COMPETITIVE STRATEGIES AND PERFORMANCE OF FAMILY OWNED SUPERMARKETS IN BOMET COUNTY, KENYA

Winnie Chebet Kosgey

Master of Business Administration (Strategic Management), Kenyatta University, Kenya

Dr. Reuben Njuguna

Department of Business Administration, Kenyatta University, Kenya

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ABSTRACT

The environment that surrounds the business is becoming very competitive as organization attempt to exceed one other. In order for firms to maintain this competitiveness, it's very important for firms to advance strategies that are competitive advantage that they can seek to withstand. This study sought to establish the influence of competitive strategies on performance of family owned supermarket in Bomet County, Kenya. The specific objectives of the study were: To establish the effect of focus strategy on performance of family owned supermarket in Bomet County, Kenya; to determine the role of Cost leadership strategy on performance of family owned supermarket in Bomet County, Kenya and to find out the influence of differentiation strategy on performance of family owned supermarket in Bomet County, Kenya. The study used three theories namely: Porter Generic Strategies model, Resource-Based View theory and Resource Dependency Theory. These theories explain the ways that organizations can use the resources at their disposal to create unmatched competitive position. This study was studied through a descriptive research design. The data collection instruments were questionnaires. Collected data was processed using descriptive statistics including mean, standard deviation, percentages and frequencies. Factor analysis was used to identify which factors were suitable for the research.the study established that cost leadership strategy if applied among family owned supermarket had a positive and significant effect on performance. The study indicated that adoption of differentiation strategy by the enterprises translated positively and significantly to their performance as indicated by a regression coefficient of 0. 891. The study established that in the process of implementing the differentiation strategy, to a large extent the supermarkets have adopted modern ICT and extended their market coverage to new areas. The study pointed out focus strategy as one of Porter's generic competitive strategies positively influenced performance of family owned supermarkets in Bomet County. It was established that the supermarkets had remained in the same business and advanced in customer services to a large extent. The study concluded that employment of competitive strategies was a significant factor in determining performance of the family owned supermarkets in Bomet County, To a large extent, the firms mainly employed cost leadership strategy, differentiation strategy and focus strategy in that order based on their ease in implementation and application of the strategies had various challenges making the enterprise that was able to control and take advantage of them more competitive and hence perform well. The study recommends that the supermarkets need to invest and embrace modern technology in their operations to enhance efficiency and effectiveness and the firms need to counter the challenges that come with the competitive strategies to remain competitive. The study suggested that future research should be carried out on other players in the retail sector like SMEs, hotel industry, merchandisers and other small scale trade. The coefficient of adjusted determination R2 was 0.751; therefore, the residual of the study was 24.9% and can be explained by other factors beyond the scope of the current study that future scholars should focus on.

Key Words: *competitive strategies, performance, family owned supermarkets, Bomet County, Kenya*

INTRODUCTION

Organizations need competitive strategies to help them overcome the competitive challenges that they go through in the environment where they work from. A competitive strategy therefore enables a firm to gain a competitive advantage over its rivals and sustain its success in the market. A firm that does not have appropriate strategies cannot exploit the opportunities available in the market and will automatically fail. A company has a competitive advantage whenever it has an edge over its rivals in securing and defending against competitive forces (Huo, Qi, Wang& Zhao, 2014).

The environment that surrounds the business is becoming very competitive as organization attempt to exceed one other. in order for firms to maintain this competitiveness, it’s very important for firms to advance strategies that are competitive advantage that they can seek to withstand. Competitive strategies refer to the action that are planned in the organization to be adopted in a bid to entice more clients, undergo pressure from competitors and improve their performance in the market. These plans permit organization to stand out and conduct daily business hence are vital in defining the markets or firms to compete in. Organizations that can arrange sufficiently and perform their competitive plans suitably are seen to have enhanced performance than their competitors. Firms that have proper competitive strategies have the best opportunity of exploiting chances that are available that guarantees them a ready market over their competitors (Lechner & Gudmundsson, 2014).

Regionally, many firms continue to struggle to achieve or remain competitive because of the limited market and scarce opportunities. However, this game is taking a different turn in term of how new ways of doing business are devised. Firms are engaging in Porter's competitive strategies to lower cost, differentiate products and diversify markets. Noe, Hollenbeck, Gerhart& Wright (2017) who took part in trying the correlation between competitive strategies and firm performance where performers are differentiated from non-performer by constructing and enhancing the competitive essence over and above that of competitors. The intensifying competition in the retail industry in Kenya is a great challenge for strategic management. This competition has been driven by quest for better sales turnover and customer satisfaction. For any supermarkets to succeed in competitive environment, it has to be driven by leaders who can inspire the workforce with a vision of being the best in the market. Without core competencies, drive and commitment from management and employees sustain success in the business environment is impossible (Huo, Qi, Wang& Zhao, 2014).

STATEMENT OF THE PROBLEM

Family owned businesses have certain managerial peculiarities (Maselo, 2011). These managerial peculiarities make it necessary for the management of such businesses to factor in these dimensions in the various managerial functions. To a very large extent and especially in the initial stages in the family business life cycle the owner/founder takes all or a majority of the managerial decisions (Drummond, 2016). As the business matures, some or all management duties are transferred to hired managers. The retail industry in Kenya is dominated by family owned businesses (Mutegi, 2014). As a result, the family's hand in the management and running of the supermarkets is heavily felt. The direction and the activities involved in their strategic planning are therefore determined to a large extent dependent on the intentions of the family members. The main problem that facing the family owned supermarkets in Bomet County is the transfer of leadership, ownership and management to the next generation. The leadership transition is a very important point in the existence of family owned supermarket and many changes come from the performance that not only influence the management direction of the supermarkets but always will change the ownership of the organization. In Bomet County, many families have proceeded to court with intentions of barring other family members from taking control of the family business or barring them from getting a share of the family estate after retirement or death of the first-generation entrepreneurs. This has led to an additional cost that is used in resolving in courts hence influence the performance of the organization (Prajogo, 2016). Family-owned supermarkets in emerging markets are by and large lacking to take proper initiative for a performing plan hence poor financial performance These may be because lack of awareness of its benefit, while others like to make it informal as a family or personal decision and yet others either do not have foresight or have attitude let the time decide when it comes or enlightened self-interest for fearing of losing ownership and control in a pyramidal social structure(Qrunfleh & Tarafdar, 2014). Several studies have been done on the retail stores in Kenya such as: Mutinda, and Mwasiaji (2018) conducted on Competitive strategies and performance of family owned supermarkets in Machakos County, Kenya, City, County and Wambugu (2014) researched on Influence of Competitive Strategies on Performance, Mutegi, (2014) led a study on Competitive Strategies Adopted By Supermarkets In Nairobi, Kenya, Waithira (2017) conducted a study on Competitive Strategies And Performance Of Chinese Construction Firms In Nairobi City County, Rotich, (2014) researched on the effect of succession planning on financial performance of family owned supermarkets in Nairobi County, Wangari (2014) studied on Competitive Sourcing Initiatives And Supply Chain Performance Of Supermarkets In Nairobi County, Kenya, Wanjiru, (2015) led a research on Competitive Strategies And Performance Of Supermarkets In Nairobi Central Business District. However, the study reviewed the effects of the competitive strategies on the supermarkets. This study filled the gap by studying the effects of the competitive strategies and performance of family owned supermarkets in Bomet County Kenya.

GENERAL OBJECTIVES

The study sought to establish influence of competitive strategies on performance of family owned supermarkets in Bomet County, Kenya.

SPECIFIC OBJECTIVES

1. To establish the effect of focus strategy on performance of family owned supermarkets in Bomet County, Kenya
2. To determine the role of Cost leadership strategy on performance of family owned supermarkets in Bomet County, Kenya
3. To find out the influence of differentiation strategy on performance of family owned supermarkets in Bomet County, Kenya.

THEORETICAL REVIEW

Resource Dependency Theory

This model was advanced by Amburgey and Rao (1996). Firms' success in resource dependency theory (RDT) is refereed as the maximizing of the power success by an organization (Colbert, 2004). Study on the bases of power within firms began as earl as Davis and Adam Cobb (2010) and comprised much of the early work done by social exchange philosophers and political scientists. Power generalization based on arguments from intraorganizational relations to relations between firms began as (Brown & Eisenhardt, 1995). RDT symbolizes the connection among firms as a set of power relations based on exchange of resources.

According to Amburgey & Rao (1996), RDT suggests that actors lacking in important resources will seek to build connections with other in order to gain the resources that are needed. Firms also try to modify their dependence connections by minimizing their own dependence or by growing the dependence of other firms on them. Within this perspective, firms are seen as alliances alerting their structure and patterns of character to get and attain external resources that are needed. Getting the resources that are needed externally by a firm comes by reducing the dependence of the firm on others or by growing dependency of others on it i.e. adapting the power of the organization with other firms.

Though RDT was initially articulated to discuss connection between firms, the model is applicable to connections among units within firms. RDT is reliable with ecological and institutional models of firms where firms are seen as determined structures of order under reinterpretation that is constant and negotiation, cooperating unknown environment of turbulence and a crowd of competing interests. RDT has allegations regarding the optimal divisional structure of firms, board members and workers recruitment, strategies on production, contract structure, organizational connection that are external and more other aspects of firm's strategy (Robey, Im & Wareham, 2008).

Likewise, the resources of the supermarkets come from loans, owners or proprietors or externally who comprise of MFIs or banks. The stakeholders in either environment are the core in ensuring the succession of the supermarket. The best use of the resource by the owners of the supermarkets mostly whom are not aware and with management skills that are limited, tend to misuse them or not even realize them this works against their competitiveness. Strategic organization practices therefore are used to place the supermarkets in a better location to remain aloft in the even developing and competitive business ground.

Porter Generic Strategies Model

This model was developed by porters (1980). Porters generic plans define how a firm follows competitive advantage across its markets scope that it has chosen. There are various generic plans either low cost, differentiated or focus. A company may decide to follow one or two kinds of competitive advantage, either by costs that are a bit lower than its competition or by differentiating itself along sizes that are appreciated by customers to order a price that is bigger. A firm may also decide to choose one or two types of scope, either focus or firm wide, giving its produce across many parts of the market. The generic plan copied the decision that were made concerning the type of competitive advantage and scope (Ormanidhi & Stringa, 2008)

Porter wrote in 1980 that strategy targets cost leadership, differentiation, or focus. These are the Porter’s three generic strategies and can be used in any size or form of business that ranges from supermarket to corporation. Porter stated that an organization must only decide on only one of the three or menace that the business would waste resources that are important. Porter’sgeneric strategies point the interaction between minimization of cost strategies, yields differentiation strategies and focus in market strategies of porters. Competition in firms is affected by different forces in the business operating environment (Parnell, 2006). Porter tried to give a summary of these forces as the battle among existing organization, harm of new entrants, alternatives products or services, growth power of bargaining of suppliers and bargaining power of the consumers. The products of the organization are influenced by its suppliers, alternatives, buyers, entrants that are potential and the organization competitor. For suppliers and buyer, these have a bargaining power on a firm’s products/services whereas the potential entrants and substitutes pose a threat to the firm’s products and services.

Porter further came up with generic competitive strategies meet these competitive forces (Kotha, & Vadlamani, 1995). These generic strategies are useful in discovering strategic situations at the simple and wide level of the scope of the firm. The basis of the model of the porter was the firm structure and positioning within the organization. These strategies were cost leadership and differentiation, while focus strategy was based on the two strategies. Focus is the organizations choice of the competitive scope. This scope differentiates the organization goal wide firm parts and organization focusing on narrow parts (Miller & Dess, 1993).

Organizations that accept this strategy attain a high degree of the loyalty of the customer, which in turn dejects competing organizations from trying to compete directly with them. The plan may help organizations to attain low volumes of yields and the number of clients. It is considered by the lower bargaining power of suppliers and this will mean the organization will tend to pass costs that are higher to clients since there is no much choice of alternatives for the yield or service. This becomes harmful to clients who have no choice but to buy the products at the price set by the organization (Pretorius, 2008). Porter claims that organization are able to succeed in accepting many strategies by developing separate business units for each of the strategies since clients always seek attributes that are multidimensional to the yield to get utility that are maximum. This model is vital to the study since it supports all the three models of competitive strategies that are anchored in the research.

Resource Based View Theory

The resource-based view (RBV) was advanced by Wernerfelt (1995). This model states that competitiveness can be gained by innovatively bringing superior value to clients. The present literature puts its focus on the strategic identification and use of the resources by the organization for building a competitive advantage that can be attained (Colbert, 2004). International business philosophers also state that the success and the failures of organizations across borders by considering the competitiveness of their holding or local alliances in the developing resource for theorizing the value as per the requirements of the local (Hoopes, Madsen & Walker, 2003).

In the management of strategic research, RBV model has risen as one of the theoretical perspectives that has been explained persistency in inter firm differences in performance (Barney, 2001). According to RBV model, organizations have collection of single resources and abilities that are important, unique, rare and they have no alternatives and that are able to give them an attainable competitive advantage. Therefore, resources are tangible and intangible assets that are either owned or controlled by an organization, while abilities refer to its skill to feat and combine resources through firm routines in order to attain its aims (Das & Teng, 2000).

According to Wernerfelt (1995), the term knowledgeable capital is the knowledge and understanding the capability of a social collectivity, like a firm, community intellectual or professional practice, whereas social capital is the sum of the resources that are actual and potential that are embedded within obtainable through and are attained from the network of connections possessed by a person or social unit. Intellectual capital is an important resource in the form of knowledge that is accrued that is entrenched in a firm, whereas social capital exists in the connection of the organization that have with their partners of the network. Barney (1996) claimed that innovation is the final result of the developing new knowledge that results from grouping and interaction between intellectual capital and social capital of the organization. Supermarkets also are endowed with these two assets of capital or resource that require effective and efficient management to ensure the supermarkets competitive favorably and perform.

For this research by the application of RBV model, it is vital to examine how internal and external resources can be affected by competitive strategy and enable the capabilities of a firm to improve innovation performance (Barney, 1996).

EMPIRICAL LITERATURE

Focus Strategy and Performance

A business puts its focus on the ability on one particular part of the market. It pursues cost advantage in its vision part under a competitive scope that is narrow and targets to become well known for giving produce for that part. Competitive advantage is created by catering the specific needs and wants of their position of market. Once a firm decide which market part, they aim their yields at, they got an alternative of pursuing a cost leadership plan to fit that position. A focus plan is referred to as a narrow scope plan because the business has a vision of narrowing part of the market.

Lechner and Gudmundsson (2014) stated that in accepting a narrow focus an organization ideally puts its focus on less target markets. These should be unique groups with special needs. The choice of offering prices that are low or distinguished products should depend on the needs of the segment that is collected and the resources and abilities of the organization. It is expected that by focusing your efforts in marketing on one or two narrow market parts and tailoring the marketing mix to these markets that are special, one can better meet the needs of that market that is targeted. The organization typically looks to attain a competitive advantage through yield innovation or brand marketing rather than competence. It’s most appropriate for comparatively small firms but can be used by any organization. A focused strategy should target market parts that are less weak to alternatives or where competition is very weak to earn above average return on investment. Therefore, the organization performance is expected to progress.

Kamar (2014) conducted a study on Effects of Competitive Strategies on the Performance of Liquified Petroleum Gas Companies (LPGCs). The findings concluded the cost leadership affected the performance of LPGCs. The cost leadership attained through minimizing procurement cost minimizing, operational cost, conducting cost of its labor, service costing and evaluation of cost promotion. The study recommended that liquidities petroleum companies should carry bout through market study to discover the gaps in the market, they should formulate performance that is qualified with indicators to be used to measure the effects of competitive strategies, articulate strategies that factor the costs of articulating competitive strategies so compute the effects of net strategies, and offer enough funds for events of competitive strategies.

Atikiya (2015) conducted a study on effects of competitive strategies on the manufacturing firm’s performance in Kenya. The results of the study revealed that manufacturing firms in Kenya have accepted hugely competitive plans in order to compete in the market locations. The findings show that cost leadership have significant commotion that is positive with the manufacturing firms in Kenya. The results further showed that competitive intensity had irrelevant moderating effects in the connection between competitive plans and the performance of the organization. Negative connection was also revealed between the controlling variable competitive intensity and the organization performance. The research recommended that manufacturing organizations use much of differentiation plan since it seemed to have effect that is huge on the performance and also trying the other two plans of cost leadership and focus. The research also recommended that these organizations put more attention to competitive strength and accept other different ways of coping with the challenges brought by external environment.

Sifuna (2014) studied on effect of competitive strategies on performance of public universities in Kenya. The research indicated that economies of scale to a very huge extent influence the performance of universities. The study further revealed that capacity use of resources, operation time reduction and costs, competence and control of cost and mass production as part of cost leadership influenced the performance in the university to huge extent, differentiation based on service, promotion and individual affected performance and market focus also. The research concluded that cost leadership influences performance of universities in Kenya through attaining economies of scale, capacity use of resources, reduction of operation time and costs, competence and cost control, mass production, forming connection with service givers, suppliers and other additional institutes and mass distribution and that differentiation influence performance of the university through service.

Cost Leadership and Performance

Yanney (2014) states that cost leadership show how to build a competitive advantage of a firm over rivals. Cost leadership refers to the lowest working cost in an organization. The cost leadership is always driven by firm competence, size, scale, scope and increasing experience. Cost leadership plan targets to exploit production cost, a scope that is well defined and other economies such as good purchasing plan, production of highly standards yields, using large technology and many others. Most companies choose a strategic mix to gain leadership in market. This mix comprise of simultaneous costleadership, superior customer service and product leadership.

Valipour, Birjandi and Honarbakhsh(2016) conducted a study on the effects of cost leadership strategy and product differentiation strategy on the performance of firms. The results showed that organizations with cost leadership, there were positive connections between leverage, cost leadership and payout dividend with performance. The findings also stated that there were connections that were positive between leverage and the size of the firm with performance in the organization with product differentiation strategy, but the relationship between product different ion strategy and dividend payout with performance was negative.

Muasa (2014) conducted a study on cost leadership strategy and sustainable competitive advantage of Naivas supermarket limited in Kenya. The study found that Naivas supermarket had to a large extend applied the cost leadership strategy on its operations by defining its low- and middle-income market niche, but more needs to be done to enhance the efficiency of the cost leadership business model. The study further established that the retail chain business environment is moderately changing and is characterized by dominant privately-owned firms which inform the kind of competitive strategies adopted. It was found that for cost leadership strategy to be effective, high investment in technology, customer focus, selling a wide range of products, improving employee morale, effective management and good relations with suppliers were all key success factors in actualizing the strategy to ensure a sustainable competitive advantage. The study also established as critical for senior managers to undergo occasional training and scenario exposures to be up to speed with dynamic industry environmental factors. The study recommended further research could be carried out on cost leadership and differentiation strategies in the retail chain business owing parallel strategies often adopted. Additionally, there is need to explore on the challenges of applying cost leadership in a controlled market economy.

Chengeta (2014) researched on the effect of cost leadership strategies on company performance: a case of Multimedia Saatchi &Saatchi. The findings that were drawn from the research showed that vertical integration is vital to the firm as it improves effectiveness. Also, business base and the share of the market at large and that reformation results in reduction in the organization cost and improving financial performance. The conclusion showed that outsourcing from suppliers that are cheaper doesn't necessarily mean that the service will be of low quality. Hence, the researcher suggests the organization to have interrelationships with the shareholders and also to build business connection that they don't base on profitability only. The author suggests that multimedia to achieve the evidence that is physical, services are intangible products.

Hilman and Kaliappen (2014) researched on whether cost leadership strategy and process innovation influence the performance of Malaysia hotel industry. This study used strategic application perspective and strategic position of industrial strategies to examine the connection of cost leadership plan, process innovation and industrial performance in the setting of Malaysia hotel industry. The aim is to indicate that cost leadership strategy and the innovation process have an important result on the performance of a firm. The findings indicated that cost leadership affected the process of innovation and the innovation process affected the performance of the firm. Moreover, the findings revealed that innovation process facilitates the cost leadership plan and the performance connection of the firm. Therefore, the hotel managers perhaps make planned decisions by concurrently grow cost leadership and innovation process to gain firm performance that is superior and competitive advantage.

Kharub, Mor and Sharma (2018) conducted a research on the relationship between cost leadership competitive strategy and firm performance: Study results found no direct relationship between cost leadership strategy and firm performances, but quality management entirely mediated their relationship. Empirical results concluded that continuous improvement and supplier management have a significant impact on firm performance. Thus, for a firm pursuing cost leadership competitive strategy a clear understanding and the emphasis on quality management provides maximum profits and hence the competitive sustainability.

Differentiation Strategy and Performance

According to Cardy and Leonard (2014), differentiation strategy includes building yield that is seen as unique. The sole characteristics or advantages should give value that is superior to customers if this plan is to be successful. This is because clients see the produce as unique, the price resistance on demand tends to be reduced and clients tend to be more brand loyalists. This can give insulation that are considerable from the competition. (Tan and Sousa, 2015) argued that the differentiation logic plan needs an organizational to be truly sole at something or seen as unique.

Gorondutse and Hilman(2017) studied oninfluence of differentiation strategy on performance of hotels: the moderating role of environmental munificence. This study investigates whether environmental munificence directly and indirectly predicts the relationship between differentiation strategy and performance. Results revealed that differentiation strategy, environmental munificence was positively associated with performance. Environmental munificence fully moderates the relationships of differentiation strategy and performance.

Banker, Mashruwala and Tripathy (2014) researched on whether differentiation plan lead to more financial maintainable performance than a cost leadership plan. The aim of this research was to examine the connection between the strategic location of organizational and the sustainability of the performance of the organization. The findings indicated that both cost leadership and differentiation plans have impacts that are positive on the concurrent performance. Nevertheless, the differentiation plan gives permission to firms to endure its present performance in the future to a huge extent than a cost leadership plan. The differentiation plan although is also accompanied with huge methodical harm and more performance that is unstable.

Prajogo and Sohal (2016) led a study on the relationship between organization strategy, quality management, and organization performance Study results found no direct relationship between differentiation strategy and firm performances, but quality management entirely mediated their relationship. Empirical results concluded that design and development and information and analysis are the two components of quality management which are successful in mediating the relationship between differentiation competitive strategy and firm performance. Thus, for a firm pursuing differentiation competitive strategy a clear understanding and the emphasis on these two components of quality management is crucial to maximizing profits and hence the competitiveness.

Spencer, Joiner and Salmon (2016) researched on differentiation strategy, performance measurement systems and organizational performance. This research inspects the facilitating role of both financial and non-financial performance. A path analytical concept is gained using questionnaire data from manufacturing organizations in Australia. The findings revealed that organizations pressing a differentiation plan use non-financial as well as financial performance measures. These performance measures are accompanied with large firm performance and finally there is a positive association between an organizational plan emphasis on differentiation and firm performance through the mediating duty of non-financial and financial performance measures.

Adimo (2018) researched on relationship between product differentiation strategies and organizational performance in Sameer Africa. The study found that product differentiation had a positive relationship with organizational performance. The study concluded that integrating product differentiation strategies through specific product attributes relevant to competitors and variety of products to match the need of various customers would result to improved performance. The study therefore recommends that product differentiation should be adopted because they have the highest relationship with organizational performance.

Firm Performance

Loecker and Goldberg, (2014) states that firm performance is an important concept in strategic management. It is always used as a variable that is depended on several factors. In the financial sector, it is referred to as financial stability or financial health. There are various financial procedures that can be used in order to assess the performance of an organization. Some of the known financial measures are; revenue, return on equity, return on assets, profit margin, sales growth, capital adequacy ratio and prices on stock and many others. Depending on the organization on which the firm works, some financial ratios will be more meaningful to others.

Bategeka (2016) researched on the effect of selected firm factors on export performance of small and medium manufacturing firms in Uganda. The research showed that trips that are foreign and extent of markets improved hugely the export performance of small and medium organizations in Uganda. Hence, export makers of decisions are supposed to improve the capacity of their organization to undertake trips that are foreign and to extent export markets as a means of getting export market experience in order to build and bring competitive produce that meet and necessities of the export market thus boosting export performance.

Mahfoudh (2014) studied on the effect of selected firm characteristics on financial performance of firms listed in the agricultural sector at the Nairobi securities exchange. The study evidenced that the only variables that were statistically significant were liquidity and board size and the other three variables that were not statistically significant were namely firm size, leverage and firm age. Though firm size, leverage, firm age, and liquidity were positively related to firm financial performance and board size was the only variable that was negatively related to firm financial performance. The study recommends to the management to focus efforts on those variables that positively affect their long run financial performance such as increase firm sizes, use of more leverage up to a point when net costs are suffered as a result of excessive leverage, reduction of firm and product life cycle, extending more credit sales to customer and paying of suppliers promptly as per terms and reduction of board size as it results in more expenses.

Jane (2018) conducted a study on business process outsourcing, operational efficiency, firm characteristics and performance of oil and gas distribution firms in Kenya.The study established that business process outsourcing has a statistically significant influence on firm performance of oil and gas distribution firms in Kenya. The findings provided satisfactory statistical evidence indicating that operational efficiency has a full mediating influence on the relationship between business process outsourcing and firm performance of oil and gas distribution firms in Kenya. It was further revealed that firm characteristics have a significant moderating influence on the relationship between business process outsourcing and firm performance of oil and gas distribution firms in Kenya. Finally, the study revealed that business process outsourcing, operational efficiency and firm characteristics had a significant joint influence on firm performance. The study recommended an interactive model where all the variables; business process outsourcing, operational efficiency and firm characteristics can be considered across the oil and gas distribution firms to foster performance since the joint effect was found to be more significant than their individual effect on performance.

RESEARCH METHODOLOGY

Research Design

The study used descriptive study design. A descriptive study focuses on discovering the what, where and how of a phenomenon (Cooper &Schindler, 2013). The research therefore was in a position to provide findings that are general to all supermarkets.

Target Population

A population is defined as a complete set of individuals, cases or objects with some common observable characteristics, (Mugenda & Mugenda, 2003). The target population for this study comprised of 250 top Managers, Middle level managers and lower level managers drawn from 6 supermarkets in Bomet.

Sampling Procedure

Sampling techniques provide a range of methods that facilitate in reducing the amount of data that needs to be collected by considering only data from a sub-group rather than all possible cases or elements. According to Mugenda and Mugenda (2003), a sample of 25-30% is statistically significant to draw conclusions for a given study. The study adopted stratified random sampling where 75 (30%) respondents were picked from each of supermarkets as strata.

Data Collection Instrument

This includes the objects that were used for collecting data and how these objects were developed. This study used questionnaires as data collecting instrument to get information from the respondents that have been chosen. These questionnaires were directed by the nature of data that is supposed to be collected, time availability and the objectives of the research. Primary data was used in this research. this data will be needed to collect data in Bomet County. The questionnaires comprised both open and closed ended questions designs to provoke specific responses for qualitative analysis. These questionnaires were managed throughout the process of drop and pick later. Enough time was given to the respondents to provide feedback to the questions and they used semi structured questionnaires to evade misunderstanding or interpretation. This questionnaire useda five-point Likert scale namely Strongly disagree (SD), Disagree (D), Undecided (U), Agree (A) and Strongly Agree (SA) that will be allocated scores of between 1 and 5. This gave allowance to the researcher to draw decisions based on the judgments that would have been made from the responses. The use of questionnaires was preferable to the researcher because a lot of information was gathered over a very short period of time.

Data Collection Procedures

According to Kothari (2007), data collection procedures are strategies employed in research to ensure credible, valid and reliable data is obtained to inform the research findings. Before field visits for data collection the researcher applied for a permit from the National Commission for Science, Technology and Innovation (NACOSTI), to conduct the research and also requested an approval from the institution. After receiving the approval, the researcher contacted the respondents and dropped the questionnaires attached with a cover letter. This research administered the questionnaires individually to all the respondents. The research exercised care and control and made sure all the questionnaires that was issued to respondents was received and achieved, the study maintained a register of the questionnaires that was send and received.

Data Analysis and presentation

According to Kothari (2004) this step is important for a scientific research and for making sure that all the data that is important for making comparisons and analysis. Data that was collected from primary sources was coded and analyzed by the use of computerized systems. Data was entered into the computer SPSS package and data was processed using descriptive statistics to identify the characteristics of variables under the research. Factor analysis was used to identify which factors were suitable for the research. Inferential statistics such as regression techniques was used to analyze the data. The following regression model was applied:

$$Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 + \beta_4 + \varepsilon$$

Where: Y = firm Performance; X_1 = focus strategy; X_2=cost leadership strategy; X_3=differentiation strategy; β0 = Intercept; β1 = Beta coefficient and ε = error term.

RESEARCH RESULTS

The main objective of the study was to determine the role of competitive strategies on organizational performance. The study specific objectives were to establish the influence of cost leadership, differentiation and focus strategy on the performance of family owned supermarkets in Bomet County, Kenya. The study had a coefficient of correlation R of 0.783 an indication of strong positive correlation between the variables and coefficient of adjusted determination R2 was 0.751 which changes to 75.1%.

Cost Leadership Strategy and Performance of Supermarkets

Through the regression coefficient of 0.925, the study established that cost leadership strategy if applied among family owned supermarket had a positive and significant effect on performance. It was indicated that the supermarkets embraced cost leadership strategy to a large extent through reduction of operational costs, offers and promotions and improved deliveries and accessibility for customers. The enterprises employed cost leadership strategy to a moderate extent through reduced cost of transport. However, to a less extent were consumer prices reduced in the process of implementing this strategy. The strategy on the other hand was found to challenges due to the free market system where the market forces were in control. The consumers would always prefer a cheaper option but the suppliers were not willing to reduce the price of the products.

Differentiation Strategy and Performance of Supermarkets

The study indicated that adoption of differentiation strategy by the enterprises translated positively and significantly to their performance as indicated by a regression coefficient of 0.891.The study established that in the process of implementing the differentiation strategy, to a large extent the supermarkets have adopted modern ICT and extended their market coverage to new areas. To a moderate extent the supermarkets have improved products/services to their customers, ventured from traditional business to new/different ones, tailored products to suit specific requirements of their clients, introduced new products to the market and rebranded their services/products to create market recognition. On the other hand it was indicated that the enterprises to a little extent did review their products/service prices to match or be lower than competitors. The study established that implementation of the differentiation strategy involving improving products where the supermarkets dealt with final products whose improvement was within the prisms of the enterprises. The strategy required innovation which was to a limited extent embraced by the supermarkets. Packaging and after sale services proved to be expensive for the firms whose profit margin was low compared to the manufacturers making full implementation of the strategy untenable.

Focus Strategy and Performance of Supermarkets

The study pointed out focus strategy as one of Porter's generic competitive strategies positively influenced performance of family owned supermarkets in Bomet County. It was established that the supermarkets had remained in the same business and advanced in customer services to a large extent. To a moderate extent the supermarkets have come up with product/service range to cater for all clients. To a little extent to supermarkets were found to have extended to locations where customers emanate from and enhanced efficiency and effectiveness. This indicates that the supermarkets have adopted to a significant extent focus strategy as one of their key competitive strategies to enhance performance. The strategy was found to be limited to the capacity, scale and growth of the enterprises. The enterprises stuck to their products since they were not producers. The strategy however was anchored on strategically locating the premises and customer service.

INFERENTIAL STATISTICS

The study conducted inferential statistics to establish the effect of competitive strategies implementation on organizational performance of family owned supermarkets in Bomet County, Kenya. The findings of coefficient of determination and coefficient of adjusted determination are as shown in Table 1.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783[a]	.772	.751	1.86471

The findings found out that coefficient of correlation R was 0.783 an indication of strong positive correlation between the variables. Coefficient of adjusted determination R^2 was 0.751 which changes to 75.1% an indication of changes of dependent variable can be explained by (cost leadership strategy, differentiation strategy and focus strategy). The residual of 24.9% can be explained by other factors beyond the scope of the current study.

The study carried out an ANOVA at 95% level of significance. The findings of $F_{Calculated}$ and $F_{Critical}$ are as shown in Table 2.

Table 2: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	768.024	5	153.6048	24.2681	.000[b]
Residual	348.122	55	6.3295		
Total	1116.146	60			

The findings show that $F_{Calculated}$ was 24.2681 and $F_{Critical}$ was 6.9851, this show that $F_{Calculated} > F_{Critical}$ (24.2681>6.9851) an indication that the overall regression mode was significant for the study. The p value was $0.000<0.05$ an indication that at least one variable significantly influenced performance of the family owned supermarkets.

The study used coefficient of regression to establish the individual influence of the variables to organizational performance. The findings are indicated in Table 3.

Table 3: Coefficients of Regression

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	4.581	0.749		2.632	.000
Cost leadership strategy	0.925	.108	.104	8.157	.000
Differentiation strategy	0.891	.127	.023	12.119	.000
Focus strategy	0.872	.161	.216	8.419	.000

The resultant equation was:

$$\mathbf{Y= 4.581+ 0.925X_1 + 0.891X_2 + 0.872X_3}$$

Where: X_1 = Cost leadership strategy; X_2 = Differentiation strategy; X_3 = Focus strategy

The study found out that by holding all the variables constant, performance of the family owned supermarkets in Bomet County will be at 4.581. A unit increase in cost leadership strategy to application among the enterprises when holding all the other variables constant, supermarket performance would be at 0.925. A unit increase in differentiation strategy while holding other factors constant, supermarket performance would be at 0.891. A unit increase in focus strategy while holding other factors constant, supermarket performance would be at 0.872. The findings pointed out that the generic competitive strategies which include cost leadership, differentiation and focus had a p value of $0.000<0.05$ an indication that they significantly influenced performance of family owned supermarkets in Bomet County. This is supported by Gamble (2010) who on his study on competitive strategies and firm competitiveness noted that the selected generic competitive strategies indicators helped in defining the relation between the enterprises and their rivals in the robust retail market and they influenced significantly the performance if well implemented.

CONCLUSIONS

The study concluded that employment of competitive strategies was a significant factor in determining performance of the family owned supermarkets in Bomet County. The study concluded that the enterprises employed the three main generic competitive strategies which include cost leadership, differentiation and focus strategies significantly to outshine each other in the retail industry.

The study concluded that application of the strategies had various challenges making the enterprise that was able to control and take advantage of them more competitive and hence perform well. To a large extent, the firms mainly employed cost leadership strategy, differentiation strategy and focus strategy in that order based on their ease in implementation.

Application of the strategy therefore needs proper planning and proper understanding of market and consumer trends and behaviour. Consumers are constantly looking to increase their purchasing power and if that cannot be achieved through an income increment, then buying more at a lower price is the next best alternative. Businesses who seek to be cost leaders tap into this opportunity to offer the average consumers great products at great prices.

RECOMMENDATIONS

The study recommends that the supermarkets need to invest and embrace modern technology in their operations to enhance efficiency and effectiveness.

The study recommends that the firms need to counter the challenges that come with the competitive strategies to remain competitive.

The study further recommends that the supermarkets need to employ hybrid strategies that involves integration of the three strategies to enhance more competitiveness and performance.

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