COMPETITIVE STRATEGIES AND PERFORMANCE OF AGRO-CHEMICAL FIRMS IN INDUSTRIAL AREA NAIROBI COUNTY, KENYA

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MAY, 2018
DECLARATION

This research project is my unique work and has not been presented for a degree in some other college or for some other honours.

_________________________  __________________________
Signature                          Date

GACUIRI NELSON KING’ORI
D53/OL/NYI/26671/2014

This research project has been submitted for examination in the school of business, department of business administration with my approval as university supervisor.

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DEDICATION
This research project is committed to all my relatives, who include my wife Mrs. Jennifer Njeri King’ori, My mother Mrs. Susan Wamuyu Gacuiri and my children Wilson King’ori and Susan Joy W. King’ori, My colleagues and friends for their inspiration, support, encouragement and understanding throughout the research period.

God bless you all.
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OPERATIONAL DEFINITION OF TERMS

Competitive Strategies
These can be defined as the long term plans that a particular company implement in order to gain competitive advantage over its competitors in the same industry. The plans are aimed at creating defensive position in an industry and generating a superior ROI (Return on Investment).

Differentiation Strategy
This can be defined as coordinated arrangement of activities intended to create merchandise or services that clients perceive as being different in ways that are important to them. The strategy involves distinguishing a company, products or services in a unique ways to satisfy customer needs.

Pricing Strategy
This refers to method used by companies to set price for their products or services, taking into account segments, ability to pay, market conditions and competitors action.

Cost Leadership strategy
This can be described as the ability by a company to maintain lowers prices than competitors by increasing productivity and efficiency, through elimination of waste or controlling costs to gain competitive advantage over competitors.

Market Focus Strategy
Is where firms tailor make their range of products development to a particular market niche, buyers group or segment.

Performance
This is the composite assessment of how well an organization performs as compared to set goals and objectives, which includes financial, market and shareholders performance.

Agro-chemical Firms
These are companies that offer agriculture and veterinary chemicals which includes insecticides, fungicides, herbicides, nematicides, rodenticides, acaricides, dewormers, fertiliser, miticides and other drugs for control of diseases in crops and livestock.
ABSTRACT
Superior performance is accomplished by serving client’s needs in an unexpected way. The more one of a kind the separation the more manageable the points of interest gathered since separation should definitely include costs which are recovered if the market will pay the vital premium costs. The study aimed to investigate the competitive strategies on performance of agro-chemical firms in industrial area, Nairobi, Kenya. The study sought to examine and document various competitive strategies used by Agro-chemical firms in order to compete in the market place. The specific objectives were to investigate differentiation as a competitive strategy on performance of agro-chemical firms in industrial area, investigate the effects of cost leadership strategy on performance of agro-chemical firms in industrial area, to assess the effect of pricing strategy on performance of agro-chemical firms in industrial area, to find out the effect market focus strategy on performance of agro-chemical firms in industrial area. The research design used was descriptive survey which is useful for fact finding. The study targeted 83 employees of Agro-chemical firms and since the number of respondents were of manageable size the study used census. Questionnaires were utilized for gathering information which was dissected utilizing graphic and regression statistical tools and displayed utilizing tables. The data collection instrument were questionnaires. Graphs, tables and pie graphs was utilized to exhibit frequencies and percentage while tables were readied utilizing every factor or pointer. Out of the 83 questionnaires that were issued 72 of were dully filled and returned to the researcher. This gave a response rate of 87%. This response rate concurred with Mugenda and Mugenda (2003) stipulation that a response rate of 70% and above is excellent. From the findings the respondents agreed that to a great extent their company differentiate herself through provision of quality and superior products to their customers, many of the respondents moderately agreed that company image differentiate them from their competitors. From the findings, many of the respondents strongly agreed that their firm will take every opportunity to control overhead and variable costs; majority of the respondents strongly agreed that their company purchase low cost raw materials to gain advantage on prices. Majority of the respondents strongly agreed that their organization uses dynamic pricing strategy to gain competitive. The study established that to a great extent many of the Agro-chemical companies policy does not allow dealers to sell competing products, many of the respondents agreed that companies have wide control of dealer activities, many of the respondents agreed that company strategy is to make a choice of customer segment while the majority of the respondents disagreed that their firm focus in one market for their products. The market focus strategy significantly affects performance of Agro-chemical firms. The study concludes that Agro-chemical company’s policy does not allow dealers to sell competing firms products and that the Agro-chemical companies have wide control of dealer activities. However, Agro chemical firms do not focus one market of customers for their products. They sell to both retailers and wholesalers. The study recommended that agro-chemical firms should use more of the pricing strategy than the other strategies of cost leadership and or differentiation. The study also recommends that Agro-chemical firms should meet the delivery cost of their products to the clients as this is a good way of building customers loyalty. In light of the study findings it is also recommended that Agro chemical firms offer price discounts in order to be competitive in the market and improve their performance.
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Driven by emerging global competition, today, many organizations whether private, NGOs or public sectors have made the practice of strategic development and implementation an important tool that are employed to fast track their performances. Steiner (1999), acknowledged that the framework for formulating and implementing strategies is the formal strategic planning system. The existence of a business is dependent on its capacity to effectively function in uncontrolled and unstable environment in order to execute its strategic activities. The capability of an organization to foretell variations in the environment and react accordingly is largely depends on strategic planning (Uvah, 2005).

Business strategy implementation depends on available offer, overall revenue, money related use, general consumer loyalty and to what degree the set organization destinations and objectives are being accomplished (Wheelwright, 2013). As per Thompson (2007), an inventive particular system that separates an organization from its competitors and yields an upper hand is the organization's most dependable ticket for winning better than expected execution and without this an organization dangers being outcompeted by more grounded equals as well as being bolted into average money related execution. As indicated by Mibe, (2011) the strategy execution of any business is influenced by the procedures which are set up inside that event and the techniques set up decide the long haul execution of a business firm strategies. Execution is ordinarily measured utilizing guidelines which are normally nitty gritty articulations of key goals and they are a measure of acknowledgment execution comes about (John, 2010). The measures that are utilized
to survey authoritative execution rely upon the association and the destinations that should be accomplished. The organization destinations and objectives are set amid the technique detailing of the vital administration process and they can incorporate piece of the pie, item advancement, net revenue, cost diminishment and authority just to specify but a few (Githae, 2012).

According to Smith and Chen, (1991) competitive action sends a specific message to the markets, which could be visible or implicit. Subsequently, other organizations will evaluate and manage this message in order to achieve success in the market. Organization information processing will flow inside and surrounding an organization in order to explain organizational behavior. However, there are several types of competitive actions, with various messages, and each type is associated with a particular scope and cost (Knight & McDaniel, 1979). These strategic actions include competitive actions with significant investments in fixed assets, staff, and organizational structure change, or radical innovation to work around industry regulations. The key strategic action will show if an organization is fortifying its market standing, focused in future business prospects or concentrates on hierarchical actions that utilizes an assortment of money related and non-budgetary achievement measures (Thompson, 2010). Money related measures incorporate Profit, turnover, degree of profitability ROI, and stock turnover while the non-budgetary measures incorporate inventiveness and market standing.

As indicated by Hunger and Wheelen (2009) the most regularly utilized measure of corporate execution are the rate of return of investment ROI, Earnings per share EPS and the return on equity ROE. The rate of return on investment (ROI) is the consequence of partitioning net salary before impose by add up of assets while EPS is equivalent to the gaining accessible to basic
investors isolated by weighted normal number of offers of regular stock standing. Profit for value demonstrates the relationship of the net wage to normal investors' value (Hayes, 2009). Turnover is the deals or gross income of the organization amid the budgetary period under audit.

The business growth can be reflected through increased demand of the organization products which reflect development of the organization revenue and profitability. Net benefit is the acknowledged net income of all cost and employee’s enthusiasm on duty as it demonstrates how well an organization has controlled its expenses with an end goal to augment the investor’s riches (Cooper, 2010). Piece of the overall industry cost is one of money markets based pointers which are viewed as most fitting or touchy measures as the mirror the riches age for investors (Ghalayani, 2012). This piece of the overall industry cost is directed by the request the organization partakes in the stock trade and this applies to recorded organizations and the higher the estimation of the pieces of the overall industry, the higher the execution, accordingly many individuals might want to buy shares and the shares value goes up (Schindler, 2010).

1.1.1 Competitive Strategies

Competitive strategies is the long-term action plan that is devised to help a company gain a competitive advantage over its rival. These types of strategies are often used in advertising campaigns by somehow discrediting the competition's product or service. System as a set of detailed methods, procedures and routines created to carry out a specific activity, perform a duty, or solve a problem in an organized, purposeful structure that consists of interrelated and interdependent elements in order to achieve the goal of the system through which an association can declare essential coherence while figuring out how to adjust to the changing condition to increase upper hand (Thompson, 2011).
Wheelen (2010) argued that vital administration is that arrangement of administrative choices and activities that decides the long run execution of an association; it incorporates natural filtering, both outer and inside, technique plan, methodology usage, assessment and control. Key administration is an efficient way to deal with the major and progressive obligation of general administration to position and relate the firm to its condition in a way which will guarantee it’s proceeded with progress and influence it to secure from shocks Ansoff, (2009). Hoskisson, (2004) demonstrated that a technique of an association frames a far reaching end-all strategy that states how the association will accomplish its central goal and destinations. It expands upper hand advantage and limits burden.

As indicated by Porter (2010), there are two sorts of upper hand that an association can use to accomplish with respect to its opponents: bring down cost or separation. This favourable position gets from properties that enable an association to beat its opposition, for example, unrivalled market position, abilities, or resources. In Porter's view, key administration ought to be worried about building and maintaining upper hand. Upper hand tries to address a portion of the reactions of relative preferred standpoint. Porter proposed the hypothesis in 1985 and Porter accentuates efficiency development as the concentration of national techniques. A firm is said to have an upper hand when it is actualizing a system that is not being executed by any present or potential player (Barney, 1991). Effectively actualized procedures will lift a firm to unrivalled execution by encouraging the firm with upper hand to beat present or potential players (Passemard & Calantone, 2000). To increase competitive advantage, a business system of a firm controls assets over which it efficiently use to produce upper hand (Reed & Fillippi, 1990). Continued frequent implementation of the company strategic plan results in predominance in a way of assets reflects
competitive advantage (Day & Wesley, 1988).

Competitive advantage is the capacity to remain in front of present or potential rivalry and may give an understanding that assets held by a firm and the business technique will profoundly affect producing upper hand (Burnes, 2011). Powell (2001) sees business technique as the instrument that controls the assets and make upper hand, henceforth, suitable business methodology may not be satisfactory unless it has control over extraordinary assets that can make such a remarkable favorable position. Prevalent execution is accomplished by serving client needs in an unexpected way (Thompson, 2010). The more one of a kind the separation the more economical the focal points collected since separation should unavoidably include costs which are recovered if the market will pay the essential premium costs. Harvey (2011) takes note of that accomplishing separation is probably going to bring about protection against focused contention because of securing client reliability. The aggressive procedure that is accomplished prompts expanded outcomes and in some cases the clients turns out to be less sensitive to high item costs.

The run of the mill business firm as a rule considers three sorts of technique: corporate methodology, business and functional strategy Ansoff, (2009). Corporate procedure portrays an organization's general course as far as its general dispositions towards development and administration of its different organizations and product offerings. Corporate system normally fit inside the three principle classifications of steadiness, development and conservation. Business system as a rule happens at the specialty unit or item level and it underscores change of the focused position of an organization's items or administrations in the particular business or market section served by that specialty unit. Useful technique is the approach taken by a practical region to
accomplish corporate and specialty unit goals and procedures by boosting assets profitability. It is worried about creating and supporting an unmistakable capability to give an organization or specialty unit with upper hands; cases are mechanical followership (impersonation of the result of different organizations) and mechanical administration (spearheading of advancement). Practical techniques bolster business systems, which thus bolster the corporate methodologies.

Focused methodology includes the moves attempted by a firm in order to withstand aggressive weight, enhance purchaser's fascination, and enhance its present market position (Strickland, 2009). Porter (2008) watched that the selection of focused techniques by business is gone for finding a place in the market where the organizations can best protect themselves from industry aggressive powers and furthermore help at that point in controlling such powers further bolstering their good fortune. The Agro-chemical business is in a condition of change and quick change. Low ranch ware costs and discouraged homestead wage have affected deals. Edges have dissolved, putting weight on budgetary outcomes and the circulation channels. Rebuilding in the agribusiness business has made a more forceful aggressive condition. New advances, including hereditarily changed yields and accuracy agribusiness, are testing conventional cultivating rehearses. Besides, agriculturists and producers are progressively affected by different players in the evolved way of life, from sustenance and nourish processors and sustenance organizations' directly down to grocery stores and buyers (Chataway, 2001).

For firms to be fruitful they should have the capacity to incorporate both the cost authority and separation system particularly for those organizations focusing on the provincial and worldwide markets. The mix of the cost authority technique is basic in building up an upper hand; and this
is more powerful than simply receiving one overwhelming business level system Hall, (2010). The firm that effectively utilizes the coordinated cost authority procedure is in a superior position to adjust to ecological changes, learn new abilities and methods all the more rapidly and successfully use its center skills against its opponents. With the goal for firms to effectively execute the coordinated system they should have the capacity to create moderately separated items at generally minimal effort (Strickland, 2009). As indicated by Hall (2010) the best firms contending in low-benefit potential enterprises were coordinating the heights of the cost authority and separation techniques. As indicated by Lim and Kim (2010) organizations which joined various types of upper hand out-performed organizations that were just related to just a single type of upper hand and accordingly incorporation of techniques is critical to the execution of business associations (Kamanu, 2011). Many firms experience issues in executing the incorporated cost administration/separated technique however it is usually embraced and this is because of the way that both the cost initiative and separation system accentuate on various essential and bolster exercises (Markus & Robey, 2011).

Keeping in mind the end goal to accomplish the ease position, firms underline on item and item designing within visit item changes. To accomplish a separated position, the organizations stress on advertising and new item Research and Development (R and D) while the item and process designing are not underlined (Meldrum & Atkinson, 2011). Therefore the fruitful execution of the coordinated cost initiative/separation technique requires that business firms to painstakingly consolidate exercises expected to make a separation highlights (Mintzberg, 2014). A firm can separate its items from numerous points of view either by utilizing abnormal highlights, fast item advancement, innovative administration, saw renown and status, diverse tastes and building plan
and execution are cases of ways to deal with separation (Mibe, 2011). Minimal effort initiative system is the places firms accomplish bring down cost than their adversaries and accordingly it's ready to contend over an expansive scope of fragments.

For a business firm utilizing this concentration methodology approach can select to either look for bring down expenses or Product separation procedure and along these lines we have a concentration or market specialty system in light of lower cost and a concentration or market specialty technique in view of separation (Thompson & Strickland, 2008). In the lower cost methodology, the organizations focus on a smaller purchaser section and out contend equals on the premise of lower cost of operation; while in the separation technique the organization focuses available specialty by offering the clients an item that best suits their tastes, inclinations and desires showcase fragment of clients (Wang, 2000). Firms that work in business sectors that are portrayed by purchasers who are value delicate locate this minimal effort procedure exceptionally helpful and capable methodology that they can apply to pick up.

### 1.1.2 Organizational Performance

Organizational performance refers to how well an organization is doing to reach its vision, mission, and goals. Assessing organizational performance is a vital aspect of strategic management, and assessment can be through actual net results of an organization as measured against its intended goals and objectives. According to Richard, (2009) organizational performance comprises of three specific areas of firm results that include financial performance. Financial performance can be used as measures of performance relating to organizational effectiveness and profits. Examples include financial ratios such as return on assets, return on
equity, and return on investment. Other common financial measures include profits and stock price. Such measures help answer the key question of shareholder’s return that can be considered as economic value added. Product market share performance is also a key indicator of organization performance, it also reflects the market competitiveness and how well a firm is doing against its competitors. Market share denotes revenue, market value of the product and competitive advantage (Melville, 2004). Market share is the percentage of business or sales revenue a company wields out of total business or sales by all competitors combined in any given market. The final measure of organizational performance is growth performance, how a company is growing should be aligned with business plan and should reflect the objectives that of the company, as well as the methods the organization plan applies in trying to achieve them. Measuring company growth, the management will consult business plan to not only see if they have managed to achieve objectives, goals and mission, but also confirm how successfully they have followed the strategic plan set out for business.

When it comes to performance, it can be a challenge to determine what to measure and of course how to measure it. In some organizations it can be that each department will determine what they should measure (For example, average hours an employee works each week) and another department will determine that these are not important areas to measure; they may determine that measuring performance is the production output in units per hour or day as the measure on how performance is achieved. The senior management team creates the strategic plan and departmental heads cascade this plan to their employees. This communication may include how the strategy’s success will be measured, this may be too high a level, resulting in each department interpreting this information and creating their own systems of measurement. Organization performance has
been characterized as the measure of utility or advantages got from the firm or the association by its partners (Rashid, Islam & Anderson, 2008). The resources which an organization relies upon its capacity to acquire satisfactory profit for its advantages and capital. Great income attainment empowers an establishment to finance its development, stay aggressive in the market and recharge and increment its capital assessment of profit.

Organization performances depends on key benefit measures, for example, return on assets and return on equity to industry benchmark and associate gathering standards. As indicated by Kagalwala and Ram, (2003) numerous foundations all through the world have vanished because of shortcomings in board parameters of hazard administration capacities. Establishments that must survive require Higher Return on Assets (ROA). This is a net after duty benefit separated by ads up to resources. It is a basic pointer of gainfulness. Organizations, which utilize their advantages productively, will tend to demonstrate a proportion higher than the business standard.

1.1.3 Performance of Agro-chemical Firms in Kenya

Kenya, like most developing African countries over rely heavily on agriculture. The agricultural sector dominates the economy and accounts for an estimated 24 percent of the gross domestic product and employs 18% of formal labour in the country. As stated in Kenya vision 2030 (2007), for the country to realize the economic the agriculture sector needs to grow rapidly (Juhaini, Claudine & Ricardo, 2010). The agricultural firms continues to dominate Kenya's economy, albeit just 15 percent of Kenya's aggregate land territory has adequate ripeness and precipitation to be cultivated, and just 7 or 8 percent can be delegated first-class land. In 2006 very nearly 75 percent of working Kenyans made their living on the land, contrasted and 80 percent in 1980.

Horticulture is the second biggest supporter of Kenya's total national output (GDP), after the
administration part. In 2005 horticulture, including forestry service and fishing, represented around 24 percent of GDP (and additionally for 18 percent of wage business and 50 percent of income from trades (CBS Statistical Abstracts, 2009). Kenya Agro-chemical imports in December 2015 was over USD 52.4 (Ref PCBP import data 2015). Interest for horticultural chemicals depends basically on interest for different yields, which thus relies upon edit costs. The gainfulness of individual organizations is connected to productive operations and marketing. The huge makers have extensive economies of scale underway. While littler organizations can contend viably by making claim to the chemicals which separate themselves from others, repackaging to littler pack sizes to meet client requests, among different methodologies.

Competition in Agro-Chemical industry has experienced a tremendous change. The landscape in this industry has been changing with companies from China and India joining the local market. Expanding rivalry and item multiplication, and changing client desires are only a couple of the issues that have changed the aggressive scene of the commercial center (Humphery, 2013). The Financial performance of Agro-chemical firms can be measured through the Return on asset (ROA), operational self-sufficiency, financial self-sufficiency, Return on equity (ROE). ROA measures and tracks MFIs ability to generate income based on its assets. ROA is the most appropriate measure of financial performance. The reason why ROA is the most appropriate measure is due to the fact that it gives a more extensive point of view contrasted with different measures as it rises above the center action of rural firms.

The present condition can be classified as hyper-focused, where edge pressure turns out to be especially intense and vulnerabilities that were already covered up by solid monetary conditions
end up plainly uncovered. Guaranteeing proceeded with reasonability and improving monetary execution in under perfect economic situations is generally anticipated on how much organizations make upper hand that can separate its items and administrations from the competition (Humphery, 2013).

1.2 Statement of the Problem

Determining the competitive strategies used by any firm is partly by the company’s competitive forces in the market as the firms must match the turbulence in the environment with their aggressiveness. Agro-chemical firms in Kenya have been facing a number of challenges due intense competition and entry of common and related companies from China and India thus resulting in decline in the sales per year. This has been brought by the Agro-chemical firms experiencing change in customer expectations, proliferations and increasing generic products in the industry leading to cut throat price competition within the industry. Inability to plan properly due to changing customer expectations and the need for real time, accurate planning, scheduling, repackaging in different pack sizes and deliveries to distributors is a challenge to these firms (David, 2011).

There are different investigations which have been done on aggressive methodologies across over different settings and divisions in the globe. Nonetheless, in Kenya, an examination by Murage, (2011) concentrated on the competition within in the oil business and found that administration stations utilize separation as a strategy for getting upper hand over other administration stations. Muttaka, (2007) conveyed an examination on aggressive competitive strategies utilized by Multinational firms in Kenya. The study findings, established that multinational firms in the Agro-chemical industry have been using differentiation strategy to gain competitive advantage and compete
effectively in the Kenyan market. Karanja, (2012) assessed the factors influencing market performance and hence market share of companies marketing Agro-chemicals in the floriculture industry in Kenya. Despite the contributions to the Kenyan economy by the Agro-chemical companies, little information is available or published regarding the challenges and effects of competitive strategies on performance of Agro-chemical industry. Therefore, this study seeks to determine the competitive strategies available to the Agro-chemical firms which will support their goal of improving the performance.

1.3 Objectives of the Study

1.3.1 General Objective
The main objective of the study was to investigate the effects of competitive strategies on performance of agro-chemical firms in Industrial area, Nairobi, Kenya.

1.3.2 Specific Objectives
The study was guided by the following objectives:

i) To investigate the effects of differentiation strategy on performance of agro-chemical firms in industrial area, Nairobi, Kenya.

ii) To find out the effect cost leadership strategy on performance of agro-chemical firms in industrial area, Nairobi, Kenya.

iii) To assess the effect of pricing strategy on performance of agro-chemical firms in industrial area Nairobi, Kenya.

iv) To find out the effect market focus strategy on performance of agro-chemical firms in industrial area, Nairobi, Kenya.
1.4 Research Questions

The following research question was formulated:

i) To what extent do differentiation strategy affect performance of agro-chemical firms in industrial area Nairobi, Kenya?

ii) What are the effect cost leadership strategy on the performance of agro-chemical firms in industrial area Nairobi, Kenya?

iii) Does pricing strategy affect performance of agro-chemical firms in industrial area Nairobi, Kenya?

iv) To what extent do market focus strategy affect performance of agro-chemical firms in industrial area Nairobi, Kenya?

1.5 Significance of the Study

The study is of help to the management of these firms in evaluating the effectiveness of the four strategies on performance. The findings of the study is of use to the Agro-chemical industry player, the study will help in understanding the challenges facing the industry. This will enable the local companies and multinational corporation to develop winning strategies in the turbulent environment by developing competence and capabilities derived from the suggested responses from the study. For students and researchers, this study will build on the existing knowledge and contribute to the existing literature by providing an understanding of the nature of sustainable competitive advantage strategies adopted by Agro-chemical firms in Industrial area Nairobi Kenya. For the government, the research is helpful in high lighting areas of policy gap that would require improvement within the industry, this would result into cost effective policy decisions regarding influence of government’s regulations in the industry and come up with structures and policies to assist the industry grow and enhance contribution to the GDP within the country.
1.6 Scope of the Study

The study was done to investigate effects of competitive strategies on performance of agro-chemical firms in industrial area, Nairobi, Kenya. The study concentrated on the following variables; differentiation strategy, cost leadership strategy and Market focus strategy. The research covered employees of the Agro-chemical firms within the industrial area, Nairobi. The period of the study was between 2016 and 2017, agriculture function were devolved in 2013. Devolution has led to increased investment in infrastructure and improvement in Kenya’s prospects for growth and shared prosperity (worldbank.org/en/news/press-release/2015/02/04).

1.7 Limitations of the Study

Some respondents were of the view that the required information is confidential and sensitive they were hesitant in providing the information fearing that competitors might gain access to the information and use the information for their own gains. However, the researcher used introductory and authorization letter from the university to assure the participants that the information provided is used for education purposes only. There was little delays in information accumulation where the some targeted respondent especially the administration staff were busy and did not have time for filling in the research questionnaire. The respondents were told of the importance of filling in the questionnaire and the researcher worked to maximize the limited time in order to make the research cost effective. Financial constraints was also a limitation to the researcher who had to sacrifice to meet as many respondents as intended through dropping and collecting the questionnaire.
1.8 Organization of the Study

Chapter one gives the background information, statement of the problem, research objectives and questions, importance of the investigation, scope, and the impediments experienced over the span of the examination. While in chapter two reveals the recent studies and research conducted on competitive advantage existing and theoretical structure. In the third chapter the methodology utilized in the study are presented showing clarification, the techniques and systems used. Chapter four presents the findings of the study based on the four objectives. Chapter five presents the research summary, conclusions and recommendations based on the findings of the study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter commences by reviewing recent studies conducted on competitive strategies, theories related to the study. Empirical literature on the four variables; differentiation strategy, cost strategy, price strategy and corporate growth strategy. The section culminates by condensing the experimental writing and demonstrating the connection between the free factors and dependent variable through a calculated structure.

2.2. Theoretical Literature Review

The study is guided by the following theories;

2.2.1 Game Theory

Diversion hypothesis can be characterized as a component of a huge assortment of hypothesis giving a formal dialect to portray cognizant, objective arranged, basic leadership forms including at least one or more players. The arrangement ideas got from diversion hypothesis might be thought of as regulating or engaging perspectives of multi-individual basic leadership (Shubik, 1972). Doorman (1990) additionally contends that an organization's quality at last could be set into two classes: cost favorable position or separation. Utilization of those qualities in either a wide (industry wide) or limit (advertise portion) scope brings about three non-specific procedures: Cost leadership, differentiation and focus. These three methodologies should be connected on a business unit level.
Andrews (2003) defines competitive strategy as the pattern of choices in an organization that decides and uncovers its targets, purposes, or objectives, delivers the important arrangements and plans for accomplishing those objectives, and characterizes the scope of business the organization is to seek after, the sort of financial and human association it is or means to be, and the idea of the economic and non-economic commitment it expects to make to its investors, workers, clients, and groups. Porter (1980) got the Industrial and Organizational (I/O) point of view of Baker, (1968), by asserting that outside industrial forces influence crafted by chiefs. Substitute items, clients and providers and potential and present contenders decide key decisions. The two 'bland procedures' are separation and minimal effort. Porter's work was additionally created in 1985, with the esteem chain demonstrate, which concentrates on the exercises and elements of the firm, the fundamental factors that drive cost and separation focal points. Intensive control and gathering of exercises empower firms to use cost and separation possibilities through the harvesting of scale favorable circumstances or the formation of inventive discussions. The Porterian system has been utilized broadly inside IS investigate. McFarlan (1984) proposes that IS can be utilized to control 'switching costs', and erect 'obstructions to section'. Porter and Millar (1985) contend that IT can be utilized to improve esteem affix exercises to increase upper hand through minimal effort or separation.

Agro-chemical firms must ensure that a correct mix is done to ensure optimal productions level. This may include the two types of competitive advantages i.e. cost and differentiation. This will allow the Agro-chemical firms to outperform its competition with superior market position, skills and resources and which may include generic products Porter, (2010). Natural controls have pushed Agro-chemical organizations to embrace a level of corporate duty and responsibility.
Many firms received and actualized earth capable methodologies because of target market expectations Souza, Taghian and Lamb, (2006) and (Bansal & Roth, 2000). Clearly the companies are adopting environmental practices over and above government compliance requirements to the benefit of the consumer and give the firm a competitive advantage. Diversion hypothesis is the way toward displaying the key association between at least two players in a circumstance containing set guidelines and results, this theory is applicable to this study since Agro-chemical firms in the Industrial Area, Nairobi are competing in the same industry and their strategic decisions in cost leadership, pricing differentiation and market focus will lead in either a gain or loss in the market share, variation in performance and ability to compete effectively with generic products imported in the country. The final result for Agro-chemical firms is the increased market share and improved performance that is quantifiable in terms of profitability, these strategies are supposed to be applied on a business unit level.

2.2.2 Kirzner’s Alert Theory of Entrepreneurship

Kirzner (1973) concentrated on noting the inquiry on whether a market economy works and in the event that it does, what might be the procedure that leads the economy towards balance. This hypothesis additionally watched that at first the economy is in disequilibrium and the opposition among 'alert' business person's prompts balance and those business sectors are not generally clear. There is no flawlessly educated delegate specialist and for change to happen the business visionaries require motivating forces and this impetuses originates from the distinction among operators as far as data and learning.

A change in the method of generation or move in inclinations prompts change (disequilibrium) in
the market where at first there was equilibrium (Robinson, 2011). In the event that there is balance in the market there is nothing for the business people to do and no trade and benefit open doors for them since everyone will have the capacity to complete his at first decided trade designs. Yet, at whatever point the change has happened, some arranged exercises won't be figured out. An ascent in expectations for everyday comforts would eventually suggest an expansion sought after for items subsequently, giving more prominent chances to organizations to make benefits (Hufbauer, 1966). An economy witnesses changes in monetary exercises. This would suggest that if there should arise an occurrence of an ascent in monetary movement the request of the item will increment and thus the cost will increment. If there should be an occurrence of diminishment sought after, the costs will go down. Business procedures ought to be produced remembering these vacillations.

Understanding the part of the business visionaries is basic to seeing how blunders get amended in the market and understanding the part of sharpness is basic to seeing how business visionaries reach distinguish these mistakes Stopford, and Strange, (1991). As he clarifies, on the planet where information is essentially scattered and people are fundamentally unmindful of all progressions that happen in business sectors, ready business people find benefit openings (i.e. chances to purchase at low cost and offer at a high cost) and subsequently drive the market procedure toward equilibrium (Daniels, Radebaugh & Sullivan, 2007). The above instigates the second research question.

The idea in Kirzner (1973) hypothesis of business enterprise is sharpness that leads people to make disclosures that are profitable in the fulfillment of human needs. The part of business
visionaries lies in their sharpness to unnoticed open doors. Business visionaries work to abuse these open doors, in this way wiping out blunders, with the goal that the economy moves towards equilibrium. Kirzner theory of entrepreneurship is applicable in Agro-chemical firms in Industrial Area, Nairobi, as managers are alert to opportunities and takes conscious steps in decisions making in differentiation, pricing, and cost leadership strategies to improve their performances and out compete their competitors. Unrivaled client encounter is accomplished by serving clients needs extraordinarily. The more one of a kind the separation the more the favorable circumstances gathered since separation should definitely include cost which are recouped if the business will pay the top notch costs (Thompson, 2010).

2.2.3 Resource Dependency Theory

Resource dependence theory (RDT) is the study of how the external resources of organizations affect the behavior of the organization. According to Pfeffer and Salancik, (1978) the sourcing of external resources is an important tenet of strategic and tactical management of any company. RDT is concerned more on the external organizations that provide, distribute, finance and compete with a firm in the same sector. Although customers are the ultimate resource on which agro-chemical firms rely on, revenue however is derived from organizational incentives that make management see customers as a resource. As indicated by the asset reliance hypothesis, directors bring finance, assets, aptitudes, key constituents (providers, purchasers, open arrangement leaders, social gatherings) and authenticity that will decrease vulnerability which in turn lessens the exchange cost and the capability of connecting the association with the outside organizations. This gives chance to assemble more data and even aptitudes in different claims to company’s ability to compete. Lawrence and Lorsch, (1967) connected the asset reliance hypothesis as a
natural impact on focused procedures, they contended that fruitful associations have inward structures that match outer ecological request.

According to Pfeffer and Salancik, (1978), resource dependence theory has implications regarding the optimal divisional structure of organizations, recruitment of board members and employees, production strategies, contract structure, external organizational links, and many other aspects of organizational strategy. Marsh, (1988) stated that the wider literature on environmental decision making and the role of management choice is relevant to the strategic decisions through which management choice is actually affected. This was underlined in the aggressive techniques which clarify that a majority of external members could bring the most required business aptitude and resources in the firm. Resource dependency theory is based on the principle that an organization must engage in transactions with other actors and organizations in its sector in order to acquire resources. Occasionally such transactions may be to the advantage of the firm, however they may also create dependencies. Resources that the organization needs may be scarce, and not always readily available, or under the control of uncooperative actors. The end results might be unequal exchanges that generate differences in power, authority, and access to further resources (Ulrich & Barney, 1984). To avoid such dependencies, agro-chemical firms in industrial area develop strategies (as well as internal structures) designed to enhance their bargaining position in resource related transactions. Such strategies include differentiations, cost leadership and increasing the scale of production, diversifying, and developing links to other organizations.

The resource dependency theory is applicable in this study as managers in Agro-chemical firms in industrial area, Nairobi, focus on customers as the ultimate resource on which companies
depend on to grow the market share, improve the sales revenue and performance, though execution of different strategies which include market focus, cost leadership and differentiation strategy. Rusjan, (2005) states that business strategy specifies the scope of each business and defines the basis on which a business unit can achieve and maintain a competitive advantage within its industry.

Companies typically adjust their business strategies to adapt to changes in power relationships with other companies. RDT is underpinned by the idea that resources are key to organisational success and that access and control over resources is a basis of power. Resources are often controlled by organizations not in the control of the organization needing them, meaning that strategies must be carefully considered in order to maintain open access to resources. The board members of Agro-chemical firms concentrate provision of resources which are used in differentiating features for the purposes of having an edge in the market. Mark (1997) concluded that the challenges of managing an organization today is making the appropriate decision. Once a manager chooses an alternative and knows how to implement it, he can allocate the resources necessary to achieve the defined goal and objectives in most cases achieving that point can often be a long, complex, and challenging process. The resource dependency theory (RDT) is relevant to this study because it sees Agro-chemical companies as dependent on resources as key to superior firm performance. If a resource exhibits valuable, rarity, imitability, and organizational (VRIO) attributes, the resource enables the firm to gain and sustain competitive advantage.
2.3 Empirical Review

2.3.1 Differentiation Strategy and Performance

According to Stock, (2010) on the study of effects differentiation on firm’s performance found out that, differentiation strategy will offer products or services with unique features that customers value thus competing uniquely in the market place. The value added by the uniqueness lets the firm command a premium price. The key characteristic of differentiation strategy is observed as quality. According to Ketler, (2010) on the study of effects of differentiation on product performance found out that, through superior product design, technology, customer service, dealer network or other dimensions product will be marketable to the market. According to the study, the upside of separation is that apparent quality and brand dependability protects organization from dangers from any of the five powers that decide the condition of rivalry in an industry (Porter, 2010). Cost increments from effective providers can be passed on to clients who will pay. Purchasers have just a single wellspring of supply. Brand devotion shields from substitutes. Brand faithfulness is additionally an obstruction to new participants. The dangers to separation procedure incorporate confinement because of creation innovation. The time span of usability' of separation advantage is getting shorter and shorter. Client tastes may likewise change and wipe out the upper hand.

Githae (2014) in his study found out that in differentiating their services, audit firms have to enhance their services. As indicated by the investigation, they have grasped different controls significant to universe of business, diagramming what one may depict as new outskirts. As per Porter, (2001), firms that prevail in a separation technique regularly have the accompanying interior qualities access to driving logical research, very talented and imaginative item
advancement group, solid deals group with the capacity to effectively impart the apparent qualities of the item, corporate notoriety for quality and development. The dangers related with a separation procedure incorporate impersonation by contenders and changes in client tastes. Also, different firms seeking after concentration procedures might have the capacity to accomplish much more noteworthy separation in their market fragments.

Owino (2014) on the study of Strategy models implication found out that, a few key administration researchers have scrutinized the focused procedure model's affirmation that separation especially on high caliber and minimal effort ought not be sought after at the same time. Hayes (2013) discovered that in each of the organizations they examined each hereditary procedure is made out of three measurements. These are proficiency: how much information sources per unit of yield are low; separation: how much the item or its improvements are seen as one of a kind; and scale/scope the relative size and scope of exercises of the business inside its industry.

Awino, (2011) identified four problems areas affecting choice of competition strategies. The researcher cited absence of fit amongst procedure and structure; lacking data and correspondence frameworks; and inability to grant new aptitudes. Koske, (2013) observes that there are many organizational characteristics, which act to constrain choice of competition strategies. The researcher recognized most difficulties as concerning associating methodology plan to usage; asset distribution; coordinate between structure with technique; connecting execution and pay to procedures; and making a system strong culture.
2.3.2 Cost Leadership Strategy and Performance

According to Owino, (2011) study on cost leadership found out that, cost leadership methodology happens through involvement, interest underway offices, preservation and cautious observing on the aggregate working expenses (through projects, for example, decreasing the size and quality administration). As indicated by the examination, firms seeking after a system of cost initiative will profit more from the utilization of use as far as the expanded administrative proficiency which compares to be observed by lenders. Normally required aptitudes and assets while executing general cost initiative are supported when capital venture and access to capital, process building abilities, serious supervision of work and items are intended for ease in fabricate with minimal effort dissemination frameworks. Different necessities that are normal in association incorporate tight cost control, point by point control reports, organized association and duties, combined with motivations based quantitative targets.

As per Barney and Hesterley (2012), few layers in the announcing structure, basic detailing connections, little corporate staff, and concentrate on limit scope of business capacities are components of hierarchical structure that enable firms to "understand the maximum capacity of cost initiative techniques". Administration control frameworks that help the usage of cost authority incorporate cost control frameworks, quantitative cost objectives, close supervision of work, crude materials, stock, and different expenses, and a cost initiative reasoning. Cases of good pay arrangements are rewards for cost lessening and impetuses for all workers to be associated with taken a toll decreases.
Appropriately, Porter (2000) recommended that cost authority firms need to control costs firmly, forgo bringing about an excessive number of costs from advancement or showcasing, and cut costs when offering their items. Allow (2015), shows that the wellsprings of cost advantage rely upon industry structure. Cost preferences may originate from economies of scale, economies of degree, appropriateness innovation, and special access to materials among different elements.

With cost points of interest, firms can have better than expected return or can order cost. Dong (2011) in the investigation of Japanese organizations aggressive procedures, contends that basic to the achievement of Japanese organizations in customer products enterprises, for example, autos, bikes, buyer gadgets, and melodic instruments has been the capacity to accommodate minimal effort with high caliber and mechanical progressiveness.

2.3.3 Pricing Strategy and Performance

As indicated by Agwu and Carter (2014), among the four Ps, cost is the main pay generator and it is the esteem appended to an item. Moreover, cost is the measure of cash charged for an item or administration. It is the entirety of the considerable number of qualities that clients surrender keeping in mind the end goal to pick up the advantages of having or utilizing an item. Dough puncher, (2012) think about noticed that, cost is the instrument which guarantees that the two powers (request and supply) are in balance. As indicated by Santon (2011) cost is just an offer or a trial to assignment the beat of the market. It is the fiscal incentive for which the vender will trade for a thing (Agbonifoh, 2012).

Haws and Bearden (2011) consider discovered that, dynamic valuing as a system in which costs change after some time, customers, as well as conditions. It can likewise be alluded to as modifying costs consistently to meet the attributes and needs of individual clients and
circumstances (Kotler and Armstrong, 2012). Elmaghraby and Keskinocak, (2013) in his examination recognized the two dynamic valuing models: cost posted systems and value disclosure instruments. With cost posted systems they contended that, visit value changes are offered as take or leave costs, that is, the organization is still responsible for setting the cost. With value disclosure systems, for example, eBay, Priceline, or comparable arranged methodologies, they found that buyers have contribution to setting the last cost.

2.3.4 Market Focus Strategy and Performance.

Market focus is an approach to business that bases strategy, operations and measurement on market opportunities. This can be seen as a practical approach that seeks unique and winnable spaces in a competitive market. This approach is typically utilized where the organization knows its portion and has items to aggressively market to increase the market share. Market focus strategy include a huge increment in execution targets (typically deals or piece of the overall industry) past levels of execution. According to Pearce and Robinson, (2010), many organizations pursue one or more types of Market focus strategies.

According to a study done by Stock (2010) on corporate growth benefits, one of the primary reasons is the view held by many investors and executives that "bigger is better". According to the study, development in deals is regularly utilized as a measure of execution. Indeed, even in circumstances where benefits stay stable or decay, an expansion in deals fulfills many individuals. The suspicion is frequently influenced that if deals to build, benefits will in the long run takes after. Market focused firms are data-driven entities that seek information about customer needs, preferences and competition within the industry, while selecting precise target markets for marketing efforts. Market focus strategy will develop products for specific needs and
preferences to avoid intense competition will help to increase the sales according to (Robinson 2011). According to the same study, and directors are regularly paid a commission in light of offers. The higher the business level, the bigger the remuneration got. Acknowledgment and power additionally accumulate to supervisors of developing organizations. They are all the more as often as possible welcomed to address proficient gatherings and are all the more regularly met and expounded on by the press than are directors of organizations with more noteworthy rates of return yet slower rates of development.

Organic or internal growth techniques need to do with the inside business condition and incorporate such key perspectives as new item advancement, broadening into new business lines or extension designs (Bruner, (2014): study on growth strategy implications). Interior development is the most widely recognized among various associations yearning for business development. It is a steady development process spread over a couple of years. As indicated by a research by Dierickx and Cool, (2010), Organic growth is a slower way of growth compared to M&A since it requires the development of new resources.

2.4 Summary of Literature Review and Research Gap
The above discussion on competitive strategies shows clearly that most of the studies on competitive strategies among Companies have been done in the developed world while studies in developing countries such as Kenya, research on competitive advantage in companies is still limited or not done at all at the time of this study. Mutukaa, (2007) conducted a survey of the competitive strategies used by multinational firms in the agro-chemical industry in Kenya involving only two multinational firms. Kimunguyi, (2013) focused on the response strategies
adopted by agrochemical companies to the challenges of agro-chemical distribution in Kenya. However, it is also notable that the Agro-chemical firms in Kenya has not explicitly focused on competitive strategies. It is agreeable then that most of the firms in Kenya may have vague idea of the value of competitive advantage but lack the capability or skills to adopt them. Therefore, this research study was intended to get information on the current existing scenario of the competitive strategies applied by the Agro-chemical firms in industrial area, Nairobi, Kenya to improve
2.5 Conceptual Framework

The research objectives was conceptualized using the independent and dependent variables as shown in the figure below.

![Conceptual Framework Diagram]

- **Independent variables**
  - **Differentiation Strategy**
    - Many pack sizes
    - Pack premium prices
    - Brand name
  - **Cost leadership strategy**
    - Low operations cost
    - Low cost of Raw materials
    - Production efficiencies.
  - **Pricing strategy**
    - Dynamic pricing strategy.
    - Static pricing strategy.
    - Penetration pricing strategy.
    - Cost Plus pricing.
  - **Market focus Strategy**
    - Market segment
    - Choice of segment
    - New customers satisfaction
    - New Product Introductions

- **Dependent Variable**
  - Performance of Agrochemical firms
    - Increased profitability
    - Increased Market Share

Figure 2.1 Conceptual Framework

Source: Researcher (2017)
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter articulates the methodology utilized as a part of this study, this is the systematic, theoretical analysis of the methods applied which incorporate the theoretical analysis of the body of methods and principles of this study (Irny, & Rose, 2005). These are methods utilized as a part of research which are efficient and focusing to essential research objective (Kothari, 2004). The research methodology includes the research design, the population and the sample size, the data collection methods, the research procedures, data analysis and presentation methods.

3.2 Research Design
Research design is an organized plan for collecting data in order to give answers to research questions. It is a plan and strategy of enquiry which guides collection and analysis of data in a study. The research design is a descriptive survey. The design was embraced because descriptive studies are useful for fact finding and result in the formulation of important principles of knowledge and solution to significant problems (Orodho, 2003). Kothari (2003) observes that methodology is intended to get data concerning the present research and wherever conceivable to reach substantial determinations from certainties being researched. This strategy is favored in light of the fact that it insures work quality.

3.3 Target Population
According to Mugenda, (2009) population is an entire group of individuals, events or objects with common observable characteristics. It is a group of individuals, persons, events, objects or items from which samples are drawn from for measurement and constitutes the items the researcher makes inferences from (Cooper & Schindler, 2014). The target population was seven (7)
Agrochemical firms in the industrial area, Nairobi, Kenya. The respondents of the study were employees of the seven agro-chemical firms in the industrial area, Nairobi, Kenya. The researcher selected senior manager, middle level managers and low level management staff from each firm, giving the study a target population of eighty three respondents.

Table 3.1 Target Population

<table>
<thead>
<tr>
<th>Companies</th>
<th>Senior manager</th>
<th>Middle level Manager</th>
<th>Low level Manager</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twiga Chemicals</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Osho Chemicals</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>BIODEAL Chemicals</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Nerix Pharma</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Vetcare Ltd</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Bimeda Ltd</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>HighChem East Africa</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>15</strong></td>
<td><strong>25</strong></td>
<td><strong>43</strong></td>
<td><strong>83</strong></td>
</tr>
</tbody>
</table>

Source: Respective Firms’ Database (2017)

3.4 Sampling Technique

Sampling as described by Geteria, (2012) is the process of choosing the units of the target population which are to be included in the study in such a way that the sample of selected elements represent the population. Since the population was of manageable size a census of all the 83 respondents was conducted.
3.5 Data Collection Instruments and Research Procedures

Data collection can be defined as the process of gathering and measuring information on targeted variables in an established systematic fashion, which then enables one to answer relevant questions and evaluate outcomes. The study used self-administered closed and open ended questionnaires as main instrument for data collection through drop and pick method in which the respondents replied in writing. A self-regulated survey is simply the best way to fortify and provide details regarding individual’s feeling, states of mind, convictions and qualities (Sproul, 1998). It is less biased and respondents have adequate time to give well thought out answers and those who are not easily approachable can also be reached conveniently (Kothari, 2004). A questionnaire is the best instrument compared to others as it acts as a future reference of a study done, is economical in realizing a large sample within a very short time and anonymity of respondents when filling the questionnaire allowing the respondents to be honest.

3.6 Reliability and Validity of the Instrument

3.6.1 Validity of the Instrument

According to Kathuri and Pals, (1993) validity is the exactness and weightiness of deductions which depend on the examination comes about. Before utilizing the surveys for creating information for the investigation, a pilot study was directed with the assistance of research assistant in Thika town which is outside the examination test. Five respondent were targeted for pilot. The purpose behind pre-testing the examination instrument was to: Verify whether the poll is clear to the respondents, set up whether the survey successfully addresses the information required for the research, evaluate and distinguish any issues respondents would experience in finishing the survey that might not have been anticipated while developing the survey, this was utilized to test the rightness of the data collection tools.
3.6.2 Reliability of the Instrument
As indicated by Moskal and Leydens (2000), dependability is how much data collection tool produces consistent, tried and true outcomes. According to Joppe (2000) the quality of the data collection tool is the degree to which comes respondents are consistent after some time and gives a picture of the total populace and if the result of an examination are repeated under a comparative strategy and yield comparable outcomes, at that point the exploration instrument is thought to be solid. To guarantee uniformity in quality, similar inquiries in surveys was circulated to every one of the respondents. The quality of the survey was tried utilizing the Cronbach's alpha paradigm, where as indicated by Barbara, (2010) the adequate estimation was at least 0.70.

3.7 Data Presentation and Analysis
Research findings was presented through charts, graphs, tables and percentages. It is advisable to use a computer to analyze data in order to save time and increase accuracy of results (Mugenda, 2003). Data was analyzed using descriptive statistics which included frequencies, means, and percentages, correlation analysis was done which show the relationship between the independent variable and dependent variable and the significant P-values and inferential analysis was used to make judgments of the probability that an observed difference between groups and studies is a dependable one. The Correlation coefficients provided the degree and direction of relationships. Data was presented in form of tables and figures. The regression model was in the form:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Where;

\( \alpha \) - Is the constant or intercept

\( \beta_{1-4} \) - Are the regression coefficients or change induced in \( Y \) by each \( X_{1-4} \)
X₁ - Differentiation strategy
X₂ - Cost leadership strategic
X₃ - Pricing strategy
X₄ - Market focus strategy.

Y - Performance of Agro-chemical firms.

ε - Is the error term

The research accumulated subjective and quantitative information. To shed more light in measurements, for example, mean, standard deviation, frequency and rates was utilized as a part of investigating quantitative information. Then again, subjective information was examined utilizing content examination. Information was displayed utilizing frequency tables and structured presentations. To improve information taking care of, Statistical Package for Social Sciences variant was utilized because of its capacity to deal with both little and voluminous information (Dempsey, 2003). Inferential measurements was likewise be done to set up the idea of the relationship that exists between factors. Information was translated with the assistance of importance P-values, if the P-esteem is under 0.05 the factors was considered noteworthy to clarify the adjustments in the reliant variable. The coefficient of assurance (R² or r²) was utilized to break down the rate in which the autonomous factors decides the reliant variable. It demonstrated the extent of the fluctuation in the reliant variable that is unsurprising from the free factor. Pearson's (r) relationship examination was utilized as measure of the direct connection between factors X and Y. Where the(r) value is between +1 and −1, where 1 is total positive linear correlation, 0 is no linear correlation, and −1 is total negative linear correlation.
3.8 Ethical Considerations

Before gathering information the researcher was guided by the University code of morals and might acquire expert from significant work places and specialists. This included getting presentation letters from NACOSTI and the Kenyatta University, School of Business. The researcher, also made phone calls to liaise with the senior managers in the agro-chemicals companies included in the research study so that they can permit the middle and low level managers working under them to take part in the survey. The research likewise incorporated a statement demonstrating information secrecy; security keeping, safe care and that members won't be required to compose their names to abstain from uncovering respondents.
CHAPTER FOUR
RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This Chapter presents detailed description analysis of the data collected on the competitive strategies on performance of agro-chemical firms in industrial area, Nairobi County, Kenya. Data was gathered exclusively from questionnaires as the research instrument. The questionnaires were designed in line with the research objectives.

4.1.1 Response Rate

The survey targeted 83 managers in the Agro-chemical processing firms in industrial area. Out of the 83 questionnaires that were issued, 72 of were dully filled and returned to the researcher. This gave a response rate of 87%. This response rate concurred with Mugenda and Mugenda (2003) stipulation that a response rate of 70% and above is excellent.

4.1.2 Reliability

In order to establish validity and reliability of the research instruments, the researcher conducted a pilot study. The Cronbach Alpha (α) generated by SPSS was used. It demonstrates the degree to which an arrangement of test units can be dealt as measuring one dormant variable (Cronbach, 1951). The reliability test of a coefficient of 0.7 is suggested for any researchable examination. The findings are shown in Table 4.1.
Table 4.1: Reliability Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>No. of respondents</th>
<th>Cronbach Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiation Strategy</td>
<td>5</td>
<td>0.732</td>
</tr>
<tr>
<td>Cost Leadership Strategy</td>
<td>4</td>
<td>0.823</td>
</tr>
<tr>
<td>Pricing Strategy</td>
<td>4</td>
<td>0.788</td>
</tr>
<tr>
<td>Market Focus Strategy</td>
<td>5</td>
<td>0.811</td>
</tr>
<tr>
<td>Performance</td>
<td>4</td>
<td>0.793</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>3.947</td>
</tr>
</tbody>
</table>

Source: Survey, (2017)

From the findings, differentiation strategy had Cronbach Alpha (α) of 0.732, cost leadership strategy had 0.823, pricing strategy had 0.788, market focus strategy had 0.811 and performance had 0.793. Since all the Cronbach Alpha (α) coefficients are above 0.7, this shows the research instruments were reliable.

4.2 Background Information

The background information of respondents are indicated in subsequent sections.

4.2.1 Gender for Respondents

The gender of the respondents is indicated in Table 4.2.

Table 4.2: Gender for Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>43</td>
<td>59.72</td>
</tr>
<tr>
<td>Female</td>
<td>29</td>
<td>40.28</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey, (2017)
From the findings, 59.72% of the respondents were male and 40.28% were female. This indicates that there was a gender balance in the study which was in line with the stipulation of the constitution about gender.

### 4.2.2 Work Experience

The time-line for years worked in the Agro-chemical firms is indicated in the Table 4.3.

**Table 4.3: Work Experience**

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5</td>
<td>16</td>
<td>22</td>
</tr>
<tr>
<td>6-10</td>
<td>43</td>
<td>60</td>
</tr>
<tr>
<td>11 and above</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Survey, (2017)*

From the findings, 22% of the sampled respondents had worked below 5 years, 60% worked for between 6 to 10 years, and 18% worked in the particular Agro-chemical firm for more than 11 years. This indicated that most of the respondents had worked between 6 to 10 years and that the data collected was from the experienced managers hence it will be relied upon in making conclusions in this study.

### 4.3 Descriptive Analysis

Descriptive analysis summarizes features of a collection of information, which form basis of quantitative analysis of data. Descriptive analysis are used to describe the basic features of the data in a study and provide simple summaries about the sample and the measures. The analysis of data involves the calculation of simple measures of composition and the distribution of variables such as in the case of sample surveys, measures of association between variables can be
used to decide whether the differences observed are statistically significant or not, the results can be presented using simple graphics analysis like tables, graphs, bar charts etc

4.3.1 Differentiation Strategy

The study sought to examine the extent to which differentiation strategy affects the performance of Agro processing firms. Several parameters of differentiation strategy and how they affected performance were carefully identified by the researcher. Respondents were then requested to indicate their rating on each of these statements on a scale of 1-5 where 5= strongly agree, 4= Agree, 3=Neutral 2 = Disagree, 1 = Strongly Disagree

Table 4.4: Differentiation strategy

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our company differentiate herself through provision of quality and superior products to our customers</td>
<td>3.711</td>
<td>0.232</td>
</tr>
<tr>
<td>Our firm differentiate herself by building products brand</td>
<td>2.222</td>
<td>1.232</td>
</tr>
<tr>
<td>Our company image differentiate us from our competitors</td>
<td>3.221</td>
<td>0.956</td>
</tr>
<tr>
<td>This company has developed various packs in every product to differentiate from our competitors</td>
<td>4.132</td>
<td>0.953</td>
</tr>
<tr>
<td>Aggregate (Total)</td>
<td>13.286</td>
<td>3.373</td>
</tr>
</tbody>
</table>

Source: Survey, (2017)

The descriptive statistic considered were mean and standard deviation. Mean was used to establish the average value of the data while standard deviation gave the dispersion in the data. High mean presents majority of the respondents strongly agreeing with the statement presented to them while low standard deviation translates to low spread of their response. From the findings; the respondents agreed that to a great extent their company differentiate herself through provision of
quality and superior products to their customers with a mean of 3.711 and standard deviation of 0.232, many of the respondents moderately agreed that company image differentiate them from their competitors with a mean of 3.221 and standard deviation of 0.956. Majority of the respondents strongly agreed that the company has developed various packs in every product to differentiate them from their competitors.

The findings tallies with Stock (2010) on the study of effects differentiation on firm’s performance which found that, differentiation strategy will offer products or services with unique features that customers value thus competing uniquely in the market place. The value added by the uniqueness lets the firm command a premium price. The key characteristic of differentiation strategy is observed as quality.

4.3.2 Cost leadership strategy

The study sought to examine the extent to which cost leadership strategy affects the performance of Agro processing firms. Several parameters of cost leadership strategy and how they affected performance were carefully identified by the researcher. The findings were summarized in the table 4.5 below;

**Table 4.5: Cost leadership strategy**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm will take every opportunity to control overhead and variable costs.</td>
<td>3.913</td>
<td>1.237</td>
</tr>
<tr>
<td>As a company we Purchase low cost raw materials to gain advantage on prices.</td>
<td>4.101</td>
<td>0.987</td>
</tr>
<tr>
<td>This company emphases on product customization.</td>
<td>3.91</td>
<td>0.003</td>
</tr>
<tr>
<td>This company is always working to improve our operating efficiencies to gain cost advantage.</td>
<td>3.911</td>
<td>1.239</td>
</tr>
<tr>
<td><strong>Aggregate (Total)</strong></td>
<td><strong>15.835</strong></td>
<td><strong>3.466</strong></td>
</tr>
</tbody>
</table>

Source: Survey, (2017)
The descriptive statistic considered were mean and standard deviation. Mean was used to establish the average value of the data while standard deviation gave the dispersion in the data. High mean presents majority of the respondents strongly agreeing with the statement presented to them while low standard deviation translates to low spread of their response. From the findings above, many of the respondents our firm will take every opportunity to control overhead and variable costs with a mean of 3.913 and standard deviation of 1.237; majority of the respondents strongly agreed that their company purchase low cost raw materials to gain advantage on prices. Majority of the respondents agreed that the company emphases on product customization with a mean of 3.910 and standard deviation of .003 and majority agreed that the company is always working to improve on operating efficiencies to gain cost advantage with a mean of 3.911 and standard deviation of 1.239.

The findings concurs with Owino, (2011) study on effects of cost leadership on organizational performance which found that, cost leadership methodology happens through involvement, interest underway offices, preservation and cautious observing on the aggregate working expenses (through projects, for example, decreasing the size and quality administration). As indicated by the examination, firms seeking after a system of cost initiative will profit more from the utilization of use as far as the expanded administrative proficiency which compares to be observed by lenders.

4.3.3 Pricing strategy

The study sought to examine the extent to which pricing strategy affects the performance of Agro processing firms. Several parameters of pricing strategy and how they affected performance were carefully identified and respondents were then requested to indicate their rating on each of these statements on a scale of 1-5 where 5= strongly agree, 4= Agree, 3=Neutral 2 = Disagree, 1 =
Strongly Disagree.

**Table 4.6: Pricing strategy**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>In our organization we uses dynamic pricing strategy to gain competitive advantage.</td>
<td>4.131</td>
<td>0.652</td>
</tr>
<tr>
<td>Our firm emphasize on Static pricing strategy to gain competitive advantage</td>
<td>1.411</td>
<td>0.445</td>
</tr>
<tr>
<td>Our organization uses cost plus pricing strategy in pricing our products.</td>
<td>3.901</td>
<td>1.234</td>
</tr>
<tr>
<td>Our company uses market penetration pricing strategy when pricing products.</td>
<td>3.711</td>
<td>1.234</td>
</tr>
<tr>
<td><strong>Aggregate (Total)</strong></td>
<td><strong>13.154</strong></td>
<td><strong>3.565</strong></td>
</tr>
</tbody>
</table>

**Source: Survey, (2017)**

The descriptive statistic considered were mean and standard deviation. Mean was used to establish the average value of the data while standard deviation gave the dispersion in the data. High mean presents majority of the respondents strongly agreeing with the statement presented to them while low standard deviation translates to low spread of their response. From the findings majority of the respondents strongly agreed that their organization uses dynamic pricing strategy to gain competitive advantage with a mean of 4.131 and a standard deviation of 0.652. Many of the respondents agreed that their organization uses cost plus pricing strategy in pricing their products with a mean of 3.901 and a standard deviation of 1.234. Many of the respondents agreed that their company uses market penetration pricing strategy when pricing products with a mean of 3.711 and standard deviation of 1.234. The findings contradicts Haws and Bearden (2011) study which found that that dynamic pricing change after some time depending of the customer and conditions. It can likewise be alluded to as modifying costs consistently to meet the attributes and needs of individual clients and circumstances (Kotler and Armstrong, 2012).
4.3.4 Market Focus Strategy

Table 4.7: Market Focus Strategy

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm focus is in one Market for our products.</td>
<td>1.701</td>
<td>0.234</td>
</tr>
<tr>
<td>Our company policy does not allow dealers to sell competing</td>
<td>4.171</td>
<td>1.234</td>
</tr>
<tr>
<td>products.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This company have wide control of dealer activities.</td>
<td>3.333</td>
<td>0.953</td>
</tr>
<tr>
<td>Our company strategy is to make a choice of customer segment</td>
<td>3.101</td>
<td>1.234</td>
</tr>
<tr>
<td>Our company owns distribution channel to our customer.</td>
<td>2.91</td>
<td>0.873</td>
</tr>
<tr>
<td><strong>Aggregate (Total)</strong></td>
<td><strong>15.216</strong></td>
<td><strong>4.528</strong></td>
</tr>
</tbody>
</table>

Source: Survey, (2017)

The descriptive statistic considered were mean and standard deviation. Mean was used to establish the average value of the data while standard deviation gave the dispersion in the data. High mean presents majority of the respondents strongly agreeing with the statement presented to them while low standard deviation translates to low spread of their response. The study established that to a great extent; companies policy does not allow dealers to sell competing products as mean was 4.171 with standard deviation of 1.234, companies have wide control of dealer activities with mean of 3.333 and standard deviation of 0.953, company strategy is to make a choice of customer segment with mean of 3.101 and standard deviation of 1.234 while the majority of the respondents disagreed that their firm focus in one market for their products with a mean of 1.701 and standard deviation of 0.234.

The research findings agrees with Stock (2010) that market focused firms are data-driven entities that seek information about customer needs, preferences and competition within the industry, while selecting precise target markets for marketing efforts. Market focus strategy will develop
products for specific needs and preferences to avoid intense competition will help to increase the sales.

4.4. Performance

The study sought to examine the extent to which the agro chemical firm’s performance has been in the last three years were then requested to indicate their rating on each of these statements on a scale of 1-5 where 5= Strongly agree, 4= Agree, 3=Neutral 2 = Disagree, 1 = Strongly Disagree

Table 4.8: Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our company’s profitability is influenced by differentiation of our products</td>
<td>3.611</td>
<td>0.234</td>
</tr>
<tr>
<td>Our firm’s profitability is affected by the pricing strategies that the company implements</td>
<td>3.813</td>
<td>0.953</td>
</tr>
<tr>
<td>The profitability of our company is affected by the market focus strategies that we used.</td>
<td>3.911</td>
<td>0.678</td>
</tr>
<tr>
<td>Through cost leadership within the market and product efficiencies the company profitability is improved.</td>
<td>4.401</td>
<td>1.203</td>
</tr>
</tbody>
</table>

Source: Survey, (2017)

The descriptive statistic considered were mean and standard deviation. The mean was used to establish the average value of the data while standard deviation gave the dispersion in the data. High mean presents majority of the respondents strongly agreeing with the statement presented to them while low standard deviation translates to low spread of their response. From the findings, respondents felt that to a great extent; the cost leadership within the market and product efficiencies improved the company profitability with mean of 4.401 and standard deviation of 1.203. The profitability of the companies according to the respondents is also affected by the market focus strategies with mean of 3.911 and standard deviation of 0.678. Differentiation affects performance of the company with mean 3.611 and standard deviation of 0.234.
4.5. Inferential Analysis

The researcher carried out multiple regression analysis to establish relationship between the variables of the study. The findings are indicated in subsequent sections.

Table 4.9: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.8556</td>
<td>0.732</td>
<td>0.715</td>
<td>12.62232</td>
</tr>
</tbody>
</table>

Source: Survey, (2017)

The model summary above indicates a coefficient of correlation R of 0.8556 signifying presence of strong positive correlation between the variables of the study. The coefficient of determination R square is .732 showing that 73.2% change in Agro chemical firm’s performances explained by independent variable competitive strategies (differentiation, cost leadership, pricing strategy and market focus strategy).

Table 4.10: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>48.72</td>
<td>4</td>
<td>11.35</td>
<td>51.45</td>
<td>0.0001</td>
</tr>
<tr>
<td>Residual</td>
<td>19.31</td>
<td>87</td>
<td>0.213</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td><strong>70.25</strong></td>
<td>91</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey, (2017)

The ANOVA findings of the processed data at 5% level of significance indicate an F calculated value of 51.45 while F critical read from F Table is 2.35. This shows that the overall regression model was significant in predicting relationship between the study variables as F calculated is greater than F critical. The p value 0.0001 is also less than 0.05 and therefore statistically significant association of the study variables.
Table 4.11: Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.312</td>
<td>2.262</td>
<td>0.213</td>
<td>0.161</td>
</tr>
<tr>
<td>Differentiation Strategy</td>
<td>0.415</td>
<td>0.162</td>
<td>0.292</td>
<td>1.441</td>
</tr>
<tr>
<td>Cost Leadership Strategy</td>
<td>0.289</td>
<td>0.173</td>
<td>0.465</td>
<td>2.417</td>
</tr>
<tr>
<td>Pricing Strategy</td>
<td>0.528</td>
<td>0.062</td>
<td>0.281</td>
<td>2.782</td>
</tr>
<tr>
<td>Market Focus Strategy</td>
<td>0.299</td>
<td>0.081</td>
<td>0.819</td>
<td>7.796</td>
</tr>
</tbody>
</table>

**Source: Survey, (2017)**

From the findings, the established equation becomes:

\[ Y = 0.312 + 0.415X + 0.289X_2 + 0.528X_3 + 0.299X_4 \]

Where: \( Y \) = Performance, \( X_1 \) = Differentiation Strategy, \( X_2 \) = Cost Leadership Strategy \( X_3 \) = Pricing Strategy and \( X_4 \) = Market Focus Strategy. Therefore; when all factors are held constant performance would be at 31.2%. A unit increase in differentiation strategy would increase performance by 41.5%, a unit increase in cost leadership strategy would increase performance by 28.9%, a unit change in pricing strategy would affect performance by 52.8% and a unit increase in market focus strategy would affect performance by 29.9%.

The findings agrees with Murage (2011) study on the competition within in the oil business which found that administration stations utilize separation as a strategy for getting upper hand over other administration stations. It also agrees with Muttaka, (2007) study on examination on aggressive competitive strategies by Multinational firms in Kenya. The study findings, established that multinational firms in the Agro-chemical industry have been using differentiation strategy to gain competitive advantage and compete effectively in the Kenyan market.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The summary of the research findings are based on researcher’s objectives of the study, which was to find out effects of competitive strategies on performances of Agro-chemical firms in Industrial Area, Nairobi County, Kenya. The conclusions was drawn from the key findings of the study. The recommendations of the study are relevant for policy and practice while the suggestions for further studies open up areas for future studies for scholars and academicians.

5.2 Summary of the Findings

The study sought to determine effect of competitive strategies on performance of Agro-chemical firms in industrial area Nairobi County, Kenya. The study was guided by the following specific objectives: to establish the relationship between differentiation and performance of Agro-chemical firms, to determine the extent to which cost leadership strategy affects performance and to assess relationship between market focus strategy and performance of Agro-chemical firms in industrial area Nairobi county, Kenya.

The research targeted 83 managers in the Agro-chemical firms within Industrial area. Out of the 83 questionnaires that were issued 72 of were dully filled and returned to the researcher. This gave a response rate of 87%. This response rate concurred with Mugenda and Mugenda (2003) stipulation that a response rate of 70%, which is considered good.

5.2.1 Differentiation Strategy

The first objective of the study was to establish relationship between differentiation strategy and
performance of Agro-chemical firms in industrial area Nairobi County, Kenya. From the findings, the respondents agreed that to a great extent their company differentiate herself through provision of quality and superior products to their customers, many of the respondents moderately agreed that company image differentiate them from their competitors. Majority of the respondents strongly agreed that the company has developed various packs in every product to differentiate them from their competitors.

5.2.2 Cost leadership

The second objective was to determine the extent to which cost leadership strategy affects performance of Agro-chemical firms in industrial area Nairobi County, Kenya. From the findings, many of the respondents strongly agreed that their firm will take every opportunity to control overhead and variable costs; majority of the respondents strongly agreed that their company purchase low cost raw materials to gain advantage on prices. Majority of the respondents agreed that the company emphases on product customization and majority agreed that the company is always working to improve on operating efficiencies to gain cost advantage.

5.2.3 Pricing Strategy

The third objective of the study was to establish relationship between pricing strategy and performance of Agro-chemical firms in industrial area Nairobi County, Kenya. Majority of the respondents strongly agreed that their organization uses dynamic pricing strategy to gain competitive. Many of the respondents agreed that their organization uses cost plus pricing strategy in pricing their products. Many of the respondents agreed that their company uses market penetration pricing strategy when pricing products.
5.2.4 Market Focus Strategy

The last objective of the study was to establish the relationship between market focus strategy and performance of Agro-chemical firms in industrial area Nairobi County, Kenya. The study established that to a great extent many of the Agro-chemical companies policy does not allow dealers to sell competing products, many of the respondents agreed that companies have wide control of dealer activities, many of the respondents agreed that company strategy is to make a choice of customer segment while the majority of the respondents disagreed that their firm focus in one market for their products. The most important market focus strategies utilized were; customization of products, better service attributes to niche and market segmentation respectively.

5.3 Conclusions

Differentiation strategy significantly affects performance of Agro-chemical firms. Differentiation in Agro-chemical firms through provision of quality and superior products to their customers improves performance. The Agro-chemical firms have developed various pack sizes of product to differentiate them from their competitors, meet customer’s tastes and preferences as well as creating affordability to the customers in the rural areas.

Cost leadership strategy significantly affects performance of Agro-chemical firms. Agro chemical firms utilizes every opportunity to control overhead and variable costs. Agro chemical companies purchase low cost raw materials to gain advantage on prices.

Pricing strategy significantly affects performance of Agro-chemical firms. Majority of the respondents strongly agreed that their organization uses dynamic pricing strategy to gain competitive. Many of the respondents agreed that their organization uses cost plus pricing strategy in pricing their products. Many of the respondents agreed that their company uses market
penetration pricing strategy when pricing products.

The market focus strategy significantly affects performance of Agro-chemical firms. The study concludes that Agro-chemical company’s policy does not allow dealers to sell competing firms products and that the Agro-chemical companies have wide control of dealer activities. However, Agro-chemical firms do not focus one market of customers for their products. They sell to both retailers and wholesalers.

5.4 Recommendations of the Study

The study recommends that the management of Agro chemical firms in Industrial Area Nairobi should continuously evaluate the implementation of differentiation strategy to differentiate herself through provision of quality and superior products to their customers, and undertake the necessary correctional measures as the industry is highly dynamic. The study also recommends that the management of Agro chemical firms to also focus on cost leadership as a strategy to improve on their profitability and create a competitive advantage over their competitors.

The study shows that Agro chemical firms in Kenya should use more of the pricing strategy in order to enhance their performance and this is based on the strong relationship between pricing strategy and performance. This is in comparison with the cost leadership strategies and the differentiation strategy. From the findings of the study it is recommended that agro chemical firms should use more of the pricing strategy than the other strategies of cost leadership and or differentiation. From the study findings it is also recommended that Agro chemical firms should meet the delivery cost of their products to the clients as this is a good way of building customers loyalty. In light of the study findings it is also recommended that Agro chemical
firms offer price discounts in order to be competitive in the market and improve their performance.

From the findings of the study majority of the firms focus on high potential areas to market their products. On price discounts, since majority of the firms use this method, it is recommended that Agro-chemical firms use the method to avoid losing out to other competitors in the market. Firms that use price discounts will have the price of their products better priced than their competitors.

5.5 Suggestions for further Research

The following areas are suggested for further research; Analysis of the effects of competitive strategies on the performance of other industries in Kenya. A survey of the factors that influence the performance of agro-chemical firms in Kenya.
REFERENCES


Kamande W. (2007). *Competitive Strategies Adopted by Mobile Phone Companies in Kenya*

Kirzner, Israel M. (1973) *Competition and Entrepreneurship*. University of Illinois at Urbana-Champaign's Academy for Entrepreneurial Leadership Historical Research Reference in Entrepreneurship.


Dear sir/ madam,

REF: INTRODUCTORY LETTER

I am a student at Kenyatta University, seeking after an MBA Degree. I am doing an examination on the impacts of aggressive methodologies on execution of Agro-chemical firms in mechanical zone, Nairobi. I submissively ask for you to answer this questionnaire as truthfully as possible. The data assembled will be for scholastics purposes only.

Your reaction will be profoundly valued.
Thank you.

Yours Faithfully,

Nelson K. Gacuiri

Tel Number 0722 766 746
APPENDIX II

Questionnaire

The purpose of this questionnaire is to solicit data on survey of competitive strategies on performance of Agro-chemical firms in industrial area Nairobi, Kenya and the responses obtained will be used for academic purposes only. The researcher is a student undertaking his Master in Business Administration Degree in Kenyatta University.

Kindly fill in the questions in the space provided by put a tick (✔) or a cross (X), any additional information may be written at end of every question.

PART 1: Personal Information

1. What is your gender? Tick one
   Male ( )   Female ( )

2. What is your education level?
   Secondary school certificate level (  )
   Diploma Certificate level (  )
   Graduate Degree Holder (  )
   Master’s degree level and/or above (  )
   Any other (specify) ..........................................

3. How long have you worked in this firm?
   a) 5 years or less than [ ]   b) 5-10 years [ ]
   c) 10 years and above [ ]
Part II: Differentiation Strategy on Performance

4. To what extent are you responsible in the development of business strategy?

4 = completely responsible 3 = mostly responsible, 2 = somewhat responsible, 1 = not at all responsible.

1. [  ]
2. [  ]
3. [  ]
4. [  ]

5. On a scale of 1-4 where would you rate your company in its efforts to outsmart the competitors? 4 = Best, 3 = Fair, 2 = Average, 1 = poor

1. [  ]
2. [  ]
3. [  ]
4. [  ]

6. Why…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

61
7. In this section, please tick the appropriate option that best reflects the degree to which the following variables affect your business performance.

5= strongly agree, 4= Agree, 3= Neutral 2 = Disagree, 1 = Strongly Disagree

<table>
<thead>
<tr>
<th>To what extent do the following statements relate to your Business Strategy : Differentiation</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Our company differentiate herself through provision of quality and superior products to our customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Our firm differentiate herself by building products brand.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Our company image differentiate us from our competitors.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Through developing customer specific products our company differentiate herself.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. This company has developed various packs in every product to differentiate from our competitors.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Part II1: Cost leadership strategy and performance**

<table>
<thead>
<tr>
<th>To what extent do the following statements relate to your Business Strategy : Cost leadership</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. As a company we Purchase low cost raw materials to gain advantage on prices.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>14. This company is always working to improve our operating efficiencies to gain cost advantage.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Our firm will take every opportunity to control overhead and variable costs.</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>16. Our firm Pursues economies of scale to lower our production costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 This company emphases on product customization.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Part IV: Pricing strategy and performance**

To what extent do you agree with the following statements?
4= strongly agree, 3 = agree, 2 = disagree, 1 = not at all

<table>
<thead>
<tr>
<th>Statement</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>18. In our organization we uses dynamic pricing strategy to gain</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>competitive advantage.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>19. Our firm emphasize on Static pricing strategy to gain competitive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>advantage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Our organization uses cost plus pricing strategy in pricing our</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>products.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Our company uses Market penetration pricing strategy when pricing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>products.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To what extent do the following pricing strategies affect performance?
4= Great extent, 3 = moderately, 2 = low extent, 1 = very low extent.

<table>
<thead>
<tr>
<th>Statement</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>22. Changing pricing strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Pricing strategy which is constant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Pricing strategy which is competitive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Cost Plus pricing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part V: Market focus strategy and performance

In this section, please tick the appropriate section that best reflects the degree to which the following variables affect your business performance. 4 = strongly agree, 3 = moderately agree, 2 = disagree, 1 = not at all.

<table>
<thead>
<tr>
<th>To what extent do the following statements relate to your Business Strategy : Market Focus Strategy</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>26. Our firm focus is in one Market for our products.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27. Our company policy does not allow dealers to sell competing products.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28. This company have wide control of dealer activities.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>29. Our company strategy is to make a choice of customer segment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30. Our company owns distribution channel to our customer.</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

Part VI: Performance of Agro-chemical Firms

Indicate the your sales growth in percentages for the following years

<table>
<thead>
<tr>
<th>Years</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>31. Sales growth</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

32. In your firm, to what extent does new strategies contributes to sales growth?

4 = completely responsible 3 =mostly responsible, 2 =somewhat responsible, 1 = not at all responsible.

1. [  ]
2. [  ]
3. [  ]
4. [  ]

Indicate the growth in market share for the following years in percentages.
33. Market share in Percentage

34. To what extend do you think the increased market share is associated with new strategies.

4 = completely responsible 3 =mostly responsible, 2 =somewhat responsible, 1 = not at all responsible

1. [ ]
2. [ ]
3. [ ]
4. [ ]

35. In this section, please tick the appropriate option that best reflects the degree to which the following variables affect your business profitability.

4= strongly agree, 3 = moderately agree, 2 = disagree, 1 = not at all.

<table>
<thead>
<tr>
<th>To what extent do the following statements relate to your Business Strategy :</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>36. Our company’s profitability is influenced by differentiation of our products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37. Our firm’s profitability is affected by the pricing strategies that the company implements.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38. The profitability of our company is affected by the market focus strategies that we used.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39. Through cost leadership within the market and products efficiencies the company profitability is improved.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you for your participation
APPENDIX 111

KENYATTA UNIVERSITY
GRADUATE SCHOOL

FROM: Dean, Graduate School                      DATE: 24th July, 2017
TO: Nelson King’ori Gacuiri                      REF: D53/OL/NYI/26671/2014
       C/o Business Administration Dept.

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 12th July, 2017 approved your Research Project Proposal for the M.B.A Degree Entitled, “Competitive Strategies and Performance of Agro-Chemical Firms in Industrial Area Nairobi County, Kenya”.

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University’s Website under Graduate School webpage downloads.

Thank you.

GIDEON KAIMENYI
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration Department.

Supervisor: Dr. Paul Waiithuka
       C/o Department of Business Administration
       Kenyatta University

GK/own
APPENDIX IV

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471, 32413051, 3182410, 2340920
Fax: +254-20-3182451, 318249
Email: dig@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

Ref. No. NACOSTI/P/17/93367/19060

Date: 19th September, 2017

Nelson Kingori Gacuiri
Kenyatta University
P.O Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Competitive strategies and performance of agro-chemical firms in industrial area Nairobi County, Kenya,” I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending 18th September, 2018.

You are advised to report to the County Commissioner, the County Director of Education, in Nairobi County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.