COST LEADERSHIP STRATEGY AND PERFORMANCE OF ALCOHOL BEVERAGE FIRMS: A CASE OF KENYA BREWERIES LIMITED NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Today's business environment is fraught with rivalry and constant upheaval. When businesses feel the heat from rivals, they often take matters into their own hands and come up with strategies to better compete. The growth of the economy and the increase in tax revenue are, in part, attributable to the alcoholic beverage business. A number of people, however, are very concerned about these businesses' abysmal performance. Kenya Breweries Limited and its contemporaries in the alcoholic beverage-manufacturing sector were the subjects of this study, which sought to establish if and how cost leadership as a competitive strategy affected firm performance. The study was anchored on Porter's generic competitive strategies and the balanced score card model. For this research, 886 employees were targeted. To collect data for this study, a random sampling method was used. Approximately 30% of the total sample came from each stratum. In light of this, a total of 266 people made up the study's sample size. A descriptive research design was used in the inquiry. The sample population consisted of workers from Kenya Breweries Limited. Primary data was acquired via a research questionnaire for this project. The dependability of the research tools was determined by calculating Cronbach's alpha using a threshold of 0.7. The study generated a both descriptive and inferential statistics. Descriptive analysis was used to compile the raw data into a digestible format for description and interpretation. The quantitative data was tabulated using the frequency distribution and cross tabulation features of SPSS software, version 21. Regression analysis was used to determine the nature of the relationship between the variables. The study established that cost leadership strategies (Coeff=0.481, Sig=0.000) is a statistically significant predictor of organizational performance. Recommendations are made for heightened investment in cost leadership as a competitive strategy, as it was found to be a positive determinant of organisational performance.

Key Words: Competitive Strategies, Cost Leadership Strategy, Organisational Performance.

INTRODUCTION

The capacity to compete effectively on a worldwide basis is crucial to the long-term health and growth of manufacturing businesses (Arasa & Gathinji, 2014). The organization’s success depends on the team's capacity to adapt on the fly to changing circumstances. Despite advancements over the previous decade, numerous businesses had to shut down owing to poor financial performance brought on by project delays. Due to these holdups and subpar results, effective time and cost performance has not been realized (Zentes, Morschent & Klein, 2017). Firms are grappling with performance practices that extend to strategic competitive choices. The African market is not what it used to be because of significant societal changes such as globalization, deregulation, and technical advancements. The formation of new patterns of behavior and problems may be directly attributed to these underlying causes. According to Kotler (2000), customers have become used to expecting excellent service and goods from businesses. They are less devoted to a certain brand and believe there is less of a distinction between similar products on the market. Because of the quantity of information readily accessible to them online and elsewhere, people are able to make more educated purchases (Mbaabu, 2012). Customers are becoming more price-conscious as they look for value. Due to stiff competition from both local and international rivals, brand producers must spend more on advertising and have to settle for reduced profit margins. Smaller beverages are losing ground in the market as a result of Category Killers and the increased strength of larger alcoholic beverages.

About 15 million Kenyans, or 15% of the population, are alcoholics, according to the National Authority for the Campaign against Drug and Alcohol Abuse (NACADA, 2016). Alcohol use has risen along with the rise of Kenya's middle class. High taxes, a lack of distribution hubs, intense competition, price hikes, and government bans all work against the growing alcoholic beverage industry, shrinking its share of the market (Euro monitor International, 2014). There is increased pressure on the makers of alcoholic beverages to target a certain consumer base. When it comes to economic growth, Kenya's booming alcohol industry is hard to beat. Foreign investment in the booming alcoholic beverage sector has created a large number of jobs for young people and helped boost the economy (Research and Markets Business Report, 2015). This industry accounts for almost 50% of total excise duty earnings. The Kenyan market may be segmented according to disposable income, enabling for the development of niche goods that cater to distinct populations. Local businesses provide cheaper prices to compete with imported goods.

Kenya Breweries Limited faces competition comparable to that described in (Porter, 1990). According to Porter's analysis, there are five types of firms that a company must fight with. Challenges come from both internal and external competitors, monopolies in key markets, and alternatives to existing goods. When Castle Brewing returns to East Africa in September 2011, it will join the likes of Keroche, Kenya Wine Agencies, London Distillers, Sierra beer, and Heineken as competitors to East African Breweries. According to (Mwangulu, 2016). Small local brewers and distilleries may now provide less expensive alternatives to Kenya Breweries' major goods thanks to the passage of the Alcoholic Act of 2010 (commonly known as the Mututho legislation). Also included into the market are imports from other countries, such as Tanzania's Konyangi spirits.

The effectiveness of an organization's approach to rivals may have a major impact on its success. The impact of cost leadership strategy on the efficiency of Kenyan manufacturing firms was the subject of a survey conducted by Atikiya, Mukulu, and Waiganjo (2015). The study surveyed 131 Nairobi companies from a wide range of industries. The authors concluded that cost leadership is important to a company's success (manufacturing firms). As this study's findings show, generic processes, and cost leadership in particular, may help firms achieve their performance goals, this study recommends that these practices be used. On the other hand, the study places more weight on the cost leadership approach than on others (such focus and product differentiation) that, when combined, might provide greater results. The sugar sector is not included since the study is focused on agribusiness. During talks with their suppliers, firms often use cost leadership strategies. The usual reason for doing so is to cut down on manufacturing costs. The purpose of Altuntas's (2014) research was to determine whether or not elements such as staff stress, competition between outlets, and functional approaches had any impact on the success of a restaurant chain. Although the researcher did not dine at any of the restaurants in Istanbul, Turkey, they did conduct a questionnaire-based study there. The findings demonstrate that suppliers benefit much from competition, especially when adopting a cost-leadership stance.

Corporate success is inextricably linked to the implementation of a cost leadership and quality management plan. Kurt and Zehir's (2016) study found that Total Quality Management (TQM) led to higher earnings. One hundred and forty-two business executives from major corporations took part in the poll. Profitability improved in tandem with cost leadership. The Return on Asset and long-term performance of a company traded on the Tehran Security Exchange (TSE) were found to be enhanced by a cost leadership approach by researchers in Tehran (Birjandi, Jahromi, and Somaye, 2014). This study used a survey research design to investigate the relationship between cost-leadership initiatives and increased sales at a sample of 45 companies listed on the Tehran Security Exchange. The quality with which the firm carries out its mission has been improved according to the findings of the study. Managers, on the other hand, should strive for cost leadership at any costs.

According to Chavez, Yu, Jacobs, and Feng (2017), the analysis of outcomes in light of goals and objectives is the definition of organizational performance. When analyzing the results, the planners of the company take into account their expectations. The degree to which a firm is successful may be determined, in large part, by the degree to which it is successful in realizing its purpose, goals, and vision. Both the financial and the non-financial repercussions may be broken down into even more specific categories. When determining the state of a company's finances, there is a wide range of measure options available to choose from. The amount of time and money spent on it, along with its correctness and thoroughness, are all factors that are considered. When determining the efficiency of an organization, the outcomes are compared to the objectives that were established beforehand (Moulin, 2012). Even while the particulars may vary greatly from one business to the next, the objective of the vast majority of contemporary organizations is to maximize their earnings, cash flow, expansion, and stock price. Performance assessments often provide outcomes in the form of increased shareholder value, increased financial growth, and increased market growth. The rise in the share price of a firm over time is an indication of the expansion of shareholder value (Black, Davies, & Wright, 2001). A broad variety of other indicators, in addition to earnings per share, market price per share, and dividends per share (DPS), are used by investors in order to estimate the value of a firm. Demonstration that the firm has the potential to increase the value of an investor's portfolio (Best, 2009).

The financial performance of a business is one measure of the success of that corporation since it represents the consequences of the actions and policies that the organization has implemented. Analysts may make use of a variety of measures in the process of determining how healthy a company's finances are; some of these measurements are more susceptible to interpretation than others. There are a variety of methods available for converting the aims, goals, strategies, policies, activities, processes, and operations of a corporation into words that may be quantified using monetary units (Bourne, Franco, & Wilkes, 2003). Return on Investment (ROI) and Return on Equity (ROE) are two examples of profitability metrics that may be used to evaluate a company's overall financial health. In addition to this, additional efficiency ratios, such as the Operating Margin (OM), are used. The current ratio and the ratio of a firm's net working capital to equity are two additional metrics that may be used in the process of evaluating the liquidity of a company. As a last stage, you should think about the many warning indicators of leverage and insolvency (Saunders, 2000).

An alternative definition of market performance is how well a company or product does in the market (Arnold, 2014). The capacity of a firm to take a bigger share of the market than its rivals is one of the most important factors in determining how successful it will be. It is a commonly held belief that there are three main categories that may be used to classify market metrics. These groups include market position, financial performance, and strategic orientation. The health of a market may be evaluated in comparison to indications derived from other parts of the economy. In addition, the purpose of marketing profitability is to establish a connection between individual marketing endeavors and the bottom line of the business. A company strategy that puts an emphasis on satisfying the requirements and preferences of clients is referred to as having a "market orientation," and this is the meaning of the phrase "market orientation." Policies that are based on the market place an emphasis on the need of taking into consideration the market in addition to the client. Metrics based on the market include the rate at which new customers are acquired, the rate at which current customers are acquired, the rate at which customers are retained, the rate at which customers are lost, the pace at which revenues rise, and the rate at which marketing profits develop (Penman & Penman, 2007).

The market for alcoholic drinks throughout the world is growing, and each year sees the introduction of new brands to compete in it. According to Gammelgaard and Dorrenbacher (2013), the success of the sector can be attributed to a number of factors, including the widespread adoption of the same technology, the homogeneity of the goods, the dominance of a limited number of multinational corporations, and the industry's high degree of globalization. Accordingly, it would seem that the market for alcoholic beverages would keep growing no matter what the future has in store for us. With 6,500 breweries and a production volume of 383 million hectoliters in 2014, the

European Union (EU) is the second-largest producer of beer in the world. 2014 was the year that the company made an announcement (Kirin Holdings Company). This sector of the economy has been crucial in the growth of economies all over the globe, and it will continue to play that role in the years to come.

In a continent where commerce is intensely competitive, South Africa, Nigeria, Ghana, and Kenya are at the forefront of the alcoholic beverage industry (Bruijin, 2011). According to research conducted and published by Deutsch Bank, Kenya comes in third in Africa in terms of the amount of alcohol that is consumed, behind only South Africa and Nigeria. In Kenya, like in the rest of the world, there has been a significant increase in the number of people purchasing alcoholic drinks. The stakes are bigger than they have ever been, and as a result, these firms need to put their consumers first (Ali, 2014). In 2016, there were just nine firms in Kenya that produced alcoholic beverages; now, there are twenty-eight of these enterprises. Only a handful of the firms that are participating have been named, including EABL, Keroche Industries Ltd., London Distillers Ltd., Kenya Wine Agencies Limited, and West Liquors.

In 1922, Englishmen George and Charles Hurst founded a private company in Kenya under the name Kenya Breweries Ltd. (Evelyn and Margaret, 2005). In 1934, after its first public offering, the business changed its name from Tanganyika Breweries to East Africa Breweries. The East African Breweries Ltd. is a household name that plays a major role in the regional economy. Having a positive effect on tax income and employment rates makes it crucial to the economy as a whole. East African Breweries directly employs over one thousand people in East Africa, while another eighteen thousand are indirectly dependent on the firm for their livelihood. Due to East African Breweries Limited's offer of not just a ready market, but also flexible loan conditions and carefully researched exotic seed types, the barley farmers in the region have been able to survive and thrive (Mwangulu, 2016). East African Breweries Limited's Central Glass Industries section employs many locals and supplies glass bottles to several businesses, Coca-Cola among them. This sector has been hit hard by the industry's volatility in recent years due to the unpredictability of the external environment. Businesses selling alcoholic drinks must carefully consider how various price points may affect their bottom line, foot traffic, and overall reputation. Companies' value chains, profitability, sales, or competitive goals all have a role in determining alcohol retail prices. Businesses that deal in alcoholic beverages often vary their pricing to reflect changes in input costs and consumer demand.

Statement of the Problem

The ever-evolving nature of the competition is one of the many different kinds of challenges from the outside environment that modern companies have to deal with (Munyiri, 2014). The strain of competition is felt by businesses, and these businesses are required to take the initiative to develop competitive strategies. It is vital to adopt a strategic approach that requires carefully picking a range of activities to integrate into a distinct value offer in order to differentiate oneself in a market that is notoriously saturated with competitors (Porter, 1986). Prior to making a purchase choice, consumers in a market that is saturated with intense competition think about both price and quality. The price, the perceived advantages of the product, and the company's value prepositions are all factors that go into assessing the worth of the product (Gongera, 2012).

The level of competition that exists in a given market has a significant impact on both the prosperity and failure of businesses operating in that market. It evaluates the chances of success for a company's efforts to enhance performance, such as those that stimulate innovation, cooperation, and efficiency, and provides recommendations based on those evaluations. At the very least, there is a connection between the expansion of the economy and the increase in the manufacturing of alcoholic beverages. The presence of businesses of this nature in a particular region is economically advantageous because these businesses inject capital into the economy through the payment of taxes and the creation of employment opportunities in spheres such as product manufacturing, packaging, and distribution. It is astonishing how well the Kenyan alcohol market has been doing. There are more than fifteen distilleries in Kenya that produce alcohol. Therefore, this results in a lower share of the market, less profitability, and increased levels of competition. Customers now have more options to choose from when it comes to alcoholic beverage brands because of an increase in both the availability of these brands and the variety of those brands.

Competition in the market helps shape the strategies that firms choose to apply since they are required to match the volatility of the environment with their own level of aggressiveness. The tactics that Kenya Breweries Limited has adopted reflect the fact that the company is a significant player in the East African market. Increased levels of productivity result in increased profits for our shareholders as well as increased benefits for the economy of East Africa as a whole (EABL, 2012). Kenya Breweries Limited is able to perform this essential role; nevertheless, when compared to other companies in the brewing industry located all over the world that have more thoroughly adopted competitive strategies, it has been discovered that Kenya Breweries Limited falls short. It's possible that this is what led to KBL's recent drop in success. For example, between the years 2015 and 2016, the firm saw a reduction in profitability of 15% and a loss of market share of 7%.

The results of the many studies that were carried out on the brewing industry in Kenya are equivocal, even after taking into account a significant number of the various elements that were investigated. Marshall (2009) investigated the ways in which brewers in Kenya adapted to the shifting demands of their customers. None of the aforementioned pieces of study have looked at the possibility of a connection between Kenya Breweries Limited's overall performance and competitive strategies, despite the significance of competitive strategies to that overall success. Establishing a cooperative multidimensional link between Kenya Breweries Limited's competitive tactics and the company's financial performance is one of the primary goals of this study. Bridging this information gap is also an essential aim of this research.

Objective of the Study

The study sought to determine the effect of cost leadership as a competitive strategy on performance of Kenya Breweries Ltd.

Research Question

Does cost leadership as a competitive strategy have an effect on performance of Kenya Breweries Ltd?

LITERATURE REVIEW

The review of literature is classified into theoretical and empirical literature review.

Theoretical Review

In this part, we examine the ideas that explain the connection between competitive tactics and results. The theories include Balanced Score Card Model and Porter’s Generic Competitive Strategies. The theoretical underpinnings of the study provide further explanations for the hypothesized relationships between the independent and dependent variables.

Porter's Generic Competitive Strategies

Michael Porter initially proposed the theory in 1980, and it has subsequently acquired broad support. The idea behind having many objectives is to give a corporation an advantage over its rivals. Tanwar (2013) suggests three tactics: cost leadership, differentiation, and concentration (or a hybrid of these) (or a combination of these). The notion holds that a company's profitability is dependent on where it stands in the market in comparison to its competitors. This concept is essential for determining the path that a firm will take in the future. How well or badly a business performs financially is directly proportional to where it falls in comparison to others operating within the same sector. Finding a way to keep an edge over one's rivals over an extended period is very necessary in order to make above-average revenues. A corporation may get a competitive advantage in the market by either providing competitive pricing or developing a product that stands out from the competition. Cost leadership, distinguishing oneself from the competition, and concentrating on one's core capabilities are the three strategies that prove to be the most successful in every industry when it comes to outperforming the competition (Foss, 2003). Table 2.1 summarizes the two distinct focuses that may be taken when using the focus strategy: cost and distinctiveness.

Table 2. 1: Porters Generic Competitive Advantage

Competitive Advantage

Competitive scope	Broad Target	**1. Cost Leadership**	**2. Differential**
	Narrow Target	**3a) Cost Focus**	**3b) Differentiation Focus**

Source: (Foss, 2003)

The aforementioned pie chart categorizes competitive tactics into four broad categories: cost leadership, differentiation, cost focus, and differentiation emphasis. A company's cost leadership strategy aims to make it the industry's lowest-price producer. Depending on the composition of the industry, there might be a number of potential sources for cost benefits. Many factors come into play when making a business decision, including the need to maximize profits, protect intellectual property, get preferential access to raw materials, and others (Peteraf, 1993). One of the keys to success for a low-priced manufacturer is to recognize and capitalize on any opportunities to reduce production costs. Assuming that the firm can keep pricing at or near the average for its industry, total cost leadership will lead to above-average performance. A differentiation strategy focuses on setting yourself apart from competitors by excelling in one or two areas that clients care deeply about. It zeroes down on one or more aspects that many consumers in a certain market see as crucial, and tailors itself specifically to meet their needs. Due of its scarcity, it commands a hefty price tag (Amit & Zott 2001). Selecting a narrow field of rivals within a certain market is at the heart of the focus approach. Focusers choose one subset of customers within a larger industry and cater to their needs exclusively, ignoring all other customers.

The focal method may be used in two distinct ways. Both cost-focused and differentiation-focused businesses aim to stand out in their respective markets by offering something unique to customers. Both forms of this tactic depend on drawing comparisons between the focuser's chosen market and other similar markets. There has to be a difference between the needs of customers in the target markets and those of other markets, or the production and distribution system designed to service the target market needs to be different from that of other markets. Markets may benefit from a cost-focused strategy by capitalizing on differences in how different industries behave with regards to pricing, while market segments can benefit from a differentiation-focused strategy by capitalizing on the unique needs of their target customers (Wright et al., 1990). To better understand how businesses achieve and maintain a competitive advantage, Michael Porter (1980) established a classification system based on three broad categories of strategies. These three major strategies may be analyzed along two axes of strategic strength and breadth. Strategic scope is a demand factor that thinks about the dimensions and make-up of the market you want to serve (Michael Porter was first an engineer, then an economist before specializing in strategy). Strategic strength is an aspect of the supply side that considers the competitive advantages and niches in which a firm excels. He singled out the product's distinctiveness and its cost as two particularly important features (efficiency). Each of the three criteria (uniqueness, relative product cost, and possible client base) was assigned a value of low, medium, or high, and then arranged in a 3 x 3 matrix. For better clarity, the category system was represented as a three-dimensional cube with levels of 3, and so on. There were 27 conceivable combinations, but it was easy to see that most of them couldn't work. Porter breaks down the approach into its three most important components in his 1980 book, Competitive Strategy: Techniques for Analyzing Industries and Competitors.

There are three key strategies for success in today's markets: market segmentation, product differentiation, and cost leadership (or focus). Cost leadership and product differentiation have a larger influence on the market than segmentation, offsetting the former's disadvantages (Christensen, 2006). An empirical study on the influence that marketing strategy has on a company's bottom line found that companies that had a larger market share were more likely to be profitable, but that a huge number of companies with a lesser market share were also successful. A negligible proportion of the market meant much less revenue for the organization. This issue was formerly referred to as having a "hole in the middle," which is an outdated phrase. Michael Porter came to the conclusion, based on his study, that market leaders adopted a technique called cost leadership, while market followers used market segmentation to hone in on a relatively untouched but valuable sector. This was Michael Porter's conclusion. Companies operating in the middle market had difficulty turning a profit since they were unable to successfully execute complete strategies (Kent & Monroe 2003).

It turns out that Porter only identifies one scenario in which a multi-pronged strategy would be superior. It was previously thought that integrating a market segmentation plan with a product differentiation strategy would allow a company's product strategy (supply side) to be best matched with the features of its target market groups (demand side). It was believed to be difficult, if not impossible, to accomplish goals like cost leadership and product differentiation at the same time due to the apparent tension between the two objectives. Research conducted after that time suggests that companies who aim for both originality and cost-effectiveness have a better chance of success than those that choose only one. Some academics argue that best-cost strategies and cost leadership (low-cost) ones are not the same thing (high-cost strategies). They argue that a lasting competitive advantage cannot be achieved through reducing expenses. A pricing war is a common situation in which businesses find themselves. They advocate for using whichever approach is least expensive. In other words, you want to get the most bang for your buck while still getting the job done (Chesbrough, 2010). When used at the right time, specialist knowledge may provide you an edge over the competition, at least according to the shareholder value model. According to this paradigm, customers buy products and services from a corporation in order to get access to secret information. Due to its singular transactional nature, the benefit cannot change over time. It is possible, according to the endless resources idea, for a company to set itself apart from the competitors and remain in operation if it had access to an infinite amount of resources (Christensen, 2006). It is possible that a company with greater capital would be better able to control risks and keep profits steady. The benefits of this strategy are temporary. While the capacity for ongoing innovation is essential to maintaining a company's competitive position throughout time, it is not sufficient.

Balanced Score Card Model

In 1992, Kaplan and Norton presented the balanced scorecard model to the academic community. The balanced scorecard is a strategic planning and management system that businesses use to focus on strategy and improve performance. This approach provides managers and executives at higher levels with trustworthy methods for evaluating the productivity of their staff members. The strategy places an emphasis on the need of using a broad array of indicators to assess performance, including monetary and non-monetary criteria. The four pillars that support the structure of BSC are as follows: financial, customer, internal business process, and learning and growth. The phrase "financial perspective" refers to the organization's ultimate, long-term objective: to generate above-average returns on the money put into each individual business unit. Profitability, sales growth, and revenue per sale are all examples of financial measures that have long been used as a proxy for an organization's health.

Even though the BSC highlights the need of using other metrics to gauge performance, financial metrics remain crucial (Hult & Olson, 2011). Under the financial perspective, the goal of a firm is to ensure that it earns a return on the investments made and manages key risks involved in running the business. The goals can be achieved by satisfying the needs of all players involved with the business, such as the shareholders, customers, and suppliers. Metrics for the Customer Perspective of the BSC should be selected in light of the types of customers sought and the value offered to those customers. The Customer Perspective's overarching goal is to shift the attention to the target market. Companies will be able to tailor their tactics to the demographics of their ideal clientele thanks to this.

For every business to thrive, it must first establish and perfect the processes that make up the Internal Business Process Perspective. Many businesses will zero in on particulars like order handling, shipping, production, or even just plain old product creation. This viewpoint is closely linked to the Customer Perspective because, in order to maintain customer satisfaction, a company must prioritize those aspects of itself that are most valuable to its clientele. When a company's intended clientele expresses displeasure over a delivery delay, it should prioritize the internal process of creating or honing a more effective delivery system. Global competition has shortened the time it takes for companies to get their goods to market, thus managers are doing thorough internal analyses that include analyzing both the internal processes of the company and innovation (Wawira, 2016). Change and Development Employees' abilities and data systems are at the heart of a well-designed scorecard, which is why perspective is so important. Concerns related to employees' development and learning may include their level of contentment on the job, how well their abilities match the requirements of their position, how many ideas from workers are put into effect, and how much time they spend in formal training (Karaba, 2012). Based on the gap between the desired and actual abilities of the workforce. Performance is the pivotal factor on which the assumptions of the Balanced Scorecard Model rest.

Empirical Literature Review

Baraza (2017) analyzed how East Africa Breweries (Kenya) Limited's performance changed when the company adopted a cost leadership approach. In order to describe the phenomenon under study, we used descriptive research techniques. For this piece, I spoke with C-level executives, the ones who are said to have all the insider info. The study made use of both descriptive and inferential statistics. One of the most important methods of inferential analysis was the regression test. The research found that adopting a cost leadership approach improved business results. There are discrepancies on the importance of include more businesses in order to better compare outcomes. Cost leadership approach and performance in the Kenyan petroleum industry were evaluated by Kago, Gichunge, and Baimwera (2018). The study aimed to examine the results of three alternative strategies: cost leadership, differentiation, and focus. A descriptive study was conducted among Kenya's oil and gas companies. We used content analysis and descriptive statistics to get to the bottom of things. The findings confirmed the cost leadership strategy's efficacy in influencing organizational performance favorably.

Atikiya, Mukulu, and Waiganjo (2015) used a survey study approach to collect data from a sample of 131 Nairobi-based enterprises representing a cross-section of important economic sectors to determine the impact of a cost leadership strategy on the performance of Kenya's manufacturing sector. Organizational and manufacturing company performance was shown to improve when cost leadership was implemented. The study contributes by arguing that businesses might improve their performance with the use of generic strategies, and in particular, a cost leadership strategy. The study places an emphasis on the cost leadership approach but ignores the contributions that focus and product differentiation may make to improved performance. The sugar sector is excluded from the study's focus on agricultural businesses.

Kurt & Zehir (2016) looked at the connection between a company's cost leadership strategy, TQM applications, and financial success. Researchers used a survey study strategy, including input from 142 top-level managers at major corporations. According to the results, being a cost leader has a favorable effect on a company's bottom line. The study, however, dismissed other general tactics that may boost the company's efficiency. The tactics in question include cost leadership, product differentiation, and narrowing down on a certain goal. The sugar sector was not even considered by the researcher.

Researchers Birjandi, Jahromi, and Somaye (2014) in Tehran examined how a cost leadership approach affects a company's ROA and its prospects on the Tehran Stock Exchange (TSE). Using a survey study methodology with 45 enterprises listed on the Tehran Security Exchange, the researchers found that the ratio of sales to capital expenditure increased for companies that used cost leadership tactics. The studies help the company succeed. But it's imperative that executives adopt a cost leadership plan. In order to remain competitive, they need to use strategies like product specialization and market segmentation. It may be used in the sugar business to boost productivity and profitability via increased market share (due to a sharper focus) and decreased customer complaints (thanks to a more distinctive product).

In 2018, Chepchirchir, Omillo, and Munyua investigated how cost leadership affected logistics firm performance at Jomo Kenyatta International Airport in Kenya. Findings suggest that logistics companies are adopting a cost leadership strategy in an effort to become the sector's lowest-priced manufacturers. Cost executives of a company strive to eliminate waste and lower expenses all throughout the supply chain. The study set out to verify whether or not these outcomes are typical for logistics firms that prioritize low operational costs. These findings suggest that the cost leadership strategy used by logistics firms at JKIA has a significant effect on their operational effectiveness. Every department benefits when sales and profits are increased via cost leadership. By taking a cost leadership stance, logistics firms may reduce expenses without sacrificing features or quality. Adopting a cost leadership strategy can help logistics companies become more competitive, eliminate competitors, and improve overall efficiency and output.

In their study from 2012, Valipour, Birjandi, and Honarbakhsh investigated how the decision of whether a company takes a cost leadership strategy or a differentiation approach impacted the company's overall financial health. The hypothesis was put to the test via a series of experiments using ordinary least squares analysis, with the data being taken from the annual reports of firms that are traded on the Tehran Securities Exchange (OLS). According to the findings of the research, adopting a cost leadership position is associated with higher profitability, which was calculated using return on assets (ROA) as the metric.

The researchers Mahdi, Abbas, Mazar, and George (2015) made the observation that low-priced enterprises who are looking to increase their market share provide items that are of sufficient quality but have few extra features. By doing business in this manner, we extend our reach to a vast pool of potential consumers. To investigate the influence that competitive tactics have on the growth of corporate performance, Duran and Akci (2015) looked at industrial companies that were listed on the Borsa Istanbul stock exchange in Turkey. The findings revealed, in a manner that is consistent with what has been proven in earlier studies, that competitive strategies improved corporate performance in highly uncertain circumstances.

Researchers Huo, Qi, Wang, and Zhao (2014) discovered that low-cost-strategy firms place a premium on maximizing operational efficiency. This may be achieved in a number of ways, including (but not limited to) the use of technology, automation of the business's equipment, economies of scale, and the use of knowledge. Kim et al. (2004) consider all of these issues within the context of online stores. It was argued in these papers that firms pursuing a cost leadership strategy might soon get mired in a cycle of price lowering due to the "low variable costs and high fixed costs" typical of internet technology. There is a chance that the positive effects of any of them are temporary, however. Instead, strategies focused on setting oneself apart from the competition, building a solid brand and image, and cultivating tight connections with both suppliers and customers have shown to provide more long-term advantages and hence, greater performance potential.

The Central Business District of Nairobi was the focus of an investigation by Buul and Omundi (2017), who looked at the competitive tactics of small and medium-sized enterprises. They discovered that in order to get a competitive edge, SMEs need to adopt and engage in cost leadership tactics and primarily forge links with those of supplying services, suppliers, and other supplementary institutions. The cost leadership approach employed by insurance firms in Rwanda was analyzed by Kampire (2012). The goal of the research was to learn how insurance firms in Rwanda cope with intense competition. The most frequent tactic used by insurance firms was a cost leadership strategy defined by price competition. Companies put in place substantial "switching costs" to prevent clients from leaving for rivals. The effectiveness of cost leadership strategies and insurance company performance in Kenya was evaluated by Ouma (2016). The research was motivated by the observation that there were 49 insurers operating in the highly competitive Kenyan insurance market, which had a low penetration of 2.93 percent. Results showed that strategic partnerships were the most common tactic used by insurance industry participants. It was also shown that insurance companies in the Kenyan market benefited from cost leadership in monetary and non-monetary ways.

RESEARCH METHODOLOGY

Research Design.

The overarching frameworks that supply the logical structure that steer the researcher toward addressing the research problem and answering the research questions are known as research designs. Research designs also justify the choice of research design for the intended study (Rahi, 2017). The research used a descriptive approach. Descriptive research was used to describe a phenomenon in its current state, but did not provide the researcher any say over the variables. Accordingly, all they could do was report the status quo (Abutabenjeh & Jaradat, 2018). The researchers believed that this approach was best suited for their study since it eliminated their potential for bias in the results. The design also made it possible for the study to provide numerical and descriptive data that would be utilized to measure the correlation and coefficient between the variables.

Target Population

Population refers to the total number of people, events, or things that have certain observable characteristics. To draw broad generalizations about related populations, researchers often conducted studies on specific groups of people or things, known as their "target populations" (Majid, 2018). The people who fit the criteria for the study. The study's sample size included 886 people from throughout the organization of East African Breweries Limited in Kenya.

Sampling Techniques and Sample

Sampling is the process of selecting a subset, or sample, of a larger population to utilize in a research project. This was done so that conclusions about the whole population could be formed from the findings of the research project. A random sample method was used for the research. Each individual in the population had the same probability of being picked in a simple random sample, as proposed by Mugenda & Mugenda (2013). Thirty percent of all responses from each stratum was selected at random. Consistent with this, we used a sample size of 266 participants in our research.

Table 3. 1: Target Population

Departments	No of Employees	30%
Management and Administration	100	30
Sales & Marketing	200	60
Brands	100	30
Finance &Accounts	60	18
Production & Distribution	400	120
Human resource	26	8
Total	886	266

Source: Researcher (2023)

Data Collection Instrument

Because EABL is a company that is listed on the Nairobi Stock Exchange (NSE), the researcher consulted both primary and secondary sources for this study. The secondary sources consisted of performance indicators gleaned from reports published by EABL and the NSE, given that EABL is a company that is listed on the NSE. The usage of primary data was decided upon due to the validity, reliability, and error-controllability of such data (Majid, 2018). Data was collected from respondents using questionnaires composed of closed-ended questions. Since questionnaire replies were supplied voluntarily and uninfluenced, they were more reliable and consistent (Abutabenjeh & Jaradat, 2018). In order to make advantage of quantitative data analysis, the questionnaire consisted entirely of closed-ended questions. In this research, we used a five-point Likert-type scale to rate participant satisfaction with various aspects of the locations they visit (1-indicating strongly agree to 5– strongly disagree). Existing materials in the region or any other relevant document relating to the research was consulted for the secondary data.

Data Collection Procedures

Before a researcher may do fieldwork in Kenya, National Commission for Science, Technology, and Innovation (NACOSTI) must first provide approval letter for the study. Moreover, the researcher was required to get a letter of reference from Kenyatta University. Seeking permission from EABL was executed by sending a cover letter explaining what the study intends to examine, explaining who researcher was, why the researcher sought to learn about this company, what the study's goals were, and how the respondents' participation would benefit the study. In the cover letter, the researcher also explained how the participation of the respondents would benefit the study. The data gathering process used a drop, pick up, and call back scheme to increase response rates.

Validity of research instrument

If a research instrument could dependably evaluate the variables of interest, then that instrument might be termed valid. It was the precision with which a data gathering technique measured the variables of interest (Rahi, 2017). Content validity was performed expert opinion method. The expert for this task was the university supervisor. Adjustments were made to the satisfaction of the supervisor regarding its validity.

Reliability of Research Instrument

A test's reliability may be defined as the degree to which it yields the same result when given repeatedly to the same population. The researcher could spot gaps and inadequacies in the study equipment thanks to reliability. Abutabenjeh and Jaradat (2018). Cronbach's Alpha, which measures internal consistency with a coefficient between 0 and 1, was used to determine the level of trustworthiness. If all of the variables' Cronbach Alpha values were over 0.7, then the instrument would be considered credible. (Rahi, 2017).

Data Analysis and Presentation

Reviewing, cleaning, analyzing, interpreting, and presenting data is all part of the process of data analysis, which is done so that conclusions may be drawn and aid with decision-making can be provided. Analysis of data aided the investigator by revealing hidden connections within the data (Abutabenjeh & Jaradat, 2018). The data was presented and analyzed using both descriptive and inferential statistics. The primary data was summarized using descriptive analysis so that it might be meaningfully interpreted and described. The SPSS software, version 21, was used to produce a frequency distribution and a cross tabulation of the quantitative data collected. All of the data and information gathered was shown graphically in the form of tables, graphs, and charts. For this reason, we utilized regression analysis to determine the arrow of causality between the variables.

$Y = \beta o + \beta_1 X_1 + \alpha$

Key:

Y = Performance;

X_1= Cost leadership strategies

Bo= Constant

α= Error term

DATA ANALYSIS, RESULTS, AND DISCUSSION

Reliability Analysis

Reliability analysis was conducted to assess the consistency and stability of the study's measures. The researcher carried out reliability analysis to scrutinize the reliability of the data, determining whether the instruments yielded dependable results or if they were prone to the capricious winds of variability. Cronbach's Alpha value was used a measure of reliability. Table 4.1 presents the results generated from the reliability analysis.

Table 4.1: Reliability analysis

Variable	No. of Items	Cronbach's Alpha	Inference
Cost leadership strategies	7	0.88	Reliable
Performance	7	0.93	Reliable

Source: Research data(2023)

The results show that the Cronbach's alpha value for cost leadership strategies and performance scored an alpha value of 0.88 and 0.93, respectively. The threshold for reliability using Cronbach's alpha value is 0.7. Given that the variables scored alpha values of greater than 0.7, the research tool and the data generated are reliable.

Response Rate

The study targeted a sample of 266 people from throughout the organization of East African Breweries Limited in Kenya. Despite the difficulties involved in accessing and engaging the targeted sample in the study, the researcher successfully administered the questionnaires and received responses from a total of 261 participants. The number translated to a 98.12% response rate, as indicated in Table 4.2.

Table 4. 2: Response Rate

	Frequency	Percentage
Targeted sample size	266	100%
Number of questionnaires administered	266	100%
Number of questionnaires filled and received back	261	98.12%
Non-response	5	1.88%

Source: Research data (2023)

The response rate was significantly high compared to the recommended minimum of threshold of 70% or 50% (for web-based questionnaires). Thus, the researcher proceeded to data collection, given that the response rate was sufficient.

Descriptive Statistics

The respondents provided responses regarding the adoption of cost leadership strategies. The participants provided responses as prompted on a scale of 5= Strongly Disagree, 4= Disagree, 3=Neutral, 2=Agree, 1=Strongly Agree. The analyzed results were presented in Table 4.3 for further interpretation by the researcher.

Table 4. 3: Descriptive Statistics for Cost Leadership Strategies

	N	Mean	SD
1. Our rivals' goods are available at a reasonable cost	261	2.46	.938
2. The business had implemented cost-cutting initiatives that improved the organization's efficiency	261	2.27	.789
3. We are constantly looking for methods to save money on administrative tasks	261	2.45	.622
4. We concentrate on product design techniques that reduce material costs	261	2.25	.777
5. In most cases, we charge more than our rivals	261	2.20	.892
6. We put a lot of money on sales marketing	261	2.46	.934
7. We maintain strict cost management and pay close attention to the smallest of aspects	261	2.27	.789
Aggregate mean		2.34	.820

The findings in Table 4.6 established how most of the participants were in agreement that the organization had adopted cost leadership strategies as demonstrated by the aggregate mean of 2.34 and aggregate standard deviation of 0.820. In detail, most of the participants showed how the company demonstrated a strong intent towards cost management and paying close attention to the smallest of aspects (mean=2.27, SD=0.789). An aggregate standard deviation of 0.820 demonstrated consistency in participant responses that were closer to the aggregate mean.

Organizational Performance

The researcher prompted the participants to provide responses regarding the organization's performance with the adoption of the select focus strategies, differentiation strategies, and cost leadership strategies. The analyzed results were recorded in Table 4.4.

Table 4. 4: Descriptive Statistics for Organizational Performance

	N	Mean	SD
1. Return on investment	261	2.35	.898
2. Sales turnover	261	2.46	.938
3. Improved customer satisfaction	261	2.36	.842
4. Improved product/service delivery	261	2.30	.585
5. Product/service innovation	261	2.17	.677
6. Quality of product/services	261	2.23	.769
7. Profit growth	261	2.18	.579
Aggregate mean		2.293	.755

The descriptive statistics in Table 4.7 showed that most of the participants agreed that there was an associated positive performance for the company with the adopted strategies (Aggregate mean=2.293, Aggregate SD=0.755). Specifically, the results show that the organization experienced a positive return on investment (mean=2.35), high sales turnover (mean=2.46, SD=0.938), improved customer satisfaction (mean=2.36, SD=0.842), improved product/service delivery (mean=2.30, SD=0.585), product/service innovation (mean=2.17, SD=0.677), high quality of products/services (mean=2.23, SD=0.769), and profit growth (mean=2.18, SD=0.579). An aggregate standard deviation of 0.755 demonstrates consistency in participant responses that were closer to the aggregate mean.

Correlation Analysis

The researcher investigated the association between cost leadership strategy and organization's performance. The responses from the participants provided the much-needed data that was utilized in the correlation analysis of the select variables and the findings were recorded in Table 4.5.

Table 4.5: Findings associated with correlation analysis between adopted strategies and organizational performance

		Focus Strategies	Differentiation Strategy	Cost Leadership Strategy	Performance
Cost Leadership Strategy	Pearson Correlation	.819**	.868**	1	.742**
	Sig. (2-tailed)	.000	.000		.000
	N	261	261	261	261

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

Source: Research data(2023)

The correlations between the cost leadership strategy and organizational performance as shown in Table 4.5 was positive and statistically significant at 0.05 level of significance. Cost leadership strategy (r=0.742, p=0.000) was found out to have a very strong and positive association with the firms' performance.

Regression Analysis

The researcher investigated the effect cost leadership strategies on the firms' performance. A multiple regression analysis was carried out and the findings for the model recorded. Table 4.6 presents the regression coefficients output.

Table 4.6: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.464	.113		4.097	.000
	Cost Leadership Strategy	.481	.087	.509	5.519	.000

a. Dependent Variable: Organizational Performance

The findings in Table 4.6 established that there was a positive and statistically significant effect of cost leadership strategies (Coeff=0.481, Sig=0.000) on firms' performance. The regression model was developed as:

$Y = 4.64 + 0.481X_1 + \alpha$

Key:

Y = Performance;

X_1= Cost leadership strategies

Bo= Constant

The implication of the regression results is that, a unit increase in use of cost leadership as competitive strategy in the firm would result to a 0.481-unit increase in organizational performance. Similarly, a unit decrease in pursuit of cost leadership as a competitive strategy would result to a 0.481-unit decline in organizational performance. Hence, cost leadership as a competitive strategy is a useful predictor of firm performance. The results agree with Baraza (2017), Kurt and Zehir (2016), Atikiya et al. (2015), and Kago et al. (2018) who indicated that cost leadership has a positive and significant effect on firm performance. Chepchirchir et al. (2018) also acknowledged the importance of cost leadership strategy as it enabled firms in their efforts to become the specific sector's lowest-priced manufacturers with an enhanced opportunity for eliminating waste and lowering expenses throughout the supply chain. Previous findings were a confirmation of how Kenya Breweries Limited that prioritizes low operational costs would highly benefit from fully adopting the differentiation strategy that guarantees success in operational effectiveness. Further, the findings which shared similarity with previous studies on the same aspect demonstrated how the implementation of cost leadership strategy in a firm was associated with enhanced sales and profits (Valipour et al., 2012).

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

The study investigated the impact cost leadership strategy on organizational performance of Kenya Breweries Limited. The researcher was successful in meeting the requirements demanded by this objective after analyzing the collected data established that there was an effect of cost leadership strategy on the organizational performance of Kenya Breweries Limited. The findings of the study indicated that there was a statistically significant effect of cost leadership strategy on Kenya Breweries Limited's organizational performance. The findings were backed by research evidence that shared similarities on how cost leadership favorably affected a company's bottom line and efficiency. Therefore, Kenya Breweries Limited was not an exception as it experienced tremendous performance success with the adoption of the cost leadership strategy. Also, research evidence acknowledged the importance of cost leadership strategy as it enabled firms in their efforts to become the specific sector's lowest-priced manufacturers with an enhanced opportunity for eliminating waste and lowering expenses throughout the supply chain. The findings indicated that Kenya Breweries Limited experienced tremendous performance success with the adoption of the cost leadership strategy.

Conclusions

The study concluded that the cost leadership strategy is statistically significant positive predictor of organizational performance. Thus, an improvement in implementation of cost leadership as a competitive strategy would result to an improvement in the level of organizational performance. Conversely, a reduction in pursuit of cost leadership as a competitive strategy would result to a decline in performance. The correlation analysis results further informed a conclusion that cost leadership is positively associated with organizational performance. Thus investment in cost leadership as a competitive strategy would result to improvement in organizational performance. On the contrary, a reduction in implementation of cost leadership as a competitive strategy would result to a decline in organizational performance.

Recommendations

Kenya Breweries Limited as an organization is hard hit by the industry's volatility in recent years due to the unpredictability of the external environment. As noted down in the previous sections, business that deal with alcoholic drinks must carefully consider how various price points may affect their bottom line, foot traffic, and overall reputation. Companies' value chains, profitability, sales, or competitive goals all have a role in determining alcohol retail prices. The market is saturated with intense competition that has driven the consumers to think about price and quality when making purchase choices. Cost- leadership strategy has been shown in this study to have a favorable impact on the organizational performance of companies like Kenya Breweries Limited. Therefore, these organizations dealing with alcoholic drinks should adopt cost leadership as a strategy to guarantee improved performance.

Suggestions for Further Study

The current study's targeted population was from a single firm, the Kenya Breweries Limited, with participants coming from different departments in the organization. The phenomenon would present concerns when being used as an empirical source with issues regarding reproducibility. Therefore, further studies are recommended to improve on scientific output efficiency that would boost scientific progress through including other organizations' employees in the study to enhance the research's reproducibility. The recommendation is meant to increase researcher confidence in the findings' merit while addressing similar concerns in their investigative studies.

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