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Research Article

Warranty Strategies and Organizational Performance of Licensed Motor Vehicle Assemblers in Kenya

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Abstract

This study examined the influence of warranty strategies on the organizational performance of licensed motor vehicle assemblers in Kenya. Warranty strategy was conceptualized as a critical post-sale mechanism encompassing policy design, claim management, service responsiveness, and the integration of warranty data into product and process improvement. Guided by the Resource-Based View and Competitive Advantage Theory, the study explored how internal capabilities and strategic differentiation shape warranty effectiveness and performance outcomes. A descriptive research design was employed, targeting all four licensed assemblers using a census approach. Structured questionnaires were administered to 110 respondents, with a valid response rate of 88.18%. Data was analyzed using descriptive statistics, reliability testing, and regression analysis. Findings revealed that warranty strategies moderately contribute to organizational performance by enhancing customer satisfaction, operational efficiency, and brand trust. The study concludes that strengthening warranty terms, streamlining claim procedures, and improving communication are essential for enhancing customer confidence and sustaining competitive advantage. Recommendations include benchmarking against global best practices and leveraging digital warranty management systems.

Keywords: *Warranty strategies, licensed motor vehicle assemblers, organizational performance, competitiveness.*

1.0 INTRODUCTION

Warranty strategies are the policies, procedures, and commitments an assembler makes to repair, replace, or compensate for defective products within a specified period after sale. In the automotive sector, warranty strategy encompasses not only the length and scope of coverage but also the administrative systems that manage claims, the resources set aside for accruals and reserves, and the after-sales network that executes repairs and parts replacement (Warranty Week, 2022). Modern warranty strategies increasingly combine preventative and reactive approaches: preventative by feeding warranty claims data back into product design and manufacturing to reduce defects, and reactive by streamlining claims processing and customer service to protect brand equity and customer loyalty (González-Prida, 2025). Digitization, such as including telematics, IoT sensors, and predictive analytics, has become a core element of warranty strategy, enabling firms to detect failure patterns earlier, forecast accrual needs more accurately, and shift from costly remedial actions to targeted design or process fixes (González-Prida, 2025). Warranty strategy, therefore, operates at the intersection of product quality, after-sales capability, financial provisioning, and customer relationship management for licensed motor vehicle assemblers.

Organizational performance is a multi-dimensional construct that captures how effectively an organization achieves its strategic and operational objectives. Measures commonly used in manufacturing contexts include financial, operational, and market-relational metrics. Financial metrics include profitability, return on assets, and revenue growth, while operational metrics include throughput, defect rates, warranty claim rates, and mean time to repair. Market-relational metrics include customer satisfaction, brand reputation, and market share (Nunes, Alexandre, & Gaspar, 2024). In the automotive industry, performance measurement increasingly relies on integrated key performance indicators (KPIs) and

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dashboards that tie engineering, production, and after-sales data together to provide managers with real-time visibility into both product quality and economic outcomes (Nunes et al., 2024). Organizational performance in assemblers is therefore shaped by technological capability, supply-chain reliability, workforce skills, and governance of after-sales services. Each of these performance dimensions interacts with warranty outcomes because warranty claims both reveal quality gaps and impose direct costs on financial performance (Nunes et al., 2024).

Research and industry practice indicate a bidirectional relationship between warranty strategies and organizational performance. Well-designed warranty strategies can improve performance by preserving customer trust, reducing long-term service costs through root-cause elimination, and providing valuable field information for continuous improvement (González-Prida, 2025). Conversely, organizations with stronger operational performance, characterized by lower defect rates, robust supplier management, and efficient service networks, tend to experience fewer and less costly warranty claims, creating a virtuous cycle where good performance reduces warranty exposure and warranty insights further enhance performance (Warranty Week, 2022; Nunes et al., 2024). However, warranty commitments also represent contingent liabilities and require prudent financial provisioning; misaligned warranty generosity or poor claims control can erode profitability even if customer satisfaction initially rises (Warranty Week, 2022). Optimization of warranty strategy balances marketplace competitiveness as it is a marketing and trust signal with sound engineering feedback loops and tight cost controls for licensed motor vehicle assemblers.

Globally, the automotive sector's warranty landscape has evolved rapidly since 2020, driven by technological innovations, heightened customer expectations, and intensified international competition. Worldwide accruals and claims reports indicate that OEMs continue to allocate substantial resources to warranty reserves, reflecting both the financial significance of warranty commitments and the increasing complexity of modern vehicles (Warranty Week, 2022). Moreso, digital transformation has reshaped warranty practices: manufacturers now leverage telematics, onboard diagnostics, and IoT-enabled monitoring systems to identify failure patterns in real time and implement predictive maintenance approaches that reduce warranty exposure (González-Prida, 2025). The adoption of advanced analytics and machine learning further enhances organizations' ability to forecast defects, refine warranty cost models, and minimize the frequency of costly post-sale interventions. Global manufacturers are increasingly using connected-vehicle data to prioritize recalls, redesign faulty components, and improve supply-chain traceability, thereby shifting the emphasis from reactive field repairs to proactive engineering solutions (González-Prida, 2025). Additionally, consumer expectations for transparency, reliability, and extended service coverage have expanded significantly, pushing international assemblers to offer differentiated warranty packages, including extended warranties, hybrid and electric vehicle battery guarantees, and tiered coverage options tied to certified service networks.

Regionally, in East Africa and broader sub-Saharan Africa, warranty practice and after-sales ecosystems are maturing but face structural constraints compared with developed markets. Case evidence from regional assemblers and multinationals operating in East Africa shows that limited local parts inventories, longer supply-chain lead times, and uneven service distribution increase both the cost and the complexity of executing warranty promises (Strategic Journals case studies; Kenya policy reports). At the same time, regional policy shifts and incentives aimed at promoting local assembly are increasing the scale of operations and encouraging assemblers to invest in localized after-sales support and spare-parts stocking, which in turn strengthens organizations' ability to meet warranty obligations and improves customer experience (KenyaNews, 2024).

Locally in Kenya, recent policy developments aimed at stimulating vehicle assembly have direct implications for warranty strategy and organizational performance. The National Automotive Policy and related tax and procedural guidelines implemented since 2020 seek to encourage local assembly, enhance local content, and create predictable fiscal regimes for assemblers (Parliament of Kenya, 2022; Kenya Revenue Authority, 2024). These measures have stimulated investment in assembly operations and after-sales infrastructure, making it more feasible for licensed assemblers to maintain parts inventories, train service technicians, and implement warranty management systems that align with global best practices (Parliament of Kenya, 2022; SEforALL, 2025). Nonetheless, challenges remain: ensuring consistent quality across locally sourced components, developing affordable certified repair networks outside urban centres, and building robust data systems for warranty analytics are ongoing priorities for Kenyan assemblers aiming to translate warranty strategy into improved organizational performance.

Warranty strategy is both a reflection of a motor vehicle assembler's product quality and a lever for shaping customer perceptions and financial outcomes. Organizational performance and warranty strategy are tightly interwoven: effective warranty governance reduces direct service costs and provides feedback for continuous operational improvement, while strong operational capability lowers warranty exposure. In Kenya's evolving automotive landscape shaped by national policy incentives, regional market realities, and global technological shifts, licensed assemblers that integrate digital warranty management, local after-sales investments, and prudent financial provisioning are best positioned to convert warranty commitments into long-term performance gains (González-Prida, 2025; Parliament of Kenya, 2022; Warranty Week, 2022).

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2.0 LITERATURE REVIEW

A warranty strategy is a critical post-sale commitment that assures product reliability and provides customers with repair or replacement within a predefined period. In the motor vehicle assembly industry, such a strategy is more than just an after-sales promise; it is a strategic tool that shapes customer perceptions, strengthens brand trust, and enhances satisfaction. Effective warranty programs act not only as confidence-building mechanisms but also as important quality control systems that enable organizations to monitor product defects, improve manufacturing processes, and manage operational risks. Consequently, warranty strategies have become catalysts for driving organizational performance, competitiveness, and long-term sustainability in the automotive sector. This review explores the role of warranty strategies from theoretical and empirical perspectives, with a focus on how these approaches influence organizational performance globally, regionally, and within the Kenyan motor vehicle assembly context. It also draws on foundational theories such as the Competitive Advantage Theory and the Resource-Based View (RBV), which provide a framework for understanding how warranty strategies contribute to operational efficiency and strategic differentiation.

The Resource-Based View (RBV) theory posits that organizations achieve sustainable competitive advantage by possessing and effectively deploying valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). In relation to warranty strategies, RBV suggests that motor vehicle assemblers with strong internal capabilities, such as well-trained technical teams, efficient spare parts supply chains, advanced diagnostic equipment, and robust warranty management systems, are better positioned to implement effective warranty programs that enhance firm performance. In Kenya, where competition among licensed assemblers has intensified, resources such as skilled personnel, reliable after-sales networks, and digitized tracking platforms give firms a strategic edge. Such resources enable organizations to process warranty claims efficiently, reduce downtime, and enhance the overall customer experience. This internal resource strength ensures that warranty strategies do not merely serve as cost centers but as strategic assets that contribute to customer loyalty, reduced operational expenses, and improved product quality over time. Thus, RBV highlights the central role of organizational capabilities in shaping how warranty strategies translate into competitive and financial gains.

Competitive Advantage Theory further strengthens the argument by emphasizing the need for organizations to develop strategies that allow them to outperform competitors through cost leadership, differentiation, or focus (Porter, 1985). Applied to warranty strategies, this theory suggests that firms can differentiate themselves by offering superior, more reliable, and customer-centered warranty programs that generate unique value. In the Kenyan automotive sector, where customer expectations regarding post-sales support have grown, organizations that offer transparent, timely, and comprehensive warranty services can significantly enhance brand loyalty. Effective warranty strategies also minimize post-sale service costs by encouraging preventative maintenance and enabling early detection of defects. Customer-focused warranty programs,s therefore, create a competitive edge by improving satisfaction, fostering repeat purchases, and enhancing the overall brand image. By linking warranty performance with operational capabilities, assemblers translate strategic differentiation into tangible outcomes such as increased market share, stronger customer retention, and heightened operational efficiency.

Empirical evidence from global studies reinforces the importance of warranty strategies as drivers of organizational success. For instance, Liao et al. (2021) found that automotive organizations in Taiwan offering longer and more comprehensive warranty packages experienced higher customer retention and increased sales volumes. Their research demonstrated that well-designed warranty programs lower customer perceived risk and enhance brand credibility, ultimately contributing to sustained organizational performance. Similarly, Chen et al. (2020) in the United States showed that firms that aligned warranty policies with predictive maintenance technologies achieved significant cost reductions and improved satisfaction scores. Their findings emphasized the role of warranty data in improving product quality, supporting organizational learning, and reducing long-term warranty claims. Together, these global studies confirm that effective warranty strategies not only contribute to customer satisfaction but also shape financial outcomes by reducing operational costs and strengthening product reliability.

Across Africa, warranty strategies are increasingly recognized as key contributors to organizational performance, although they have historically been underutilized. In Nigeria, Akinyele et al. (2021) found a strong correlation between transparent warranty communication, quick claim processing, and high levels of customer loyalty. Their findings indicated that efficient warranty management directly influences revenue growth and customer retention. In South Africa, Mahlangu et al. (2020) analyzed warranty processes within car dealerships and found that dealerships supported by OEMs with efficient claim systems achieved faster turnaround times and better service outcomes. Warranty feedback loops were also shown to support product redesign and supply chain improvements, demonstrating the broader operational value of warranty data. These studies illustrate that warranty strategies across Africa are emerging as powerful levers for enhancing organizational performance, operational efficiency, and customer satisfaction.

In the Kenyan motor vehicle assembly industry, warranty strategies have gained prominence amid rising customer expectations, increased market competition, and the growing presence of global automotive brands. Kamau et al. (2022)

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found that assemblers with streamlined warranty registration, approval, and repair processes achieved higher customer satisfaction and repeat sales, which directly contributed to improved overall performance. Their study emphasized the importance of reducing administrative delays and improving communication channels across the warranty lifecycle. Complementing this, Otieno et al. (2023) examined the impact of service delays on customer perceptions and found that prolonged warranty claim resolution times significantly undermine customer trust and satisfaction. Firms that adopted digitized warranty systems, real-time tracking, and transparent policies were better able to retain clients and enhance operational efficiency. These findings highlight the growing necessity of robust warranty management systems in Kenya's rapidly evolving automotive sector.

In conclusion, warranty strategies play a transformative role in shaping organizational performance among licensed motor vehicle assemblers in Kenya. As mechanisms of post-sale assurance, they not only strengthen customer confidence but also act as strategic tools for quality control, cost reduction, and competitive differentiation. The RBV framework underscores the importance of strong internal resources in the successful implementation of warranty programs, while Competitive Advantage Theory illustrates how customer-focused, efficient, and reliable warranty systems generate strategic value. Empirical findings from global, regional, and local contexts consistently show that effective warranty management enhances customer retention, operational efficiency, brand loyalty, and long-term profitability. For Kenya's motor vehicle assembly sector, investment in robust, responsive, and technologically supported warranty strategies is essential for sustaining competitiveness and securing long-term organizational success.

3.0 METHODOLOGY

This study adopted a descriptive research design to investigate the relationship between post-sale support strategies and organizational performance among licensed motor vehicle assemblers in Kenya. A descriptive design was appropriate because the objective was to systematically and accurately describe characteristics of a population, phenomenon, or relationship, especially in real-world business contexts (Saunders et al., 2023). The target population was the four motor vehicle assemblers in Kenya (KAM,2020). That is, Isuzu East Africa, Associated Vehicle Assemblers (AVA), Kenya Vehicle Manufacturer (KVM), and Trans Africa Limited. The target population included Post-sales General Managers, Post-sales Coordinators, Marketing Administrators, Quality Assurance Team, Parts Manager, Post-sales Marketing Administrators, Post-sales customer service personnel, and Service Technicians. The total number of formal populations for the study was 110.

The study adopted a census study. The technique ensured the entire population participated in the study. Thereby eliminated sampling error and provides a more comprehensive and accurate understanding of the relationship between warranty strategies and organizational performance. The study used structured questionnaires (Likert) to collect primary data from selected respondents. This instrument was efficient for collecting standardized data across multiple organizations and departments. The questionnaire was designed to capture descriptive data on warranty strategies and organizational performance indicators. Data collection commenced after obtaining official authorization from each organization. Appointments were scheduled with departmental heads to coordinate questionnaire distribution. Structured questionnaires (Likert) to collect primary data were distributed via email with follow-up phone calls to ensure timely completion. Within an agreed-upon timeline, the Google Form questionnaires were checked for completeness and coded for data entry and subsequent analysis. This systematic and ethical approach to data collection ensured high response quality and completeness, enhancing the validity and reliability of the study findings.

In this study, a pilot test was conducted with 11 respondents, representing 10% of the total sample size of 110 participants drawn from licensed motor vehicle assemblers in Kenya. Further, validity testing was conducted to ensure the accuracy, clarity, and appropriateness of the and comments from the pilot participants to improve the flow and language used in the instrument. Reliability testing was conducted to ensure that the questionnaire used to collect data on post-sale support strategies and organizational performance yielded consistent results among the 110 respondents drawn from the four motor vehicle assemblers in Kenya. Cronbach's alpha coefficient was calculated for the key constructs: warranty strategy, and organizational performance to assess the internal consistency of the instrument.

The collected data was cleaned and coded into SPSS Statistics version 29 software. Thereafter, the Multiple Regression Model was used to analyze data as shown below:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where:

Y = Organizational Performance

X_1 =Warranty availability strategy

β_0 = Intercept

β_1 = Regression coefficients

ε = Error term

The analyzed data will be presented in the form of tables and figures.

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4.0 FINDINGS, CONCLUSIONS & RECOMMENDATIONS

4.1 Findings

The study targeted a total population of 110 respondents drawn from licensed motor vehicle assemblers in Kenya. Out of these, 97 participants completed and returned the questionnaires, representing a response rate of 88.18%. This response rate is considered highly satisfactory for survey research. According to Babbie (2021), a response rate of 70% and above is adequate for generalization in social science research, while Saunders et al. (2023) emphasize that rates above 80% minimize non-response bias and enhance the reliability of findings. Therefore, the response rate achieved in this study provides a strong basis for credible and dependable analysis.

A pilot test is a small-scale preliminary study conducted to evaluate the feasibility, reliability, and clarity of research instruments before the main data collection. A pilot test was conducted among a group of 11 tyre distributors in Nairobi Town to verify the clarity, reliability, and validity of the questionnaire before its full deployment. The group was selected based on their active involvement in tyre distribution, their experience in the industry, and their accessibility, which ensured that they reflected the characteristics of the target population. The respondents were purposively drawn from different distribution companies and asked to complete the questionnaire while providing feedback on the wording, structure, and relevance of the items for a face validity test. The exercise enabled the identification of ambiguous or unclear questions, as well as potential difficulties in interpretation. The measurement approach was also deemed appropriate. Responses were collected using Likert scales ranging from “Strongly Disagree” to “Strongly Agree.” The scale is widely recognized as an effective tool for capturing perceptions and attitudes, and it is suitable for subsequent statistical analyses. Necessary adjustments were made based on the feedback from the 11 respondents to refine the questionnaire, thereby enhancing its usability, accuracy, and ability to generate reliable data for the main study.

In order to find out whether the questionnaire measures what it purports to measure, this study undertook a test of reliability using a Cronbach’s Alpha coefficient. The test requires alpha values of Cronbach to be at least 0.7, while the study found that the questionnaires had an average Cronbach’s Alpha coefficient of 0.738. This evidenced the consistency in the questionnaires; hence, they could be used to determine warranty strategies and organizational performance of licensed motor vehicle assemblers in Kenya.

Table 4.1: Reliability Test

Variable	Cronbach's Alpha	N of Items	Conclusion
Warranty strategy	0.738	5	Acceptable Reliability

The study respondents were drawn from licensed motor vehicle assemblers in Kenya, representing a cross-section of the industry. Analysis of the organizational affiliation revealed that 45.4% of the participants were from ISUZU East Africa, which reflects the organization’s dominant market share in the Kenyan motor vehicle assembly sector. This high representation is consistent with industry reports that position ISUZU East Africa as the market leader in commercial vehicle assembly. 24.7% of the respondents were affiliated with Kenya Vehicle Manufacturers (KVM) and 18.6% with Associated Vehicle Assemblers (AVA). These two assemblers play a significant role in the industry by complementing ISUZU’s dominance through the assembly of passenger vehicles, trucks, and specialized units. Their inclusion in the sample provides a balanced perspective on the dynamics of both multinational-affiliated and locally-owned assemblers. Additionally, 11.3% of the respondents were drawn from TransAfrica Motors, a relatively smaller assembler in the Kenyan context. This inclusion enriches the dataset by ensuring representation of emerging players in the sector.

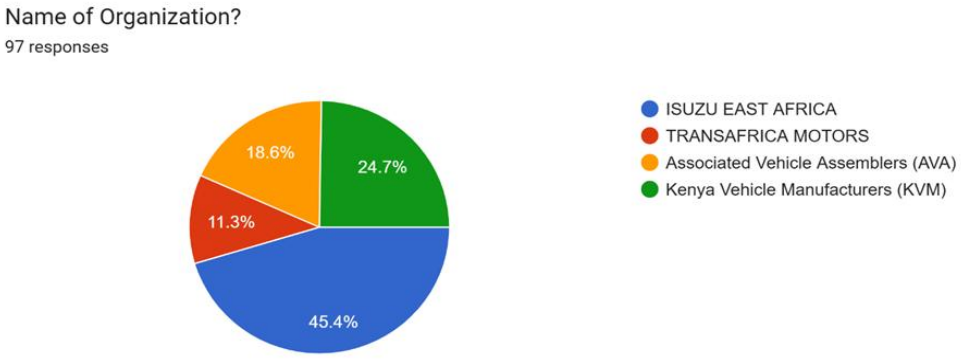

Fig 4.1: Respondents' Organization

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The analysis of respondents' years of experience with local motor vehicle assemblers revealed a diverse distribution across different experience brackets. 30.9% of the respondents reported having 2–5 years of experience, indicating that a significant portion of participants were relatively early in their careers within the assembly sector. This group contributes valuable insights from employees who are actively engaged in daily operations but may still be developing long-term industry perspectives. 25.8% of the respondents reported 6–10 years of experience, demonstrating the presence of mid-career professionals who possess deeper knowledge of organizational practices and sector dynamics. Their inclusion strengthens the study by providing perspectives that bridge entry-level insights with those of seasoned industry experts. Additionally, 25.8% of the respondents indicated having above 10 years of experience. This category represents highly experienced professionals with long-term exposure to organizational change, technological evolution, and market trends within the assembly sector. Their views contribute historical depth and strategic insights to the research findings. 17.5% of the respondents reported less than 2 years of experience, highlighting the perspectives of new entrants into the industry. Though fewer in number, these respondents provide fresh outlooks on contemporary practices, orientation processes, and integration within the sector. The balanced distribution of experience levels enhances the representativeness of the dataset by capturing perspectives from early-career employees to seasoned industry veterans. This diversity strengthens the credibility of the study findings by ensuring that organizational performance is analyzed through the lens of both short-term operational engagement and long-term strategic experience.

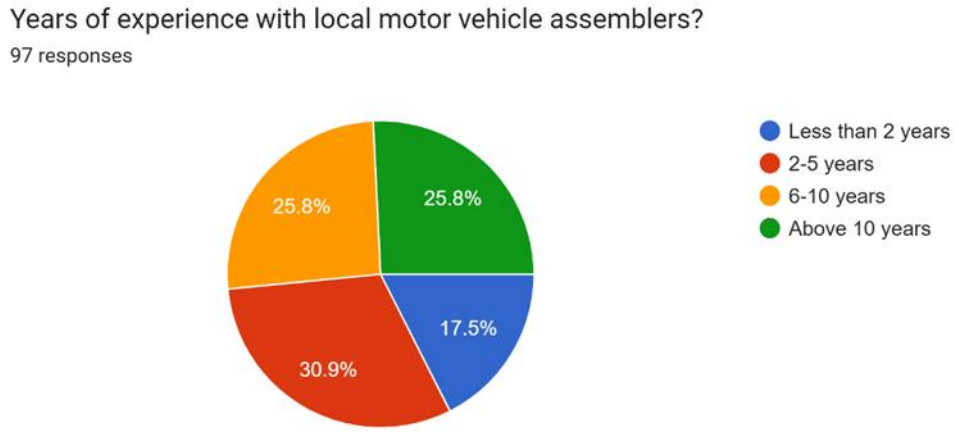

Fig 4.2: Respondents' years of experience with the local motor vehicle assembler

Variance Inflation Factor (VIF) analysis was conducted to assess the extent of multicollinearity of the independent variable (warranty strategy). The results are presented in Table 4.5.

Table 4.2: Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.215	.323		6.857	.000		
	Warranty Strategy	.338	.098	.381	3.450	.001	.503	1.987

a. Dependent Variable: Organizational Performance

The results, as presented in Table 4.2, reveal that among the independent variables, all VIF values were below the commonly accepted threshold of 5, indicating no serious multicollinearity concerns (Hair et al., 2019). Specifically, spare parts availability with a VIF of 1.987. The findings suggest that the independent variable can be reliably included in the regression model without risk of distortion due to multicollinearity. A VIF value below 5 is generally considered to indicate no serious multicollinearity concerns (Yang & Lee, 2023).

For linear regression analysis results to be valid and reliable, the relationship between each independent variable (Warranty) and the dependent variable (Organizational Performance) must be linear. Results showed approximately linear relationships, suggesting that the linearity assumption of multiple regression was met.

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Figure 4.3: Warranty vs organizational performance

An analysis was conducted on survey responses regarding the warranty strategy, with a total of 97 participants. The descriptive statistics for each item, including the mean and median, are presented in Table 4.6.

Table 4.3: Warranty Strategy and Organizational Performance

	N	Mean	Std. Deviation
Warranty policies are clearly communicated.	97	2.93	1.42
Warranty claims are handled efficiently.	97	2.92	1.42
Warranty terms are competitive.	97	2.90	1.40
Warranty services enhance customer satisfaction.	97	3.04	1.29
Warranty services are well-integrated with post-sales operations.	97	3.16	1.39
Overall Mean	97	2.99	1.02

The analysis of warranty-related questions provides insight into how warranty services are perceived by customers. The overall mean for warranty strategy was (M = 2.99, SD = 1.02), with the highest rated item being well-integration of warranty services with post-sales operations (M = 3.16, SD = 1.39) and the lowest rated item being competition of warranty terms (M = 2.90, SD = 1.40). These results indicate that most of the respondents gave neutral responses regarding the warranty strategy. Combined, these results demonstrate that while warranty services are seen as effective in enhancing satisfaction and maintaining efficiency, competitiveness of terms and deeper integration with post-sales operations remain critical areas for improvement. Strengthening these aspects could further elevate organizational performance and customer loyalty. An analysis of variance (ANOVA) was conducted to test whether the overall regression model significantly predicted organizational performance from the set of after-sales strategies.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.246	1	.246	.302	.584[b]
	Residual	77.392	95	.815		
	Total	77.639	96			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Warranty Strategy

The results indicated that the regression model was not statistically significant, F (1, 95) = 0.302, p = .584. This means that the spare parts availability strategy did not make a meaningful contribution to explaining the variance in organizational performance. The residuals of the model were examined to assess whether the assumptions of multiple regression were met.

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Model Summary

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.056[a]	.003	-.007	.90258

a. Predictors: (Constant), Warranty Strategy

The model summary indicates that the predictor (spare parts availability strategy) had a very weak relationship with organizational performance, as shown by the correlation coefficient (R = .056). The model explained only 0.7% of the variance in organizational performance (R^2 = .003), and the negative adjusted R^2 (–.007) suggests that the predictor did not improve the model's explanatory power beyond what would be expected by chance.

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.272	.286		11.432	.000
	Warranty Strategy	.050	.091	.056	.550	.584

a. Dependent Variable: Organizational Performance

The regression coefficient for warranty strategy was not statistically significant, β = .06, t (95) = 0.55, p = .584, indicating that warranty strategy does not meaningfully contribute to predicting organizational performance. Although the unstandardized coefficient suggested a slight positive relationship (B = 0.05), this effect was very small and not statistically meaningful. The intercept of the model was 3.27, representing the expected level of organizational performance when the warranty strategy is held constant. Overall, the findings indicate that the warranty strategy does not have a significant impact on organizational performance within this sample. Other organizational factors not included in the model are likely to play a more substantial role in explaining performance outcomes.

4.2 Summary of Findings

The findings further demonstrated that the warranty strategy had a positive and statistically significant effect on organizational performance. The regression results (β = 0.34, p = 0.001) affirmed that warranties play a key role in reinforcing customer trust, enhancing satisfaction, and promoting operational efficiency. Respondents indicated that warranty services moderately contributed to improved service experiences, particularly in terms of timely handling of claims and assuring product quality. However, the lowest ratings were observed in relation to the competitiveness of warranty terms, suggesting that customers perceived a gap between what was offered and prevailing industry standards. This finding underscores the importance of reassessing warranty policies not only as a compliance measure but as a strategic tool for differentiation. Enhancing warranty coverage, improving claim procedures, and benchmarking against industry best practices could allow assemblers to build stronger customer loyalty and remain competitive in an increasingly demanding market.

These findings are consistent with prior research emphasizing warranties as a key determinant of customer confidence and firm reputation (Miletić et al., 2022). Furthermore, Akinlolu and Alaba (2024) demonstrated that well-structured warranty and maintenance programs significantly increase organizational performance in post-sales service-oriented sectors. However, the present study extends this literature by revealing that not all warranty strategies deliver equal value; competitiveness of terms and efficiency of claims handling are crucial. The nuance contributes to understanding how warranty strategies can evolve from operational necessity to strategic advantage within Kenya's automotive sector.

4.3 Conclusions

Warranty strategies should be continuously reviewed, strengthened, and aligned with changing market dynamics to enhance their contribution to organizational outcomes. While the study established that warranty strategies positively influence organizational performance, customer feedback revealed notable concerns regarding the competitiveness and attractiveness of existing warranty terms compared to industry benchmarks and global best practices. This underscores the need for licensed motor vehicle assemblers to undertake comprehensive benchmarking exercises to evaluate how their warranty offerings measure against those of leading international automotive brands. By refining warranty terms to deliver more meaningful value, such as extended coverage, clearer exclusions, or enhanced service support, assemblers can significantly boost customer satisfaction and market confidence.

In addition to revising warranty terms, there is a strong need to streamline warranty claim procedures. Customers expressed frustration with bureaucratic delays, lengthy approval processes, and inconsistent service standards across dealership networks. Addressing these challenges requires the adoption of more efficient, technology-supported

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processes, including digital claim submission, automated verification systems, and centralized data management. These enhancements will not only accelerate claim resolution but also reduce operational inefficiencies and improve the reliability of after-sales services.

Equally important is the communication of warranty policies. Many customers perceive warranty programs as complex or unclear, often due to limited access to information or vague explanations from service personnel. Clear, transparent, and proactive communication delivered through customer education, digital tools, and well-trained service staff can significantly improve the understanding and appreciation of warranty benefits. When customers fully grasp the scope, limitations, and procedures associated with warranties, they are more likely to trust the brand and engage positively with after-sales services. Ultimately, strengthening warranty terms, modernizing claim procedures, and improving communication will enhance customer confidence, foster long-term loyalty, and position assemblers to compete more effectively in Kenya's evolving automotive market. These improvements are essential for sustaining organizational performance and achieving long-term competitive advantage.

4.4 Recommendations

Warranty strategies should be reviewed to strengthen their contribution to organizational outcomes. Although warranties were found to positively influence performance, customers expressed concerns about the competitiveness of terms relative to industry benchmarks. Assemblers should therefore benchmark their warranty policies against global best practices to ensure that terms provide real value to customers. Streamlining claim procedures, reducing bureaucratic hurdles, and ensuring efficient processing will further enhance customer confidence. Clear, transparent, and proactive communication of warranty policies is equally critical, as customers are more likely to appreciate and trust warranties when they fully understand their scope, benefits, and limitations.

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