

EFFECT OF STRATEGIC INNOVATION ON COMPETITIVE ADVANTAGE IN  
MANUFACTURING FIRMS IN NAIROBI COUNTY, KENYA

by

Samson Aliton Okello

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APPROVAL

EFFECT OF STRATEGIC INNOVATION ON COMPETITIVE ADVANTAGE OF  
MANUFACTURING FIRMS IN NAIROBI COUNTY, KENYA

by

Samson Aliton Okello  
19-1065

In accordance with Daystar University policies, this thesis is accepted in partial fulfillment of the requirements for the Master of Business Administration degree.

Sign.

Date:

\_\_\_\_\_  
Joanes Kyongo, PhD,  
1st Supervisor

\_\_\_\_\_  
Maurice Onyango, MA,  
2nd Supervisor

\_\_\_\_\_  
Joseph Munyao, MSC,  
HoD, Commerce Department

\_\_\_\_\_  
Evans Amata, PhD,  
Dean, School of Business and Economics

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DECLARATION

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I declare that this thesis is my original work and has not been submitted to any other college or university for academic credit.

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Signed: \_\_\_\_\_  
Samson Aliton Okello  
19-1065

Date: \_\_\_\_\_

## ACKNOWLEDGEMENTS

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## LIST OF ABBREVIATIONS AND ACRONYMS

ATM	Automated Teller Machine
BMI	Business Model Innovation
ERB	Ethics Review Board
KAM	Kenya Association of Manufacturers
NACOSTI	National Commission for Science, Technology & Innovation

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## ABSTRACT

The business environment is constantly changing, therefore, there is a need for innovations to address various strategic goals. This study addresses the effect of strategic innovations on the creation of competitive advantage for manufacturing firms in Nairobi, Kenya. The objectives of this study were to identify the strategic innovations employed by manufacturing firms, assess competitive advantages of manufacturing firms, and determine the effect of strategic innovation on competitive advantage of manufacturing firms in Nairobi County. The theories that guided the study include organizational control theory, resource-based theory, diffusion of innovation theory, and Porter's competitive advantage theory. The study used a descriptive research design to collect data. The study population comprised 314 manufacturing firms in Nairobi County. The study utilized stratified random sampling to arrive at a representative sample of 94 respondents. Questionnaires were employed to collect primary data, which was analyzed using Statistical Package for the Social Sciences (SPSS), version 26, and presented in form of frequencies, percentages, tables, and figures. The study revealed that 100% of the manufacturing firms under study adopted product innovation and organizational innovation, while 98.9% adopted business model innovation (BMI). Respondents agreed with a weighted mean of 3.713 on the level of competitive advantage of manufacturing firms. The findings indicated that product innovation had an effect on competitive advantage with a weighted mean of 3.855. BMI and organizational innovation affected competitive advantage of manufacturing firms in Nairobi with a weighted mean of 3.603 and 3.809 respectively. The study recommends that manufacturing firms in Nairobi County should embrace strategic innovation to gain competitive advantage.

## DEDICATION

I dedicate this work to my dear wife, Mrs. Ruth Okello, for her support and understanding when I had to take much of my time away to study, and my lovely daughter, Ivy Samantha Okello, for their moral support. They all bring happiness ever in my life.

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