EFFECT OF GENERIC STRATEGIC RESPONSES ON THE PERFORMANCE OF YANA TRADING LIMITED KENYA

BY

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DECLARATION

I declare that this research proposal has not been presented anywhere for any award and that all sources of information have been acknowledged by means of references.

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SUPERVISOR:

This research proposal has been submitted with my approval as the university supervisor

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DEDICATION

This study is dedicated to the fraternity of Adipo’s Family, with special focus to Christine Juma (Mum), Dr. Adipo Ogalo (Dad), Adipo Diana(sister) for their generous sacrifice of their family time during this research study.

ABSTRACT

Tyre manufacturing industry is critical to Kenya and the East Africa economy as a whole in terms of job creation and its contribution of GDP growth for the East Africa region which is forecast at 5.3% in 2018, up from 4.5% in 2016. Despite this major contribution, it is observed that some firms in the sector are facing a shaky financial situation. For instance, from 2014 to 2018, Yana Trading Limited Kenya faced tight liquidity problems and stiff trade competition. Consequently, the sales revenues in 2017 declined by 9% from 2.7 billion in 2016 to 2.45 billion in 2017 and a profit margin declined to 5.0% in 2017. Attempt to reverse this bad performance Yana Trading Limited Kenya continued with its programs on reducing overhead costs by 11% against 2016 adjusted levels but with little success as the profit margin was still low. Generic strategic responses are choices made by a firm in order to gain a competitive advantage through the alignment of the organization's objectives to the external environment for its effectiveness. Past studies on the effect of generic strategies on organizational performance exist but majority of those studies were done in banking, petroleum, telecommunication sector whose context and circumstances does not relate with Tyre manufacturing industry. Moreover, past studies on strategic responses and performance dwelt on looking at how each aspects of strategic responses individually affect an organization performance rather than aggregated approach that seek to establish how three aspects of generic responses collectively affect the firm's performance. Consequently, the effect of the three generic strategies: Market focus strategies, cost reduction strategy and differentiation strategy on organizational financial performance are not known especially in the context of Tyre manufacturing industry. Therefore, the purpose of this study is to effect of generic strategic responses on financial performance of Yana Trading Limited Kenya. Specifically, the study determined the effect of market focus strategy, product differentiation and cost leadership strategy on the performance of Yana Trading Limited Kenya. This study was guided by Porter's generic strategic model in a correlation survey design. The study used a target population of 112 employees working at Yana Trading Limited Kenya. Simple random sampling was utilized to select a sample size of 44. The study utilized questionnaires as data collection tools. Validity of the research instrument was established through expert review while the reliability test yielded a Cronbach's Alpha coefficient between 0.83 0and 0.865. The findings revealed that generic strategic responses employed by the Yana Trading Limited Kenya explained 68.1% ($R^2 = 0.681$) variation in Yana tyres performance. It was further revealed that all the three dimensions put into consideration namely: market focus ($\beta = 0.812, p=0.05$) and product differentiation strategies ($\beta=0.773, p= 0.05$) and cost leadership strategies ($\beta = 0.667, p= 0.05$) all had a significant positive effects on performance of Yana tryes trading limited on performance of the company. The study concludes that all the three strategies studied (market focus strategies, product differentiation strategies and cost leadership strategies) all have a direct significant effect of Yana tyres trading limited Therefore, the study recommends that the strategies employed be the Yana tyres trading limited be enhanced to significantly increase the level of performance. The findings of the study will be useful to the Yana tyres stakeholders by providing new insights on how to improve the organizational performance of their business.

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CHAPTER ONE

INTRODUCTION

This section presents information on the background of the study, statement of the problem and objectives of the study. It also entails the hypotheses, scope, justification as well as conceptual framework of the study.

1.1 Background of the Study

Kwalia and Muchelule (2019), defines strategy as the framework within which selection about the nature and direction of a firm are made. On the other hand, responses are the operations undertaken by a firm to match its environment Porter (1985). In his view, Mitchell (2014) attributes strategic responses to the implementations that are within a firm's strategic conducts that would foresee success in the upcoming environment. For Mbiriri (2009), he holds the view that there are two types of strategic responses that is; operational and generic. According to porter (1998), generic responses are choices made by a firm in order to gain a competitive advantage through the alignment of the organization's objectives to the external environment for its effectiveness. As such, operational strategies involve the alignment of the firm's actions to its internal environment so as to attain efficiency. This confirms Pearce and Robinson (2003) suggestion that if a business does not react to a threat, the damages will keep on accumulating. In addition, works by Pearce and Robinson (2007) indicate that those actions already in place ought to be relooked at so as to cope with the gradually increasing environmental changes. It is in this light that this study will emphasize on the generic forms of responses which are; market focus strategy, product differentiation strategy and cost leadership strategy.

According to Mayureshnikam and Vishal (2018) marketing focus strategy is the path to defining and giving direction to organization goals and the strategic actions. They include; market segmentation, brand establishment and customer relationship. Consequently Mecha (2007) defines market focus strategy as introduction of already existing products or services into a new geographical area. Therefore, a firm focusing on its efforts on one or many market segments is seen to be better off due to the creation of market mix and market specialization (Porter 1980). According to Ansoff (1990) a firm needs a market strategy for growth. The four market strategies include: market penetration, product development, market development and diversification. Nyaingiri (2015) further states that corporate diversification has long been regarded as a strategic tool for organizations to sustain growth and profitability. Njogu (2014) concludes that marketing focus strategy is therefore a long-term action undertaken in a changing environment because it involves decisions on matching resources to the turbulent environment.

From the reviewed empirical studies, it is evident that the concept of market focus was studied by many scholars but in different context. For instance, Onguko (2014) conducted a study on the role of strategic positioning on product performance in the telecommunication industry in Kenya. Mbithi et al (2015) conducted a study on the effect of market development in the performance of sugar industry in Kenya. Odunayo (2018) sought to investigate the market focus and organizational performance of telecommunication industry in Port Harcourt. Cano et al (2003) conducted a study on the meta- analysis relationship between market orientation and performance worldwide. Studies reviewed have focused on different areas. For instance, Onguko (2014) focused on the role of strategic positioning on product performance in the telecommunication industry in Kenya instead of financial performance. Mbithi et al (2015) focused on the effect of market development in the performance of sugar industry in Kenya instead of Tyre manufacturing sector. Elsewhere, Odunayo (2018) focused on market focus and organizational performance of telecommunication industry in Port Harcourt instead of Tyre manufacturing sector. Consequently, little is known on the effect of market focus strategies and financial performance of the business in the context tyre manufacturing sector in Kenya.

Product differentiation strategy 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, 2001). It is for this reason that Murphy (2007) stated that successful differentiation has three aspects: commanding a premium price for a product, increasing sales because of additional buyers won over by the differentiating features and gaining buyer loyalty to its brand. According to Porter (1985) successful product differentiation strategy is down played when a company accomplishes the era of premium products that increases revenue per unit. Dirisu (2013) suggests that when competition increases among manufacturing organizations due to an increase in customer demands, production of products will be expected to be of more valued features in terms of product quality, product flexibility or reliable delivery. However, Hyatt (2008) suggests that differentiation is driven by uniqueness, this may be through superior product design, technology, customer service, dealer network or other dimensions. On their part, Sivadas and Dwyer (2002) postulates that due to market liberalization a firm will need to improve on its products as well as strategy so as to gain competitive advantage. In effect, differentiation builds competitive advantage by making customers more loyal and less price-sensitive to a given firm's product/service. Additionally, customers are less likely to search for other products once they are satisfied (Hernant and Thomas, 2007).

From the reviewed empirical studies, it is evident that the concept of product differentiation was studied by many scholars but in different context. For instance Nolega (2015) did a study on the product differentiation on product performance in the seed industry, Ndumbaro (2013) did a study on product differentiation on performance in the banking industry, Shafiwu and

Muhammed (2013) did a study on product differentiation on performance in the petroleum industry, Kamau (2013) did a study on the effect of product differentiation on performance in the retail industry, Chege et al (2018) did a study on the effect of product differentiation on performance in the betting industry while Tuva(2015) sought to investigate the effect of product differentiation on performance in the water bottling company. Majority of studies on product differentiation (Nolega, 2015; Ndumbaro, 2013; Shafiwu and Muhammed, 2013; Kamau, 2013; Chege et al, 2018) were done in different context such as seed industry, petroleum, retail industry with different methodology such as descriptive designs which are regarded as less superior in terms of revealing cause and effect in relationship. Consequently, the effect of product differentiation on organizational financial performance is not known especially in the context of Tyre manufacturing industry

According to Porter (1985) cost leadership strategy involves a firm gaining a wider market share by appealing to cost conscious or price sensitive customers through involvement of low cost based activities in their operational functions. Nyamweya and Nyaucho (2015) suggest that the source of cost advantage depends on the industry structure; they may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. Maintaining this strategy requires a continuous search for cost reduction in all aspects of the business. The dimensions of this strategy include; outsourcing, controlling production costs, asset capacity utilization and minimizing other costs like distribution and advertising (Porter 1980). Baroto and Abdullah (2011) suggest that a company will only survive in a competitive industry when it uses cost leadership strategy which is a process of the value chain because it involves the production of products in the most efficient way without jeopardizing the quality. Therefore cost management practices are concerned with the analysis and the information used in order to assist managers in decision making and managerial control. It is not an end in itself, but a means to support an organization in achieving its goals (Guilding et al., 2000; Shank and Govindarajan, 1989).

From the reviewed empirical literature it is evident the study on the effect of cost leadership on performance was studied by many scholars but in different context. For instance, Nyaucho (2015) did a study on the effect of cost leadership on performance in petroleum industry, Abudullahi and Muhammed (2017) did a study on the effect of cost leadership on performance but in the hospitality industry, Kiptrotich et al (2018) did a study on cost leadership on performance in the manufacturing industry, Ikwata and Okello (2016) did a study on the effect of cost leadership on performance in the educational sector. Ruto and Ayuo (2017) did a study on the effect of cost leadership on performance in the insurance industry and Chepchirchir (2018) did a study on the effect of cost leadership on performance in the logistics firms. Therefore, Majority of studies (Guilding et al., 2000; Shank and Govindarajan, 1989; Nyaucho, 2015; Abudullahi and Muhammed, 2017; Kiptrotich et al, 2018; Ruto and Ayuo, 2017; Ikwata and Okello, 2016; Chepchirchir, 2018) were done in different context such as telecommunication, hospitality, educational sector with different methodology such as descriptive designs which are regarded as less superior in terms of revealing cause and effect in relationship. Consequently, the effect of cost reduction strategy and differentiation strategy on organizational financial performance is not known especially in the context of Tyre manufacturing industry.

Performance is also a strategy implementation Simons (1990) and is mainly backed up by a financial perspective (Johnson and Kaplan, 1987).A firm interacts with the environment in exchange of goods and services for value creation on a day to day basis and inputs measured in monetary terms and evaluated against preset objectives and therefore profit maximization is only met when a firm uses the right set of performance measurements (Aguilar 2003). Kwalia and Muchelule (2019) suggest that organizational performance is the result of the organization's activities therefore strategic management is justified regarding its ability to improve an organizations performance, which is typically measured regarding profits and return on investments.

Africa has been known for many tarmac and rough roads therefore a country like Kenya has been seen to be experiencing an influx demand for motor vehicles. This is due to the availability of tires after the entry of Yana Trading Limited Kenya into the country in 1986 (Sameer Africa newsletter 2014). The entry of Yana Trading Limited Kenya into the Kenyan market has not only led to the increase in the creation of employment but also the improvement of (GDP) for instance their employee average turnover increased over the years (for example 2017 registered a 5.0% employee turnover up from 2016 4.0% creating an increase in the economies GDP to 5.5% from 4.9%) (Sameer newsletter, 2017).

According to Lewa and Munene (2005) over the years Yana Trading Limited Kenya has been seen to be experiencing a reduction on its profits (for instance Yana trading limited experienced a 10% gross profit margin in 2013 that rather declined to 5.0% in 2017) despite the creation of its flagship brand (Yana) Yana Trading Limited Kenya experienced a decline in its sales volume by 6% over the years, this setback was due to market liberalization that has stiffen competition (www.sameer.africa.com).In attempt to adjust its set and objectives so as to respond to their environment Yana Trading Limited Kenya used the following generic strategic responses; market focus strategy where they created new centers' to tap into new market potentials, product differentiation creation of other more Yana brands *(Summit Kifaru, Yana Eagle, Yana Faida, Yana Falcon, Yana Milele, Yana Monarch II, Yana Moran, Yana Pamoja, Yana Pamoja Extra* *and Yana Stallion)* and through cost leadership strategy where Yana Trading Limited Kenya in 2017 has been seen to continue with its programs on reducing overhead costs. However this lead to a reduction on reduced overheads by 11% against 2016 adjusted levels yet a reduction on profit margins due to the increasing macroeconomic challenges facing Yana Trading Limited Kenya (Sameer newsletter, 2017). Therefore, this research work was focused on how the generic strategic responses have affected the performance of Yana Trading Limited in Kenya over the years.

1.2 Statement of the Problem

Despite Yana trading limited company being one of the greatest firms in Kenya that is leading in creation of employment and the increase of GDP of the economy (for instance their employee average turnover increased over the years for example in 2017 registered a 5.0% turnover up from 2016 4.0% creating an increase in the economies GDP to 5.5% from 4.9%), it is observed that it is facing a shaky financial situation. For instance, from 2014 to 2018, Yana Trading Limited Kenya has faced tight liquidity problems and stiff trade competition. Consequently, this has led to a decline in factory flagship brand Yana brand whose selling price has declined with intensified competition from subsidized imports. Similarly, even with the introduction of discounted tyres, the sales revenues in 2017 declined by 9% from 2.7 billion in 2016 to 2.45 billion in 2017. Attempt to reverse this bad performance has seen Yana Tyres continue with its programs on reducing overhead costs by 11% against 2016 adjusted levels but with little success as the profit margin was still low. Generic strategic responses are choices made by a firm in order to gain a competitive advantage through the alignment of the organizations objectives to the external environment for its effectiveness. Past studies on the effect of generic strategies on organizational performance exist but majority of those studies were done in banking, petroleum, telecommunication sector whose context and circumstances does not relate with Tyre manufacturing industry. Moreover, past studies on strategic responses and performance dwelt on looking at how each aspects of strategic responses individually affect an organization performance rather than aggregated approach that seek to establish how three aspects of generic responses collectively affect the firm's performance. Consequently, the effect of the three generic strategies: Market focus strategies, cost reduction strategy and differentiation strategy on organizational financial performance are not known especially in the context of Tyre manufacturing industry. Therefore, the purpose of this study was to look into the effect of generic strategic responses on financial performance of Yana Tyres in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

To assess the effect of generic strategic responses on the performance of Yana Trading Limited.

1.4 Specific Objectives

The study was guided by the following specific objectives

I. To determine the effect of market focus strategies on performance of Yana Trading Limited.

II. To establish the effect of product differentiation strategies on performance of Yana Trading Limited.

III. To assess the effect of cost leadership strategies on performance of Yana Trading Limited.

1.5 Hypotheses of the Study

To realize the outcome, the following hypotheses underpinned the study

i. H_{01}.market focus does not significantly affect performance of Yana Trading Limited

ii. H_{02} product differentiation does not significantly affect performance of Yana Trading Limited

iii. H_{03}. Cost leadership does not significantly affect performance of Yana Trading Limited

1.6 Scope of the Study

The study was defined by the title. The title of the study was to examine the effect of generic strategic responses on the performance of Yana Trading Limited Company. The research was conducted from the headquarters in Nairobi. As such the study focused on getting the views of the managers and employees currently working with at Yana Tire's headquarters. The research was conducted within a period of four months. The variables that the study focused on are; market focus strategy, product differentiation strategy and cost leadership strategy.

1.7 Justification of the Study

Yana Trading Limited Company has been known for the creation of employment and contribution to Kenya's GDP since its entry into the market. However, the company is currently facing several challenges relating to profitability and sales volume hence affecting its performance. This study was therefore be important in several ways. For instance, through its finding's managers will be able to implement functional strategic actions that will not only create a competitive advantage for Yana Trading Limited Company but also create a wider market share for Yana Trading Limited Company. This will then create an expected outcome on GDP.

1.8 Conceptual Framework

The hypothesized relationship between strategic responses and performance is intervened by government policies and costs. A variable is a measure characteristic that assumes different values among subject (Mugenda & Mugenda, 2003). Kombo & Tromp (2006), states that independent variable also called explanatory variables is the presumed change in the cause of changes in the dependent variable while the dependent variable attempts to indicate the total influence arising from the influence of the independent variable Mugenda & Mugenda, (2003).

In the current framework, market focus strategy, product differentiation strategy and cost leadership strategy were deemed as independent variables while organizational performance is the dependent variable. The current conceptual model hypothesizes that Generic strategic responses operationalized as market focus strategy, product differentiation strategy and cost leadership strategy, was expected to affect organization performance dimensions like sales and profit. The interplay between studies variables were depicted as below in figure 1.

Independent variables

Strategic responses

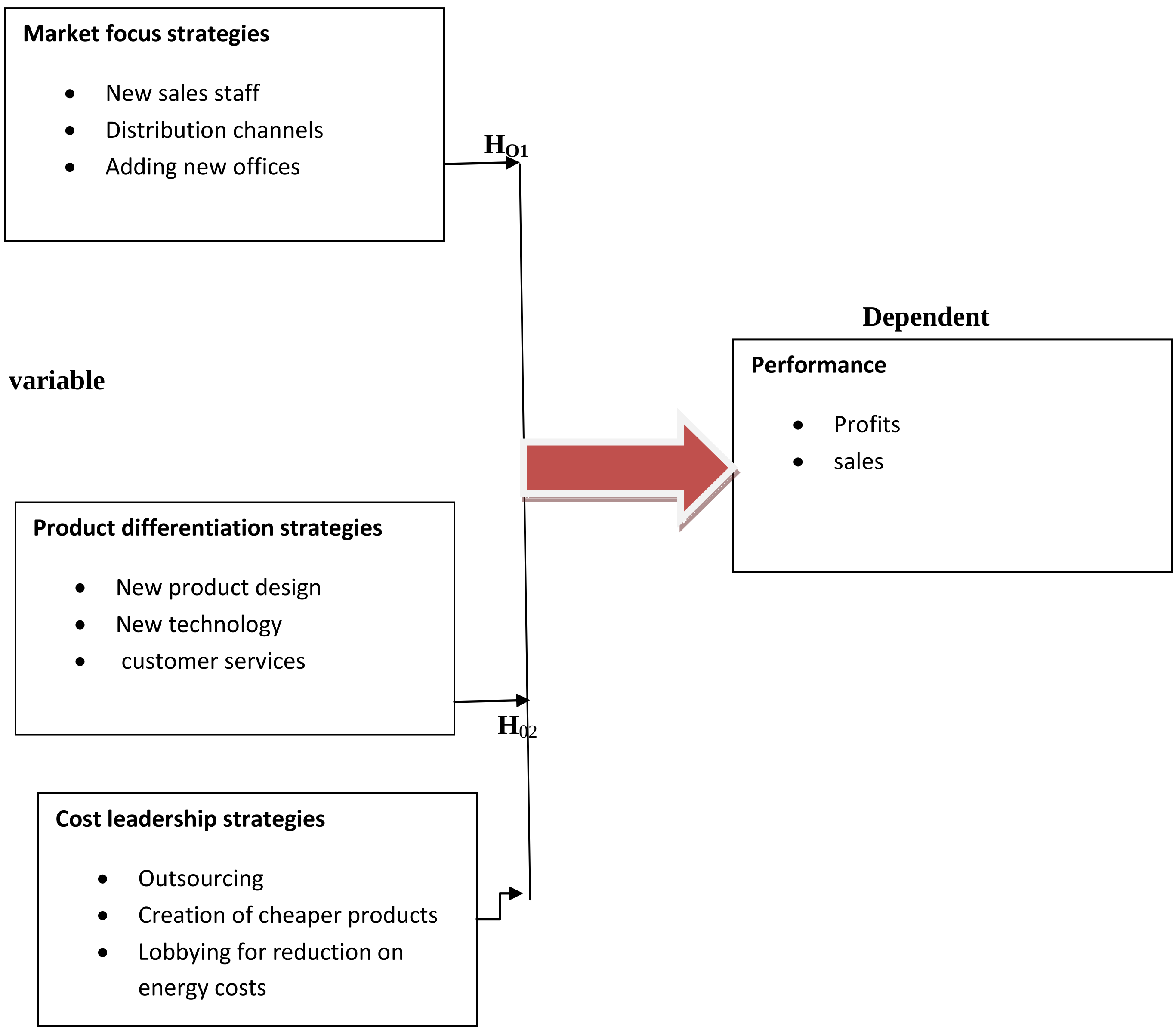

Figure 1.1: Conceptual Framework showing the relationships of the variables of the study

Source: Adopted porters' generic model through self-conceptualization (2019)

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews literature related to the effects of strategic responses on performance of Yana Trading Limited Kenya. In particular it looks at theoretical review of the study under which Porters theory is amplified. Additionally, it looked at empirical review literature, as section that is divided into three sub themes. The sub themes included: market development, product differentiation and cost minimization.

2.2 Theoretical Literature

Theoretical review was put into focus as a theoretical model for the study. It critically look at the theory's main arguments provide its criticism as it engages with the lines of commonality with current study. Since theories are important in understanding a phenomenon and putting an empirical study in a right conceptual understanding, this study was guided by porter's generic strategies as illustrated in the sub section below:

2.2.1 Porter's Generic Strategic Model

The study adapted the theory of porter's generic strategies on the basis of its reflection on strategic responses and on organization's performance which are the two key variables under the current study. According to Porter (1980), a firm chooses to pursue (strategic response) of two types of competitive advantages. This could be on low cost competition or via customer command higher price which is a dimension of strategic response (cost minimization strategies).Similarly, an organization could choose one of the two types of cope that are a part of its game plan to gain a wider market share. They included; offering products to selected segments of other market or offering a differentiated product to many market segments which involved the use of dimensions of strategic responses (product differentiation strategies or market focus strategies) that were relevant to this study. This therefore implies an organization would need to carry out three generic strategies in order to achieve its average industrial performance. This theory is particularly significant and relevant to the proposed study as it provides link between two main study variables; strategic responses and organization performance and therefore the model was seen to be used in determining the direction of an organization using the three strategic responses which are; market focus strategy, differentiation focus strategy and cost leadership strategy. Many businesses for instance Yana Trading Limited Kenya has been seen over the years to adopt these strategies so as to increase on its sales and profits. This study therefore assessed how the usage of the generic responses affected the performance of Yana Trading Limited Kenya.

2.3 Concepts of the Study

2.3.1 Concept of Strategic Responses

According to Aosa (2011), strategy implies the creation of a fit between the internal and external characteristics aimed at solving an organization's strategic problem. Porter (1998) contends that strategy is concerned with succeeding or winning in an environment that is competitive through creation of sustainable competitive advantage. The companies should, therefore, occasionally review the key strategies such as expansion, product and technology innovation, and cost and diversification strategies in order to enhance their performance (Kamomoe 2016). Johnson, Scholes and Whittington (2008) observe that strategy is the future capacity and direction of a firm which creates advantage in an environment that is changing through its capabilities and organization of resources so as to meet stakeholders' expectations. Kim and Mcintoch (2002) assert that rapid technological change, easier entry by foreign competitors, and the accelerating breakdown of traditional industry boundaries subject firms to new, unpredictable competitive forces. Therefore the overall objective of a strategy was to keep the organization in business (Tim and Hannagan 2005). According to Pearce and Robinson (2002), an organization must make a strategic choice, appropriate responses to the changes that occur in its respective environments. According Mbiriri (2009) strategic responses are actions taken by a firm to cope with shifts in the environment, there are two types of strategies and they include operational and generic. According to porter (1998), generic responses are choices made by a firm in order to gain a competitive advantage through the alignment of the organizations objectives to the external environment for its effectiveness. As such, operational strategies involve the alignment of the firm's actions to its internal environment so as to attain efficiency. This study evaluated the following elements of generic strategic responses: Market focus strategies, Product differentiation strategies, Cost minimization strategies as applied in the context of Strategic Management.

2.3.2 Concept of Market Focus Strategies

Pearce and Robinson (1997) observes that market development entails introducing current products or services into new geographical locations, and is appropriate when an organization's strengths match the customers' instead of the product. Pearce and Robinson further argue that the aim of product development was to increase sales through modification of current products or services. According to Werner, McDermott and Rotz (2004) in Mecha (2007) they observed that market development strategy works well in the early phases of a company's growth. The trouble begins, they observed, when the firm becomes so big that its returns on incremental investment deteriorates and its earnings plateau and the management fail to develop a new way to run the firm. To avoid this, firms must first develop an accurate understanding of the profitability of the different products they offer and a knowhow on how to position those products to take advantage accurate picture of which customer segments are profitable and an improved ability to position their products and stress to reach those customers.

2.3.3 Concept of Product Differentiation Strategy

Langley, Pals and Ort (2005) define product innovation as the creation of a new product from new materials or the alteration of existing products to meet customer satisfaction. It also refers to the introduction of new products or services in order to create new markets or customers, or satisfy current markets or customers. Product development may result in completely new products or in cost reduction on existing products. Organization are increasingly concentrating on responsiveness and flexibility through product innovation to serve current and emerging market needs. Example of the success in product development strategy is seen in BIC which has exploited synergies in distributing dispensable cigarette lighters and safety razors through the same outlets that it had developed to sell its highly successful dispensable ball point pens (Wanyande, 2006)

2.3.4 Concept of Cost Leadership Strategies

According to Mbiriri (2009) cost minimization involves the firm attempts to maintain a low cost base by controlling production costs through rehabilitation of plants and machinery installation or by rather increasing their capacity utilization, controlling material supply or product distribution and also by minimizing costs such as advertising, marketing and reduced sales force. Mecha (2007) suggests that Ansoff's concept on market pricing penetration can only be achieved when a firm lowers its production costs so as create low pricing that would widen their penetration and increase their market share. Therefore for a firm to succeed at offering the lowest price while still achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals (Kotler and Armstrong 2010).

2.3.5 Concept of Performance

Business performance Organizational performance is a complex issue as performance can be seen as goal attainment, resource attainment or process success. For the purposes of this study, the goal approach is most relevant. There exists varying definitions of business performance. Ambler and Kokkinaki (1997) have defined success based on the goal approach in the following way: "the proximity of achievement of goals". Business performance as such has seen to include both financial performance and operational performance (Venktraman et al. 1986). Thus, by combining these two views business performance can be defined this way: Business performance is the achievement of financial and operational business goals. According to Kairu (2013) performance can either be operational or financial performance involves the use of a firm's assets to generate revenues while operational involves the alignment of various business units in order in a centralized way for the achievement of the firm's goals. Neely (2002) believes that performance should consider quantifying the efficiency and effectiveness of act. Rolstadas (1998) believes that the performance of an organizational system is a complex relationship involving seven performance criteria that must be followed: effectiveness, efficiency, and quality, and productivity, quality of work, innovation and profitability. This quantification can be expressed both qualitatively and quantitatively.

2.4 Empirical Literature

Empirical literature helped in the study finding of the gaps that the study finally fill. Empirical study helped also helps the study to understand various dynamics of the previous studies such as the methodologies and try to cast the present research in a different light to cure the previous biases, inconsistencies and gaps.

2.4.1 Empirical Literature on Market Focus Strategies and Performance

Odunayo (2018) conducted a study on market focus and organizational performance of telecommunication companies in Port Harcourt. The study used a cross sectional design and a simple random technique was used to select the sample size. The study used secondary data to collect its data and a descriptive statistics and spearman's rank correlation were used for data analysis and hypothesis testing. The study found out that there is a positive significant relationship between market focus strategy and organizational performance in telecommunication companies in Port Harcourt. The study recommended that firms that choose to employ market focus strategies should concentrate on a narrow segment and within that segment attempt to achieve either a cost advantage or differentiation.

Mbithi et al (2015) did a study on the effect of market development strategy on performance in sugar industry in Kenya. The study investigates the performance implications of using majorly two market strategy approaches that is developing new market segments and extending geographically, a cross sectional survey research design was used to carry out the study where the targeted population purposively was from nine sugar factories in Kenya. The study used questionnaires and interviews to collect data. The study used a model in which market development strategy indicators are regressed on performance. The company found out that the sugar companies extending to new regions and developing new market segments does not result to increased profitability but increase market share which would eventually positively affect profitability. The study recommends that sugar companies should embrace; rebranding, promotions and different packaging while accessing new segments of the markets.

Cano et al (2003) investigates on a meta- analysis of the relationship between market orientation and business performance. Market orientation has emerged as a significant antecedent of performance and is presumed to contribute to long term success. To investigate the impact of this predictor, a Meta analysis was conducted and findings suggest that the relationship between market orientation and business performance is positive and consistent worldwide. The research sample was conducted in 23 countries spanning five continents. The study used a quantitative method of synthesizing to empirical data collected. The study used code schema where the data was coded for the sample size, effect of the size and potential moderators. The study found that there was a stronger correlation between market orientation and business performance.

Onguko (2014) conducted a study on the role of strategic positioning on product performance in the telecommunications industry in Kenya. This study sought to determine the effect of combining strategic resources, firm’s marketing strategy, research and development and multiple products on products performance in the telecommunication industry in Kenya. The study used descriptive research design; a stratified random sampling method was used to select the respondents. Primary data was collected using semi structured questionnaires. The quantitative data in the research was analyzed by descriptive statistics using statistical package for social sciences. Content analysis was used in processing qualitative data. The study also used multivariate regression analysis to establish the relationship between the dependent variable and independent variable. The study found out that there is a positive significant relationship between strategic positioning and product performance. The study recommends that telecommunications companies should increase their products range and lines so as to ensure that they cater for the needs of all their customers including all classes of people.

From the reviewed empirical studies, it is evident that the concept of market focus was studied by few scholars but in different context. For instance Onguko (2014) conducted a study on the role of strategic positioning on product performance in the telecommunication industry in Kenya, and Mbithi et al (2015) conducted a study on the effect of market development in the performance of sugar industry in Kenya while Odunayo (2018) sought to investigate the market focus and organizational performance of telecommunication industry in Port Harcourt whereas Cano et al (2003) conducted a study on the meta analysis relationship between market orientation and performance worldwide. Similarly the review literature used different research designs Odunayo (2018) and Mbithi et al (2015) used a cross sectional survey design differing with that of Onguko (2014) used a descriptive research design while Cano et al (2003) meta- analysis research design. Consequently Odunayo 2018 used a simple random technique to collect its sample size while, Mbithi et al (2015) used a purposive sample technique, Onguko (2014) used stratified random technique and Cano et al (2003) used a coded schema technique. However the above reviewed literature have got similarity in that (Odunayo 2018,Cano et al 2003,Mbithi et al 2015 and Onguko 2014) found out that there is a positive significant relationship between market focus and performance. Studies reviewed have focused on different areas. For instance, Onguko (2014) focused on the role of strategic positioning on product performance in the telecommunication industry in Kenya instead of financial performance. Mbithi et al (2015) focused on the effect of market development in the performance of sugar industry in Kenya instead of Tyre manufacturing sector. Elsewhere, Odunayo (2018) focused on market focus and organizational performance of telecommunication industry in Port Harcourt instead of Tyre manufacturing sector. Consequently, little is known on the effect of market focus strategies and financial performance of the business in the context tyre manufacturing sector in Kenya.

2.4.2 Empirical Literature on Product Differentiation Strategy and Performance

Nolega (2015) did a study on effects of product differentiation strategies on firm product performance and the case study of Kenya Seed Company (ksc), Kitale. Product differentiation occurs within the products sold by a single seller between the products sold by different sellers. Therefore the objective of the study was to determine the effects of product differentiation in the firm's strategic approach to management. Data was collected using questionnaires and the data was analyzed using spss, excel and correlations obtained among independent variables. The finding is a positive significant relationship between product differentiation and performance that was to state that, there is a steady increase in customer base due to categorically increase in product quality due to product differentiation and recommends that ksc increases their seed variety according to soil and climatic requirements.

Ndumbaro (2013) investigates on contribution of differentiation strategy on sales performance in banking industry in Tanzania case study National Microfinance Bank Public limited company *Songea* branch. It has been seen that *Songea* banking industry a growing industry in Tanzania faces stiff competition. And the banking industry is practicing product differentiation. The study assesses the contribution of product differentiation strategy on sales performance. Data was collected using questionnaires, interviews and observation and the data was analyzed in a descriptive way using tables and figures. The research findings show that product differentiation has a positive contribution on sales performance and recommended management should also put into consideration network problems, pension customers, security to customers accounts and consistence in service provision.

Shafiwu and Mohammed (2013) conducted a study on the effect of product differentiation on profitability in the petroleum industry of Ghana. A company would differentiate its physical product to gain extra features not offered by its competition the same industry some differentiate their products on performance on basis of power, professional credibility. Therefore this research works main variables of interest are product differentiation, profitability and patronage of (effimax). The study uses questionnaires and interviews as a way of collecting data and data was analyzed using spss. The research findings show that there is a positive relationship between product differentiation and profitability in Total Ghana Ltd. It was recommended that total Ghana Ltd should introduce more differentiated product in order to increase upon their profitability.

Kamau (2013) examined effects of differentiation strategy on sales performance in supermarkets in Nakuru town central business district. The purpose of the study was to establish the effects of differentiation strategy on sales performance of supermarkets within Nakuru CBD. The study hypothesis was there is no significant relationship between product differentiation strategy adopted by retail supermarkets and sales performance hypothesis. This study employed no experimental research survey design and used purposive sampling and simple random sample to get the sample size of the respondents. The data was analyzed using descriptive and inferential statistics. The findings of the study show that product differentiation and physical differentiation plays a major role in activating annual sales performance at the supermarkets. The study recommended supermarkets should scale up on the attributes of product and physical differentiation strategies if they are to compete in the growing market.

Chege et al (2018) did a study on the effectiveness of differentiation strategy on performance of Kenya betting companies. As it is vital to check on the internal capability of a firm it is more advantageous to evaluate the scope of the strategy and the effectiveness so that a firm becomes saturated with unique competition. The study used a survey research design where 90 employees in various 7 betting business were targeted. Descriptive statistics was used to analyze the data with the help of statistics package social science. The study found out that differentiation strategy on business performance was significant and that managers need to ensure that the message of differentiation reaches the clients as the customer's perceptions. It was recommended that the betting companies need to adopt niche market which may involve the changing product in order to improve differentiation. Building strong differentiation strategy to attain competitive advantage is a top priority.

Tuva (2015) did a study on the influence of differentiation strategy on performance of water bottling companies in Mombasa county Kenya. With the adoption of effective differentiation strategies, many companies may compete effectively and efficiently. A cross-sectional explanatory design will be used. The target population in this study was the registered water bottling companies in Mombasa County, Kenya. Both primary and secondary data was used. Primary data was collected using semi-structured questionnaires and an interview guide. Secondary data was collected through records and documents review. Descriptive statistics was used to summarize the properties of the mass data. Inferential statistics was derived using Pearson's correlation and logistic regression analysis. Content analysis was carried out for qualitative data. The research results were presented in percentages, tables and graphs. The findings of the study show that there is a positive relationship between differentiation strategy and firm performance. Product differentiation strategy contributes more to the performance of water bottling companies than service differentiation strategy.

From the reviewed empirical studies, it is evident that the concept of product differentiation was studied by many scholars but in different context. Most studies (Nolega 2015; Ndumbaro 2013; Shafiwu and Muhammed 2013; Kamau 2013; Chege et al 2018; Tuva 2015) focused on banking sector, petroleum, seed, water, retail and betting sector. None of the above reviewed studies looked at the tyre sector despite numerous challenges associated with the strategic management of such firms. However the above reviewed empirical literatures are similar in that (Nolega 2015, Ndumbaro 2013, Shafiwu and Muhammed 2013, Kamau 2013, Chege et al 2018 and Tuva 2015) found out that there is a positive significant relationship between product differentiation and performance. Majority of studies on product differentiation (Nolega, 2015; Ndumbaro, 2013; Shafiwu and Muhammed, 2013; Kamau, 2013; Chege et al, 2018) were done in different context such as seed industry, petroleum, retail industry with different methodology such as descriptive designs which are regarded as less superior in terms of revealing cause and effect in relationship. Consequently, the effect of product differentiation on organizational financial performance is not known especially in the context of Tyre manufacturing industry

2.4.3 Empirical Literature on Cost Leadership Strategies and Performance

Nyaucho (2015) did a study on the assessment of the effect of cost leadership strategy on the performance of liquefied petroleum gas companies in Eldoret town, Uasin Gishu county Kenya. The study adopted the porter's generic competitive strategies which states that cost leadership is a firm sets out to become the low-cost producer in its industry. The study used a survey design and the sample size was selected using stratified sampling. The study used questionnaires and interviews scheduled as data collection instruments. Data analysis was carried out using both inferential and descriptive statistics. The study found out that that cost leadership influences the performance of logic performance enabling the company to reduce price leading to high volume of sales visa a visa profit margin, increase in service delivery, less return inwards, reduced operational costs and reduced wastages. The study recommended that liquefied companies should carry out thorough market research to identify the gaps in the, markets.

Abdullahi and Muhammed (2017) did a study on cost leadership strategy performance of hotels in Nigeria. Hospitality industry in Nigeria, particularly Kano State, even though still at it low level of activities and growth offers vast opportunity to investors to explore the tourism potentials of the State. To succeed, investors must understand the interplay of success factors in the industry. This study uses quantitative survey approach to analyze data and employed sampling to collect data and the data was analyzed using descriptive statistics .The findings indicate that cost leadership strategy has a direct significant positive relationship with hotels performance. In conclusion hence there is need for hotels regulators put more effort in cost reduction strategies and also emphasize on partnering opportunities with a view of getting competitive advantage.

Kiprotich et al (2018) did a study on the influence of cost leadership procurement strategy on performance manufacturing firms in Kenya. The study adopted an explanatory research design the target population was 766 procurement managers from manufacturing firms in Kenya. The study used stratified simple random and purposive sampling which was used to select respondents. Primary data was used to collect data through the use of questionnaire. The data was analyzed using inferential statistics. The findings depicted a positive significant relationship between cost leadership procurement strategies and the firm's performance the researcher recommends that the manufacturing firms should adopt cost leadership procurement strategy through paying attention to cheap sources of raw materials and other value chain management practices that result in reduction cost.

Ikatwa and Okello (2016) did a study on the effect of cost leadership policy on institutional performance of public universities in Kenya. The Kenyan higher education sector has been rapidly expanding in terms of students' enrolment. These rapid expansions of universities population as well as university numbers has created an extremely competitive environment and therefore cost leadership is one of the strategies universities have adopted. The study used a descriptive research design with a sample size of 87 respondents, structured questionnaires were used for the data collection and spss was used to analyze the data. The study found out that there is a positive statistical significance between pricing policy and institutional performance of public universities in Kenya.

Ruto and Ayuo (2017) did a study on effect of cost leadership strategy on organizational performance a case study of non-life insurance companies in Eldoret town Kenya. The study was conducted in insurance firms in Eldoret town. The target population n was 42 branch managers of insurance companies in Eldoret town. Questionnaires were used to collect data and data collected was analyzed using descriptive statistics using frequencies and percentages and presented in tables. The study found out that there is a positive relationship between cost leadership and performance and it was recommended that the company should give their customers flexible maturity periods for their products. This will enable them to attract more clientele since the clients know that their products can mature when they need them without having major financial implication to them.

Chepchirchir (2018) did a study on the effect of cost leadership strategy organizational performance of logistics firms at Jomo Kenyatta international airport. This study looks into how logistics firms operating at Jomo Kenya’s premier airport use cost leadership strategy to drive their performance. The study used explanatory research design. The respondents were selected using simple random sampling technique. The study used questionnaires to collect data and data was analyzed using inferential and descriptive statistics. The study found out that cost leadership has a positive effect on logistics firm performance. The study recommended that there is need for all logistics firms to consider integrating cost leadership aspects in all their departments and sections of organizations.

From the above reviewed empirical literature it is evident the study on the effect of cost leadership on performance was studied by many scholars but in different context.(Nyaucho ,2015;Abudullahi and Muhammed ,2017; Kiptrotich et al(2018); Ikwata and Okello(2016) ;Ruto and Ayuo 2017; Chepchirchir 2018) concentrated their analysis in other sectors such as petroleum, hospitality, education, manufacturing, logistics and public sector whose contexts differ from and is not related to the context of firms operating in tyre sector. However, the above reviewed empirical literatures have similarity in that (Nyaucho, 2015; Abudullalhi and Muhammed 2017; Kiprotich et al 2018; Ikwata and Okello 2016; Ruto and Ayuo, 2017; chepchirchir 2018) depict a positive significant relationship between cost leadership and performance. Therefore, Majority of studies (Guilding et al., 2000; Shank and Govindarajan, 1989; Nyaucho, 2015; Abudullahi and Muhammed, 2017; Kiprotich et al, 2018; Ruto and Ayuo, 2017; Ikwata and Okello, 2016; Chepchirchir, 2018) were done in different context such as telecommunication, hospitality, educational sector with different methodology such as descriptive designs which are regarded as less superior in terms of revealing cause and effect in relationship. Consequently, the effect of cost reduction strategy and differentiation strategy on organizational financial performance is not known especially in the context of Tyre manufacturing industry.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section presented information on the research design, study area, target population, sample design, data collection instruments, and data collection procedures. It also looked at data analysis techniques and ethical considerations.

3.2 Research Design

The study employed correlation study design. According to Mugenda and Mugenda (1999), correlation research design can be used to study a wide range of variables and their interrelationship. It also allowed the application of inferential statistics and descriptive statistics. As such descriptive statistics such as mean, mode, frequencies and standard deviation was used to analyze descriptive data while inferential statistics such as regression analysis was used to test hypothesis of the studies.

3.3 Area of the Study

The study was conducted in Nairobi within the headquarters of Yana Trading Limited Kenya being that the head office is where the primary and secondary information is expected. Yana tires head office is located at along Mombasa/enterprise road Nairobi, geographical coordinates; $01^{0}17^{1}11$"S, $36^{0}49^{'}02$"E and square area 696km^2(269 sq mi).

3.4 Target Population

Target population as described by Borg and Gall (2009) is a universal set of study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population of this study was about 112 employees of Yana Trading Limited. As per Yana Trading Limited records in 2018, there are 3 management staff, 9 middle management who include section heads of both commercial and technical department and non-managerial staffs of about 100.Mugenda and Mugenda (2009) explained that the target population should have observable characteristics to which the researcher intents to generalize the result of the study. This definition assumes that the population is not homogeneous

Table 3.2. Target Population

	Population	**Percentage (%)**
1.Top level management	3	3
2.Middle level management (sections heads of commercial and Technical Department)	9	8
3. Non-managerial Staff (Subordinates)	100	89
Total	**112**	**100**

Source: Yana Trading Limited, HR Department (2019)

3.5 Sample Size and Sampling Techniques

A sample size is the number of items to be selected from the population to constitute a sample (Kothari, 2004). Due to the vast size of the population, a sample was selected from the entire population using stratified simple random sampling technique in order to classify the entire population of 112 respondents into three strata; top level managers, Middle level management staff and lower cadre employees. The arrival at sample size is based on 95% level of confidence and a margin of error of 5%. For most business and management researches, a margin of error of 3-5% deemed sufficient to estimate the population characteristics (Saunders, et al, 2007). Using the formula suggested by Corbett (2003), the sample size if there is no previous study or estimate available, then 0.5 for p and q can be used, as these are the values which will give the largest sample size, and it was better to have too large of a sample size and come under the maximum error of the estimate than to have too small of a sample size and exceed the maximum error of the estimate.

$$n = \frac{[Z\alpha/2]^2 p.q}{E} \quad ....\text{equation 3.1}$$

Where E is the margin of error, Z is the z-value of the normal distribution, P is the proportion of population and q= (1-p). When this formula will be applied and adjusted for a finite population N=112, then the sample size n=44. According to Mugenda (2009), this technique ensures that subgroups that constitute the majority of population were represented proportionately. The resulting sample size is presented in Table 3.2 below. A sample size of 44 respondents represents about 30.7 % out of the population of 112. According to Freud (1988); and Cooper and Schindler (2003), 30% of a given population under study is sufficient for generalization in social science research. The arrival at the sample sizes of individual categories is based on proportionate allocation. Singh & Smith, (2006) noted that this will ensure that the cases in each category had equal chance of being chosen and that sample of responding employees is representative of the broader population.

Table 3.2: Table of Sample Frame and Sample Size (n)

Category	Population	Sample	Percentage (%)
1.Top level management	3	1	1.50%
2.Middlelevel management (sections heads of commercial and Technical Department)	9	5	7.35%
3.Non-managerialStaff (Subordinates)	100	38	91.18%
Total	**112**	**44**	**100%**

Source: Field survey, (2019)

3.6 Data Collection

3.6.1 Sources of Data

The two mostly used sources of data involve collecting primary data and secondary data. The researcher will use both primary data and secondary data for this study. Primary data was collected using pre-validated questionnaires. On the other hand, secondary data was collected from newspapers, published books, journals, magazines and company handbook. According to Mugenda and Mugenda (2008), primary data is data the researcher collected from the original source and is considered more reliable and up to date. Cooper and Schindler (2003) indicated that secondary data involves collection and analysis of published material and information from other sources such as annual reports, published data. Cooper and Schindler (2003) further explain that secondary data is a useful qualitative technique for evaluating historical or contemporary confidential or public records, reports, government documents and opinions.

3.6.2 Data Collection Procedure

The researcher collected data using a self-administered questionnaire. Prior to data collection, the researcher informed the respondents that the instruments being administered is for research purpose only and the responses from the respondents were kept secret and confidential. At the preliminary stage, the researcher obtained an introductory letter from the University to collect data from Yana Trading Limited. Data collection exercise was assisted by two research assistants who were trained on data collection procedures one week before the commencement of the actual field work. The researcher adopted drop and pick later method in which research assistants were expected to make regular follow up to check and collect the ones that were already filled. The research team regularly monitored to ensure that they achieve 100% response rate.

3.6.3 Instrument for Data Collection

Mugenda and Mugenda (2003) defines data collection instrument as a device used in research for measuring a given phenomenon or concept of interest. Mugenda and Mugenda noted that an ideal instrument results to pertinent, precise, unbiased, subtle and efficient measures. To collect primary data, a semi-structured questionnaire with both close ended and open ended questions will be used. Kombo and Tromp (2006) indicate that semi-structured questionnaire makes use of already prepared questions during the study. Further, questionnaire was preferred in this study because respondents of the study were literate and were quite able to answer questions asked adequately. Also, information required was easily be described in writing as indicated by (Oso, 2009). The questionnaire was developed in accordance with the research objectives. Questions to address each research question were included. In order to ensure uniformity in response and to encourage participation, the questionnaire was kept short and structured with mostly multiple-choice selections in a Likert scale.

3.6.4 Reliability Test for Data Collection Instrument

Reliability refers to the consistency of measurement and is frequently assessed using the test–retest reliability method. Including of many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures increases reliability. Reliability gives the internal consistency of data collected. This ensures that the data has certain internal consistent pattern. When no pattern is found in the responses, this indicates that probably the test was too difficult and as a result the respondents just guess the answers randomly.

Dillman (1978) suggested that the expected respondents conduct a piloting to ensure clarity and proper interpretation of the questionnaire. To test for reliability, the data collection instrument was administered to conveniently selected respondents. A pilot study was carried out at Yana headquarters Nairobi. The researcher intended to conveniently select a pilot group of 10 individuals to test the reliability of the research instrument. According to Cooper and Schindler (2003), the pilot group can range from 10 to 50 subjects but it does not need to be statistically selected. The pilot was arrived at considering (Kothari 1994) using lottery method where out of the 44, percent of 44 will be identified and will not be part of the final field work study.

The pilot data was included in the actual study. The pilot study allowed for pre-testing of the research instrument. The clarity of the instrument items to the respondents was established so as to enhance the instrument's validity and reliability. The pilot study enabled the researcher to be familiar with research and its administration procedure as well as identifying items that require modification. Pilot study helped the researcher to correct inconsistencies arising from the instruments, which ensured that they measure what was intended. This reliability estimate was measured using Cronbach's Alpha coefficient (α). Nunnally (1978) recommends that instruments used in research should have reliability of about 0.70 and above.

3.6.5 Validity Test for Data Collection Instrument

According to Bridget and Lewin (2005), validity is the degree by which the sample of test items represents the content the test is designed to measure. Saunders et al., (2007) indicated that content validity is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept as intended. Therefore, validation of the research instrument was important to this study to ensure that the study collected relevant information to answer the research questions. Mugenda and Mugenda (2003) contend that the usual procedure in assessing the content validity of measure use a professional or expert in a particular field. To establish the validity of the research instrument, the researcher solicited for the opinions of experts in the field of study especially the researcher's supervisor and lecturers.

This was to facilitate the necessary revision and modification of the research instruments thereby enhancing validity.

3.7 Data Analysis

The study edited completed questionnaires for completeness and consistency. Data clean-up followed; this process involved editing, coding, and tabulation in order to detect any anomalies in the responses and assign specific numerical values to the responses for further analysis. The data was then be analyzed using descriptive statistics. The descriptive statistical tools (SPSS and Excel) was used by the researcher to describe the data. The Likert scale was used to analyze the mean score and standard deviation. To test the hypothesis, the study employed a multivariate regression model to study the relationship between reward management practices and employee productivity. The research deemed regression method useful for its ability to test the nature of influence of independent variables on a dependent variable. Regression was able to estimate the coefficients of the linear equation, involving one or more independent variables, which best predicted the value of the dependent variable. The researcher used linear regression analysis to analyze the data. The regression model was as follows:

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

Where: Y = Organizational Performance;

β_0 = Constant Term;

$\beta_{1,}$ $\beta_{2,}$ β_3 and β_4 = Beta coefficients;

X_1= Market focus strategy;

X_2= Product differentiation strategy;

X_3= Cost leadership strategy;

ε = Error term (Source: Adopted from (Draper & Smith, 1998))

3.8 Data presentation

The findings were presented using tables and graphs for further analysis and to facilitate comparison, while explanation to the table and graphs was given in prose. This generated quantitative reports through tabulations, percentages, and measure of central tendency.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATIONS AND PRESENTATION

4.1 Introduction

This chapter discussed the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive and inferential statistics have been used to discuss the findings of the study.

4.1.1 Response Rate

The study targeted a sample size of 44 all the respondents filled in and returned the questionnaires making a response rate of 100Representative. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent.

Table 4.1 Response rate Table 4.1: Response Rate

Description	Numbers
Number of Respondents Targeted in the Survey	44
Actual Number of participants who took part in the survey	44
Number of Non-responses.	0
Percentage response rate	100%

Source: Survey Data (2019)

4.1.2 Reliability Analysis

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved the sample respondents. Reliability analysis was subsequently done using

Cronbach's Alpha which measured the internal consistency by establishing if certain items within a scale measure the same construct. Gliem and Gliem (2003) established the Alpha value threshold at 0.7, thus forming the study's benchmark. Cronbach Alpha was established

Table 4.2: Reliability Analysis

Scale	Cronbach's Alpha	Number of Items
Market focus strategies	0.830	12
Product differentiation	0.849	8
Cost leadership strategy	0.865	7

Source: (Survey Data, 2019)

The table shows that sales and profit strategies had the highest reliability (α = 0.875), followed by cost leadership strategies effects (α = 0. 865), product differentiation strategies (α =0.849), and market focus strategies (α = 0.820). This illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7.

4.2 Background Information

This section investigated respondents‟ background information. Specifically, the areas demographics assessed included the gender category, the period which the business has been in operation and business ownership.

4.2.1 Gender Category

The study sought to determine the gender category of the respondents; this was done in view of ensuring that gender were equitably engaged in the research. Results are shown in the table below

Table 4.3: Gender Category

Gender	Frequency	Percentage
Male	27	61.4
Female	17	38.6
	44	**100**

Source: (Survey Data, 2019)

Results obtained show that (61.4%) of the Yana tyres outlets in Kenya were headed by males with (38.6%) being headed by females. This implies that the management of yana trading company were commonly dominated by males.

4.2.2 Age of the Respondents

Respondents were requested to indicate their ages Results are shown in Table 4.4

Table 4.4: Age of the respondents

Period	Frequency	Percentage
18-25 Years	12	27.3
26-35 Years	29	65.9
36-45 Year	1	2.3
46-55 Years	2	4.5
Total	44	100

Source: (Survey Data, 2019)

Results obtained show that the age bracket of 26-35 Years make (65.9%) have been working with the Yana tyres, 27.3% of the workers make up those within the age bracket of 18-25 Years. whereas 4.5% constitutes those within the age bracket of 46-45 years old and finally, the least in the list is the age bracket of 36-45 years This can be seen that those within the age bracket of 26-35 years are mostly involve and can be alluded to the fact that they ran through their education to the diploma and the undergraduate level and experience as a requirement

4.2.3 Level of Education

The research also touched on the level of education of the respondents. This was aimed at capturing the knowledge and experience expertise of the staff at different Yana Tyres outlets across the country

Table 4.5: Education level

Level of education	frequency	Percentage
Diploma	1	2.30
Degree	36	81.80
Post graduate diploma (Master, PhD)	7	15.90
Total	**44**	**100**

The results above consolidates the level of education of the respondents categorized in three portions (Diploma, Degree, Post graduate diploma (Masters, PhD) Majority are those who have done degree 81.8 % followed by those of who have done post graduate diploma at 15.9% and finally those who have done Diploma at 2.3%

4.2.4 Period Which the Business Has Been in Operation

Respondents were requested to indicate the period which business has been in operation. This was sought in view of ensuring Results are shown in

Table 4.6: Period Which Business Has Been in Operation

Period	Percentage
2-5 Years	4.5
5-10 years	15.9
Above 10 years	79.5
Total	100

Source: (Survey Data, 2017)

Results obtained show that (79.5%) had been in operation for more than 10 years, 15.9% of the Yana outlets involved had been in operation for a period of 5 to 10 years whereas 4.5% had been in operation for 2-5 years. This implies that most of that business had been in operation for a considerable period which implies that they were able to provide credible information relating to the study topic.

4.3 Market Focus Strategies

This section investigated some of the market focus strategies adopted by the Yana tyres management. The research sought to establish the extent to which respondents agreed with the following statements relating to the market focus strategies. Results are shown in Table 4.7

Table 4.7: Market focus Strategies Table 4.6 Descriptive Statistics on the market focus strategies adopted by the Yana tyres trading Limited in Kenya

Statements	N	Min	Max	Mean	std. dev
Creation of new distributions outlets	44	2	4	3.454	0.761
Introduction of new services and products into a new area through the present distribution outlets	44	2	5	2.954	0.963
Hiring more sales staff in the new markets for the sales of new products	44	1	5	3.250	1.102
Training of sales staff in the new markets	44	1	5	3.400	1.018
Creation of aggressive campaigns in the market	44	2	5	3.704	0.851
How digitalised are your campaigns	44	2	5	2.901	1.022
How long do your campaigns run online?	44	2	5	3.522	0.664
How active are your websites	44	2	5	3.409	1.055
How often are the visits to your websites by your new and existing consumers?	44	2	5	2.977	1.055
Are billboard created in the new market	44	1	5	2.973	1.818
Are there consumers campaigns	44	1	5	2.456	1.777
How quick do you respond to consumer Complains?	44	1	5	1.084	1.818
Overall mean	**44**			**2.724**	**1.301**

Source: (Survey Data, 2019)

The results for descriptive statistics as shown in table above, with N = 44 as the total number of respondents indicate the following as the findings. Overall, consumer campaigns practices have been reported to be prevalent to a moderately low extent as shown by the overall mean value of 2.4563 and a standard deviation value of 1.7772 in sampled respondents. This therefore imply that the Yana Trading Limited Kenya has adopted consumer campaigns to a moderately low extent. However, the finding of the moderately low adoption rate of consumer campaigns in the study area suggests that more focus should be given to this area if performance is anything to go by. From the study majority of the respondents agreed that the Yana Trading Limited Kenya offered an active website (Mean= 4.0227, STD Dev = .90190) and that they are quick to respond to consumers complaints (Mean= 3.8182, STD Dev= 1.08419) .The findings are in support of the research by Mbithi (2005) that helping out the consumers with the complains has helped many businesses to endure competitiveness the findings further shows that the new and existing customers visits to their website often (Mean=3.5227, STD Dev= .6643). Training of sells staff in the new markets for the sales of new products shows that many responds suggested that it of moderate extent. The findings are in line with Odunayo (2008), who argued that training of sells staff in the markets for the sales of new products provides a means for maximizing sales.

Introduction of new services and products into a new area through the present distribution outlets by the Yana Tyres positively impacts the performance of the company (Mean=3.4545, STD Dev= 0.7611) this has been well supported by (Cano, 2003) who suggested that introduction of new services and products into a new area through the present distribution outlets has a positive relationship with performance of any company. The study also conforms to Acquaah and Yasai-Ardekani (2008) who found out that product differentiation strategy enhanced organizational performance. The study also conforms with Otieno (2015) that SMEs should learn, adopt and reorient themselves to the changing environment product innovation process

4.4 Product Differentiation Strategies

The study sought to establish the extent to which respondents agreed with the following statements relating to product pricing strategies.

Table 4.8 Descriptive Statistics on the Product differentiation strategies adopted by the Yana tyres trading Limited in Kenya

	N	Min	Max	mean	Std. dev.
Introduction of flagship brand	44	1	5	1.235	2.909
Expanding the product line by introducing additional products	44	1	5	1.244	2.182
Continuous creating new feature for your products	44	1	5	1.025	2.863
Creation for premium goods for identification	44	1	5	1.354	2.932
Creation of discount products	44	1	5	1.094	2.318

Source: Survey Data (2019)

From the study results, majority of the respondent agreed that Yana Trading Limited Kenya creates durable products (mean = 4.00, STD dev =1.0553), creation of dealer networks for competition (mean = 3.977, STD dev =1.092). The findings concur with the research by Ndumbaro (2013), found a strong correlation (0.7) dealer networks strategy and firms‟ market share. The study further revealed that continuous creation of premium goods for identification for product pricing (Mean = 3.477, STD dev = 0.8132). Respondents further agrees that the company's prices are in a good space (Mean =3.954, STD dev = 0.8353). The findings are in line with the research by Kiprotich (2012), concluded that price skimming strategy is designed to help businesses maximize sales on new products

Table 4.9 Descriptive Statistics on the cost leadership strategy adopted by the Yana tyres trading Limited in Kenya

	N	Min	Max	Mean	Std. Dev.
Closing up branches to reduce on distribution costs	44	1	5	2.909	1.235
Closing up branches to reduce on distribution cost	44	1	5	3.182	1.244
Reducing advertising cost	44	1	5	3.447	0.876
Pricing products at a cheaper price than those of competitors.	44	1	5	2.863	1.025
Lobbying for reduction of energy cost by the government	44	1	5	2.932	1.354
Acquiring cheaper materials for creation of cheaper products	44	1	5	2.318	1.094
Use of technology that reduces production cost	44	1	5	3.432	1.043
Recycling tyres to reduce on production costs	44	1	5	2.250	1.465
Overall mean	**44**			**2.934**	**1.367**

Source: Survey Data (2019)

Results obtained shows from the above table, with N=44 as the total number of respondents indicates the following as the findings. Overall, the cost leadership strategies have been reported that the overall means on all the details sums up to 2.934 and the standard deviation to 1.367 that of goods affects profit and sales of an organization by a large extent (Means = 4.2334, Std Dev= 0.9543) cost of raw materials (Mean=4.2273, Std Dev= 1.5089) Directly producing goods for sale(Mean= 3.1591, Std Dev= 1.6634) cost of renting and paying insurance premiums (Mean= 2.9545, Std Dev = 1.1493) The respondents also reported that usage of IT to bill inventories to maximize the profit can cut the cut down the cost in a significant amount (Mean = 2.7955, Std Dev = 1.18035), increased pay rolled salaried employees (Mean= 3.1818, Std Dev = 0.9730) increased payroll taxes (Mean= 3.8181, Std Dev= 1.3686) the study findings is in parallel with Abdullahi and Muhammed (2017) who did a study on cost leadership strategy performance of hotels in Nigeria. Hospitality industry in Nigeria, particularly Kano State. The findings indicate that cost leadership strategy has a direct significant positive relationship with hotels performance and stated in conclusion that there is need for hotels regulators put more effort in cost reduction strategies and also emphasize on partnering opportunities with a view of getting competitive advantage. The study also received amplification of its ability to surge up performance in any given institution or business in accordance to research findings by Mbiriri (2009) cost minimization involves the firm attempts to maintain a low cost base by controlling production costs through rehabilitation of plants and machinery installation or by rather increasing their capacity utilization, controlling material supply or product distribution and also by minimizing costs such as advertising, marketing and reduced sales force.

4.5 Effects of the Generic Strategic Responses on Performance of Yana Trading Limited in Kenya

In order to internalize the study objectives, regression analysis between the details of Performance market focus strategies, product differentiation and cost leadership strategies. The direction and magnitude of influence or effect of each of the factors of performance of Yana Trading Limited Kenya was eventually established using the regression model whose findings were presented in Tables 4.10, 4.11 and 4.12.

Table 4.10 gives the model summary which shows that the proportion of variance in the employee performance that is explained by the independent variables (market leadership strategy) is 68.1% (R^2 =.681, p<0.001). The coefficient of determination (R^2 = 0.681) which explains that the model was able to capture more than of the actual factors that are affect Performance of Yana Trading Limited Kenya. The model is fit for adoption s since the F-statistic is significant and suggests that the independent variables jointly influence the dependent variable. The value of Durbin-Watson is 2.306. Generally, the value of the Durbin-Watson statistic ranges from 0 to 4. As a rule of thumb, the residuals are uncorrelated if the Durbin-Watson statistic is approximately 2. A value close to 0 indicates strong positive correlation, while a value of 4 indicates a strong negative correlation. The computed value is also close to 2, which indicates the absence of serial correlation.

Table 4.10: Estimated Model of Employee Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.8973[a]	.717	.687	.67281	.717	69.731	3	40	.000	2.306

a. Predictors: (Constant), Market_focus, Cost_Leadership , Product_Diffrenciation

b. Dependent Variable: YANA_TYRES_PERFM

Source: Survey Data (2019)

Table 4.11 shows ANOVA results of the estimated model. The data test revealed that F (3, 40) = 69.730 at $p < 0.01$, an indication that the model fits the research data well. The researcher can therefore, deduce that all the independent variables (i.e. market focus, product differentiation, cost leadership) jointly explain the performance of Yana tyres Limited.

Table 4.11. ANOVA Results on estimated Organization Performance Model

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	77.736	3	25.745	60.29	.000[b]
Residual	17.927	40	.427		
Total	101.663	119			

a. Dependent Variable: YANA_TYRES_PERFM
b. Predictors: (Constant), Market focus, Cost Leadership, Product Differentiation

Source: Survey Data (2019)

The regression model was in the form **$Yi=\beta o+\beta_1X_{1i}+\beta_2X_{2i}+\beta_3X_{3i}+\varepsilon i$** and by adding regression coefficient as was shown in Table 4.12. This was later transformed into:

$$\mathbf{Y= 1.903+ 0.353\ X_1 +0.118\ X_2 + 0.422X_3}$$

$$\mathbf{R^2 = 0.681\ (68.1\%)}$$

Table 4.12: Estimated Regression Coefficients for Variables in Strategies adopted by Yana.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	1.903	.227			.379	.799	.399		
Market_focus	.812	.078	.253	2.221	.000	.326	.776	.572	1.890
Product differentiation	.340	.087	.178	1.658	.000	.129	.430	.659	1.064
Cost leadership strategy	.667	.067	.535	2.311	.000	.472	.273	.575	1.124

a. Dependent Variable: YANA_TYRES_PERFM

Source: Survey Data (2019)

The model shows a statistically significant positive relationship between market focus strategies and performance (β= .812, t= 2.221 , $p<0.05$). There is also a statistically significant positive relationship between product differentiation and performance (β= .773, t= 2.311 , $p<0.05$). There is also a statistically significant positive relationship between cost leadership strategies and performance (β= .667, t= 2.450, $p<0.05$). The constituency of regression coefficient on cost leadership strategy suggests that these variables are important factors influencing performance. Moreover the unstandardized value of the presented table presents vivid picture that independent variables have positive impact on performance. On the overall, this study suggest that on average, there was positive performance of the independent variable for all cases under the study. All the independent variables were significant predictors of performance since their significant values was less than (p=0.05)

From the regression model the following regression equation was derived:

$$Y=1.903+0.221X_1+0.97X_2+0.87X_3$$

Where:

Y= Performance of Yana Tyres

β_0= Constant

β= Coefficient to be estimated

X_1= Market focus strategy

X_2= Product differentiation

X_3= Cost leadership strategy

4.5.1 Determining the Effects of Market Focus Strategies in Yana Trading Campanies

The first objective of the study was to determine the effect of market focus strategies on performance of Yana Trading Limited..In this regard, market focus strategy was found to have a significant positive influence on orgarnization performance at *(B =0.812, p=0.000)* thereby rejecting the null hypothesis $H_{o1,}$ which state that market focus does not significantly affect performance of Yana Trading Limited . This means that a unit in market focus strategies causes 0.812-unit change in market strategies and the change is significant. Therefore, this implies that market strategies are a significant determinant of performance at Yana tyres trading company. The findings that market strategies has imparted significant positive influence on performance of Yana tyres Trading company has received support from theoretical literature as well as past empirical studies. For instance, Pearce and Robinson (1997) observes that market development entails introducing current products or services into new geographical locations, and is appropriate when an organization's strengths match the customers' instead of the product. Pearce and Robinson further argue that the aim of product development was to increase sales through modification of current products or services and hence increase in performance.

However some studies on the same topic has several weakness. For example Werner, McDermott and Rotz (2004) in Mecha (2007) they observed that market development strategy works well in the early phases of a company's growth. The trouble begins, they observed, when the firm becomes so big that its returns on incremental investment deteriorates and its earnings plateau and the management fails to develop a new way to run the firm.

The current study however was a great milestone in terms of hypothesizing, empirically testing and establishing the link between market focus strategies as pivotal strategy in Performance of trading companies. Performance of trading companies remains unexplored especially in Kenya.

4.5.2 Determining the Effects of Production Differentiation Strategies in Yana Trading Companies

The second objective of the study was to determine the effect of product differentiation strategies on performance of Yana Trading Limited In this regard, Flexible working arrangement was found to have insignificant positive influence on performance (B =.340, p =.000) thereby reject the second null hypothesis H_{02}, which states. Production differentiation strategies slightly significantly affect performance of Yana Trading Limited in Yana Trading companies. This means that a unit in product differentiation causes 0.340 change in performance of Yana tyres trading companies and the change is significant. Therefore, this implies that product differentiation strategies are a significant determinant of performance at Yana tyres trading company. This finding has been supported by Wanyande who did his research in BIC ball point pen he asserts that the company exploited synergies in distributing dispensable cigarette lighters and safety razors through the same outlets that it had developed to sell its highly successful dispensable ball point pens (Wanyande, 2006)

4.5.3 Determining the Effects of cost Leadership Strategies in Yana Trading Companies

The third objective of the study was to determine the effect of cost leadership strategies on performance of Yana Trading Limited In this regard, cost leadership strategies was found to have significant positive influence on performance (B =.667, p =.000) thereby reject the third null hypothesis H_{03}, which states. Cost leadership strategies significantly affect performance of Yana Trading Limited in Yana Trading companies this means that a unit in market focus strategies causes' 0.667-unit change in performance of Yana tyres trading companies and the change is significant. It further suggests that compared to the other two variables, market focus and production differentiation exert the greatest significant influence on performance in in Yana trading limited by high value of B-statistics.

The findings concur with other theoretical literature as well as past empirical studies. For instance, the current findings concurs with that Kiprotich et al (2018) who did a study on the influence of cost leadership procurement strategy on performance manufacturing firms in Kenya. The study adopted an explanatory research design the target population was 766 procurement managers from manufacturing firms in Kenya which depicted a positive significant relationship between cost leadership procurement strategies and the firm's performance the researcher recommends that the manufacturing firms should adopt cost leadership procurement strategy through paying attention to cheap sources of raw materials and other value chain management practices that result in reduction cost Ikatwa and Okello (2016) agreed with the result of the current study through a study on the effect of cost leadership policy on institutional performance of public universities in Kenya. The The study found out that there is a positive statistical significance between pricing policy and institutional performance of public universities in Kenya.

Further research done by Chepchirchir (2018) on the effect of cost leadership strategy organizational performance of logistics firms at Jomo Kenyatta international airport. Where The study looked into how logistics firms operating at Jomo Kenya's premier airport use cost leadership strategy to drive their performance. The study used explanatory research design. The study found out that cost leadership has a positive effect on logistics firm performance. The study recommended that there is need for all logistics firms to consider integrating cost leadership aspects in all their departments and sections of organizations.

The current study however, has made gigantic contribution to new knowledge in terms of hypothesizing, empirically testing and establishing the link between generic strategic responses and performance that hitherto remained unexplored especially in the context of trading companies in Kenya

. CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSION AND RECOMENDATION

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The sought to establish the effect of generic strategic performance of Yana Trading Limited (Kenya)

5.2 Summary of the Findings

The first objective of the study was to analyze the influence of market focus strategies on performance of Yana tyres trading Limited. The corresponding null hypothesis was that market focus strategies do not significantly affect Performance of Yana tyres trading limited. The study finding revealed that market focus was found to have a significant positive influence on the performance of Yana trading limited.

The second objective of the study was to analyze the influence of product differentiation strategies on performance of Yana tyres trading Limited. The corresponding null hypothesis was that product differentiation does not significantly affect Performance of Yana tyres trading limited. The study finding revealed that product differentiation was found to have a significant positive influence on the performance of Yana trading limited

The third objective of the study was to establish the effect of cost leadership strategies on performance of Yana tyres trading limited. The corresponding null hypothesis was that cost leadership strategies do not significantly affect Performance of Yana tyres trading limited. In this regard, cost leadership strategies were found to have significant positive influence on performance of Yana Tyres Company. The study finding further revealed that cost leadership strategies exert the greatest significant positive influence on performance of Yana tyres trading limited.

5.3 Conclusion

On the first objective which sought to analyze the influence of market focus strategies on performance of Yana tyres trading limited, the study concludes that market focus strategies critical antecedent of performance of Yana tyres trading limit.

On the second objective which sought to analyze the influence of production differential strategies on performance of Yana tyres trading limited, the study concludes that production differential strategies is pivotal on performance of Yana tyres trading limit.

On the third objective of the study which was to establish the effect of cost leadership strategies on the performance of Yana tyres trading limited , the study concludes that there is a statistically significant positive relationship between cost leadership on Yana tyres trading limed in Kenya.

5.4 Recommendation

Based on the foregoing findings and conclusions the study therefore recommends the following. First of all, since a significant positive relationship exists between market focus strategies and performance, trading companies in Kenya should use more of direct campaigns while laying more emphasis on the market focus strategies which to a greater extent was found to positively influence performance of trading companies. Consequently, on Production differentiation which was also found to be significant factor in the performance and the management should focus more on price skimming so as to outdo its competitors.

Lastly, since the study revealed that cost leadership strategies exerts the greatest significant positive influence on performance of Yana tyres trading limited, the executive management should focus their attention towards the following strategies pricing products at a cheaper price than those of competitors, use of technology that reduces production cost and reducing advert costs by using cheap online campaigns,

5.5 Recommendation for further Research

This study sought to establish the relationship between the effects of generic strategies responses on performance of Yana tyres trading limited in Kenya, other studies may also focus on determinants of customer loyalty in Trading sector in Kenya. There is also need to investigate the relationship between product differentiation strategies and cost leadership strategies

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APPENDICES

QUESTIONNAIRE

Q/No: ………….

This academic questionnaire is prepared for the purpose of assisting in data collection in relation to the analysis of the effect of generic strategic responses on performance of Yana Trading Limited (Kenya). As one of the key acknowledged respondents, you are thus required to complete it. Any information given with respect to this appeal shall be treated with rigorous discretion and will only be used for the intent of there for mentioned.

SECTION A-DEMOGRAPHIC DATA

1. Please state your title in the organization

…………………………………………………………………

2. Please indicate your gender

Male [ ]   Female [ ]

3. Please indicate your Age

18-25 year [ ]   26-35 year [ ]   36-45 years [ ]

46-55years [ ]   Over 55 Years[ ]

4. Please indicate your highest level of education attained

Diploma [ ]   Degree [ ]   Post Graduate (Masters, PHD) [ ]

5. Please indicate how many years the Yana Trading Limited has been operating in Kenya

Below 2years [ ]   2-5years [ ]   5 -10years [ ]   above 10years [ ]

SECTION B

Market focus strategies

6. To what extent does your organization adopt market focus ? (Kindly tick the relevant box for each).

NE-No Extent (1), SE-Small Extent (2), ME-Moderate Extent (3), LE-Large Extent (4), VLE-Very Large Extent (5)

	NE	SE	ME	LE	VLE
Creation of new distribution outlets					
Introduction of new services and products into a new area through the present distribution outlets					
Hiring more sale staff in the new markets for the sell of new products					
Training of sales staff in the in the new markets					
creation of aggressive campaigns in the new markets					
how digitalized are your campaigns					
How long do your campaigns run online					
How active are your websites					
How often are the visits to your websites by your new and existing consumers					
Are billboards created in the new markets					
Are there consumer complains					
How quick do you respond to consumer complains					

Product differentiation

7. To what extent does your organization adopt product differentiation? (Kindly tick the relevant box for each).

NE-No Extent (1), SE-Small Extent (2), ME-Moderate Extent (3), LE-Large Extent (4), VLE-Very Large Extent (5)

	NE	SE	ME	LE	VLE
introduction of a flagship brand					
Expanding the product line by introducing additional new products					
Purchasing of superior raw materials					
Continuously creating new features for your products					
Creation of premium goods for identification					
Creation of discounted products					
Creation of more durable products					
Creation of dealer networks for cheaper products					

Cost leadership strategy

8. To what extent does your organization adopt cost leadership strategy? (Kindly tick the relevant box for each).

NE-No Extent (1), SE-Small Extent (2), ME-Moderate Extent (3), LE-Large Extent (4), VLE-Very Large Extent (5)

	NE	SE	ME	LE	VLE
Laying off workers					
Closing up branches to reduce on distribution cost					
Reducing advertising cost					
Pricing products at a cheaper price than those of competitors					
Lobbying for the reduction of energy costs by the government					
Acquiring cheaper materials for creation for creation of cheaper products					
Use of technology that reduces production cost					
Recycling tyres to reduce on production cost					

Sales and profits

8. To what does the following variables affect profit and sales of your organization? (Kindly tick the relevant box for each).

NE-No Extent (1), SE-Small Extent (2), ME-Moderate Extent (3), LE-Large Extent (4), VLE-Very Large Extent (5)

	NE	SE	ME	LE	VLE
Cost of goods					
Directly producing goods for sales					
Cost of raw materials					
Cost of importing a product for sale					
Cost of renting and paying insurance premiums					
Usage of IT to bill inventories					
Cost of electricity bills					
Increased pay rolled salaried employees					
Increase in payroll taxes					
Increase in company's taxes					

Thank you