



**INFLUENCE OF STRATEGIC REFORMS ON PERFORMANCE OF SUGAR MANUFACTURING FIRMS IN WESTERN KENYA**

**Atingo, D. A., & Kwasira, J.**

## INFLUENCE OF STRATEGIC REFORMS ON PERFORMANCE OF SUGAR MANUFACTURING FIRMS IN WESTERN KENYA

Atingo, D. A.,<sup>\*1</sup> & Kwasira, J.<sup>2</sup>

<sup>\*1</sup>MBA Candidate, Jomo Kenya University of Agriculture & Technology [JKUAT], Kakamega Campus, Kenya

<sup>2</sup> Ph.D, Senior Lecturer, Jomo Kenya University of Agriculture & Technology [JKUAT], Kakamega Campus, Kenya

Accepted: October 29, 2018

### ABSTRACT

*This study sought to establish the influence of industrial reforms on performance of sugar manufacturing firms in Western Kenya. Target population were 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. Both descriptive and inferential statistics were used in this study. The findings revealed that farming methods accounted 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 implied 45.7% of the variance in performance of sugar manufacturing firms was attributed to product diversification. The coefficients of determination, R-square ( $r^2$ ) of 0.559 implied 55.9% of the variance in performance of sugar manufacturing firms was attributed to corporate social responsibility. In addition, the coefficients of determination, R-square ( $r^2$ ) of 0.519 implied 51.9% of the variance in performance of sugar manufacturing firms was attributed to marketing strategies. The researcher recommended 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 improved 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 was 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.*

**Key Words:** Farming Methods, Product Diversification, Corporate Social Responsibility, Marketing Strategies

## 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).

The sugar subsector being one of the most important agricultural sectors in Western and Nyanza regions, had a total workforce of 35,000 workers in 1997, which was a major source of income to over 100,000 small scale farmers and supported over 2 million people (Kariuki 2000). However by 2000, the number of employed people had reduced to 10,522. The status and importance of sugar as a source of livelihood and viable economic concern is under threat from various changes and factories in the sugar industry and the country as a whole. These threats include, policy and marketing problems, poor cane husbandry practices leading to low yields at farm level in quantities per ha. and in sucrose content, low productivity levels at factory level leading to low sugar yields, capacity utilization and hence low income to farmers which in turn affects cane husbandry practices.

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.

### Statement of the problem

The sugar industry is constrained by low production capacities, lack of clear harvesting schedules, huge debts, managerial inefficiency, cane poaching, unreliable and fluctuating weather conditions, outdated technology, equipment and machinery. The factories continue to operate at low capacities due to low levels of technical efficiency and managerial inefficiencies (KSI, 2009 and KSB, 2010). The strategic reforms in the sugar industry thus form a central basis of this study. In addition Corruption remains a major challenge in the management of sugar firms. According to KACC (2010), there are many incidents of corruption in the sector. Due to such cases of corruption amongst institutions within the sugar sub sector, there has been high cases of nepotism and favoritism in the appointment of top managers of sugar factories, biased recruitment and hiring of workers in the factories, high cases sugar theft in the factories and lack of transparency in the approval and disbursement of loans by the Kenya Sugar

Directorate. Competition from foreign producers arising from economic liberalization, decline in productivity at farm levels, decline in productivity and efficiency at factory level, failure in institutional structures, processes and policy to address current issue in the sugar industry have been among other challenges facing the sugar sub-sector. Thus the question the study aim to answer; What is the effect of the strategic reforms on the performance of sugar manufacturing companies in Kenya? With an accurate reflection of the situation, the author hopes to provide timely information for correction of policy regarding sugarcane market in order to pre-empt a possible sudden collapse of the industry in the country or make the sugar manufacturing companies derive ways to curb the current ever changing external environment.

### 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. The specific objectives were:-

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

### Research Hypotheses

- **Ho1.** There is no significant influence of farming methods reforms on performance of sugar manufacturing firms in Western Kenya.
- **Ho2.** There is no significant influence of product diversification reforms on performance of sugar manufacturing firms in Western Kenya.
- **Ho3.** There is no significant influence of corporate social responsibility reforms on

performance of sugar manufacturing firms in Western Kenya.

- **Ho4.** There is no significant influence of marketing strategies as a reform on performance of sugar manufacturing firms in Western Kenya.

## LITERATURE REVIEW

### Theoretical Review

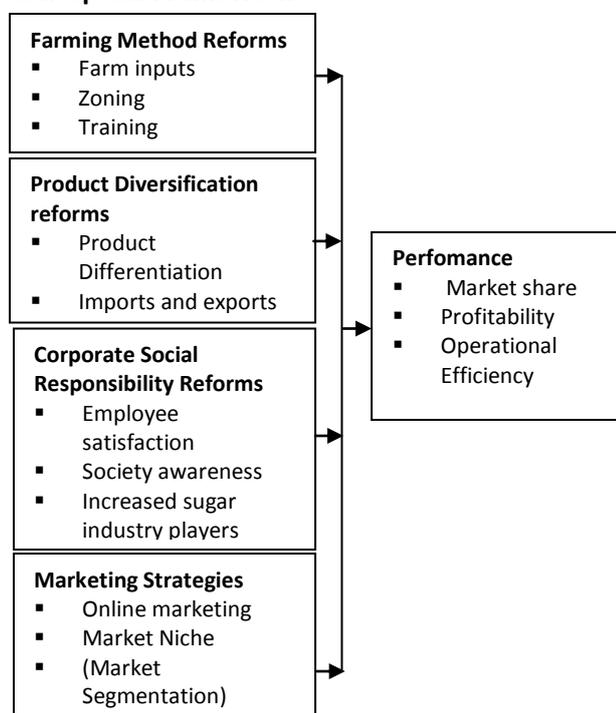
#### Resource Based View

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). Proponents of RBV school of thought include Schoemaker, 1993; Barney, 1991; Hansen, 1989; Conner, 1991; Wennerfelt, 1984 among other scholars suggested that an organization should be considered as a collection of physical and human resources bound together in an organizational structure. Physical assets which include systems are easily distinguishable due to their tangible existence while human resources (intellectual assets) -include employee skills and staff knowledge are considered as intangible assets. Resource based view indicates that a resource which must be currently scarce, difficult to imitate or copy, non-substitutable and not readily accessible in factor markets to create competitive advantage should provide economic value that determines organizational performance (McIvor, 2009). Scholars subscribing to the RBV argue that only strategically important and useful resources, core competencies and capabilities such as shared values and strategy should be viewed as sources of competitive advantage that leads to improved organizational performance. Core competencies provide an organization with a potential competitive edge and are distinctive, rare, valuable firm-level resources that competitors are unable to imitate, substitute or reproduce (Barney, 2007).

## 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 an 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. Skjottner (1996) looks at a system as a set of two or more elements where the behavior of each element has an effect on the behavior of the whole; the behavior of the elements and their effects on the whole are interdependent. The theory emphasizes the interaction of the organization with the environment and concentrates on identifying the particular elements in the environment of the group or organization that significantly affects the outcomes of its decision-making.

## Conceptual Framework



Independent Variables      Dependent Variables

**Figure 1: Conceptual Framework**

**Source: Author (2018)**

## Empirical Review

### 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. The area under cane grew from 95,279 hectares in 1984 to 213,920 hectares in 2013. The increase in area under cane is due to high cane demand because of new mills and expanded capacity of most sugar factories. However, the increase in area under cane has not translated to self-sufficiency in sugar production (KSB 2001 and 2013).

### 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). Sugar production in Kenya has grown from 389, 138 MT of sugar in 1996 to 600,179 MT in 2013. During the same period, the quantity of sugar consumed increased from 570,000 MT in 1996 to 841,957 MT in 2013 (KSB, 2013). The

deficit in meeting domestic sugar consumption needs from local production has grown from 180, 862 MT in 1996 to 241,778 MT in 2013. This has made Kenya to regularly import sugar to meet the domestic demand for sugar (KSB, 2013).

### **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 not 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.

### **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).

### **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. The following table 1, is a balanced score card that was suggested by Kaplan and Norton (1992), to help the organization in achieving the performance objectives.

**Table 1: Balance score card**

Perspective	Question	Explanation	Measure
Customer	What do existing and new customers value from us?	Give rise to targets, that matter to customers	Product attribute Customer relationship
Internal business	What process must we excel at to achieve our financial targets?	Aim to improve internal process and decision making	Develop products Deliver products
Innovation and learning	Can we continue to improve and create value for future?	Consider the business capacity	Employee capabilities Information technology
Financial	How can we create value for our shareholders?	Constitutes the traditional financial measures	Return on capital Improved shareholders value

Source: Kaplan & Norton 2008

### METHODOLOGY

This study employed descriptive survey research design. Descriptive survey method leads to an intense accuracy at the phenomena of the moment and then helps the researcher to describe precisely what is being seen (Saunders et al., 2007). The target population of this study were the 700 employees in the sugar industry. Primary data collection instrument were used in the study. This was done through questionnaires. Questionnaires were distributed in after initial communication with the respondents to seek consent. Quantitative data collected from respondents was coded and analyzed using Statistical Package for Social Sciences (SPSS version 21). The data was first be fed into a computer and analyzed using SPSS. The study used both descriptive and inferential statistics during data analysis. The overall regression model to be used was in the form;

$$Y=a+b_1X_1+b_2X_2+b_3X_3+b_4X_4+e$$

Where :

Y : is the dependent variable measuring Performance of Sugar Firms.

a : is constant.

b<sub>i</sub> :is the coefficient or beta value for farming methods

X<sub>1</sub> :is the independent variable measuring farming methods

b<sub>2</sub> :is the coefficient or beta value for product differentiation

X<sub>2</sub> :is the independent variable measuring product differentiation

b<sub>3</sub> :is the coefficient or beta value for Corporate Social Responsibility

X<sub>3</sub> :is the independent variable measuring Corporate Social Responsibility

b<sub>4</sub> :is the coefficient or beta value for marketing strategies

X<sub>4</sub> :is the independent variable measuring marketing strategies

e : is the error Term

### RESULTS

**Table 2: Farming Methods and Performance of Sugar Manufacturing Firms**

No	Statements	SA f (%)	A f (%)	N f (%)	D f (%)	SD f (%)	Min	Max	Mean	Std Deviation
1.	Our organization provides raw materials to farmers	53(28.5)	64(34.4)	22(11.8)	7(3.8)	40(21.5)	1	5	3.4462	.48135
2.	Our firm has established sugar zones	60(32.3)	102(54.8)	0(0)	0(0)	24(12.9)	1	5	3.9355	.21972

3.	Our company offers training to farmers	60(32.3)	102(54.8)	20(10.8)	0(0)	4(2.2)	1	5	4.1505	.77733
4.	Our company has contracted farmers who engage in sugar farming	106(57)	60(32.3)	0(0)	4(2.2)	16(8.6)	1	5	4.2688	.16841
5.	Our company has done some reforms in the farming methods	88(47.3)	86(46.2)	4(2.2)	0(0)	8(4.3)	1	5	4.3226	.88423
<b>Composite Mean and Standard Deviation</b>									<b>4.02472</b>	<b>0.50608</b>

On our organization provides raw materials to farmers had 40 (21.5%) who strongly disagreed, 7(3.8%) disagreed, 22(11.8%) were not sure, 64 (34.4%) agreed while the remaining 53 (28.5%) strongly agreed. The statement mean was 3.4462 which was below the composite mean 4.02472, implying provision of raw materials did not support performance of sugar manufacturing firms. Statement number two; Our firm had established sugar zones had 24 (12.9%) who strongly agreed, 0 (0%) disagreed, 0 (0%) were not sure, 102 (54.8%) agreed while 60 (32.3%) strongly agreed. The statement mean 3.9355 was below the composite mean 4.02472 which implied establishment of sugar zones did not support performance of sugar manufacturing firms.

On our company offers training to farmers had 4 (2.2%) who strongly disagreed, 0 (0%) disagreed, 20 (10.8%) were not sure, 102 (54.8%) agreed while the remaining 60 (32.3%) strongly agreed. The

statement mean of 4.1505 was above the composite mean 4.02472, which mean company offering training to farmers supports performance of sugar manufacturing firms. Statement four; our company has contracted farmers who engage in sugar farming had 16(8.6%) strongly disagreed, 4(2.2) disagreed, 0(0%) were not sure, 60(32.3%) agreed while 106(57%) strongly agreed. The statement mean 4.2688 was above the composite mean (4.02472), which imply the statement supports performance of sugar manufacturing firms. Statement number five; Our company had done some reforms in the farming methods had 8(4.3%) who strongly disagreed, 0(0%) disagreed, 4(2.2%) were not sure, 86(46.2%) agreed while the remaining 88(47.3%) strongly agreed. The statement mean 4.3226 was above the composite mean 4.02472 which implied the statement supports performance of sugar manufacturing firms.

**Table 3: Product Diversification and Performance of Sugar Manufacturing Firms**

No	Statements	SA f (%)	A f (%)	NS f (%)	D f (%)	SD f (%)	Min	Max	Mean	Std Deviation
1.	Our organization provides raw materials to farmers	150(80.6)	24(12.9)	12(6.5)	0(0)	0(0)	1	5	4.7419	0.56765
2.	Our firm has established sugar zones	102(54.8)	52(28)	0(0)	4(2.2)	28(15.1)	1	5	4.3226	0.88423
3.	Our company offers training to farmers	69(37.1)	81(43.5)	12(6.5)	0(0)	24(12.9)	1	5	4.0538	0.41319
4.	Our company has contracted farmers who engage in sugar farming	44(23.7)	69(37.1)	18(9.7)	7(3.8)	48(25.8)	1	5	3.9194	0.26446
5.	Our company has done some reforms in the farming methods	56(30.1)	122(65.6)	0(0)	0(0)	8(4.3)	1	5	3.2903	0.52160
<b>Composite Mean and Standard Deviation</b>									<b>4.14946</b>	<b>0.46691</b>

Statement number one; Sugar firms can engage in any other income generating activity without restriction had 0(0%) who strongly disagreed, 0(0%) disagreed, 12(6.5%) were not sure, 24(12.9%) agreed while the remaining 150(80.6%) strongly agreed. The statement mean was 4.3226 which was below the composite mean 4.14946, which implied sugar firms can not engage in any other income generating activity without restriction. Statement two; Sugar firms are licensed to carry out other business activities. Out of 186, 28(15.1%) strongly disagreed, 4(2.2%) disagreed, 0(0%) were not sure, 52(28%) agreed while 102(54.8%) strongly agreed. The statement mean was 4.7419 which was above the composite mean 4.14946, implying sugar firms are licensed to carry out other businesses activities.

Statement three; There are no restrictions hindering sugar firms to open sugarcane collection centers. Out of 186, 24(12.9%) strongly disagreed, 0(0%) disagreed, 12(6.5%) were not sure, 81(43.5%) agreed while 69(37.1%) strongly agreed. The statement mean score 4.0538 was below the composite mean 4.14946, there are some

restrictions hindering sugar firms to open sugarcane collection centers.

Statement four; The increased number of sugar firms have made it possible to do other businesses had 48(25.8%) strongly disagreed, 7(3.8%) disagree, 18(9.7%) were not sure, 69(37.1) agreed while the remaining 44(23.7%) strongly agreed. The statement mean score 3.9194 was below the composite mean 4.14946, which implied the increase in sugar firms have made it impossible to do other business. Statement five; Sugar firms can engage in any other income generating activity without restriction. Out of 186, respondents, 8(4.3%) strongly disagreed, 0(0%) disagreed, 0(0%) were not sure, 122(65.6%) agreed, while the remaining 56(30.1%) strongly agreed. . The statement mean score 3.9194 was below the composite mean 4.14946, which implied sugar firms can not engage in any other income generating activity without restriction.

**Table 4: Corporate Social Responsibility and Performance of Sugar Manufacturing Firms in Western Kenya**

No	Statements	SA f (%)	A f (%)	NS f (%)	D f (%)	SD f (%)	Min	Max	Mean	Std Deviation
1.	Our organization provides raw materials to farmers	56(30.10)	122(65.6)	0(0)	0(0)	8(4.3)	1	5	4.1720	0.81372
2.	Our firm has established sugar zones	142(76.3)	36(19.4)	8(4.3)	0(0)	0(0)	1	5	4.7204	0.53757
3.	Our company offers training to farmers	44(23.7)	118(63.4)	0(0)	0(0)	24(12.9)	1	5	3.8495	0.17585
4.	Our company has contracted farmers who engage in sugar farming	109(58.6)	53(28.5)	0(0)	0(0)	24(12.9)	1	5	4.1989	0.31033
5.	Our company has done some reforms in the farming methods	134(72)	36(19.4)	0(0)	0(0)	16(8.6)	1	5	4.4624	0.13480
<b>Composite Mean and Standard Deviation</b>									<b>4.28064</b>	<b>0.394454</b>

Statement number one; Our firm engages in community development activities. Out of 186 who responded, 8(4.3%) who strongly disagreed, 0(0%) disagreed, 0(0%) were not sure, 122(65.6%) agreed while the remaining 56(30.1%) strongly agreed. The statement mean was 4.1720 which was below the

composite mean 4.28064, firms engage in community activities though to some less extent. Statement two; Our firm sponsors youth activities like football clubs. Out of 186 who participated in the study, 0% strongly disagreed and disagreed respectively, 8(4.3%) were not sure, 36(19.4%)

agreed while 142 (76.3%) strongly agreed. The statement mean score 4.7204 was above the composite mean 4.28064, which meant sugar manufacturing firms sponsor youth activities. Statement three; our company is actively involved in maintenance of community roads. Out of those who participated in the study, 24(12.9%) strongly disagreed, 0(0%) disagreed, 0(0%) were not sure, 118(63.4%) agreed while the remaining 44(23.7%) strongly agreed. Statement five, in our company,

there is a department that deals specifically with community welfare. Out of the response, 24(12.9%) strongly disagreed, 0(0%) disagreed, 0(0%) were not sure, 53(28.5%) agreed while the remaining 109(58.6%) strongly agreed. The statement mean score 4.1989 was below the composite mean 4.28064, which meant not all companies have evidence of departments that deal specifically with community welfare.

**Table 5: Marketing strategies and Performance of Sugar Manufacturing Firms in Western Kenya**

No	Statements	SA f (%)	A f (%)	NS f (%)	D f (%)	SD f (%)	Min	Max	Mean	Std Deviation
1.	Our organization provides raw materials to farmers	121(65.1)	45(24.2)	0(0)	4(2.2)	16(8.6)	1	5	4.3495	0.18158
2.	Our firm has established sugar zones	146(78.5)	24(12.9)	8(4.3)	0(0)	8(4.3)	1	5	4.6129	0.91866
3.	Our company offers training to farmers	48(25.8)	118(63.4)	20(10.8)	0(0)	0(0)	1	5	4.1505	0.58718
4.	Our company has contracted farmers who engage in sugar farming	134(72)	16(8.6)	12(6.5)	0(0)	24(12.9)	1	5	4.2688	0.37263
5.	Our company has done some reforms in the farming methods	134(72)	36(19.4)	0(0)	0(0)	16(8.6)	1	5	4.4624	0.13480
<b>Composite Mean and Standard Deviation</b>									<b>4.22042</b>	<b>0.44611</b>

Statement one; Our company has an office specifically for marketing. Out of 186 who respondent, 16 (8.6%) strongly disagreed, 4(2.2%) disagreed, 0(0%) were not sure, 45(24.2%) agreed while 121(65.1%) strongly agreed. The statement mean 4.3495 which was above the composite mean score 4.22042, imply sugar manufacturing firms have offices specifically for marketing. Statement two; In our company, all new employees are taken through customer care training. Out of 186 respondents, 8(4.3%) strongly disagreed, 0(0) disagreed, 8(4.3) were not sure, 24(12.9%) agreed while 146(78.5%) strongly agreed. The statement mean score of 4.6129 was above the composite mean score 4.22042, which meant companies takenew employees through customer care training.

Statement number three; In our firm, we have identified regions where marketing activities were

mostly carried out. Out of 186 respondents, none strongly disagreed and disagreed respectfully while 20(10.8%) were not sure, 118(25.8%) agreed and the remaining 48(25.8%) strongly agreed. The statement mean 4.1505 was above the composite mean 4.22042 which meant in sugar firms they had identified regions where marketing activities are mostly carried out. Statement four We have segmented our market areas which has enabled our firm to use different marketing tools in respective areas. Out of 186 respondents, 24(12.9%) strongly disagreed, none disagreed, 12(6.5%) were not , 16(8.6%) agreed while the remaining 134(72%) strongly agreed. The statement mean 4.2688 was slightly above the composite mean score 4.22042, implying to some extent, sugar manufacturing firms have segmented the market to use different marketing tools in respective areas.

Statement five; In our firm, all employees are trained on the importance of marketing. Out of 186 respondents, 24(12.9%) strongly disagreed, none disagreed, 16(8.6%) were not sure, 110(59.1%)

agreed while 36(19.4%) strongly agreed. The statement mean 3.7204 was below the standard mean 4.22042, implying not all employees are trained on the importance of marketing.

**Table 6: Correlations**

		Correlations			
		1	2	3	4
Farming methods 1	Pearson Correlation	1	.807**	.921**	.902**
	Sig. (2-tailed)		.000	.000	.000
	N	186	186	186	186
Diversification 2	Pearson Correlation	.807**	1	.819**	.838**
	Sig. (2-tailed)	.000		.000	.000
	N	186	186	186	186
CSR 3	Pearson Correlation	.921**	.819**	1	.927**
	Sig. (2-tailed)	.000	.000		.000
	N	186	186	186	186
Marketing 4	Pearson Correlation	.902**	.838**	.927**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	186	186	186	186

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

From table 6, there exists a statistically significant positive correlation amongst the constructs that form the independent variable. From the findings, farming methods positively correlate with diversification, corporate social responsibility and marketing at 0.807,  $p=0.000$ , 0.921,  $p=0.000$  and 0.902,  $p=0.000$  respectively. Diversification had a statistically significant linear correlation with corporate social responsibility and marketing at 0.819,  $p=0.000$  and 0.838,  $p=0.000$ . In addition, marketing had a statistically significant correlation with corporate social responsibility at 0.927,  $p=0.000$ .

In general, there was a statistically significant linear correlation amongst the constructs of industry reforms. This meant that when one construct was affecting performance of sugar manufacturing firms positively, the other ones were also affecting it positively though at different magnitude levels.

### CONCLUSIONS

Farming methods have a statistically significant influence on the performance of sugar manufacturing firms in western Kenya

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

### RECOMMENDATIONS

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.  
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

### 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.

## REFERENCES

- Agarwal, J., & Wu, T. (2004). *China's Entry To WTO: Global Marketing Issues, Impact and Implications for China*, *International Marketing Review*, 21(18)
- Ansoff. H., Macdonnell, E. (1987), *Implementing Strategic Management*, Prentice Hall, Cambridge, United Kingdom.
- Ansoff. H., Macdonnell, E. (1990),: *Implementing Strategic Management*, (2<sup>nd</sup> Ed.) Prentice Hall, Cambridge, United Kingdom.
- Barclay, L. A., & Gray, S. J. (2001). The case of four MNEs in the information service industry of Barbados. *Management International Review*, 4 (4). 21-26.
- Barragan. S. (2005). Assessing The Power of Porter's Diamond Model in the Automobile Industry. *In Mexico After Ten Years of NAFTA*. University of Lethbridge, Lethbridge, Canada.
- Barney, J. B. (1997); *Gaining and Sustaining Competitive Advantage*. Addison-Wesley Publishing Company.
- Bell, G. G. (2005). Clusters, Networks and Firm Innovativeness. *Strategic Management Journal* Vol 26 (3).
- Blumental, D. M. (1999). Applying GATT To Marketizing Economies: The Dilemma of WTO Accession And Reform of China's State-Owned Enterprises. *Journal of International Economic Law*, Vol 2 No 1. 38
- Catwright, W.R. (1993). Multiple linked Diamonds and The International Competitiveness of export-dependent Industries: *The New Zealand Experience*. *Management Review* Vol 33
- Ciano. J (2006). *Strategy-Structure Relationship in Kenya Power and Lighting Company Limited*. (Unpublished MBA research project, University of Nairobi).
- Grant, R. M., (1991). *Contemporary Strategic Analysis; Concepts, Techniques, Application* (1st Ed.), Blackwell Publishers.
- Grant, R. M., (2000). *Contemporary Strategic Analysis; Concepts, Techniques, Application* (3<sup>rd</sup> Ed.), Blackwell Publishers.

- Jowi C. E., (2006): *Competitive Strategy Applied by Mumias Sugar Company*; (Unpublished MBA research project, University of Nairobi)
- Judson, A. S., (1990) *Making Strategy Happen*, (2<sup>nd</sup> Ed.), Blackwell
- Kandie P.Y., (2001). *A Study of The Strategic Responses by Telkom Kenya Limited*. (Unpublished MBA research project, University of Nairobi)
- Kenya Sugar Board, (2005) *Strategic Plan 2007-2012*, May 2005
- Kenya Sugar Board, (2005) *Investment Guide*, May 2015
- Kibera, F. N., Wairuingi, B .C. (1998). *Fundamentals of Marketing-An African Perspective*, Kenya Literature Bureau, Nairobi, Kenya. 39
- Kotler, P. & Kevin L. K., (2006), *Marketing Management 12<sup>th</sup> Ed*. New Jersey: Prentice Hall.
- Lawrence, P., & Lorsch, J., (1967) *Differentiation and Integration in Complex Organizations Administrative Science Quarterly* 12.
- Murgor, P. K. (2008): *Strategic Responses of Sugar Companies In Kenya In the Face of Changing Environmental Conditions*(Unpublished MBA research project, University of Nairobi)
- Obado, Z. O. (2005): *Competitive Strategies employed by the Sugar Manufacturing Firms In Kenya*. (Unpublished MBA research project, University of Nairobi)
- Okunyanyi, P. (1999). *Reasons Why Sugar Firms Are Failing To Compete Effectively Within The Liberalized Trading Environment In Kenya In Case of Government Owned Sugar Firms*. (Unpublished MBA research project, University of Nairobi)
- Porter, M. E., (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*.
- Porter, M. E., (1980). *Competitive Strategy*, Free Press, New York.
- Porter, M. E., (1985) *Competitive Advantage: Creating and Sustaining Superior Performance* Free Press: New York.
- Rugman, A. M., & D’Cruz, J. R. (1993). *The “double diamond” model of international competitiveness: the Canadian experience*. *Management International Review*, Vol.33 No 2
- Selznick P. (1957). *Leadership in Administration: A Sociological Interpretation*. Row, Peterson, Evanston New York: Peterson, Evanston 2.40
- Smit. A. J., (2010). *The competitive advantage of nations: is Porter’s Diamond Framework a new theory that explains the international competitiveness of countries?* *Southern African Business Review* 14(1).

Waverman, L. (1995). *A critical analysis of Porter's framework on the competitive advantage of nations'*, In Rugman, A., Van den Broeck, J. and Verbeke, A. (eds), *Research in Global Strategic Management: Volume V. Beyond the Diamond*. Greenwich, CT: JAI Press.

Wu, D. (2006). *Analyzing China's Automobile Industry Competitiveness Through Porter's Model* (Masters of Science in Management Project, University of Lethbridge)

Yetton, P., J. Davis & P.L. Swan,. (1992) *Are Diamonds a Country's Best Friend?*

*A Critique of Porter's Theory of National Competition as Applied to Canada, New Zealand and Australia. Australian Journal of Management, Vol.17*

Yetton, P., J. Davis & P.L. Swan, 1992, *Going International: Export Myths and Strategic Realities* (Melbourne: Australian Manufacturing Council).