

**FACTORS AFFECTING THE ADOPTION OF COMPETITIVE
STRATEGIES BY NEW KENYA CO-OPERATIVE CREAMERIES**

BY

NAOMI KERUBO ONYIEGO

**RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE
OF MASTERS OF BUSINESS ADMINISTRATION, SCHOOL OF
BUSINESS, UNIVERSITY OF NAIROBI.**

OCTOBER, 2011

DECLARATION

This research project is my original work and has not been submitted for a degree in any other University.

Signed. *Oni*.....

Date. *07/11/2011*.....

ONYIEGO NAOMI KERUBO

D61/71415/08

This research project has been submitted for examination with my approval as the University Supervisor.

Signed.....
[Signature]

Date. *07-11-2011*.....

For **DR. JAMES GATHUNGU**

SENIOR LECTURER

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

ACKNOWLEDGEMENT

First I would like to thank the almighty God for the strength, energy and resources that enabled me to achieve this goal. Thank you, Father, for your faithfulness, grace, and mercy.

I wish to convey special gratitude to Dr. James Gathungu for his invaluable guidance in this project and initial insights and inspiration. May God pay you with His blessings. I also like to thank the management of new KCC for giving me the permission to carry out the study and collect data within the company.

I am truly grateful to all who assisted me during this study in one way or the other. My gratitude goes to my parents, my entire family and lastly my good friends who persevered and were understanding due to my long absence while compiling this research paper.

DEDICATION

This project is dedicated to my dear parents without whose upbringing I would not have known the value of education and for their spiritual support. My dear brothers, sisters in-law and my good friends for their patience and perseverance throughout the course. May God bless you.

ABSTRACT

The major determinant of an organization's success today in the changing turbulent environment depends on successful adoption of competitive strategies. Where globalization and technological change are new source of competition, markets are becoming more complex and unpredictable. The rules of competition are embodied in Porters five forces which are threat of new entrants, threat of substitutes, bargaining power of buyers, bargaining power of sellers and rival among existing competitors. Competitive strategy offered a rich framework for understanding the underlying forces of competition in industries captured in the five forces .An effective strategy gives a firm three benefits .First, it is a source of economic gain, second it provides a framework for resource allocation and third it guides firms' decision.

The study sought to investigate the challenges of adoption of competitive strategies in new KCC. The study adopted a case study research design as it sought to gain an in-depth understanding of the specific factors affecting the adoption of competitive strategies. A total of six respondents were interviewed using an interview guide.

The study findings showed that the factors affecting the adoption of competitive strategies of new KCC were economic factor, social factor, ecological factor, technological and political factor. The level of competition was found to be stiff with all the respondents indicating that the industry was characterized by high levels of competition. This was mainly attributed to globalization which has permitted ease of cheap imports as well as intense inter-firm rivalry thanks to the many new entrants.

TABLE OF CONTENTS

Declaration	ii
Acknowledgement.....	iii
Dedication	iv
Abstract	v
Table of contents	vi
List of tables	ix
List of abbreviations and acronyms	x
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the study	1
1.1.1 Competitive Strategy.....	2
1.1.2 Dairy Industry in Kenya	4
1.1.3 New Kenya Co-operative Creameries	5
1.2 Research problem.....	6
1.3 Research Objective.....	8
1.4 Value of the Study.....	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction	9
2.2 Concept of Competitive Strategy	9
2.3 Competitive Strategy.....	11
2.4 Factors affecting the adoption of Competitive strategies.....	12
2.5 External factors	14
2.5.1 Economic factors.....	14
2.5.2 Social factors.....	15
2.5.3 Technological factors	15

2.5.4 Ecological factors.....	16
2.5.5 Political factors.....	16
CHAPTER THREE: RESEARCH METHODOLOGY.....	18
3.1 Introduction.....	18
3.2 Research design.....	18
3.3 Data collection	18
3.4 Data analysis	19
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS	21
4.1 Introduction.....	21
4.2 Respondents' Profiles.....	21
4.2.1 Interviewee's managerial position	21
4.2.2 Years with the company.....	22
4.2.3 Years in the current position	23
4.2.4 Respondent's department.....	23
4.3 Firm and industry characteristics	24
4.3.1 Products.....	24
4.3.2 Level competition in the milk industry	25
4.3.3 Reasons for stiff competition	25
4.3.4 Greatest competitors.....	26
4.3.5 Competitor attributes.....	27
4.4 Adoption of competitive strategies	28
4.4.1 Mechanisms in place for strategy adoption.....	28
4.4.2 Competitive strategies.....	29
4.4.3 Factors influencing the adoption of competitive strategies.....	30

CHAPTER FIVE:SUMMARY,CONCLUSION AND RECOMMENDATIONS	34
5.1 Introduction	34
5.2 Summary	34
5.3 Conclusion.....	36
5.4 Recommendations	36
5.5 Suggestions for further research.....	37
REFERENCES.....	38
APPENDICES	38
APPENDIX 1: COVER LETTER	41
APPENDIX II: INTERVIEW GUIDE.....	42
APPENDIX III: ORGANIZATION STRUCTURE	43

LIST OF TABLES

Table 4.1: Managerial position	21
Table 4.2: Length of service.....	22
Table 4.3: Period served in current position	23
Table 4.4: Respondent's department.....	24
Table 4.5: Level competition in the milk industry.....	25
Table 4.6: Reasons for stiff competition.....	26
Table 4.7: Competitors of New KCC.....	27
Table 4.8: Competitor attributes	27
Table 4.9: Mechanisms in place for strategy adoption	29
Table 4.10: Competitive strategies in place	30
Table 4.11: Factors influencing the adoption of competitive strategies	31

LIST OF ABBREVIATIONS AND ACRONYMS

CSR:	Cooperate Social Responsibility
FCU:	Farmers Cooperative Union
KDB:	Kenya Dairy Board
KDP:	Kenya Dairy Producers
LTD:	Limited
NKCC:	New Kenya Co-operative Creameries Limited
PESTEL:	Political, Economic, Social, Theological and Environmental
USA :	United States of America

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Competition means the interaction between companies making products similar to or can be substituted for a given business's products in the same geographic area. There are four business factors affecting the adoption of competitive factors, and technical factors. In this emerging competitive environment, the ultimate success of the business will depend on management's ability to integrate the company's intricate network of business relationships (Drucker & Martin, 1998). A dynamic environment therefore means that firms have to compete intensively (Pearce & Robinson, 1997). Competition is at the core of the success or failure of firm's. Competition determines the appropriateness of firm's activities that can contribute to its performance, such as innovations, a cohesive culture or implementation.

Competitive advantage grows out value a firm is able to create for its buyers that exceeds the firm's cost of creating it. According to Walker (2004) a prevalent point of view on strategy is that leadership and organization are its key element leading to economic success. In today's turbulent business environment, managing both internal resources and challenges posed by the external environment is essential for the survival of any organization. To deal effectively with matters that affect growth and profitability, executives employ management process that they believe will position a firm optimally in its competitive environment (Pearce & Robinson, 1991). Business managers evaluate and choose strategies that they think will make their business successful. Business become successful because they possess some advantage relative to their competitors. The two most prominent source of competitive advantage can be found in the business's cost structure and its ability to differentiate the business from competitors. Wal -mart

offers retail customers the lowest prices on popular consumer items because they have created a low cost structure that result in a competitive advantage over most competitors. Wal- marts winning strategy in the USA was based on selling branded products at low cost.

Emerging economic trends such as globalization rapid proliferation of economic technology declining growth rates, increased competition and need to lower costs of operation have forced many enterprises to adapt their activities to the changing environment in order to survive. To cope with these pressures, firms are positioning themselves in the market place so as to gain competitive advantage. Companies must therefore be flexible to respond rapidly to competitive and market changes. They must outsource aggressively to gain efficiency. They must nurture a few core competencies in the race to stay ahead of rivals (Porter, 1990).For example Safaricom in Kenya it's the first mobile operator that has deployed the Convergent Billion Solution (CBS) in east Africa, which will enhance their competitive advantage and continue their leading innovation for the mobile market through the East African region (Business Daily, 2010).

1.1.1 Competitive Strategy

Competitive Strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs (Porter, 1998).Application of the chosen competitive strategies has its challenges too that a firm has to deal with. Theuri (2003) in his study found out some of these challenges encountered by owner in the fast foods industry. These include heavy financial requirement, constantly changing consumer tastes and preferences, enhancement of ability and skills of the owner and heavy marketing costs. Porter (1996) defines competitive strategy as “deliberately choosing a different set of activities to deliver a unique mix of value” these activities

are the basis of your competitive advantage. A unique strategy contributes effectively to the competitiveness of business firms.

Competitive Strategy offered a rich framework for understanding the underlying forces of competition in industries captured in the “five forces”. Industry structure embodied in the five competitive forces, provides a way to think about how value is created and divided among existing and potential industry participants .It highlights the fact that competition is more than just rivalry with existing competitors .Both industry attractiveness and competition position can be shaped by a firm and this is what makes the choice of competitive strategy both challenging and exciting. Industry attractiveness is partly a reflection of factors over which a firm has little influence; competitive strategy has considerable power to make an industry more or less attractive. A firm can improve or erode its position within an industry through its choice of strategy; competitive strategy not only responds to the environment but also attempts to shape that environment in a firm’s favor.

According to Walker (2004) competitive strategy must grow out of sophisticated understanding of the rules of competition that determine an industry’s attractiveness. The aim of competitive strategy is to cope with and to change those rules in the firm’s favor. In any industry whether it is domestic or international or produces a product or a service the rules of competition are embodied in Porters five forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers and rivalry among existing competitors. The five forces determine industry profitability because they influence the prices, costs and required investment of firms in an industry.

1.1.2 Dairy Industry in Kenya

The Kenya Milk Industry has undergone major changes following market reforms in the last two decades. The period can be characterized as a transition period from state controlled creameries to a market driven sector (Birachi, 2006).

The main regulatory body in the dairy industry is the Kenya dairy board, established under the dairy industry act, cap 336 of laws of Kenya. Kenya dairy board has the responsibility of developing, promoting and regulating the dairy industry. The main functions of the board are the enforcement of national standards for the dairy industry, training for the industry; facilitation of stakeholder's activities maintenance of data bank of the industry and regulation of imports. Two KDB officers visited the United States to learn firsthand how regulatory inspection is carried out under the USA pasteurized milk ordinance. The quality of milk and dairy products currently present significant risks to consumer safety in the domestic front and is a hindrance to competitiveness in the region and international markets. It is also a barrier to entry into regional export markets. The program facilitated regulatory inspection training will go away in improving product quality and therefore consumer safety in the local markets enhances exports.

Since milk market liberation in May 1992, competition in milk processing and marketing has increased significantly in the industry. Since then, the board has licensed over 40 private and dairy co-operatives processors to process and market milk and milk products. The industry has a processing capacity of 3.0 million Liters per day. The Kenya dairy industries contribute about 4% to the gross domestic product. Milk production is estimated at 4 billion liters per annum this supports over 1,000,000 smallholders dairy households and generates directly to about 365,000 waged jobs and a further 500.000 jobs in support service (KDB, 2009).

The processors include: multinational; owned by large-scale farmers; co-owned between small-scale farmers and private investors; or owned by organized small scale farmers alone. Their location is both urban as well as in rural high potential areas. There were about 45 licensed and operational milk processors in 1999 but the number has dropped to 34. The leading ones and those with capacity of at least 100,000 litre per day are Brookside dairy ltd, Githunguri dairy cooperative, new KCC ltd, Limuru milk processors, Meru central FCU ltd and spin knit dairy ltd. Milk marketing is undertaken through the formal and the informal market. The informal channel (hawkers and kiosks/Vibanda) handle 62% of raw milk sold in urban areas. The increase in competition has made the firm to streamline their supply chain although they are faced by several management hitches (Owour, 2006). This study seeks to explore the underlying challenges in determining factors affecting the adoption of competitive strategies in the dairy sector.

1.1.3 New Kenya Co-operative Creameries

A unique strategy contributes effectively to the competitiveness of business firms. Ansoff (1990) argues that where as goals present the ends which the firm seeking to attain, strategy is the means to the ends. Basically, strategy is about two things: deciding where you want your business to go, and deciding how to get there. Porter's famous five forces of competitive position model provide a simple perspective for assessing and analyzing the competitive strength and position of a business.

The history of KCC dates back to 22nd Aug 1925 when Kenya co-operative creameries were incorporated as a limited liability company. New Kenya Co-operative Creameries Limited was registered in 2003, after its predecessor the Kenya Co-operative Creameries Limited has operated in Kenya since 1925. This makes it the oldest dairy processor in the country. The business process on New KCC encompasses receiving of

raw milk from farmers, processing it into various milk products and marketing and selling the products for the benefit of the company shareholders. New KCC is the largest business entity in the dairy industry in East Africa. The company started with only one factory in Naivasha but today it has eleven dairy processing factories and eleven cooling plants (www.newkcc.co.ke).

Globalization and technology change are new source of competition markets are becoming more complex and unpredictable, information flows in a tightly wired world enable firms to sense and react to competitors at a faster rate. This accelerated competition means it's no longer possible to wait for a competitor to make a move before deciding how to react. After the dairy industry was liberalized and other private sector came in, there is competition. Every move by a competitor is met with a rapid countermove, thus any advantage is merely temporary. No dairy firm can afford to let its rivals gain an obvious lead for long. This is because customers make their choices based on what they perceive each firm has to offer when compared to other available choices in the dairy industry. The study is based on how New KCC competes with rivals. Therefore, the essence of strategy is achieving and sustaining an advantage over competitors.

1.2 Research problem

As the market becomes global, the numbers of factors a company must consider in any decision become huge and much more complex. Environmental uncertainty is a threat to strategic managers because it hampers their ability to develop long-range plans and to make strategic decisions to keep the corporations in equilibrium with its external environment. In today's turbulent business environment, managing both internal resources and challenges posed by the external environment is essential for the survival of any organization. To deal effectively with matters that affect growth and profitability,

executives employ management process that they believe will position a firm optimally in its competitive environment (Pearce & Robinson 1991).

According to Porter (1990) all organizations serve in the environment and depend on the environment for their input and outputs. The fact that the environment is dynamic makes it to have an impact on all industries within the country. New KCC has been subjected to these changes .Firms in the dairy industry have been facing problems in adopting competitive strategies because of environmental factors. Dairy production in Kenya is faced by a multitude of perceived risks, which contribute to high costs of production and low average productivity. These factors cause low profit to the producer and price fluctuations for the consumer. Any factor that could lower or increase income expenses is a source of risk to economic performance. In this study an attempt is made to find out the factors which affect the adoption of competitive strategies by New KCC which hinder it from achieving its objectives.

A number of studies have been carried out on the existence of competitive strategies in other industries for example; Competitive Strategies Employed by Commercial Banks by Gathonga (2001), Turnaround Strategies adopted by New KCC by Gervasi (2009), The extent of application of Porters Generic Strategies by New KCC by Omollo (2009) e.t.c. Though the above mentioned studies have been done on competitive strategies none focus on macro economic factors. There is no known study that has been done on factors affecting the adoption of competitive strategies by new KCC.

A knowledge gap therefore exists in the factors affecting the adoption of competitive strategies by new KCC. The study will seek to answer the following question; what factors affect the adoption of competitive strategies by New Kenya Co- operative Creameries in achieving its goals?

1.3 Research Objective

(i) To determine factors affecting the adoption of competitive strategies by New Kenya Co-operative Creameries in achieving its goals.

1.4 Value of the Study

To the milk industry is for it to learn to offer value to customers at a cost that produces economic performance and positioning the product line more effectively than its competitors. It will improve service to the customers which will in turn improve on the product range offer. To managers in knowing what factors affect the adoption of competitive strategies and how to go around it.

The study will also serve as a source of reference and this will provide ground for further discourse to researchers and scholars. Much of the study that has been done has focused on competitive strategies, in that respect, it is hoped that the research will provide a bearing to recent environmental factors which affect many organizations in adoption of its competitive strategies. All those players interested in entering the dairy industry will find this study a valuable insight in understanding the dynamics of the specific dairy environment. The dairy industry lobby groups like KDP could find this study an indicator of where they need to put more effort.

The study will benefit the academics both the students and lectures. The findings will be used by students in doing research as a source of secondary data. Lectures will use the information to extract notes and academic researchers use other studies to source more information to establish gaps. Helpful to future scholars who are interested in studying factors affecting the adoption of competitive strategies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter deals with the pertinent literature that exists on the study area. The entire set of literature is divided into two: theoretical and empirical literature. Theoretical literature focuses on tested theories. On the other hand the empirical literature focuses on what has already been done in the research area together with what was found and recommended.

2.2 Concept of Competitive Strategy

Competitive Strategy offered a rich framework for understanding the underlying forces of competition in industries captured in the “Porter’s five forces”. Strategy defines organization’s purpose, goals, priorities, objectives and deals with organizational competitive advantage. It also defines the business of an organization (Product /marker scope). Strategy is a plan, a ploy, pattern, position and perspective (Mintzberg, 2002). Developing a strategy requires that an organization’s managers appraise its external and internal situations, evaluate the most promising strategy options, and finally select the best strategy and business model (Thompson et al 2008).

Industry structure embodied in the five competitive forces provides a way to think about how value is created and divided among existing and potential industry participants. It highlights the fact that competition is more than just rivalry with existing competitors. Both industry attractiveness and competition position can be shaped by a firm and this is what makes the choice of competitive strategy both challenging and exciting. Industry attractiveness is partly a reflection of factors over which a firm has little influence; competitive strategy has considerable power to make an industry more or less

attractive. A firm can improve or erode its position within an industry through its choice of strategy; competitive strategy not only responds to the environment but also attempts to shape that environment in a firm's favor.

According to Walker (2004) competitive strategy must grow out of sophisticated understanding of the rules of competition that determine an industry's attractiveness. The aim of competitive strategy is to cope with and to change those rules in the firm's favor. In any industry whether it is domestic or international or produces a product or a service the rules of competition are embodied in five competitive forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers and rivalry among existing competitors. The five forces determine industry profitability because they influence the prices, costs and required investment of firms in an industry.

Chelugot (2003) conducted a research on responses of milk processing firms to increased turbulence in the macro-environmental of the dairy industry. Using a case study of KCC she found out that the company has responded both strategically and operationally. Strategic responses being the long-term and embrace the organization as a whole, while the operational are the departmental activities of any organization. She recommended the management should take advantage of economies of scale that KCC enjoys over its competitors. Environmental changes should be viewed constructively and positively.

Kariuki (2008) conducted a study on strategy evaluation and control among dairy processing firms in Kenya. She found out that Mission and vision were found to exist in some companies, there exists gaps between strategic plans and strategic outcomes in all dairy industries but the gaps vary; she also found out that lack of understanding of strategy evaluation and control is the key challenge facing the industry. She

recommended dairy firms regardless of their ownership need to craft vision and mission statements that are inspiring to all employees in their organization. She also recommended dairy companies need to develop effective evaluation systems which should inform managers on about existence of strategic gaps so that appropriate measures can be taken to close them.

Gitari (2008) conducted a research on corporate governance and financial performance of state corporations. Using a case study of KCC she found out that the key to improved governance lies with the development and implementation of governance structures that are specific, monitoring and review of the structures regularly in order to make changes when necessary to be in line with the internal and external environment. He recommended the Board to review strategies in place to be able to keep up with changing dairy industry.

2.3 Competitive Strategy

Michael Porter proposes two “generic “competitive strategies for outperforming other corporations in particular industry competitive strategies: Lower costs and differentiation. These strategies are called generic because they can be pursued by any type or size of business firm. Cost leadership-is a lower cost competitive strategy that aims at the broad mass and requires ‘aggressive construction of efficient scale facilities ,vigorous pursuit of cost reductions from experience, tight costs and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like Research and Development, service, sales force, advertising and so on’. Differentiation-it’s aimed at the broad mass market and involves the creation of a product or service that is perceived throughout its industry as unique. The company or business may charge a premium for its products (Wheelen and Hunger, 2008).

According to Porter (1990), developing competitive strategies is developing a broad formula for how a business is going to compete. The purpose therefore of competitive strategy is to establish a profitable sustainable position against forces that determine industry competition which is out performing rivals in an ethical manner and cultivating the loyalty of consumers. Formulation of competitive strategies thus entails carrying out situational internal analysis of a firm.

2.4 Factors affecting the adoption of Competitive strategies

Porter uses concepts developed in micro-economics to derive five forces that determine the attractiveness of a market .They consist of those forces close to a company that affect its ability to serve its customers and make a profit. A change in any of the forces requires a company to re-assess its marketplace. Four forces –the bargaining power of buyer ,the bargaining power of suppliers ,the threat of new entrants, and the threat of substitute products combine with other variables in the environment which to influence a fifth force which is the level of competition in the industry.

Threat of new entrants -Frequently, the strongest competitive pressures associated with potential entry come not from outsiders but from current industry participants looking for growth opportunities. Existing industry members are often strong candidates for entering market segments or geographic areas where they currently do not have a market presence. The most widely barriers that entry candidates must hurdle include; cost and resource disadvantages not related to scale operation, strong brand preferences and high degrees of customer loyalty, high capital requirements, tariffs and international trade restrictions. New entrants to an industry bring new capacity, the desire to gain market share and often substantial resources. The seriousness of threat of entry depends on the barriers present, coupled with reactions from existing competitors that the entrant can expect. If barriers are high and newcomers can expect sharp retaliation from

entrenched competitors then threat to entry is low. Industries with few substitute products are more attractive than those with many substitutes (Porter, 1980).

Threat of substitutes -Companies in one industry come under competitive strategies from the actions of companies in a closely adjoining industry whenever buyers view the products of the two industries as good substitutes. Competitive from the seller of substitute products depends on three factors; whether substitutes are readily available and attractively priced, whether the costs that buyers incur in switching to the substitutes are high or low. Signs that competition from substitutes is strong; producers of substitutes are moving to add new capacity profits of the products of substitutes are on the rise sales of substitutes are growing faster than sales of the industry being analyzed. All firms in an industry are competing in a broad sense, with industries producing substitute products. Substitutes limit potential returns of an industry, by placing a ceiling on the prices firms in the industry can profitably charge. The more attractive the price performance alternative offered by substitutes, the firmer the lid on the industry profits (Porter, 1980).

Bargaining power of sellers-Suppliers can exert bargaining power on participants in an industry by raising prices or reducing the quality of purchased goods and services. Powerful suppliers can squeeze profitability out of an industry unable to recover cost increases in its own prices. A producing industry requires raw materials-labor, components, and other supplies. This requirement leads to buyer-supplier relationships between the industry and the firms that provide it the raw materials used to create products. Suppliers, if powerful, can exert an influence on the producing industry, such as selling raw materials at a high price to capture some of the industry's profits.

Rivalry among existing competitors -It takes the familiar form of jockeying position. This involves using tactics such as price competition product innovation and increased customer service of variation. Rivalry arises where competitors see the opportunity to improve position. Some of the factors that determine intensity of rivalry do change in time. Industry maturing can lead to such a change as industry matures its growth rate declines, resulting intense rivalry, declining profits and often a shake up (Porter, 1980).

Rival sellers are prone to employ whatever weapons they have in their business arsenal to improve their market positions, strengthen their market position with buyers, and earn good profits. The challenge is to craft a competitive strategy that, at the very least, allows a company to hold its own against rivals and that ideally produces a competitive edge over rivals. But competitive contests are ongoing and dynamic.

2.5 External factors

There many factors in the environment that will also affect the decisions of the managers of any organization. They are economic factors, technological factors, social factors and ecological factors. Pearce and Robinson (1990) who refers external factors as environmental factors defines them as factors originating beyond and usually irrespective of any single firm's operating situation.

2.5.1 Economic factors

It concerns the nature and direction of the economy in which a firm operates. Managers must consider the general availability of credit, the level of disposable income and the propensity of people to spend interest rates, inflation rates and trends in the growth of the gross national products are other economic factors they should monitor (Pearce & Robinson, 2007). Higher interest rates may deter investments

because it costs more to borrow, inflation may provoke higher wage demand by employees and raise costs.

2.5.2 Social factors

The social factors that affect a firm involve the belief, value, attitudes, opinion and lifestyle of a person in the firm's external environment. Emerging social issues and changing attitudes and lifestyles can be powerful instigators of industry change. Consumers concerns about salt, sugar, chemical additives, saturated fat, cholesterol, carbohydrates and nutrition value food producers to food processing techniques, redirect research and development efforts into the use of healthier ingredients and compete in developing nutritious products. Shifting societal concerns, attitudes and lifestyles alter the pattern of competition usually favoring those players that respond quickly and creatively with products targeted to the new trends and condition.

2.5.3 Technological factors

To avoid obsolescence and promote innovation, a firm must be aware of technological changes that might influence the industry. Creative technological adaptations can suggest possibilities for new products or for improvements in existing products or in manufacturing and marketing techniques (Pearce and Robinson, 2007).Product innovation- Competition in an industry is always affected by rivals racing to be first to introduce one new product or product enhancement after another .Successful new product innovations strengthen the market positions of the innovating companies. Technological change and manufacturing process innovation; change in cost and efficiency widening or shrinking in the costs among key competitors tend to dramatically alter the state of competition. Advances in technology can dramatically

alter an industry's landscape, making it possible to produce new and better products at lower costs and opening up whole new industry frontiers.

Market innovation- when firms are successful in introducing new ways to market their products, they can a burst of buyer interest, widen industry demand , increase product differentiation, and lower unit costs any or all of which can alter the competitive positions of rival firms and force strategy revision. Technology can reduce costs, improve quality and lead to innovation. These developments can benefit consumers as well as the organizations providing the products.

2.5.4 Ecological factors

Ecology refers s to the relationships among human beings and other living things and the air, soil, and water that supports them. Threats to our life supporting ecology caused principally by human activities in an industrial society are commonly referred to pollution. Specific concerns include global warming, loss of habitat, as well as air, water and land pollution (Pearce and Robinson, 2007).As a major contributor to ecological pollution, business now is being held responsible for eliminating the toxic by- products of its current manufacturing processes and for cleaning up the environmental damage that it did previously. With major climate changes occurring due to global warming and with greater environmental awareness this external factor is becoming a significant issue for firms to consider. The growing desire to protect the environment is having an impact on many industries such as the travel and transportation industries.

2.5.5 Political factors

The direction and stability of political factors are a major consideration for managers on formulating company strategy. Political factors define the legal and regulatory

parameters within which firms must operate. Political constraints are placed on firms through fair –trade decisions, antitrust laws, tax programs, minimum wage legislation, pollution and pricing policies. Because such laws and regulations are commonly restrictive, they tend to reduce the potential profits of firms. Political forces, the factors to consider include the ideological forces that affect business. Such names as communism, socialism, capitalism, liberal, conservative, left wing and right wing are used to describe governments, political parties and people. Each has an implication on business.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter dealt with the study's methodology that was followed in quest of attaining the predesigned objectives. It covers the design which was used to conduct the study, how data was collected and eventual analyzing of data.

3.2 Research design

This study adopted a case study design and it investigated the factors affecting the adoption of competitive strategies by new KCC. A research design is a program that guides the investigator in the processes of collecting; analyzing and interpreting observations (Cava and Nathmias, 2005). A case study is an intensive study of single group, incident, or community(Shepard & Greene,2003). The design was preferred because it allows an in-depth exploration of issues in a phenomenon. It allowed a thorough and detailed examination of the subject under consideration. In addition, it placed more emphasis on the full analysis one restricted study area or set of conditions with respect to interrelations and distinctions that make the case unique in character. The design enabled the researcher to gain a sharpened understanding of why the instance happened as it did.

3.3 Data collection

The study relied on primary data. Primary data was obtained at new KCC by using interview guide. The interview guide was generated by reflecting on the study objectives and research questions that the study was seeking to answer. The interview guide was prepared to ensure respondents were able to understand, it was both

structured and open ended questions this gives confidence (Robson,2003).The interview guide (Appendix 1) was used to solicit data. The data which was qualitative in nature was collected by interviewing six (6) executives who are responsible for strategy application. The respondents were the Managing Director, Production Manager, Human Resources Manager, Procurement Manager, Finance Manager and Marketing Manager. The interviews were key to gaining insights on new KCC particularly with reference to obtaining first hand information from persons involved in adopting competitive strategies as well as day to day running of new KCC. The data was recorded by writing the responses as provided by the respondents. The interview guide was administered through personal interview which was followed by further probing. Delivery was done by hand to each respondents and collected later (drop and pick questionnaires).A covering letter was attached to each questionnaire in order to create confidence.

3.4 Data analysis

Data received was edited for inconsistencies and entered in readiness for analysis. Data collected was qualitative in nature. The data collected was analyzed using the content analysis approach. Content analysis according to Burns (2000), is invaluable in describing the sample data in such away as to portray the typical respondent and to reveal the general pattern of responses. Content analysis was performed for the information obtained and the finding of the data was then analyzed using descriptive statistics. Main purpose of content analysis was to study existing information in order to determine factors that explain a specific phenomenon. It enabled the researcher to analyze and interpret the meanings of said words and understand respondents' perceptions and beliefs. This approach was employed to make inferences by systematically identifying the themes and developing relationships with emerging

trends. The approach is useful in revealing and understanding hidden issues under investigation.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the analysis results, interpretation and discussions. Content analysis was performed for the information obtained using interview guides. Specifically, conceptual analysis approach was used with the unit of study being the individual respondents. The resulting data was then analyzed using descriptive statistics and the results were as follows.

4.2 Respondents' Profiles

It represents the respondents' managerial position, numbers of years with the company, number of years in the current position and the department they were work in.

4.2.1 Interviewee's managerial position

The respondents were asked to state the level of management that they fell into. The results were as shown in table 4.1 below.

Table 4.1: Managerial position

	Count	Percentage
Senior Management	5	83%
Middle management	1	17%
Supervisory management	0	0%

Source: Researcher (2011)

From table 4.1 above, it was found that majority (83%) of the respondents were from senior management level. 17% were middle level managers while none (0%) were from supervisory level. This implies that the information obtained was reliable given that all

respondents sit at the strategic level of management and hence hold clear knowledge of factors affecting adoption of competitive strategies at new KCC.

4.2.2 Years with the company

The study also sought to determine the length of time the respondents had worked with the company. The results were as shown in table 4.2 below.

Table 4.2: Length of service

	Count	Percentage
Less than 1 year	0	0%
1 - 3 years	2	33%
4 - 6 years	3	50%
Over 6 years	1	17%
Total	6	100%

Source: Researcher (2011)

From table 4.2 above, it was observed that majority (50%) of the respondents had been in the company for between 4 and 6 years; 33% of the respondents had been with the company for between 1 – 3 years; while 17% had served the company for over six years. Given that majority (67%) had served for over 4 years, it is deemed that the respondents had gained sufficient exposure to authoritatively comment on strategy of the company.

4.2.3 Years in the current position

The respondents were asked to state the number of years they had served the firm in their present position. The results were as shown in table 4.2 below.

Table 4.3: Period served in current position

	Count	Percentage
Less than 1 year	1	17%
1 - 3 years	3	50%
4 - 6 years	2	33%
Over 6 years	0	0%
Total	6	100%

Source: Researcher (2011)

From table 4.3 above, it was observed that majority (50%) of the respondents had served the company in their present positions for between 1 and 3 years; 33% of the respondents had held their present positions in the company for between 4 – 6 years; while 17% had held their positions for less than one year. Thus, majority (83%) had held their present positions for at least one year further supporting the findings in 4.2 above.

4.2.4 Respondent's department

The study sought to establish the departments in which the respondents worked under.

The results were as presented in table 4.4 below:

Table 4.4: Respondent's department

Finance	Count	Percentage
Sales & Marketing	1	17%
Quality control	1	17%
Production	1	17%
Human Resources	1	17%
Procurement	1	17%
Distribution	1	17%
Total	6	100%

Source: Researcher (2011)

From table 4.4 above, each of the respondents came from different departments. This indicates the inclusiveness of the responses obtained.

4.3 Firm and industry characteristics

It represents the type of products the company produces, level of competition in the milk industry, reasons for stiff competition, greatest competitors and competitor attributes.

4.3.1 Products

The study sought to find out the products that new KCC dealt with. It was established that the firm only deals with milk and milk related products. The main products being: Packaged milk, Ghee, Butter, UHT milk and Cheeses.

4.3.2 Level competition in the milk industry

The respondents were asked to state whether they considered the level of competition in the milk industry to be stiff or relaxed. The responses were as shown in the table below:

Table 4.5: Level competition in the milk industry

	Count	Percentage
Stiff	6	100%
Relaxed	0	0%
Total	6	100%

Source: Researcher (2011)

From table 4.5 above, all (100%) of the respondents indicated that the level of competition in the industry was stiff. This findings support earlier findings by Birachi (2006) who found that the milk industry was characterized by stiff competition owing to liberalization.

4.3.3 Reasons for stiff competition

The study also sought to establish the reasons underlying the level of competition in the milk industry. The responses were as shown in table 4.6 below.

Table 4.6: Reasons for stiff competition

	Count	Percentage
Globalization	3	50%
New entrants	6	100%
Limited market	4	67%
Price wars	3	50%

Source: Researcher (2011)

From table 4.6 above, all (100%) of the respondents cited new entrants as posing the greatest challenge to older firms in the milk industry. Limited market was identified by 67% of the respondents as another source of competition. This was attributed to the fact that many consumers buy milk directly from milk vendors thus reducing market for processed milk. Price wars and globalization were identified by 50% of the respondents as being other sources of competition. This conform to the findings of Owuor (2006) who identified globalization and the liberalization of the dairy sector in Kenya as key factors fueling increased competition in the sector. Owuor's findings also indicate that some firms might have bowed out due to competition since the number of operating firms was only 34 in 2006 while 45 firms were licensed to operate as of the year 1999.

4.3.4 Greatest competitors

The study sought to find out the firms that were considered to be the greatest sources of competition to the NKCC. The table below shows the results.

Table 4.7: Competitors of New KCC

	Count	Percentage
Brookside	6	100%
Githunguri Dairy Cooperative	2	33%
Limuru Milk Processors	3	50%
Raw milk vendors/kiosks	6	100%

Source: Researcher (2011)

From table 4.7 above, all (100%) of the respondents identified Brookside and raw milk vendors as the greatest source of competition. 50% of the respondents cited Limuru milk processors, while 33% cited Githunguri dairy cooperative as an emerging competitor.

4.3.5 Competitor attributes

The respondents were asked to state the reasons why they cited the competitors above as posing the greatest competition. The results were as follows

Table 4.8: Competitor attributes

	Count	Percentage
They have equally quality products	4	67%
They have invested heavily in customer acquisition	3	50%
They are approaching NKCC in area coverage	2	33%

Source: Researcher (2011)

From table 4.8 above, majority (67%) of the respondents cited comparable quality as a key competitive attribute that key competitors possess. Another attribute is heavy investment in customer acquisition by competitors as cited by 50% of the respondents. 33% of the respondents cited wide area coverage as another quality of key competitors. All these contribute to the stiff competition as earlier indicated.

4.4 Adoption of competitive strategies

It represents the mechanisms put in place for strategy adoption, competitive strategies that has been put in place and the factors affecting the adoption of competitive strategies new KCC.

4.4.1 Mechanisms in place for strategy adoption

The respondents were asked to identify key mechanisms that had been put in place to manage strategy adoption. The responses were as shown in table 4.9 below:

Table 4.9: Mechanisms in place for strategy adoption

	Count	Percentage
Continuous market surveillance	5	83%
Creation of dedicated strategy implementation division	6	100%
Continuous training , employee development and hiring qualified employees	4	67%

Source: Researcher (2011)

From table 4.9 above, it was found that key mechanisms in place for strategy adoption included: Creation of a fully fledged department to handle strategy, carrying out continuous market surveillance, hiring qualified employees, continuous training and staff development. This conforms to Walker's (2004) contention that competitive strategy must grow out of sophisticated understanding of the rules of competition that determine an industry's attractiveness. Market surveillance provides the deep understanding, while the dedicated strategy department is the arm to rapidly implement new strategies as was suggested by Porter (1990).

4.4.2 Competitive strategies

The study sought to identify the competitive strategies that had been put in place by New KCC. The table below presents the results.

Table 4.10: Competitive strategies in place

	Count	Percentage
Improve product mix	5	83%
Take advantage of economies of scale to lower production cost	4	67%
Build closer ties with farmers through extension services	6	100%
Build brand loyalty through differentiation and promotions	3	50%
Explore new markets within and abroad	3	50%
Corporate Social Responsibility	4	67%

Source: Researcher (2011)

The table 4.10 above shows that majority of the respondents cited closer ties with farmers (100%); improved product mix (83%); lower production cost (67%) and CSR (67%) as the major competitive strategies. Other strategies identified were building brand loyalty (50%) and exploring new markets (50%).

The strategies adopted can be described as generic strategies since they can easily be replicated in any firm. The difference therefore lies in the execution process and the consistency.

4.4.3 Factors influencing the adoption of competitive strategies

The study sought to identify the factors influencing the adoption of competitive strategies at New KCC. The results were as shown in the table below.

Table 4.11: Factors influencing the adoption of competitive strategies

Internal industry factors		Count	Percentage
Rivalry between existing firms	There is high number of dairy milk processors leading to price wars and aggressive & innovative advertising	6	100%
Threat of substitutes	Informal vendors of raw milk serve over half of urban market	5	83%
Barriers to entry	New KCC uses economies of scale to bar others from new markets	2	33%
Power of suppliers	Farmer societies are beginning to negotiate for better pricing of raw milk	1	17%
Power of buyers	Umbrella consumer unions agitate against drastic increase in prices	1	17%
External environment factors			0%
Economic factors	Inflation	4	67%
	Exchange rates	5	83%
	Non-predictability of oil prices	3	50%
	Varying power costs	3	50%
	Poor road network in rural areas	2	33%
			0%
Social factors	Changing consumer tastes and preferences	3	50%
			0%
Technological factors	Technological change	2	33%
	Manufacturing process innovation	4	67%
			0%
Ecological factors	Environmental protection	5	83%
	Climate change	3	50%
			0%
Political factors	Legal and regulatory factors	3	50%

Source: Researcher (2011)

From table 4.11 above, it was found that the major industry factors driving strategy include: Inter-firm rivalry among existing firms and threats of substitutes. Inter-firm

rivalry was fueled by the high number of firms fighting to increase their market shares. This supports the findings by Wlaker (2004) who established that fierce inter-firm rivalry was mainly evident where there are relatively few firms competing in a saturated market. Informal vendors of raw milk were also found to be a major driver of strategy. Owuor (2006) found that informal vendors of unprocessed milk serve 62% of urban market of raw milk. Thus this constitutes a major source of competition in itself.

Other industry factors identified included the barriers to entry (cited by 33% of the respondents); Power of suppliers and power of buyers (cited by 17% of the respondents). The barriers to entry were in New KCC's favor as it used its economies of scale to prevent other from entering new market segments. The power of suppliers was also cited since farmer societies are beginning to negotiate for better pricing for their milk supplies. Thus this has an implication on strategy and New KCC has reacted by fostering closer relationship with farmers. While power of consumers is not well pronounced in the sector due to absence of dairy consumer unions, umbrella workers organizations as well as general consumer protection unions often resist drastic alteration of prices.

Regarding external drivers of strategy, under economic factors, exchange rates and inflation were cited by majority of the interviewee's (83% and 67% respectively). This was especially much pronounced at the time the study was carried out since the weeks prior to it had witnessed serious inflation and fluctuation of exchange rates at levels never witnessed before. This impacts on strategy as it affects pricing of raw milk, transport, oil and energy as well as wages. Other economic drivers identified included: Non-predictability of oil prices (50%), high power costs (50%) and poor road infrastructure in rural areas (33%).

The social factors identified were changing consumer tastes and preferences (cited by 50% of the interviewees). This is accentuated by the high inter-firm rivalry which has led to intense marketing which, in turn, does play a role in informing consumer tastes and preferences. This can in turn impact on the demand for a particular brand.

Technological factors identified included: technological change (33%) and manufacturing process innovation (67%). The latter has a huge bearing on capacity of the firm producing high quality goods at a lower price thus putting it in a more competitive position.

Ecological drivers of strategy were identified as need to foster environmental protection (83%) through the adoption of eco-friendly means of production, packaging and distribution; as well as climate change (50%) which can impact on supply of raw milk – for instance when there is prolonged drought, the firm may not get sufficient inputs.

Legal and regulatory factors were cited by 50% of the respondents as a driver of strategy. This can manifest through lack of protection of local industry through tariff barriers to restrict cheap imports from other countries.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusions and recommendations.

5.2 Summary

The study sought to establish the factors affecting the adoption of competitive strategies by New KCC. The results were as shown below. The respondents were all from senior management representing six key departments. Majority of the respondents had served the company for at least four years. Additionally, majority of the respondents had held their present positions for at least one year.

The level of competition was found to be stiff with all the respondents indicating that the industry was characterized by high levels of competition. This was mainly attributed to globalization which has permitted ease of cheap imports as well as intense inter-firm rivalry thanks to the many new entrants. The informal market vendors also pose a serious competitive challenge to all major industry players as they are in closer touch with farmers and the consumers of the products. Typically such vendors operate in small shops or *kiosks*.

The major source of competition to new KCC was identified as Brookside Dairy ltd and Limuru Milk Processors ltd. The key strengths of the identified competitors were their increasing area coverage, investment in customer acquisition and capacity to produce similar products with comparable quality as those of New KCC.

The major mechanisms that are in place to ensure adoption of new strategies included: Continuous market surveillance; Creation of dedicated strategy implementation division; and Continuous training and employee development.

The main competitive strategies in place included: Improvement of product mix; Taking advantage of economies of scale to lower production cost; Building closer ties with farmers through extension services; Building brand loyalty through differentiation and promotions; Exploring new markets within and abroad; and use of Corporate Social Responsibility.

The major industry factors driving strategy include: Inter-firm rivalry among existing firms and threats of substitutes. Inter-firm rivalry was fueled by the high number of firms fighting to increase their market shares. Other industry factors identified included the barriers to entry; Power of suppliers and power of buyers.

Regarding external drivers of strategy, under economic factors, exchange rates and inflation were cited by majority of the interviewee's. Other economic drivers identified included: Non-predictability of oil prices, high power costs and poor road infrastructure in rural areas.

The social factors identified were changing consumer tastes and preferences. Technological factors influencing strategy identified included: technological change and manufacturing process innovation. Additionally, ecological drivers of strategy were identified as need to foster environmental protection through the adoption of eco-friendly means of production, packaging and distribution; as well as climate change. Finally, legal and regulatory factors were also identified as key drivers of strategy.

5.3 Conclusion

From the above findings the study concludes that the industry is characterized by stiff competition both within the main segment as well as from informal milk vendors. The drivers of strategy adoption emanate both from within the industry and from external factors. The main industry drivers of strategy adoption include: Inter-firm rivalry among existing firms and threats of substitutes. The major external drivers of strategy adoption include: exchange rates, inflation, manufacturing process innovation, need for environmental protection, climate change and legal & regulatory factors.

5.4 Recommendations

Following the above conclusions the researcher recommends the following:

- i) In order to compete favorably with informal vendors, New KCC should explore ways of reducing their production cost so that they can price their end products close to the prices that informal vendors charge.
- ii) Since the internal market is close to saturation owing to many new entrants, New KCC should give greater attention to exploration of new markets both within the country and abroad.
- iii) KCC should also go beyond generic competitive strategies and explore new ways of differentiating its products for instance by adopting eco-friendly production strategies, implementing a sustained customer relationship management strategy and entering into closer partnership with farmers.

5.5 Suggestions for further research

The study adopted a case study of New KCC which has a long history in Kenya. It is thus difficult to generalize the findings to new and emerging firms. Thus it is recommended that future studies consider using cross-sectional methodology so as to incorporate many firms of different characteristics within the dairy processing industry.

Additionally, the study results were based on the views of only six top executives. These results can further be subjected to in depth study to validate the findings using quantitative methods.

REFERENCES

- Ansoff, H. I. and Mc Donnell, E.(1990), *Implanting Strategic Management* (2nd Ed) .New York:
- Birachi, E.A. (2006), Determinants of coordinating and supply chain performance: The, case of Fresh Milk Supply Chains in Kenya Department, Department of Agricultural Economics of the University of Kiel, German
- Burnes, B. (2004), *Managing Change :A strategic Approach to Organizational Dynamics* (4th edn). Harlow: Prentice Hall.
- Chava, F. and Nathumias, D. (2005), *Research methodology in social sciences*, 5th edition, University of Wiscosin, Milwaukee.
- Cheluget E. (2008), A study of responses of milk processing firms to increased turbulence in the Macro Environment of the dairy industry in Kenya .A case study of new KCC ltd, *Unpublished MBA Research Project*, University of Nairobi.
- Drucker, P. F.and Martin, C. (1998), *Relationships and Alliances: Embracing the era of Networking Competition in Strategic Supply Chain Management*, ed. John Gattorna, Hampshire, England: Cower Press.
- Muriithi, J. G. (2008), Corporate Governance and Financial Performance of state Corporations: The case of new KCC, *Unpublished MBA Research Project*, University of Nairobi.
- Nyaguthii, J. K.(2008), Strategy Evaluation and control among Dairy Processing Firms in Kenya, *Unpublished MBA Research Project*, University of Nairobi.
- Kenya Dairy Board website (2011), *The milk sector in Kenya*, Retrieved May, 2011 from <http://www.kdb.co.ke> visited on 25th May 2011

Minzberg, H., James, J.L, Brian, Q.S, and Ghoshal, S. (2002). *The Strategy Process Concepts, Contexts and Cases* (4th Ed). New York: McGraw Hill Book Company.

New KCC Ltd (2011), *Dairy farming as an alternative business*, Retrieved May, 2011 from <http://www.new.kcc.co.ke,last>.

Omollo, J.A (2009), The extent of application of Porter's Generic Strategies by New Kenya Co-operative Creameries Limited. *Unpublished MBA Project*, University of Nairobi.

Owuor, G. (2006), Milk handling in the Supply Chains: The Case of Smallholder Retail Outlets in Nakuru, Kenya., *Kenya Farmer*, Vol 3, pp 24-28.

Pearce, A.J. and Robinson R.B. (1991), *Strategic Management Formulation, Implementation and Control* (4th Ed). Boston. McGraw Hill Book Company.

Pearce, J.A and Robinson, B.R. (2007), *Strategic Management Formulation, Implementation and Control* (10th Ed). New York. McGraw Hill Company.

Porter, M. E. (1980), *Competitive Strategy: techniques for analyzing industries and Competitors*, New York; Free Press, Prentice Hall.

Porter, M. E. (1990), *Competitive Advantage of Nations*, New York: Free Press. Prentice Hall.

Porter, M.E. (1996), What is Strategy? *Harvard Business Review*, Vol 74, no.6, November-December, pp61-78.

Porter, M.E. (1998), *Creating and Sustaining Superior performance*, New York: Prentice Hall.

- Reichei, M. and Ramey, M.A. (Eds). (1987), *Conceptual framework for bibliographic education: Theory to Practice*. Littleton Colorado: Libraries Unlimited Inc.
- Robson, C. (2003), *Real World Research: A resource for social scientists and practioners*, (2nd edition).Black well publishing ltd.USA.
- Shepard, J. and Greene R.W. (2003), *Sociology and You*, Ohio: Glencoe McGraw Hill.PP.A-22.
- Theuri, B.G. (2003), *Competitive Strategies Adopted By Branded Fast Food Chains in Nairobi, Unpublished MBA Research Project*, University of Nairobi.
- Thomas L. Wheelen, S. and David Hunger (2008), *Strategic Management and Business policy concepts and cases*, New Jersey, Pearson Prentice Hall.Printed in USA.
- Thompson, A.A, Strickland 111, A.J., and Gamble, J.E. (2008), *Crafting and Executing Strategy. The Quest for Competitive Advantage Concepts and Cases* (16th Ed).New York: McGraw Hill Book Company.
- Walker. (2004), *Modern Competitive strategy*, New York: McGraw Hill

APPENDICES

APPENDIX 1: COVER LETTER

NAOMI KERUBO ONYIEGO,
UNIVERSITY OF NAIROBI,
P.O.BOX 30197
NAIROBI.

Dear Sir/Madam,

**RE: RESEARCH ON FACTORS AFFECTING THE ADOPTION OF
COMPETITIVE STRATEGIES BY NEW KCC**

I am a final year Masters of Business Administration student at the University of Nairobi. As part of my course requirements, I am expected to conduct research on **Factors affecting the adoption of Competitive Strategies in your company**. Your timely assistance and co-operation are required to enable me complete the exercise. I therefore appeal to you to fill in this questionnaire, with an assurance that all information collected will be treated confidentially and only for this study

Thanking you in advance.

Yours Sincerely,

NAOMI KERUBO ONYIEGO.
MBA STUDENT

DR.JAMEGATHUNGU
UNIVERSITY SUPERVISOR
UNIVERSITY OF NAIROBI

APPENDIX II: INTERVIEW GUIDE

1. Interviewee's managerial position: _____
2. Years with the company: _____
3. Years in the current position: _____
4. Which department do you work?
5. What position do you hold in this organization?
- 6a. Do you consider competition in this industry to be stiff/relaxed?
 - b. why do you consider it to be so?
7. Which Product do you sell?
- 8 a. Which firm do you consider to be your toughest competitors?
 - b. Why do you consider them to be your toughest competitors?
9. What mechanism is put in place to ensure competitive strategies are adopted?
10. What has been your role in the adoption of competitive strategies?
11. What other approach does the firm use to compete?
12. To what extent has your firm employed the influence of entry of barriers, supplier power, buyer power, substitute availability, and competitive rivalry to counter competition in the dairy industry?

13. Do we have any uncontrollable factor in the external environment that has adverse impact on the application of competitive strategies?

14. What recommendations would you propose as measures to improvement of application of competitive strategies in the milk industry in Kenya?

THANK YOU FOR YOUR RESPONSES