AN EXAMINATION OF STRATEGIC MANAGEMENT PRACTICES ON ORGANIZATIONAL COMPETITIVENESS IN PREMIER FOODS INDUSTRIES LIMITED, NAIROBI COUNTY, KENYA

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ABSTRACT

Strategic management can be beneficial when an organization applies approach to strategic management which matches the situation they are in. The economic environment is changing rapidly and this change is characterized by phenomena such as globalization, changing customer and investor demands and ever increasing product-market competition, thus the importance of strategic management practices for the organization to compete successfully in this environment.Food manufacturing companies in Nairobiare performing poorly and facing intense competition from the imported food stuffs from overseas.The general objective of this study was to investigate the influence of strategic management practices in enhancing organizational competitiveness in Premier Foods Industries Limitedin Nairobi County, Kenya. The specific objectives of the study were to examine the influence of product differentiation, product modification and product innovation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya.The findings are useful to the management of the food manufacturing industries in Kenya and management of Premier Food Industries Limited in improving its competitiveness. This study employed a descriptive survey research design. The target population was 196 respondents from sales department, production department, quality assurance department and marketing department. The sample size was 59 respondents.Stratified sampling method was used to group the respondents into 4 departments (sales, production, quality assurance and marketing) to ensure that all different subgroups were adequately represented in the sample,then simple random sampling method was used to select respondents from each stratum. Questionnaires were used to collect data from the employees. The study concluded that product differentiation, product modification and product innovation had a positive significant effect on the organizational competitiveness.Premier Foods Industries Limited gives careful consideration to the products beneficial quality, product composition and design. Product differentiation requires great deal of resources for doing a statistical surveying to know the client needs, product development, market penetration, promotion, monitoring and evaluation. Product modification builds the allure of a product to company’s faithful clients and furthermore permits a firm to expand the interest of its products to competitor’s dedicated clients. Product innovation helps in keeping or expanding market share, prompts utilization of new business chances to a huge degree and furthermore product innovation prompts authoritative development, extension and picking up an upper hand in the market and brand exchanging. The review recommended that Premier Foods Industries Limited ought to concentrate and contribute more on product differentiation as it could be utilized as a noteworthy competitive advantage instrument against rivals in the business and it is fit for ensuring the long drag survival of the organization. Product modification ought to be utilized by Premier Foods Industries Limited as a method for expanding its product life cycle. The organization needs to survey the open doors and dangers postured by innovative change. In addition, it is prescribed that the organization ought to survey the interdependencies of its products and others in the blend and how adjustment would affect upon the general cost structure. For product innovation to happen, Premier Foods Industries Limited need to change the way it maintains its organizations, since this could prompt the separating of connections between the business and its clients, providers and business accomplices.

Key Words: *strategic management practices, organizational competitiveness, Premier Foods Industries Limited, Nairobi County, Kenya*

INTRODUCTION

Ambastha and Monaya (2010) regard competitiveness to include performance in earnings, growth and profitability; quality of products, services and capacity to satisfy consumer expectations; productivity in terms of higher production and lower use of resources; innovation in products, services and management process; and image in corporate branding, building trust and reputation in relationship with stakeholders. Porter and Kramer (2011) argue that strategy must not regard competitiveness of an organization to be limited to specific and known forces of the market in which the organization operates, but competitive forces should be looked into in relation to competitive strategies the organization uses such as cost leadership, differentiation or focus strategies.

According to Thompson and Strickland (2010), a company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price or a better quality product that is worth paying more for (Porter, 2008).

According to Porter (2008) strategists must assess the forces affecting competition in their industry and identify their company's strengths and weaknesses. Strategists can then devise a plan of action that may include first, positioning the company so that its capabilities provide the best defense against the competitive force, influence the balance of the forces through strategic moves, thereby improving the company’s position. Further, strategists can then anticipate shifts in the factors underlying the forces and respond to them, with the hope of exploiting change by choosing a strategy appropriate for the new competitive balance before opponents recognize it (Porter, 2008).

The importance of competitive advantage and distinctive competencies as determinants of a firm’s success has increased tremendously in the recent pastbased on the belief that fundamental basis of above average performance in the long term is sustainable competitive advantage.

Superior value (what buyers are willing to pay) stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset the higher price (Porter, 2008). The very existence of competitive advantage sets in motion creative innovations that cause advantages to dissipate as competitors strive to level the playing field (Christiansen, 2011). It is therefore no guarantee that today's competitive advantage will suffice in the future.

Strategic management practice according to Murimbika (2011) involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. Strategic Management defines the purpose of the organisation and the plans and actions to achieve that purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals as indicated by Ofunya (2013).

Strategic management is involved in deploying a firm's internal strengths and weakness to takeadvantage of its external opportunities and minimize its external threats/problems (Adelekeet al., 2008). Strategic management can be beneficial when an organization applies approach to strategic management which matches the situation they are in. The benefits according to Ogundele and Oyenuga (2008) include: It brings about clearer definition of objectives, providing better guidance to the entire organization, making managers and organizational members more alert to new opportunities and threatening development. It also helps in overcoming risks and uncertainties and therefore contributes to organization success, increases the quality of business decisions, creates a more proactive management posture, helps to unify the organization and promotes the development of a constantly evolving business model that will produce sustained profitability for the business (Ogundele&Oyenuga, 2008).

Studies on strategic management have shown that strategic management is concerned with deciding on strategy and planning how that strategy is to be put in to effect (Kazmi, 2008; Johnson & Scholes, 2009; Dess& Miller, 2009).Nmadu (2007) maintain that in spite of all these benefits, the greatest persuasions for use of the strategic management approach are the financial benefit associated with successful practitioners. Greater financial and competitive success than would be possible otherwise is one benefit chief executives can reasonably expect.

Adebisi (2011) explained that strategic management is also about assessing why some organizations are doing fine and why others are not doing fine in the same environment with opportunities and threats. Kazmi (2008) said the management strategy of an organization entails analysis, decision and actions. This is management strategy that is concerned with the analysis of strategy goals (vision, mission, and strategic objective) along with the analysis of the internal and external environment of the organization. Leaders must make strategic decisions which address questions such as what industries should we compete in?How should we compete in those industries? , then actions must be taken. These questions often involve organization's domestic as well as its international operations.

Ansoff (1990)says that strategy is the link between an organization and its external environment and must be consistent with an organization's goals and values, with its external environment, with its resources and capabilities and with its organizational structures and systems. The Ansoff (1957) Product-Market Growth Matrix is a marketing tool created by Igor Ansoff. The matrix allows managers to consider ways to grow the business via existing and/or new products, in existing and/or new markets. This matrix helps companies decide what course of action should be taken given current performance. The matrix illustrates, in particular, that the element of risk increases the further the strategy moves away from known quantities. Thus, product development (requiring, in effect, a new product) and market extension (a new market) typically involve a greater risk than 'penetration' (existing product and existing market); and diversification (new product and new market) generally carries the greatest risk of line, for this reason, amongst others, most marketing activity revolves around penetration.

The food industries produce food products ready for sale and consumption (Wardet al., 2012). Thefood manufacturing firms are a major contributor of income to the Kenyan economy. The growing economy, coupled with the increasing population in towns and cities creates demand for processed foods and value added agricultural products with easy and fast preparation methods. This demand has driven processing firms into vigorous struggle for sustainable competitive advantage. Kenyan local food manufacturing firms, foreign companies or as joint ventures with Kenyan shareholding are competing to supply the domestic and international markets. Food manufacturing firms have become important in the achievement of national food security which is a key objective of the agricultural sector.

Premier Food Industries Ltd. (PFIL) is a leading food processing company in Kenya, manufacturing over 50 different products under the brand name among others PEPTANG and PEP. The brands PEPTANG and PEP have been in use since 1935 and thus have become a household name for various food products.PFIL is a member of Industrial Promotion Services (K) Ltd. (IPS) group of companies, which is the industrial and infrastructure arm of the Aga Khan Fund for Economic Development (AKFED), which is an affiliate of the Aga Khan Development Network (AKDN) an organization dedicated to improving human living conditions, strengthening cultural foundations and promoting corporate social responsibility.

Premier food industries take pride in their high levels of quality that are maintained right from raw material procurement to delivery of the final product. This has earned the company, the market leader position in some of the product lines. PFIL was the first company in Kenya to be awarded the Certificate of ISO 22000:2005 by Bureau Veritas Certification, for fully conforming to the International Standard for Quality and Food Safety Management System for all its products (PEPTANG, 2016).

STATEMENT OF THE PROBLEM

The strategic management on organizational competitiveness has been the focus of intensive research efforts in recent times. The economic environment is changing rapidly and this change is characterized by phenomenasuch as globalization, changing customer and investor demands and ever increasing product-market competition, thus the importance of strategic management practicesfor the organization to compete successfully in this environment. Raduan(2009) argue that achieving a competitive advantage position and enhancing firm performance relative to their competitors are the main objectives that business organizations in particular should strive to attain. The technological environment is changing rapidly and becoming increasingly complex; different technological areas are fusing and others are becoming more inter-related (Patel & Pavitt, 2010). As a result, firms have found it necessary to increase the range of technologies with which they are familiar in order to access new product markets; they have become 'multi-technology'. However, at the same time, the firm is constrained by the path dependent, incremental and cumulative nature of technological change and the limits of the firm's ability to learn and manage its growth. These conflicting forces have implications for the phenomenon of product diversification within firms and this, in turn, will impact upon the evolution of the firm's competencies and performance (Granstrand et al., 2011). Competition among the food industry sector in Kenya has necessitated examination of the generic strategies employed by firms to remain competitive. The business environment in which organizations operate is dynamic and turbulent with constant and fast paced changes that often render yester-years strategies irrelevant (Ofunya, 2013). According to Kourdi (2009), the hypercompetitive business environment has pushed organizations to limits dictating the need to adopt strategic management practices that support plans, choices and decisions that will lead to competitive advantage and to achieve profitability, success and wealth creation. Numerous studies have been carried globally and locally on the influence of strategic management practices on organizational performance. For instance, Molla (2011) conducted a study on green supply chain management practices in the food manufacturing industry in Kenya. The study found that green supply chain management practices adoption is still in its infancy among the food manufacturing companies in Kenya and that most of these companies have only planned to consider, or at most, are considering adoptionexceptfor eco-design practice which is currently under consideration.Stephen (2009) did a study on strategic management practices of firms in the wines and spirits industry in Kenya and found that the business environment within which dealers in the wines and spirits industry operate has experienced several changes. These include increased competition, increased government supervision, political reforms and unfavorable economic conditions. Nephat (2010) studied on responsiveness to challenges of globalisation by Kenya Wine agencies limited and found the concluded that although Kenya Wines Agency Limited (KWAL) responsiveness to globalizations yielded some positive results, the time taken was quite long and the sustainability of some of the strategies adopted is still questionable. Based on the above studies, it is evident that though studies have been done on strategic management on organizational competitiveness, limited studies have been done on strategic management practices on competitiveness of food industries in Kenya. Therefore, this study investigated the effects of strategic management practices on organizational competitiveness at Premier Foods Industries Limited in Nairobi County, Kenya.

GENERAL OBJECTIVE

The general objective of this study was to investigate the effects of strategic management practices on organizational competitiveness inPremier Foods Industries Limited in Nairobi County, Kenya.

SPECIFIC OBJECTIVES

1. To examine the effects of product differentiation on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya.
2. To establish the effects of product modification on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, Kenya.
3. To determine the effects of product innovation on organizational competitiveness in Premier Foods Industries Limitedin Nairobi County, Kenya.

THEORETICAL REVIEW

Porter's Theory of Competitive Advantage

This study was guided by Porter's Theory of Competitive Advantage pioneered by Porter (1980). The competitive forces approach views the essence of competitive strategy formulation as relating a company to its environment. The key aspect of the firm's environment is the industry or industries in which it competes. Industry structure strongly influences the competitive rules of the game as well as thestrategies potentially available to firms.Inthe competitive forces model, five industry level forces: entry barriers, threat of substitution, bargaining power of buyers, bargainingpower of suppliers, and rivalry among industry incumbents determine the inherent profitpotential of an industry or sub segment of an industry. The approach can be used to helpthe firm find a position in an industry from which it can best defend itself againstcompetitive forces or influence them in its favor (Porter, 1980).

This five force framework provides a systematic way of thinking about how competitiveforces work at the industry level and how these forces determine the profitability ofdifferent industries and industry segments. The competitive forces framework alsocontains a number of underlying assumptions about the sources of competition and the nature of the strategy process (Porter, 1980).Competitive strategies are often aimed at altering the firm's position in the industry vis-a-vis competitors and suppliers. This theory is relevant to the study because it provides a sophisticated tool for analyzing competitiveness with all its implications.Closing the circle of factors which determine the existence of competitive advantage it is necessary to consider the context in which firms are created, organized and managed as well as the nature of domestic rivalry.

Resource Based Theory (RBT)

This study was based on Resource Based Theory by Grant (1991). According to Grant (1991) the Resource Based Theory (RBT) approach to competitive advantage contends that internal resources aremore important for a firm than external factors in achieving and sustaining competitiveadvantage. In this view, organizational performance is primarily determined by internalresources including physical resources, human resources and organizational resources.The mix, type and amount and nature of a firm's internal resources should be consideredfirst and foremost in devising strategies that can lead to sustainable competitiveadvantage. Managing strategically according to RBT involves developing and exploitinga firm's unique resources and capabilities and continually maintaining and strengtheningthose resources. The theory asserts that it is advantageous for a firm to pursue a strategythat is not currently being implemented by any other competing firm. Such resourcesmust be either rare or hard to imitate or not easily substitutable.

This theory is relevant to the study because RBV sees resources as key to superior firm performance. If a resource exhibits VRIO attributes, the resource enables the firm to gain and sustain competitive advantage. Organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it. Sustained competitive advantage can be achieved more easily by exploiting internal rather than external factors as compared to organization input-output view.The resource based view of organizations present different perspectives on how best to capture and keepcompetitive advantage. A firm must strive to achieve sustained competitive advantage by continually adopting to changes in external trends and events and internal capabilities, competences and resources and by effectively formulating, implementing and evaluating strategies that capitalize upon those factors.

Ansoff Theory

Ansoff introduced the concept of balancing "external characteristics of the product-market strategy and creating internal fit between strategy and business resources" (Ansoff, 2007). Ansoff's (2007) work is based on developing an instrument which facilitates a top manager's ability to analyze data with the objective of exploring and exploiting the "future profit potential" and, as a result, improve the firm's competitive position. Ansoff's (2007) approach can quantify information in a way that enables management to match their behavior and capabilities to the external operating environment. He noted that managers frequently try a "one-size fits all" approach and do not vary their plans and behaviors based on current conditions; instead they tend to develop plans and manage in ways that are based only on historical data. Ansoff was able to empirically prove that using data to account for both historical and future scenarios as well as changing plans and behavior to match these scenarios as they evolve is a valid method for optimizing the firm's success (Ansoff, 2007).

Ansoff (1965) identified the Portfolio Analysis and Strategy as an alternative analytic tool instrategic management. The purpose of portfolio analysis is to analyze the opportunities thatexist outside of the company's current scope and come to a decision whether the firm mustchange the scope of its portfolio through diversification or internationalization, or both(Ansoff, 1965).There are four strategies suggested by Ansoff. The market penetration strategy of existing markets occurs whenever an organization penetrates a market with its current products or offerings. In the market development strategy the goal can either be to change an established product or change the customer segment of a more current product. The product development strategy states that new products should be created so that the company can achieve growth and development. Diversification strategy involves moving simultaneously into new products and new markets.The theory of Ansoff helps in making sure that a firm will maintain its standing in an existing market, new products would be properly marketed and also helps in making sure that existing products would not be forgotten.

EMPIRICAL REVIEW

Product Differentiation and Organizational Competitiveness

Product differentiation being the most commonly used one of these two strategic typologies (Spencer et al., 2009). A differentiation strategy involves the firm creating a product/service, which is considered unique in some aspect that the customer values because the customer's needs are satisfied. Past researches have shown that a number ofthe manufacturing organizations view the differentiation strategy as a moreimportant and distinct means to achieve competitive advantage in constrict toa low cost strategy (Kotha & Orne, 2009; Baines & Langfield-Smith, 2010).

Kibet and Chepkuto (2010) found that creation and sustenance of competitive advantagewas achievedthroughproduct differentiation incompanies.They found out that companies strive to survive and succeed in competition by pursuing strategies that enable them to perform better than their competitors. The company through competitive advantage therefore influence development of strategies based on customer service, enhancing differentiation of their products and to maintaincompetitive advantage making it morelasting than that just guaranteed by low prices.

Dirisu et al. (2013) state that while there are numerous ways to differentiate brands, identifying meaningful productdrivendifferentiators can be especially fruitful in gaining and sustaining a competitive advantage. Firms in the sameindustry, for example the seed industry, produce products that differ in performance and/or quality leading to productionof low cost/low quality seed products or higher cost/high quality seed products. Often the same firm will sell a range ofdifferent products that differ in performance or quality and even service support from the seed producers. For example,Kenya Seed Company has different maize seed varieties that differ in performance for instance H614, H6210, H6213,H6218 and H629 (iKilimo.org, 2014).

Hill (1988) explained that the immediate effect of differentiation will be to increase unit costs. However, if costs fall with increasing volume, the long-run effect may be to reduce unit costs. Three sources of declining costs can be identified: learning effects, economies of scale, and economies of scope. The impact that differentiation has on demand depends on three major contingencies; the ability of the firm to differentiate its product, the competitive nature of the product market environment, and the commitment of consumers to the products of rival firms. The number of attributes inherent in a product creates scope for differentiation.

Business strategy development is concerned with matching customerrequirements (needs, wants, desires, preferences, buying patterns) with thecapabilities of the organization, based on the skills and resources available tothe business organization, leading to the issue of core competence (Holmes& Hooper, 2010). Differentiation is when a firm or brand outperforms rival brands in the provision of a feature(s) such that it faces reduced sensitivity for other features (Sharp & Dawes, 2011). According to Webster (2014),when products are based on such core competencies, they define theorganization’s value proposition in each target market and the organization’sbusiness strategy; thus, the business strategy adopted by an organizationmust be able to give it a competitive edge over other competitors in theindustry.

Baines and Langfield-Smith (2010) argue that as globalization leads to more intense competition amongmanufacturing organizations, with increase in customer demands, theseorganizations tend to seek competitive advantage by producing products withmore valued features, such as product quality, product flexibility or reliable delivery. As such, a differentiationstrategy would provide greater scope for these organizations to produceproducts with more valued, desirable features as a means of coping with suchdemands.

Hitt and Hoskisson (2007) affirm that given thepossibility of a negative impact in product variety on sales, it is important that brewing companies useproduct variety strategy with care, and this is the more reason why this study needs to be carriedout. It is assumed that absence of such opportunity will make them go and shop elsewhere. King (2005) asserts that product variety affects consumer purchase behavior and consumer welfare.High product variety allows for the satisfaction of the needs and desires of heterogeneously distributed consumers. In addition, product variety allows consumers to enjoy a diversity ofoptions through variety seekingbehavior, which satisfies intellectual curiosity.

A well-designed product offers bothfunctional and aesthetic benefits to consumers, which could become animportant source of differentiation (Koter& Keller, 2011). Thus, aproduct’s design will always aid to determine a consumer’s choice ofpurchase amongst products of same brands and categories. A well-designedproduct can also be a point-of-difference in the marketplace aiding consumeracceptance through its ease of use, durability, reliability, or packaging;

therefore, serve as a source of competitive advantage. Irrespective of thedesign, it is important that the product meets the consumers' definition of abasic product.

Product differentiation strategy can be a tool of competitiveadvantage which is adopted by organizations in order to provide productsthat satisfies individual customer's needs. In satisfying individual customer'sneeds, quality has become a major differentiating factor among products (Shammot, 2011). As a result, customers are willing to pay more forproducts that cater to their individual size, taste, style, need or expression.Hence, achieving competitive advantage through product differentiationbecomes the main focus of this study.

Product Modification and Organizational Competitiveness

Product Modification strategyaccording to Walters and Toyne (2009) is an attempt by companies to extend the length of the Product Life Cycle (PLC) by making small or big changes to a product to keep customers interested in the product, or cause them to buy accessory items to keep the product popular. Brand has been considered as the most valuable asset for enterprises in recent years. In such a competitive and changeable environment, enterprises therefore have to look for various emerging marketing strategies or tactics, expectingto enhance the brand and the competitiveness as well as to promote the market status (Harris &de Chernatony, 2011). Nevertheless, these ways seem to make the marketing activity be too complicated with too much terminology. How to coordinate and integrate activities, such as advertisement, product research and design, customer service, business promotion, and public relationship, has become a primary issue (Aaker, 2009).

Product modification strategy has become a popular strategy among Nigerian firms.In a study of the impact of product-market modification strategy on the performance and growth of 48Nigerian companies, it was found that 62.5% of them were pursuing related, unrelated or mixed modification strategies while 37.5% of the sampled firms followed a specialization strategy (Oyedijo, 2012). According to Hill (2008), firms pursue a related modification strategy in order to realize economic benefits from the exploitation of the interrelationships between divisions,through the poolingand sharing of physical and human resources, to achieve economiesof scopeand sharingmarketing or technological resources to achieve economiesof scale.

Aaker (2009) mentioned that an enterprise should first understand the strategic objective before planning Brand Strategy, which aimed to create consonance between an enterprise andconsumers, so as not to expose the advantages of competitors and to well utilize the weaknesses of competitors and the advantages of the enterpriseitself. To achieve such an objective, an enterprise should precede consumer analyzes, competitor analyzes, and self-analyzes to enhance and improve Brand Strategy as well as to define theuncertain factors in Brand Strategy (Bei, 2009).

Aaker (2009) also proposed Brand Relationship Spectrum to define the combination structure of the relationship between brand role and brand. Four dimensions were covered; A house of brands was the set of independent and not mutually subordinate brands. Such a strategy allowed an enterprise clearly positioning the brand to focus on the niche market, Endorsed brands referred to a brand being endorsed by another brand (normally organizational brand). However, Endorsed brands were independent, meaning that Endorsed brands were the major driver on purchase decisions and use experiences, while endorsing brands played the minor role.Sub-brands, the brand name connecting with the major brand or the parent brand, could enhance or embellish the brand association, including attributes, applications, unprecedented innovation, brand characters, and users and finally, A branded house extended a single brand to all products, where the role of the master brand turned from a driver into a dominant driver, and the sub-brand turned from a moderate driver into a weak driver or the one without any drive.

Sinha and Batra (2007) suggested that retailers should reinforce the identity of customers towards products and enhance enterprise image to appeal wider consumers; and, the research proved that Brand Strategy appeared positive effects on Purchase Intention. Fishbein and Ajzen (2007) proposed Fishbein model that consumers were likely to present higher evaluation on products with high brand awareness than the ones with low brand awareness. In this case, consumers would show better attitudes to products with high brand awareness than the ones with low brand awareness and would enhance the purchase intention.

Aaker (2009) found that favorable Brand Strategycould promote the loyalty and trust of consumers towards the brand and appear positive effects on Purchase Intention. Laroche and Saunders (2009) considered the important effect of Brand Strategy on the purchase process of consumers that Purchase Intention would present significantly positive effects. Wang (2006) believed in the effect of Brand Strategy on the purchase process of consumers that high Brand Strategy would show remarkably positive effects on Purchase Intention, in spite of specialties or convenience products.

According to Van-Riel and Balmer (2007), the establishment of private brands might be the optimal solution, as competitors could rapidly duplicate the technology or products, but not the brand. Tung (2012) observes that a strong brand could create business differentiation to tell the enterprise from competitors. Since the trust in strong brands couldenhance the purchase intention and loyalty of customers and further achieve economies of scale, the operation cost would be reduced and the cash flow would be produced. In this case, not only does the book numbers be embellished, but it could be the basis for product research and development, consumer investigation, and brand re-investment. The brand therefore according to Hankinsonet al (2007) could continuously bring competitive advantages for the enterprise, presenting the importance of Brand Strategy.

Product Innovation and Organizational Competitiveness

Demands forinnovation and technological advancementare increasingly crucial components of competitive strategy for manymanufacturing firms in South Africa as observed by Miller (2009). This is observed from Ansoff (2007) who showed that most manufacturing companiesface serious competitive challenges due to the rapid pace and unpredictability of technology changeand failure to utilizeinnovationas acompetitive advantage. Given the array of capabilities needed to sustain effective corporate entrepreneurship, competitive advantageprovidesthe company with anattractive source of innovationstocreatepositive synergy for the firm.Likewise, if the innovation process or the outcomesof innovation are difficult to copy, then itbecomesan increasingly important ingredient in sustaining competitive advantage.

In Nigeria, Dirisuet al (2013) observe that innovative advantageand subsequent requirements for sustained exploitation, provides incentives for change in the strategic configuration. Innovativeadvantage mightenable a firm to broaden its market appeal by introducing cost savings as well as unique features. Successful adaptability requires both knowing when to change and knowing when change is not appropriate. Innovation advantagethat help a firm make correct choices will have a greater probability of maintaining competitive advantage.

According to De Clercket al(2009), competitive advantage is realized, amongst other things, through continuous innovation and proactiveness, that is, the pursuit of new business opportunities, and the generation of novel ideas about business.Knowledge, research and innovation are of crucial importance for the competitiveness of the modern economy, as well as for the high standard of living and welfare. For innovation to occur, the ideas and insights of employees are of crucial importance (Nijhopet al., 2012).

According to Belousova et al (2010), corporate entrepreneurship is also more than the development of new products; it also implies innovations to existing products or brands. The term is used to describe entrepreneurial behaviors existing within the confines of established organizations. It is a broad concept at the center of which is the process of organizational renewal which can be achieved through the ‘creation, development, and implementation of new ideas or behaviors.

Covin and Miles (2009) highlight the importance of the characteristic innovativeness in achieving organizational competitiveness. They mention that innovation was the single common theme underlying all forms of corporate entrepreneurship. Thornberry (2011) mentions that the concept of organizational competitiveness is a way in which a company can deal with rapidly changing environments. In these environments it is often difficult to predict what will happen in the future. He argues that companies can prepare for the unexpected by building opportunity-focused organizations; in this way the company is able to capture new business opportunities by the resources and people available.

Luecke and Katz (2008), sees innovation as the successful introduction of a better thing or method. It is the embodiment, combination, or synthesis of knowledge in original, relevant, valued new products, processes, or services. Boer and During (2009) define innovation as 'the creation of a new product-market-technology-organization-combination. The perceived newness of an innovation varies from incremental through synthetic to discontinuous innovation. Incremental innovation is small step innovation which makes minor improvements or simple adjustment to the current product, technology, market or organization.

Innovation has become nowadays in one the main strategies used by a big number of organizations to achieve not just expansion and development but also a higher level of business performance (Krause et al., 2007). Innovation is seen today as one of the main activities and strategies that organizations area adopting not just to get a higher level of performance, but also to survive in the markets in which they participate (Heunks, 2008; O'Reganet al., 2009; Maldonado et al., 2009).Similarly, the expectations about the growth that companies have, mainly the growth in sales, has been associated positively and significantly with the development and innovation of new products (Verheeset al., 2010).

Macro Environment

According to Bourgeois (2011), the choice of strategies to employ at a given time is informed by different factors within and without the organization. An organization has to develop competitive strategy to out compete thecompetitors. Strategy links organization to the environment. To achieve its objective the organization chooses strategies that align them properly with environment. This is aimed at avoiding any mismatch between the organization and the environment. Thisin turn leads to effect on the performance of the organization.Bourgeois (2011) show that organizations operate in an open system. The environment is turbulent and ever changing. Organization is environmental dependent and environment serving. They depend on the environment for resources input and produce goods or service for the consumption by the environment.

According to David (2008) many excellent strategies fail when attempts to implement them are made. The implementation phase involves identifying the required resources and putting in place the necessary organizational changes needed to make the whole process a success.Within a global environment, various considerations during strategy implementation are made and these include global political, economic, legal, social and cultural environments, as well as extreme competition (Pearce & Robinson, 2007).

Companies that aim to capture and sustain competitive advantagemust therefore ensure a strategy implementation process that will see them compete successfully in a global arena.The economic environment within which an organization operate, affects the success of strategy implementation. Economic factors concern the nature and direction of the economy in which the firm operates. On both the national and international level, managers must consider the general availability of credit, level of disposable income, the propensity of people to spend, prime interest rate, inflation rates and trends in the growth of the Gross National Product as economic factors for strategy implementation (Pearce & Robinson, 2007).

Organizations must therefore determine a strategy implementation process within a given economic situation. The direction and stability of political factors are a major consideration for managers in formulating company strategy. Political factors define the legal and regulatory parameters within which firms must operate. Political constraints are placed on firms through fair trade decisions, anti-trust laws, pricing policies and many other actions aimed at protecting the employees, consumers, the general public and the environment (Pearce& Robinson, 2007).David (2008) assert that a critical look at the strategic management literature reveals that there are some key factors thatare considered to be of great significance for the integration of strategy formulation and implementation to occur. These factors are both internally and externally to the organization. External factors include economic and political, ecological, technology and globalization, and government regulations.

RESEARCH METHODOLOGY

Research Design

This study employed a descriptive survey research design. According toCooper and Schindler (2003), a descriptive study is concerned with finding out the what,where and how of a phenomenon. Descriptive research includes surveys and fact finding enquiries and is applied where the study is using comparative variables in the field of study and the case at hand has no control over the variables and the researcher can only report on what has happened or what is happening (Mathookoet al, 2011). Descriptive research design was chosen because itenabled the findings to be generalized to a larger population.Descriptive design method could also provide quantitative data from cross section of the chosen population. The study sought to determine the influence of strategic management practices on organizational competitiveness.

Target Population

Target population is defined by Orodho (2005) as a large population from whom a sample population is selected.The target population in this study was 196 respondents from sales department, production department, quality assurance department and marketing department.

Sampling Design and Sample Size

Kombo and Tromp (2006) argue that sampling procedures and sample size are important to establish the representativeness of the sample for generalization.Stratified sampling method was used to group the respondents into 4 departments (sales, production, quality assurance and marketing) to ensure that all different subgroups are adequately represented in the sample, and then simple random sampling method was used to select respondents from each stratum.According to Mugendaand Mugenda(2003), a sample is a small group obtained from the accessible population.In a descriptive research, a sample size of 10-50% is acceptable according to Mugenda and Mugenda (2003). The researcher worked with a sample size of 30%, hence the sample size was 59 respondents.

Data Collection Procedures and Instruments

The data collection instrument for this study was questionnaires for the employees.Aquestionnaire is a set of questions designed to generate the data necessary to accomplish theobjectives of the research project (Orodho, 2005). Cooper and Schindler (2003) recommends the use of questionnaire in descriptive studiesbecause self-administeredquestionnaires cost less than personal interviews and researcher cancontact participants who might otherwise be inaccessible.This studyuseda questionnaire containing both open and close-ended questions so as to beable to capture more information from the respondents. The closed-ended questions provided more structured responses to facilitate tangible recommendations and the open-ended questions were used to provide additional information that will not have been captured in the close-ended questions.

The questionnaires were divided into five sections labeled A-E. Section A collected the general information of the respondents, section B collected information on product differentiation on organizational competitiveness, section Ccollected information on product modification on organizational competitiveness, section Dcollected information on product innovation onorganizational competitiveness, and section Ecollected information on organizational competitiveness. Prior to the commencement of data collection, the researcher obtained all the necessary documents, including an introduction letter from the University and a research permit from the National Commission for Science, Technology and Innovation (NACOSTI).The researcher personally identified the respondents, booked appointment, and met them to administer questionnaires. The researcher allowed the respondent two weeks responding with filled questionnaires after which he approached them to collect the questionnaires

Data Analysis

The researcher used the quantitative analysis of the data obtained from the study. Descriptive statistics such as frequencies, percentages, mean and standard deviation was used to analyze the quantitative data and for this reason Statistical Package for Social Sciences (SPSS) version 20.0 was used.Regressions and Analysis of Variance (ANOVA) test was used to determine the effect of strategic management practices implementation on organizational performance. Multiple regression analysis was used show how independent variables relate to dependent variables. The regression equation was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Where: Y= Organizational Competitiveness; X_1= Product Differentiation; X_2= Product Modification; X_3= Product Innovation; β_1, β_2, β_3 and β_4 are coefficients of determination; ε is the error term.

RESEARCH RESULTS

The general objective of this study was to investigate effects of strategic management practices on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya.54 respondents participated in the study comprising of 16 respondents from sales department, 25 respondents from production department, 7 respondents from marketing department and 6 respondents from quality assurance department. The study established that majority (53.7%) of the respondents was male and 46.3% female. Majority (40.7%) of the respondents had attained a Bachelor's Degree level of education, 25.9% Post Graduate Diploma, 20.4% Master's Degree and 12.9% Diploma level. Majority (37%) of the respondents had worked in the organization for a period of between 10 and 15 years, 25.9% between 5 and 9 years, 22.2% for over 15 years and 14.8% for a period of less than 5 years.

Product Differentiation

The study established that majority of the respondents (90.7%) strongly agreed that product packaging the goods in a creative way influences organizationalcompetitiveness and Product warranty influences organizational competitiveness. These were followed by the statements that better product design and development, better quality in product, product brand name, Product unique features and Fast delivery products influences organizational competitiveness. It was further established that product differentiation is an effective way of enhancing customers' responsiveness by providing them with a wide array of products or services in the market. Customers' preferences are met. The companies can gain competitive advantage through improvement on existing products to make them more effective and attractive.

Product Modification

The study revealed that majority of the respondents (94.4%) strongly agreed on the statements that product modification strategy helps in eliminating out of date products hence influences organizational competitiveness and product modification leads to new product development hence influences organizational competitiveness. These were followed by the statements that product modification strategy attracts new users on new product hence influences organizational competitiveness, the price of the product, brand extension quality and product shape influences organizational competitiveness. It was also revealed that product modifications can give an organization a competitive advantage as it may be able to charge a higher price and enhance customer loyalty.

Product Innovation

The study found that majority of the respondents (98.1%) strongly agreed on the statements that product innovation strategy helps in keeping or increasing organizational competitiveness and new products influences organizational competitiveness. These were followed by the statements that product innovation strategy helps in securing a market strategic position hence influences organizational competitiveness, improved products features, product innovation strategyand product innovation strategy leads to use of new business opportunities hence increasing organizational competitiveness. Product innovation means that a business that attempts to innovate its product, will inject lots of capital and time into it, which requires several experimentation.

INFERENTIAL STATISTICS

In order to establish the effect of independent variables on the dependent variable, data was collected on each of the identified independent variableandthereafter, regression analysis was done. However, before carrying out the regression analysis, it was necessary to carry out correlation analysis to show the strength of a relationship between the independent variables and dependent variable. The correlation analysis revealed that the data sets were highly correlated with each other. For example, product differentiation was found to correlate more with product modification as compared with product innovation, and product modification was highly correlated with product innovation. In general, the data sets were highly correlated meaning that a change of one of the variable would result to a substantial change on the other variables which is expected for such independent Variables. Product differentiation was found to have a good positive relationship with product modification (0.670). That means that the higher the rate of product differentiation the higher the rate of product modification is improved and the more the more competitive advantage is enhanced. The findings also show that Product modification had a weak relationship with product innovation (0.310).

Table 1: Correlation Analysis

	Product Differentiation	Product Modification	Product Innovation
Product Differentiation Pearson Correlation		.670**	.254**
Sig. (2-tailed)	1	.000	.000
N	54	54	54
Product Modification Pearson Correlation	.670**	1	.310**
Sig. (2-tailed)	.000	54	.000
N	54		54
Product Innovation Pearson Correlation	.254**	.310**	1
Sig. (2-tailed)	.000	.000	
N	165	165	165

****** Correlation is significant at the 0.05 level (2-tailed).

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

Analysis of Variance (ANOVA) was used to determine the linear relationship among the variables under investigation. Using this method, the sum of squares, degrees of freedom (df), mean square, value of F(calculated) and its significance level was obtained. The results are shown in Table 2.

Table 2: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.453	3	6.113	1.759	.001[a]
	Residual	72.527	51	1.543		
	Total	96.981	54			

a. Predictors: (Constant), product differentiation, product modification, product innovation

b. Dependent Variable: Organizational Competitiveness

The significance value is 0.001 which is less than 0.05 thus the model is statistically significance in predicting how various factors affect organizational competitiveness in the Premier Food Industry in Kenya. The F critical at 5% level of significance was 1.759. Since F calculated is greater than the F critical (value = 7.656), this shows that the overall model was significant. The relationship ($p < 0.05$) indicated a linear relationship among the variables under the study meaning there was 95% chance that the relationship among the variables was not due to chance.

Regression analysis was used to model, examine, and explore the relationships between organizational competitiveness in Premier Foods Industries Limited in Nairobi County, in the food manufacturing industry in Kenya against three independent variables (product differentiation, product modification and product innovation) used for the study, this was important in measuring the extent to which changes in one or more variables jointly affected changes in another variable. This is shown in Table 3.

Table 3: Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.754[a]	.691	.578	.214	.252	1.759	3	54	.001[a]

a. Predictors: (Constant), product differentiation, product modification, product innovation

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in Table 4.9 the value of adjusted r squared was 0.578 an indication that there was variation of 57.8% on organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya wasdue to changes in product differentiation, product modification and product innovation at 95% confidence interval. This shows that 57.8% changes in organizational competitiveness were due to product differentiation, product modification and product innovation.

R is the correlation coefficient which shows the relationship between the study variables and from the findings shown in the Table 4.9 is notable that there exists strong positive relationship between the study variables as shown by 0.754.Additionally, this therefore means that factors not studied in this research contribute 42.2% of organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya and a further research should be conducted to investigate the other factors (42.2%) that affect organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya.

Table 4: Coefficients

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	Upper Bound
1(Constant)	0.531	.809		1.645	.107	.297	2.959
Product Differentiation	.656	.138	.149	2.134	.002	.433	.121
Product Modification	.761	.154	.313	2.341	.004	.051	.672
Product Innovation	.540	.154	.392	2.856	.006	.130	.750

a. Dependent Variable: Organizational Competitiveness

As shown on Table 4, product differentiation, product modification and product innovation were found to have a positive and significant effect onorganizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenyaas indicated by beta values. The relationships ($p<0.05$) are all significant with product differentiation ($t=2.134$, $p<0.05$), product modification ($t=2.341$, $p<0.05$) and product innovation ($t=2.856$, $p<0.05$).

Table 4.10 further shows the constant in this model is represented by a value of 0.531, which is the expected value of organizational competitiveness in Premier Foods Industries Limited in Nairobi County, Kenya when the values of the independent variables are equal to zero. Product modification was found to be the most (76.1%) significant among the three variables followed by product differentiation (65.6% and product innovation (54.0%).Based on the analysis, the regression equation for the independent variable on the dependent variable resulted to the following:

$$Y = 0.531 + 0.656X_1 + 0.761X_2 + 0.540X_3$$

Where: Y = Organizational Competitiveness; X_1= Product Differentiation; X_2= Product Modification; X_3= Product Innovation

CONCLUSIONS

Product Differentiation

The study concluded that product differentiation has a positive significant effect on the organizational competitiveness.Product design and development and a successful product differentiation strategycreate brand loyalty among customers on organizational performance. Premier Foods Industry companies pay greater attention to the products service quality, product features and product design.Product differentiation requires a lot of resources for carrying out a market research to know the customer needs, product development, launch, advertisement and monitoring.This is in agreement with Baines and Langfield-Smith (2010) that a differentiation strategy involves the firm creating a product/service, which is considered unique in some aspect that the customer values because the customer's needs are satisfied.

Product Modification

The study concluded that product modification has a positive and significant effect on the organizational competitiveness. Product modification strategy increases the attractiveness of a product to a firm's loyal customers and also allows a firm to increasethe appeal of its product to a competitor's loyal customers. The product may have lost its distinctiveness because of the introduction of new products or improvements of its main rivals. This is in line with Hill(2008)that firms pursue a related modification strategy in order to realize economic benefits from the exploitation of the interrelationships between divisions,through the poolingand sharing of physical and human resources, to achieve economiesof scopeand sharingmarketing or technological resources to achieve economiesof scale.

Product Innovation

The study concluded that product innovation has a positive and significant effect on the organizational competitiveness. Product innovation helps in keeping or increasing market quota, leads to use of new business opportunities to a large extent and also product innovation leads to organizational growth, expansion and gaining a competitive advantage and brand switching. This is according to Storey and Easingwood (2008) that product innovation strategy provides the most obvious means for generating revenues. Process innovation, on the other hand, provides the means for safeguarding and improving quality and also for saving costs. Improved and radically changed products are regarded as particularly important for long-term business growth.

RECOMMENDATIONS

Product Differentiation

The study recommended that Premier Foods Industries in Kenya should focus and invest more onproduct differentiation as it could be used as a major competitive advantagetool against competitors in the industry and it is capable of guaranteeing thelong term survival of the organization. Through this the company will be able to respond adequately to the dynamic nature of the business environmentand the ever changing needs of customersand also provide adequate satisfaction totheir customers.This concurs with Koter and Keller (2011) who argue that a well-designed product offers bothfunctional and aesthetic benefits to consumers, which could become animportant source of differentiation. Thus, aproduct's design will always aid to determine a consumer's choice ofpurchase amongst products of same brands and categories.

Product Modification

The study recommended that product modification should be used by the Premier Foods Industries in Kenya as a way of extending the product life cycle of a product. The organization needs to survey the open doors and dangers postured by innovative change. Likewise, it is recommended that the organizations should review the interdependencies of the thing and others in the mix and how change would influence upon the general cost structure.Aaker (2009) mentioned that an enterprise should first understand the strategic objective before planning Brand Strategy, which aimed to create consonance between an enterprise andconsumers, so as not to expose the advantages of competitors and to well utilize the weaknesses of competitors and the advantages of the enterpriseitself.

Product Innovation

The study recommended that for product innovation to occur, the business will have to change the way it runs, and this could lead to the breaking down of relationships between the business and its customers, suppliers and business partners.Singh et al (2010) assert that the major motive for a company's innovation strategy intodifferent product categories and geographic markets is to satisfy its growth andcorporate strategic objectives.

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