STRATEGIES ADOPTED TO ACHIEVE COMPETITIVE ADVANTAGE IN AN ORGANIZATION: A CASE OF DOINYO LESSOS CREAMERIES LTD IN ELDORET, KENYA

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JUNE 2019
DECLARATION

This Research Project is my original work and has not been presented for a degree in any other University or any other award.

.................................................. ..................................................
Signature Date

Kipruto Eunice Jemutai
D53/OL/NKU/33248/2014

The Research Project has been submitted for examination with my approval as the University Supervisor

.................................................. ..................................................
Signature Date

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School of Business
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DEDICATION

This work is dedicated to my parents, Mr. and Mrs. Wilson Chemase and my siblings Lilian, Beatrice, Dan, Mercy and Eli for their humble time, encouragement and financial support in ensuring that I successfully complete this course. May the Almighty God reward them abundantly.
ACKNOWLEDGEMENT

I could not have come this far and could not have done this far without God. I am therefore indebted to acknowledge God almighty for his sustaining grace and knowledge. The design and implementation of this work would not have been possible without the help of a number of individuals. It is therefore my pleasure to acknowledge those concerned. I am gratefully indebted to my Dad and Mum, Mr and Mrs Chemase for the material support and moral support they gave me while undertaking this course, May God bless you. I acknowledge my supervisor Dr Abel Anyieni for his tireless contribution and guidance in the formulation, execution and presentation of this proposal. Finally, I sincerely thank my siblings Lilian, Beatrice, Dan, Mercy and Eli and dear friends Celestine, Gitau, and Maurine who gave me moral support.

I also acknowledge with gratitude the entire Management and Staff of Doinyo Lessos Creameries Ltd in Eldoret for creating an enabling environment to carry out the study in order to acquire a chance for higher academic achievement.
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<th>Term</th>
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<tr>
<td>Competitive Advantage</td>
<td>Implementation of a value creating strategy not being implemented by current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy.</td>
</tr>
<tr>
<td>Cost Leadership</td>
<td>Actions that are integrated and designed to deliver quality goods and services at the lowest cost possible compared to competitors.</td>
</tr>
<tr>
<td>Differentiation</td>
<td>A kind of strategy of delivering unique products and or services. The strategy adds costs in an effort to add value loaded services and goods to customers who are ready to pay a premium.</td>
</tr>
<tr>
<td>Differentiation</td>
<td>A kind of strategy selected by organizations when they need their key competencies to serve a particular segment of the market.</td>
</tr>
<tr>
<td>Focused strategy</td>
<td>Plans of action initially developed by Porter applicable to a large variety of situations and contexts.</td>
</tr>
<tr>
<td>Strategy</td>
<td>An action plan to actualize a specific organizational goal.</td>
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## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CA</td>
<td>Competitive Advantage</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise Resource Planning</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>MoALF</td>
<td>Ministry of Agriculture, Livestock and Fisheries</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PESTEL</td>
<td>Political, Economic, Social, Technological, Environmental and Legal</td>
</tr>
<tr>
<td>SCA</td>
<td>Strategic Competitive Advantage</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities and Threats</td>
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ABSTRACT

A company must respond strategically to competition for it to achieve competitive advantage and long-term profitability. This normally involves the devising and implementation of strategies that are superior and sustainable to those of competitors. There has been the emerging trend where milk producer based organizations are getting into processing. These firms compete against each other and therefore need to adopt competitive strategies with the aim of performing effectively and efficiently in the market. Doinyo Lessos is among the few milk processors and they specialize in cheese making among other products in Kenya. The challenges at macro-level has been understanding the dynamics of the dairy sector as milk production levels are highly seasonal and unreliable. This study sought to examine the strategies adopted to create a competitive advantage, specifically to determine the Cost Leadership, evaluate the Differentiation and assess the Focus Strategy to create a competitive advantage in Doinyo Lessos Creameries Ltd. The researcher used survey research design. The researcher collected information that describes, explores, and quantifies social phenomena, particularly issues, conditions and problems that are prevalent in the society at a particular point in time; it is also a way of describing and explaining aspects of the identified population. The study targeted 108 company employees using a census on all targeted staff. A questionnaire was prepared for the employees to obtain primary data. After collecting data from the different groups and getting different information, the same were sorted out, coded and analyzed with the aid of Statistical Package for Social Scientists. Data was analyzed using descriptive and inferential statistics. Descriptive statistics involved mean, percentages, and standard deviation. Inferential statistics involved correlation and multivariate regression analysis. The analyzed data was presented using tables and their associated explanations. The findings showed that differentiation competitive strategy and focus competitive strategy had statistically significant effect on competitive advantage of Doinyo Creameries limited. However, the effect of cost leadership on competitive advantage was not statistically significant. The study recommends that the firm should concentrate on differentiation and focus strategies as they have significant effect on competitive advantage. The Future studies should carry out the same study topic with more competitive strategies including, best-cost provider strategy, focused low-cost provider strategy and market share dominator strategy that were not within the scope of the current study.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

For a business enterprise to sustain long-term profitability and a competitive advantage, the business needs to respond strategically to competition. This will involve implementation of techniques that will be superior to rivals and that are sustainable (Christensen, 2001). A strategy is about the course in which an organization is making an attempt to get in the long-term and how it intends to get there competitively putting into consideration the values and expectations of its stakeholders. Strategy is the path and scope of an organization over the long term, which it achieves in a dynamic environment through its configuration of sources and competences with the goal of pleasing stakeholder expectations (Johnson, Scholes and Whittington, 2008).

According to Thompson (2001), a strategy is a word describing a planned action meant to achieve a specified goal. Strategies are bases by which a firm can exert continuity, which is integral while trying to manage and acclimatize to dynamic environment of the business to develop competitive advantage. Wheelen (2011) describes strategic management as a collection of decisions and actions made by a manager that influence the long range performance level of a firm; strategic management involves scanning of environment, identification of objectives, strategies formulation, plans implementation and control and evaluation plans. Additionally, SP is a decision-making process, which aids in aligning the company’s strengths to the opportunities, and the threats the firm faces in the wider business environment. Hoskisson (2004) describes as a strategy as whole road map that exemplifies
procedure by which a firm intends to actualize its objectives and mission. Strategy helps in maximizing competitive advantages of a firm and minimizing its challenges.

According to Mintzberg (1994), a strategy is a systematic response to elements that are internal and macro factor that may be simple or complicated even though they are seen as being critical to the survival of the firm. Study by Basu (1999) posits that to be in a position to compete effectively with other firms, the management of a business firm must have a deep understanding and comprehension of what the business stands against concerning its rivals and competitors. This requires that the business firm carries out a detailed competitor analysis. Johnson & Scholes (2002) states that the existence and survival of firms are based on their ability to act upon competing pressures including; its resource, competences and cultural-political; strategic capability of an organization and changes in the business environment.

Porter (1980) noted that the purpose of developing a firm’s competitive strategy is to connect a firm to the dynamic business environment. The business environment is erratic and constantly changing hence as a matter of fact, the has no option but to ensure its systems are altered continuously without fail to be in line with the ever erratic and changing business environment for them to survive Covin and Miles, 1999). The very successful operation and capability to survive by any organization is anchored on how a firm properly aligns itself to the macro environment, business firms are always affected in one way or another by changes in the environmental. These environments consist of both interior which is natural in nature and exterior environment. The comprehension and understanding of the adjustments of a business to the environment aids in the conceptualization of the firm’s behavior.
1.1.1 Competitive Advantage
Competitive advantage concept is a set of special facets of a company where its merchandise that is perceived by using the target market section as huge and ultimate to the competition has to be designed and implemented. It is an advantage and predominantly gained through a firm when it can supply at a lower price and a high quality as its opponents (Daneshvar and Ramesh, 2010). However, it can supply at a premium price with a superior quality compared to its competitors, or it can charge a higher price by means of providing a higher value via product differentiation strategy. Competitive advantage of a firm emanates from a business firm matching its core strengths against environmental opportunities (Wheelen, 2011).

Porter, (1980) referred to that competitive advantage, sustainable or not, exists when a firm makes monetary rents by declaring a profit in their operations. Competitive advantage is the act of a business firm being capable to create an impenetrable function above its competitors (Tracey et al., 1999). In the same vein, Ma (1999) described competitive advantage as the any company attribute that enables it to serve the customers better than rivals, improve purchaser power and enhance the performance.

Porter, (1980) recognized two basic types of aggressive benefit that is cost advantage and differentiation advantage. He indicated that by applying these positions in either a huge or slim scope, three sorts of competitive benefit strategies result that is, price leadership, differentiation and focus. He firstly identified cost leadership strategy method as a type of competitive advantage strategy which calls for being a low price producer in an industry for a given level of quality. Cost competitive advantage is when a firm is in a position to make use of its skilled workforce, cheaper raw
materials, managed costs, and efficient operations to create maximum value to consumers.

Study by Gitonga (2003) argued that sources of cost advantage are different and depend on the shape of the industry. This encompasses the pursuit of economies of scale, excellent technology, increased procedure efficiencies, accomplishing special entry to a sizeable supply of low price inputs, developing an perfect outsourcing, finest level of productivity, most suitable utilization, bargaining power to deal or negotiate for lowest prices for manufacturing inputs, low cost production techniques, most positive and efficient distribution channels amongst other factors. This is also supported by way of Treacy and Wiersema (1995) who put forward another framework for gaining competitive advantage. In their framework, a company will pick to emphasize one of three price disciplines namely operational excellence, product management and client intimacy. Operational excellence entails optimizing the production and efficient delivery of goods and services ensuring they are reliable and competitively priced.

Most products in the dairy industry are a duplicate of what different rivals in a similar industry providing or a slightly enhanced product from other rivals. Anytime opponents can effectively reproduce similar approach features, making it difficult to out-strategize rivals and beat them in the market area with a most appropriate strategy. The main way to gain lasting competitive gain is to execute better than competitors. This entails building core competences and capabilities that are challenging or expensive to rivals to emulate and that push the business enterprise nearer to genuine running excellence and promote very efficient strategy execution. Core and competitive competencies present resource strengths that are regularly time
consuming and expensive for rivals to trump. Any competitive area they produce tends to be sustainable and pave way for above average organizational performance.

1.1.2 Dairy Industry in Kenya
The Dairy industry in Kenya boasts of being most developed sector with estimated annual revenue close to $2 billion. The milk industry contributes between 6-8% of GDP to the economy and supports over 1 million smallholder dairy households. These households own averagely between 2 to 4 cows and deliver their raw milk directly to vendors (hawkers), their own cooperatives or local milk/bulking cooling centers and to processors directly. Some of the farmers add value to their milk in the form of locally fermented milk (Mursik) or locally installed milk dispensers located in supermarkets and retail shops (commonly known as ATM’S) which is gradually gaining popularity in Kenya. The bulk of processed milk is marketed through supermarkets and small retailers. Total production of milk in Kenya is estimated by the Kenya Dairy Board to be 3.8 billion liters. Processed milk is estimated to be about 25% of total marketed milk and has been growing by over 15% per annum for the past five years (Ndungu, Muliro, Omwamba, Oosterwijk and Jansen, 2016).

The dairy processing industry in Kenya, which commands about 15% of marketed milk, has been quite dynamic. After the liberalization of the sub-sector, the industry witnessed a surge in the number of processors, mini-dairies and cooperatives involved in milk processing. Karanja et al. (2003) notes that 42 milk processors had been licensed by the Kenya Dairy Board (KDB) since 1992 although only 34 of these were operational in 1999. In December 2007, the four largest processors and their market shares were: New KCC (39%), Brookside (31%), SpinKnit (13%) and Githunguri Dairy (9%) (Technoserve, 2008). Thus the three largest processors controlled about 73% of the market. In the year 2009, Brookside acquired Spin Knit, the fourth largest
player at the time, and this had an effect on the market structure (Muriuki, 2011). The three largest processors, now New KCC, Brookside and Githunguri dairy, controlled about 85% of the market (SNV, 2013), possibly indicating high concentration. In addition, Brookside dislodged new KCC as the market leader, controlling 36% as opposed to New KCC’s 34%. This is likely to have increased market concentration within the sub-sector as a result of the reduction in the number of players, and a large market share being controlled by fewer processors.

Since then, there have been several other changes in the market structure. Several other processors such Buzeki Dairy and Delamere were acquired by the market leaders. At the same time, there have been new entrants into the market including Kinagop Dairy, Aspendos Dairy, Upland premium Dairy, Wakulima and Sameer Agriculture and Livestock Limited (SALL). Meru Central FC also saw a resurgence in 2015 with increased processing capacity. There has also been cases of other processors closing down. However, Doinyo Lessos Creameries has neither closed down nor merged but its market share is not within the top 10 in the country (Ndungu, Muliro, Omwamba, Oosterwijk and Jansen 2016).

1.1.3 Doinyo Lessos Creamery
Doinyo Lessos Creameries is a limited company incorporated in 1964 by the late Bryan Cuthbert and developed throughout his lifetime until it grew to become the leading cheese producer in East Africa. It is in many respects still the market leader in cheese production, with different producers emulating its products. The core commercial business is production of extensive range of high first-class cheeses for the local and export markets from milk produced in the expansive Rift Valley Counties. Subsidiary products encompass tinned milk, liquid milk products, Ice Creams and Ghee (Doinyo Lessos Creamery, 2019)
Doinyo Lessos is putting attractions on Kampala, Juba and Addis Ababa and plans to diversify into production of long-life milk. In 2015, the milk processor launched flavoured *Mursik*, a standard fermented milk and tinned milk, turning into the only firm in East Africa to make the two products. It turns into the only Dairy processor in East Africa recognized to produce tinned milk products and their Cowbell tinned cream is extensively used by hotels and individuals. The Cowbell tinned milk is also widely used in large portions via the government-disciplined forces and others, who apprehend the benefits of its rugged packaging in tins and the fact that it does no longer require refrigeration (Doinyo Lessos Creamery, 2019).

The liquid products are available in sachets, square Tetra Pak’s bottles and cups, and consist of sparkling milk, yoghurt, *Maziwa Lala* and *Mursik* (traditionally made bitter milk with herbs). The Ice cream is believed to be the only one in Kenya, which does no longer include vegetable oil or fats however is a farm-fresh cream primarily based on real dairy cream. The company’s vision is to grow to be the most sizeable producer of nice Cheeses in the region, with emphasis on both retail and bulk income to the catering and hotel industries. There is evidence of Competitive edge over competitors as Doinyo Lessos has a variety of milk products. The company further boasts of having some of the products simply special for them. This case was relevant due to the fact it is probable to signify the medium sized business companies that discover the discipline of competitive advantage with the predominant aim of preserving a steady market share and growth. Many business firms have restructured themselves on the platform of bettering product diversity and uniqueness. This has been seen as essential source of competitive advantage to the small and medium sized businesses as well as firms. (Doinyo Lessos Creamery, 2019)
The dairy sector performance symptoms are the firm’s annual plant processing capacity, market share, profitability, net worth, financial leverage, productivity and to what extent is the company being recognized by means of the different opponents in the industry. Dibb et al (1997) states that competitive advantage suggests that a precise market toward which things to do are to be focused and the sorts of competitive benefits that are to be developed and exploited. Strategic choices have a variety of dimensions; strategic issues that require top-management decisions, strategic issues that require huge amounts of firm’s resources, strategic problems that affect the firm’s long term prosperity, are future oriented, have multifunctional or multi-business consequences and problems that require thinking about the firms exterior environment. This study intention is to establish the strategies adopted by Doinyo Lessos Creameries to achieve competitive advantage.

1.2 Statement of the Problem

Despite the growing market, the Dairy Industry has its fair share of challenges. At the macro-level the mission has been studying the dairy sector as milk manufacturing degrees are notably seasonal, where the money cycle is additionally pegged on liquidity in the wider economy as presently many processors are struggling to get repayments for supplies(Bii and Kimuge, 2016). In order to continue to exist in a dynamic environment, corporations need techniques that focus on their customers and other stakeholders. The strategies should effectively respond to opposition and altering environment. To gain any competitive advantage, a company has to look deeply into what it can achieve and how to use what it has for consciousness of success (Passemard and Kleiner, 2000).

These divergent views by means of different authors on the techniques adopted to attain aggressive benefits in an agency leave a lot to be favored and accordingly growing a lacunae for similarly research. It is against this background that the researcher attempted to answer the question of the strategies applied to achieve a competitive advantage by Doinyo Lessos Creameries Ltd in Eldoret.

1.3 Objectives of the Study

1.3.1 General Objective
To examine the strategies adopted to achieve competitive advantage in Doinyo Lessos Creameries Ltd.

1.3.2 Specific Objective
i). To examine the effect of Cost Leadership Strategy on achieving competitive advantage in Doinyo Lessos Creameries Ltd.

ii). To establish the effect of Differentiation Strategy on achieving competitive advantage in Doinyo Lessos Creameries Ltd.
iii). To assess the effect of Focus Strategy on achieving competitive advantage in Doinyo Lessos Creameries Ltd.

1.4 Specific Research Questions
i). How does Cost Leadership Strategy affect competitive advantage in Doinyo Lessos Creameries Ltd?
ii). How does Differentiation Strategy affect competitive advantage in Doinyo Lessos Creameries Ltd?
iii). How does Focus Strategy affect competitive advantage in Doinyo Lessos Creameries Ltd?

1.5 Significance of the Study
This study will be of value to the management of milk processing firms in Kenya who will be able to use this study as a guide for strategic planning practices thus ensuring their efficiency in milk production, growth and development in milk processing. This study will be essential to new firms that have entered the dairy industry in Kenya; the research intends to bring to the fore the critical nature and importance of implementing proper strategies so as benefit from competitive advantages. The current has exemplified the importance of strategic planning in establishing competitive advantage and its association to performance of specific firms in the dairy industry.

The research will aid dairy firms that are already existing and any other business organization operating in the dairy industry in Kenya to be able to identify competitive strategies and its importance to performance of the firms. The study will additionally be important to academia and research institutions as the study will endeavor to contribute empirical literature that will serve as background knowledge
for the researchers and academicians by laying a foundation for future researchers as the pursue areas like methods adopted by dairy firms in Kenya as well as the rest of the world.

1.6 Scope of the Study
The study was carried out at of Doinyo Lessos Creameries Ltd in Eldoret. Doinyo Lessos Creameries is a limited company incorporated in 1964 by the late Bryan Cuthbert and developed throughout his lifetime until it grew to become the leading cheese producer in East Africa. It is in many respects still the market leader in cheese production, with different producers emulating its products. The study was limited to only Doinyo Lessos Creameries that is a dairy sector, therefore level of generalization of results will be only to the dairy sector and not to other sectors like the service industry, healthcare, education, government institutions. The study examined the strategies adopted to create a competitive advantage in Doinyo Lessos Creameries Ltd where its staff formed the population of the study from which the sample was collected.

1.7 Limitations and Delimitations of the Study
The study on influence of competitive strategies on firm’s competitive advantage at Doinyo creameries limited was carried out successfully. However a number of problems were encountered in field during data collection. The management of the milk-processing firm was not comfortable with the study being carried out at their firm, the researcher had convince them and make assurance to them that the data collected was for academic use only and will be treated with utmost confidentiality it deserves. Additionally, a number of respondents’ staff were on duty and busy on the data of study and the researcher had to leave for them questionnaires to be filled latter
by them. The researcher also had to take contacts of the firms to do a follow up on the progress of filling of the questionnaires left behind.

1.8 Organization of the Study

This consisted of five chapters. Chapter one comprised: The background of the study; statement of the problem; study objectives, research questions, purpose of the study all intended to give a clear sense of objectivity in the study. Chapter two contained the literature review that dealt with the scope and challenges of the research problem as encountered in previous studies. It also looked at the theoretical and empirical review and consequently the conceptual framework that underpins the study. In the third chapter, the study looked at the methodology to be used in conducting the study; comprising the design, study population, sample size, sampling techniques, the research instruments to be used, reliability and validity, data analysis and presentation and ethical considerations. Chapter four covered data analysis, presentation and discussions while chapter five covered summary, conclusion and
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
The chapter elucidates on the theoretical literature, empirical literature, conceptual framework and knowledge gap for the study.

2.2 Theoretical Literature Review
This study was anchored on Porter’s theory of competitive advantage, Resource Based Theory which states that a firm’s resources include all assets, capabilities, organizational processes, firm attributes, information and knowledge among other resources controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness to achieve a competitive advantage.

2.2.1 Porters (1985) Theory of Competitive Advantage
The term sustainable competitive advantage came into existence with Porter (1985) on explaining a set of simple competitive strategies that a business can acquire to achieve a competitive advantage. Porter (2008) suggested that cost leadership and differentiation strategy seeks for achievement of competitive advantage in an extensive range of market. By distinction, the cost focus and differentiation strategies are often used by firms in a narrow market industry. Differentiation involves identifying customer needs in the market and the position the firm’s products to meet that need uniquely compared to competitors.

This is a strategy for competition in business in which case a company gets competitive advantage via improving the perceived cost of the product in the market relative to those of competitors (Porter 1980). Firms that put into effect this approach
efficiently can limit a range of environmental threats and take advantage of a variety of environmental opportunities. The bases of product differentiation are quite a number that a firm may chooses from and must be made uncommon making it hard to imitate by competitors of the same product (Porter, 1980). The major issue with using product differentiation strategy is by making sure that the prospective and actual customers have unique needs that are presently not being met by competitors merchandise.

Porter's (1980) framework proposes that a company has the option of choosing a wide or a narrow market segment. Additionally, a firm must make a choice between choosing cost leadership strategy or product differentiation strategy. A firm may in addition choose to pursue “focus” techniques by adopting focus strategy on narrow market segments and by stressing on low prices through competitive cost or by stressing on supplying unique product through differentiation.

According to Porter (1985), a firm can create competitive advantage by supplying the same quality products just like competitors at relatively lower cost in what is referred to as cost advantage. The cost leadership may be hard to imitate by firms that are not efficient enough in terms of their technology and processes. The firm pursuing cost leadership strategy must find ways to lower the cost of market offering making it unprofitable for competitors to imitate and duplicate. On the management control system, there has to be tight cost control systems and presence of a cost leadership philosophy.
2.2.2 Resource-Based Theory

According to Porter (1985), a firm can develop competitive strategy through pursuing cost leadership strategy where the firm offers same bundle of product attributes as those of competitors but at a lower cost compared to the competitors. The success of cost leadership strategy depends on the ability of the firm to make the cost leadership rare and high priced to imitate by rivals in the market through substitution or duplication. A firm seeking cost-leadership strategy must focus on achieving advantages via lowering its economic costs of operation below that of competitors (Grant, 2010). The resources at their disposal should inform the strategies adopted by the milk firms in Kenya. For instance, the milk industry whose capitalization is relatively vast can manage to adopt cost leadership strategy as opposed to smaller firms which are better off adopting either differentiation or focus strategies.

2.3 Empirical Literature Review

The empirical review has examined empirical literature with a view to establish the effect of competitive strategies on competitive advantage.

2.3.1 Competitive Advantage and Strategies

In line with Porter (1980), there exist five techniques of business which can be followed up on by a business to get competitive gain over competitors by establish a
competitive advantage that offers superior value as compared to competing firms.

The aforementioned five strategies is connected to the volume by which the commercial enterprise operates in the business environment. The volume and scope of operation may be slim compared to broader volume of operations. Neely (1998) posits that the firms efficiency and effectiveness are the critical aspects of performance of a firm and hence the two ought to be measured with precision. Firm’s efficiency refers to the level of usage of a firms resources in an economic way that minimises wastages whereas effectiveness describes the level of accuracy of the firm and its services and goods to meet the customers’ needs and wants.

2.3.2 Cost Leadership Strategy

According to Porter (1985), a firm can create competitive advantage by supplying the same quality products just like competitors at relatively lower cost in what is referred to as cost advantage. The cost leadership may be hard to imitate by firms that are not efficient enough in terms of their technology and processes. The firm pursuing cost leadership strategy must find ways to lower the cost of market offering making it unprofitable for competitors to imitate and duplicate. There has to be few layers in the reporting structure and a focus on narrow range of business features in its organizational structure. On the management control system, there has to be tight cost control systems and presence of a cost leadership philosophy (Olawale & Sun, 2010).

Lewis and Chambers, (1989) stated that a cost leadership strategy is fine in the milk enterprise when a firm has a one of a kind competency in the management of inputs and conversion process. The illustrations they supply are budgetary framework outlet chains that have practically actualized an esteem administration methodology through condition cordial cost sparing supplier and transport outlines and successful
operational cost decrease. The cost initiative system has aggressive procedures related with it; one of the dangers is that the cost pioneer can likewise center around value rebates at the rate of endeavoring to comprehend the buyer view of "focused levels of separation". The procedure additionally concerns impersonations and henceforth adversaries can without issues and productively figure out how to emulate the charge pioneer's system (Grant, 2010). The diverse danger of this approach is the strategies the cost pioneer influences utilization of to create to and disperse things might need to wind up obsolete because of the reality of development by utilizing its rivals and mechanical changes. This may likewise enable the contenders to deliver at costs that are diminishing than that of the first expense pioneer.

As per Chepkwony (2008), cost administration is an approach that is gone for lessening the cost without adjusting emphatically or adversely the nature of the item. Business firms following this sort of approach looking for upper hand essentially construct totally after achieving ease creation. As per Dulo (2006) fabricating organizations seeking after a cost authority procedure agree to arrangements of purchasing materials in huge volumes to get ease of data sources, large scale manufacturing of a kept scope of items, promoting non marked or secretly marked things or administrations (to abstain from publicizing and advertising costs). Hence making immense utilization of computerization to amplify economies of scale, finding any manual creation in low wage regions of the world and forceful evaluating to construct and hold piece of the pie. Jowi (2010) led an investigation on the focused techniques used by Mumias sugar organization and demonstrated that cost initiative depends on forceful advancement of expansive scale offices, tight cost and overhead control, overwhelming quest for cost funds and related impacts and usage of economies of scale for optional costs, for example, R and D, promoting or
publicizing. For a productive execution of the cost initiative approach the organization needs to have enough money related assets, adequate process building abilities and serious supervision of work and ease conveyance capacity.

As indicated by Mbugua (2006) associations following the cost initiative approach have assembling and material administration at the focal point of consideration. The cost initiative approach is successfully connected by the cost pioneer regularly, disregards the unmistakable market portions, and positions its stock to interest the normal client. This is on the grounds that building up a line of items carefully fit to address the issues of exceptional market sections is extremely costly. Business companies in the assembling business utilize Lean assembling gauges and the five sigma administration framework to accomplish ease authority technique. These two administration frameworks are gone for limiting wastage over the span of the assembling procedure and are moreover gone for delivering at the most reduced cost conceivable.

2.3.3 Differentiation Strategy

The cause of pursuing a differentiation strategy is to offer unique merchandise or services to clients so as to gain a price premium. This allows a firm erection of entry limitations and reduces consumers bargaining strength through client loyalty and price elasticity (Porter, 1980). In other words by enforcing differentiated personalized services or personalised merchandise a company can build its client loyalty when alternative merchandise or services are unavailable in the market (Allen and Helms, 2006 and Porter, 1990). These traits of product and services in this industry allow company to cost their clients a greater price than their competitors based on the cost of the transport system, service quality and the distribution channels concerned in
developing or producing their special products and services (Miller and Friesen, 1986).

According to Njoroge (2006), the most common location in the value chain in which differentiation strategy could be implemented consists of procurement and purchasing activities. This is the exact position too much raw materials are purchased and processing activities that reduces goods life over the shelf that allows a good coverage of warranty and the end result is better convenience of the end user. Additionally, these enhances marketing, product appearance, sales, and customer service activities whose result is differentiation activities to high quality of technical support to customer and faster maintenance and restore services, better supply of records to customers, quicker processing of orders, better and regular sales and better client convenience.

Thompson (1996) posits that differentiation and optimal performance is implemented via serving customers wants in a different way. The greater the level of differentiation, the greater the sustainability of benefits that accrue to clients due to the reason that differentiation ought to accrues to expenses that are later recovered if the market for goods and services is willing and able to pay high prices. Swink and Harvey (1998) noted that the development of differentiation strategy involves insulating performance through high level of customer loyalty in the process.

As posited by Hoskisson (2004) there are limitations associated with differentiation strategy in achieving competitive advantage. First, the customers may find that the firm that has adopted price differentiation has very expensive product thereby forcing them to go for competitors’ products. The second challenge with price differentiation is the ability of competitors to counterfeit the price differentiation strategy in the
industry. The next eminent challenge with price differentiation strategy is that the customers may perceive the points of cost of a product differentiation especially when rival firm begin to offer products of comparative feature in the market. Firm’s efficiency refers to the level of usage of agencies resources in an economic way that minimizes wastages whereas effectiveness describes the level of accuracy of the firm and its services and goods to meet the customers’ needs and wants.

According to Hubbard and Beamish (2011), the performance warning signs of the dairy industry performance are the firm’s yearly processing capacity, profitability, net worth, market percentage, productiveness, economic advantage and to the quantity of output as well are the firm being recognized through other alternative combatants in the enterprise. According to Dibb et al (1997), an aggressive technique shows a chosen market nearer to which activities are to be centered and the methods of competitive gains that ought to be constructed and utilized.

Study by Gakumo (2006) on application of competitive strategies in Kenya noted that the popularity on superior quality products and corporate image was the most common type of differentiation strategy by commercial banks in their selling points. This particular study was carried out in banking sub sector organizations in Kenya, which happens to be in service sector hence the result of the research may not be applicable for the dairy sub-sector of agriculture. According to the aforementioned study by Gakumo (2006), strength in doing fundamental studies and the reward of creativity and innovation amongst staff was the differentiation factors that were least used firm’s efficiency refers to the level of usage of agencies resources in an economic way that minimizes wastages whereas effectiveness describes the level of
accuracy of the firm and its services and goods to meet the customers’ needs and wants.

2.3.4 Focus Strategy

Focus strategy gives attention to a narrow market segment or niche market (Porter, 1980). Firms pursuing this strategy are either focusing on cost advantage or differentiation of product or service, Hence the strategy has two sub strategies that is cost focus or differentiation focus (Hill and Jones, 2004). The main components of differentiation or cost leadership strategies apply to the focus strategy as well. However the scope of the market is smaller for the company pursuing this strategy. The company pursuing focus strategy serves certain niche market which has a potential and is interested in it. Regardless of the two variants, the focus strategy provides the same defense against the five competitive forces as would the respective industry wide cost leadership or differentiation strategies.

As shown by research by Njoroge (2006), the concentration system is gone for making the market offering narrower, items and class or certain purchasers. This encourages firms to rescope their offerings and activities to one type of markets and as an outcome, they are skilled to get upper hand. As indicated by Gakumo (2006) the concentration methodology has two variations; esteem center and separation center. A business venture organization that is never again seeking after any exact technique yet is choosing between in excess of a couple of components of less common techniques is said to have been fitted in the midst and may not exhibit advance. Study carried out by Gakumo (2006) about the use of doormen bland systems on business of banking in Kenya showed that concentration process with 15% at some time the second popular used method. The study also established that almost half Kenyan
commercial banks were stuck in the midst that implies that they had failed to expand their market offering process in no more that one of the three bearings. According to Dulo (2006), the concentration process differs from the two systems due to the reality that is guided closure to meeting the needs and wants of a restricted prospective customer gathering or a specific section of the market. The investigation by Dulo (2006) recommends that a concentration procedure introduce an open door for business people to find and make the most holes in the market through building up a cutting edge item that customers can't manage without.

An investigation done on the components impacting the promoting and advertising techniques embraced by smaller scale and little business visionaries in Eldoret in Kenya by Chepkwony (2008) noted that the concentration procedure is connected in with gaining upper hand by focusing on a specific market or item specialty. A partnership following such an approach looks to see and fulfill a market zone of premium or a positive section of the market. Kariuki (2003) demonstrates that in a spotlight system the firm spotlights on a confined arrangement of customers and through both a cost authority or separation methodology or total of both, the organizations endeavor to increase upper hand over their adversaries seeking after both cost initiative or separation procedure on a more extensive venture premise.

As indicated by Jowi (2006), an organization that takes after a concentration procedure tries to corner the region of enthusiasm for the commercial center, which may likewise fall anyplace inside the region on the left half of Michael Porters matrix. Study by Kariuki (2006) on the aggressive systems and general execution of five star lodgings in Nairobi, Kenya showed that 21 percent of the respondents studied were of the opinion that concentration technique was very basic while 58 percent were of the
opinion that concentration strategy was imperative and thus 80 percent of the respondents used concentration strategy in their business firms.

2.3.5 Combined (Hybrid) Strategy

Scholar Porter (1985) has also usually argued that a firm can pursue low cost leadership and differentiation strategies simultaneously on reasoning that each kind of strategy involves unique set of assets and arrangements beneficial for a firm. In different studies the authors have proven that pursuing both strategies of cost leadership and differentiation give better services in handling completion and developing competitive advantages that if pursued independently and in isolation. (Allen and Helm, 2006). The pursuance of the strategies together is referred to as ‘mixed’ or ‘hybrid’ or ‘integrated’ or 'combination' strategies (Kim et al. 2004). In using hybrid strategies, mix of lost cost leadership and differentiation factors are used simultaneously (Gopalakrishna and Subramanian, 2001).

Porter (1980) argues that some firms find themselves pursuing what he referred to as “stuck in the middle” strategy by way of failing to pursue either differentiation strategy or cost leadership. The hybrid strategy ought to be differentiated from stuck in the middle strategy. Hybrid strategy has to be a combination of the two competitive strategies of cost leadership and differentiation by putting high level of emphasis on each the two aforementioned strategies simultaneously as compared to stuck-in-the middle' strategy where a firm is not able to efficiently seeks cost leadership of differencing strategy to their full potential (Acquaah and Ardekani, 2006). The adoption of hybrid strategies stem from theoretical challenges associated with pure strategies (Miller, 1992). Thus, the adoption of hybrid strategies can help meet clients’ needs in a better way, their imitation may also be difficult for rivals to
achieve, and finally they are able to generate a lot of flexibility for the firm (Beal and Yasai-Ardekani, 2000).

2.4 Summary and Research Gaps
The section elaborates on summary and research gaps established during the examination of theoretical and empirical literature.

2.4.1 Summary
According to Michael Porter (1980), there are three competitive strategies including low cost leadership, differentiation and Focus. The Differentiation strategy is often adopted by firms to compete with rivals by way of making their market offering to prospective and actual customers unique compared to competing products in the market. Thompson and Strickland (2001) noted that differentiation strategy seeks to separate the firm's market offerings by offering distinctive stock of goods from what the rivals are offering in ways that could be exiting to a wide range of prospective and actual customers.

According to Thompson (1997), the separation methodologies end up being an alluring aggressive procedure each time purchaser's needs differs greatly, making it impossible to be very agreeable through an institutionalized item. To be beneficial with a separation technique, a business undertaking needs to examine purchaser's needs to establish what perceive as being essential, what they assume has esteem and what they will pay for. Minimal effort authority system is the place organizations pick up bring down cost than their rivals and as needs be it is competent to contend over a wide scope of fragments. As indicated by Harvey (1988) cost initiative is depicted as endeavoring to be the normal minimal effort organization of an item or supplier that charm to a broad scope of clients. The cost initiative technique is an in-constructed set of activities intended to deliver or supply things with components that
are appropriate to clients at the most minimal cost, in respect to that of contenders. The minimal effort's pioneers will probably have fetched points of interest while offering products to a wide range of market clients.

Dairy firms can get cost advantage by methods for enhancing their framework effectiveness, approaching minimal effort crude materials and information sources, making most helpful out sourcing, settling on vertical incorporation choices and chopping down ordinary expenses of activity and avoiding a few costs out and out. As indicated by Porter (2004) once minimal effort has been proficient and the position gives high pay edges, which can be re-put resources into new gear, front line offices and innovation to maintain the cost initiative. The third nonspecific aggressive system is the Focus methodology where an enterprise focuses on one exact portion or a constrained fragment of the objective market.

The above review has then again chosen that Porters Generic Strategies add to the competitive edge of an organization while additionally thinking about various outside components as mediators. It is for this research gap that this study seeks to establish the strategies utilized to create a competitive advantage by Doinyo Lessos Creameries Ltd in Eldoret.
2.4.2 Research Gaps
The table 2.1 summarizes the research gap that makes the current study necessary to be carried out. The table has columns examining author, research topic, findings and research gap.

Table 2.1: Research Gap

<table>
<thead>
<tr>
<th>Author</th>
<th>Research Topic</th>
<th>Findings</th>
<th>Research Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mwendwa (2008)</td>
<td>The responses by Kenyan milk processors to changes in the environment</td>
<td>The study found out that environmental factors that affect firms’ operations include political, economic, social, technological, and ecological factors where all these factors affect the firms in varying degrees.</td>
<td>The study did look into the change in management approach to a more proactive one towards environmental turbulence and should have further looked into strategic and implementation of strategies to the environment in the dairy industry and in other related industries, planning.</td>
</tr>
<tr>
<td>Ngigi (2006)</td>
<td>Sustaining Competitive Advantage Under Conditions Of Change at East Africa Packaging Industries</td>
<td>The study found out that operations in all functions within the firm had a unique focus on customer service aimed at building loyalty and lasting relationships with all the firm’s customers. Other factors, such as, product development, continuous improvement, consistency, unique resources and shared competencies featured prominently in ensuring that the firm’s competitive advantages were sustained.</td>
<td>The study should have further looked at what must be done to determine how a firm can sustain its competitive advantage in a state of rapid or turbulent environmental situations.</td>
</tr>
<tr>
<td>Authors</td>
<td>Title</td>
<td>Description</td>
<td>Findings/Conclusion</td>
</tr>
<tr>
<td>---------</td>
<td>-------</td>
<td>-------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Nyaguthii (2008)</td>
<td>Control and evaluation of strategies among Kenyan milk processors.</td>
<td>The study concluded that dairy processing companies need to take a different strategic orientation where strategy evaluation and control becomes a central theme for building competitiveness and improving performance.</td>
<td>The study should have further looked at Strategic evaluation and control on one of the dairy processing companies in Kenya.</td>
</tr>
<tr>
<td>Oyeyo (2008)</td>
<td>Sources of Sustainable Competitive Advantage in The Banking Industry in Kenya</td>
<td>Findings were that competitive advantages were internally created and that they were based on superior market offering in terms of product attributes and features.</td>
<td>The study was mainly focused on the banking industry which may not compare well with the dairy industry.</td>
</tr>
<tr>
<td>Minyu. (2010)</td>
<td>The Search For Sustainable Competitive Advantage: A Stakeholder’s Management Perspective</td>
<td>The findings showed that competitive advantage is derived from a firm internal resource capacity and ability to react to external environment.</td>
<td>The study concentrated on Sustainable Competitive Advantage from a Stakeholder’s Management Perspective. The study was based in Taiwan which may not share much with Kenya.</td>
</tr>
</tbody>
</table>

Source: Researcher (2018)

2.5 Conceptual Framework

The conceptual framework demonstrates the interplay of the major variables of the study. The conceptual framework exemplifies the association between explained and
explanatory variables of a research. The explanatory variables in this particular study are competitive strategies and the explained variable is the Competitive Advantage of the firm. The association competitive strategies and competitive advantage is moderated by components of environment where the business is operating including the organizational shape of the firm and technological know-how, that is determined by the organizational dimension.

The independent variables have been divided into differentiation, cost leadership, and focus strategies. Each of the three strategies has been operationalized enable the researcher to relate parameters of competitive strategies to the parameters of the competitive advantage of the dairy processing firms. Additionally, the dependent variable that is competitive advantage has been operationalized into an array of indicators of competitive advantages enjoyed by firms. In exceptionally highly changing and erratic business environments a cost leadership strategy may be adopted to enhance competitive advantage whereas in more stable business environments, a differentiation strategy is of great benefit in improving economic performance.

In the highly erratic and hostile business environments, a differentiation strategy results to aggregated improved performance while in low hostile business environment, a cost leadership strategy may result into improved performance of the business organization as compared to rivals. The firm structural formation moderates the association between competitive strategies and competitive advantage over rivaling firms. A firm with a mechanistic structural formation is essential in enhancing the competitive advantage by either adopting a cost leadership or a differentiation strategy.
Figure 2.2: Conceptual Framework
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
In this chapter, the researcher elaborated on how the data was collected analyzed and presented to the beneficiaries. It contains research approach, research design, population of the study, sampling procedure, instrumentation, and data collection procedure and data analysis.

3.2 Research Design
The researcher used was survey research design, the researcher collected information that describes, explores, and quantifies social phenomena, particularly issues, conditions and problems that are prevalent in the society at a particular point in time; it is also a way of describing and explaining aspects of the identified population (Cooper & Schindler, 2011; Mugenda & Mugenda, 2012). Quantitative approach was used because the expected information from the field involved factual elements that were presented using descriptive and inferential statistics (Mugenda & Mugenda, 2003).

3.3 Target Population
The population of the study consisted of all the 108 employees of the company. There was no sampling required as a census used on all the employees. The company staff was organized as shown in table 3.1.
Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Departments</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>5</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>7</td>
</tr>
<tr>
<td>Production and Quality Assurance</td>
<td>59</td>
</tr>
<tr>
<td>Information Technology</td>
<td>4</td>
</tr>
<tr>
<td>Finance</td>
<td>11</td>
</tr>
<tr>
<td>Workshop</td>
<td>7</td>
</tr>
<tr>
<td>Human Resource</td>
<td>4</td>
</tr>
<tr>
<td>Procurement (Stores)</td>
<td>4</td>
</tr>
<tr>
<td>Procurement (Milk)</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
</tr>
</tbody>
</table>

Source: Doinyo Lessos Creameries Ltd - Eldoret (2017)

3.4 Sampling Techniques and sample Size
The target population of 108 staff was quite small which negated the essence of sampling. In this regard, a census was conducted on all targeted staff. The census design eliminated both the problems associated with sampling including sampling error and sampling bias (Glesne, 2015).

3.5 Data Collection Instruments
The study utilized a structured questionnaire to obtain data from the respondents. A questionnaire was prepared for all staff to obtain primary data. The main instrument of data collection was structured questionnaire for primary. In constructing the questionnaire items for the respondents, a closed ended and open format was used. This is because was easy to administer because each item is followed by alternative answers (Mugenda and Mugenda, 2003). The questionnaire items were rated on Likert scale. Questionnaire as an instrument of data collection was specifically chosen for this study to obtain primary data from the company employees because was able to reach all the respondents.

3.6 Reliability and Validity
The section elaborates on meaning of reliability and validity as well as the methods used to ensure validity and reliability of research instruments used in the study.
3.6.1 Reliability
Reliability is the measurement of extent to which instruments generate consistent results with repeated data collection and analysis (Mugenda and Mugenda, 2003). It is the degree of consistency that the instrument or procedure demonstrates (Mislevy, 2004). In ensuring instrument reliability, a pilot testing was conducted using farmers who participated in the actual study. Reliability of the research instrument was carried out using internal consistency technique where Cronbach alpha was calculated. The values of Cronbach alpha were all above 0.7 implying that the questionnaire items were reliable.

3.6.2 Validity
Validity of research instruments measures the capability of the research instruments to collect the data it is designed to measure and represented the phenomenon under study (Best and Khan, 1998). To ensure content validity of the instruments, suggestion from strategic research experts was sought. The suggestions received from the experts were integrated in revising and improving the questionnaire before the final questionnaires could be printed for actual data collection.

3.7 Data Collection Procedures
The researcher collected primary data using a structured questionnaire (closed ended form of likert scale. The researcher first obtained introduction letter from board of postgraduate studies that was then used to obtain research permit from National Commission of Science, Technology and Innovation (NACOSTI). The permit and letter of introduction was presented to the management of Doinyo Lessos Creameries Ltd in Eldoret to get permission to collect data collection. The researcher then used drop and pick method where questionnaires were left with the public relations officer for eventual filling by staff. The filled questionnaires were collected back after one week for eventual data analysis.
3.8 Data Analysis and Presentation
After collecting data from the different groups and getting different information, the same were sorted out, collected and the report analyzed by use of descriptive statistical techniques. The statistical package for social sciences (SPSS) version 23 was used for the purpose of analysis of the data collected for the purpose of the study. Descriptive statistics analysis was employed to analyze data using means, percentages, frequency distribution and standard deviation. Inferential statistics analysis involved computation of Pearson correlation coefficients and multivariate regression to examine the association between the dependent and independent variables. The analyzed data was presented by using tables and associated explanations. The researcher drew the conclusions and recommendations from the data.

3.8.1 Analytical Model
The Researcher chose Regression analysis as it is a statistical technique for analysing the relationship between strategies and competitive advantage. Multiple regressions is a flexible method of data analysis that may be appropriate whenever quantitative variables (the dependent) is to be examined in relationship to any other factors (expressed as independent or predictor variable). Relationships may be non-linear, independent variables may be quantitative or qualitative and one can examine the effects of a single variable or multiple variables with or without the effects of other variables taken into account, (Cohen, West and Aiken, 2003).

The regression model was stated in equation one:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon \]

(1)

Where:
Y = Competitive advantage

β0 = Regression Constant

β1 – β3 = Coefficient of the factors

X1 = Cost leadership (Design to produce or deliver goods at the lowest cost)

X2 = Differentiation (Design to make products unique)

X3 = Focus (Design to make core competencies serve a particular market segment)

ε = Error term

Whereas correlational analysis was useful to examine the relationship between scores on two or more variables, measures that were used included the Pearson R, coefficients of determination and regression analyses. The study variables will be measured using the Pearson correlation. Pearson R correlation was used to indicate the magnitude and direction of the association between variables was an interval or ratio scale. Coefficients of determination was be used to determine how well the regression equations truly represent the set of data.

3.9 Ethical Considerations

Participants involved in the study were contacted prior to collection of information by seeking their consent. The researcher maintained secrecy in handling the sensitive information and maintaining confidentiality throughout the study period. The major ethical problem in this study was privacy and confidentiality of the respondents. Obtaining a valid sample entailed access to specific individual respondents in the company. Research permit was obtained from the relevant institutions before the research was carried out.
4.1 Introduction
This chapter presents the findings of the study. The study sought to examine the strategies adopted to achieve competitive advantage in Doinyo Lessos Creameries Ltd in Eldoret. The results were generated from responses by various respondents on the data collection instrument. The staffs from different departments of Doinyo Lessos Creameries Ltd in Eldoret were the respondents of the study.

4.1.1 Response Rate
Out of the 108 questionnaires that were given out to various respondents at Doinyo Lessos Creameries Ltd in Eldoret, 81 were returned and were useable for the study accounting for 75 % response rate. The response rate of 75% was adequate as argued by Dommeyer et al (2004) who holds that minimum of 75% for paper based survey is adequate for analysis. The high response rate was attainable by employing a number of strategies including: assuring the management that the data collected were only for academic purposes and was not to be diverged for any other purpose and convincing the respondents that the information generated was not to be used to implicate them whatsoever.

4.1.2 Reliability Test
The reliability was arrived at by computing Cronbach Alpha coefficient that is a measure of internal consistency. The results are shown in table 4.1
Table 4. 1: Test of Reliability

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach Alpha</th>
<th>No of Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Leadership Strategy</td>
<td>0.724</td>
<td>7</td>
</tr>
<tr>
<td>Differentiation Strategy</td>
<td>0.733</td>
<td>7</td>
</tr>
<tr>
<td>Focus Strategy</td>
<td>0.721</td>
<td>6</td>
</tr>
<tr>
<td>competitive advantage</td>
<td>0.784</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Research Data (2018)

The computed Cronbach’s Alpha values showed that all the variables used in the study were reliable as shown by the fact that all the variables had Cronbach’s Alpha values greater than 0.7 hence the research instrument can be argued to be reliable.

4.2 Descriptive Analysis

The purpose of the descriptive statistics analysis was to explain the general distribution of the data and to explain any observation that is unusual that may hamper valid inferential statistics analysis to be carried out later. Therefore, the initial analysis of research data using simple descriptive statistics was done to summarize the data generated for the study. The following section provides the descriptive statistics as per the background information and objectives of the study.

4.2.1 Company Information

The study sought to establish the company information since its inception. The information was analyzed in terms of years the company has been in operation, market position in milk processing industry and annual revenues.

Table 4. 2: Company Information

<table>
<thead>
<tr>
<th>Years in operation</th>
<th>54 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market position in milk processing industry</td>
<td>Market follower</td>
</tr>
<tr>
<td>Annual revenues</td>
<td>below one billion</td>
</tr>
</tbody>
</table>

Source: Research Data (2018)
The results in table 4.2 shows that the firm has been in operation for 54 years hence it has had enough experience in milk processing and should have enough financial muscles to pursue competitive strategies. The firm is a market follower implying Doinyo Lessos Creameries Limited despite its long length in operation has not been able to break into the league of market leaders and market challengers in the milk industry. Finally, the firm makes below one billion Kenyan shillings sales per year. The sales are low compared to other firms in the industry given the firm is neither market leader nor market challenger in the industry.

4.2.2 Demographic Information
The background information that was retained for analysis relating to the respondents included: the number of years respondents have worked the institution has been in existence, gender distribution and the number of years worked at the firm.

Table 4.3: Work Experience

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Experience</td>
<td>Under 5 years</td>
<td>5</td>
<td>6.17</td>
</tr>
<tr>
<td></td>
<td>6 – 10 years</td>
<td>7</td>
<td>9.23</td>
</tr>
<tr>
<td></td>
<td>11 – 15 years</td>
<td>50</td>
<td>61.50</td>
</tr>
<tr>
<td></td>
<td>Over 16 years</td>
<td>19</td>
<td>23.10</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>81</td>
<td>100.00</td>
</tr>
</tbody>
</table>


Table 4.3 presents results on the work experience of employees of Doinyo Lessos Creameries Ltd in Eldoret. The results shows that majority (84.6%) of the respondents have a work experience of over 11 years after having worked in various firms apart from the current firm with only 15.4% of the respondents having less than 11 years work experience. This demonstrates that most of the employees attached to Doinyo Lessos Creameries Ltd are highly experienced as majority of the employees have
work experience spanning decades. The high experience level should translate to improved competitiveness and performance. The findings are agreement by studies by Njogu (2017) who established that hiring experienced employees helps improve the quality of services and products because they already know the desired results and ways in which to achieve the desired results which uses the learnt knowledge and skills in delivering quality services to the customer.

**Table 4.4: Experience at the Firm**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Experience</td>
<td>Under 5 years</td>
<td>23</td>
<td>28.39</td>
</tr>
<tr>
<td></td>
<td>6 – 10 years</td>
<td>36</td>
<td>44.44</td>
</tr>
<tr>
<td></td>
<td>11 – 15 years</td>
<td>20</td>
<td>24.69</td>
</tr>
<tr>
<td></td>
<td>Over 16 years</td>
<td>2</td>
<td>2.46</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>81</td>
<td>100.00</td>
</tr>
</tbody>
</table>


Table 4.4 shows the findings on the work experience of employees at Doinyo Lessos Creameries Ltd in Eldoret. The findings presented show that majority (69.13%) of the respondents have worked at Doinyo Lessos Creameries Ltd for between 6-15 years. About 28.39% of respondents have been in the factory for less than 10 years. This demonstrates that most of the employees attached to Doinyo Lessos Creameries Ltd are highly experienced as majority of the employees have work experience spanning decades. The findings agree by empirical work by Kotur and Anbazhagan (2014) that noted that staff with average range of educational attainment were found to perform better than those whose educational attainment was on the extremes.
Table 4. 5: Age of Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age of respondents</td>
<td>Under 25 years</td>
<td>25</td>
<td>30.86</td>
</tr>
<tr>
<td></td>
<td>26 – 35 years</td>
<td>31</td>
<td>38.27</td>
</tr>
<tr>
<td></td>
<td>36 – 45 years</td>
<td>23</td>
<td>28.39</td>
</tr>
<tr>
<td></td>
<td>over 46 years</td>
<td>2</td>
<td>2.46</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>81</strong></td>
<td><strong>100.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research Data (2018)

The results about age of respondents are shown in Table 4.5. Majority (38.25%) of respondents are aged between 26- 35 years followed by people aged below 25 years comprising 30.86% of respondents. Those aged between 36-45 years were 28.39% and finally those aged over 46 years were 2.46%. Generally, majority of respondents were below 46 years meaning the staff are youthful and should contribute greatly to competitive advantage of Doinyo Lessos Creameries Ltd in Eldoret. The findings are in agreement with paper by Kotur and Anbazhagan (2014) who noted that the age of the employee had positive influence on workers performance to varying degrees. Workers on the average age group were found to perform better than those on the extreme ages.

Table 4. 6: Gender of Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender of respondents</td>
<td>Male</td>
<td>51</td>
<td>63.0</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>30</td>
<td>37.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>81</strong></td>
<td><strong>100.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research Data (2018)

It is also clear from the results that majority (63.0%) of the respondents were males while 37.0 % were female implying that the organization human resource department
has met the two third gender rule stipulated in the constitution of Kenya, (2010). The organization has majority of males meaning that the organization has more males than female workers hence the employment systems may be skewed towards males. Study by Ishola, Adeleye & Tanimola (2018) also established that gender and age as predictors of job performance.

Table 4.7: Education of Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age of respondents</td>
<td>Certificate</td>
<td>23</td>
<td>28.39</td>
</tr>
<tr>
<td></td>
<td>Diploma</td>
<td>35</td>
<td>43.20</td>
</tr>
<tr>
<td></td>
<td>Degree</td>
<td>21</td>
<td>25.92</td>
</tr>
<tr>
<td></td>
<td>Post graduate</td>
<td>2</td>
<td>2.46</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>81</strong></td>
<td></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2018)

Concerning education of the respondents, Table 4.7 shows the educational achievement of the respondents who participated in the study. Majority (43.20%) of the respondents who participated in the study have diploma level qualification in various areas. Next are the certificate holders comprising 28.39 % of the respondents who filled the questionnaires. About 25.92% of the respondents had a degree qualification with only 2.46% of the respondents having postgraduate education qualification. Generally, it is evident enough that the employees have a professional qualification to enable them contribute positively to competitive advantage of the firm. The contribution of education to employee performance and improved competitive advantage is in agreement with study by Ishola, Adeleye & Tanimola (2018) who showed that staff with professional qualification reported more job
performance than non-certified staff. Bursary staff with higher tertiary education performed better in accounting task than those with lower qualification.

4.2.3 Cost Leadership Strategy
Cost leadership strategy was identified as one of the strategic option when striving to achieve competitive advantage at Doinyo Lessos Creameries Ltd in Eldoret, Kenya. Therefore, the present study sought to determine the extent to which cost leadership strategy was used at Doinyo Lessos Creameries Ltd in Eldoret, Kenya to achieve competitive advantage. All the measures were on a five point Likert Scale where; 1= strongly disagree, 2= Disagree, 3=Not sure, 4=Agree, 5=strongly agree. These results are as summarized in Table 4.8

Table 4. 8: Perceptions to Cost Leadership Strategy

<table>
<thead>
<tr>
<th>Statements</th>
<th>SA %</th>
<th>A %</th>
<th>N %</th>
<th>D %</th>
<th>SD %</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company Prices its products below the rivals to outperform them</td>
<td>69</td>
<td>31</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>4.6923</td>
<td>.46513</td>
</tr>
<tr>
<td>The company has an efficient and low cost distribution channels</td>
<td>65</td>
<td>35</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>4.6923</td>
<td>.46513</td>
</tr>
<tr>
<td>The Company achieves Economies of scale through lending to clients and extensive mass mobilization</td>
<td>60</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>4.1913</td>
<td>.43512</td>
</tr>
<tr>
<td>The Company acquires its capital from low cost sources</td>
<td>31</td>
<td>20</td>
<td>29</td>
<td>20</td>
<td>0</td>
<td>81</td>
<td>3.6154</td>
<td>1.1276</td>
</tr>
<tr>
<td>The company continuously develops cost effective and innovative services/products and refines existing ones</td>
<td>20</td>
<td>27</td>
<td>42</td>
<td>11</td>
<td>0</td>
<td>81</td>
<td>3.5692</td>
<td>.93490</td>
</tr>
<tr>
<td>The company emphasizes on training, education, and institutional learning in order to reduce staff turnover, wastage and defects</td>
<td>9</td>
<td>0</td>
<td>39</td>
<td>41</td>
<td>11</td>
<td>81</td>
<td>2.5538</td>
<td>1.0159</td>
</tr>
<tr>
<td>The company out sources non-core functions or enters into joint ventures to control cost</td>
<td>40</td>
<td>20</td>
<td>18</td>
<td>11</td>
<td>11</td>
<td>81</td>
<td>3.6769</td>
<td>1.3818</td>
</tr>
</tbody>
</table>

Source: Research Data (2018)
The results in Table 4.8 indicate ways the cost leadership strategy has been applied at the milk processing plant. The respondents were asked to evaluate different statements about cost leadership strategy of the firm. The statement that the company Prices its products below the rivals to outperform them was supported by all respondents (100%) who agreed meaning the milk processing plant charges prices below that of competitors. Additionally, on average the respondents were inclined to agree (µx= 4.6923 and σx = 0.46513) that price setting could be utilized to achieve competitive advantage as supported by De Toni, Milan, Saciloto & Larentis (2017) who noted that pricing decision and pricing strategies had a significant effect on sales performance of pharmaceutical products.

The statement that the company has an efficient and low cost distribution channels was also supported by all (100%) respondents. This indicates that the firm has a low cost distribution channel. Additionally, on average the respondents were inclined to agree (µx= 4.6923 and σx= 0.46513) the firm choice of distribution channel has an impact on costs and competitive advantage. The findings are in agreement with study by Amara (2012) who noted that selective distribution of products and leads to improved market share, sales and profits. The bank being able to market changes more effectively and enhanced ability of the bank to generate, disseminate, and respond to market changes.

The statement the Company achieves Economies of scale through lending to clients and extensive mass mobilization of clients to build a large customer base was supported by all respondents that imply the firm is ensuring low rate of staff turnover. Moreover, on average the respondents were inclined to agree (µx=4.1913 and σx= 0.43512) that mass marketing contributes to cost reduction and competitive
advantage. The findings are in congruence with study by Amara (2012) who noted that the process of intensive distribution of products to a mass market strategies were adopted by the commercial banks in moderating results leading to improved market share, sales, and profits. The commercial bank being in a position to more effectively market changes and enhanced the capability of the commercial bank to generate, disseminate, and respond to market changes.

The statement that The Company acquires its capital from low cost sources was supported by 51%, which implies that firm may be using high cost capital in its operation. On average respondents agreed that (µx=3.6154 and σx =1.12767) firm uses low cost of capital implying that effect of cost of capital on competitive advantage is major as supported by Moh'd Al-Tamimi & Obeidat (2013). noted that the cost of capital and financial leverage has a significant effect on return on investment measured by internal rate of return.

Few respondents (47%) supported the statement that the company continuously develops cost effective and innovative services/products and refines existing ones. Additionally, on average respondents were inclined to agree (µx=3.5692 and σx = 0.93490) that company produces and distribute innovative products. This implies that cost effective and innovative products lowers cost and impacts on competitive advantage. The findings are supported by Amanda (2012) who noted who noted that the process of intensive distribution of products to a mass market strategies were adopted by the commercial banks in moderating results leading to improved market share, sales, and profits. The commercial bank being in a position to more effectively market changes and enhanced the capability of the commercial bank to generate, disseminate, and respond to market changes.
The least number of respondents (9%) supported the statement that the company emphasizes on training, education, and institutional learning in order to reduce staff turnover, wastage and defects. Additionally, on average respondents were inclined to agree ($\mu_x=2.5538$ and $\sigma_x= 1.01598$) that training and education was employed by the firm. This implies training improves staff efficiency hence lowering costs. The findings are in agreement with study by Ishola, Adeleye & Tanimola (2018) who showed that staff with professional qualification reported more job performance than non-certified staff. Bursary staff with higher tertiary education performed better in accounting task than those with lower qualification.

Majority of respondents (60%) also supported the statement that the company outsources non-core functions or enters into joint ventures to control cost. Further, the agreement by respondents ($\mu_x=3.6769$ and $\sigma_x=1.38189$) about role of outsourcing non-core activities and how the firm has entered into them. This implies that company has endeavored to reduce cost through outsourcing non-core activities. Study by Ochonjo (2014) noted that the risk associated with outsourcing of services included loss of control on the outsourced services, Dependence on external suppliers, loss of firm business secrets among other risks. The benefits the company derived from outsourcing the service was found to be reduced costs and improvement of its competitive position, increased productivity, focusing on the core competence and strategic flexibility through changes in external flexibility, functional flexibility, change in product range, workplace flexibility and internal flexibility.

All the mean scores on cost leadership strategy matrix with exemption of one statement were in the category of $3.5 \leq \mu_x \leq 4.7$ implying that generally, most of the respondents agreed with majority of statements on cost leadership policy practice signifying that Doinyo Lessos Creameries Ltd in Eldoret is applying cost leadership to
achieve competitive advantage and that the cost leadership theory has contributed greatly to competitive advantage of the firm. The cost strategy matrix was spread around the mean moderately ($0.43 \leq \sigma_x \leq 1.4$). The findings are in agreement with study by Gakumo (2006) who affirmed that most Kenyan based commercial banks absolutely their cost authority system on monstrous capital speculation and streamlined hierarchical structure. Additionally Njoroge (2006) argued that holding lower overheads than contenders used to be best than holding same overheads as with the contenders, this would thus mean giving items at diminished expenses than the contenders.

4.2.4 Differentiation Strategy

The respondents were required to rate a number of responses given on Likert scale.

The data collected and associated analysis is given in table 4.9 with associated explanations.

**Table 4.9: Level of Awareness on Differentiation Competitive Strategy**

<table>
<thead>
<tr>
<th>Statements</th>
<th>S A %</th>
<th>A %</th>
<th>N %</th>
<th>D %</th>
<th>SD %</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company maintain a strong brand/image identification</td>
<td>81</td>
<td>19</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>4.18</td>
<td>.391</td>
</tr>
<tr>
<td>The company invests in Innovation and creativity</td>
<td>22</td>
<td>31</td>
<td>29</td>
<td>9</td>
<td>9</td>
<td>81</td>
<td>3.46</td>
<td>1.199</td>
</tr>
<tr>
<td>The company has a Sales branch network as a Differentiation strategy</td>
<td>9</td>
<td>71</td>
<td>9</td>
<td>0</td>
<td>11</td>
<td>81</td>
<td>3.67</td>
<td>1.032</td>
</tr>
<tr>
<td>There is innovation in technology to differentiate products</td>
<td>72</td>
<td>28</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>4.72</td>
<td>.450</td>
</tr>
<tr>
<td>The company offers a broad product range to cater for varied needs</td>
<td>28</td>
<td>63</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>4.18</td>
<td>.583</td>
</tr>
<tr>
<td>The company frequently develop new products</td>
<td>52</td>
<td>39</td>
<td>0</td>
<td>9</td>
<td>0</td>
<td>81</td>
<td>4.33</td>
<td>.888</td>
</tr>
<tr>
<td>There are strict product quality control procedures through TQM</td>
<td>31</td>
<td>31</td>
<td>27</td>
<td>0</td>
<td>11</td>
<td>81</td>
<td>3.7</td>
<td>1.221</td>
</tr>
</tbody>
</table>

Source: Research Data (2018)
Table 4.9 shows the data presentation and analysis of responses about statement on differentiation competitive strategy being applied at Doinyo Lessos Creameries Ltd, Eldoret Kenya. All (100%) respondents supported the statement that the firms hold the customers’ interest at heart supported the statement that the company maintains strong brand/image identification. Moreover, average response rate was inclined to agreement with statements ($\mu_x = 4.18$ and $\sigma_x = 0.391$) about maintenance of strong brand image by the firm by the firm. This implies that strong company brand image is very necessary for competitive advantage. Findings are in agreement with finding by Iwu, Osakwe & Ajayi (2015) who noted that brand image perception and brand promotion were very critical for improving firm performance for agricultural based businesses.

The statement that the company invests in Innovation and creativity was supported by (53%) respondents showing the firms has not been investing much in promotion of innovation and creativity. The study established that on average respondents were inclined to agree ($\mu_x = 4.18$ and $\sigma = 0.391$) that investment in innovation was carried out however not at required level. This underscores the important role played by innovation in the firm as pointed out by Amanda (2012) who noted that specialization of product, product customization and innovative products of high quality leads to improved market share, sales and profits.

Majority of respondents (80%) were of opinion that the firm the company has a Sales branch network as a Differentiation strategy. The averages for responses ($\mu_x = 3.67$ and $\sigma_x = 1.032$) about sales branch networking implied that the firm is using branching by sales as differentiation strategy to improve the competitive advantage. The findings are in agreement with Amanda (2012) who noted that specialization of
product, product customization and innovative products of high quality leads to improved market share, sales and profits.

The statement that there is innovation in technology to differentiate products was supported by (100%) of the respondents showing good attributes on firm benchmarking. In addition the respondents were inclined on average to agree ($\mu_x=4.72$ and $\sigma_x = 0.450$) with statement about differentiation of products using innovation a clear indication that the milk processing firm has been using innovation to differentiate its products to achieve competitive advantage. The finding is in agreement with study by Caves and Williamson, (1985) who noted that there are many methods for brand differentiation. The study further explains that the process of developing differentiators that is product driven can be useful for a firm in developing and sustaining a competitive advantage.

Majority of respondents (91%) also supported the statement that the Company offers a broad product range to cater for varied needs. Mean responses ($\mu=4.18$ and $\sigma = 0.583$) also tends to be inclined to agreement that the milk processing plant is offering a variety of products implying that the firm can achieve competitive advantage through expanding products lines as compared to its competitors. The finding is in agreement with paper by Aaker (1992) who noted that the process of product line widening could help improve market share of both local and foreign brands.

Finally, majority of respondents (62%) supported the statement that there are strict product quality control procedures through TQM. Mean responses ($\mu = 3.70$ and $\sigma = 1.221$) also showed the importance of total quality management in achieving competitive advantage in the milk processing plant. The findings correspond to study by Mohamed (2016) who established that TQM has been a significant effect on
competitive advantage in Hotel Businesses and that TQM is a management principle that is more than leadership, customer focus, systems, organization culture, teamwork, supplier relationship or training.

Generally, it is evident that differentiation as a competitive strategy is highly practiced at Doinyo Lessos Creameries Ltd as evidenced by majority of respondents who supported different statements on differentiation strategy as evidenced by majority of percentage agreements being above 60% . Additionally, the mean responses for majority of statements about differentiation strategy being implemented by the company was found to be between $3.4 \leq \mu x \leq 4.4$ implying that most of the respondents were inclined to agree to the statements that the milk processing plant was also actively applying differentiation strategy to improve its competitive advantage. Additionally, the differentiation strategy matrix was spread around the mean $(0.3 \leq \sigma \leq 1.3)$ moderately. The finding is in congruence with studies by Miller, and Friesen (1986) who noted that differentiation based on product-innovation was the main goal intending to perform better than rival firms does. Additionally, Njoroge (2006) noted that the most obvious location in the value chain in which differentiation strategy could be implemented to enhance marketing, product appearance, sales, and customer service activities whose result is differentiation activities to high quality of technical support to customer and faster maintenance and restore services, better supply of records to customers, quicker processing of orders, better and regular sales and better client convenience.

4.2.5 Focus Competitive Strategy
The study also sought to establish the extent to which focus competitive was being applied by Doinyo Lessos Creameries Ltd. A likert scale was utilized for this purpose
with statements that were rated by the respondents in the study. The results are presented in table 4.10

**Table 4. 10: Perception on Focus Competitiveness Strategy Usage**

<table>
<thead>
<tr>
<th>Statements</th>
<th>SA %</th>
<th>A %</th>
<th>N %</th>
<th>D %</th>
<th>SD %</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company offers a narrow, limited range of products</td>
<td>40</td>
<td>60</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>4.40</td>
<td>.493</td>
</tr>
<tr>
<td>The company products are offered in lower priced markets as a Focus strategy</td>
<td>51</td>
<td>11</td>
<td>20</td>
<td>18</td>
<td>0</td>
<td>81</td>
<td>3.93</td>
<td>1.210</td>
</tr>
<tr>
<td>The company only serves a specific geographic market</td>
<td>49</td>
<td>51</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>4.49</td>
<td>.503</td>
</tr>
<tr>
<td>The company only serves a specific product market</td>
<td>69</td>
<td>9</td>
<td>0</td>
<td>22</td>
<td>0</td>
<td>81</td>
<td>4.26</td>
<td>1.228</td>
</tr>
<tr>
<td>The company only serves a specific customer segment</td>
<td>71</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>29</td>
<td>81</td>
<td>4.12</td>
<td>1.375</td>
</tr>
<tr>
<td>The company has special products for specific target markets</td>
<td>60</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>4.60</td>
<td>.493</td>
</tr>
</tbody>
</table>

**Source: Research Data (2018)**

Table 4.10 shows the results of the responses on the statements about focus competitive strategy as applied in Doinyo Lessos Creameries Ltd in Eldoret, Kenya. Statement that the Company offers a narrow, limited range of products was supported by (100%) respondents showing that the firm has teded to apply focus strategy. Mean responses (µ = 4.40 and σ = 0.493) also were incline to agreement with the above statement. The finding is in conflict with paper by Van Ommering and Bosch, (2002) who noted that process of product line widening improves the brands of both local and foreign firms market share. Finally, brand with longer history were positively associated with local and foreign brands market share but negatively relates to local brands market share.
A big portion of respondents (62%) supported the statement that the company products are offered in lower priced markets as a focus strategy. Mean responses (µ = 3.93 and σ = 1.210) also tended towards agreement implying that the firm offers products at lower price than do competitors to gain competitive advantage in terms of price focus. Price setting could be utilized to achieve competitive advantage as supported by De Toni, Milan, Saciloto & Larentis (2017) who noted that pricing decision and pricing strategies had a significant effect on sales performance of pharmaceutical products.

Additionally, all respondents (100%) were of the opinion that the company only serves a specific geographic market. “The mean responses (µ = 4.49 and σ = 0.503) also showed that the milk processing firm is only targeting its products with specific geographic region. The firm can choose to focus on a select customer group, product range, geographical area, or service line (Myant, 1999).). For example, some service firms focus solely on the service customers. Focus also is based on adopting a narrow competitive scope within an industry. The statement that the firm only serves a specific product market was also supported by (100%) respondents indicating the firm has mustered the practice of focus strategy. A focus strategy based on differentiation depends on there being a buyer segment that demands unique product attributes. In the focus strategy, a firm targets a specific segment of the market (Porter, 1990).

Majority of respondents (71%) strongly agreed with the statement that the company only serves a specific customer segment. The mean responses (µ = 4.12 and σ = 1.375) also showing that that firm serves specific customer segment implying that the
firm does not distribute its products to all customers to a selected target customer. Focus aims at growing market share through operating in a niche market or in markets either not attractive to or overlooked by larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements, a successful focus strategy (Porter, 1980). Finally, all respondents (100%) were also of the opinion that the company has special products for specific target markets. The mean responses (µ = 4.60 and σ = 0.493) also shows that the milk processing firm produces special products for specific markets. Cost leadership or Product Differentiation generic strategies are preferable for mass market while focus strategies are more appropriate for customers with unique needs and preferences that are distinct especially when market niche is neglected by rival firms (David, 2009).

Generally, it was evident that Doinyo Lessos Creameries Ltd in Eldoret was highly applying focus competitive strategy to improve its competitive advantage. This is evidenced by percentage agreements of above 70% on all statements about use of focus strategy by the milk processor. Additionally, the mean responses for majority of statements about focus strategy being implemented by the company was found to be between 3.9 ≤µx≤ 4.6 implying that most of the respondents were included to agree with statements about usage of focus strategy to improve the competitive advantage of the milk processor. The focus strategy was spread around the mean (0.3≤ σx ≤ 1.4.) moderately. The findings are in agreement with empirical literature already examined beforehand. Study by Njoroge (2006), held that the concentration system is gone for narrowing the market fragment, items and class or certain purchasers. This encourages firms to rescope their offerings and activities to one type of markets and
as an outcome, they are skilled to get upper hand. In addition, Dulo (2006) noted that a concentration procedure introduce an open door for business people to find and make the most holes in the market through building up a cutting edge item that customers can't manage without.

4.2.6 Competitive Advantage
The researcher also sought to establish the competitive advantage of Doinyo Lessos Creameries Ltd in Eldoret. The respondents were required to rate a number of responses given on Likert scale. The data collected and associated analysis is given in table 4.11.

Table 4.11: Level of Awareness on Competitive Advantage

<table>
<thead>
<tr>
<th>Statements</th>
<th>SA %</th>
<th>A %</th>
<th>N %</th>
<th>D %</th>
<th>SD %</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm is producing products that are of superior value</td>
<td>32</td>
<td>58</td>
<td>7</td>
<td>3</td>
<td>0</td>
<td>81</td>
<td>3.31</td>
<td>.591</td>
</tr>
<tr>
<td>The firm has achieved competitiveness through adoption of organic organizational structure</td>
<td>0</td>
<td>68</td>
<td>32</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>3.89</td>
<td>.466</td>
</tr>
<tr>
<td>The firm’s efficiency has improved greatly since adoption of strategic knowledge management</td>
<td>20</td>
<td>51</td>
<td>20</td>
<td>9</td>
<td>0</td>
<td>81</td>
<td>3.55</td>
<td>.912</td>
</tr>
<tr>
<td>The firm has been actively involved in cost cutting decisions</td>
<td>45</td>
<td>35</td>
<td>12</td>
<td>8</td>
<td>0</td>
<td>81</td>
<td>3.66</td>
<td>1.150</td>
</tr>
<tr>
<td>The firm is currently a cost leader in the industry</td>
<td>20</td>
<td>43</td>
<td>7</td>
<td>30</td>
<td>20</td>
<td>81</td>
<td>3.71</td>
<td>1.113</td>
</tr>
<tr>
<td>The products of the firm are very distinct from those of competitors</td>
<td>29</td>
<td>51</td>
<td>5</td>
<td>15</td>
<td>0</td>
<td>81</td>
<td>3.97</td>
<td>.712</td>
</tr>
<tr>
<td>the firm has the latest manufacturing technology which is very efficient</td>
<td>30</td>
<td>45</td>
<td>3</td>
<td>7</td>
<td>15</td>
<td>81</td>
<td>3.98</td>
<td>1.268</td>
</tr>
</tbody>
</table>

Source: Research Data (2018)

Table 4.11 shows the responses on the opinion on different statements about competitive advantage of Doinyo Lessos Creameries Ltd in Eldoret. The statement
that the firm is producing products that is of superior value was supported by majority (90%) of respondents who agreed with the statement. The statement that the firm has achieved competitiveness through adoption of organic organizational structure was supported by 68% of the respondents who agreed with the statement with the remaining respondents having contrary opinion. Majority of the respondents (71%) supported the statement the firm’ efficiency level has improved greatly since adoption of strategic knowledge management with only 29% of respondents having opinion of the contrary.

The statement that the firm has been actively involved in cost cutting decisions was agreed upon by majority of respondents who felt that their respective firms were doing all they could to reduce the cost of operation. The statement that the firm is currently a cost leader in the industry was agreed upon by 63% of the respondents who felt that their firm was performing well as far as costs of operation are concerned. Majority of the respondents (80%) who filled the questionnaires were of the opinion that the products of the firms are very distinct from those of competitors by agreeing with the statement and finally the statement that the firm has the latest manufacturing technology which is very efficient was supported by 75% of the respondents who filled the questionnaires.

The high percentages of responses above 70% who agreed with statements about level of competitive advantage of the milk processor attest to the fact that the firm is enjoying competitive advantage due various competitive advantages applied by it. This is further confirmed by mean responses about competitive advantages being enjoyed by the company being $3.3 \leq \mu_x \leq 3.9$ implying that the company is enjoying average competitive advantage as a result of implementing competitive strategies. The findings are in agreement with study by Jowi (2006) who noted that an organization
that takes after a competitive strategy tries to corner the region of enthusiasm for the commercial center, which may likewise fall any place inside the region on the left half of Michael Porters bend. Study by Kariuki (2006) was of opinion that competitive techniques were very basic and was imperative for any firm to achieve competitive advantage in their operation and dealings.

4.3 Correlation Analysis
The study sought to establish the association between competitive strategies and competitive advantage at Doinyo Lessos Limited. The study adopted Pearson correlation coefficient for purpose of examining the correlation between the study variables as presented in Table 4.12.

Table 4.12: Bivariate Pearson Correlation Coefficient

<table>
<thead>
<tr>
<th></th>
<th>CLS</th>
<th>DS</th>
<th>FS</th>
<th>COMP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLS</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>-.331**</td>
<td>.218</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.007</td>
<td>.081</td>
<td>.000</td>
</tr>
<tr>
<td>DS</td>
<td>Pearson Correlation</td>
<td>-.331**</td>
<td>1</td>
<td>.044</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.007</td>
<td>.728</td>
<td>.001</td>
</tr>
<tr>
<td>FS</td>
<td>Pearson Correlation</td>
<td>.218</td>
<td>.044</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.081</td>
<td>.728</td>
<td>.019</td>
</tr>
<tr>
<td>COMP</td>
<td>Pearson Correlation</td>
<td>.432**</td>
<td>.391**</td>
<td>.321*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.001</td>
<td>.019</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Independent Variables: Cost Leadership strategy (CLS), Differentiation Strategy (DS), and Focus strategy (FS). Dependent Variable: competitive advantage (COMP).

Source: Research Data (2018)

The results in Table 4.12, shows the correlation between competitive strategies and competitive advantage at Doinyo Lessos Creameries Ltd. Cost leadership strategy was positively and significantly correlated with competitive advantage of the firm \( r = .432** \), \( p = 0.00, \alpha = 0.05 \). The positive association between cost leadership and
competitive advantage implies that any improvement in cost leadership is accompanied by improved competitive advantage as supported by Lewis and Chambers, (1989) stated that a cost leadership strategy is fine in the milk enterprise when a firm has a one of a kind competency in the management of the materials and production process. An examination done by Gakumo (2006) affirmed that most banks in Kenya based absolutely their cost authority system on monstrous capital speculation and streamlined hierarchical structure.

Differentiation strategy was also positively and significantly correlated with competitive advantage of the firm (r= .391**, p=.001, α = 0.05). The positive correlation between differentiation strategy and competitive advantage of the milk processor shows any improvement in differentiation of products should lead to improved competitive advantage. According to Njoroge (2006), differentiation strategy enhances marketing, product appearance, sales, and customer service activities whose result is differentiation activities to high quality of technical support to customer and faster maintenance and restore services. Chepkwony (2008) posits that the differentiation strategy objectives are aimed at improving the products and the firm’s image and exemplary value addition or product improvement aspects. The study further explains that differentiated goods and services commands a higher selling price compared to the goods and services that have not been differentiated.

Finally, focus strategy was positively and significantly correlated with competitive advantage of the firm (r= .321*, p = .019, α = .05). The association between focus strategy and competitive advantage was also positive implying that any improvement in focus strategy has the potential of improving competitive advantage as supported
by studies by Dulo (2006) who recommends that a concentration procedure introduce an open door for business people to find and make the most holes in the market through building up a cutting edge item that customers can't manage without. Chepkwony (2008) demonstrates that the concentration procedure is tied in with achieving upper hand by focusing on a specific market or item specialty. Additionally, Kariuki (2003) demonstrates that in a spotlight system the firm spotlights on a confined arrangement of customers and through both a cost authority or separation methodology or total of both, the organizations endeavor to increase upper hand over their adversaries seeking after both cost initiative or separation procedure on a more extensive venture premise.

4.4. Regression Analysis
The study used simple OLS Regression analysis to see the causal effect relationship between the variables. The study used multi regression model with three independent variables. The independent variables were cost leadership strategy, differentiation strategy and focused strategy. The dependent variable was competitive advantage. Multiple regression analysis involved calculation of coefficient of determination ($R^2$), Analysis of Variances (ANOVA) and regression coefficients.

Table 4.13: 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>.929a</td>
<td>.863</td>
<td>.849</td>
<td>.14656</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Cost leadership strategy, differentiation strategy and focus strategy

Source: Research Data (2018)

In table 4.13, the overall correlation coefficient (R) between independent variables competitive strategies and competitive advantage of the firm was found to be .929. This means that there was a strong positive relationship between competitive
strategies practices and competitive advantage of the firm. Furthermore, it indicates that the model explains only 86.3% of the variations in competitive advantage of Doinyo Lessos Creameries Ltd. as shown by coefficient of determination \((R^2)\) of 0.863 with the remaining 13.7% of the variation in competitive advantage being explained by other factors not examined in the current study. The results thus mean that competitive strategies have a higher impact on competitive advantage and thus explain it as supported by Study by Nyaguthii (2008) who targeted on strategy assessment and manipulate among dairy processing companies in Kenya establishing that the competitive forces determine the depth of competition and subsequently the profitability and attractiveness of the industry.

Table 4.14: Analysis of Variances

<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>7.847</td>
<td>3</td>
<td>2.615</td>
<td>163.437</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>1.246</td>
<td>77</td>
<td>.016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9.093</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: competitive advantage, b. Predictors: (Constant), Cost leadership strategy, differentiation strategy and focus strategy

Source: Research Data (2018)

According to table 4.14 the F value of 163.437 with an overall significance of model 1 was .000. The level of significance was lower than 0.05 and this means that competitive strategies practices shows statistically significant influence on competitive advantages in Doinyo Lessos Creameries Ltd in Eldoret, Kenya. The findings are in agreement empirical literature that identifies strong relationship between competitive strategies and competitive advantages of firms. Study by Nyaguthii (2008) who targeted on strategy assessment and manipulate among dairy processing companies in Kenya established that the competitive forces determine the
depth of competition and subsequently the profitability and attractiveness of the industry.

Table 4. 15: Coefficients of Independent Variable

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>4.258</td>
<td>.807</td>
<td>5.277</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>CLS</td>
<td>.045</td>
<td>.025</td>
<td>.108</td>
<td>1.772</td>
</tr>
<tr>
<td></td>
<td>DS</td>
<td>.464</td>
<td>.054</td>
<td>.514</td>
<td>8.566</td>
</tr>
<tr>
<td></td>
<td>FS</td>
<td>1.089</td>
<td>.084</td>
<td>.064</td>
<td>12.96</td>
</tr>
</tbody>
</table>

1. Dependent Variable: Competitive advantage (COMP).

Source: Research Data (2018)

Table 4.15 further, shows the coefficients of independent variables (Cost leadership strategy, differentiation strategy and focus strategy). The regression model was thus estimated as shown in equation (2).

\[
\text{COMP} = 4.258 + 0.045 \text{CLS} + 0.464 \text{DS} + 1.089 \text{FS} \tag{2}
\]

The estimated model equation simplifies the causal effect relationship between competitive strategies and competitive advantage of the firm. The value 4.258 is the intercept term of the model showing the level of competitive advantage when the independent variable in the model are held constant at zero. Cost leadership had a statistically insignificant effect on competitive advantage of the firm (\(\beta_1 = 0.045, t = 1.772, p = 0.082 \) and \( \alpha = 0.05 \)). Differentiation strategy had statistically significant effect on competitive advantage of the firm (\(\beta_2 = 0.464, t = 8.566, p = 0.000 \) and \( \alpha = 0.05 \)). Finally, focus strategy had a statistically significant effect on competitive advantage of the firm (\(\beta_3 = 1.089, t = 12.96, p = 0.000 \) and \( \alpha = 0.05 \)).
4.5 Discussion of Findings
The section presents the discussion of results

4.5.1 Effect of Cost Leadership on Competitive Advantage
The study sought to establish the effect of competitive strategies on competitive strategies practices on competitive advantages in Doinyo Lessos Creameries Ltd in Eldoret, Kenya. The study carried out correlation analysis between the major variables of the study. Cost leadership strategy was positively and significantly correlated with competitive advantage of the firm \( r = .432^{**}, p = 0.00, \alpha = 0.05 \). The results show that Cost leadership had a statistically insignificant effect on competitive advantage of the firm \( \beta_1 = .045, t = 1.772, p = .082 \) and \( \alpha = 0.05 \).

The effect of cost leadership was positive meaning any improvement in cost management strategies like those that cut on costs leads to improved cost leadership that further lead to competitive advantage improvement. The reduction in cost of operation improves firms’ competitiveness through introduction of cheap products in the market relative to competitors’ products. This leads to the firm attracting clients from competitors hence improved competitiveness in the industry. The coefficient of .045 shows that any improvement in cost management by one units results to 0.045 units improvement in competitive advantages. However, the effect was not statistically significant meaning Doinyo Lessos Creameries Ltd did not achieve much competitive advantage though cost leadership strategy.

The findings about effect of cost leadership strategy were in agreement with empirical review. Lewis and Chambers, (1989) stated that a cost leadership strategy is fine in the milk enterprise when a firm has a one of a kind competency in the management of the materials and production process. An examination by Gakumo
(2006) affirmed that most Kenyan commercial based absolutely their cost authority system on monstrous capital speculation and streamlined hierarchical structure.

4.5.2 Effect of Differentiation Strategy on Competitive Advantage

Differentiation strategy was also positively and significantly correlated with competitive advantage of the firm ($r = .391^{* *}$, $p = .001$, $\alpha = 0.05$). The positive association between differentiation strategy and competitive advantage signifies that any improvement in the differentiation of the products and processes of the organization is associated with improved competitive advantage of the firm. Additionally, Differentiation strategy had statistically significant effect on competitive advantage of the firm ($\beta_2 = .464$, $t = 8.566$, $p = .000$ and $\alpha = 0.05$).

The positive and statistically significant effect implies that any improvement in the differentiation of the products of the company by making the products and process unique and different from competitors aids in the customers identifying the products of the company. This further results to improved market share and sales of the firm as the customers are able to tell the products of the company from its competitors in the industry. The coefficient of 0.464 means that any change in the differentiation of the products by one unit results to change in competitive advantage by one by $0.464$ units in the same direction of change.

The findings are in congruence with study Njoroge (2006), who noted that differentiation strategy enhances marketing, product appearance, sales, and customer service activities whose result is differentiation activities to high quality of technical support to customer and faster maintenance and restore services. Chepkwony (2008) also posits that the differentiation strategy objectives are aimed at improving the products and or the firms image and or exemplary value addition or product
improvement aspects. The study further explains that differentiated goods and services commands a higher selling price compared to the goods and services that have not been differentiated.

4.5.3 Effect of Focus Strategy on Competitive Advantage

Finally, focused strategy was positively and significantly correlated with competitive advantage of the firm ($r = 0.321^*, p = .019, \alpha = .05$). Focus strategy had a statistically significant effect on competitive advantage of the firm ($\beta_3 = 1.089, t = 12.96, p = .000$ and $\alpha = 0.05$). The effect was positive and statistically significant implying that any improvement in focus of the firm by identifying gaps left in the market by large-scale milk processors in the industry lead to improved competitive advantage of the firm. The firm can focus on a few market niches inters of customers and market that is under served and then supply products to take advantage of the market gaps. Focus strategy had the greatest effect on competitive advantage of Doinyo Lessos Creameries Ltd since.

The findings of study regarding effect of focus strategy on competitive advantage in the milk processing plant have a basis in empirical literature. Study by Dulo (2006) recommends that a concentration procedure introduce an open door for business people to find and make the most holes in the market through building up a cutting edge item that customers can't manage without. Moreover, Chepkwony (2008) demonstrates that the concentration procedure is tied in with achieving upper hand by focusing on a specific market or item specialty.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
The chapter presents the summary of findings, conclusions from the findings upon which recommendations are made, and then finally suggestions for further research.

This study sought to examine the effect of competitive strategy on competitive advantage of Doinyo Lessos Creameries Ltd.

5.2 Summary of Findings
The study findings indicated that the competitive advantage of Doinyo Lessos Creameries Ltd could be attributed to cost leadership, differentiation and focus strategies practises that formed the independent variables of this study. The individual summaries of all the variables are presented in the following sub-section.

5.2.1 Cost leadership Strategy
All the mean scores on cost leadership strategy matrix with exemption of one statement were in the category of $3.5 \leq \mu_x \leq 4.7$ implying that generally, most of the respondents agreed with majority of statements on cost leadership policy practice signifying that Doinyo Lessos Creameries Ltd in Eldoret is applying cost leadership to achieve competitive advantage and that the cost leadership theory has contributed greatly to competitive advantage of the firm. Cost leadership strategy was positively and significantly correlated with competitive advantage of the firm. Finally, the results show that Cost leadership had a statistically insignificant effect on competitive advantage of the firm. The effect of cost leadership was positive meaning any improvement in cost management strategies like those that cut on costs leads to improved cost leadership that further lead to competitive advantage improvement. The reduction in cost of operation improves firms’ competitiveness through
introduction of cheap products in the market relative to competitors’ products. This leads to the firm attracting clients from competitors hence improved competiteness in the industry. The coefficient of .045 shows that any improvement in cost management by one units results to 0.045 units improvement in competitive advantages. However, the effect was not statistically significant meaning Doinyo Lessos Creameries Ltd did not achieve much competitive advantage though cost leadership strategy.

5.2.2 Differentiation Strategy
Generally, It is evident that differentiation as a competitive strategy is highly practiced at Doinyo Lessos Creameries Ltd as evidenced by majority of respondents who supported different statements on differentiation strategy as evidenced by majority of percentage agreements being above 60% . Additionally, the mean responses for majority of statements about differentiation strategy being implemented by the company was found to be between 3.4 \( \leq \mu x \leq 4.4 \) implying that most of the respondents were inclined to agree to the statements that the milk processing plant was also actively applying differentiation strategy to improve its competitive advantage. Correlation analysis established that differentiation strategy was positively and significantly correlated with competitive advantage of the firm. Additionally, the positive and statistically significant effect implies that any improvement in the differentiation of the products of the company by making the products and process unique and different from competitors aids in the customers identifying the products of the company. The coefficient of 0.464 means that any change in the differentiation of the products by one unit results to change in competitive advantage by one by \( =0.464 \) units in the same direction of change.
5.2.3 Focus Strategy
Generally, it was evident that Doinyo Lessos Creameries Ltd in Eldoret was highly applying focus competitive strategy to improve its competitive advantage. This is evidenced by percentage respondents of above 70% on all statements about use of focus strategy by the milk processor. Additionally, the mean responses for majority of statements about focus strategy being implemented by the company was found to be between $3.9 \leq \mu_x \leq 4.6$ implying that most of the respondents were inclined to agree with statements about usage of focus strategy to improve the competitive advantage of the milk processor. Correlation analysis was also conducted between focus strategy and competitive advantage at Doinyo Lessos Creameries Ltd. The findings show that focus strategy was positively and significantly correlated with competitive advantage of the firm. Focus strategy had a statistically significant effect on competitive advantage of the firm. The effect was positive and statistically significant implying that any improvement in focus of the firm by identifying gaps left in the market by large-scale milk processors in the industry lead to improved competitive advantage of the firm. The firm can focus on a few market niches inters of customers and market that is under served and then supply products to take advantage of the market gaps. Focus strategy had the greatest effect on competitive advantage of Doinyo Lessos Creameries Ltd.

5.3 Conclusion
Concerning the first objective on the effect of cost leadership strategy on competitive advantage on Doinyo Lessos Creameries Ltd, regression analysis showed that Cost leadership had a statistically insignificant effect on competitive advantage of the firm. The effect of cost leadership on competitive advantage was positive meaning any improvement in cost management strategies like cost cutting leads to improved cost leadership that further lead to competitive advantage improvement. The reduction in
cost of operation improves firms’ competitiveness through introduction of cheap products in the market relative to competitors products. This leads to the firm attracting clients from competitors hence improved competitiveness in the industry. However, the effect was not statistically significant meaning Doinyo Lessos Creameries Ltd did not achieve much competitive advantage though cost leadership strategy.

Concerning the second objective on the effect of differentiation strategy on competitive advantage of Doinyo Lessos Creameries Ltd, the study findings established that Differentiation strategy had statistically significant effect on competitive advantage of the firm. The positive and statistically significant effect implies that any improvement in the differentiation of the products of the company by making the products and process unique and different from competitors aids in the customers identifying the products of the company. This further results to improved market share and sales of the firm as the customers are able to tell the products of the company from its competitors in the industry. The positive coefficient means that any change in the differentiation of the products by some units results to change in competitive advantage by some units in the same direction of change.

Finally, on the third objective on the effect of focus strategy on competitive advantage of the firm, the findings established that focus strategy had a statistically significant effect on competitive advantage of the firm. The effect was positive and statistically significant implying that any improvement in focus of the firm by identifying gaps left in the market by large-scale milk processors in the industry lead to improved competitive advantage of the firm. The firm can focus on a few market niches inters of customers and market that is under served and then supply products to take
advantage of the market gaps. Focus strategy had the greatest effect on competitive advantage of Doinyo Lessos Creameries Ltd since.

5.4 Recommendations
Based on the fact that Cost leadership had a statistically insignificant effect on competitive advantage of the firm, the study recommends that Doinyo Lessos creameries limited the management and the cost accountant should continuously work on cost management improvement like cost cuts. The cost management should lead to improved cost leadership that further should lead to competitive advantage improvement. The reduction in cost of operation improves firms’ competitiveness through introduction of cheap products in the market relative to competitors’ products. This leads to the firm attracting clients from competitors hence improved competitiveness in the industry. However, since the effect was not statistically significant. Doinyo Lessos Creameries Ltd may not achieve much competitive advantage though cost leadership strategy.

Given that differentiation strategy had statistically significant effect on competitive advantage of the firm, the study recommends that management of Doinyo Lessos together with manufacturing and marketing departments should focus on differentiation strategy for competition. The management should put more effort on improvement in the differentiation of the products of the company by making the products and process unique and different from competitors’ to aid in the customers identifying the products of the company. This further should results to improved market share and sales of the firm as the customers are able to tell the products of the company from its competitors in the industry. The management can use a number of differentiation strategies including branding, packaging and product designs that
makes its products unique from those of its competitors hence wrestling the customers away from competitors and maintaining them for improved sales and market share.

Finally, given the fact that focus strategy had a statistically significant effect on competitive advantage of the firm, the research recommends improvement in focus of the firm by identifying gaps left in the market by large-scale milk processors in the industry. The management of Doinyo Lessos Limited should put more effort in focus strategy by identifying the niches in the market that are under served by market leaders in milk processing. The focus strategy should lead to improved competitive advantage of the firm. The firm can focus on a few market niches in terms of customers and market that is under served and then supply products to take advantage of the market gaps. Given the fact that focus strategy had the greatest effect on competitive advantage of Doinyo Lessos Creameries Ltd, the management should put more effort on focus strategy to improve its competitive advantage.

5.5 Areas for Further Research
The current study sought to establish the strategies adopted to achieve competitive advantage in Doinyo Lessos Creameries Ltd in Eldoret, Kenya. The study was limited to three competitive strategies namely cost leadership strategy, differentiation strategy and focus strategy. Future studies should carry out the same study with more competitive strategies including, best-cost provider strategy, focused low-cost provider strategy and market share dominator strategy that were not within the scope of the current study. The current study was also a case study of Doinyo Lessos Creameries limited hence the results and recommendation may not be relevant for other firms in the industry. Future studies should be carried out on all milk-processing plants in Eldoret or even all manufacturing firms in Uasin Gishu County.
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Appendix I: Letter of Introduction

Kipruto Eunice Jemutai,
Kenyatta University,
P.O Box 43844-00100,
Nairobi, Kenya.

20-06-2018

To The CEO,
Doinyo Lessos Creameries Ltd,
Po Box 169-30100
Eldoret, Kenya.

Dear Sir

RE: REQUEST TO FILL RESEARCH QUESTIONNAIRES
I am a postgraduate student of Kenyatta University pursuing Masters of Business Administration (Strategic Management) Degree in the School of Business. “I am conducting an academic research on Strategies adopted to achieve competitive advantage in an organization. The company has been chosen to participate in supplying useful information for the study. The study will involve all the employees in the company.

The information supplied will be treated with confidentiality and will solely be used for the purpose of this study.

Thank you.

Yours faithfully,

Kipruto Eunice Jemutai
Appendix II: Questionnaires

Kindly answer all the questions either by ticking in the boxes or writing in the spaces provided.

PART I (A): COMPANY INFORMATION (PLEASE TICK (√) AS APPLICABLE)

1. How many years has the Company been in Operation in the milk processing Industry?
   - 0 – 5 Years [ ]
   - 6 – 10 years [ ]
   - 10 years and over [ ]

2. What is the organization’s market position in the Milk processing Industry in Kenya?
   - Market Leader [ ]
   - Market Follower [ ]
   - Market challenger [ ]
   - Niche [ ]

3. What is your annual Revenue?
   - 100B KES and above [ ]
   - 50B KES to 99B KES [ ]
   - 1B KES to 49B KESS [ ]
   - Below 1B KES [ ]

PART I (B): RESPONDENTS’ PROFILE

4. What is your current position in the organization?
   - Top Level Manager [ ]
   - Middle Level Manager [ ]

5. Age
   - Under 25 years [ ]
   - 26 – 35 years [ ]
   - 36 – 45 years [ ]
   - 0ver 46 years [ ]

6. Gender
   - Female [ ]
   - Male [ ]

7. What is your highest educational level?
   - Bachelor’s Degree [ ]
   - Master’s Degree [ ]
   - Doctorate [ ]

8. How many years of work experience do you have?
   - Under 5 years [ ]
   - 6 – 10 years [ ]
11 – 15 years [ ] Over 16 years [ ]

9. How long have you worked in this organization?
Under 5 years [ ] 6 – 10 years [ ]
11 – 15 years [ ] Over 16 years [ ]

PART II: COST LEADERSHIP STRATEGY COMPETITIVE PRACTICES

10. Please tick (✓) the box corresponding to your personal opinion for each statement.

The key to the scale is provided below:

5 - Strongly Agree, 4 – Agree, 3 –Undecided, 2 – Disagree, 1 - Strongly Disagree

<table>
<thead>
<tr>
<th>NO</th>
<th>STATEMENT</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The company Prices its products below the rivals to outperform them</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>The company has an efficient and low cost distribution channels</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>The Company achieves Economies of scale through lending to clients and extensive mass mobilization of clients to build a large customer base</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>The Company acquires its capital from low cost sources</td>
<td></td>
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<tr>
<td>5.</td>
<td>The company continuously develops cost effective and innovative services/products and refines existing ones</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>The company emphasizes on training, education, and institutional learning in order to reduce staff turnover, wastage and defects</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>The company out sources non-core functions or enters into joint ventures to control cost</td>
<td></td>
</tr>
</tbody>
</table>
PART III: DIFFERENTIATION STRATEGY COMPETITIVE PRACTICES

11. Please tick (✓) the box corresponding to your personal opinion for each statement.

The key to the scale is provided below:

5 - Strongly Agree, 4 – Agree, 3 – Undecided, 2 – Disagree, 1 - Strongly Disagree

<table>
<thead>
<tr>
<th>NO</th>
<th>STATEMENT</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The company maintains a strong brand/image identification</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The company invests in Innovation and creativity</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The company has a Sales branch network as a Differentiation strategy</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>There is innovation in technology to differentiate products</td>
<td></td>
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<tr>
<td>5</td>
<td>The company offers a broad product range to cater for varied needs</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>The company frequently develop new products</td>
<td></td>
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<tr>
<td>7</td>
<td>There are strict product quality control procedures through TQM</td>
<td></td>
</tr>
</tbody>
</table>

PART IV: FOCUS STRATEGY COMPETITIVE PRACTICES

12. Please tick (✓) the box corresponding to your personal opinion for each statement.

The key to the scale is provided below:

5 - Strongly Agree, 4 – Agree, 3 – Undecided, 2 – Disagree, 1 - Strongly Disagree

<table>
<thead>
<tr>
<th>NO</th>
<th>STATEMENT</th>
<th>RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The company offers a narrow, limited range of products</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The company products are offered in lower priced markets as a Focus strategy</td>
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<tr>
<td>3</td>
<td>The company only serves a specific geographic market</td>
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<tr>
<td>4</td>
<td>The company only serves a specific product market</td>
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<tr>
<td>5</td>
<td>The company only serves a specific customer segment</td>
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<tr>
<td>6</td>
<td>The company has special products for specific target markets</td>
<td></td>
</tr>
</tbody>
</table>
PART V: COMPETITIVE ADVANTAGE OF THE FIRM

13. Please indicate the extent to which you agree or disagree with each of the statements on Competitive Advantage of the organization. Use a scale of 1 to 5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is Agree and 5 is strongly agree.

<table>
<thead>
<tr>
<th>Statements on competitiveness</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm is producing products that are of superior value</td>
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<tr>
<td>The firm has achieved competitiveness through adoption of organic organizational structure</td>
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<tr>
<td>The firm's efficiency has improved greatly since adoption of strategic knowledge management</td>
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<tr>
<td>The firm has been actively involved in cost cutting decisions</td>
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<tr>
<td>The firm is currently a cost leader in the industry</td>
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<tr>
<td>The products of the firm are very distinct from those of competitors</td>
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<tr>
<td>The firm has the latest manufacturing technology which is very efficient</td>
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<td></td>
</tr>
</tbody>
</table>