COMPETITIVE STRATEGIES ADOPTED BY EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI.

NOVEMBER 2014
DECLARATION

STUDENT’S DECLARATION

This research project is my original work and has not been submitted to any other University for examination or any award.

Signature………………………… Date…………………………

Zamzam Mohamed

This project has been presented for examination with my approval as University Supervisor

Signed ……………………… Date…………………………

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DEDICATION

This work is specifically dedicated to my three children namely: Mohamed, Tasnim and Tahim for believing in me and to my lovely husband Dr. Abdullahi Ali for his numerous support, patience and encouragement during this period.

Lastly, but not least, I wish to commend the numerous contributions of late grandmother.
ACKNOWLEDGEMENTS

I acknowledge the continuous grace of the Almighty God He bestowed upon me during this period of study. Secondly, this work was made possible through the relentless support of my supervisor- and lecturer- Mr. Eliud O. Mududa.
ABSTRACT

The Competitive strategies refer to the distinctive approaches that organization use or intend to use to succeed in the market. These strategies are usually more skill-based and involve strategic thinking, innovation and execution, critical thinking and positioning. Achieving competitive advantage is one of the top priorities of virtually all organization. Cement companies also operate in an extremely competitive environment where most of their products are differentiated regulated and have different distribution channels. Lack of efficient and effective competitive advantage in many organizations often culminates to low productivity. In Kenya today, cement companies are becoming many thus providing a stiff competitive environment. This competition has prompted cement companies to adopt mechanisms to help in maximizing profits compete against each other. The objective of the study was to investigate the competitive strategies adopted by East African Portland Cement Company Limited. The research design was a case study. The data collection tool was an interview guide. Content analysis was used to analyze the qualitative primary data which had been collected by conducting interviews and secondary information from the organization. The study established that EAPCC was using differentiation, cost leadership strategy and, focus strategy as competitive strategies. The usage of the strategies resulted to formulation of policies and procedures which enhance the strategy, business plans formulated on low cost strategy, continuous innovation of new customer friendly product. Nevertheless the company was however faced by various challenges in the implementation of the strategies among which comprised organizational culture, organizational structure, leadership, management and inadequate resources.
TABLE OF CONTENTS

DECLARATION......................................................................................................................... ii
DEDICATION........................................................................................................................... iii
ACKNOWLEDGEMENTS ......................................................................................................... iv
ABSTRACT............................................................................................................................... v
LIST OF ACRONYMS AND ABBREVIATIONS ....................................................................... viii

CHAPTER ONE: INTRODUCTION..................................................................................... 1
  1.1 Background of the Study............................................................................................... 1
    1.1.1 Concept of Strategy ............................................................................................. 2
    1.1.2 Competitive Strategy ......................................................................................... 4
    1.1.3 Cement Industry in Kenya ................................................................................. 6
  1.2 Research Problem......................................................................................................... 9
  1.3 Research Objective.................................................................................................... 11

CHAPTER TWO: LITERATURE REVIEW........................................................................ 13
  2.1 Introduction................................................................................................................ 13
  2.2 Theoretical Foundation of the Study......................................................................... 13
  2.3 Dimensions and Essence of Strategy and Competitive Strategy............................... 16
  2.4 Typology of Competitive Strategy ........................................................................... 21
  2.5 Challenges of Implementing of Competitive Strategies ............................................ 24

CHAPTER THREE: RESEARCH METHODOLOGY ......................................................... 28
  3.1 Introduction................................................................................................................. 28
  3.2 Research Design....................................................................................................... 28
  3.3 Data Collection......................................................................................................... 28
  3.4 Data Analysis............................................................................................................. 29

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS ...................... 30
  4.1 Introduction............................................................................................................... 30
  4.2 Respondents Profile................................................................................................ 30
4.3 Competitive Strategies Adopted by East African Portland Cement Company to Tackle Competition

4.3.1 Differentiation Strategy ............................................................... 31
4.3.2 Cost Leadership Strategy ............................................................. 33
4.3.3 Focus Strategy ........................................................................ 35

4.4 Challenges facing implementation of competitive strategies at East African Portland Cement Company ................................................................. 37

4.4.1 Poor Leadership and Management .............................................. 37
4.4.2 Poor Organizational Culture ......................................................... 38
4.4.3 Organizational Structure .............................................................. 39
4.4.4 Organizational Resources ............................................................ 39
4.4.6 Limited Motivation and Poor Compensation Packages .................. 40

4.5 Discussions ................................................................................. 41

FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ................. 44

5.1 Introduction ................................................................................ 44
5.2 Summary ..................................................................................... 44
5.3 Conclusion .................................................................................. 46
5.4 Limitations of the Study ................................................................. 47
5.5 Recommendations ....................................................................... 48
  5.5.1 Recommendation with policy Implication .................................. 48
  5.5.2 Recommendations for further research ...................................... 49

REFERENCES ..................................................................................... 50

APPENDICES .................................................................................... 55

Appendix I: Introduction Letter .......................................................... 55
Appendix II: Interview Guide ............................................................... 56
# LIST OF ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CSK</td>
<td>Computer Society of Kenya</td>
</tr>
<tr>
<td>EAPCC</td>
<td>East African Portland Cement Company Limited</td>
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<td>ERP</td>
<td>Enterprise Resource Planning</td>
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</table>
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Achieving competitive edge in a given business environment by a particular business unit is a vital aim for the success of any business enterprise since organizations tend to compete to win virtually the same target customers in a given business environment. Competitive strategies refer to the distinctive approaches that an organization uses or intends to use to succeed in the market. These strategies are usually more skill-based and involve strategic thinking, innovation, and execution, critical thinking, and positioning. Achieving competitive advantage is one of the top priorities of virtually all organizations (Gupta et al., 2009). Competitive strategies employed by organizations ought to culminate into competitive advantage, thus productivity and profitability. The major aim of a competitive strategy for an organization is to find a suitable position in the sector where the company can best defend itself against competitive forces or can influence them in its favor.

Knowledge of underlying sources of competitive pressure highlights the critical strengths and weaknesses of the company, animates its position in the industry, clarifies areas where strategic changes may yield greater pay off, and highlights the area where industry trends promise to hold the greatest significance as either opportunity or threat (Olson, 2001). Porter distinguishes three such strategies namely cost leadership, differentiation, and focus. In cost leadership, a firm sets out to become the low cost producer; a firm must find and exploit all sources of cost advantage. A firm differentiates itself from its competitors if it is unique in something that is widely valued by buyers. The focus
strategy rests on the choice of a narrow competitive scope within an industry (Thompson, Stickland & Gamble, 2010). As such firms need to adopt competitive strategies that ensure that they have competitive advantage within the industry.

1.1.1 Concept of Strategy

A Strategy is a unified, comprehensive and integrated plan that relates the strategic advantage of the firm to the challenges of the environment and is designed to ensure that basic objectives of the enterprise are achieved through proper implementation process (Glueck, 2007). It relates to an organization’s pattern of response to its environment over a period of time to achieve its goals and mission. According to Chandler (2006) a strategy is the grand design or an overall ‘plan’ which an organization chooses in order to move or react towards the set of objectives by using its resources. Strategies most often devote a general cause of action and an implied deployed of emphasis and resources to attain comprehensive objectives with an aim of achieving competitive advantage. An organization is considered efficient and operationally effective if it is characterized by coordination between objectives and strategies.

Michael Porter (2005) argues that there has to be integration of the parts into a complete structure. Strategy helps the organization to meet its uncertain situations with due diligence. Without a strategy, the organization is like “a ship without a rudder” since it lacks a direction and scope over a long term. Strategies are used by organizations to establish their positions in a particular market since they reflect the firm’s short term and long term responses to the challenges and opportunities posed by the business
environment. To this end strategies are evaluated on their performance and effectiveness to meet the overall goals of a firm’s among which is achieving competitive advantage (Tan and Litschert, 2001).

Porter (2005) argues that a strategy is not an end by itself but a means to attain the stated goals, thus good competitive strategies are means of achieving competitive advantage. Strategies are about the survival and prosperity of an organization by implementing competitive means in fulfilling the stakeholder’s expectations in an uncertain future. Firms that engage in strategic planning by ensuring properly designed and applied competitive strategies therefore tend to have a higher performance as compared to those that do not. On the other hand, Johnson and Scholes (2000) denote that a business organization has to define its competitive strategy to guide and focus its future decisions, and to gain sustainable competitive advantage over its rivals to make it successful in the long run. Strategies are essential to organizations competing in markets that are heavily saturated with alternatives for consumers. To be successful in such type of market it is necessary for an organization to define its winning proposition in simple and compelling way and this can only be achieved by adopting well formulated strategies.

Furthermore, Barney et al (2007) argues that a strategy can be seen as the matching of the resources and activities of an organization to the environment in which it operates. They further state that strategy is formulated around four factors. These are the goals and objectives, a competitive environment, availability of resources and effective implementation. They also contend that strategy is about competitive positioning,
differentiating a firm from others in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. To this end, a strategy is a combination of the ends (goals) for which the firm strives and the means (policies) by which it seeks to achieve organizational goals, thus, they embrace strategy as both plan and position.

### 1.1.2 Competitive Strategy

Competitive strategy can be defined as a framework for making decisions which priorities actions that create results in a competitive market (Porter, 2005). From a business perspective, competitive strategy relates to the distinctive approach that a firm uses or intends to use in order to succeed in a market. Ansoff and McDonald (2009), view a competitive strategy as a more skill-based and involving thinking, innovation, execution and the art of warfare approach that gives an organization an advantage over its rivals in attracting customers or clients and defending against any arising competitive forces. In short they seek to elaborate that competitive strategy is a long term action plan that is devised to gain sustainable competitive advantage among industry players. It consists of the actions which are taken to attract customers, to withstand the competitive pressures of the market and also to help and strengthen the firm's market position. The main objective of a competitive strategy in a company is to gain a competitive advantage over its rivals (Clulow, 2003).

One of the major competitive strategies mentioned by Michael Porter is differentiation strategy. The goal of differentiation strategy is to provide a variety of products, services,
or features to consumers that competitors are not yet offering or are unable to offer. This gives a direct advantage to the company which is able to provide a unique product or service. It is usually developed around many characteristics such as product quality, technology and innovativeness, reliability, brand image, firm reputation, durability, and customer service, which must be difficult for rivals to imitate (Porter, 2005). The unique attributes also add value to the products or service thus allowing the producer to charge a premium price. In addition product differentiation can be achieved through scientific research and development, creative and skilled product development teams. According to McCracken (2002), a firm that has adopted a differentiation as a competitive strategy is able to out compete its rivals because of its ability to create entry barriers to potential entrants by building customer and brand loyalty through quality offerings, advertising and marketing techniques.

Cost leadership is another important competitive strategy that a company can use to edge out its rivals. This strategy usually targets broad markets and calls for being a low cost producer in an industry for a given level of quality. Cost leadership strategy is usually developed around organization-wide efficiency. According to Bauer & Colgan (2001) a firm may charge either equal to average industry price to earn a profit higher than that of competitors, or blow average industry price to gain market share. On the other hand, in the event of a price war, the firm can earn some profit, but the competitors have to suffer losses. Further still, cost leadership advocates that when the industry matures and prices declines, the firm that produce more cheaply will remain profitable for longer time. The firm can reduce cost of production by improving processes efficiency, getting lower cost
materials, vertical integration, optimal outsourcing, efficient distribution channels, expertise in manufacturing and engineering. Spulber (2009) posits that when these strategies of cost leadership are achieved, the firm achieves competitive advantage.

The focus strategy is also a vital competitive advantage strategy that targets a narrow market or segment and within that segment attempt to achieve either cost advantage or differentiation. As the entire focus of the firm is on a group or segment, so the needs of the segment can be serviced better, and firm often gain high degree of customer loyalty. Shapiro and Varian (1999), notes that focus is achieved by personalizing the product in a company. If a company succeeds in creating a unique product it will have breathing room to both personalize the pricing and to design the product. In cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segments and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments (Shapiro and Varian, 1999).

1.1.3 Cement Industry in Kenya
Kenya is a home for cement manufacturing companies and that explaining the reason why the real estate and property development industry in Kenya has been growing at a fast pace recently. Cement in Kenya is of great importance in every building project, and that is definitely something that all these cement manufacturers within Kenya have close to their hearts. Cement manufacturing is an aspect that has been in Kenya for quite some
time now. Much as some companies only set up base in Kenya recently such as Savanna and Mombasa cement companies, cement industry in Kenya has since been pretty much competitive. Cement companies are adopting new and advanced competitive strategies day by day. However this competition has to be healthy and not compromise so as to achieve competitive advantage (CSK, 2011). Competition in the cement industry in Kenya has increased thus getting extremely tighter as more cement manufacturing industries enter the cement industry. The new cement companies tend to intensify the battle for margins by existing companies in the highly competitive regional cement sector (Matama, 2000).

In 2008, Kenya had only 3 cement manufacturers, and the dominant cement player had an estimated market share of around 65%. This potentially meant that these cement companies had some degree of influence over the other firms or knowledge about their competitive strategies, which could potentially result in reduced competition between the three firms. It was also suggested that there was a degree of price leadership, with the other firms following the largest firm. By 2010 a new firm had entered the market thus increasing the market share of the largest cement firm up to around 50%. Although in 2008 Kenya had three cement manufacturers, it was also the case that the largest firm had ownership stakes in both the others (Obado, 2005). According to Kestrel Capital East Africa Limited (2009), the demand for cement has historically been seen as to grow two times of the Kenya Gross Domestic Growth. This demand has of late increased due to the increase in contractor capacity for large infrastructural projects thus leading to more cement companies entering the cement industry. Currently, virtually all cement
companies in the county operate at almost 90% capacity utilization rates ahead of capacity expansion plan by the year 2015 (Kumar and Sinha, 2013).

In addition competition among cement firm in Kenya is evident by their aggressive approach in optimum utilization of resources and their production capacity projections. Simba Cement Company for instance has planned to double its capacity of production from 300,000 tonnes to 600,000 tonnes by September 2014. On the other hand, Bamburi Cement Company has also stepped up its subsidiary by upto 800,000 tonnes while Rhino Cement Company has increased its productions levels to 470,000 tones. The East African Portland Cement also increased its production levels from 720,000 tonnes to 1.3 milloin tones. Moreover, the National Cement Manufacturing company, a new cement factory has invested to have 700, 000 tonnes of cement and clinker capacity before the end of the year 2014. With these statistics its evident that the cement industry in Kenya has become very competitive thus prompting the companies in this sector to adopt competitive strategies to outcompete each other (KCEA, 2009).

1.1.4 East African Portland Cement Company Limited

The East African Portland Cement Company is a cement firm that started as a trading company importing cement mainly from England for early construction work in East Africa. It was formed by Blue Circle Industries United Kingdom. In the last few years, EAPCC has greatly expanded its production capacity. The company’s headquarters is currently in Athi River in Machakos County. With the introduction of Mill No. 5 and the embrace of Coal energy, the Company can presently produce over 1.3 million tonnes of
cement per annum at reduced cost. Furthermore, the Company’s recently implemented ERP system was recognized as the best for 2011. The company’s flagship product, Blue Triangle Cement, is well regarded throughout Kenya for its reliability, having been used in the construction of a number of the country’s historical and future structural icons such as KICC, the Thika Superhighway and the Chemususu Dam. In the cement industry the company faces stiff competition from other cement companies such as Bamburi Cement Company, Rhino Cement, Athi River Mining Company, Simba Cement and Savannah Cement.

1.2 Research Problem
There are numerous local studies that have been done in the area of competitive strategy in Kenya. Kinyua (2010) did a research a study on competitive strategies adopted by small supermarkets in Nairobi and found out that majority of these small supermarkets had adopted product differentiation as a competitive strategy. However, branding of an outlet differentiates it from others, charging fair prices, ensuring good customer services, reducing the prices of goods in order to attract customers, improving goods quality before selling, convenience and ease of accessibility, increased advertising and staff training were also used across the supermarkets to achieve competitive advantage. On the other hand, Obado (2005) did competitive strategies employed by the sugar manufacturing firms in Kenya and found out that the sugar manufacturing firms have formalized vision and mission statements. They had also adopted of cost leadership, differentiation and focus to different degrees. Furthermore, Amir (2007) did competitive strategies adopted by petroleum retail stations in Kenya with Mombasa city being the case study. To this
end, the findings established that majority of stations were using cost leadership and differentiation as competitive strategies.

Kamau (2009) researched on competitive strategies employed by Airtel Kenya Limited and established that the company uses low cost strategy and differentiation strategies which enables the company to minimize costs, outsource services, adopt strategies to increase market share, quality offerings, efficient delivery system, ensuring market penetration and development and ensuring the company sources for resources in order to compete effectively with other companies. Njunguna (2012) while examining the competitive strategies adopted by Safaricom Kenya Limited to tackle competition, he discovered that the usage of competitive strategies such as cost leadership, focus strategies and market penetration resulted to formulation of policies and procedures that improved the productivity of the company. However, The Company was still facing numerous challenges in implementing the strategies due to its nature of organization structure and organizational culture.

From the studies mentioned above, it is quite evident that competitive strategies have not considered the cement industry that is currently very competitive. This research study therefore sought to investigate the competitive strategies adopted by East African Portland Cement Company Limited. In this case the statement of the problem led to the following question: What are the competitive strategies adopted by East African Portland Cement Company Limited?
1.3 Research Objective
The objectives of this study were;

i. To determine the competitive strategies adopted by East African Portland Cement Company Limited.

ii. To identify the challenges faced by East African Portland Cement Company in implementing competitive strategies.

1.4 Value of the Study
This study was important for cement manufacturing companies since they were able to identify key competitive advantage strategies that best suited them in order to increase their production through healthy and legal competition. They were able to improve on their core competencies and areas for investment to achieve organization success. Marketing managers would also gain insight into the competitiveness of their core competences and found ways of how they could redesign the same with a view to achieving competitive advantage by use of their own known core competences. They also found this study useful as they were able to identify competitive internal organizational strategies which could aid them to sustain organic growth and ensure maximum retention of customers.

Strategic managers would also benefit greatly from the study since they were able to formulate important decision making polices to enhance competitiveness such improving on their pricing strategies, market penetration strategies and even focus strategies with an aim of achieving competitive advantage. The research also formed an invaluable source of reference to scholars especially in the field of strategic management. This is because it
equiped academicians aspiring to conduct similar research with the necessary knowledge. As a result they would be in a position to adopt the most appropriate approach of meeting their targets.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
The literature review section outlines and analyses published articles and journals written by accredited scholars and researchers with reference to the topic that is being studied. It provides a critical evaluation of the available research evidence about competitive strategies in which various strategies will be enumerated. This leads to the imminent gaps that require to be filled by this research. In this particular case, the literature review examined the following sections: The introduction, theoretical foundation of the study, dimensions of strategy, competitive strategy, the essence of competitive strategy and the typology of competitive strategies.

2.2 Theoretical Foundation of the Study
This section discusses the relevant theories that are related to competitive strategy. In this case the study will focus on the resource-based theory and the competence-based theory and the positioning school of thought.

The resource-based theory can be used to elaborate competitive strategies. This theory argues that competitive advantage lies in the resources that an organization can access and exploit and not in the ability to manage the environment (Campbell, 2004). It maintains that companies are well endowed with a bundle of resources in the form of assets, competencies, processes, and substitutes that provide the organization with competitive advantage. David (2007) denotes that since companies have different attributes at different levels and different bundles of resources, differences in
organizational performance are likely to be witnessed. The theory further asserts that firms have three types of resources namely; tangible resources, intangible resources and organizational capabilities. Tangible resources include financial, physical, technological and organizational assets and thus are easily identified on the other hand intangible resources are more complex to identify and thus difficulty to imitate. They include strategies that a firm adopts over time and culminates to improved performance (Barney, 2006). Finally, organizational capabilities are skills and competencies which a firm combines to transform tangible and intangible resources into outputs, for example, outstanding customer service (Dess et al, 2007). The resource-based theory also argues that organizational resources in themselves are not necessarily a source of competitive advantage because rival firms may also possess similar resources. In this case therefore, competitive advantage lies in the resources possessing one or more of other attributes such as valuable substitutes. A firm has to therefore sustain a competitive advantage as long as other firms are unable to duplicate the same attributes (Dess et al, 2007).

In addition, the theory conceptualizes the idea that resources provide a basis for actions and competitive advantage, if the resources are valuable and difficult to copy or substitute. A firm has to therefore identify and invest in it’s current and potential sources of competitive advantage by adopting appropriate strategies (Freilling, 2004).
Figure 2.1: Resource-Based Theory

Source: (Dess, etal, 2007) pg.17.
The competence-based theory can also be used to elaborate competitive strategies. The theory argues that a firm’s competitive advantage emanated from it’s ability to organize it’s strategies to effectively and efficiently control it’s resources rather than it’s environment (Freilling, 2004). It is a subtle development of the resource-based theory since it also believes that a firm’s competitive advantage is achieved by possessing the competence to take advantage of the available resources rather than simply possessing access to these rare, valuable and inimitable resources.

The theory argues that a firm needs to harness it’s resources using organizational repeatable knowledge that ensures it a competitive advantage. Grant (2004) posits that achieving and developing organizational competence is paramount to achieving competitive advantage and therefore competitive advantage is sourced in the organization’s ability to learn and apply knowledge rather than simply accessing resources. The theory further argues that competitiveness ought to be supported by a culture that encourages sharing and exchanging skills, competencies and capabilities through organizational learning. Nevertheless, Baber (2001) asserts that the competence-based theory tend to rely on access to rare, inimitable skills and capabilities rather than the industry in which a firm exist in.

2.3 Dimensions and Essence of Strategy and Competitive Strategy
According to Johnson and Scholes (2003), strategy refers to the direction and scope of an organization over the long term. It aims at achieving advantage for the organization through transforming resources within a changing environment and to fulfill stakeholder’s expectations. On the other hand Botten and McManus (2009) view strategy
as a long-term business plan for the effective management of environmental opportunities and threats in light of a company’s strengths and weaknesses. Pearson depicts strategy as concerned with the long term asset growth and prosperity of an organization and not short-term profits (Pearson, 2011).

Mintzberg (2007) sees strategy in five different aspects; a plan, a play, pattern, position and perspective. As a plan Mintzberg argue that strategy needs to be developed in advance with purpose, as a ploy, strategy is a means of outsmarting the competition, as a pattern a company learns to appreciate that what was successful in the past can lead to success in the future while as a position strategy is about how the company relates to its competitive environment and what it can do to make its products unique in the marketplace. On the other hand as a perspective, a company emphasizes the substantial influence that organizational culture and collective thinking can have on strategic decision making within it.

Anderson (2002) argue that strategy is a mechanism designed to meet various group’s expectations and that to meet these expectations a firm must manage and plan the process since evidence indicate that firm that do not that are more likely to achieve competitive advantage. Most businesses tend to manipulate strategy to their advantage. In this case strategy should thus be viewed as a reflection of its evolution from a quantitative planning process to a mechanism and ought to be designed to exploit an organizations resources. Whittington (2005) on the other hand argues that for a firm to outcompete its rivals it should adopt a strategy with three main stage processes; analysis, formulation
and implementation. Porter (2005) views competitive strategy as a framework for making decisions which priorities actions that create results in a competitive market. Porter five forces analysis as a framework depicts analyses the level of competition within an industry more effectively. Porter referred to these forces as the micro-environment in order to differentiate them from the macro environmental factors. They consist of those forces close to a firm that its ability to serve its customers and make profits.

Threat of new entrants is one competitive item strategy that Porter elaborates in his five forces model. Porter argues that profitable markets that yield high returns will attract new firms. This will eventually results in many new entrants, thus decrease in profitability for all firms in the industry. Porter notes that unless the entry of new firms can be blocked by incumbents the abnormal profit rate will trend towards zero (Porter, 2005). Several factors that may affect how much of threat new entrants may pose include; the existence of barriers to entry, and patent rights, economics of product differences government policy, capital requirement, customer loyalty among other. Pertaining investment costs Porter argue that high costs will deter entry while high capital requirements will mean that only large businesses will be able to operate thus locking out small businesses. (Lynch, 2009).

Threat of substitute products or services is also another strategy that can be focused on elaborate competitiveness. A substitute product can be regarded as something that meets the same need (Porter, 2005). Substitute products are produced in a different industry, but crucially satisfy the same customer need. If there are many credible substitutes to a firm’s product, they will limit the price that can be charged and will reduce industry
profits. The existence of products outside of the realm of the common product boundaries increases the propensity of customers to switch to alternatives. The potential factors of new entrants into an industry include; Buyer propensity to substitute, relative price, number of substitute products available in the market, performance of substitute, ease of substitution, substandard product and quality depreciation. According to Spyros et al (2012), the success or failure of this threat depends upon the extent to which the price and performance of the substitute can match the industry’s product the willingness of customers to switch and degree of customer loyalty and switching costs. Conversely, if there is a threat from a rival product the firm will have to improve the performance of their products by reducing costs and therefore prices and by differentiation.

Bargaining power of customers (buyers) is also another competitive concern. According to Ray, et al. (2004), the bargaining power of customers is also described as the market of outputs: the ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes. Firms can take measures to reduce buyer power, such as implementing a loyalty program. The buyer power is high if the buyer has many alternatives. This is based on several factors; Buyer concentration to firm, degree of dependency upon existing channels of distribution Bargaining leverage, particularly in industries with high fixed costs, fixed costs, buyer price sensitivity among other factors. Murray (2006), asserts that powerful customers are able to exert pressure to drive down prices or increase the required quality of a commodity for the same price, which reduces profits in an industry. Nevertheless, Customers that are tied into using a supplier’s products are less likely to switch because there would be costs involved.
Bargaining power of suppliers is also described as the market of inputs. Suppliers of raw materials, components, labor, and services (such as expertise) to the firm can be a source of power over the firm when there are few substitutes. If you are making biscuits and there is only one person who sells flour, you have no alternative but to buy it from them. Suppliers may refuse to work with the firm or charge excessively high prices for unique resources. On the other hand intensity of competitive rivalry focuses on degree of pressure leveled by firms in an industry. For most industries the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. This is also dependant on some forces which include: the sustainable of competitive strategies. Competitiveness can be achieved through; through innovation, Competition between online and offline companies, Level of advertising expenses (Porter, 2005).

Porter (2005) argues that strategies promote a firm’s performance. At the heart of a firm’s performance in competitive markets firms needs to lower costs, differentiate its products or successfully implement a focus strategy to achieve an edge over its rivals. He further suggests that competitive strategies can grow fundamentally out of the value that a firm is able to create for its buyers that exceeds the firm’s cost of creating it thus increasing productivity. Furthermore competitive strategies promote efficiency in an organization. Competitive advantage based on brands creates serious entry barriers for potential new competitors thus making it easier for firms that have the problem with bunding a wide range distribution network and that rely on favourable assessment. On the other hand, Haem et, al. (2002) depicts that strategic competitive advantage is achieved through adopting key competencies. He therefore recommends that companies should direct their
resources and abilities in the competencies that allow them to adapt quickly to changing opportunities if they are to achieve competitive advantage.

Competitive advantage also provide the customers with a bundle of benefits that its competitors cannot afford. Porter (2005) denotes that competitive advantage occurs when the firm is able to deliver similar benefits as those of its rivals but at lower cost (cost and vantage) and on the other hand also deliver these benefits in such a way that they exceed those of its competing products (differentiation advantage). To this end, competitive strategies must ensure that a firm establishes a much higher value for its customers and much higher profits for itself (Stalk and Hout, 2001). Moreover, to acquire competitive advantage in any given industry, an organization ought to deliver sets of customer benefits at lower costs than its rivals or provide the customers with a bundle of benefits that its competitors cannot afford. This can be achieved by tapping into the markets that the rival firms have not tapped into or create new competitive space that stretches far beyond the boundaries of its current businesses.

2.4 Typology of Competitive Strategy
Competitive strategies revolve around two items; deciding where you want your business to go, and deciding how to get there. Porter argues that competitive advantage grows out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. These strategies aim at building, sustaining and outcompeting rival firms by anticipating and exploiting business opportunities. They include differentiation, cost leadership (low-cost focus), and focus strategy. Porter developed what he called the “Generic Business Strategies” which he saw valid to achieve competitiveness.
Cost leadership is one vital type of competitive strategy mentioned by Porter. It is sometimes referred to as low-cost focus. The sources of cost leadership are varied and depend on the structure of a given industry (Spulber, 2009). They may include the pursuit of economies of scale, proprietary technology, and preferential access to raw materials among others. Furthermore, a low cost producer must find and exploit all sources of cost advantage, and then it will be an above-average performer in the industry provided it can command prices at or near the industry average. Baur and Colgan (2001) argue that firms that implement cost-leadership strategies are in a good position to secure a relatively larger market share by being the lowest cost producers or service providers in their industries as compared to those that do not.

Differentiation is another type of competitive strategy. This can be through product or service differentiation. If a company's product or service has a valuable, unique offering for its consumers, then loyalty and product or service differentiation can occur. Cost competitive advantages can easily disappear with the introduction of a new competitor or new technology. If a company offers a unique product or service, it is harder to maintain an edge in the market based on price alone. The company must offer something to the consumer besides just a low price (Porter, 2005). According to Barney (2002), product differentiation is normally established around features such as; product quality, technological innovation, reliability, branding, the reputation of a firm, the durability of the product and customer service. In this case Barney suggests that to achieve competitiveness, these features must be difficult to copy by the firm’s immediate rivals.
Nevertheless, Porter warns that though product differentiation is an effective generic business strategy, a firm is bond to incur costs on aspects such as investing in the right skilled personnel, adopting stronger marketing strategies and establishing numerous distribution channels (Porter, 2005). Pertaining service differentiation, According to McCracken (2002) service delivery should have the form of devising means by which a firm appears different from its rivals. He advocates for factors such as quality of work, the size of the firm, involvement in client organization and uniqueness in the delivery system. To this end, for this strategy to succeed the message of differentiation must reach the targeted clients or customers.

Focus strategy is also a vital generic business strategy suggested by Porter. This strategy rests on the choice of a narrow competitive scope within an industry. In this case a firm selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others (Shapiro and Varian, 2009). Conversely, a firm can choose to focus on a selected customer product range, geographical area or service line. This strategy aims at growing the market share through operating in a niche market. A successful focus strategy depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors (David, 2002). Porter denotes that companies in the same segment. The basic choice is between a broad target and a narrow target within the same segment. The narrow target is a well-defined market and the broad target is a large market defined in a wider perspective. However, Porter categorically states that it’s quite difficult though not impossible for a firm that is determined to attain both (Porter, 2000). Lahtinen (2006) posits that the focus strategy
has two variants; the cost focus and the differentiation focus. In the cost focus a firm seeks a cost advantage in its segment while in differentiation focus, a firm seeks differentiation in it’s target segment. In this case, both variants rest on differences between a firm’s target segment and other segments in the industry.

2.5 Challenges of Implementing of Competitive Strategies
The success of any competitive strategy highly depends on environment under which they are implemented. A conducive environment often culminates to proper implementation of these strategies. Nevertheless, several factors tend to hamper the progress of this process thus creating a negative environment. For effective strategy implementation, the strategy must be supported by conducive environment that is comprised of proper structures in the organization. Some of the factors that hinder the proper implementation of these strategies include; poor decisions regarding the appropriate organization structure, inadequate reward system, poor organizational culture, lack of adequate resources and poor management and leadership.

Lack of a proper organizational structure tends to derail formulation of organizational policies that support competitive strategies. The structure of an organization is designed to breakdown how work is to be carried out in business units and functional departments. People work within these divisions and units and their actions take place within a defined framework of objectives, plans, and policies. Successful strategy implementation depends on a large part on how a firm is organized. Ohmae (1983) agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objective set. The structure helps an organization identify its activities and the way in which it will
coordinate them to achieve the firm’s strategic objective. According to Anderson (2002), an organization that does not have proper structure is bound to fail in a competitive environment. He asserts that implementation of competitive strategies should first be embraced by top management who will strategize how efforts are distributed evenly among the workers. In this case management has a sole responsibility of educating and enlightening the sub-ordinate employees on the important of implementing the strategies. The subordinate staff will in turn execute the instruction given to them. Since competitive strategies vary from one organization to another, organization must first embrace the strategies that best suit their objectives. Ray et al (2004) notes that, central to achieving competitive advantage is the need to have better structures. To improve also on organizational structure, there is need for implementing new strategies that are concerned with adjustments in the structure, employees, systems and style of doing things in order to accommodate the perceived needs of the strategy.

Another challenge that hinders the implementation of competitive strategies is poor organization culture. Lack of a proper organizational culture hinders the nurturing and dissemination of core values in an organization. According to Weihrich & Koontz (2003) look at culture as the general pattern of behavior, shared beliefs and values that members have in common. Culture can be inferred from what people may do and think within an organization setting. It involves the learning and transmitting of knowledge, beliefs and patterns of behavior over time. This means organizational culture is fairly stable and does not change fast. It sets the tone for the company and establishes rules on how people should behave. Bad organizational cultures include; gross levels of corruption, high
levels of labour turn-over, poor customer service and customer care relations, absenteeism and organizational conflicts.

Poor management and leadership is also a challenge that is faced when implementing competitive strategies. A good leader or manager is the one who is seen as a catalyst closely associated with and ultimately is accountable for the success of a competitive strategy. The CEO’s actions and the perceived seriousness to a chosen strategy will influence subordinate managers’ commitment to strategy implementation. The personal goals and values of a good manager should be to strongly influence a firms’ mission, strategy and key long term objectives. The right managers must also be in the right positions for effective implementation of a new strategy (Hill and Jones, 1997). Top management goodwill and ownership to drive the process is also critical to effective implementation of strategy. According to Thompson (1997), the strategic leader must direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them.

Poor compensation and motivation of employees: Employees are the most important agents in achieving competitive advantage. The execution of a strategy depends on individual members of organization especially key managers. Motivating and rewarding good performance for individuals and units are key success factors in effective competitive strategy implementation (Spyrol, 2012; 1983). On the other hand, Murray (2006) notes that organizational rewards are powerful incentives for improving employee and work group performance. It can also produce high levels of employee satisfaction.
Reward systems interventions are used to elicit and maintain desired levels of performance. Financial incentives are important reward mechanisms because they encourage managerial success when they are directly linked to specific activities and results. Intrinsic non-financial rewards such as flexibility and autonomy in the job are important managerial motivators. According to Thompson et al (2007), effective strategy implementation depends on competent personnel and effective internal organizational systems. No organization can hope to perform the activities required for successful strategy implementation without attracting, motivating and retaining talented managers and employees with suitable skills and intellectual capital.

Limited opportunities for expansion: This occurs when a given market is already saturated. There are organizations that tend to capture a larger market to the extent that it becomes virtually impossible to penetrate. This tends to hinder the competitive strategies on a new market entrant. Baur and Colgan argue that in such scenarios organizations should capitalize on differentiation since it aims at establishing a company’s unique stance. This can be either through product differentiation or price discrimination. Branding for instance if done well can win a company many clients thus penetrating a given saturated market.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter discusses research design, data collection methods and the methods of analyzing the collected data.

3.2 Research Design
The research design was a case study within East African Portland Cement Company Limited. This research study used a descriptive research design that aimed at determining and reporting the way things are. It attempts to describe any possible behavior, attitudes, values and characteristics (Mugenda and Mugenda, 2003). According to Chandran (2004), descriptive research design portrays an accurate profile of people, events or situations. In this case the results obtained should also be obtained by any other researcher if he is to do the same research. The study was a case study as a strategic research in order to understand the scenario which was the competitive strategies adopted in a business competitive environment, in this case; the cement industry in Kenya. According to Kitay and Callus (2008), case studies are most effective ways of examining the processes by which events unfold as well as exploring casual relations.

3.3 Data Collection
The study used primary data which was collected using an interview guide. An interview guide is a set of questions that the interviewer asks when interviewing (Chandran, 2004). The study interviewed 15 respondents, 10 from the middle-level management team and 5 from the senior-level management team. The interviewed respondents were those who
were involved with formulation and implementation of the company’s strategies (top managers in charge of strategy, planning, administration, enterprise business solutions, human resource management and development. These were considered to be key informants for this research. Furthermore, in-depth interviews were used to reduce the "distance" between interviewer and interviewee. The interviews were semi-structured in that some questions were omitted or added in the event that some new and useful information come up through the whole procedure. This therefore called for "face to face" interviews. The order of the questions were varied depending on the flow of the conversation (Onen, 2004)

3.4 Data Analysis
The data obtained from the interview guide was analyzed qualitatively. Qualitative data analysis makes general statements on how categories or themes of data are related. The qualitative analysis was adopted in this study because the researcher was able to describe, interpret and at the same time criticize the subject matter of the research since it was difficult to do so numerically. The qualitative analysis was done using content analysis. This was to generate and categorize items for comparison with the interview results from the managers of the off shore outsourcing firms. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh & Shannon, 2005). It involves observation and detailed description of objects, items or things that comprise the object of study.
CHAPTER FOUR  
DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction  
The research objective was to establish the competitive strategies adopted by East African Portland Cement Company Limited (EAPCC) in tackling competition in the cement industry. This chapter presents the analysis and findings with regards to the objective and discussion of the same. The chapter is divided into three sections namely; respondents profile, competitive strategies adapted by EAPCC and challenges facing the competitive strategy implementation at EAPCC.

4.2 Respondents Profile  
This part of the interview guide intended to establish the respondents personal information. The respondents comprised of the head of departments in the organization (middle level managers) and senior mangers tasked with strategic planning and sales and marketing. The researcher purposely selected these respondents with the assumption that they were dealing with matters related to the topic understudy. This meant that they were best suited to provide credible information regarding competitive strategies. To this end, the total number of respondents was 15(5 senior managers and 10 middle level managers). The response rate was good since all the 15 respondents were available to be interviewed. This represented 100% response rate. According to Bable (1995), a response rate of 70% and above was satisfactory for data analysis. When asked on gender, majority of respondents, and 11 were male representing 73.3% while only 4 respondents were female representing 26.7%. This implied that despite the views of both genders being expressed the responses were more likely to be gender-biased.
On the age of respondents, all the respondents were above 35 years old with only 2 respondents being over fifty years. This implied that majority of respondents were of the age bracket of 40 years old. On their level of education, all the respondents interviewed had acquired university degrees with three of them having master’s degrees. This meant that the respondent didn’t struggle with answering the interview questions since they well all well-versed with the concept of competitive strategy.

4.3 Competitive Strategies Adopted by East African Portland Cement Company to Tackle Competition.
This section of the interview guide sought to find out from the respondents the type of competitive strategies that were employed at EAPCC. To this end differentiation, cost leadership and focus strategies were looked into as the main competitive strategies.

4.3.1 Differentiation Strategy
This strategy focuses on the firms innovation of products that appear different from those of their competitors with an aim of achieving competitive advantage. According to Kumar and Sinha (2013) virtually all cement companies in Kenya are operating at almost 90% capacity utilization rate with the cement companies adopting different methods of making their products look unique. On the question on whether the company had adopted differentiation strategy to tackle competition, the findings echoed that the strategy was very evident and vital. On product differentiation, majority of respondents depicted the unique brand of the blue triangle shield as a key important strategy that EAPCC had used to tackle competition from other rival cement firms.
Furthermore, the respondents also identified price differentiation as another vital strategy adopted by EAPCC. This strategy focuses in categorizing its customers according to their needs, market penetration involving in infrastructure development. Furthermore as compared to other companies the prices of cement and cement products are relatively affordable. EAPCC has achieved competitive advantage over its competitors by establishing customer loyalty and brand loyalty through offering quality cement products. This has been supported by the use of appropriate advertising and marketing techniques. The respondents also noted that the company had ensured that employees are sufficiently trained on issues regarding branding and pricing with an aim of improving service delivery. Consequently, it was depicted that differentiation strategies had “won the hearts” of the customers by making them believe that the properties of blue triangle cement that is manufactured by EACC were much superior to those of its competitors.

On the question of the company created a unique position in the market through provision of goods or services that were valued for their uniqueness or to fit the needs of the customers, the respondents noted that the company had undertaken aggressive marketing strategies on it’s cement and cement products to increase awareness of the products in the market. Furthermore, customer classification on their needs had been emphasized with different customers especially in the construction industry being served according to their needs. Other strategies mentioned by the respondents include; rigorous training of EACC staff, an product innovation, continuous improvements or re-engineering of the cement product processes, heavy investment of quality technology and equipments to facilitate
new product development thus reducing operational costs and employee engagement so that they could develop a sense of belongingness and loyalty to the company.

Furthermore, advertisements was seen by the respondents as to have promote differentiation in the public since the company had engaged the media especially through the use of television and radio stations to persuade the public to use the facilities and products being offered by EACC thus achieving competitive advantage. All in all, the respondents (interviewees) gave the company credit by supporting that there was successful implementation of differentiation strategies by the company to achieve competitive advantage.

4.3.2 Cost Leadership Strategy
The researcher sought to find out whether the company adopted cost leadership as a competitive strategy to tackle competition. To this end, the respondents noted that since the products offered by the company were similar to those offered by other cement companies, EACC had not employed cost leadership, strategy to a large extent. The respondents generally echoed that EACC was facing tight competition to the extent some cement companies were reducing on their manpower as a way of cutting costs of paying the workers. Furthermore despite the introduction of advanced technologies to improve on the production processes thus cutting costs, the cost of raw materials continued to be high rendering this strategy difficult to implement.
Nevertheless, the interviewees reckoned that EAPCC had employed low cost strategy to a small extent. This the company achieved through minimizing operational costs/expenses, reducing input costs, controlling labour costs and reducing the distribution costs. One of the ways in which this was being done was targeting companies that come with their own means of transport to collect cement and cement products from their company in Athi River instead of them transporting the goods to the company’s premises. This in the long run reduced distribution costs. The low-cost leader gains competitive advantage by getting its costs of production or distribution lower than those of the competitors in the industry. Despite the cement products being offered in the cement industry serving similar purposes, EAPCC was forced to offer, the products at industry level in order to realize returns on investments.

When asked whether the company outsourced any services which they do not have at a lower cost in order to tackle competition, majority of the interviewees agreed to these sentiments. Conversely, the company had achieved low cost strategy by competitive sourcing of products through tendering process. Thus the company achieved through establishing a procument plan in place every financial year which has to be strictly followed. On the other hand, strong emphasis were put by the management on proper handling of the company’s resources by sensitizing, the employees on reducing wastage, ensuring that the raw materials are sourced at lowest price possible and establishing business planning committees in order to strategize on procure raw materials for manufacturing cement at affordable prices. Nevertheless, the interviewees acknowledged the efforts being made by the company on cost leadership and suggested that more still
needed to be done if cost leadership was to be considered a powerful strategy for achieving competitive advantage by EAPCC.

4.3.3 Focus Strategy
This strategy aims at ensuring a firm targets a particular segment of a market environment with an aim of capturing unique characteristics. When asked if the company had adopted focus strategy to tackle competition, majority of the respondents agreed to the sentiments. Conversely, the interviewees reckoned that EAPCC had segmented the local market according to their various needs and wants. In this case the company classified its products according to different target markets. For instance, the interviewees asserted that the major market segment for EAPCC was the road construction sector with Thika Superhighway being given as an example by most of them. Other segments included; the real estate sector and government projects such as construction of dams as being a vital segment.

On the question on whether the company had identified a particular geographical market and whether it had come up with products suitable for the segments, majority of the interviewees depicted that majority of EAPCC’s products targeted Athi River, Machakos and Nairobi and its environs. They however noted that the products were also distributed to the other parts of the country, though to a limited extent. The interviewees agreed that this strategy tackled competition since other competitors would not bother targeting the market segment that the company has already captured. Further still the interviewees
agreed that the company pursued either cost or differentiation strategies once it had captured a certain market segment.

The researcher also sought to establish whether the company targeted markets that were less vulnerable to substitutes or where a competition was weak, the respondents agreed to this statement. Nevertheless, it was noted that this depended on the volumes of businesses from the customers which guided the company to decide whether to focus on that particular market segment. The respondents also noted that EAPCC was less vulnerable to substitutes since virtually all cement companies produced similar products of the same function that is construction. Nevertheless, the company had targeted areas where there was weak competition by introducing their products in the areas. A good example that was given by one of the respondents was Narok Town and its environs. In this case once the company captured the segment they also prepared themselves for any potential competitor who would be interested in entering the target market.

When asked on whether the company faced any challenges in implementing focus strategy, majority of the interviewees agreed that the small nature of market segment was one of the challenges mentioned. According to David (2002), a successful focus strategy depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. The other challenge was the fact that it was difficult for the company to achieve both a broad target and a narrow target within a given segment. To this end, the company had no choice but to choose one of the two.
Conclusively, the company’s focus strategy was still wanting and thus needed to be improved if at all competitive advantage was to be realized.

4.4 Challenges facing implementation of competitive strategies at East African Portland Cement Company
Whereas formulation of competitive strategies is vital the implementation of these strategies is extremely paramount. Lack of proper implementation of competitive strategies culminates to losses that ultimately affected the performance of a firm.

Despite the efforts that were being made by EAPCC to achieve competitive advantage, several challenges still hampered this important process. When asked on their opinion, the interviewees noted that EAPCC still faced numerous challenges in implementing competitive strategies. All the respondents mentioned different challenges that hindered effective implementation of these strategies. However the researcher merged the related challenges to come up with these challenges: poor leadership and management. Inadequate resources, poor organizational structure, poor organization culture, inadequate market penetration and limited opportunities to open firm branches.

4.4.1 Poor Leadership and Management
To establish whether there was poor leadership and management at EAPCC, the researcher asked whether this was a challenge that affected implementation of competitive strategies. In this case, majority of the respondents reckoned that poor leadership and management was extremely rampant. This they attributed to high levels of corruption, misappropriation of funds and mismanagement of the company resources.
Poor leadership and management was also depicted through rigidity and bureaucracy coupled with failure of the company to embrace new ideas and innovational technology. Furthermore, leadership wrangles due to differences in opinion over which strategies to implement and which ones not to implement also caused problems. On the other hand, the respondents noted that some leaders were resistant to change and therefore were not willing to embrace new ideas to achieve competitive advantage. They also noted that lack of visionary leadership coupled with poor leadership skills and technical knowhow were still addition challenges that hampered strategy implementation. The respondents recommended that more training on leadership and management needed to be emphasized if competitive advantage was to be realized at EAPCC.

4.4.2 Poor Organizational Culture
The researcher further sought to find out whether the respondents felt that EAPCC’s organizational culture promoted implementation of competitive strategies. In this case varied responses were received among the respondents out of the 15 respondents, 6 respondents representing 40% of the respondents felt that organizational culture affected the implementation of competitive strategies negatively. When asked to mention some of key aspects of organizational culture that affected the implementation of these strategies, factors such as lack of transparency and accountability, resistance to change and poor policy framework were mentioned. Regarding resistance to change, 80% of the respondents (12 respondents) reckoned that some members of the senior management team were not ready to embrace change and often delayed decision making process concerning the implementation of these strategies. The respondents recommended that
change of the betterment of the company needed to start with the top management for competitive strategies to be implemented.

4.4.3 Organizational Structure
The researcher also sought to find out whether the organizational structure was hindering the implementing of competitive strategies at EAPCC. In this case 10 respondents representing 66.7% disagreed with only 5 respondents representing 33.3% agreeing. Majority of the interviewees felt that the organizational structure supported the competitive strategies adopted by the company. There was a general feeling that almost all levels of the organization were kin to see into it these strategies were successful. Those who disagreed reckoned that though the middle level management and the lower level management were keen to implement the strategies, questions were directed to the senior management team who according to them felt delayed implementation process.

4.4.4 Organizational Resources
For competitive strategies to succeed, it is important to have enough organization resources. According to Kim et, al. (2004) the success of implementing any strategies in an organization highly depend on the availability of financial, physical, human and information resources. According to the findings of the study, when the researcher sought to enquire whether the company had sufficient resources for implementing competitive strategies, all the 15 respondents representing 100% disagreed and felt that all the organizational resources were insufficient. The interviewees noted that the organizational did not have enough and qualified man power to undertake this process. They felt that
there was need to train the existing labour force on competitive advantage for competitive strategies to have meaning, on the other hand when asked whether there was enough financial and information resources to undertake the process, majority (86.67%) felt that these resources were insufficient. To this end, it can be concluded that EAPCC still needed to improve on its organizational resources if at all successful implementation of competitive strategies was to be fully achieved.

4.4.5 Inadequate Market Penetration

On the question of market penetration, the researcher sought to find out if it was also a challenge that hampered the success of competitive strategies. In this case when asked there was a neutral response since 8 respondents representing 53.34% felt that the company’s market penetration strategy was excellent with majority noting that this was evident by the fact the products of EAPCC had been distributed to virtually every part of Kenya. Nevertheless, 7 respondents representing 46.6% had a feeling that whereas market penetration had been successful in Athi – River, Machakos and Nairobi, other part of the country did not fully enjoy the products of the company due to its poor market penetration strategy and the fact rival firms had already captured markets in the other parts of the country.

4.4.6 Limited Motivation and Poor Compensation Packages

In this case, the researcher sought to find out if the workers were motivated by the company to implement competitive strategies. When asked on this question. Majority (9 respondents) representing 60.0% felt that the company did not motivate or compensate the workers sufficiently, while 6 respondent representing 40.0% did not have a challenge
with the company’s motivation and compensation strategy. According to Gupta et al. (2009), the human resources are the important resource when implementing competitive strategies and therefore have to be well taken care of so as to administer the process. The respondents recommended that the company should raise the salaries of the employees and improve on their benefits to motivate them to work towards achieving competitive advantage.

Shirley (2003) notes that the execution of a strategy depends on how well an individual member of an organization is motivated. Motivating and rewarding good performances for individuals and units are key success factors in effective strategy implementation. On the other hand organization rewards are powerful incentives for improving employees and work group performance since competent personnel and effective internal organizational systems are vital.

4.5 Discussions
Competitive strategies adopted by any firm aim at achieving competitive advantage over rival firms. It is evident that cement companies are continuously adopting new and advanced competitive strategies to win their customers. In this study, the level of competition in the cement industry in Kenya has been found to increase especially for the last five years. From three dominant cement companies the number has increased to over ten cement manufacturing companies an indication that firms have had to come up with new strategies that will give their cement products competitive edge over competitors. According to Kim et al (2004) business firms need to consider the overall strategy and provide unique products that will help capture particular segment of the market.
East African Portland Cement Company was forced to adopt different competitive strategies to face off the market competition. These strategies include market segmentation in which it has developed products that meet the needs of various markets such as the road sector, the real estate development sector and government projects such as construction of clans. Furthermore, the company has employed cost leadership in which to counter the high marketing costs that are being incurred to inform the customers’ on the company’s products. EAPCC has also put in place measures to cut cost such as restricting the organization and reducing on operational costs. According to Porter (2005), in order for a firm to successfully implement the cost leadership strategy and maintain a strong competitive position while still sustaining their profit margins for a longer period of time, they have to place a premium of efficiency of operations in all functional areas. This strategy came out strongly to indicate that East African Portland Cement Company’s strategy on this has achieved positive results and help in maintaining the organizational competitive advantage.

Nevertheless, as per the findings in this study, a company should not rely on one strategy in the modern day competitive environment instead should combine several competitive strategies and identity few that will act as main strategies to achieve its overall objective. For instance while EAPCC used cost leadership and focus strategy as competitive strategies, its main strategy was product differentiation. Moreover, from the responses on the challenges faced by EAPCC in implementing competitive strategies it can be concluded that a company ought to be aware of the challenges that might hinder the success of the strategies. In this case, EAPCC the findings showed that the company has
been able to reduce challenges relating to organizational structure, leadership, lack of adequate resources and on its organizational culture. The findings also depicted that market penetration was still a challenge in some parts of the country. However, the company still endeavors to penetrate other parts of the country. On the issue of poor motivating and compensation of workers, despite the fact that more needed to be done by the company, workers had put the interest of the company first to achieve competitive advantage over their rival firms.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter aims at discussing the summary of the findings, conclusions, limitations of the study, and recommendations of the study (recommendation with policy implication and recommendations for further research).

5.2 Summary
East African Portland Cement Company as a one of the leading cement companies in Kenya has made tremendous progress in trying to become a market leader in the county. In this study, it was established that EAPCC had employed several competitive strategies. These strategies include; differentiation, cost leadership and focus strategy.

The findings on the usage of differentiation strategy established that the company had acquired unique branding technique by for instance the name of “blue triangle” cement in itself was paramount for achieving competitive advantage. Through this, the company was able to achieve product differentiation. Price differentiation also came out as a strong method employed by the company and aimed at categorizing its customers according to their need, market segmentation and engaging in infrastructural development. On the other hand, the company was able to establish barriers by building customer loyalty through offering quality cement and cement products, advertisements and proper and fair marketing techniques.
Further still the low cost strategy was also seen as a vital competitive strategy by East African Portland Cement Company. In this case the company used strict control measures to avert wastage and costs and overhead, minimizing of operational costs and expenses, reduction of input costs and tight control of labour costs. In addition, the company had segmented its local market according to their various needs and wants with an aim of distributing its products to these unique markets. For instance, the company first segment the environment around it (Athi River and Nairobi), before moving to other parts of the county. In this case the clientele base comprised of the road construction industry, the real estate industry and government. To achieve market penetration in various parts of the county, EAPCC has introduced the use of distributors or suppliers who are then transport the company’s products to various parts of the country. These distributors liaise with customer care executives and sale people in the company to easy process of distribution. As per the levels of success in capturing un-tapped markets, the findings of the study show that EAPCC has been successful in penetrating these markets.

Despite these findings showing a positive response on implementing competitive advantage strategies, EAPCC still faces numerous challenges and hamper their efforts. These factors include; poor organizational structure, poor organizational culture, poor leadership and management, inadequate resources, inadequate market penetration strategies and limited opportunity for expansion due to market saturation by rival cement firms.
5.3 Conclusion
It is worth stating that competitive strategies are distinctive approaches that organization use or intend to use to succeed in the market. The strategies are usually more skill-based and involve strategic thinking, innovation and execution, critical thinking and positioning. Achieving competitive advantage is one of the top priorities of virtually all cement companies in Kenya. Cement companies operate in an extremely competitive environment where most of their products are differentiated regulated and have different distribution channels. Lack of efficient and effective competitive advantage in many organizations often culminates to low productivity. Usually a part from achieving profitability in the long term, the choice of a company’s competitive strategy is concerned with choosing a favorable industry to operate and establishing the factors that affect the company’s position in the market. Competition is at the core of the success or failure of firms since it determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture and good implementation. Competitive strategy helps to search for a favourable competitive position in an industry, aims to establish a profitable and sustainable position against the forces that determine industry competition.

To this end, East African Portland Cement Company tries to differentiate itself from the other players in the market. Porter’s differentiation strategy is the most common strategy that EAPCC uses as the study has established. Cost leadership strategy was also important as echoed by majority of the respondents. Focus strategy was used though it was implemented to a lesser extent since it demanded too much effort and was also risky. From this analysis it is evident that a company cannot solely rely on one competitive
strategy since different competitive environments require different competitive approaches. For instance EAPCC had to combine the differentiating strategy with the cost leader strategy because of the more decreasing prices in the Kenyan market. On the other hand, having only a cost leader strategy is more or less impossible because all the operators are forced to keep the cost low and to be cost effective.

5.4 Limitations of the Study
This study aimed at investigating the competitive strategies adopted by East African Portland Cement Company. However despite the study being detailed and specific, several limitations were encountered. First, the researcher had limited access to vital information due to confidentiality and loyalty of the respondents to the management of EAPCC. Some respondents were not willing to comment on the challenges faced by the company in implementing competitive strategies. However to mitigate this, researcher categorically elaborated the main purpose of conducting the research and endeavored to obtain permission from the relevant authorities to carry out the study. Secondly, due to the expensive nature of research the researcher incurred costs to facilitate travelling from one place to another, stationary expenses, typing and printing expenses and binding expenses. To overcome this limitation, the researcher obtained financial support from her sponsor. Lastly, due to the demanding nature of research, collecting, interpreting and analyzing data was a time consuming affair. To handle this challenge the researcher sought for a time off from her employer during which will enabled her to comfortably collect, interpret and analyze data.
5.5 Recommendations
This provides for recommendation with policy implications and recommendations for further research.

5.5.1 Recommendation with policy Implication
Whereas differentiation, cost and focus strategy considered being the main competitive strategies used by EAPCC, the company seemed to have neglected corporate social responsibility as a competitive strategy. In this case the company should consider offering special discounts for low cost housing projects this would improve the company’s image with local community.

To further improve on their product differentiation strategy the company should increase the quality of their packaging; this process would reduce bag breakages that are witnessed with virtually all cement companies in Kenya. In addition, lowering of its cement and cement products would make EAPCC Cement’s market price more competitive and would make it difficult for other competitors to enter the market. To improve on market segmentation, the company should offer different pricing structures for different markets, example retailers and once off buyers. Thus offering discounts for bulk purchases and normal prices for once off purchases, this strategy would make cement sales more lucrative for the retailer.

The study also found out that the company does not consider other cement companies prices when setting the prices to charge on their products. It is recommended that although the company is a market leader they should consider other competitors prices as
the customers are conscious about the lowest rates they are offered and not the necessarily the value. These would ensure that the company maintains its market share which is under threat from other competitors. Although the company has managed to differentiate themselves from other competitors, differentiation alone without marketing of the products will not attract sufficient customers and it is recommended therefore that the company markets their products so that they can attract more customers.

5.5.2 Recommendations for further research
The study confined itself to East African Portland Cement Company, however competition in the cement industry has become intense and this therefore necessitates the study to establish the competitive strategies used by cement companies to tackle competition.
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APPENDICES

Appendix I: Introduction Letter

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August, 2014.

To the Respondent,
East African Portland Cement Company Limited,
P.O. BOX 95009-80104
Athi River, Kenya.

Dear Respondent,

RE: REQUEST FOR A RESPONSE TO THE INTERVIEW GUIDE

This is to inform you that the researcher Mrs. Zamzam Mohammed is a student at The University of Nairobi pursuing a Masters of Business Administration (M.B.A), Strategic Management option. The researcher intends to investigate the competitive strategies adopted by East African Portland Cement Company Limited.

In order to complete the above research paper the researcher would like to kindly request you to respond to the interview guide that she has developed to assist her collect accurate data for the purpose of improving the competitive strategies adopted by cement companies in Kenya. It is also the assurance of the researcher that the information given will be treated with utmost confidentiality and will not be used for any other purpose other than for the purpose of this project. Your positive response will be highly appreciated. Thank You.

Yours Sincerely,

Mrs. Zamzam Mohamed
Appendix II: Interview Guide

Goals of the interview process

1. To establish the competitive strategies adopted by East African Portland Cement Company Limited (EAPCCL) to tackle competition.
2. To determine the challenges faced when adopting these strategies.

PART A: RESPONDENTS BACKGROUND INFORMATION

1. How old are you?
2. What position do you hold in this organisation?
3. What is your highest education level?
4. How long have you been in this organisation?

PART B: COMPETITIVE STRATEGIES ADOPTED BY EAST AFRICAN PORTLAND CEMENT COMPANY TO TACKLE COMPETITION

a) Differentiation strategy

1. Does your company adopt differentiation strategy to tackle competition?
2. Does your company focus its efforts in providing a unique product or service in order to differentiate itself with other companies?
3. Does the uniqueness of the product provide a high customer loyalty and attraction?
4. Does the creation of unique product or service give the company an opportunity to charge a premium price to capture market share?
5. How does the company create a unique position in the market through provision of goods or services that are valued for their uniqueness or fit to the needs of customers?

6. Has the adoption of the lowest product or service unit costs by the company withstood competition thus attracting and retaining customers?

7. Does the company advertising persuade the public to use the facilities and products being offered thus attracting customers?

**b) Cost leadership strategy**

8. Does your company adopt a low cost strategy to tackle competition?

9. How would you rate the state of competition in the mobile industry?

10. Does your company focus on providing goods or services at a lower cost than the competitors, or superior goods or services at an equal cost in order to tackle competition?

11. How has the management of the company achieved the low cost-leadership?

12. Does the company have a workforce committed to the low-cost strategy aimed at tackling competition? Elaborate.

13. Has the company outsourced or discontinued any services which they do not have a low cost strategy in order to tackle competition?

**c) Focus strategy**

14. Does your company adopt focus strategy to tackle competition?
15. Does your company identify a particular customer segment or geographical market and come up with products suitable for the segment? Does it tackle competition?

16. Does your company pursue either cost or differentiation strategies once the segment is identified?

17. What do you use to identify the target segment?

18. What does the organization focus strategy depend upon in your company?

19. Does the company target market segments that are less vulnerable to substitutes or where a competition is weakest to earn above-average return on investment in order to tackle competition?

20. What are the challenges you have encountered when focusing on a target segment?

**PART C: CHALLENGES FACING STRATEGY IMPLEMENTATION**

21. Does the organizational culture in the company hinder strategy implementation?

22. What are some of the values and beliefs shared by the members of the firm?

23. What kind of challenge and how do you deal with it?

24. Is leadership a challenge to the process of strategy implementation in the organization?

25. What kind of challenges do you face with leadership? How do you deal with such challenges?

26. What are the challenges that the company faced while implementing cost leadership as a competitive strategy?
27. What are the challenges that the company faced while implementing differentiation as a competitive strategy?

28. What are the challenges that the company faced while implementing focus strategy as a competitive strategy?