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GENERIC COMPETITIVE STRATEGIES AND PERFORMANCE OF FOOD AND BEVERAGE MANUFACTURING FIRMS IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

This research examined the influence of the generic competitive strategies on performance of food and beverage manufacturing firms in Nairobi City County, Kenya. Specifically, the study examined the influence of cost leadership strategy and differentiation strategy on performance of food and beverage manufacturing firms in Nairobi City County, Kenya. The study was guided by the resource-based theory, dynamic capability theory and resource-advantage theory of competition. *The study employed the cross-sectional survey research design to test noncausal relationship between the study variables without the researcher controlling any of them. The proportionate stratified random sampling technique was used to select a sample size of 152 food and beverage manufacturing firms from a target population of 246 food and beverage manufacturing firms in Nairobi City County, Kenya. The study utilized a self-administered structured survey questionnaire to collect primary data. A cross-sectional survey approach was used. The study utilized the drop and pick method for the distribution of the survey questionnaire. With the help of the 3 research assistants, the researcher hand delivered the survey questionnaire to the managing directors of the random sample of 152 food and beverage manufacturing firms in Nairobi City County, Kenya. The collected data was coded, edited and entered into the Statistical Package for Social Sciences (SPSS) version 26 to create a data sheet that was used for statistical analysis. Data analysis utilized the descriptive and inferential statistics. The correlation results indicated that cost leadership strategy and differentiation strategy had positive and significant relationship with the performance of food and beverage manufacturing firms in Nairobi City County, Kenya. The regression results indicated that cost leadership strategy and differentiation strategy had positive and significant influence on the performance of food and beverage manufacturing firms in Nairobi City County, Kenya. The study recommends that managers should consider a holistic reassessment and implementation of the generic competitive strategies to foster the performance of the food and beverage manufacturing firms. The policymakers should consider initiating a review of the existing policies to motivate the managers to consider a holistic reassessment and implementation of the generic competitive strategies to foster the performance of the food and beverage manufacturing firms. Future research should examine the influence of generic competitive strategies on firm performance with environmental turbulence as a moderator in other sectors or contexts.*

Key Words: *Generic Competitive Strategies, Differentiation, Cost Leadership, Firm Performance, Kenya*

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INTRODUCTION

The food and beverage manufacturing significantly contribute to the economic prosperity of many nations. The economic importance of the food and beverage sub-sector for different nations can be seen from the amount of revenue generated and jobs created (Owusu-Apenten & Vieira, 2022). The food and beverage sub-sector contribute significantly to the economy of the country. The food and beverage subsector has an important role in people's lives as providers of primary needs (Haryati *et al.*, 2024). Therefore, the food and beverage sub-sector is expected to remain one of the most stable and important sectors in the future (Patmawati & Sari, 2024). However, while the growth of the food and beverage sub-sector shows a positive direction, the fluctuating growth of the majority of the food and beverage firms is a major concern to the stakeholders (Hambali, Sukma, & Sarumpaet, 2024). Although it is regarded as one of the important industrial sectors with significant contributions to GDP and employment, the food and beverage sub-sector faces challenges in optimizing performance (Widjaja, 2024).

The food and beverage manufacturing firms play a critical role in the economy of a country (Mulweye, Shale, Namusonge, & Wachiuri, 2024). Nevertheless, though the food and beverage manufacturing firms are striving hard to improve their performance, there are still issues of poor-quality products, long lead time and high cost of products (Mutiso & Gatari, 2023). The food and beverage manufacturing sub-sector is regarded as one of the important industrial sectors with significant contributions to gross domestic product (GDP) and employment (Hurriyah, Setiawan, Indiastuti, Septiani, & Kharisma, 2024). However, the food and beverage sub-sector faces challenges in optimizing performance (Widjaja, 2024).

In the era of globalization and increasingly fierce business competition, creating a competitive advantage is very important for the survival and success of the company. The food and beverage manufacturing sub-sector has been greatly impacted by the technological elements that have driven innovation, improved efficiency and improved customer experience (Maung, 2024). The companies in the food and beverage sub-sector often operate in a highly competitive industry (Hulaemah, Ghiffari, & Uzliawati, 2024). The industry participants must adopt these technological advances to meet customer expectations and address growing issues in the global food and beverage market to stay competitive. (Rizkiyanti & Leisthari, 2024). Therefore, cost leadership strategy and differentiation strategy play an important role in determining competitiveness within the food and beverage manufacturing sub-sector. However, the literature on the relationship between competitive strategy and firm performance has focused mainly on developed countries (Han, 2024).

Statement of the Problem

Despite contributing significantly to the economy of the country, the food and beverage manufacturing firms face challenges in optimizing performance (Nzomo & Wachiuri, 2023; Widjaja, 2024). The food and beverage manufacturing sub sector has been experiencing performance challenges (Adhiambo & Osoro, 2024; Mbugua, Ngugi, Thogori, & Mwangi, 2024a). The food and beverage manufacturing sub sector has been experiencing fluctuations in profitability (Abade *et al.*, 2024). In Kenya, the food and beverage manufacturing sub sector recorded a significant drop in growth from 4.7% to 1.6% and 2.7% to 0.2% in 2021 and 2022, respectively (Ngenoh & Noor, 2024). The food and beverage sub sector has been experiencing a lot of turbulence in the recent past including a drop in the GDP, an increasing imbalance of trade, and the exiting of large multinationals (Mbugua, Ngugi, Thogori, & Mwangi, 2024b). The decline in contribution to the GDP of food and beverage sub sector has given rise to fears of a premature deindustrialization phenomenon (Datche *et al.*, 2023).

The firms in the food and beverage sub sector often operate in a highly competitive industry (Hulaemah *et al.*, 2024; Mboga, Datche, & Kising'u, 2023;

Rizkiyanti & Leisthari, 2024). The research on the generic competitive strategies has been challenged by the complexity of capturing relations between generic cost leadership, differentiation, and focus strategies and their interdependencies with other strategic commitments for performance outcomes (Greckhamer & Gur, 2021). However, while cost leadership strategy and differentiation strategy got significant attention from researchers and academia, cost focus strategy and focused differentiation strategy were considered minor or rarely used (Ullah *et al.*, 2024).

Despite the extensive literature on generic competitive strategies and firm performance, the empirical literature has produced mixed and inconsistent results (Anwar & Shah, 2021). Prior studies suggest that differentiation strategy and focus strategy has positive and significant influence on firm performance (Musyoka, 2023; Mwaniki & Anene, 2023). However, others suggest that differentiation strategy and focus strategy has insignificant influence on firm performance (Mathu, Kiboi, Kiboi, & Osoro, 2024). The previous empirical findings have shown inconsistency and contradict the theoretical assumptions (Zheng, Zhu, & Li, 2024).

Research Objectives

The general objective of this research was to examine the influence of generic competitive strategies on performance of food and beverage manufacturing firms in Nairobi City County, Kenya. The specific objectives were;

- To determine the influence of cost leadership strategy on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.
- To assess the influence of differentiation strategy on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.

Research Hypotheses

In this research, two null hypotheses were tested.

- $H_0$1: Cost leadership strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.
- $H_0$2: Differentiation strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.

LITERATURE REVIEW

Theoretical Framework

The theoretical framework was guided by the resource-based theory, dynamic capability theory and resource-advantage theory of competition.

Resource-Based Theory

The resource-based theory (RBT) of the firm (Wernerfelt, 1984; Barney, 1991) provides a framework for understanding how a firm's unique resources and capabilities can be a source of sustained competitive advantage (Alkaraan *et al.*, 2024). The RBT of the firm (Penrose, 2009) suggests that a firm's distinctive resources, which are valuable, rare, inimitable, and non-substitutable (VRIN) can encompass tangible assets, intangible assets, human capital, organizational capabilities, and other strategic assets that are unique to a firm (Barney, Ketchen Jr, & Wright, 2021). The RBT of the firm (Barney, 1991; Peteraf & Barney, 2003) emphasizes that a firm's VRIN resources can enable the firm to achieve superior performance and outperform competitors (Utami & Alamanos, 2022). Therefore, the RBT of the firm provides a relevant theoretical framework to explain influence of generic competitive strategies on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.

The RBT of the firm is an influential approach in strategic management. The RBT explores heterogeneity in performance across firms through the lens of VRIN resource advantages, and the organization for exploiting their potential (Bosman, 2024). The RBT provides an essential framework to explain and predict the fundamentals of a company's performance and competitive advantage (Barney *et al.*, 2021). Therefore, the RBT of the firm provides a relevant theoretical framework to

explain influence of cost leadership strategy and differentiation strategy on performance of food and beverage manufacturing firms in Nairobi City County, Kenya. Drawing from the theoretical underpinnings of the RBT, Mathu *et al.* (2024) examined the influence of competitive strategies on the performance of escalator and elevator firms in Kenya.

Dynamic Capability Theory

The dynamic capability (DC) theory (Barney, 1991; Teece, Pisano, & Shuen, 1997a) is a strategic management framework that focuses on a firm's ability to adapt, innovate, and reconfigure its resources and capabilities in response to changing external environments and evolving market conditions (Bosman, 2024). The DC theory (Peteraf & Barney, 2003; Teece, Pisano, & Shuen, 1997b) posits that a firm's sustainable competitive advantage is derived not only from possessing valuable and rare resources but also from its dynamic capabilities, enabling it to integrate, build, and reconfigure resources to meet the demands of a dynamic market (Alkaraan *et al.*, 2024). Therefore, the DC theory provides a relevant theoretical framework to explain influence of generic competitive strategies on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.

The DC theory specifically focuses on how organizations can develop and use their capabilities in a highly dynamic and uncertain environment (Buzzao & Rizzi, 2023). The DC theory is suitable for measuring business performance in a dynamic environment, as it focuses on a company's ability to change and adapt to the changing environment (Baía & Ferreira, 2024). The DC theory concerns the development of strategies for senior managers of successful companies to adapt to radical discontinuous change, while maintaining minimum capability standards to ensure competitive survival (Yoshikuni, Galvão, & Albertin, 2022). Therefore, the DC theory provides a relevant theoretical framework to explain influence of cost leadership strategy and differentiation strategy on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.

Resource-Advantage Theory

The resource-advantage (RA) theory of competition (Hunt & Davis, 1995; Hunt & Davis, 2008) is a general theory of competition that challenges the foundations and assumptions of the neoclassical theory of perfect competition (Davis & McCarthy-Byrne, 2022; Jallow, 2024). The RA theory of competition (Hunt & Davis, 2000; Hunt & Davis, 2012; Penrose, 1959) posits that competition is a dynamic, evolutionary process wherein firms pursue comparative advantages in resources to secure marketplace positions of competitive advantage that yield superior financial performance (Arnett, 2024; Setiawan, Wahyuni, Wiedayanti, & Nastiti, 2024). Therefore, the RA theory provides a relevant theoretical framework to explain influence of generic competitive strategies on performance of food and beverage manufacturing firms in Nairobi City County, Kenya. The RA theory of competition highlights the competition for comparative advantage in resources that underlie the competitive strategies of firms, their competitive advantage(s) in the marketplace, and financial performance (Varadarajan, 2023).

The RA theory proposes that the external factors such as societal resources, societal institutions, and public policy along with actions by competitors, consumers, and suppliers can enhance, neutralize, or eliminate the contribution of a firm's resources to value creation (Jallow, 2024). The RA theory of competition suggests that feedback loops signal the firm's position of competitive advantage, spur organizational learning, and motivate innovation in the continuous struggle for competitive advantage (Davis & McCarthy-Byrne, 2022). The RA theory combines the concepts of the heterogeneous demand theory and the resource-based view of the organization (Arnett, 2024). The RA theory of competition explores heterogeneity in performance through the lens of a firm's comparative advantage in resources and competitive advantage in the marketplace (Setiawan *et al.*, 2024; Varadarajan,

2023). Therefore, the RA theory provides a relevant theoretical framework to explain influence of cost leadership strategy and differentiation strategy on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.

Conceptual Framework

The conceptual framework demonstrates that firm performance is conceptualized as the dependent variable. However, cost leadership strategy and differentiation strategy are conceptualized as the independent variables.

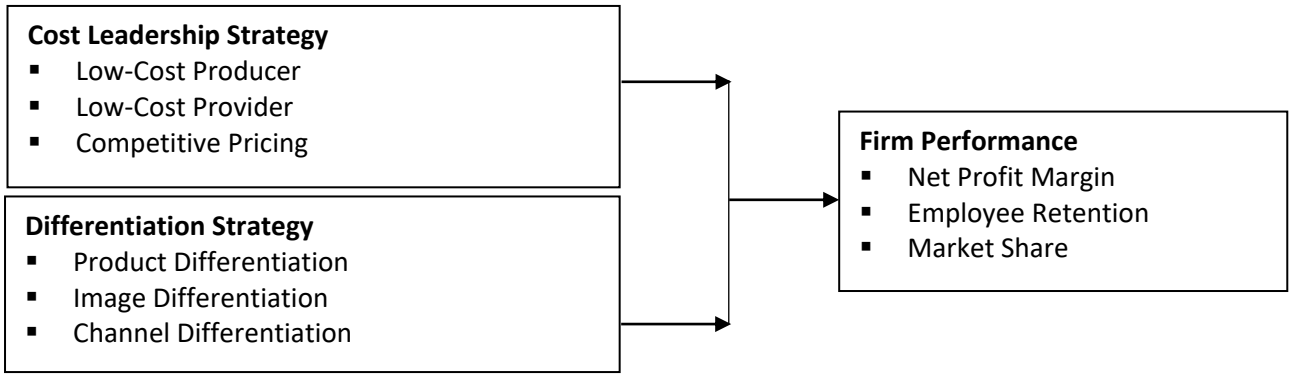

Figure 1: Conceptual Framework

Review of Literature on Variables

Cost Leadership Strategy

Cost leadership strategy involves achieving a competitive advantage by offering products or services at a lower cost than competitors (Kusnanto & Azhari, 2024). The cost leadership strategy involves a business method focusing on gaining a competitive edge by reducing costs across the organization (Wairimu & Nyangau, 2023). However, cost leadership strategy is not just a single tactic but a framework that applies to every aspect of operations (Kharub, Mor, & Rana, 2022). The cost leadership strategy aims to attract a large customer base through lower prices (Bunde & Lewa, 2024). By improving production processes, making the most of economies of scale, and carefully managing the supply chain, organizations can reduce costs and provide products or services at lower prices than their rivals (Sangodoyin, 2024). Therefore, the cost leadership strategy emphasizes operational efficiency, economies of scale, and cost reduction (Juniarti, Simanjaya, Chandra, & Soesetyo, 2021).

Cost leadership strategy is an effective business-level strategy to the extent that a firm offers low prices, provides satisfactory quality, and attracts enough customers to be profitable (Kusnanto & Azhari, 2024). A low-cost provider strategy focuses on striving to achieve lower overall costs than rivals and appealing to a broad spectrum of customers, usually by underpricing rivals (Sangodoyin, 2024). Extant literature posits that a low-cost provider strategy can always defeat a differentiation strategy when buyers are satisfied with a basic product and don't think "extra" attributes are worth a higher price (Kharub *et al.*, 2022). The cost leadership strategy is a fundamental approach adopted by manufacturing firms to attain a competitive advantage by becoming the lowest-cost producer in the industry (Juniarti *et al*, 2021). The firms that compete based on price and target a broad target market are following a broad cost leadership strategy (Ullah *et al.*, 2024*).*

Differentiation Strategy

Differentiation strategy is a business approach companies use to distinguish their products or services from competitors through a wide range of features and attributes (Ren *et al.*, 2024). The differentiation strategy casts a wider net, targeting a broader customer base while still delivering

unique value (Tojiri, 2024). Businesses using a differentiation strategy aim to offer products or services significantly different from their competitors (Kusnanto & Azhari, 2024). The differences could be in quality, design, functionality, customer service, or brand image (Wairimu & Nyangau, 2023). The businesses employing the broad differentiation strategy seek to differentiate their products or services across the entire industry or market (Juniarti *et al*, 2021). The differentiation strategy is aimed at a wide audience and the goal is to appeal to a diverse customer base with varying needs and preferences (Juniarti *et al*, 2021). The businesses aim to stand out not just in a specific niche, but across various segments (Kharub *et al.*, 2022).

The differentiation strategy focuses on creating a perception of higher value in the minds of consumers (Kusnanto & Azhari, 2024). The perceived value can justify higher prices compared to competitors' offerings (Ren *et al.*, 2024). The companies often rely on continuous innovation and creativity to maintain their differentiated status (Ullah *et al.*, 2024). This involves regular updates, improvements, and the introduction of new features (Suprihono *et al.*, 2022). Effective marketing and brand-building efforts are crucial in a broad differentiation strategy (Bunde & Lewa, 2024). The aim is to create strong brand recognition and loyalty, which reinforces the perceived uniqueness of the product or service (Tojiri, 2024). The differentiation strategy requires companies to be flexible and adapt to changing market trends and consumer preferences to maintain their differentiated position (Suharto, 2024). The goal of the differentiation strategy is to create a distinct image that resonates with a broad spectrum of consumers, translating into increased market share and a competitive edge (Kharub *et al.*, 2022).

Firm Performance

Firm performance has emerged as a key concept in management research (Gutiérrez-Broncano, Linuesa-Langreo, Rubio-Andrés, & Sastre-Castillo, 2024). It represents a measure of how well or poorly an entity is putting its resources into use (Benvolio & Ironkwe, 2022). Firm performance is a measure of how an organization to efficiently exploits available resources to make achievements consistent with the objectives of the firm (Gruber, Dencker, & Nikiforou, 2024). It refers to the efficient coordination and enhancement of work activities and outcomes within a company (Alzghoul, Khaddam, Abousweilem, Irtaimeh, & Alshaar, 2024). Firm performance is the set of financial and nonfinancial indicators which provide information on the degree of achievement of set goals and objectives (Úbeda-García, Claver-Cortés, Marco-Lajara, & Zaragoza-Sáez, 2021). It refers to the measure of how an organization achieves better results than its competitors (Liu & Wang, 2022).

Firm performance is frequently used as a dependent variable (Gutiérrez-Broncano *et al.*, 2024). However, the question of how to measure firm performance is the subject of ongoing discussions (Oudgou, 2021). Firm performance is a multidimensional construct that comprises of financial and non-financial measures (Alzghoul *et al.*, 2024). The financial performance indicators are expressed in monetary terms (Titilayo *et al.*, 2022). However, the non-financial performance indicators are not expressed in monetary terms and are characterized by greater subjectivity in regards to financial measures (Benvolio & Ironkwe, 2022).

The financial performance measures are generally more easily measurable, as they are based on objective data (Benvolio & Ironkwe, 2022; Cupertino, Vitale, & Taticchi, 2023). However, the non-financial performance measures can be more difficult to measure as they are often subjective, based on perceptions, attitudes, and opinions (Maletič, Gomišček, & Maletič, 2021). The financial performance measures only reveal past performance of an organization which may not reflect the present or future state of a firm (Sethi *et al.*, 2022). Nevertheless, the non-financial performance measures are superior predictors of the future economic performance of the firm and are more closely tied to the corporate and business-

level strategy of the firms (Mahohoma, 2024). Therefore, the non-financial performance measures act as a missing link between the value-driving activities and economic performance of the firm (Zarzycka & Krasodomska, 2022).

Empirical Review

Kadenyeka and Mwasiaji (2023) examined the influence of cost leadership strategy on performance of selected supermarkets in Nairobi City County, Kenya. The findings indicated that cost leadership strategy had a positive and significant relationship with firm performance. The results indicated that cost leadership strategy had a positive and significant influence on firm performance.

Bui and To (2024) examined the influence of cost leadership strategy on firm performance in the Vietnam context. The results indicated that cost leadership strategy had a positive and significant relationship with firm performance. The findings showed that cost leadership strategy had a positive and significant influence on firm performance. The results indicated that cost leadership strategy fully mediates the relationship between green process innovation and firm performance. However, the results indicated that cost leadership strategy does not mediate the relationship between green product innovation and firm performance.

Wairimu and Nyangau (2023) examined the influence of cost leadership strategy on operational performance of manufacturing cement companies in Kenya. The findings indicated that cost leadership strategy had a positive and significant relationship with operational performance. The results showed that cost leadership strategy had a positive and significant influence on operational performance.

Bunde and Lewa (2024) examined the influence of cost leadership strategy on the performance of National Social Security Fund in Nairobi County, Kenya. The findings indicated that cost leadership strategy had a positive and significant relationship with firm performance. The results showed that cost leadership strategy had a positive and significant influence on firm performance.

Kharub *et al.* (2022) examined the mediating role of manufacturing strategy in the cost leadership strategy and firm performance in SMEs. The findings indicated that there was a positive and significant direct association between cost leadership strategy and sales performance. Additionally, the results showed that there was a positive and significant direct association between cost leadership strategy and profitability. The findings revealed that manufacturing strategy has a partial significant mediating role in the relationship between cost leadership strategy and firm performance in SMEs.

Atela (2023) examined the influence of cost leadership strategy on performance of manufacturing cement companies in Kenya. The results showed that cost leadership strategy had a positive and significant relationship with firm performance. The findings indicated that cost leadership strategy had a positive and significant influence on firm performance.

Gitari, Nderitu, and Ngala (2023) examined the influence of cost leadership strategy on performance of registered small and medium food and beverage manufacturing firms in Nairobi County Kenya. The results indicated that cost leadership strategy had a positive and significant relationship with firm performance. The findings showed that cost leadership had a positive and significant influence firm performance.

Abdala (2022) examined the influence of cost leadership strategy on performance of food and beverages manufacturing firms in Mombasa County, Kenya. The findings showed that cost leadership strategy had a positive and significant a positive and significant relationship with firm performance. The results showed that pricing strategy, operation strategy and vertical integration had positive and significant influence on firm performance. The results indicated that cost

leadership strategy had a positive and significant influence firm performance.

Kharub, Mor, and Rana (2022) examined the mediating role of manufacturing strategy in the cost leadership strategy and firm performance in SMEs. The results showed that cost leadership strategy had a positive and significant influence on firm performance. The findings revealed that cost leadership strategy could be an appropriate strategic choice and improved firm performance if the quality and delivery are focussed. The results indicated that manufacturing strategy has a partial mediating role in the cost leadership strategy and firm performance in Small and medium-sized enterprises (SMEs) in India.

Samuel and Murigi (2024) examined the influence of cost leadership strategy on performance of alcohol beverage firms with a specific focus on the Kenya Breweries Limited in Nairobi City County, Kenya. The findings indicated that cost leadership strategy had a positive and significant relationship with firm performance. The results indicated that cost leadership strategy had a positive and significant relationship with firm performance.

Wairimu and Nyangau (2023) examined the influence of differentiation strategy on operational performance of manufacturing cement companies in Kenya. The findings indicated that differentiation strategy had a positive and significant relationship with operational performance. The results showed that differentiation strategy had positive and significant influence on operational performance.

Bunde and Lewa (2024) examined the influence of differentiation strategy on the performance of National Social Security Fund in Nairobi County, Kenya. The findings indicated that differentiation strategy had a positive and significant relationship with firm performance. The results showed that differentiation strategy had a positive and significant influence on firm performance.

Maulana, Novianto, Iskandarsyah, and Abdullah (2024) examined the influence of differentiation strategy on firm performance. The results indicated that differentiation strategy had a positive and significant relationship with firm performance. The findings showed that differentiation strategy had a positive and significant influence on firm performance. The results indicated that differentiation strategy had a partial mediating role in the digitization and firm performance.

Kharub *et al.* (2022) examined the mediating role of manufacturing strategy in the differentiation strategy and firm performance in SMEs. The results showed that there was no direct association between differentiation strategy and sales performance. The findings indicated that there was no direct association between differentiation strategies and profitability. The results showed that differentiation strategy had a positive and but insignificant direct influence on firm performance. The findings revealed that manufacturing strategy has no significant mediating role in the differentiation strategy and firm performance in SMEs.

METHODOLOGY

The research was guided by the positivist research philosophy which regards the world as made up of observable and measurable facts and assumes that there is an objective reality out there. The positivist research philosophy regards the world as made up of observable and measurable facts and assumes that there is an objective reality out there (Ma & Xie, 2023).

Research Design: Drawing from the quantitative non-experimental research methodology, the research utilized a correlational cross-sectional survey research design to examine the non-causal relationship between study variables. The design was appropriate for collecting data once from many individuals at a single point in time to test statistical relationships between two or more variables without the researcher controlling or manipulating any of them (Aryuwat *et al.*, 2024).

Target Population: The target population consisted of the 246 food and beverage manufacturing firms in Nairobi City County, Kenya. The unit of

observation consisted of the managing director, while the unit of analysis consisted of the manufacturing firm. There were 246 food and beverage manufacturing firms in Nairobi City County, as per the Kenya Association of Manufacturers (KAM, 2023)'s database as at 31st December, 2023. Table 1 presents the target population.

Table 1: Target Population

Strata	Target Population	Percentage
Alcoholic Beverages & Spirits	55	22.4%
Non-Alcoholic Beverages	38	15.4%
Baked Products & Other Processed Cereals	42	17.1%
Confectionary, Snack Foods, Spreads, & Condiments	53	21.5%
Dairy & Dairy Derivatives	11	4.5%
Meat & Fish Products' Sub-Sector	31	12.6%
Edible Oil Sub-Sector	11	4.5%
Salt Sub-Sector	5	2.0%
Total	**246**	**100.0%**

Source: Kenya Association of Manufacturers (KAM, 2023)

Sampling Frame: A sampling frame is the complete and correct list of population constituency of a given population (Khan & Mohsin Reza, 2022). The sampling frame consisted of the list of the 246 food and beverage manufacturing firms in Nairobi City County, Kenya. The sampling frame was as per the Kenya Association of Manufacturers (KAM, 2023)'s database as at 31st December, 2023.

Sample Size: The Yamane (1967) formula was used to calculate sample size at 95% confidence level and 5% significance level to ensure that the sample size was truly reflective of the target population.

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

Where:

n = Sample Size;

N = Target Population;

e = Margin of Error

For a target population of 246 food and beverage manufacturing firms in Nairobi City County, Kenya, at 95% confidence level and 5% significance level, the sample size was determined as:

$$n = \frac{246}{1+246\ (0.05)^2)} = 152$$

Therefore, the minimum recommended sample size consisted 152 food and beverage manufacturing firms in Nairobi City County, Kenya. Table 2 presents the sample size.

Table 2: Sample Size

Strata	Target Population	Sample Size
Alcoholic Beverages & Spirits	55	34
Non-Alcoholic Beverages	38	23
Baked Products & Other Processed Cereals	42	26
Confectionary, Snack Foods, Spreads & Condiments	53	33
Dairy & Dairy Derivatives	11	7
Meat & Fish Products' Sub-Sector	31	19
Edible Oil Sub-Sector	11	7
Salt Sub-Sector	5	3
Total	**246**	**152**

Sampling Techniques: The proportionate stratified random sampling technique was used to select a sample size of 152 food and beverage manufacturing firms from a target population of 246 food and beverage manufacturing firms in Nairobi City County, Kenya. The choice of the proportionate stratified random sampling technique was justified by the heterogeneous target population (Hiebl, 2023). The proportionate stratified random sampling is a probability sampling technique in which each stratum is given equal chance to be selected randomly in to the sample (Leavy, 2022).

Data Collection Methods: Primary data was collected using a self-administered structured survey questionnaire. The data collection method was appropriate. The choice of the self-administered structured survey questionnaire was justified by its ability to collect a large amount of information in a reasonably quick span of time (Dubey & Kothari, 2022; Koetsenruijter & Wensing, 2023).

Data Collection Procedures: A cross-sectional survey-based approach was employed for the collection of primary data. The choice of the cross-sectional survey-based approach was justified by its ability to permit the fast collection of primary data from many different individuals at a single point in time. The cross-sectional survey-based approach facilitates the collection of data from many different individuals at a single point in time (Leavy, 2022). With the help of 3 research assistants, the researcher utilized the drop and pick method to hand deliver the survey questionnaire to the managing directors of the random sample of 152 food and beverage manufacturing firms in Nairobi City County, Kenya. A continuous follow up on responses was made by the researcher and research assistants.

Pilot Study: A pilot study was conducted to test the validity and reliability of the constructed survey questionnaire. The pilot study involved a pilot trial sample size of 32 food and beverage manufacturing firms in Nairobi City County, Kenya. The pilot trial sample size represented 20% of the study's sample size. A common rule of thumb is to use a sample size of 10 to 20% of your full-scale survey sample size, or at least 30 to 50 respondents (Alkhamra, Al-Omari, & Hani, 2023; Bujang, Omar, Foo, & Hon, 2024). However, the participants in the pilot study were not be part of the main survey.

Data Processing and Analysis: The collected data was checked for accuracy, completeness and consistency. The data was coded, edited, and entered into the Statistical Package for Social Sciences (SPSS) version 26 to create a data sheet that was used for analysis. The descriptive statistics and inferential statistics were used for data analysis. The descriptive statistics were used to compute, summarize the data in respect to each of the study variables and describe the sample's characteristics. The Pearson's product moment correlation analysis was performed to confirm or deny the relationship between the study variables. A multiple linear analysis was performed with firm performance as the dependent variable and cost leadership strategy and differentiation strategy as the predictor variables.

Model Specification: The multiple linear regressions model was specified as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \quad \ldots\ldots\ldots\ldots \text{ Model 1}$$

Where:
Y = Firm Performance
β_0 = Constant Term
$\beta_1 - \beta_2$ = Regression coefficients to be estimated
X_1 = Cost Leadership Strategy
X_2 = Differentiation Strategy
ε = Stochastic Error Term

Hypotheses Testing: In this research, two null hypotheses were tested. The H_{01} and H_{02} were tested at 5% level of significance ($\alpha = 0.05$; $t = 1.960$) to statistically help draw acceptable and realistic inferences. Therefore, the decision rule was to reject the H0i if the $P \leq 0.05$, and otherwise fail to reject the H0i if the $P > 0.05$. Table 3 presents the hypotheses testing procedure.

Table 3: Hypotheses Testing

Hypotheses		Model	Hypotheses Testing	Decision Rule
$H_0$1:	Cost leadership strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.	$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon$.. Model 1	Standard Multiple regression analysis	$H_0$1: $\beta_1 = 0$ $H_1$1: $\beta_1 \neq 0$ If the $P \leq 0.05$, reject the $H_0$1. If the $P > 0.05$, fail to reject the $H_0$1.
$H_0$2:	Differentiation strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi City County, Kenya.			$H_0$2: $\beta_2 = 0$ $H_1$2: $\beta_2 \neq 0$ If the $P \leq 0.05$, reject the $H_0$2. If the $P > 0.05$, fail to reject the $H_0$2.

FINDINGS

Response Rate

Out of the 152 survey questionnaires distributed for the main survey, only 133 usable survey questionnaires were returned. Therefore, there was a valid response rate of 94.33%, which was sufficient for data processing and analysis. Existent literature posits that survey response rates of 80% or higher are needed if findings are to be considered generalizable (Ericson *et al.*, 2023). Table 4 presents the response rate results.

Table 4: Response Rate

Strata	Frequency	Percentage
Response	133	87.5%
Non-Response	19	12.5%
Total	**152**	**100.0%**

Correlation Results

The Pearson's product moment correlation analysis was performed to confirm or deny the relationships between the study variables. The correlation results indicated that cost leadership strategy had a moderately strong positive and significant relationship with the performance ($r = 0.569$, $p \leq 0.05$) of food and beverage manufacturing firms in Nairobi City County, Kenya. The results showed that differentiation strategy had a strong positive and significant relationship with the performance ($r = 0.705$, $p \leq 0.05$) of food and beverage manufacturing firms in Nairobi City County, Kenya. Table 5 presents the Pearson's product moment correlation results.

Table 5: Correlation Results

Variable		X_1	X_2	Y
Cost Leadership Strategy (X_1)	Pearson Correlation	1		
	Sig. (2-tailed)			
	n	133		
Differentiation Strategy (X_2)	Pearson Correlation	.368**	1	
	Sig. (2-tailed)	.000		
	n	133	133	
Firm Performance (Y)	Pearson Correlation	.569**	.705**	1
	Sig. (2-tailed)	.000	.000	
	n	133	133	133

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

Multiple Regression Results

A standard multiple linear analysis was performed with firm performance as the dependent variable and cost leadership strategy and differentiation strategy as the predictor variables.

Model Summary

From the model summary in table, it is clear that the value of coefficient of correlation (R) was 0.780, suggesting that there was a strong positive correlation between the generic competitive strategies and the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The value of coefficient of determination (R^2) was 0.608, suggesting that the overall model as a whole (the model involving constant, cost leadership strategy and differentiation strategy) was able to significantly predict and explain approximately 60.8% of the variance in the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The value of the adjusted R^2 was 0.602, suggesting that the overall model as a whole (the model involving constant, cost leadership strategy and differentiation strategy) significantly predicted and explained 60.2% of the variance in the performance of food and beverage manufacturing firms in Nairobi County, Kenya.

The value of the std. error of the estimate was 0.232, suggesting that there could be other factors not included in the model in the current study that could predict and explain the remaining 39.8% of the variance in the performance of food and beverage manufacturing firms in Nairobi County, Kenya. Therefore, there is in need for future research to discover the other generic competitive strategies not included in the model in the current study that also predict the remaining variance in the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The value of the Durbin-Watson test was 2.160, falling within the optimum range of 1.5 to 2.5, suggesting that there was no severe autocorrelation detected in the in the residual values in the datasets. Generally, Durbin-Watson statistics falling within the optimum range of 1.5 to 2.5 indicates that there is no severe autocorrelation detected in the in the residual values in the datasets (Hair *et al.*, 2021). Table 6 presents the model summary results.

Table 6: Model Summary[b] Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.780[a]	.608	.602	.232	2.160

a. Predictors: (Constant), Differentiation strategy (X_2), Cost leadership strategy (X_1)

b. Dependent Variable: Firm Performance (Y)

Analysis of Variance

From the ANOVA table, the overall model as a whole (the model involving constant, cost leadership strategy and differentiation strategy), achieved a high degree of fit, as reflected by R^2 = 0.608, adj. R^2 = 0.602, F (2, 130) = 100.816, $p \leq 0.05$.

The null hypothesis was that the linear combination of predictor variables (cost leadership strategy and differentiation strategy) was not able to significantly predict the performance of food and beverage manufacturing firms in Nairobi County, Kenya. However, the alternative hypothesis was that the linear combination of predictor variables (cost leadership strategy and differentiation strategy) was able to significantly predict the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The standard multiple linear regression results showed that the linear combination of predictor variables (cost leadership strategy and differentiation strategy) significantly predicted the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The null hypothesis was rejected in favor of the alternative hypothesis. Therefore, the decision was that the linear combination of predictor variables (cost leadership strategy and differentiation strategy) significantly predict the performance of food and beverage manufacturing firms in Nairobi County, Kenya. Table 7 presents the ANOVA results.

Table 7: ANOVA[a] Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.864	2	5.432	100.816	.000[b]
	Residual	7.004	130	.054		
	Total	17.868	132			

a. Dependent Variable: Firm Performance (Y)

b. Predictors: (Constant), Differentiation strategy (X_2), Cost leadership strategy (X_1)

Multiple Regression Coefficients

From the coefficients table, when the unstandardized regression coefficients (B) were substituted to the multiple regression model specified for the study, the final predictive equation was:

$$Y = 1.677 + 0.210X_1 + 0.370X_2$$

The final predictive equation suggested that holding all factors in to account constant (cost leadership strategy and differentiation strategy), constant at zero, the performance of food and beverage manufacturing firms would be 1.677 in Nairobi County, Kenya. The final predictive equation suggested that with all other factors held constant, a unit increase in cost leadership strategy would lead to 0.210 unit increase in the performance of food and beverage manufacturing firms in Nairobi County, Kenya. Moreover, the final predictive equation suggested that with all other factors held constant, a unit increase in differentiation strategy would lead to 0.370 unit increase in the performance of food and beverage manufacturing firms in Nairobi County, Kenya. Based on the magnitude of the unstandardized regression coefficients (B) of the independent variables, differentiation strategy was the best predictor of the variance in the performance of food and beverage manufacturing firms in Nairobi County, Kenya.

The multiple regression results indicated that cost leadership strategy had a positive and significant influence on the performance of food and beverage manufacturing firms ($\beta_1 = 0.358$; $t = 6.066$; $p \leq 0.05$) in Nairobi County, Kenya. The regression results indicated that differentiation strategy had a positive and significant influence on the performance of food and beverage manufacturing firms ($\beta_2 = 0.573$; $t = 9.710$; $p \leq 0.05$) in Nairobi County, Kenya. Table 8 presents the multiple regressions coefficients results.

Table 8: Multiple Regression Coefficients[a] Results

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	1.677	.156		10.777	.000		
	Cost Leadership Strategy (X_1)	.210	.035	.358	6.066	.000	.763	1.310
	Differentiation Strategy (X_2)	.370	.038	.573	9.710	.000	.737	1.357

a. Dependent Variable: Firm Performance (Y)

Hypotheses Test Results

In this research, two null hypotheses were tested. The $H_0$1 and $H_0$2 were tested at 5% level of significance, $\alpha = 0.05$, t = 1.960, and 95% confidence level to statistically help draw acceptable and realistic inferences. Therefore, the decision rule was to reject the H_0i if the $P \leq 0.05$, and otherwise fail to reject the H_0i if the $P > 0.05$.

Hypothesis One Test Results

The first null hypothesis ($H_0$1) predicted that cost leadership strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The decision rule was to reject the null hypothesis $H_0$1 if the $\beta_1 \neq 0$, $t \geq 1.960$, $P \leq 0.05$, and otherwise fail to reject the $H_0$1 if the $\beta_1 = 0$, $t < 1.960$, $P > 0.05$. The regression results indicated that cost leadership strategy had a positive and significant influence on the performance of food and beverage manufacturing firms ($\beta_1 = 0.358$; t = 6.066; $p \leq 0.05$) in Nairobi County, Kenya. Therefore, the decision was to reject the $H_0$1, and then conclude that cost leadership strategy has a significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya.

Hypothesis Two Test Results

The $H_0$2 predicted that differentiation strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The decision rule was to reject the $H_0$2 if the $\beta_2 \neq 0$, $t \geq 1.960$, $P \leq 0.05$, and otherwise fail to reject the $H_0$2 if the $\beta_2 = 0$, $t < 1.960$, $P > 0.05$. The regression results indicated that differentiation strategy had a positive and significant influence on the performance of food and beverage manufacturing firms ($\beta_2 = 0.573$; t = 9.710; $p \leq 0.05$) in Nairobi County, Kenya. Therefore, the decision was to reject the $H_0$2, and then conclude that differentiation strategy has a significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. Table 9 presents the hypotheses test results.

Table 9: Hypotheses Test Results

Hypothesis	β	t	Sig.	Decision
$H_0$1: Cost leadership strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya.	.358	6.066	.000	Reject the $H_0$1
$H_0$2: Differentiation strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya.	.573	9.710	.000	Reject the $H_0$2

Discussions

The purpose of this quantitative correlational research was to examine the influence of generic competitive strategies on the performance of food and beverage manufacturing firms in Nairobi County, Kenya. Specifically, the research sought to examine the influence of cost leadership strategy and differentiation strategy on the performance of

food and beverage manufacturing firms in Nairobi County, Kenya. The Pearson's product moment correlation analysis was performed to confirm or deny the relationship between the study variables. The correlation results indicated that the generic competitive strategies had positive and significant relationship with performance of food and beverage manufacturing firms in Nairobi County, Kenya. A standard multiple linear analysis was performed with performance of food and beverage manufacturing firms as the dependent variable and cost leadership strategy and differentiation strategy as the predictor variables. The regression results showed that the generic competitive strategies had positive and significant influence on the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The findings were consistent with the results of prior studies (Aristiawan *et al.*, 2024; Linuesa-Langreo *et al.*, 2024; Ye *et al.*, 2023). The findings were in harmony with the results of past studies (Atela, 2023; Bunde & Lewa, 2024; Ochodo, 2022; Osei *et al.*, 2024; Razzouki *et al.*, 2024; Shafiee, 2024). However, the findings were inconsistent with the results of some prior studies (Jermias & Mahmoudian, 2024).

The first specific objective was to determine the influence of cost leadership strategy on the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The first null hypothesis ($H_0$1) predicted that cost leadership strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The Pearson's correlation results indicated that cost leadership strategy had a strong positive and significant relationship with the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The regression results showed that cost leadership strategy had a positive and significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. Therefore, the decision was to reject the $H_0$1, and then conclude that cost leadership strategy has a significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The findings were consistent with the results of past studies (Abdala, 2022; Bunde & Lewa, 2024; Gitari *et al.*, 2023; Kadenyeka & Mwasiaji, 2023; Wairimu & Nyangau, 2023). The results were in harmony with the findings of previous studies (Atela, 2023; Bui & To, 2024; Kharub *et al.*, 2022; Samuel & Murigi, 2024).

The second specific objective was to assess the influence of differentiation strategy on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The second null hypothesis ($H_0$2) predicted that differentiation strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The Pearson's correlation results indicated that differentiation strategy had a strong positive and significant relationship with performance of food and beverage manufacturing firms in Nairobi County, Kenya. The regression results showed that differentiation strategy had a positive and significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. Therefore, the decision was to reject the $H_0$2, and then conclude that differentiation strategy has a significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The findings were consistent with the results of prior studies (Bunde & Lewa, 2024; Maulana *et al.*, 2024; Wairimu & Nyangau, 2023). However, the findings were inconsistent with the results of prior studies (Kharub *et al.*, 2022).

CONCLUSIONS AND RECOMMENDATIONS

The purpose of this quantitative correlational research was to examine the influence of generic competitive strategies on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The Pearson's product moment correlation analysis was performed to confirm or deny the relationship between the study variables. The correlation results indicated that the generic competitive strategies had positive and significant relationship with performance of food and

beverage manufacturing firms in Nairobi County, Kenya. A standard multiple linear analysis was performed with performance of food and beverage manufacturing firms as the dependent variable and cost leadership strategy and differentiation strategy as the predictor variables. The regression results showed that the generic competitive strategies had positive and significant influence on the performance of food and beverage manufacturing firms in Nairobi County, Kenya.

The first specific objective was to determine the influence of cost leadership strategy on the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The $H_0$1 predicted that cost leadership strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The correlation results indicated that cost leadership strategy had a strong positive and significant relationship with the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The regression results showed that cost leadership strategy had a positive and significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. Therefore, the decision was to reject the $H_0$1, and then conclude that cost leadership strategy has a significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya.

The second specific objective was to assess the influence of differentiation strategy on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The $H_0$2 predicted that differentiation strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The correlation results indicated that differentiation strategy had a strong positive and significant relationship with performance of food and beverage manufacturing firms in Nairobi County, Kenya. The regression results showed that differentiation strategy had a positive and significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. Therefore, the decision was to reject the $H_0$2, and then conclude that differentiation strategy has a significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya.

The purpose of this quantitative correlational research was to examine the influence of generic competitive strategies on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The Pearson's product moment correlation analysis was performed to confirm or deny the relationship between the study variables. The correlation results indicated that the generic competitive strategies had positive and significant relationship with performance of food and beverage manufacturing firms in Nairobi County, Kenya. A standard multiple linear analysis was performed with performance of food and beverage manufacturing firms as the dependent variable and cost leadership strategy and differentiation strategy as the predictor variables. The regression results showed that the generic competitive strategies had positive and significant influence on the performance of food and beverage manufacturing firms in Nairobi County, Kenya. Therefore, the conclusion was that generic competitive strategies significantly influence the performance of food and beverage manufacturing firms in Nairobi County, Kenya.

The first specific objective was to determine the influence of cost leadership strategy on the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The $H_0$1 predicted that cost leadership strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The Pearson's correlation results indicated that cost leadership strategy had a strong positive and significant relationship with the performance of food and beverage manufacturing firms in Nairobi County, Kenya. The regression results showed that cost leadership strategy had a positive and significant influence on performance of food and

beverage manufacturing firms in Nairobi County, Kenya. The $H_0$1 was rejected, providing the empirical support for $H_1$1. Therefore, the first conclusion was that cost leadership strategy has a significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya.

The second specific objective was to assess the influence of differentiation strategy on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The $H_0$2 predicted that differentiation strategy has no significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The Pearson's correlation results indicated that differentiation strategy had a strong positive and significant relationship with performance of food and beverage manufacturing firms in Nairobi County, Kenya. The regression results showed that differentiation strategy had a positive and significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya. The $H_0$2 was rejected, providing the empirical support for $H_1$2. Therefore, the second conclusion was that differentiation strategy has a significant influence on performance of food and beverage manufacturing firms in Nairobi County, Kenya.

The research recommends that the managers and practitioners should consider a holistic reassessment and implementation of the generic competitive strategies to foster the performance of the performance of food and beverage manufacturing firms. First, the managers and practitioners should consider a holistic reassessment and implementation of cost leadership strategy to foster the performance of the performance of food and beverage manufacturing firms. Second, the managers and practitioners should consider a holistic reassessment and implementation of differentiation strategy to foster the performance of the performance of food and beverage manufacturing firms.

The research recommends that the policy makers should initiate policy review to motivate the managers and practitioners to consider a holistic reassessment and implementation of the generic competitive strategies to foster the performance of the performance of food and beverage manufacturing firms. First, the policy makers should initiate policy review to motivate the managers and practitioners to consider a holistic reassessment and implementation of cost leadership strategy to foster the performance of the performance of food and beverage manufacturing firms. Second, the policy makers should initiate policy review to motivate the managers and practitioners to consider a holistic reassessment and implementation of differentiation strategy to foster the performance of the performance of food and beverage manufacturing firms.

Limitations and Future Research

The research suggests interesting areas for further research. First, future research should examine the influence of generic competitive strategies on the performance of food and beverage manufacturing firms in other regions or contexts. Second, future research should examine the moderating influence of board gender diversity on the relationship between generic competitive strategies and firm performance in other sectors, regions or contexts.

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