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INFLUENCE OF COMPETITIVE STRATEGY ON ORGANIZATIONAL PERFORMANCE IN STANDARD GAUGE RAILWAY, KENYA

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ABSTRACT

The study is on the influence of competitive strategy on performance of transport industry a case of Standard Gauge Railways. was guided by both general and specific objectives; to examine the effect of cost leadership strategy on performance of standard gauge railway; to determine the effect of differentiation strategy on performance of standard gauge railway; to evaluate the effect of focus strategy on performance of standard gauge railway and to determine the effect of pricing strategy on performance of standard gauge railway. To strengthen the conceptual framework the study used the following theories cost leadership theory, generic strategies theory, diamond theory of national advantage and pricing strategy theory. The study targets 192 Kenya Railways employees who are charged with the responsibility of strategic planning practice who are commercial managers, general managers and operations managers. The study sample size was129. The research design was cross-sectional. This was done using drop and pick method. The findings were then be presented in figures and tables followed by explanations, discussions and recommendations for theory and practice as well as policy and for future studies. A modified Likert scale questionnaire was developed and divided into three parts. A pilot study will be carried out to refine the instrument. The quality and consistency of the study was further assessed using Cronbach's alpha. Data analysis was performed on a computer using Statistical Package for Social Science (SPSS Version 25) for Windows. Data was presented in form of means, standard deviation, percentages and tables. The study concluded that cost leadership, differentiation strategy and focus strategy has no significant effect on organizational performance of standard gauge railways in Kenya. The study concluded that the standard gauge railways adopt cost leadership strategy as it has been found to have a positive significant effect on performance; while differentiation strategy ensured that the standard gauge railways products are distinctly identified, customer loyalty created leading to retention of customers and attraction of new ones. Therefore, SGR should produce products of different quantities for different markets. This would greatly increase their market base because they will be in a position to access transit customers who can transport bulk and the ordinary customers who can only afford small portions at a time; focus on more ways of dealing with the challenges is also needed for maximum profitability and that Standard gage railways should concentrate on products not offered by other transport companies. Products should be tailored to the market needs. Standard gauge railways should serve a specific niche in the market. Standard gauge railways should concentrate in one market segment that they should segment markets to better serve customers.

Key words: Strategy, transport, standard gauge railway, differentiation

1. INTRODUCTION

The business environment globally and locally is increasingly becoming competitive. Businesses today are leaner and meaner as they struggle to survive in an increasingly competitive environment. The aim and objective of every organization in this very competitive market environment is to have a unique advantage which Porter (2014) calls competitive advantage. It's now more difficult to gain and sustain a competitive advantage. New entrepreneurs, e-commerce and social networking have substantially changed the business landscape. Firms of all sizes are now faced with ever increasing opportunities and also challenges as compared to prior years. This leaves little or no room for error during the process of formulating and implementing strategic plans (David, 2011). The competitive nature of global business calls for sustainability of that particular competitive advantage in order to remain viable on the market. Business managers evaluate and choose strategies that they believe will make their businesses successful by giving them advantage relative to their competitors. According to Porter (2014), the most prominent sources of competitive advantage can be found in the business's cost structure and the ability to differentiate the business from competitors. In fact, Thompson and Strickland (2017) observed that firms that do not have a form of competitive advantage perform the poorest while those that have one form, or both of the sources will experience above-average profitability.

2. RESEARCH PROBLEM

Competitive advantage is all what most companies that operate in the same industry would like to achieve. Effective implementation of generic strategies enhances the achievement of competitive advantage. According to Porter (2014), the concept of competitive advantage is at the heart of any strategy, and in order to attain competitive advantage organizations have to make a choice of the type of competitive advantage they seek to attain and the scope within which they will attain it. In the airline industry, the nature of competition is a function of the market structure. The Kenyan railway industry work on their own in regards to the products and rates to be offered in the market after the withdrawal and avoidance of the government from active management of the market forces within the railway industry that has resulted to the attractiveness of the industry becoming a necessity (Mwaniki, 2014). Jurevicious (2013) states that, competitive advantage for various firms has become very difficult hence many firms copy each other's strategies. This has led firms to aim at attaining sustainable competitive advantage even with the increasing dynamisms of the current world economy. Brandt (2015) found that companies in airline industry understand the importance of generic strategies but they don't understand the practices of implementing the strategies to enhance their competitive advantages.

Little has been researched on Standard Gauge Railway in Kenya, however, some studies have been conducted in the airline industry in Kenya. Omondi (2016) focused on competitive strategies adopted by airlines operating in Kenya and Thiga (2017) on strategic responses of airlines operating in Kenya in the face of changing environmental conditions revealed pertinent strategic responses adopted by airlines concluded to be for survival and not come competitiveness. Gichohi (2018) revealed that both positive and negative changes in the economic, social and political landscape that have occurred in the country led to unprecedented financial pressure for the airlines industry resulting in the need for an inevitable re-appraisal in the way the industry works. Riwo-Abudho, Njanja and Ochieng (2018) indicate that to build sustainable competitive advantage requires integration of a firm's processes, structure and culture. Mokaya, Kanyagia and Nchebere (2018) revealed that pricing strategies have significant effect on cost strategies, differentiated benefits, perceived service quality, innovation and organizational performance. These varied findings and opinions reveal there is need for evaluating the competitive strategies affecting performance of the standard gauge railways in Kenya and how the industry can understand and improve itself to attain competitive advantage.

3. GENERAL OBJECTIVE

The general objective of this study was to examine the influence of competitive strategy on organizational performance of study of the Standard Gauge Railway in Kenya.

3.1 Specific Objectives

1. To evaluate the effect of cost leadership strategy on organizational performance of the standard gauge railway in Kenya.
2. To establish the effect of differentiation strategy on organizational performance of the standard gauge railway in Kenya.
3. To investigate the effect of focus strategy on organizational performance of the standard gauge railway in Kenya.
4. To determine the effect of pricing strategy on organizational performance of the standard gauge railway in Kenya.

4. REVIEW OF LITERATURE

4.1 Theoretical Framework

The theories adopted by this study include the cost leadership theory, generic strategies theory, diamond theory of national advantage and pricing strategy theory.

4.1.1 Cost Leadership Theory

Cost leadership theory is part of Porter's (1980) model of generic strategies which addresses practitioners with an analytical technique for gaining understanding of industries and competitors. Porter implies that managers seek to improve the performance of their businesses, advisors to managers, teachers of management, security and analysts or other observers trying to understand and forecast business success or failure, or government officials seeking to understand competition in order to formulate public policy. The cost leadership strategy represents attempts by firms to generate competitive advantage by achieving the lowest cost in the industry. The focus of firms implementing a cost leadership strategy is on stringent cost control and efficiency in all areas of operation (Porter, 1980). A company that decides to follow a cost leadership strategy has the objective of being able to realize its offer at lowest possible cost.

4.1.2 Generic Strategies Theory

Coined by Porter in 1985, Competitive advantage is as a result of value a firm is able to create for its buyers that should exceed its cost of creating it (Sasaka *et al*., 2015). Value refers to what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits (Ackermann & Eden, 2017).There are several ways via which a firm can gain a competitive advantage: reducing costs, differentiating the products and services and focusing on service or product quality, these strategies are captured by the generic competitive strategies which are cost leadership, differentiation and focus (Wandera, *et al*., 2017). Firms that pursue the product differentiation focus on increased and perceived product or service value in order to gain a competitive advantage. Product differentiation is largely created out of customer perception. As such, firms that succeed in creating certain perceptions about the uniqueness of their products to customers manage to outdo competitors in their industry (Musau, 2017). Njagi and Kombo (2014) further emphasized that differentiation focuses on creating the perception of uniqueness of a product which can be realized through technology adoption and the uniqueness

in product and company brand. They further hinted that product differentiation expressed the creativity of groups and individuals within a firm.
The focus strategy is based on differentiation or low-cost strategy. This strategy requires a firm to meet the following conditions. First, it is difficult and costly for multi-segment competitors to use their capabilities to meet the target market's specialized needs, and at the same time meet the mainstream customers' expectations. Secondly, market niche being targeted is big enough to offer good growth potential and to be profitable, and industry leaders cannot see that it is crucial to establish their presence in the niche market for their success. Lastly, the focusing firm can compete against the competitor based on the resources and capabilities it has in order to serve this targeted customer niche (Kivunja & Ndemo, 2017).

4.1.3 Diamond Theory of National Advantage

The Competitive Advantage of Nations by Porter (1990) argues that nations are most likely to succeed in industries or industry segments where the national "diamond" is the most favourable. It is designed to help understand the competitive advantage groups enjoy due to certain factors available to them, and to explain how governments can spur economic development to improve a country's position in a globally competitive economic environment. The theory states that groups can create new factor advantages for themselves, such as a strong technology industry, skilled labor, and government support of a country's economy (Keter & Oloo, 2014). The theory is represented by four points hence the name diamond which represent four interrelated determinants that Porter theorizes as the deciding factors of national comparative economic advantage. The factors are firm strategy, structure and rivalry, related supporting industries, demand conditions and factor conditions (Harzing & Giroud, 2013).

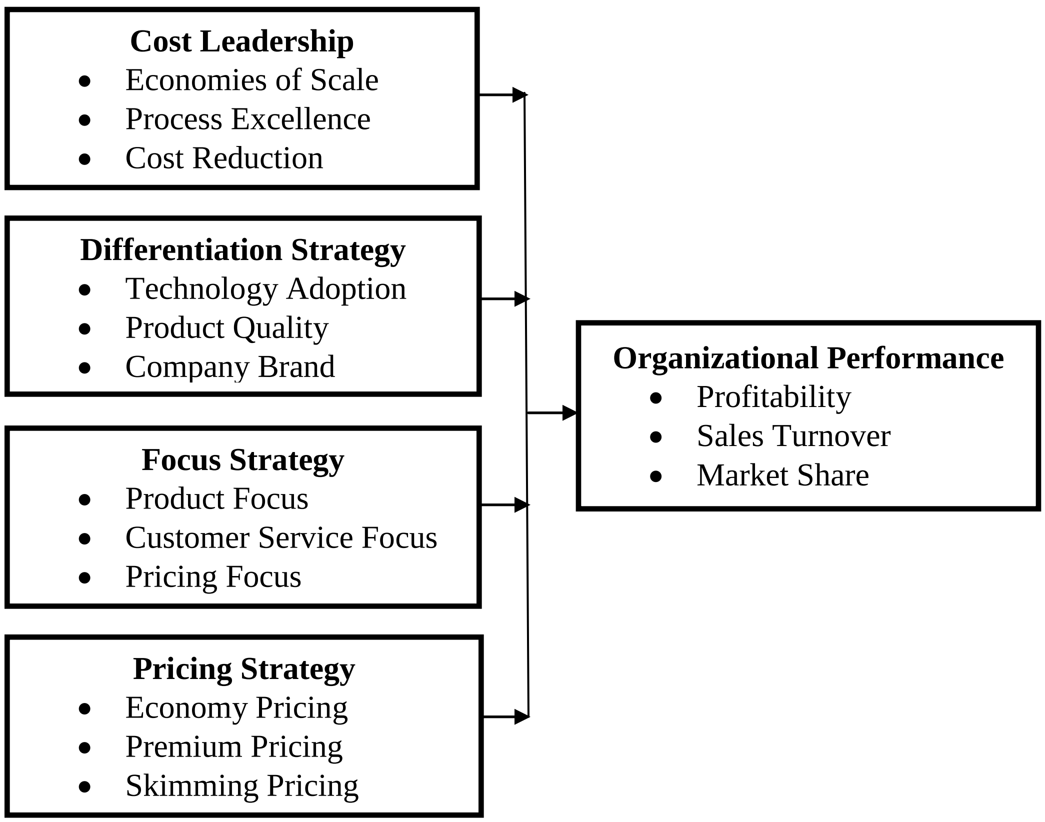
The theory finds its application in the small-sized businesses to help them understand their competitive position in global markets. This makes the theory relevant to this study as all the tea brokerage firms participate in the global trading. The proprietor of the theory assumes that the competitiveness of businesses is related to the performance of other businesses. Furthermore, other factors are tied together in the value-added chain in a long-distance relation or a local or regional context (Engels *et al.,* 2012).Organizations can use the Porter's Diamond Model to establish how they can translate national advantages into international advantages. The Porter Diamond Model suggests that the national home base of an organization plays an important role in the creation of advantages on a global scale. This home base provides basic factors that support an organization, including government support but they can also hinder it from building advantages in global competition. The extent to which a nation is competitive internationally depends on the capacity of its key industries to innovate and upgrade. Companies and by extension industries gain advantage against fellow competitors because of pressure and challenge. They benefit from having strong domestic rivals, aggressive home-based suppliers and demanding local customers (Keter & Oloo, 2014).

4.1.4 Pricing Strategy Theory

The theory of pricing strategy was advanced by Thompson in the mid-1970s. The theory examines different pricing strategies. Choosing the right price for your product helps send the correct price-quality signal. Price-signalling occurs when the cost of something reflects the product's perceived quality. Whether or not your product is the best quality for the best price, your pricing strategy aims to convince the buyer that it is the case. Numerous different strategies are used to either price competitively or to differentiate the brand through a strategic pricing model (Vladimir, 2018).Pricing strategy revolves around three main points: cost and profit objectives, consumer demand and competition. The firm is basically getting customers to see that yes; this product is worth its price tag.

4.2 Conceptual Framework

The conceptual framework linking independent variables and dependent variable was as shown below:



Independent Variables **Dependent Variables**

Figure 1 Conceptual Framework

4.3 Review of Study Variables

4.3.1 Cost leadership Strategy

Firms that adopt the cost leadership often focus on becoming the low-cost providers in the industry. There are varied sources of cost advantage depending on the industry's structure. They may include pursuing preferential access to raw materials, proprietary technology, economies of scale and other factors (Adamu, Zubairu, & Ibrahim, 2016). Firms that embrace the cost focus strategy often seek to gain a cost advantage within the segmented that it targets (Ackermann & Eden, 2017).A company focusing on low cost will seek to exploit all possible sources of cost advantage to achieve a sustainable cost leadership advantage which will help it achieve above average competitiveness within its industry so long as it is able to command prices in the industry (Ackermann & Eden, 2017). Transport firms can improve on their competitiveness levels by adopting low cost strategies such as increase in volumes traded to enjoy economies of scale, providing advisory services on the accessibility of cheap raw materials to reduce on the costs and work on running a lean organization that is cost friendly. A cost-leadership strategy will have the effect of improving the competitiveness of tea brokerage firms by giving them distinctive competencies in the trading process and management produce. Firms that succeed at managing to set up low-cost distribution and operation system can succeed at creating a huge competitive advantage hence improved competitiveness level. Firms that use investments in management technology systems and automated inventory systems, efficient operational processes, and effective pricing and marketing to attract customers can use this strategy to contribute to success (Lodato, 2014).

Economies of Scale refer to the cost advantage enjoyed by a firm when it increases its capacity of output (Weitzel & Johnson, 2010). The advantage arises because of the inverse relationship between per-unit fixed cost and the quantity produced. The greater the output produced, the lower the per-unit fixed cost. Economies of scale further result in a fall in average variable costswith an increase in output which is necessitatedby operational efficiencies and synergies as a result of an increase in the scale of production (David *et al*, 2015).

4.3.2 Differentiation Strategy

A firm that embraces a differentiation will develop a product defined by unique attributes, which are valued by customers or seen by customers as better or superior than those offered by competitors. It selects attributes that are widely perceived by many buyers as important and it positions itself in a unique way to meet those needs. The reward for its uniqueness is the premium price (Kivunja & Ndemo, 2017). On the contrary, firms that embrace the differentiation focus strategy often seek to gain differentiation advantage in their target segment. The two variants in the focus strategy concentrate on differences between the target segment of the focuser and other segments in the industry. These target segments should have customers with unusual needs that the company seeks to fulfill or the delivery. Alternatively, the target segment should have production and delivery system that it serves best, and it must differ from those of other segments of the industry. The cost focus strategy focuses on differences in cost behavioural differences in some segments. On the contrary, the segmentation focus strategy focuses on exploiting buyers' special needs in certain segments (Kivunja & Ndemo, 2017).

Differentiation can take different forms such as various marketing strategies, better product image, better market awareness, low prices, higher product quality and better customer service or availability of goods. Differentiation helps firms to build customer loyalty through offering unique products or services thus helping firms to perform better than others (David *et al*, 2015). Firms that adopt differentiation can charge higher prices based on their costs, channels of distribution and quality or they can choose to differentiate themselves in any other area of their distinctive competencies (De Silva, 2011).

Technology adoption as a differentiation strategy provides new opportunities for firms and customers, often altering the nature of the market. Consequently, new technology often destabilizes market equilibrium, forcing firms to consider the role new technology will play in determining the new market structure and subsequent competitiveness of the market. Generally, infusion of new technology changes the service process, and how firms leverage these changes for positioning which eventually determine how competitive a firm/ product can be in relation to the wider already existing market (Sun *et al*, 2013).

4.3.3 Focus Strategy

Focus strategy is a business strategy which has molded the way businesses are done. Partnerships rather than competitive approaches to businesses are now always used by firms to concentrate in serving its market fully (Misoi, *et al.,* 2015). Melchorita, (2013) postulates that focus strategy refer to orientation by an organization toward serving its clients' needs. It involves ensuring that all aspects of the company put its customers' satisfaction first. The study found out that there exists a positive relationship between customer/ product focus and firm competitiveness.

Focus strategy is also noted as a reasonable strategy for acquiring, retaining and partnering with appropriate consumers to enhance quality for the firm and customer (Christine, 2010). Lodato, (2014) argue that that when the focus strategy is implemented in firms it develops a series of functions, skills, processes and technologies that assist firms to obtain long-term customer loyalty thereby improving on their competitiveness. Lwova, (2013)opines the focus strategy as a core process in promoting competitiveness by highlighting that the focus policies in the tea brokerage firms must concentrate on customer satisfaction, customer retention and customer quality.

The generic focus strategy involves the firm choosing a narrow competitive scope in the industry. This is achieved through selection of a group of segments within the industry and customizing its strategy to them while excluding other segments within the industry (Cheng', 2013). Tea brokerage firms therefore have a duty to establish customer needs so as to plan how to satisfy them (Muogbo, 2013). While market segmentation process helps organization to segment the total market and specify operation and value chain management, focus strategies fully provide the solutions to satisfy the customers of those segments up (Melchorita, 2013). Segmentation has been defined as a plan that identifies a certain clientele needs, classifies them and puts all the focus on the needs and expectations of that particular segment and that organizations which traditionally follow this strategy tend to emphasize customer needs above all the phenomenon including the organization itself (Jerop & Juma, 2014). From the term customer focused strategy only one conclusion can be drawn, that is customer is above everything and organization should also do virtually everything to satisfy them hence the need for segmentation to provide tailored services. Segmentation also helps the organization in practicing efficient value chain management in several ways (Melchorita, 2013).

4.3.4 Pricing Strategy

A business can use a variety of pricing strategies when selling a product or service. The price can be set to maximize profitability for each unit sold or from the market overall. It can be used to defend an existing market from new entrants, to increase market share within a market or to enter a new market. Businesses may benefit from lowering or raising prices, depending on the needs and behaviors of customers and clients in the market. Finding the right pricing strategy is an important element in running a successful business. Models of pricing include: absorption pricing, contribution margin-based pricing, creaming or skimming, decoy pricing, freemium and high-low pricing, price leadership, target pricing, psychological pricing, time-based pricing and value-based pricing (Teece, 2018).

Basically all types of pricing ensure all costs are recovered. The price of the product includes the variable cost of each item plus a proportionate amount of the fixed costs and is a form of cost-plus pricing. Contribution margin-based pricing maximizes the profit derived from an individual product, based on the difference between the product's price and variable costs the product's contribution margin per unit, and on one's assumptions regarding the relationship between the product's price and the number of units that can be sold at that price. The product's contribution to total firm profit to operating income is maximized when a price is chosen that maximizes the following: (contribution margin per unit) X (number of units sold) (Vladimir, 2018). In cost-plus pricing, a company first determines its break-even price for the product. This is done by calculating all the costs involved in the production, marketing and distribution of the product. Then a mark-up is set for each unit, based on the profit the company needs to make, its sales objectives and the price it believes customers will pay.

In most skimming, goods are sold at higher prices so that fewer sales are needed to break even. Selling a product at a high price, sacrificing high sales to gain a high profit is therefore skimming the market. Skimming is usually employed to reimburse the cost of investment of the original research into the product. This strategy is often used to target early adopters of a product or service (Nag, Hambrick, & Chen, 2018). Early adopters generally have a relatively lower price-sensitivity - this can be attributed to their need for the product outweighing their need to economize; a greater understanding of the product's value; or simply having a higher disposable income.

2.4.5 Organizational Performance

Competitiveness is a contextual concept associated with the phenomenon being studied. In the context of organizational competitiveness; competitiveness is seen as a measure of the change of the financial state of an organization or the financial outcomes that results from management decisions and executions of those decisions by members of the organization (Datche, 2015). Many studies measure organizational competitiveness on five perspectives as; profit; productivity; sales and market share; customer service and achievement of goals. In relation to profits many researchers use traditional accounting measures of profits (Muogbo, 2013). A business considered to be performing well elicited some expectations which included high sales, revenue (growth rate) than the market and competitors; better than average profit margin than other firms in the industry; higher than average return-on-investment (ROI) in the industry; a high and leading market share in the industry measured by volume or value terms; stronger brand reputation (e.g. brand awareness) in the market); a well-defined unique selling point that the enables the firm to differentiate its service or products in the customers' eyes; and a significant control of market distribution channels or access to distribution channels (e.g. brands or products that are widely demanded or stocked by intermediaries of the distribution channels) (Sasaka*et al*, 2016).

The measures of competitiveness highlighted herein can be measured with ease. The financial information is widely available and can be used to determine the firm that is recording highest profits within an industry; the brands and products with the highest growth rate or market share. For example, a business can be high performing if there is evident that its net profit margin is significantly higher than that of its competitors or its market share is increasing (Chepkirui, 2011). Similarly, uncompetitive business or brand can be assessed from the evidence of the sustained or substantial decline in the profits or market share. Profit is an absolute number determined by the amount of income or revenue above and beyond the costs or expenses a company incurs. It is calculated as total revenue minus total expenses and appears on a company's income statement. No matter the size or scope of the business or the industry in which it operates, a company's objective is always to make a profit (Mohamud, *et al*., 2015). Profitability is a relative term and it is the metric used to determine the scope of a company's profit in relation to the size of the business. Profitability is a measurement of efficiency – and ultimately its success or failure. It can further be defined as the ability of a business to produce a return on an investment based on its resources in comparison with an alternative investment.

Although a company can realize a profit, this does not necessarily mean that the company is profitable (Mbui, *et al.*, 2016).

Sales turnover is the amount in totality of the revenue which is generated by firm in a given period. The concept is important in tracking sales trends through multiple measurement periods, in order to spot meaningful changes in activity levels. The revenue included in this calculation is from both cash sales and credit sales. Further, the measurement can be broken down by units sold, geographic region or even the subsidiary. Sales turnover is restricted to revenue generated from operations. Thus, it does not include gains from financial or other related activities (Arasa & K'Obonyo, 2012).

5. RESEARCH METHODOLOGY

This research adopted a cross-sectional survey research design to address the formulated hypotheses. Stratified random sampling technique was used to select a sample size of 129 respondents from the target population of 192 respondents in the Standard Gauge Railways in Kenya. The study selected respondents in the category of commercial managers, general managers and operations managers of standard gauge railway to make a total sample size of 129 respondents. Primary data was collected by use of self-administered structured questionnaires which were distributed through the drop and pick method. Secondary data collected from SGR website and important business disclosures in journals, manuals and the various firm's documents were used to cross validate the primary data information collected.

6. Data Analysis and Results

6.1 Correlation Analysis

Table 2 Pearson Correlation

	Organizational Performance	**Cost Leadership Strategy**	**Differentiation Strategy**	**Focus Strategy**	**Pricing Strategy**
Organizational Performance	1				
	99				
Cost Leadership Strategy	.380**	1			
	.000				
	99	99			
Differentiation Strategy	.409**	.424**	1		
	.000	.000			
	99	99	99		
Focus Strategy	.213*	.372**	.226*	1	
	.034	.000	.025		
	99	99	99	99	
Pricing Strategy	.791**	.447**	.405**	.201*	1
	.000	.000	.000	.046	
	99	99	99	99	99
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

Pearson Bivariate correlation coefficient was used to compute the correlation between the dependent variable (Organizational Performance) and the independent variables (Cost Leadership Strategy, Differentiation Strategy, Focus Strategy and Pricing Strategy). According to Sekaran, (2015), this relationship is assumed to be linear and the correlation coefficient ranges from -1.0 (perfect negative correlation) to +1.0 (perfect positive relationship). The correlation coefficient was calculated to determine the strength of the relationship between dependent and independent variables (Kothari & Gang, 2014).

In trying to show the relationship between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation. This is as shown in Table 2 above. According to the findings, it was clear that there was a positive correlation between the independent variables, cost leadership strategy, differentiation strategy, focus strategy and pricing strategy and the dependent variable organizational performance. The analysis indicates the coefficient of correlation, r equal to 0.381, 0.409, 0.213 and 0.791 for cost leadership strategy, differentiation strategy, focus strategy and pricing strategy respectively. This indicates positive relationship between the independent variable namely cost leadership strategy and pricing strategy and the dependent variable organizational performance whereas differentiation strategy and focus strategy that there was no relationship (Rukia, *et al*., 2018).

6.2 Coefficient of Determination (R^2)

To assess the research model, a confirmatory factors analysis was conducted. The four factors were then subjected to linear regression analysis in order to measure the success of the model and predict causal relationship between independent variables (Cost Leadership Strategy, Differentiation Strategy, Focus Strategy and Pricing Strategy), and the dependent variable (Organizational Performance).

Table 3 Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.798[a]	.637	.621	2.03222

a. Predictors: (Constant), Pricing Strategy, Focus Strategy, Differentiation Strategy, Cost Leadership Strategy
b. Dependent Variable: Organizational Performance

The model explains 63.7% of the variance (R Square = 0.637) on Organizational Performance. Clearly, there are factors other than the four proposed in this model which can be used to predict organizational performance. However, this is still a good model as Bryman and Bell, (2018) pointed out that as much as lower value R square 0.10-0.20 is acceptable in social science research. This means that 63.7% of the relationship is explained by the identified four factors namely cost leadership strategy, differentiation strategy, focus strategy and pricing strategy. The rest 36.3% is explained by other factors in the organizational performance of the Standard Gauge Railways, Kenya not studied in this research. In summary the four factors studied namely, cost leadership strategy, differentiation strategy, focus strategy and pricing strategy or determines 63.7% of the relationship while the rest 36.3% is explained or determined by other factors (Munyasia, 2019).

6.3 Analysis of Variance

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model was as per Table 4 below with P-value of 0.00 which is less than 0.05. This indicates that the regression model is statistically significant in predicting factors of financial performance. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall Anova results indicates that the model was significant at F = 41.188, p = 0.000.

Table 4 ANOVA[a]

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	680.413	4	170.103	41.188	.000[b]
	Residual	388.213	94	4.130		
	Total	1068.626	98			
a. Dependent Variable: Organizational Performance						
b. Predictors: (Constant), Pricing Strategy, Focus Strategy, Differentiation Strategy, Cost Leadership Strategy						

6.4 Regression Analysis

The researcher conducted a multiple regression analysis as shown in Table 5 to determine the relationship between organizational performance of standard gauge railways in Kenya and the four variables investigated in this study.

Table 5 Regression Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	5.654	2.149		2.631	.010
	Cost Leadership Strategy	-.010	.056	-.014	-.187	.852
	Differentiation Strategy	-.117	.082	-.102	-1.422	.158
	Focus Strategy	-.073	.107	-.046	-.681	.497
	Pricing Strategy	.894	.086	.747	10.358	.000
a. Dependent Variable: Organizational Performance						

The regression equation was:

$Y = 5.654 -0.010\ X_1 + -0.117X_2 -0.073X_3 + 894X_4$………………………………… Equation 1

Where;

Y = the dependent variable (Organizational Performance)

X_1 = Cost Leadership Strategy

X_2 = Differentiation Strategy

X_3 = Focus Strategy

X_4 = Pricing Strategy

The regression equation below established that taking all factors into account (Organizational Performance of the Standard Gauge Railways in Kenya) constant at zero Organizational Performance of the Standard Gauge Railways in Kenya, Kenya will be 5.654. The findings presented also showed that taking all other independent variables at zero, a unit increase in cost leadership strategy would lead to a negative 0.010 increase in the scores of organizational performance of the standard gauge railways in Kenya; a unit increase in differentiation strategy would lead to a negative 0.117 increase in the organizational performance of the standard gauge railways in Kenya; a unit increase in focus strategy would lead to a negative 0.073 increase the scores of organizational performance of the standard gauge railways in Kenya and a unit increase in pricing strategy would lead to positive 0.894 increase the scores of organizational performance of the standard gauge railways in Kenya.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusions

That there was a weak positive correlation between the independent variable cost leadership strategy and the dependent variable organizational performance of the standard gauge railways in Kenya. Further from the regression the t value was -0.187 which is below the threshold of 2.0 and therefore accepted the null hypothesis that cost leadership has no significant effect on organizational performance of the standard gauge railways in Kenya. Therefore, the study concluded that cost leadership has no significant effect on organizational performance of standard gauge railways in Kenya.

That there was a negative correlation between the independent variable differentiation strategy and the dependent variable organizational performance of the standard gauge railways in Kenya. From the regression results the study revealed that t value was -1.422 which is below the threshold of 2.0 and therefore accepted the null hypothesis that differentiation strategy has no significant effect on organizational performance of the standard gauge railways in Kenya. The study concluded that differentiation strategy has no significant effect on organizational performance of standard gauge railways in Kenya.

That there was a negative correlation between the independent variable focus strategy and the dependent variable organizational performance of the standard gauge railways in Kenya. From the regression results the study revealed that t value was -0.681 which is below the threshold of 2.0 and therefore accepted the null hypothesis that focus strategy has no significant effect on organizational performance of the standard gauge railways in Kenya. The study concluded that focus strategy has no significant effect on organizational performance of standard gauge railways in Kenya.

That there was a string positive correlation between the independent variable pricing strategy and the dependent variable organizational performance of the standard gauge railways in Kenya. From the regression results the study revealed that t value was 10.358 which is above the threshold of 2.0 and therefore rejected the null hypothesis that pricing strategy has a significant effect on organizational performance of the standard gauge railways in Kenya. The study concluded that focus strategy has a significant effect on organizational performance of standard gauge railways in Kenya.

7.2 Recommendation

The following were the recommendations:

1. Based on the findings, the study recommends that the standard gauge railways adopt cost leadership strategy as it has been found to have a positive significant effect on performance.

2. While differentiation strategy ensured that the standard gauge railways products are distinctly identified, customer loyalty created leading to retention of customers and attraction of new ones. Therefore, SGR should produce products of different quantities for different markets. This would greatly increase their market base because they will be in a position to access transit customers who can transport bulk and the ordinary customers who can only afford small portions at a time.
3. A focus on more ways of dealing with the challenges is also needed for maximum profitability.
4. Standard gage railways should concentrate on products not offered by other transport companies. Products should be tailored to the market needs. Standard gauge railways should serve a specific niche in the market. Standard gauge railways should concentrate in one market segment that they should segment markets to better serve customers.

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