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The Effect of Differentiation Procurement Strategy on Performance of Manufacturing Firms in Kenya

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Abstract:

The manufacturing sector is experiencing a major problem of stiff competition emanating from illicit and illegal trade. The study aims at providing insights on procurement competitive strategies used by manufacturing firms in Kenya to achieve competitiveness and increase their performance. The objective of the study was to identify the effect of differentiation procurement strategies on performance of manufacturing firms in Kenya. The study was anchored on Porter's competitive strategy typology. The study will adopt the explanatory research design. The study targeted population of 766 procurement managers from manufacturing firms in Kenya. The Yamane's formula was used to compute a sample size of 264 procurement managers. Stratified, simple random and purposive sampling was used to select respondents. Questionnaire was used to collect primary data. Content validity of the instrument was determined by the researcher using expert judgment. Cronbach's Coefficient Alpha will be used to determine the reliability of the research instrument. The data was coded and entered in the computer for analysis using the Statistical Package for Social Sciences. Pearson Correlation Coefficient was used to determine relationship between differentiation procurement strategies on performance of manufacturing firms in Kenya. There is a significant positive relationship between differentiation procurement strategy and performance of manufacturing firms ($r = 0.344$, p value = 0.000). From the regression model, ($R^2 = .113$) showing that differentiation account for 11.3% variation in performance of manufacturing firms. A positive significant relationship between differentiation and performance of manufacturing firms ($\beta = 0.336$ and p value < 0.05). Differentiation has a significant influence on performance of manufacturing firms. Manufacturing firm's managers should utilize much of differentiation procurement strategy as it has been proven to have the highest significant effect on manufacturing firm performance.

Keywords: Differentiation, procurement, strategy, performance, manufacturing firms

1. Introduction

Rowlinson et al., (2009), characterizes acquirement as the "procedure of getting administrations, merchandise and gear in similarity with appropriate law and controls. Wyld (2011) additionally affirm that production network administration covers all obtaining exercises whose aims is to give the purchaser the best cost and incentive for his/her cash. In current hierarchical setting, Pakkala (2002) called attention to that the key idea of acquisition can't be overemphasized. Without a doubt over the world Hunja (2003) noticed that in both corporate and legislative acquirement, the act of obtaining has moved from a confined, operational action to one that is more united and key both in nature and practice.

Rivalry exists in the assembling area in Kenya because of the high publicizing, value wars and successive item dispatches experienced. While data sharing is recognized to have impact on firm benefit, sparse consideration has been paid to it by scientists in Kenya. The present examination consolidates data sharing as an arbitrator to check how fabricating firms pick their focused obtainment procedures in view of the force of rivalry in the market and how that in the end influences their firm execution. The idea of connecting focused procedure and execution was presented by Barney (2002). Their exploration conveyed to the front the idea that what recognizes performing firms from their rivals was the steady manner by which they build and keep up this focused pith. Be that as it may, the connection between focused acquisition procedures and hierarchical execution is a dubious and uncertain issue in the field of vital administration (Pearce et al., 2007). O'Regan et al., (2011) additionally expresses that the drivers of firm execution and starts a consistent upper hand at the core of administration regardless of no agreement came to under the most favorable conditions.

For example separation technique is best course for e-business to accomplish higher execution (Koo, Song, Kim and Nam, 2007) while Baack and Boggs (2008) contend that separation procedure usage by created nations multinational organizations is once in a while viable. This will be the learning hole that this exploration tries to accomplish. Assembling

alludes to the preparing of crude materials into a last item by utilization of vast scale mechanical generation. Assembling firms worldwide are seen as an impetus of a sound and energetic economy. This is viewed as a key to the advancement of entrepreneurial culture and formation of occupations inside the economy (Opondo, 2004). Superior of the organizations is related with expanded data sharing among the producers and providers.

Separation is one of the key business systems (Allens and Helms, 2006). As indicated by Koskela, (2000), a firm separates itself from contenders on the off chance that it can be extraordinary at something that is significant to clients. Murphy (2011) stated that separation happens when a firm tries to influence the new item/to benefit more engaging the client than the opposition along these lines conceivably summoning a higher cost. In this way separation is worried about making something that is seen as one of a kind by purchasers (Cheah et al., 2007). Doorman (1985) opined that separation procedure might be clarified in view of separation through innovation, mark, situating, plan or advancement. Separation technique includes the improvement of qualities that can give a firm a differential execution advantage above different contenders. A case of this is a firm that contends by having the most comprehensive branch organize open at clients' helpful time, and can chop down holding up time and accelerate benefit conveyance or one that can chop down loaning time without securities.

A separation procedure is moreover based in the wake of persuading customers that a thing is preferred in some way or another over that offered by contenders. In separation techniques, the complement is on making regard through uniqueness, as opposed to most lessened cost.

A separation technique happens when a firm picks up an extraordinary position inside the area of activity by separating its items or administrations. Barney and Hesterley (2006) bear witness to that the phenomenon of a separation procedure depends on upon the limit of individual firms to be creative in discovering better ways to deal with independent their things. As adversaries endeavor to imitate these organizations' last separation move, inventive firm will as of now be taking a shot at new moves and in this manner, be above in rivalry.

Baum, Locke and Smith (2001) firms executing separation methodologies like creative and top notch items accomplish the most elevated development. Some hazardous territories of separation incorporate the trouble with respect to the firm to assess if the extra costs associated with separation can truly be recovered from the customer through premium evaluating. What's more, productive separation approach of a firm may pull in contenders to enter the association's business part bit and copy the isolated thing Lynch (2003). Mosey (2009) places that assembling firms which over and again present creative new items wind up opening up new market specialties, which is fundamental to their survival. Slater and Olson (2001) mourn that the adequacy of separation technique relies upon how well the firm can adjust item advantages and item costs for the client in respect to aggressive advertising. Additionally, Acquah and Ardekani (2006) sees that separating firms can accomplish upper hand over their adversaries in view of the apparent uniqueness of their items and administrations.

A brand is a recognizing name expected to separate the merchandise of one dealer from another (Ghodeswar, 2008). As per Aaker and Joachimsthaler (2000), mark personality needs to mirror the focused procedure and firm's ability to put resources into the projects required for brand to satisfy the desire of the clients. Firms' in this way, require an intensive comprehension of client convictions, states of mind, conduct and rivals with a specific end goal to assemble a legitimate brand since solid brands appreciate client steadfastness, potential to charge premium costs and significant brand energy to help new item/benefit dispatches. The expanding focused weight expects association to take part in exercises that will produce elite and an upper hand (Jones and Linderman (2014). Accordingly unique firms indicate refinement in their inspiration to enhance (Chan and Yuan, 2007). Item/benefit advancement can be an essential wellspring of upper hand that prompts enhanced execution. It is key to any investigation of adaptable assembling frameworks (Camiso'n and Lopez, 2010).

As indicated by Barney and Hesterley (2006), separation includes offering item or administration saw as interesting far reaching. Separation procedure can be founded on numerous measurements, for example, mark picture, imaginativeness, item quality, firm notoriety. However productive separation must be established on segments that are troublesome for adversary firms to copy. Allen and Helms (2006) attest that separation firms collect customer resolve by offering novel things or organizations consequently helping them to perform better than anything contenders.

As adversaries endeavor to imitate these organizations last separation move, inventive firm will starting at now manage new moves and in this way constantly remain one phase before contention. Baum, Locke and Smith (2001) in like manner suggest that associations realizing separation frameworks attempt to offer inventive and first rate things to achieve the most dumbfounding improvement. The present investigation will along these lines center around separation technique in assembling firms in Kenya and its impact on execution. The separation framework may have positive immense effect on the execution of assembling firms in Kenya. In this way heads of these associations should get separation methodology in order to remain before competition and achieve down to earth execution.

A compelling correspondence prompts provider combination and also execution (Lockström et al., 2010). In this manner all assembling firms ought to always enhance correspondence appropriation with their supply base keeping in mind the end goal to better their execution. Assembling firms is additionally accepted to give a stimulus to the monetary advance of creating nations and in addition increasing broad acknowledgment. Similarly, in Kenya, fabricating division makes considerable commitment to the nation's financial advancement (Awino, 2011). The segment can possibly produce remote trade income through fare and occupation creation.

Assembling firms in Kenya takes part underway of an assortment of items and administrations. This constitutes 14 key mechanical subsectors as demonstrated in the Kenya Association of Manufacturers (KAM) 2014 registry. The investigation used an example agent from all the 14 key modern subsectors in spite of their shifted aggressive space

between them in view of the supposition that they work under comparative condition and are gone up against with similar difficulties. The examination hold to the suspicion that sub-areas are largely similarly anticipated that would contribute all in all to the Gross Domestic Product (GDP) of the nation's economy, therefore the need to comprehend their aggregate aggressiveness. Kenya's vision 2030 is akey driver for perceiving a supported yearly country's development.

As indicated by Bigsten et al., (2010), fabricating segment has high potential in work creation and neediness lightening. Kenya expects to turning into the business center point and the supplier of decision for essential fabricated products in Eastern and Central Africa. This will be accomplished through improved acquisition effectiveness and intensity at firm levels. The assembling segment contributed 8.9 for every penny of GDP and gave 12.4 percent of work in the formal division in 2013 (Kenya Economic Report, 2014). In spite of the fact that this is by all accounts a decent execution, it is underneath the 10 for each penny commitment target per annum expected in the Kenya's vision 2030. The real issue credited to this is uncalled for rivalry exuding from unlawful and illicit exchange (Kenya producing review, 2012).

Kenya has been encountering turbulent circumstances as to its hierarchical exhibitions and bring about declining benefits in the assembling segment of the economy (Mutindi, Namusonge and Obwogi, 2013). This influences the assembling division store network both upstream and downstream. To adapt to these progressions, most assembling firms have thought of aggressive acquisition methodologies of separation. Various researchers contends that the quest for a solitary non specific procedure may prompt lower execution Kim, Nam and Stimpert (2004), Spanos, Zaralis and Lioukas (2004). The organizations in Kenya have to some degree embraced Porter's component of focused systems. The attention on assembling area in Kenya is the part it plays in moving the economy, concerning the Vision 2030. This will be huge in supporting the nation's social-financial advancement plan through the formation of occupations. To meet these objectives, producing firms in Kenya require methodology intercession to radically deal with these difficulties and accomplish predominant execution.

The assembling segment in Kenya is encountering a noteworthy issue of firm rivalry radiating from unlawful and illicit exchange (Kenya producing overview 2012). To radically deal with this test and accomplish prevalent execution producing firms in Kenya require procedure intercession. Past examinations have demonstrated that unforeseen authoritative components are basic drivers to execution of associations (Brewster and Mayrhofer, 2012). The assembling part in Kenya has a tremendous undiscovered potential commitment to GDP and business if the difficulties confronting this division are appropriately tended to (Wagana and Kabare, 2015). Despite the fact that assembling firms attempt numerous activities to present focused obtainment procedures with a specific end goal to enhance their execution. Along these lines, this investigation looked to decide the connection between separation focused obtainment techniques and assembling company's execution in Kenya.

2. Theoretical Framework

This study focused on the following theories: Porter's Competitive strategy Typology, Configuration theory and Result-based View Theory.

2.1. Porter's Competitive Strategy Typology

Doorman's aggressive technique typology was established by Michael Porter in 1980. Doorman expresses that methodology target either separation, separation or center and that a firm should just pick one of the three techniques or hazard misuse of valuable assets. As indicated by Lu, Shem and Yam (2008), Porter's hypothesis is helpful in understanding the intensity of association recommending that upper hand comes from the aggressive procedures received to manage quality, shortcomings, openings and dangers confronting an association. Anupkuma (2005) states that Porter's (1980) vital hypothesis proposes that to prevail in business a firm needs to embrace nonexclusive aggressive procedures containing separation, separation and core interest. The basic beginning of above customary advantage over the long haul is conceivable high ground. There are two fundamental sorts of high ground a firm can have: immaterial effort or partition. The two significant sorts of high ground converged with the level of exercises for which a firm plans to accomplish them, prompts three non-particular frameworks for accomplishing above average execution in an industry: negligible exertion or partition. The focus strategy has two assortments, focus and detachment focus Porter (1980, 1985).

As reached out by Porter (1985), in cost an activity, a firm leaves to twist up the straightforwardness maker in its industry. The wellsprings of cost advantage are moved and depend upon the structure of the business. They may join the mission for economies of scale, restrictive improvement, and phenomenal access to foul materials and particular segments. A straightforwardness maker must discover and endeavor all wellsprings of cost advantage. On the off chance that a firm can accomplish and support general division, by then it will be an above commonplace typical performer in its industry, if it can charge costs at or close to the business conventional. In a detachment procedure, a firm tries to be emerged in its industry along two or three estimations that are for the most part regarded by buyers. It picks no less than one characteristics that various buyers in an industry see as target, and outstandingly positions in it to address those prerequisites.

Basically, Porter (1985) insists that the flat arrangement of focus lays on the choice of a tight forceful expansion inside an industry. The focuser picks a bit or assembling of sections in the business and tailors its procedure to serving them to the dismissal of others. This strategy has two varieties, to be particular; incurred significant injury focus and division focus. In cost focus, a firm searches for a cost advantage in its goal segment, while in detachment focus a firm scans for partition in its goal piece. The two assortments of the thought strategy lay on contrasts between a focuser's objective bundle and differing pieces in the business. The target divides should either have purchasers with abnormal needs or else the age and transport structure that best serves the objective territory must vary from that of other industry

pieces. Cost focus experiences differentiates in cost coordinate in several sections, while detachment focus enterprises endeavors the novel needs of buyers in particular pieces.

Watchman's non specific procedures have been extensively recognized by scientists. In any case, his typology additionally has faultfinders in the writing, particularly the statement that the non specific techniques are fundamentally unrelated. Various researchers contend the quest for a solitary non specific procedure may prompt lower execution Kim, Nam and Stimpert (2004), Spanos, Zaralis and Lioukas (2004). In connection to this examination, the assembling firms in Kenya have to some degree received Porter's component of aggressive procedures. Notwithstanding, the discoveries uncovered that dominant part of the assembling firms in Kenya have embraced these techniques all the while not at all like Porter's suspicion of select use of these systems. Essentially it was prominent that the majority of the assembling firms wanted to utilize separation methodology contrasted with that of separation and concentrate individually.

Doorman (1981) likewise inspected the linkage amongst condition and association execution and found that nature is the essential determinant of authoritative execution. As per Ilesanmi (2000), an association must be in contact with its external surroundings to be productive extra time. There must be an indispensable fit between what the earth needs and what the firm conveys to the table and furthermore what the firm needs and what nature can give. Assembling firms are defenseless against changes in their working condition from various perspectives and these have incredible outcomes on their activity. Because of this organizations are required to be proactive and ready to figure and embrace fitting focused techniques that will empower them to defeat the aggressive difficulties they involvement in the earth they work in. Aggressive procedure causes a firm to pick up a focused edge over its opponents and maintain its accomplishment in the market. A firm that does not have fitting procedures can't abuse the open door accessible in the market and will naturally fall flat.

2.2. Resource-Based View Theory

The beginning of asset based view can be followed back to before research of Penrose (1959) among different analysts. The accentuation on this school of thought was on the significance of assets and its suggestion for the firm execution. This hypothesis basically accentuates the possibility that an association must be viewed as a heap of assets and capacities to make esteem and increase upper hand (Barney, 1991). The asset based view additionally places that organizations can accomplish general aggressiveness and execution on the off chance that they have unmistakable or elusive assets that are important, uncommon, incomparable and non-substitutable. These four attributes of assets depict what Barley (2007) considers vital resources that, if appropriately prepared form and maintain a company's upper hand and enhance its execution.

As indicated by Barney (1991), undertakings in a similar part can be heterogeneous in regard to their own particular assets and as assets are not superbly transferable among ventures, with upper hand being tough. Be that as it may, assets and capacities are not profitable all alone and are basically ineffective in segregation Newbert (2008). All things considered, Newbert fights that the way to achieving an upper hand is by abuse of a profitable asset ability mix. This view is additionally bolstered by Bitar and Hafsi (2007), who opine that assets and abilities are wellsprings of upper hand, yet they don't really add to upper hand.

Be that as it may, in spite of the expanded writing dedicated to utilization of RBV. The hypothesis has its own commentators. As per Hedman and Kalling (2003), this hypothesis is condemned for disregarding the snags to elements and administrations. Chan et al. (2004) also reprimands the hypothesis for its verifiable supposition of static harmony yet upper hands originate from creating current abilities that are exceedingly successful in reacting to the authoritative condition. For firms to accomplish upper hand in this aggressive condition, they have to offer some incentive to clients. This esteem can be gotten from either taken a toll favorable position, benefit or separated items. Asset based hypothesis hence, centers around the connection between an association's inner asset security and the capacity to remain aggressive through its technique detailing. Asset based view hypothesis (RBV) has additionally been stretched out by Grant (1991) to incorporate aggressive procedure.

As indicated by Grant, Resource-based View Theory joins focused procedures and capacities to esteem creation. He places that not exclusively do abilities should be considered as the base to create aggressive procedure yet they likewise should be reestablished and kept up by strategist. Consequently RBV is essential to comprehend esteem may originate from vital arrangement of assets and aggressive methodologies. In building up their aggressive methodologies the assembling firms in Kenya may focus on the assets existing inside the firm in order to have the capacity to make an incentive for its clients.

3. Research Methodology

An informative research configuration was utilized to help clarify the connection between cost acquisition focused techniques and firm execution. This is predictable with the discoveries by Cooper and Schindler (2008) that, when the universe of study is an obscure, illustrative outline frames the initial step of research. The logical received blended outline approach that joins both subjective and quantitative structures (Creswell, 2009) and theories tried by estimating the connections between factors, while information is dissected utilizing factual methods. It likewise included different sorts of quantitative research which will endeavor to distinguish causal connections through the investigation of relationships between's factors (Maxwell and Mittapalli 2008).

The utilization of terms, for example, impact, effect and impact add to regular in subjective research and such terms infer causal relationship. The illustrative research configuration was reasonable in light of the fact that the investigation was for the most part worry with measuring a relationship or contrasting gatherings intentionally with

distinguish a reason impact relationship. The outline embraced as it bolsters the utilization of quantitative information and advances examination and measurable investigation. It gave the chance to displaying a more prominent assorted variety of different perspectives. A noteworthy favorable position of utilizing the blended techniques examine in the investigation is that it empowers the analyst to at the same time answer corroborative inquiries with respect to the directing impact of data sharing on the connection between acquirement aggressive procedures and firm execution, through both open and shut finished surveys and meetings. Logical study examine configuration propelled the relationship among factors.

As indicated by Kenya relationship of producers (K.A.M), there are roughly 766 enrolled fabricating firms in Kenya. The populace for this investigation included corporate associations in Kenya's assembling division which is ordered into 14 key modern sub parts and by the sort of crude materials organizations import or the items they produce, notwithstanding administration area and member affiliations (KAM, 2014).

Target populace of an investigation is a gathering of people taken from the all inclusive community who share normal qualities and used to sum up specific marvels found in the assembling part. The objective populace was all acquisition supervisors from 766 enrolled fabricating firms drawn from the 14 key subsectors everywhere throughout the real towns and urban areas in Kenya. The examining outline for this examination will be the greater part of the 766 assembling firms from 14 key mechanical sub-divisions got from the index of Kenya Association of Manufacturers (2014). These sub-areas incorporate; administration and consultancy, building, mining and development, synthetic and united, vitality, electrical and hardware, nourishment and drinks, cowhide and footwear, metal and associated, engine vehicle and adornments, paper and board, pharmaceutical and medicinal gear, plastics and elastic, new create, material and attire, timber, wood and furniture.

A sample is a portion or part of the population of interest. The purpose of sampling is to gain an understanding on attributes of the whole population based on the characteristics of the sample. Sampling involves drawing of a target population for observation. It is appropriate when it is not feasible to involve the entire population under study. Using Yamane's (1972) sample size formula at 95% confidence level, $P = 0.5$, the sample size is computed hereunder:

$$n = \frac{N}{1 + N(e)^2}$$

Where;
 n = the sample size,
 N = the population size,
 e = the acceptance sampling error
 $= 766/1+766(.05)^2$
 $= 264$ respondents

From the target population of 766 firms a sample of 264 procurement managers selected. Proportional sampling was used to select a sample from each of the 14 sub-sectors.

The examination utilized stratified testing strategy to order the assembling firms into 14 stratas as per sub-segments, with each sub-area shaping a stratum. Stratified arbitrary examining was suitable as it empowers the scientist to speak to the general populace as well as key sub-gatherings of the populace. Stratification diminished standard blunder by giving some control over difference. The method gave a superior examination crosswise over strata (Saunders et al., 2007). Obtainment supervisors were purposively chosen from the assembling firms in Kenya. This method was fitting for the examination since it is a delegate test and that all the objective populace was spoken to. The examination utilized basic arbitrary inspecting strategy to decide the example measure. This permitted measure up to portrayal of all people in the characterized populace to be chosen as a piece of the example (Kombo and Tromp, 2006). This is imperative as it decreases predispositions that may emerge. The examining system gave every respondent in the populace an equivalent likelihood of getting into the example. The examination instrument that was utilized as a part of this investigation is survey and meeting plan. In the poll, firm execution will be estimated utilizing the seven (7) likert size of unequivocally concur, concur, somewhat concur, impartial, marginally deviate, differ and emphatically oppose this idea. The Likert kind of inquiries empowered the respondents to answer the inquiries effortlessly. Also, these enabled the scientist to complete the quantitative approach adequately with the utilization of insights for information understanding.

After the sum total of what information has been gathered, the specialist directed information cleaning, which included recognizable proof of inadequate or off base reactions and right to enhance the nature of the reactions. The information was coded and entered in the PC for examination utilizing the Statistical Package for Social Sciences (SPSS). Quantitative methods, for example, enlightening insights and inferential measurements were utilized to comprehend connections between various factors. The clear measurable examination was utilized incorporate mean, rates, standard deviation and frequencies to cook for the likert scales that had been utilized as a part of the investigation. Pearson item snapshot of relationship was utilized to decide the impact of acquirement focused systems on execution of assembling firms. Pearson Correlation Coefficient will be utilized to decide connection between cost focused acquirement procedures and firm execution in assembling segment in Kenya. It was fitting to utilize the strategy for interim and proportion scaled factors. Direct relapse investigation was utilized to test Hypotheses.

4. Results

The study sought to find out the extent the respondents agreement on the relationship between differentiation procurement strategies on performance of manufacturing firms. Table 1 shows that manufacturing firms agreed (mean of 4.1) that they offered broad range of products, while some agreed (mean =3.45) that they offer a narrower range of products than their competitors. However, (3.38) agreed that they continuously develop new products, (3.52) of the

respondents agreed that their companies do not utilize technology as a method of production, while (3.75) agreed that their major expenditure is on technology so as to differentiate their products and (3.5) agreed that they innovate to introduce better products than their competitors. The results further showed that (3.92) of the manufacturing firms agreed that they are always the first to introduce products before their competitors and heavily invested in research and development. Finally, they agreed (3.96) that their products/services have developed strong brand identification and agreed that they always followed actions of competitors as shown by a mean of 4.14.

The study findings showed that most of the respondents agreed that they offer a broad range of products as shown by a mean of 4.1. Manufacturing firms offer a narrower range of products than our competitors as indicated by a mean of 3.45. Moreover, most of the manufacturing firms indicated that they always follow actions of competitors as accounted for by a mean of 4.14. Manufacturing firms strive to build strong reputation within the industry as indicated by a mean of 3.89. Manufacturing firm's product/services have developed strong brand identification as indicated by a mean of 3.89. However, most of the manufacturing firms indicated that they heavily invest in research and development as accounted for by a mean of 3.93. Manufacturing firms are always the first to introduce new products before our competitors as indicated by a mean of 3.96.

	Mean	Std. Deviation	Skewness	Kurtosis
We offer a broad range of products	4.0650	.64826	-.063	-.610
We offer a narrower range of products than our competitors	3.4512	1.02003	.308	-1.058
We continuously develop new products	3.3780	.96857	.403	-.812
We introduce innovative product better than our competitors	3.4959	.75457	-1.854	3.662
Our company does not utilize much technology as a method of production	3.5244	.53967	.138	-1.084
Our major expenditure is on technology to differentiate product	3.7561	.74331	.427	-1.086
We are always the first to introduce new products before our competitors	3.9268	.65988	.079	-.695
We heavily invest in research and development	3.9268	.65988	.079	-.695
Our product/services have developed strong brand identification	3.8902	.63899	.099	-.566
We strive to build strong reputation within the industry	3.9553	.67766	.054	-.808
We always follow actions of competitors	4.1423	.83793	-.526	-.740
Mean	3.5669	.42340	-.180	-1.483

Table 1: Differentiation Procurement Strategies

Looking at the mean of the mean of 11 items used to measure differentiation procurement strategy and firm performance, it is important to note that the mean of the items ranged between 3.4 – 4.1 as indicated in Table 4.4 meaning that majority of the respondents were in agreement with the statements. The overall mean of the statement was 3.6. The standard deviation of all the items is within the range of 0.5–1.0 meaning that the responses are not much dispersed from each other hence converging towards the expected feedback. This is in line with the work of Murage (2011), which established that service stations used differentiation as a method of obtaining competitive advantage over other service stations.

4.1. Performance of Manufacturing Firms

During the study the firm performance was the dependent variable in the current study. The respondents were requested to indicate their opinions with regard to firm performance measurement on a five point Likert scale. Further, the researcher sought to find out the relationship between competitive strategy and firm performance. Results of the study showed that most of the manufacturing firms were not sure whether differentiation strategy had a positive impact on their sales as shown by a mean of 3.0. Majority of the respondents agreed that differentiation strategy greatly improved their profits and 50.8% agreed that differentiation strategy significantly improved their overall performance as shown by a mean of 4.25 as well as agreed that differentiation procurement strategy significantly improved our overall performance (mean = 4.32). At least (3.6) of them agreed that differentiation procurement strategy had greatly improved their sales. The respondents agreed that focus procurement strategy significantly improved their sales (3.89), while some (3.96) agreed that focus procurement strategy improved their profit significantly and (3.76) agreed that differentiation procurement strategy improved their profit over the years. Majority of the respondents agreed that focus procurement strategy largely contribute to our overall performance as shown by a mean of 4.14. The respondents agreed competitive strategies has improved their sales, profit and overall performance in their manufacturing firms as indicated by a mean of 3.97. None of the three strategies (differentiation, differentiation and focus procurement strategy) contributed to improved sales, profit and overall performance alone.

	Mean	Std. Deviation	Skewness	Kurtosis
Differentiation procurement strategy positively impact on our sales	2.9959	1.00812	-.305	-1.402
Differentiation procurement strategy has greatly improved our profit	4.2520	.80401	-.488	-1.287
Differentiation procurement strategy significantly improved our overall performance	4.3252	.72839	-.589	-.917
Differentiation procurement strategy has greatly increased our sales	3.6341	.82579	.770	-1.097
Differentiation procurement strategy has improved our profit over the years	3.7561	.74331	.427	-1.086
Differentiation procurement strategy has greatly improved our overall performance	3.9268	.65988	.079	-.695
Focus procurement strategy has significantly improved our sales	3.8902	.63899	.099	-.566
Focus procurement strategy has improved our profit significantly	3.9553	.67766	.054	-.808
Focus procurement strategy largely contribute to our overall performance	4.1423	.83793	-.526	-.740
Competitive strategies has improved our sales, profit and our overall performance	3.9715	1.05134	-.474	-1.139
Mean	3.5091	.39235	-.171	.336

Table 2: Performance of Manufacturing Firms

From the results of the means of the 10 items, it can be noted that all the means fall within the range of 3.0 and 4.3 with an overall mean of 3.5. This implies that majority of the respondents agreed with the statements hence implying that the items well captured the element of performance of manufacturing firms. Moreover, the standard deviation also falls within the range of 0.6 and 1.0 meaning that the responses are not very much dispersed from each other. This implies that overall the strategies employed influenced the performance indicators. These findings agree with earlier studies that confirm that competitive strategies enhanced performance Herold, (1972) and that of Jonsson and Devonish (2009) which established that firms that had properly planned and applied competitive strategies having a tendency of high performance than those which did not.

4.2. Correlation Analysis

To achieve this Pearson's moment correlation was used. It was appropriate because all the variables were in ratio scale. There is a significant positive relationship between differentiation procurement strategy and performance of manufacturing firms ($r = 0.344$, p value = 0.000) as shown in table 3. Therefore, an increase in differentiation procurement strategy leads to an increase in performance of manufacturing firms.

		Performance	Differentiation
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
Differentiation	Pearson Correlation	.344**	1
	Sig. (2-tailed)	.000	

Table 3: Correlation Analysis

** Correlation Is Significant At The 0.01 Level (2-Tailed).

C. Listwise N=246

4.3. Regression between Differentiation and Performance of Manufacturing Firms

A linear regression model was used to explore the relationship between differentiation and performance of manufacturing firms. The R^2 represented the measure of variability in performance of manufacturing firms that differentiation is accounted for. From the model, ($R^2 = .113$) shows that differentiation account for 11.3% variation in performance of manufacturing firms. The differentiation predictor used in the model captured the variation in the performance of manufacturing firms. The change statistics were used to test whether the change in adjusted R^2 is significant using the F-ratio as shown in Table 4. The model caused adjusted R^2 to change from zero to .113 and this change gave rise to an F- ratio of 30.54, which is significant at a probability of .05.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.336 ^a	.113	.109	.94382619	.113	30.541	1	240	.000

Table 4: Model Summary on Differentiation and Performance of Manufacturing Firms

a. Predictors: (Constant), Z score(Differentiation)

Based on the regression model, the coefficient of determination (R squared) of 11.3% showed that 11.3% of the variation in performance of manufacturing firms can be explained by differentiation. The adjusted R square of 11.3% depicts that the differentiation explained the variation in performance of manufacturing firms by 11.3% the remaining percentage can be explained by other factors excluded from the model. There was a significant change in the explanatory power (F change of 30.54 and p value of 0.000).

4.4. Analysis of Variance on Differentiation and Performance of Manufacturing Firms

The analysis of variance was used to test whether the model could significantly fit in predicting the outcome than using the mean as shown in (Table 5). The regression model with differentiation as a predictor was significant (F=27.21, p value =0.001) shows that there is a significant relationship between differentiation and performance of manufacturing firms. Thus, the null hypothesis that there is no significant relationship between differentiation and performance of manufacturing firms was rejected.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.206	1	27.206	30.541	.000 ^b
	Residual	213.794	240	.891		
	Total	241.000	241			

Table 5: Analysis of Variance on Differentiation and Performance of Manufacturing Firms
 a. Dependent Variable: Zscore: Performance
 b. Predictors: (Constant), Zscore(Differentiation)

4.5. Coefficients of Differentiation and Performance of Manufacturing Firms

In addition, the β coefficients for differentiation as independent variable were generated from the model, in order to test the hypotheses under study. The t-test was used as a measure to identify whether the differentiation predictor was making a significant contribution to the model. Table 6 shows the estimates of β-value and gives contribution of the predictor to the model. The β-value for differentiation had a positive coefficient, depicting positive relationship with performance of manufacturing firms as summarized in the model as:

$$Y = -.003 + 0.336x + \epsilon_1 \dots\dots\dots \text{Equation 4.2}$$

Where: Y = Performance, X = differentiation, ε1 = error term

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics		
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	.003	.061		.044	.965					
	Zscore (Differentiation)	.336	.061	.336	5.526	.000	.336	.336	.336	1.000	1.000

Table 6: Differentiation and Performance of Manufacturing Firms Coefficients
 a. Dependent Variable: ZSCORE: Performance

From the discoveries the t-test related with β-values was huge and the separation as the indicator was making a huge commitment to the model. The coefficients bring about table 6. demonstrated that the anticipated parameter in connection to the autonomous factor was critical; β1 = 0.336 (P<0.05). The investigation conjectured that there is no noteworthy impact of separation on execution of assembling firms. The investigation discoveries delineated that there was a positive critical connection amongst separation and execution of assembling firms (β=0.336 and p esteem <0.05). In this way, a unit increments in separation prompts an expansion in execution of assembling firms by 0.336. Since the p esteem was under 0.05 the invalid speculation (Ho1) was rejected and the elective theory acknowledged. Along these lines, we can presume that separation affects execution of assembling firms. This suggests for each expansion in the separation, there was increment in execution of assembling firms. The discoveries show that separation acquirement methodology emphatically and fundamentally impacts execution of assembling firms in Kenya (β = 0.336, p-esteem <0.001). For each unit increment in the utilization of separation acquisition procedure, there was a comparing increment in firm execution by 0.48. The Pearson item minute connection coefficient uncovered a direct positive and critical relationship between's firm execution of assembling firms and separation obtainment system (r = 0.344, p-esteem <0.001).

5. Discussion

The discoveries demonstrate that separation acquisition system decidedly and altogether impacts execution of assembling firms in Kenya. The investigation found that separation acquirement technique influences the execution of assembling firms in Kenya. This finding affirms the attestation that separation acquirement procedure is harder to emulate since it is based on item/benefits that are seen to be not the same as the contenders thus prompting more manageable execution. In their push to separate their item/administrations, fabricating firms in Kenya pay more accentuation on building solid notoriety, creating solid brand recognizable proof, offering wide scope of item and additionally presenting inventive items.

The focal point of separation acquirement system is making something that is seen as interesting by purchasers. It includes improvement of qualities that can give a firm a differential execution advantage above different contenders. A firm seeking after separation acquisition technique is probably going to offer exceptional items and administrations. This examination tried to decide whether this statement is remained constant. There is a huge positive connection between separation acquisition technique and execution of assembling firms ($r = 0.344$, p esteem = 0.000). From the relapse display, ($R^2 = .113$) demonstrating that separation represent 11.3% variety in execution of assembling firms. A positive critical connection amongst separation and execution of assembling firms ($\beta = 0.336$ and p esteem < 0.05). Separation affects execution of assembling firms.

These outcomes are reliable with past research. For example, Allen and Helms (2002) found a positive and huge connection between item separation acquirement methodology and authoritative execution. These discoveries additionally bolster crafted by Marques et al., (2000), Silva et al., (2000) and Jacome et al., (2002) which demonstrated that associations following a separation key decision had a tendency to accomplish higher execution with respect to those associations which did not. The examination discoveries consequently prompted the dismissal of the invalid theory and acknowledgment of the elective speculation that separation obtainment technique has critical impact on execution of assembling firms in Kenya.

6. Conclusion

The separation acquisition methodology is factually critical factor in deciding the execution of assembling firms in Kenya. Assembling firms to accomplish more noteworthy execution ought to exceed expectations in seeking after separation acquirement system. The assembling firms utilizing separation acquirement procedure should endeavor to make and market special and predominant items for fluctuated client gathering. The point ought to be to make a predominant satisfaction of client needs in one or a few item ascribes with a specific end goal to create consumer loyalty and faithfulness which can thus be utilized to charge a base cost for the item. The assembling firms in Kenya embraced separation measures, offering of expansive items, building solid brand notoriety inside the business and presentation of creative items affected well on assembling association's execution.

7. Recommendations

Assembling association's directors ought to use a lot of separation obtainment system as it has been demonstrated to have the most elevated huge impact on assembling firm execution. Separating firms likewise need to additionally look further into how to make uniqueness less expensive so as to make separation a noteworthy practice in the area.

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