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EFFECT OF STRATEGIC PLANNING OUTCOMES ON PERFORMANCE OF MOTOR VEHICLE INDUSTRY IN KENYA

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Abstract

Organizations have to plan for the future for them to remain relevant in the market. This is achieved through alignment of strategic plan with the vision and mission of the organization. Strategic planning contributes immensely to the increase of efficiency and effectiveness of organizations by improving both current and future operations. Motor Vehicle Industry in Kenya has experienced decline in sales of new vehicles which has affected their performance. This triggered assessment of the effect of strategic planning outcomes on performance of Motor Vehicle Industry in Kenya. It was guided by constructs of competitive advantage, customer satisfaction as the strategic planning outcomes and government policies as the intervening factor. The study reviewed theories; Contingency Theory and Industrial economic theory and past studies based on objectives of the study in order to gain more insights about strategic planning outcomes and performance. The study applied qualitative descriptive research design. Secondary data was collected from journals, books and other published documents that contained information relating to strategic planning outcomes and performance of motor vehicle industry. Content analysis method was applied to analyze the findings of other researchers and determined the effect of strategic planning outcomes on performance. After analysis, results from the findings indicated that strategic planning outcomes; competitive advantage and customer satisfaction affects the sales of new cars. Government policies influenced these outcomes through taxation and regulations which had resultant effect of decline in sales of new cars hence inadequate performance. This information will benefit the motor vehicle companies by guiding them on how to establish and implement strategic plans in regard to competitive advantage and customer satisfaction for sustainable performance in terms of new car sales at present and future. The researcher recommends that managers of Motor

Vehicle Industry in Kenya should concentrate on support for strategic plans to perform better as well as bringing out required results. They should also work with government to adjust regulations to fit their operations.

Keywords: Motor Vehicle Industry, Strategic Planning, Competitive Advantage, Customer Satisfaction, Government Policies, Performance

INTRODUCTION

Strategic planning engages in formulation and implementation of long-term decisions that important in organization's response to business environment changes and other dynamics affecting operations (Johnson, Scholes & Whittington, 2008). Therefore, it is all about setting priorities and identifying opportunities that supports that organization's vision and mission. This is attained through environment analysis that also identifies the threats which are detrimental to business performance. Appropriate strategic planning always has an outcome of competitive advantage. Competitive advantage enables companies to perform better than their competitors because they are able to manage their costs and offer differentiated products that bests fits the tastes and preferences of the customers (Arasa& K'Obonyo (2012).

Customer satisfaction is a key determinant of performance. It is an outcome of strategic planning that helps to retain customers, bringing potential customers aboard and establishing a strong relationship with them (Ogolla, 2013). This leads to favorable perception of the company's products thus enhancing sales resulting into better performance. Government policies affect the operations of organizations and in some instances influence their overall performance (Mwaura, 2013). It means that their actions affect the company strategic planning and it is inevitable since regulations must be adhered to whether favorable or unfavorable. Whenever, government touches on the strategies, the competitive advantage and customer satisfaction are affected as a result. These are outcomes of effective strategic planning and their effect are partly determined by government policies in form of taxation and other regulations governing operations of motor vehicle companies.

Kenya motor Vehicle industry has not performed well thus limiting its contribution to the economic growth and development. According to annual report by Kenya Motor Industry Association (KMI) of the year 2017, new car sales dropped by 20%. 11, 000 cars were sold compared to 13, 869 cars in the year 2016. In the year 2015, 19, 966 cars were sold meaning that there was a decline of 30.5%. The decreasing sales have led to inadequate performance of Motor Vehicle Industry in Kenya. These problems have been compounded by ongoing infrastructure and skill constraints. According to the Kenya National Bureau of Statistics (KNBS), during the period 2011-15, the total number of new vehicle registrations was 445,099. The Kenya Motor Industry Association (KMI) reported a total of 19,966 new vehicle sales in 2015 while total new registrations in the same year numbered 107,761 in 2015 (KNBS, 2016). New vehicle sales therefore constituted only 18% of new registrations with the remainder being imports of used vehicles. This contributed immensely to ineffective performance of the Motor vehicle industry.

Problem Statement

Motor Vehicle Industry is key part of economic development of a country thus its performance is of great importance. However, in most motor vehicle companies, strategic plans are not carried out or implemented effectively for favorable outcomes in terms of competitive advantage, and customer satisfaction. Motor vehicle industry in Kenya has experienced decline in sales of new cars. In the year 2017, new car sales dropped by 20%. 11, 000 cars were sold compared to 13, 869 cars in the year 2016. Furthermore, it had declined by 30% because 19, 966 cars were sold in the year 2015. The decreasing sales have led to fall in performance of Motor Vehicle Industry. Previous studies have been conducted in Kenya on performance of motor vehicle industry, for example, Mbeche and Nyamwange (2003) conducted a study on the manufacturing strategies pursued by large manufacturing firms in Kenya. They described strategies based on high quality, low cost and innovativeness. These did not adequately explain the strategic planning outcomes among motor vehicle companies. In order to solve this issue, it was necessary to examine various past studies published in journals, books and other relevant documents to critically assess the effect of strategic planning outcomes on performance of Motor Vehicle Industry in Kenya.

Objectives of the Study

The general objective of the study was to assess the effect of strategic planning outcomes on performance of Motor Vehicle Industry in Kenya. Specific objectives included;

i. To examine how competitive advantage contributes to performance of motor vehicle industry in Kenya.
ii. To investigate whether customer satisfaction affects performance of Motor Vehicle Industry in Kenya
iii. To find out the government policies that influence performance of Motor Vehicle Industry in Kenya

Research Questions

i. How does competitive advantage contribute to performance of motor vehicle industry in Kenya?
ii. Does customer satisfaction affect performance of motor vehicle industry in Kenya?
iii. Which government policies influence performance of motor vehicle industry in Kenya?

THEORETICAL REVIEW

Theories that assist in describing strategic planning outcomes and performance have been reviewed. They include; Contingency Theory and Industrial economic theory.

Contingency Theory

Contingency theory posits that organizational success cannot be achieving in one best way always. It depends on circumstances and situations. A technique that leads to better performance in one situation may not lead to similar results in another situation (Donaldson, 2001). Therefore, what leads to success in an organization is contingent upon various phenomena that are internal and external to the organization. Contingency theory is governed by ideas that states; there is no universal or one best way to manage an organization, design of an organization and its sub-systems must fit with the demands of the environment, effective organizations must have a proper fit with the environment while ensuring that the sub-systems are also aligned to each other and proper design of an organization and a management style that is both appropriate to the tasks to be undertaken as well as the nature of the work group are essential to meet its needs. Its assumptions include;

(i) An organization is an open system that is environment dependent and environment serving

(ii) There is no one best way of organizing and leading thus the appropriate form depends on the task and/or environment

(iii) Executives must focus on achieving alignment and good fit of the internal capacities and external environments

(iv) Different types of organizations are needed in different environments (Taylor & Taylor, 2014).

Motor vehicle industry aims to serve their serve their customers and perform better but lays little emphasis on environmental factors. With adoption of strategic planning, it is essential to establish how these organizations have integrated strategic planning's environmental scanning, competitive advantage and performance. Contingency theory lends itself well to strategic planning as it validates competitive advantage as its outcome and key determinant of long-term sustainability and performance. To satisfy the customers on continuous basis, companies have to change with change customer tastes and preferences. It implies that the services that impressed them previously may not impress them currently. They ought to be delivered in a different manner according to the situation or circumstance.

Industrial Economic Theory

The industrial economic theory describes the operations of industrial organization particularly in the line of competition and its measurements. It explains the relationship between the company behavior and the market structure they operate in which is emphasized through Structure-Conduct-Performance (Chang &Wildt, 2014). For companies to compete favourably in the market, they ought to use their strategic resources efficiently and differentiate their products to meet the uniqueness demanded by the clients. Product differentiation is component of competitive advantage that determines the performance. Moreover, industrial economic theory also reiterates on the importance of cost leadership and focus effectiveness for better organizational performance (Keller, 2008). Corporate level strategies determine the business level strategies which later inform the operational level strategies meant to enhance achievement of competitive advantage.

This theory fits into the study it that it describes how an organization can use its strategic resources to obtain a substantive market share. Decline of new sales in the motor vehicle may be as a result loss of market share. Therefore, industrial economic theory is of importance in illustrating how to structure markets and gain a competitive advantage.

EMPIRICAL REVIEW

The researcher has reviewed and discussed the literature contained in the published journals, books and other relevant documents that are related to strategic planning outcomes; competitive advantage and customer relationship and government policies and performance of motor vehicle industry.

Literature on competitive advantage and performance

Competitive advantage is an outcome of Strategic planning in an organization that influences performance (Yang, (2009). The competitive advantage is most of times achieved through implementation of competitive strategies that includes Product differentiation, cost cutting and focus strategies. These strategies lead to improved productivity, market share and volume of sales. Agade, (2017) found that large manufacturing companies use competitive advantage to manage costs and increase productivity for better performance. He further noted that competitive strategies required to be implemented through effective strategic planning to attain the outcome of competitive advantage.

Majeed, (2011) asserted that the market share of an organization affects its performance. This is because it determines the level of sales they can make based on number of customers interested in their products. A study by Mwangi (2008) showed that competitive advantage contributes immensely to the market share of a company. Differentiation which is an element of competitive advantage enhance competitive pricing, increased productivity and marketing communication. These aspects have a direct link to performance.

A study by Nyaema (2017), stated that automobile industry ought to be always competitive in terms of service delivery to survive and remain relevant in the market. It was found that business competiveness was determined by organizational culture, technology and employee training. These factors needed to be aligned with the strategic planning of the automobile companies to make their business competitive.

Muchiri (2014) sought to find out the competitive strategies applied by the motor vehicle parts manufacturers in Kenya. Findings indicated that they utilized cost leadership, focus and differentiation strategies. These strategies enhanced their performance to a great extent. These companies emphasized on strategic planning to attain economies of scale and cost reduction to achieve desirable performance. They saw the need to focus on specific customers to improve service delivery as well as providing differentiate products to meet uniqueness based on tastes and preferences.

Mbeche and Nyamwange (2003), conducted a study on the manufacturing strategies pursued by large manufacturing firms in Kenya as a way of remaining afloat in the turbulent global environment. This study found out that regardless of a company‘s characteristics, in order for companies to gain and maintain competitiveness they should pursue the right strategies, which include, high quality, low cost, time/speed, innovativeness and flexibility. Although the study talked about strategies, it did not look at the strategic planning outcomes among motor vehicle companies.

Literature review on customer satisfaction and performance

Customer satisfaction is generally the feeling or judgment by customers towards products or services are they have used them (Nitin, 2012). Organizations aim at maintaining existing customers and attracting through effective strategic planning.

A study by Munywoki (2016), revealed that customer satisfaction determined the performance of motor vehicle companies in terms of sales. He found that the number of new car sales was influenced by brand loyalty and perceived quality. Brand loyalty and perceived quality determines the level of customer satisfaction and the willingness to buy. There was a relationship between brand loyalty and performance after correlation analysis. Perceived quality also had an association with the sales of new cars.

Organizations are able to retain customers if they are capable of satisfying them consistently. Musyoka (2016) found that customers are interested in cost, flexibility in quality and dependability of the products. These factors determine customer retention in the motor vehicle industry.

Bosire, (2018) found a positive and strong association between customer driven strategies and performance of automobile industry in Kenya. Customer driven strategies are developed through strategic planning for the purpose of satisfying customers. The strategies applied in the study were; change of environment, enhancement of core competencies, development of new strengths and market trends monitoring. These strategies were found to have a significant impact on performance.

Suchánek and Králová, (2015), undertook a study on effect of Customer Satisfaction on Company Performance. Their findings suggested that quality can be associated with customer satisfaction, or rather that the quality level is determined by the level of customer satisfaction. The level of customer satisfaction and product quality also reflects the value that the customer subjectively assigns to the product. The price, which the customer is willing to pay for a product, can then be deduced from this value. The product quality, value and price are as a result of strategic planning decisions made by managers.

Literature on government Policies and performance

Government policies are actions taken by the government agencies intended to influence the decisions of the motor vehicle companies.

A study by Maungu (2014), revealed that taxes, customs bureaucracy and car registration procedures affected performance of motor vehicle industry in Kenya. They increased cost and when the companies tried to pass it over to customers, sales decreased. Strategic planning incorporates the cost management. However, unfavorable taxation and duties forces companies to alter their plans. This changes the pricing to the level that the customers are not satisfied. In this case, they cease from seeking the products thus sales decline. Strategic planning also aims at achieving competitive advantage to be a cost leader. With government policies based on taxation and long registration procedures, the additional charges deters companies from becoming cost leaders.

Mbugua and Makori (2016) noted that taxation and licensing have effect performance of small and medium enterprises in Kenya. Some of motor vehicle companies are medium enterprises and huge taxation and licensing on their operations negatively affects their performance. In this sense, it is difficult for them to achieve competitive and satisfy their customers in order to perform better.

Ogolla (2013), investigated the operations strategy and performance of motor vehicle assemblers in Kenya. Findings showed that government policies and regulations had a substantive effect on the operations of the motor vehicle industry thus altering their strategies. They were hindrance to implementation of their strategic plans thus making it a difficult task to have a competitive advantage. Taxation influenced performance as result of interference with the operations strategy.

Shinde and Dubey (2011), carried a research on Automobile industry and performance of key players. They opined that fostering of a healthy national automotive industry requires government policies at both the macroeconomic as well as microeconomic levels which promote the development of automotive production and sales. However, inconsistent policies may inhibit investment and sales as well as generate potentially large fluctuations in economic performance. Both the investors and the customers need stable economic policies and good regulatory framework to invest and do purchases respectively.

Literature on performance

Chenhall (2005), did a study on integrative strategic performance measurement systems, strategic alignment of manufacturing, learning and strategic outcomes: an exploratory study. They noted that consistent performance is the objective of any organization because it is only way through performance, are organizations able to grow and progress. Lack of ability to attain its goals by using resources in an efficient and effective manner affects performance negatively. is the organization’s ability to attain its goals by using resources in an efficient and effective manner. Ineffective performance of motor vehicle industry in terms of sales is as a result of lack of proper alignment of strategic plans. The outcomes are unfavorable and so is the performance. Measuring the performance of an organization ensures that strategic activities are aligned to the strategic plan further improving the bottom line by reducing process cost and improving productivity and mission effectiveness.

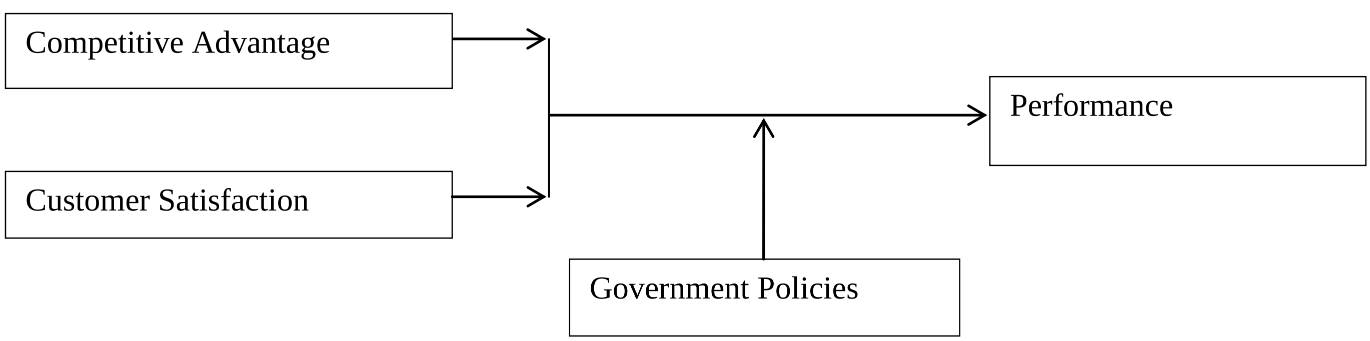
Fauzi, Svensson and Rahman (2010), reiterated the importance of sustainable corporate performance. It was suggested that companies needs to quantify the efficiency and effectiveness of past actions. Performance indicates how well organizations are managed and the value they deliver for customers and other stakeholders. Financial measures include market share, profitability and liquidity. Non-financial measures include efficiency, customer satisfaction and quality of decisions. Performance measurement tools developed to incorporate aspects in measuring performance include balance score card. Sales in motor vehicle industry could be associated with both financial and non-financial performance.

Hoskisson, Eden, and Wright (2000) sought to assess strategy in emerging economies. They noted that, the success with which a firm's business strategy effectively addresses its industry's key success factors will determine its strategic performance; therefore, performance is an outcome of strategy especially competitive strategies. Strategic performance is measured in terms of both financial and market success. Financial performance is essential for continued business operations as well as financial capabilities which are critical in supporting functional strategies and making required infrastructure investments. Market share demonstrates a firm's ability to create and hold customers, which determines the long term success of a firm. Market share can determine the amount of sales that can be made by motor vehicle industry.

CONCEPTUAL FRAMEWORK

Conceptual framework illustrates the association between each independent variable (Competitive advantage, Customer satisfaction) and dependent variable (Performance).Government policies is the intervening variable.

Figure 1: Conceptual Framework



RESEARCH METHODOLOGY

Research design

According to Mugenda and Mugenda (2009), research design is the blueprint on which research is carried out. It state out how information is gathered for the purpose of analysis and interpretation of findings. This study adopted qualitative descriptive research design. It critically helped in examining the journal materials by analyzing and interpreting information thus arriving at findings that indicated the effect of strategic planning outcomes on performance of motor vehicle industry. Furthermore, this design was suitable for the study that involved secondary data.

Research data

The study used secondary data from research journals with information concerning competitive advantage, customer satisfaction, government policies and performance of motor vehicle industry. This data assisted in clarifying the problem of decline in sales of new cars.

Data Analysis Approach

Data analysis is the process of breaking complex information into smaller elements that can be easily clarified and understood (Zikmund, Babin and Griffin, 2013). This study applied content analysis method to analyze the data from the selected journal articles. Content analysis is an appropriate technique for making valid inferences by interpreting already existing information. This perfectly fitted this research paper as it entirely used secondary data from journal articles and other few published documents.

FINDINGS AND DISCUSSIONS

Information from the journals and books reviewed was important and useful for understanding the effect of strategic planning outcomes competitive advantage, customer satisfaction and intervening effect of government policies on performance of motor vehicle industry in Kenya. Therefore, it enabled the researcher to answer three research questions;

Research Question 1: How competitive advantage contribute to performance of Motor Vehicle Industry in Kenya?

Competitive advantage is an outcome that is achieved from an effective Strategic planning process in organization. Competitive advantage is major determinant of performance.

A research study conducted by Agade (2017), showed that performance of large manufacturing firms where motor vehicle companies belongs is highly influenced by competitive advantage. The competitive advantage was attained through implementation of competitive strategies. Product differentiation, cost cutting and focus strategies had a major effect on competitive advantage. They contributed to improved productivity, market share and volume of sales. Likert scale of 1-5 had been used to indicate views of respondents. All the above variables had a mean of over 4.50 implying that they all strongly agreed that these strategies influence competitive advantage hence performance at high extent. Regression analysis indicated a coefficient determination value of 0.113. Therefore, 11.3% variation of competitive advantage was explained by product differentiation, cost cutting and focus strategies.

The researcher finds that competitive advantage influence performance through proper adoption and implementation of product differentiation, cost cutting and focus strategies. The problem with motor vehicle industry in Kenya is decline in sales of new cars. This may be attributed to lack of implementation of competitive strategies thus ineffective competitive advantage contributing to decreased sales.

In the review of study by Mwangi (2008), it was found that competitive advantage affects market share of an organization. The results from his research showed that differentiation strategy contributed to competitive pricing, increased productivity and marketing communication. The correlation coefficient value was 0.734 between competitive advantage and market share. In some cases, the volume of sales is determined by the size of market share commanded by a company.

Competitive advantage affects organizational performance by determining the market share. The sales of new cars by motor vehicle industry in Kenya may be now attributed to loss of market share. As such, this industry may be lacking competitive advantage.

Findings by Nyaema (2017), shows that business competitiveness of automobile industry in Kenya is influenced by organizational culture, technology and employee training. 40 Top managers, middle managers and supported staff of Car & General were used as the respondents. 23 (57%), 34 (85%) and 15 (37%) of them agreed that organizational culture, technology and employee training respectively affects business competitiveness. Business competitiveness is attained if the firm has a competitive advantage.

The researcher finds out that competitive advantage can influence performance of motor vehicle industry through the factors (organizational culture, technology and employee training) that affect business competitiveness.

In the review of the research study by Muchiri (2014), it was found that cost leadership, focus and differentiation strategies were used to enhance performance. The study had applied 5 point scale (5- Very great extent, 4-great extent, 3-moderate extent, 2-little extent and 1-not at all) to get respondents views on the extent to which these strategies influenced performance. Cost leadership had a grand mean score of 4.50. It reduced cost of production and enhanced source for cheap materials to achieve a desirable performance results. These manufactures focused certain parts and big customers to produce spare parts for different types of vehicles. The focus strategy had a grand mean score of 4.22 while differentiation strategy had biggest effect showed by a grand mean score of 4.76. They differentiated themselves by offering unique after sales services that had a great influence on the performance.

The researcher sought to establish how competitive advantage affects performance. The research by Muchiri (2014), shows that cost leadership, focus and differentiation strategies influence performance. Therefore, competitive advantage can affect the performance of motor vehicle industry in Kenya through appropriate adoption of aforementioned strategies.

Research question 2: Does customer satisfaction affect performance of motor vehicle industry in Kenya?

Organizations aims at maintaining existing customers and attracting more and motor vehicle industry are not an exception. These customers have to be satisfied. This is achieved through effective strategic planning. As such, customer satisfaction is an outcome of strategic planning.

In the review of the study by Munywoki (2016), it was found that sale of new cars was influenced by brand loyalty and perceived quality. Brand loyalty and perceived quality determines the level of customer satisfaction and the willingness to buy. The correlation between brand quality and level of sales was strong, positive and significant at 0.01 significance level. The correlation coefficient value was 0.719 indicating that brand loyalty highly influenced sale of new cars. On the other hand, the correlation coefficient value for relationship between the perceived quality and level of sales was 0.201. This was weak showing that perceived quality affected sales at low extent. She further found that 36.7% of consumer purchasing decision was influenced by level of income, price, and quality of car and maintenance costs.

The customer satisfaction affects performance of motor vehicle industry in terms of sales of new cars through brand loyalty. Brand loyalty determines the level of customer satisfaction. The declining sales can be attributed to lack of loyalty to the brand of cars that motor vehicle industry is selling.

Musyoka (2016) examined the operations performance objectives and customer retention of Motor Vehicle dealers in Kenya. Findings reveled that customer retention is influenced by cost of cars, flexibility in line with customers' services, quality of the products, time for customer and dependability of the products offered to the customers. Regression analysis showed that 78% of the variation in customer retention was explained by combined effect of these factors. They had a correlation coefficient of 0.889 meaning that the relationship them and customer retention was positive and strong. This implies that indeed customer retention is highly determined by cost of cars, flexibility in line with customers' services, quality of the products, time for customer and dependability of the products offered to the customers.

A company is able to retain customers if they are satisfied. Therefore, customer retention can be as a result of customer satisfaction.

The researcher sought to know whether customer satisfaction affects the performance of motor vehicle industry in Kenya. From the findings by Musyoka (2016), customer retention is affected by cost of cars, flexibility in line with customers' services, quality of the products, time for customer and dependability of the products offered to the customers. Since customer is retained if he or she is satisfied, customer satisfaction affects performance of motor vehicle industry. Decline in sales of new vehicle can be attributed to problems customer satisfaction in their organizations.

In the review of study by Bosire, (2018) customer driven strategies; changing environment, enhancing core competencies, developing new strengths and monitoring market trends affected performance of automobile industry in Kenya. The relationship between customer driven strategies and organizational performance was positive and strong with a correlation coefficient of 0.750. Product development strategies; product design, innovation and added values also influenced performance. They had a correlation coefficient value of 0.475 hence indicating a moderate relationship with organizational performance of automobile industry.

Customer satisfaction is about the things done upon them that show they are important and their interests are taken care of. Customer driven strategies and product development strategies are meant for customer satisfaction in some instances. These strategies affect organizational performance of automobile industry. Based on this argument, customer satisfaction can influence the performance of motor vehicle industry in Kenya. Therefore, the decline in sales of new cars can be as a result of lack of appropriate customer driven strategies and product development strategies.

Research question 3: Which government policies affect performance of motor vehicle industry in Kenya?

In the review of the study by Maungu (2014), it was found that government policies affect the performance of Motor Vehicle companies in regard to profitability that is contributed by the level of sales. 75% of the respondents indicated that taxes and duties affected profitability at a very great extent. They further stated that customs bureaucracy was detrimental to their performance. 50% said that long periods of registration influenced their profitability at a very great extent.

Government policies that affect performance include; taxation, customs duties, vehicle and registration policies. They influence profitability of new motor vehicle sales in Kenya. The decline in sale of new cars can be attributed to unfavorable government policies based on taxation, duties and registration procedures.

County government policies affect organizational performance. Mbugua and Makori (2016) found that taxation and licensing had weak effect on performance of small and medium enterprises in Kenya. The relationship between taxation and performance was negative and weak (correlation coefficient of -0.287). The association between licensing and performance was weak and negative (correlation coefficient of -0.311). This implies that inappropriate increase in taxation and licensing led to fall in performance.

Taxation and licensing may force organizations to increase their prices. In some cases, customers are dissatisfied with increased prices. Customer satisfaction is a key determinant of performance. Motor vehicle companies engage cost leadership strategy in order to offer most reasonable prices to customers. Taxation may interfere with cost through additional charges thus these companies may not achieve the objective of better prices and sales declines.

In the review of the research paper by Ogolla (2013), on the operations strategy and performance among motor vehicle assemblers in Kenya, government policies and regulations were found to have a substantive effect on performance. Likert scale of 5 points was used to collect data from the respondents and policies and regulations had a mean of 3.6.

Government policies and regulations affect the operations of the motor vehicle industry thus altering their strategies. When strategies are interfered with, the competitive advantage is affected. This means that its resultant effect on performance is moderated.

CONCLUSIONS AND RECOMMENDATIONS

The findings led the researcher to draw conclusions and make relevant recommendations on strategic planning outcomes; (competitive advantage, customer satisfaction; government policies-intervening factor) and performance of motor vehicle industry in Kenya. The study concludes that strategic planning is the most appropriate way for Motor vehicle industry to achieve competitive advantage and improve their new car sales. These companies may be lacking competitive advantage in the market due to ineffective cost leadership status against competitors. In such a case, they are not able to offer competitive prices. Product differentiation enables customers to attain uniqueness according to their taste and preference. Motor vehicle industry in Kenya may not differentiate themselves for instance in terms of design thus customers fail to buy their cars resulting into decreased sales. They find themselves in a difficult situation even to compete with importers of new cars. They do not have adequate economies of scale to manage operational costs thus insufficient performance. Moreover, the changing customer preferences may not be in line with the rate of product differentiation by Motor vehicle industry in Kenya. Focus strategy is also crucial. Motor vehicle companies may not be focusing on certain types of customers and give the best services. It has been confirmed that strategic planning focuses on achieving customer satisfaction. Success or failure of any business is determined by the customers. Therefore, the decline in sales of new cars has been partly contributed by anomalies in customer loyalty, price sensitivity and brand loyalty. It can be concluded that government policies affected the performance of motor vehicle industry in Kenya through taxation and regulations. The strategic planning outcomes of competitive advantage and customer relationship are altered by government policies and the resultant effect is felt in the performance of motor vehicle industry.

From the study findings, motor vehicle industry decline in the sales of new cars can be attributed to inadequate performance. Findings from the review of journals and other secondary sources showed that performance is influenced by strategic planning outcomes; competitive advantage, customer satisfaction and government policies. Having clearly analyzed these strategic planning outcomes, the researcher recommends the following;

Management of should lay more emphasis on the support for strategic plans to strengthen competitive advantage to bring out required results. When structuring customer satisfaction strategies, customer loyalty and price sensitivity should be well analyzed for retention and further improvement. Motor vehicle industry players should work closely with government to negotiate and reduce customs and excise duty, reduce the bureaucracy and lengthy procedures.

LIMITATIONS OF THE STUDY

The study was limited to secondary data. Therefore, the researcher depended on the findings of other scholars and authors to examine the strategic planning outcomes and performance. Information relevant to the study was scanty in some journals. It was not an easy task to integrate data from different secondary sources for a single study. The researcher had to source for many journals which required a lot of time.

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