05, where the rule is that reject H_0 if the probability (P) value is less than 0.05 or else do not reject. The dependent variable should be normally distributed because the study was analyzed using a multiple regression model where the condition of normality must be satisfied (Quataroli & Julia, 2012).

The hypothesis was that;

H_1 : The data is normal.

3.9.5 Heteroskedasticity Test

The study conducted a white test for heteroskedasticity. If the p-value was greater than 0.05, then the researcher would not reject the null hypothesis. This means that the variance is constant and therefore the model would not be violating the CLM assumptions.

3.10 Data Processing and Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations, frequencies, Anova and the information was displayed by use of bar charts, graphs, pie charts, inferential statistics and regression analysis. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS to generate research findings. Content analysis was used to test data that was qualitative in nature or aspect of the data collected from the open-ended questions. This clearly demonstrates how the respondents expressed their opinions on the influence of competitive strategies on firm performance in the selected EPZ companies in Nairobi County.

The functional relationship was shown by using the multiple regression equation which takes the form:

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

Where:

- Y = Firm performance
X₁ = Cost leadership strategy
X₂ = Focus strategy
X₃ = Differentiation strategy

A critical p value of 0.05 was used to determine whether the overall model was significant or not. The individual regression coefficients were checked to determine whether the independent variables significantly affected the dependent variable.

3.11 Ethical Considerations

In this research the principles of ethics were adhered to ensure preservation of respondent's dignity and emotions when asking probing questions. The researcher will also append an introduction letter which will also give an assurance of confidentiality to the respondents. Also, in conducting this research, care will be taken to ensure no physical or emotional harm is caused to the respondents (Roig, 2015). The researcher was also honest in gathering, analyzing, interpreting and presenting the collected data. The research study upheld the respondents' anonymity which according to Creswell and Poth (2017), refers to observance of secrecy by not identifying the cultural or ethnic background of respondents, refraining from referring to them by their names or exposing any other sensitive information about a respondent. This was achieved by designing and transmitting and analyzing the questionnaires in a manner that does not collect any sensitive personal data/information. The researcher also ensured that relevant organizations related to the study provide explicit written authority to undertake this study, as well as ensure that all the information collected, analyzed and reported is only used for academic purposes.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter focused on data analysis, findings and interpretation. Results were presented in tables and diagrams. The analyzed data was arranged under themes that reflected the research objectives.

4.1 Response Rate

The response rate was analyzed to show the representative from the sample size. A response rate is very important to the credibility of the research results. A low response rate may decrease the statistical power of the data collected and undermine the reliability of the results. It may also undermine the ability of the researcher to generalize the results to the larger target audience. This is further complicated by the fact that a low response rate can be indicative of a non-response bias within the sample. A low response rate can give rise to sampling bias if the non-response is unequal among the participants regarding exposure and/or outcome.

The study administered 161 questionnaires and the results are as shown in Table 4.1.

Table 4.1: Response Rate

Response	Frequency	Percent
Returned	118	73.29%
Unreturned	43	22.71%
Total	161	100%

According to Mugenda and Mugenda (2003) and Kothari (2004), a response rate of above 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of above 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on these assertions

from renowned scholars, 73.29% response rate is very good for the study. Thus, the response rate of 73.29% under this study was very good for study.

4.2 Reliability Test

Reliability is the consistency of a set of measurement items (Cronbach, 1951). 10% of the sample size was used for the pilot test. Thus, 16 questionnaires were piloted by issuing them to respondents who were not included in the final study sample. The study used a coefficient of 0.7. Results are shown in Table 4.2.

Table 4.2: Reliability Analysis

Variable	Items	Cronbach Alpha	Comment
Firm Performance	5	0.742	Reliable
Cost Leadership Strategy	5	0.786	Reliable
Focus strategy	5	0.853	Reliable
Differentiation Strategy	5	0.787	Reliable

The results in Table 4.2 shows that Cronbach's alpha for all the items under firm performance, cost leadership strategy, focus strategy, differentiation strategy was all above 0.7 implying that the instrument was sufficiently reliable for measurement.

4.3 Demographic Characteristics

This section consists of information that describes basic characteristics such as gender of the respondent, age of the respondent level of education, duration of time in textile industry in Kenya.

4.3.1 Gender of the respondents

The respondents were asked to indicate their gender and the results are as shown in the Table 4.3.

Table 4.3: Gender of Respondents

Gender	Percentage
Male	56.8%
Female	43.2%

The results show that majority of the respondents were men who represented 56.8% of the sample while 43.2% were female. This implies that the composition of the staff in sampled areas of EPZ companies in Nairobi County had more male than female staff.

4.3.3 Level of Education

The respondents were asked to indicate their level of education and the results are as shown in the Figure 4.2.

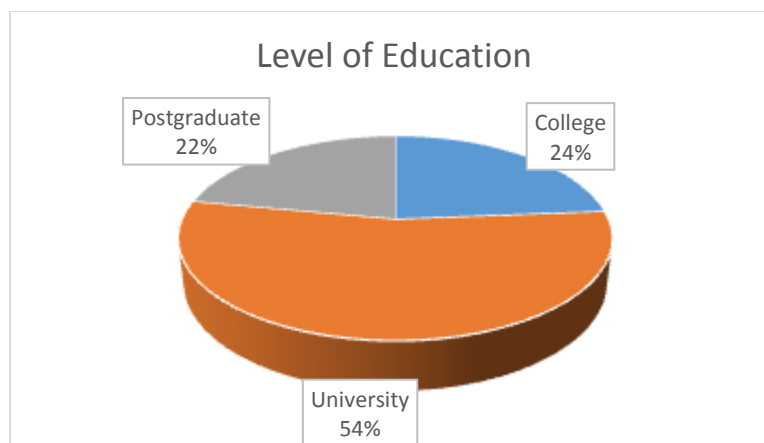


Figure 4.2: Level of Education

Results in Figure 4.2 show that 54% of the respondents had their level of education being university, 24% had college level qualification while 22% had postgraduate level qualification. The outcomes suggest that, the respondents were able to comprehend the survey and give substantial reaction since they would be advised to understanding as guided by their level of instruction which for this situation majority share having graduate as their education level.

4.3.4 Duration as Staff

The respondents were asked to indicate the duration while working in the textile industry and the results are as shown in shown in the Figure 4.3.

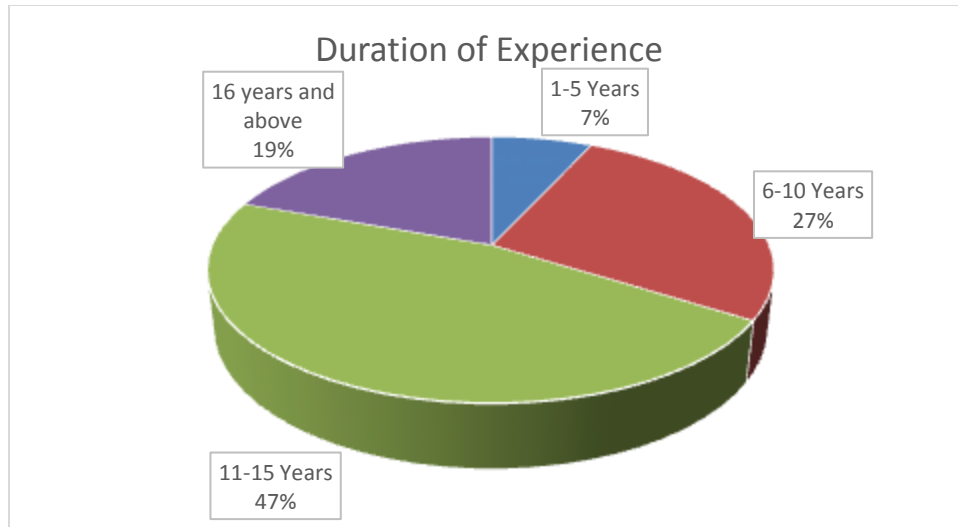


Figure 4.3: Duration of Experience

The results showed that majority of the respondents with 47% have been in the textile industry for 11-15 years. This was followed by 27% who had been staff for 6-10 years, 19% have been staff for more than 16 years while 7% have been staff for a period 1-5 years. This implies that majority of the respondents have been in the textile industry for a good period of time thus they were informed to respond to the study questionnaire.

4.4 Descriptive Statistics

This section presents the descriptive results on cost leadership strategy, focus strategy and differentiation strategy on firm performance in textile EPZ companies in Nairobi County.

4.4.1 Cost Leadership Strategy

The first objective of the study was to assess the influence of cost leadership strategy on firm performance in textile industry in Kenya. The study evaluated the respondents' level of agreement with the various statements on the cost leadership strategy using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 4.4.

Table 4.4: Cost Leadership Strategy

Statements	Mean	Std. Deviation
Our company offers competitive prices to the customers	3.64	1.082
Our company has efficient cost control strategies for price controls	3.57	1.082
Our company regularly evaluates the cost of operations to caution overhead costs	3.37	1.100
Our company practices resource sharing to save on operational costs	3.58	1.041
Our company adopts high volume production to enjoy economies of scale	3.44	1.082
Average	3.52	1.077

The findings shown in Table 4.2 indicate that the respondents agreed that company offers competitive prices to the customers with a mean of 3.64 and the company has efficient cost control strategies for price controls with a mean of 3.57. They further agreed that the company regularly evaluates the cost of operations to caution overhead costs with a mean of 3.37 and that the company practices resource sharing to save on operational costs with a mean of 3.58. Lastly the respondent agreed that the company adopts high volume production to enjoy economies of scale with a mean of 3.44. The overall mean was 3.52 that showed that majority agreed and the standard deviation was 1.077.

4.4.2 Focus strategy

The second objective of the study was to establish the influence of focus strategy on firm performance in textile industry in Kenya. The study evaluated the respondents' level of agreement with the various statements on the focus strategy using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 4.5.

Table 4.5: Focus Strategy

Statements	Mean	Std. Deviation
-------------------	-------------	-----------------------

Our company has a specific market niche for its products	3.50	1.15
Our company conducts market focused planning to establish	3.47	1.13
Our company strives to attain a large market share to minimize competition	3.45	1.10
Our company has specific market segments for its variety's goods and services	3.54	1.17
Our company focuses on the overlooked market to attain large market share	3.49	1.10
Average	3.49	1.13

The findings shown in Table 4.3 indicate that the respondents agreed that the company has a specific market niche for its products with a mean of 3.5 and that the company conducts market focused planning to establish with a mean of 3.47. The respondents agreed that the company strives to attain a large market share to minimize competition with a mean of 3.45 and that the company has specific market segments for its variety's goods and services with a mean of 3.54. Lastly, the respondents agreed that the company focuses on the overlooked market to attain large market share with a mean of 3.49. The overall mean was 3.49 that showed that majority agreed and the standard deviation was 1.13

4.4.3 Differentiation Strategy

The third objective of the study was to analyze the influence of differentiation strategy on firm performance in textile industry in Kenya. The study evaluated the respondents' level of agreement with the various statements on the differentiation strategy using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 4.6.

Table 4.6: Differentiation Strategy

Statements	Mean	Std. Deviation
Our company has a brand image strategy to facilitate product differentiation impact in the market	3.38	1.198
Our company endeavors in superior product features strategies to produce unique products in the market	3.59	1.104
Our company embarks on enhanced customer service	3.52	1.044
Our company has a well aligned distribution services for products	3.56	1.151

and services to the customers

Our company conducts product promotion for awareness in the market	3.54	1.075
Average	3.52	1.114

As shown in Table 4.6, the findings indicate that the respondents agreed that the company has a brand image strategy to facilitate product differentiation impact in the market with a mean of 3.38 and that the company endeavors in superior product features strategies to produce unique products in the market with a mean of 3.59. The respondents agreed that the company embarks on enhanced customer service with a mean of 3.52 and that the company has a well aligned distribution services for products and services to the customers with a mean of 3.56. Finally, the respondent were asked if the company conducts product promotion for awareness in the market and they agreed with a mean of 3.54. The overall mean was 3.52 that showed that majority agreed and the standard deviation was 1.114.

4.4.4 Firm Performance

The dependent variable of the study was to establish firm performance in textile industry in Kenya. The study evaluated the respondents' level of agreement with the various statements on the firm performance in textile industry using a scale of 1 – 5 where 5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree. The findings are as illustrated in Table 4.7.

Table 4.7: Firm Performance

Statements	Mean	Std. Deviation
Our company has improved in market share in the last 5 years	3.08	1.385
Our company has gained more customers in the last 5 years	2.86	1.452
Our company increased its sales volume in the last 5 years	2.96	0.831
Our company has attained customer retention and customer loyalty in the last 5 years	4.13	0.833
Our company has improved in employee welfare in the last 5 years	4.08	0.823
Average	3.62	1.065

The results in Table 4.7 indicate that the respondents agreed that the company has improved in market share in the last 5 years with a mean of 3.08. However, a majority disagreed that the company has gained more customers in the last 5 years with a mean of 2.86 and that the company increased its sales volume in the last 5 years with a mean of 2.96. The respondents agreed that the company has attained customer retention and that customer loyalty in the last 5 years with a mean of 4.13 and that the company has improved in employee welfare in the last 5 years with a mean off 4.08. The overall mean was 3.62 that showed that majority agreed and the standard deviation was 1.065.

4.5 Correlation Analysis

Correlation analysis was conducted to establish the relationship between the independent and dependent variables. The correlation matrix is presented in Table 4.8.

Table 4.8: Correlation Matrix

		Firm Performance	Cost Leadership Strategy	Focus strategy	Differentiation Strategy
Firm Performance	Pearson Correlation	1.000			
	Sig. (2-tailed)				
Cost Leadership Strategy	Pearson Correlation	.714**	1.000		
	Sig. (2-tailed)	0.000			
Focus strategy	Pearson Correlation	.731**	.802**	1.000	
	Sig. (2-tailed)	0.000	0.000		
Differentiation Strategy	Pearson Correlation	.675**	.752**	.744**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	

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

The results in Table 4.8 revealed that cost leadership strategy and firm performance are positively and significantly related ($r = 0.714$, $p = 0.000$). The results further indicated that focus strategy and firm performance are positively and significantly related ($r = 0.731$, $p = 0.000$). Lastly, results showed that differentiation strategy and firm performance are positively and significantly related ($r = 0.675$, $p = 0.000$). This implies that an increase in cost leadership strategy, focus

strategy, differentiation strategy leads to an increase on firm performance in textile industry in Kenya.

4.6 Diagnostic Tests

4.6.1 Multicollinearity Test

Multicollinearity test was conducted to determine if two or more of the predictor (independent) variables in the regression model was highly correlated. Variance inflation factor (VIF) were used to test multicollinearity and VIF of below 10 indicated acceptable limits. If the VIF value of exploratory variables are greater than 10, then variables were regarded as highly collinear.

Table 4.9: Multicollinearity Test Using Tolerance and VIF

	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Cost Leadership Strategy	0.303	3.297
Focus strategy	0.311	3.213
Differentiation Strategy	0.379	2.642

From the findings above all the variables had tolerance values >0.2 and VIF values <10 as shown in Table 4.9 and thus according to Myres (2015) who indicated that where $VIF \geq 10$ indicate presence of Multicollinearity, there was no multicollinearity among the independent variables.

4.6.2 Test for Heteroscedasticity

Heteroscedasticity is the circumstance in which the variability of a variable is unequal across the range of values of a second variable that predicts it. Running a regression model without accounting for heteroscedasticity would lead to unbiased parameter estimates. To test for heteroscedasticity, the Breusch-Pagan/Godfrey test was used. Heteroscedasticity test was run using Breusch-Pagan / Cook-Weisberg test in order to test whether the error terms are correlated across observations in the cross sectional of the data (Long & Ervin, 2000). The hypothesis was that;

H_0 : Data does not suffer from Heteroscedasticity.

If the p-value is less than 0.05, the null hypothesis is rejected. Results are presented in Table 4.10.

Table 4.10: Heteroscedasticity Results

Breusch-Pagan / Cook-Weisberg test for heteroscedasticity

Ho: Constant variance

Variable: fitted values of Firm Performance

chi2(1)	=	1.54
Prob > chi2	=	0.2151

Results in Table 4.10 show that the p-value is greater than the 5%. Then the alternative hypothesis was rejected at a critical p value of 0.05 since the reported value was $0.2151 > 0.05$ and thus the data did not suffer from heteroscedasticity.

4.6.3 Normality Test

Test for normality determines if the data is well modeled and normally distributed (linear). To test the normality of the variables, Shapiro–Wilk test was used as it has the highest power among all tests for normality. The hypothesis was tested at a critical value at 0.05, where the rule is that reject H_0 if the probability (P) value is less than 0.05 or else do not reject. The dependent variable should be normally distributed because the study was analyzed using a multiple regression model where the condition of normality must be satisfied (Quataroli & Julia, 2012). The hypothesis was that;

H_1 : The data is normal.

The results for normality are as shown in Table 4.11.

Table 4.9: Test for Normality

		Shapiro-Wilk	
	Statistic	df	Sig.
Firm Performance	0.982	118	0.329
Cost Leadership Strategy	0.903	118	0.104

Focus strategy	0.941	118	0.074
Differentiation Strategy	0.931	118	0.260

Table 4.11 indicates that using the Shapiro-Wilk test of normality, the data is normal since the p-values are above 0.05 for all the variables and thus we do not reject the alternative hypothesis (H_1). The study concluded that firm performance, cost leadership strategy, focus strategy, and differentiation strategy are normal in distribution and hence subsequent analysis can be carried out.

4.7 Regression Analysis

The study sought to carry out regression analysis to establish the statistical significance relationship between the cost leadership strategy, focus strategy and differentiation strategy on firm performance in textile EPZ companies in Nairobi County. According to Chatterjee and Hadi (2015), regression analysis is a statistical process of estimating the relationship among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent and one or more independent variables. More specifically, regression analysis helps one to understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed (Gunst, 2018).

The results presented in Table 4.12 present the fitness of model used of the regression model in explaining the study phenomena.

Table 4.12: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.771a	0.595	0.584	0.2863

The variables cost leadership strategy, focus strategy and differentiation strategy were found to be satisfactory variables in explaining firm performance in textile EPZ companies in Nairobi County. This is supported by coefficient of determination also known as the R square of 0.595. This means that cost leadership strategy, focus strategy and differentiation strategy explain 59.5% of the variations in the dependent variable, which is firm performance in textile EPZ companies in Nairobi County. This results further means that the model applied to link the relationship of the variables was satisfactory.

The Analysis of Variance (ANOVA) results are shown in Table 4.13.

Table 4.13: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	13.734	3	4.578	55.847	.000
Residual	9.345	114	0.082		
Total	23.08	117			

The findings further confirm that the regression model of is significant and supported by $F=55.847$ $p<0.000$) since p-values was 0.000 which is less than 0.05.

The study conducted a regression of coefficient analysis to establish the statistical significance relationship between the independents variables notably cost leadership strategy, focus strategy and differentiation strategy on the dependent variable that was firm performance in textile EPZ companies in Nairobi County. The regression of coefficient results is as shown in Table 4.14.

Table 4.14: Regression of Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.631	0.082		32.09	0.000
Cost Leadership strategy	0.103	0.041	0.274	2.532	0.013
Focus strategy	0.129	0.038	0.364	3.403	0.001
Differentiation strategy	0.078	0.038	0.198	2.045	0.043

The regression of coefficients results show that cost leadership strategy and firm performance is positively and significantly related ($\beta=0.103$, $p=0.013$). The results further indicated that Focus strategy and firm performance are positively and significantly related ($\beta= 0.129$, $p=0.001$). Lastly, results showed that differentiation strategy and firm performance were positive and significant ($\beta =0.078$, $p=0.043$). Thus, we rejected the hypothesis that cost leadership strategy, focus strategy and differentiation strategy do not have a significant effect on firm performance of the textile industries since the p-values were less than the critical 0.05.

The multiple regression model was presented as follows.

$$Y = 2.631 + 0.103X_1 + 0.129X_2 + 0.078X_3$$

Where:

Y = Firm performance

X₁ = Cost leadership strategy

X₂ = Focus strategy

X₃ = Differentiation strategy

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter addressed the summary of the findings, the conclusions and the recommendations. This was done according to the objectives of the study.

5.2 Summary

This section provides a summary of the findings from the analysis. This was done according to the objectives of the study where analysis was done from the data collected. The primary objective of the study that was determine the influence of competitive strategies on firm performance in textile industry in Kenya.

5.2.1 Cost Leadership Strategy and Firm Performance

The first objective of the study was to assess the influence of cost leadership strategy on firm performance in textile industry in Kenya. Correlation results indicated that cost leadership strategy and firm performance are positively and significantly related. Regression results indicated that cost leadership strategy and firm performance is positively and significantly related. This means that a unitary improvement in cost leadership strategy leads to an improvement in on firm performance in textile industry by 0.103 units holding other factors constant. The null hypothesis was rejected and alternative hypothesis adopted that cost leadership strategy has a statistical significance on firm performance in textile industry in Kenya

The findings were found to be consistent with the results agree with Gitau and Muhia (2015) who conducted a descriptive survey that sought to assess the adoption of cost leadership in strategic management practices and established a positive relationship. Cost leadership necessitates the construction of efficient-scale facilities and a vigorous pursuit of cost reductions in areas such as research and development, service and marketing. The type of competitive advantage which an organization enjoys if its total operating costs are lower than those of its competitors, providing that it can charge an equal price for its product; this will mean that its gross operating profit will be greater than its competitors, allowing it to further enhance its product, to reduce its price and/or to withstand price wars.

5.2.2 Focus Strategy and Firm Performance

The second objective of the study was to assess the influence of focus strategy on firm performance in textile industry in Kenya. Correlation results indicated that focus strategy and firm performance are positively and significantly related. Regression results indicated that focus strategy and firm performance is positively and significantly related. This means that a unitary improvement in cost strategy leads to an improvement in on firm performance in textile industry by 0.129 units holding other factors constant. The null hypothesis was rejected and alternative hypothesis adopted that focus strategy has a significant significance on firm performance in textile industry in Kenya.

This agree with Robert (2014) who carried out a research on focus and organizational performance and established a positive relationship. Focus strategy concentrates its resources on entering or expanding in a narrow market or industry segment and can be facilitated through Focused planning and efficiency controls. Focus entails knowing the overall dynamics and forces in the marketplace, and understanding how those forces might impact the business. A product-focused business looks at their offerings, and strives to continually improve them. There is a zeal to make a product or service better, and the strategy of the business revolves around differentiation tied to product superiority. Focus entails responding to situations, when appropriate. Being outwardly focused, investing in marketing, and being driven by market information yields decision points.

5.2.3 Differentiation Strategy and Firm Performance

The third objective of the study was to assess the influence of differentiation strategy on firm performance in textile industry in Kenya. Correlation results indicated that differentiation strategy and firm performance are positively and significantly related. Regression results indicated that differentiation strategy and firm performance is positively and significantly related. This means that a unitary improvement in differentiation strategy leads to an improvement in on firm performance in textile industry by 0.078 units holding other factors constant. The null hypothesis was rejected and alternative hypothesis adopted that differentiation strategy has a significant effect on firm performance in textile industry in Kenya.

This is also consistent with Porter (2008) who contends that differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique and quality product. The brand

name is a strong differentiation element within such a strategy. Offering unique and a broad range of new services to customers and refining existing services delights customer since they have a variety to choose from. Having a strong brand enables companies to distinguish its offerings from the competition, create customer loyalty in performance, exert greater control over promotion and distribution of the brand, and command a premium price over the competitors

5.3 Conclusion

The study sought to determine the influence of competitive strategies on firm performance in textile industry in Kenya. The study concluded that competitive strategies played a significant role on firm performance in textile industry in Kenya. This is because there existed a positive and significant relationship between cost leadership strategy, focus strategy and differentiation strategy on firm performance in textile EPZ companies in Nairobi County. Based on the findings in relation to specific objective, the study concluded that competitive strategies positively lead to competitive advantage. Competitive strategies influences customer satisfaction, ensures superior quality services and products, customer-oriented products, and positive feedback from customers.

5.4 Recommendations

The study recommends that the textile organizations should focus on adopting competitive strategies so as to improve organizational performance through increasing customer base, asset quality, quality of service and increased market share. The study recommended that for the textile companies to perform effectively on its financial performance clear strategies that guides its operation should be formulated and guidelines be provided to all the concerned departments in order to eradicate occurrence of compromise. In order for textile companies to achieve their goals, i.e. Profitability, large market share and customer retention, there should be effective strategies that cater for the customer needs, organization goals and environmental changes.

To enhance customer satisfaction and eventual performance the study recommends that customers should be treated well since they are the key assets in organization's survival, hence strategies set should be focus on quality of service .strategies adopted by organization should be adaptive to changes in the external environment and should be continually evaluated through

frequent competitor analysis, SWOT analysis, stakeholder opinion polls and ensuring adherence to corporate governance practices if performance is to be continually enhanced.

The study recommends that organizations should focus on adopting strategic change practices so as to improve organizational performance through increasing customer base, asset quality, quality of service and increased market share. The study recommended that effective performance of a company must entail strategies that offer clarity for guidance concerning financial operations. All the concerned departments should be provided with the guidance formulated in order to eradicate occurrence of compromise. In order for organizations to achieve their goals

Finally, the study recommends that a great deal of managerial attention is necessary in order to achieve cost efficiency. Cost leadership requires the construction of efficient-scale facilities and a vigorous pursuit of cost reduction in areas such as research and development, service and marketing. A low-cost strategy should involve developing educational products that is simple to produce and has a low price and finally a high market share.

5.5 Suggested Areas for further Research

The study suggests further survey on study competitive strategies and performance in other industries. This research should be replicated in other industries in order to establish whether there is consistency among them on Competitive strategies and business performance. The study will supplement the findings of this study by providing information on the strength and weaknesses experienced in the implementation of competitive strategies. Further research should be done on the factors affecting strategy implementation and impact of strategy implementation on organization performance by focusing on other sectors other than textile industry in order to depict reliable information that illustrates real situation in across all sectors.

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APPENDICES

Appendix I: Introduction letter

KCAU/SGS/MSc/August.19/15

To whom it may concern,

Dear Sir/Madam,

REF: DIDACUS OKOTH ATIANG OF REG. NO. 18/03979

It is my distinct pleasure to introduce to you Mr. Didacus Atiang who is a student in our institution pursuing a Master of Business Administration in Corporate Management at the School of Business and Public Management.

Didacus is conducting a research on a topic titled: *“Influence of competitive strategies on firm performance in Textile industry in Kenya. A survey of EPZ companies in Nairobi County”* Which is part of the requirements of the program he is pursuing. The research as well as the data procured thereof shall be used for academic purposes only.

Any assistance accorded to him is highly appreciated.

Yours faithfully



Dr. Nyaribo Misuko

Dean, School of Graduates Studies & Research

Appendix II: Questionnaire

Section A: General Information

1. Name your company..... (Optional)

2. Gender

i. Male

ii. Female

3. Please indicate the highest level of education attained? (Tick as applicable)

a) Secondary level ()

b) College level ()

c) University level ()

d) Post graduate level ()

4. Number of years of experience within the company

i. 1-5 years

ii. 6-10 years

iii. 11-15 years

iv. 16 years and above

SECTION B: COST LEADERSHIP STRATEGY

Kindly indicate the extent to which the following procedure of cost leadership strategy is practiced in your company. Kindly tick properly on a scale of 1-5. The response scale for the questions is as below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Our company offers competitive prices to the customers					
Our company has efficient cost control strategies for price controls					
Our company regularly evaluates the cost of operations to caution overhead costs					
Our company practices resource sharing to save on operational costs					
Our company adopts high volume production to enjoy economies of scale					

SECTION C: FOCUS STRATEGY

Kindly indicate the extent to which the following procedure of focus strategy is practiced in your organization. Kindly tick properly on a scale of 1-5. The response scale for the questions is as below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Our company has a specific market niche for its products					
Our company conducts market focused planning to establish					
Our company strives to attain a large market share to minimize competition					
Our company has specific market segments for its varies goods and services					
Our company focuses on the overlooked market to attain large market share					

SECTION D: DIFFERENTIATION STRATEGY

Please measure the extent to which the following differentiation strategy are applied in your organization. Kindly tick properly on a scale of 1-5. The response scale for the questions is as below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Our company has a brand image strategy to facilitate product differentiation impact in the market					
Our company endeavors in superior product features strategies to produce unique products in the market					
Our company embarks on enhanced customer service					
Our company has a well aligned distribution services for products and services to the customers					
Our company conducts product promotion for awareness in the market					

SECTION E: FIRM PERFORMANCE

Kindly indicate the extent to which the following on employee productivity in your organization.

Kindly tick properly on a scale of 1-5. The response scale for the questions is as below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Our company has improved in market share in the last 5 years					
Our company has gained more customers in the last 5 years					
Our company increased its sales volume in the last 5 years					
Our company has attained customer retention and customer loyalty in the last 5 years					
Our company has improved in employee welfare in the last 5 years					

APPENDIX III: EPZ COMPANIES IN NAIROBI

1. Africa Apparel EPZ Ltd.
2. Capital Industrial Park EPZ Ltd
3. Global apparels (K) Ltd
4. Hela intimates EPZ Ltd
5. Kikoy Mall EPZ Ltd
6. Mahalakshimi Garments (K) EPZ Ltd
7. New Wide Garments (K) EPZ Ltd
8. Royal Garments industries EPZ Ltd
9. Shona EPZ Ltd
10. Softrate EPZ Ltd
11. Generation EPZ Ltd
12. Dala EPZ Ltd
13. Emerging Concepts
14. Enke Management Ltd
15. Textile Technology