EFFECT OF GENERIC STRATEGIES ON SUSTAINABLE COMPETITIVE ADVANTAGE AMONG TOLL MANUFACTURING COMPANIES IN KENYA: A CASE OF ORBIT PRODUCTS AFRICA LIMITED

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ABSTRACT

This study sought to explore the effect of generic strategies on sustainable competitive advantage among toll manufacturing companies in Kenya with reference to OPAL. The study was guided by the following objectives; to analyze the effect of cost leadership strategy, market focus strategy and differentiation strategy on sustainable competitive advantage at OPAL. The study adopted a descriptive research design, the target population for this study was 71 management staff of the OPAL. Stratified proportionate random sampling technique was used to select 55 respondents. Primary data was obtained using self-administered questionnaires. The questionnaire was made up of both open ended and closed ended questions. Mixed methods data analysis techniques that were employed in this study incorporated both descriptive and inferential data analysis. Non-parametric data was analyzed descriptively by use of measures of central tendency and measures of dispersion as the tools of data analysis. For the parametric data, Pearson's Product Moment Correlation Coefficient (r) was used. A multiple regression analysis was computed for all the study variables to determine whether the independent variables together predict the dependent variable. Analysis of Variance (ANOVA) was also done to establish whether the whole model is significant fit of the data and therefore form the tests of significance. Quantitative data was presented using frequency tables and figures. Qualitative data was derived from the open-ended questions in the questionnaire and was presented in prose form. The study found that cost leadership and market focus greatly affect sustainable competitive advantage of OPAL while differentiation moderately affects the sustainable competitive advantage of OPAL. The study concluded that market focus had the greatest effect on sustainable competitive advantage in Kenya followed by differentiation while cost leadership had the least effect on the sustainable competitive advantage in Kenya. The study recommends that OPAL should engage with emerging markets more closely, that the organization should also invest in the product research and development and adoption of modern manufacturing technologies that are efficient and environmentally sustainable, that OPAL should manipulate costs so as to gain cost leadership advantage and hence create sustainable competitive advantage and that the organization show enhance its product differentiation strategy with the aim of increasing its product range to capture more customers .

Key Words: *cost leadership strategy, market focus strategy, differentiation strategy sustainable competitive advantage, Orbit Products Africa Limited (OPAL), modern manufacturing technologies*

INTRODUCTION

Sustainable competitive advantage represents a firm's success in continually seizing competitive opportunities for enhancing performance, defending itself against rivals' competitive moves, as well as erecting barriers to the erosion of its prevailing competitive advantage (Wheelen & Hunger, 2016). Porter (2004) therefore stated that there is need for companies to search for a favorable competitive position in an industry, the fundamental arena in which competition occurs and further explains that through competitive strategy a firm may establish a profitable and sustainable position against the forces that determine industry competition.

Bertone and Clark (2009) indicate that competition is one of the reasons why firms result to adoption of competitive strategies to cope with the external environment. Successful implementation of competitive strategies enables the firm to gain competitive abilities against its competitors. This improves the firm's profitability. To survive in the business environment depends on the organization's ability to compete effectively. Firms must continuously update themselves in a variety of product and service components that are essential to consumers and stakeholders.

Well justified decisions and clearly defined strategies if well implemented are vital if the firm is to achieve its goals and objectives while optimizing the use of its resources. The business environment has known various changes that have compelled managers to develop and adopt responsive strategies in order to remain relevant (Peng, 2013). Organizations that have ignored the severity of these changes and not made good strategic choices have shut down. Iravo et al (2013) stated that one of the important questions in business has been why some organizations succeed and why others fail and this has influenced a study on the strategic implementation determinants of organizational performance.

Globally, different banks have adopted different strategies in order to remain competitive amidst the stiff competition. Citigroup and HSBC have an extensive network of retail affiliates compared to other financial institutions worldwide (Grosse, 2004). The economic crisis of 1990 caused by the Gulf war and other financial crises in many Asia countries affected Citigroup's performance (Timmers, 2009). This made Citibank to change its corporate, business and marketing strategies in order to ensure sustainability of the bank and also to beat its competitors. It also engaged in the introduction of e-commerce and e-business strategies to introduce new products into the markets and expanded its operations to other areas such as wealth management, stock broking and financial trading services.

Spanos and Lioukas (2011) define a competitive strategy as a long-term action plan that is designed to assist an organization to gain competitive advantage against its competitors. This kind of strategy may be used for instance in an advertising campaign by discrediting the competitor's products and services. Competitive strategies play a key role to firms competing in markets that are heavily saturated with alternatives for consumers. Walsh and Enz (2008) indicate that competitive strategies enable the organization to produce and sell goods more effectively than another business. In most cases, firms design business strategies to maintain a competitive edge against their competitors. Salavou and Halikias (2008) states that there certain types of strategies in the business environment such as product innovation, cost leadership, market focus and product differentiation. Business owners can apply standard strategies or develop their own. Flexibility is a key feature of competitive business strategies.

In Africa, firms need competitive strategies to enable them overcome the competitive challenges they experience in the environment where they operate. A competitive strategy enables a firm to gain a competitive advantage over its rivals and sustain its success in the market. A firm that does not have appropriate strategies cannot exploit the opportunities available in the market and will automatically fails. A company has a competitive advantage whenever it has an edge over its rivals in securing and defending against competitive forces, (Thompson & Strickland, 2002). Johnson et al. (2006) perceived competitive strategies from a business level perspective and believed that it is the achievement of competitive advantage by a business unit in its particular market. Sidorowicz, (2007), on the other hand sees competitive strategies as skill-based involving strategic thinking, innovation, execution, critical thinking, positioning and the art of warfare. According to Porter (2004), competitive strategies primarily evolve explicitly through a planning process or implicitly through approaches dictated by a firm's professional orientation and the incentives of its directors.

In Kenya, manufacturing industry has faced enormous environmental changes and therefore requiring adopting good competitive strategies. The changes in economic trends have made the industry become more vibrant. The customer preference has also changed over the years. The customers have demanded for more quality products and at times very sophisticated in nature. The industry has also experienced a lot of climatic change therefor requiring the manufacturers to improve on quality of the products (Njoroge, 2014).

Organizations whether public or private adopt strategies. These strategies are used to ensure growth of the organizations. In some cases, the survival of some organizations is dependent on strategies. Competitive strategies are vital to the success. This is because of the changes in the environment that firms exist in. The changes have made the environment to become both dynamic and complex. This complexity has resulted in organizations looking for ways to sustain their competitive advantage over their rivals.

STATEMENT OF THE PROBLEM

Present day complexities of the dynamic and competitive business environment are exerting enormous pressure on firms, especially in highly competitive manufacturing industries, to put forth a great deal of effort in developing their competitive strategies over their competitors to achieve a sustainable competitive advantage (Moriarty & Zadorozny, 2015). Since many markets are almost saturated, companies are forced to seek and exploit new opportunities. Brandt (2013) found that companies in manufacturing industry understand the importance of generic strategies but they don't understand the practices of implementing the strategies to enhance their competitive advantages. The manufacturing contribution to GDP dropped from 13% in 2009 to 8.9% in 2016 and is still below the 15% contribution target per the Kenya's vision 2030.The major problem attributed to this is unfair competition emanating from illicit and illegal trade and inefficient strategies among the manufacturers (Kenya manufacturing survey, 2016). Similarly, Kenya National Bureau of Statistics (2013) attributes this minimal performance to high costs of production, stiff competition from imported goods, and high cost of credit and drought incidences. In addition, according to PwC (2010) and Okoth (2012) Kenya's manufacturing subsector has a challenging history in terms of performance, unstructured strategy and use of outdated technology. Further, the government of Kenya interventions such as removal of price controls, foreign exchange controls and introduction of investment incentives aimed at improving performance of the manufacturing sector has not yielded any major changes since many are shutting down or downsizing their operations with a majority recording losses (KAM, 2013). The trend means that on a relative scale, manufacturing as an industry has been experiencing mild shrinkage (AKI, 2015). To drastically manage this challenge and achieve superior performance, manufacturing firms in Kenya require a strategy intervention. Manufacturing firms in Kenya like many other companies, are constantly faced with challenges in developing, adopting and implementing strategies to enable them survive in them turbulent business environment. The World Bank Kenya Economic Update (2016) notes that comparing the World Bank's Enterprise Surveys from 2007 and 2013 suggests the business climate is deteriorating. Firms in 2013 experienced higher financing costs, higher insecurity and more unreliable access to infrastructure (Were, 2016). While a number of studies have been conducted in Kenya on the concept of generic competitive strategies internationally (Hsu, 2012; Enida Pulaj et al, 2015, Pertusa-Ortega et al, 2008; Wahid, 2010) and locally (Wachiuri, 2013, Muchiri, 2014; Njoroge, 2014; Chege, 2016 ; Arasa & Gathinji, 2014 ; Atikiya, 2015), they have focused on different contexts and perspectives such as performance of manufacturing firms in Kenya, competitive strategies adopted by small medium enterprises, performance among firms in the mobile telecommunications industry. However, none of the studies focused on effect of generic strategies on sustainable competitive advantage among toll manufacturing companies in Kenya focusing on OPAL. There is need to establish how generic strategies have contributed to sustainable competitive advantage for toll manufacturing firms in Kenya. Therefore, this study sought to fill this gap by establishing the effect of generic strategies on sustainable competitive advantage among toll manufacturing companies in Kenya focusing on OPAL.

RESEARCH OBJECTIVES

1. To analyze the effect of cost leadership strategy on sustainable competitive advantage at OPAL.
2. To establish effect of market focus strategy on sustainable competitive advantage at OPAL.

3. To evaluate the effect of differentiation strategy on sustainable competitive advantage at OPAL.

THEORETICAL FRAMEWORK

The Porters Generic Model of Competitive Advantage

Awareness of the five forces helps a company understand the structure of its industry and stake out a position that is more profitable and less vulnerable to attack, Porter, (1980) Porter, (2008), notes that the five forces model helps one to look beyond his direct competitors. He notes four competitive forces that can hurt profits: savvy customers that can play you and your rivals, powerful suppliers who may constrain your profits by charging high prices, aspiring entrants armed with new capacity and hungry for market share, and substitute offerings that can lure your customers away. Porter (2004) says that for a firm to benefit from the five forces model it must be able to comprehensively define its industry. It states that, defining the industry in which competition takes place is important for good industry analysis, not to mention for developing strategy and setting unit boundaries, to this end he notes that the firm must determine the product and geographical scope and identify the players and segment under the four segments listed above. The analysis should also assess the strength and weaknesses of these competitive forces. It is also crucial to understand the industry profitability and the recent positive and negative developments in the industry.

Porter (2004) concludes that, the five competitive forces reveal whether an industry is truly attractive, and they help investors anticipate positive and negative shifts in the industry structure way before they are obvious. He also notes that this deeper thinking about competition is a more effective or superior method to achieve investment success than financial projections and trend extrapolation that dominates today‘s investment analysis (Howcroft, 2015).

Neo-Institutional Theory

Oliver (1996) puts in position that neo-institutional theory explains heterogeneity and differentiation. Through institutional embeddedness and interconnection, the creation of competitive advantages can be explained because institutional embeddedness has an impact on organizational behaviour, causing it to seek an economic and social fit. Differentiation supports and sustains competitive advantage, but conformity to institutional pressures provides legitimacy, resources, and competitive advantage. In contexts where institutional and competitive pressures exert strong influences, the strategic decisions of managers result both in conformity to institutional pressures, which leads to isomorphism and legitimacy, and in differentiation, which, following the resource-based view of the firm, can increase the possibility of creating a competitive advantage through heterogeneity in resources and capabilities.

Although both alternatives have an influence on firm performance and the creation and maintenance of dominant market positions, little attention has been paid to the analysis of the influence of conformity on firm performance and competitive advantage. Differentiation tends to reduce rivalry, increasing the possibility of building competitive advantages, whereas conformity improves the social support of stakeholders and therefore the legitimacy of the firm. Differentiation reduces competitiveness and the fight for scarce resources, thereby improving firm performance; but on the other hand, conformity makes all organizations similar and, therefore, the competitive pressures are stronger. Differentiation will create benefits and dominant positions that will last until competitors imitate a firm's key resources, and will be restored through the creation of new opportunities that result in a new competitive advantage and new entry barriers (Ogbonna & Harris, 2013). The new lines of institutional thinking answer this question and establish a point of connection with the resources-based view. This theory is therefore in line with differentiation where a firm seeking to gain a competitive advantage over its competitors seek to make unique products that are relatively difficult for the competitors to imitate. This differentiation may also take the form of attractive packaging and branding.

Resource-Based Theory

The resource-based theory of the firm (RBV) draws attention to the firm’s internal environment as a driver for competitive advantage and emphasizes the resources that firms have developed to compete in the environment. The term ‘resource-based view’ was coined much later by Wernerfelt (2011) who viewed the firm as a bundle of assets or resources which are tied semi-permanently to the firm (Furrer et al., 2008). Prahalad and Hamel (2010) established the notion of core competencies, which focus attention on a critical category of resource which is part of the firm’s capabilities.

Early researchers simply classified firms’ resources into three categories: physical, monetary, and human (Tiwana, 2012). These resources can be tangible or intangible (Ray et al., 2011). Barney and Wright (2008) drew attention to ‘all assets, capabilities, organizational processes, firm attributes and information, knowledge controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness.

Firms that are able to leverage resources to implement a value creating strategy not simultaneously being implemented by any current or potential competitor can achieve competitive advantage. Researchers subscribing to the RBV argue that only strategically important and useful resources and competencies should be viewed as sources of competitive advantage (Ray et al., 2011).

Maier and Remus (2012) use the term ‘resource strategy’ and define three steps in a firm’s resource strategy these steps are: competence creation, competence realization and competence transaction. Competence creation defines and analyses the markets, product and service. Competence realization involves the execution of services, procurement, and production.

Competence transaction involves market logistics, order fulfillment and maintenance (Maier & Remus 2012). Therefore, market focus is deemed to be a major contributor to performance at Kenya Commercial Bank.

To realize competitive advantage Kenya commercial firm should make maximum use of its resource strategy like corporate reputation to enhance its market share. This is because according to Barney and Wright (2008), an intangible resource is a source of sustained competitive advantage unlike tangible resources. In line with this theory, an organization endowed with immense resources may achieve competitive advantage by producing its products or offering its services at the lowest cost in the market and thus being the cost leader. This theory is therefore in line with the competitive strategy more so in cost leadership.

Capability-Based Theory

The capability-based theory postulated by Grant (2010) proposes that capabilities are the source of competitive advantage while resources are the source of capabilities. Amit and Shoemaker (2003) adopted a similar position and suggested that resources do not contribute to sustained competitive advantages for a firm, but its capabilities do. Haas and Hansen (2009) supported the importance of capabilities and suggest that a firm can gain competitive advantage from its ability to apply its capabilities to perform important activities within the firm at a low cost.

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

Ray et al. (2011) defined capabilities in contrast to resources, as 'a firm's capacity to deploy resources, usually in combination using organizational processes, and affect a desired end in cost advantage. Hamel and Prahalad (2001) define dynamic capabilities as, the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. Based on capability view theory, the firm is able to determine where it has an upper hand over its competitors and therefore focus on a certain market where it is likely to beat the competitors. Therefore, the firm will achieve its competitive advantage by segmenting the market and focus on products or services that it is good at.

RESEARCH METHODOLOGY

Research Design

The study adopted a descriptive research design aimed at exploring the effect of generic strategies on sustainable competitive advantage among toll manufacturing companies in Kenya. A descriptive design is concerned with determining the frequency with which something occurs or the relationship between variables (Bryman & Bell, 2011). Thus, this approach is suitable for this study, since the study intends to collect comprehensive information through descriptions which was helpful for identifying variables. According to Orodho (2010), in a descriptive study, researchers observe, count, delineate, and classify. They further describe descriptive research studies as studies that have, as their main objective, the accurate portrayal of the characteristics of persons, situations, or groups, and/or the frequency with which certain phenomena occur.

Target Population

Based on the recommendations of Churchill and Iacobucci (2010) in defining the unit of analysis for the study, the target population for this study was management staff of the OPAL. Management staff was drawn from the following departments: finance, commercial, operations, human resources, risk and compliance and ICT since all their functions are centralized. These included the departmental heads and their assistants at the factory. This added up to a target population of 71 respondents from the company.

Sample Size and Sampling Technique

Sampling is a deliberate choice of a number of people who are to provide the data from which study drawn conclusions about some larger group whom these people represent. The sample size is a subset of the population that is taken to be representatives of the entire population (Onabanjo, 2010). A sample population of 56 was arrived at by calculating the target population of 71 with a 95% confidence level and an error of 0.05 using the below formula taken from Kothari (2004).

$$n = \frac{z^2 . N . \partial_p^2}{(N-1)e^2 + z^2 \partial_p^2}$$

$$n = \frac{1.96^2 * 71 * 0.5^2}{(71-1)0.05^2 + 1.96^2 * 0.5^2}$$

$$\frac{45.44}{0.815}$$

n = 55.75

Where: n = Size of the sample; N = Size of the population and given as 71; e = Acceptable error and given as 0.05; ∂p = The standard deviation of the population and given as 0.5 where not known; Z = Standard variate at a confidence level given as 1.96 at 95% confidence level.

Stratified proportionate random sampling technique was used to select the respondents. Stratified random sampling is unbiased sampling method of grouping heterogeneous population into homogenous subsets then selecting within the individual subset to ensure representativeness. The goal of stratified random sampling is to achieve the desired representation from various sub-groups in the population. In stratified random sampling subjects are selected in such a way that the existing sub-groups in the population are more or less represented in the sample (Kothari, 2004). The method also involves dividing the population into a series of relevant strata, which implies that the sample is likely to be more representatives (Saunders, Thornhill Lewis, 2009).

Data Collection Instruments and Procedures

Primary data was obtained using self-administered questionnaires. The questionnaire is made up of both open ended and closed ended questions covering issues associated sustainable competitive advantage in OPAL. The open-ended questions were used so as to encourage the respondent to give an in-depth and felt response without feeling held back in illuminating of any information and the closed ended questions allowed respondent to respond from limited options that had been stated. According to Saunders et al (2009), the open ended or unstructured questions allow profound response from the respondents while the closed or structured questions are generally easier to evaluate. The questionnaires were used in an effort to conserve time and money as well as to facilitate an easier analysis as they are in immediate usable form. The researcher organized to get an introduction letter from the university and send it to OPAL to be allowed to collect data in the institution. The researcher also sought permission from the manager of the institution and explains the purpose of the study. After grant of permission, the researcher proceeded to the respondents to whom he also explained the purpose of his visit. The respondents were assured of their confidentiality of any information they gave.

Pilot Testing

The purpose of the pilot testing is to establish the validity and reliability of the research instrumentation and to enhance face validity (Joppe, 2009). From the pilot results, reliability and validity was tested. The pilot testing was conducted using the questionnaire to 20 management staff of the OPAL. The pilot group was done through random sampling. Saunders et al. (2009) recommend that the questionnaire pre-tests be done by personal interviews in order to observe the respondents' reactions and attitudes. All aspects of the questionnaire were pre-tested including question content, wording, sequence, form and layout, question difficulty and instructions. The feedback obtained was used to revise the questionnaire before administering it to the study respondents.

Validity of the Instruments

Validity is the accuracy and meaningfulness of inferences, based on the research results. According to Somekh and Lewin (2011), validity is the degree to which the sample of test items represents the content the test is designed to measure. The study used both face and content validity to ascertain the validity of the questionnaires. Content validity draws an inference from test scores to a large domain of items similar to those on the test. Content validity is concerned with sample-population representativeness. Saunders et al (2009) stated that the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills.

Reliability of the Instruments

A construct composite reliability co-efficient (Cronbach's alpha (α)) of 0.7 or above is generally acceptable (Orodho, 2010). A co-efficient of 0.7 or above for all the constructs was considered adequate in this study. Reliability coefficient of the research instrument was assessed using Cronbach's alpha (α) which is computed as follows:

$$\alpha = k/k\text{-}1\times [1\text{-}\sum (S^2)/\sum S^2\text{sum}]$$

Where: A = Cronbach's alpha; k = Number of responses; $\sum (S^2)$ = Variance of individual items summed up; $\sum S^2$sum = Variance of summed up scores

Data Analysis and Presentation

Data analysis refers to examining what has been collected in a survey or experiment and making decision and inferences (Campbell & Stanley, 2015). Mixed methods data analysis techniques that were employed in this study incorporated both descriptive and inferential data analysis. Non-parametric data was analyzed descriptively by use of measures of central tendency and measures of dispersion as the tools of data analysis. The arithmetic mean was the measure of central tendency statistical tool that was used for data analysis while the standard deviation was the measure of dispersion statistical tool of data analysis that was used. Data collected was initially subjected to Factor analysis. Factor analysis is defined by Mugenda (2008) as a powerful statistical procedure often used to validate hypothetical constructs. It attempts to cluster those indicators or characteristics that seem to correlate highly with each other. Once data screening is completed, descriptive statistics for all variables were run. Initial descriptive analysis was performed using SPSS 22. Qualitative data was analyzed using content analysis, where the data was coded into theoretically derived categories for the identification of the critical aspects of management remuneration and financial performance. According to Kothari (2004), together with simple graphics analysis descriptive statistics form the basis of virtually every quantitative analysis of data. For the parametric data, Pearson's Product Moment Correlation Coefficient (r) was used. In statistics, Pearson's Product Moment Correlation (r) is a measure of the linear dependence (correlation) between two variables and can give a positive or negative value of their relationship (Campbell & Stanley, 2015). Pearson's Product Moment Correlation Coefficient (r) was used in this study to analyze the linear relationship between the main predictor variable and the dependent variable. The data was then presented using frequency distribution tables for easier understanding. A multiple regression analysis was computed for all the study variables. Multiple regression models attempt to determine whether a group of variables together predict a given dependent variable (Blumberg, Cooper & Schindler, 2011). This model was therefore adopted because the study had more than one variable. Sustainable competitive advantage was regressed against the three variables of generic strategies namely cost leadership, market focus and differentiation. The equation is expressed as follows:

$$Y_S = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where: Ys = Sustainable competitive advantage; β_{0} = constant (coefficient of intercept); X_1= Cost leadership; X_2= Market focus; X_3 = Differentiation; ε =Error Term; B_1.....B_3 = regression coefficient of three variables

Analysis of Variance (ANOVA) was also done to establish whether the whole model was significant fit of the data and therefore formed the tests of significance. ANOVA is a data analysis procedure that was used to determine whether there are significant differences between two or more groups of samples at a selected probability level (Mugenda & Mugenda, 2003).

RESEARCH FINDINGS

Pearson's Product Moment Correlation

To quantify the strength of the relationship between the variables, the study used Karl Pearson's coefficient of correlation. The Pearson product-moment correlation coefficient (or Pearson correlation coefficient) is a measure of the strength of a linear association between two variables and is denoted by r. The Pearson correlation coefficient, r, can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association, that is, as the value of one variable increases so does the value of the other variable. A value less than 0 indicate a negative association and is illustrated in table 1.

Correlation between Cost Leadership and Sustainable Competitive Advantage

The correlation between cost leadership and Sustainable competitive advantage among toll manufacturing companies in Kenya is positive and significant (r=0.680, p value=0.007). This implies that an increase in sustainable competitive advantage is associated with an increase in cost leadership and a decrease in Sustainable competitive advantage among toll manufacturing companies in Kenya is associated with a decrease in cost leadership. This conforms to Kulkarni (2009) who claim that producing at lower cost is a strategy that can be used by various firms so as to have a significant positioning of the company in its industry, clarify the areas of strategic changes and may yield benefits.

Table 1: Correlation Matrix

		Sustainable Competitive Advantage.	Cost leadership.	Market focus.	Differentiation.
Sustainable Competitive Advantage	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	42			
Cost leadership	Pearson Correlation	.680*	1		
	Sig. (2-tailed)	.007			
	N	42	42		
Market focus	Pearson Correlation	.846*	.587*	1	
	Sig. (2-tailed)	.025	.000		
	N	42	42	42	
Differentiation	Pearson Correlation	.793*	.613*	.415*	1
	Sig. (2-tailed)	.0041	.935	.006	
	N	42	42	42	42

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

Correlation between Market Focus and Sustainable Competitive Advantage

Further, the study reveals that the correlation between market focus and Sustainable competitive advantage among toll manufacturing companies in Kenya is significant (r=0.846, p value=.0025). This implies that an increase market focus is associated with an increase in Sustainable competitive advantage among toll manufacturing companies in Kenya and a decrease market focus is associated with a decrease in Sustainable competitive advantage among toll manufacturing companies in Kenya. This is in line with Porter (1980) who reiterates that only if a company makes a strong and unwavering commitment to one of the generic competitive strategies does it stand much chance of achieving Sustainable competitive advantage among toll manufacturing companies in Kenya that such strategies can deliver if properly executed.

Correlation between Differentiation and Sustainable Competitive Advantage

Finally, the study establishes that the correlation between differentiation and Sustainable competitive advantage among toll manufacturing companies in Kenya is positive and significant (r=0.793, p value=0.0041). This implies that an increase in differentiation is associated with an increase in Sustainable competitive advantage among toll manufacturing companies in Kenya and a decrease differentiation is associated with a decline in Sustainable competitive advantage among toll manufacturing companies in Kenya. This concurs with Awino (2011) who conducted a study on challenges facing the implementation of differentiation strategy in the operations of the Mumias Sugar Company Limited and concluded that firms are faced with major challenges in the implementation among them resources, organization culture and government regulations.

Overall, market focus had the greatest effect on Sustainable competitive advantage among toll manufacturing companies in Kenya followed by differentiation while cost leadership had the least effect on the Sustainable competitive advantage among toll manufacturing companies in Kenya.

REGRESSION ANALYSIS

Multiple regression analysis was used to test the relationship between the variables where it shows how the dependent variable is influenced by the independent variables.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.862	0.742	0.722	0.448

The study results revealed that adjusted R square was 0.722 which implied that cost leadership, market focus and differentiation explained 72.2% variation in Sustainable competitive advantage among toll manufacturing companies in Kenya. This means that 37.8% unexplained could be attributed to other unmentioned factors that affect Sustainable competitive advantage among toll manufacturing companies in Kenya. This agreed with Burnes (2009) who argue that factories are built and maintained; labor is recruited and trained to deliver the lowest possible costs of production where cost advantage is the focus.

Table 3: ANOVA Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.121	3	7.707	36.522	.000
	Residual	8.019	38	0.211		
	Total	31.14	41			

The probability value of 0.000 indicates that the regression relationship was significant in determining how cost leadership, market focus and differentiation influence Sustainable competitive advantage among toll manufacturing companies in Kenya. The F calculated at 5 percent level of significance was 36.522. Since F calculated is greater than the F critical (value = 2.8387), this shows that the overall model was significant.

Table 4: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.345	0.182		12.885	.000
Cost leadership	0.664	0.196	0.584	3.388	.002
Market focus	0.774	0.208	0.562	3.721	.000
Differentiation	0.733	0.312	0.572	2.349	.024

The established model for the study was:

$$Y= 2.345+ 0.664X_1 + 0.774X_2 + 0.733X_3+ €$$

Where: Y= Sustainable competitive advantage among toll manufacturing companies in Kenya; β_0=constant; X_1= Cost leadership; X_2= Market focus; X_3= Differentiation

The regression equation above has established that taking (cost leadership, market focus and differentiation) constant, Sustainable competitive advantage among toll manufacturing companies in Kenya will be 2.345. The findings presented also show that taking all other independent variables at zero, a unit increase in the cost leadership would lead to a 0.664 increase in the score of sustainable competitive advantage among toll manufacturing companies in Kenya. Thus, variable was significant since .002 <0.05. This conforms to Kulkarni (2009) who claim the strategy is mostly associated with large businesses offering standard products that are clearly different from competitors who may target a broader group of customers.

Further, the findings show that a unit increase in the score of Market focus would lead to a 0.735 increase in the score of sustainable competitive advantage among toll manufacturing companies in Kenya. Thus, variable was significant since 0.000<0.05. This concurs with Kombo and Tromp (2006) who cited that this enables the firms to handle the complaints of the customers in a much faster and appropriate way.

The study also found that a unit increase in the score of differentiation would lead to a 0.774 increase in the score of sustainable competitive advantage among toll manufacturing companies in Kenya. Thus, variable was significant since .024<0.05. This is in line with Tuva (2015) who also studied the influence of differentiation strategy on performance of water bottling companies in Mombasa County, Kenya and showed that there is a positive relationship between differentiation strategy and firm performance.

Overall, market focus had the greatest effect on sustainable competitive advantage among toll manufacturing companies in Kenya in Kenya followed by differentiation while cost leadership had the least effect on the Sustainable competitive advantage among toll manufacturing companies in Kenya in Kenya.

DISCUSSION OF FINDINGS

Effect of Cost Leadership Strategy on Sustainable Competitive Advantage among Toll Manufacturing Companies in Kenya

The study found that cost leadership affects sustainable competitive advantage of OPAL greatly. The study found that capacity utilization and cost advantages greatly affect sustainable competitive advantage of OPAL. The study further revealed that economies of scale and that operational cost greatly affect sustainable competitive advantage of OPAL. The study finally revealed that interrelationships and that marketing expenses moderately affect sustainable competitive advantage of OPAL. These findings were in line with those Burnes (2009) who stated that the differentiation and cost leadership strategies seek competitive advantage in broad ran market or industry segments while in contrast, the differentiation focus and cost focus strategies adopted in a narrow market or industry. This in effect leads to growth in the market share.

Effect of Market Focus Strategy on Sustainable Competitive Advantage among Toll Manufacturing Companies in Kenya

The study found that market focus affects sustainable competitive advantage of OPAL greatly. The study also found that market segmentation and that customer recognition affects sustainable competitive advantage of OPAL greatly. The study also revealed that customer differentiation also affects sustainable competitive advantage of OPAL greatly. Further the study found that entering new market niche moderately affects sustainable competitive advantage of OPAL. These findings were same as those of Pearce and Robinson, (2010) who stated that market focus is a generic strategy that applies a differentiation strategy approach, or a low-cost strategy approach, or a combination and does not solely in a narrow or focused market niche rather than trying to do so across broader market. Market focus allows organizations to compete on the basis of low cost, differentiation, and rapid response against much larger organizations with greater resources.

Effect of Differentiation Strategy on Sustainable Competitive Advantage among Toll Manufacturing Companies in Kenya

The study further sought to evaluate the effect of differentiation strategy on sustainable competitive advantage among toll manufacturing companies in Kenya. The study revealed that differentiation affects the sustainable competitive advantage of OPAL to a moderate extent. The study found that quality products and that unique packaging greatly affect the sustainable competitive advantage of OPAL. The study also found that creative branding and those promotion activities greatly affect the sustainable competitive advantage of OPAL. The study further revealed that product specification moderately affects the sustainable competitive advantage of OPAL. These findings were correlating with those of Prescott (2011) who opined that a differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it.

CONCLUSIONS

The study concluded that cost leadership positively, greatly and significantly affects sustainable competitive advantage of OPAL. The study deduced that capacity utilization and cost advantages greatly affect sustainable competitive advantage of OPAL. The study further deduced that economies of scale greatly affect sustainable competitive advantage of OPAL while interrelationships was perceived to moderately affect sustainable competitive advantage of OPAL.

The study concluded that market focus brings great and positive effects on sustainable competitive advantage of OPAL. The study deduced market segmentation customer differentiation also affects sustainable competitive advantage of OPAL greatly. Further the study deduced entering new market niche moderately affects sustainable competitive advantage of OPAL.

The study concluded that differentiation positively and significantly affects the sustainable competitive advantage of OPAL. The study deduced that quality products, creative branding and promotion activities greatly affect the sustainable competitive advantage of OPAL. The study further deduced that product specification moderately affects the sustainable competitive advantage of OPAL.

RECOMMENDATIONS

The study recommends that OPAL should engage with emerging markets more closely. This can be done through planning and determining the cost advantages as well as the operational costs in order to keep itself competitive. The study recommends that international business participant should have an understanding of economics, finance, marketing and strategy, a social understanding of culture and managing across culture.

It is also recommended that the organization should continue to invest in staff training and development programs because with the increase of the level of competition, it is the internal capabilities that are inimitable that will continue to give the firm the necessary competitiveness in the market since the staff will the desired skills and capabilities to handle all types of the customers as well as understanding what it takes to maintain the customers.

The organization should also invest in the product research and development and adoption of modern manufacturing technologies that are efficient and environmentally sustainable. The organization has created a unique product quality in the market that is differentiated and it's therefore recommended that they continue investing in coming up with unique products that meet different market segments to continue differentiating themselves. The organization should ensure that before pricing its products, they should study what the market charges so that they set at a price which is acceptable to the current and potential customers.

The study recommends that OPAL should manipulate costs so as to gain cost leadership advantage and hence create sustainable competitive advantage. Currently, the market focuses on cost as their determining factor for which company to go to for service. Though the focus strategy is not popular in the industry, it can be a key avenue for reaching target markets. It is hence recommended that more players look into the various market segments and adopt the focus strategy that will enable them serve such segments.

The study recommends that the organization should enhance its product differentiation strategy with the aim of increasing its product range to capture more customers thereby enhancing its competitive advantage. This can be done through intensifying its cost leadership with the aim of ensuring that the organization remains competitive despite the turbulence in the industry.

The study further recommends that the organization needed to invest more technological innovations to enhance the efficiency in its production and to minimize wastages and to improve on the quality of the products with the aim of making the products more appealing to its customers thereby enhancing customer satisfaction with the products. The organization should also device means by which the digital revenue can be harnessed to increase the organizations revenue.

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