

**EFFECT OF COMPETITIVE STRATEGY AND EXTERNAL ENVIRONMENT ON
PERFORMANCE OF FOOD PROCESSING COMPANIES IN NAIROBI**

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DECLARATION

I MERCY ABIDA KAMUN, hereby declare that this research project is my original work and has not been submitted in any other university.

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This research project has been submitted by MERCY ABIDA KAMUN for presentation with my approval as university supervisor.

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First and foremost, my Gratitude to God for seeing me through my studies. In addition I thank my family for their support. To my supervisor Dr. James Gathungu, thank you for your guidance.

DEDICATION

This project is dedicated to the Kamun family.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENTS	iii
LIST OF TABLES	viii
LIST OF FIGURES	ix
ABBREVIATIONS AND ACRONYMS	x
ABSTRACT	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.1.1 Competitive Strategies.....	2
1.1.2. External Environment.....	4
1.1.3 Firm Performance	5
1.1.4 Food Processing Companies in Nairobi	6
1.2 Research problem.....	7
1.3 Research objectives	10
1.4 Value of the Study.....	10
CHAPTER TWO	12
LITERATURE REVIEW	12
2.1 Introduction	12
2.2 Theoretical Review	12
2.2.1 Resource-Based Theory.....	12
2.2.2 Open Systems Theory.....	13
2.3 Competitive Strategy and Firm Performance.....	14
2.4 Competitive Strategy, External Environment and firm performance	16

2.5 Summary of Empirical Studies and Knowledge gaps	18
2.6 Conceptual Framework	22
CHAPTER THREE	23
RESEARCH METHODOLOGY	23
3.1 Introduction	23
3.2 Research Design	23
3.3 Target Population	23
3.4 Sample Design.....	23
3.5 Data Collection Methods.....	23
3.6 Data Analysis	24
CHAPTER FOUR.....	26
DATA ANALYSIS, RESULTS AND DISCUSSION.....	26
4.1 Introduction	26
4.2 Response Rate	26
4.3 Demographic Information	26
4.3.1 Company Ownership	26
4.3.2 Business Type.....	27
4.3.3 Companies' Years of existence	27
4.3.4 Number of Employees.....	28
4.4 Competitive Strategies	29
4.5 External Environment	32
4.6 Firm Performance.....	33

4.7 Regression Analysis	36
4.8 Discussion of the Results	38
CHAPTER FIVE	41
SUMMARY, CONCLUSION AND RECOMMENDATIONS	41
5.1 Introduction	41
5.2 Summary of the Study.....	41
5.3 Conclusion of the Study	42
5.4 Implication of the Study	44
5.4.1 Implication to Academicians	44
5.4.2 Implication to Theory	44
5.4.3 Implication to Policy	44
5.4.4 Implication to Food Processing Companies	45
5.5 Recommendations for Study.....	45
5.6 Limitations of the Study	46
5.7 Areas Suggested for Further Study	47
REFERENCES.....	48
APPENDICES	52
Appendix I: Letter of Introduction Student.....	52
Appendix II: Letter of Introduction UON.....	53
Appendix III: Questionnaire.....	54
Appendix IV: Data Collection Form.....	58
Appendix V: List of Food Processing Companies in Nairobi.....	59

LIST OF TABLES

Table 2.1 Summary of Empirical Studies and Knowledge gaps.....	19
Table 4.2: Company Ownership.....	27
Table 4.3: Business Type	27
Table 4.4: Year of Existence	28
Table 4.5: Number of Employees	28
Table 4.6: Competitive Strategies	29
Table 4.7: External Environment	33
Table 4.8: Non- Financial Performance	34
Table 4.9: Average Financial Performance.....	35
Table 4.10 Model Summary.....	36
Table 4.11 ANOVA Results.....	36
Table 4.12 Coefficients	37

LIST OF FIGURES

Figure 2.1 Conceptual Framework.....	22
Figure 4.2 External environment Analysis	32
Figure 4.3 ROA and ROI.....	35
Figure 4.4 Profitability.....	36

ABBREVIATIONS AND ACRONYMS

ANOVA	:	Analysis of Variance
KNBS	:	Kenya National Bureau of Statistics
KPIs	:	Key performance indicators
PLS	:	Partial least square
RBV	:	Resource Based View

ABSTRACT

The study's main objective was to establish the effect of external environment on the relationship between competitive strategies and performance of food processing companies in Nairobi. The research employed the cross-sectional research design and targeted all 64 food processing Companies in Nairobi County where the operating manager of each of the Companies were interviewed. Secondary data was collected from financial statements of the food processing Companies. Primary data was collected via questionnaires. Use of statistical techniques (inferential statistics) that are advanced was applied. The dependent and the independent variable relationship was determined through application of a Regression analysis. The study revealed that food processing companies does costing of all products and services and maximizes on profitability through cost reduction strategies. Prediction by regression indicated that cost leadership positively impacts food processing companies' performance in Nairobi. Regression analysis also revealed that differentiation strategy has an impact on performance of food processing companies, meaning that when differentiation strategy increases by a unit the performance of food processing companies will also increase. It was noted that focus strategy had a positive impact on food processing companies performance as well. The study also demonstrated that external environment has a positive change on food processing companies' performance. This study recommends that as far as cost leadership is a form of competitive advantage the food processing companies need to not only focus on being a lowest cost management compared to competitors but also have in mind the fact that their customers not only value low prices but are concerned in the quality of products offered. The study recommends due to changes that are taking place in customers taste and preference, food processing companies should continue to differentiate their products. Through this they will be able to compete in other areas other than price, able to focus on quality and create brand image hence creating customer loyalty and achieving better performance. This study only looked at three factors, cost leadership, product differentiation and market focus. Further research ought to be conducted targeting other Nairobi companies to show the relation between competitive strategies and performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Businesses are faced by stiff competition, this is the reason why it is of essence for all businesses to develop strategies that help them in competing successfully with other business in the market place for their growth, chances to enhance and improve their performance. Organizations that do not have effective strategies of improving their competitive advantage eventually fall to weak competitive positions which also reduces their performance levels (Klein, 2010). Competitive strategies are therefore approaches that help in attracting buyers, help in withstanding of the competitive pressure and help in improving its market position (Sifuna, 2014). The environment that businesses operate has many competitive challenges that need to be solved through implementing of effective competitive strategies. The success of a business is ensured through gaining of competitive advantage through enabling of competitive strategies (Pearce & Robinson, 2010). Failure of businesses results from lack of exploiting the opportunities available in the market due to lack of appropriate strategies. A firm's competitive advantage is achieved via the utilization of its unique resources which eventually causes superior firm performance.

Resource based view theory was used as the anchor and was supported by the open systems theory which states that all organizations are unique and their structure should be able to accommodate unique opportunities and problems. The business converts the rules provided by the market to its advantage through complying with the rules which is a basis

of competitive strategies. The process of implementing competitive strategies should include; creating a general formula of competition, identifying the targets and finding out the policies to be implemented so that the targets can be reached (Akbolat & Isik, 2012).

Industries in Kenya that process food are important to the economy of this country as they have been created with a mandate to ensure that economic growth is sustained, social life is enhanced, levels of poverty are reduced, and delivery of services and products of the public is improved and employment opportunities to be increased through harmony ground provisions. The external environment of the food processing industries is characterized with intense competition, low funding from the government, high cost of production, the change in the economic environment and shift of focus by customers on the products and services.

1.1.1 Competitive Strategies

Competitive strategy is the selection of different activities which inform the foundation of competitive advantage with the motive to deliver a special mix that is value added (Porter, 1996). It is long term in nature and aims at outsmarting a company's rival. Competitive strategies include the activities taken by a company that add value to the products or services offered by the firm (Porter, 1996). Porter (1996) indicates that a competitive advantage is achieved by organizations through implementing competitive strategies that help in choosing different set of activities where value is created. When a company is able to defend its competition forces and secure its customers then it is perceived as having a competitive advantage (Cusumano *et al.*, 2015). Competitive strategies are therefore approaches that help in attracting buyers, help in withstanding of

the competitive pressure and help in improving its market position. Particular Industries are used in employing of competitive strategies. The company's performance should relate to the adopted strategies. The three generic strategies are strong basis that help many organizations in achieving and sustaining of their competitive advantage through a scheme that Pertusa-Ortega *et al.*, (2016) developed.

The position that a firm holds in the industry can be improved through sustaining and achieving a competitive advantage through implementing of unique capabilities which are Cost leadership strategies (Cusumano *et al.*, 2015). When a firm develops a product which is special from all other firms for its customers the strategy is called differentiation strategy. Differentiation strategy is preferred by clients who have different tastes and preferences to particular services and products. Narrow markets are concentrated upon by firms through its resources through a marketing strategy called Focus strategy. The needs of the company are satisfied through its products/services segment which are employed. The environment that businesses operate has many competitive challenges that need to be solved through implementing of effective competitive strategies (Pertusa-Ortega *et al.*, 2016). Competitive strategies adopted by a firm facilitate the attainment of competitive advantage. A company's long term benefits are yielded through core competencies that sustain competitive advantage (Gathungu & Baariu, 2018). The superior value of buyers need to be involved in sustaining of competitive advantage in an organization.

1.1.2. External Environment

Factors of external environment are subcategorized by researchers into three interrelated segments which comprise; social, economic, legal, technological, environmental and political factors called the remote environment factors; second is the environmental factors of an industry that offers similar products and services and operating or task environment factors that affect customers, position of competition, creditors and attractions of staff and reputation of suppliers. Business strategies have been affected by external environment in how they are formulated, implemented and controlled (Muge, 2010). Organizational performance is affected by external environment of the organization in various ways. When internal capability and strategies are matched together with strategy and environment then its success and survival is created and maintained.

The firm's environment considers complexity as its most important and most variable aspect. The environment and strategies of a firm are reflected through measurement systems redesigned by many firms. The strategic management of firms is influenced greatly by external environment which also affects how dynamic and rapid the environment is changing (Gathungu, Aiko, & Machuki, 2014). What happens in the external environment remains un-harmonized.

The performance of firms is directly influenced by the external environment. It is not easy to predict the anticipated changes of a firm's external environment. It is said to be very turbulent. In most cases, it is unfamiliar and complex. To show how the changes in

the external environment impacts a firm, the strategist can carry out industry, competitor, customer analysis and environmental scanning of the microenvironment. This then will help them to cluster the results into the different levels of environmental turbulence. These levels range from 1 to 5 with level one said to constitute of repetitive events, level two being slow, incremental and gradual, level three being fast, changing and incremental, level four being discontinuous and predictable and finally level five being surprising, unforeseen, discontinuous and unpredictable.

1.1.3 Firm Performance

Performance means the firms results against the set goals and objectives. Performance of the organization is categorized into three; outcome of the firm, shareholder return, and product market and financial performance (Dora *et al.*, 2016). The finances and development of the firm, firm's legal aspects, its operations and planners of strategy are the factors that most scholars are concerned when it comes to organizational performance. The operation of a firm's output measures its performance, desires output are increased through modification of the process and the entire process efficiency is also increased. Individual or group performance is applied in the firm performance concept.

According to Nyakundi (2013) firm performance is the effectiveness of a firm and its efficiency through which it conducts its operations. Unique capabilities facilitate improved firm performance. The outputs core per unit is efficiency, which brings about the production of services and products and how they are related to a program and resources that produces them called inputs. Strategies are tested through performance of firms which relies on the decisions made by the management (Muteshi *et al.*, 2017). The

improvement of performance relies upon many prescriptions that are explained in the managerial importance.

Customers, profit and cost which are both qualitative and quantitative performance factors are used in calculating value that determines firm performance. Organizations that do not have effective strategies of improving their competitive advantage eventually fall to weak competitive positions which also reduces their performance levels (Gathungu & Kithusi, 2018). Competitive strategies are therefore approaches that help in attracting buyers, help in withstanding of the competitive pressure and help in improving its market position. The environment that businesses operate has many competitive challenges that need to be solved through implementing of effective competitive strategies. The success of a business is ensured through gaining of competitive advantage through enabling of competitive strategies (Pearce & Robinson, 2010). Failure of businesses results from lack of exploiting the opportunities available in the market due to lack of appropriate strategies (Bukirwa & Kising'u, 2017).

1.1.4 Food Processing Companies in Nairobi

All linkages need to be strengthened and economic growth stimulated which is the policy of Kenya's processing sector. Its major focus is to ensure that local productions are strengthened which will lead to the increase in share of the Kenyan manufactured products. On the regulatory environment, measures are in place to protect the sector from counterfeits and dumping in order to increase their competitiveness (Munyoroku, 2012). The Kenyan food-processing industry, remains a large contributor of the processing industry. There are more than 1,500 food processing firms, in this sector thus effective

for the determination of structure, contributions to economy and performance, where the evaluation is done from large multinational companies to small family organizations.

The industry has provided employment to many people (Munyoroku, 2012). Removal of toxins, preservations, flavor improvement, easy market, tasks in distribution and increasing of food consistency are other advantages of food processing. Others include; many foods are made available, perishable and delicate foods are made easy to transport to long distances and most foods are made safe for consumption as the micro-organisms are removed. The techniques of food processing have made most of the supermarkets to exist. Long voyages of goods and services would also not be possible without the input of food processing firms. However, the sector faces challenges including: high production cost resulting from high; energy, raw material, labor and transport costs, competition from sectoral association and environmental degradation.

1.2 Research Problem

The need for firm performance improvement has been a major concern in strategic management (Lechner & Gudmundsson, 2014). Improvement in the performance of a firm and its competitive advantage are determined through being able to establish the rapid changes in the external environment. How organizational performance is affected by external business environment should be understood by all businesses in order to understand the implications that result; in order pinpoint the opportunities and threats as well as ensure that the information, understanding and knowhow are updated to be able to predict the changes that affect their businesses.

Organizations that do not have effective strategies of improving their competitive advantage eventually fall to weak competitive positions which also reduces their performance levels. Competitive strategies are therefore approaches that help in attracting buyers, help in withstanding of the competitive pressure and help in improving its market position (Klein, 2010). The environment that businesses operate has many competitive challenges that need to be solved through implementing of effective competitive strategies. The external environmental factors include political, economic, social, technological, environmental and legislative forces. Through continuous external environmental monitoring and scanning of largely uncontrollable forces, early warning signals are sounded which in turn enable a firm to develop, reinforce or modify strategy. It also helps firms realign their internal structures to ensure there is no mismatch between strategy, resources and the external environment.

It is vital for firms to perform better than their competitors in the industry (Arasa & Gathinji, 2014). Food processing companies play important role of availing food products to the Kenyan consumers, providing revenue to the government through taxes and employment to Kenyans. With the liberalization of Kenya's economy, the number of food processing companies has increased. This has resulted to increased competition leading to reduced market share of key players as well as profits, for example Unga limited has been having problems for the past few years as a result of heightened competition within the industry, Unilever limited has also lost its long standing brand, Kimbo to an emerging strong competitor, BIDCO Oil Company. If the food processing companies in Nairobi have to remain competitive, they have to redesign marketing

techniques that are tailored to the needs of the customers and offer super value. This would involve among others developing distribution strategies that would ensure they reach customers at the time, place and form required.

Globally, empirical research have shown a firms success as a result of implementation of competitive advantage. A study done by Pertusa-Ortega et al., (2016) showed that most of the firms use hybrid strategies which help in improvement of performance, these strategies also emphasize on the use of strategic dimensions on specific innovation differentiation. Panwar et al., (2016) also did a study on how community and environmental engagement was affected by competitive strategies of small firms'. Level of environmental engagement is not involved in community engagement but by competing through differentiation strategy. Similarly, Akingbade (2014) researched on how Nigeria telecommunication companies' performance was influenced by competitive strategies. The study found that retention, satisfaction and loyalty of clients has a strong relationship with competitive strategies.

In Kenya, Arasa and Gathinji (2014) established that almost all studies on competitive advantage and performance have a great association. High profits are attained by companies through the Advantages they have. The study concluded that the strategies adopted by mobile telecommunication companies improved the overall firm performance. Bukirwa and Kising'u (2017) found that performance was related to differentiation strategy while performance was not influenced by cost leadership strategy through the hierarchical multiple regression analysis conducted when the firm-specific factors were

controlled in Nairobi Hotels. Muteshi et al., (2017) in their study showed that corporate-level strategy was statistically insignificant on financial performance.

To the researcher's knowledge, little research has been conducted on the influence of competitive strategies on food processing companies' performance in Nairobi. The study concentrated on showing the effect which competitive strategies have on the food processing companies performance in Nairobi leading to the question; what effect does competitive strategy and external environment have on performance of food processing companies in Nairobi?

1.3 Research Objectives

The objectives of the study were;

- i) Determine the effect of competitive strategies on performance of food processing companies in Nairobi.
- ii) Determine the influence of external environment on performance of food processing companies in Nairobi.

1.4 Value of the Study

The following stakeholders benefited from the research's results: the performance and competitive advantage of organizations was achieved by the food processing companies' managers through sensitization. The managers are able to identify the environmental challenges and thus implement effective competitive strategies that improves their level of performance. The managers also emphasize on adopting effective competitive strategies to ensure improvement of performance in the companies.

The policy makers are able to acquire information that help them in policy development in the development of the processing sector as Food processing companies are crucial in improving the economy in general. Due to the sector's major role in developing the economy, its performance is a national interest as it attracts foreign direct investment and exchange in foreign currency.

Most of the developing economies are also able to acquire knowledge on how firm performance is improved by competitive strategies as the researchers and academicians acquire this knowledge for future reference. The study is also effective to the future scholars who are in need of literature on the subject under study. Kenya will increase its literature bank on competitive strategies so that other economies can make use of it.

CHAPTER TWO

LITEARATURE REVIEW

2.1 Introduction

This chapter elaborates the reviewed works of literature that will aid in the study. The chapter covers the theoretical review part of it. Moreover, this review is done with respect to the research topic to cover sub-topics: competitive strategies and firm performance and competitive strategy and external environment. The research gaps are shown from the reviewed empirical studies. Lastly, a conceptual model is illustrated to give the relationship between the variables of study.

2.2 Theoretical Review

Two theories were used to anchor these study. These were resource-based view theory and Open system theory. These two were suitable for the study since they emphasize on the need to maximize available resources and capabilities while adapting various competitive strategies aligned to the external environment with the aim of performance improvement.

2.2.1 Resource-Based Theory

Resource Based View (RBV) was advanced by Wenefellt (1984) and further developed by Barney (1996). This theory involves analyzing how an organization combines its assets, skills, capabilities and intangibles as strategic advantages. The assets that organizations have involve making use of their unique assets which are either tangible or intangible which is the backbone of RBV. A firms' competitive advantage is achieved

through development of the competences from the resources they have. Most of the food processing companies have been able to improve their performance through making use of their resources as it is emphasized in the theory. Most of the firms' plans remain at the planning phase due to lack of the required resources despite having effective strategies.

Company's internal environment is perceived in the resource-based view theory, where its resources and capabilities are taken into account as the main determinants of strategic actions (Kozlenkova *et al.*, 2014). The strategies that organizations plan and implement are determined by the resources that the organization processes in their external environment which is an important aspect rather than focusing on the resources accumulated in the firm. The external environment opportunities are used in exploiting business strategies of the company. A firm's competitive advantage is achieved via the use of its unique resources that culminates in superior performance of the firm. To make the food processing industry competitive is the major role of this theory to the study.

2.2.2 Open Systems Theory

This theory was initially started by Ludwig von Bertalanffy (1956) where it was applied instantly due to its effectiveness. This theory involves systems where they are used as a combination of parts which eventually makes them interdependent. The theory also indicates that the external environment of the business faces various changes and occurrences in their systems which influence how they conduct their businesses. The theory continues to indicate that every business should see to it that they cope with changes that take place from time to time in their external environment so that its success can be ensured.

The internal environment of a firm need to interact with its systems so as to sustain the operations of the firm (Scott, 2015). The environment is a crucial aspect to the running of the businesses in a firm. The firms with closed systems operate slower than those that have open systems as they do not make any interactions with the environment and do not make permanent exchanges. The performance of firms is improved through continuous attractions of resources to the external environment of the firms. Extinctness is avoided by firms as they are compatible with the environment as all other firms need to fight for the scarce resources available as argued by Whitney et al., (2015). This theory encourages firms to adopt competitive strategies so that they can attain competitive advantage and eventually the best results.

2.3 Competitive Strategy and Firm Performance

Research was done to see the impact of competitive advantage on performance of an organization by Majeed (2011). High profits are attained by companies through the Advantages they have. Iran was examined by Fathali (2016) on how their corporate innovation was impacted by competitive strategies. The study used the managers as respondents of SAIPA and Iran Khodro which are Iran's major automobile manufacturers using a questionnaire. The manufacturer's manager were provided with 286 questionnaires. Later on some correlational and regression analyses were conducted. It was found that corporate innovation was positively and significantly influenced by competitive strategies by Porter. Performance measurement was used as the mediating factor to the research carried out by Teeratansirikool *et al.*, (2013) on how firm performance was affected by competitive strategies. Performance measurement was

employed in determining the relationship that exists and firm performance. Firm performance was directly and significantly impacted by firms' differentiation strategy and also affected firm performance indirectly and significantly through financial measures as the determining factor.

Also, Gorondutse and Hilman (2014) studied performance of processing industries. The returned questionnaires were 158 from the distributed 250. The existing literature on how performance related to competitive advantage was confirmed through the study of the Processing Industries. Ghana's 581 micro and small businesses were used to collect the data. It was found that performance related to differentiation strategy while performance was not influenced by cost leadership strategy through the hierarchical multiple regression analysis conducted when the firm-specific factors were controlled. Ghana's micro and small businesses competitive strategy and performance relationship was moderated by both managerial capability and marketing capability as established by the study.

The organizations performance of companies was investigated by Pulaj *et al.*, (2015) and how it was impacted by generic competitive strategies. The ANOVA statistical model was used in analyzing of the data which had been collected using questionnaires. Performance was found to be affected by differentiation ,focus and cost leadership as established by the study. Better competitive strategies were designed better by managers using this study's results.

How competitive strategies affected the performance of Kenyan express connections was studied by Nyaga *et al.*, (2015). Interviews were done to get the primary data while

audited financial reports and other publications were used in collecting of the secondary data from Express Connections Limited. Interviewees' data was analyzed through a content analysis. Competitive strategies had been adopted by the Express Connections Limited as the study found which included; standard pricing, , using colors which are standard and creation of a sister company so that all routes could be covered. Baraza (2017) examined how performance was affected by competitive strategies in the East Africa Breweries Nairobi. A descriptive design was applied. The staff members of East Africa Breweries Limited were the target population. Questionnaires and interviews were employed as primary methods of collecting data. Descriptive and inferential statistics was utilized to facilitate data analysis.

2.4 Competitive Strategy, External Environment and firm performance

The business environment led to some challenges that affected organization performance that led to a study conducted by Ibrahim and Primiana (2015) to find out how organization performance was influenced by business environment so that the problems could be solved. The organization performance was found to be effected significantly by the business environment. The performance of the organization was found to be implicated by business environment. Nigeria's Osun State small and medium scale enterprises were researched by Ajayi (2016) on how their organizational performance was impacted by external business environment. The study made us of secondary sources. The environment that the businesses take place is also related to SMEs. How organizational performance is affected by external business environment should be understood by all SME operators so that they can also understand the implications that

result; so that opportunities and threats can be identified and ensure that their information know how and skills are updated to be able to predict the changes that affect their businesses.

The Nigerian food and beverage industry was studied by Adeoye and Elegunde (2012) to find out how organizational performance was affected by external business environment. 150 respondents were targeted from the three companies using a well-developed questionnaire to collect the data. It was found that organizational performance was impacted by external business environment. Use of periodic scanning should be utilized by organizations to pay more attention to the environment. Strategic measures that had been employed by firms resulted into to great consistency whereas strategy development was impacted by various environmental forces as established by the study done by Ambundo (2013). It was established that strategy development required the impact of environmental forces by evaluating more parameters.

Kenyan export of services sector was examined by Chitechi (2014) on how their performance was affected by external environmental. Kenyan professional body's comparative data was obtained through a cross section design adopted by the study. The responses were standardized through the data collected using questionnaires which were semi structured in collecting the primary data. A descriptive analysis was applied analyzing of the collected data. Use of percentages, means and standard deviations was utilized as central tendencies. Opwolo (2018) also studied practices of strategic management, external environment and real estate companies' performance in Nairobi, Kenya. Data from a random sample of fifty percent of the total population using

questionnaires. Information collected was on the demographic characteristics of the study population, strategic management practice and performance of these firms. Quantitative data was collected and descriptive statistics used for analysis. The research findings were that most of the firms under study practiced strategic management but did not put much effort on external analysis and hence poor performance. It was found that planning is not enough to attain a company desired level of output; rather planning to fit in the external environment can help.

2.5 Summary of Empirical Studies and Knowledge gaps

This part gives a summarized overview of the empirical studies . The analysis shows the respective studies taken by previous researchers, the study methodology that they employed, the results that these studies had arrived at and the knowledge gaps which this particular research was to address clearly indicating this on the focus of the current study.

Table 2.1 Summary of Empirical Studies and Knowledge gaps

Study	Methodology	Results of the Study	Knowledge gap	Focus of the Current study
Performance measurement was used as the mediating factor to the study conducted on how firm performance was affected by competitive strategies (Teeratansirikool <i>et al.</i> , 2013)	Cross-sectional design was used. A Path-analytical model was adopted by the study	Firm performance was directly and significantly impacted by firms' differentiation strategy and also indirectly significantly by financial measures as the determining factor.	This study seeks to show the impact that cost leadership has on Nairobi's food processing companies performance.	Firm performance and Cost leadership strategy
How performance of processing industries was affected by competitive strategies (Gorondutse & Hilman, 2014)	Descriptive research design was used. Correlation was conducted.	The existing literature on how performance related to competitive advantage was confirmed through the study of the Processing Industries.	How differentiation strategy affected performance of food processing companies.	Firm performance
The organizations performance of companies was investigated and how it was impacted by generic competitive strategies (Pulaj <i>et al.</i> , 2015)	Descriptive statistics & inferential statistics were used.	The study established that performance was affected by cost leadership, focus and differentiation.	The study intended to find out how organizational performance was influenced by competitive strategies in Nairobi's food processing companies	Market focus and Firm performance
The organizations performance of companies was investigated in Kenya of express connections limited in Nairobi (Nyaga <i>et al.</i> , 2015)	Content analysis was adopted for the study.	Competitive strategies had been adopted by the Express Connections Limited.	How cost leadership affected performance of food processing companies in Nairobi	Cost leadership strategy and Firm performance

Table 2.1 (Continued)

How performance of processing industries was affected by competitive strategies, a case study of Bamburi Cement Limited (Nderitu, 2015)	A case study research was employed.	Bamburi cement measures customer focus and satisfaction, profit after tax and return on investment and rates the performance.	food processing companies in Nairobi	Differentiation strategy and Firm performance.
The study examined the effects of competitive strategies on performance of processing firms in Nairobi (Baraza, 2017)	Descriptive research design was applied in the study.	From the findings decision making which resulted to improved organizational performance was influenced by competitive strategies.	To establish the effect of market focus strategy on performance of food processing companies in Nairobi	Market focus and performance of the Firm.
The Nigerian food and beverage industry was studied to find out how organizational performance was affected by external business environment. (Adeoye & Elegunde, 2012)	Data was analyzed via Descriptive statistics.	It was well shown that organizational performance was impacted by external business environment.	Strategic measures which had been adopted by firms led to consistency to a great extent whereas strategy development was impacted by various environmental forces	External environment, competitive strategies and performance

Table 2.1 (Continued)

Kenyan export of services sector was examined on how their performance was affected by external environmental (Chitechi, 2014)	A cross section design adopted by the study.	The study showed that, the external environment varied in complexity.	How competitive strategies are affected by external environment of food processing companies in Nairobi.	External environment and Firm performance.
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Source: Researcher (2019)

2.6 Conceptual Framework

The dependent variable is analyzed using financial and non-financial indicators. The study aims to show that there exists a relationship between competitive strategies (indicated by cost leader strategy, differentiation strategy and focus strategy) and performance of food processing companies in Nairobi. In addition, the relationship is moderated by external environment (indicated by PESTEL factors).

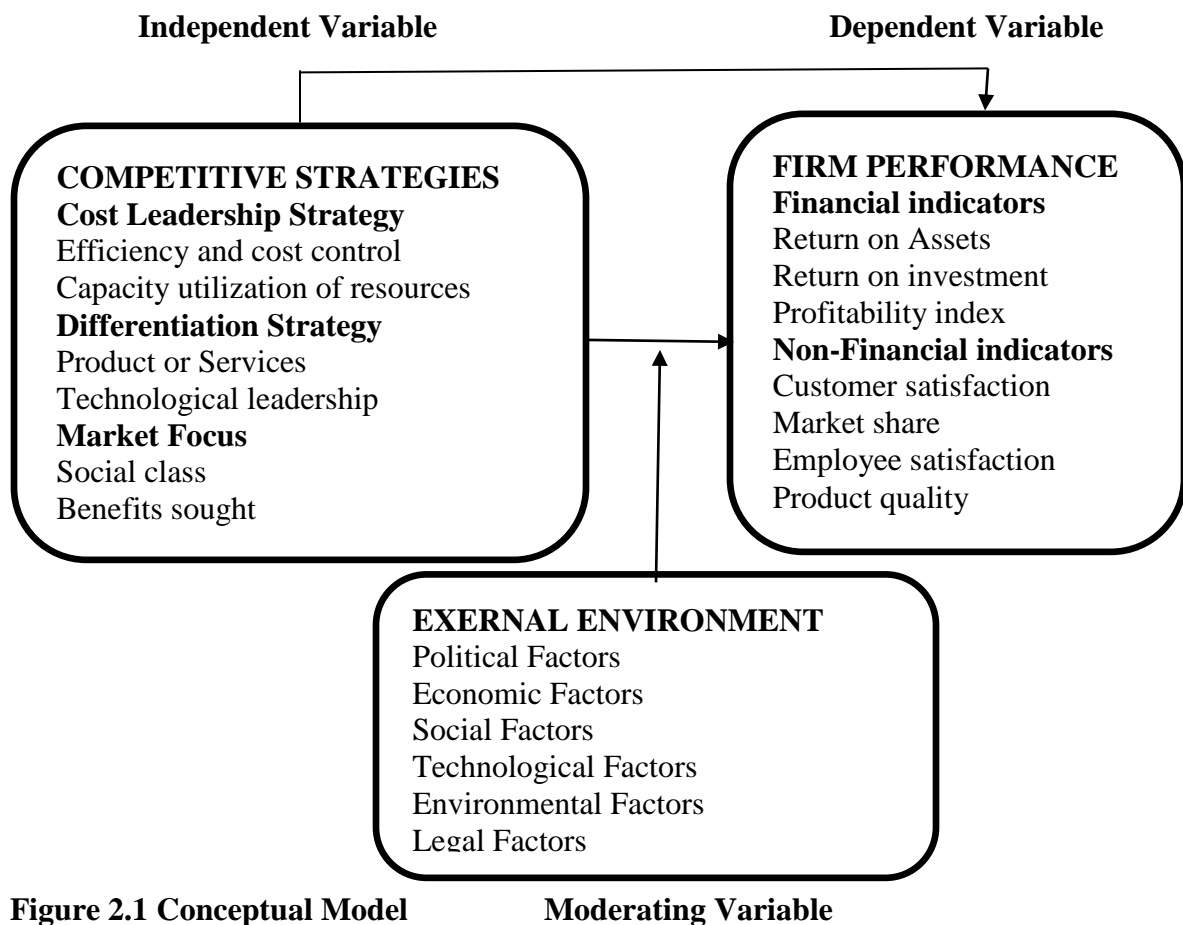


Figure 2.1 Conceptual Model

Moderating Variable

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the study methodology to be applied. Methodology refers to the process by which the research is carried out. In summary, the chapter details the study design, population of interest, the sample design used and the method of getting the data.

3.2 Research Design

Cross-sectional design was applied. A cross-sectional research gathers information to make deductions concerning a target population at once in time. How Nairobi's food processing companies' performance is impacted by competitive strategies was established thus this research design was effective.

3.3 Target Population

All Nairobi County's food processing companies was targeted by the study. There are total of 64 food processing companies in Nairobi County as shown in Appendix II.

3.4 Sample Design

Census sampling method was used in this particular study. The 64 food processing companies was selected where operating managers of each of the 64 companies were the respondents.

3.5 Data Collection Methods

Secondary data was retrieved from financial statements and primary data through the structured questionnaires provided to the food processing companies. Respondents who

were the operating managers of each of the 64 companies were able to provide more information using the open ended questions while the expected answers from the researcher were given by the closed ended questions. The questionnaires were left with the respective managers of the company and collected after they has been filled. The questionnaires promoted uniformity on the way the questions were asked. The questions in the questionnaire was set to capture the objective of the study and was separated into various different parts which are; profile of the respondents' organization, performance and strategies of the food processing companies.

3.6 Data Analysis

The data was entered in the SPSS version 24 after its accuracy and completeness is scrutinized. The researcher used descriptive quantitative analysis to show how the competitive strategies impacted on performance. The data was presented using tables and Figures. Use of statistical techniques (inferential statistics) that are advanced was applied. The dependent and the independent variable relationship was determined through application of a Regression.

The regression outlook is outlined as:

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \text{ Where:}$$

Y = Firm performance

β_0 = Constant Term

$\beta_1 - \beta_4$ = Beta coefficients

X1= Cost leadership strategy

X2= Differentiation strategy

X3= Focus strategy

X4= External Environment

ϵ = error term (residual term that includes the net effect of other factors not in the model and measurement errors in the dependent and independent variables).

The one-Way ANOVA was used in determining of the significance level so that the variations that exist between the variables was determined through the ANOVA test.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter shows the results that the study found. There is also a detailed discussion as well as conclusions all linked to study objectives and the reviewed literature. The data has been shown on frequency tables, mean and also standard deviation.

4.2 Response Recieved

The sample of the study was 64 from which 59 voluntarily took part in the study and filled the structured questionnaires recording a 92.19% response rate. Additionally, Babbi (2010) agrees that a 70% and above response rate is good. The high rate of feedback is attributed to the technique used by the researcher to personally distributed the questionnaire making follow-ups via phone calls to remind the research respondents to respond to the distributed questionnaires.

4.3 Demographic Information

This part collected information on the companies' background. Specifically, the researcher focused on the ownership of the company, employees numbers, operational years and business type.

4.3.1 Company Ownership

The operating managers were requested to indicate the type of ownership for their companies. The outcome is shown in Table 4.2.

Table 4.2: Company Ownership

Company Ownership	Frequency	Percentage
Local	29	49.2
Foreign	3	5.1
Both	27	45.8
Total	59	100.0

Source: Field Data (2019)

Table 4.2 indicated that most (49.2%) companies were locally owned with 45.8% of the companies been owned both locally and internationally. An insignificant companies represented by 5.1% were foreign companies.

4.3.2 Business Type

Study sought to understand the type of business that most food processing companies were.

Table 4.3: Business Type

Business Type	Frequency	Percentage
Limited liability Company	53	89.8
Partnership	5	8.5
Cooperative	1	1.7
Total	59	100.0

Table 4.3 indicated that almost all food processing Companies in Nairobi were limited liability Company as shown by 89.8%, further 8.5% of the food processing Companies were categorized as Partnership while only one company was classified as Cooperative.

4.3.3 Companies' Years of existence

The researcher wanted to understand the number of years each food processing Companies had been in existence. The data received was categorised as in Table 4.4.

Table 4.4: Year of Existence

Year of Existence	Frequency	Percentage
<1	0	0.0
1-5	5	8.5
6-10	13	22.0
= or >11	41	69.5
Total	59	100.0

Table 4.4, showed that none of the food processing companies was found to be in existence for less than one year. Most (69.5%) of companies had more than ten years experience. This firms included KenAfric Companies Limited, Kenya Millers Limited and Kenya sweet limited among others. The study revealed that only 8.5% (n=5) food processing companies were in operation for less than 5 years. It was also revealed that 22.0% of the food processing companies had operated for 6 to 10 years. This implies that most firms were well established and thus were able to offer information that was required on competitive strategies and external environment.

4.3.4 Number of Employees

Table 4.5 shows the total number of employees of each food processing Companies in Nairobi.

Table 4.5

Number of Employees	Frequency	Percentage
<50	5	8.5
51- 100	9	15.3
101-150	19	32.2
151 - 200	14	23.7
> 200	12	20.3
Total	59	100.0

Table 4.5 showed that most (32.2%) food processing Companies in Nairobi had 101 to 150 employees. Further, 23.7% of the companies had 151 to 200 employees while 20.3% of the companies had over 200 employees. Only 8.5% (5) of the companies was found to have less than 50 employees. This implies that most firms were medium and others were large hence could easily provide the information needed by the researcher.

4.4 Competitive Strategies

This section presents statistical assessment on statements relating to competitive strategies used by food processing companies in Nairobi Kenya. A Likert scale was employed to show the level of agreement of the respondents. Table 4.6 shows the results of average mean and standard deviation. A small deviation indicates consistence of data.

Table 4.6: Competitive Strategies

Competitive Strategies	Mean	Std. deviation
Cost Leadership		
Our organization does costing of all products and services	4.237	0.950
Our organization maximizes on profitability through strategies of cost reduction	3.712	0.051
Our company cuts down on duplication and waste by improving on production and delivery	3.898	0.155
Our organization minimizes cost through innovation	3.966	0.033
Our organization has optimum level of personnel	3.847	0.997
Our organization emphasizes on efficiency	4.051	0.105
Our organization emphasizes on time management	3.831	0.036

Our organization continuously trains staff on effective resource utilization	4.102	0.062
Differentiation		
Our organization offers products/services with unique characteristics	4.288	0.035
Our organization creates and maintains products/services with appealing features	3.881	0.001
Our organization does research to match products/services with customer needs	3.847	0.111
Our organization offer products/services at affordable prices	4.034	0.114
Our organization always strives to lead in product/service delivery in our sector	3.746	0.044
organization always keeps our customers always aware of our product/service attributes	4.085	0.087
Focus		
The mandate and focus of our organization is well understood	4.119	0.984
The mandate of our organization is always changed to align with market changes	3.983	0.919
Our organizations practices target market specialization	4.153	0.172
The core aim of out organizations is to remain in the market	3.915	0.119
The changes in the niche market are always reviewed by our organization	3.864	0.166

Table 4.6 showed the findings on the competitive strategies. On cost leadership strategies, study revealed that food processing companies does costing of all products and services (M=4.237, SD=0.950) and maximizes on profitability through strategies of cost reduction. Most companies cuts down on duplication and waste by improving on

production and delivery (M=3.898, SD=0.155), minimizes cost through innovation and have optimum level of personnel. It was as well revealed that most companies emphasizes on efficiency (M=4.051, SD=0.105), time management and continuous training of staff on effective resource utilization. This was in line with (Pulaj *et al.*, 2015) who established that leading in low cost greatly affects the companies' outcome.

Further, it was noted that most food processing companies were offering products/services with unique characteristics (M=4.288, SD=0.035) and were creating and maintaining products/services with appealing features. It was also noted that most food processing companies does research to match products/services with customer needs (M=3.847, SD=0.111), offer products/services at affordable prices and strives to lead in product/service delivery (M=3.746, SD=0.044). Finally, most companies keeps customers always aware of product/service attributes. The findings concur to Nyaga *et al.*, (2015) that differentiation strategies are very important because they directly impact on decision making thus organizational performance.

On market focus it was established that most food processing companies understands their focus and mandate (M=4.119, SD=0.984) and most companies align their mandate with the market changes. Most companies specializes on their target market and always aims to remain in the market (M=3.915, SD=0.119) and reviews niche market changes. Findings agree to that of Gorondutse and Hilman (2014) that understands the focus and mandate of an organization is the key for better performance.

4.5 External Environment

The respondents were requested to indicate whether their companies carried out external environmental analysis while setting strategic plans. Figure 4.2 gives the summary.

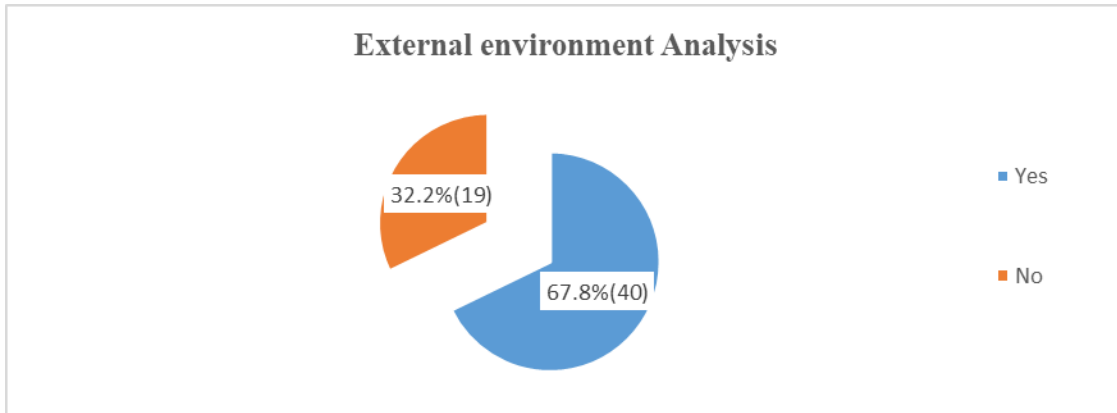


Figure 4.2 External Environment Analysis

Source: Field Data (2019)

Figure 4.2 showed that most (67.8%) of the respondents indicated that their companies were carrying external environmental analysis when setting strategic plans. However, the rest 32.2% highlighted that they were not carrying external environmental analysis when setting strategic plans.

Table 4.7: External Environment

Factors	Mean	Std. deviation
Customer behavior	4.186	0.025
Suppliers	4.034	0.982
Competition	4.000	0.851
Economic trends	3.780	0.018
Social-cultural dynamics	4.220	0.984
Political systems	3.898	0.012
Technical factors	4.169	0.985
Legal procedures and regulations	4.068	0.998

Source: Field Data (2019)

Table 4.7, indicated the extent to which external environment factors affected the operations of their companies. The results revealed that the change of all the external environment factors studied impacted the operations of the companies greatly. These external environment factors included; Customer behavior (M=4.186, SD=0.025), suppliers, Competition (M=4.000, SD=0.851), Economic trends, Social-cultural dynamics, Political systems (M=3.898, SD=0.012), Technical factors (M=4.169, SD=0.985) and Legal procedures and regulations. Finding(s) correlate to that of Ibrahim and Primiana (2015) that business environment had a significant effect on organization performance.

4.6 Firm Performance

Table 4.8 outlines the findings from the statements of food processing companies in Nairobi, Kenya.

Table 4.8: Non- Financial Performance

Non- Financial Performance	Mean	Std. deviation
Competitive strategies enhances the image of my organization	4.068	0.096
Competitive strategies improves my organizations market share through reduced competition	3.814	0.819
Competitive strategies enhances stakeholders satisfaction	3.694	0.141
There is enhanced government goodwill in my organization due to engagement in competitive strategies	3.714	0.973
Customers are satisfied with our involvement in competitive strategies	3.864	0.090
Employees are much satisfied with our involvement in competitive strategies	3.983	0.991

Table 4.8 shows findings on non-financial performance of companies in Nairobi, Kenya. It was confirmed that competitive strategies enhanced the image of most companies (M=4.068, SD=0.096) and improved market share through reduced competition for most companies. Competitive strategies enhanced stakeholder's satisfaction as well as government goodwill due to engagement in competitive strategies (M=3.714, SD=0.973). Most employees agreed that most customers were satisfied with company's involvement in competitive strategies (M=3.864, SD=0.090) and employees were much satisfied with company's involvement in competitive strategies.

On financial performance secondary data was analyzed and results were as tabulated in Figure 4.2, 4.3 , 4.9.

Table 4.9: Average Financial Performance

Financial Performance Indicators	Mean	Std. deviation
ROA	0.048	0.001
ROI	0.123	0.082
Profitability	44.13%	0.105

Source: Field Data (2019)

Table 4.9 showed that return on asset, return on investment and profitability of food processing companies had increased continually from 2014 to 2018. On average for five years return on asset was .048, return on investment was 0.123 while Profitability was 0.4413.

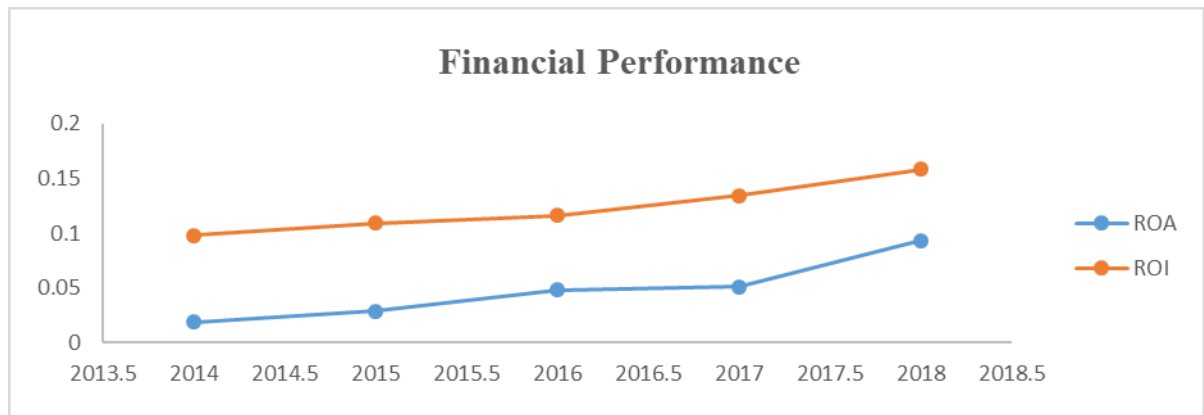


Figure 4.3 ROA and ROI

Source: Field Data (2019)

Figure 4.3 indicated that return on asset and return on investment of food processing companies had increased continually from 2014 to 2018. On average for five years return on asset was .048 and return on investment was 0.123.

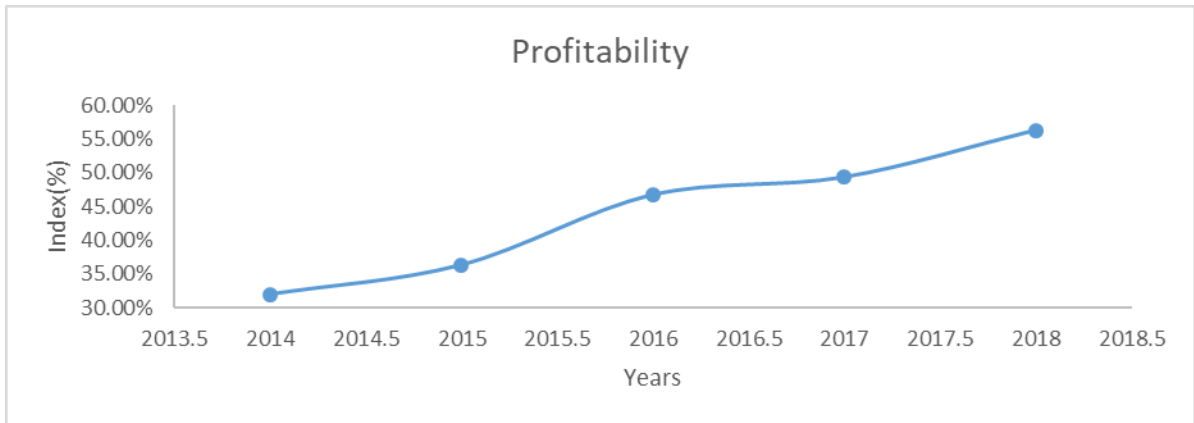


Figure 4.4 Profitability

Figure 4.4 showed profitability of the companies had increased continually from 2014 to 2018. On average for five years Profitability was 0.4413.

4.7 Regression Analysis

Table 4.10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.87451	0.76477	0.74735	1.58554

Field Data (2019)

Table 4.10 shows the model recorded R^2 of 0.747 meaning that 74.7% of the variations on food processing companies in Nairobi are explained by the variables which are independent.

Table 4.11 ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	465.886	4	116.4715	43.8917	.000
	Residual	143.295	54	2.653611		
	Total	609.181	59			

Table 4.11 shows that the value calculated was bigger than the critical value ($F = 43.8917$, $P < 0.05$) since $P=0.000 < 0.05$ implying; cost leadership, differentiation, focus strategy and external environment all have a significant impact on performance of organizations. The model was of significance since the outcome shows that a significance level of less than 0.05 was determined.

Table 4.12 Coefficients

Model	Unstandardized		Standardized	t	Sig.	
	Coefficients		Coefficients			
	B	Std. Error	Beta			
1	(Constant)	2.849	0.991		2.874	.005
	Cost leadership	0.513	0.191	0.432	2.685	.009
	Differentiation	0.268	0.081	0.209	3.308	.001
	Focus	0.399	0.135	0.318	2.955	.004
	External environment	0.187	0.065	0.038	2.876	.002

Table 4.12 shows the generated SPSS output thus ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) will be:

$$Y = 2.849 + 0.513X_1 + 0.268X_2 + 0.399X_3 + 0.187X_4$$

When cost leadership changes by a unit keeping other factors constant it positively influence performance of food processing companies by 0.513; This implies that when cost leadership increases by one unit, it would result to an increase on food processing companies' performance ($\beta_1=0.513$, $p=0.009 <0.05$). When differentiation strategy changes by a unit it positively impacts food processing companies' performance when all other factors are held constant by $\beta_1=0.268$, $p=0.001 <0.05$, implying when differentiation strategy increases it would result to increased performance of food processing companies $\beta_1=0.268$. When focus strategy changes by one unit it would positively influence performance of food processing companies by $\beta_1=0.399$, $p=0.004 <0.05$, implying that when focus strategy increases by a unit it would result to an increase on outcome of the companies. The moderating factor also impacted on companies' outcome. Hence a unit increase on external environment positively impacts food processing companies' performance when all other factors are kept constant ($\beta_1=0.187$, $p=0.002 <0.05$). These findings were in line with Adeoye and Elegunde (2012) who concluded that the companies performance is affected by the external part of the environment.

4.8 Discussion of the Results

Objective one;

The regression model revealed that the strategies affected food processing Companies' performance. The model recorded (R^2) of 0.747 meaning that 74.7% of the variations on

food processing companies in Nairobi are explained by the IVs; cost leadership, differentiation, focus strategy and external environment.

The study revealed that food processing companies does costing of all products and services and maximizes on profits through strategies of cost reduction. Most companies cut down on duplication and waste by improving production and delivery, minimizes cost through innovation and have optimum level of personnel. It was as well revealed that most companies emphasize on efficiency, time management and continuous training of staff on effective resource utilization. This agrees with (Pulaj *et al.*, 2015) who established low costing to improve companies outcome positively.

Regression analysis also showed differentiation as a strategy has significance and positive influence on food processing companies' performance, this concur to Baraza (2017) who cited that competitive strategies are vital in effective decision making thus, performance of firms. Further, it was noted that most food processing companies were offering products and services with unique characteristics and were creating and maintaining products and services with appealing features. It was also noted that most food processing company's always do research to match products/services with customer need offer products/services at affordable prices and strives to lead in product/service delivery. Finally, most companies keeps customers always aware of product/service attributes.

On market focus it was noted that most food processing companies understood their focus and mandate and were always updated their mandate in line with change in the market. Most companies specialized on their target market and always strived to remain

in their market and reviews changes in the niche market. Findings agree to that of Gorondutse and Hilman (2014) that understands the focus and mandate of an organization is the key for better performance. Focus strategy was further revealed to have a significance influence on food processing companies' performance.

Objective two;

The moderating factor was established to have a significance influence on food processing companies' outcome. These was in agreement with Adeoye and Elegunde (2012) who concluded that the environment affects the company's performance. It was established that most (67.8%) companies were carrying out external environmental analysis when setting strategic plans. Further, the results revealed that the change of all the external environment factors studied had great an impact on the operations of the companies. These external environment factors included; Customer behavior, suppliers, Competition, Economic trends, Social-cultural dynamics, Political systems, Technical factors and Legal procedures and regulations. Finding correlate to that of Ibrahim and Primiana (2015) that indeed the environment has an impact on companies final outcome.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter highlights the findings summary, the conclusion and the study recommendations. Moreover, the section covers the suggestions for studies in the future.

5.2 Summary of the Study

Food processing companies does costing of all products and services and use the strategy of cost reduction to maximize on profits. Companies cut down on duplication and waste by improving production and delivery, minimizes cost through innovation and have optimum level of personnel. It was as well revealed that most companies emphasize on efficiency, time management and continuous training of staff on effective resource utilization. Prediction by regression indicated that low costing improved food processing companies' performance.

Regression analysis also revealed that strategy of differentiation has significance and notable influence on performance of food processing companies, implying that when differentiation strategy is applied more the companies perform very well. Further, most food processing companies were offering products and services with unique characteristics and were creating and maintaining products and services with appealing features. It was also noted that most food processing company's conduct research to match products/services with customer need offer products/services at affordable prices and strives to lead in product/service delivery. Finally, most companies keep customers always aware of product/service attributes.

It was noted that food processing companies understood their focus and mandate and were always updated their mandate in line with change in the market. Most companies specialized on their target market and always strived to remain in their market and reviews changes in the niche market. Focus strategy was further established to have a significance influence on food processing companies' performance.

The moderating factor was also established to have a significance influence on food processing companies' performance. Hence a unit increase on external environment while other factors are held constant would result in an increase on food processing companies' performance. It was also noted that most companies were carrying out external environmental analysis when setting strategic plans. Further, the results revealed that the change of all the external environment factors studied impacted operations of the companies. These external environment factors included; Customer behavior, suppliers, Competition, Economic trends, Social-cultural dynamics, Political systems, Technical factors and Legal procedures and regulations.

5.3 Conclusion of the Study

In conclusion, food processing companies purposes in doing costing of all products and services and maximizes their profits by employing strategies to reduce costs. Companies focuses in improving the production and service delivery process to cut on waste and duplication and minimizes cost through innovation. Most companies have optimum level of personnel and they emphasizes on efficiency, time management and continuous training of staff on effective resource utilization. Lower costing would have a positive change on food processing companies' performance. He research also indicated that

strategy of differentiation positively and significantly impacts performance. Most food processing companies offered products and services with unique characteristics and were creating and maintaining products and services with appealing features. Food processing company's often do research to match products and services with customer need and offer products/services at affordable prices and strives to lead in product/service delivery. Finally, most companies keeps customers always aware of product/service attributes.

Further, the study concluded that food processing companies understood their focus and mandate and they always updated their mandate in line with change in the market. Most companies specialized on their target market and always strived to remain in their market and reviews niche market changes. Focus strategy was found to be important. The moderating factor had a significance impact on food processing companies' performance. Hence a unit increase on external environment when all the other factors are kept constant results in an increase in the companies' outcome. It was also concluded companies were carrying out external environmental analysis when setting strategic plans. The change of all the external environment factors studied greatly impacted the operations of the companies. These external environment factors included; Customer behavior, suppliers, Competition, Economic trends, Social-cultural dynamics, Political systems, Technical factors and Legal procedures and regulations.

5.4 Implication of Study

Below stakeholders were beneficiaries.

5.4.1 Implication to Academicians

To academicians, much knowledge is gained from this study. It establishes a better foundation to people who want to get into research in the future related to effect of competitive strategy and external environment on performance of food processing companies in Nairobi. It is a material of reference on other topics related to the one discussed here. It provides a background for scholars intending to carry out a further study in the sector.

5.4.2 Implication to Theory

The study supplements the theories; to the RBV theory, the study highlights important resource management practices in attaining a competitive advantage. On the open system theory, it encourages the firms to adopt competitive strategies so that they can attain competitive advantage and eventually better performance. As such the study elaborates on the external and internal factors influencing a firm that demands that firms have competitive strategies in order to remain sustainable.

5.4.3 Implication to Policy

The study is crucial to policymakers since it will give a basis from which effective and efficient policies on competitive strategies can be developed. To the stakeholders, the study attempts to show the importance of adopting competitive strategies in an organization to improve performance.

5.4.4 Implication to Food Processing Companies

The research findings are of importance to food processing companies, since it helps the performance by building on competitive strategies that are already adopted. To the food processing companies, this research is a material of reference to offer management with insights on the way they can adopt different competitive strategies.

5.5 Recommendations for Study

- i. The food processing companies should in addition to operating at lower cost than their rivals ensure that the products they produce for their customers are of matching quality to their customers comfort.
- ii. The study recommend food processing companies should continue to differentiate their products to meet changing customer preferences. Through this they will be able to compete in other areas other than price, able to focus on quality and create brand image hence creating customer loyalty and achieving better performance.
- iii. Food processing companies should ensure their new products attract brand loyalty. This will help to boost the customer's perception concerning the products and boost profit. Customers will advertise to other customers as well.
- iv. It is recommended by this study that the food processing companies to consider and take care of external environment factors when formulating the competitive strategies.

5.6 Limitations of the Study

In this research, there was a challenge in obtaining confidential information from the companies because some were not available from the financial reports and company websites. To deal with this challenge, the researcher consulted from some of the firm's management and stakeholders.

As the university requires the completion of the research document at a specified date, there were time and resource constraints which restricted the researchers' secondary data collection from the individual companies. Nevertheless, the researcher managed to collect performance data from the financial statements availed to the public by the banks.

Another limitation is on the measurement of financial performance. The researcher used ROA and ROI to determine financial performance of food processing companies. However, financial performance could be measured using market ratios and ROE.

5.7 Areas Suggested for Further Study

This study only looked at three factors, cost leadership, product differentiation and market focus. More studies should be done on other effects of Competitive strategies like the intimacy which a company has towards its customers and operational experience in companies in Nairobi. A comparative study will help to establish whether there are any similarities or differences in the competitive strategies and external environment and the impact they have on performance across different industries.

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APPENDICES

Appendix I: Letter of Introduction Student

Dear Respondent,

RE: MBA Project Questionnaire

I am an MBA student at the School of Business, University of Nairobi. I am doing the topic: **THE EFFECT OF COMPETITIVE STRATEGY AND EXTERNAL ENVIRONMENT ON PERFORMANCE OF FOOD PROCESSING COMPANIES IN NAIROBI COUNTY**. I am undertaking the research project in partial fulfillment of the requirements for the award of the degree of Master of Business Administration.

The feedback you provide will aid in the research. The information you share will be respect and privacy will be maintained. Your participation in this research will be sincerely appreciated.

Your cooperation is most appreciated.

Yours Faithfully,

Mercy Abida Kamun

MBA Student 2019

Appendix II: UON Introduction Letter



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

Telephone: 020-8095398
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsities

Tel: 020 8095398
Nairobi, Kenya

DATE: 28th September, 2019

TO WHOM IT MAY CONCERN


The bearer of this letter **Mercy A. Kamun** of Registration Number **D61/64808/2011** is a Master of Business Administration (MBA) student of the University of Nairobi, Strategic Management option.

She is required to submit as part of her coursework assessment a research project report

We would, therefore, appreciate if you assist her by allowing her to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.


PROF. JAMES NJIHIA
DEAN, SCHOOL OF BUSINESS



Appendix III: Questionnaire

Dear respondent,

The information is for learning purposes. Confidentiality will be observed Therefore, this is a kind request to respond to below questions.

SECTION A: GENERAL

1. Company Name_____
2. How can you describe the ownership of your organization?
 - Local []
 - Foreign []
 - Both []
3. How can you describe the type of business organization?
 - Limited liability Company []
 - Partnership []
 - Cooperative []
4. How many years has the company been in Kenya?
 - <1 []
 - 1-5 []
 - 6-10 []
 - Above 10 []
5. How many employees does your organization have?
 - < 50 []
 - 51- 100 []
 - 101-150 []
 - 151 - 200 []
 - Above 200 []

PART B: COMPETITIVE STRATEGIES

Kindly state your opinion on below concerning competitive strategies in your organization

From 1 all the way to 5 (5 being strongly disagree)

Competitive Strategies	1	2	3	4	5
Cost Leadership					
Our organization does costing of all products and services					
Our organization maximizes on profitability through strategies of cost reduction					
Our company cuts down on duplication and waste by improving on production and delivery					
Our organization minimizes cost through innovation					
Our organization has optimum level of personnel					
Our organization emphasizes on efficiency					
Our organization emphasizes on time management					
Our organization continuously trains staff on effective resource utilization					
Differentiation					
Our organization offers products/services with unique characteristics					
Our organization creates and maintains products/services with appealing features					
Our organization does research to match products/services with customer needs					
Our organization offer products/services at affordable prices					
Our organization always strives to lead in product/service delivery in our sector					
organization always keeps our customers always aware of our product/service attributes					
Focus					
The mandate and focus of our organization is well understood					
The mandate of our organization is always changed to align with market changes					

Our organizations practices target market specialization					
The core aim of out organizations is to remain in the market					
The changes in the niche market are always reviewed by our organization					

PART C: EXTERNAL ENVIRONMENT

a) Does your firm carry external environmental analysis when setting strategic plans?

Yes ()

No ()

b) To what extend does changes of the following external environment factors affect the operations of your firm?

External Environmental Factors	1	2	3	4	5
Customer behavior					
Suppliers					
Competition					
Economic trends					
Social-cultural dynamics					
Political systems					
Technical factors					
Legal procedures and regulations					

PART D: FIRM PERFORMANCE

Give your ratings in the scale of 1-5

Non- Financial	1	2	3	4	5
Competitive strategies enhances the image of my organization					
Competitive strategies improves my organizations market share through reduced competition					
Competitive strategies enhances stakeholders satisfaction					
There is enhanced government goodwill in my organization due to engagement in competitive strategies					
Customers are satisfied with our involvement in competitive strategies					
Employees are much satisfied with our involvement in competitive strategies					

Appendix IV: Data Collection Form

Financial Performance indicators

Year	ROI (Net Profit / Total Investment)	Return on Assets		PI = (NPV+ IV) / IV
		Fixed assets	Working capital	
2014				
2015				
2016				
2017				
2018				

Your cooperation is most appreciated.

Appendix V: List of Food Processing Companies in Nairobi

Processing Companies in Nairobi

Allied Companies Limited	KenAfric Companies Limited
Alpha fine food limited	Kenya Millers Limited
Aquamist Limited	Kenya national Mills Limited
Belfast millers Limited	Kenya Nut company Limited
Best food Kenya Limited	Kenya Orchards Limited
Bio Food Products Limited	Kenya sweet limited
C & R Food Companies Limited	Kevian Kenya Limited
Cadbury Kenya Limited	Kuguru Foods limited
Candy Kenya limited	Ma Cuisine Limited
Capital Fish Kenya Limited	Melvin Tea Kenya limited
Carlton Products Limited	Mic Food Companies Limited
Coca-Cola East Africa Limited	Mini Bakeries Limited
Confee Companies (E.A) Limited	Nairobi Flour Mills limited
Corn products	Nestle
Crown foods	KCC
Deeper Companies Limited	P J Products Limited
East African Sea Food Limited	Patco Companies Limited
East African Breweries Limited	Pembe Flour Mills Limited
Eldoville Farm Limited	Premier Flour mills Limited
Enns valley Bakery Limited	Premier food Companies
Excel chemicals Limited	Proctor & Allan (E.A) Limited
Farmers Choice limited	Rafiki Millers Limited
Frigoken limited	Razco Food Products Limited
Galaiya food Industry Limited	Spin Knit Diary Limited
Giloil company limited	Super Bakery Limited
Glaciers Products limited	Top Food Limited
Global Beverage Limited	True foods Limited

House of Manji Limited

Unga group Limited

Jambo Biscuits Limited

Unilever (K) Limited

Jambo Mineral Water Limited

Uzuri food limited

Jetlak Foods Limited

Vegpro Kenya Limited

Kabasora Limited

Wrigley Company (E.A) Limited

Source: Kenya Manufacturers Association 2018

Appendix VI: Nairobi County Map

