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Influence of Strategic Reforms on Performance of Sugar Manufacturing Firms in Western Kenya

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Abstract:

Globally, firms are bound to modify their business operations to remain relevant and keep abreast with the constantly changing environment. This study is therefore meant to establish the influence of industrial reforms on performance of sugar manufacturing firms in Western Kenya. The independent variables that guided this study were farming methods reforms, product diversification reforms, corporate social responsibility reforms and marketing strategies as a reform while the dependent variable was financial performance of sugar manufacturing firms in Western Kenya. The study was guided by Resource Based View and Systems Theories. Target population was the employees of sugar manufacturing firms. Simple random sampling technique was used to arrive at the sample size of 254 respondents using Yamane Formula. Primary data collection instruments mainly the questionnaires was used in the study. The questionnaire was preferred because it can be used to collect information from a large group of respondents over a short period of time. To ensure that content and construct validity was achieved on the construction of questionnaire; the study involved the experts in its construction. Cronbach's Alpha of Coefficient was used to test on the reliability of the research instruments. An alpha value of at least 0.7 or greater in social science research work was preferred. An alpha coefficient value of the Cronbach Alpha of coefficient attained was 0.871 for farming methods, 0.903 for product diversification, 0.863 for corporate social responsibility and 0.877 for marketing strategies, thus indicating research instruments were reliable. Both descriptive and inferential statistics were used in this study. Descriptive statistics involved use of mean, percentages and frequency distribution while inferential statistics involved use of correlation and regression. The findings reveal that farming methods account for 58.3% of performance, given R-square (r^2) of 0.583. Further, the coefficients of determination, R-square (r^2) of 0.457 implies 45.7% of the variance in performance of sugar manufacturing firms is attributed to product diversification. The coefficients of determination, R-square (r^2) of 0.559 implies 55.9% of the variance in performance of sugar manufacturing firms is attributed to corporate social responsibility. In addition, the coefficients of determination, R-square (r^2) of 0.519 implies 51.9% of the variance in performance of sugar manufacturing firms is attributed to marketing strategies. The researcher recommends sugar manufacturing firms to be actively get engaged in improving the farming methods since they have an influence on the performance. Sugar manufacturing firms should actively engage in product diversification since it improves their performance. Sugar manufacturing firms need to engage in corporate social responsibility activities since it has an effect on the performance. Sugar manufacturing firms need to get involved in employing different marketing strategies since it has an influence on their performance. The findings of the research is useful to investors, shareholders, management, policy makers and employees of sugar manufacturing companies. This study also contributes to the existing body of knowledge and forms a basis of reference in future studies.

Keywords: Farming methods, corporate social responsibility, product diversification, marketing strategies

1. Introduction

In the global reign of economic, political, environmental and regulatory reforms, most firms are bound to modify their business operations and be able to keep abreast with the drift. As one of key decisions to be made in this process, firms would need to redesign their supply chain networks which basically involve re-configuration of their logistic activities. These include transportation, warehousing, freight forwarding and value adding services like packaging and labeling. Depending on the changes in regulatory and political environment, nature of the firm and type of industry, such decisions are made on occasional or routine basis (Mason et al, 2003).

Over the last ten years the sugar sub-sector has experienced emerging issues and challenges that affect the efficiency and competitiveness of the sugar sub-sector. They include the following: addition of five new factories in Western Kenya, revival of sugarcane production in Kwale at the Coastal region for early maturity and high yields under irrigation, diversification of products at the factory level, planned privatization of the state owned sugar mills, introduction

of sugarcane trans-loading centers to reduce on transport costs and continued generation and promotion of early maturing and high sucrose content varieties (KESREF, 2011).

Currently the sugar sub sector is facing challenges including competition from foreign producers arising from economic liberalization, following the multilateral and regional trade treaties, specifically those associated with COMESA, EAC AND WTO which have facilitated importation of sugar into Kenya at Minimal or zero tariffs from producer member states . In addition the sugar imported is in most cases, heavily subsidized by its source Government, this has had an adverse impact on the marketability of locally produced sugar, which because of its high production cost relative to imported sugar, cannot compete head to head with foreign sugar in the domestic and foreign market (Kariuki, 2000). Decline in productivity at farm level, decline in productivity and efficiency at factory level, failure in institutional structures, processes has been another emerging challenges in the sub-sector.

There exists a huge potential for Kenya to become self-sufficient in sugar production and even produce surplus for export with the expansion of sugarcane production and licensing of more factories to a total of 13 operating by 2014, which are expected to produce over 1.7 million tons of sugar annually. For this potential to be realized the government will have to continue supporting the sub-sector through setting up policies that encourage growth and sustainability, and funding for infrastructural development and research for increased productivity and efficiency in the sector.

This potential could be harnessed through, improving production efficiency at the farm level, enhancing the adoption of early and high sucrose varieties, embracing and promotion of sugarcane production under irrigation, improving factory efficiencies and product diversification and profitability by providing conducive investment environment in the sector (KESREF, 2011).

With the emergence of cane trans-loading centers, sugar millers are buying sugarcane from regions that lie beyond their traditional geographic boundaries. This has therefore precipitated liberalization of the sugarcane market as farmers can sell their sugarcane to factories of their own choice. Sugar farming in Kenya forms part of the entire Agricultural activities that is a dominant sector in the Kenyan economy. Agriculture accounts for 24% of the country's Gross Domestic Product. Through sugar farming, we have employment opportunities to the farmers and the employees of the sugar manufacturing firms. It also provides income to over 200,000 shareholders in the whole country (KESREF, 2011).

Sugar industry in Kenya dates back in 1922. Miwani sugar Company Limited was established in 1927, though it is currently closed. Chemilil Sugar Company was later established in 1968. Mumias Sugar Company and Nzoia Sugar Company Limited followed closely in the years 1973 and 1978 respectively. South Nyanza Sugar Company Limited came in existence a year later whilst West Kenya Sugar Company Limited opened its doors three years after NSC. Muhoroni, which is currently under receivership, was opened in 1966. Sugar manufacturing as it has already been illustrated, forms a backbone of the country's economy.

1.1. Objectives of the study

The general objective of the study was to establish the influence of industry reforms on performance of sugar manufacturing firms in Kenya. It was guided by four specific objectives;

- i) To establish the influence of farming methods reforms on performance of sugar manufacturing firms in Western Kenya.
- ii) To determine the influence of product diversification reforms of sugar firms on performance of sugar manufacturing firms in Western Kenya.
- iii) To establish the influence of corporate social responsibility reforms on performance of sugar manufacturing firms in Western Kenya.
- iv) To determine the influence of marketing strategies as a reform on performance of sugar manufacturing firms in Western Kenya.

2. Literature Review

The paper presents specific literature theories, Farming methods, product diversification, social corporate responsibility, and marketing strategies.

2.1. Theoretical Review

2.1.1. Resource Based View

Resource Based View (RBV) was developed by Penrose (1959). The theory argues that firms possess resources, a subset of which enables them to achieve competitive advantage, and a subset of those that lead to superior long-term performance (Wade, 2005).

The theory is relevant to this study because it informs the independent variables. Farming methods are important to enable the manufacturing firms acquire raw materials as inputs (resources) in the manufacturing process. Diversification of all about products and methods of manufacturing of end products which are supplied to the market as outputs (resources). Corporate social responsibility generally looks at the welfare of the human resources and the society in which the sugar manufacturing firms operate from. Market strategies are methods employed by sugar manufacturing companies on how to acquire raw materials and deliver finished products to the consumers efficiently and effectively.

2.2. Systems Theory

The systems theory was developed by Ludwig Von Bertalanffy in 1930 who presented it first at a philosophy seminar at the University of Chicago. The theory is considered as interdisciplinary study of systems with the goal of expounding principles that can be applied to all types of systems at all nesting levels in all fields of research. The theory is relevant to the study since it views an organization as a system with various interrelated components. Farming methods are part of the entire system that provides the raw materials which are the inputs in the process. Diversification in itself is an internal process manufacturing that aims at producing end products that are unique and attractive to the market. Corporate social responsibility appreciates the idea an organization does not operate in a vacuum but depends on the employees and the external environment in general. Marketing strategies explain the entire process an organization undertakes to deliver its products to the market in a desired manner owing to the prevailing ever changing competitive environment.

2.3. Conceptual Review

The study was guided by the variables outlined on the conceptual framework namely; farming methods, product diversification, corporate social responsibility and marketing strategies. They are discussed in the following sub thematic area.

2.3.1. Farming Methods Reforms and Performance of Sugar Manufacturing Firms

Farming is both a lucrative and a risk venture. It's very expensive in terms of time requirement, costs of inputs, environmental uncertainty and logistical costs. The situations could be different depending on the type of crop; food crop or cash crop. Farmers engage in sugarcane farming for commercial purpose, and use the income to finance education of their children, acquire more property in other sectors and enable them live a decent life (Waswa et al. 2012). Sometime these goals are not always met due to low returns to farmers from the cane.

2.3.2. Product Diversification Reforms and Performance of Sugar Manufacturing Firms

Kenyan sugar factories rely on sugar sales as their main source of revenue. It is only Mumias which has diversified to power co-generation in which 26MW of the 38MW generated is supplied to the National Grid. In addition to electricity, Mumias produces 22 million litres of ethanol and 15 million litres of bottled water (Kenya National Assembly; 2015). Unlike Kenyan firms, sugar firms in the COMESA region have diversified their operations to reduce over reliance on sugar sales as a source of revenue. Challenges to product diversification in Kenya have been due to lack of competitiveness of the industry's products; old factory equipment/machinery, low factory capacity and poor laws governing the operations of the industry (KSI, 2010-2014, KSB 2007 Diversification merits strong consideration whenever a single business company is faced with diminishing market opportunities and stagnation of sales in principle business (Thompson et al, 2005). According to Thompson et al (2010), diversification is due if a firm expands into industries whose technologies and products complements its present business. When a firm is diversifying into closely related business, it opens new avenues for reducing costs which can be a major driver to strategic diversification. Concentric or related diversification is seen where the firms have diversified into related businesses like the generation of power and water project which in turn help in cutting down the production costs.

2.3.3. Corporate Social Responsibility Reforms and Performance of Sugar Manufacturing Firms

The relation between Corporate Social Responsibility (CSR) and firm performance has evoked much interest among researchers in the whole world. Some of the researchers reveal a positive relation between the two (Graves & Waddock, 1994; Griffin & Mahon, 1997; McGuire et al., 1988; Waddock & Graves, 1997). Other researchers indicate a negative relation (Bromiley & Marcus, 1989; Wright & Ferris, 1997). Important to note be that still others (Aupperle et al., 1985; Teoh et al., 1999) establish no relation between the two constructs. A positive relation between CSR and firm performance has prevailed in many studies (Margolis & Walsh, 2003; Orlitzky et al., 2003), but still the results remain inconclusive (Margolis & Walsh, 2003; Vogel, 2005). Such inconclusiveness creates ground for further investigation. Typical involvement of business with the community is seen in areas of education, health, and income generation. CSR towards community is seen in terms of philanthropic giving, public-private partnerships, community relationships, and participation in social and economic development issues. Of late, companies are pursuing meaningful partnerships with non-governmental organizations (NGOs) to empower the local community.

In a study by Masinde (2013), on effect of corporate social responsibility and performance of sugar manufacturing firms in Kenya established that 40.7% of the performance of sugar firms was explained by sugar manufacturing companies participating in employee oriented activities. While 15.9% of performance of sugar manufacturing companies was attributed to sugar manufacturing companies participating in societal oriented activities and 47.8% of performance of sugar firms was explained by sugar manufacturing companies participating in environmental oriented activities.

The study concluded Sugar manufacturing firms that proactively engage in society oriented activities, environmental oriented activities and employee oriented activities had improved in business performance. Irresponsible behavior by firms agitates stakeholders. They often react by boycotting the company (Hayes & Pereira, 1990), reducing consumption of the company's products (Sen & Bhattacharya, 2001), initiating legal action against the company (Greeno & Robinson, 1992), and/or spreading bad words-of-mouth about irresponsible business practices (Clair et al., 1995). Boycotting of Nike products due to human rights' abuse and unsafe working conditions at suppliers' locations in Asia

(Herbert, 1996), or sharp reaction from environmentalists and consumers to the pesticide content in Pepsi and Coca-Cola beverages in India (Financial Express, 2006) are few such instances. While improved stakeholder relations have the potential to improve a firm's reputation and performance, strained relations have the risk of adversely affecting a firm's performance.

2.3.4. Marketing Strategies and Performance of Sugar Manufacturing Firms

For many years, sugar marketing in Kenya was done under the ambit of the Ministry of Commerce. "Every month, the Ministry used to send out directives (Sic) to sugar mills instructing them how much to ship to each station on the rail line" (Frank, 1964). This situation did not change much even with the establishment of the Kenya National Trading Corporation (KNTC) in 1965 largely because the government continued to regard sugar as an "essential commodity" and determined who got what quantities and at what price. The industry thus became entrenched in a serious flux with production, importation, and marketing of sugar revealing serious policy contradictions and lack of co-ordination by government departments and agencies charged with these responsibilities (Odhiambo, 2015).

As at mid-1999, a gloomy situation prevailed over the local industry with Mumias holding 73,000 tonnes of sugar worth Ksh 2.7 billion, while South Nyanza Sugar Company had 4,000 tonnes worth Ksh 152 million. According to Kenya Sugar Authority (KSA), the stock levels for the entire industry at the end of 1998 was 80,173 tonnes (KSA, 2015). The high stock levels led to a situation where the sugar companies could neither pay their farmers nor meet their maturing bank loan obligations.

For a long time, GOK has also been planning to build more sugar factories including one in Busia and another one in Kericho. Should these factories become a reality, they will compound the prevailing problem by making the marketplace more competitive. To survive in such an environment, sugar companies must strategise. To be able to stand on their own, they need to evolve and embrace strategic marketing practices. They have to dedicate themselves to sensing, serving and satisfying the needs of customers in a well understood target market (Albrecht & Zemke, 2015).

The results from a study on market strategy by Mbithi (2015) showed that market development strategy has significant predictive influence on performance in terms of sales volume specifically when markets are pursued by companies through accessing markets in new geographical regions while developing new market segments has no statistical significance. The findings drew conclusions that extensions to new market segments which involve capturing consumers not previously using the product and also reaching out to new geographical areas influence companies' capacity's utilization.

2.4. Concept of Organizational Performance

Performance incorporates financial and non-financial success of an entity. Every business has to put in place a system of measuring performance where set goals are compared to feedback from agreed upon indicators. A typical performance measurement helps businesses in periodically setting business goals and then providing feedback to managers on progress towards those goals. The time horizon for these goals can typically be about a year or less for short-term goals or span several years for long-term goals (Simmons, 2000).

Financial performance measures are derived from or directly related to the chart of accounts and found in a company's financial statements. Non-financial performance measures such as customer satisfaction scores or product quality measures are outside the chart of accounts.

3. Research Methodology

The study adopted a descriptive survey research design using a questionnaire. The target population was 700 employees in the sugar industry. Purposive sampling was adopted in choice of study respondents according to sugar firm who were subjected to Stratified sampling to ensure homogeneity of the selected sample in ensuring that samples was drawn from each sugar manufacturing company. The study used Yamane (1967) formula to determine the sample size for each sugar manufacturing company. Quantitative data collected from respondents was coded and analyzed using Statistical Package for Social Sciences (SPSS version 21). The study used both descriptive and inferential statistics during data analysis.

4. Research Findings and Discussion

4.1. Questionnaire Response Rate

A total of 254 questionnaires were issued to the respondents out of which 186 questionnaires were correctly filled and returned. This constituted 73.2% of which was considered adequate and in line with Kothari (2004) who recommended that a return rate of more than 50% was acceptable in social science research.

4.2. Demographic Characteristics of Respondents

The results indicated that out of 186 respondents who participated in the study 129 (69.4%) were male while 57 (30.6%) were female. Distribution of Respondents by Age Groups showed that 7 (3.8%) of the respondents were aged below 25 years, 103 (55.4%) were aged between 25- 35 years, 49 (26.3%) were aged between 36 - 45 years, while the remaining 27(14.5%) were more than 45 years. Majority of the respondents, 152 (81.7%) were in the age bracket of between 25 to 45 years. Distribution of Respondents by Education Level indicated that out of 186 respondents who participated in the study 16 (8.6%) had O level, 160 (86%) had university education while 10 (5.4%) had post graduate

education. This shows that the level of education of the people involved in the sugar manufacturing firms in Kenya is adequate to attain the required performance standards. Distribution of Respondents by Working Experience showed that out of 186 respondents who participated in the study, 39 (21%) respondents have less than 5 years of experience, 114 (61.3%) have 5 to 10 years of experience, 30 (16.1%) have 10 to 20 years of experience while the remaining 3 (1.6%) have more than 20 years of experience. Majority of the respondents have over 5 years of experience in sugar manufacturing firms. Experience is an important factor in performance of sugar manufacturing firms in Kenya.

4.3. Descriptive Analysis of Strategic Reforms on Performance of Sugar Manufacturing Firms

The four objectives the study sought to achieve was to establish influence on performance of sugar manufacturing firms in Western Kenya. the respondents were asked to give their opinion showing the level of their agreement or disagreement with the statement provided in a Likert scale of 1- 5 where: Strongly agree (SA)=5, Agree(A)= 4, Neutral or not sure (N)= 3, Disagree (D)= 2 and Strongly disagree (SD) = 1.

5. Summary of Findings

Summary of research findings was presented according to the research objectives. The objectives were; influence of farming methods on performance of sugar manufacturing firms in western Kenya, influence of product diversification on the performance of sugar manufacturing firms in western Kenya, influence of corporate social responsibility on the performance of sugar manufacturing firms in western Kenya and influence of marketing strategies on performance of sugar manufacturing firms in western Kenya.

5.1. Influence of Farming Methods on Performance of Sugar Manufacturing Firms

From the descriptive results, most of the respondents noted their organization provides raw materials to farmers. Most of the respondents noted their firms have established sugar zones. Majority of respondents noted their company offers training to farmers. Most respondents noted their company has contracted farmers who engage in sugar farming. Majority of the respondents were of the opinion that their company had done some reforms in the farming methods.

- The study set out the following null hypothesis Ho1

There is no significant influence of farming methods reforms on performance of sugar manufacturing firms in Western Kenya.

The test criteria was set such that the study accepts the hypothesis if the value of beta, $\beta_1 \neq 0$. Simple regression $Y = \alpha + \beta_1 X_1 + e$ was used where Y is performance of sugar manufacturing firms, α is the y-intercept term, X_1 is farming methods, β_1 is the beta value and e is the standard error term. The mean of farming methods (X_1) was regressed with mean of performance of sugar manufacturing firms (Y) through simple regression. The interpretation of the results involved using significance of R square and Regression coefficient at 95.0% confidence level.

From the results, the correlation coefficient (R) or the beta value β_1 of 0.763 \neq 0 at p=0.00 indicates there exist statistically significant linear relationship between farming methods and performance of sugar manufacturing firms. The coefficients of determination, R-square (r^2) of 0.583 implies 58.3% of the variance in performance of sugar manufacturing firms is attributed to farming methods. The significance value is 0.000 which is less than 0.05 means the model is statistically significant in predicting how farming methods influence performance of sugar manufacturing firms. Further, an F-significance value 256.778 at $p = 0.00k0$ was established showing that there is a probability of 0.00% from the regression model to accept the hypothesis.

The unstandardized regression coefficient (β_1) value of project characteristics was 4.531 with a t-test of 4.483 and significance level of $p \leq 0.001$. This indicated that a unit change in farming methods would result to a change in performance of sugar manufacturing firms by 4.483. At 5% level of significance and 95% level of confidence, farming methods are significant in predicating performance of sugar manufacturing firms. The null hypothesis was thus rejected.

5.2. Influence of Product Diversification on Performance of Sugar Manufacturing Firms

Majority of respondents agreed that Sugar firms can engage in any other income generating activity without restriction. Most of the respondents were of the view that sugar firms are licensed to carry out other business activities. Most respondents agreed there are no restrictions hindering sugar firms to open sugarcane collection centers. Most of the respondents were of the opinion the increased number of sugar firms have made it possible to do other businesses. Majority of the respondents agreed sugar firms can engage in any other income generating activity without restriction.

- The study set out the hypothesis Ho2.

There is no significant influence of product diversification on performance of sugar manufacturing firms in Western Kenya.

The test criteria was set such that the study accepts the hypothesis if the value of beta, $\beta_1 \neq 0$.

Simple regression $Y = \alpha + \beta_2 X_2 + e$ was used where Y is performance of sugar manufacturing firms, α is the y-intercept term, X_2 is product diversification, β_2 is the beta value and e is the standard error term. The mean of product diversification (X_2) was regressed with mean of performance of sugar manufacturing firms (Y) through simple regression. The interpretation of the results involved using significance of R square and Regression coefficient at 95.0% confidence level. The correlation coefficient (R) or the beta value β_1 of 0.676 \neq 0 at p=0.00 indicates there exist statistically significant linear relationship between product diversification and performance of sugar manufacturing firms. The coefficients of determination, R-square (r^2) of 0.457 implies 45.7% of the variance in performance of sugar manufacturing firms is attributed to product diversification. The significance value is 0.000 which is less than 0.05 means the model is

statistically significant in predicting how product diversification influence performance of sugar manufacturing firms. Further, an F-significance value 155.141 at $p = 0.000$ was established showing that there is a probability of 0.00% from the regression model to accept the hypothesis.

The unstandardized regression coefficient (β_2) value of product diversification was 7.557 with a t-test of 7.152 and significance level of $p \leq 0.001$. This indicated that a unit change in product diversification would result to a change in performance of sugar manufacturing firms by 7.152. At 5% level of significance and 95% level of confidence, product diversification are significant in predicating performance of sugar manufacturing firms. Hence the hypothesis was rejected.

5.3. Influence of Corporate Social Responsibility on Performance of Sugar Manufacturing Firms

From the descriptive statistics, most of the respondents agreed their firm engages in community development activities. Majority of the respondents were of the opinion their firm sponsors youth activities like football clubs. Majority of the respondents were of the opinion their company is actively involved in maintenance of community roads. Most respondents agreed in their company, there is a department that deals specifically with community welfare.

- The study set out the following null hypothesis Ho3

There is no significant influence of corporate social responsibility on performance of sugar manufacturing firms in Western Kenya.

The test criteria was set such that the study accepts the hypothesis if the value of beta, $\beta_1 \neq 0$. Simple regression $Y = \alpha + \beta_3 X_3 + e$ was used where Y is performance of sugar manufacturing firms, α is the y-intercept term, X_3 is corporate social responsibility, β_3 is the beta value and e is the standard error term. The mean of corporate social responsibility (X_3) was regressed with mean of performance of sugar manufacturing firms (Y) through simple regression. The interpretation of the results involved using significance of R square and Regression coefficient at 95.0% confidence level.

From the results, the correlation coefficient (R) or the beta value β_1 of 0.747 \neq 0 at $p=0.00$ indicates there exist statistically significant linear relationship between corporate social responsibility and performance of sugar manufacturing firms. The coefficients of determination, R-square (r^2) of 0.559 implies 55.9% of the variance in performance of sugar manufacturing firms is attributed to corporate social responsibility. The significance value is 0.000 which is less than 0.05 means the model is statistically significant in predicting how corporate social responsibility influence performance of sugar manufacturing firms. Further, an F-significance value 233 at $p = 0.000$ was established showing that there is a probability of 0.00% from the regression model to accept the hypothesis.

The unstandardized regression coefficient (β_3) value of corporate social responsibility was 4.302 with a t-test of 4.001 and significance level of $p \leq 0.001$. This indicated that a unit change in farming methods would result to a change in performance of sugar manufacturing firms by 4.001 At 5% level of significance and 95% level of confidence, corporate social responsibility are significant in predicating performance of sugar manufacturing firms. Hence, the hypothesis was thus rejected.

5.4. Influence of Marketing Strategies on Performance of Sugar Manufacturing Firms

Majority of the respondents were of the opinion their company has an office specifically for marketing. Most respondents noted in their company, all new employees are taken through customer care training. Majority of the respondents were of the opinion in their firm, they have identified regions where marketing activities are mostly carried out. Most of the respondents noted they have segmented our market areas which has enabled our firm to use different marketing tools in respective areas. Most respondents noted in their firms, all employees are trained on the importance of marketing.

- The study set out the following hypothesis Ho4

There is no significant influence of marketing strategies on performance of sugar manufacturing firms in Western Kenya.

The test criteria was set such that the study accepts the hypothesis if the value of beta, $\beta_1 \neq 0$. Simple regression $Y = \alpha + \beta_4 X_4 + e$ was used where Y is performance of sugar manufacturing firms, α is the y-intercept term, X_4 is marketing strategies, β_4 is the beta value and e is the standard error term. The mean of marketing strategies (X_4) was regressed with mean of performance of sugar manufacturing firms (Y) through simple regression. The interpretation of the results involved using significance of R square and Regression coefficient at 95.0% confidence level.

From the correlation coefficient (R) or the beta value β_1 of 0.720 \neq 0 at $p=0.00$ indicates there exist statistically significant linear relationship between marketing strategies and performance of sugar manufacturing firms. The coefficients of determination, R-square (r^2) of 0.519 implies 51.9% of the variance in performance of sugar manufacturing firms is attributed to marketing strategies. The significance value is 0.000 which is less than 0.05 means the model is statistically significant in predicting how marketing strategies influence performance of sugar manufacturing firms. Further, an F-significance value 198 at $p = 0.000$ was established showing that there is a probability of 0.00% from the regression model to accept the hypothesis.

The unstandardized regression coefficient (β_4) value of marketing strategies was 5.178 with a t-test of 4.698 and significance level of $p \leq 0.001$. This indicated that a unit change in marketing strategies would result to a change in performance of sugar manufacturing firms by 4.698. At 5% level of significance and 95% level of confidence, marketing strategies are significant in predicating performance of sugar manufacturing firms. Hence, the hypothesis was thus rejected.

6. Conclusions and Recommendations

6.1. Conclusion of the Study

The following conclusion was made from the research findings; Farming methods have a statistically significant influence on the performance of sugar manufacturing firms in western Kenya. On the other hand, Product diversification has a statistically significant influence on the performance of sugar manufacturing firms in western Kenya. Corporate social responsibility has a statistically significant influence on performance of sugar manufacturing firms in western Kenya. Marketing strategies had a statistically significant influence on the performance of sugar manufacturing firms in western Kenya.

6.2. Recommendations

The following were recommendations made from the study; Sugar manufacturing firms should be actively get engaged in improving the farming methods since they have an influence on the performance. They should actively engage in product diversification since it improves their performance. That, Sugar manufacturing firms need to engage in corporate social responsibility activities since it has an effect on the performance. Finally, Sugar manufacturing firms need to get involved in employing different marketing strategies since it has an influence on their performance

7. Suggestions for Further Research

The following were suggestions for further research;

The present study was done in sugar manufacturing firms in western Kenya. Future studies are encouraged to cover other sugar manufacturing firms in the whole country. The study did not test moderating influence of government policy on the relationship between strategic reforms and performance of sugar manufacturing firms. Future studies are encouraged to establish the moderating influence. The study was done in sugar manufacturing firms . Future studies are encouraged to be done in other sectors to compare the results.

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