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EVALUATION OF EFFECT OF GENERIC STRATEGIES ON COMPETITIVENESS IN KENYAN TEA SECTOR: A CASE OF KISII COUNTY

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ABSTRACT

A firm has a competitive advantage when it implements a strategy competitors are unable to duplicate or find too costly to imitate. In the tea sector, about half of Kenya's tea exports had found major markets in countries such as Pakistan, Egypt, Afghanistan, the united Arab emirates and Yemen just to name but a few. Unfortunately, the massive production increase was a major cause for concern for the stability and competitiveness of the sector, prompting this study to evaluate the effects of generic strategies on competitiveness in Kenyan tea sector: A case of Kisii County. The objectives of the study were: To establish the impact of focus strategy on competitiveness, to determine the impact of cost leadership on competitiveness and to find out the impact of differentiation on competitiveness in the Kenyan Tea Sector: A survey of Kisii County. The study used descriptive and explanatory research designs to secure information concerning an existing phenomenon from a selected number of respondents on their opinions in relation to the impact of generic strategies on competitiveness in the Kenyan tea sector: A case of Kisii County. The study was carried out between April 2016 and June 2016, data being collected by use of open and closed ended questions on a well structured questionnaires based on objectives of the study for 36 respondents sampled purposively from all the censored factories. Completed questionnaires were analyzed both qualitatively and quantitatively. Qualitatively it was organized into patterns relevant to the research while quantitatively it was analyzed using descriptive statistics mainly frequencies. Secondary data was also used to enhance the quality of the study by providing necessary data on strategies used to ensure growth. Frequency distribution tables, Pie-charts, bar graphs were used to give a summary of the collected data. The study established that all the strategies studied yield returns for the sector in terms of profitability but cost leadership strategy was found to yield more as compared to other strategies under study.
KEYWORDS: **Competitive Advantage, Competitive Strategies, Differentiation, Focus and Generic Strategy**

Background Information

Competitive strategies are often aimed at altering the firm's position in the industry through competitors and suppliers. Some industries or subsectors of industries become more attractive because they have structural impediments to competitive forces that allow firms better opportunities for creating sustainable competitive advantages.

Global tea production is primarily concentrated in 4 countries: India, China, Kenya and Sri Lanka, which together accounted for nearly 75% of the world's output in 2012 Although India and China are still the largest tea producers, these two nations' considerable domestic consumption has rendered Kenya and Sri Lanka the largest global exporters of this commodity. While Sri Lanka has historically dominated exports, it relinquished this position to Kenya in 2007. Since then, Kenyan production has been growing robustly, driven by its expanding hectarage and improving production skills. Sri Lanka produces tea cultivated in a variety of elevations, with the bulk being low grown tea. Despite the superior quality of its tea, Sri Lanka's competitiveness in the global arena has been slipping in the last few years; this has been largely due to heightened competitive pressures and the country's continued focus on bulk tea. Once the largest tea exporter, Sri Lanka has now relinquished its position to Kenya and is closely followed by China. Kenyan tea production has expanded robustly, driven by the expansion of its cultivated land (from 120,400 ha in 2000 to 157,700 ha in 2008) and better production skills. However, it should be noted that Kenya primarily competes against Sri Lankan high-grown varieties; competition in the low-grown segment stems from India and Vietnam (sector report tea industry, 2010).

In India, the medium term export strategy for Indian tea (2002-2007), the Tea Board in 2002 strategized on 22 markets. The plan was to increase Indian exports of tea to these markets to a total of 280 million kg which was almost 72 million kg incremental. On the contrary, the exports actually declined during this period and there were significant losses in important markets like Arab Republic of Egypt, CIS, UK, and Poland. Some small size but well-paying markets like Saudi Arabia, Germany, Japan, France, Ireland and Sudan also saw Indian export declining. The tea industry blamed Tea Board and the Tea Board lamented lack of support from the industry particularly in markets where concentrated efforts were planned. While concern on exports declining sharply was expressed in all quarters, not much concrete was done to reverse the situation. Presumably such inactivity was in honest recognition of changed global situations which were steadily turning adverse to India. In the year 2004, India lost its eminent position of the largest producer of tea to China (Asopa, 2007). Under the changed circumstances presently, in which the clientele system has different and many more expectations, it would be appropriate to redefine the charter of the Tea Board, refocus its activities, and down size it. In doing so, the highly dynamic and well-focused functioning of the Tea Boards of Sri Lanka and Kenya could be useful inputs. One of the strategies to beat the competition is to know how it operates. Tea industry in India is at crossroad not knowing how to reverse the adverse trends in global markets that have directly affected its fortunes. There is fierce competition abroad, India's un-competitiveness on account of high cost and poor quality, and changing consumer demand. The home markets are slowly but steadily opening to imports which can well compete on both cost and quality parameters. The latest position is such that the Tea Board is now perhaps hopelessly resigned to the fact that India cannot compete in the global markets at least in the immediate future. The strategy is to protect the industry in the home markets since the tea industry particularly the plantations employs a huge labour force (Asopa, 2007).

Kenya was Ranked 108th out of 134 countries in the World Economic Forum's Global Competitiveness Report showing that it is weak by global standards. However, compared to its neighbours, it is in a relatively stronger position (World Bank 2008). The tea supply chain is comprised of a complex web of actors, producers, collectors, traders/brokers and packers. Tea production has traditionally been associated with large estates or plantations controlled by a handful of multinational companies, but smallholders are becoming increasingly important in the industry as well. Unilever, James Finlay Ltd., and Tata Ltd are three dominant multinational players in the market. They are active in every segment of production and usually carry out the high value added (80% of retail price) (SOMO; 2007) blending, packing and marketing of tea in western countries. This gives them considerable influence on world prices and has led to uneven value distribution along the supply chain. Global tea production cost are high owing to high power and oil tariffs, increasingly high labor costs, expensive inputs like fertilizers, machinery and packaging materials, and poor infrastructure in producing countries. Rising production costs, falling prices, and increased competition among producing countries are driving the restructuring process in the tea industry. These changes have important implications for competition as it relates to the traditional structure of the industry (SOMO; 2007). Hence it is argued that Kenya and Sri Lanka have become more competitive on the world market as a result of increased small holder production (SOMO; 2007). There are concerns around sustainability issues for the industry in two ways. One is that regulation in the subsector is less strict and farming practices less environmentally friendly (Kenya Tea Development Agency (KTDA); http://www.ktdateas.com/). The Kenya government has taken a number of steps to improve the competitiveness of the economy and the cluster. In 2007, the President of Kenya, Mwai Kibaki, unveiled "Kenya Vision 2030". At the sector level, two policy strategies have significant impact on the tea cluster. The first is the Strategy for Revitalizing Agriculture (SRA) 2004-14 unveiled in 2008. Its objective is to transform agriculture into a profitable, commercially oriented, and competitive sector. The second is related to Kenya's the 2003-2008 National Export Strategy. The Strategy aims to improve Kenya's export performance by deepening existing export markets, opening new markets, diversifying the export base away from reliance on traditional exports, enhancing market access, and strengthening institutional support networks through trade facilitation and enhancing competitiveness. The tea and coffee clusters are among the fourteen priority sectors identified in the National Export Strategy. From the foregoing literature, it was evident that strategies need to formulated to keep the sector competitive in international markets to cope up with increasing demand caused by advancement in technology and globalization and this formed a basis for this study.

Statement of the Problem

Tea farming is one of the activities boosting the Kenyan economy because the country depends largely on agriculture for its manufacturing sector and it is the largest foreign currency earner for Kenya. In addition, regional integration and globalization have created demand for viable strategies to withstand competition from tea in other countries. To combat the competition, firms have positioned themselves strategically by applying generic strategies of cost leadership, differentiation or focus. The nature of competition in this particular industry, the type of generic strategies employed, the strategy drivers of cost leadership or differentiation employed and the effects of these on firms' sustainable competitive advantage have not been established in the Kenyan tea sector. Previous studied had explored the implementation of strategies in entire manufacturing sector (Waweru, 2008) but little on the tea industry. This study sought to address this gap by evaluating the effect of generic strategies employed and their impact on competitiveness. In so doing the study sought to address the following questions: How did focus strategy impact on competitiveness in the Kenyan tea sector? To what extent did cost leadership impact on the Kenyan tea sector? And how differentiation impacted on competitiveness in the Kenyan tea sector?

LITERATURE REVIEW

Theoretical Literature

The study was grounded on two theories which seemed to conform to it: Theory of Competitive Advantage, Resource-Advantage theory.

Competitive Advantage Theory

The theory of competitive advantage was proposed by Porter (1985). According to this theory, there are five forces driving industry competition: bargaining power of buyers, bargaining power of suppliers, threat of entrants, threat of substitutes and rivalry among existing firms. This theory was found to be good for this as it seeks to determine the impact of generic studies in Kenyan tea sector in order to react to rivals' tactics in the industry. Good management of rivals in an industry enables the firm to find a position in where it can best defend itself against competitive forces or influence them in their favour.

Resource-Advantage Theory

The theory was developed by (Hunt and Morgan, 1995) who argued that, the key determinant of profitability is based on the view that superior performance and a sustainable competitive position depends primarily on the resources of the firm. In addition, they argue that the key challenge for managers is to transform basic resources into core competencies, which form the foundation of superior competitive positions specific market segments. The basic idea was that, it is resources that are difficult to imitate and substitute that are the basis for superior performance. These resources were embedded as core competencies within the firm. It is important to note that core competencies improve with use, and are less subject to depreciation, making them a source of sustainable competitive advantage. Resource-Advantage theory has increasing relevance as the degree of product differentiation increases similarly the level of competition intensifies under conditions of differentiated products and segmented demand. This theory was good for this study as it sought to determine how generic strategies impacted on competitiveness through optimal utilization of resources.

Empirical Literature

Focus

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well. Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better. Focus strategy is quite different from others in that it aims at a narrow competitive scope within the industry. Focus is about segmenting the industry and serving the narrow niche to the exclusion of others (Porter, 1985).

Focus strategy has two variants- cost focus and differentiation focus. Cost focus aims at achieving cost advantage while differentiation focus is about seeking differentiation in a target segment. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments (Porter, 1985). Small companies, the better ones, usually thrive because they serve narrow market niches. Market focus allows some businesses to compete on the basis of low cost, differentiation and rapid response against much larger businesses with greater resources because focus lets a business “learn” its target customers, their needs, special considerations they want accommodated and establish personal relationships in ways that “differentiate” the smaller firm or make it more valuable to the target customer (Pearce and Robinson, 2005).

Today’s organizations have to deal with dynamic and uncertain environments. In order to be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers.

Cost Leadership

The cost leadership strategy is an integrated set of action taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors (Ireland, et. Al, 2011). The cost leadership strategy represents efforts by firms to generate competitive advantage by achieving the lowest cost in the industry. The focus of firms implementing a cost leadership strategy is on cost control and efficiency in all areas of operation. A company that adopts a cost leadership strategy has the objective of being able to realize its offer at lowest possible cost. The competitive advantage of cost leadership is achieved by performing important value chain activities at lower cost than competitors (Porter, 1985).
The purpose of this strategy is the company's low-cost products offers in an industry. Cost leadership strategy takes place through experience, investment in production facilities, conservation and careful monitoring on the total operating costs (through programs such as reducing the size and quality management). Firms pursuing a strategy of cost leadership will benefit more from the use of leverage in terms of the increased managerial efficiency which corresponds to be monitored by lenders. According to Jensen (1986), monitoring by lenders also limits managers’ opportunistic behaviours by reducing the resources available for discretionary spending.

Cost leadership strategy put emphasis on organizational efficiency. This strategy involves the process through which the company is able to produce or distribute goods and services at a lower cost than competitors within the industry. Porter defines strategy of cost leadership as trading standard products (Porter 1985) combined with aggressive pricing. Cost leadership strategy is proposed by Porter (1985), as a successful way to achieve sustainable competitive advantage by reducing and controlling the costs.
When a firm designs, produces and markets a product more efficiently than competitors such firm has implemented a cost leadership strategy (Allen et al. 2006). Cost reduction strategies across the activity cost chain will represent low cost leadership (Tehrani 2003, Beheshti 2004). Attempts to reduce costs will spread through the whole business process from manufacturing to the final stage

of selling the product. Any processes that do not contribute towards minimization of cost base should be outsourced to other organizations with the view of maintaining a low cost base (Akan et al. 2006).

Low costs will permit a firm to sell relatively standardized products that offer features acceptable to many customers at the lowest competitive price and such low prices will gain competitive advantage and increase market share (Porter 1987; Bauer and Colgan 2001; Hyatt 2001; Davidson 2001). These writings explain that cost efficiency gained in the whole process will enable a firm to mark up a price lower than competition which ultimately results in high sales since competition could not match such a low cost base. If the low cost base could be maintained for longer periods of time it will ensure consistent increase in market share and stable profits hence consequent in superior performance. However all writings direct us to the understanding that sustainability of the competitive advantage reached through low cost strategy will depend on the ability of a competitor to match or develop a lower cost base than the existing cost leader in the market.

Differentiation

With the differentiation strategy, the unique attributes or perceptions of uniqueness and characteristics of a firm's product other than cost provide value to customers. The firm pursuing differentiation seeks to be unique in its industry along some dimension that is valued by customers, which means investing in product R&D and marketing (Porter, 1985). Miller (1987) argued that product differentiation firms tend to invest heavily in research and development activities in order to increase their innovative capability and enhance their ability to keep up with their competitors' innovations (Jermias, 2008). Biggadike (1979) argued that product differentiation firms face high uncertainty, as their strong emphasis on innovation requires them to engage in more risky activities and bet on products that have not yet crystallized. This might make it both difficult and undesirable for firms to use a greater amount of debt (Jermias, 2008).

Porter (1985) developed a framework that outlines how firms might choose a business strategy in order to compete effectively. He argued that a firm must choose between competing as the lowest-cost producer in its industry (i.e., a cost leadership strategy) or competing by providing unique products in terms of quality, physical characteristics, or product related services (i.e., a product differentiation strategy). In addition, he emphasized that the essence of a firm's business strategy is its ability to deliberately choose a set of activities which will deliver a unique mix of values to its customers (Jermias, 2008).

Differentiation is aimed at the broad market that involves the creation of a product or services that is perceived throughout its industry as unique. The company or business unit may then charge a premium for its product. This specialty can be associated with design, brand image, technology, features, dealers, network, or customers" service. Differentiation is a viable strategy for earning above average returns in a specific business because the resulting brand loyalty lowers customers' sensitivity to price. Increased costs can usually be passed on to the buyers. Rather than cost reduction, a firm using the differentiation needs to concentrate on investing in and developing such things that are distinguishable and customers will perceive.

As globalization leads to more intense competition among manufacturing organizations, with increase in customer demands, these organizations tend to seek competitive advantage by producing products with more valued features, such as product quality, product flexibility or reliable delivery (Baines and Langfield-Smith, 2003). As such, a differentiation strategy would provide greater scope for these organizations to produce products with more valued, desirable features as a means of coping with such demands.

The effectiveness of differentiation strategy depends on how well the firm can balance product benefits and product costs for the customer, relative to competitive offerings (Slater & Olson, 2001). Companies following a differentiation strategy strive to create and market unique products for varied customer groups. They aim to create a superior fulfillment of customer needs in one or several product attributes in order to develop customer satisfaction and loyalty, which can often in turn be used to charge a minimum price for the products (Morshett et al., 2006).

A firm that uses a differentiation strategy competes on the basis of its ability to do things differently than its major competitors do. A firm that uses a low-cost strategy builds competitive advantage by producing goods or services at the lowest possible cost. And if entrepreneurs persist in their ability to keep costs lower than others, their organizations thrive. In contrast to the cost leadership and differentiation strategies, which are based on the creation of competitive advantage over an entire market segment, Porter´s focus, or a niche strategy recommends focus on market niches – on specific target groups, particular portion of the product spectrum or a narrower geographical market. Competitors using niche strategies are specialists. They serve a narrow market segment that can be local or national. Niche strategists build special skills that are uniquely matched to a specific market; they are rewarded with high profit margins. Effective entrepreneurs are aware that establishing and maintaining a competitive advantage is a great challenge. Without careful attention, competitive advantage can be easily lost (Bateman, 1990).

Competitiveness

A competitive advantage refers to the position of superiority within an industry that a firm has developed in comparison to its competitors. Firm level competitiveness indicated a firm's ability to design, produce and market products superior to those offered by competitors, where superiority can be evaluated from several factors, like price, quality, technological advancement just to mention but a few. Competitiveness can be considered at different levels of aggregation: firm, industry, and country. Firm level analysis focuses on behaviors and performance of firms. Competitiveness is frequently analyzed also at industry level or "cluster" level. The competitiveness of an industry can be assessed by a comparison with the same industry in another region or country with which there is open trade. The different dimensions of competitiveness are strongly related: for example, a country's competitiveness factors are determinants of its firms' international competitiveness. On the other hand, the most evident aspect of a country's international competitiveness is represented by its firms' competitiveness in comparison to other countries' firms.

The pursuit of competitive advantage is at the root of organizational performance and as such understanding the source of sustained competitive advantage has become a major area of study in the field of strategic management (Porter, 1985). According to Porter (1980), competition within an industry is defined by five structural parameters: current competition within the industry, bargaining power of suppliers, bargaining power of buyers, threat of new entrants, threat of substitute products or services. In Porter's (1980) view, the paths of industry evolution depend (among other things) on firms' strategic choices. A number of studies have found empirical support for the hypotheses of a linear positive relationship between internationalization and performance (Grant et al., 1988); other studies have found no significant relationship (Morck and Yeung, 1991) or provided evidence of a negative relationship (Denis, Denis, and Ypost, 2002).

METHODOLOGY

The study used both descriptive and explanatory research designs. Explanatory design implies that the research in question is intended to explain, rather than simply to describe, the phenomena studied (Joseph, 2008). The study targeted all directors, managers in production, marketing and procurement departments summing to 36 respondents in Kisii County tea factories sampled purposively because they had relevant information regarding strategy formulation and implementation to determine the impact of generic strategies on competitiveness in the Kenyan tea sector. Kisii County has 9 factories and because of their small number, the researcher censored all of them for the study. A Questionnaire was used for data collection. Secondary data was also used to gather data in order to enhance the accuracy and quality of the research. Raw data was checked accurately to save time. It was then divided into different categories systematically guided by the problem under study. The data was tabulated involved the recording of classified in quantified terms to increase the precision with which it was analyzed. Data from the questionnaires was transferred to a table for systematic examination through hand sorting and hand tabulation of responses which involved the marking and counting frequency tallies for different items on which information is sought.

Findings of the study

Response Rates

In this study, three factors namely; to establish the impact of focus strategy on competitiveness in the Kenyan Tea Sector, to determine the impact of cost leadership on competitiveness in the Kenyan Tea Sector and to find out the impact of differentiation on competitiveness in the Kenyan Tea Sector. The presentation of findings was done through descriptive statistics using frequencies and percentages and inferential statistics using regression analysis. It is worthy to note that, all 36 respondents sampled representing 100% returned questionnaire.

Also to note was the fact that all 36 respondents representing 100% agreed that the tea sector had to a large extent adopted a competitive strategy both in local and foreign markets.

4.2.1 Focus Strategy and Competitiveness

On the aspect of focus strategy on competitiveness, 30 respondents out of 36 respondents who particiated in the study representing 83.3% were of the opinion that the tea sector had adopted focus strategy for competitiveness while the other 6 respondents representing 16.7% were of the opinion that there are other strategies enhancing competitiveness. In addition, it was apparent that 0 respondents were undecided representing 0%.

The study responses obtained from the field are in table 4.1 below.

Table 4.1 Focus Strategy on Competitiveness

Aspect	Yes (%)	undecided	No (%)
Focus Strategy enhances Competitiveness	30 (83.3)	00(0)	6 (16.7)
Focus Strategy is implemented in marketing	24(66.7)	06(16.7)	6(16.7)
Focus Strategy is implemented in production	28(77.8)	03(8.3)	5(13.9)
Focus Strategy is implemented in procurement	20(55.6)	01(2.7)	15(41.7)

The findings further revealed that, focus strategy was largely implemented in the production department as 28 respondents representing 77.8% attested to this fact against 5 respondents who were of contrary opinion representing 13.9%. This opinion was attributed to the fact that the tea sector was producing products suited for particular markets. In addition, a firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well.

In the procurement department, focus strategy was not adequately adopted due to homogeneity of raw materials and products. This was evident as 20 respondents representing 55.6% attested to this fact against 15 respondents who were of contrary opinion representing 41.7%.

4.2.2 Cost Leadership and competitiveness

Low input costs involve locating operations close to materials and cheap labour; economies of scale require large scale operations and experience is where more experience leads to efficiency.

On the aspect of Cost leadership on competitiveness, 32 respondents out of 36 respondents who participated in the study representing 88.9% were of the opinion that the tea sector had adopted the strategy for competitiveness while the other 4 respondents representing 11.1% were of the opinion that there are other factors influencing the prices like inflation, natural calamities among others which in turn impact on competitiveness.

The findings were in agreement to (Porter, 1985) as cited by (Kinyuira 2014) who established that low cost strategy translates to a profit margin that is higher than the industry average by yielding the firm above average returns in its industry despite the presence of strong competitive forces.

4.2.3 Differentiation and Competitiveness

This strategy involves uniqueness in doing something which should translate to profit margin that is higher than the industries average (Porter, 1985) as cited by (Kinyuira 2014). Differentiation, if achieved, is a viable strategy for earning above average returns in an industry because it creates a defensible position for coping with the five competitive forces in a different way than cost leadership.

The researcher sought to determine respondents' view on the impact of differentiation on competitiveness and established that it enhances competitiveness as 33 respondents agreed to this fact representing 91.7% as opposed to 3 respondents who disagreed representing 8.3%.

Also to note was the fact that all 36 respondents representing 100% agreed that requires adequate finances for research and development to enhance creativity and innovativeness needed for uniqueness.

These findings concurred to Miller (1987) as cited by Hansem et. al (2012) who argued that product differentiation firms tend to invest heavily in research and development activities in order to increase their innovative capability and enhance their ability to keep up with their competitors' innovations (Jermias, 2008).

4.1 Competitiveness

On competitiveness, the researcher sought to determine which generic strategy had greater returns on profitability and the results were tabulated in table 4.2.

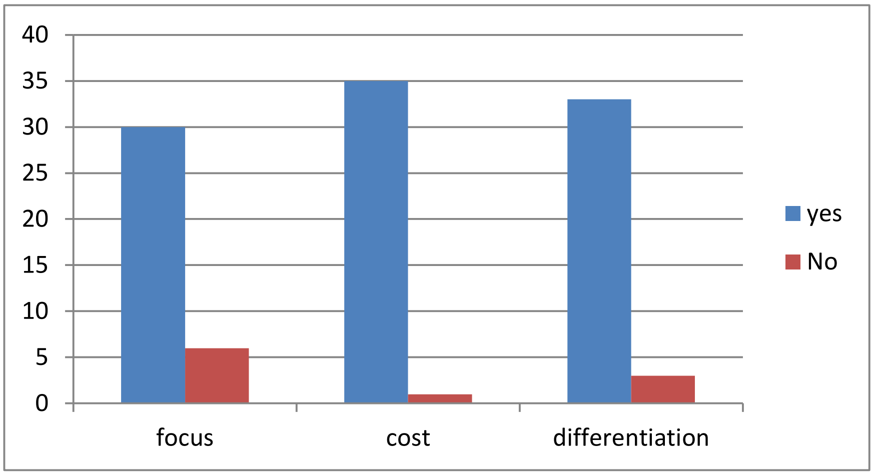
Table 4.2: Strategy Vs Competitiveness

Generic Strategy	Yes (%)	No(%)
Focus	30(83.3)	06(16.7)
Cost Leadership	35(97.2)	01(2.8)
Differentiation	33(91.7)	03(8.3)

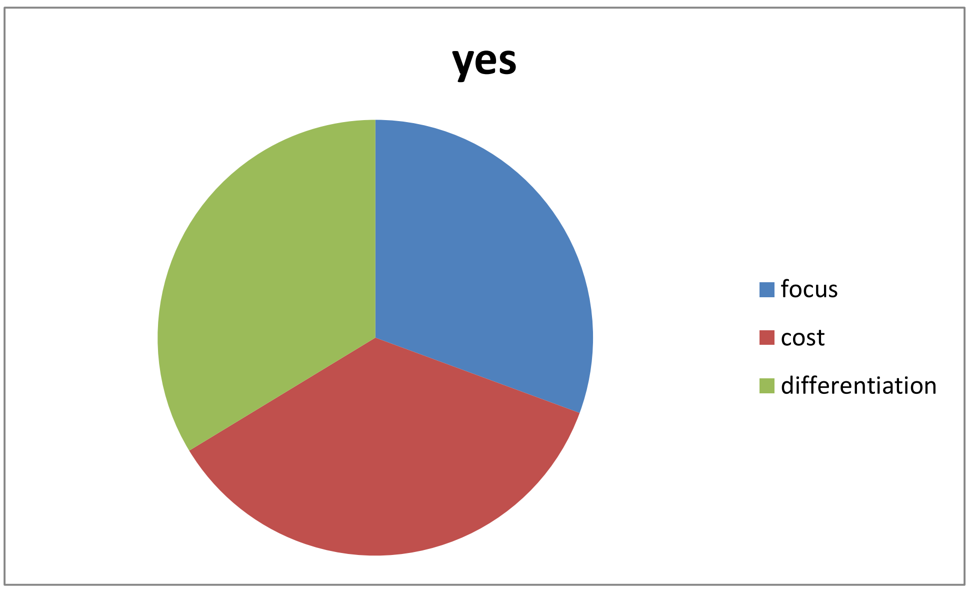
From table 4.2, it is evident that cost leadership yields more returns as compared to other strategies as 35 respondents representing 97.2% attested to this fact as opposed to 1 respondent who disagreed representing 2.8%. These findings were in agreement to earlier studies that established that low costs will permit a firm to sell relatively standardized products that offer features acceptable to many customers at the lowest competitive price and such low prices will gain competitive advantage and increase market share (Porter 1987; Bauer and Colgan 2001; Hyatt 2001; Davidson 2001).

On the other hand, focus strategy yields lower returns as 30 respondents representing 83.3% agreed to this fact against 6 respondents who were of contrary opinion representing 16.7%.

The tabulated results were represented using a bar graph as shown in fig 4.1



The above information was also presented in form of a pie chart as shown below in figure 4.2. showing the numbers of respondents who agreed that generic strategies enhance competitiveness.



SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of findings

The findings were summarised among major variables: Focus Strategy, Cost Leadership Differentiation.

Focus Strategy and Competitiveness

On this strategy on competitiveness, 30 respondents out of 36 respondents who participated in the study representing 83.3% were of the opinion that the tea sector had adopted focus strategy for competitiveness while the other 6 respondents representing 16.7% were of the opinion that there were other strategies enhancing competitiveness.

Cost Leadership and competitiveness

On the aspect of Cost leadership on competitiveness, 32 respondents out of 36 respondents who participated in the study representing 88.9% were of the opinion that the tea sector had adopted the strategy for competitiveness while the other 4 respondents representing 11.1% were of the opinion that there are other factors influencing the prices like inflation, natural calamities among others which in turn impact on competitiveness.

5.2.3 Differentiation and Competitiveness

The researcher established that it differentiation enhances competitiveness as 33 respondents agreed to this fact representing 91.7% as opposed to 3 respondents who disagreed representing 8.3%. In addition, all 36 respondents representing 100% agreed that requires adequate finances for research and development to enhance creativity and innovativeness needed for uniqueness.

Conclusion

The study concludes that all the strategies studied yield returns for the sector in terms of profitability but cost leadership strategy was found to yield more as compared to other strategies under study. In addition, differentiation strategy requires more financial resources than other strategies in order to achieve uniqueness of products in the market. Finally, focus strategy was concentrated in the production department, then marketing and lastly procurement.

Recommendations

The study made the following recommendations: Firstly, the tea sector to allocate adequate finances for research and development to enhance creativity and innovativeness for the success of differentiation strategy. Secondly, there is need for adequate training of employees in order to manage foreign markets using focus strategy due to diversity of cultures. Finally, the implementation of generic strategies requires commitment of top management; hence the study recommends that the top management participates fully in implementation through motivation, marketing, promotion and communication.

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