COMPETITIVE STRATEGIES AND PERFORMANCE OF MANUFACTURING CEMENT COMPANIES IN KENYA

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D53/OL/KER/32359/2016

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS, ECONOMICS AND TOURISM IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT OPTION) OF KENYATTA UNIVERSITY

MAY, 2023
DECLARATION

I declare that this project is my original work and has not been submitted for an award of a degree in any other University for examination purpose. No part of the research project I shall be reproduced or copied without prior permission of the author and or Kenyatta University

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I confirm that the work in this research project was carried out by the candidate with my approval as the appointed university Supervisor.

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DEDICATION

I dedicate the current research project to my beloved family members with special gratitude to my wife Purity and our sons, Promise and Asher for their encouragement and understanding. I dedicate this project to my late father Joseph and mother Susan Atela, brother Solomon, Rich and Paul, Sister Connie as well as my workmates Omino, Leonard and Wilner for their moral support, corporation and encouragement to pursue this master degree in business administration. Special dedication to my friend and college mate, Silas Gachanja, all my friends and workmates, Omino, Leonard and Wilner, at Equity Bank for their moral support and advice they accorded me during my studies.
ACKNOWLEDGEMENTS

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<tr>
<td>CDF</td>
<td>Constituency Development Fund</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>KAM</td>
<td>Kenya Association of Manufacturers</td>
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<td>NACOSTI</td>
<td>National Commission for Science Technology and Innovations</td>
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<td>NCCL</td>
<td>National Cement Company Limited</td>
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<td>NHIF</td>
<td>National Health Insurance Fund</td>
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<td>RBV</td>
<td>Resource-Based View</td>
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<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<td>TGF</td>
<td>Theory of Growth of the Firm</td>
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OPERATIONAL DEFINITION OF TERMS

Competitive Strategy Refer to the long term plan of a particular company in order to gain competitive advantage over its competitors in the industry. In this study it was measured in terms of cost leadership, differentiation and focus strategy.

Performance The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In this study it was measured in terms of meeting of targets, employee training, employee development, efficiency and sales volume.

Cost Leadership Strategy Strategy that companies use to achieve competitive advantage by creating a low-cost-position among its competitors. In this study it was measured in terms of economics of scale, cost control and efficiency and network establishments.

Focus Strategy A strategy employed where the company knows its segment and has products to competitively satisfy its needs. In this study it was measured in terms of product niche, market niche and customer segmentation.

Differentiation Strategy A strategy employed by businesses to increase the perceived value of their brand or products as a way to entice buyers to choose their products over similar products offered by their competitors. In this study it was measured in terms of unique features, product variety and distribution modes.
ABSTRACT

In an organization, performance is affected by various factors. The performance of the cement industry in Kenya has been adversely affected by the challenge of inadequate employee training, inefficiency, not meeting the targets, inadequate employee development and reduced sales volume. Cost leadership, differentiation and focus strategies are used in enhancing the organizational performance. This current study was to determine the influence of competitive strategies on performance of manufacturing cement companies in Kenya. The specific objectives were to examine the influence of cost leadership strategy, differentiation strategy and focus strategy on performance of manufacturing cement Companies in Kenya. Theories guiding the study included; competitive advantage theory, resource based view theory, open systems theory and dynamic capability theory. The current study used descriptive research design. The unit of analysis was Cement Companies in Kenya. The unit of analysis was 6 manufacturing Cement Companies in Kenya that include; Bamburi Cement Limited, Mombasa Cement Ltd (MCL), East Africa Portland Cement Company, Savannah Cement Limited, ARM Cement Limited and National Cement Company. The observation unit was the employees working with these companies. Therefore, the target population was 744 employees. Stratified sampling method was used to group respondents into departments in order to ensure representativeness of all the cases. Simple random sampling method was used to select the respondents. Therefore, the sample size was 260 respondents which represented a 34.9% of the total population. Data was collected using self-administered questionnaire which was on the basis of drop and pick later method. Reliability and validity of research instruments was ascertained. Data was analyzed by means of descriptive as well as inferential statistics. The study found that cost leadership strategy, differentiation strategy and focus strategy had a positive significant influence on the performance of cement manufacturing companies. The study concluded that a firm following a cost leadership strategy offers products or services with acceptable quality and features to a broad set of customers at a low price. A differentiation strategy enables firm to create a product/service, which is considered unique in some aspect that the customer values because the customer’s needs are satisfied. Focus strategy allows cement companies to concentrate on promotional resources on the sectors that match their quality advantage. The study recommended that the cement companies should diagnose their changing cost economics all the way from the raw materials stage to the final price paid by the ultimate consumer. Cement companies should exploit different ways in which they can make the products and services unique. The cement companies should get to know as much about their customers as they can so that they can anticipate what their customers want, how they want it, when they want it, and most importantly, how they can solve it for them.
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The main goal of enterprise is not only survival but to adopt globalization, taking advantage of change for growth and moving in new directions. Organizations seeking to perform better than their competitors ought to adopt competitive strategies to help in creating a competitive advantage (Majeed, 2019). Mahdi, Almsafir and Yao (2020) observe that to ensure smooth running of an enterprise, competitive strategy is very crucial and in determining each organization’s decision, activities and policies. Through advertising, improvement of client and quality of products, firms respond to change in business environments. The responses help to enable the organization in gaining competitive advantage against the competitors in the sector and in enhancing profitability and long-term performance. There is competitive advantage when services and products of a company are delivered at a lower price or benefits exceeding the ones of competing products.

Large company’s market share and profitability is facing insecurities because the global competition has intensified. The environment should be keenly assessed by organization and proactive action be consolidated and strategy be formulated to enable the firm in proliferating the competitiveness in the market (West, Ford and Ibrahim, 2015). Bisungo, Chege and Musiega (2017) observe that an enterprise should try to develop ways of successfully competing in the market for growth enhancement in the competitive world, hence performing better than the sector average. Therefore, in the business world’s
dynamic environment, improving the competitive strategy should be constantly be focused on.

Venkatraman and Ramanujam (2017) observe that an organization’s performance is gauged by establishing the effectiveness and efficiency and complying with the regulations and rules. It further includes measures safeguarding and conserving the environment. According to Owie (2019) performance is also described as a metric relating to the way an enterprise is handling a particular act or request leading to practical application or successful thing and using knowledge as compared to just accumulate and possess it. In addition, performance is the product of an organization’s operations and strategies. It is the extent to which a company achieves its expectations.

1.1.1 Performance

Organizational performance refers to how an organization uses its financial resources to achieve overall business goals, and includes the organization's actual outputs or outcomes measured against its stated goals and objectives (Charskul, 2018). According to Brudan (2019), organizational performance is defined as the ability of an organization to effectively and efficiently achieve its goals with limited resources. Thus, performance appraisals provide insight into an organization’s financial capacity, compliance, effectiveness, and efficiency.

According to Ricardo and Wade (2017), organizational performance is defined as the ability of an organization to achieve its goals and objectives by using its resources effectively and efficiently. According to Richard, Devinney, Yip, and Johnson (2019), organizational performance is defined as an organization’s ability to optimize its strengths while overcoming weaknesses and neutralizing threats while taking advantage
of opportunities to achieve its goals and objectives. Therefore, it can be said that without an understanding of performance, the management of these companies will have difficulty knowing when to change the organization.

The determinants of performance can, therefore, be classified as firm-specific, industry-specific, and macro environment-specific (Neba, 2016). Performance measures can either be financial or non-financial (Simons, 2017). The non-monetary measures are the abstract qualitative gauges which Muchhal (2018) contends that these measures do not provide an organization’s sufficient or correct perspective. These include: meeting targets, branch network, employee/customer satisfaction and customer base.

Davis and Pett (2017) observe that the organizational efficiency is the organization’s ability to implement its plans using the smallest possible expenditure of resources. This means creating smart business goals that use only the resources absolutely necessary for success. The goal is to minimize risk as much as possible. According to Wruck (2019) the organizational efficiency examines how to increase the output an organization can achieve, using a specific amount of resources. The more output delivered using those same resources, the more efficient the organization is.

The focus of organizations on the target market in order to give out the expected and necessary satisfaction made it vital to say that customer satisfaction is a valuable tool that must be given to customers by organizations if organizations must achieve their core business objective which is profitability (Guo, Xiao and Tang, 2015). Bodet (2019) observe that customer satisfaction is an important concern for management due to concentrated competition especially in the service industry. It is therefore necessary for every organization to focus on the degree at which they satisfy their customers.
1.1.2 Competitive Strategies

A firm's competitive strategy includes all of the actions it has taken in attracting clients, stand competitive pressure, and in improving the market position (Brenes, Montoya and Ciravegna, 2016). According to Cleland and Lewis (2017), in order for a company to grow and achieve its objectives, it must gain and maintain a competitive advantage in the sector of operation. Furthermore, for a firm to gain a competitive advantage, it should stay ahead of the competition in such a way that the competitors follow what they do rather than them following after the competitors.

A strategic problem is created by the organization and environment mismatch as a result of failing to respond to environmental changes (Pearce and Robinson, 2017). According to Amit and Shoemaker (2019), a firm’s failure or success depends on competition. Competitive strategy assists in searching for a competitive position that favorable in the sector, tries establishing a beneficial and sustainable place against forces determining competition. A firm’s capability in capturing the opportunity given by the sector relies on its primary competence. Here competitive strategies were measured using cost leadership, differentiation and focus strategies.

Michael Porter defined the two ways in which an organization can achieve competitive advantage over its rivals: cost advantage and differentiation advantage. Cost advantage is when a business provides the same products and services as its competitors, albeit at a lesser cost (Porter, 1980). According to Porter's Generic Strategies model, there are three basic strategic options available to organizations for gaining competitive advantage. These are: Cost Leadership, Differentiation and Focus. Therefore, competitive strategy in
this study was measured in terms of cost leadership strategy, differentiation strategy and focus strategy.

Organizations that achieve Cost Leadership can benefit either by gaining market share through lowering prices (whilst maintaining profitability) or by maintaining average prices and therefore increasing profits. All of this is achieved by reducing costs to a level below those of the organization's competitors (Baack and Boggs, 2018). Amit (2016) observe that companies that are successful in achieving Cost Leadership usually have access to the capital needed to invest in technology that will bring costs down and very efficient logistics. A low-cost base (labor, materials, facilities) and a way of sustainably cutting costs below those of other competitors.

Differentiation strategy entails developing unique products noticeably differing from the ones of rivals. A firm may convince clients in accepting higher cost points resulting into higher margins if it does so (Banker, Mashruwala and Tripathy, 2016). According to Valipour, Birjandi and Honarbakhsh (2019), differentiation strategy aims at distinguishing a service or product from their competitors’ similar products. It involves developing a service or product which is unique to the clients based on customer service, product quality, features, design and brand image. Therefore, a business mostly this through the analysis of weaknesses and strengths, their client needs and the total value it is able to provide.

Banker, Mashruwala and Tripathy (2017) observe that companies that pursue a Differentiation strategy win market share by offering unique features that are valued by their customer. Differentiation involves making your products or services different from and more attractive than those of your competitors. To make a success of a
Differentiation strategy, organizations need good research, development and innovation. According to Semuel, Siagian and Octavia (2019) the ability to deliver high-quality products or services and effective sales and marketing, so that the market understands the benefits offered by the differentiated offerings. Therefore, large organizations pursuing a differentiation strategy need to stay agile with their new product development processes.

Focus revolves around the idea of serving a particular customer group better than anyone else and the core of a focus strategy is to serve the needs of a specific buyer group better than any other competitor (Quinn and Patrizi, 2018). Akintokunbo (2018) observe that a firm using a focus strategy often enjoys a high level of customer trustworthiness, and this entrenched loyalty discourages other firms from competing directly. In addition, organizations pursuing focus strategy tend to have narrow market niche, and hence lower volumes leading to low bargaining power with their suppliers. Therefore, focus strategy can be employed in a dual application of cost leadership or differentiation strategy aimed towards a narrow, focused market.

Focus strategies involve achieving cost leadership or differentiation within niche markets in ways that are not available to more broadly-focused players (Namiki, 2018). According to Wernerfelt and Karnani (2019) companies that use Focus strategies concentrate on particular niche markets and, by understanding the dynamics of that market and the unique needs of customers within it, develop uniquely low-cost or well-specified products for the market. Because they serve customers in their market uniquely well, they tend to build strong brand loyalty amongst their customers. This makes their particular market segment less attractive to competitors. Ongeti (2018) explains that performance relates to efficiency, meeting of targets, employee training, employee
development, and sale volume. Therefore, in this study performance will be measured in terms of meeting of targets, employee training, Employee development, efficiency and sales volume.

1.1.3 Cement Manufacturing Companies in Kenya

Manufacturing industry is roughly categorized into twelve (12) sub-groups depending on the raw materials the firms import as well as the products they produce. The various company members are constituted under the affiliation of Kenya Association of Manufacturers (KAM) to offer them a podium for conveying mutual position with the pertinent government establishments (Dalia, Vesna and Mirjana, 2020).

There are seven cement manufacturing companies in Kenya: “Rhino Cement Foundation, Bamburi Cement Limited, Mombasa Cement company, East African Portland Cement Company, Savanna Cement, Rai Cement Limited and National Cement Company Limited.” Actually, more than 90 per cent of cement manufacturing companies in Kenya now are mainly situated within Athi River which is in Machakos County. With available market in Machakos, Nairobi and other numerous adjacent towns in Kenya, there is indeed no uncertainty that cement firms in this part of Kenya will at all times continue to flourish (KAM, 2017).

Lately, Kenya has felt an enormously development which has led to enhanced commercial construction flourishing on account of enlarged foreign investment as well as extensive donor and government-funded spending on the country’s super infrastructure projects. Currently, there is an on-going enlargement in the current players: in May 2014, hitherto unveiled plans of investing nearly $5m in a cement mini-plant, in August 2015, Karsan Ramji & Sons - Kitengela hinted of building a new cement plant in Nakuru and
Savannah Cement unveiled plans of constructing another manufacturing facility. In Kajiado, National Cement is constructing a new $200m cement plant.

However, regardless of its huge predictions, the sector is facing many challenges moving forward, these include management practices within the firms. These pose a serious challenge to the industry as it affects its growth rate and thus its contribution to the economy of Kenya. Consistent with the vision as well as commitment of Mr Narendra Raval EBS (Guru) to supply construction and building materials at reasonable cost to wananchi to permit all Kenyans to construct their homes, National Cement Company Limited was the third main growth and diversification initiative of Devki Group. National Cement Company Limited begun manufacture and supply of cement in 2019 using the brand name; Simba Cement from a single grinding factory with inadequate capacity at economic cost. “Detecting the rising demand for Simba Cement, National Cement Company Limited extended the grinding capacity by 5 times in 2017. With increase of grinding capacity, National Cement Company Limited commands more than 20 per cent share of local market added to exports to bordering nations. With the intention of utilizing accessible local resources and to reduce reliance on international market for supply of essential raw material, National Cement Company Limited is building its clinker manufacturing company at Merueshi, Kajiado County. National Cement Company Limited has the distinction of being associated with International Finance Corporation,” (The World Bank Group).

1.2 Statement of the Problem

The projections and valuation of growth and development of the country are determined by increased economic impact from the manufacturing sector to the country's gross
domestic product. However, there has been a problem in achieving this objective despite the government's prominence through developing various blueprints such as vision 2030 (Willy, 2020). From an economic Survey (2022), KNBS indicated that the manufacturing sector's contribution to Kenya's economy is worrying. It has remained at 10% from 2021 to 202, while the vision 2030 blueprint estimated it to be at 20%. In the first half of 2020, there was a gradual decline in activity in the building and construction sector driven by site closures especially in Nairobi, Mombasa and Kilif in response to reduced hours of working and lock downs. In addition, liquidity challenges alongside competitive pressure occasioned by over-capacity situation in the Kenyan cement market, continued to put pressure on cement selling prices.

Despite the market growth, the cement demand and supply was still affected by the adverse effects of the Covid-19 containment measures which came into force from late March 2020. With regards to export from Uganda to the adjacent regional markets, the volumes exported declined. The decline was attributable to plant supply constraints and logistics challenges caused by truck clearance delays at border points. Truck drivers were subjected to long queues and waiting times at the respective border points, the time during which they were subjected to Covid-19 testing and clearance protocols.

A study by Kago, Gichunge and Baimwera (2018) investigated the relationship between competitive strategies and organizational performance of petroleum companies in Kenya and found that competitive strategies positively influence organization business performance. However, the study focused on petroleum companies. Panayides (2019) study investigated the influence of competitive strategies on organizational performance in ship management. The findings suggest that there is a positive relationship between
pursuing competitive strategies and company performance in ship management. However, the study respondents were purposively selected. Makina and Oundo (2020) study examined the effect of competitive strategies on organization performance in relation to Sugar Industry in Kenya and found that competitive strategies had a significant influence on organization performance. However, the study focused on sugar Industry in Kenya. Therefore, the current study sought to ascertain the effect of competitive strategies on the performance of manufacturing cement companies in Kenya.

1.3 Objectives of the Study

The objectives of the study consisted of the general objective and the specific objectives.

1.3.1 General Objective

The general objective of the study was to investigate the influence of competitive strategies on the performance of manufacturing cement companies in Kenya.

1.3.2 Specific Objectives

The specific objectives of the study were:

i. To examine the influence of cost leadership strategy on the performance of manufacturing cement companies in Kenya.

ii. To establish the influence of differentiation strategy on the performance of manufacturing cement companies in Kenya.

iii. To find out the influence of focus strategy on the performance of manufacturing cement companies in Kenya.
1.4 Research Questions

The study sought to answer the following research questions.

i. What is the influence of cost leadership strategy on the performance of manufacturing cement companies in Kenya?

ii. What is the influence of differentiation strategy on the performance of manufacturing cement companies in Kenya?

iii. What is the influence of focus strategy on the performance of manufacturing cement companies in Kenya?

1.5 Significance of the Study

The current research would be of significance to the Cement Manufacturing companies’ leadership as it would help them in the management of the firms which would influence greater firms performance. Likewise, the current study would be helpful to the Kenyan Government as it would help policy makers in formulating policies to improve the Cement Manufacturing firms’ performance which sequentially would increase the economy.

Moreover, the findings of the current research study would be valuable to academicians as well as researcher scholars who could discover gaps in the present literature and carry out more research on other variables concerning strategy. Additionally, the findings of the current research study would be of importance for it would add value to the prevailing body of knowledge.
1.6 Scope of the Study

The current research sought to determine how competitive strategies influence Kenyan cement companies’ performance. The focus was on selected cement companies in Kenya that included; Bamburi Cement Limited, Mombasa Cement Ltd (MCL), East Africa Portland Cement Company, Savannah Cement Limited, ARM Cement Limited and National Cement Company Limited. The measures of competitive strategies were; focus, cost leadership, and differentiation strategies. The target population was the 744 employees in Cement Companies in Kenya. Primary data was used and be obtained by questionnaires as data collection tool. This current research study was carried-out between August 2021 and June 2022. The problem of performance had been experienced by the company for over a decade.

1.7 Limitations of the Study

The researcher faced prejudiced as well as imprecise response from respondents either because of misapprehension of questionnaire, fear or unclear comprehension of the study area which has not extensively covered in Kenya. This was curbed by assuring the respondents that the information they disclose would be treated confidential. Also, the purpose of the study was explained to the respondents.

1.8 Organization of the Study

This document encompasses five parts: first chapter discusses the study background, problem statement, the research questions, study objectives, the significance, the scope and limitations. The second sections discuss the reviewed literature where theoretical as well as empirical literature review is discussed in accordance to management practices and performance. The last section presents research study methodology which include;
research design, target population, sampling design and sample size, data collection instrument, pilot study, data collection procedure, data analysis and presentation and ethical consideration. The chapter four outlines research findings and discussions. Chapter five highlights the summary, conclusions, recommendations and suggestions for further studies.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Part two discusses the theoretical literature review plus the frameworks that describe how Kenyan cement manufacturing companies’ performance is influenced by competitive strategies. In particular, this research has captured literature review, and the conceptual framework.

2.2 Theoretical Literature Review

The resource-based view theory, competitive advantage theory and Open Systems theory will be used to back the proposed associations among the study variables.

2.2.1 Competitive Advantage Theory

Michael Porter proposed the theory in 1985. The theory cites that, states as well as businesses ought to formulate and implement policies that produce superior goods to sell the market at high prices. Ling (2018) affirms that, “the company has a competitive advantage over its competitors when a company endures profits that surpass the average for its industry.” Attaining a competitive strategy is the main objective of a business strategy. A competitive advantage occurs when the company has capability of delivering results surpassing the competing products’ (differentiation advantage) or similar results as rivals but a low cost (cost advantage). Hence, a competitive advantage enables a firm in generating greater value for its clients as well as bigger profits for itself.

Wen-Cheng, Tintara and Respati (2017), posit that differentiation and cost advantages are referred to as positional advantages as are describing an organization’s position in the
sector as a leader. Differentiation is pursued by a firm in its targeted segment in the case of differentiation focus and a cost advantage in the case of cost focus (Nduati, 2015). The variations between the target section of the focuser and other sections in the industry determine both focus strategy focus. The target segment should have either a delivery and production system best attending the targeted segment differing from the other industry segments or clients who have rare needs.

The theory is important to the study as it suggest that everyone is better off if decisions are made based on the competitive advantage at all levels – national, corporate, local, and individual. By assuming a generic competitive strategy, companies interpret the fundamental strategy intention into numerous measures of operational performance. These comprise market share, flexibility, brand, service, quality, price, customer satisfaction, and innovation. The theory therefore guides the study in determining competitive edge strategy’s influence on Kenyan Cement Companies performance.

### 2.2.2 Resource Based View Theory

Edith Penrose is the first proponent of Resource-Based View (RBV) in 1959. Wernerfelt (1984) expounded more on the theory and later Barney (1991) propounded on the RBV. More importance in this notion began to be attached to competencies and resources in the company as the foundation for making of the strategy. Following influential steps by Wernerfelt (1984), Penrose (1959), and others, RBV is described by Barney (1991) through the definition of the crucial characteristics making resources “strategic” - that is, non-substitutable, rare, valuable, and inimitable - and emphasizing their part in assisting companies achieve sustained competitive advantage.
Resource Based View (RBV) theory’s assumption is that an organizations’ greater performance is probable because of the utilization of the resources the firm controls or owns. As revealed by the model, the manner in which the company utilizes the resources influences its performance (Wernerfelt, 1984). Additionally, it highlights the resource features and the competences the firm attains for sustainable performance (Kraaijenbrink, Spender & Groen, 2018). Molloy, Chadwick, Ployhart and Golden (2011) in their study revealed that, advantage is based on resources in that a company is able to control its competitors according to the manner they structure, position as well as protect the resources that are different and permit them to achieve an advantage over their competitors.

A study conducted by Barney and Hesterly (2015) found that resources are a source of competencies as well as capabilities of the company. According to Arend and Levesque (2018), as revealed by the resource’s definition in the literature of strategic management, these are an organization’s owned stock; Competences are the aptitudes of companies allowing for differentiation or enhanced quality service delivery using more receptive technological systems, which causes a firm attain a competitive advantage. Mckelvie and Davidsson (2009) note that, RBV is indispensable in since it focuses on resources of companies as the important way of improving performance. Andersén (2016) argues that an organization’s ability, skills, experiences and knowledge enabling the firm’s probability of functioning and utilizing its resources in performing well constitute the competences. Similarly, Lockett Mashruwala and Tripathy (2009) revealed that RBV determines the company’s abilities and resources facilitating a company to function more than the usual and improves its performance.
The Resource Based View model permits the management to assess if they have resources as well as competences that can facilitate the company attain dominance. This will see them perfect their processes to attain an advantage as far as performance is concerned. It also permits the management to bring together different resources to achieve sustainable performance. The theory offers the company an advantage as it emphasizes the features that can be utilized to attain a competitive advantage. If a company is to achieve competitive advantage and improve its performance then the resources the company owns should be valuable, rare, inimitable and non-substitutable. Valuable resources increase the performance of the company. Rare resources permit the company to possess an advantage as very small number of companies will have such resources. Resources that are inimitable are expensive to copy and the non-substitute resources cannot be substituted by the rivals as they do not have replacements (Barney and Hesterly, 2015).

The Resource Based View model permits the management to assess if they have resources as well as competences that can facilitate the company attain dominance. This will see them perfect their processes to attain an advantage as far as performance is concerned. Further, it permits the administration to bring together various resources in achieving sustainable performance. It offers a company an advantage since it emphasizes on features utilized in attaining a competitive advantage. If a company is aims at achieving competitive advantage and improve its performance then the resources the company owns should be non-substitutable, inimitable, rare, and valuable.

As it has been supported, the Resource Based View theory has though been criticized. Among the critics is that the theory makes the reality in a company appear too basic and
besides assumes that firm resources, competitive advantage, and the performance of company positively associate (Kraaijenbrink, Spender and Groen, 2018). In addition, the model disregards environmental aspects that influence the performance of the company. This theory is pertinent as it has a proposition that a firm is best placed for lasting achievement by resources that are valuable, rare, non-substitutable and difficult to imitate. The strategic resources may offer the base to grow company competences that can cause greater performance in long-term. The RBV theory is used to support the performance variable because employees are human resources who require to be trained and developed.

2.2.3 Porters Model on Generic Strategies

The Porter Model on Generic strategies was developed by Michael Porter in 1985. Porter (1985) proposes that if firms pursue any of his three recommended generic competitive strategies they will be able to outperform competitors who do not pursue such strategies. The recommended strategies are cost leadership, differentiation, and focus strategy. Porter’s model and generic strategies are considered as an important part of management theories, through which it is explained the firm behavior toward competitors in a certain industry. The term “generic strategy” refers to a wide area of usage and opportunity to create competing advantage despite the industry, the sort, and size of organization (Porter, 1980). According to Nayyar (2013) a strategy is an essential part of any effective business plan. By using an effective competitive strategy, a company finds its industry niche and learns about its customers.

According to Porter (1985), strategies allow organizations to gain competitive advantage from three different bases: cost leadership, differentiation, and focus which are called by
Porter as generic strategies. Therefore, Porter’s Generic Strategies are designed for businesses but departments can use them within their own strategy, most notably a product. Strategy can take the form of one of the four generic strategies for a sustainable competitive advantage. In addition, any one of these strategies is capable of producing a competitive advantage for a business in a given market. It is important to note that, every strategy is not possible for a single firm. However, if the firm is capable and executes a strategy sufficiently, then it can achieve a competitive advantage in the market.

The model is relevant to the study as it explains why some companies or nations enjoy a competitive edge through cost leadership, differentiation and focus strategies.

2.2.4 Porters Theory of Competitive Advantage

The Porter’s theory of competitive advantage was pioneered by Porter in 1980 and advanced in 1985 and 1990. The competitive forces approach views the essence of competitive strategy formulation as relating a company to its environment. The key aspect of the firm’s environment is the industry or industries in which it competes. Industry structure strongly influences the competitive rules of the game as well as the strategies potentially available to firms. In the competitive forces model, five industry level forces: entry barriers, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among industry incumbents determine the inherent profit potential of an industry or sub segment of an industry. The approach can be used to help the firm find a position in an industry from which it can best defend itself against competitive forces or influence them in its favor (Porter, 1980).

This five force framework provides a systematic way of thinking about how competitive forces work at the industry level and how these forces determine the profitability of
different industries and industry segments. The competitive forces framework also contains a number of underlying assumptions about the sources of competition and the nature of the strategy process (Porter, 1980). Competitive strategies are often aimed at altering the firm’s position in the industry vis-a-vis competitors and suppliers. This theory is relevant to the study because it provides a sophisticated tool for analyzing competitiveness with all its implications. Closing the circle of factors which determine the existence of competitive advantage it is necessary to consider the context in which firms are created, organized and managed as well as the nature of domestic rivalry.

Firms in an open market are prone to competition posed by threats of new entrants and substitutes, bargaining power of buyers and suppliers and also rivalry amongst the existing firms themselves (Porter, 1985). According to Enz (2010), firms formulate competitive strategies which can enable them to sustain competitive position in the industry. Firms ordinarily have a choice out of the strategies advanced by Porter (1980). These strategies include cost leadership, focus, and differentiation strategies.

The theory was important to the study as it shows that a firm may opt to embrace and implement any of the aforesaid generic strategies or a combination of the said strategies.

2.3 Empirical Literature Review

The section covers past studies review in relation to the study objectives. These are discussed as follows:

2.1.1 Cost Leadership Strategy and Performance

Njuguna and Waithaka (2020) explored how organizational performance was influenced by cost leadership strategy. It was a census study with all the 25 insurance companies that
operate that county taking part. Participants were selected using purposive sampling. Management reports, financial statements and other important publications in the firm were reviewed using a document review guide to obtain secondary data whereas questionnaires helped collect primary data. Data evaluation was through inferential and descriptive statistics. Analysis results from the Pearson correlation showed that cost leadership associated strongly and positively with performance. The respondents were selected using purposive sampling. The current study used stratified technique. In the current study cost control has enabled cement companies to lower overall expenses

Atikiya, Mukulu, Kihoro and Waiganjo (2015) studied on how Kenyan manufacturing firms’ performance was impacted by leadership strategy. Descriptive and explanatory research design was adopted. Information from 131 enterprises selected from twelve key industrial subsectors from Nairobi and its surroundings was obtained using an interview guide and a survey questionnaire. regression analysis and Pearson’s correlation were adopted to explain the relationship nature and to indicate positive correlation between the output and input variable respectively. Cost leadership strategy influenced manufacturing firms’ performance. However, manufacturing firms were the focus of the study. The current study focused on manufacturing cement companies in Kenya. Current study’s findings showed that cost regulation are well outlined in the organization

Josiah and Nyagara (2015) study assessed how Liquefied Petroleum Gas Companies’ performance in Eldoret town was influenced by cost leadership strategy. a survey design was utilized and 175 workers targeted. 64 employees were selected as the sample size by stratified sampling. Data was obtained using interview schedule and questionnaires and evaluated using descriptive statistics. It was evident that a firm carries out costing of its
promotion activities, uses evaluation of labour costs, cost minimization of procurement cost and minimization of operational costs. However, the focus was on performance of Liquefied Petroleum Gas Companies. The current study focused on performance of manufacturing cement companies in Kenya.

Celli (2018) study examined the determinants of economies of scale in large businesses; a survey on UE listed firms. The study analyzes the information collected through specially created questionnaires from a sample of businesses listed on regulated European markets. The aim of the questionnaires is to verify if such companies obtain economies of scale in productive processes and, if so, to identify which of the cost economies previously analyzed are actually achieved. Data was analyzed and conclusions drawn. The study findings showed that a business is able to enjoy benefits in cost savings due to economies of scale, level II, than it is also “large” in size. Findings in the current study indicated that economies of scale has enabled the cement manufacturing companies to expand business operations to other geographical areas.

Akeem (2017) study examined the effect of cost control and cost reduction techniques in organizational performance. A descriptive survey research was adopted. A total number of 50 questionnaires were administered and used for the study. The analysis of data collected was undertaken by applying appropriate statistical tools. Regression analysis was used to test the hypothesis with the use of SPSS. Based on the findings, it was evident that cost control has a positive impact on organizational performance and also the style of management has a positive impact on organizational performance. However, the study was carried out in Canada. The current study focused on competitive strategies of manufacturing cement companies in Kenya.
2.3.2 Differentiation Strategy and Performance

Githumbi (2017) investigated how Large Rice Milling Factories’ performance is influenced by differentiation strategy. About 90 rice milling factories were targeted and 53 participants were selected as a sample using stratified sampling by arranging the population into stratas—employees, technical officers, and factory managers. Quantitative and qualitative data was focused on and evaluated using inferential and descriptive statistics. It was disclosed that Large Rice Milling Factories’ performance is only affected by product and service differentiation strategies. In the current study manufacturing cement companies develop unique products to respond to customers’ preferences.

Msinga, Ndinya, Ogada, and Omido (2018) studied how insurance companies’ performance in Nairobi, Kenya was influenced by differentiation strategies. 1443 lower, middle, and top managers from 43 registered companies in Nairobi were targeted and descriptive survey design adopted and 54 managers selected as the sample. The researcher developed a structured questionnaire which were piloted and used in collecting data. Inferential and descriptive statistical methods were used in data evaluation and it was disclosed that the insurance firms’ performance was influenced significantly by differentiation strategies. In the current study results showed that differentiated distribution has enabled the manufacturing cement companies’ products to reach the right targeted market.

Gorondutse and Abdullah (2017) study examined how differentiation strategy influenced hotels’ performance: environmental munificence’s moderating role. 83 managers from Kano state-based hotels took part. Data on performance, environmental munificence, differentiation strategy and socio-demographics was collected using a questionnaire. It
was found out that environmental munificence and differentiation strategy and performance positively connected and environmental munificence moderated differentiation strategy. The current study focused on differentiated communication

Ahmad, Hoong, Hamid, Sarpin, Zainal, Ahmad and Hassan (2018) study examined the impact of product design and process design on new product performance in manufacturing industry. Random sampling and survey have been used by distributing questionnaire to 400 respondents for final study. Finally 80 respondents had replied with the respond rate of 20%. The study result shows that the extent level in new product design and new product process design are moderate and high level respectively. Furthermore, there is a significant relationship between new product process design and organizational performance in SMEs. There are no significant relationships between new product design and organizational performance. However, the study focused on manufacturing companies. The current study focused on performance of cement companies in Kenya.

Bui and Nguyen (2021) study examined the distribution channel, strategic factor and firm performance: Evidence from FDI enterprises. Research using quantitative method with PLS-SEM model based on 210 samples using Smart-PLS3. software. The survey subjects are corporate managers who understand the strategies, distribution channels, and performance in Vietnamese FDI enterprises. The analysis results show that strategy factors have a positive effect on firm performance, and distribution channel also has a positive impact on firm performance. This result also indicates that distribution channels activity as an intermediary between strategy and firm performance. The findings in the
current study indicated that distribution channels have enabled the cement manufacturing companies to collect important information about consumers and competitors.

2.3.3 Focus Strategy and Performance

Ochodo, Oloko and Yabs (2020) study examined focus strategy’s role in Kenyan NHIF Accredited Hospitals’ performance. The study deployed mixed research design based on causal, descriptive and non-experimental considering quantitative and qualitative techniques, 150 hospitals which were NHIF accredited with a 100 and higher bed capacity as by 2016 July formed the study population. Convenient and stratified sampling techniques helped select a sample of 109 hospitals. Interview schedules and semi structured questionnaires helped obtain data from the sampled hospitals’ CEOs and administrators respectively. However, the study used mixed research methodology. The current study used descriptive research design. In the current study results showed that product niche has enabled the cement companies to attract a specific segment of the audience by focusing on a particular product or service

Akintokunbo (2018) studied on how focus strategy and Port Harcourt based telecommunication companies’ organizational performance were connected. A cross sectional design that involved 4 Port Harcourt based telecommunication companies was used. Taro Yamane formula for determining sample size was used in selecting a sample of 100 from the targeted 134. For data analysis, information from 93 participants was finally utilized after cleaning. To test the hypotheses and in data analysis, Spearman’s rank correlation and descriptive statistics were deployed. It was disclosed that Port Harcourt based telecommunication companies’ organizational performance and focus strategy had
a positive significant connection. Results in the current study showed that customer segmentation has enabled the cement companies to enhance their marketing strategies.

Gakuya and Njue (2018) study investigated focus strategy’s effects on customer loyalty among Nairobi County Pharmaceutical Companies. Descriptive survey design was used. 119 pharmaceutical firms were targeted and 35 were selected as the sample using 30% of the targeted group. Information was obtained using questionnaires. The study established that customer loyalty among Nairobi County Pharmaceutical Companies was affected by focus strategy. Client loyalty was also positively and statistically affected by focus strategy variable. The study focused on customer loyalty in the telecommunication sector. In the current study findings showed that market niche has enabled the cement companies to build brand loyalty.

2.4 Summary of Literature Reviewed and Research Gaps

Regardless of its ubiquity, the notion of competitive advantage is amazingly under-defined. At its worst, it is nothing more than a tautology: prosperous businesses are successful since they have attained competitive advantage, which in turn cannot be well-defined in any other method than as a quality that conveys about achievement. Defining the ownership in terms of the results it produces presents ontological problems: both in cases when competitive advantages is postulated ex-ante and in circumstances where the chain of causality is contestable. The competitive advantage theory proposes that businesses as well as states should follow policies that generate high-quality goods to sell at high prices in the market. Competitive advantage happens when a company develops or acquires an aspect or rather combination of aspects that permits it to outdo its rivals (Ling, 2018).
The current study thus seeks to fill this knowledge gap by assessing the influence of cost leadership, differentiation strategy and focus strategy on performance. The studies measured performance using various measures and thus this study seeks to contribute to the existing knowledge by providing information on the influence of management practices on meeting of targets, employee training, employee development, efficiency, and sales volume.

None of the studies were centered on other sectors other than cement manufacturing firms. Given the unique importance of the manufacturing sector to the Kenyan economy, the current research study pursues to solve these gaps by concentrating on the cement manufacturing sector in Kenya. Therefore, the current study seeks to establish the effect of competitive strategies (cost leadership strategy, differentiation strategy and focus strategy) on performance of Cement Manufacturing Firms in Kenya; thereby, addressing the research gaps which stem from conceptual, theoretical, methodological and knowledge gaps.

Table 2.1 presents the summary of the literature that was reviewed. From the summary, the study identified the research gaps that the present study sought to fill.
<table>
<thead>
<tr>
<th>Author</th>
<th>Study title</th>
<th>Findings</th>
<th>Gaps</th>
<th>Current study focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Njuguna and Waithaka (2020)</td>
<td>How organizational performance was influenced by cost leadership strategy</td>
<td>Cost leadership associated strongly and positively with organizational performance</td>
<td>The respondents were selected using purposive sampling which could have led to a sample bias thus presenting a methodological gap</td>
<td>The current study used stratified technique</td>
</tr>
<tr>
<td>Atikiya et al. (2015)</td>
<td>how Kenyan manufacturing firms’ performance was impacted by leadership strategy</td>
<td>Cost leadership strategy influenced manufacturing firms’ performance</td>
<td>Manufacturing firms were the focus of the study</td>
<td>The current study focused on cement companies in Kenya</td>
</tr>
<tr>
<td>Josiah and Nyagara (2015)</td>
<td>How Liquefied Petroleum Gas Companies’ performance in Eldoret town was influenced by cost leadership strategy</td>
<td>A firm carries out costing of its promotion activities, uses evaluation of labour costs, cost minimization of procurement cost and minimization of operational costs</td>
<td>The focus was on performance of Liquefied Petroleum Gas Companies.</td>
<td>The current study focused on cement companies in Kenya</td>
</tr>
<tr>
<td>Celli (2018)</td>
<td>Determinants of economies of scale in large businesses; a survey on UE listed firms</td>
<td>If a business is able to enjoy benefits in cost savings determined by the presence of economies of scale of II level, than it is also “large” in size.</td>
<td>The study was based on UE listed firms</td>
<td>The current study focused on cement companies in Kenya</td>
</tr>
<tr>
<td>Akeem (2017)</td>
<td>Effect of cost control and cost reduction techniques in organizational</td>
<td>It was evident that cost control has a positive impact on organizational performance and</td>
<td>The study was carried out in Canada and therefore the findings may not be applicable.</td>
<td>The current study focused on performance of cement</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Study Title</td>
<td>Abstract</td>
<td>Research Focus</td>
<td>Industry Focus</td>
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</tr>
<tr>
<td>Githumbi (2017)</td>
<td>How Large Rice Milling Factories’ performance is influenced by differentiation strategy</td>
<td>Large Rice Milling Factories’ performance is only affected by product and service differentiation strategies</td>
<td>The study focused on Kirinyaga County, Kenya based large Rice Milling Factories</td>
<td>The current study focused on the performance of cement companies in Kenya</td>
</tr>
<tr>
<td>Msinga et al. (2018)</td>
<td>How insurance companies’ performance in Nairobi, Kenya was influenced by differentiation strategies</td>
<td>The insurance firms’ performance was influenced significantly by differentiation strategies</td>
<td>The study context was performance of insurance companies</td>
<td>The current study focused on the performance of cement companies in Kenya</td>
</tr>
<tr>
<td>Gorondutse and Abdullah (2017)</td>
<td>How differentiation strategy influenced hotels’ performance: environmental munificence’s moderating role</td>
<td>Environmental munificence and differentiation strategy and performance positively connected</td>
<td>The study focused on hotel industry</td>
<td>The current study focused on the performance of cement companies in Kenya</td>
</tr>
<tr>
<td>Ahmad et al. (2018)</td>
<td>The impact of product design and process design on new product performance in manufacturing industry</td>
<td>There is a significant relationship between new product process design and organizational performance</td>
<td>The study focused on manufacturing companies</td>
<td>The current study focused on the performance of cement companies in Kenya</td>
</tr>
<tr>
<td>Bui and Nguyen (2021)</td>
<td>Distribution channel, strategic factor and firm performance</td>
<td>Distribution channels activity as an intermediary between strategy and firm performance.</td>
<td>The study focused on performance in Vietnamese FDI enterprises</td>
<td>The current study focused on the performance of cement companies in Kenya</td>
</tr>
<tr>
<td>Ochodo et al. (2020)</td>
<td>Focus strategy’s role in Kenyan NHIF Accredited</td>
<td>The study established a positive and</td>
<td>The research presented a methodological</td>
<td>The current study used descriptive</td>
</tr>
<tr>
<td><strong>Source:</strong> Researcher (2022)</td>
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<table>
<thead>
<tr>
<th><strong>Akintokunbo (2018)</strong></th>
<th>Hospitals’ performance</th>
<th>significant relationship between focus strategy and organizational performance</th>
<th>gap as it employed a mixed methodology</th>
<th>research design</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Akintokunbo (2018)</strong></td>
<td>How focus strategy and Port Harcourt based telecommunication companies’ organizational performance were connected</td>
<td>Port Harcourt based telecommunication companies’ organizational performance and focus strategy had a positive significant connection</td>
<td>The study focused on the performance of Port Harcourt based telecommunication companies</td>
<td>The current study focused on the performance of cement companies in Kenya.</td>
</tr>
<tr>
<td><strong>Gakuya and Njue (2018)</strong></td>
<td>Focus strategy’s effects on customer loyalty among Nairobi County Pharmaceutical Companies</td>
<td>Customer loyalty among Nairobi County Pharmaceutical Companies was affected by focus strategy</td>
<td>The study focused on customer loyalty in the telecommunication sector.</td>
<td>The current study focused on Cement Companies in Kenya</td>
</tr>
</tbody>
</table>
2.5 Conceptual Framework

The conceptual framework offers a diagrammatic illustration of the link between the independent variables and the dependent variable.

**Independent Variables**

**Competitive Strategy**

- **Cost leadership strategy**
  - Economics of scale
  - Cost Control
  - Networking

- **Differentiation strategy**
  - Unique features
  - Product variety
  - Distribution

- **Focus strategy**
  - Product Niche
  - Market Niche
  - Customer segmentation

**Dependent**

- **Organizational performance**
  - Meeting of targets
  - Efficiency
  - Sales volume

**Figure 2.1: Conceptual Framework of the study**

**Source: Researcher (2022)**

Figure 2.1 shows the relationship between variables whereby the independent variables include cost leadership strategy, differentiation strategy and focus strategy. The dependent variable is the organizational performance.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section is made up of the research methodology. It offers specifics on the research methodology. It again discusses particulars on the research design, study population, the study data to be gathered, sampling frame, sampling techniques and sample, data gathering tools, data gathering process, validity in addition to reliability of the data collection tools, and the technique to be followed in the data analysis plus presentation.

3.1 Research Design

Cooper and Schindler (2019) define a research design as “the plan for the collecting, measuring and estimating data in research.” Rajendra (2018) affirmed that it is the connection as well as organization of circumstances for gathering as well as research data analysis for objects at merging relevance to the research objective with economy in the process (Ozcelik & Ferman, 2006). The current study assumed descriptive research design. Descriptive study designs are precisely intended and typically structured to measure the characteristics a research question describes. Thus, descriptive research design was suitable for the current research as it pursued to examine how Kenyan Cement companies’ performance is affected by management strategies.

3.3 Target Population

The unit of analysis was 6 Cement Companies in Kenya that include; Bamburi Cement Limited, Mombasa Cement Ltd (MCL), East Africa Portland Cement Company, Savannah Cement Limited , ARM Cement Limited and National Cement Company Limited. The observation unit was the employees working with these companies.
Therefore, the target population was 744 employees because they are directly engaged in the implementation of the organizations strategies as given in Table 3.1.

### Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Company</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bamburi Cement Limited</td>
<td>165</td>
</tr>
<tr>
<td>Mombasa Cement Ltd (MCL)</td>
<td>123</td>
</tr>
<tr>
<td>East Africa Portland Cement Company</td>
<td>109</td>
</tr>
<tr>
<td>Savannah Cement Limited</td>
<td>94</td>
</tr>
<tr>
<td>ARM Cement Limited</td>
<td>119</td>
</tr>
<tr>
<td>National Cement Company Limited</td>
<td>134</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>744</strong></td>
</tr>
</tbody>
</table>

**Source:** Cement Companies in Kenya Report of 2022

#### 3.4 Sampling Design and Sample Size

According to Kombo and Tromp (2006), sampling design refers to how cases are to be selected for observation. It provides a detailed explanation of the subjects to be involved in investigation and how these are to be selected from the target group. Stratified sampling method was used to group respondents into departments in order to ensure representativeness of all the cases. Simple random sampling method was used to select the respondents.

The study used a sample size formula by Taro Yamane (1967) assuming an error term of 5%.

\[
n = \frac{N}{1+N(e)^2} = \frac{744}{1+744(0.05)^2} = 260
\]
Therefore, the sample size was 260 respondents which represents a 34.9% of the total population. The determination of the sample size using a factor of 0.349(34.9%) is described in Table 3.2.

**Table 3.2: Sample Size**

<table>
<thead>
<tr>
<th>Company</th>
<th>Population</th>
<th>Factor</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bamburi Cement Limited</td>
<td>165</td>
<td>0.349</td>
<td>58</td>
</tr>
<tr>
<td>Mombasa Cement Ltd (MCL)</td>
<td>123</td>
<td>0.349</td>
<td>43</td>
</tr>
<tr>
<td>East Africa Portland Cement Company</td>
<td>109</td>
<td>0.349</td>
<td>38</td>
</tr>
<tr>
<td>Savannah Cement Limited</td>
<td>94</td>
<td>0.349</td>
<td>33</td>
</tr>
<tr>
<td>ARM Cement Limited</td>
<td>119</td>
<td>0.349</td>
<td>42</td>
</tr>
<tr>
<td>National Cement Company Limited</td>
<td>134</td>
<td>0.349</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>744</strong></td>
<td><strong>0.349</strong></td>
<td><strong>260</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher (2022)*

### 3.5 Data Collection

Data collection is the mapping and getting data on key quality attributes that a process produces. Merriam (1998) points out that, it helps in formulating and testing working assumptions regarding a process and developing data leading to the enhancement of the characteristics of service or product. Data was collected using self-administered questionnaire on the basis of drop and pick later method. The questionnaire included close ended questions depending on the study objectives and research questions.

### 3.6 Pilot Study

A pilot test is deployed in testing the research instrument prior to the actual exercise. It entails carrying out a test on the processes and instruments for collecting data to help in spotting and eradicating errors. Saunders, Lewis & Thornhill (2019) notes that,
establishing the research instrumentation and design appropriateness and accuracy is the main purpose of piloting. Sekaran and Bougie (2013) stresses that piloting is essential to test the data tools’ reliability and validity. The researcher by all pursues to make research questionnaire clear, understandable and consistent. Reliability and validity of the research tool (questionnaire) in collecting the imperative data vital for aims of the study was tested by a pilot study to be conducted on ten per cent (10%) of the sample size representing 26 participants to be excluded from the main research work. The data from the pilot study was not used in the actual research.

3.7 Validity and Reliability of Research Instrument

Piloting will enhance the instrument’s validity and reliability as well as ensure familiarity with the administrative procedures in data collection. The results will help the researcher to correct inconsistencies arising from the instruments, which will ensure that they measure what it ought to measure. Mugenda and Mugenda (2003) indicate that pilot study is made up of a one-tenth of the population that has similar traits. Therefore, a pilot study involved 26 respondents and were not involved in the final study. The discussion of validity and reliability of the research instruments is discussed as follows:

3.7.1 Validity of Research Instrument

According to Orodho (2005), this involves the determination of whether the data tool obtained information that is of relevance to goal of the study. In ensuring that the questions are in a language that is easy to comprehend and clarity of the questions, content validity was undertaken. Supervisors were consulted since they are the specialists. Construct validity involves the assessment of the degree to which a measure correctly measures its targeted variable. Evaluation of construct validity requires that the
correlations of the measure be examined in regard to variables that are known to be related to the construct. The questionnaire included only relevant questions that measure known indicators of the variables.

3.7.2 Reliability of Research Instrument

Instrument reliability is the capability of an instrument in measuring and producing results that are consistent (Orodho, 2005). A Cronbach alpha test was used to determine the reliability. The correlation is assumed to possess a good test-retest reliability if its 07 or higher between separate administrations (Mugenda and Mugenda, 2003). Scores from every half of the test – normally between 0.0 and 1.0 calculate The Spearman correlation coefficient – The instrument is more reliable when the score being closer to 1.0. The study achieved a correlation coefficient of 0.754 which showed that the instrument was reliable. The results of reliability are presented in Table 3.3.

Table 3.3: Results of Reliability Tests

<table>
<thead>
<tr>
<th>Variable</th>
<th>Alpha value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost leadership strategy</td>
<td>0.801</td>
<td>Reliable</td>
</tr>
<tr>
<td>Differentiation strategy</td>
<td>0.799</td>
<td>Reliable</td>
</tr>
<tr>
<td>Focus strategy</td>
<td>0.648</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance</td>
<td>0.767</td>
<td>Reliable</td>
</tr>
<tr>
<td><strong>Aggregate score</strong></td>
<td><strong>0.754</strong></td>
<td><strong>Reliable</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)

The results presented in Table 3.3 show that all the variables had an alpha value more than 0.7 which implied that the study instrument was reliable according to Mugenda and Mugenda (2003).
3.8 Data Collection Procedure

The study procedure is the clear and concise description of all the steps for explicability (Cooper & Schindler, 2019). The steps are given in a clear and detailed way for another scholar to understand and retake the study based on the explanation. The study followed these steps: obtain permission, piloting, research tool reliability test, validity test, instrument administration, collecting data, preparing data for evaluation, inferential and descriptive analysis, hypothesis testing and discussing the results, draw a conclusion(s) and recommend based on the study findings. At all times ensure adherence to the ethical considerations.

An introductory letter from Kenyatta University was sort, and looked for the requisite clearance from NACOSTI to undertake this research. The researcher also identified three reliable data collectors, train them, and discussed the expectations and minimum acceptable quality standards that was observed. The researcher included a cover letter to the questionnaire which explains that the questionnaires would be utilized in collecting research data from the respondents, that this information was solely be for academic reasons and that respondents’ information confidentiality was kept. The researcher is clear that the exercise was optional meaning no respondent was coerced to participate in the survey.

3.9 Data Analysis and Presentation

Research data was be gathered, coded and cleaned before running data analysis. The organized as well as refined quantitative research data was analyzed by means of descriptive statistics including percentages as well as mean scores to assess fluctuating levels of response-concentration. Standards deviations in measuring response-
disproportion predominantly for the pre-coded Likert-scale question objects were again
produced. Factor analysis was utilized to analyze inter-relationships amongst the main
variables of the research study and to clarify them in terms of their shared fundamental
dimensions. Hair, Hanson, Wolfe and Pollak (2015) states that “the approach is crucial in
determining ways of condensing data into a smaller set of factors without losing
information.” SPSS Version 22.0 helped in the generation of the statistics. Tables and
graphs were used in presenting the derived distributions. Multiple regression analysis
were utilized in testing the hypotheses of the research

Regression Model

\[ Y = \beta_0 + \beta_1 (X_1) + \beta_2 (X_2) + \beta_3 (X_3) + e \]

Where the constructs are defined as:

Y- Performance
X\_1- Cost leadership strategy
X\_2- Differentiation Strategy
X\_3- Focus strategy
e- Error term
<table>
<thead>
<tr>
<th>Variable</th>
<th>Type of Variable</th>
<th>Indicators</th>
<th>Quantification</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost leadership</td>
<td>Independent</td>
<td>• Economics of scale</td>
<td>Level of output</td>
<td>Likert scale of 5-1 norminal</td>
</tr>
<tr>
<td>strategy</td>
<td>variable</td>
<td>• Cost Control and efficiency</td>
<td>Cost advantage</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Network Establishment</td>
<td>Number of branches</td>
<td></td>
</tr>
<tr>
<td>Differentiation</td>
<td>Independent</td>
<td>• Unique features</td>
<td>Appearance</td>
<td>Likert scale of 5-1 ordinal</td>
</tr>
<tr>
<td>Strategy</td>
<td>variable</td>
<td>• Product variety</td>
<td>Types</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Distribution modes</td>
<td>Location of</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>distributors</td>
<td></td>
</tr>
<tr>
<td>Focus</td>
<td>Independent</td>
<td>• Product Niche</td>
<td>Pricing</td>
<td>Likert scale normal</td>
</tr>
<tr>
<td>Strategy</td>
<td>variable</td>
<td>• Market Niche</td>
<td>Demand</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Customer segmentation</td>
<td>Preferences</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>Dependent</td>
<td>• Number of targets</td>
<td>Goal achievement</td>
<td>Likert scale 5-1 interval</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Level of Employee satisfaction</td>
<td>Productivity</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Level of Customer satisfaction</td>
<td>Repeated purchases</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher (2022)
3.10 Ethical Considerations

The researcher first obtained permission from the NACOSTI to collect data. The participants were clearly informed of the study purpose before taking part in the data collection exercise. The researcher made sure to report accurate representation of the observation made or the participants’ views after properly analyzing the collected data.
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of data obtained from the field using questionnaires. Analysis of data was done using descriptive analysis and inferential analysis and the results are presented in tables and figures.

4.2 Response Rate

The response rate was analyzed on the basis of the proportion of the questionnaires that were administered to various categories of the respondents and the response rate is presented in Table 4.1.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned questionnaires</td>
<td>249</td>
<td>95.8%</td>
</tr>
<tr>
<td>Unreturned questionnaires</td>
<td>11</td>
<td>4.2%</td>
</tr>
<tr>
<td>Total</td>
<td>260</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)

The results as presented in Table 4.1 show that the overall response rate was at 95.8%. The questionnaires that were not returned accounted for 4.2%. Mugenda and Mugenda (2003) contend that a response rate of 50% and above is adequate for analysis. Therefore, the overall response rate of 95.8% was sufficient for making conclusions and generalization from the sample measures.
4.3 Demographic Information

The study sought to establish the demographic information of the respondents based on gender, highest education level and age. The findings are presented as follows.

4.3.1 Respondents’ Gender

The results of the respondents’ gender presentation in the study are presented in Figure 4.1.

![Figure 4.1: Respondents’ Gender](image)

Source: Survey Data (2022)

According to the findings in Figure 4.2, majority of the respondents were male as demonstrated by a proportion of 57.4%. On the other hand, female respondents constituted 42.6%. These results indicate that there was a fair representation of both genders in this research.

4.3.2 Respondents’ Highest Education Level

The results of the respondents’ highest education level presentation in the study are presented in Table 4.2.
Table 4.2: Respondents’ Highest Education Level

<table>
<thead>
<tr>
<th>Level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate/Diploma</td>
<td>38</td>
<td>15.3</td>
</tr>
<tr>
<td>Undergraduate degree</td>
<td>158</td>
<td>63.5</td>
</tr>
<tr>
<td>Masters</td>
<td>51</td>
<td>20.5</td>
</tr>
<tr>
<td>PhD</td>
<td>2</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>249</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)

The results displayed in Table 4.2 show that majority of the respondents had attained a firsts degree education level as their highest level of education at 63.5% whereas the respondents with PhD as the highest level of education comprised the smallest proportion at 0.8%. In this case, the respondent had the requisite level of literacy to participate in the study and provide the information of interest to the researcher.

4.3.3 Respondents’ Age

The results of the respondents’ age presentation in the study are presented in Figure 4.2.

![Figure 4.2: Respondents’ Age](image)

Source: Survey Data (2022)
According to the findings in Figure 4.2, majority of the respondents were between the ages of 25 and 34 years as demonstrated by 40.9%. On the other extreme, only 6.8% of the respondents were aged above 51 years. These results illustrate that the various age brackets of the employees working with national cement companies in Kenya who were engaged in the study process. Therefore, the study could obtain data from varied perspectives of the employees.

4.4 Results of Descriptive Analysis

Analysis of descriptive data was presented in terms of Mean (M) and Standard Deviation (SD). The results are presented as per the study specific variables as follows.

4.4.1 Cost Leadership Strategy

The respondents were given a list of statements regarding cost leadership strategy to rate their level of agreement. The descriptive analysis results are given in Table 4.3.

Table 4.3: Cost Leadership Strategy

<table>
<thead>
<tr>
<th>Statement</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economies of scale has enabled the cement companies to reduce price structure to gain more sales</td>
<td>4.59</td>
<td>1.205</td>
</tr>
<tr>
<td>Economies of scale has enabled the cement companies to expand business operations to more geographies</td>
<td>3.89</td>
<td>0.641</td>
</tr>
<tr>
<td>The cost regulation are well outlines in the organization</td>
<td>4.05</td>
<td>1.062</td>
</tr>
<tr>
<td>Cost control has enabled the cement companies to lower overall expenses</td>
<td>4.44</td>
<td>0.923</td>
</tr>
<tr>
<td>Networking has enabled cement companies to discover new and exciting possibilities hence increased their revenue</td>
<td>4.62</td>
<td>0.743</td>
</tr>
<tr>
<td>Networking has enabled the cement companies to meet prospective customers in an informal environment</td>
<td>4.57</td>
<td>0.777</td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)
The results as presented in Table 4.3 shows that the respondents strongly agreed that economies of scale has enabled the cement companies to reduce price structure to gain more sales (mean of 4.59) hence little variation (standard deviation of 1.205). The respondents agreed that economies of scale has enabled the cement companies to expand business operations to more geographies (mean of 3.89) but variation was low (standard deviation of 0.641). The results agrees with Mullineaux (2018) who observe that economies of scale are cost advantages that can occur when a company increases scale of production and becomes more efficient, resulting in a decreased cost-per-unit.

The respondents agreed on the statements that the cost regulation are well outlined in the organization (mean of 4.05) leading to little variation (standard deviation 1.062). Cost control has enabled the cement companies to lower overall expenses (mean of 4.44). However, variance was low (standard deviation of 0.923). According to Akeem (2017) cost control is the process of established a standard and maintaining the performance according to standard. Therefore, cost control and reduction are important in an organization in order to regulate and reduce unwanted expenses and it also helps to bring about increase in market demand in term of competitive market.

The respondents strongly agreed that networking has enabled cement companies to discover new and exciting possibilities hence increased their revenue (mean of 4.62) but variance was low (standard deviation of 0.743). Networking has enabled the cement companies to meet prospective customers in an informal environment (mean of 4.57) though variation was low (standard deviation of 0.777). This is in line with Ryu and Johansen (2017) who observe that a networking organization allows different
organization engaged in performing different tasks for the hub organization to bring their best capabilities together.

### 4.4.2 Differentiation Strategy

The respondents were given a list of statements regarding differentiation strategy to rate their level of agreement. The descriptive analysis results are given in Table 4.4.

<table>
<thead>
<tr>
<th>Statement</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cement companies have been able to communicate the capability of their product or service by having a unique product features</td>
<td>4.01</td>
<td>1.091</td>
</tr>
<tr>
<td>The uniqueness of the cement company product and service has set it apart from the competition</td>
<td>4.42</td>
<td>0.918</td>
</tr>
<tr>
<td>The product varieties have enabled the cement companies to develop unique products to respond to customers’ preferences,</td>
<td>4.56</td>
<td>0.714</td>
</tr>
<tr>
<td>The cement companies have been able to offer a wide array of products and services in the market</td>
<td>3.26</td>
<td>1.236</td>
</tr>
<tr>
<td>Distribution channels have enabled the cement companies to collect important information about consumers and competitors.</td>
<td>4.59</td>
<td>0.845</td>
</tr>
<tr>
<td>Distribution has enabled the cement companies’ products to reach the right targeted market</td>
<td>4.50</td>
<td>0.996</td>
</tr>
</tbody>
</table>

**Source: Survey Data (2022)**

The results as presented in Table 4.4 shows that the respondents agreed on the statements that the cement companies have been able to communicate the capability of their product or service by having a unique product features (mean of 4.01). There was slight variation (standard deviation of 1.091). The uniqueness of the cement company product and service has set it apart from the competition (mean of 4.42) but there was low variation (standard deviation of 0.918). Bastic (2019) identified that product advantage is
associated with permitting customers to perform new tasks, meeting customer needs, and providing unique features for the customer.

The respondents strongly agreed that the product varieties have enabled the cement companies to develop unique products to respond to customers’ preferences (mean of 4.56). The variation was low (standard deviation of 0.714). However, the respondents were neutral on the statement that the cement companies have been able to offer some wide array of products and services in the market (mean of 3.26). The variance was noticeable (standard deviation of 1.236). This is in contrary to Ho and Tang (2018) observation that managing product variety requires decision making at different organizational levels, over different time horizons, within and across functional and organizational boundaries, before and after product launch.

The respondents strongly agreed on the statement that distribution channels have enabled the cement companies to collect important information about consumers and competitors (mean of 4.59) and a low variance (standard deviation of 0.845). Distribution has enabled the cement companies’ products to reach the right targeted market (mean of 4.50). However, variation was low standard deviation of 0.996). Wilkinson (2019) observes that efficient supply chain channel members’ integration may play a more critical role for sustaining competitiveness. In addition, El-Ansary and Stern (2020) observe that organizations establish multiple distribution channels to help brands grow their customer base and explore new selling opportunities.

4.4.3 Focus Strategy

The respondents were given a list of statements regarding focus strategy to rate their level of agreement. The descriptive analysis results are given in Table 4.5.
Table 4.5: Focus Strategy

<table>
<thead>
<tr>
<th>Statement</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The product niche has enabled the cement companies to attract a specific</td>
<td>4.63</td>
<td>0.726</td>
</tr>
<tr>
<td>segment of the audience by focusing on a particular product or service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product niche has enabled the cement companies to face little or no</td>
<td>4.57</td>
<td>1.009</td>
</tr>
<tr>
<td>competition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The market niche has enabled the cement companies to build brand loyalty</td>
<td>4.09</td>
<td>0.945</td>
</tr>
<tr>
<td>The market niche of the cement companies has enabled the company to</td>
<td>4.45</td>
<td>0.746</td>
</tr>
<tr>
<td>meet the specialized needs of their customers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer segmentation has enabled the cement companies to improve their</td>
<td>3.99</td>
<td>1.075</td>
</tr>
<tr>
<td>customer service efforts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer segmentation has enabled the cement companies to enhance their</td>
<td>3.67</td>
<td>0.813</td>
</tr>
<tr>
<td>marketing strategies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)

The respondents strongly agreed on the statements that the product niche has enabled the cement companies to attract a specific segment of the audience by focusing on a particular product or service (mean of 4.63) but a low variation (standard deviation of 0.726). Product niche has enabled the cement companies to face little or no competition (mean of 4.57). There was little variation in competition (standard deviation of 1.009). Akintokunbo (2018) observe that a firm using a focus strategy often enjoys a high level of customer trustworthiness, and this entrenched loyalty discourages other firms from competing directly.

The respondents agreed on the statement that the market niche has enabled the cement companies to build brand loyalty (mean of 4.09) However, variation in building brand loyalty was low (standard deviation of 0.945). Market niche of the cement companies has enabled the company to meet the specialized needs of their customers (mean of 4.45). Variation in meeting specialized needs was low (standard deviation of 0.746). According
to Wernerfelt and Karnani (2019) companies that use Focus strategies concentrate on particular niche markets and, by understanding the dynamics of that market and the unique needs of customers within it, develop uniquely low-cost or well-specified products for the market.

The respondents agreed that customer segmentation has enabled the cement companies to improve their customer service efforts (mean of 3.99) There was slight variation (standard deviation of 1.075) and that customer segmentation has enabled the cement companies to enhance their marketing strategies. Quinn and Patrizi (2018) observe that focus revolves around the idea of serving a particular customer group better than anyone else and the core of a focus strategy is to serve the needs of a specific buyer group better than any other competitor.

4.4.4 Performance of Cement Manufacturing Firms

The respondents were given a list of statements regarding performance of cement manufacturing companies to rate their level of agreement. The descriptive analysis results are given in Table 4.6.

Table 4.5: Performance of Cement Manufacturing Firms

<table>
<thead>
<tr>
<th>Statement</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cement companies have achieved targets</td>
<td>4.33</td>
<td>0.912</td>
</tr>
<tr>
<td>The cement companies have improved on employee training</td>
<td>4.09</td>
<td>1.064</td>
</tr>
<tr>
<td>The cement companies have improved on employee development</td>
<td>3.85</td>
<td>1.081</td>
</tr>
<tr>
<td>The cement companies have improved on efficiency</td>
<td>4.47</td>
<td>0.617</td>
</tr>
<tr>
<td>The cement companies have increased sales volume</td>
<td>3.67</td>
<td>0.781</td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)
The study found that the respondents agreed that the cement companies have improved on efficiency (mean of 4.47) though the variance was low (standard deviation of 0.617). The cement manufacturing companies have achieved targets (mean of 4.33) though the variance was low (standard deviation of 0.912). Cement manufacturing companies have improved on employee training (mean of 4.09) hence little variation (standard deviation of 1.064). The cement manufacturing companies have improved on employee development (mean of 3.85) leading to little variation (standard deviation of 1.081). The cement manufacturing companies have slightly increased sales volume (mean of 3.67) though variance was low (standard deviation of 0.781). According to Owie (2019) performance is also described as a metric relating to the way an enterprise is handling a particular act or request leading to practical application or successful thing and using knowledge as compared to just accumulate and possess it.

4.5 Results of Regression Analysis

Regression analysis was carried out to show how the variables related to each other. The findings are presented in Table 4.6, 4.7 and 4.8.

Table 4.6: Analysis of Coefficient of determination

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.869</td>
<td>0.751</td>
<td>0.748</td>
<td>1.012</td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)

The results in Table 4.6 shows that the adjusted $R^2$ was 0.748 which is the coefficient of multiple determinations represents the percent of the variance in the dependent variable explained jointly by the independent variables. This means that a variation of 74.8% of performance of cement manufacturing companies in Kenya could be attributed to the
changes in cost leadership strategy, differentiation strategy and focus strategy. Therefore, the remaining 25.2% explains factors that were not studied.

**Table 4.7: Analysis of Variance**

<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>100.318</td>
<td>3</td>
<td>33.439</td>
<td>116.919</td>
<td>.001</td>
</tr>
<tr>
<td>Residual</td>
<td>70.031</td>
<td>245</td>
<td>.286</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>170.349</td>
<td>248</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)

The results as indicated in Table 4.7 indicates that the significance value of 0.001 indicates that the regression model was highly significant in predicting how cost leadership strategy, differentiation strategy and focus strategy influenced the performance of cement manufacturing companies in Kenya. The F calculated at 5% level of significance was 116.919 since F calculated is greater than the F critical (value = 33.439), this shows that the overall model was significant.

**Table 4.8: Analysis of Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.596</td>
<td>0.036</td>
</tr>
<tr>
<td>Cost leadership</td>
<td>0.851</td>
<td>0.061</td>
</tr>
<tr>
<td>Differentiation</td>
<td>0.729</td>
<td>0.117</td>
</tr>
<tr>
<td>Focus strategy</td>
<td>0.678</td>
<td>0.308</td>
</tr>
</tbody>
</table>

Source: Survey Data (2022)

The results in Table 4.8 show that when cost leadership strategy, differentiation strategy and focus strategy are held at constant, the performance of cement manufacturing companies in Kenya would be at 0.596. The results also show that, when cost leadership
strategy is increased by one unit, the performance of cement manufacturing companies would be increased by 85.1%. When differentiation strategy is increased by one unit, the performance of cement manufacturing companies would be increased by 72.9% and when focus strategy is increased by one unit, the performance of cement manufacturing companies would be increased by 67.7%. Therefore, the regression equation resulted to:

\[
\text{Performance} = 0.596 + 0.851(\text{Cost leadership strategy}) + 0.729(\text{Differentiation strategy}) + 0.678(\text{Focus strategy}).
\]

The study found that cost leadership strategy had a positive significant influence on the performance of cement manufacturing companies as indicated by t value of 13.951 and significance level of 0.000. This finding concurs with Njuguna and Waithaka (2020) study which explored how organizational performance was influenced by cost leadership strategy. The analysis results from the Pearson correlation found out that cost leadership associated strongly and positively with organizational performance.

The study revealed that differentiation strategy had a positive significant influence on the performance of cement manufacturing companies as indicated by t value of 6.231 and significance level of 0.002. This result concurs with Msinga, Ndinya, Ogada and Omido (2018) studied how insurance companies’ performance in Nairobi, Kenya was influenced by differentiation strategies. The study disclosed that the insurance firms’ performance was influenced significantly by differentiation strategies.

The study found that focus strategy had a positive significant influence on the performance of cement manufacturing companies as indicated by t value of 2.201 and significance level of 0.000. The finding agrees with Akintokunbo (2018) who studied on how focus strategy and Port Harcourt based telecommunication companies’
organizational performance were connected. The study found that Port Harcourt based telecommunication companies’ organizational performance and focus strategy had a positive significant connection.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter covers the summary, conclusions, recommendations and suggestions for further studies.

5.2 Summary
The study general objective was to determine the influence of management strategies on performance of manufacturing Cement Companies in Kenya. The specific objectives were to examine the influence of cost leadership strategy, differentiation strategy and focus strategy on the performance of performance of Cement Companies in Kenya. The respondents were the employees working with the cement manufacturing companies in Kenya. Data was collected using questionnaires. The analysis of data was done using descriptive statistics and regression analysis method. Below is the summary of the finding:

5.2.1 Cost Leadership Strategy
The first research objective was to examine the influence of cost leadership strategy on the performance of performance of Cement Companies in Kenya. The study found that cost leadership strategy had a positive significant influence on the performance of cement manufacturing companies. Networking has enabled cement companies to discover new and exciting possibilities hence increased their revenue and has enabled the cement companies to meet prospective customers in an informal environment. Economies of
scale have enabled the cement companies to reduce their price structure to gain more sales. Cost control has enabled the cement companies to lower their overall expenses.

5.2.2 Differentiation Strategy

The second research objective sought to establish the influence of differentiation strategy on the performance of Cement Companies in Kenya. The study revealed that differentiation strategy had a positive significant influence on the performance of cement manufacturing companies. Distribution channels have enabled the cement companies to collect important information about consumers and competitors, distribution has enabled the cement companies’ products to reach the right targeted market, the product varieties have enabled the cement companies to develop unique products to respond to customers' preferences and the uniqueness of the cement company product and service has set it apart from the competition.

5.2.3 Focus Strategy

The third research objective sought to find out the influence of focus strategy on the performance of Cement Companies in Kenya. The study found that focus strategy had a positive significant influence on the performance of cement manufacturing companies. The product niche has enabled the cement companies to attract a specific segment of the audience by focusing on a particular product or service, product niche has enabled the cement companies to face little or no competition, the market niche of the cement companies has enabled the company to meet the specialized needs of their customers and customer segmentation has enabled the cement companies to improve their customer service efforts.
5.3 Conclusion

The study made the following conclusions;

5.3.1 Cost Leadership Strategy

The study concluded that a firm following a cost leadership strategy offers products or services with acceptable quality and features to a broad set of customers at a low price. Firms engaging in cost-leadership strategy seek to combine low per-unit profit with large sales to make a profit. Typically, but not always, they tend to market to a large population base or a niche with a high demand volume. Many cost leaders rely on economies of scale to achieve efficiency. Economies of scale are created when the cost of goods and services decreases as a firm is able to increase production.

5.3.2 Differentiation Strategy

The study concluded a differentiation strategy enables firm to create a product/service, which is considered unique in some aspect that the customer values because the customer’s needs are satisfied. Effective differentiation strategy allows a business to influence the environment in its favour and even defend itself against competition so to succeed in the long-term, organizations must compete effectively and out-perform their rivals in a dynamic environment. firms that uses differentiation as a strategic tool will have improved performance and their customers will have be satisfied because differentiation ensures that the consumers’ needs are meet uniquely. This will ensure that continual loyalty of the customers to the firms.
5.3.3 Focus Strategy

The study concluded that focus strategy allows cement companies to concentrate on promotional resources on the sectors that match their quality advantage. Thus, cover the higher costs involved in identifying and reaching these high-value segments. Focus strategy identifies the market segments where the company can compete effectively. The strategy matches market characteristics with the company’s competitive advantages to select markets where a focus of the company’s resources is likely to lead to desired sales volumes, revenues and profits.

5.4 Recommendations

The makes the following recommendations:

5.4.1 Cost Leadership Strategy

The study recommended that the cement companies should diagnose their changing cost economics all the way from the raw materials stage to the final price paid by the ultimate consumer. Assess the long-run shifts in the cost position of their competitors relative to their own. The companies should also factor the implication of future inflation into their own costs and those of the competition. In addition, the cement companies have to assess how rising cost pressures will affect their growth objectives and market share potential.

5.4.2 Differentiation Strategy

The study recommended that cement companies should exploit different ways in which they can make the products and services unique. Technology is one of the tools that firms can employ in differentiating their products and services and also reduces the cost of product differentiation. Technology also improves communication systems between the
firms and the targeted consumers hence, this ensures better ways of service delivery and improve distributor and communication channel.

### 5.4.3 Focus Strategy

The study recommended that the cement companies should get to know as much about their customers as they can so that they can anticipate what their customers want, how they want it, when they want it, and most importantly, how they can solve it for them. The companies should focus on a narrow target market to gain the best chance to become the leader of that niche. The companies can limit promotional channels but focus on a few advertising channels for maximum utilization of resources.

### 5.5 Suggestions for Further Studies

The current study focused on the influence of management strategies on performance of Cement Companies in Kenya. The competitive strategies were conceptualized in terms of cost leadership strategy, differentiation strategy and focus strategy. However, the study identified a gap of 25.2% that accounted for other variables not studied. Therefore, there is need to carry out a study that can address the gap. In addition, the study focused on the performance of manufacturing cement companies. Therefore, the study suggests that similar study should be carried out that focus on the performance of other manufacturing companies.
REFERENCES


Banker, R. D., Mashruwala, R., & Tripathy, A. (2016). Does a differentiation strategy lead to more sustainable financial performance than a cost leadership strategy?. *Management Decision, 4*(2), 58 – 69

Banker, R. D., Mashruwala, R., & Tripathy, A. (2017). Does a differentiation strategy lead to more sustainable financial performance than a cost leadership strategy?. *Management Decision, 5*(2), 36 – 46


APPENDICES

Appendix I: Questionnaire

This questionnaire is designed to collect data on the influence of strategic management practices on performance of Cement Manufacturing Firms in Kenya: Case Study National Cement Company Limited, Kenya. The feedbacks will be used for academic reasons only again it will be treated with highest degree of confidentiality. The respondents are extremely persuaded as well as encouraged to react to the accounts in this research tool (questionnaire) in the greatest honest plus objective way possible. Your partaking in enabling the current study will be exceedingly cherished. Please tick in the space offered with the responses or rather answers you see as best for every question.

For questions that Require to state your extent of agreement/disagreement, use “Strongly agree=5, Agree=4 Neutral =3, Disagree=2 and strongly Disagree=1.”

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender

Female [ ] Male [ ]

2. Highest education level?

- PhD [ ] Masters [ ]
- Undergraduate degree [ ] Certificate/Diploma [ ]

3. Age bracket (Years)

- Below 25 [ ] 25-34 [ ]
- 35-44 [ ] 45-50 [ ]
- Above 51 [ ]
SECTION B: COST LEADERSHIP STRATEGY

State your agreement or disagreement level regarding the statement as relates to cost leadership strategy’s influence on the performance of manufacturing Cement Companies in Kenya.

<table>
<thead>
<tr>
<th>Statements on cost leadership strategy</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economies of scale has enabled the cement companies to reduce price structure to gain more sales</td>
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<tr>
<td>Economies of scale has enabled the cement companies to enhance business operations to more geographies</td>
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<tr>
<td>The cost regulation are well outlines in the organization</td>
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<tr>
<td>Cost control has enabled the cement companies to lower overall expenses</td>
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<tr>
<td>Networking has enabled cement companies to discover new and exciting possibilities hence increased their revenue</td>
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<tr>
<td>Networking has enabled the cement companies to meet prospective customers in an informal environment</td>
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</tbody>
</table>

SECTION C: DIFFERENTIATION STRATEGY

State your agreement or disagreement level regarding the differentiation strategy’s influence on the performance of manufacturing Cement Companies in Kenya.

<table>
<thead>
<tr>
<th>Statements on differentiation strategy</th>
<th>1</th>
<th>2</th>
<th>3</th>
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</tr>
</thead>
<tbody>
<tr>
<td>The cement companies have been able to communicate the capability of their product or service by having a unique product features</td>
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<tr>
<td>The uniqueness of the cement company product and service has set it apart from the competition</td>
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<tr>
<td>The product varieties have enabled the cement companies to develop unique products to respond to customers' preferences,</td>
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<tr>
<td>The cement companies have been able to offer a wide array of products and services in the market</td>
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<tr>
<td>Distribution channels have enabled the cement companies to collect important information about consumers and competitors.</td>
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<tr>
<td>Distribution has enabled the cement companies’ products to reach the right targeted market</td>
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</table>
SECTION D: FOCUS STRATEGY

Please indicate how strongly you agree or disagree with the following statements as relates to the influence of focus strategy on the performance of manufacturing Cement Companies in Kenya. (Tick appropriate: Strongly agree=5, Agree=4 Neutral =3, Disagree=2 and strongly Disagree=1).

<table>
<thead>
<tr>
<th>Statements on focus strategy</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>5</th>
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</thead>
<tbody>
<tr>
<td>The product niche has enabled the cement companies to attract a specific segment of the audience by focusing on a particular product or service</td>
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<tr>
<td>Product niche has enabled the cement companies to face little or no competition</td>
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<td>The market niche has enabled the cement companies to build brand loyalty</td>
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<td>The market niche of the cement companies has enabled the company to meet the specialized needs of their customers</td>
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<tr>
<td>Customer segmentation has enabled the cement companies to improve their customer service efforts</td>
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<tr>
<td>Customer segmentation has enabled the cement companies to enhance their marketing strategies</td>
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</table>

SECTION E: PERFORMANCE OF CEMENT MANUFACTURING FIRMS

State your agreement or disagreement level regarding the performance of manufacturing Cement Companies in Kenya?

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
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</thead>
<tbody>
<tr>
<td>The cement companies have achieved their targets</td>
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<td>The cement companies have improved on employee training</td>
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<tr>
<td>The cement companies have improved on employee development</td>
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<tr>
<td>The cement companies have improved on efficiency</td>
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<tr>
<td>The cement companies have increased their sales volume</td>
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</tr>
</tbody>
</table>
Appendix II: Approval Letter

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail:  dean-graduate@ku.ac.ke  P.O. Box 43844, 00100
Website:  www.ku.ac.ke  NAIROBI, KENYA
          Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School  DATE: 28th October, 2022
TO: Nicodemus Ochieng Atela  REF: D53/OL/KER/32359/2016
    C/o Business Administration Dept.

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

We acknowledge receipt of your revised Project Proposal as per our recommendations raised by the Graduate School Board at its meeting of 19th October, 2022, Entitled, “Competitive Strategies and Performance of Selected Cement Companies in Kenya”.

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

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

Thank you.

ANNABEL MWAREKI
FOR: DEAN, GRADUATE SCHOOL

C.c. Chairman, Department of Business Administration

Supervisors:

1. Dr. Kipkorir Sitienei Chris Simon
   C/o Business Administration Dept.
   Kenyatta University
Appendix III: Research Permit

This is to certify that Mr. NICODEMUS ATELA OCHIENG of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: MANAGEMENT STRATEGIES AND PERFORMANCE OF NATIONAL CEMENT COMPANY LIMITED IN KENYA for the period ending 08/November/2023.

License No: NACOSTI/P/21/2186

Ref No: 372544

Date of Issue: 05/November/2022

Applicant Identification Number

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See overleaf for conditions
THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)

The National Commission for Science, Technology and Innovation, hereafter referred to as the Commission, was established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and ensure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

CONDITIONS OF THE RESEARCH LICENSE

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of international treaties of which Kenya is a signatory to.

2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
   i. Endanger national security
   ii. Adversely affect the lives of Kenyans
   iii. Be in contravention of Kenya’s international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN)
   iv. Result in exploitation of intellectual property rights of communities in Kenya
   v. Adversely affect the environment
   vi. Adversely affect the rights of communities
   vii. Endanger public safety and national cohesion
   viii. Plagiarize someone else’s work

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4. The license any rights thereunder are non-transferable.

5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.

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7. Excavation, filing, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.

8. The License does not give authority to transfer research materials.

9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.

10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.

11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.

12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.

13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.

14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.

15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

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