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Strategic Adaptation and Performance of Manufacturing Firms in Kisumu

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ABSTRACT

Purpose: The general objective of the study was to examine the influence of Strategic Adaptation on performance of manufacturing firms in Kisumu. The specific objectives were; to evaluate the effect of process of innovation, structural alignment, competitor orientation and product differentiation on the performance of manufacturing firms in Kisumu.

Methodology: The study employed a descriptive survey design. The targeted population was based on fifteen manufacturing firms in Kisumu City. The study applied purposive sampling Technique. The Questionnaire was used as an instrument of primary data collection. The study applied Descriptive statistics to determine the mean, standard deviations and frequencies of the data under study. Inferential statistics was applied to determine the correlation within the variables. The descriptive and inferential statistics were analysed by use of Statistical Package for Social Sciences (SPSS) software. The regression model was determined and analysed by use of SPSS software.

Findings: The overall results provided statistical evidence of a positive correlation of strategic adaptation and performance of the firms in Kisumu City. In terms of impact of independent variables on regressing variable, product differentiation had a high significant impact on performance of the firms, followed by structural alignment, then process innovation and competitor orientation practices.

Unique Contribution to Theory, Policy and Practice: It was recommended that manufacturing firms in Kisumu need to enhance, foster and vary their dynamic capabilities with respect to strategic adaptation practice since it leads to the improvement of performance. The study recommended for further research on the variables using other methods and companies.

Keywords: *Cost Leadership Strategy, Performance, Product Differentiation, Strategic Adaptation, Structural Alignment, Process Innovation*

INTRODUCTION

Background of the Study

In today's fast-paced and interconnected global business landscape, organisations face the constant challenge of adapting their strategies to stay competitive and thrive in rapidly changing environments (Clohessy *et al*., 2020). Dynamic capabilities forms the core of strategic adaptation. Such capabilities enable organizations to not only to identify emerging trends and market shifts but also to seize those opportunities through rapid and effective resource allocation and adaptation of strategies (Ramos, Patrucco, & Chavez, 2023).

Companies basically either recognize or do not recognize (in time) the environmental changes. In case they recognize them, they either find an appropriate adaptation form, configuration to them or do not. Moreover, some companies can influence their operating environment actively (Mohsenzadeh & Madian, 2016). According to Jeff (2016), adaptation is a valuable determinant of companies' performance. In fact, in his study of fortune 500 companies, only 12% of the original companies remained in the industry from 1955 to 2014, while 88% fell from grace due to failure to adapt (Jeff, 2016).

From a global perspective, firms adopt varied strategies to survive the ever-changing environment they operate in (Beck *et al*, 2010). Adaptive strategies refer to internal and external strategies adopted by companies in response to changing external environment. For instance, looking at the case of Toyota Motor Corporation, a global manufacturer and seller of auto products, adaptation strategies have helped it survive in more than 170 countries with different environments (Hong, 2007).

Andersen (2015) provided an overview of theoretical contributions that have influenced the discourse around strategic adaptation including contingency perspectives, strategic fit reasoning, decision structure, information processing, corporate entrepreneurship, and strategy process. The related concepts of strategic renewal, dynamic managerial capabilities, dynamic capabilities, and strategic response capabilities are discussed and contextualized against strategic responsiveness.

Firm performance reflects a firm's success, that is, the degree to which it has achieved preset goals (Gaya et al, 2013). Performance is the ability of a firm to have an edge over other competitors in the same industry in terms of market share, cost leadership and customer satisfaction leading to overall profitability. In addition, performance is one of the main points of consideration for organizations operating globally. Firm performance is mediated by an interplay of many factors, which can be categorized as internal and external business environmental factors. Samad (2022) noted that internal resources such as innovation capabilities and external factors such as technology and the environmental system positively affect firm performance. This means that firms that want to achieve the ultimate performance must exploit their available resources.

Manufacturing is the largest manufacturing sub sector in Kenya. It contributes 30% manufacturing GDP and 40% of all employees in the manufacturing sector (GOK, 2018). Increasing performance of manufacturing firms is seen as a contributor to creation of employment, sustaining economic growth. Through its commitments on the UN Sustainability Goal 2 and Vision 2030, the government has pledged to increase production.

The performance of manufacturing firms in Kenya has been a concern lately. Reports show that about 30 manufacturing firms have closed in under a decade in the country, while others have seen a decline in performance (Munda, 2023). The Kenya Association of Manufacturers ([KAM], 2022) attributes this to external environmental factors such as a high cost of doing business, high energy costs, high taxation rates, and high competition from imports (Munda, 2023), while a recent study conducted by Alex *et al*.(2023) attributes the poor performance to issues in production and operation management. This can be interpreted to mean that the ability of a firm to perform depends on different environmental factors.

Statement of the Problem

Performance of manufacturing firms in terms of contribution to GDP has been declining from 11.8% in 2011 to 8.4 in 2017 (KAM, 2018). Indeed, production volumes have been contracting leading to an overall decline of 1.1 per cent in 2017 (KNBS, 2018). In terms of growth rate, performance has declined from 5.6% in 2013 to 0.2% in 2017. Globally, strategies are being sought to make firms better performing and more competitive (Easterby-Smith & Prieto, 2008). There is however limited number of studies on how the interaction of strategic adaptation and performance of firms in this sector to inform initiatives to stimulate growth of firms in this sector.

Several studies (e.g., Billiet *et al*., 2021; Bindra *et al*., 2019; Jiang *et al*., 2022) have emphasized the importance of dynamic capabilities in facilitating strategic adaptation in the ever-changing market environment. Strategic adaptation and utilizing dynamic capabilities in industry settings are not without challenges. The cultural and institutional contexts of different companies can significantly influence an organization's ability to effectively adapt and leverage dynamic capabilities (Al-kalouti *et al*., 2020; Hoeft, 2021; Yiu, Bruton, & Lu, 2005). Understanding the interaction between dynamic capabilities and contextual factors is crucial for organizations operating in diverse international markets.

The source of strategic adaptation is the human capital that constitutes the entire organization (Chen, 2014). According to Batool (2012) research, he found a positive relationship between process innovation which was one of our practice's strategic adaptation and organization performance vital for the study. Zoubi (2012) found out that structural alignment had statistically significant impact on sugar industry performance.

Despite the undertaking of the enlisted strategies by the GoK, the Kenyan manufacturing industry still performs poorly. Njeru *et al* (2025) recommended that pharmaceutical manufacturing firms

in Kenya prioritize effective communication and strategic resource allocation as key drivers of organizational performance. Imbambi (2017) focused on strategic capabilities and performance. Even regional studies like that by Ndlangamandla (2016) in Swaziland only focused on the countries and regions manufacturing sector's comparative performance. This research, therefore, sought to determine strategic adaptation on the performance of manufacturing firms in Kisumu City, Kenya.

General objective

This research's general objective was to determine the influence of strategic adaptation on performance of manufacturing firms in Kisumu, Kenya.

Specific objectives

The specific objectives of the study included;

i. To establish Process innovation on the performance of manufacturing firms in Kisumu.
ii. To determine structural alignment on the performance of manufacturing firms in Kisumu.
iii. To examine competitor orientation on the performance of manufacturing firms in Kisumu.
iv. To establish the influence of product differentiation on performance of manufacturing firms in Kisumu.

LITERATURE REVIEW

Theoretical Review

Resource-Based Theory

The resource-based theory is founded on the works of Penrose (1959), who stated that organizations have resources that can enable them to achieve competitive advantage when effectively employed in productive opportunities. The internal resources, combined with the development of ideas, knowledge of management and experience, facilitate the introduction of innovations within the firm - an incentive to expand and a source of competitive advantage. Barney (1991) builds on the works of Penrose (1959) by stating that organizations have three main types of resources. The first category is physical capital which comprises technology, equipment, plant and property. The second is human capital consisting of knowledge, experience and intelligence of the workforce and the final category is organizational capital resources comprising of policies, control systems and intra-organizational relationships. The resources should be rare, valuable, imperfectly imitable and non-substitutable for the organization to gain maximally improved performance and sustainable competitive advantage.

The resource-based theory will be relevant in explaining the strategic adaptation and process innovation by organizations and how it impacts their performance. Through improved human resource education, investment in modern technology and engaging employees in creative processes, organizations can design quality process innovations to adapt to changing

environments. This, according to Hartmann (2006), can help the firm achieve improved performance through renewed strategic position, improved market share, improved resource utilization and ability to speed up to time. The Company can similarly put to task its physical and human resources in Research of markets, customers and competitors, according to Porter (1990), to come up with effective competitor orientation strategies to survive in turbulent market environments. Understanding the market and defining a brand for the Company in line with the resource-based view theory can also help the firm adopt clear product differentiation strategies that increase customer loyalty for its products and help achieve competitive advantages (Schemmener, 2008). Still, effective structural alignment in organizations dramatically relies on how the organization utilizes its internal resources, ranging from management expertise, technology adopted, and staff experience. If organized in rare, non-imitable and value-adding processes, these internal resources result in the improved competitive edge of the firm over other firms in the industry (Nyangi *et al*, 2015).

Dynamic Capabilities Theory

The Dynamic capabilities theory is founded on Schumpeter's innovation-based competition where creative destruction of existing resources and planned recombination into new processes results in competitive advantage (Pavlou, 2011). According to Shuen (1997), the dynamic capabilities theory was developed as a reaction against the resource-based view theory's inability to address the development and redevelopment of resources in rapidly changing environments. The dynamic capabilities theory considers the impact of external environments changing significantly in the current and future periods in defining how companies should organize internal resources and operations to gain competitive advantages. According to Winter (2003), the dynamic capabilities theory addresses two types of capabilities: ordinary capabilities that help firms operate in their lines of business effectively and efficiently and dynamic capabilities that help firms create a new process in changing environments. For the above to be achieved, organizations need to recombine, renew, replicate, redeploy, retrench and retire resources (Peteraf, 2003).

The dynamic capabilities theory will be relevant in explaining product differentiation and process innovation and they are related impacts on the performance of these organizations. The adoption of strategies like Process innovation and product differentiation can be categorized under dynamic capabilities in line with Winter's (2003) perspective of the dynamic capability's theory. These are processes that result in creating new products and provision of new services by organizations to cope with changing environments to improve performance (Cavaco & Crifo, 2014). Competitors' orientation and strategic alignment can be categorized into either ordinary capabilities or dynamic capabilities basing on the desired vision. When the goal is to redefine normal processes to gain competitive advantage, strategic alignment and the film's orientation follows a conservative approach. Whether ordinary or dynamic capabilities, organizations choosing to align the organizational structure with the external environment, differentiating products, undertaking process innovations and even orientating themselves in line with competitors' actions often follow

the processes of redefining, recombining, renewing or retiring resources as proposed by (Helfat *et al*., 2003).

The Upper Echelons Theory

Hambrick and Mason (1984), were the first proponents of the theory. According to this theory, managerial background characteristics predict strategic choices and performance levels. According to Hambrick (2007), the dominant principle of the theory is that managers' interpretations of the situations they face is motivated by their experiences, values, and personalities. This in turn affects the decisions they make.

The theory posits that the performance of a firm depends on the characteristics of its managers such as age, functional background, and educational experiences (Sadeghinejad & Najmaei 2013) in this vein, organizational outcomes depend at least in part, on TMT composition. They argue that by examining the individual characteristics of members of the TMT, insights into the manner by which individual interpretations of situational factors impact the decisions made by these employees can be gained as they relate to decision making and organizational performance (Adner & Helfat, 2003). Tripsas and Gavetti (2000) highlight that senior managers determine the way Dynamic Capabilities are deployed.

The Upper echelons theory was considered to have considerable relevance in this study as it explains one of the reasons why different firms perform differently. The study therefore anchored the dependent variable relating to firm performance.

Conceptual Framework

This conceptual framework clearly shows each variable and the relationship between the dependent and the independent variable.

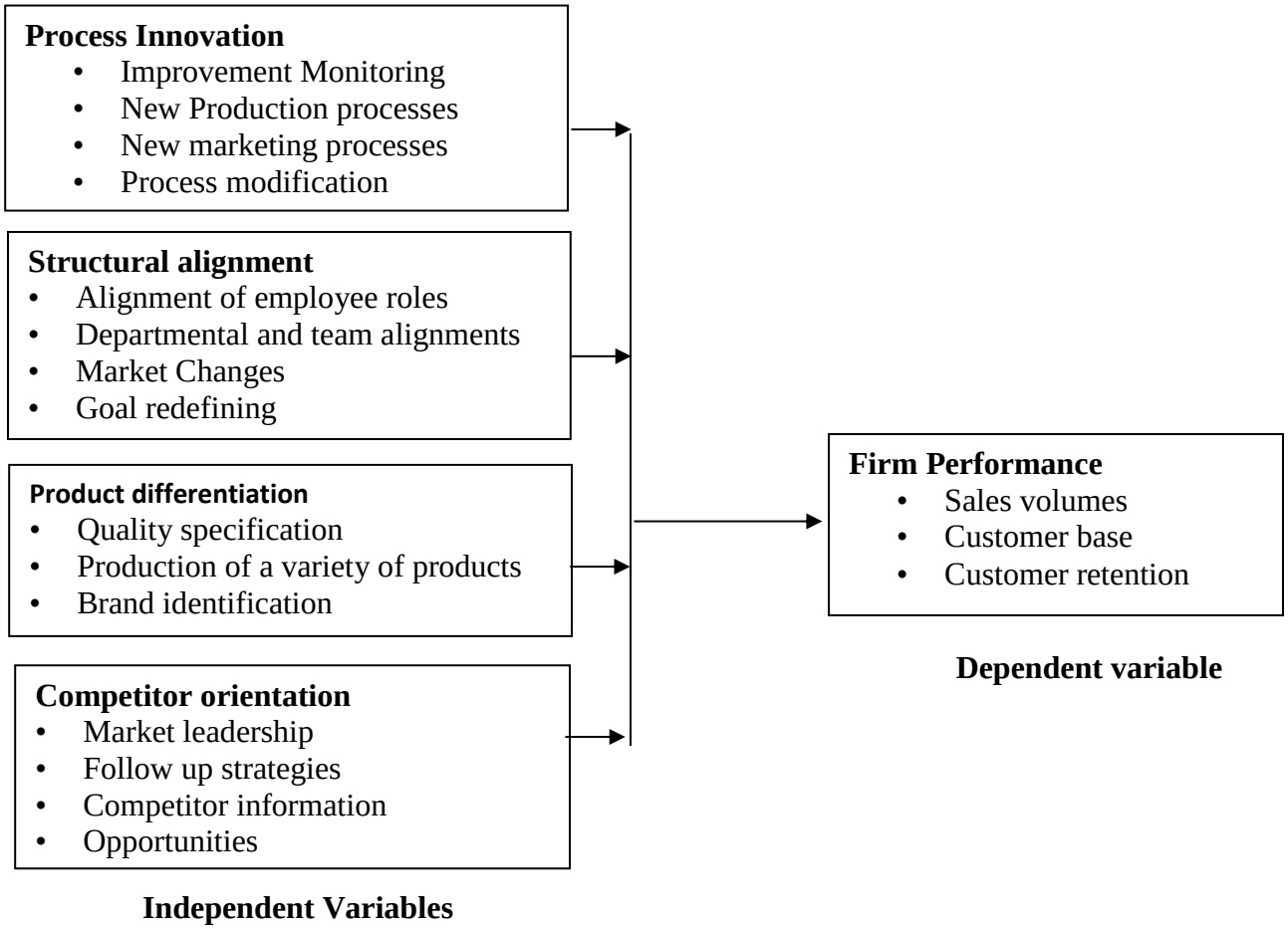

Fig 1: Conceptual Framework

Empirical Literature Review

According to Shou (2017) on strategic adjustment capacity, sustained competitive advantage and firm performance in China. The study adopted an empirical survey research design and relied on secondary data. Financial vectors were constructed to represent corporate strategic adjustment results, and listed firms in the China A stock were used as samples. Strategic adjustment capacity was assessed in terms of organizational learning capacity and inertia control ability of current operational capacity. A positive association between organizational learning capacity from top firms and firm performance was observed. There was, however, no significant relationship between inertia control ability and performance.

Olanipekun *et al*. (2015) examined the impact of strategic management on Nigeria's competitive advantage and performance. Primary data collected using structured questionnaires were analyzed using both descriptive and inferential statistics. From the findings, implementing strategic management practices makes an organization proactive to changes and initiates positive changes,

resulting in improved competitive advantage and sustained performance the study by Olanipekun *et al*. (2015) only focused on one Company; Nigeria bottling company. The limited focus can only present one Company company's strategies, yet the industry has many players with diverse strategies for competitive advantage. It will, therefore, not be entirely relied on in predicting changes in the sugar companies in Kenya since the contexts also differ.

Olatunji (2018) carried out a study on the influence of strategy formulation drivers on Multi-National Companies' strategic performance in the telecommunications industry. Theoretical insights from strategic management insights were used in developing the study. A descriptive method of a single industry was adopted, and quantitative methods were used. The target population was managers of the mobile telecommunication companies operating in Nigeria were used. The study sampled 120 managers from the marketing, finance, customer service, sales, and engineering departments of the company's head offices. To analyze the data collected, descriptive statistics and multiple regression statistics were employed. The study established that strategy formulation drivers jointly influenced the strategic performance of telecommunications companies in Nigeria. Attention to company vision and long-term objectives significantly and positively impacted strategic performance, while attention to company mission harmed strategic performance. This study by Chi-iked *et al*. (2018) was limited in that it dwelt so much on the drivers of strategy formulation rather than the individual strategies themselves. It is, therefore, different from our study, which focused on adaptive strategies.

In Swaziland, Ndlangamandla (2016) carried out a study on Swaziland's sugar industry's comparative advantage in the global market. The study was founded on Porter's 1990 National diamond concept, multiple linear regression model and relative trade advantage theories. A descriptive study design was adopted. Both primary and secondary data were used in the study. Structured questionnaires were administered to staff in the sugar producers, Swaziland sugar association, smallholder sugar farmers, labor union rep in the sugar industry and the government. Data were analyzed using the comparative trade advantage method, regression analysis and Porter national diamond model. Findings established that the Swaziland sugar industry had a relatively high comparative advantage in the global market in terms of producing sugar. The regression model's results indicated that global sugar market prices, exchange rate, and export values significantly influenced Swaziland's comparative advantage.

In Kenya, a study done by Imbambi (2017) on the influence of strategic capabilities on sugar companies' competitive advantage in western Kenya, Strategic capabilities were assessed in terms of technology capabilities, human resource capabilities, material capabilities and financial capabilities. The study employed a descriptive cross-section and correlation study design. The target population was 727 senior and middle-level managers of sugar companies in western Kenya. Six sugar companies and 88 respondents were selected. Primary data was then collected using questionnaires and later analyzed using descriptive statistics and inferential statistics. Study

findings established a significant positive relationship between material capability, technology capability, human resource capability, and financial capability with sugar companies' performance.

Government regulatory policy was also a significant moderator of the firms' strategic capabilities and performance. Imbambi (2017) study focused on strategic capabilities enlisted as human resource, financial, material and technology capabilities. His study is different from the current study, focusing on adaptive strategies enlisted as product differentiation, competitor orientation, process innovation and strategic alignment. Despite the existence of similarities in sugar companies in Western Kenya, Imbambi (2017) study can therefore not be entirely relied on in predicting the influence of adaptive strategies on performance.

RESEARCH METHODOLOGY

This study employed the descriptive survey research design. The target populations of the study were all manufacturing companies in Kisumu. There are 15 top manufacturing companies in Kisumu Kenya. All senior managers or their equivalent in these companies were used as target respondents preferably, the General Managers and the departmental managers in charge of the supply chain, human resource, finance, operations, sales and marketing from each of the six companies. The study sampled three managers from each of the fifteen companies in Kisumu. The sample size of forty five was representative and substantial to satisfy the objective of this study. The study relied on both primary and secondary data collection instruments. Primary data was collected using structured questionnaires that were prepared based on the study's objectives and the conceptual framework. Secondary data on sales volumes was collected by reviewing company financial, human resource and strategic plan reports. A sample of 4 respondents was used in rolling out the pilot test, which was 10% of the total expected number of respondents. Data collected from the field through questionnaires and reports was first cleaned and edited for accuracy, completeness and uniformity. The data was analyzed using descriptive and inferential statistics. Descriptive statistics was used to analyze data on respondents' general information, strategic adaptation practices and performance of manufacturing companies. Descriptive analysis was carried out using percentages, means, excellent means and standard deviation. Inferential statistics was used to help in determining the relationship amongst variables in the study. Pearson Correlation analysis was used to determine the relationship between individual variables in the objectives. R-value, R squared value, and adjusted R squared value will be used to determine the impact of the model on manufacturing companies' performance. F test helped determine the significance of the model, while student t-tests helped determine individual variables' significance at a 95% confidence level. The study employed Excel and Statistical Package for Social Sciences (SPSS) software to analyze.

RESEARCH FINDINGS AND DISCUSSIONS

Response Rate

The sample population of 45 respondents were identified through stratified sampling. Out of the 45 questionnaires sent out to the respondents, 34 of them completed and returned their questionnaires. This was equivalent to a response rate of 75.5% which is in agreement with Babbie, (2015) who opined that for excellent presentation of the findings response rates should be 70% and above.

Table 1: Response Rate

Responses	No	Percent
Questionnaires given out	45	100
Questionnaires Returned	34	75.5

Descriptive Statistics

This section presents the findings and discussion in respect to the objectives stated and answers the research questions thereby.

Descriptive Results on Process innovation

The first specific objective of the research study was to establish the Influence of Process innovation on the performance of manufacturing firms in Kisumu Kenya.

Table 2: process innovation and performance

Process Innovation	Mean	Std.Dev.
The implementation of a new production method is continuously integrated in our organization's culture.	3.13	.915
Our firm employees' new methods of sugar production correspond with the changing industry requirements.	3.71	.671
There are quality teams that monitor areas for improvement in the organization.	3.48	.831
Our organization modifies its processes frequently to meet the needs of customers.	3.59	.430
Average	3.47	.637

Process innovation has helped sugar companies to improve their performance in the manufacturing sector with a standard deviation .637and a mean 3.47. This implies a slightly positive correlation between process innovation and performance of manufacturing companies hence need to improve on the process innovation to ensure strategic adaptation. This is agreement with Ndirangu (2013)

who argues that organizations must have the required capabilities to match their strategies to turbulent environment in order to optimize profitability. He further indicates that the relationship between environment and strategy and in turn to performance cannot be underestimated. Organizations are left with little to do other than respond to environmental changes.

Descriptive Results on structural alignment

The second specific objective of the research study was to determine the Influence of structural alignment on the performance of manufacturing companies in Kisumu Kenya.

Table 3: Structural alignment and performance

Structural alignment	Mean	Std. Dev.
Our organization reorganizes its employees to meet changing industry requirements.	3.27	1.064
Leadership style and organizational management changes alongside market changes.	3.61	1.21
Our organization redefines policies, strategies and goals frequently to meet changing market needs.	2.38	1.26
Our organization adopts use of technology frequently.	3.48	1.1
Average	**3.14**	**1.14**

Structural alignment has helped sugar companies to improve their performance in the sugar sector with a standard deviation 1.14 and a mean 3.14. This implies a slightly positive correlation between structural alignment and performance in the sugar companies hence need to dynamically focus on structural alignments to ensure strategic adaptation thus performance. This is agreement with Ndirangu (2013) who argues that organizations must have the required capabilities to match their strategies to turbulent environment in order to optimize profitability.

Descriptive Results on competitor orientation

Examining the effect of competitor orientation on performance of manufacturing firms in Kisumu was also a specific objective.

Table 4: Competitor orientation and performance

Competitor orientation	Mean	Std. Dev.
Our organization's departments have current information on competitors.	3.60	1.24
Our organization has current information on marketing strategies of our competitors.	3.71	0.96
We have information on the most recent developments of our competitors.	3.27	1.02
Our organization rapidly responds to our competitors' actions.	2.64	1.21
Our organization is always looking for opportunities to gain an advantage over our competitors.	3.72	0.94
Average	**3.40**	**0.95**

Competitor orientation has helped sugar companies to improve their performance in the sugar sector with a standard deviation 0.95 and a mean 3.40. This implies a slightly positive correlation between competitor orientation and performance in the sugar companies hence need to dynamically focus on competitor orientation to spearhead strategic adaptation hence performance. Firms with strong dynamic capabilities exhibit technological and market agility, are able to create new technologies, differentiate and maintain superior processes and modify their structures and business models in a way that ensures theystay ahead of the competition (Teece, 2014).

Descriptive Results for Product Differentiation

The last specific objective of the research study was to find out the effect of product differentiation on the performance of manufacturing companies in Kisumu Kenya.

Table 5: Product differentiation and performance

Product Differentiation	Mean	Std. Dev
The company products have strong brand identification.	3.50	0.81
Our firm develops new products with components and materials that meet current need.	3.78	1.01
We have introduced new product features in the last one year	3.01	1.04
Our organization makes effort to differentiate its products from those of its competitors.	3.67	0.99
Average	**3.51**	**0.96**

Product differentiation has helped sugar companies to improve their performance in the manufacturing sector with a standard deviation 0.96 and a mean 3.51. This implies a slightly positive correlation between product differentiation and performance in the sugar companies hence need to strategically focus on product differentiation to spearhead strategic adaptation hence performance. In a dynamic environment, creation of technological capacity requires not only new knowledge but also innovative ideas (Teece, 2014). At the firm level, product differentiation is viewed as the application of new ideas that lead to development of new products (Rubera & Kirca, 2012; Therrien, Doloreux & Chamberin, 2011).

Descriptive Results on Performance of Manufacturing Companies

The objective of the research study was equally to find out the extent of performance of manufacturing companies in Kisumu Kenya.

Table 6: Performance of manufacturing companies

Performance	Mean	Std.Dev.
Our organization's sales have increased in the local sugar sector.	3.23	1.22
Our existing products have been improved in the last one year.	3.32	1.14
Our selling price is the best for the sugar industry in Kenya.	3.67	1.25
Our organization determines the purchase price of raw materials.	3.50	1.16
We have increased our customer's base over the past one year.	3.84	1.04
Average	**3.45**	**1.10**

Need for performance has helped manufacturing companies to improve their performance in the sector with a standard deviation 1.10 and a mean 3.45. This implies a slightly positive correlation between strategic adaptation and performance in the companies hence need to focus on spearhead strategic adaptation hence performance.

Inferential Results

Multiple Regression Model

Table 7 shows that the combined independent variables, which constitute the strategic adaptation practices, can explain 84.9% of the variance in performance of manufacturing companies in Kisumu Kenya. This supports the general view that strategic adaptation practices are very important in determining performance. It also supports previous studies such as by Senzen & Cakaya (2013).

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.921[a]	0.849	0.214	60.31114
a. Predictors: (Constant), X4, X3, X2, X1				

The ANOVA test for the combined model has a P-value of 0.000. This is less than the set level of significance of 0.05 for normally distributed data. The results further reveal that the model had an F-ratio of 247.018, which is significant at 0.005 level and shows that the model significantly explains the effect of strategic adaptation on firm performance. The results indicate that strategic adaptation has a great influence on performance of manufacturing firms in Kisumu implying that process innovation, structural alignment, competitor orientation, and product differentiation had a significant and positive impact on the performance of manufacturing companies in Kisumu Kenya.

Table 8: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	34.389	4	8.59725	247.018	.000a
Residual	9.461	32	0.2957		
Total	44.750	36			

a. Predictors: (Constant), X4, X3, X2, X1
b. Dependent Variable: Y

To establish the direction of the relationship, either directly or inversely, coefficient analysis was done as shown on Table 9.

Table 9: Coefficients for Regression Model

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	.142	0.139		12.134	0.4565
X1	.418	0.216	.405	1.157	0.000
X2	.444	0.687	.422	-0.209	0.000
X3	.289	0.383	.283	-1.774	0.000
X4	.902	0.394	.898	-2.556	0.001

a. Dependent Variable: Y

The model was transformed as shown below;

$$Y=.142+0.418X_1+0.444X_2+0.289X_3+0.902X_4$$

The p-values for process innovation, structural alignment, competitor orientation, and product differentiation were 0.000, 0.000, 0.000, and 0.001 respectively. The positive t-values away from indicates greater evidence against null hypothesis hence confidence in rejecting the null hypothesis. The findings imply that process innovation, structural alignment, competitor orientation, and product differentiation had a significant and positive impact on the performance of manufacturing companies in Kisumu.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The research results indicated that process innovation impacted positively on performance in the manufacturing firms in Kisumu. This can be attributed to the fact that process innovation, such as implementation of a new production methods, presence of quality team that monitors areas for improvement hence performance.

It was established that structural alignment enhances performance in the manufacturing firms in Kisumu. This is attributable to the good restructuring of human capital and technology alongside market changes, favours performance.

Competitor orientation was found to have a significant and positive relationship with performance in the manufacturing firms in Kisumu. This was attributed to the seizing opportunities to gain advantage over competitors, and gaining information on competitors in effect positively influencing performance.

Product differentiation was also found to impact positively on performance in the manufacturing firms in Kisumu. This can be attributed to the company having strong branding identification, developing new products with components and materials that meet current needs, and unique features on products hence increased performance.

Recommendations of the Study

The study emphasizes the importance of product differentiation, recommending that firms enhance branding, differentiate products, regularly update technology, and improve employee tools and training to remain competitive. Additionally, the study identifies the significance of competition orientation. Manufacturing firms should stay updated on competitors' strategies and respond quickly to gain competitive advantages. Overall, the research stresses the importance of flexible, responsive strategies that align with external changes for optimal performance in a competitive and dynamic environment.

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