

Analysis of Cost Leadership Strategy Influence on Organizations' Competitiveness of Sugar Firms in Kenya

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Abstract

Due to increased competition which is brought about by liberalization and deregulation, organizations are faced with greater demands to be flexible, responsive and efficient in order to be more competitive. As a result of this, organizations are faced with a lot of challenges in their effort to remain competitive and the Kenyan sugar firms are no exemption. The purpose of the study was to analyze influence of cost leadership strategy on organizations' competitiveness of sugar firms. The study was based on the following theories; competitive advantage, generic framework and resource based. To be able to achieve the study objective, it was essential to establish the associations between the different variables associated with the study variables in relation to the sugar firms hence descriptive cross-sectional research design was used in this study. The study's target respondents were twenty (20) managers from every sugar firm and its affiliated farmers' sugar cane out grower firms. In order to simplify the process of sample size determination for researchers, Krejcie & Morgan (1970) created a table based on the formula which shows the population of study and the expected sample size. According to the table, when the population is 240, then the sample size should be 148. Therefore the sample size of this study was 148. Questionnaires were the data collection instrument of this study mainly to collect the primary data and they were administered to the respondents by the researcher himself. Before the data was subjected to statistical analysis, it was subjected to factor analysis in order to prove the data suitability for statistical analysis. Correlation analysis was carried out in order to measure strength of association between cost leadership strategies. The model summary or goodness of fit model results also demonstrated that cost leadership strategy had explanatory power over organizations' competitiveness of sugar firms' in that it accounted for 53.2 percent of its variability ($R^2 = .532$) hence the study rejected hypothesis H_{01} and states that the influence of low cost leadership strategy on organizations' competitiveness was statistically significant. The study therefore concluded that there was a statistically significant influence of cost leadership strategy on organization competitiveness therefore this study conclude that sugar firms management in Kenya should make more efforts in employing cost leadership strategies in an efforts to improve on organizations' competitiveness.

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Keywords: Cost Leadership Strategies, Organizations' Competitiveness, Sugar Firms, Kenya

1.1 Background of the study

Due to increased competition which is brought about by liberalization and deregulation, organizations are faced with greater demands to be flexible, responsive and efficient in order to be more competitive. As a result of this, organizations are faced with a lot of challenges in their effort to remain competitive and the Kenyan sugar firms are no exemption. Ochieng (2012) is of the opinion that Kenya sugar industry is facing a number of challenges which include ineffective production procedure, accumulated debt, as well as inflexible competition coming from low cost producers such as Malawi, Mauritius, Sudan and Zambia. The sugar firms are facing intense competition from low cost sugar producers mainly from the COMESA region and other low cost producers of sugar in the world. Kenya Sugar Board (2016) estimates that the producing one tonne of sugar in Kenya to be will cost about \$ 570 (Ksh. 51300) whiles to produce a tonne of sugar in Egypt cost \$240 (Ksh. 21600). In an effort to overcome these challenges, the sugar firms in Kenya have employed various generic strategies.

Competitiveness is where firms produce their products more economically than their competitor (Barney, 2010). Competitiveness by the sugar firms refers to the ability to convert input into output. Pearce & Robinson (2016) is of the opinion that sugar firm that want to have a competitive advantage over its rivals must work hard to remain low cost leaders within the industry in which they are operating in. This definitely makes them able to charge lower prices for their products and service hence gaining market share through increased sales (Pearce and Robinson, 2010). Thompson et al (2011) proposes that firm competitiveness is where a firm creates more

worth for its clients.

Pearce and Robinson (2016) were of the view that firms who wish to be low cost leaders in the industry must have a number of services and products that appeal to their customers. Cost leadership is being able to be a leader in production cost in the industry. The cost management strategy is where firms make efforts to manufacture goods that satisfy customer needs at a lower production cost than the rivals (Pearce and Robinson, 2016). The cost leadership tries to keep costs of production as low as possible and yet making efforts in manufacturing quality merchandise which get together the customer expectations, taste and preference as argued by Pearce and Robinson (2016).

1.2 Statement of the problem

In order to achieve their organizational objectives, firms use various forms of generic strategies to help them be more competitive and also improve the organizations' performance and sugar firms are no exception. Major obstacles faced by Kenyan sugar firms' is stiff competition from low cost producers such as Malawi, Mauritius, Sudan and Zambia as well as the high cost of production (Ochieng, 2012). According to Dlamini (2010) there are numerous factors that determine sugar firm's profitability and competitiveness states sugar firms in Africa have adopted various generic strategies in an effort to organizations' competitiveness.

A comparative study done by Kenya Sugar Board (2016) on performance of the sugar firms shows that the sugar industry production capacity had a decrease by 8.3% in 2013 compared to 2015. The sugar sales in the same period was 135,610 tons compared to 143,077 tons and sugar closing stock was fourteen thousands six hundred and fifty eight tons compared to twenty one thousands seven hundred and twenty six tons. Sugar firms have employed generic strategies in their operations hence this study aims at finding out the contribution of these strategies in making sugar firms have a competitive advantage.

1.3 Objective of the study:

The main objective of study was to assess cost leadership strategies influence on organizations' competitiveness of sugar firms' in Kenya.

1.4 Hypotheses

The study tested the null hypothesis: H_{01} : Influence of cost leadership strategy on organizations' competitiveness is not statistically significant.

2.1 Theoretical Review

2.1.1 Generic Framework Theory

According to Porter (1980) this theory gives ways to analyze industries and competitors. The theory may be used to come up with a best position for a firm in the sugar manufacturing and contributing factors to a firm's prosperity are said to be pleasant appearance of to the environment in which the firm operates. The framework is not industry dependent hence it is called generic. A firm ought to do an analysis of the firms' strengths as well as weaknesses in an effort to identifying its competitive advantage. Porter (1980) suggests that a business's strength should be on cost reduction advantage. Porter (1980) suggests that there are mainly three aggressive spirited road maps which firms should implement in order to be able to handle their rivals which are low cost, differentiation and focus strategies.

Firms achieve lower cost when they are able to produce their products at a lower cost than their competitors. According to Porter (1980) being a leader in cost is being able to being able to lead in production cost in the industry. The cost management is a strategy containing a number of procedures which is made to manufacture goods having some characteristics with the aim of satisfying customers' needs in terms of quality and price but at the same time produced at lowest cost than firm's rivals. Cost leadership as a strategy allows the firm to be a low-cost producer and thus making more profits than rivals due to low costs of production and economies of scale. This becomes an advantage for the firm, especially those that are first-movers or those that have ease of access to raw materials or factors of production. According to Porter (2008) once low cost has been achieved, the position provides high profit margins which can be re-invested in new equipment, modern facilities and technology to maintain the cost leadership.

According to Porter (1980) in order to achieve substantial rewards from the cost leadership strategy, the business firm must strive to be the cost leader and be unchallenged in this position in the industry in which they operate. If the various players in the industry exhibit competition for the market leadership based on this strategy, then there will be price competition and thus the firms will start lowering prices for their products so as to attract and retain their customers. Pearce and Robinson (2016) notes that this strategy can be executed successfully by using superior management techniques, concentrating on cost saving opportunities, minimizing waste and not adding values which customers regard as unimportant to the product and thus they are not willing to pay for that. The cost leadership strategy is aimed at keeping costs as low as possible but the firms pursuing this strategy

should offer products with features that customers find acceptable. The strategy should not interfere with the final quality of the product as this would have negative impact in the market and thus emphasizing on cost reductions while ignoring competitive features is ineffective.

According to Thompson *et al.* (2010), firms with high relative market shares normally have greater competitive strength than those with lower shares. Barney (2010) suggests that market share can be defined as the percentage of a market accounted for by a specific entity and it is an advantageous way of measuring business competitiveness since it is less dependent upon macro environmental variables such as the state of the economy or changes in tax policy. Market share is a key indicator of firm competitiveness in that it shows how well a firm is doing against its competitors. Last but not least is production expansion which is the ability of a firm to convert input into output using its available human and physical resources. The capability of a firm to offer price, product, place and promotion utilities and at the same time being able to meet firm's objectives of production expansion (Thompson *et al.* 2010). Production expansion means enhance in ability of a firm to convert input into output in a better way than its rivals.

2.2 The conceptual Framework

This influence of cost leadership strategies on organizations' competitiveness of sugar firms' was the main objective of this study. In this study, cost leadership strategy was the independent variable while organizations' competitiveness was dependent variable as revealed in figure 2.1.

Independent variable

Dependent variable

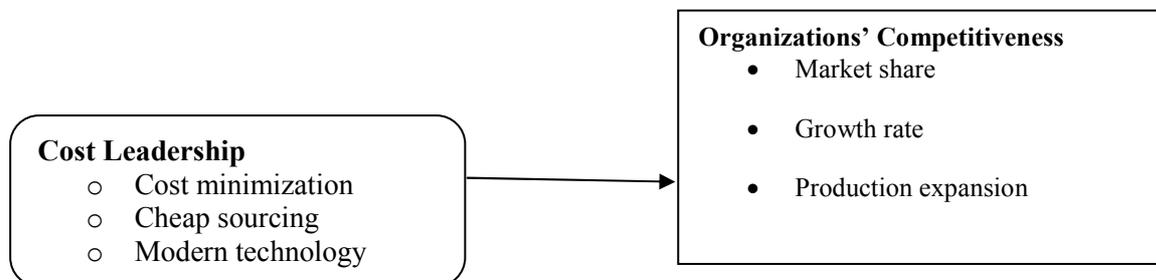


Figure 2.1: Conceptual framework

Source: Primary Data

3.1 Methodology and Design

To be able to achieve the study objectives, it was essential to establish the associations between the different variables associated with the study variables in relation to the sugar firms hence descriptive cross-sectional research design was used in this study. Cooper and Schindler (2014) states that a cross-sectional study is a study carried out at once and picks out the parameters of a given phenomenon at a specific point in time. The intention is to acquire a precise means of catching a population's features at a given point in time linking to what, where, how, who and when of a study. Descriptive cross-sectional research design also enables examination for important relationships between the study variables and come up with generalizations regarding the target population (Kotler and Keller, 2011). This study design consequently gives a chance to assess the influence of generic strategies and organizations' competitiveness and also assess the extent to which the relationship between generic strategies and organizations' competitiveness is moderated by institutional characteristics. The description of the relationship between generic strategies, institutional characteristics and organizations' competitiveness will be the outcome of the correlational descriptive research. This kind of research design has in the past been used by researchers in social science studies including Wilfred (2014), Kabare (2014) and Kuria (2011).

3.2 Target Population

This study focused on the sugar firms which were operating in Kenya by 30th June 2017 and all the production, marketing, finance and general managers as well as their assistants of every sugar firm and its affiliated farmers out grower firms. According to Kenya Sugar Board (2017), there are twelve (12) sugar firms in Kenya as well as twelve affiliated farmers out grower firms; hence the target population was all the twelve sugar firms with two hundred and forty (240) managers. The study's target respondents were twenty (20) managers from every sugar firm and its affiliated farmers' sugar cane out grower firms as offered in Table 3.1.

Table 3.1 Target Population

Sugar firm	MM	PM	FM	GM	AMM	APM	AFM	AGM	ST
1. Mumias	2	4	2	2	2	4	2	2	20
2. Nzoia	2	4	2	2	2	4	2	2	20
3. West Kenya	2	4	2	2	2	4	2	2	20
4. Miwani	2	4	2	2	2	4	2	2	20
5. Chemilil	2	4	2	2	2	4	2	2	20
6. Muhoroni	2	4	2	2	2	4	2	2	20
7. Kibos	2	4	2	2	2	4	2	2	20
8. Sony	2	4	2	2	2	4	2	2	20
9. Butali	2	4	2	2	2	4	2	2	20
10. Transmara	2	4	2	2	2	4	2	2	20
11. Kwale	2	4	2	2	2	4	2	2	20
12. Sukari	2	4	2	2	2	4	2	2	20
TOTAL									240

MM= Marketing Manager, PM= Production Manager, FM= Finance Manager, GM= General Manger, AMM= Assistant Marketing Manager, APM=Assistant Production Manager, AFM= Assistant Finance Manager, AGM= Assistant general Manager and ST=Sub Total.

Source: Kenya Sugar Board, 2017: Ministry of Cooperative Development & Marketing 2017

3.3 Sampling Procedure and Techniques

The sample size for this study was determined using a formula developed by Krejcie & Morgan (1970). In order to simplify the process of sample size determination for researchers, Krejcie & Morgan (1970) created a table (Appendix IV) based on the formula which shows the population of study and the expected sample size. According to the table, when the population is 240, then the sample size should be 148. Therefore the sample size of this study was 148 as presented in table 3.2.

Table 3.1 Target Population

Sugar firm	Population	Sample size
1. Mumias	20	13
2. Nzoia	20	13
3. West Kenya	20	13
4. Miwani	20	12
5. Chemilil	20	12
6. Muhoroni	20	12
7. Kibos	20	12
8. Sony	20	12
9. Butali	20	13
10. Transmara	20	12
11. Kwale	20	12
12. Sukari	20	12
Total		148

Source: Researcher, 2017

3.4 Proposed Data Analysis Techniques and procedure

In preparation of the data to be ready for analysis, editing, standardization, coding and categorization was done. Descriptive statistics comprising of measures of central tendency for Likert scale variables in questionnaire were computed and standard deviation was used as well in order to discover dispersion in underlying data. Inferential statistics were used to make inferences concerning the data. Data analysis results were offered using frequency distribution as well as contingency tables. SPSS version 21.0 was used in data entry because it allows the analysis of many response questions and at the same time a series of analysis.

In striving to test quantitative hypotheses, this study adopted a positivistic research philosophy. Positivists' place a powerful emphasis on quantification of constructs and considers that best or the only method to measuring properties of a phenomenon is by quantitative measurement. The principal features of positivistic philosophy are the coming up with quantitative data which is based on theory and hypothesis testing. The correlation analysis and hypotheses testing on the study variables relationships were done at 95% confidence level (5% level of significance). Qualitative methods were used to analyze qualitative data while qualitative data which data that cannot be measured in a quantitative manner was analyzed qualitatively. In this study, qualitative data was collected through the open ended questions and grouped according to certain patterns and then be given numbers to make them measurable.

Relationship between research variables was expected to pursue linear regression model as follows;

$$OC = a + b_1CL + \varepsilon$$

Where:

- OC = Organizations' Competitiveness (Dependent variable)
- a, b₁ = Constants
- CL = Cost Leadership
- ε = Error term.

4.1 Study Findings

4.1.1 Descriptive Statistics of the Study Variables

The following section presents the descriptive statistics of the study findings based on the study objectives. The independent variable of the study was generic strategies and was operationalized in terms of cost leadership; product differentiation and market focus strategies. The descriptive statistics on the influence of generic strategies measures and organizations' competitiveness of sugar firms are also discussed in this section.

4.4.1 Cost Leadership Strategy

To be able to gain some understanding into the usage of cost leadership strategies in sugar firms, respondents were required to rate the usage of cost leadership strategies in their sugar firm and Table 4.1 summarizes the relevant result.

Table 4.1 Cost Leadership Strategy

	N	Mean	Std. Deviation
Sugar firm aims at cost minimization both in research and development, advertising and sales force	107	3.729	1.2097
Our firms' products are cheaper rate than our competitors	107	3.401	1.1724
Products are usually sourced from cheap suppliers	107	3.729	1.2329
We hire and train inexperienced employees rather than employing experienced ones to lower cost	107	3.747	1.1823
Savings in cost allow the sugar firm to offer its products / services for bargain prices	107	3.420	1.2288
We produce sugar at a lower cost than our competitors	107	3.504	1.2004
The firm gets cheap raw materials	107	3.915	.9916
The firm employee cheap labour	107	4.000	.8126
Our suppliers supply quality cheap inputs	107	3.710	1.1327
Sugar cane from farmers is relatively cheap	107	3.935	1.0025
The firm produces sugarcane at the lowest possible cost	107	4.000	.8126
The use of modern technology has reduced the cost of our products	107	3.935	1.0025
There is cost minimization in R&D advertising by use of modern technology.	107	4.000	.8126
Technological innovations for cost reduction is highly practiced in our sugar firm	107	4.000	.8126
Mean Score		3.788	

Source: Primary Data, 2017

The statements that firm employee cheap labour, the firm produces sugarcane at the lowest possible cost, there is cost minimization in R&D advertising by use of modern technology and Technological innovations for cost reduction is highly practiced in our sugar firm all had the highest mean score of 4.000 followed by sugar cane from farmers is relatively cheap and The use of modern technology has reduced the cost of our products with a mean score of 3.945. However, savings in cost allow the sugar firm to offer its products / services for bargain prices (mean 3.420) and we produce sugar at a lower cost than our competitors (mean 3.540) had moderate intensity. Overall mean of cost leadership was considerably high with a mean of 3.788.

4.1.2 Organizations' Competitiveness

Organizations' competitiveness was assessed through fourteen statements and Table 4.2 presents the relevant result which shows that on the scale of 1 to 5 (where 5= the greatest extent and 1= the lowest extent).

Table 4.2 Organizations' Competitiveness

	N	Mean	Std. Deviation
Firm creates more economic value than its rivals	107	3.710	.9906
The firm enjoys a larger customer base than its competitors	107	3.785	.8581
The firm has a cutting edge over their rivals as a result of the diversification strategies employed by the firm	107	3.850	.8881
The firm competitors offer their product at a price higher than ours.	107	3.710	.9906
Our sugar firm market share is comparatively higher than other sugar firms in Kenya.	107	3.785	.8581
The firms' grown rate has been on increase in the last five years.	107	3.766	1.2024
The customer base has increased for the past five years	107	3.327	1.1957
Firm posts a higher sales turn-over in comparison with the other firms	107	3.719	1.2270
Firm has a comparatively higher growth rate than other sugar firms.	107	3.766	1.1702
Firm posts a higher sales turn-over in comparison with the other firms	107	3.355	1.1994
Production capacity of the firm has greatly increased in the last five years	107	3.766	1.2020
The generic strategies have resulted in reduction of various costs such as production costs hence expansion	107	3.327	1.1957
The new business have led to greater efficiency and effectiveness of the firm leading to production expansion	107	3.719	1.2270
production has been on increase in the last five years	107	3.766	1.1702
Mean Score		3.655	

Source: Primary Data, 2017

The results in Table 4.2 show that tangibility had the highest mean score (Mean 4.452) and it was followed by assurance (mean 4.050). However, Responsiveness (mean 3.050) and Reliability (mean 2.950) all had moderate intensity. Overall, the intensity of organizations' competitiveness measures was considerably high (mean 3.655).

4.2 Factor Analysis

Factor analysis was used to validate the questionnaire by testing for convergent validity, discriminate validity and construct validity. Kaiser-Meyer-Olkin & Bartlett's Test was used. For sampling adequacy and then principal component analysis and varimax methods to extract the factors or constructs that measured the study variables was done as shown in proceeding sections. Principal component analysis and varimax rotation method was done using Eigen values greater than or equal to 0.5. Factors with Eigen values greater than 1 were extracted and items with factors loadings with greater or equal 0.5 were retained.

4.2.1 Results of Factor Analyses for Cost Leadership Strategy

Cost leadership strategy constructs were exposed to factor analysis and the outcome presented in Table 4.3.

Table 4.3 Results of Factor Analyses for Cost Leadership Strategy

Table 4.3a Results of KMO and Bertlet's tests

KMO and Bertlet's tests of sampling adequacy		.829
Bertlet's tests of Sphericity	Approx. Chi-square	108.202
	Degrees of freedom	8
	Significance(p-value)	.000

Table 4.3b Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings(a)
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	7.071	54.395	54.395	7.071	54.395	54.395	6.065
2	3.716	28.585	82.980	3.716	28.585	82.980	6.189
3	1.052	8.089	91.068	1.052	8.089	91.068	3.636

Extraction Method: Principal component analysis. 3 factors extracted

Table 4.3c Rotated Component Matrix

Measures	Factor		
	1	2	3
Cost minimization	.934	.136	.063
Cheap sourcing	.617	.331	.105
Modern technology	.078	.936	.078

Rotation Method: Varimax within Kaiser Normalization

Source: Research Data, 2017

Kaiser-Meyer-Olkin and Bertlet's tests of sampling adequacy results show that the indicators of cost leadership strategy had KMO of 0.829 and there were three critical factors driving the cost leadership strategy

which accumulated to 91.068 percent of the total variance in these construct. Factor one had the most dominant loadings which accounted for 54.395 percent of the variance in this construct. Factor two contributing 28.585 percent of the variance while factor three also had 8.089 % of the variance. Rotation has an optimizing effect on the factor structure and states the comparative significance of the factor. This implies that from the study results, the system has identified 3 essential factors to be loaded in analysis. From the rotated matrix, factor one is highly and positively correlated with compliance with cost minimization (.934) and cheap sourcing (.617). Modern technology was highly and positively correlated with factor two (.936).

4.3 Correlation Analyses

The study was geared towards assessing generic strategies influence on organizations' competitiveness of sugar firms. Using Pearson product moment correlation coefficient technique, correlation analysis was conducted to establish the relationship among study variables. The following sub section presents the correlation analysis based on the study variables.

4.3.1 Correlation of Cost Leadership Strategy and Organizations' Competitiveness

The association amongst cost leadership strategy and organizations' competitiveness of sugar firms was determined using Pearson product moment correlation. Correlation analysis was conducted using mean scores of variables between the measures of cost leadership (cost minimization, cheap sourcing, and modern technology) and organizations' competitiveness of sugar firms' and outcomes are offered in Table 4.4.

Table 4.4 Correlation Analyses between Cost Leadership Strategy & Organizations' Competitiveness

	1	2	3	4
1. Competitiveness	1			
2. Cost minimization	.330*	1		
3. Cheap sourcing	.232*	.431**	1	
4. Modern technology	.136**	.196*	.218*	1

** p < .01, (2-tailed), * p < .05 level (2-tailed)

Source: Research Data, 2017

As exposed in Table 4.4, there was a statistically important positive association between all the measures of between cost leadership strategy and organizations' competitiveness of sugar firms. Cost minimization and organizations' competitiveness were statistically significant positive correlation ($r = .330, p < .05$), cheap sourcing and modern technology all had positive and significant association with organizations' competitiveness ($r = .232, p < .05$) and ($r = .136, p < .01$) respectively. The association between cost minimization and modern technology was also positive and statistically significant ($r = .196, p < .05$). There was also statistically significant positive correlation between cost minimization and cheap sourcing ($r = .436, p < .01$) while modern technology and cheap sourcing were positive and significant correlated ($r = .218, p < .05$). According to Cooper and Schindler (2010) multicollinearity problem occurs in case correlation coefficient between two self-governing variables is greater than .8. By way of evident from the results in Table 4.4, although the correlation coefficients are statistically significant at one even percent level, the problem of multicollinearity does not exist since none of these coefficients is greater than .8.

4.4 Regression Analysis and Hypotheses Testing

The objective of study was to analyze influence of cost leadership strategy (cost minimization, cheap sourcing and modern technology) on organizations' competitiveness (market share, growth rate, production expansion) of sugar firms. The study had hypothesized that the influence of cost leadership strategy on organizations' competitiveness of sugar firms was not statistically significant. The indicators of cost leadership strategy and organizations' competitiveness mean scores were used to test the first hypothesis. Respondents were required to indicate how cost leadership strategy has influenced organizations' competitiveness of their sugar firms. To analyse the influence of cost leadership strategy on organizations' competitiveness; the study formulated the following hypothesis:

H₀₁: Influence of low cost leadership strategy on organizations' competitiveness is not statistically significant.

The aggregate mean score of organizations' competitiveness (dependent variable) of sugar firms' were regressed on the aggregate mean score of cost leadership strategy (Independent variable) and the relevant results presented in Table 4.5.

Table 4.5 Regression Results for Cost Leadership Strategy against Organizations' Competitiveness Model Summary (Table 4.5a)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829 ^a	.687	.564	.04870

a. Predictors: (Constant), Cost leadership strategies (*cost minimization, cheap sourcing, modern technology*)

ANOVA (Table 4.5b)

Model		ANOVA ^a				Sig.
		Sum of Squares	df	Mean Square	F	
1	Regression	.003	1	.003	3.000	.048 ^b
	Residual	.002	2	.001		
	Total	.005	3			

a. a. Predictors: (Constant), Cost leadership strategies (*cost minimization, cheap sourcing, modern technology*)

b. Dependent Variable: Organizations' competitiveness (*market share, growth rate, production expansion*)

Coefficients (Table 4.5c)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error			
		Beta				
1	(Constant)	5.572	1.525		3.654	.017
	Cost leadership strategies	.421	.395	.829	1.066	.048

a. Dependent Variable: Organizations' competitiveness (*market share, growth rate, Production expansion*).

Source: Primary Data, 2017

The study coefficients results (Table 4.5c) revealed a statistically significant positive influence of cost leadership strategy on organizations' competitiveness of sugar firms ($\beta = .829$, p-value = .048). This demonstrates that cost leadership strategy had an overall statistically significant and positive influence on organizations' competitiveness of sugar firms. The influence was found to be significant since p-value was less than .05 (p-value = .048). The hypothesis criteria was that reject Hypothesis one if p-value is less than .05 and $\beta \neq 0$ or else don't reject H_{01} in case p-value > .05. Based on the study results, $\beta \neq 0$ and p-value < .05, the study rejected H_{01} and states that cost leadership strategy had an influence on organizations' competitiveness of sugar firms.

Model summary or goodness of fit model (Table 4.5a) results also demonstrated that cost leadership strategy had a positive influence on organizations' competitiveness of sugar firms ($R = .829$). Cost leadership strategy had explanatory power over organizations' competitiveness of sugar firms' because it accounts for 68.7 percent of organizations' competitiveness of sugar firms' change ($R\text{ square} = .687$). This shows that the contribution of cost leadership strategy to organizations' competitiveness of sugar firms' was statistically significant and this concurs with Hilman (2013) who did another study on how cost leadership influence on organizations' performance in Malaysia. The results reviewed that cost leadership significantly and positively affected organizations' performance.

It also agrees with the results of a study done by Maluku (2013) who did a study on to find out how aggressive cost strategies affect performance of farms in Kenya and found out all competitive strategies positively and significant affected the performance of dairy firms. The study results stated that focus had the largest significant influence on farms performance while cost leadership and differentiation strategies both significant affected performance of veterinary pharmaceutical firms in Kenya. The study result also showed competitive strategies had effect on dairy firm's performance of in Kenya. At individual level, ANOVA results (Table 4.5b) showed that the influence of cost leadership strategy on organizations' competitiveness of sugar firms was significant in that p-value was < .05 (p-value = .048). An F statistic indicated that the overall model was significant ((F (1, 2) = 3.00, p < .05). This model applied can significantly predict the change in organizations' competitiveness of sugar firms'.

Arising from the results in Table 4.17, the resulting single regression equation that can be used to predict the level of organizations' competitiveness of sugar firms' for a one standard deviation improvement in cost leadership strategy can be expressed as:

$$OC = 5.572 + .421CLS + \epsilon$$

Where:

OC is organizations' competitiveness of sugar firms'
5.572 is the y-intercept; constant
.421 = the slope coefficient
CLS = Cost leadership strategy
 ε is the error term.

The standardized beta coefficient .421 represents the expected improvement in organizations' competitiveness of sugar firms' for a unit standard deviation improvement in cost leadership strategy. This means that, holding other factors constant, 1 standard deviation improvement in cost leadership strategy would raise level of organizations' competitiveness of sugar firms' by a factor of approximately .421 of a standard deviation.

4.5 Discussion on the Study Results

Cost leadership strategy was assessed using three indicators namely; cost minimization, cheap sourcing and modern technology while organizations' competitiveness was evaluated using three indicators namely market share, growth rate and production expansion. Simple regression analyses were carried out on Cost leadership strategy indicators against organizations' competitiveness indicators. The study results showed that cost leadership strategy had an overall statistically significant and positive influence on organizations' competitiveness of sugar firms. The influence was found to be significant since p-value was less than .05. There also a statistically significant correlation amongst cost leadership strategies which were the independent variable of the study and organizations' competitiveness of sugar firms in Kenya. This means that organizations' competitiveness of sugar firms in Kenya depends on the amount of cost leadership strategies. This is in agreement with the propositions of Maluku (2013) who did a study on to find out how aggressive cost strategies affect performance of farms in Kenya and found out all competitive strategies positively and significant affected the performance of dairy firms. The study results stated that focus had the largest significant influence on farms performance while cost leadership and differentiation strategies both significant affected performance of veterinary pharmaceutical firms in Kenya. The study result also showed competitive strategies had effect on dairy firm's performance of in Kenya.

The study result also concurs with Hilman (2013) who did another study on how cost leadership influence on organizations' performance in Malaysia. The results reviewed that cost leadership significantly and positively affected organizations' performance. The geographical gap is that the study was conducted in Malaysia while this study was done in Kenya. The contextual scope is another gap in that Hilman's study was done in the hospitality industry while the current study was done in sugar manufacturing industry and it is relating generic strategies and organizational competitiveness.

On the descriptive aspect, respondents were to a great extent of the opinion that we combine cost leadership and market focus strategies in our operations with a mean score of 4.380 had the highest mean score. This was followed by combination of market focus and differentiation strategies in our operations with a mean score of 4.380. However, differentiation strategy is used more than other strategies had a mean score of 3.598 and Market focus strategy is used more than other strategies mean of 3.850 had the lowest mean score. This implies that sugar firms in Kenya emphasis on the combination of cost leadership and market focus strategies. The study results is in disagreement with the Porter (1980) competitive advantage theory argument that firms that emphasis on the combination of cost leadership and differentiation strategies perform better than those that use any other combination.

5.1 Summary of the Findings

The study had sought to analyze influence of cost leadership strategy on organizations' competitiveness of sugar firms. The study results revealed a statistically significant positive influence of cost leadership strategy on organizations' competitiveness of sugar firms' p-value < .05). The study results also revealed that cost leadership strategy had expounding command on organizations' competitiveness of sugar firms in that it explained its change, hence hypothesis H_{01} was rejected. This study results concur with Maluku (2013) who did a study on to find out how aggressive cost strategies affect performance of farms in Kenya and found out all competitive cost strategies positively and significant affected the performance of dairy firms. The study results stated that focus had the largest significant influence on farms performance while cost leadership and differentiation strategies both significant affected performance of veterinary pharmaceutical firms in Kenya. The study result also showed competitive strategies had effect on dairy firm's performance of in Kenya. The study finding agrees with Hilman (2013) who did a study on cost leadership strategy influence on organizations' performance in Malaysia. The results reviewed that cost leadership significantly and positively affected organizations' performance.

5.2 Conclusion

The objective of this study was to analyze cost leadership strategy influence on organizations' competitiveness

of sugar firms. Cost leadership strategy was assessed using three indicators namely; cost minimization, cheap sourcing and modern technology while organizations' competitiveness was evaluated using three indicators namely market share, growth rate and production expansion. The study had hypothesized that the influence of cost leadership strategy on organization competitiveness was not statistically significant. The study results revealed that there is a statistically significant positive influence of cost leadership strategy on organization competitiveness (p -value $< .05$). The study results showed that influence of cost leadership strategy on organizations' competitiveness was statistically significant in that the p -value $< .05$. The study therefore concludes that cost leadership strategy influences organizations' competitiveness hence sugar firms should employ more cost leadership strategies in their efforts to improve on organizations' competitiveness.

5.3 Recommendation

The study therefore concluded that there was influence of cost leadership strategy on organization competitiveness therefore the study recommendations are that sugar firms' management in Kenya should make more efforts in employing cost leadership strategies in efforts to improve on organizations' competitiveness. The study found out that most of the sugar firms in Kenya emphasis on cost leadership and market focus strategies but Michael porters states that combination of cost leadership and differentiation strategies leads to better competitive advantage. This study recommends that sugar firms should emphasis more on cost leadership and differentiation strategies.

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