

COMPETITIVE ADVANTAGE AND PERFORMANCE OF HEAVY CONSTRUCTION EQUIPMENT SUPPLIERS IN KENYA: CASE OF NAIROBI COUNTY

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ABSTRACT

Organizations will always try to offer best products at lower prices in the market in contrast with their rivals. Competition is the state inside a market setting where firms work and set procedures to pick up advantage or more noteworthy accomplishment over each other. The capacity of an organization to outflank its opposition relies upon the capacity to exploit advertise movement patterns; capacity to catch and ensure 'out of line share' of business sectors; capacity to catch premium estimating; judicious creation and presentation of new items. This study sought to establish the competitive advantage and their effect on the performance of heavy construction equipment suppliers in Kenya. The specific objectives for the study were to establish the effect of price, quality products and services, agency distributorship network and stakeholders' relationship on performance of heavy construction equipment suppliers in Kenya. The study was anchored on Porter's model and Resource based view theory of a firm. The study would benefit various groups including top management of heavy construction equipment suppliers, the government, the stakeholders of such firms and its staff. The study employed a descriptive research design. Six firms dealing with supplies of heavy construction equipment in Kenya were selected around Nairobi county. Staff from the technical and marketing departments formed the target population who totaled up to one hundred and thirty-eight. A census was done given the small size of the population. Semi-structured questionnaires were used to collect data. The questionnaires were administered

using drop and pick method in instances where respondents needed to review the responses at a later time. Data was analyzed using SPSS through descriptive and inferential statistics and presented through tables, charts and graphs. The expected outfit at the end of the study of the researcher expected to establish that price, quality of product, agency distribution network and stakeholders' relationship affected performance of heavy construction equipment suppliers. the study established that the studied organizations regarded pricing as a strategy used within the company to gain competitive advantage, price ($\beta=-0.179$, $p=0.026<0.05$) had a significant inverse effect on performance heavy construction equipment suppliers, customers considered the products as of superior quality in comparison to other similar products, quality product and services ($\beta=0.017$, $p=0.004<0.05$) had a positive and significant effect on performance heavy construction equipment suppliers, the studied organizations considered their agency distribution networks (supplier-ships) as a competitive advantage, distributorship network agency ($\beta=0.225$, $p=0.00<0.05$) had positive and significant effect on performance heavy construction equipment suppliers, most of the studied organizations considered stakeholders (suppliers, clearing agents, transporters) relationships as a factor for competitive advantage, stakeholders relationship ($\beta=0.259$, $p=0.00<0.05$) had direct and significant effect on performance heavy construction equipment suppliers. The study concludes that price had a significant inverse effect on performance heavy construction equipment supplier. Quality product and services had a positive and significant effect on performance

heavy construction equipment suppliers. Agency distributorship network had positive and significant effect on performance heavy construction equipment suppliers. Stakeholders relationship had direct and significant effect on performance heavy construction equipment suppliers. The study recommends that top management team of all heavy construction equipment suppliers should increase the premiums charged and continue to competitively lower prices for improved performance of their organization. The management team of all

heavy construction equipment suppliers should improve on quality of products offered to customers in order to increase performance. For growth in market share, all organizations in Kenya should invest resources in agency distributorship networks. In order to improve on profitability, all heavy construction equipment suppliers should invest resources in stakeholder relationships.

Key Words: *competitive advantage, performance, heavy construction equipment suppliers, Kenya, Nairobi County*

INTRODUCTION

The global perspective about survival of organization is that strategies should be established to gain competitive advantage over other firms. In a turbulent domain, connecting aggressive needs to upper hand is fundamental for a firm to survive (Abdulkareem, Adel & John, 2003). Operational and promoting systems should put accentuation on focused needs, for example, quality, cost, adaptability and conveyance to accomplish, create and keep up upper hand. A firm can make competitive advantage by deciding the elements that may put the firm in a superior position in connection to its rivals in the commercial center.

Organizations will always try to offer best products at lower prices in the market in contrast with their rivals. According to Pearce and Robinson (2007) noted that competition is the state inside a market setting where firms work and set frameworks to get favorable position or more conspicuous achievement over each other. Limit of an association to beat its restriction depends upon the ability to misuse feature development designs; ability to get and secure 'out of line share' of business divisions; ability to get premium esteeming; wise creation and introduction of new product (Doyle, 1992).

Association ought to embrace client arranged procedures that improve consumer loyalty. Clients buy items in view of assortment of included esteem or advantages. Auka (2014) opined that there was a critical positive relationship between separation methodology and consumer loyalty. Promote conclusions are made that the three Porter's bland techniques which are separation procedure, cost administration system and centre methodology influence consumer loyalty decidedly.

According to Dash (2013) one of the systems of beating rivalry has been to be in a specialty showcase. Profit margins justify having a niche market where there are relatively few different players; thus, rivalry is restricted. The normal prevailing market forces makes it difficult for exceptionally beneficial fragment to stay for long with the high edges bound to

draw in different players, in this way expanding rivalry and lessening edges over a period. Maintaining competitive advantage requires organization to form a strategy which incorporates innovation or identifies and moves to other related specialty markets till the time they stay appealing.

Competitive Advantage

The express clarification by Porter (1985) was that competitive advantage originated from the esteem made by a firm for clients in the wake of subtracting the cost of delivering the esteem. The worry is the means by which to make esteem more noteworthy than the related cost. Plus, Porter showed two sorts of upper hands, which were taken a toll authority and separation. Regard is the thing that buyers will pay, and predominant regard starts from offering lower costs than contenders for equivalent points of interest or giving one of kind favourable circumstances that more than adjust a higher cost. There are two basic sorts of high ground: cost specialist and division.

Organisation Performance

Performance is the ability of an object to produce results in a dimension (Laitinen, 2002). According to Phongpetra and Johri (2011) there are three important business strategies of automobile manufacturers in Thailand. Cost focus was found to be of main concern, second priority was the cost leadership while incorporated cost difference was the third concern They revealed that these have an affirmative effect on the organization's financial and marketing performance. Companies put great emphasis on the importance of the customer satisfaction, employee motivation, product profitability, company profitability, liquidity, and capital structure in the measurement of performance (Laitinen, 2002).

Majeed (2011) examined relationship between the firms' competencies and their performance. While reviewing the importance of current or potential competencies, firms have a clear interest in establishing qualities which will lead to selecting differentiation benefits. A good association between company's competitive advantage and its performance is found in almost all organizations. These competitive advantages lead the company towards attaining high profits. Performance measurement system which is effective should be able to capture not only the financial aspect of business performance but also the non-financial elements, so as to present a clearer and wider perception and dimension of performance.

Heavy Construction Equipment Suppliers

The market for heavy construction equipment is promising as the world request is anticipated to progress 3.9 percent for every year through 2019 to \$218 billion (Reportlinker, 2015). Kenya being a developing country in Africa infrastructure projects will increase. The market is growing, due to increase in construction of buildings, roads, healthcare centers, institutions and other infrastructure. The developing mechanical exercises and quick private and business improvement, alongside an expanded speculation of government in the foundation division are relied upon to prompt a general increment in the development of the development hardware advertise. The financial development and expanded spending on infrastructural

exercises have had a tremendous influence in giving the essential lift to the development of the heavy construction equipment.

The emerging new technology and availability of cheap machinery from China have changed the market conditions for construction equipment suppliers in Kenya. Existing firms must devise mechanisms to survive. Heavy construction equipment products include; hydraulic excavators, motor graders, off highway trucks, track type tractor, underground mining equipment, wheel dozers, wheel loaders. Kenya's construction Industry is growing and suppliers of machinery and material providers are competing for the lucrative market. The heavy construction equipment suppliers in Kenya are: Mantrac Kenya Ltd (Caterpillar), Pan African Equipment Ltd (Komatsu), Ganatra Plant & Equipment Ltd (JCB), Hitachi, Atlas Copco PC, Holman Brothers (EA) Ltd (Sany), Avic-Shantui Construction Machinery (E.A.) Co. Ltd (Shantui), XCMG, Auto Sueco (Volvo).

Nairobi County

The devolution and formation of county governments in Kenya has changed the environment where previously major road construction projects which used to be done by the central governments are now split between the central government and county governments. The county governments have a duty to its citizen in infrastructure delivery particularly road construction and construction equipment suppliers should align strategies on how to adapt to these changes. Nairobi County is within the capital city of Kenya, where most commercial projects are taking place and being launched. The major restraints in the market includes the high cost of heavy construction equipment. The rate at which local construction firms deliver on projects is wanting and Chinese construction companies are taking market share, offer competitive prices and deliver projects to high standards. The Local construction firms need equipment to assist in the timely delivery of projects and improve their performance. The national government, county governments, and real estate developers are the main beneficiaries when construction projects are done to required standards and delivered in time. The research will provide useful information to construction equipment manufacturers and suppliers, Construction firms, counties, national government and real estate developers.

STATEMENT OF THE PROBLEM

Organisations are faced with ever changing turbulent environment and to survive, decision makers should establish their competitive advantages and ways to sustain them against competition. Mutuku (2006) conducted a research about the key success factors for heavy-duty construction equipment suppliers in Kenya. The key success factors under consideration by the researcher were after sales service, company resources, strong product attributes and product availability. The researcher faced difficulties in getting adequate responses from some of the targeted respondents, hence this study seeks to investigate the competitive advantage and performance of heavy construction equipment suppliers in Kenya. Gaya, Struwig and Smith (2013) found that motor vehicle industry in Kenya, which has consistently reliably performed at a more elevated amount than rivals in a similar engine benefit industry, claims a heap of unmistakable assets, which are distinguished as best in class present day

showrooms, benefit workshops, money related assets, spare parts stockrooms and HR. What's more, the examination thinks about found that these five key substantial assets have the qualities of asset manageability, which are uncommon, unmistakable assets which have esteem. The physical after-deals benefit is intricate and the administration workshop and extras parts distribution center is stable, incomparable and un-substitutable. The importance of competitive advantage is captured by Papulova and Papulova (2006) where they state that real competitive advantage infers that that associations can satisfy customer needs more suitably than their opponents. Little and reasonable estimated attempts which fathom their customers can influence high ground along these lines to advantage from cut down expenses and reliability of customers. Higher utmost use would then have the capacity to decrease costs. In the context of this study, the fact that the heavy construction equipment suppliers have a common market which varies from one geographical area to another. None of the known local studies has focused on competitive advantages in heavy construction equipment suppliers. There was, therefore, the need to research in this area. The Intent of this study was to establish the competitive advantage and performance of heavy construction equipment suppliers in Kenya. Six firms were selected as a case study and four independent variables were examined which were; price, quality of products, agency distribution network and stakeholders. Performance measures in organizations included profitability of a firm, market share and customer satisfaction.

GENERAL OBJECTIVE

The general objective of this study was to investigate the competitive advantages and its effects on the performance of heavy construction equipment suppliers in Kenya.

SPECIFIC OBJECTIVES

1. To determine how price affects performance of heavy construction equipment suppliers in Kenya
2. To examine the effects of quality products and services on performance of heavy construction equipment suppliers in Kenya.
3. To find out the effect of agency distributorship network on performance of heavy construction equipment suppliers in Kenya.
4. To establish the effect of stakeholders' relationship on performance of heavy construction equipment suppliers in Kenya.

THEORETICAL LITERATURE REVIEW

Porters Model

Porter, (1985) identifies that there are three key manners by which firms may accomplish reasonable upper hand. These are: cost leadership strategy, differentiation strategy, and focus strategy. It is with regards to the general non-specific system which a firm might be seeking after that vital alternative might be conveniently considered. Prakash (2014) places that it is imperative for business pioneers to ceaselessly assess their business procedure models now and again in view of market necessities/conditions. The mix procedure can be utilized

successfully when required as against single methodology model to win new clients and hold existing business. Firms with high market share are successful because they pursue a cost leadership strategy and firms with low market share were successful because they use market segmentation to focus on a small but profitable market niche. Firms in the middle were less profitable because they do not have a viable generic strategy (Porter, 1985).

Porter's model characterizes the decisions of "nonexclusive system" a firm can take after. An association's relative position inside an industry is given by its competitive advantage (cost leadership vs. differentiation) and its decision of focused degree. Aggressive extension recognizes firms focusing on expansive industry sections and firms concentrating on a tight portion. Non-specific systems are valuable since they portray vital positions at the least difficult and broadest level (Porter, 1985). According to Tanwar (2013) Generic strategies are vital for the organization to cope with the five competitive forces in the industry and do better than other organization in the same industry. Organization will produce high volumes of standardized products and expects to take advantage of economies of scale and experience curve effects. Maintaining cost leadership strategy, requires a continuous search for cost reductions in all aspects of the business. The associated distribution strategy is to obtain the most extensive distribution possible. Porter Generic Strategies are relevant to this study as it explains the different competitive advantage approaches adopted by firms in the same industry. A firm will select to offer lower price or provide unique features to add value to the product. Companies today cannot succeed in trying to be all things to all people; it should rather locate the one of a kind esteem that it can offer best to a particular market

Resource Based View Theory

Barney (1991) comments on the conditions that a firm creates upper hand might be summarized as takes after: a firm asset must, also, be significant, uncommon, and incompletely imitable and substitutable to be a wellspring of maintained competitive advantage. Resource-based views are pointing out that an organisation derives its competitive advantage from the resources owned by the organization. Flore (2013) Resources have a lease creating potential in the event that they contribute (alone or packaged with different assets) to building upper hand (i.e. unrivaled separation as well as lower costs by examination with the peripheral rival in the item advertise). This lease delivering potential is supported if the asset or heap of assets on which the upper hand is based is stationary and not rolled out outdated by natural improvements. Assets with a managed lease creating potential are alluded to as strategic resource.

Collis, David, Cynthia and Montgomery (1995) offer a series of five tests for a valuable resource: Inimitability, Durability, Appropriability, Substitutability, Competitive Superiority. Peteraf (1993) proposes four theoretical conditions for competitive advantage to existing in an industry: Heterogeneity of resources, Ex-post limits to competition, Imperfect mobility, Ex-ante limits to competition. Foss (1996) says that most contributions within the RBV take the individual resource as the relevant unit of analysis to study competitive advantage. However, he points out that this choice may only be legitimated if the relevant resources are sufficiently well-defined and free-standing.

Collis et al., (1995) offer a progression of five tests for an important asset: Inimitability, Durability,. Foss (1996) says that most commitments inside the RBV take the individual asset as the significant unit of examination to think about upper hand. Notwithstanding, he calls attention to that this decision may just be legitimated if the pertinent assets are adequately very much characterized and detached. Mutunga, Minja, and Gachanja, (2014) notes that resource-based theory holds to firm assets that are significant, uncommon, matchless and non-substitutable (VRIN) when utilized well, bears association's practical upper hand. Gaya et al., (2013) watched that the best in class present day client benefit complex is fundamental to the formation of the company's wellsprings of supported upper hand. This is on the grounds that the substantial assets recognized made an incentive for the clients by empowering prevalent client responsiveness in giving client benefit by offering productive and successful after-deals administration and extra parts supporting after auto buys. The supported upper hand is one that endures over a drawn out stretch of time (Porter, 1985). Barney (1991) contends against the utilization of schedule time to characterize manageability and looks at that as a maintained upper hand is accomplished just in the event that it keeps on existing after contenders' push to copy that preferred standpoint have stopped.

Sheehan and Foss, (2007) in a study found that asset-based perspectives stay vague and unsystematic, as there is no express clarification of how particular focused assets add to the formation of managed upper hand. Barney (1991) idea of 'profitable' is an uncertain rule to quantify the upper hand of a firm. Whether the asset is important or not ought to be estimated by its benefit, and along these lines it should appear as a financial resource paying little mind to how unmistakable or elusive it is. The estimation of any asset ought to be estimated by the reduced estimation of the normal future wage stream that can be credited to it. Foss (1996) says that the RBV needs not limit its area of use to the firm since it might in reality include some more fine-grained examination to the comprehension of industry-level focused progression, for example, by guiding regard for the assets that underlie hindrances to versatility and passage. Subsequently, uniting the company's assets and the focused condition in a solitary structure could see how assets add to execution and how assets impact aggressive flow (Priem & Butler, 2001).

Knowledge-Based View

Knowledge based view tries to explain the reasons as to why firms defer even though they might have the same physical resources. By having knowledge-based view as a theoretical framework customer satisfaction can be explained and the link on how customer satisfaction can act as a competitive advantage. Takeuchi (2013) states that organizations contrast not on account of having distinctive esteem chains and movement frameworks or diverse assets and skills, but since they imagine diverse fates. According to Takeuchi (2013) places there are three key highlights of learning: information which is made through human communications, learning that is dynamic in its extremely nature since it is required to make the future however winds up plainly outdated the moment it is made, and thirdly information has a social plan of managing the firm to do what is great, what is correct, and what is only for the firm and for society. The information-based perspective of technique supplements the

customary schools of methodology by infusing new reasoning along the three measurements portrayed underneath: putting people at the focal point of system, regarding procedure as a dynamic procedure, and having a social plan.

Beckmann (1999) proposed a five-level learning pecking order containing information, data, learning, ability, and capacities. Zack (1999) partitions hierarchical learning into three classes: center information, propelled learning, and creative learning. Center learning is the essential information that empowers a firm to make due in the market for the time being. Propelled information furnishes the firm with comparative learning as its opponents and enables the firm to effectively contend for the time being. Imaginative learning gives the firm its focused position over its opponents. The firm with imaginative information can present inventive items or administrations, possibly helping it turn into a market pioneer (Zack, 1999).

A learning association alludes to an organization that encourages learning of its individuals and ceaselessly changes itself. Senge (1990) authored learning association idea and urges associations to be more interconnected and wind up noticeably like groups that workers can feel sense of duty regarding. Senge (1990) takes note of that unsaid information should be intentionally processed from individuals and that person's implicit learning can't be moved into hierarchical information without person's acknowledgment and reflection. Impact of nature of practical limits was estimated utilizing the accompanying markers: nature of office arranges for which is thought to be open or shut workplaces. Workplaces will be viewed as open arrangement in the event that they are open corridors without outlines where representatives move and interface unreservedly without restraints or mostly open with half glass on the upper side. Shut arrangement workplaces are those that are totally encased and along these lines and correspondence and communication are just conceivable on the off chance that one gets to the workplace through the entryway.

Different specialists are of the view that learning is the most critical asset of a firm. Evans (2003) noticed that material assets diminish when utilized as a part of the firm, while information resources increment with utilize. Tiwana (2002) contends that innovation, capital, piece of the pie or item sources are less demanding to duplicate by different firms while information is the main asset that is hard to emulate. Implicit information is a rich territory in learning administration whose worry is the way the unwritten, implicit and concealed store of information claimed by people, and which is gotten from feelings, encounters, bits of knowledge, instincts, perceptions and presentation, can be shared. The primary drivers of this rich territory of information administration are banding together, close relationship with individuals, shared exercises, normal premiums, collaborations and correspondence (Bock and Kim, 2002).

EMPIRICAL LITERATURE REVIEW

Price and Performance

Dudu (2014) found that clients will pay more for an item in the event that they trust it is similar with the esteem they put on the item which might be a direct result of additional advantages got or delighted in from utilization of the item. Meera (2012) states that the essential factor in evaluating is choosing the cost of the item, methodology for promoting and its costs identified with conveyance, ad costs or any sort of value variety in the market. Evaluating techniques differ significantly crosswise over businesses, nations, and clients. By the by, scientists for the most part agree that evaluating techniques can be arranged into three gatherings: cost-based estimating; rivalry based valuing; and client esteem based valuing. Cost-based valuing gets from information from cost bookkeeping. Rivalry based evaluating utilizes foreseen or watched value levels of contenders as the essential hotspot at setting costs and client esteem based estimating utilizes the esteem that an item or administration conveys to a fragment of clients as the primary factor at setting costs.

As indicated by Stanton (1981), price is essentially an offer or a test to assignment the beat of the market. Ezeudu (2005) contends that price is the trade estimation of products and enterprises. Construction equipment are capital intensive and the purchase price of the products is based on many factors such as warranty, lifespan of equipment, and after sales service required for the product among others. Lovelock (1996) proposed that estimating is the main component of the advertising blend that produces incomes for the firm, while all the others are identified with costs. Mumassabba, Muchibi, Mutua, and Musiega (2015) conducted a research on factors influencing competitive advantage among supermarkets in Kenya. The investigation looked for; to decide the impact of item development, data innovation, administrative limit and association with providers on markets' upper hand. The examination received an elucidating overview look into plan. The objective populace of the examination was eighty-nine staff individuals at Nakummat possessions restricted partitioned into nine senior chiefs, thirteen-line directors, nineteen bosses and thirty-two non-administration staff. Stratified arbitrary testing was utilized to an example of seventy-three respondents. The strata portrayal was chosen utilizing the corresponding distribution strategy. Instrument for information gathering was an institutionalized poll. The examination demonstrated that item development, data innovation, administrative limit and associations with providers affect upper hand at Nakumatt Holdings Limited.

Wambua, Namusonge, Waema, and Luwesi, (2014) watched that moderately vast number of autonomous oil organizations utilize division methodology that thus impacts their piece of the overall industry. Accommodation retailing has remarkably affected the piece of the pie of free oil organizations in Kenya. The discoveries demonstrated that there are different impacts of the focused systems utilized available offer of autonomous oil organizations in Kenya found that greater part of the free oil organizations in Kenya (79%) utilize the evaluating methodology. The items whose beginning is outer and essentially controlled by outside providers who decide evaluating and value control by administration of Kenya. The Construction hardware is likewise provided from outer providers through the offering of

neighborhood dealerships. Feasible upper hand is winding up progressively vital throughout the following couple of years as organizations encounter more prominent value rivalry, strain to drive down working costs, more noteworthy intricacy of items and administrations, and rising client requests. This examination researched the impacts of aggressive methodologies utilized by free oil organizations of Nairobi, Kenya, on their piece of the overall industry and their day by day operations. A study seeking to inquire about bolstered by a graphic plan was utilized as a part of the investigation. The example populace was twenty-seven enrolled oil organizations which was chosen purposively. Results showed that distinctive focused methodologies were utilized as a part of various extents by the autonomous oil organizations; ease authority and item separation were the slightest utilized aggressive systems. Then again, the utilization of market division and accommodation retailing systems was high.

According to Hallberg (2017), associations may contrast in their capacity to execute estimating methodologies. The scientist utilized three contextual investigations of modern estimating system in the European bundling industry to look at how changed resources and schedules are associated with the execution of valuing methodology. Diverse kinds of variables empower distinctive valuing systems the elements which are of significance for the usage of evaluating technique in mechanical markets incorporate the judgment and business experience of key factors in the estimating procedure. The discoveries demonstrate that human capital, particularly as individual judgment and business encounter, is a vital determinant of fruitful value separation. The setup and outline of the business association is likewise a critical determinant of effective value versatility use (e.g., premium value methodologies). At long last, the investigation shows that the detail of item costing data (e.g., item costing IT-frameworks) is an essential factor affecting the degree to which firms can accomplish working influence and actualize evaluating systems identified with a cost advantage (e.g., low-value provider procedures).

A Study by Kapto and Njeru (2014) about techniques received by cell phone organizations in Kenya to increase upper hand, found that cost administration methodology is utilized by versatile administrators to increase upper hand. Further to this the best way to deal with increase upper hand through market division is one that takes client needs as the essential division variable. Necessities based market division empowers advertising and valuing techniques to take into account an assortment of market portions as opposed to being limited to the fragment that is dared to think just about the value (Hinterhuber, 2008).

Quality of Product and Performance

Kibiru and Pokhariyal (2013) sets about determinants of upper hand in the land business in Kenya: an instance of Thika greens golf domain in Muranga County. In the examination, unmistakable outline is utilized and surveys were managed to gather information. Spellbinding measurements is utilized for assessment and investigation. The discoveries were that Product separation is accomplished by offering an esteemed variety of the physical item. Quality has been characterized as wellness for utilize or the degree to which an item effectively fills the needs of purchasers (Beverly, Diane & Richard, 2002). Client benefit has significance since it closes in expanding item quality, increasing upper hand, increasing

beneficial open doors, and therefore expanding deals and pay (Goofin and Price, 1996). Definitions of product quality were suggested by Zeithaml (1988) as “the perceived superiority of a product as compared with competing alternatives forms the customer's perspective product quality, product value, trust, relationship value and commitment as representing important aspects of business relationships”. Iyamabo and Otubanjo, (2013) announced that item quality is one of the primary components to construct mark initiative. Past research showed that item quality is one of the key situating apparatuses that have critical impact on buy choice

The capacity to influence clients to feel fulfilled on account of the nearness of offices that assurance better responsiveness than clients is center capability that makes and maintains upper hand (Hill & Jones, 2009). Gaya et al. (2013) distinguishes the accessibility of an administration workshop expands the aggregate client encounter. The client encounter begins with the buy and incorporates the clients' desires and requirements for proficient administration combined with quality after-deals administration and bolster so clients can appreciate item possession. Brand picture identified with the state of mind which is as inclinations and certainty to a brand. A customer who has a positive picture to a brand would probably make a buy.

Quality has been portrayed in four classes particularly flawlesseness, regard for money, change in accordance with necessities and meeting or outperform clients' essentials (Reeves & Bednar, 1994). The thing build approach is arranged in light of its calm roots which the qualifications of the parts or attributes enamored by the thing are being considered as reflecting the refinements in quality (Garvin, 1984). The customer-based approach is the place the idea of things and organizations meets or beats customers' want. Quality was of two areas to be particular, the nature of layout and the idea of conformance (Juran, 1951). Seen thing quality goes about as a mediator between outward prompts and saw customer regard (Dodds, Monroe, & Grewal, 1991) while it has been battled that cost is a champion among the most basic incidental indication of thing quality (Rao & Monroe, 1988). It is recommended that 'when seen quality and fulfillment are viewed as general evaluations, saw quality is comprehended as a forerunner of fulfillment and along these lines goes before it' (Llusar, Zornoza, & Tena, 2001).

Tsiotsou and Vasioti (2006) found that directors need to comprehend the critical part of inclusion, saw item quality, and fulfillment to have the capacity to foresee buy aims and therefore buy conduct. All the above factors give a few administrative ramifications and are critical issues in the improvement and usage of promoting techniques went for building and keeping up piece of the overall industry. Seen item quality appears to assume an essential part in both shopper fulfillment and buy goals. Outer prompts, for example, value, mark name and target quality data have been observed to be identified with seen item quality and buyers' item assessments. Building a solid brand value is one of the fundamental procedures to separate an item from contenders (Dodds et al., 1991). While a brand figures out how to improve its value through turning into a market pioneer in the item class, the production of upper hand will be the fundamental results of that procedure, and solid boundaries would be put on

contending brands. Firms concentrate on separating their administrations from those of contenders by making immaterial incentive alongside the item or administration (Kayaman & Arasli, 2007). Truth be told, a firm which looks to get upper hand gives careful consideration for the interest in giving nature of administrations to its regarded client, this in turns manufactures and support its picture emphatically over the long haul (Taleghani, Chirani, & Mirrashed, 2011).

Agency Distribution Network and Performance

Szopa and Pekała (2012) defines distribution channel as as a gathering of subject to each other association units, which are participating in procedure of stream of items or administrations from makers to purchasers. The Supplier of the product can offer a competitive advantage by having one exclusive supplier. The supplier usually has access to Technical Information and the overall strategy of the Main Supplier. Keskinocak and Tayur (2001) states that the essential objective of store network administration is to convey the right item to the right place at the right time while keeping up cost efficiencies. Mumassabba et al. (2015) noted that significance of good supplier relationship as a potential driver of competitive advantage. The productive supplier relationship is indirectly transferable to the customers as they facilitate prompt service/product deliveries, better quality products; customized and products with the best value for money. A standout amongst the most noteworthy changes in dissemination is the expanding regard for deferment to the detriment of theory (Van Hoek, 2001). Large scale manufacturing, mass circulation and tremendous inventories of institutionalized offerings have since quite a while ago led the dissemination field. After some time, be that as it may, individualized arrangements in connection to particular clients have turned out to be progressively essential and providers are thusly engaged with outlining separated appropriation courses of action (Gadde & Snehota, 2000).

As indicated by Chopra and Meindl (2001) store network comprises of all stages, immediate and aberrant, engaged with satisfying client demands. Supply chains comprise of the considerable number of activities drew in with passing on a thing from unrefined material through to the customer including the scattering across finished channels, movement to the customer, and the information systems imperative to screen these activities (Lummus and Vokurka, 1999). Sehgal (2011) recommends that inventory network reconciliation upgrades capacities and along these lines increases upper hands. Store network comprises of utilitarian region for making aggressive capacities. Production network upgrades capacities and help in diminishing expenses or expanding the proficiency of capital utilized, while at the same time supporting operational adaptability and readiness. These can be specifically utilized to help most fundamental business methodologies in light of value, authority, separation or core interest.

Selective dispersion is set by Chen, Parsley, and Yang, (2015) that is likely embraced to keep the disintegration of endeavors to advance individual brands that can happen when wholesalers handle vast quantities of brands. It is not surprising that the reasons for employing exclusivity clauses have been assessed empirically. Construction equipment manufacturers used mostly use exclusive suppliers in their distribution networks. Point of

interest is to find out whether the appointed suppliers gain a competitive advantage from being exclusive suppliers.

Stakeholders Relationships and Performance

Migle and Jurgita (2015) on their examination about significance of partners for corporate notoriety infer that the partners are essential to the association for one fundamental source - assets which are vital for association. Clarkson (1995) characterizes essential stakeholders as those "without whose proceeding with support, the enterprise can't get by as a going concern," recommending that these connections are portrayed by common association. Partners are separated into inside (representatives, administration, inner investors and control organs) and outer (clients, outside investors, providers, financial specialists, media, lawmakers, groups, open experts, instruction, and NGOs) (Mitchell, 1997). Post, Preston, and Sach, (2002) clarify that partners are basic to the fruitful working of an enterprise since they give assets to the organization (e.g., clients, financial specialists, and representatives), from the business structure (e.g., production network partners and key unions), and make up the socio-political field (e.g., groups and governments).

Bailur (2007) Shareholders/proprietors, representatives, chiefs, the directorate are the inside, though clients, providers, business accomplices, group, people in general, contenders, the administration, specific vested parties, retailers, exchange affiliations, government administrative offices, budgetary establishments, investigators/specialists, psychological militants - the outer (Freeman, 1984). Predominant Stakeholder fulfillment is basic for fruitful organizations in a hyper-focused condition (D'Aveni, 1994). Porter (1980) perceived the significance of these partners bunches when he figured his "Five Forces" model of rivalry, which incorporated the haggling energy of clients and the bartering energy of providers. Stakeholders are by and large described by two backwards criteria: a couple of specialists fight that accomplices must be able to clearly impact the destiny of the affiliation - if not, they couldn't be considered as stakeholders (Bryson, 2004).

Neville, Bell and Menguc, (2005) accepted that the partners have an effect both on the monetary execution and on corporate notoriety when the association is subject to partners. Krstic (2014) contended that the interrelationship amongst partners and the association has a positive as well as a negative articulation regarding benefit, perseverance, relationship and corporate notoriety. Hillenbrand and Money (2007) substantiated that a long-haul business achievement relies upon the capable connections between the association and partners. Most investigations that have made utilization of exhaustive partner models are strong of a positive connection between overseeing for partners and firm execution (Berman, 1999). Corporate social duty (CSR) is tied in with directing organization's business to augment benefits, as well as to comply with the law, and to be moral and social steady also (Carroll and Shabana, 2010).

As indicated by Munasinghe and Kumara (2013) organizations receiving CSR enhance their Stakeholder Ability to Influence (SAI) organizations' execution, as characterized by (Barnett and Solomon, 2012) speaks to "the capacity of a firm to distinguish, follow up on and benefit

from the chance to enhance partner connections through CSR". Connection with key partners; increment their trust and organizations' upper hand. Organizations execution measure are an expected condition to guarantee their advance for guaranteeing one's element's improvement and an advancement which isn't estimated does not exist (Bilan and Roman, 2014). As indicated by Hillman and Keim (2001), a great partner administration enhances Corporate financial planning by recognizing the organization's endeavours and backings in offering mindful merchandise and quality administrations expanding as well as welcoming subsequently socially sensible clients or financial assets from capable speculators. Consequently, Corporate Social Responsibility through quality and security items and administrations enhance clients' fulfilment thus prompts expanded deals or diminishes cost operation (Waddock and Graves, 1997). Partners involving numerous positions on the lattice for instance as both accomplice and contender.

Wambugu (2015) played out an examination on Effects of Strategic Management Practices on Organizational Performance of Construction Companies in Nairobi City County, Kenya and reasons that superb administration is imperative to offer key client relationship in the development organizations. This empowers development of piece of the overall industry and enhances efficiency. Liliana (2015) presents an investigation that shows organizations occupied with CSR exercises will just make SAI stock creating benefits for long haul driving in this way to an economical advancement as consequence of their great partner administration. Organization dependable exercises reflected in their items, benefits prosperity and quality increment partners' reliability and in turns partners tend to pay back the organizations' in their different associations with the firm, driving the organization to upper hand. Besides, interests in CSR exercises that don't produce SAI won't make any arrival from CSR exercises and in this manner the speculation would just prompt monetary misfortunes.

RESEARCH METHODOLOGY

Research Design

The research utilized a descriptive research utilizing a contextual analysis of construction equipment suppliers in Kenya. Descriptive survey research designs can be utilized as a part of preparatory and exploratory investigations to enable scientists to assemble data and abridge, show and decipher information with the end goal of illumination (Orodho, 2003).

Target Population

This study targeted six firms that supply heavy construction equipment in Kenya, and the firms include; Mantrac Kenya Ltd, Pan African Equipment Ltd, Avic- Shantui Ltd, XCMG, Hitachi Ltd, Atlas Copco Ltd. The six firms have been selected because they have been in the industry for more than fifteen years and desirable data can be collected from these firms. The study focused on the staff of technical and marketing departments of each of the firms who total up to 138.

Sampling Design

Given that the population was only 6 firms and 138 respondents, a census of all the population formed the sample. Therefore, there was no sampling.

Data Collection Procedure

Questionnaires were used to gather information about determinants of competitive advantages of six selected heavy construction equipment supplier firms in Kenya. This was primary data. Primary data is information gathered directly from the respondents (Kothari, 2004). The questionnaire was standardized to collect data which comprised both open and closed ended questions and sections for respondent opinion or concurrence on a 5-point Likert type scale. Close ended questions were useful in giving similar or standard and comparable responses from the target individuals while being limited to the scope of what was asked. Open ended questions enabled researcher to collect additional data and information that could be used and which the researcher had not anticipated in the design of the questionnaire.

Data Processing and Analysis

Marshall and Rossman (2006) describes data analysis as the process of bringing order, structure, and meaning to the mass of collected data. Statistical Package for Social Sciences (SPSS) was used to Process and analyze once the data to be collected. ANOVA, means, standard deviations, percentages and frequencies were used to analyze and interpret the collected data. The regression model expressed the performance of Organization as a function of price, quality of product, distribution network agency and stakeholders.

$$PO = \beta_0 + \beta_1P + \beta_2Q + \beta_3D + \beta_4S + \mu$$

Where: PO = Performance of Organization; P = Price; Q = Quality of Product; D = Distributorship network agency; S = Stakeholders; PO = Dependent Variables; P, Q, D, S = Independent Variables; β_0 = Constant term; $\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients; μ = error term

RESEARCH RESULTS

The main objective of the study was to investigate the competitive advantages and its effects on the performance of heavy construction equipment suppliers in Kenya. The study was guided by the following specific objectives to determine how price affects performance of heavy construction equipment suppliers in Kenya. To examine the effects of quality products and services on performance of heavy construction equipment suppliers in Kenya. To find out the effect of agency distributorship network on performance of heavy construction equipment suppliers in Kenya. To establish the effect of stakeholders' relationship on performance of heavy construction equipment suppliers in Kenya.

On how price affected performance of heavy construction equipment suppliers, the study established that the studied organizations regarded pricing as a strategy used within the company to gain competitive advantage. The study established that the studied heavy construction equipment suppliers considered charging a premium price on their products. Most of the studied heavy construction equipment suppliers reduced prices of products to gain competitive advantage. The study established that price affected customer satisfactions. From regression results, price ($\beta=-0.179$, $p=0.026<0.05$) had a significant inverse effect on performance heavy construction equipment suppliers.

With regard to how quality products and services affected performance of heavy construction equipment suppliers, the study found out that customers considered the products as of superior quality in comparison to other similar products. Respondents agreed that the quality of their products and services in their firm contributed to competitive advantage. Most of the respondents considered that personnel skills contributed to competitive advantage. The studied organizations offered offer staff training to improve on services or products that they provided. The study established that quality products and service affected customer satisfaction. Regression results indicated that quality product and services ($\beta=0.017$, $p=0.004<0.05$) had a positive and significant effect on performance heavy construction equipment suppliers.

In respect to effect of agency distributorship network on performance of heavy construction equipment suppliers, the study found out that the studied organizations considered their agency distribution networks (supplier-ships) as a competitive advantage. Most of the studied organization gained competitive advantage from products offered by their supplier-ships. Majority of the organizations gained access to technological information from their supplier-ship. The study revealed that agency distribution network resulted into growth in market share. In view of regression results, distributorship network agency ($\beta=0.225$, $p=0.00<0.05$) had positive and significant effect on performance heavy construction equipment suppliers.

On the effect of stakeholders' relationship on performance of heavy construction equipment suppliers, the study established that most of the studied organizations considered stakeholders (suppliers, clearing agents, transporters) relationships as a factor for competitive advantage. Most of the studied companies engaged in corporate social responsibility (CSR). The studied companies worked with other stakeholders as business partners. The findings of the study indicated that stakeholder relationships grew profits of the studied organizations. Based on regression results, stakeholders relationship ($\beta=0.259$, $p=0.00<0.05$) had direct and significant effect on performance heavy construction equipment suppliers.

REGRESSION ANALYSIS

In order to determine how competitive advantage factors affected performance of heavy construction equipment suppliers in Kenya, a multiple regression analysis was conducted. The model summary showing the coefficient of correlation R and coefficient of determination R square is shown in Table 1.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891 ^a	.794	.790	.64418

a. Predictors: (Constant), Agency Distributorship Networks, Quality Products and Services, Price, Stakeholder Relationship

As shown in the Model Summary Table above, the value of the coefficient of determination R square was 0.794. This infers that 79.4% change in performance of heavy construction equipment suppliers is explained by agency distributorship networks, quality products and services, price and stakeholder relationship. Therefore, there are other factors that explain 20.6% change in performance of heavy construction equipment suppliers. Thus, future studies should be done to uncover these other factors affecting performance of these companies.

Table 2: Analysis of Variance (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	26.755	4	6.689	95.557	.000 ^b
Residual	6.94	99	.070		
Total	33.69	103			

a. Dependent Variable: Performance

b. Predictors: (Constant), Agency Distributorship Networks, Quality Product and Services, Price, Stakeholder Relationship

From the ANOVA Table 2 above, the value of F calculated is 95.557 while F critical (at df. 4, 99) is 2.464. Since F calculated is greater than F critical, this shows that the overall regression model was significant in estimating effect of competitive advantage on performance of heavy construction equipment suppliers.

Table 3: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	4.723	1.153			4.097	.000
Price	-.179	.079	-.225		-2.255	.026
Quality Products and Services	.017	.007	.034		2.429	.004
Stakeholder Relationship	.225	.053	.456		4.227	.000
Agency Distributorship Networks	.259	.038	.548		6.883	.000

a. Dependent Variable: Performance

The regression coefficients above results into the following model;

$$PO = 4.723 - 0.179P + 0.017Q + 0.225D + 0.259S$$

Where: PO = Performance of Organization; P = Price; Q = Quality of Product; D = Distributorship network agency; S = Stakeholders; PO = Dependent Variables; P, Q, D, S = Independent Variables

Therefore, holding all the variables constant, performance of heavy construction equipment suppliers would be at 4.723. Price ($\beta=-0.179$, $p=0.026<0.05$) had a significant inverse effect on performance heavy construction equipment suppliers. This means that a decrease in price would increase performance.

Quality product and services ($\beta=0.017$, $p=0.004<0.05$) had a positive and significant effect on performance heavy construction equipment suppliers. Therefore, an increase in quality of products and services increases performance. Quality has been portrayed in four classes particularly flawless, regard for money, change in accordance with necessities and meeting or outperform clients' essentials (Reeves & Bednar, 1994).

Distributorship network agency ($\beta=0.225$, $p=0.00<0.05$) had positive and significant effect on performance heavy construction equipment suppliers. Therefore, an increase in distributorship networks increased performance. Szopa and Pękała (2012) defines distribution channel as as a gathering of subject to each other association units, which are participating in procedure of stream of items or administrations from makers to purchasers.

Stakeholders relationship ($\beta=0.259$, $p=0.00<0.05$) had direct and significant effect on performance heavy construction equipment suppliers. This shows that an increase in stakeholder relationship increases performance. Migle and Jurgita (2015) on their examination about significance of partners for corporate notoriety infer that the partners are essential to the association for one fundamental source - assets which are vital for association.

CONCLUSIONS

On price, the study concludes that most of the studied heavy construction equipment suppliers reduced prices of products to gain competitive advantage. The studied heavy construction equipment suppliers considered charging a premium price on their products. The studied organizations regarded pricing as a strategy used within the company to gain competitive advantage. Price had a significant inverse effect on performance heavy construction equipment suppliers. In order to enhance customer satisfaction, the management of heavy construction equipment suppliers should concentrate on price.

In view of quality of their products and services, the study concludes that quality of products and services in firm contributed to competitive advantage. Most of the respondents considered that personnel skills contributed to competitive advantage. The studied organizations offered staff training to improve on services or products that they provided. Quality product and services had a positive and significant effect on performance heavy construction equipment suppliers. The top management of heavy construction equipment suppliers should concentrate on quality products and services to improve customer satisfaction.

On agency distributorship network, majority of the organizations gained access to technological information from their supplier-ship. Most of the studied organization gained competitive advantage from products offered by their supplier-ships. The studied organizations considered their agency distribution networks (supplier-ships) as a competitive advantage. Agency distributorship network had positive and significant effect on performance heavy construction equipment suppliers.

With regard to stakeholder relationship, the study concludes that most of the studied companies engaged in corporate social responsibility (CSR). Most of the studied organizations considered stakeholders (suppliers, clearing agents, transporters) relationships as a factor for competitive advantage. The studied companies worked with other stakeholders as business partners. Stakeholders relationship had direct and significant effect on performance heavy construction equipment suppliers.

RECOMMENDATIONS

On price, the study noted that reduction in prices and charging premiums had significant influence on performance of heavy construction equipment suppliers. Based on this finding, the study recommends that top management team of all heavy construction equipment suppliers should increase the premiums charged and continue to competitively lower prices for improved performance of their organization. Because price inversely affected performance, the study recommends for competitive reduction in prices among heavy construction equipment suppliers that would transpire into performance.

The study established direct relationship between quality products and services and performance of heavy construction equipment suppliers. Based on this finding, the study recommends that the management team of all heavy construction equipment suppliers should improve on quality of products offered to customers in order to increase performance.

Agency distributorship network had positive and significant effect on performance of heavy construction equipment suppliers. The study therefore recommends that management of all other companies operating in Kenya should strengthen their distribution networks for improved performance. For growth in market share, all organizations in Kenya should invest resources in agency distributorship networks.

In order to improve on profitability, all heavy construction equipment suppliers should invest resources in stakeholder relationships. Since stakeholder relationship had positive effect on performance of heavy construction equipment suppliers, this study recommends for improvement and an increase in this stakeholder relationship among heavy construction equipment suppliers.

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