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The Relationship between Michael Porter's Generic Strategies and Performance of Edible Oil Firms in Kenya

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Abstract: **The research looked at the relationship between Michael Porter's generic strategies and performance of edible oil firms in Nairobi County and its environments. The objectives of the study were to determine the relationship between cost leadership strategy, differentiation strategy and focus strategy and performance of edible Oil firms in this region. The research also established and recommended the combination of generic strategies which can be adopted by these firms. The independent variables were cost leadership strategy, differentiation strategy and focus strategy. The study was undertaken in edible oil firms in Kenya and in particular those in Nairobi County and its environs. The research methodology entailed a descriptive research approach. The target population was managers, supervisors and heads of sections of the firms. A sample of 54 employees was drawn from the total population. The research used questionnaires as the data collection instruments. Data was analyzed with the help of statistical packages for social sciences. Correlation analysis was used to establish the relationship between the strategies and performance. Based on the findings of the study, there was a positive correlation between cost leadership and focus; and performance of vegetable oil firms and a negative correlation between differentiation and performance of vegetable oil firms. The study concluded that differentiation must be incorporated with other strategies in order to influence the performance of the firms.**

Keywords: **Generic Strategies, Cost Leadership, Differentiation Strategy, Focus Strategy.**

1. INTRODUCTION

Customers have become increasingly aware of their rights and privileges demanding value for money, improved quality of products and also due to the homogeneity nature of products offered in the vegetable oil industry. Every consumer is influenced by factors which change and vary in importance throughout their lives for example gender, age, income, occupation among others (smith, 2004). Managing the process of meeting customer needs requires that you balance the needs of internal customers with external ones; that you balance the needs of stakeholders with those of the organization and again with those of customers and that you do this within the aims and objectives set in the organization's strategies and plans (smith, 2004). The industry has also changed from few players to many players as evidenced by the many vegetable oil products in the market today, thus necessitating a shift in the way the vegetable oil firms run their business by formulating and implementing strategies that would ensure not only their survival but also their ability to beat competition.

In February 2014, data from a research firm, Consumer Insight indicated that two major market dominating firms Bidco and Kapa oil were locked in a tight battle for market share for the country's lucrative consumer market in a move likely to bring the costs of popular products down for consumers. According to the survey, Bidco Oil Refineries dominated the cooking fat and oil market. The research firm findings mirrored the intense competition in the consumer market segment by the fact that two oil firms were executing aggressive marketing campaigns with millions of shillings of ad-spend to lure consumers. With the increasing use of publicity campaigns raising awareness about the health issues surrounding the use of oils and fats, vegetable and seed oils is bound to continue increasing in popularity throughout the forecast period.

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This has necessitated the need to identify and implement competitive strategies that not only attract customers but also retain them. Porter's Generic strategies describe how a company pursues competitive advantage across its chosen market scope. There are three generic strategies, either lower cost, differentiated, or focus. The generic strategy reflects the choices made regarding both the type of competitive advantage and the scope. Successfully implemented strategies will lift a firm by facilitating it with competitive advantage to outperform current and potential players (Odongo, 2011).

Competitive advantage is a key determinant of superior performance and it will ensure survival and prominent placing in the market. Superior performance being the ultimate desired goal of a firm, competitive advantage becomes the foundation highlighting the significant importance to develop the same (Barney, 1997). Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment, etc.), product market performance (sales, market share, etc.) and shareholder return (total shareholder return, economic value added, etc.).

1.1 Statement of the problem:

Edible Oil industry has changed from few players to many players as evidenced by the many edible oil products in the market today. This has necessitated a shift in the way the edible oil firms run their business by formulating and implementing strategies that would ensure not only their survival but also their ability to beat competition.

Currently there are about 30 edible oil refiners in the country. The larger companies include Bidco Oil Refineries, KAPA Oil Refineries, Palmac Oil Refiners, Pwani Oil Refiners and Unilever (Export Processing Zones Authority, 2005). These companies engage in production of cooking oils, fats, edible oils, copra oil and corn oil among other oil products. Despite the growing trend towards packaged food products which promote health and wellness, the consumption of oils and fats remains high in Kenya. The products in the category are both affordable and versatile and are commonly used among the majority of Kenyan households. Rising health awareness, the increasing adoption of Western cooking methods and strong growth in Kenya's middle class have all led to the greater adoption of cooking oils. These are perceived as healthier, such as olive and seed oils, and there is an increasingly obvious shift towards healthier vegetable fats and oils. Increasing numbers of Kenyans are paying closer attention to what they eat and what is contained in their food, with oils and fats among the ingredients which are receiving the most scrutiny.

For a firm to formulate appropriate strategies that will enable it respond effectively to environmental competitive pressures, it is prudent that the firm understands the underlying sources of the competitive pressure in its industry. In the wake of diminishing profits resulting from increased competition in the industry, these firms have had to employ various strategies to seek competitive strategies in order to remain operational and competitive. It is therefore important to evaluate the relationship between these strategies - which have been employed by these firms and performance.

Fernando (2005) researched on the strategies and performance in Spanish hospitality firms. The study confirmed that the established generic strategies are still relevant to industry approaches. Odongo (2011) looked at the effects of generic strategies on enrolment in self-sponsored programmes in public universities and the study confirmed the relevance of the generic strategies on enrolment of self-sponsored programmes. Gathirwa (2010), also looked at the effects of generic strategies on performance of private primary schools and the study confirmed the relevance of generic strategies to the enhanced performance of private schools. However, no study has been done on the relationship between Michael Porters generic strategies and the performance of edible oil firms

1.2 Objectives of the study:

1.2.1 General objective:

To evaluate relationship between Michael Porter's generic strategies and performance of edible oil firms in Kenya, case study of firms in Nairobi County and its environs.

1.2.2 Specific objective:

1. To determine how cost leadership strategy affects the performance of edible oil firms in Nairobi County and its environs.

2. To determine how differentiation strategy affects the performance of edible oil firms in Nairobi County and its environs.

3. To determine how focus strategy affects the performance of edible oil firms in Nairobi county and its environs.

1.3 Research questions:

1. To what extent does cost leadership strategy affect the performance of edible oil firms in Nairobi County and its environs.

2. To what extent does differentiation strategy affect the performance of edible oil firms in Nairobi county and its environs.

3. To what extent does focus strategy affect the performance of edible oil firms in Nairobi county and its environs.

2. LITERATURE REVIEW

2.1 Michael porters' generic strategies:

The fundamental basis of above-average performance in the long run is sustainable competitive advantage. The notion underlying the concept of generic strategies is that competitive advantage is at the heart of any strategy and achieving competitive advantage requires a firm to make a choice if a firm is to attain a competitive advantage, it must make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain. Though a firm can have a myriad of strengths and weaknesses vis-à-vis its competitors, there are two basic types of competitive advantage a firm can possess; low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them lead to three generic strategies for achieving above-average performance in an industry; cost leadership, differentiation and focus (Porter, 1985). Porter developed these three generic strategies that can be used singly or in combination to create a defendable position and to outperform competitors.

2.2 Cost leadership:

In cost leadership, a firm sets out to become the low-cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include pursuit of economies of scale, proprietary technology, preferential access to raw materials among others (Porter, 1985). If a firm can achieve and sustain overall cost leadership, then it will be an above-average performer in its industry provided it can command prices than its rivals. A cost leader's low-cost position translates into higher returns.

Day (1984) linked customer price sensitivity to the viability of a cost leadership strategy. This approach confuses the necessary and sufficient conditions that are needed in order for a cost leadership strategy to be successful. Price sensitivity increases the advantage a cost leader has over other firms, but it is not sufficient to justify adopting a cost leadership strategy. According to Murray (1988), there are external preconditions for a cost leadership strategy but customer price sensitivity is a minor consideration. He argues that a cost leadership strategy is viable only if cost structures vary across competitors within an industry in ways other than in direct ratio to output. Cost structures can deviate from a direct ratio due to variations in the quality of management across competitors, as a result of economies of scale, or as a result of economies independent of scale such as learning effects, or preferential access to inputs or distribution channels.

Murray further argues that 'incompetence, usually is not a strong foundation for a sustained cost leadership strategy because it is dependent on factors beyond management control'. Each of the remaining factors provides a more substantial basis for a cost leadership strategy, but it is argued that each is determined by industry structure. Economies that are independent of scale can provide the most durable basis for a cost leadership strategy. These can be grouped into three categories; access to raw materials, access to product or process technology, and access to distribution channels. Cost leadership strategy seeks to achieve above-average returns over competitors through low prices by driving all components of activities towards reducing costs (Prajogo, 2007)

2.3 Differentiation:

The second generic strategy is differentiation. In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers (Porter, 1985). It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price. A firm may differentiate its products through many features that make the product appear unique. Differentiation can be based on the product itself, the delivery system by which it is sold, the marketing approach, and a broad range of other factors (Porter, 1985). According to O'Shaughnessy (1996) differentiation, upgrading and micro-segmentation appears to be key in manufacturing strategies. He argues that Japanese firms solidify their positions by creating a steady stream, or even a flood, of new models. Typically, these are relatively standard products embodying a wide range of options or additional features, often produced with flexible manufacturing technology.

The price sensitivity which Day (1984) linked to cost leadership is really the inverse of perceived product differentiation, which is linked to product differentiation strategy. If customers do not value products that differ along non price dimensions, they will not value a differentiated product and will not pay more for it (Murray, 1984). Therefore, a product differentiation strategy is viable only if customers, when making purchase decisions, give weight to product attributes than price. Murray further argues that customers' attachment of importance of product attributes other than price is a necessary condition for a product differentiation strategy's viability, but it is not a sufficient condition. Differentiation based on quality, reliability and service is more durable because usually it is easier to sustain. A single act of imitation can eliminate the advantage an innovative product design provides for a firm, but quality and service can be sustained only by ongoing, day-in, day-out attention throughout the organization (Murray, 1988).

2.4 Focus:

Focus means producing products and services that fulfil the needs of small groups of consumers. There are two types of focus strategy namely low-cost focus strategy that offers products or services to a small range (niche group) of customers at the lowest price available on the market. The other type of focus strategy is best-value available on the market. Sometimes called 'focused differentiation', the best value focus strategy aims to offer a niche group of customers products or services that meet their tastes and requirements better than rivals' products do.

A successful focus strategy depends on an industry segment that is of sufficient size, has good growth potential and is not crucial to the success of other major competitors. Strategies such as market penetration and market development offer substantial focusing advantages.

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. The core basis of this strategy is that an edible oil firms will be better able to serve a limited segment more efficiently than competitors can serve a broader range of customers. By using this strategy a firm may thus be able to differentiate itself from other firms based on meeting customer needs by identifying and developing specific needs of a particular market segment.

2.5 Combination of Generic Strategies:

Each generic strategy is a fundamentally different approach to creating and sustaining a competitive advantage. If a firm can achieve cost leadership and differentiation simultaneously, the rewards are great because the benefits are additive. (Porter, 1985). Differentiation leads to premium prices at the same time the cost leadership implies lower costs. When outlining the idea of generic competitive strategies, Porter (1980) holds that cost leadership and differentiation signify two fundamentally different approaches to achieve competitive advantage. The relationship between these two generic strategies has been debated since their origin. Porter (1985) originally suggested that they are fundamentally inconsistent to each other, and therefore, firms must make a choice between them. That said, he did note that cost leaders can only achieve superior performance if the firm provides an acceptable level of value to buyers; that is meeting the buyers' expectations.

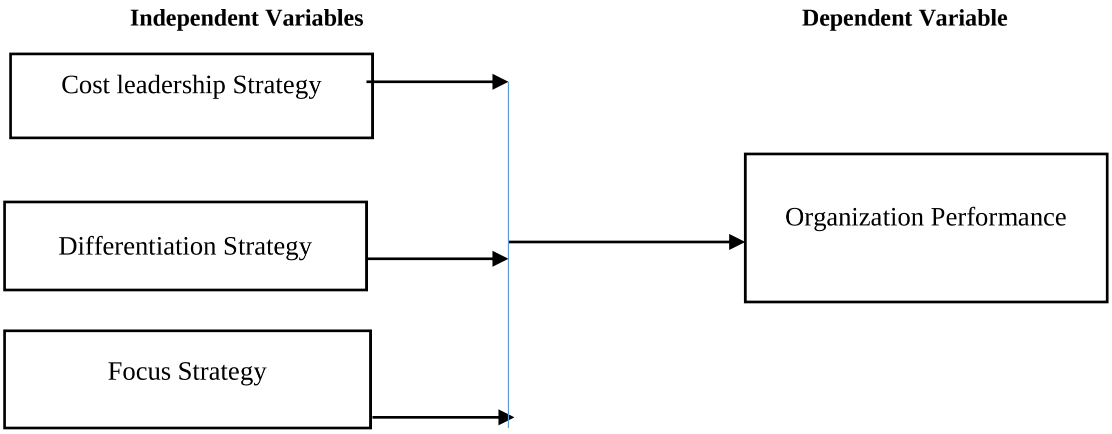
Similarly, differentiators can achieve a competitive advantage if the premium price charged to customers is not offset by the cost of 'funding' the differentiation features. However, he strongly stressed the incompatibility between the two, for example by suggesting that differentiation is usually costly. He also used the phrase 'stuck in the middle' to emphasise that the combination of cost leadership and differentiation will unlikely produce a sustainable competitive advantage. This argument has been opposed by a number of scholars who asserted that it is not only possible for firms to combine both strategies but also that such combination will produce competitive advantage (Hill, 1988; Miller, 1992). Almost a decade later, Porter (1991) revised his earlier argument and his view was that: 'competitive advantage can be divided into two basic types; lower cost than rivals, or the ability to differentiate and command a premium price that exceeds the extra cost of doing so. Any superior performing firm has achieved on type of advantage, the other, or both'.

2.6 Organizational Performance:

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Anthony Inman, performance measures can be grouped into two basic types; those that relate to results (outputs or outcomes such as competitiveness or financial performance) and those that focus on the determinants of the results (inputs such as flexibility, resource utilization and innovation. A measurement system for different dimensions of competitiveness is necessary in order to map the competitive position of an organization and its competitors. It is important to realize that such a measurement system depends on an organization's perceptions of customers and shareholder values, the competitive environment and the drivers that determine competitiveness in the environment (Feurer *et al*, 2006).

2.7 Conceptual framework:

A conceptual framework is a graphical or diagrammatic representation of the relationship between variables in a study (Mugenda and Mugenda, 2003).



In this study, the conceptual framework was based on three (3) independent variables that were presumed to affect performance of edible oil firms in Nairobi County and its environs. The independent valuables were, cost leadership strategy, differentiation strategy and focus strategy. Performance was measured using the Balanced Score Card.

3. METHODOLOGY

This study adopted a descriptive survey design. The descriptive survey method was preferred because it ensures complete description of the situation, making sure that there is minimum biasness in the collection of data (Kothari, 2008). The target population for this study was two firms namely Bidco Oil Refineries and Kapa Oil Refineries. The study covered the Managers, heads of departments, and supervisors. The selection of managers, heads of departments and supervisors was based on their unique role as operational managers, a level at which creativity and innovation is required. The researcher used stratified random sampling Out of the total population in the two (2) firms. 4 managers, 28 Heads of Departments and 22 supervisors from each firm constituted the sample of the study. The study adopted questionnaire as a data collection instrument. The study used both structured and unstructured questions in the questionnaire. The questions were then coded for easier data compilation. Data was analyzed with the help of the Statistical Packages for Social Sciences (SPSS) package. Correlation analysis was used to establish the relationship between the strategies and performance.

4. RESEARCH FINDINGS AND DISCUSSION

4.1 Cost Leadership Strategy and Performance:

The researcher wanted to identify the relationship between the cost leadership strategy and the firm's performance. Pearson correlation test was used to identify the strength of the relationship. Table 4.1 illustrated the results.

Table 4.1: Relationship between cost leadership strategy and performance

		Cost Leadership Strategy	Performance of the organization
Cost Leadership strategy	Pearson Correlation	1	.087
	Sig. (2-tailed)		.586
	N	52	52
Performance of the organization	Pearson Correlation	.087	1
	Sig. (2-tailed)	.586	
	N	52	52

The correlation reported in the table 4.6 is positive and significantly different from 0 because the p-value of 0.586 is greater than 0.10. This suggests that the company should to some focus its efforts on cost leadership strategy because there is some level of effect of the cost related aspects such as pricing strategies which included lowering prices to catch the attention of customers and creating customer loyalty and maintaining the quality of the products despite the lowering of prices.

4.2 Differentiation Strategy:

To determine the relationship between differentiation strategy and performance of the organization, a correlation test was established and table 4.2 had the summary of the results.

Table 4.2: Relationship between product differentiation strategy and performance

		Differentiation strategy	Organizational Performance
Differentiation strategy	Pearson Correlation	1	-.354**
	Sig. (2-tailed)		.064
	N	52	52
Organizational Performance	Pearson Correlation	-.354**	1
	Sig. (2-tailed)	.064	
	N	52	52

The correlation represented in the Table 4.2 is negative, and the value of – 0.354 is significantly different from 0 because the p-value of 0.064 is less than 0.10. The results therefore indicated that differentiation must be incorporated with other factors in the firm in order to influence the performance of the organization. Differentiation alone cannot be relied upon in ensuring that the firm does better in the market.

4.3 Focus Strategy:

The researcher therefore went ahead to determine the relationship between focus strategy and performance of the organization. A correlation test was done between the two variables and table 4.3 had the summary of the results.

Table 4.3 Relationship between focus Strategy and Performance of the organization

		Focus Strategy	Performance of the organization
Focus Strategy	Pearson Correlation	1	.328**
	Sig. (2-tailed)		.069
	N	52	52
Performance of the organization	Pearson Correlation	.328**	1
	Sig. (2-tailed)	.069	
	N	52	52

The correlation shown in the table 4.3 above is positive and the value of 0.507 is significantly different from 0 because the p-value of 0.069 is less than 0.10. This suggests that the company should put some more emphasis on focus strategy so that it can increase its performance. Therefore, companies which chose applying differentiation strategies may also choose to apply in conjunction with focus strategies either cost or differentiation. On the other hand, this is definitely appropriate strategies for small companies especially for those wanting to avoid competition with big ones.

5. SUMMARY OF THE FINDINGS

The main objective of the study was to determine the relationship between Michael Porters Generic Strategies and performance of edible oil firms in Kenya. The study focused on the performance of firms in Nairobi County these being KAPA Oil Refineries Limited and BIDCO Oil Limited. The study aimed at establishing the extent of relationship that exists between cost leadership strategies, Differentiation strategy and focus strategies. These strategies were suggested by Michael Porter.

The study was guided by the following objectives; To determine how cost leadership strategy affects the performance of edible oil firms in Nairobi County and its environs;To determine how differentiation strategy affects the performance of edible oil firms in Nairobi County and its environs and to determine how focus strategy affects the performance of edible oil firms in Nairobi county and its environs.

Regarding the relationship between cost leadership strategies and performance of the organization, the researcher wanted to determine how cost leadership strategies will affect the performance of the firm. Cost leadership strategies that firms could use included introducing some segment of products that are low priced in order to capture the attention of the market. Majority of the respondents who were about 87% agreed that the organization practiced introduction of low priced products. The researcher went ahead to identify how these strategies helped the organization in terms of performance. Majority of the respondents (17, 32.7%) were of the opinion that this practice helped the organization attract many customers because majority could now afford the products. The other 15(28.8%) respondents suggested that this practice had helped the organization increase the market share for the low priced products because they could easily penetrate the market. The researcher went ahead to identify if the organization conducts market research to establish prices of competing firms. All respondents indicated that indeed the organization conducted this kind of research and majority 12(23.1%) of the respondents said that it helped in increasing efficiency of the firm so as to make it competitive. This was closely followed by 10 (19.2%) of the respondents who were of the opinion that this practice enabled the firm to know what their competitors are offering. By knowing what competitors are offering the firm could be in a position to know what to produce and at what quality s that it can help it strike mechanisms of penetrating the market. On the hand, the study revealed that the firm does price reviews in quarterly basis and this practice helped the firm to gain competitive advantage over its customers, it helped the firm to surpass the break-even point thereby increasing profits and also enabled the firm to move with the current trends in terms of pricing and other aspects. Finally, the researcher conducted a correlation test to ascertain the relationship between cost leadership strategies and the performance of KAPA Oil Refineries Limited and BIDCO Oil Refineries. The correlation reported was positive and significantly different from 0 because the p-value of 0.586 was greater than 0.10. This suggested that the company should focus its efforts on cost leadership strategy because there is some level of effect of the cost related aspects such as pricing strategies which included lowering prices to catch the attention of customers and creating customer loyalty and maintaining the quality of the products despite the lowering of prices.

Regarding Differentiation strategies, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. Successful differentiation is displayed when a company accomplishes either a premium price for the product or service, increased revenue per unit, or the consumers' loyalty to purchase the company's product or service. Differentiation drives profitability when the added price of the product outweighs the added expense to acquire the product or service but is ineffective when its uniqueness is easily replicated by its competitors. Successful brand management also results in perceived uniqueness even when the physical product is the same as competitors. The researcher identified how differentiation strategies helped the organization in terms of performance. Majority (24, 46.2%) of the respondents were of the opinion that differentiation strategies increased diversity of products and if one product got losses, the other products offsets the losses by making profits. The other 19.2% of the respondents said that it helped increase sales volumes while 15.4% of them said that it increased supply of various goods and services. The remaining 5% indicated that it helped the firm to maintain its market share and gain a competitive advantage. The researcher also established that majority (37, 71.2%) of the respondents indicated that market research as regards to differentiation of products in the firm was done quarterly, 13.5% of them indicated that it was done semi-annually while the rest 15.4% indicated that it was done annually.This research helped the organization greatly in terms of performance as it helped in realizing areas of weaknesses and where the organization needed to do some improvement. It also helped to improve efficiency and effectiveness of differentiation of products. A correlation test was conducted to identify the relationship between differentiation strategies and performance of the organization. The correlation showed a negative value of –0.354 which was significantly different from 0 because the p-value of 0.000 is less than 0.10. The results therefore indicated that differentiation must be incorporated with other factors in the firm in order to influence the performance of the organization.

Finally, as pertains to focus strategies, a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. The researcher found that there was a presence of products in the firm that targeted specific markets. Majority (42, 81%) of the respondents agreed that there existed these products while the rest (10, 19%) of the respondents denied. This strategy helped the organization in increasing the amount of sales (8, 15.4%), helped in reaching a wider market of products thus improving sales (7,13.5%), helped the firm to maintain its lead in the market which helps to improve performance (4,7.7%) and helped meet the needs of every market segment. A correlation test conducted revealed that the value of 0.507 was significantly different from 0 because the p-value was less than 0.10.

6. CONCLUSIONS

Michael Porter's generic strategies are ways of gaining competitive advantage and developing the edge that gets the organization the sale and takes it away from its competitors. The study came out with lots of conclusions. As pertains to cost leadership strategies, the study concluded that KAPA Oil refineries Limited and BIDCO Oil Refineries had introduced low priced products so as to catch the attention of a wider market. This practice helped the organization improve its performance. Many times price adjustments are part of sales promotions that lower price for a short term to stimulate interest in the product. However, as noted from the study, marketers must guard against the temptation to adjust prices too frequently since continually increasing and decreasing price can lead customers to be conditioned to anticipate price reductions and, consequently, withhold purchase until the price reduction occurs again. Notwithstanding all this, the study found that performance of the organization was greatly improved by price cuts. This was because it helped the firm to continue being the market leader and customer growth has grown with a big margin, it has increased sales tremendously thereby increasing revenues received and also helped to increase the market share for low priced products

Regarding differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price. The study concluded that differentiation strategies are important tin the organization because they helped the firm to maintain its market share and gain a competitive advantage. Differentiation can be achieved through competitive pricing, enhancements to functional design or features, distribution timing, expanded distribution channels, distributor location, brand reputation, product customization, and enhanced customer support. A correlation test done concluded that differentiation must be incorporated with other factors in the firm in order to influence the performance of the organization. Differentiation alone cannot be relied upon in ensuring that the firm does better in the market.

7. RECOMMENDATIONS

The following recommendations were made in line with the findings of this study:

i) The study recommends that the company should focus its efforts on cost leadership strategies which included introducing low priced products to catch the attention of customers and creating customer loyalty. By so doing, the companies are also advised to maintain the quality of the products despite the lowering of prices so as to create confidence to the customers.

ii) Product differentiation strategy can be seen as an effective way of matching a firm's product strategy to the characteristics of the target market segments. But combinations like cost leadership with product differentiation are hard to implement due to the potential for conflict between cost minimization and the additional cost of value-added differentiation. The study therefore recommended that differentiation must be incorporated with other factors in the firm in order to influence the performance of the organization. Differentiation alone cannot be relied upon in ensuring that the firm does better in the market.

iii)Regarding focus strategy, companies focus their marketing efforts on one or two narrow market segments and tailoring their marketing mix to these specialized markets. The firm looks to gain a competitive advantage through effectiveness. The study recommends that companies should put some more emphasis on focus strategy so that it can increase its performance. Therefore, companies which chose applying differentiation strategies may also choose to apply in conjunction with focus strategies either cost or differentiation. On the other hand, this is definitely appropriate strategies for small companies especially for those wanting to avoid competition with big ones.

8. SUGGESTIONS FOR FURTHER RESEARCH

There were many factors affecting the performance of edible oil firms in Kenya. Michael Porter's generic competitive strategies may not be the only strategies that help to understand the performance of firms. The study findings were narrowed into the three major factors which were addressed by the research objectives. These factors cannot be fully relied upon to address future factors affecting the performance of edible oil firms in Kenya. The study can be improved in the future by focusing on some of its limitations. Researchers may find it interesting to extend the sample of respondents to a much broader one and include firms that are different oil production from other parts of the country other than in Nairobi in order to understand if it gives the same results. Moreover, researchers are encouraged to develop a series of case studies with several oil production firms and allowing researchers to interview managers concerning the strategic practices utilized by their firms for a better understanding of the how these practices could aid managers in their daily activities.

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