

**INFLUENCE OF COMPETITIVE STRATEGIES ON PERFORMANCE OF
SECOND HAND VEHICLE DEALER FIRMS IN NAKURU EAST SUB-
COUNTY, KENYA**

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**A Research Project Presented to the Institute of Postgraduate Studies of
Kabarak University in Partial Fulfilment of the Requirements for the Award of
Degree of Master of Business Administration (Strategic Management Option)**

KABARAK UNIVERSITY

NOVEMBER, 2019

DECLARATION

This research Project is my original work and to the best of my knowledge has not been presented for academic award in any other University or College

Signature.....

Date.....

SONDIN GLADYS JEMUTAI

GMB/NE/0488/05/17

RECOMMENDATION

To the institute of Postgraduate Studies:

The research project Evaluation of **“Influence of Competitive Strategies on Performance of Second Hand Vehicle Dealers in Nakuru East Sub-County, Kenya”** and written by **Gladys J Sondin** is presented to the Institute of Postgraduate Studies of Kabarak University. We have reviewed the research Project and recommend it be accepted in partial fulfilment of the requirement for award of the degree of Master of Business Administration (**Strategic Management Option**), of Kabarak University

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DEDICATION

I dedicate this work to my husband, Laban, for his immense support during the study. I also dedicate this work to my sons, Ian and Ethan, for not a day did they complain on how busy I was. I thank them for their understanding and patience.

ABSTRACT

The second hand vehicle dealership in Kenya has continued to be an extremely competitive sector. In the context of performance, the sector is considered to account for over 70% of the vehicles in Kenyan roads. This study sought to examine the influence of competitive strategies on performance of the second hand vehicle dealers in Nakuru East Sub County. The study was guided by the following competitive strategies that is customer focus strategies, cost leadership strategies, product differentiation and payment terms. The study uses the Michael Porter generic strategies model and operating cycle theory. The study applied census method of sampling. This study used a questionnaire for the purposes of data collection. Instruments of data collection were piloted in Naivasha using 10% of the sample size that is nine members. The validity of the instrument in this study was examined using the content validity index. The reliability of the instrument was checked using the cronbach alpha coefficient achieving 0.845, 0.795, 0.809, 0.844 and 0.874 for customer focus strategies, cost leadership strategies, product differentiation, payment terms and performance of second vehicles respectively. Descriptive statistics applied in this study include the frequency distributions. The study found that a multiple correlation coefficient (R) of 0.955 was achieved for the study. This revealed that there was a strong correlation between the observed values and the predicted values for performance. The study further found that 91.2 percent of the total variance in performance is explained by the combined effect of customer focus strategies, cost leadership strategies, product differentiation and payment terms. The achieved results revealed that for customer focus influence on performance had $\beta_1=0.227$, $t=4.446$ and p value =0.000. These results were tested on whether they were statistically significant at 5% level of significance with a p value of 0.000 indicating that presence of a statistically significant relationship between customer focus and performance of the second hand vehicles dealers. The achieved results revealed that for cost leadership strategies influence on performance had $\beta_2= 0.352$, $t= 8.511$ and p value =0.000. These results were tested on whether they were statistically significant at 5% level of significance with a p value of 0.000 indicating that presence of a statistically significant relationship between cost leadership and performance of the second hand vehicles dealers. The study examined regression coefficients of the product differentiation influence on the performance. The achieved results revealed that for product differentiation strategies influence on performance had $\beta_3= 0.206$, $t= 6.008$ and p value =0.000. The results thus indicated that a unit increase in product differentiation strategies would result into 0.206 increase in performance of the second hand vehicle dealers with the other variables kept constant. The achieved results revealed that for payment terms strategies influence on performance had $\beta_4= 0.224$, $t= 4.916$ and p value =0.000. These results were tested on whether they were statistically significant at 5% level of significance with a p value of 0.000 indicating that presence of a statistically significant relationship between payment term strategies and performance of the second hand vehicles dealers.

Key Words: *Competitive Strategies, Cost Leadership, Customer Focus, Performance, Payment Terms and Product differentiation*

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ABBREVIATIONS AND ACRONYMS

KABA	:	Kenya Auto Bazaar Association
NACOSTI	:	National Commission of Science, Technology and Innovation
ROI	:	Returns on Investment
SMEs	:	Small and Medium Enterprises
UAE	:	United Arabs Emirates

OPERATIONAL DEFINITION OF TERMS

Competitive Strategies:	The sum total of all activities that are undertaken in the past and or currently undertaking with a view of attracting buyers, withstanding competitive pressure and improve its market position (Githinji, 2014).
Cost Leadership:	The process of seeking to achieve cost advantage relative to competitors in order to create a competitive advantage (Schultz, 2018).
Customer Focus:	The deliberate efforts by an organization to prioritize the needs of its customers in an organization (Uhuru, 2014).
Performance:	The degree of achievement of the organizational objectives (Oke, 2012).
Payment Terms:	The agreement relating to the means of making payments (Oke, 2012).
Product Differentiation:	The deliberate efforts made in order to make a product sold an organization to be unique relative to that of their peers (Uhuru, 2014).
Second Hand Vehicle Dealers:	These are merchants involved in the selling of the vehicles that were previously owned and utilized by other people especially from developed countries.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

There is growing market for second hand cars across the world (Anjum & Ali, 2017). Diverse factors have contributed this growth of the second hand vehicle market both from supply-end and demand-end perspectives. From the supply-end, consumers in developed countries have rapidly changing preferences resulting to need to off load their exiting vehicles in favour for new ones (Schultz, 2018). These changing preferences may be due to newer vehicle models getting into the market at a faster rate with improved technology in the vehicle industry amongst others (Coşciug, Ciobanu, & Benedek, 2017). Tougher motor vehicle regulations touch on environmental concerns, energy efficiency, motor vehicle age, and air pollution restrictions have led to consumers disposing off usable vehicles (Joseph, 2018). For example, Japan which is a major exporter of used motor vehicle has strict regulations on air pollution, high carbon taxes and strict regulations on motor vehicle usage making ownership of vehicles above six years old extremely expensive (Shewere, 2013).

Apart from the supply-end factors driving the growth of second hand vehicle market, there are also demand-end factors contributing to this growth (Uhuru, 2014). The consumers of the second hand vehicles are found within the low and middle income level who may not be able to afford new motor vehicle due to economic limitations (Ratna, 2016). The liberalization of the motor vehicle industry, that is fewer restrictions in importation of motor vehicles, and less stringent environmental regulation in motor industry in developing countries have led to the growth of the second hand motor vehicle market (Oke, 2012).

To enhance or maintain a particular level of performance, the competitive strategies can be deployed by the organization (Aykan, 2013; Buul & Omundi, 2017a; Pulaj, Kume, & Cipi, 2015). According to Barongo (2014) competitive strategies refers to the specific efforts made by the organization to please the customer through offensive and defensive moves to counter the tactics of the rivals, and by taking initiatives to strengthen the organization's market position. Similarly, Gathinji (2014) consider competitive strategies as the sum total of all activities that are undertaken with a view

to attract buyers, withstanding competitive pressure and improve its market position. Amongst the competitive strategies that can be employed by an organization, include customer focus, cost leadership, product differentiation and payment terms amongst others. The customer focus strategies are key in performance of an organization. According to Tasie (2012) customer focus strategies relates to deliberate attention of the organization on the customer in all its processes and activities . This view is further supported by Mehmood, Qadeer, & Ahmad (2014) who views customer focus strategies as the long term and continuous efforts to satisfy the customer. Hosseini and Ghazali (2014) views cost leadership as a strategy of cutting on operational costs and imposing cost controls in general without compromise on the quality of products and services. This view was also supported by Ilyas *et al.*, (2018) who viewed cost leadership as offering of products at the lowest price in the industry without compromising on quality. Datta (2015) note that various strategies can be used for the purposes of attaining cost leadership. These strategies include achievement of economies of scale, tight cost and overhead control, avoidance of marginal customer accounts and cost minimization in operations amongst other strategies. According to Suki (2013), the product refers to anything offered in the market that satisfies the market needs and wants. Similar to Suki (2013) conceptualization of a product, Izza, Sanib, Aziz, Samdin, and Rahim (2013) indicates product is anything offered to the market for use, consumption or attention.

1.1.1 Global Perspective of Performance of Second Hand Vehicle Dealers

In Bangkok, the second hand vehicle dealers had mixed performance. In this context, Sophatsathit (2013) noted that occasionally the government have issues tax exception to buyers of new eco- friendly cars which affected negatively performance of the second hand vehicle dealers in Bangkok. In Europe, Voß and Lessmann (2011) indicated that there is a growing market for second hand vehicles in the country. This is especially so with the options of “trade in” aspects for old vehicles for new vehicles. In Germany, Strittmatter & Lechner (2017) places the performance of the second hand vehicles in respect to the market share at approximately 3.6 million cars per annum with trade volume of 40 billion euros. Similarly, in China, there has been growing performance in respect to the trade volumes of the second hand vehicles. In this context, Kong (2017) noted that liberalization of second hand vehicle policies in

China as well as tax reforms in purchase of second hand vehicles has made the sector to be extremely competitive in nature.

1.1.2 Regional Perspective of Performance of Second Hand Vehicle Dealers

There is high competition of second hand cars in African countries. In Ivory Coast, Essoh (2013) notes presence of intense competition in the second hand vehicle market. This was attributed to increased need for mobility, increasing population, a growing middle class, and weak purchasing power of the citizens. Essoh (2013) further note that the liberalization of the shipping industry and importation of vehicles in 1996 led to the emergence and growth of the second hand vehicle market in Ivory Coast. The performance of the sector in Ivory Coast shows that over 85% of the vehicles in the country were second hand in nature. The second hand vehicle market in Ivory Coast has also benefitted from the presence of the port and the country handles second hand vehicles for surrounding land locked countries.

In Nigeria, there is a high growing demand for second hand vehicles leading to diverse performance aspects for their dealers. Oke (2012) noted that only a few Nigerians can afford brand new cars and most Nigerians purchase used vehicles that are locally referred to as "*tokubo*". These second hand vehicles are preferred in Nigeria due to their cost efficiency and are imported from developed countries such as Japan, Germany, United States of America and Belgium. The second hand vehicles in Nigeria are estimated to constitute over 80% of the vehicles in Nigerian roads (Ofonyelu, 2018).

Within the East African region, there is high competition within the second hand motor vehicle dealers in the wider region. In Tanzania, Shewere (2013) indicates that the second hand motor vehicle dealerships is extremely competitive in nature and the sector enjoys diverse performance levels. For example, in 2012 there was an estimated 1.2 million second hand vehicles in Dar es Salaam city. Shewere (2013) notes a growing preference for second hand vehicles in Tanzania over new ones due to their affordability and flexibility in payment methods such as trade-in offers.

1.1.3 Kenyan Perspective of Performance of Second Hand Vehicle Dealers

In Kenya, the motor vehicle industry was liberalized in 1990 creating a conducive environment for both locally assembled and imported second hand vehicles. The second hand vehicle dealers is an extremely competitive sector with importation of

vehicles from mainly Japan and United Arabs Emirates (UAE)(Uhuru, 2014). In the context of performance, the sector is considered to account for over 70% of the vehicles in Kenyan roads (Motari & Juma, 2016).

Nakuru East Sub County enjoys a robust number of second hand vehicle dealers leading to high competitive levels in the sector that affects the performance of the dealers. Amongst the second hand vehicle dealers in Nakuru include Sakinya Motors, Resma Motors, Kenjap motors, Rift car motor bazaar, Ufra motors, and Austin motors amongst others.

1.2 Statement of the Problem

The second hand vehicle dealership in Kenya has continued to be extremely competitive sector. The sector was liberalized in 1990 leading to an increase in importation of second had vehicles mainly from Japan and United Arabs Emirates (UAE)(Uhuru, 2014). In the context of performance, the sector is considered to account for over 70% of the vehicles in Kenyan roads (Motari & Juma, 2016). The sector has continued to attract diverse players leading to stiff competition for customers. In Nakuru, several second hand vehicle dealers have opened shop including Sakinya Motors, Resma Motors, Kenjap motors, Rift car motor bazaar, Ufra motors, and Austin motors amongst others. This has led to challenging performance. This study sought to examine the influence of competitive strategies on performance of the second hand vehicle dealer firms in Nakuru town.

1.3 Purpose of the Study

The general objective of the study is to examine the influence of competitive strategies on the performance of second hand vehicle dealer firms in Nakuru town, Kenya.

1.4 Objectives of the Study

The specific objectives of the study were;

- (i) To examine the influence of customer focus strategy on performance of second hand vehicle dealer firms in Nakuru Town, Kenya
- (ii) To evaluate the influence of cost leadership strategy on performance of second hand vehicle dealer firms in Nakuru Town, Kenya
- (iii) To examine the influence of product differentiation strategy on performance of second hand vehicle dealer firms in Nakuru Town , Kenya

(iv) To analyse the influence of payment terms strategy on performance of second hand vehicle dealer firms in Nakuru Town, Kenya

1.5 Research Hypotheses

The study was based on the following research hypotheses;

H₀₁:There is no significant influence of customer focus strategy on performance of second hand vehicle dealer firms in Nakuru Town, Kenya

H₀₂:There is no significant influence of cost leadership strategy on performance of second hand vehicle dealer firms in Nakuru Town, Kenya

H₀₃:There is no significant influence of product differentiation strategy on performance of second hand vehicle dealer firms in Nakuru Town , Kenya

H₀₄: There is no significant influence of payment terms strategy on performance of second hand vehicle dealer firms in Nakuru Town, Kenya

1.6 Justification of the Study

Second hand vehicles are critical to the performance of the transport industry in developing countries thus leading to high competition in second hand dealership, yet there are very few studies that have been made on competitive strategies applied by these second hand vehicle dealers. The findings of the study will enable the second hand vehicle dealers to know which competitive strategies can be applied to enhance their businesses

1.7 Scope of the Study

The study covered the performance of second hand vehicles dealers in Nakuru, Kenya. The study was conducted in Nakuru East Sub County due to limitations of finances and time to choose a larger geographical scope. The secondhand car dealers are also concentrated in town as opposed to the outskirts of town due to the nature of the product they sell being expensive.

1.8 Limitations of the Study

The researcher encountered challenges in data collection process in which the respondents were reluctant to fill in the questionnaires for fear of what the information was to be used for. The researcher with the help of introduction letter from the university convinced them that the research was purely for academic purposes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter examines the literature review of the study. In this context, the chapter has subcomponents of theoretical review, empirical review, research gaps and conceptual framework. The theoretical review indicated the theories that explain the variables. On the other hand, the empirical review provided the studies that been examined in relations to their findings.

2.2 General Overview of Literature Review

The empirical review of this study examines the studies that have been undertaken in the past by diverse scholars touching on the influence of the independent variable on the dependent variables. The relationships was examined per research objective and therefore the influence of customer focus strategies, cost leadership strategies, product differentiation and payment terms on performance was examined.

2.3 Customer Focus Strategy and Performance

The customer focus strategy is key in performance of an organization. According to Tasi (2012) customer focus strategies relates to deliberate attention of the organization on the customer in all its processes and activities . This view is further supported by Mehmood, Qadeer, & Ahmad (2014) who views customer focus strategies as the long term and continuous efforts to satisfy the customer.

Yaacob (2014) undertook a study that examined the influence of customer focus on the performance of public firms in Malaysia. The study sought to examine the influence of customer focus on employee satisfaction, innovation, cost benefits and customer satisfaction as indicators of performance. The study results revealed that customer focus strategies are positively and significantly associated with performance indicators of employee satisfaction, innovation, cost benefits and customer satisfaction. The study concluded that a customer focus strategy is a key for performance of public institution since there are no alternatives for the services they offer.

Focusing on the telecommunication firms in Kenya, Macharia & Mwangangi (2016) examined the influence of customer focus strategies on procurement performance of

the telecommunication industry. The study conceptualized customer focus in terms of reliability, responsiveness and assurance. (Macharia & Mwangangi, 2016) using a sample size of 78 respondents drawn from Safaricom organization found that various components of customer focus strategies were associated with procurement performance at the firm. Amongst the customer focus strategies that the study found to influence the procurement performance included; management dedication to customer matters, training programs to improve on customer service, and intervention on behalf of the customer in relations to government regulations.

Customer focus strategies enable the firms to design and tailor their products with a focus on the customer needs and therefore leading to an improvement in performance. This was revealed by Hassan, Hassan, Shaukat, & Nawaz (2013) in a study conducted in Pakistan and focusing on the performance of Small and Medium Enterprises (SMEs) in the country. The study revealed that diverse customer focus strategies were used in the SME sector in the country. These strategies included knowledge of the customers' current and future needs, understanding of customers' needs across the organization, presence of mechanisms for customer complaints resolution, and presence of mechanisms to measure customer satisfaction levels. Hassan *et al.*, (2013) study in Pakistan found that these customer focus strategies had a significant and positive influence on performance.

Similar to Hassan *et al.*, (2013), Abubakar & Odock (2018) also examined aspects of customer complaints resolutions and handling as part of customer focus strategies. This was in a study that sought to examine the influence of customer focus strategies on operational efficiency aspects or performance with a focus on container depots in Mombasa County. The study used a descriptive research design and a target population composed of 36 container depots in Mombasa. Abubakar & Odock (2018) found that the customer focus strategies had a significant influence on performance as measured through operational efficiency. These customer focus strategies included actively seeking customer inputs to identify needs and expectations, presence of processes for customer complaints resolutions, use of customer complaints for products improvements, and improvement on customer service quality.

2.4 Cost Leadership Strategy and Performance

Diverse scholars across the world have indicated the importance of cost leadership strategies on performance. These scholars include (Hosseini & Ghazali, 2014; Ilyas et al., 2018; Kaliappen, Abdullah, & Hilman, 2013; Lep, 2018). (Hosseini & Ghazali, 2014) views cost leadership as a strategy of cutting on operational costs and cost control in general without compromise on the quality of products and or services. This view was also supported by Ilyas *et al.*, (2018) who viewed cost leadership as offering of products at the lowest price in the industry without compromise on quality. Datta (2015) note that various strategies can be used for the purposes of attaining cost leadership. These strategies include achievement of economies of scale, tight cost and overhead control, avoidance of marginal customer accounts and cost minimization in operations amongst other strategies.

Focusing on textile industry in Pakistan and using a sample size of 132 firms listed at Pakistan Stock Exchange, Ilyas *et al.*, (2018) the influence of cost leadership on financial performance of listed firms. The study revealed that cost leadership led to higher sales performance which was used as a proxy for financial performance. This was attributed to the lower costs of services and goods being attractive to the customers hence the higher sales figures.

In Malaysia, Kaliappen *et al.*, (2013) noted that cost leadership can be used as a strategic component to improve on performance. In a study based on the hotel industry and using a target population of 475, Kaliappen *et al.*, (2013) examined the relationship between cost leadership and performance. The study conceptualized the cost leadership strategies as the organization and management of the organizational activities and processes in order to be the lowest producer of services and products in a specific industry. The study noted an influence of cost leadership on performance in the hotel industry in Malaysia. Amongst the cost leadership strategies that had been deployed included exploitation of economies of scale, tight cost management, overhead cost control and cost management in diverse operational areas such as sales, and marketing amongst others (Kaliappen *et al.*, 2013).

Using mixed methodology and focusing on selected private hospitals in Mombasa, Banks, Mathuva, & Mwenda (2017) examined influence of cost leadership strategies in this sector. The study measured cost leadership strategies using three metrics; reduced costs of services, effective cost cutting measures and being the lowest charging hospital amongst those hospitals of similar levels. The study found that these measures led to improved performance in terms of increase in customer numbers and market share of the hospitals.

The cost leadership strategy presents a delicate management in order to ensure that the organization remains profitable. In this context, Nyauncho & Nyagara (2015) examined the effect of Cost Leadership Strategy on the performance of Liquefied Petroleum Gas Companies in Eldoret town, Uasin Gishu County, Kenya. To achieve its objectives, the study used a descriptive research design and a target population of 175 respondents made of supervisors and employees from liquidified petroleum gas companies. The study revealed that the cost leadership strategy was associated with performance. In this context, Nyauncho & Nyagara (2015) indicated that the cost leadership strategies that were deployed included minimization of costs related to procurement, operations, labour, services and promotional activities.

2.5 Product differentiation Strategy and Performance

The product differentiation, play an important role in performance across various sectors. According to Suki (2013), the product refers to anything offered in the market that satisfies the market needs and wants. Similar to Suki (2013) conceptualization of a product, Izza, Sanib, Aziz, Samdin, & Rahim (2013) indicates product is anything offered to the market for use, consumption or attention

Focusing on online buying aspects as a measure of performance, Suki, 2013) examined the influence of product features on the customers' behaviour in terms of online buying prospects. The study used a sample size of 200 respondents derived from Federal Territory of Labuan, Malaysia. The study revealed that the product differentiation had an influence on the customers' buying intention. This was attributed to the product differentiation conveying the benefits that the customer stand to gain from purchase of the product.

Using the customer loyalty and customer purchase decision to measure performance, Hatta, Rachbini, & Rahmawati (2018) undertook a study that amongst other aspects examined the role of product differentiation on performance. The study was based in Jakarta, Indonesia. Hatta *et al.*, (2018) noted that the product differentiation included diverse factors such as form, customization, performance quality, reliability, reparability, and design amongst other aspects. The study found that product differentiation influenced performance in terms of customer loyalty and purchase decisions. This is attributable to the fact that the customers make purchases based on the expected value from the product purchase.

Similar to Hatta *et al.*, (2018) study, Souar, Mahi, & Ameer (2015) had examined the role of product differentiation in relations to the performance using customer loyalty as a proxy. Souar *et al.*, (2015) was based on Algerian telecommunication firms and used a target population of 100 customers of Algeria Telecom Company. The study found and concluded that product differentiation had an effect on the customer loyalty levels of the organization. This was attributed to the telecommunication company offering for sale products that matched the varied needs and tasters of their clients. Various product differentiation appeals to diverse client base and customer preferences aspects hence driving performance. In a study on Malaysian hypermarkets, Heng, Yeong, Shi, & Kuan (2011) note that amongst the product differentiation that can drive performance include product variety, design, features, brand name, and quality aspects.

In Nigeria, Mustapha (2017) also documents the importance of product differentiation on the performance. The study focused on the performance of SMEs within Borno State Nigeria. The study purposively drew a target population of 200 small scale SMEs within Maiduguri metropolitan to act as the population. Amongst the product differentiation that was found to be important included physical appearance of the product, packaging, and labelling information aspects of the product. Mustapha (2017) noted that these aspects influence customer behaviour as to whether the customer notices the product, examine it and eventually make a purchase of the product.

2.6 Payment Terms Strategy and Performance

The payments terms influences the performance of diverse aspects in different ways. Diverse scholars across the world have linked payment terms to performance aspects (Al-Abass, 2018; Badoe, 2011; Bambang et al., 2017). Using the listed firms in Ghana, Badoe (2011) examined the role of account receivables as a proxy for payment terms on the firm performance. The study used a sample size composed of ten listed firms and studied over a period of five years. The study found that payment terms had an influence on the performance. In this context, the study found that the period of credit payments had a negative influence on performance. This meant that the longer the company took to collect its debts accrued through credit sales then the lower the performance. This was attributed to longer periods leading to liquidity challenges.

The payment terms is especially critical to the performance of the Small and Medium Enterprises (SMEs) around the world. Afrifa (2015) undertook a study that focused on this sector and focused on a sample size of 248 listed firms. The study found that amongst the aspects of payment terms that influenced firm performance included the level of credit sales, the period offered for these credit terms, and level of bad debts arising from credit sales. These factors were associated with liquidity and cash flow aspects of the business and therefore its capacity to meet its financial obligations.

In a study based on sixteen European countries and dealing with listed firms, Supatanakornkij (2014) undertook a meta-analysis to determine the influence of payment terms on performance. The study found that payment terms influences performance in different ways. In this context, Supatanakornkij (2014) notes that credit terms of payments provides an incentive for purchase to the customers during low demand times . Goods bought on credit terms also enable the users to test their quality and therefore increasing their trust level with the organization. However, Supatanakornkij (2014) also documented that credit payment terms are also associated with higher operational costs through employment of credit managers and the collection efforts associated with credit terms.

In Kenya, Mwangi (2018) undertook a study that amongst other aspects influence of payment terms on performance of listed manufacturing firms . The study used a

quantitative research design and a target population made of ten firms. The study provided a link between the payment terms and performance. In this context, Mwangi (2018) noted that while credit terms led to increased sales, high levels of outstanding credit sales may lead to higher provision for bad debts. This is especially so based on the credit appraisal process as well as credit policies to the clients.

Similar to Supatanakornkij (2014) and Afrifa (2015), (Donkor, 2014) noted that payment terms influenced performance in diverse ways. Donkor (2014) noted that firms are forced to adopt diverse payment terms due to different operational constraints. In this context, the study noted that while organization would prefer to deal with cash payment terms the business constraints and need for market growth leads to offering of credit terms. Consistent with findings by Afrifa (2015), and Badoe (2011), (Donkor, 2014) similarly notes that payment terms affects the performance through the liquidity management aspects.

2.7 Performance of Second Hand Vehicles

The performance of the second hand vehicle dealers is key to ensuring continuous access to the vehicles and mobility in general (Oke, 2012). According to Ifrah, Hussein, & Simba (2017) performance relates to the organization's actual outputs in comparison to the intended objectives. Similar to Ifrah *et al.*, (2017), Lubale & Kioko, (2016) had also conceptualized performance as the level of achievement of the organization set objectives. However, Ndindi (2014) notes that there are four main approaches in conceptualization of performance; goal approach, stakeholder approach, competitive value approach and system resource approach. The goal approach is the most common utilized conceptualization that relate to extent of the organization achieving its objectives. Ndindi (2014) further noted that the stakeholder and competitive value approaches of conceptualization of performance relates to the ability of the organization to satisfy the needs of both internal and external stakeholders. On the other hand, the system resource approach relates to the capacity of the organization to source for resources.

There are diverse measurements used for performance. Lubale & Kioko (2016) further notes that common measurement of performance includes market share, customer satisfaction, and profitability. However, Ali, Ahmad, and Omar (2016) note

that the measurement for the performance can be divided into the financial and non-financial measures. The financial measurements for the performance include profits, revenues, returns on investment (ROI), returns on sales and returns on equity, sales growth, and profitability growth (Quadros, 2015). On the other hand, the non-financial measurement of performance include market position relative to competitors, employee size, employee turnover levels, customer satisfaction, employee satisfaction, customer loyalty, and brand awareness amongst other metrics (Bulankulama, 2017).

2.8 Research Gaps

The research gaps examined the aspects of this current that have not been focused upon by other studies. Several studies such as Yaacob (2014), Macharia and Mwangangi (2016), and Hassan *et al.*, (2013) have examined the concept of customer focus strategies on performance. There is however, a contextual gaps as these studies did not focus on the second hand vehicles dealers that is the focus of this study. The gap is on the focus of the competitive strategies of the second hand vehicle dealers in Nakuru East Sub County, Kenya. Similarly, in respect to cost leadership strategies several authors such as Ilyas *et al.*, (2018), Kaliappen *et al.*, (2013), and Nyauncho & Nyagara (2015) examined the influence of cost leadership but not within the context second hand vehicles dealers in Nakuru East Sub County and thus contextual gaps. The studies by Supatanakornkij (2014) and Mwangi (2018) while they examined aspects of payment terms on performance had only focused on listed firms.

2.9 Theoretical Framework

The theories that was used in this study include the Michael Porter generic strategies and operating cycle theory.

2.9.1 Michael Porter Generic Strategies Model

The Michael Porter generic strategies theory was conceptualized by Michael Porter in 1980 (Mohamed, 2018). The theory indicated presence of three strategies; cost leadership strategy, differentiation strategy and focus strategy.

The cost leadership strategy is one of the major strategies of Michael Porters' generic strategies. The cost leadership strategy leads to a growth in the market share through the organization appealing to a wider market base characterized by cost-conscious or price-sensitive customers (Pertusa-ortega, 2011). This can be achieved in various

ways. The first way is having the lowest price within a specific target market. The second major way of achieving cost leadership is having the lowest price to value ratio. This is having the lowest price in a given market relative to the customer's perception of value for the given product (Badenhorst-Weiss & Cilliers, 2019). To pursue the cost leadership strategy while still being profitable the organization must achieve lower costs compared to rivals in diverse ways. This can be achieved through a high level of assets utilization through quicker services, and economies of scale aspects. The economies of scale is an effective means of cost reduction leading to higher market growth, profitability and acts as a barrier to entry (Abdalla, 2015). The cost leadership strategy can also be achieved through minimizing the direct and indirect costs. These can be achieved through offering of standard products, and limiting personalization of services and products. This has the effect of minimizing the operational costs aspects. Costs can also be controlled through control of costs in various value chain involving all functional groups to ensure that all costs at a given stage are at the lowest level.

The differentiation of products through its characteristics is key component of enhancing organizational performance. The differentiation strategies often works best when clients are not price sensitive, the market is saturated, customers have underserved needs, and the firms have unique means to serve these needs (Pappas, Mikalef, Giannakos, Krogstie, & Lekakos, 2017). The differentiation may lead to a price premium for a product, increase profitability per given unit, and customer loyalty amongst other aspects. Organizations can also deploy the focus strategies (Abdalla, 2015). These focus strategies may lead to focusing on a narrow market and niche market in order to obtain a competitive advantage.

This theory is applicable to this study in the context that one of the objective of the study was to examination of the influence of cost leadership strategies on organizational performance of second hand vehicle dealers in Nakuru Town, Kenya. The theory is thus useful in providing tenets on how organizations achieve cost leadership and the manner in which the same translates to organizational performance. The theory also useful in explaining the role of customer focus and product characteristics on organizational performance of second hand vehicle dealers as a means of differentiating themselves in the market.

2.9.2 Operating Cycle Theory

The operating cycle theory or cash conversion theory examines the cash flow within the organization from production to the actual sale of the product. This theory was conceptualized by Richards and Laughlin in 1980 (Mohamed, 2018). A major component of the theory is the treatment of payment terms and how it influences the performance (Dogan, 2013).

The theory indicates that firms prefer to sell goods on cash basis so that they have sufficient cash for their operational purposes as well as to purchase more stock. This is referred to as the organization's liquidity level. However, organizations may be forced to accept different payment terms such as credit terms in order to gain and increase market share, and sell products during low demand seasons (Badenhorst-Weiss & Cilliers, 2019). Organization may also use the strategy as market entry strategy amongst other factors driving need for credit terms. However, the management of this kind of payment is critical to the performance of the firm especially the immediate financial performance level (Mohamed, 2018). This is because the acceptance of credit terms leads to the creation of opportunity costs in respect to the other functions that the money would have been used to undertake. This may create liquidity challenges in the organization. Therefore the payment terms in respect to the credit appraisal process, credit terms, and credit periods is critical in the organization achieving sustainable performance aspects (Pertusa-ortega, 2011). There is need for a delicate balancing act between the benefits of credit terms and opportunity costs as well as risk for bad debts associated with the method.

This theory is applicable to this study in support of the objective examining the influence of payment terms on performance of the second hand dealers in Nakuru town, Kenya. The theory was used to explain on how different payment terms influences the performance of the vehicle dealers.

2.10 Conceptual Framework

The conceptual framework examines the various relationships between the variables. In this context, the independent variables (customer focus strategies, cost leadership strategies, product differentiation and payment terms) was linked to the dependent variable that is the performance. The indicators for the customer focus strategies that

were used included knowledge on changing customer needs, mechanisms for complaints resolution, training on customer service, and after sale service. The cost leadership strategies included economies of scale, tight cost management, and overhead cost controls. The product differentiation indicators included product design, brand names of product, and physical appearance of product. Finally, the payment terms indicators included cash, credit payments for services, period offered for credit terms, and trade in for services.

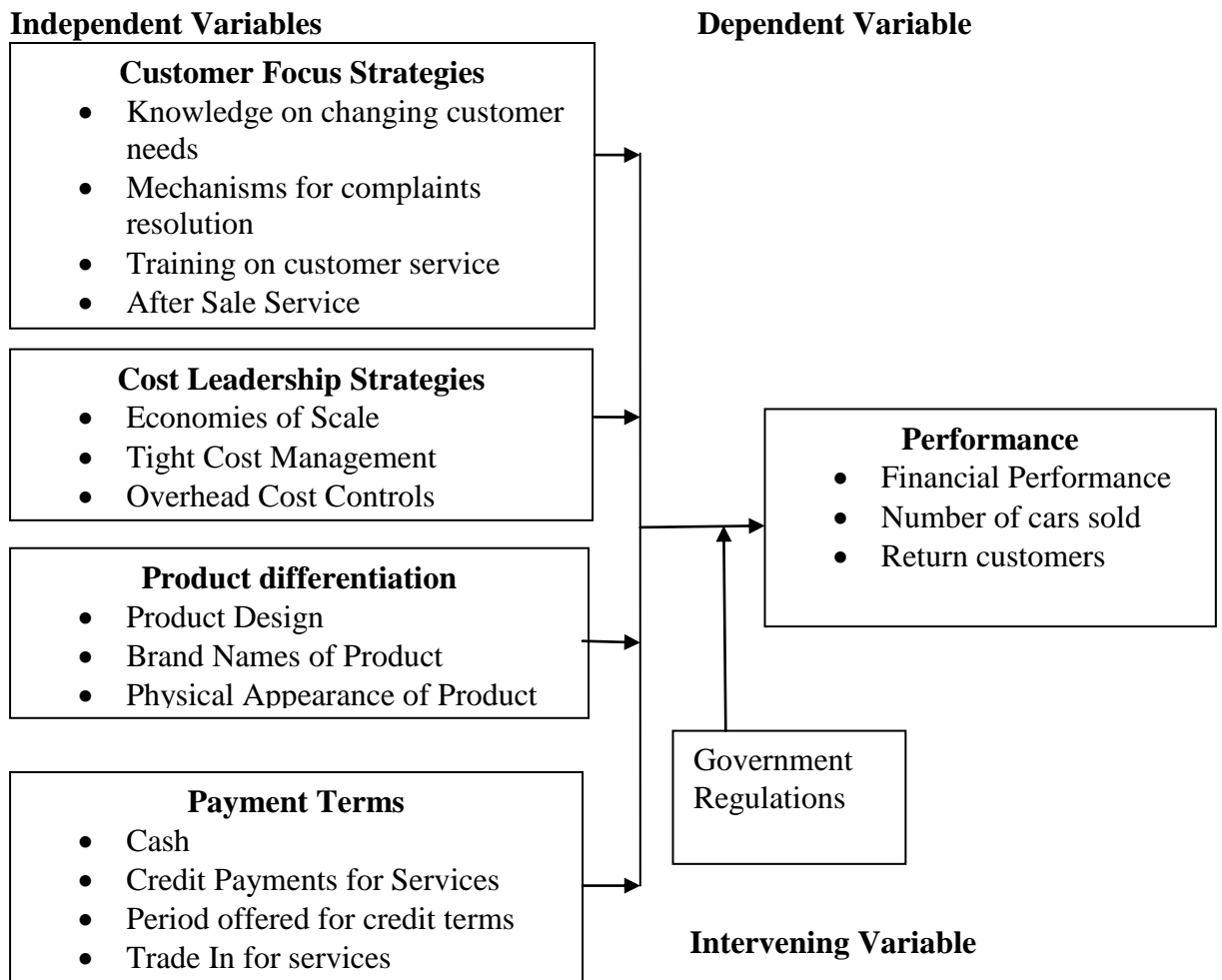


Figure 2.1: Conceptual Framework

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter covers research design and methodological aspects. Amongst the aspects that was covered include research design, location of the study, population aspects, and sampling procedure aspects of the study. The study further examined instrumentation, piloting of the instrumentation, data collection procedures and analysis as well as ethical considerations.

3.2 Research Design

This study utilized a correlational research design. The correlational research design was used to establish the link between the independent variables and dependent variable. This design is applicable in this study in the context that it sought to examine the influence competitive strategies on performance of second hand vehicle dealers in Nakuru East Sub County, Kenya. In this context, the competitive strategies and performance are the independent and dependent variables respectively. The variables are naturally occurring in nature and would be described as they are on the ground in an ex post facto manner.

3.3 Location of the Study

The location of the study details a physical location where the study was undertaken. This study was undertaken at Nakuru East Sub County, Nakuru County. The number of second hand motor dealers in the town informs the choice of Nakuru East Sub County as it is fast growing urban center. Amongst the second hand vehicle dealers in Nakuru include Sakinya Motors, Resma Motors, Kenjap motors, Rift car motor bazaar, Ufra motors, and Austin motors. There are a total of 20 second hand vehicle dealers in Nakuru east Sub County.

3.4 Population of the Study

Population of the study refers to the set of people with credible information on both the dependent and independent variables of the study and are in a position to assist the study in achieving its objectives. The target population of this study was the 85 senior managers and owners of the second hand motor dealers in Nakuru town. They was used since they have information on customer focus strategies, cost leadership strategies, product differentiation, payment terms and performance. Therefore, they are required for this study. The owners and the senior management were determined by enquiring at the respective second hand vehicle dealer offices.

3.5 Sampling Procedure and Sampling Size

This study adopted a census method to pick sample members. The census method involves picking of all the population members to be used in the study due to ease of data collection and the small number of the population size. Therefore, this study used 85 respondents for the study. The number of the respondents varied from one second-hand vehicle dealer firm to the other.

3.6 Instrumentation

The instrumentation relates to the manner in which the data was collected for the purposes of addressing the research objectives of the study. This study used a questionnaire for the purposes of data collection. The questionnaire refers to a set of written questions that sought to address the research objectives of the study. The questionnaires was used as the means of data collection due to their ease of data collection compared to other data collection methods. In particular, the structured questionnaire was used for the purpose of data collection. The structured questionnaire consists of a series of close-ended questions in which the respondent must pick their responses from the provided options. The provided options in this study was in form of likert scale that is No Extent, Small Extent, Moderate Extent, Large Extent and Very Large Extent.

3.6.1 Pilot Study

A pilot study was undertaken for this study. A pilot study refers to the mini study or a small-scale study undertaken before the main study is undertaken with a view of understanding the logistics involved, validating the research instruments, and checking on their reliability (Nicholson, 2011). The pilot study of this research was undertaken in Naivasha. The pilot study must be undertaken in a region with similar characteristics as the final study. In this context, Naivasha town shares similar characteristics to Nakuru East Sub County in relation to the performance of second hand vehicle dealers. The study used 10% of the sample size that is nine members. The 10% threshold is used for small sample sizes. The results of the pilot study in putting measures to enable the probability of success of the final study.

3.6.2 Validity of the Instrument

The validity of the research instrument was examined in the study. According to Hale (2012) the validity of an instrument refers to the ability of the accuracy in which the scale measures what it purports to measure. The validity of the instrument in this study was examined using the content validity index. The content validity index

measures the content validity of the study. This is the degree to which the content of the data collection instrument accurately measures what they are intended to measure. The content validity index was measured using the help of the university supervisors of this work and the practicing experts during the pilot study phase.

3.6.3 Reliability of the Instrument

The reliability of the instruments was measured in this study. According to Latunde (2016), reliability of the study refers to the ability of the research findings to be replicatable over a period of time (Nicholson, 2011). This implies that the results are repeatable between different timelines. The reliability of the instrument was checked using the cronbach alpha coefficient. The cronbach alpha coefficient checks and measures the internal reliability of the study. The internal reliability is the measure of the homogeneity of the research results amongst a group of indicators of a latent variable such as that found in a likert scale. A cronbach alpha coefficient of a threshold of 0.7 was used in this study to ensure the instruments are reliable. The reliability of the instrument was checked using the cronbach alpha coefficient achieving 0.845, 0.795, 0.809, 0.844 and 0.874 for customer focus strategies, cost leadership strategies, product differentiation, payment terms and performance of second vehicles respectively.

3.7 Data Collection Procedures

The researcher obtained an introduction letter to undertake data collection from the institute of postgraduate studies of Kabarak University. The researcher then applied for permit to conduct the study from the National Commission of Science, Technology and Innovation (NACOSTI). Then the researcher then introduced herself to the management of the second hand vehicle dealers in Nakuru. The researcher informed them that the study is meant for an academic purpose. The data was collected through a self-administered questionnaire through a Drop Off and Pick Up later method. In this method, the instrument was distributed and picked up at a later pre agreed timelines.

3.8 Data Analysis

The data was analyzed by the help of Statistical Packages for Social Sciences Software (SPSS) since the data is quantitative in nature. The study used the descriptive and inferential statistics for the purposes of explaining the research findings. The descriptive statistics that was undertaken include the frequency distributions of the research findings. The study further used the chi square and

regression analysis for the purposes of inferential statistics. The regression analysis used the following model for the study;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where;

Y = Performance

$\beta_0, \beta_1, \beta_2, \beta_3$ = Model coefficients

X₁ = Customer Focus Strategies

X₂ = Cost Leadership Strategies

X₃ = Product differentiation

X₄ = Payment Terms

ε = Error Term

3.9 Ethical Considerations

The ethical considerations details the accepted norms within the research process to ensure that no one is harmed during the research process or taken advantage off (Wendy, 2007). In respect to the ethical considerations, several aspects were considered. The researcher obtained the authority to undertake research from the university, NACOSTI and from the motor dealers. The researcher also explained to the research subjects the purpose of collecting data and guaranteed them anonymity and confidentiality aspects. This ensures that no one is victimized for giving information for the study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter examines the results and data analysis of the influence of the competitive strategies on the performance of the second hand vehicles in Nakuru. The study used the descriptive statistics of frequency distributions, chi squares and correlations to explain the influence of the competitive strategies on the performance of the second hand vehicle dealers. The study further used the regression analysis for the purposes of making inferences on the influence of competitive strategies and performance.

4.2 Response Rate

The study used a set of 85 senior managers and owners of the second hand motor dealers as the target population of the study. The study thus distributed 85 questionnaires for distributions to the respondents. The questionnaires that were returned were 72 in number leading to a response rate of 84.7%. This response rate was deemed sufficient as it surpassed the 80% recommended by (Patel, 2009) and (Murtonen, 2005) amongst others. The study thus concluded that the response rate achieved for the study was deemed sufficient.

4.3 Demographic Characteristics

The demographic characteristics of the study were examined through the gender distribution and the level of education aspects. These results were presented in the subsequent sections.

4.3.1 Gender Distribution

The gender distribution of the study was examined and the results presented in Table 4.1 below.

Table 4.1: Gender Distribution

Gender	Frequency	Percentage
Male	40	55.5%
Female	32	44.5%
Total	72	100%

The gender distribution of the study indicated that 55.5% of the respondents were male compared to 44.5% of the respondents who were female. The higher percentage of the male members in the study has been attributed to the sale of vehicles being a highly technical field that has been largely associated with male members of the society.

4.3.2 Level of Education

The level of education was examined and the results presented in Table 4.2 below.

Table 4.2: Level of Education

Education Level	Frequency	Percentage
Certificate	8	11.1%
Diploma	20	27.7%
Degree	34	47.2%
Post Graduate	10	14.0%
Total	72	100%

The results revealed that 11.1%, 27.7%, 47.2%, and 14.0% of the respondents had certificate, diploma, degree and post graduate education levels.

4.4 Customer Focus Strategies and Performance

This study sought to examine the influence of the customer focus strategies and the performance of the second hand vehicles. The customer focus strategies were examined using seven indicators and the results presented in tabular form in Table 4.3 below.

Table 4.3: Influence of Customer Focus Strategies and Performance

	NE Freq. %	SE Freq. %	ME Freq. %	LE Freq. %	VLE Freq. %	Chi-Square χ^2	P
Knowledge Of Customers' Changing Needs	3 4.2%	9 12.5%	20 27.8%	33 45.8%	7 9.7%	36.581	0.000
Presence of Mechanisms For Customer Complaints Resolution	2 2.8%	5 6.9%	19 26.4%	43 59.7%	3 4.2%	25.650	0.012
Use Of Customer Complaints For Service Improvements	1 1.4%	12 16.7%	22 30.6%	32 44.4%	5 6.9%	33.786	0.001
Management dedication to customer service matters	0 0.0%	7 9.7%	33 45.8%	28 38.9%	4 5.6%	13.464	0.143
Training programs on customer service matters	4 5.6%	5 6.9%	22 30.6%	39 54.2%	2 2.8%	46.425	0.000
After sales service	3 4.2%	8 11.1%	24 33.3%	29 40.3%	8 11.1%	30.519	0.002
Presence of all items in a one stop shop model	5 6.9%	9 12.5%	23 31.9%	26 36.1%	9 12.5%	40.499	0.000

Key: NE =No Extent, SE =Small Extent, ME= Moderate Extent, LE =Large Extent
VLE =Very Large Extent

The descriptive statistics of the customer focus strategies were examined using frequency distributions and the chi squares. The chi square test of independence was used in this study at 5% level of significance and using the following hypothesis

H₀: The specific indicator of customer focus strategies has no statistically relationship with the performance of the second hand vehicles dealers

With the decision rule being reject H₀ if P (χ^2 > observed chi square value for the specific customer focus strategy) < 0.05.

The chi square of independence was undertaken for each indicator and the results further explained using the frequency distribution results. The respondents were asked on the extent in which the knowledge of customers' changing needs influenced performance of the second hand dealers. The study found that a majority of the respondents at 45.8% indicated to a large extent while a further 9.7% of the respondents indicated to a very large extent. The observed chi square for the indicator derived χ^2 value = 36.581 and p value is 0.000. This led to the conclusion that the knowledge of customers' changing needs influenced performance of the second hand dealers had a statistically significant relationship with the performance of the second hand vehicle dealers.

The results of the current study is similar to those by Hassan *et al.*, (2013) study in Pakistan. In this context, Hassan *et al.*, (2013) noted the importance of examining the customer changing needs in order to enhance organizational performance of the firm. Their study noted that the organizations must have the knowledge of the customers' current and future needs in order to improve on their performance. Other scholars who have examined the influence of customer needs on the performance included Otumba and Kihara (2017) who noted need for the customer needs to be addressed for superior organizational performance. The relationship between presence of mechanisms for customer complaints resolution and performance of the second hand vehicle dealers were examined with the results indicating χ^2 value of 25.650 and p value of 0.012. Since P (χ^2 > 25.650) = 0.012 < 0.05 then the indicator had a statistically significant relationship with performance of second had dealers at 5% level of significance. The results can further be attributed to a large proportion of the respondents who indicated to a moderate extent, large extent and very large extent at 26.4%, 59.7% and 4.2% respectively. The importance of the complaints resolution

mechanisms is also captured by other scholars including Hassan *et al.*, (2013) study in Pakistan and, Abubakar and Odock (2018) amongst others. In this context, both Hassan *et al.*, (2013) and Abubakar & Odock (2018) found that presence of mechanisms for customer complaints resolution had a significant and positive influence on performance.

The role of the use of customer complaints for service improvements on the performance of the second hand vehicles were examined. The chi square test of independence revealed an observed chi square results of 33.786 and p value of 0.001. The achieved p value being less than 0.05 led to the conclusion that the use of customer complains for service improvements had a statistically significant relationship with performance of the second hand vehicles. This can further be viewed though the achieved frequency distributions of a cumulative of 51.3% of the respondents who were in agreement with the metric. The results of this study is similar to those advanced by Conesa, Acosta, and Manzano (2016) who found that complaints can be used for service quality improvement a measurement for performance through taking of necessary measures to avoid customer complains. Kutol and Juma (2016) further noted in their study that customer complaints can be utilized to highlight weaknesses in organizational policies, procedures, and service delivery hence being used to stimulate the organization to improve on its processes.

The role of management dedication to the customer service matters on the performance of second hand dealers had 9.7%, 45.8%, 38.9%, and 5.6% of the respondents indicating that it influenced performance to a small extent, moderate extent, large extent and very large extent respectively. The achieved chi square value of 13.464 and p value of 0.143 led to the conclusion of lack of statistically significant association between management dedication to customer service matters and performance of the second hand dealers. These results contrasts with those by Macharia and Mwangangi (2016) who noted that management dedication to customer matters was an important influencer of performance in organizations. Lo, Wang, Rinen, & Wah, (2016) further noted that management dedication of efforts to customer service is critical in organizational performance. This is achieved through the management being proactive in promotion of new business ideas to the customers.

The study further noted that the respondents indicated that the extent in which training programs on customer services matters influenced performance stood at 5.6%, 6.9%, 30.6%, 54.2%, and 2.8% of the respondents indicating to no extent, small extent, moderate extent, large extent and very large extent respectively. The achieved chi square value of 46.425 and a p value of 0.000 led to the conclusion that there was statistically significant relationship between training programs on customer service matters and performance of second hand dealers at 5% level of significance since $P(\chi^2 > 46.425) = 0.000 < 0.05$. The results achieved in this study are in agreement with those by (Nyongesa, 2018) who noted that trained customer service staff boosted relationship with the firm's clients. On the other hand, (Arku, 2016) noted that when staff are not properly trained they may have gaps in the specification of the right service quality and service delivery aspects. The study further examined the role of after sales service and performance of the second hand dealers. The results indicated that 4.2%, 11.1%, 33.3%, 40.3%, and 11.1% of the respondents indicated that after sales service influenced performance to no extent, small extent, moderate extent, large extent and very large extent respectively. The chi square of independence for the indicator and performance of second hand dealers indicated an achieved chi square value of 30.519 and a p value of 0.002.

The study concluded that there was a statistically significant relationship between after sales service and performance since $P(\chi^2 > 30.519) = 0.002 < 0.05$. The after sales services influences performance through leading to customer satisfaction and loyalty aspects hence improved organizational performance (Ashfaq, 2019). (Rao, Sivakumar, & Sinha, 2017) further note that after sales service can improve on the organizational performance through consolidation of sales, building of customer loyalty and growth of profits. The influence of the presence of all items in a one stop shop model had a majority of the respondents indicating that it influenced performance of second had dealers to a large extent (36.1%) followed by to a moderate extent (31.9%). The observed chi square results value of 40.499 and p value of 0.000 indicated that there was statistically significant relationship between presence of all items in a one stop shop model and performance. This can be attributed to the ease in which presence of all items in a one stop model can be used to achieve convenience.

4.5 Cost Leadership Strategies and Performance

The influence of the cost leadership on the performance of the second had vehicle dealers were undertaken in this study using five indicators. These indicators included exploitation of economies of scale in product sourcing, tight cost management, overhead cost controls, cost management in operational functions and proactive cost cutting measures. The descriptive statistics results were presented in Table 4.4 below.

Table 4.4: Influence of Cost Leadership on Performance

	NE	SE	ME	LE	VLE	Chi-Square	P
	Freq.	Freq.	Freq.	Freq.	Freq.	χ^2	Value
	%	%	%	%	%		
Exploitation of Economies of Scale in Product Sourcing	2 2.8%	6 8.3%	22 30.6%	37 51.4%	5 6.9%	38.114	0.000
Tight Cost Management	3 4.2%	5 6.9%	26 36.1%	28 38.9%	10 13.9%	35.438	0.000
Overhead Cost Controls	0 0.0%	12 16.7%	28 38.9%	30 41.7%	2 2.8%	21.025	0.013
Cost Management in operational functions	1 1.4%	9 12.5%	27 37.5%	21 29.2%	14 19.4%	42.084	0.000
Proactive cost cutting measures	5 6.9%	7 9.7%	26 36.1%	29 40.3%	5 6.9%	26.242	0.010

Key: NE =No Extent, SE =Small Extent, ME= Moderate Extent, LE =Large Extent
VLE =Very Large Extent

The descriptive statistics of the cost leadership strategies were examined using frequency distributions and the chi squares test of independence. The chi square test of independence was used in this study at 5% level of significance and using the following hypothesis

H₀: The specific cost leadership strategy has no statistically relationship with the performance of the second hand vehicles dealers

With the decision rule being reject H₀ if P (χ^2 > observed chi square value for the specific cost leadership strategy) <0.05.

The exploitation of economies of scale in product sourcing influence on the performance of second hand vehicles was examined in the study. The study results revealed that 2.8%, 8.3%, 30.6%, 51.4%, and 6.9% of the respondents indicated that the economies of scale influenced performance to a no extent, small extent, moderate

extent, large extent, and very large extent respectively. The chi square results value of 38.114 and a p value of 0.000 indicated that there was a statistically significant relationship between exploitation of economies of scale in product sourcing and performance of second hand vehicle dealers. This was due to a p value of less than 0.05. The study results were consistent with those of Datta (2015) and Kaliappen *et al* (2013) who observed that economies of scale are critical in the performance of an organization. The economies of scale in critical to the performance of the organizations as it enables the achievement of cost savings per unit item leading to higher profit margins.

The role of the tight cost management and performance of the second hand dealers led to a cumulative percentage of 52.8% of the respondents indicating that it influenced the performance to a large extent. The achieved chi square value of 35.438 and a p value of 0.000 indicated that tight cost management and performance of second hand dealers had a statistically significant relationship with performance of second hand vehicle dealers at 5% level of significance. The results of this study were consistent with the empirical literature on the cost management aspects influence on the performance. The results on the importance of the cost management on the performance of organization is consistent with the findings of Henri, Boiral, and Roy, (2014), Al-Naser and Mohamed (2017), and, Girma and Alemu (2018) who noted that cost management influences the performance of the organization through better resources allocation, and effectiveness in business operations.

The respondents when asked on the extent in which the overhead cost controls influenced performance of the second hand vehicle dealers had 16.7%, 38.9%, 41.7%, and 2.8% of the respondents indicating that to a small extent, moderate extent, large extent and very large extent respectively. The achieved chi square results of chi square value of 21.025 and p value of 0.013 led to the conclusion that there was a statistically significant relationship between overhead cost controls and performance of the second hand vehicle dealers at 5% level of significance. This was due to $P(\chi^2 > 21.025) = 0.013 < 0.05$. The results of this study are also agreed upon by Hosseini and Ghazali (2014) who notes that cost control are critical to the performance of the organization especially if they don't compromise on the quality of products and or services. On the other hand, Aguenou, (2017) asserts that overhead cost control leads

to improvement in the profitability due to the efficiency ratio. The influence of cost management in operational functions on the performance of the second hand vehicles had 1.4%, 12.5%, 37.5%, 29.2%, and 19.4% of the respondents indicating to no extent, small extent, moderate extent, large extent, and very large extent. The achieved chi square results of chi square value of 42.084 and a p value of 0.000 led to the conclusion that cost management in operational functions had a statistically significant relationship with performance of second hand vehicle dealers at 5% level of significance. This can be attributed to the organization achieving the lowest possible cost in the running of the organization thus leading to improvement in the performance.

The study further found that proactive cost cutting measures had a statistically significant influence on the performance of second hand vehicle dealers at 5% level of significance since $P(\chi^2 > 26.242) = 0.010 < 0.05$. This was further emphasized by the frequency distribution results that indicated that 40.3%, and 6.9% of the respondents indicated that proactive cost cutting measures improved on performance to a moderate extent and very large extent respectively. The results were similar to those by Mungai and Bula (2018) who noted that cost cutting on various aspects such as labour, and administrative costs amongst others may improve the financial performance of organizations. However, (Mungai & Bula, 2018) notes that the organizations must be willing to mitigate the challenges arising from the cost cutting measures such as staff resistance in order for the measures to be useful.

4.6 Product Differentiation and Performance

The influence of the product differentiation on the performance of the second hand dealers had been examined using five indicators. These indicators included performance quality of the product, product varieties being sold, product design, brand names of the product, and physical appearance of the product. The results of the descriptive statistics were examined and results presented in Table 4.5.

Table 4.5: Influence of Product Differentiation and Performance

	NE	SE	ME	LE	VLE	Chi-Square	
	Freq.	Freq.	Freq.	Freq.	Freq.	χ^2	Freq.
	%	%	%	%	%		%
Performance quality of the product	2	10	26	23	11	37.438	0.000
	2.8%	13.9%	36.1%	31.9%	15.3%		
Product varieties being sold	0	11	18	28	15	40.499	0.000
	0.0%	15.3%	25.0%	38.9%	20.8%		
Product design	4	5	24	25	14	38.114	0.000
	5.6%	6.9%	33.3%	34.7%	19.4%		
Brand names of the product	3	11	15	26	17	35.438	0.000
	4.2%	15.3%	20.8%	36.1%	23.6%		
Physical appearance of the product	1	5	27	27	12	21.025	0.013
	1.4%	6.9%	37.5%	37.5%	16.7%		

Key: NE =No Extent, SE =Small Extent, ME= Moderate Extent, LE =Large Extent
VLE =Very Large Extent

The descriptive statistics of product differentiation strategies were examined using frequency distributions and the chi squares test of independence. The chi square test of independence was used in this study at 5% level of significance and using the following hypothesis

H₀: The specific product differentiation strategy has no statistically relationship with the performance of the second hand vehicles dealers

With the decision rule being reject H₀ if P (χ^2 > observed chi square value for the specific product differentiation strategy) <0.05.

The respondents were asked on the extent in which performance quality of the product influenced the performance of the second hand vehicle dealers. This had 2.8%, 13.9%, 36.1%, 31.9%, and 15.3% of the respondents indicating that the performance quality of the product influenced performance of second hand vehicles at no extent, small extent, moderate extent, large extent and very large extent respectively. The observed chi square results of 37.3438 and p value of 0.000 indicated that there was a statistically significant relationship between performance quality of the product and performance of the second hand vehicle dealers at 5% level of significance. The importance of the product quality on the performance of organization has been noted by diverse scholars in their studies including Kibe and Wanjau (2014), Sitanggang, Sinulingga, and Fachruddin (2019), and Hajjat and Hajjat

(2014) amongst others. Kibe and Wanjau (2014) notes that the development of superior product quality influences competitiveness of an organization leading to superior performance. Sitanggang et al., (2019) argues that the product quality influences organizational performance through enhancing customer satisfaction, and customer loyalty levels.

The extent in which the product varieties being sold on the performance of the second hand vehicle dealers had 15.3%, 25.0%, 38.9%, and 20.8% of the respondents indicating to a small extent, moderate extent, large extent and very large extent respectively. The relationship between product varieties being sold achieved a chi square value of 40.499 and p value of 0.000. This indicated that there was a statistically significant relationship between product varieties being sold and performance of the second hand vehicle dealers since $P(\chi^2 > 40.499) = 0.000 < 0.05$. The product varieties being sold influence on the performance of the second hand vehicles may be attributed to the ability to cater for a diversified customer needs and higher satisfaction levels for the clients.

The question as to whether the product design influences performance of the second hand vehicles had 5.6%, 6.9%, 33.3%, 34.7%, and 19.4% of the respondents indicating to a no extent, small extent, moderate extent, large extent and very large extent respectively. This strategy had a statistically significant influence on the performance of the secondhand vehicles at 5% level of significance since $P(\chi^2 > 38.114) = 0.000 < 0.05$. The results of this study on the product design influencing performance is further asserted by Heng, Yeong, Shi, and Kuan (2011), and who noted importance of product design aspects on performance. The views were further supported by Kihanya, Wafula, Onditi, and Munene (2015) in their study who noted that product design enhanced the customer satisfaction levels.

The extent in which the influence of brand names of the product influenced performance of the second hand vehicle dealers had 4.2%, 15.3%, 20.8%, 36.1%, and 23.6% of the respondents indicating to no extent, small extent, moderate extent, large extent and very large extent respectively. Finally, the extent in which physical appearance of the product influenced on the performance of the second hand vehicles had a cumulative percentage of 54.2% of the respondents indicating that the

appearance influenced performance of the second hand vehicle dealers to a large extent. The brand names of the product may influence the performance of the second hand cars especially when the brand names are associated with quality and performance aspects. Veljković and Kaličanin (2016) further asserts that brand of products improves on the performance of the organization through creation of the competitiveness of the firm. This is achieved through ability to attract new customers, retain old customers, sell at premium prices, and higher market penetration aspects. This further led to the conclusion that there was statistically significant influence of physical appearance of the product and performance of the second hand vehicles at 5% level of significance since $P(\chi^2 > 21.025) = 0.013 < 0.05$. These results were congruent with those of Sapuro (2016), and Brata, Husani, and Ali (2017) who noted the importance of product appearance on performance.

4.7 Payment Terms Strategies and Performance

The role of the payment terms strategies and performance of the second hand vehicle dealers were examined using five indicators. The indicators included credit payment for services, period offered for credit terms, acceptance of trade in processes for services, down payments associated with credit terms, costs of debt collection, and cash payments of services rendered. The results were presented in Table 4.6 below.

Table 4.6: Influence of Payment Terms Strategies and Performance

	NE	SE	ME	LE	VLE	Chi-Square	
	Freq.	Freq.	Freq.	Freq.	Freq.	χ^2	P
	%	%	%	%	%		Value
Credit Payments For Services	2 2.8%	12 16.7%	23 31.9%	29 40.3%	6 8.3%	24.426	0.004
Period Offered For These Credit Terms	5 6.9%	9 12.5%	19 26.4%	24 33.3%	15 20.8%	26.032	0.011
Acceptance Of Trade In Process For Services	4 5.6%	14 19.4%	26 36.1%	19 26.4%	9 12.5%	27.511	0.007
Down payments associated with credit terms	3 4.2%	5 6.9%	25 34.7%	32 44.4%	7 9.7%	31.422	0.002
Costs of debt collection	2 2.8%	3 4.2%	23 31.9%	38 52.8%	6 8.3%	19.160	0.085
Cash payments of services rendered	1 1.4%	7 9.7%	28 38.9%	27 37.5%	9 12.5%	20.410	0.060

The respondents on being asked on the extent of the influence of credit payments for services and performance of second hand vehicles found that 2.8%, 16.7%, 31.9%, 40.3%, and 8.3% of the respondents indicated to a no extent, small extent, moderate

extent, large extent and very large extent respectively. The chi square results further revealed a chi square value of 24.428 and a p value of 0.004. This led to the conclusion that there was a statistically significant relationship between credit payments for services and performance of the second hand vehicle dealers since $P(\chi^2 > 24.426) = 0.004 < 0.05$. The use of credit payments improves on the performance of an organization through gaining and increasing of market share, and selling of products during low demand seasons (Badenhorst-Weiss & Cilliers, 2019). Organization may also use the strategy as market entry strategy amongst other factors driving need for credit terms (Mohamed, 2018).

The respondents were further asked on the extent into which the period offered for credit terms influenced performance of the second hand vehicles. The study results found that 6.9%, 12.5%, 26.4%, 33.3%, and 20.8% of the respondents revealed that period offered for the credit terms influenced performance of the second hand vehicle dealers to no extent, small extent, moderate extent, large extent and very large extent respectively. The study further found that the period offered for credit terms had a statistically significant influence on the performance of the second hand vehicles. These results are congruent with those of Bungule (2016) who views the credit period influencing the sales volumes and hence performance. However, Bungule (2016) warns on the role of credit period on the financial performance if the debts are consequently not collected in a timely manner. This view is further elaborated by (Omboga & Okibo, 2016) who notes that credit period should be controlled to avoid bad debts. The role of acceptance of trade in processes for services on the performance of the second hand vehicle dealers had a majority of 26.4% of the respondents indicating that it influenced to a large extent. This is compared to 12.5% of the respondents who indicated that its influence was to a very large extent. The influence of the acceptance of trade in processes for services on performance of the second hand vehicles had observed chi square results of 27.511 and a p value of 0.007. This indicated that there was a statistically significant association between acceptance of trade in processes for services and performance of the second hand vehicles. The trade in processes has been found to have an influence on the performance of second hand vehicles. This is consistent with other studies on the subject. In Europe, Voß and Lessmann (2011) indicates that there is a growing market

for second hand vehicles in the country. This is especially so with the options of trade in aspects for old vehicles for new vehicles.

The role of the down payments associated with credit terms had 4.2%, 6.9%, 34.7%, 44.4%, and 9.7% of the respondents indicating that it influenced the performance of the second hand vehicles to a no extent, small extent, moderate extent, large extent and very large extent respectively. The study further found that there was a statistically significant influence of down payments associated with credit terms and performance of second hand vehicles due to a p value of 0.002 which was less than 0.05. The down payments influence the cash flow of an organization leading to financial performance aspects in an organization. The influence of the costs of debt collection on the performance of the second hand vehicles had no statistically significant relationship with performance of the second hand vehicles since the achieved results indicated that $P(\chi^2 > 19.160) = 0.085 > 0.05$. The costs of debt collection influences financial performance as it reduces the profit margin of diverse products (Moraga & Omagwa, 2017; Kamau & Juma, 2014; Nyakundi, Ombuki, Evusa, & Ariemba, 2016).

The role of cash payments for the services rendered had a statistically significant relationship with performance of the second hand vehicles at 5% level of significance. This was due to $P(\chi^2 > 20.410) = 0.006 < 0.05$. The results of the study further found that a majority of 38.9% of the respondents indicated that the cash payments of services rendered influenced performance of second hand vehicles to moderate extent. This is compared to 1.4%, 9.7%, 37.5%, and 12.5% of the respondents who influenced cash payments of services rendered to no extent, small extent, large extent and very large extent respectively. The cash payments influence on the performance of an organization has been empirically found by Nwarogu and Lormbagah (2017), Lyani (2017), Takon and Atseye (2015) amongst others. The cash payments serve to improve on the cash flow of the organization.

4.8 Performance of the Second Hand Vehicles

The performance of the second hand vehicles was examined using five indicators that is financial performance, market share, organizational growth, customer satisfaction levels, and repeat businesses. The results of the frequency distribution were presented in Table 4.7 below.

Table 4.7: Performance of Second Hand Vehicles

	NE Freq. %	SE Freq. %	ME Freq. %	LE Freq. %	VLE Freq. %
Financial performance	2 2.8%	9 12.5%	27 37.5%	25 34.7%	9 12.5%
Market share	0 0.0%	6 8.3%	20 27.8%	36 50.0%	10 13.9%
Organizational Growth	3 4.2%	5 6.9%	19 26.4%	41 56.9%	4 5.6%
Customer Satisfaction levels	1 1.4%	12 16.7%	22 30.6%	32 44.4%	5 6.9%
Repeat Businesses	0 0.0%	7 9.7%	31 43.1%	27 37.5%	7 9.7%

In respect to whether the competitive strategies influenced financial performance of the second hand vehicles, the study found that 2.8%, 12.5%, 37.5%, 34.7%, and 12.5% of the respondents indicated to no extent, small extent, moderate extent, large extent and very large extent respectively. The results thus indicated that the competitive strategies had a majority of the respondents indicating that it influenced financial performance to a large extent. These results are congruent with those of Mutuku (2016), Wambugu (2014), and Isaboke (2018) amongst others who also documented influence of competitive strategies on financial performance in their studies. In respect to whether the competitive strategies influenced the market share of the second hand vehicles, 8.3%, 27.8%, 50.0%, and 13.9% of the respondents indicated that market share performance was influenced to small extent, moderate extent, large extent and very large extent respectively. These results indicated that a majority of 63.9% of the respondents felt that the competitive strategies influenced on the market share of the performance of the second hand vehicles to a large extent.

The influence of competitive strategies on market share is also documented by various scholars such as Wekesa (2014), Nyaga (2015), and Chesire and Kombo (2015) amongst others. The respondents further indicated that the competitive strategies influenced organizational growth of the second hand vehicles with 4.2%, 6.9%, 26.4%, 56.9%, and 5.6% of the respondents indicating to a no extent, small extent, moderate extent, large extent, and very large extent respectively. The study thus shows a higher level of agreement amongst the respondents that the competitive

strategies influenced organizational growth of the company. The positive link between the competitive strategies and organizational growth are documented by diverse scholars (Chesire & Kombo, 2015; Kago, Gichange, Baimwera, Gichunge, & Baimwera, 2018; Kaya, 2015; Malallah, Albalaki, Abdullah, & Kamardin, 2018). The role of the competitive strategies on the customer satisfaction levels were agreed that they influenced performance to a large extent and very large extent by 44.4% and 6.9% of the respondents respectively. Finally, the extent in which the competitive strategies influenced repeat businesses was pegged at 9.7%, 43.1%, 37.5%, and 9.7% of the respondents indicating to a small extent, moderate extent, large extent and very large extent respectively.

4.9 Correlation Analysis

The correlational analysis was used to examine on the presence of correlational relationship between the independent variables and the dependent variables. The results were presented in Table 4.8 below.

Table 4.8: Correlation Analysis

		Customer Focus	Cost Leadership	Product Differentiation	Payment Terms
Performance	Pearson Correlation	0.651**	.491**	434**	.749**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	72	72	72	72

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

The study results indicated the correlational coefficients achieved, the direction of the correlational relationship if present, the strength of such a relationship where present, and the statistical significance of the relationship. According to Tharenou et al., (2007) the correlational coefficients results range from -1 to +1 with figures in the negative indicating negative correlations while those in the positive indicating positive correlation. In this context, the study noted that correlational coefficient between customer focus and performance of second hand vehicles dealers stood at 0.651; between cost leadership and performance at 0.491; between product differentiation and performance at 0.434; and between payments terms and performance at 0.749. These results indicated that there was positive correlation between the competitive strategies and the performance of the second hand dealers. The study further examined on whether the competitive strategies had statistically

significant correlational relationship with performance within the second hand vehicle dealers in Nakuru. The tested hypothesis was thus as follows;

H₀: $\rho = 0$ (There is no statistically significant correlational relationship between the specific competitive strategy and performance of the second hand vehicle dealers).

With the decision rule being reject H₀ if P ($\rho >$ observed correlational coefficient for the specific competitive strategy) < 0.05 .

The checking on whether the observed correlational relationship were statistically significant revealed that customer focus had a correlational coefficient of 0.651 with performance and sig=0.000. There was thus a statistically significant correlational relationship customer focus and performance of second hand vehicles. These results are also asserted in empirical literature by scholars such as Buul and Omundi (2017b) who also found a positive correlation between customer focus and performance. Others include Malallah *et al.*, (2018), Arasa, Githinji, and Gathinji (2014), and (Korir, 2018) amongst others. On the other hand in respect to the cost leadership and performance, the achieved results were P ($\rho > 0.491$) =0.000 < 0.05 thus leading to the conclusion that performance and cost leadership were statistically significantly correlated. Other scholars who have documented positive correlation between cost leadership and performance include Buul & Omundi (2017b), Isaboke (2018), Wekesa (2014) and Gongera and Nabwire (2012) amongst others. The correlational of the product differentiation and performance with a correlation coefficient of 0.434 were check on whether they were statistically significantly correlated. The results indicated that P ($\rho > 0.434$) =0.000 < 0.05 indicating a statistically significant correlation between performance and product differentiation. These results were further consistent with those documented by Atikiya, (2015), Habtoor (2019) and Malit (2018) amongst others in their respective studies. The correlational relationship between payment terms and performance with a correlation of 0.749 was checked on whether the relationship was statistically significant. The results indicated that P ($\rho > 0.749$) =0.000 < 0.05 leading a conclusion that there was a statistically significant relationship between payment terms and performance at 5% level of significance. These results are similar to those by Afrifa (2015) and Supatanakornkij (2014) who noted the importance of payment terms on performance aspects.

4.10 Regression Analysis

Multiple linear regression analysis was done in order to explain the behavior of the performance (dependent variable) based on customer focus strategies, cost leadership strategies, product differentiation and payment terms (independent variables). The results of the regression analysis were examined to determine the strength of the effect of the independent variables on the dependent variable, determine the change in the dependent variable if the independent variables are changed, and to predict future values of the dependent variable. To achieve this, the model summary, one way ANOVA results, and beta coefficients were used as presented in Tables 4.9, 4.10 and 4.11 respectively.

Table 4. 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.955 ^a	.912	.907	.14811

a. Predictors: (Constant), Payment Terms, Product Differentiation, Cost Leadership, Customer Focus

The R indicates the correlation between predicted values and the predicted values of the dependent variable (performance). The results from Table 4.9 gave a multiple correlation coefficient (R) of 0.955. This revealed that there was a strong and correlation between the observed values and the predicted values for performance. The coefficient of determination (R-Square) varies between 0 and 1 and indicates the proportion of the total variance that is accounted for by the regression equation. As shown in Table 4.9, the value of our R Square was 0.912 that shows that 91.2 percent of the total variance in performance is explained by the combined effect of customer focus strategies, cost leadership strategies, product differentiation and payment terms. The study therefore revealed that customer focus strategies, cost leadership strategies, product differentiation and payment terms account for a huge variance in performance. Further, it was revealed that only a small amount of variability (8.8%) is attributable to other variables not considered in the current regression model.

An Analysis of Variance (ANOVA) was conducted to determine whether the model was a good fit for data and results displayed in Table 4.10. The F test was used to check on the regression model was good fit for data.

Table 4. 10: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.324	4	3.831	174.642	.000 ^b
	Residual	1.470	67	.022		
	Total	16.794	71			

a. Dependent Variable: Performance

b. Predictors: (Constant), Payment Terms, Product Differentiation, Cost Leadership, Customer Focus

The F test revealed that $F(4,67) = 174.642$, and p value = 0.000 leading to the conclusion that the regression model is good fit for data since an achieved p value of less than 0.05 was achieved. The study thus proceeded to examine the regression coefficients of the model.

Table 4. 11: Coefficients^a

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	-.050	.139		-.359	.721
	Customer Focus	.227	.051	.258	4.446	.000
	Cost Leadership	.352	.041	.412	8.511	.000
	Product	.206	.034	.276	6.008	.000
	Differentiation	.206	.034	.276	6.008	.000
	Payment Terms	.224	.045	.228	4.916	.000

a. Dependent Variable: Performance

The study examined regression coefficients of the competitive strategies influence on the performance. The achieved results revealed that for customer focus influence on performance had $\beta_1=0.227$, $t=4.446$ and p value = 0.000. The results thus indicated that a unit increase in customer focus would result into 0.227 increase in performance with the other variables kept constant. These results were tested on whether they were statistically significant at 5% level of significance with a p value of 0.000 indicating that presence of a statistically significant relationship between customer focus and performance of the second hand vehicles dealers. The null hypothesis (H_{01}) stated below were rejected.

H_{01} : Significantly there is no influence of customer focus strategies on performance of second hand vehicle dealers in Nakuru Town, Kenya.

The statistically significant relationship between customer focus and performance that was achieved in this study is similar to those achieved in numerous studies. These studies include Lo et al., (2016) in a study in Malaysia; Ullah, Ajmal, & Aslam (2016) in a study in Pakistan; and Ndugo, Kyongo, & Njoroge (2018) in Kenya. The importance of the customer focus driving the performance of the organization can be attributed to the increase in customer loyalty, and customer satisfaction levels driving the sales volumes and hence performance levels.

The study examined regression coefficients of the cost leadership influence on the performance. The achieved results revealed that for cost leadership strategies influence on performance had $\beta_2 = 0.352$, $t = 8.511$ and $p \text{ value} = 0.000$. The results thus indicated that a unit increase in cost leadership strategies would result into 0.352 increase in performance of the second hand vehicle dealers with the other variables kept constant. These results were tested on whether they were statistically significant at 5% level of significance with a $p \text{ value}$ of 0.000 indicating that presence of a statistically significant relationship between cost leadership and performance of the second hand vehicles dealers. The null hypothesis (H_{02}) stated below were rejected.

H_{02} :Significantly there is no influence of cost leadership strategies on performance of second hand vehicle dealers in Nakuru Town, Kenya

The statistically significant relationship between cost leadership strategies and performance that this study has found is similar to other studies. These studies documenting a positive influence of cost leadership strategies and performance include Nzisa and Njeje (2017), Geng and Chen (2017), Nyauncho *et al.*, (2015), and Ilyas *et al.*, (2018) amongst others. The cost strategies influence on performance can be attributed to efficiency in the utilization of limited resources and to higher profit margins amongst the products.

The study examined regression coefficients of the product differentiation influence on the performance. The achieved results revealed that for product differentiation strategies influence on performance had $\beta_3 = 0.206$, $t = 6.008$ and $p \text{ value} = 0.000$. The results thus indicated that a unit increase in product differentiation strategies would result into 0.206 increase in performance of the second hand vehicle dealers with the

other variables kept constant. These results were tested on whether they were statistically significant at 5% level of significance with a p value of 0.000 indicating that presence of a statistically significant relationship between product differentiation and performance of the second hand vehicles dealers. The null hypothesis (**H₀₃**) stated below were rejected.

H₀₃:Significantly there is no influence of product differentiation on performance of second hand vehicle dealers in Nakuru Town , Kenya

The positive and significant influence of the product differentiation and performance was consistent with findings by other scholars. Ndugo *et al.*, (2018) document a statistically significant relationship between product differentiation and performance that was positive in nature. Other scholars that document this relationship include Oo and Mwanzia (2015), Adhiambo (2018), Chege (2018) and Kharub, Patle, and Sharma (2017) amongst others. The role of product differentiation on the performance aspects can be attributed to the differentiation leading to higher attraction and retention of clients, and achievement of customer satisfaction levels amongst the clients. These aspects lead to sales and profitability improvement.

The study examined regression coefficients of the payment term strategies influence on the performance. The achieved results revealed that for payment terms strategies influence on performance had $\beta_4 = 0.224$, $t = 4.916$ and $p \text{ value} = 0.000$. The results thus indicated that a unit increase in payment terms strategies would result into 0.224 increase in performance of the second hand vehicle dealers with the other variables kept constant. These results were tested on whether they were statistically significant at 5% level of significance with a p value of 0.000 indicating that presence of a statistically significant relationship between payment term strategies and performance of the second hand vehicles dealers. The null hypothesis (**H₀₄**) stated below were rejected.

H₀₄: Significantly there is no influence of payment terms strategies on performance of second hand vehicle dealers in Nakuru Town, Kenya

The payment terms strategies playing a critical role to the performance aspects has also been documented by Nwarogu and Lornbagah (2017), Lyani (2017), Takon and Atseye (2015). This has been attributed to the payments influencing the cash flow aspects of a business and thereafter the profitability aspects of the business.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter examines the summary, conclusion and recommendations for further studies. This was undertaken with a focus on the specific objectives of the study.

5.2 Summary

The summary of the results were undertaken using the specific objectives of the study.

5.2.1 Customer Focus Strategy and Performance

This study sought to examine the influence of the customer focus strategies and the performance of the second hand vehicles. The respondents were asked on the extent in which the knowledge of customers' changing needs influenced performance of the second hand dealers. The study found that the knowledge of customers' changing needs influenced performance of the second hand dealers had a statistically significant relationship with the performance of the second hand vehicle dealers. The relationship between presence of mechanisms for customer complaints resolution and performance of the second hand vehicle dealers were examined with the results indicating that the indicator had a statistically significant relationship with performance of second hand dealers. The role of the use of customer complaints for service improvements on the performance of the second hand vehicles were examined. The chi square test of independence revealed an observed chi square results of 33.786 and p value of 0.001. The achieved p value being less than 0.05 led to the conclusion that the use of customer complains for service improvements had a statistically significant relationship with performance of the second hand vehicles. This can further be viewed though the achieved frequency distributions of a cumulative of 51.3% of the respondents who were in agreement with the metric.

The role of management dedication to the customer service matters on the performance of second hand dealers were found to lack of statistically significant association. The study further noted that there was statistically significant relationship between training programs on customer service matters and performance of second hand dealers. The study found that there was a statistically significant relationship between after sales service and performance. The after sales services influences performance through leading to customer satisfaction and loyalty aspects hence improved organizational performance. The influence of the presence of all items in a

one stop shop model had a majority of the respondents indicating that it influenced performance of second hand dealers to a large extent. This can be attributed to the ease in which presence of all items in a one-stop model can be used to achieve convenience.

5.2.2 Cost Leadership Strategy and Performance

The influence of the cost leadership on the performance of the second hand vehicle dealers were undertaken in this study using five indicators. These indicators included exploitation of economies of scale in product sourcing, tight cost management, overhead cost controls, cost management in operational functions and proactive cost cutting measures. The study found that exploitation of economies of scale in product sourcing had an influence on the performance of second hand vehicles was examined in the study. The chi square results value of 38.114 and a p value of 0.000 indicated that there was a statistically significant relationship between exploitation of economies of scale in product sourcing and performance of second hand vehicle dealers. The role of the tight cost management and performance of the second hand dealers was found to have statistically significant relationship. In respect to the influence of overhead cost controls on the performance of second hand vehicles, the study found that cost control are critical to the performance of the organization especially if they don't compromise on the quality of products and or services. The study further revealed that cost management in operational functions had a statistically significant relationship with performance of second hand vehicle dealers. This was attributed to the organization achieving the lowest possible cost in the running of the organization thus leading to improvement in the performance. The study further found that proactive cost cutting measures had a statistically significant influence on the performance of second hand vehicle dealers

5.2.3 Product Differentiation Strategy and Performance

The influence of the product differentiation on the performance of the second hand dealers was examined using five indicators. These indicators included performance quality of the product, product varieties being sold, product design, brand names of the product, and physical appearance of the product. The study results revealed that there was a statistically significant relationship between performance quality of the product and performance of the second hand vehicle dealers. The extent in which the product varieties being sold on the performance of the second hand vehicle dealers had a majority of the respondents indicating to a large extent.

The study found that there was a statistically significant relationship between product varieties being sold and performance of the second hand vehicle dealers. The product varieties being sold influence on the performance of the second hand vehicles may be attributed to the ability to cater for a diversified customer needs and higher satisfaction levels for the clients. The influence of product design on the performance of the second hand vehicles were found to be statistically significant in nature. The extent in which the influence of brand names of the product influenced performance of the second hand vehicle dealers had a majority of the respondents in agreement with the metric. Finally, the extent in which physical appearance of the product influenced on the performance of the second hand vehicles had a cumulative percentage of 54.2% of the respondents indicating that the appearance influenced performance of the second hand vehicle dealers to a large extent. The brand names of the product may influence the performance of the second hand cars especially when the brand names are associated with quality and performance aspects.

5.2.4 Payment Terms Strategy and Performance

The role of the payment terms strategies and performance of the second hand vehicle dealers were examined using five indicators. The indicators included credit payment for services, period offered for credit terms, acceptance of trade in processes for services, down payments associated with credit terms, costs of debt collection, and cash payments of services rendered. The study found that there was a statistically significant relationship between credit payments for services and performance of the second hand vehicle dealers. The study further found that the period offered for credit terms had a statistically significant influence on the performance of the second hand vehicles.

The role of acceptance of trade in processes for services on the performance of the second hand vehicle dealers had a majority of 26.4% of the respondents indicating that it influenced to a large extent. The influence of the acceptance of trade in processes for services on performance of the second hand vehicles had statistically significant association. The study found that there was a statistically significant influence of down payments associated with credit terms and performance of second hand vehicles. The down payments influence the cash flow of an organization leading to financial performance aspects in an organization. The costs of debt collection

influences financial performance as it reduces the profit margin of diverse products. The role of cash payments for the services rendered had a statistically significant relationship with performance of the second hand. The cash payments serve to improve on the cash flow of the organization.

5.3 Conclusion

The study through a regression analysis revealed that the competitive strategies contributed to a huge percentage of the variance in the performance of the second hand vehicles dealers.

5.3.1 Customer Focus and Performance of Second Hand Vehicles

In respect to the specific competitive strategy, the study revealed that customer focus had a statistically significant influence on the performance which was attributed to customer focus driving the performance of the organization can be attributed to the increase in customer loyalty, and customer satisfaction levels driving the sales volumes and hence performance levels.

5.3.2 Cost Leadership and Performance of Second Hand Vehicles

The study further found that cost leadership had a statistically significant influence on the performance of the second hand vehicle dealers. This was attributed to efficiency in the utilization of limited resources and to higher profit margins amongst the products.

5.3.3 Product Differentiation and Performance of Second Hand Vehicles

In respect to the influence of product differentiation influence on the performance, the study concluded that there was a statistically significant relationship between the two variables. The role of the product differentiation on the performance aspects can be attributed to the differentiation leading to higher attraction and retention of clients, and achievement of customer satisfaction levels amongst the clients. These aspects lead to sales and profitability improvement.

5.3.4 Payment Terms and Performance of Second Hand Vehicles

Finally, the study found that payment terms had statistically significant relationship with performance of the second hand vehicles. This was attributed to the payments influencing the cash flow aspects of a business and thereafter the profitability aspects of the business.

5.4 Recommendations

The study made the following recommendations:

5.4.1 Policy Recommendations

The study recommended that the second hand vehicles in Nakuru should emphasize on the competitive strategies in order to enhance their performance levels. In this context, the study recommends that the customer focus strategies, cost leadership strategies, product differentiation strategies and payment terms strategies should be utilized for the purposes of enhancing performance of second hand vehicle dealers. The study recommends that in respect to the priorities of strategies to be utilized by the second hand vehicle dealers that cost leadership strategy should be prioritized. This should be followed by customer focus, payment terms and product differentiation respectively.

5.4.2 Recommendations for Further Studies

Further studies should be undertaken to examine on whether other strategies other than customer focus, cost leadership, product differentiation and payment terms strategies do influence performance of second hand vehicle dealers and the manner in which they do so.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Dear Participant,

RE: REQUEST FOR PARTICIPATION IN SURVEY

My name is Gladys J Sondin and I am current carrying out a research on **Influence of Competitive Strategies on Performance of Second Hand Vehicle Dealers in Nakuru East Sub-County, Kenya**. This is in partial fulfilment of the requirement for the award of Master of Business Administration (Strategic Management) of Kabarak University. By participating in this study, you will aid in the fulfilment of the study objectives.

You have been randomly selected to participate in this study but you may opt out of this study without committing any offense. The information that you will provide was treated with utmost confidentiality and will only be used for academic purposes only. You have the right to participate and exit the study if you so wish any time. Please do not provide any of your identifying details. Answer all the questions in this questionnaire at your own comfort and privacy within a period of one week.

Yours Faithfully,

Gladys J Sondin

APPENDIX II: QUESTIONNAIRE

INFLUENCE OF COMPETITIVE STRATEGIES ON PERFORMANCE OF SECOND HAND VEHICLE DEALERS IN NAKURU TOWN, KENYA

SECTION I: BACKGROUND INFORMATION

1. Please indicate your gender.
 Male [] Female []

2. Please indicate your age

3. Please indicate your highest level of education.
 Certificate [] Diploma [] Degree [] Post Graduate []

SECTION II: CUSTOMER FOCUS STRATEGIES

This section examines the influence of customer focus strategies on performance of second hand vehicle dealers in Nakuru Town, Kenya.; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5= Very Large Extent;** please indicate the extent of agreement of the following aspects.

No	<i>To what extent do you agree that following aspects influences performance;</i>	1	2	3	4	5
4.	Knowledge Of Customers' Changing Needs					
5.	Presence of Mechanisms For Customer Complaints Resolution					
6.	Use Of Customer Complaints For Service Improvements					
7.	Management dedication to customer service matters					
8.	Training programs on customer service matters					
9.	After sales service					
10.	Presence of all items in a one stop shop model					

SECTION III: COST LEADERSHIP STRATEGIES

This section examines the influence of cost leadership strategies on performance of second hand vehicle dealers in Nakuru Town, Kenya.; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5= Very Large Extent;** please indicate the extent of agreement of the following aspects.

No	<i>To what extent do you agree that following aspects influences performance;</i>	1	2	3	4	5
11.	Exploitation of Economies of Scale in Product Sourcing					
12.	Tight Cost Management					
13.	Overhead Cost Controls					
14.	Cost Management in operational functions					
15.	Proactive cost cutting measures					

SECTION IV: PRODUCT DIFFERENTIATION

This section examines the influence of product differentiation on performance of second hand vehicle dealers in Nakuru Town, Kenya.; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5= Very Large Extent;** please indicate the extent of agreement of the following aspects.

No	<i>To what extent do you agree that following aspects influences performance;</i>	1	2	3	4	5
16.	Performance quality of the product					
17.	Product varieties being sold					
18.	Product design					
19.	Brand names of the product					
20.	Physical appearance of the product					

SECTION V: PAYMENT TERMS

This section examines the influence of payment terms on performance of second hand vehicle dealers in Nakuru Town, Kenya.; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5= Very Large Extent;** please indicate the extent of agreement of the following aspects.

No	<i>To what extent do you agree that following aspects influences performance;</i>	1	2	3	4	5
21.	Credit Payments For Services					
22.	Period Offered For These Credit Terms					
23.	Acceptance Of Trade In Process For Services					
24.	Down payments associated with credit terms					
25.	Costs of debt collection					
26.	Cash payments of services rendered					

SECTION VI: PERFORMANCE

This section examines performance of second hand vehicle dealers. Using a five point Likert scale as follows; **1=No Extent, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5= Very Large Extent;** please indicate the extent of agreement to the following aspects.

No	<i>To what extent do you agree that the following aspects have improved as result of competitive strategies:</i>	1	2	3	4	5
27.	Financial performance					
28.	Market share					
29.	Organizational Growth					
30.	Customer Satisfaction levels					
31.	Repeat Businesses					

APPENDIX III: UNIVERSITY FIELD AUTHORIZATION

KABARAK

Private Bag - 20157
KABARAK, KENYA
<http://kabarak.ac.ke/institute-postgraduate-studies/>



UNIVERSITY

Tel: 0773 265 999
E-mail: directorpostgraduate@kabarak.ac.ke

BOARD OF POSTGRADUATE STUDIES

31st July, 2019

The Director General
National Commission for Science, Technology & Innovation (NACOSTI)
P.O. Box 30623 – 00100
NAIROBI

Dear Sir/Madam,

RE: GLADYS SONDIN- REG. NO. GMB/NE/0488/05/17

The above named is a Master of Science student at Kabarak University in the School of Business and Economics. She is carrying out research entitled "*Influence of Competitive Strategies on Performance of Second Hand Vehicle Dealers in Nakuru Town, Kenya*". She has defended her proposal and has been authorized to proceed with field research.

The information obtained in the course of this research will be used for academic purposes only and will be treated with utmost confidentiality.

Please provide her with a research permit to enable her to undertake her research.

Thank you.

Yours faithfully,

Dr. Betty Jeruto Tikoko
DIRECTOR, POSTGRADUATE STUDIES



Kabarak University Moral Code

As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord. (1 Peter 3:15)



APPENDIX IV:NACOSTI PERMIT


REPUBLIC OF KENYA
 Ref No: **806011**


NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION.
 Date of Issue: **21/August/2019**

RESEARCH LICENSE



This is to Certify that Ms.. GLADYS SONDIN of Kabarak University, has been licensed to conduct research in Nakuru on the topic: INFLUENCE OF COMPETITIVE STRATEGIES ON PERFORMANCE OF SECOND HAND VEHICLE DEALERS IN NAKURU TOWN, KENYA for the period ending : 21/August/2020.

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 Applicant Identification Number


 Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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APPENDIX V: LIST OF SECOND HAND VEHICLES IN NAKURU

1. Rift Cars
2. Kenjap Cars
3. Imperial Motors
4. Reli Motors
5. Sakinya Motors
6. Ufra Motors
7. Resma Motors
8. Autotech Motors
9. Midrift Motors
10. Chaka Motors Limited
11. Nakuru Autotech Motors
12. Nakuru car and property masters
13. Semarrands motor bazaar
14. Imperial motors
15. Automobile warehouse limited
16. Tai motors
17. Saimo motors
18. Primechoice motors
19. Pawam motors
20. Zawadi motors