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Effects of Competitive Strategies on Organizational Performance in Scania East Africa Limited

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ABSTRACT

Organizational performance in the motor industry has become a major focus of managers due to the stiff competition witnessed in the industry and technology which is changing so rapidly. With this in mind, the issue of competitive strategies of the motor industry has become paramount and organisations are preparing for stiff competition from existing competitors as well as new entrants within the industry. To achieve this objective, these organisations need strategies that are competitive, sound and outstanding to gain a competitive edge and enhance their organisational performance. The purpose of this study was to determine the effects of competitive strategies on organizational performance at Scania East Africa Limited which is in the motor industry, specifically retail and distribution of the heavy commercial vehicles. Four specific objectives formed the basis of study and these were: to examine the effect of differentiation strategy, pricing strategy, focus strategy and innovation strategy on the organizational performance at Scania East Africa Limited. The theoretical framework included theories such as, stakeholder theory, Resource based view theory and competitive advantage theory. The target population consisted of 144 employees of Scania East Africa Limited. However, the respondents were sampled. Quantitative research design was adopted for the study. The sample size of the study was 43 which was calculated by using 30% of the total population. A modified Likert scale questionnaire was developed and divided into four parts. A pilot study was carried out to refine the instrument. The quality and consistency of the study was further assessed using Cronbach's alpha. Data analysis was performed on a PC computer using Statistical Package for Social Science (SPSS Version 23) for Windows 10 computer. Analysis was done using frequency counts, percentages, means and standard deviation, regression, correlation and the information generated was presented in form of tables. The stepwise multiple regression analysis revealed that the competitive strategies namely; differentiation strategy, pricing strategy, focus strategy and innovation strategy explained statistically significant portion of the variance associated with the extent of organizational performance. The stepwise multiple regressions indicated that among the factors influencing organizational performance at Scania East Africa Limited, the variables had more effects on improving organizational performance. This result was an emphasis on the role of differentiation strategy, pricing strategy, focus strategy and innovation strategy and explained statistically significant portion of the variance associated with the extent of organizational performance of Scania East Africa Limited. The study recommended the following: That differentiation should be derived from customer experience in other words the customer's suggestions should be central in designing products that meets the customer's needs; that the company should continuously use cheaper quality raw materials and skilled labour to create value for the shareholders; that the company should continuously focus on its core business activities: that innovation should be at the centre of all operational activities. Pricing strategy, Innovation strategy and focus strategy also had statistically significant effect on organisational performance at Scania East Africa Limited therefore contributing positively to organisational performance of the company

Introduction

Strategic management is a concept that concerns making decisions and taking corrective actions to achieve long-term targets and goals of an organization (Bakar, Tufail, Yusof & Virgiyanti 2011). It is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Simba ,2015). From this concept of strategic management is where we have strategies that enhances the organization to achieve its objectives. The business environment has become very aggressive and highly competitive. 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. The external environment is dynamic and often results in uncertainties for the organization (Porter, 2011). Out of the constant interaction between such a dynamic environment and the organization, opportunities and threats emerge. Further turbulent environmental changes can render yesterday's winning business solutions and principles obsolete (Porter, 2011).

According to research carried out by Rüger, Fredrik & Brash 2014, transportation which leads to demand of heavy commercial trucks and buses is greatly affected by large-scale political, social, environmental, and economic changes, and the major global trends that shape the business environment. Although these trends are similar across the globe, they affect different regions in different ways. Therefore, the road ahead for large commercial vehicles looks different from one country to the next. In that context, each industry player will have its own potential road to success. To help craft an effective competitive strategy factors that should be put into consideration include; the evolving business environment (global trends), the potential demand for trucks in every country (sales and markets, the needs and preferences of truck owners and operators (customers and products), the operational opportunities (production and manufacturing) and importantly the environmental concerns, safety features, and Internet connection (innovation).

According to Uzel (2012) a certain degree of competition is generally perceived to be essential and desirable to improve allocative and productive efficiency in the provision of services. An organization does not operate in a vacuum but within an external environment. This environment consists of variables that form the context within which firms exist (Bryman & Bell, 2015). Competitive strategy consists of all the moves and strategies that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. 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 (Bryman & Bell, 2015). Heavy commercial industry players therefore have to be aware of the growth trends in the markets, and at the same time stay alert to the continuous market cyclicality in the mature markets. Sustaining competitive advantage in the markets will require a highly-specific market tailored strategy. A consistent worldwide business model will not be sufficient. Regional needs have to be reflected and effective strategies employed. Innovations will be needed to address technological challenges and the rising importance of total cost of ownership in order to increase the organisations profitability and performance in the industry (Becker, 2011).

As the global competition becomes increasingly fierce, how to build sustainable competitive advantage starts obtaining more attention as it is important for the survival and sustainable growth of companies in both developed and developing countries (Kising'u, Namusonge & Mugambi 2012). The decline in world heavy commercial motor industry has grossly affected motor industry sales and posed a threat to motor industry operators because Kenyan motor industry largely depend on the International heavy commercial motor industry market (Becker, Beutel, Soo-Lee,& Chang 2011). Previous studies have been conducted in Kenya on operations strategy, for example, Mbeche &Nyamwange (2013) conducted a study on the manufacturing strategies pursued by heavy motor manufacturing firms in Kenya as a way of remaining afloat in the turbulent global environment. This study found out that regardless of a company's characteristics, in order for companies to gain and maintain competitiveness they should pursue the right strategies, which include, high quality, low cost, time/speed, innovativeness and flexibility. Although the study talked about manufacturing strategies it did not look at the operations strategies that will enhance the organization's competitive advantage.

The global automotive industry, increasingly characterized by global mergers and relocation of production centers to emerging developing economies, is in the grips of a global price-war. The industry is subject to imperfect competition which has resulted in too much of everything such as too much capacity, too many competitors and too much redundancy and overlap. The industry is concerned with consumer demands for styling, safety, and comfort; and with labor relations and manufacturing efficiency (Nag, Banerjee & Chatterjee 2007). Motor industries like other businesses are turning to strategies that can boost organisational performance so that they can qualify for international recognition for standardization competition, company of the year awards and other rating as well as membership to professional bodies. Kenya's macro environment has undergone several changes. This has made firms to come up with strategies that would help them to be successful in this environment. The motor industry has also been affected by some of these changes like liberalization and globalization which have made the formal motor sector to come up with strategies that will adapt to the changing environment (Wamai, 2011). The Kenya Vehicle Manufacturers (KVM) developed a model called the Organizational Performance Index (OPI) which is a tool that drives organizations in Africa towards excellent performance and competitiveness.

The performance of organizations is measured against global standards and benchmarks. The key parameters include systems thinking, competitiveness, standards and continuous improvement. The OPI model rates participating organizations using a scale of 1-10 using both its internal and external processes. It uses seven global determinants which are leadership and management, human resource, customer focus and marketing, financial aspects, innovation and technology, corporate social responsibility, environmental focus, productivity and quality. Organizations are then assessed according to specific indicators to their industry. Motor Industries are some of the organizations which must be assessed because they play a key role in the economy of Kenya. This poses another challenge on heavy commercial motor industry to improve their performance rating.

Iravo, Ongori & Munene (2013), states that one of the important questions in business has been why some organizations succeed and why others fail and this has influenced a study on the drivers of organizational performance.

Awino (2011) asserts that for an organization to be successful it must record high returns and identify performance drivers from the top to the bottom of the organization. However, little has been done, specifically addressing the specific strategies firms in this industry should employ. The traditional management approaches and models are no longer adequate to achieve a sustainable competitive advantage (SCA) in the heavy commercial motor industry and technology becomes obsolete every so often (Kingi, 2013). This has posed a new challenge to managers in the heavy commercial motor industry to review and position themselves strategically to achieve competitive advantage. Kenya has been experiencing turbulent times with regard to its organizational practices in the last two decades (Namusonge, Kabare & Mutua 2012). This has resulted in generally low profits across the economy and this picture is well replicated in the heavy motor industry. This study therefore seeks to assess the effect of competitive strategies on organisational performance a case study of Scania East Africa Limited that operates within the heavy commercial motor industry. This is because the research hypothesizes that competitive strategies could be the answer to the current motor industry dilemma.

Research Objectives

i. To establish the effect of differentiation strategy on the organizational performance at Scania East Africa.
ii. To find out the effect of pricing strategy on the organizational performance at Scania East Africa Limited.
iii. To examine the effect of focus strategy on the organizational performance at Scania East Africa Limited.
iv. To evaluate the effect of innovation strategy on the organizational performance at Scania East Africa Limited.

Related Literature

Theoretical Framework

Resource-based View Theory

The Resource Based Theory (RBT) of the firm states a firm is able to deliver added value through the strategic development of the organizations rare, hard to imitate and hard to substitute resources. The theory states that a firm can perform better when it combines its unique resources to drive all the areas of the organization (David, 2009). This theory asserts that a firm gains sustainable competitive advantage when it implements strategies which cannot be copied by competitors. Resources that qualify to be sources of competitive advantage must be rare, strategic, inimitable, non-substitutable, appropriate and immobile (Ling & Jaw, 2011). The dynamic nature of firms calls for the development of dynamic capabilities which can be able to integrate, build upon and reconfigure internal and external resources to the firm's advantage. The RBT of the firm links the internal capabilities of the organization to strategy formulation to achieve competitive advantage (Nduta, 2012). The theory views the firm as an interconnectivity of resources and capabilities which may be tangible or intangible. The RBT of the firm has stressed the importance of strategic choice whose tasks include identifying, developing and deploying core resources to maximize profits. This theory has contributed to the development of the theory of competitive advantage. Hotels are therefore charged with the responsibility of investing in unique resources that will differentiate them from their competitors and help them improve their performance (Pearce & Robinson 2011).

A firm's resources are categorized into either financial, physical, human or organization capital. These resources or internal attributes of firms have been referred to as the core competencies or core capabilities of firms that give them a competitive advantage. To achieve this, the resources must be valuable, rare, costly-to-implement (imitability) and applied by organized systems of a firm to realize their full potential. The resource-based view and the VRIO (value, rarity, imitability, and organization) framework can be applied to individual firms to understand whether these firms will gain competitive advantage and how sustainable this competitive advantage can be. (Teece, 2010) outlined four resources characteristics that can lead to sustainable competitive advantage namely, the heterogeneity, ex post limits to competition, ex-ante limits to competition and imperfect mobility which have implications on the inelastic supply of such resources.

The resource based view is useful in informing about risks as well as benefits of diversification strategies. This theory has several limitations namely, unforeseen environmental upheavals or drastic turbulence, managerial influence that is limited, and data challenges based on intra-organization resources. However, it complements other analyses such as Porter's five-force model, the generic strategies and opportunity analysis (Davidson, 2011).

Stakeholder Theory

Stakeholders are entities that are affected in various ways by the undertakings of an organization. (Awang *et al*., 2015) argued that organizations should consider the interests of stakeholders because they influence the performance of firms in various ways. Ongore & Kobonyo, (2011) highlights that stakeholders bear some risks because of their direct or indirect investment in a particular organization. A firm is therefore an interrelationship of various stakeholders who influence the organization both externally and internally. It is stated that in an organization, stakeholder can either be primary or secondary depending on their relationship with the organization. This is because organizations are different and they harbour different interests. Organizations should develop tactics to respond to the needs of stakeholders in order to prevent the negative effects of stakeholders' activities. Stakeholders are very important for organizations because they interact with the organization on a day to day basis hence they have a very big influence on the affairs of the business (Kiragu, 2014).

Stakeholders can either take a cooperative potential or a competitive threat depending on how an organization treats them. Organizations should develop strategies for stakeholder management such as leading, educating, collaborating, defending, educating and motivating stakeholders (Lindstrom, 2013). Motor industry just like other organizations have stakeholders who have needs that need to be met in order to improve performance. Customers have been regarded as the most important stakeholders for the purposes of this study and hence their relationship with motor industry needs to be managed. The stakeholder theory concentrates on the issues concerning the stakeholders in a firm (Lorange & Datson (2014) The theory asserts that a hotel invariably seeks to provide a balance between the interests of its diverse stakeholders to ensure that each stakeholder receives some degree of satisfaction.

Alhaji & Yuseff (2012) argue that the stakeholder theory is good in explaining the purpose of corporate governance by describing different stakeholders that constitute an organization. Some of the stakeholders according to this theory include governmental bodies, political groups, trade associations, trade unions, communities, associated corporations, prospective employees, the general public, competitors and prospective clients. Mitchell & Cohen (2012) suggest that the stakeholder theory has become more prominent because the activities of the hotel impact on the external environment which poses a responsibility on the motor industry for accountability to the wider public. They further assert that economic value is created by people who come together and cooperate to improve everyone's position.

Competitive Advantage Theory

When a firm sustains profits that exceed the average for its industry the firm is said to possess competitive advantage over its rivals. The goal of much of business strategy is to achieve a sustainable competitive advantage (Kangangi & Kamure (2014). Smit (2010) identified two basic types of competitive advantage which are cost and differentiation advantage. Cost Advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost but differentiation advantage are the core benefits that a firm obtains which exceed those of competing products. Cost and differentiation advantages are known as positional advantages since they describe the firm's position in the industry as a leader in either cost or differentiation. (Kangangi & Kamure (2014) describes generic strategies as being core to improvement of a firm's performance. For motor industry to perform it must use one or more of the generic strategies otherwise its performance is bound to decline (Dean, 2011).

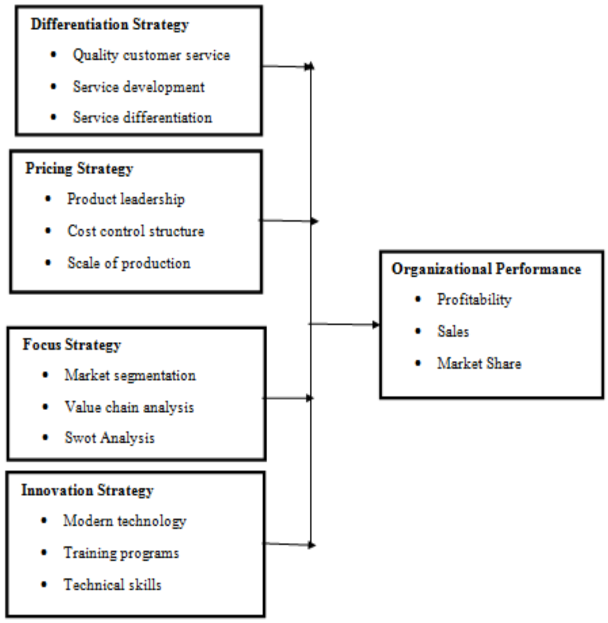
These generic strategies are cost leadership, differentiation and focus. Cost Leadership strategy calls for companies to be low cost producers compared to their rivals. As the industry matures and prices decline, firms that can produce more cheaply will remain profitable for a long period of time. Differentiation strategy is the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than those of competitors. In differentiation, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers (Porter, 2011).

A focus strategy is where a firm concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. Cheng (2013) highlighted that the core competencies of motor vehicle industries include the processes, skills and assets that influence organizations to achieve competitive advantage. Other factors have also been mentioned to contribute to core competencies such as location, brand, facilities, employee customer loyalties, market coverage, market share, service quality, technology, leadership, systems and procedures and organizational culture. Motor industry should strive for unique characteristics in order to distinguish themselves from competitors in the eyes of their consumers (Nduta, 2012).

The concertation ratio indicates the percent of market share held by the largest firms in an industry. A high Concentration Ratio indicates that a high market share is held by the largest firms – the industry is concentrated. (Muthoka, 2014) states that a low concentration ratio indicates that an industry is characterized by many rivals, one of which has a significant market share. These fragmented markets are said to be competitive. This is the case with the Kenyan heavy motor industry. If rivalry among firms in an industry is low, the industry is considered to be disciplined. As a result, the bargaining power of suppliers will not be determined solely by their relationship with one industry but by their relationship with all the industries that they serve. Samuelson & Marks (2012) highlight that the threat of new entrants to the industry is the possibility that new firms can enter the industry which affects competition. Barriers reduce the rate of entry of new firms, thus maintaining a level of profits for those already in the industry. From a strategic perspective, barriers can be created or exploited to enhance a motor industry competitive advantage. Porter's model provides valuable drivers that enable hotels strategic managers to analyse their markets and come up with effective strategies. These competitive strategies create a competitive advantage which gives the motor industry the ability to take proper advantage of their distinctive competencies in order to stay above their rivals in the same industry.

Conceptual Framework

A conceptual framework refers to a graphical representation of the theorized interrelationships of the variables of a study (Odhiambo & Waiganjo, 2014).



Independent Variables Dependent Variable

Figure 2.1. Conceptual Framework.

Review of Study Variables

Differentiation Strategy

Differentiation is another generic strategy developed by Michael porter. Differentiation refers to the development of a unique product or service (Porter, 2011). These products are seen as such when compared with competing products because of the distinguished features. There are many ways and dimensions by which firms can differentiate themselves (Thompson et al, 2012) and their product from rival companies. For instance, the company`s image and customer perceptions are important elements Becker et, al (2011) during differentiation strategy because the perceived difference or distinguishing features make the customer more sensitive toward the buying process. Secondly, the differentiation created by the relationship between the company and buyers through product personalization and adaptation to the buyers` characteristics and differentiation can also be achieved by focusing on connections between departments or other company's relationships such as mix product, distribution channels and after-sales services. Firms that differentiate their product/service successfully set a higher price than competitors to justify the high costs of being unique or different from their counterparts in the industry.

According to Porter (2011), the advantages that benefit firms implementing differentiation strategy refers to the realization of higher income compared to competitors due to brand loyalty, quality and lower demand elasticity of consumers.

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 public university to charge a premium price for it. Motor industry 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 motor industry may be able to pass along the costs to its customers who cannot find substitute services and products easily (Porter, 2010).

Company's in the Motor industry that succeed in a differentiation strategy often have access to leading scientific research, highly skilled and creative services and products development team, strong sales team with the ability to successfully communicate the perceived strengths of the services and products and corporate reputation for quality and innovation (Kiragu, 2014). Successful differentiation is based on a study of buyers from different places needs and behaviour to learn what they consider important and valuable. The desired features are then incorporated into the services and products to encourage buyer preference for the services and products. The basis for competitive advantage is a services and products whose attributes differ significantly from rivals" services and products. Efforts to differentiate often result in higher costs. Profitable differentiation is achieved by either keeping the cost of differentiation below the price premium that the differentiating features command, or by offsetting the lower profit margins through more sales volumes (Uzel, 2012).

Pricing Strategy

The value of any pricing strategy is questionable if it is not congruent with the overall strategy of the firm. Pricing strategies, which do not reflect organizational goals, can detrimentally affect performance outcomes. Price is also one of the most flexible elements: it can be changed quickly, unlike product features and channel commitments. A firm must set a price for the first time when it develops a new product, introduces its regular product into a new distribution channel or geographical area, and enters bids on new contract work. Price is also a key element used to support a product's quality positioning. In making a pricing strategy, a marker must follow a six-step procedure: selecting the pricing objective; determining demand; estimating costs; analyzing competitors' costs, prices, and offers; selecting pricing method, and selecting the final price (Yasar, 2010)

An organization may also seek to gain strategic advantage by its pricing strategy. In this situation, the management accounting function can assist by attempting to assess each competitor's cost structure and relate this to their prices. Particularly, (Makembo, 2012) suggested that it may be possible to examine the cost-volume-profit relationship of competitors in order to predict their pricing responses. By monitoring movement in the market share of major products, a firm can find out the strengths of their market position; the market share also indicates the strengths of different competitors. That information may not be reflected in company's annual report, but according to (Makembo, 2012) argument, the market share details can help management accounting more strategically relevant.

Focus Strategy

The focus 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 certain physiological aspects or by special attributes that appeal to members of a certain social class (Davidson, 2011) Through focus strategy, the company aims to serve the customers in a narrow market segment (Davidson, 2011). Developing the studies about Porter`s competitive strategies, Bakar *et al*, (2011) declared that a focused strategy aimed at securing a competitive edge based on either low cost or differentiation becomes increasingly attractive when the target market niche is big enough to be profitable and offers good growth potential or the Industry leaders do not see that having a presence in the niche is crucial to their own success. It may also become increasingly attractive if it is costly or difficult for multi segment competitors to put capabilities in place to meet the specialized needs of buyers comprising the target market niche and at the same time satisfy the expectations of their mainstream customers.

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, motor industry targets a specific segment of the market Ling & Jaw (2011) The motor industry can choose to focus on a select customer group, services and products range, geographical area, or service line (Stone, 2013). 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 several factors including geography, buyer characteristics, and services and products specifications or requirements. A successful focus strategy 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.

Focus strategy entails directing resources on a select few niche target market. By focusing the marketing mix on the narrowly defined market the business can position itself to increase brand loyalty and customer satisfaction therefore shielding itself from the perils of the minimum price maintenance agreement and effects of the impact of potentially increasing costs. This supports the long tail theory (Paton, 2010) which proposes that increased profitability can be realised by serving small but demanding customer base willing to pay a premium price for it unique product desires. Obasi *et al.*, (2013) argues that focus is also based on adopting a narrow competitive scope within an industry that large firms overlook.

Bakar *et al.*, (2011) states that in adopting a narrow focus, a company ideally focuses on a few target markets (also called a segmentation strategy or niche strategy). These should be distinct groups with specialized needs. The choice of offering low prices or differentiated products/services should depend on the needs of the selected segment and the resources and capabilities of the firm. It is hoped that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market. The firm typically looks to gain a competitive advantage through product innovation and/or brand marketing rather than efficiency. It is most suitable for relatively small firms but can be used by any company. A focused strategy should target market segments that are less vulnerable to substitutes or where competition is weakest to earn above-average return on investment. Hence the organization performance is expected to improve.

Innovation Strategy

Innovation is essential for cluster firms to achieve long-term competitiveness. The economy has been undergoing a series of sweeping changes, driven by rapid innovation progress and change in the industrialized economies. The analysts narrate these changes as the emergence of new innovation "paradigm" (Lall, 2011). This new paradigm involves not only new innovation but also new management techniques, different forms of enterprise linkages, tighter relationships between industry and science, and intensification of information knowledge flows between economic agents. In this technological paradigm, innovation revolutions have often played a strategic role in creating unexpected opportunities for firms in the clusters and have become a source of competitive advantage.

Due to intense competition and changing customer demand, product development process advances have been more significant than changes in the product architecture. Product cycles continue to grow shorter as more companies adopt the simultaneous engineering approach pioneered by Japanese automakers. The degree of scale economies in the industry is closely associated with the flexibility of the innovation to constantly produce different models from the same platform. Some of the major innovation issues of current importance are increasing energy efficiency, competency of internal combustion engine (ICE), reducing the weight of vehicles, incorporating high-tech safety features, and emission norms etc (Nag *et al.*, 2007). Simultaneously, the gradual opening up of the auto-component sector, government has been extending support to the development of domestic critical component and sub-system suppliers through improvement in the investment environment, stronger patent regimes and incentives for R&D.

Organizational Performance

Performance is a complex and dynamic concept which has been conceptualized in two ways namely the drivers of performance and the results of performance (Yaser, 2010) Organizational performance is concerned with the overall productivity in an organization in terms of stock turnover, customers, profitability and market share. Performance is regarded as an output which is aligned to objectives or simply profitability and is explained in terms of expected behavioral output and results. Organizational performance is considered to be the sum of accomplishments achieved by all businesses/departments. These accomplishments are involved with an organizational goal within a given period of time. The goal is either meant for a specific stage or on the overall extent (Lee & Huang, 2012). Bryman & Bell, (2015) asserts that the only worthy performance measure is financial performance because of its value to shareholders, executives and the market. Wadongo, Odhuno & Kambona, O. (2010), states that a firm's performance should not be measured by financial performance but also operational and market indicators. Financial Performance for this research will be measured using profitability and growth in sales while non-financial indicators will be service quality and customer satisfaction. Non-financial measures have been deemed to be more effective in motivating managerial performance because they are more reflective of the overall corporate strategy.

The strategy literature has also proposed a direct link between strategy and a firm‘s performance. The idea that strategy supports a firm‘s performance has been the focus of several studies Alhaji & Yusuf, (2012) Some of the studies have examined several individual dimensions of strategy on firm‘s performance. A quality strategy that allows a firm to achieve both high design and conformance quality will lead to the attainment of a higher reputation in the market place, cost reduction, and higher productivity that can translate into higher sales growth and increased market share. A low cost strategy leads to improvements in efficiencies that a firm can use to reduce its price and all things being equal achieve an increase in sales growth and market share. A firm that develops a strategy that allows it to achieve volume and mix flexibility while keeping costs low and quality high will be able to respond faster to market changes and thus achieve higher performance. And finally, a firm with reliable and on-time deliveries can expect greater customer satisfaction that can potentially lead to increased sales growth and market share Ongore & Kobongo, (2011).

Methodology

This is a case study research design where quantitative methods of data collection were used. According to Paton (2010) a case study seeks to describe a unit in detail, in context and holistically. A case becomes particularly useful when one can identify a case rich in information- rich in the sense that a great deal can be learnt from a few examples of the phenomenon under study. Data collected is in the form of numbers and statistics using a structured questionnaire. This mixed research design was employed to enable the research gather information exhaustively on the subject matter.

The study targeted 144 employees of Scania East Africa Limited from departments of sales, after sales, Human Resource & Administration, Pre-Sales and Finance. Random sampling technique was used. 30% formula was used to arrive at the sample size. (Mugenda, 2013) argued that 30% formula is reliable for arriving at sample size. The researcher used a multiple regression analysis to show the effect of the independent variables on the dependent variables.

The relationship is as follows;

$$\mathbf{Y = B_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Y = Represents the dependent variable, organisational performance

$\mathbf{B_0}$= Constant

$\boldsymbol{\beta_1, \beta_2, \beta_3, \beta_4}$= Partial regression coefficient

$\mathbf{X_1}$ = differentiation strategy

$\mathbf{X_2}$= cost leadership strategy

$\mathbf{X_3}$= focus strategy

$\mathbf{X_4}$= innovation strategy

ε = error term or stochastic term

Research Findings

Differentiation Strategy

The first objective of the study was to establish the effects of differentiation strategy on organizational performance at Scania East Africa Limited. Respondents were required to respond to set questions related to differentiation strategy and give their opinions.

The statement that service differentiation has become a strategy type and emerging business logic in manufacturing had a mean score of 3.65 and a standard deviation of 1.380.

Table 4.1. Differentiation Strategy.

Descriptive Statistics			
	N	Mean	Std. Deviation
Service differentiation has become a strategy type and emerging business logic in manufacturing	31	3.65	1.380
The industry frequently develop new products/ services	31	3.61	.715
Service differentiation helps strengthen the relationship between customer centricity and service development.	31	3.55	1.150
Service development plays a critical role of enhancing organizational performance	31	4.65	.798
Customer will have the right to choose the organization where they are being offered best quality customer service in the market.	31	3.52	1.805
The firm focus on product but deliver services if the customers require them	31	3.26	1.712
Valid N (list wise)	31		

The statement that the industry frequently develop new products/ services had a mean score of 3.61 and a standard deviation of 0.751. The statement that service differentiation helps strengthen and relationship between customer centricity and service development had a mean score 3.55 and a standard deviation of 1.150. The statement that service development plays a critical role of enhancing organizational performance had a mean score of 4.65 and a standard deviation of 0.798. The statement that customer will have the right to choose the organization where they are being offered best quality customer service in the market had a mean score of 3.52 and a standard deviation of 1.805. The statement that the firm focus on product but deliver services if the customers requires them had a mean score of 3.26 and a standard deviation of 1.712.

Pricing Strategy

Table 4.2. Pricing Strategy.

Descriptive Statistics			
	N	Mean	Std. Deviation
Each and every firm has a different parameter of scale for production	31	3.97	1.663
The firm has access to low cost raw materials than our competitors	31	3.48	1.589
The firm strive to reduce cost in non- value addition activities.	31	3.58	1.336
There is vigorous pursue method of cost control by the industry	31	3.29	1.510
The major expenditure of the firm is based on technology based system to lower costs	31	3.58	1.311
Firms have proper product leadership that enhances performance	31	3.81	1.470
Valid N (listwise)	31		

The second objective of the study was to establish the effects of pricing strategy on organizational performance at Scania East Africa Limited. Respondents were required to respond to set questions related to pricing strategy and give their opinions. The statement that each and every firm has a different parameter of scale for production has a mean score of 3.97 and a standard deviation of 1.663. The statement that the firm has access to low cost raw materials than our competitors had a mean score of 3.48 and a standard deviation of 1.589. The statement that the firm strive to reduce cost in non-value addition activities had a mean score of 3.58 and a standard deviation of 1.336.

The statement that there is vigorous pursue method of cost control by the industry had a mean score of 3.29 and a standard deviation of 1.510. The statement that the major expenditure of the firm is based on technology based system to lower costs had a mean score of 3.58 and a standard deviation of 1.311 and the statement that firms have proper product leadership that enhances performance had a mean score of 3.81 and a standard deviation of 1.470.

Focus Strategy

Table 4.3. Focus Strategy.

Descriptive Statistics			
	N	Mean	Std. Deviation
The firm focus on product design technique that economize on cost of materials	31	4.00	1.414
Broad range of new products	31	3.42	1.205
Conducting regular market surveys of customer needs	31	2.90	1.300
Better services to the identified market niche	31	3.65	1.762
Expanding its distribution network	31	4.65	.551
Use of latest technology in the market	31	3.90	1.012
Valid N (listwise)	31		

The third objective of the study was to establish the effects of focus strategy on organizational performance at Scania East Africa Limited. Respondents were required to respond to set questions related to focus strategy and give their opinions. The statement that the firm focus on product design technique that economize on cost of materials had a mean score of 4.00 and a standard deviation of 1.414. The statement that broad range of new products had a mean score of 3.42 and a standard deviation of 1.205. The statement in disagreement that conducting regular market surveys of customer needs had a mean score of 2.90 and a standard deviation of 1.300. The statement that better services to the identified market niche had a mean score of 3.65 and a standard deviation of 1.762. The statement in agreement that expanding its distribution network has a mean score of 4.65 and a standard deviation of 0.551. The statement that use of latest technology in the market had a mean score of 3.90 and a standard deviation of 1.012.

Innovation Strategy

Table 4.4. Innovation Strategy.

Descriptive Statistics			
	N	Mean	Std. Deviation
Creation of a culture and a strategy that promotes innovation as a continuous activity in the industry	31	3.71	1.901
Commitment of top management towards innovation through innovation policy	31	3.61	1.358
Existence of innovation strategy within the organization	31	3.19	2.024
Use of strategic adaptation as a dynamic process of adjustment to change and environmental issue	31	3.71	.973
Strategic positioning relative to its competitors	31	3.81	1.662
Use of transformational organizational strategy to promote radically innovative business models	31	3.32	1.107
Valid N (listwise)	31		

The fourth objective of the study was to establish the effects of innovation strategy on organizational performance at Scania East Africa Limited. Respondents were required to respond to set questions related to innovation strategy and give their opinions. The statement that creation of a culture and a strategy that promotes innovation as a continuous activity in the industry had a mean score of 3.71 and a standard deviation of 1.901.

The statement that commitment of top management towards innovation through innovation policy had a mean score of 3.61 and a standard deviation of 1.358. The statement that existence of innovation strategy within the organization had a mean score of 3.19 and a standard deviation of 2.024. The statement that use of strategic adaption as a dynamic process of adjustment to change and environmental issue had a mean score of 3.71 and a standard deviation of 0.973. The strategic positioning relative to its competitors had a mean score of 3.81 and a standard deviation of 1.662. The statement that use of transformational organizational strategy to promote radically innovative business models had a mean score of 3.32 and a standard deviation of 1.107.

Organizational Performance

Table 4.5. Organizational Performance.

Descriptive Statistics			
	N	Mean	Std. Deviation
Sales for the past 2 years has increased	31	3.65	.877
Sales growth rate for the firm has increased for the past 2 years	31	3.87	1.024
Measure for the profit growth ratio is based on certain parameters	31	3.90	.700
The overall performance for the firm has not been good.	31	3.06	1.459
The firm has large market share as compared to their competitors	31	4.23	1.606
The profitability margin for the firm has always been up.	31	3.52	.926
Valid N (listwise)	31		

The statement that sales for the past 2 years has increased had a mean score of 3.65 and a standard deviation of 0.877. The statement that sales growth rate for the firm has increased for the past 2 years had a mean score of 3.87 and a standard deviation of 1.024. The statement that measure for the profit growth ratio is based on certain parameters had a mean score of 3.90 and a standard deviation of 0.700. The statement that the overall performance for the firm has not been good had a mean score of 3.06 and a standard deviation of 1.459. The statement in agreement that the firm has large market share as compared to their competitors had a mean score of 4.23 and a standard deviation of 1.606. The statement that the profitability margin for the firm has always been up had a mean score of 3.52 and a standard deviation of 3.52 and a standard deviation of 0.926.

Coefficient of Correlation

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (Organizational Performance) and the independent variables (Differentiation strategy, pricing strategy, focus strategy and innovation strategy). According to Sekaran, (2015), this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship). The correlation coefficient was calculated to determine the strength of the relationship between dependent and independent variables (Kothari and Gang, 2014).

In trying to show the relationship between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation (r). This is as shown in Table 4.5 below. According to the findings, it was clear that there was a positive correlation between the independent variables, differentiation strategy, pricing strategy, focus strategy and innovation strategy and the dependent variable organizational performance. The analysis indicates the coefficient of correlation, r equal to 0.219, 0.257, 0.295 and 0.317 for differentiation strategy, pricing strategy, focus strategy and innovation strategy respectively. This indicates positive relationship between the independent variable namely differentiation strategy, pricing strategy, focus strategy and innovation strategy and the dependent variable organizational performance.

Coefficient of Determination (R^2)

To assess the research model, a confirmatory factors analysis was conducted. The four factors were then subjected to linear regression analysis in order to measure the success of the model and predict causal relationship between independent variables (differentiation strategy, pricing strategy, focus strategy and innovation strategy), and the dependent variable (Organizational Performance).

Table 4.7. Coefficient of Determination R^2.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.456[a]	.208	.086	1.77546

a. Predictors: (Constant), Innovation Strategy, Focus strategy, Differentiation Strategy, Pricing Strategy

The model explains 20.8% of the variance (R Square = 0.208) on organizational performance. Clearly, there are factors other than the four proposed in this model which can be used to predict organizational performance. However, this is still a good model as Cooper and Schinder, (2013) pointed

Table 4.6. Pearson Correlatio.

Correlations					
	Organizational Performance	Differentiation Strategy	Pricing Strategy	Focus Strategy	Innovation Strategy
Organizational Performance	1				
	31				
Differentiation Strategy	.219	1			
	.000				
	31	31			
Pricing Strategy	.257	.243	1		
	.000	.000			
	31	31	31		
Focus Strategy	.295	-.046	.736**	1	
	.000	.000	.000		
	31	31	31	31	
Innovation Strategy	.317	.337	.509**	.174	1
	.000	.000	.003	.000	
	31	31	31	31	31

**. Correlation is significant at the 0.01 level (2-tailed).

out that as much as lower value R square 0.10-0.20 is acceptable in social science research.

This means that 20.8% of the relationship is explained by the identified four factors namely differentiation strategy, pricing strategy, focus strategy and innovation strategy. The rest 79.2% is explained by other factors in the organizational performance not studied in this research. In summary the four factors studied namely, or determines 20.8% of the relationship while the rest 79.2% is explained or determined by other factors.

Regression Analysis

Analysis of Variance (ANOVA)

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model is as per Table 4.8 below with P-value of 0.00 which is less than 0.05. This indicates that the regression model is statistically significant in predicting factors of organizational performance. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall Anova results indicates that the model was significant at F = 1.702, p = 0.000.

Table 4.8. ANOVA.

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	21.461	4	5.365	1.702	.000[b]
	Residual	81.959	26	3.152		
	Total	103.419	30			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Innovation Strategy, Focus Strategy, Differentiation Strategy, Pricing Strategy

Multiple Regression

The researcher conducted a multiple regression analysis as shown in Table 4.9 so as to determine the relationship between organisational performance and the four variables investigated in this study.

Table 4.9. Multiple Regression.

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	11.952	3.993		2.993	.006
	Differentiation Strategy	.110	.103	.206	1.063	.000
	Pricing Strategy	.182	.197	.302	.927	.000
	Focus Strategy	.330	.201	.471	1.647	.000
	Innovation Strategy	.204	.139	.320	1.462	.000

a. Dependent Variable: Organizational Performance

The regression equation was:

$Y = 11.952 + 0.110\mathbf{X_1} + 0.182\mathbf{X_2} + 0.330\mathbf{X_3} + 0.204\mathbf{X_4}$

Where;

Y = the dependent variable (Organizational Performance)

X_1 = Differentiation Strategy

X_2 = Pricing Strategy

X_3 = Focus Strategy

X_4= Innovation Strategy

The regression equation above has established that taking all factors into account (Organizational performance as a result of differentiation strategy, pricing strategy, focus strategy and innovation strategy) constant at zero organizational performance will be 11.952. The findings presented also shows that taking all other independent variables at zero, a unit increase in differentiation strategy will lead to a 0.0.110 increase in the scores of organizational performance; a unit increase in pricing strategy will lead to a 0.182 increase in organizational performance; a unit increase in focus strategy will lead to a 0.330 increase in the scores of organizational strategy; a unit increase in innovation strategy will lead to a 0.204 increase in the score of organizational performance. This therefore implies that all the four variables have a positive relationship with focus strategy contributing most to the dependent variable.

This therefore implies that all the four variables have a positive relationship with organizational performance with innovation strategy contributing most to the dependent variable. From the table we can see that the predictor variables of differentiation strategy, pricing strategy, focus strategy and innovation strategy got variable coefficients statistically significant since their p-values are less than the common alpha level of 0.05.

Results of Hypotheses Testing

Hypothesis 1

H_0: There is no effect of differentiation strategy on organisational performance of Scania East Africa Limited.

β_1=0,

H_1: There is an effect of differentiation strategy on organisational performance of Scania East Africa Limited.

$\beta_1 \neq 0$,

In relation to the variable differentiation strategy, the results in Table 4.9 above indicate that differentiation strategy on organizational performance. This is supported by regression analysis t-value of 2.063 which is greater than the critical value 2.0 and a p-value of 0.00 at 95% level of significance which is less than 0.05

After testing the hypothesis by comparing the scores of calculated t-value and critical t calculated t-values was 2.063 for differentiation strategy, the results indicated that differentiation strategy had statistically significant effect on organisational performance at Scania East Africa Limited (β= 0.206; t=2.0603; p<0.001). The $H_{0\ 1}$ was rejected while the H_1 failed to be rejected hence conclusion made that there was a significant effect on organisational performance in Scania East Africa Limited. This finding is consistent with (Murage, 2011) who analysed 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.

Hypothesis 2

H_0: There is no effect of pricing strategy on organisational performance of Scania East Africa Limited

β_1=0,

H_1: There is an effect of pricing strategy on organisational performance of Scania East Africa Limited.

$\beta_1 \neq 0$,

In relation to the variable technological competitiveness, the result in Table 4.9 above indicates that pricing strategy has a significant influence on performance. This is supported by regression analysis t-value of 2.927 which is greater than the critical value 2.0 and a p-value of 0.00 at 95% level of significance which is less than 0.05

After testing the hypothesis by comparing the scores of calculated t-value and critical t; Calculated t-values was, 2.927 for, which is greater than the critical t_{36-1} (0.05) = 2.0, The results indicated that pricing strategy had statistically significant effect on organisational performance at Scania East Africa Limited (β= 0.302; t=2.927; p<0.001). The H_{02}

was rejected while the H_{12}failed to be rejected hence conclusion made that there was a significant effect on organisational performance in Scania East Africa Limited. This finding is consistent with Yasar (2010) in his research on the effect of competitive strategies on organizational performance of Gaziantep carpeting sector where he suggested that in order to improve organizational performance and get sustainable competitive advantage in global markets, competitive strategies should be used resolutely and cost and pricing strategies implemented simultaneously by decision-makers.

Hypothesis 3

H_0: There is no significant effect of focus strategy on organisational performance of Scania East Africa Limited.

$\beta_1=0$,

H_1: There is a significant effect of focus strategy on organisational performance of Scania East Africa Limited.

$\beta_1 \neq 0$,

In relation to the variable focus strategy, the results in table 4.9 above indicate that focus strategy has a significant influence on performance of Scania East Africa Limited.

This is supported by regression analysis t-value of 2.647 which is greater than the critical value 2.0 and a p-value of 0.00 at 95% level of significance which is less than 0.05.

After testing the hypothesis by comparing the scores of calculated t-value and critical t; Calculated t-values was, 2.647 for focus strategy, which is greater than the critical t_{36-1} (0.05) = 2.0.The results indicated that focus strategy had statistically significant effect on organisational performance at Scania East Africa Limited (β= 0.471; t=2.647; $p<0.001$). The H_{03} was rejected while the H_{13} failed to be rejected hence conclusion made that there was a significant effect on organisational performance in Scania East Africa Limited. This finding is consistent with (kitetu, 2015), who found out that focusing on a particular customer segment or geographical market in developing products positively affected the performance of Delta Energy Systems Ltd by getting into the new market, customer satisfaction, customers' confidence, customer retention as well as increased turnover.

Hypothesis 4

H_0: There is no effect of innovation strategy on organisational performance of Scania East Africa Limited.

$\beta_1=0$,

H_1: There is an effect of innovation strategy on organisational performance of Scania East Africa Limited.

$\beta_1 \neq 0$,

In relation to the variable innovation strategy, the results in Table 4.9 above indicate that innovation strategy have a significant influence on performance of Scania East Africa Limited. This is supported by regression analysis t-value of 2.462 which is greater than the critical value 2.0 and a p-value of 0.000 at 95% level of significance which is less than 0.005.

After testing the hypothesis by comparing the scores of calculated t-value and critical t;

Calculated t-values was, 2.462 for innovation strategy, which is greater than the critical t_{36-1} (0.05) = 2.0. The results indicated that innovation strategy had statistically significant effect on organisational performance at Scania East Africa Limited (β= 0.320; t=2.462; $p<0.001$). The $H_{0\,4}$ was rejected while the H_{14} failed to be rejected hence conclusion made that there was a significant effect on organisational performance in Scania East Africa Limited. This finding is consistent with (Kising'u *et al.*, 2016) who assessed the role of organizational innovation in sustainable competitive advantage of universities in Kenya.

They found out that with increased competition in this era of globalization and knowledge economy, the role of organizational innovation in building sustainable competitive advantage has become important for the survival and sustainable growth of universities in both developed and developing countries.

Table 4.10. Summary of Hypotheses Testing Results.

Research Hypotheses	β	t	Sig.	Comments
$H_{1\,1}$	.206	2.063	.000	Supported
$H_{1\,2}$	.302	2.927	.000	Supported
$H_{1\,3}$	.471	2.647	.000	Supported
$H_{1\,4}$	.320	2.462	.000	Supported

Conclusion

From the research findings, the study concluded all the independent variables studied have significant effect on organisational performance as indicated by the strong coefficient of correlation and a p-value which is less than 0.05. The overall effect of the analysed factors was very high as indicated by the coefficient of determination. The overall P-value of 0.00 which is less than 0.05 (5%) is an indication of relevance of the studied variables, significant at the calculated 95% level of significance. This implies that the studied independent variables namely differentiation strategy, pricing strategy, focus strategy and innovation strategy have significant effects of competitive strategies on organizational performance at Scania East Africa Limited.

The stepwise multiple regression analysis revealed that organizational performance namely; differentiation strategy, pricing strategy, focus strategy and innovation strategy explained statistically significant portion of the variance associated with the extent of organizational performance. The stepwise multiple regressions indicated that among the factors influencing organizational performance at Scania East Africa Limited, had more effects on improving organizational performance of differentiation strategy, pricing strategy, focus strategy and innovation strategy explained statistically significant portion of the variance associated with the extent of organizational performance of Scania East Africa Limited. This result was an emphasis on the role of differentiation strategy, pricing strategy, focus strategy and innovation strategy and explained statistically significant portion of the variance associated with the extent of organizational performance of Scania East Africa Limited.

Differentiation strategy had statistically significant effect on organisational performance at Scania East Africa Limited. This finding is consistent with (Murage, 2011) who analysed 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.

Pricing Strategy had statistically significant effect on organisational performance at Scania East Africa Limited. This finding is consistent with Yasar (2010) in his research on the effect of competitive strategies on organizational performance of Gaziantep carpeting sector where he suggested that to improve organizational performance and get sustainable competitive advantage in global markets, competitive strategies should be used resolutely and cost and pricing strategies implemented simultaneously by decision-makers.

Focus Strategy had statistically significant effect on organisational performance at Scania East Africa Limited. This finding is consistent with (kitetu, 2015), who found out that focusing on a particular customer segment or geographical market in developing products positively affected the performance of Delta Energy Systems Ltd by getting into the new market, customer satisfaction, customers' confidence, customer retention as well as increased turnover

Innovation Strategy had statistically significant effect on organisational performance at Scania East Africa Limited. This finding is consistent with (Kising'u *et al.,* 2016) who assessed the role of organizational innovation in sustainable competitive advantage of universities in Kenya. They found out that with increased competition in this era of globalization and knowledge economy, the role of organizational innovation in building sustainable competitive advantage has become important for the survival and sustainable growth of universities in both developed and developing countries.

Recommendation

The study recommended the following:

1. Managers of Scania East Africa Limited should utilize differentiation strategy to foster organisational performance of the company. That differentiation should be derived from customer experience in other words the customer's suggestions should be central in designing products that meets the customer's needs.
2. Managers of Scania East Africa Limited should exploit pricing strategy to foster organisational performance of the company. The company should continuously use cheaper quality raw materials and skilled labour to create value for the shareholders.
3. Managers of Scania East Africa Limited should highly utilize focus strategy to foster organisational performance of the company. The company should continuously focus on its core business activities.
4. Managers of Scania East Africa Limited should harness innovation strategy to foster organisational performance of the firm. Innovation should be at the centre of all operational activities.

Suggestion for Further Studies

This study focused on the effects of competitive strategies on organizational performance at Scania East Africa Limited. Since only 57.2% of results were explained by the independent variables in this study, it is recommended that a study be carried out on other factors on organizational performance in the public sector. The research should also be done in other government corporation of private sector and the results compared so as to ascertain whether there is consistency on organizational performance.

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