COMPETITIVE STRATEGIES ADOPTED BY CHINESE FIRMS IN THE BUILDING AND CONSTRUCTION INDUSTRY IN KENYA

BY

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DECLARATION

This project is my original work and has not been submitted to any other university or institution of higher learning for examination purposes. The project should not be reproduced in part or wholly without my consent or that of University of Nairobi.

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This project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

I dedicate this project to Musembi's family and entire Kalia's family. Let's set the benchmark and be spotlight in our endeavors.

ACKNOWLEDLEMENT

I thank Al might God for the far he has taken me and what he has provided me in my life. By him therefore let us offer the sacrifice of praise to God continually, that is, the fruit of [our] lips giving thanks to his name. Hebrews 13:15.

I thank my dear parents Robert Kalia, Marietta Musembi for their parental, financial and moral support up to this far. Thanks a lot ma parents. I thank my Bro Benson and Siz Purity for the moral and spiritual support.

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ABSTRACT

The study focused on the competitive strategies adopted by Chinese firms in building and construction industry in Kenya. Since Kenya has become the latest beneficiary of the battle between Japan and China for control of Africa's economic landscape, raking in billions of shillings in new project finance and grant funds in the past two years. Though China has been the more brazen hunter of opportunities in the country's vast infrastructure and natural resources sectors, the scales have been tilting in favor of Japan in recent months as the Asian economic powerhouse unleashed its corporate giants for pieces of the action. China signed deals with Chinese firms ranging from oil exploration to mining and infrastructure developments. The construction of an eight-lane highway on Thika road began in 2010 following the government's signing of a sh27 billion contract with three Chinese road construction firms. Among Chinese firms contracted for this project included China Wu Yi Company, SinoHydro corporation ltd and Shengli engineering construction. The building and construction sector key economic indicators have recorded improved performance powered by growing economy and stable interest rates, remittances from abroad and spending on development projects, the improvement of construction sector like mid-range regional and national companies capable of handling multiple projects within one country, to larger players with specialist interests, for instance, shopping mall construction, or office blocks, operating in multiple countries. Extensive opportunities exist particularly in the construction of middle and low income housing, manufacture and supply of building materials, renovation and rehabilitation of transport infrastructure. The study was executed through use of questionnaires that were administered through drop and pick method to all Chinese firms in the building and construction industry in Kenya. Porter's generic strategies were greatly practiced by Chinese firms in the building and construction industry in Kenya while Ansoff growth strategies and Pearson and Robinson grand strategies shared equal points. The most practiced competitive strategies by Chinese firms in the building and construction industry in Kenya adopted were targeting bulk customers, price wars, offering quantity discounts for bulk purchases by customers, rent utilization by ensuring go-downs are well organized to enable maximum number of products are stoked, offering cash discounts to customers, and offering credit facilities to repeat customers respectively. The most adopted competitive strategy was targeting bulk customers while the least adopted competitive strategy was advertising on radio, billboards and newspapers. The study recommends that competitive strategies are of great importance since they confirm to the literature on the merits they offer to the firm once the right choice is implemented. Thus firms need to identify the right mix of Porter's generic strategies, Ansoff's growth strategies and Pearson and Robinson grand strategies in order to minimize strategic conflict.

ACRONYMS AND ABBREVIAITIONS

CATIC-ENG	- China Aero-Technology International Engineering Corporation
Co.	- Company
CRBC	- China Road and Bridge Corporation
ICT	- Information and Communication Technology
KIA	- Kenya investment authority
PVC	- PolyVinyl Chloride
R&D	- Research and Development

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The intensity of competition in an industry determines the degree to which a firm's investment drive returns to the market level, and hence the ability of firms in that industry to sustain average returns (Porter, 1980). The economic and technological characteristics of the industry determine the strength of the five basic competitive forces i.e. threat of new entrants, threat of products, bargaining power of buyers, bargaining power of suppliers, and rivalry between existing competitors. The main goal of competitive strategy in an organization is to position itself where these competitive forces will do well. Therefore the firm will need to assess itself in its capabilities so that it can position well to prosper in the competitive environment.

The competitive behavior of firms is anchored in theoretical propositions of game theory and strategic conflict analysis. Since strategic managers employ use of mathematical models of conflict and cooperation to make intelligent rational decisions for firms to be competitive in the market (Myerson, 1991). Turocy and Stengel (2001) argue that several players must make choices that potentially affect the interests of the other players. The concepts of game theory provide a language to formulate, structure, analyze, and understand strategic scenarios which play major role in strategic management of firms. Strategic behavior show that one feature of a successful strategy is unpredictability which suggests the possibility of a deliberately randomized strategy (Wigner, 2010). Strategic conflict analysis involves analyzing a specific conflict to its causes and possible consequences providing expert advice to policymakers. It’s meant to understand conflict and prevent outbreaks of violence in the future (Johnson, 1999).

Ansoff (1987) argues that the environment is very broad, including social and economic forces, though the main aspect of company’s environment is the industry in which it operates. The industry structure has strong influence in defining the rules of competitive game as well as strategies of the firm. A good competitive strategy is founded consistently understanding and predicting changing market conditions and customer needs. According to Drucker (1969), strategy is a pattern of major objectives, purposes or goals and the essential policies or plans for achieving these goals, stated in such a way as to define the business the company is in or is to be. Understanding the strategic position of an organization and considering the strategic choices open to it are of little value unless the preferred strategies can be turned into organizational action (Johnson, Scholes and Whittington, 2008). The target market must either have buyers with unusual needs or else the production and delivery system that best serves the segment must differ from that of the other industry segments (Porter, 1985).

Chinese firms in building and construction industry in Kenya used cost leadership strategy to reduce their operational costs**.** They also used differentiation strategy since they invest much in product research and strive to deliver high quality products. There was practice of Ansoff strategies like market penetration and product development like expanding to other countries. Pearson and Robinson strategies commonly practiced were innovation, market development and product development.

1.1.1 Competitive Strategies

Strategy is the direction and scope of an organization over the long term, which achieves advantage through its confirmation of resources within changing environments and fulfils stakeholders' expectations (Johnson and Scholes, 2002). He defines competitive strategy as the bases on which a business unit might achieve competitive advantage in its market. Competitive strategy is the search for a favorable competition position in an industry (Porter, 1980). Mintzberg and Gain (1996) argue that strategy is the pattern or plan that integrates an organization's major goals, policies and actions into a cohesive whole. A competitive strategy is the basis in which a firm protects itself from business attacks from other firms in the same industry (Thompson, Strickland and Gamble, 2007).

Porter (1980) stated that every firm competing in an industry has a competitive strategy. They are formulated to ensure the firm outwits competitors where the firm comes up with viable strategies which make a firm have competitive advantage over its competitors. Mintzberg (1999) stated that the essence of strategy formulation is coping with competition where firms must develop strategies to cope with the competitive situation they face regarding provision of quality products or services in the market. Johnson and Scholes (1999) argue that organizations are open systems that interact with the environment which depend on the environment for their inputs and discharge their output to the environment. Changes in the environment give rise to opportunities for the organization but also exert threat on them. Pearson and Robinson (1997) state that in order for organizations to achieve their goals and objectives, it is necessary for them to adjust to their environment. The dynamism of the environment implies that organizations have to constantly redesign their strategies in order to remain competitive.

For a firm to succeed it must compete effectively to outperform their rivals in this dynamic turbulent environment. The main objective of a strategy in an organization is to improve its financial performance, strengthen its competitive position, and to outdo its rivals (Thompson, Strickland and Gamble, 2007). The ability to defend its position and outsmart its competitors is geared towards creating competitive advantage. Grant (1998) said the primary purpose of strategy is to guide management decisions towards superior performance through establishing competitive advantage. Competitive advantage leads to higher profits and enjoys distinct advantage over the competition. Firms succeed if their strategies are appropriate for the circumstances they face, feasible in respect of their resources, skills and capabilities desirable to their stakeholders. The essence of formulating competitive strategies is to relate a company to its environment and enable it cope with competition. A well formulated strategy allocates organization's resource into a unique and viable posture based on its relative internal competences and weakness, anticipated changes in the environment and contingent moves by intelligent opponents.

1.1.2 Building and Construction Industry in Kenya

An industry is the grouping of organizations that are involved in selling and marketing of goods and services to final consumers for their use. The building and construction industry is oligopolistic in nature with few players in the industry but with high competition. This is because the industry involves high costs of operation and huge capital investment (KIA, 2012).

Kenya has a well-developed construction industry. Quality engineering, building and architectural design services are readily available. This industry is currently on an upward trend following rehabilitation and reconstruction of roads and bridges under the El Nino Emergency Funds and Kenya Urban Transport Infrastructure Program. With increase in population, opportunities exist in the construction of residential, commercial and industrial buildings, including prefabricated low-cost housing. Extensive opportunities exist particularly in the area of upgrading slums and informal settlements, urban renewal, construction of middle and low income housing, manufacture and supply of building materials and components (KIA, 2012).

Development of infrastructure is one of the key pillars in achieving the economic recovery and has been identified as a priority area in Economic Recovery Strategy for Employment and Wealth Creation. The building and construction sectors' key economic indicators have recorded improved performance. Powered by growing economy and stable interest rates, remittances from abroad and spending on development projects, the construction sector improved in 2005 with cement consumption increasing by 10.9 percent from 1,418,300 metric tonnes in 2004 to 1,572,500 metric tonnes in 2005. This growth momentum continued into 2006, with cement consumption in the first seven months of 2006 growing by 6.2 percent from 868,261 tonnes over a similar period in 2005 (KIA, 2012).

The major players in the building materials and construction industry include architects, engineers, project owners, building materials and construction machinery wholesalers, retailers, government bodies, trade press, and the related associations: tile suppliers; roofing materials suppliers like roofing tiles, nails, ceiling boards, roofing sheets; cement suppliers (Njihia, 2009).

The forces that drive competition include rise in population, globalization, regional economic integration, technology, government, changing customer needs. The cost of building is expected to drop as manufacturers of building materials pass on to consumers' part of the gains they have made from the fall in global commodity prices. Construction Kenya is predicting the growth rates based on projects to increase during the next decade, fueled by the rise in population and government spending on major infrastructure projects around the country. The rapid growth in population has led to a soaring demand for housing and we expect to see the government and private developers working faster to keep up with this demand. This has lead to more growth. The slowdown in the world economy in 2009, the Kenyan construction sector remained buoyant as reflected in the increased investment in both residential and commercial buildings during the year. Interestingly, as China and Japan compete to access to East Africa's growing market, the construction industry is reaping the benefits. In the past few years there have been billions of dollars in infrastructure development projects being poured into the country, and this trend is bound to continue (Ndaiga, 2010).

1.1.3 Chinese Firms in the Building and Construction Industry in Kenya

There are many Chinese firms in the building materials and construction industry in Kenya. In the construction industry most firms specialize in roads construction for instance SinoHydro Corporation Ltd, China Road and Bridge Corporation, China Wu Yi, Shengli engineering construction group, china national aero-technology international engineering construction group (KIA, 2012).

SinoHydro Corporation is a Chinese state-owned hydropower engineering and construction company, founded in 1950 in Beijing, China. It has operations in Asia, Africa, Europe, North America and South America (Qinglin, 2011). China Aero-Technology International Engineering Corporation (CATIC-ENG) established in 1980 is a large state-owned enterprise. It operates in more than 30 countries such as UAE, Ethiopia, Jordan, Malaysia, Singapore, Cambodia (Han, 2011). Shengli Engineering and Consulting Company Limited is a China national Grade-A registered survey and engineering institute founded in 1965 regarded as a leading company for oilfield water injection and produced water treatment and shallow offshore oilfield surface engineering (Jiangxi, 2009). China Road and Bridge Corporation (CRBC) is a large-scale, state-owned foreign-trade and economic-cooperation enterprise established relevant branches in over 40 countries and regions globally like in Asia, Africa and Europe (Jianchu, 2011).

In the building materials industry the following firms specialize in tiles suppliers and other building materials like PVC ceiling and toilet sets which include Sunda International trading company limited, Homart, Iddis, Housetop, Weedoo co. ltd, Golden International trading company, Jayma ltd and Sino Ken International Company (KIA, 2012).

Guangzhou Homart Trading Co. Ltd is an exporter of Granite products which operates in Kenya under the trade name Vitals Company. Sell their products to South America, Eastern Europe, Southeast Asia, Africa and Mid East (Ben, 2011). Guangzhou Keyu Building Material Co. Ltd is a professional supplier specializing in manufacturing and exporting to Asia, Europe, the Middle East and America. It operates in Kenya under the name Ujenzi company limited (Iddis). Their brand name is Iddis (Zheng, 2012). Guangzhou Sunda International Trading Co. Ltd was founded in early 2000 operating in Kenya under the name Housemart Co Ltd. and is a professional import & export trading company approved by the State Foreign Trade Economic Commission. It covers more than 20 countries in Africa (Wang, 2011).

1.2 Research problem

The business environment within which the building and construction industry is very volatile (Robinson, 2003). Competition from new entrants, social reforms, technological advancement and globalization pose major challenges of growth of this industry. Competitive advantage is the basis of achieving organizational success. Johnson et al. (2008) argued that an organization can only achieve competitive advantage over others if it has capabilities that the others do not have. The success or failure of a firm is therefore highly dependent on the strategies put in place to identify and optimally utilize these capabilities. Competitive strategy is a major concern for the top management of a company. Companies compete for limited resources, market share and limited customers to achieve their objectives. In order to achieve sustainable growth and profitability firms have to adopt competitive strategies especially in today’s changing environment.

Kenya has become the latest beneficiary of the battle heating up between Japan and China for control of Africa’s economic landscape, raking in billions of shillings in new project finance and grant funds. The government is particularly keen to hear from Chinese investors eager to exploit the investment openings in key sectors and fields such as infrastructure, construction, energy, and ICT. Kenyan building and construction industry is seeing tremendous growth as a result of increased population and government spending on major infrastructure projects around the country. As Kenya continues to embark on its most ambitious infrastructure investment program, it is emerging that Chinese are out muscling local contractors on the country’s major projects. Local contractors are blaming the government for rising the demands on firms during the tendering process, for instance, requiring experience on big projects which most local contractors lack due to many years of underinvestment in the sector. Kenya has hailed Chinese companies, many of which are engaged road construction, for the quality of their workmanship and the speed with which they can deliver. More developers are increasingly looking for opportunities in the low and middle income housing projects, especially along the major road developments, and in the old dilapidated housing units. Chinese companies have in the past five years alone established a strong local presence in Kenya's telecoms infrastructure, automobile markets cutting down the dominance of subsidiaries of western multinationals.

There are a number of researchers who have sought to explore competitive strategies in general and in the building and construction industry in Kenya. For instance, Obiero (2008) competitive strategies applied by cement manufacturing firms in Kenya which showed that some firms adopted competitive strategies in order to maintain their i.e. maintaining market leadership, product quality and brand building case of Bamburi cement company. Nyamwange (2001) investigated the operation strategies for competitiveness for Kenyan large firms while Muinde (2010) looked at strategies employed by National Housing Corporation to achieve competitive advantage. Catherine (2011), studied competitive strategies adopted by players in the beer industry in Kenya focusing players in the beer industry. Kamande (2010) in her study on competitive strategies adopted by mobile phone companies in Kenya found that the various competitive strategies applied were cost leadership, product differentiation, marketing strategies, technology strategies, expansion strategies, customer service and diversification strategies.

There are past studies on competitive strategies adopted by firms in Kenya in different industries like beer and mobile phone industry. Other studies in the building and construction industry in Kenya are mostly case studies which can't be generalized for the whole industry. Some studies have looked on a few line of business in the building and construction industry in Kenya like cement manufacturing firms. Several studies have been done on the competitive strategies in the building and construction industry in Kenya but none have explored competitive strategies adopted by Chinese firms in the building and construction industry in Kenya. This study involved both manufacturing and distribution firms in the building and construction industry focusing on Chinese firms in Kenya. This makes the study try and answer. What are the competitive strategies adopted by Chinese firms in the building and construction industry in Kenya?

1.3 Research objective

The objective of the study was to determine the competitive strategies adopted by Chinese firms in building and construction industry in Kenya.

1.4 Value of the study

The study is of great importance since it shows the need of formulating strategies to gain competitive advantage thus understanding better the management concepts that are in books. It also forms basis of further practical work to measure the extent to which firms embrace strategic planning and continuously do environmental analysis to be competitive in the industry.

The building and construction industry is growing very fast the government need to strengthen ties with other countries as they have done with China to gain more benefits that will raise the living standards in Kenya. The study is very useful to policy makers to gain new insights in the building and construction industry. For instance in awarding tenders to constructors, their capability and strategies to accomplish given task should be competitive and form basis of accessing best company for particular project. The findings of the study are of great use to policy makers to encourage foreign firms invest in Kenya just like Chinese government which has brings tremendous benefits to the country.

In practice, the study shows top management benefits of formulating and implementing competitive strategies that make them remain competitive in the fast developing building and construction industry. Firms are learning the merits of adopting competitive strategies to be the market leaders and ensuring they gain competitive advantage in the market they operate in. Managers are gaining knowledge and skills from expertise of the multinationals and ways of competing in this turbulent environment.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews previous work in regard to theoretical underpinnings, concept of strategy, competitive strategies. The concept of strategy is addressed in detail and the chapter concludes with competitive strategy typologies showing commonly used Porter's generic strategies, market growth strategies and grand strategies used to counterattack competition within an industry.

2.2 Theoretical Underpinnings

Game Theory is a field of study that was developed in the latter half of the twentieth century. Today more than ever before, game theory attracts attention for its wide range of applications ranging from business, auctions, bargaining, price matching, threats and promises, and elections to military strategy, biology, and gambling. Thus game theory has grown to be an interdisciplinary field with applications in economics, political science, philosophy, business, and international relations. Increasingly, companies are utilizing the science of Game Theory to help them make high risk/high reward strategic decisions in highly competitive markets and situations. Modern Game Theory has been around for over 50 years old and has demonstrated an ability to generate the ideal strategic choice in a variety of different situations, companies and industries (Ross, 2010).

Game Theory principles are leveraged through the use of strategy games. These games are well-defined mathematical scenarios that encompass a set of players, a set of strategies available to those players, and a payoff specification for each combination of strategies. It’s a powerful tool for predicting outcomes of a group of interacting firms where an action of a single firm directly affects the payoff of other participating players. Given that each firm functions as part of a complex web of interactions, any business decision or action taken by a firm impacts multiple entities that interact with or within that firm, and vice versa. Therefore, when making a decision or choosing a strategy firms must take into account the potential choices and payoffs of others, keeping in mind that while making their choices, other players are likely to think about and take into account your strategy as well. This enables a company to formulate their optimal strategy (Osak, 2010).

2.3 The Concept of Strategy

Strategy according to Thompson and Strickland (2003) may be perceived as a combination of competitive moves and business approaches that manages employ to satisfy organizational vision and objectives. Whereas goals represent the ends which the firm is seeking to attain, strategy is the means to the end (Ansoff, 1990). Strategies for firms that are attempting to move toward globalization can be categorized by the degree of complexity of each foreign market considered and by the diversity in a company’s product line. The increasing power of buyers in highly competitive markets forces companies to get closer to customers in order to maintain their business and to create value- adding solutions to capture more revenue from their customer base (Thompson and Strickland, 2003).

The top management of an organization is concerned with the selection of a course of action from among different alternatives to meet the organizational objectives. The process by which objectives are formulated and achieved is known as strategic management and strategy acts as the means to achieve the objective. Strategy is the grand design or an overall 'plan' which an organization chooses in order to move or react towards the set of objectives by using its resources. Strategies most often devote a general programme of action and an implied deployed of emphasis and resources to attain comprehensive objectives. An organization is considered efficient and operationally effective if it is characterized by coordination between objectives and strategies. There has to be integration of the parts into a complete structure. Strategy helps the organization to meet its uncertain situations with due diligence. Without a strategy, the organization is like a ship without a rudder.

2.4 Competitive Strategies

Johnson and Scholes (2002) defines competitive strategy as the bases on which a business unit might achieve competitive advantage in its market. The competitive strategies have been analyzed by a number of gurus which include Porter's generic strategies, Ansoff's growth strategies and Pearson and Robinson grand strategies.

Porter (1985), argues that a long-term or grand strategy must be based on a core idea about how the firm can best compete in the marketplace. A long-term strategy should be derived for a firm's attempt to seek a competitive advantage based on these generic strategies which include cost leadership strategy, differentiation strategy and special focus strategy (Porter, 1980). It aims at achieving an overall lower cost than one's competitors without reducing comparable product or service quality. High volume of sales is required in order for organizations to structure themselves in such a way that they can achieve economies of scale. This strategy requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reduction from experience, tight cost and overhead control, avoidance of marginal customer accounts and cost minimization in R&D, services, sales force (Porter, 1980). Firms that practice this strategy have sufficient capital skills, experienced staff and efficient distribution channels thus the cost advantage protects a firm from new entrants hence reducing competition (Thompson and Strickland, 1998).

Ansoff (1998) explains that differentiation strategy is based on achieving an industry-wide recognition of different and superior products and services compared to those of other suppliers. This recognition is accomplished through designing special brand images, technology features, customer service or higher quality which forms structure and operation of firms (Harvey, 1988). The resulting competitive advantage also leads to increased returns, sometimes through making customers less sensitive to high product price. Thompson and Strickland (1993) argue that this strategy seeks to differentiate the company's product offerings from rivals in ways that will appeal to a broad range of buyers. The value of differentiation commands a premium price. There is perceived quality and signals of value whether real or not which insulates a company from threats of the five forces that determine the state of competition in an industry. Focus strategy looks on the choice of a narrow competitive scope within an industry. A segment or group of segments in an industry is chosen to serve them in the exclusion of others. The focus strategy has two variants. Under cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Cost focus exploit differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments. Focusing begins by selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the product or by special attributes that appeal to members. A focus strategy based on low cost depends on buyer segment whose needs are less costly to satisfy than the rest of the market while focus strategy based on differentiation depends on buyer segment demanding unique product attributes (Thompson and Strickland, 1993).

Ansoff (1998) growth strategies focused on the firm's present and potential products and markets. By considering ways to grow via existing products and new products, and in existing markets and new markets, there are four possible product-market combinations. Market penetration strategy is the least risky since it leverages many of the firm's existing resources and capabilities. It’s used in a growing market by maintaining market share which result in growth by utilization of opportunities. It has demerits once the market approaches saturation; another strategy must be pursued if the firm is to continue to grow. Market development includes the pursuit of additional market segments or geographical regions. The development of new markets for the product may be a good strategy if the firm's core competencies are related more to the specific product than to its experience with a specific market segment. It has more risk than a market penetration strategy. Product development strategy is appropriate if the firm's strengths are related to its specific customers rather than to the specific product itself. Here the firm leverage its strengths by developing a new product targeted to its existing customers. Similar to the new market development, new product development carries more risk than simply attempting to increase market share. Diversification is the most risky of the four growth strategies since it requires both product and market development and may be outside the core competencies of the firm. However, diversification may be a reasonable choice if the high risk is compensated by the chance of a high rate of return. It has merits which include the potential to gain a foothold in an attractive industry and the reduction of overall business portfolio risk (Ansoff, 1987).

Pearson and Robinson (2003) define grand strategy as a master long-term plan that provides basic direction for major actions directed toward achieving long-term business objectives. This include concentrated growth, market development, product development, innovation, horizontal integration, vertical integration, concentric diversification, conglomerate diversification, turnaround, divestiture, liquidation, bankruptcy, joint venture and strategic alliances. Firms involved with multiple industries, businesses, product lines, or customer groups usually combine several grand strategies. Business with dominant product or service must choose among alternative grand strategies to guide the firm's activities like when broadening the scope of firm's activities beyond its core business (Feaver, 2009). Business strategies seek to establish long-term competitive advantage by emphasizing and perfecting value chain activities that can be achieved at costs substantially below what competitors are able to match on a sustained basis. This allows the firm in turn, compete primarily by charging a price lower than competitors can match and still stay in business especially firms in rapidly growing markets. Emphasizes here is brand recognition, product differentiation, financial resources to support heavy marketing expenses and the effect of price competition on cash flow, and accelerating demand. Increased investment in plant and equipment, R&D and developing strong distribution capabilities place a demand on the firm's capital resources. Ability to build repeat purchases from established customers and attract new customers and product design and production facilities to meet increasing demand (Pearson and Robinson, 1997).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter addressed the research methodology. Specifically the chapter discussed the research design, population of the study, data collection method and data analysis.

3.2 Research Design

The study used cross sectional descriptive survey. A cross-sectional study is the simplest variety of descriptive or observational epidemiology that can be conducted on representative samples of a population. All respondents in the 13 Chinese firms in building and construction industry in Kenya were conducted. Census is used when the population of study is small and representation of every unit of study is essential.

This study used cross-sectional descriptive survey because samples of the population and the findings can be generalized and can have validity in wide area of study. The study gathered information about the prevalence of competitive strategies and how they have implemented these strategies to achieve their success in the industry. This method was useful way to gather information on firm's expertise in practicing competitive strategies and manager’s knowledge on competitive strategies practiced by their firms. It was used as a basis for making decisions, and it was of great importance since it ensured that only current, rather than obsolete, information was used to determine competitive strategies adopted by firms. This study focused on the competitive strategies adopted by Chinese firms in the building construction industry in Kenya.

3.3 Population of the Study

The population of this study was 13 Chinese firms in the building and construction industry in Kenya as at October 11, 2011 listed in Kenya investment authority building and construction sector. The list of Chinese firms in the building and construction industry in Kenya is listed in appendix II.

3.4 Data Collection

This study used primary data. Primary data were obtained through questionnaire to one strategy manager or marketing manager in the construction and building materials industry in Kenya. The researcher administered the questionnaire through drop and pick of questionnaire to the respondents.

Strategy managers and marketing managers were conducted since they are the formulators and drivers of strategy and other policy matters of the population, develop company policy, provision of the strategic direction of the company and control company resources. They also oversee the implementation of strategic policies like competitive strategies adopted by the firm.

3.5 Data Analysis

Since the study involved quantitative data and a number of quantitative analysis methods were used like descriptive statistics and inferential statistics. Descriptive statistics included measures of central tendency like the mean, median and mode, while measures of variability like the standard deviation which was used in the study to know which the most practiced competitive strategies are.

Inferential statistics were used to answer questions about the population and a census was conducted to test the practice of competitive strategies practiced by Chinese firms in the building and construction industry in Kenya. It was used to draw inferences of the population of all Chinese firms in the building and construction industry in Kenya which showed confidence interval about the competitive strategies adopted by Chinese firms in the building and construction industry in Kenya.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the analysis and findings of the study. The first section presents analysis of firm’s and respondent’s background information. The study was guided by this research objective which sought to determine the competitive strategies adopted by Chinese firms in building and construction industry in Kenya. The analysis utilized percentages, mean, standard deviations, and tables to analyze and present the data. The study targeted all the 13 respondents from each Chinese firm in building and construction industry in Kenya.

4.2 Demographic Profiles

The study focused on the year of incorporation, line of business of the firms, manager’s history in the firm and ownership structure of the firms. These demographics were important which demonstrated the experience of firms in practicing competitive strategies, line of business of firms practice competitive strategies, manager’s experience in practicing these competitive strategies and which ownership structure practice these competitive strategies.

The study population was small that’s the need to target all Chinese firm in building and construction industry in Kenya. This was used to analyze the experience of the firms in practicing these competitive strategies in their operations. The respondents who filled the questionnaires were 11firms giving a response rate of 85%.

Year of incorporation of the firm shows the experience of firms in practicing competitive strategies. This demographic profile shows the range of years which the firms actively adopted competitive strategies in their operations.

Results indicate that firms incorporated between 1-5 years were 54%; 5-10 years were 8%, and 0ver 10 years were 38%. This findings imply that results are consistent with observation that majority of firms have more than 5 years of incorporation. The findings are presented in table 4.1.

Table 4.1 Year of incorporation

	Frequency	Percent
1 – 5 years	7	54
5 – 10 years	1	8
Over 10 years	5	38
Total	13	100

Source: Research Data (2012)

More than half (54%) of firms were incorporated between 1 to 5 years which shows recently formed firms are aggressively using competitive strategies to compete and survive in this rapidly growing industry. The most successful firms use competitive strategies in their operations that why are they are market leaders in the industry.

Line of business shows the category of firms practicing competitive strategies and kind of business practice they adopt. This study categorized the line of business in three areas: distributors, manufacturers, and both manufacturers and distributors.

Results indicate that majority of firms are distrubutors (46%), both manufacters and distributors (39%) and manufacturers (15%). The findings are in line with the study since majority of firms are distribuition. The findings are presented in figure 4.2.

Table 4.2 Line of business

	Frequency	Percent
Distributors	6	46
Manufacturers	2	15
Both manufacturers and distributors	5	39
Total	13	100

Source: Research Data (2012)

Most of firms using the competitive strategies are distributors who aggressively use these strategies to outwit others and capture the market. Firms in both manufacturers and distributors also employed competitive to market their products and services. Distributors fight for market share and adopt competitive strategies for them to be successful in the operations.

Manager's experience shows knowledge in practicing these competitive strategies. This experience shows knowledge gained or duration the manager has been working for the respective firm.

Majority of managers in their respective firms had 1 to 5 years working for those firms with (54%), over 10 years (31%) and 5 to 10 years (15%). The findings are presented in table 4.3.

Table 4.3 Manager's history in the firm

	Frequency	Percent
1 – 5 years	7	54
5 – 10 years	2	15
Over 10 years	4	31
Total	13	100

Source: Research Data (2012)

Most managers had between 1 to 5 years working for their firms which meant new recruited managers are employ competitive strategies in the practice. The study indicated managers who served long in the successful firms in the building and construction employed competitive strategies. This meant that newly appointed maanagers had expertise on competititve strategies.

Ownership structure shows composition of the firms. The ownership structures were categorized into privately owned, wholly owned by the government, owned partly by the government and partly privately.

Majority of the firms were privately owned (46%), Wholly owned by the government with (30%) and owned partly by the governamnt and partly privately (24%). The findings are presented in table 4.4.

Table 4.4 Ownership Structure

	Frequency	Percent
Privately owned	6	46
Wholly owned by the government	4	30
Owned partly by the government and partly privately	3	24
Total	13	100

Source: Research Data (2012)

Privately owned firms indicated much pratice of competitive strategies which showed owners and sharehollders of private firms are keen in competition and fight their market share. This study indicate government owned firms also employ competive strategies to survive in the market.

4.3: Competitive Strategies Adopted by Chinese Firms in Building and Construction Industry in Kenya.

Competitive strategies considered for this study are classified into three typologies Porter’s generic strategies, Ansoff’s growth strategies, and Pearson and Robinson grand strategies.

Porter’s generic strategies are based on a core idea about how the firm can best compete in the marketplace. They are used by firms to seek a competitive advantage and they include the following strategies: cost leadership strategy, differentiation strategy and special focus strategy.

Differentiation strategy is based on achieving an industry-wide recognition of different and superior products and services compared to those of other suppliers. The study has following findings which depict differentiation strategy.

Brand name is a differentiation strategy which firms use to stand from its competitors. Firm's by having popular brand names enables them be prominent and have better recognition by its customers.

Majority of (55%) of respondents indicated to a moderate extent the firm has popular brand name. 18% indicated large extent and 9% indicated to a very extent. The findings are shown in table 4.5.

Table 4.5 The firm has popular brand name.

	Frequency	Percent
Low extent	2	18
Moderate extent	6	55
Large extent	2	18
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred having popular brand names as a way to win customer confidence on their products. This help the firm have differentiation in regard to their product image and position. The firm enables them be prominent and have better recognition by its customers.

Trained staff is a differentiation strategy which firms uses when recruiting its staff. Trained staff pose the firm competitive edge which the firm use it to achieve its objectives by utilizing resources of trained staff.

A majority of (46%) of respondents indicated moderate extent the firm deliberately train their staff or recruit trained staff which saves them time of learning the products. Thirty six (36%) indicated to a large great extent bring a total of those who either indicated to a moderate or to a large extent to (82%). The findings are shown in table 4.6.

Table 4.6 Trained Staff

	Frequency	Percent
No extent	1	9
Low extent	1	9
Moderate extent	5	46
Large extent	4	36
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred training their staff and recruiting trained staff which makes firms have professionals who understand their work well. This enables the firm perform its duties in proficient manner thus achieve its objectives efficiently. It’ a key strategy that most successful firms embrace to save time on equipping their staff with skills to compete satisfactory in the market.

Ability to handle customer complaints is differentiation strategy which firms use to their advantage by ensuring their customers are satisfied.

A majority of more than half (82%) of respondents indicated that to a moderate extent the firm had ability to handle customer complaints that showing that they value their customers' needs. The findings are shown in table 4.7.

Table 4.7 Ability to handle customer complaints

	Frequency	Percent
Low extent	1	9
Moderate extent	9	82
Large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms have the ability to handle customer complaints which shows how the customer is important to the firm. Satisfied customer will be loyal to the firm and purchase more of the firm's products and services. Satisfied firms will also refer other customers to buy from the firm, who will have more confidence from a referral customer more than a new customer.

Location is a differentiation strategy which is essential for customer's convenience. Customer's proximity to the products is very essential and attractive to customers.

A majority of (55%) of respondents indicated to a moderate extent the firm's location is in a convenient place, easily accessible by their customers. Eighteen (18%) indicated to a large extent bring a total of those who either indicated to a moderate extent or to a large extent to (73%). The findings are shown in table 4.8.

Table 4.8 Location

	Frequency	Percent
Low extent	3	27
Moderate extent	6	55
Large extent	2	18
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred choosing convenient location of their business. The convenience of customers to their suppliers is very important.

Sending messages on new products to repeat customers is differentiation strategy embraced by firms to keep their customers well informed on new arrivals.

Majority of (46%) of respondents indicated low extent the firm sends messages on new products to repeat customers to encourage loyalty. This shows most of firms do not value repeat customers. Thirty six (36%) indicated moderate extent bring a total of those who either indicated moderate or to a very great extent to (54%). The findings are shown in table 4.9.

Table 4.9 Send messages on new products to repeat customers

	Frequency	Percent
Low extent	5	46
Moderate extent	4	36
Very large extent	2	18
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred sending messages on new products to repeat customers' to encourage loyalty. This enables repeat customers be the first to benefit from new arrivals.

Advertising on radio, billboard and newspapers is a differentiation strategy used to create awareness of firm's products and services.

A majority of more than half (55%) of respondents indicated to a low extent the firm advertise on radio, billboards and newspapers. Forty five (55%) indicated to no extent showing almost 100% of the firms don't advertise on radio, billboard and newspapers. The findings are shown in table 4.10.

Table 4.10 Advertising on Radio, Billboard and Newspapers.

	Frequency	Percent
No extent	5	45
Low extent	6	55
Total	11	100

Source: Research Data (2012)

According to the survey most firms didn’t prefer to create awareness of their products this is because expense incurred in adverting on radio, billboard and newspapers.

Use of notices to show ongoing sale products is a differentiation strategy used internally in the firm to promote firms products.

More than half (55%) of respondents indicated no extent, Forty five (45%) indicated to a moderate extent and large extent bringing a total of those who either indicated moderate and large extend to (45%). The findings are shown in table 4.11.

Table 4.11 Use of notices to show ongoing sale products

	Frequency	Percent
No extent	1	9
Low extent	5	46
Moderate extent	4	36
Large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms didn’t preferred use of notices to show ongoing sale products. Using notices to show an ongoing sale boosts sales since majority of their products on offer are likely to be cleared seen and be bought but many firms didn’t recognize the importance of this tool.

Cost leadership strategy aims at achieving the company goals at the lowest cost possible. This study has the following findings depicting cost leadership strategy.

Searching low cost suppliers' products is a cost leadership strategy adopted to save costs. The firm compare on the prices and cost of acquiring the product or service.

A majority of more than half (91%) of respondents indicated to a moderate and large extent the firm's searches for low cost suppliers. 45.5% indicated to a moderate extent and (45.5%) indicated large extent bringing a total of those who either indicated to a moderate extent and large extent to (91%). The findings are shown in table 4.12.

Table 4.12 Searching low cost suppliers' products

	Frequency	Percent
No extent	1	9
Moderate extent	5	45.5
Large extent	5	45.5
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred searching low cost suppliers' products to cut down of operation.

Rent utilization is a cost leadership strategy which firms maximally utilize it to save costs of warehousing and storage.

All (100%) of respondents indicated to a moderate, large and very large extent the firm has rent utilization mechanism ensuring go-downs are well organized to cut down cost of hiring go-downs for storage and warehousing purposes. 45.5% was highest response indicated both by moderate and large extent respectively bring a total of those who either indicated to a moderate, large and very large extent to (100%). The findings are shown in table 4.13.

Table 4.13 Rent utilization- Ensuring go-downs are well organized to enable maximum number of products are stocked

	Frequency	Percent
Moderate extent	5	45.5
Large extent	5	45.5
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred rent utilization by ensuring go-downs are well organized to enable maximum number of products are stocked which cut down cost of hiring go-downs for storage and warehousing purposes.

Offering cash discounts to customers is a cost leadership strategy which aims at attracting more customers through cash discounts.

A majority of more than half (64%) of respondents indicated to a large extent the firm gives cash discounts to customers to encourage sales. Respondents had positive response for moderate, large and very large extent bringing a total of positive response to (82%). The findings are shown in table 4.14.

Table 4.14 Cash discounts to customers.

	Frequency	Percent
Low extent	2	18
Moderate extent	1	9
Large extent	7	64
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred offering cash discounts to customers to boost mores sales and win their loyalty.

Offering quantity discounts for bulk purchases by customers is a cost leadership strategy. This cuts cost by targeting bulk buyers only and save on labor turnover.

A majority of more than half (73%) of respondents indicated to a large extent the firm gives quantity discounts for bulk purchases by customers to encourage bulk buyers thus moving volumes. Respondents indicated to a moderate extent with (27%) and (73%) a large extent bring a total of those who either indicated moderate extent and large extent to (100%). The findings are shown in table 4.15.

Table 4.15 Quantity discounts for bulk purchases by customers.

	Frequency	Percent
Moderate extent	3	27
Large extent	8	73
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred offering quantity discounts for bulk purchases by customers to encourage bulk buyers and move more volumes.

Vetting of repeat customers to ensure they are credit worthy is a cost leadership strategy which avoids losses. It used to access customer's financial stability.

A majority of more than half (73%) of respondents indicated to a moderate extent the firm vet repeat customers to ensure they are credit worthy thus ensure the firm does not any loss of money when customers default to pay. 27% indicated to a large extent bring a total of those who either indicated to a moderate or to a large extent to (100%). The findings are shown in table 4.16.

Table 4.16 Vetting of repeat customers to ensure they are credit worthy.

	Frequency	Percent
Moderate extent	8	73
Large extent	3	27
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred vetting of repeat customers to ensure they are credit worthy hence saves time of collecting debts and avoid unnecessary losses.

Offering credit facilities to repeat customers is a cost leadership strategy used to attract customers. Firms embrace it to win customers from other competitors.

A majority of more than half (64%) of respondents indicated to a large extent the firm offer credit facilities to repeat customers to encourage loyalty and reward regular customers. Moderate extent and a very large extent shared (9%) respectively and large extent had (64%) bringing a total of those who either indicated to moderate, a large extent and a very great extent to (82%). The findings are shown in table 4.17.

Table 4.17 Credit facilities to repeat customers.

	Frequency	Percent
Low extent	2	18
Moderate extent	1	9
Large extent	7	64
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred offering credit facilities to repeat customers to reward them and win their confidence as the firm’s valued customers.

Improving product quality is a cost leadership strategy which saves cost of products durability. This is essential in saving product breakages and damages.

A majority of more than half (64%) of respondents indicated to a moderate extent the firm improve product quality ensuring their products are of superior quality. (9%) indicated to a low great extent bring a total of those who either indicated to a moderate, and large extent to (91%). The findings are shown in table 4.18.

Table 4.18 Improving product quality.

	Frequency	Percent
Low extent	1	9
Moderate extent	7	64
Large extent	3	27
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred improving product quality which cuts costs of breakages and damage.

Price war is a cost leadership strategy commonly adopted by Chinese firms to compete in the market. Regular decrease and increase of products prices is common.

A majority of more than half (64%) of respondents indicated to a large extent the firms believe in price wars which is a major competing tool used by many Chinese firms. Only (9%) indicated to a no extent bringing a total of those who either indicated to a moderate, large and a very great extent to (91%). The findings are shown in table 4.19.

Table 4.19 Price wars.

	Frequency	Percent
No extent	1	9
Moderate extent	1	9
Large extent	7	64
Very large extent	2	18
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred price wars as their survival tactics and strategies to compete in the market.

Targeting bulk customers is a cost focus strategy targeting a unique segment of the market.

A majority of more than half (81%) of respondents indicated to a great extent the firm targets bulk customers. Nine (9%) indicated to a moderate and a very large extent both respectively bringing a total of those who either indicated to a moderate, large and a very large extent to (100%). The findings are shown in table 4.20.

Table 4.20 Target bulk customers.

	Frequency	Percent
Moderate extent	1	9
Large extent	9	81
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

Cost focus strategy is depicted in this study in the following findings. According to the survey most firms preferred targeting bulk customers to cut costs of warehousing and transportation.

Attracting customers with high discounts is cost focus strategy where firms target discounts minded customers.

A majority of (46%) of respondents indicated to a large extent the firm attracts customers with high discounts to boost more sales. (36%) indicated to a moderate extent, (46%) indicated large extent, and (9%) indicated a very large extent bringing a total of those who either indicated to moderate, large and a very large extent to (81%). The findings are shown in table 4.21.

Table 4.21 Attract customers with high discounts.

	Frequency	Percent
No extent	1	9
Moderate extent	4	36
Large extent	5	46
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred attracting customers with high discounts to win them from other competitors in the industry.

Offering quantity discounts is a cost focus strategy targeting discount minded customers.

A majority of more than half (64%) of respondents indicated to a large extent the firm offer quantity discounts. (27%) indicated to a moderate extent and (64%) indicated a large extent bringing a total of those who either indicated to a moderate and a large extent to (81%). The findings are shown in table 4.22.

Table 4.22 Offer quantity discounts.

	Frequency	Percent
Low extent	1	9
Moderate extent	3	27
Large extent	7	64
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred offering quantity discounts to encourage bulk purchases which in long run cut down operation costs.

Differentiation Focus

According to the survey most firms preferred ensuring the product is conveniently available to the customer for consistency of the products.

A majority of (46%) of respondents indicated to moderate extent the firms ensuring the product is conveniently available to the customer to save customer's time and ensure consistency of firm's products. (27%) indicated to a large extent bring a total of those who either indicated to moderate and large extent to (73%). The findings are shown in able 4.23.

Table 4.23 Ensuring the product is conveniently available to the customer.

	Frequency	Percent
Low extent	3	27
Moderate extent	5	46
Large extent	3	27
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred delivering the product to the customer's location to ensure the customer is satisfied.

A majority of more than half (64%) of respondents indicated to moderate extent the firms deliver the product to the customers location to save customer's time and ensure their customer's don't incur expenses to get products and services. (27%) indicated to a large extent, (64%) indicated moderate extent bringing a total of those who either indicated moderate extent and large extent to (81%). The findings are shown in table 4.24.

Table 4.24 Deliver the product to the customer's location.

	Frequency	Percent
No extent	1	9
Moderate extent	7	64
Large extent	3	27
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred communicating to customers on new products availability through mobile phone messages, emails and phone calls**.** This keeps the customer well updated on new arrivals.

A total majority of more than half (54%) of respondents indicated positive response of the firm communicate to customers on new products availability through mobile phone messages, emails and phone calls. (36%) indicated moderate extent and (9%) respectively for large extent and very large extent bringing a total of those who either indicated moderate, large and a very large extent to (54%). The findings are shown in table 4.25.

Table 4.25 Communicate to customers on new products availability through mobile phone messages, emails and phone calls.

	Frequency	Percent
Low extent	5	46
Moderate extent	4	36
Large extent	1	9
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms demonstrated that premium price has value added benefits. This showed that a customer gets value on the premium priced products which are of superior quality.

A majority of more than half (64%) of respondents indicated moderate extent the firm demonstrate that premium price has value added benefits and sell quality products and services at premium prices . (18%) indicated a large extent bringing a total of those who either indicated moderate to large extent to (82%). The findings are shown in table 4.26.

Table 4.26 Demonstrate that premium price has value added benefits.

	Frequency	Percent
Low extent	2	18
Moderate extent	7	64
Large extent	2	18
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred having comfortable environment to discuss customer requirements. The customer is in a relax atmosphere to share views which are of mutual benefit to the firm and the customer.

A majority of more than half (64%) of respondents indicated moderate extent the firm have comfortable environment to discuss customer requirements. (9%) indicated large extent bringing a total of those who either indicated moderate to large extent to (73%). The findings are shown in table 4.27.

Table 4.27 Comfortable environment to discuss customer requirements.

	Frequency	Percent
Low extent	3	27
Moderate extent	7	64
Large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms didn't prefer offering refreshments to their customers once they visit their premises.

(46%) of respondents indicated low extent the firm offers refreshments to customers to welcome and appreciate customers for being their valued clients. (18%) indicated no extent bringing a total of those who either indicated no extent and low extent to (64%). The findings are shown in table 4.28.

Table 4.28 Refreshments offered to customers.

	Frequency	Percent
No extent	2	18
Low extent	5	46
Moderate extent	4	36
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred offering after sales services to their customers after they have made purchases. This ensures the product is working well after purchase and is in good condition.

A majority of more than half (73%) of respondents indicated moderate extent the firm offer after sales services to their customers to check their satisfaction on company products and services. (9%) indicated large extent bringing a total of those who either indicated moderate or large extent to (82%). The findings are shown in table 4.29.

Table 4.29 After sales services.

	Frequency	Percent
Low extent	2	18
Moderate extent	8	73
Large extent	1	9
Total	13	100

Source: Research Data (2012)

According to the survey most firms preferred offering free samples to customers for display and testing if the product is good.

(37%) of respondents indicated moderate extent the firm offers free samples to customers for display on customer’s shops. (18%) indicated to large and very large extent bringing a total of those who either indicated moderate, large extent and very large extent to (73%). The findings are shown in table 4.30.

Table 4.30 Offering free samples to customers.

	Frequency	Percent
Low extent	3	27
Moderate extent	4	37
Large extent	2	18
Very large extent	2	18
Total	11	100

Source: Research Data (2012)

According to the survey most firms didn't preferred having showroom display to merchandise their products and exhibit what they are offering.

(46%) of respondents indicated low extent the firm has showroom display to show the variety of products they offer to their clients. (9%) indicated no extent bringing a total of those who either indicated no or low extent (55%). The findings are shown in table 4.31.

Table 4.31 Showroom Display.

	Frequency	Percent
No extent	1	9
Low extent	5	46
Moderate extent	4	36
Large extent	1	9
Total	11	100

Source: Research Data (2012)

Ansoff's growth strategies depicted in this study are market penetration, market development, product development and diversification. Here the firms considered growing via existing products and new products, and in existing markets and new markets.

Expanding to other countries or new branches products is an important market growth strategy which is of great benefit to firm since it shows the firm is growing.

A majority of more than half (82%) of respondents indicated to a moderate, great extent and a very great extent the firm expanding to other countries or new branches so as to achieve economies of scale. 73% indicated to a moderate and large extent bring a total of those who either indicated to a moderate and large great extent and very large extent to (82%). The findings are shown in table 4.32.

Table 4.32 Expanding to other countries or new branches products

	Frequency	Percent
No extent	1	9
Low extent	1	9
Moderate extent	4	36.5
Large extent	4	36.5
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred **e**xpanding to other countries or new branches products for growth of the firm.

Repositioning company products is an essential market growth strategy which helps firm adjusts with this turbulent business environment.

A majority of (46%) of respondents indicated to a moderate extent the firm repositioning their company to remain competitive in the market. Majority of respondents had positive response bringing a total of a moderate, great or to a very great extent to (73%). The findings are shown in table 4.29.

Table 4.33 Repositioning the company products.

	Frequency	Percent
Low extent	3	27
Moderate extent	5	46
Large extent	2	18
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred repositioning the company products so as to survive in this turbulent environment especially in building and construction industry in Kenya.

Targeting price conscious customers is a market growth strategy enabling handle customers who prefer comparing prices before making purchase.

A majority of more than half (55%) of respondents indicated to a large extent the firm targets price conscious customers who prefers comparing competitor's prices before making any purchase. (18%) indicated to a moderate extent, (55%) large extent and (9%) a very large extent bringing a total of those who either indicated to moderate, large extent and a very large extent to (82%). The findings are shown in table 4.30.

Table 4.34 Target price conscious customers.

	Frequency	Percent
Low extent	2	18
Moderate extent	2	18
Large extent	6	55
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred targeting price conscious customers who prefer comparing prices before making purchase. They target price sensitive customers.

Importing products requested by customers or customized products is market growth strategy which helps meet customer expectations thus satisfying their needs effectively.

A majority of more than half (64%) of respondents indicated to moderate extent the firm import products requested by customers(customized) thus supplying customers products meeting their specifications. (18%) indicated to a large extent bring a total of those who either indicated moderate extent and large extent to (82%). The findings are shown in table 4.35.

Table 4.35 Importing products requested by customers (customized).

	Frequency	Percent
No extent	1	9
Low extent	1	9
Moderate extent	7	64
Large extent	2	18
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred importing products requested by customers or customized products which clearly meet customer expectations.

Pearson and Robinson grand strategies provide basic direction for major actions directed toward achieving long-term business objectives. This study depicted these strategies which include concentrated growth, market development, product development, innovation, horizontal integration, vertical integration, concentric diversification, conglomerate diversification. This is because some firms are involved with multiple industries, businesses, product lines, or customer groups and usually combine several grand strategies.

Understanding customer needs is a grand strategy that puts customer requirements by producing products.

A majority of (82%) of respondents indicated to moderate extent (18%) indicated to a large extent bringing a total of those who either indicated moderate, to a large extent to (100%). The findings are shown in table 4.36.

Table 4.36 Understanding customer needs.

	Frequency	Percent
Moderate extent	9	82
Large extent	2	18
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred understanding customer needs first before manufacturing their products. Firms understand customer needs to ensure that all its customers are satisfied and are keen to customers' specifications.

Expenditure in R&D is crucial aspect of grand strategy which helps in innovation of new products and ensures their products are unique.

A majority of more than half (55%) of respondents indicated to a great extent the firms uses expenditure in R&D to introduce new products and make new discoveries to stay ahead of competition. (36%) indicated to a large extent, (9%) indicated a very large extent bring a total of those who either indicated to a moderate, large and a very large extent to (100%). The findings are shown in table 4.37.

According to the survey most firms preferred having much expenditure in R&D to innovate new products and ensure their products are unique.

Table 4.37 Expenditure in R&D.

	Frequency	Percent
Moderate extent	6	55
Large extent	4	36
Very large extent	1	9
Total	11	100

Source: Research Data (2012)

Adjustments of products is an aspect of grand strategy which shows how products change designs, packaging, branding to be competitive in the market.

A majority of more than half (73%) of respondents indicated to a moderate extent the firm adjusts its products thus having variety of unique products to offer their clients. Eighteen (18%) indicated to a large extent bring a total of those who either indicated to moderate extent or to a large extent to (91%). The findings are shown in table 4.38.

Table 4.38 Adjustments of products

	Frequency	Percent
Low extent	1	9
Moderate extent	8	73
Large extent	2	18
Total	11	100

Source: Research Data (2012)

According to the survey most firms preferred adjusts their products to meet the changing customers' needs, tastes and preferences.

Unique source of product demonstrate grand strategy which shows innovation aspect and enable firm maintain high products standards. It's one of most practiced strategy and has competitive advantage over competitors.

A majority of (82%) of respondents indicated moderate extent the firm has unique source of product, unique source of product shows innovativeness and ensure standards are maintained in between different players in the industry. This shows 100% of respondents have unique source of their products. The findings are shown in table 4.39

Table 4.39 Unique Source of Product

	Frequency	Percent
Moderate extent	9	82
Large extent	2	18
Total	11	100

Source: Research Data (2012)

According to the survey most firms have unique source of product which make them different from their competitors and have competitive advantage. This shows innovativeness and uniqueness among different firms in the industry.

Table 4.40 Correlation analysis and Factor analysis.

Descriptive statistics were used to measure central tendency like the mean, while measures of variability like the standard deviation which was used in the study to know the most practiced competitive strategies.

	Maximum Score	Actual Score	Percentage Score	Mean	Standard Deviation	Rank
Target bulk customers	55	44	80%	4.0	1.0	1
Price wars	55	42	76%	3.8	1.2	2
Quantity discounts for bulk purchases by customers	55	41	75%	3.8	1.2	3
Rent utilization- ensuring go-downs are well organized to enable maximum number of products are stoked	55	40	73%	3.7	1.3	4
Cash discounts to customers	55	40	73%	3.7	1.3	5
Credit facilities to repeat customers	55	40	73%	3.7	1.3	6
Expenditure in R&D	55	39	71%	3.6	1.4	7
Target price conscious customers	55	39	71%	3.6	1.4	8
Offer quantity discounts	55	39	71%	3.6	1.4	9
Attract customers with high discounts	55	38	69%	3.5	1.5	10
Expanding to other countries or new	55	36	65%	3.3	1.7	11

branches						
Searching low cost suppliers	55	36	65%	3.3	1.7	12
Vetting of repeat customers to ensure they are credit worthy	55	36	65%	3.3	1.7	13
Offering free samples to customers	55	36	65%	3.3	1.7	14
Popular brand name	55	35	64%	3.2	1.8	15
Unique source of product	55	35	64%	3.2	1.8	16
Improving product quality	55	35	64%	3.2	1.8	17
Understanding customer needs	55	35	64%	3.2	1.8	18
Trained staff	55	34	62%	3.1	1.9	19
Adjustments of products	55	34	62%	3.1	1.9	20
Repositioning the company	55	34	62%	3.1	1.9	21
Deliver the product to the customers location	55	34	62%	3.1	1.9	22
Ability to handle customer complaints	55	33	60%	3.0	2.0	23
Ensuring the product is conveniently available to the customer	55	33	60%	3.0	2.0	24
Demonstrate that premium price has value added benefits	55	33	60%	3.0	2.0	25
Location	55	32	58%	2.9	2.1	26
Send messages on new products to repeat customers	55	32	58%	2.9	2.1	27
Importing products requested by customers(customized)	55	32	58%	2.9	2.1	28
After sales services	55	32	58%	2.9	2.1	29
Communicate to customers on new products availability through mobile phone messages, emails and phone calls	55	31	56%	2.8	2.2	30
Comfortable environment to discuss customer requirements	55	31	56%	2.8	2.2	31
Use of notices to show an ongoing sale	55	27	49%	2.5	2.5	32
Showroom display	55	27	49%	2.5	2.5	33
Refreshments offered to customers	55	24	44%	2.2	2.8	34
Advertising on radio, billboards and newspapers	55	17	31%	1.6	3.4	35
Overall mean, Standard Deviation				**110.4**	**64.6**	

Source: Research Data (2012)

According to the study the most practiced competitive strategies by Chinese firms in the building and construction industry in Kenya adopted were targeting bulk customers, price wars, offering quantity discounts for bulk purchases by customers, rent utilization by ensuring go-downs are well organized to enable maximum number of products are stoked, offering cash discounts to customers, and offering credit facilities to repeat customers respectively. The most adopted competitive strategy was targeting bulk customers while the least adopted competitive strategy was advertising on radio, billboards and newspapers.

4.4 Discussion

This section deals with the discussion of the findings. This is done in accordance to the objectives of the study. In this section, the expectations of the study are stated and whether the study confirms or denies the expectations is explored. In addition, the findings of current study are compared and contrasted to other similar studies from literature.

The study expectations were Chinese firms in building and construction industry in Kenya use differentiation competitive strategy in their operations. The expectation were confirmed by the majority of respondents who indicated that to a moderate extent firms have popular brand names (55%), (82%) have trained staff. The findings are also consistent with those of Githae (2004) who contend that a highly diversified product offering is crucial in order to compete effectively.

Searching low cost suppliers' products to achieve economies of scale results to cost savings which can then transferred to consumers in the form of low prices for the products. The expectations of this study were to that Chinese firms in the building and construction industry in Kenya employ cost leadership strategy. This was confirmed by the majority of respondents indicated (91%) of firms search for low cost suppliers to cut down of operation, (100%) of firms have rent utilization mechanism ensuring go-downs are well organized to cut down cost of hiring go-downs for storage and warehousing purposes. These findings imply that Chinese firms in building and construction industry in Kenya adopt cost leadership strategy. The findings are consistent with those of Porter (2004) who asserts that a cost leadership is one in which a firm strives to have the lowest costs in the industry and offer its products or services in a broad market at the lowest prices.

The study expectations were Chinese firms in the building and construction industry in Kenya use focus strategy as a competitive strategy. The expectations confirmed by a majority respondents (81%) attracting customers with high discounts indicating large and a very large extent, (81%) of respondents indicated to a great extent the firm targets bulk customers, (81%) of the firm offer quantity discount, (82%) offer after sales services to their customers, (81%) of the firms attracts customers with high discounts to boost more sales. Findings are consistent with those of Porter (2004) who asserts that focus strategy involves targeting a particular market segment. This means serving the segment more efficiently and effectively than the competitors. This finding confirms with of Kombo (1997) who found out that firms in the motor industry have segmented and targeted their customers more and improved customer service.

Ansoff's growth strategies showed that (82%) of respondents indicated to a moderate extend expanding to other countries or new branches, (73%) the firm repositioning their company, (82%) import products requested by customers (customized) and (82%) targets price conscious customers.

Pearson and Robinson grand strategies showed (100%) of firms understand customer needs, 100%) use expenditure in R&D, (91%) adjusts its products, (100% of respondents have unique source of their products.

The study expectations were Chinese firms in building and construction industry in Kenya practice Porter's generic strategies like differentiation, cost leadership and focus strategies. Ansoff's growth strategies like market penetration, market development, product development and diversification are practiced in this study. Pearson and Robinson grand strategies like innovation, market development, product development, concentric diversification, concentric growth where depicted in the study which concur to the literature. The findings concurred with the empirical studies that showed competitive strategies give direction and scope of an organization over the long term and achieve advantage thus fulfilling stakeholders' expectation.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this chapter is to discuss and summarize the findings of the study and finally give conclusions and recommendations for improvements and practice. This is justification of the data collected and analyzed. The findings sought to answer the research question the competitive strategies adopted by Chinese firms in building and construction industry in Kenya.

5.2 Summary of Findings

This section summarizes the findings generated from data analysis in chapter four. This was in line with the research objective to determine competitive strategies adopted by Chinese firms in building and construction industry in Kenya. Majority of respondents indicated moderate extent (36.5%) and large extent of (36.5%) of firms increase their branches so as to achieve economies of scale, (91%) of firms search for low cost suppliers to cut down of operation, (100%) of firms have rent utilization mechanism ensuring go-downs are well organized to cut down cost. The findings imply that the Chinese firms in building and construction industry in Kenya adopt cost leadership strategy for competing against themselves.

There was large extent of (82%) that firms expand to other countries or new branches, (82%) have trained staff, (82%) have unique source of product. The findings imply that the Chinese firms in building and construction industry in Kenya embrace differentiation strategy in the operations.

Majority respondents (81%) of respondents indicated to a great extent the firm targets bulk customers, (81%) of the firms attracts customers with high discounts to boost more sales, (81%) of the firm offer quantity discounts, (82%) of firm targets price conscious customers. The findings indicate that the Chinese firms in building and construction industry in Kenya use focus strategy.

Porter's generic strategies are most practiced by Chinese firms in the building and construction industry in Kenya with 77 % while Ansoff growth strategies and Pearson and Robinson grand strategies share 11.5% respectively.

5.3 Conclusion

The study conclusion was based on the objectives and research questions of the study. Chinese firms in building and construction industry in Kenya used cost leadership strategy as a competitive strategy since they attempt to reduce their operational costs in order to deliver the product at the lowest prices possible. It was also concluded that Chinese firms in building and construction industry in Kenya use differentiation as a competitive strategy since they invest much in product research and strive to deliver high quality products. Chinese firms in building and construction industry in Kenya also used focus as a competitive strategy since they have products for different types of consumers. There was practice of Ansoff strategies like market penetration and product development among Chinese firms in the building and construction industry in Kenya like expanding to other countries. Pearson and Robinson strategies commonly practiced were innovation, market development and product development.

Porter's generic strategies were greatly practiced by Chinese firms in the building and construction industry in Kenya while Ansoff growth strategies and Pearson and Robinson grand strategies shared equal points. The most practiced competitive strategy were targeting bulk customers, targeting bulk customers and offering quantity discounts for bulk purchases by customers.

5.4 Recommendations for Policy and Practice

The study recommends that competitive strategies are of great importance since they confirm to the literature on the merits they offer to the firm once the right choice is implemented. For instance, they need to identify the right mix of Porter's generic strategies, Ansoff's growth strategies and Pearson and Robinson grand strategies in order to minimize strategic conflict.

The study recommends that firms in building and construction industry in Kenya should analyze various competitive strategies that they current use and check on the appropriateness of their implemented to be successful in the industry. This will ensure they use of the strategies that are most complementary to each other. Finally firms need to factor in the concept of strategic fit by considering the internal firm capabilities and see how best they can be used to implement strategies.

5.5 Limitations of the Study

The findings can't give clear picture on how the competitive strategies are used to bring competitive edge. These competitive strategies are appropriate certain sectors thus may not be generalized to other sectors because of their structures and regulations practiced in the other sectors.

The study findings accuracy was limited to the extent to which the respondents were honest in responding to the questionnaires. Given the sensitive nature of data collected, there may been likelihood of answering questions in a certain way so as to avoid giving away crucial and confidential trade secrets. This was despite assurance that the study information would be used in a confidential manner.

The methodology used to gather the data was limited to time allocated to collect it. Personal interviews could be used but the time was not enough to conduct census of the population of focus.

5.6 Suggestions for Further Research

The study recommends that a study on competitive strategies used to bring competitive edge. These competitive strategies should appropriate for all sectors thus may be generalized to all sectors. The study should address the best competitive strategies combination able to be applied in diverse sectors or industries.

The study recommends that a study on competitive strategies exploring the strengths of Chinese firms and weaknesses of European firms. Targeting general information facts that give assurance that the study information would be used in a confidential manner.

The study recommends that a study on competitive strategies adopted by Chinese firms in developing countries using different methodologies like questionnaire and personal interviews to gather data.

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APPENDICES

Appendix I: Research Questionnaire

Instructions; Fill in the blank spaces and tick where appropriate

PART A: BACKGROUND OF THE COMPANY

1. Your Name: ____
2. Company name: ____
3. Year of establishment: _______________________________________
4. Line of Business: ____
5. How long have you been with the organization?
    - Below 1 year ☐
    - 1 – 2 years ☐
    - 2 - 3 years ☐
    - 3 - 5 years ☐
    - Over 5 years ☐
6. Ownership of the company (kindly tick one below):
    - Privately owned ☐
    - Wholly owned by the government ☐
    - Owned partly by the government and partly privately ☐

PART B: COMPETTITIVE STRATEGIES ADOPTED

This section is to indicate the extent to which you use the following in order to enhance your business on a scale of 1 to 5 where:

1: No extent

2: Low extent

3: Moderate extent

4: Large extent

5: Very large extent

		1	2	3	4	5
	Popular brand name					
	Unique source of product					
	Trained staff					
	Ability to handle customer complaints					
	Location					
	Adjustments of products					
	Send messages on new products to repeat customers					
	Advertising on radio, billboards and newspapers					
	Use of notices to show an ongoing sale					
	Expanding to other countries or new branches					
	Repositioning the company					
	Searching low cost suppliers					
	Rent utilization- ensuring go-downs are well organized to enable maximum number of products are stoked					
	Cash discounts to customers					
	Quantity discounts for bulk purchases by customers					
	Vetting of repeat customers to ensure they are credit worthy					
	Credit facilities to repeat customers					
	Improving product quality					
	Price wars					
	Expenditure in R&D					
	Target bulk customers					
	Target price conscious customers					
	Attract customers with high discounts					
	Offer quantity discounts					
	Understanding customer needs					
	Ensuring the product is conveniently available to the customer					
	Deliver the product to the customers location					
	Communicate to customers on new products availability through mobile phone messages, emails and phone calls					
	Importing products requested by customers(customized)					
	Demonstrate that premium price has value added benefits					
	Comfortable environment to discuss customer requirements					
	Refreshments offered to customers					
	After sales services					
	Offering free samples to customers					
	Showroom display					

Appendix II: Chinese Firms in the Building and Construction Industry in Kenya

1. China National Aero-Technology International Engineering Construction Group
2. China Road and Bridge Corporation
3. China Wu Yi
4. Golden International trading company
5. Guangzhou Homart Trading Co. Ltd
6. Guangzhou Sunda International trading company
7. Housetop International Co. Ltd
8. Iddis (Guangzhou Keyu Building Material Co. Ltd)
9. Jayma limited
10. Shengli Engineering Construction Group
11. SinoHydro Corporation Limited
12. Sino-Ken International Co.
13. Weedoo International Co. Ltd.

Source: KIA (Building and construction section).