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Porter's Generic Strategies and Performance of Selected Automotive Firms in Nairobi City County, Kenya

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ABSTRACT

Every firm operating in a dynamic and competitive environment must employ competitive strategies in order to enhance performance and remain relevant to the market. The automotive industry in Kenya has experienced shifts within the last couple of years that have disadvantaged automotive firms' sales and this despite adequate capacity to supply local demand. Consequently, a persistent decline in volume sales has negatively impacted performance of these firms in overall, reducing competition to price wars that are not a viable option in the long run. This study therefore, sought to investigate the effect of Porter's generic strategies on performance of selected automotive firms in Nairobi City County, Kenya. The specific objectives of the study were; to determine the effect of cost leadership strategy on the performance of selected automotive firms in Nairobi county, Kenya, to investigate the effect of differentiation strategy on the performance of selected automotive firms in Nairobi county, Kenya and to establish the effect of focus strategy on the performance of selected automotive firms in Nairobi county, Kenya. The scope entailed a study of selected new vehicle firms in the automotive industry in Nairobi County, Kenya. The study was anchored on three theories that included the market based view, the resource based view of the firm and Porter's diamond theory of national advantage. Descriptive research design was adopted. The study used simple random sampling to attain the sample size and data was collected through drop and pick method using semi structured questionnaires. To ensure reliability in the questionnaire, Cronbach's alpha correlation coefficient was used where a level of above 0.7 confirmed internal consistency. Pilot testing was done on ten respondents and Pearson's product correlation coefficient was used to check for correlation between the study variables. A multivariate regression model was used to determine the relative importance of each variable to the study. Data collected was presented in graphs, tables and charts and a conclusion of the study drawn. The study revealed that cost leadership was significant in influencing the organizations' performance. The study also revealed that differentiation affected their organizations' performance to a great extent. The study also revealed that the focus strategy improved the sales growth in the firms thereby resulting to overall organization performance. The study concluded that cost leadership was significant in influencing the organizations' performance. The study also concluded that differentiation affected their organizations' performance to a great extent. The study also concluded that the focus strategy improved the sales growth in the firms thereby resulting to overall organization performance. The study recommended that the government and other policy makers come up with policies and regulations meant to foster innovation in the automotive industry. Policies should also be put in place meant for the creation of an enabling environment for fair and market driven competition to take place. The study recommended that the management of the automotive firms should often review their pricing structures and be geared towards minimizing their operational costs so as to offer cost friendly vehicles to the clients. The study also recommended that the firms' management ensure they develop quality vehicles and embrace differentiation strategy so as to remain competitive in the market. The study also recommended that the management fully adopt the

focus strategy to help in improving the sales growth in the firms thereby resulting to overall organization performance as well as improving on the product innovation which would lead to improved market share.

1. Introduction

Performance of a firm is a key indicator of its sustainability. Firm performance is described as the level of a firm's positive or negative success (Ogolla, 2013). Every organization incorporates different strategies to gain competitive advantage and sustain profitability. Firm performance is a major building block in strategic management (Rumelt, 2011). Therefore, performance is the measure that informs investment in an industry and the resulting impact on the economy. The outcome of performance is a result of strategic market positioning (Griessemann, Plank & Brunner-Sperdin, 2013). Porter (1980) in his definition of performance posits that it is the above average return on investment attained over the long haul. Summarily, performance which is a direct result of variable factors like market share, profitability and customer satisfaction can be assessed from a direct analysis of the return on invested capital (ROIC) and total shareholder return (TSR). Consequently, firm performance implies optimal functionality of all units to attain favorable outcomes (Abdi, 2012).

The global automotive industry has been recognized as an industrial and economic force that has the capacity to significantly impact its operational economy and is key driver of macroeconomic growth. In developed and emerging economies its direct and indirect contribution has been towards GDP, foreign investment, innovation and employment. As reported in the Car Sales and Global Market Analysis, 18 million cars were sold in 2018 in the top 54 markets of the world with a 75 per cent growth in electric cars and significant SUV sales. According to this report for the period in review, the Volkswagen group, Toyota and Renault-Nissan were the largest carmakers and manufacturing groups. The Global Economics Auto Report (2017) reported that global auto sales improved by 3 per cent compared to previous year's performance for the same period. In the United States, passenger and light commercial trucks were stable in the period even though a significant slump in fleet volumes was reported.

The Business Economics and Research paper (2017) reports that globalization in the automotive industry has greatly accelerated with the outcome being the construction of production facilities overseas and establishment of mergers, joint ventures and strategic alliances between major multinational automobile firms. Further, it is documented that increase in global trade has enhanced commercial distribution systems so that competition among the main OEMs has intensified. The main contributing factors to this positive outlook of the industry can be attributed to global market dynamics, expansion to overseas markets and industry consolidation. A clear indication of fierce competition in mature markets is evidenced by demanding customers and automotive firms' stiff competition amongst themselves (Ambe & Badenhorst, 2013). However, the automotive industry economic impact study reveals that despite the increase in sales turnover, average margins have dropped with

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poor profitability reflected in the industry's market capitalization. Within the African outlook, South Africa leads the automotive industry owing to its capacity to manufacture and export to other African markets. The African Auto industry (2018) report reveals that there is an influx of secondhand vehicles in most African countries due to low consumer spending. This means that OEMs in the market not only compete with each other, but with the used market to a significant degree (Onditi, 2018).

Deloitte (2018) report indicates that the continent's motorization rate is at 44 vehicles per 1,000 inhabitants with at least eight out of ten imported vehicles in Kenya, Nigeria and Ethiopia for FY 2018 being second hand. Consequently, since purchasing power remains relatively low, majority of the vehicles are shipped in either as CKDs or are locally assembled. Many markets in Africa are adopting a policy of trying to grow their own local vehicle production and are looking to implement higher taxes on imports that are brought into their countries (Onditi, 2018). The lack of developed infrastructure, relatively low and unreliable power grids and political instability are the main challenges that have dogged most African countries such that majority of the OEMs have been reluctant to invest in these destinations.

The Kenyan automotive industry is one that has undergone immense transformation within the last two decades bringing it to its current state in which fierce competition from grey imports occasioned by trade liberalization policies, government structural adjustment programs and financial sector reforms has stunted local manufacturing and stifled profitability. The business environment in Kenya has undergone numerous changes such as increase in competition, increased demand from consumers, public sector privatization, domestic market liberalization, accelerated implementation of economic reforms and price controls (Aosa & Machuki, 2011). According to the KIPPRA report (2017), the current count of 28 vehicles per 1,000 people projects an 11 per cent annual growth of Kenya's motorization rate. Adoption of policies to boost local manufacturing to transition the market to local production consumption has been well received by the new vehicles dealerships who are in competition to retain market share. Performance measurement within these firms is directly proportional to their capacity to sustain their competitive edge. This necessitates the maximization of value capabilities that are distinctly different from competitors to strategically position the firm to succeed (Chiteli, 2013). Organizations that possess the capability to effectively mitigate threats to the business and the capacity to promptly exploit emerging opportunities in a changing business environment, ensure their survival and long-term success. The ability to perform within varying dimensions that include quality, speed, innovation, cost, delivery and adaptability to demand variation determine organizational competitiveness (Majeed, 2011).

One of the major considerations to drive organizational performance is in the adoption of strategy. The intent of every firm angling for market share within a changing business environment is to maintain competitive advantage through implementation of relevant strategies. Competitive advantage enables companies to perform better than their competitors because they are able to manage their costs and offer differentiated products that best fit the tastes and preferences of the customers (Arasa & K'Obonyo, 2012). Competitive advantage is a product of competitive strategy and firms have to be deliberate on the strategy option adopted. According to (Porter, 1985) the intention of a firm to compete in a given business is the motivation behind competitive strategy. Thomas and Strickland (2010) posit that competitive strategy is essentially the difference in operations from competitors with a goal to deliver a well-balanced mix of superior and unique value. Competitive strategy is when a firm positions itself within a competitive environment to provide an edge over its rivals

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(Porter, 1980). Therefore, profitability of a firm and hence its performance is measured relative to the industry average such that in the long run, sustained profitability above this average becomes competitive advantage. Porter (1985) suggested that competitive advantage is a fundamental component of superior business performance. An effective operation strategy must take into account the distinctive competencies of the industry that will give it a competitive advantage over its competitors (Ogolla, 2013). Porter (1985) posits that the two main types of competitive advantage that a firm possess are cost and differentiation advantage. He further suggests that this leads to the employ of the generic strategies – cost leadership, differentiation and focus that achieve above average performance for a firm within an industry.

2. Statement of the problem

KAM (2018) manufacturing outlook report reveals that performance of firms in the new vehicles segment of the automotive industry has been on a decline due to intense competition from second hand alternatives. KMI (2018) report indicates a 20 per cent decline in sales for the similar period the previous year. According to KNBS (2018) data, the estimate of second hand vehicles in the market is at 80 per cent with 1.4 million second hand units recorded in 2015. Further, in the last financial year, KNBS (2018) reports a total 112,536 vehicles registered with KMI (2018) recording new vehicle sales volumes at 19,523 unit sales. For the same period the previous year, (KNBS, 2017) reported 117, 761 registered units with new vehicle sales totaling 18 per cent with the remaining constituting registrations of imported second hand units. This decrease in sales volumes has negatively affected performance of firms in the automotive industry. The current projected industry motorization growth rate is 31 vehicles per 1,000 persons at a CAGR of 7 per cent for passenger and 17.5 per cent for commercial vehicles (KAM, 2018). That notwithstanding, the industry has continued to stagnate due to operating below capacity with assembly plants averaging 16 per cent output at 5,000 units against an installed current capacity of 34,000 units (KIPPRA, 2017). Additionally, KRA (2018) data shows that an influx of FBUs has contributed to the closure of local content manufacturers causing a stifling of domestic industry contribution to achieving competitiveness in the manufacturing of automotive parts. Overall this has led to loss of jobs and reduced industry potential in the value chain contribution to competitive advantage so that at present, competition among new vehicle firms has been reduced to price wars and not competitive strategies that have the capacity to upscale the industry through sustained competitive advantage (Munge, 2018).

Numerous studies on performance in the automotive industry had been carried out. Studies on the influence of Porter's five forces model in the automotive industry conducted by Ndung'u (2015) and Ombui (2018) both submitted that Porter's five forces were in play in the automotive industry. Munywoki (2016) who reviewed the case of Simba Corporation highlights the factors affecting sale of new vehicles in the motor industry and concluded that consumer purchasing decisions was influenced by economic, psychological, social-cultural and demographic factors. Bosire and Owour (2018) presented their study on the effects of operation strategies on organizational performance in the automotive industry and concluded on the influence of customer driven strategies on the performance of firms in the automotive industry. Finally, Munge (2018) on the effects of strategic planning outcomes on performance of motor vehicle firms in Kenya, concluded that customer satisfaction and competitive advantage are the constructs of firm performance. Most of these previous studies had analyzed the automotive industry in Kenya with a bias to Porter's five forces model. Consequently, a gap in the study of the effect of Porter's generic strategies in the automotive industry led to this research. The aim of the study was to demonstrate how these strategies

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influenced competitive advantage and ultimately performance of selected automotive firms in Nairobi County, Kenya. A firm sustains competitive advantage in the long run by employing sustainable competitive strategies (Barney, 2007).

3. Objectives of the study

The purpose of this study was to establish the effect of Porter's generic strategies on performance of selected automotive firms in Nairobi City County, Kenya

Specific objectives were:

i. To determine the effect of cost leadership strategy on the performance of selected automotive firms in Nairobi City County, Kenya

ii. To investigate the effect of differentiation strategy on the performance of selected automotive firms in Nairobi City County, Kenya

iii. To establish the effect of focus strategy on the performance of selected automotive firms in Nairobi City County, Kenya

4. Theoretical Framework

The theoretical framework reviewed the three theories that aided in describing Porter's generic strategies and performance of firms. They include: Market Based View, Resource Based View and Porter's Diamond Theory of National Advantage.

4.1 Market Based View

The market based view proposes that the achievement of performance in a firm is largely determined by the forces in the external environment in which it operates in and not necessarily because of its internal resources. External market orientation and industry factors are the primary cognitive factors of firm performance (Peteraf & Bergen, 2003). Therefore, the perspective focuses outside of the firm towards the industry in order to link the differences in the performance of firms to the industry characteristics. According to Wang (2014) the firm's source of value is determined by the external competitive environment that defines the product's strategic market positioning. The proponents of this theory as discussed by Mintzberg and Quinn (1999) are Mason and Bain who link industry structure to the success in performance of a firm through their Structure-Conduct-Performance (SCP) Paradigm. This model postulates that an industry structure is determined by the prevailing conditions of supply and demand. The resultant competitive conditions from this industry constitution influences firms' actions which in turn determine the performance of the industry (Smit & Trigeorgis, 2007).

Different scholars have discussed the different elements that contribute to an enterprise's success. Omalaja and Eruola (2011) highlight number of competitors in the market, barriers to entry and elasticity of demand as key aspects of market power that determine success of firms within an industry. Porter (1980) on examining earlier research in the market based view suggested the five forces framework that determines rivalry within an industry. Most firms while assessing their strategic direction use the five forces model as a tool to critically analyze the external environment. According to Porter (1985), five forces that determine the performance of a firm within an industry context include barriers to entry, threat of substitutes, bargaining power of suppliers, bargaining power of buyers and rivalry among competitors. Due to the universal nature of these forces, they affect both the domestic and global markets and influence cost, prices and return on investment. Petaraf & Bergen (2003) posit that better performance within an industry is inversely proportional to the bargaining power of customers and suppliers. Industries that succeed to deter new firms from penetrating

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already established markets capitalize on significant capital intensities, preemptive patenting or knowledge asymmetries (Porter, 1980). Since the structural characteristics of industries have been observed to change very slowly, the resulting market power and profitability of the firm equally does not decline rapidly. Despite emerging disruptions, the strong market presence of the industry heavyweights provides a temporary buffer from new competition which stabilizes them as they strategize on how to regain market dominance (Porter, 1998).

The market based view theory is a guiding theory for cost leadership as it examines the effect of external price reductions by competing firms. In formulating strategy, the firm will make an assessment of the external environment (Porter, 1985). To be a cost leader, the firm will examine the level of competitive advantage it possesses against its competitors and seek to maximize on it. Further, Wang (2014) supporting a discussion by Pralahad and Hamel posits that a firm's competitive advantage is supported by strategic market positioning that enhances its overall performance. From the external market pressure to reduce costs to the minimum, firms can gain competitive advantage through cost leadership. Additionally, since the market based view also emphasizes market orientation, this theory is underpins an evaluation of the firms' adoption of focus as a strategy which is achieved by concentrating efforts on its niche market, meeting the unmet needs and improving efficiency of processes. The outcome of focus strategy adoption would ensure the firm exceeds customer expectation thus creating its position in the market that seeks to improve on performance. To ensure long term profits, the firm has to focus on generating high value for its customers through focus on target customers, competitors and inter-functional coordination (Felcman, 2012).

4.2 Resource Based View

Resource based view theory proposes that a firm can develop competitive advantage over the competition through the possession and retention of strategic resources (Barney, 2007). As a business strategic approach, this theory emphasizes the importance of building capabilities and valuable know-how that is unique in nature such that rivals cannot easily imitate. Therefore, this model envisions strategic resources as the key to attaining superior firm performance through sustained competitive advantage. Through the contributions of Birger Wernerfelt, C.K Prahald, G.P Hamel and Jay Barney on their contribution of the resource based view all argued that organizations gain competitive edge by focusing internally to pin down the sources of competitive advantage rather than looking outward to the environment for them. The theory advances an argument for organizations to achieve performance using their existing internal resources differently so that exploitation of external opportunities is more feasible than acquiring new competencies and skills for each new opportunity (Barney, 2007).

As a different conceptual foundation, the resource based view focuses less on industry structure and more on the firm's internal capabilities (Wang, 2014). The argument forwarded by the resource based view is such that competitive positioning of a firm is ascertained by the unique pairing of resources and relationships (Rumelt, 2011). Different scholars have argued that only strategic resources and useful competencies are a source of competitive advantage. Core competencies (Barney, Wright & Ketchen, 2001), distinctive competencies (Papp & Luftman 1995) and strategic assets (Amit & Shoemaker 2001) are terminologies that have been coined to refer to those resources that bring a firm competitive advantage. Barney (2007) argues that competitive advantage is the result of having resources that are both valuable and scarce at the same time. He further argues that an increased level of difficulty to imitate, to substitute and hardness to deliver resources by rivals are the key ingredients in sustaining competitive advantage. Grant (2016) defines resources as all assets, capabilities, firm attributes, organizational processes controlled by a firm that enable it to conceive and

implement strategies that improve its efficiency and effectiveness.

 A strategic resource is an advantage to the firm due to its value, rarity, difficulty to imitate and non-substitutability (Barney, 2007). This theory asserts that resources are key to a firm's attainment of higher organizational performance when they support the formulation of strategies that capitalize on opportunities and stave off threats. The premise of the resource based view is the assumption that resources must be heterogeneous and immobile (Barney, Wright & Ketchen, 2001). The heterogeneous assumption states that firms' strategic resources differ from each other such that each firm develops a unique set of strategies to gain competitive advantage. The assumption on immobility asserts that resources are intangible and do not move from one firm to another firm in the short run. Consequently, firms are not able to replicate each other's resources and cannot therefore implement similar strategies. The resource based theory underpins differentiation as a strategy whereby the firm will seek to adopt unique products, premium pricing or proprietary technology to enhance performance. According to Porter (1998), the principal uniqueness drivers of differentiation are policy choices, supplier and value chain linkages, location, timing, integration, scale, learning and institutional factors. Therefore, in line with this theory, customers would be more inclined to spending a premium for goods they deem to be of higher quality than competition. Differentiation seeks to avail products that are deemed to be of superior value to consumers and that offer higher benefits than competitors (Johnson, Scholes & Whittington, 2008). The systematic variation in performance of a firm has its origins on specific firm factors (Amit & Shoemaker, 2001).

5. Conceptual Framework

The conceptual framework is an illustration of the study's concepts, theories and empirical reviews structured to provide the associated progression of the variables. It is a theorized display that recognizes the design under study and the correlation between the dependent variable and the self-governing elements (Mugenda & Mugenda, 2006). This study pinpointed the independent variables as cost leadership, differentiation and focus. Performance was established as the dependent variable. The relationship between them is illustrated in figure 1 of the conceptual framework below.
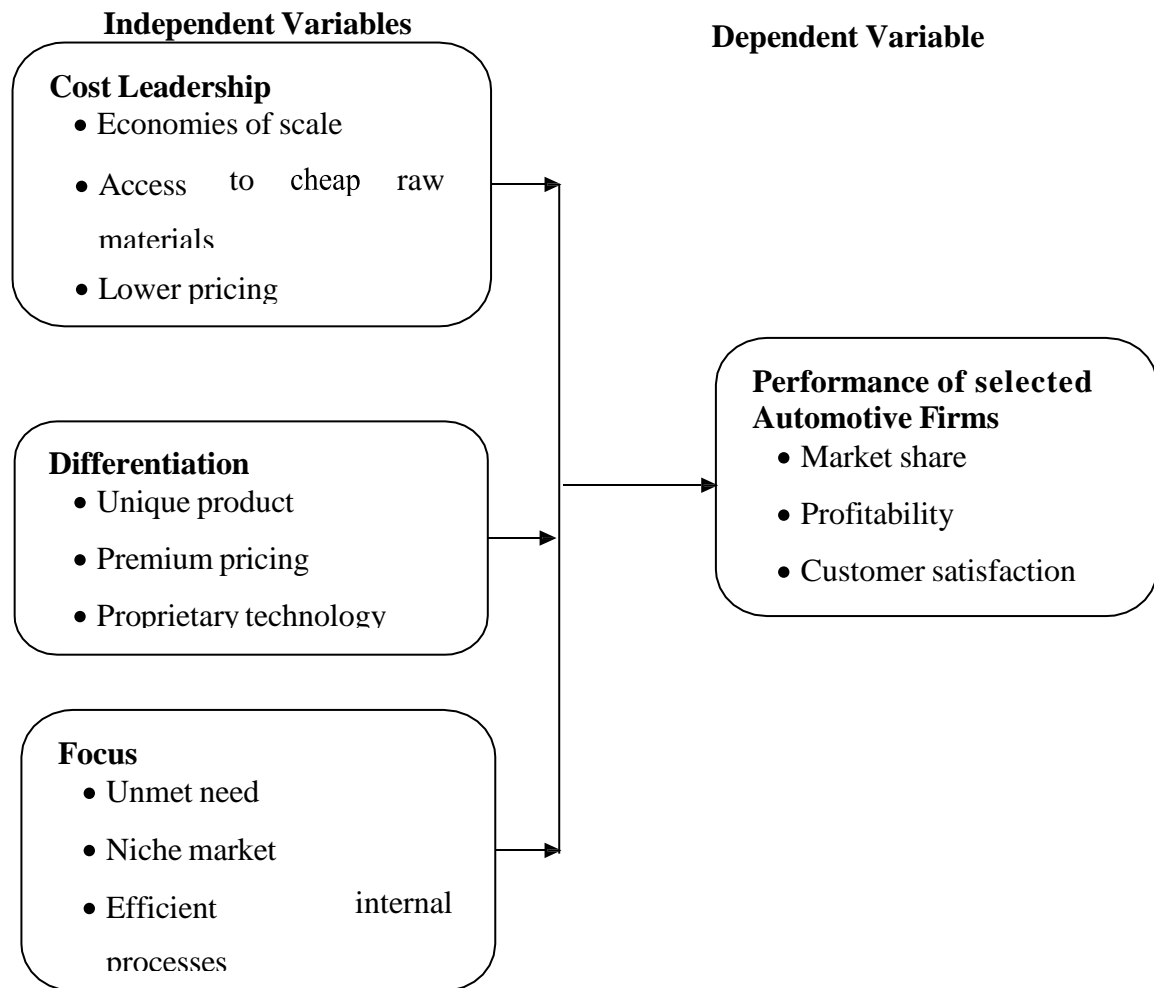
Figure 1: Conceptual Framework

Source: Researcher, 2020

6. Research Methodology

The aim of this study was to demonstrate the effect of Porter's generic strategies on performance of selected automotive firms and therefore descriptive research design was adopted. Research design is a structured pattern of techniques and processes in a research study and entails data collection, measurement and analysis. Kothari (2004) in his definition of research design states that it is a programmed process of collection and analysis of data in order to combine relevance to the research purpose. Descriptive design is relevant in the studies where the issues or the problems under study are clearly defined (Mugenda & Mugenda, 2003). Cooper and Schindler (2003) posit that descriptive design seeks to pin down the what, when, where and how of an occurrence. This study had a mix of respondents from the different functional departments in the selected firms.

Follow up to the 30 per cent sample size recommended by Mugenda and Mugenda (2003), this study had a total of 105 respondents. Primary data was collected through semi-structured questionnaires. The aim of the close-ended questions was to avail structured responses, while the open-ended questions facilitated inclusion of additional information that the researcher may have omitted in the close-ended section of the questionnaire. In

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totality, this study administered information from primary data collected from responses of personnel from the selected motor vehicle firms. Statistical Package for Social Sciences (SPSS) and excel were used to verify and analyze the collected data before coding was done to reveal the existing correlations. The Likert scale adopted in the questionnaire served to analyze the mean score and standard deviation as the researcher sought to investigate the relationship between generic strategies and performance of new vehicle firms. The data was analyzed using differential statistics to enable presentation in a meaningful manner that allowed for its simple interpretation. Further, the data was presented in form of graphs, bars, charts and tables. The coefficient of correlation between the study variables was determined using Pearson's product correlation coefficient. Pearson's correlation coefficient should be presented in a tabular matrix to clearly explain the relationship between the dependent and independent variables of the study (Mugenda & Mugenda, 2008). Additionally, using regression analysis model given below, the degree of relationship between the two variables was established.

7. Inferential Analysis

With an aim to compute the correlation between the dependent and independent variables, the study conducted inferential analysis. This involved Karl Pearson's coefficient of correlation, regression analysis, model summary and a multiple regression analysis. According to the findings as illustrated in Table 1, it was clear that there was a strong positive correlation between organization performance (dependent variable) and cost leadership, differentiation and focus strategies (independent variables) as shown by Pearson Correlation r values more than 0.5. As shown in table 1, it was clear that there was a positive correlation between organization performance and cost leadership a shown by a correlation figure of 0.718. It was also clear that there was a positive correlation between organization performance and differentiation with a correlation figure of 0.685. There was also a positive correlation between organization performance and the focus with a correlation value of 0.6380.

Table 1: Correlation Analysis

		Organization performance	Cost Leadership	Differentiation	Focus
Organization performance	Pearson	1			
	Correlation				
	Sig. (2-tailed)				
Cost Leadership	Pearson	.7180	1		
	Correlation				
	Sig. (2-tailed)	.0029			
Differentiation	Pearson	.6850	.3321	1	
	Correlation				
	Sig. (2-tailed)	.0031	.0014		
Focus	Pearson	.6380	.1130	.0621	1
	Correlation				
	Sig. (2-tailed)	.0033	.0140	.0043	

Source: Researcher, 2020

To determine the degree of accuracy of the statistical model to predict future outcomes, the coefficient of determination was carried out. The coefficient of determination, R^2 is given as the square of the sample correlation coefficient between outcomes and predicted values. It therefore seeks to account for the effect of the three independent variables (cost leadership, differentiation and focus strategies) on the dependent variable. As summarized in Table 2, of the three independent variables that were studied, only 55.1% of the organization performance was represented by the adjusted R^2. This means therefore that other variables not studied in this research affect 44.9% of organization performance. Further research should be conducted to investigate the other (44.9%) variables that affect the automotive firms' organizational performance.

Table 2: Model Summary

R	R Square	Adjusted R Square	Std. Error of The Estimate
0.742	0.551	0.641	0.0438

Source: Researcher, 2020

The study further conducted a multiple regression analysis to identify the relationship of the three strategies on the organization performance. The aim of multiple regression is to predict the value of the dependent or criterion variable from the predictor or independent variables. The measurements of multiple regression were entered, coded and computed using the statistical package for social sciences (SPSS). As per the SPSS generated results, the equation, $Y = 1.217 + 0.719X_1 + 0.702X_2 + 0.689X_3$. The regression equation above established that taking all factors into account (cost leadership, differentiation and focus strategies) constant at zero, organization performance of the automotive firms will be 1.217. Taking all other independent variables at zero, the findings presented indicate that a unit increase in cost leadership strategy will lead to a 0.719 increase of organization performance of the automotive firms; a unit increase in differentiation strategy will lead to a 0.702 increase of organization performance of the automotive firms and a unit increase in focus strategy will lead to a 0.785 increase in organization performance of the automotive firms. This means that cost leadership strategy contributes most to organization performance of the automotive firms followed by differentiation strategy, while focus strategy contributed the least to organization performance of the automotive firms. At 5% level of significance and 95% level of confidence, cost leadership strategy showed a 0.0218 level of significance; differentiation strategy showed a 0.0234 level of significance and focus strategy showed a 0.0241 level of significance. Therefore the most significant strategy was the cost leadership strategy. This implies that all the three independent variables (cost leadership, differentiation and focus strategies) significantly affected the dependent variable (organization performance of the automotive firms).

Table 3: Regression Coefficients

	Unstandardized		Standardize d Coefficients		
	B	Std	Beta	t	Sig
(Constant)	1.217	1.22		1.612	0.324
Cost	0.719	0.309	0.164	2.068	0.0218
Differentiation	0.702	0.148	0.214	3.448	0.0234
Focus	0.689	0.31	0.067	3.539	0.0241

Source: Researcher, 2020

8. Conclusions of the Study

Based on the findings the study, the study concluded that the firms had adopted the cost leadership strategy to a great extent. At 95% level of confidence, with a 0.0218 level of significance ($p < 0.05$), the study established a positive significant correlation between cost leadership strategy and organization performance of the automotive firms. The study thus concluded that the cost leadership affected the organizations' performance to a great extent implying that cost leadership was significant in influencing the organizations' performance. The study concluded that the automotive firms had adopted the differentiation strategy to a great extent. At 95% level of confidence, with a 0.0234 level of significance ($p < 0.05$), the study established a positive significant correlation between differentiation strategy and organization performance of the automotive firms. The study therefore concluded that differentiation affected the organizations' performance to a great extent. The study also concluded that the automotive firms had adopted the focus strategy. At 95% level of confidence, with a 0.0241 level of significance ($p < 0.05$), the study established a positive significant correlation between focus strategy and organization performance of the automotive firms. The study thus concluded that there was a strong relationship between the organizations' performance and product innovation which resulted from the focus strategy. The study also concluded that the organizations' performance was to a great extent influenced by the generic strategies. The study further concluded that firms had gained market share in the last three years and that the firms had expanded operations to more branches countrywide. Additionally, the study concluded that staff in the firms had received bonuses and increments in the previous three years and that the firms engaged in corporate social responsibility as a way to give back to the community. The study further concluded that the firms had had above average repeat and referral business and that the organizations growth was improving in the previous three years.

9. Recommendations of the Study

This study seeks to recommend that the government and other policy makers come up with policies and regulations meant to reduce cost of production of motor vehicles. This would significantly enhance survival of the firms through sale of more affordable products to the consumers and enhance competitiveness amongst the firms. By the government legislating reduced corporate tax tariffs on the firms, the resulting business environment would economically strengthen the industry while providing a platform for the firms to adopt strategies that are sustainable for both the industry and the consumer. Having established that the cost leadership strategy was the most significant on organization performance, the study recommends that the management of the automotive firms should often review their pricing structures and be geared towards minimizing their operational

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costs. The management should embrace competitive pricing approaches to help in ensuring achievement of superior advantage. The study also recommends that management should implement the development of quality vehicles and embrace differentiation strategy so as to remain competitive in the market. Additionally, the recommendation for management is to fully adopt the focus strategy to help in improving the sales growth in the firms thereby resulting to overall organization performance as well as improving on the product innovation which would lead to improved market share.

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