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Effects of Competitive Strategies Adopted By Farmers' Cooperatives on Performance in Butere Sub-County, Kenya

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ABSTRACT : *Competition is a fact of business life, a business should endeavor to develop strategies to compete successfully in the market place for it to enhance its chances of growth and therefore perform far above industry average. In an increasingly competitive agricultural industry, the absence of well-defined competitive strategies leads to weak competitive positions and hence performance below the industry average. The purpose of this study was to examine competitive strategies that the farmers' cooperatives adopt to achieve competitive advantage in Butere sub-county, Kenya. The study was guided by the following objectives: To find out the effect of cost leadership strategy on the performance of farmers cooperatives in Butere sub-county, to investigate the influence of product differentiation strategy on the performance of farmers cooperatives in Butere sub-county, to find out the effect of customer focus strategy on the performance of farmers cooperatives in Butere sub-county, and to investigate the effect of quality management strategy on the performance of farmers cooperatives in Butere sub-county. The study employed a descriptive survey design. The study used a target population of 35 employees drawn from two farmers' cooperatives, from whom the whole target population was used for the study. The study used census to pick items of study. The research instruments used were both closed-ended and open-ended questionnaires. Experts in the field of study from Jomo Kenyatta University assessed the validity of the research instruments. The reliability of instruments was done through a pilot study based on test and re-test method using Cronbach's Alpha Coefficient. Data collected was sorted, coded and analyzed and categorized into emergent themes and sub-themes. Data was analyzed using descriptive and inferential statistics and presented the results in form of frequency tables, pie charts and bar charts. The study concluded that cost leadership, customer focus, and quality management competitive strategies affect business performance. The study recommended that the farmers' cooperatives should use cost leadership strategy together with improved technology to enhance efficiency and incorporate a mechanism that would assure quality. Further studies are necessary to evaluate differentiation strategy and its effect on farmers' cooperatives business performance and also to find out how the farmers' cooperatives can use total quality management control tools to influence their performance.*

KEYWORDS: *Competitive strategy, Cooperative, Performance, Technology, Efficiency, Profitability, Competitors, Competitive Advantage, Generic Strategy, Competitive Strategy*

I. INTRODUCTION

1.1BACKGROUND OF THE STUDY

Strategic management guru Toffler (1980)[1] as cited in Lawrence (2011)[2] acknowledges that a company without a strategy islike an airplane weaving through the skies, hurled up and down, slammed by winds and lost in the thunder heads. If lightning or crushing winds do not destroy it, it will simply run out of fuel.Pearce and Robinson (2010)[3] shares the same school of thought by expounding that without strategy an organization is like a ship without radar; it goes round in circles and like a tramp has no specific place to go. From the above thoughts it is clear that emphasis should be placed on the importance and need for far reaching dynamic and systematic strategic planning for companies to survive competition in the ever changing global competitive business environment. Ansoff (1970)[4] observes that companies which are strategically managed tend to be well aligned and produce better financial results than those which are not. This point to an argument that there is a correlation between strategic planning and the ultimate performance of a company in terms of its growth, profits, attainment of objectives and sustained competitiveness. These lines of thought have also been put forward by (Strickland, 2004)[5].Though there is a strong case for planning and managing organizations strategically, Pitts et al (2003)[6] argues that exceptional situations also arise when some companies gain not because they had in place any strategy but because they just benefited from some sudden conditions in the external environment. For instance, when health workers went on strike in November, 2013 there was a sudden surge of patients in private hospitals and clinics. These private medical practitioners enjoyed a sudden and unexpected boom.Nonetheless, and still consistent with the need for evolving and constantly reviewing strategy, it is important to note that having a sound strategy in itself does not necessarily translate into desired performance goals if it is not properly implemented. Both strategy and implementation must be good and timely to achieve positive results (Lawrence,2011)[2]. Wrong strategies can be tragic and may lead to poor results and eventually business failure. Citing Qurashi (2010)[7] Lawrence,(2011)[2], draws analogy of this to a train on a wrong track and says "every station it comes to is the wrong station." These fundamental principles largely hold true universally; for all organizations in the whole world (big or small, multinational or locals etc). And as is expected, farmers' cooperative organizations are not an exception. This is one industry that is also subject to the dynamics of these global market trends. Against this background, the study investigates the competitive strategies adopted by farmers' cooperatives and how this has affected their performance.

1.2 STATEMENT OF THE PROBLEM

Not all the farmers' cooperatives can be said to have performed at levels that meet industry and stakeholders‟ expectations. Much as the differences in the performance levels of various companies are to be expected, it is still strongly believed that the strategies pursued by each farmers' cooperative largely account for its performance. The absence of well-defined competitive strategies results in weak competitive positions. This study looks at the competitive strategies being pursued by farmers' cooperatives in Mumias sub-county.

Objective

To find out the effect of cost leadership strategy on the performance of farmers cooperatives in Butere sub-county.

Research question

What is the effect of cost leadership strategy on the performance of farmers' cooperatives in Butere sub-county?

Justification

The findings of this study will first and foremost benefit the existing farmers' cooperative societies to understand how the strategies they have employed are affecting their performance in Butere sub-county and beyond. Additionally, this study provides a base for strategic planning for farmers' cooperative societies to resonate with emerging issues as relates to competitive strategies. Other than these the findings of the will help the farmers' cooperatives to compare their performance with others in the study area. Additionally, the findings of the study will be the basis for reforms in the activities and legal framework on operations of farmers' cooperatives in Kenya. Further, the results of the study may also be useful to the government, NGOs, and other organizations that have a stake in the agricultural sector.

II. LITERATURE REVIEW

2.1 Introduction

This chapter reviews available literature related to the study as follows; concept of competitive strategies, concept of business performance, establishing effects of competitive strategies on performance, determine how competitive strategies affects business growth and profitability and criticism of relevant theory, and research gaps.

2.2 Theoretical review

Conceptual framework

The conceptual framework aims at making clear the relationship between the variables of the study. It creates an image of how elements of the independent variables are at play to affect the elements of the dependent variables. The independent variable as identified in this study is competitive strategies while dependent variable is organization performance.Competitive strategies such as cost leadership, differentiation and focus are expected to influence organizational performance in terms of growth and profitability. The moderating factors are the environmental specific factors that shape or moderate the relationship between the independent and dependent variable. The study has identified technology, time and efficiency as moderating variables that may affect competitive strategies and influence performance.

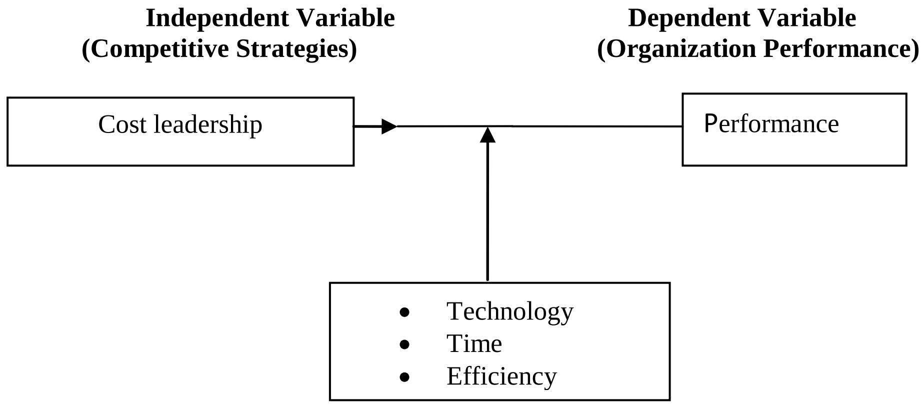

Figure 1: Conceptual framework

2.3Theory of competitive strategy

According to Porter (1998)[8] competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. The sustainability of this positional advantage requires that the business sets up barriers that make imitation difficult, because these barriers to imitation are continually eroding, the firm must continue to invest to sustain or improve the advantage. A firm's choice of competitive strategy will be dictated by its ability to create and sustain competitive advantage. Competitive advantage is the condition which enables a company to operate in a more efficient or otherwise higher quality manner than the companies it competes with, and which results in benefits accruing to that company (Bryson 1995)[9].Basically, strategy is about two things: deciding where you want your business to go, and deciding how to get there. A clear definition is based on competitive advantage, the object of most corporate strategy: Competitive advantage grows out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price. There are two basic types of competitive advantage: cost leadership and differentiation (Porter, 1985)[8].The figure 2 (below) defines the choices of "generic strategy" a firm can follow. A firm's relative position within an industry is given by its choice of competitive advantage (cost leadership vs. differentiation) and its choice of competitive scope. Competitive scope distinguishes between firms targeting broad industry segments and firms focusing on a narrow segment. Generic strategies are useful because they characterize strategic positions at the simplest and broadest level. Porter maintains that achieving competitive advantage requires a firm to make a choice about the type and scope of its competitive advantage. There are different risks inherent in each generic strategy, but being "all things to all people" is a sure recipe for mediocrity - getting "stuck in the middle".

		COMPETITIVE ADVANTAGE	
		Lower Cost	Differentiation
COMPETITIVE SCOPE	Broad Target	1. Cost Leadership	2. Differentiation
	Narrow Target	3A. Cost Focus	3B. Differentiation Focus

Figure 2: Porter's Generic Strategies

Lawrence,(2011)[2] explains the two sources of competitive advantage thus;

Superior Skills

The ability of a business to do more or better (or both) than its competitors – superior skills are the distinctive capabilities of personnel that set them apart from those of competing firms. It also includes superior resources, locations, scale of operations, breadth of sales force and distribution coverage, brand names etc. Superior skills and superior resources lead to positional advantage, and lower relative cost.

Positional Advantage

The positional advantage of a business is directly analogous to competitive mobility barriers that could deter a firm from shifting its strategic position. It is understood best within the value chain or business system framework.

2.4 The Concept of Strategy

Webster's New World Dictionary defines strategy as the science of planning and directing large scale military operations of manoeuvring forces into the most advantageous position prior to actual engagement with the enemy (Lawrence,2011)[2].According to (Johnson et al, 2008; and Mintzberg, 1994)[10], strategy is a game plan, a pattern in a stream of decisions and actions, a position and a ploy intended to outwit competitors while fulfilling stakeholders‟ expectations in line with the organization's scope of business.The word strategy in view of (David, 2003)[11] cited in Lawrence, (2011)[2], comes from the Greek word *Strategos* which refers to military generalship and combines *stratos* (the army) and *ago* (the lead). The history of strategic planning has its roots in, and is a heritage of the military. Clearly, the key aim of both business and military strategy is to gain competitive advantage or combat superiority over competitors or foes as the case may be. Ohmae, (1989)[12] cited in Lawrence, (2011)[2]sums up what business strategy is all about , in two words *'competitive advantage'*the sole purpose of strategic planning is to enable a company gain, as efficiently as possible, a sustainable edge over its competitors. Competitive strategy is therefore an attempt to alter a company's strength relative to that of its competitors in the most efficient way and also to mould actions and decisions of managers and employees in a coordinated, companywide game plan. Many writers have always associated word "strategy" with and indeed very strongly in any discussion on the subject of management of an organization because of its importance. Pitts et al, (2003)[6] explain that it is to ensure that an organization applies its strengths and distinctive competences in such a way that it gains a competitive advantage over its rivals in any given environment. According to Chandler (1962)[13] the word strategy means 'the determination of the long-term goals and objectives of an enterprise and the adoption of causes of action and the allocation of resources for carrying out these goals". Johnson et al, 2008; and Mintzberg, 1994[10], sees strategy as a game plan, a pattern in a stream of decisions and actions, a position and a ploy intended to outwit competitors while fulfilling stakeholders' expectations in line with the organization's scope of business.

Johnson et al. (2008)[10], perceives strategy as the direction and scope of an organization over the long-term which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations

2.5 Strategic Planning and Performance

Achieving acceptable financial results is crucial because without adequate profitability and financial strength, a company's pursuit of strategic vision, long term health and ultimate survival is jeopardized. Shareholders, potential investors and lenders will not continue to sink in any more money. However, it is as important to note that good financial performance alone is not enough in itself (Lawrence, 2011)[2].Thompson et al 2004[14], (as cited in Lawrence, 2011[2]) recommends two very distinct performance yardsticks; one relating to financial performance and the other relating to strategic performance. The former looks at performance indicators like sales revenue and profitability whereas the latter includes output growth, technical progress, efficiency, shareholder value added, economic value added and human resource capital etc.

2.6 The Effect of Strategic Planning on Performance

According to Drucker, 2004[15]; "we cannot be content with plans for a future we can foresee. We must prepare for all possible and a good many impossible contingencies. We must have a workable solution for anything that may come up."Strategic planning is a management function that focuses on the growth and future sustained well being of an organization. Ansoff (2003)[4] observes that the interest in strategy grew out of the realization that a firm needed a well-defined scope and growth direction not just extrapolations of past performances which were being used to project into the future. Deming (1986)[16] notes that firms' recognition for the need to carry strategic thinking and planning arose in the 1950's and particularly the early 1970‟s, rapid changes and, or advancements in technology, globalization and market competition have compelled organizations to approach this management task with a more purposeful strategic perspective (Rosenberg et al, 1985)[17]; As noted in his book, The Practice of Management, This underscores the need for strategic planning in every organization; diversified or one business unit, large or small. The question as to whether organizations which practice strategic planning do better in terms of their performance (financial and non-financial) challenged many management schools, authors, consultants and organizations to research into and measure the impact of strategic planning on organizational performance (Lawrence, 2011)[2]. Many empirical studies on the effect of strategic planning on organization performance were in favour of strategic planning; for instance, Miller et al (2002)[18] used financial indicators as criteria for the measurement of the impact of strategic planning on corporate performance and the results were found to favour of planning. Armstrong (1982)[19] carried out a quantitative critical analysis of the 28 studies and concluded that there was significant impact of planning on performance; his experiments of 20 studies found planning was associated with higher performance, 5 showed no difference and an insignificant 3 found planning to be detrimental. Pearce & Robinson, (2007)[3] have also agreed in similar studies. Kergley (1990)[20] carried studies in which they compared a set of companies which carried out strategic planning with those which did not using on sales value, sales and earnings per share, and net incomes as parameters. They concluded that companies which practiced strategic planning succeeded in a big way and posted better results than better performers than those that did not plan. David (2003)[22] cited in Lawrence, (2011)[2] argues that this is not to say that all companies that used strategic planning are necessarily successful.

2.7Empirical Review

2.7.1Porter's Generic Competitive Strategies

According to Porter (1998)[8] competitive strategy is the search for a favourable competitive position in an industry, the fundamental arena in which competition occurs. The sustainability of this positional advantage requires that the business sets up barriers that make imitation difficult, because these barriers to imitation are continually eroding, the firm must continue to invest to sustain or improve the advantage. Competitive advantage has been defined as the condition which enables a company to operate in a more efficient or otherwise higher quality manner than the companies it competes with, and which results in benefits accruing to that company (Bryson, 1995)[9].A firm's relative position within its industry determines whether profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. Though a firm can have a myriad of strength and weaknesses, vis-à-vis its competitors, there are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation and focus (Lawrence, 2011)[2].

The three generic strategies offer fundamentally different routes to competitive advantage, combining a choice about the type of competitive advantage sought with the scope of the strategic target in which competitive advantage is to be achieved (Porter, 1998)[23]. Differentiation and cost leadership strategies aim at competitive advantage in a broad range of industry segments, while focus strategies target cost advantage (cost focus) or differentiation (differentiation focus) in a narrow segment (Porter 1998)[8].Advocates of generic strategies believe that each of these options can produce above average returns for a firm in an industry. However, they are successful for very different reasons.

2.7.2 Cost Leadership and performance

Pearce & Robinson (2007)[3] argues that low-cost leaders depend on some fairly unique capabilities to achieve and sustain their low-cost position such as having secured suppliers of scarce raw materials, being a dominant market share position, or having a high degree of capitalization. Low-cost producers usually excel at cost reductions and efficiencies.Lawrence (2011)[2] agrees with the above view by stating that "under cost leadership, a firm sets out to become the low cost service or product provider within the industry and hence develops a range of services and products and serves many industry segments. The sources of cost advantage are varied in the banking industry considering the structure of the industry". A low cost producer must find and exploit all sources of cost advantage. The sources of cost advantage which may be varied could include the pursuit of economies of scale proprietary technology, preferential access to raw materials and other factors. The achievement and sustenance of overall cost leadership by a bank depends on pricing at or close to the industry average in order to achieve above-average industry performance. Although a cost leader relies on cost leadership for its competitive advantage, it must attain proximity in the bases of differentiation compared to its competitors to be an above-average performer (Lawrence, 2011)[2].The bases of differentiation, however, cannot be overlooked, if a product suffers a negative perception in terms of quality comparable to those of competitors, a cost leader may be forced to discount prices well below competing products to gain sales, nullifying the benefits of its favourable cost position (Ibid). Proximity, as it applies to differentiation means that the price discount required to obtain an acceptable market share does not offset a cost leader's cost advantage, and therefore the cost leader will earn above-average returns. According to Porter (1998)[8], the strategic logic of the cost leadership usually requires that a firm be the cost leader, and not one of several firms jostling for that position. The strategy is largely dependent on pre-emption, unless major technological change allows a firm to radically change its cost position. The theme that runs through the entire strategy is low cost compared to competitors, although it cannot be achieved to the detriment of quality and high service standards. Again, according to Porter, (1998)[23] cited in Lawrence, (2011)[2] cost leadership requires an aggressive construction of efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and control, avoidance of marginal customer accounts, and cost minimization in areas such as research and development, service, sales force, advertising and so on.

2.7.6 Criticism of Competitive Strategy Theory

According to Klein (2001)[21], competitive advantage is somehow correlated with value added, but the question remains, what exactly is competitive advantage?In all of Porter's 536 pages, he never quite tells us. We learn that it can be created through cost leadership or differentiation, but competitive advantage is never *defined* as such, though there are several allusions to its meaning. The secret of success, we are repeatedly told, is competitive advantage, but he never manages to define it in any other way than as the quality that brings about success (Klein, 2001)[21].Porter's recipes for achieving competitive advantage were highly prescriptive. He asserted that firms could achieve competitive advantage through either cost leadership or differentiation, and he advised firms to avoid being 'stuck in the middle'. These formulae have been widely discredited. For example, Knights (1992)[22] reported on research in a financial services firm. He found the model is difficult to follow in practice because costs of a firm's own operations, let alone competitors, are not calculable, and products are easily imitated. Pitelis and Taylor (1996)[26] argued that a value for money strategy was becoming a preferred strategy for corporate success despite or indeed because it is one of being stuck in the middle. We can conclude that Porter's specific recommendations for achieving competitive advantage are deficient (Klein (2001)[21].

RESEARCH METHODOLOGY

3.1 Research Design

In 2003 Orodho[24] established that research design is an important aspect of research because it is "the scheme outline or plan" that is used to generate answers to the research questions. In this study a descriptive survey design was adopted. This is because according to Mugenda and Mugenda (2009)[25] it facilitates collection of data from a wide geographical area and from different subgroups of respondents on as-is basis which was the focus of this study. Similarly, Kothari (2005)[26] established that descriptive design enables description of the state of affairs as they exist at a particular point in time .This is applicable in this study since the study sought to assess the effect of competitive strategies on organizational performance and give a description of the case.

3.2 The target population and sample size

In 2008 Mugenda and Mugenda[25] established that target population is the population upon whom the research findings are generalized. In this study the target population was made up of all employees and officials of Butere soya farmers' cooperative and Marenyo multi-purpose cooperative who are currently 35 in number and distributed as indicated in Table 1.

Table: 1 Target population

Organization	Employees	Management	Total
Butere soya farmers coop.	13	5	18
Marenyo multi-purpose coop.	10	7	17
Total	23	12	35

3.3 Sample size and Sampling Techniques

A complete enumeration of the population provides better results than samples. According to the law of statistical regularity, higher degree of data gives higher degree of stability and vice versa. However, censuses of very large populations are sometimes unrealistic as a result of time, resource and budget constraints. A sample is a sub-group or representative selection of a population that is examined or tested to obtain statistical data or information about the whole population (Saunders et al 2007[27]; Lawrence, 2011[2]). Sampling on the other hand is the process of selecting a group of people, items or cases to be used as a representative or random sample (ibid).However, due to the few numbers involved, census method was used (see table 3.1 above). All the management employees and other members of staff were used in the study

Table 2: Sample size

Employee type	Organization						Total
	Butere Soya farmers			Marenyo multi-purpose co-operative			
	Total	%	Sample	Total	%	Sample	sample
Management	5	100	5	7	100	7	12
Other staff	13	100	13	10	100	10	23
Total	18	-	18	17	-	17	35

3.4 Data Collection Instruments

In this study, a closed-ended questionnaire with a few open-ended items was adopted for data collection. This is because according to Mugenda and Mugenda (2008)[25] the items in the closed-ended questionnaires are in a form that is immediately analyzable on the basis of the multiple choices. The suitability of this questionnaire is further explained by the fact that the multiple choices guide the respondents during data collection since the respondents have limited options to choose from as restricted by the available options. Open ended items were included within the questionnaire. This is because according to Kathuri and Pals (1999)[28] they give the respondents opportunities to give their personal opinions. Apart from this, interview schedules were applied upon the key informants in the study.

3.5 Data Collection Procedures

An introductory letter was obtained from the School of Post Graduate Studies of the Kakamega Campus of Jomo Kenyatta University of Agriculture and Technology to facilitate the researcher to get a research permit from the county administration. Then the researcher visited the farmers' cooperative officials' to make arrangements for data collection. This was followed by distribution of the research questionnaires to the sampled respondents for self-filling.

3.6Data Processing and Analysis

The data collected in this study was sorted, coded and analyzed using the latest version of the SPSS (version 18) on the basis descriptive and inferential statistics. The descriptive statistics included means frequency, mode and standard deviations. Inferences statistics like spearman's rank correlation coefficient helped to determine the significance and insignificance of the relations between the study variables.

III. RESEARCH FINDINGS AND DISCUSSIONS

4.1. INTRODUCTION

This chapter presents the study findings and discussions on the analyzed data. These study results were analyzed according to the study objectives. The following were the study objectives: to find out the effect of cost leadership strategy on the performance of farmers cooperatives in Butere sub-county; to investigate the influence of product differentiation strategy on the performance of farmers cooperatives in Butere sub-county; to find out the effect of customer focus strategy on the performance of farmers cooperatives in Butere sub-county; and to investigate the effect of quality management strategy on the performance of farmers cooperatives in Butere sub-county.The questionnaire return rate was at 100% since all 35 questionnaires issued were returned.

4.2. Demographic Information of Respondents

The aim of this section is to describe thedemographic characteristics of the respondents in terms of age, gender, working experience and education levels of respondents.The study sought to find out the age brackets of the respondents. This was to enable in determining the age distribution for the respondents. The results in Table 4.1 show that, 37.1% of respondents were in the age bracket of 45-55 years, 28.6% of respondents were in the age bracket of 36-44 years, 22.9% in the age bracket of 25-35 years while 5.7% in the age brackets of 18-24 and over 56 years. The results indicated varied age distribution among the respondents who gave their views on the study subject.

4.3 Working Experience

This subsection sought to establish the experience the respondents have been exposed to concerning the effects of competitive strategies adopted by farmers' cooperatives on performance in Butere sub-County. The result in Figure 4.2 depicts ranges of years within which the respondents had worked with the farmers' cooperatives as staff. Out of the 35 respondents contacted 24 (68.6%) employees had worked with the company between 6-10 years; which is also the modal group of the distribution. The study showed 7 (comprising 5 managerial staff [14.3%] and 2 [5.7%] non managerial staff had worked with the farmers' cooperatives between for over 10 years. Another 4 (11.4%) of the respondents had worked below 5 years.

4.4 Educational Level

The study sought to find out formal educational levels of respondents. To help understand this, respondents were asked to state their formal educational levels. The results are recorded in Table 4.3. There was a significant difference in the levels of education of respondents, an indication of respondents' different perceptions on how the adoption of competitive strategies affects the farmers' cooperative performance in Butere sub-county in Kakamega County. The results given in Table 4.3 and figure 4.3 (below) show that 34.3% of respondents had attained secondary education, 28.6% had bachelors 22.9% had diploma education level, 8.6% certificate education level, masters and primary education levels had 2.8% each.

4.5 EFFECT OF COST LEADERSHIP STRATEGY ON PERFORMANCE OF FARMERS COOPERATIVES IN BUTERE

Table:1 shows that 80% of respondents were very positive that cost leadership strategy affects performance of cooperative. 11.4 % of the respondents responded there were positive effects on performance as a result of cost leadership.

Table 3
Results of Effects of cost leadership strategy on performance

Response	Percentage responses					Total %
	Very negatively %	**Negatively %**	**Not at all %**	**Positively %**	**Very Positively %**	
Cost Leadership strategy	0.0	0.0	0.0	11.4	80	100.0

Multiple Regression Model for cost leadership strategies contribution to cooperatives competitive advantages

Multiple Regression analysis was conducted using data collected on Superior customer service, Low prices, Easy access to services, large customer base.

The adjusted R square value (0.514) in table 2 which is the proportion of variation accounted for by the regression model above and beyond the mean model indicates that cost leadership strategies explains 51.4% of the variability of cooperatives competitive advantages. Therefore, there is a positive relationship between cost leadership strategies and cooperatives competitive advantages. The results of ANOVA show that this relationship was significant (Table 2)

Table 4
Model table for relationship between cost leadership strategies contribution to cooperatives competitive advantages

R	R Square	Adjusted R square	STD error of the estimate
0.591	0.518	0.514	0.3657

a. Predictors: (constant), Superior customer service, Low prices, Easy access to services, large customer base.
b. Dependent Variable: competitive advantage

Regression model tests

The *F*-ratio in the **ANOVA** table 3 below tests whether the overall regression model was a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable, F (5, 95) = 3.580, p< .0005 (i.e., the regression model is a good fit of the data).

Table: 5

ANOVA table for F- ration

Model	Sum of squares	df	Mean squares	F	Sig
egression	.356		.780	.580	.000
esidual	9.400	5	.218		
otal	8.757	6			

a. Predictors: (constant), Superior customer service, Low prices, Easy access to services, large customer base.
b. Dependent Variable: competitive advantages

Estimated Model coefficients

The general form of the equation to predict cooperatives competitive advantages from Superior customer service, Low prices, Easy access to services, large customer base is;Predicted competitive advantage = 2.830 +(0.910 x Superior Customer service) +(0.62 x Low prices) + (0.32 x Easy access to services) + (0.31 x Large customer base)+(0.23 x Superior marketing team)
This is obtained from the Coefficients table, as shown below in table 4.

Table 6:
Estimated regression model coefficients

Variables	Unstandardized Coefficients		Standardized coefficients	t	Significance	% confidence interval for B	
	B	Standard error	Betta			Lower Limit	Upper Limit
(Constant)	2.830	1.05		1.593	0.124	-.727	5.638
Superior Customer service	0.910	0.155	0.255	1.36	0.179	-0.098	0.519
Low prices	0.620	0.217	-0.086	0.629	0.532	-0.57	0.297
Large customer base	0.310	0.144	0.158	1.001	0.320	-0.143	0.431
Easy access to services	0.320	0.182	0.164	1.013	0.315	-0.18	0.549
Superior Marketing Team	0.23	0.105	-0.040	-0.21	0.833	-0.233	0.188

a. Dependent Variable: competitive advantages

IV. DISCUSSION

The predicted competitive advantages accrued due to cost leadership were regressed against the individual strategies i.e Superior customer service, Low prices, Easy access to services and large customer base. The unstandardized coefficients represent strategic effects of each cost strategy to the competitive advantage while the other strategies are constant. Superior customer service (unstandardized coefficient of 0.910) had most contribution to cost leadership on farmers' cooperative society in Butere sub county. Low price had the highest influence on cost leadership after superior customer service (unstandardized coefficient of 0.62

V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of study findings, conclusions drawn and recommendations based on the conclusions.

5.2 Background of the Respondents

The study findings revealed that there was varied age distribution among the respondents. Most of the employees fell in the age bracket of between 45 – 55 years (37.1%). The results show that there was a high significant variation to the gender among the respondents since the expected 50% was not attained because there were more males 28 (80%) than females 7 (20%) who participated in the study. There was a high significant variation in the working experience of the respondents because the expected 25% in the working experience of the respondents was not realized. The results pointed out that 11.4% of the respondents have been working for the farmers' Cooperative for below 5 years, 68.6% worked for 6 -10 years, while those who worked for over 10 years represented by 20%. Furthermore, of those who were most experienced, 14.3% of them worked in management position while 5.7% worked in other staff cadres. The findings on educational attainments of the respondents show that 34.3% had a secondary education, 8.6% had bachelors, 22.9% had diploma education level, 8.6% certificate while masters and primary levels comprised 2.8% a piece. This was indeed an indication of different educational levels of respondents who gave varied views on the study subject.

5.3 Conclusions of the study

On the basis of the results obtained in this study the following conclusions were made:
The study concluded that cost leadership strategy is the most viable option that gives the farmers' cooperatives in Butere sub-county a competitive edge.Although the farmers' cooperatives in Butere sub-county are not keen to use differentiation strategy it is a powerful option that can create a competitive advantage and thus increase chances of improving the fortunes of the firm. It was not clear how product/ service differentiation is affecting the performance of farmers' cooperatives in Butere sub-county.The customers' needs and concerns for quality were addressed and this has affected the performance positively. The use of customer focus and quality management strategies have affected business performance in a positive way through increased sales volume and growth as a result of customer royalty, top management commitment for quality, and improvement in quality of the product and service.The farmers' cooperatives in Butere sub-county embrace quality management although there is no evidence to show the quality control tool used.

5.4 Recommendations

On the basis of the above conclusions the following recommendations are made from the study:
The farmers' cooperatives should emphasize the use of cost leadership strategy because it seems to be working in their favour. They should make use of modern technology in all their value chain activities to cut down on costs and improve on efficiency which translates to better performance. The farmers' cooperatives should incorporate a system or mechanism that would ensured quality products and customer service. In addition, the system should be tested frequently through the use of a suitable quality control tool.

5.5 Recommendation for further studies

Following the results of the study, the following recommendations were made for further studies:

a. Evaluation of differentiation strategy and its effect on farmers' cooperatives business performance.
b.
c. How the farmers' cooperatives can use total quality management control tools to influence their performance.

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