ISSN 2411-7323

Int Journal of Social Sciences Management and Entrepreneurship 2(1): 94 -107, April 2018
 www.sagepublishers.com

COMPETITIVE STRATEGIES AND ORGANISATION PERFORMANCE A REVIEW OF LITERATURE REVIEW

KIVINDO SABBENA [1]; DR. KILIKA JAMES (PHD) [2]

[1,2] Kenyatta University

Abstract

Competition among the organizations in Kenya has necessitated examination of the generic strategies employed by firms to remain competitive. The business environment in which organizations operate is dynamic and turbulent with constant and fast paced changes that often render yester-years' strategies irrelevant. To obtain firm performance within the scope of sustainable competitive advantage, decisions on shaping firm's competitive strategies are one of the main issues for managers under firms' business level strategy. Because, the formulation and completion of competitive business strategies that will improve performance are one of the competent methods to achieve firm's sustainable competitive advantage. The study is guided by the following specific objectives; review the existing theoretical literature on linkage between competitive strategies and organizational performance; review the existing empirical literature on linkage between competitive strategies and organizational performance; establish the emerging knowledge gaps reviewed on competitive strategies and organizational performance; to propose a conceptual framework for link between competitive strategies and organizational performance. The study is guided by the following theories, Porter's Theory of Competitive Advantage, Resource Based View theory, Theory of Strategic Balancing and mathematical theory. Most of the empirical studies done has operationalised competitive strategies in three different strategies. These includes differentiation, market focus and cost leadership. Performance has been operationalised into the following parameters; productivity, return on assets, return on equity and service delivery. This paper therefore proposes that competitive strategies adopted in an organisation determine the level of organisation performance. It is indeed empirically proven that competitive strategies do not only gives a firm competitive advantage which makes it outperform competitors in the industry but also go a long way in enhancing organizational performance. Based on these views this paper proposes that; competitive strategies utilization in an organisations needs continuous and sustained supervision, improvement and adequate funding in view of it importance's. The study aimed at finding out relationship between competitive strategies and organizational performance. Based on the empirical findings the study made the following conclusion. This study confirms that many organisations employs cost leadership, differentiation and focus strategies either simultaneously or at the exclusion of others in order to be competitive and improve their performance. The finding of this study thus adds to the existing literature on critic of Porter's assertion that the generic strategies are mutually exclusive hence partially supporting the notion of Porters' exclusive application of competitive strategies in order to achieve superior performance.

Key words: *strategy, competitive advantage, performance, cost leadership, market focus, differentiation,*

Introduction

The primary goal of strategic management is to enable organizations to adapt to changes in the environment in such a way that the success and long-term survival of the organization is ensured. There are two levels of strategies; these are grand strategies and generic strategies. Grand strategies are major, overarching strategies that shape the course of a business. They are focused on the long-term goals of the business. Grand strategies, often also referred to as business strategies, are more specific strategies that organizations can pursue in order to achieve generic strategies. Porter's generic strategies identify bases from which organizations can pursue competitive advantage. The strategies adopted are expected to relate to performance of the company. From a scheme developed by Stones (2012), long term strategy should derive from a firms attempt to seek and sustain a competitive advantage based on one of the three generic strategies. These are cost leadership, differentiation and focus strategies. Cost leadership strategies depend on some fairly unique capabilities of the firm to achieve and sustain their low-cost position within the industry of operation. Differentiation strategy refers to a firm striving to create a market unique product for varied customer groups.

Competitive strategies dependent on differentiation are designed to appeal to customers with special sensitivity for a particular product attribute. Focus strategy is a marketing strategy in which an organization concentrates its resources on entering or expanding in a narrow market. It is usually employed where the company knows its segment and has products/services to competitively satisfy its needs. Firms need competitive strategies to enable them overcome the competitive challenges they experience in the environment where they operate. 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 (Thompson and Strickland, 2012).

Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers perceive as superior value. Competition is generally believed to reduce the amount of slack a manager can afford and to have a positive Influence on managerial effort. Competition affects the congruence of interests between the manager and the organization and through a reduction in profits that increases the likelihood of poor performance and through the associated threat to the manager’s incumbency. At first strengthening of competition induces the manager to make decisions more in line with the interests of the organization, therefore leads to increased managerial autonomy as commonly argued.

Competitive Strategies and Organizational Performance

Competitive strategies are employed by firms within a particular industry. The strategies adopted are expected to relate to performance of the companies. Long term strategy should derive from a firm’s attempt to seek a competitive advantage based on one of three generic strategies namely cost leadership strategy, focus strategy and differentiation strategy (Grant, 2012). According to Porter (2005) strategies are used by organizations to establish their position in a particular market since they reflect the firm's short and long term responses to the challenges and opportunities of the business, strategies therefore are not an end by themselves but a means to attain stated goal. According to Porter (1980), cost leadership depends on unique capabilities of the firm to achieve and sustain their low-cost position within the industry of operation. Differentiation strategy refers to a firm striving to create a market unique product for varied customer's groups. Focus strategy on the other hand is a marketing strategy in which an organization concentrates its resources on entering or expanding in a narrow market. Competitive strategies are therefore important to any organization to perform better.

Organizations need competitive strategies to enable them overcome the competitive challenges they experience in the environment where they operate. 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 (Thompson &Strickland, 2012).

Statement of the Problem

Today's organizations have to deal with dynamic and uncertain environments. In order to be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers.

The strategic management on organizational competitiveness has been the focus of intensive research efforts in recent times. The economic environment is changing rapidly and this change is characterized by phenomena such as globalization, changing customer and investor demands and ever increasing product-market competition, thus the importance of strategic management practices for the organization to compete successfully in this environment. Raduan (2009) argue that achieving a competitive advantage position and enhancing firm performance relative to their competitors are the main objectives that business organizations in particular should strive to attain.

To obtain firm performance within the scope of sustainable competitive advantage, decisions on shaping firm's competitive strategies are one of the main issues for managers under firms' business level strategy. Because, the formulation and completion of competitive business strategies that will improve performance are one of the competent methods to achieve firm's sustainable competitive advantage. Therefore, the impact of competitive strategies on firm performance is a major issue.

Objectives of the Study

The specific objectives of the study will be to:

i. Review the existing theoretical literature on linkage between competitive strategies and organizational performance
ii. Review the existing empirical literature on linkage between competitive strategies and organizational performance
iii. Establish the emerging knowledge gaps reviewed on competitive strategies and organizational performance
iv. To propose a conceptual framework for link between competitive strategies and organizational performance

Conceptual Review

This conceptual review mainly covers the concepts that form a prime basis for the entire research. This conceptual review includes essentially the following three areas; competitive strategies, organisation performance and a theoretical review.

Competitive Strategies

In the industrial organization and business strategy literature, considerable interest has been centered on identifying generic business strategies or strategy types based on strategy components, such as the scope or domain of the business, resources deployment in marketing, production and R&D, asset management or parsimony, and degree of vertical integration (Miles, 2012; Miller, 2016; White, 2016). Porter (2015) considered that in the long-term the extent to which the firm is able to create a defensible position in an industry is a major determinant of the success with which it will out-perform its competitors. He proposed generic strategies by which a firm can develop a competitive advantage and create a defensible position. These strategies are (i) overall cost leadership, (ii) differentiation and (iii) focus. Porter argued that by adeptly pursuing the cost leadership, differentiation, or focus strategies, businesses can attain significant and enduring competitive advantage over their rivals (Porter, 2015).

A number of empirical studies have been conducted to test the validity of Porter's generic strategies (Galbraith and Schendel, 2013). These studies rely on Porter's conceptual framework to identify strategic components or dimensions of relevant strategic variables as Porter's generic strategies are essentially "ideal" types, and hence somewhat difficult to operationalize. The majority of research on generic business or competitive strategy has been conducted in relation to US businesses. Other studies have examined the link between market structure and performance variables such as market share and profitability rather than examining the intervening competitive strategy variables and strategic types (Jenny and Weber, 2016; Lambin, 2016). Two schools of thought have emerged regarding the conceptualization and adoption of competitive strategies. These are summarized as Porter's generic strategies of cost leadership, differentiation, and focus. The first school of thought supports Porter in his assertion that an organization has to choose one of the generic strategies and devote total commitment of resources to it (Dess and Davis, 2014). On the other hand, several other authors have argued against Porter's assertion, and suggest that organizations should focus on a combination of strategies that best suit their circumstances (Wright et al., 2010).

Miller (2012) argues that there are a number of dangers associated with the exclusive pursuit of a single generic strategy. He claims that strategic specialization may leave serious gaps or weaknesses in product offerings, ignore important customer needs, be easy for rivals to counter, and in the long run cause inflexibility and narrow the vision of the organization. In support of Miller, the Wright et al. (2010) study of 90 companies selected randomly from Dunn and Bradstreet's Million Dollars Directory evaluated the performance of companies using multiple strategies against those using singular strategic foci. They concluded that companies that adopt multiple strategies such as low-cost and differentiation outperform businesses that compete mainly with one of the strategies.

Cost Leadership Strategy: This is Porter's generic strategy known as cost leadership (Malburg, 2010). This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (cost advantages). In order to achieve a low-cost advantage, organizations must have a low-cost leadership strategy, low-cost operations with integrated sections/business units, and a workforce committed to the low-cost strategy. The organizations must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage. For an effective cost leadership strategy, organizations must have a large market share.

There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, services and products design, input cost and capacity utilization of resources. Porter (2011) purports only one firm in an industry can be the cost leader and if this is the only difference between a organization and competitors, the best strategic choice is the low cost leadership role (Malburg, 2010). Lower costs and cost advantages result from process innovations, learning curve benefits, and economics of scale, services and products designs reducing operations time and costs, and reengineering activities. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets comparable services and produces more efficiently than its competitors.

The organization may have access to cheap materials or superior proprietary technology which helps to lower costs. Organizations do not have to sacrifice revenue to be the cost leader since high revenue is achieved through obtaining a large market share (Porter, 2012). Lower prices lead to higher demand and, therefore, to a larger market share. As a low-cost leader, organizations can present barriers against new market entrants who would need large amounts of capital to enter the market. The leader then is somewhat insulated from industry wide price reductions (Malburg, 2012). The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a organization lowers prices too much, it may lose revenues. This generic strategy calls for being the low-cost producer in an industry for a given level of quality.

Market Focus Strategy: The focuser's basis for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the services based on a certain physiological aspect or by special attributes that appeal to members of a certain social class (Stone, 2008). A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market based on their income levels. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes.

In the focus strategy, a organization targets a specific segment of the market (Porter, 1998). The organization can choose to focus on a select customer group, services and products range, geographical area, or service line (Stone, 2008). Focus also is based on adopting a narrow competitive scope within an industry. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and services and products specifications or requirements. A successful focus strategy (Porter, 1998) depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Mid-size and large organizations use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival public universities.

Differentiation Strategy: Differentiation strategy is a marketing technique used by a organization to establish strong identity in a specific market. Using this strategy, a organization will introduce different varieties of the same basic service and product under the same name into a particular services and products category and thus cover the range of services and products available in that category. Differentiation strategy can also be defined as positioning a brand in such a way as to differentiate it from the competition and establish an image that is unique (Davison, 2011). Differentiation strategy is an approach under which a organization aims to develop and market unique services and products for different customer segments.

Usually employed where a organization has clear competitive advantages, and can sustain an expensive advertising campaign. It is one of three generic marketing strategies that can be adopted by any organization. To maintain this strategy the organization should have: strong research and development skills, strong services and products engineering skills, strong creativity skills, good cooperation with distribution channels, strong marketing skills, and incentives based largely on subjective measures, be able to communicate the importance of the differentiating services and products characteristics, stress continuous improvement and innovation and attract highly skilled, creative personnel. Research within service sector (Prescott, 2008), concludes that services and product differentiation is a common way of differentiating the organization's offerings from those of its competitors.

A differentiation strategy calls for the development of a services and products or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the services and products of the competition. The value added by the uniqueness of the services and products may allow the organization to charge a premium price for it. The organization hopes that the higher price will more than cover the extra costs incurred in offering the unique services and products. Because of the services and products' unique attributes, if suppliers increase their prices the organization may be able to pass along the costs to its customers who cannot find substitute services and products easily (Porter, 1998).

Organization Performance

Organization performance comprises the actual output (or goals and objectives). Specialists in many fields are concerned with Organization performance including strategic planners, operations, and finance, legal and organizational development. In recent years many organizations have attempted to manage Organization performance using the balance scorecard methodology where performance in tracked and measured in multiple dimensions such as: Financial performance (e.g. shareholders return) employee stewardship (Wikipedia, 2009) performance improvement is the concept of measuring the output of a particular process or procedure, then modifying the process or procedures in order to increase the output, efficiency or effectiveness of the process or procedure.

Performance improvement is the concept of the organizational change in which the managers and governing body of the Organization put into place and manage a programme which measures the current level of performance of the Organization and then generates ideas for modifying Organization behaviors and infrastructure which are put into place in order to achieve a better level of output. The primary goals of Organization improvement are to improve Organization effectiveness and Organization efficiency in order to improve the ability of the Organization to deliver its services and prosper in the market places in which the Organization competes (Ramarapu, & Lado, 2012). A third area of improvement which is sometimes targeted for improvement is the Organization efficacy which involves the process of setting organizational goals and objectives (Casale, 2011; crane, 2010; Quinn, 2010).

Theoretical Review

Porter's Theory of Competitive Advantage: This theory originates from the 'theory' of the competitive advantage of nations originally advanced by Porter (1990a, 1997a, 1998b, 1998c, 2000). Porter (1998) identifies five forces of competition as fierce rivalry, threat to entry, threat to substitutes, power of suppliers and power of buyers. He upholds that understanding the forces that shape a sectors competition is the basis for developing a strategy. Generic strategies can be effectively correlated to organizational performance by using key strategic practices.

Resource Based View: The main proponents of RBV theory are Ansoff (1965) and Chandler (1962) who made important contributions towards developing the Resource-Based View of strategy (Hoskisson et al. 1999). The resource-based view of the firm (RBV) draws attention to the firm's internal environment as a driver for competitive advantage and emphasises the resources that firms have developed to compete in the environment.

Mathematical Theory: The mathematical theory of games was invented by Deschamps and Nayak (2008). Game theory is the study of the ways in which strategic interactions among rational players produce outcomes with respect to the preferences (or utilities) of those players, none of which might have been intended by any of them. Game theorists, like economists and philosophers studying rational decision-making, describe these by means of an abstract concept called utility. This refers to the amount of welfare an agent derives from an object or an event. Welfare refers to some normative index of relative well-being, justified by reference to some background framework.

Issues Arising from the Reviewed Theories Leading to Gap

It is clear from this theoretical and literature review that there is considerable diversity in how strategy is conceptualized and in its units of analysis. There is no clear consensus that any one of the diversity of views is the correct one going into the future. As with many things, the best view is likely to be a mix of those reviewed in this paper: The Porters Model, the Resource Based Theory, Theory of Strategic Balancing and Mathematical Theory of Games. One of the important lessons that emerged from this theoretical literature review is that strategy is intimately related to the idea of 'doing'. Obtaining a certain market position involves action on the part of the firm, as does appropriately using one of its internal, or relational, resources. Yet the notion of strategic action and the associated analysis such as what conditions make the execution of such actions viable, or what the effects of these actions might be seem to have attracted little attention in the literature. There appear to be no uniform means of describing strategies, nor any uniform collection of analytical tools to establish whether a set of practical strategies are aligned to each other.

Empirical Review

Jonsson and Devonish (2011) carried out an exploratory study on competitive strategies among hotels in a small developing Caribbean state. The study established that those firms that have properly planned and applied competitive strategies have a tendency to have higher performance than those that have not. It was concluded that competitive strategies can lead to high organisational performance, customer satisfaction and increased competitiveness in the face of competitors.

Timberlake (2014) in his study on the business case for sustainable development: making a difference toward the earth found that on the level of marketing sustainability, the aspects of competitive advantage are becoming the most stressed issues. Earlier, and for most organization seven today, legal and social pressures played a primordial importance for thinking about and acting in sustainability matter. Nowadays, an increasing number of organizations realize the need to implement corporate sustainability for maintaining competitiveness. Sustainability issues are increasingly integrated into overall company strategy, into strategy of business units and into that of different company's functions as well, such as innovation, purchasing, marketing, human resource management, and so on. Moreover, performance of organization oriented competitive strategies have been identified and elaborated.

A number of studies have been done on competitive strategies but under different contexts in Kenya. Murage (2011) analyzed the competitive strategies in the petroleum industry and found that service stations use differentiation as a method of obtaining competitive advantage over other service stations. Gathoga (2011) focused on competitive strategies by commercial banks in Kenya. The study revealed that banks in Kenya use various means in order to remain competitive, he also concluded that expansion into other areas by opening new branches has also, been used as a strategy.

Arasa and Gathinji (2010) carried out a study to examine the relationship between competitive strategies and organizational performance among firms in the mobile telecommunications industry in Kenya. The study revealed that competition was high in the industry and product differentiation and low cost leadership were the most commonly used strategies. Karanja (2002) did a survey of competitive strategies of real estate firms in the perspective of Porter's generic model. These studies reveal that firms in different industries adopt different competitive strategies which are unique in each context.

Kimotho (2012) did a study on the impact of competitive strategies on the financial performance of CFC Stanbic Bank Limited. The link between these competitive strategies and the financial performance of commercial banks form the framework of the study. A case study approach was employed to determine the impact of competitive strategies on the financial performance of commercial banks specifically focusing on CFC Stanbic Bank Ltd in Kenya. Content analysis was used to analyze the data collected in this study. The presentation of the analysis and interpretations was captured in two parts: the first part capturing the general information in regard to those sampled, while the second part was further subdivided into parts capturing; Segmentation Strategies; Price Strategies; Delivery and Distribution Strategies; Promotional Strategies; Risk management strategies; Product and service differentiation strategies and performance of the bank. The results indicate that those companies that are effective at rapidly bringing innovative new products and services to the market have gained a huge competitive edge in today's business world. The results therefore attributed the improvement in financial performance on the competitive strategies that the bank has been undertaking in the past years of its existence.

Rosen (2015) notes that measurement of performance for most industrial organisations includes profit, earnings/share, market share, sales/employee dividend rate, return on capital, productivity, sales, costs, staff turnover. Rosen further observes that most of the parameters measure the efficiency with which resources are used. Authors from differing management disciplines tend to categorize the various performance indicators that are available including competitive advantage, flexibility, financial performance, resource utilization, Quality of service and innovation. These six generic performance dimensions either reflect the success of the chosen strategy (competitive advantage, financial performance) or determine competitive success (flexibility, resource utilization, Quality of service and innovation). Financial measures and accounting rations are used to evaluate financial performance of organisations. Some studies using financial measures include Mwaura (2010) return on capital employed, return on Assets and Return on investment. Wangari (2007) sales profits, cash profit, return on equity, growth, Wanjau (2007) return on assets. Marangu (2007) return on assets, profit, and total liabilities/total assets and shareholder's equity/total assets.

Research Gap

It's however clear that only limited studies have been done to determine the effect of competitive strategies on organization performance. From the reviewed studies, different approaches and theoretical and conceptual frameworks have been used. There is no consensus on theories and conceptual framework. This study will therefore fill this gap by reviewing the existing theoretical literature on linkage between competitive strategies and organizational performance, reviewing the existing empirical literature on linkage between competitive strategies and organizational performance, establishing the emerging knowledge gaps reviewed on competitive strategies and organizational performance and coming up with a conceptual framework for link between competitive strategies and organizational performance.

Reflection on the Theoretical Gaps

Most of the empirical studies done has operationalised competitive strategies in three different strategies. These includes differentiation, market focus and cost leadership. Performance has been operationalised into the following parameters; productivity, return on assets, return on equity and service delivery.

This paper therefore proposes that;

Proposition 1: Competitive strategies adopted in an organisation determines the level of organisation performance.

The above assertions have been reinforced by a number of theories in this study. The study theories include, theory of strategic balancing which states that the performance of companies is influenced by the actors' behavior, including the system of leaders' values. Mathematical Game Theory shows that strategic interactions among rational players produce outcomes with respect to the preferences of those players, none of which might have been intended by any of them. Resource Based Theory postulates that the optimal strategy of a firm depends on many factors, for example availability of qualified employees and other resources (external factors), quality of the current employees and the goals and strategic behaviour of the business owner.

Reflection on Empirical Gaps

Organizations are said to be operating in a turbulent and hyper competitive environment, and it is their desire to continue to operate successfully by creating and delivering superior value to their customers while also learning how to adapt to a continuous and dynamic business environment. Competitive strategies are therefore an essential thing since as it involves developing and formulating strategies to meet competition and ensure long term survival and growth. This will in turn ensure that competitive advantage is created so that the company will not only outperform competitors but also guide it successfully in all the changes in the environment. It is indeed empirically proven that competitive strategies do not only gives a firm competitive advantage which makes it outperform competitors in the industry but also go a long way in enhancing organizational performance. Based on these views this paper proposes that;

Proposition 2: Competitive strategies utilization in an organisations needs continuous and sustained supervision, improvement and adequate funding in view of it importance's.

From the available literature, today's organizations have to deal with dynamic and uncertain environments. In order to be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes (Malburg, 2010). Organizations must be able to act quickly in response to opportunities and barriers. To succeed long term, organizations must compete effectively and out-perform their rivals in a dynamic environment. To accomplish this, they must find suitable ways for creating and adding value for their customers.

Conceptual Framework

Figure 1 presents diagrammatic representation of the relationship between the independent variables on the left and the dependent variable. Both the moderating and intervening variables has been as well included.

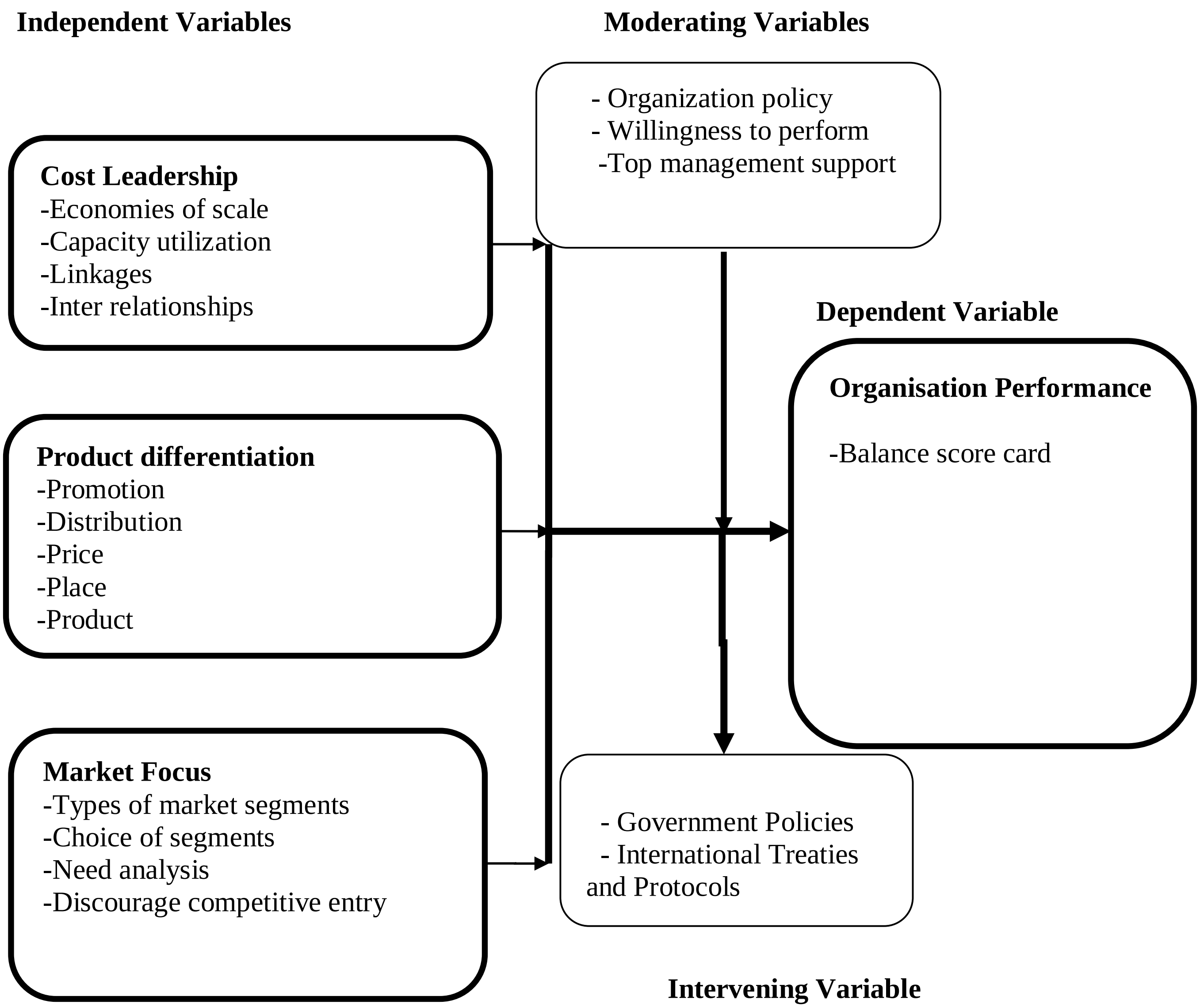

Figure 1 Conceptual Framework
Source: Researcher (2016)

The development of the conceptual framework is guided by Porter's competitive business strategy typology which argues that three generic strategies of cost leadership, differentiation, and focus help create a defendable position that contributes to a competitive advantage. The conceptual framework of this study is based on available literature that states that Porter's (1980) typology seems to be the most popular paradigm and has received more research attention than any other typologies (Kumar, Subramanian & Strandholm, 2011). It is further acknowledged that Porter's framework of generic strategies is also inherently tied to firm performance (Powell, 2015).

Cost-leadership strategy is a pricing strategy in which a company sells the same product at different prices in different markets. It can also refer to the charging of different prices for the same product to different social or geographic sectors of the market. It describes a way to establish the competitive advantage. Cost leadership, in basic words, means the lowest cost of operation in the industry. Consistently making or offering better products that outperform competitors' products.

Market focus strategy encompasses the intangible, informational aspects of selling and servicing a product as well as the tangible, procedural aspects of product delivery and replenishment. Successful market focus strategies create a competitive advantage for the seller, as customers view these products as unique or superior. Advertising and promotion of a product is based on its differentiating characteristics

Differentiation strategies refer to the approach under which an organisation aims to develop and market unique products for different customer segments. Usually employed where an organisation has clear competitive advantages, and can sustain an expensive advertising campaign. It is one of three generic marketing strategies (focus strategy and low cost strategy for the other two) that can be adopted by any organisation.

Conclusions

According to Burnes (2011), competitive strategies, organizational autonomy and strategic positioning have a strategic impact and contribute to organization performance. The organization is shown as one of a number of competitors in an industry; and to a greater or lesser degree these competitors will be affected by the decisions, competitive strategies and innovation of the others. These inter-dependencies are crucial and consequently strategic decisions should always involve some assessment of their impact on other companies, and their likely reaction.

The study aimed at finding out relationship between competitive strategies and organizational performance. Based on the empirical findings the study made the following conclusion. This study confirms that many organisations employs cost leadership, differentiation and focus strategies either simultaneously or at the exclusion of others in order to be competitive and improve their performance. The finding of this study thus adds to the existing literature on critic of Porter's assertion that the generic strategies are mutually exclusive hence partially supporting the notion of Porters' exclusive application of competitive strategies in order to achieve superior performance.

Cost leadership influence performance of organisations. Further organization attempt to keep prices low through a division of labour that allows them to hire and train inexperienced employees rather than trained employees and that attempt to source products from cheap domestic supplies and passes the savings on to customers. Field briefings is one of the main factors that ensure success of creating product uniqueness, in-depth analysis, frequent communications via liaison devices, group decision making, increased delegation, reduced formality and scanning activities also are some of the factors that ensure success of creating product uniqueness.

There is an attempt to achieve high growth by identifying new markets for r new but related products. Organization attempt to take licensing agreements to manufacture or supply products developed by other companies and that organization offer new products to existing customers. Organizations divide the market into smaller sections that can reach at low cost and that are cost sensitive. Organizations use latest technology, offers high quality services, offering services not offered by competitors and that introducing new services in market.

Recommendation for Further Studies

The study recommends that to add weight to this study, another study should be done to investigate the effect of competitive strategies on the performance among manufacturing firms in Nairobi county. A similar study should also be done on public hospitals since their operations are different from that manufacturing firms. Further studies should be done on the challenges facing firms in the adoption of competitive strategies by government parastatals.

References

Akerlof, G. (1970). The market for lemons: quality uncertainty and the market mechanism,

Ansoff H. I. & McDonnell E. (1990). *Implanting Strategic Management*; New York: Prentice

Asdemir, O., Fernando, G. D., & Tripathy, A., (2013). Market perception of firm strategy. Managerial Finance, 39 (2), 90-115.

Bieker, T., (2003). Sustainability Management with the Balanced Scorecard, In Karner, S.,Oehme, I. and Seebacher, U. eds. Corporate Sustainability, *5th International Summer Academy on Technology Studies*, Deutschlandsberg, Austria, July 13–19. ConferenceProceedings, pp. 17–34.

Brealey R. & Myers, A. (2003).*Principles of Corporate Finance*; 7th Edition; Tat: McGraw-Hill

Brooks, M.R. (2010). International competitiveness: assessing and exploring competitive advantage by ocean container carriers, *Logistics and Transportation Review*, Vol. 23(3),275-93.

Clark, R. (2007). Leadership Role in Strategic Change.*Nursing Homes*, Vol. 50 (1), 12-3.

Collins, D.W., Maydew, E. & Weiss, I. (1997).Changes in the value relevance of earnings and book values over the past forty years. *Journal of Accounting and Economics* 24,39-67.

Datta, Y., (2009). A critique of Porter's cost leadership and differentiation strategies. USA: Cincinnati, Oxford Business and Economics Conference held on June 24-26, 2009. Oxford University.

David, F.R. (2011). *Strategic Management*: Concepts; Upper Saddle River, New Jersey: Prentice

Deschamps, J. P. &Nayak, P. R. (2008).*Product Juggernauts*, new York: Harvard Business School Press.

Dess, G.G. & Davis, P.S. (1984).Porter‟s generic strategies as determinants of strategic group membership and organizational performance, *Academy of Management Journal*, Vol.27(3), 467-88.

Doyle, P. (2000). *Value-Based Marketing. Marketing Strategies for Corporate Growth and Shareholder Value*, Europe: John Wiley and Sons.

El-Kelety, L. (2006). Towards a conceptual framework for strategic cost management .The concept, objectives and instruments. PhD thesis. Chemnitz, Germany: Chemnitz University of Technology.

Gitonga, C.K.(2003). Application of Porters generic strategies framework in hospitality establishment in Nairobi. Unpublished MBA Project. Nairobi: University of Nairobi.

Gloria, M. & Ding, S. (2011). Porter's Generic Strategies: An Exploratory Study of their use in Japan. Journal of Business Strategies, 24 (1), 69-90.

Johnsson, N. (2011). Applying competitive strategy in quantity surveying firms: An evolving process. Asian Journal of Management Research 2(1), 61-73.

Jusoh, R. & Parnell, J. A. (2008), Competitive strategy and performance measurement in the Malaysian context: an exploratory study. Management Decision. 46 (1), 5-31.

Karanja, P.W. (2012). Competitive strategies of real estate firms: The perspective of Porter's competitive advantage. Unpublished MBA Thesis. Nairobi: University of Nairobi.

Kimotho, T. (2012). Impact of competitive strategies on the financial performance of CFC Stanbic bank ltd. Unpublished MBA Thesis. Nairobi: University of Nairobi.

Kotler, P. (2003). *Marketing Management*, Eleventh Edition.Prentice Hall International.

Maluku, M. (2008). The effects of competitive strategies on performance of dairy firms in Kenya. Unpublished MBA project, Nairobi: Kenyatta University. Marques, A., Lisboa, J., Zimmerer, T.W., & Yasin, M.M., 2000. The Effectiveness of strategies employed by dominant firms in the Portuguese crystal glass industry: An Empirical Investigation. European Business Review, 12 (1), 34- 40.

Porter, M. (1998).*Competitive Strategy*. Boston: The Free Press. Prescott, J. E. (2008). The evolution of competitive intelligence, in Hussey, D.E. (Ed.), *International Review of Strategic Management*, Wiley, Chichester. NY, pp. 1-22.

Porter, M.E. (2001). Strategy and internet. Harvard business review, 79(3), 63-78. Powell, TC. 2001. Competitive advantage: logical and philosophical considerations. Strategic Management Journal, 22 (9), 875–888.

Shigang, Y. (2010). Competitive strategy and business environment: The case of small enterprises in China. Asian Social Sciences Journal. 6 (11).

Zahra, S., Sapienza, H., & Davidson, P. (2006). Entrepreneurship and dynamic capabilities: A review, model and research agenda. Journal of Management Studies 43(4), 917-995