MIDLANDS STATE UNIVERSITY

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

THE IMPACT OF COMPETITION ON FINANCIAL PERFORMANCE (A CASE STUDY OF AGRIFOODS (PVT) LTD).

BY

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APPROVAL FORM

The undersigned certify that they have supervised the students` dissertation which is entitled the impact of competition on financial performance: A case study of Agrifoods (Pvt) Ltd, which is submitted in Partial fulfilment of the requirements of the Bachelor of Commerce Accounting Honours Degree with Midlands State University.

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DEDICATION

This research is dedicated to my family for their continued support.

ABSTRACT

The research was aimed at accessing the impact of competition on financial performance. It sought to establish how competition affects financial performance on Agrifoods Pvt Ltd as it was experiencing a decline in sales revenue and profits as a result of competition intensity. The research further sought to determine the most effective and efficient ways that could be employed to reduce the effects of competition. The mixed method, descriptive research design and a case study of Agrifoods Pvt Ltd was used in the research. Interviews, questionnaires, primary data and secondary data were used in collecting the data for the research. The presentation and analysis of the data collected was carried out in line with the research objective for study. Pie charts, bar graphs and tables were used in the presentation and analysis of data. The key findings showed that competition causes a decline in market share which results in a decrease in profits and consequently affects the company's financial performance. It was recommended that Agrifoods must find ways of being competitive and that it can use target costing to achieve competitiveness through charging competitive prices, this would draw customers and resultantly increase in sales revenue and profits.

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CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

Competition plays a pivotal role in any company that intends to survive in the business arena. Ismail etal (2010), Majeed (2011),Dash (2012), Ruseel (2014),A-Rfou (2012),Hill and Jones (2012) viewed competition as having a positive impact on financial performance, there were of the opinion that a company's competitive advantage is strongly connected to its performance and that the advantages result in the company obtaining high profits. On the other hand, Molonket etal (2014), Dlamini (2014), Alom etal (2016), Shin etal (2015), Odhiambo etal (2015) and Assefa etal (2010) in Waithaka (2016) found competition as having a negative impact on the financial performance ,they revealed that companies make excessive investments in trying to manage competition which reduces the company`s profits. While previous researches generally revealed the effects of competition on financial performance and suggested ways of attaining a competitive advantage, they did not further explain how competition impacts on the financial performance of an organization. This research seeks to determine how competition has an impact on the financial performance in an economy with hardships. It further seeks to establish the most productive ways of attaining a competitive advantage.

1.1 BACK GROUND OF THE STUDY

Manufacturing entities in the present days carry out their operations within an ever changing business environment created by developments in technology and socioeconomic changes, this results in intense-competition and consequently to companies experiencing hardships in their financial performance due to the impact of this cutthroat competition (Mc Gonagle and Vella 2014).The Finance Minister Chinamasa also observed that management of companies under pressure have not adapted to the vibrant environment where the game is now competitiveness (Kachembere 2015). It was also asserted that industry competition continuously works on the driving down the returns on the investments made (Mutua 2010).

The stock feed industry is one of the industries that was not spared from the impact of competition on financial performance. Agrifoods is a manufacturing company that is in the stock feed manufacturing industries. The Marketing Manager highlighted that Agrifoods market share had dropped by 50% due to stiff competition emerging from sprouting competitors such as Profeeds, Capital feeds, Feed mix and Ice feeds among others (Agrifoods Annual Report 2015). On the same understanding the accountant also supported that the company enjoyed little in terms of sales turnover and profits reaped (Agrifoods Annual Report 2015). The current economic hardships were also a thorn in the flesh for Agrifoods as chronic liquidity crunch had barely left anything for raw material purchase. Stock feed manufacturers were constantly opening and this resulted in hyper competition. Most customers were drawn by the competitors as the company lost competitive advantage and all this led to the deterioration of Agrifoods' revenue, as a result financial performance was intensely affected (Extra ordinary Meeting November 2015 Minutes). According to Agrifoods financial statements, sales revenue decreased relentlessly in the past three years this eroded the companys profits as shown on table 1.1 below.

Table 1.1 Sales Revenue and Net Profit schedule for 2013, 2014 and 2015 financial periods.

	2013 USD	2014 USD	2015 USD
Sales Revenue	$1 390 000	$1 200 744	$1 121 765
Expenses	($1 597 699)	($1 753 564)	($2 018 706)
Net Profit	**($207 699)**	**($552 802)**	**($896 941)**

Source: Agrifoods (Pvt) Ltd Unaudited Annual Financial Statements for the years 2013; 2014 and 2015.

Table 1.1 above indicates that the revenue, continuously decreased from $1390000 in 2013 to $1200744 in 2014 and it further dropped to $1121765 in 2015 as competition intensified in the industry. The marketing manager indicated that the declining sales revenue was as a result of lack of competitive advantage. Profit was ($207 699) in 2013, it then decreased to ($552 820) in 2014 and a further decrease to ($896 941) was witnessed in 2015,The accountant confirmed that all these losses were owing to pitiable sales returns as Agrifoods was no longer generating enough income from the sales revenue. The decline in sales revenue affected Agrifoods financial performance, profits were dropping this showed that competition tormented Agrifoods.

1.2 STATEMENT OF THE PROBLEM

Agrifoods witnessed a downward trend in the revenue base as customers were moving to other competitors owing to loss of competitive advantage which had been given birth to by hyper competition that had hit the stock feeds manufacturing industry. This affected the financial performance as the sales were no longer generating enough revenue to match expenses thereby causing loses. However, this motivated the researcher to investigate the impact of competition on financial performance of the organization.

1.3 MAIN RESEARCH QUESTION

How does competition impact on the company's financial performance?

1.4 OBJECTIVES OF THE STUDY

1. To determine possible strategies that the company could employ to diminish competition

2. To assess how market share affects the company's profitability in a competitive environment.

3. To establish the relationship between competition and financial performance

4. To identify challenges affecting financial performance in a competitive environment.

5. To establish the best practice in dealing with competition in manufacturing industries.

1.5 SUB RESEARCH QUESTIONS

1. What are the strategies that can be used to diminish competition?

2. How does market share affect the company's profitability in a competitive environment?

3. Is there a relationship between competition and financial performance?

4. What are the challenges affecting financial performance in a competitive environment?

5. What is the best practice in dealing with competition in the manufacturing industry?

1.6 SIGNIFICANTS OF STUDY

The research study is of importance to the managers that are in the manufacturing industry and to other managers that are in other sectors. It would help them in understanding the concept of competition and how different firms can achieve competitive advantage. The study would also help other managers to know the strategies employed in dealing with competition, which help them improve their management styles. The research study can be used as reference for academic research studies on similar topics and the research would be of assistance to those academics who would want to carry out a research on the same topic.

1.7 ASSUMPTIONS

- The information that was received from the participants was reliable.

- The facts that would be obtained from various studies would be relevant and would assist in making the research more meaningful and beneficial.

1.8 DELIMITATIONS

The research anchored on the periods 2013, 2014 and 2015. The research made use of information that was obtained from Agrifoods (Pvt) ltd Bulawayo. The research gave its focus on impact of competition on the financial performance of Agrifoods (Pvt) ltd which is a company that is in the stock feed industry.

1.9 LIMITATIONS

Because of the nature of the manufacturing business of Agrifoods, employees and management were reluctant to disclose information. Confidentiality was seen to be of paramount importance to Agrifoods. The researcher therefore found it difficult to acquire enough information for the research. Management was reluctant to provide information about its books and its competition. The management was only willing to provide limited access to information on the grounds that this information will remain confidential and that it will not be released to the public as it was only for academic reasons.

1.10 Summary

The chapter outlined the reason for the study and why it was significant. It covered the background of study, objectives of study, the research question, it also coverd the statement of the problem, delimitations and limitations of the study. The research study was centered on understanding competition and how it impacts on financial performance.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The significant information viewed in this chapter provides a basis for the research study, which is focused on how competition impacts on financial performance. It will provide an understanding on the concept of competition, strategies that may be employed to deal with competition and further more a detailed analysis of challenges caused by competition and the resultant effects on the company's performance. This chapter also provides an analysis on the significant opinions and it further analyses the conclusions that were reached by previous researchers in the similar study with an aim of coming out with a conclusion on the other gaps.

2.1 POSSIBLE STRATEGIES THAT THE COMPANY COULD EMPLOY TO DIMINISH COMPETITION

2.1.1 Differentiation

According to Atikiya et al (2015) the differentiation strategy has a positive effect on performance in manufacturing companies as it enables the company to produce high quality products that meet the customers' needs, therefore managers must use the differentiation strategy in order to beat competition from other companies. Tanwar (2013) was of the same view when he stated that "Differentiation is a practicable strategy for obtaining high profits for particular business because it results in brand loyalty that lowers the customers' sensitiveness to prices. Research entails that a differentiation strategy is likely to result in high profits because it results in a barrier to entry. Dash and Das (2010) also supported that differentiation involves setting prices that are high, the prices must cover the costs of production, and it gives customers a good reason to choose the product over other products. They further mentioned that companies that use this strategy usually have the latest technical researches, a product improvement group that has high skills and creativeness and very strong group for sales that have the potential to effectively communicate the supposed product strengths.

Yasar (2010) and Aliqah (2012) argued that the differentiation strategy cannot achieve competitiveness as it has challenges and hindrances, some companies fail to implement it, and as a result the companies continuously fail to enhance their financial performance. Nolega et al (2015) also supported that the differentiation strategy has problems .They found that companies try to produce similar products of their competition or made adjustments on their products to persuade or stun their customers, these efforts result in long term effects and the objective might not be realized. Companies who use the strategy have faced a decline in market share they have failed to achieve competitiveness and improve financial performance.

Srivastava and Verma (2012) postulated that the differentiation strategy may be an effective competitive strategy in that it results in an increase in profits and provides barriers to entry. However the strategy could fail as there are risks associated with it that can make it less competitive, the company may experience a decrease in market share, the company might not be able to maintain the superior quality of its products and the competitors may produce similar products. Hitt et al (2013) supported that the differentiation competitive strategy may result in the company making huge profits, however the company may fail to obtain a competitive advantage from product differentiation as it might not be able to produce products of superior quality that support the high prices, competitors may take advantage of this and supply the same product at a lower price. Banker et al (2014) also agreed that the differentiation strategy positively impacts on the company's performance however the strategy has got risks and it cannot maintain unique product performance.

Agrifoods tried to stun its customers by changing the packaging of its products as a way of improving its products through product differentiation. However this yielded negative results since customers became skeptical about the originality and authenticity of the product. Resultantly, Agrifoods lost a number of its customers to its competitors as alluded to by the marketing manager in the annual management report.

2.1.2 Cost Leadership

With this strategy, the aim is to produce at the lowest cost (Lippman and Rumelt 2014). Many market segments have their emphasis directed on reducing costs. If the resultant price can at least be equivalent or near the standard market selling price, then the producer who produces at the least costs will earn high profits. Ranko et al (2013) hypothesized that the cost leadership strategy can be used as a competitive strategy, it is a strategy that is usually linked to businesses of a large scale offering average products with slight differentiation. The cost leadership strategy will sell its products at a discount to increase sales, mostly if it has a cost advantage that is more than that of its competitors .Craig and Douglas (2012) supported that companies that use the cost leadership often have the resources needed in making a huge investment in assets for production, the investment made provides entry barriers, skills in designing products for efficiency in manufacturing, a higher level of talent in manufacturing development engineering and efficient channels of distribution.

Josiah and Nyagara (2015) found that the cost leadership strategy results in lesser customer loyalty, as customers who are particular about prices can move to competitors who have substitute products that are cheaper than the cost leader. Cost leadership strategy is also associated with low quality products this makes the strategy less competitive as low quality products drives customers away.Henderson (2011) and Yasar (2010) supported that the cost leadership strategy is not likely to be successful in providing a competitive advantage, as it does not significantly affect the companys` performance.

Ireland et al (2012) had differing views ,when they stated that cost leadership competitive strategy produces products at lower costs, this allows companies to set lower prices than those of the competitor as a result the customers prefer lowly priced products. However the cost leadership strategy may not achieve a competitive edge because of risks that maybe associated with it the competitor may have some advancement that allows them to produce at lower costs than those of the company, this will make it possible for the competitors to charge lower cost than the company. Consequently the customers will move to the competitors as the competitors will be charging a lower price than that of the company. The cost leadership strategy might not be able to meet changing customers needs as they will be focused on producing products at low cost, the competitor will stand a better chance of winning the customers as it will be in the position to meet those needs, some customers prefer increased quality products over lowly priced product. Hitt et al (2013) were of the view that a company may be very competitive and profitable if they use the cost leadership strategy .However the company may also fail to be competitive while using the cost leadership strategy, the company may fail to produce high quality products to satisfy the customer. The competitors may also be able to imitate the companies cost leadership strategy.

Agrifoods would not afford to implement the cost leadership strategy due to the fact that its products are totally the same with those of its competitors. A downward price adjustment may lead customers to assume that the products are of lower quality. In addition, the cost leadership strategy may fail to cover expenses and as a result the company's financial performance will remain subdued.

2.1.3 Focus Differentiation

When using the focus strategy certain segments of the market are targeted, the products are tailored to the needs of that segment, companies that practice the focus generic strategy can achieve superior performance Kinyuira (2014).This view was supported by Mutunga and Minja (2014) they found that the focus strategy identifies the unique requirements of customers in particular segments. Smaller companies, often succeed because they serve narrow segments of the market. The focus strategy allows companies to compete on the base of low cost, differentiation and quick response against larger companies with better resources. This is because the focus differentiation strategy allows a company to understand its targeted customers, their requirements, what they want to be accommodated with and create special relationships in a way that differentiates the smaller companies or makes the target customer find it more important. Fathali **(**2016) supported that the differentiation focus strategy ensures that customers in their segment are served fully well, because of this it tends to develop brand loyalty from the customers and the segment then loses its attractiveness to the competitors.

Aliqha (2011) and Yanney (2014) stated that the Focus strategy does not significantly affect the companys` performance, hence it cannot enable the company to be competitive. Oghojafa et al (2014) supported this when he said the Focus strategy has no significant effect on the company's performance .He further added that companies must try and produce products at low costs and still maintain good quality so as to gain a competitive advantage over its competitors.

According to Bilgihan et al (2011) the unique customer requirements of a market segment means there is a chance to offer products that are different from the competitors who may be having a much larger group of customers as their target. The companies that use the differentiation focus strategy tailor the products that they produce for segments of the market that are small. They can thrive when the quantities are quite small for the competitors in the industry to manage reasonably or when the differentiation required is far from the capability of the industry extensive differentiator. Cheng and Krumwiede (2011) supported that the key concern for any company adopting the focus differentiation strategy is to make sure that customers actually have special needs in other words that there is a legitimate basis for differentiation and those needs are not being met by existing competitor products. There is a possibility that the focus strategy may succeed in providing a competitive edge for the company if there is good reason for differentiation and if the need is not being met by the competitors, if this is not the case then the focus strategy may not succeed. Srivastava and Verma (2012) agreed that the focus strategy lessens the threat from substitutes, it allows the company to be close to customers and to respond to their needs. However the strategy may not succeed in providing a competitive advantage if the segment is so attractive, it becomes swamped with competitors this results in division of segment profits among competitors.

Agrifoods would not manage to narrow down its focus to a particular niche market since its customer base is wide spread. The products are required nationwide especially stock feeds. Coming up with a unique product requires more costs on research and development. If Agrifoods succeeded in coming up with a new product suitable for a certain niche market, it would also suffer from the competitors imitation of the product unless if there could have a tight safeguard of formula and processes to guard against imitations.

2.1.4 Target costing management strategy

According to Ghafeer et al (2014) The fast growth in the current production environment such as increased competition locally and internationally, the rapid change in technological advancement and the variety of customers requirements, shared insufficient management accounting techniques to cope with advancement. These resulted in the use of target costing as a strategy to reduce costs and increase profitability, target costing is a management accounting strategy, it gives the company a competitive advantage that out performs competitors in the industry. Target costing allows the company to cope with the change in the competitive environment and to strengthen the company's competiveness.

Jayeola and Onou (2014) shared the same view when he postulated that Target costing is a powerful tool in cost and management that enables it to set competitive prices .Target costing obtains information from the customers about the market and prices, this information helps the company determine the target price. Target costing leads to cost reduction, companies that implement it increase their market share and improve their sales revenue. This was supported by Sabri et al. (2011) when he alluded that Target costing results in the company obtaining a strong competitive advantage as it allows companies to charge competitive prices. Target costing is a strategy that can be used for the management of costs and profitability, it reduces costs and allows the company to gain a competitive edge and outdo its competitors.

Idowu (2014) postulated that some manufacturing firms find it difficult to practice target costing in a competitive market. The problem for the manufacturers is maintaining high quality products that are demanded by the customers while matching low prices of the international competition. Companies that fail to maintain competitiveness in price and quality may not survive in the manufacturing industry. Hamood et al (2011) in Ahmeti (2013) agreed to this when they stated that Target costing might not be successful in obtaining a competitive advantage. Target costing has got issues and problems that come up during its implementation therefore the process has to be monitored in order to ensure that quality is enhanced. If the measures do not increase quality and reduce costs then target costing will not result in competitiveness.

Bricui and Capusneanu (2013) had a different opinion when they postulated that Target costing may give a competitive advantage as it reduces costs and ensures that products are correctly priced and that the customers' needs are met, it allows companies to get an understanding of what the customers need and what they are prepared to pay for the product. However target costing might not succeed in making the company competitive .Target costing aims to reduce costs, workers may fear that they may lose their jobs as a result of the cost cutting measures brought about by target costing .The fear hinders team work and for target costing to be successful in attaining a competitive advantage teamwork is required. Himmie (2012) agreed that Target costing is a management accounting technique that can be used in intense competition for cost reduction, improvement of decisions on planning and cost management. However Target costing may not succeed as this method is seldom associated with conflict and employee resistance.

Nikoueghbal (2011) supported that Target costing can be used as a competitive strategy for companies to survive in competitive conditions, However companies may not achieve a competitive advantage from Target costing .Target costing controls and reduces costs and ensures that customer needs are satisfied to enhance competiveness, for this to succeed reducing costs should not result in low satisfaction of customers. Target costing cost reduction results in employees fearing for their job security, this affects team work from employees which may result in inability to satisfy customers. Target costing might not achieve its objective of enhancing competitiveness as customers will not be satisfied.

Target costing could prove to be a very good strategy if properly implemented. Agrifoods retrenched some of its employees in July 2015, this was meant to be a measure of reducing costs. Cutting costs has to be done in such a way that does not affect the company's performance i.e. retrenching people to cut cost may result in demotivation of the remaining employees as they would be fearing for their jobs. As such employees would lose work commitment and services that would be provided might not be up to standard, for example Agrifoods employees might not provide good customer service and because of this, sales to customers might be lost to the competition as the customer will not be satisfied with the service. Therefore if this strategy is to be applied careful planning must be carried out before its implementation.

The studies that were done identified the different strategies that were used to gain a competitive advantage, this research aims to determine the most effective and efficient strategy that Agrifoods can use to beat competition.

2.2 AN ASSESSMENT OF HOW MARKET SHARE AFFECTS THE COMPANIES PROFITABILITY IN A COMPETITIVE ENVIRONMENT.

In the time of intense competition companies are making efforts to maximize profit by diverting their focus to managing the factors which can affect their financial performance. A high market share is a major factor that has a great influence on the company's financial performance. When market share is high the profitability of the company increases. A firm that has a high market share stands a chance to generate more sales and receive huge profits Aqil et al (2014). Oinonen (2010) supported this when he stated that a high market share results in the company's profitability. He further added that market share is very significant as it increases company profits. When a company has a large market share it can set high prices that are above the competitor and still remain profitable as a large market share is associated with customer loyalty. Wit and Meyer (2010) were of the same opinion when they hypothesized that high market share leads to profitability. They found that high market share provides opportunities for companies to supply huge volumes of products to the customers. The huge volumes of supply may result in cost reductions as the company will be benefiting from the economies of scale. Companies with high market share can set high prices and still experience a profit as customers believe that where there is a large markets share there is less risk.

Kortler et al (2013) had a different opinion about market share, he was of the opinion that higher market share does not give an assurance of getting high profits. Gaining market share might not give the company high profits. In an effort to gain market share the company may experience costs that are above the returns, this will not result in an increase in profits. On the other hand he found that high market share may lead to high profits when the cost per unit drops when the market share increases, this can be achieved when firms provide products of high quality and sets a high price that can exceed the costs of producing high quality.

Mathur and Kenyon (2011) also agreed to this when they alluded that market share alone cannot be a source of profitability, market share can only generate profits when good product quality and other company intangibles are present. Chu (2011) also supported this view, when he postulated that market share may affect the company's financial performance negatively or positively, companies that want to increase market share cannot generate high profits without product differentiation, the market share of a company may only increase profits if the company has market power and ability to manage quality.

A large market share does not necessarily result in high profitability, a company can have a low market share yet be highly competitive. The growth of an industry does not determine that the industry is attractive furthermore, high market share does not always give cost reductions as others studies imply Furrer (2016). Mody et al (2011) supported this, when they postulated that a company with a large market share does not necessarily have high profit margins. They found that conducive financial and environmental conditions could result in the profitability of a company. Yannopoulos (2010) supported that in an ever changing competitive environment a huge market share does not always lead to high profits. Management must use limited resources in enhancing the productivity of best practices, and desist from making efforts to increase market share, in a hope to increase profits from the huge market share.

Agrifoods had a decrease in market share, low volumes of revenues were being experienced, this resulted in a decrease in profits as indicated by the annual financial reports. The decrease in market share due to competition exerted negative pressures on Agrifoods performance.

Studies that were made explained how the level of market share affects profitability of the company, this study aims to determine how markets share can be increased in order to boost profitability in a competitive environment.

2.3 RELATIONSHIP BETWEEN COMPETITION AND FINANCIAL PERFORMANCE

Competition and financial performance are two different constructs with a complicated relationship .General studies have shown a positive connection between these two variables, Competition is taken as independent variable and financial performance is taken as the dependent variable that is measured in terms of sales growth and profitability (Majeed 2011).Hill et al (2015) agreed that a relationship exists between competition and the financial performance he stated that competition is a difficult process where the competitive companies are the ones who manage to win. A company may improve financial performance if it can sell its products in a competitive market and draw customers from its competition and increase sales revenue. Companies can realize high profits in a competitive market if a competitive edge is obtained, this will results in increased sales and improved profits, managers must work at obtaining a competitive advantage in order to improve the profitability of the company.

Russell and Harvey (2014) also supported that a relationship exists between competition and financial performance, he added that if a company gains a competitive edge it can become competitive and improve its financial performance. Hill and Jones (2012) also supported that a positive relationship exists between competition and financial performance which can be analyzed in terms of return on sales revenue. A company which has a competitive advantage will realize very high profits.

A relationship was found between competition and financial performance, although a positive relationship was found, some researchers were of a different view. Mutua (2010) revealed that there is a negative association between competition and financial performance when he stated that advertising campaigns may be done to increase product demand, however the advertising costs need to be covered by the revenues obtained, if there is competitiveness in the market then low profits will be earned. This is because consumers will only buy from the cheapest. Yahaya et al (2015) supported that a negative relationship can be found between competition and financial performance. They stated that competition negatively impacts on the company's financial performance. In intense competition in the industry competition may result in low profits if the company is not competitive. Managers need to find ways of being competitive in order to improve profitability. Assefa and Hermes (2010) in Waithaka et al (2016) also supported that intense competition results in reduced activity levels in companies which results in competition negatively impacting on the companys performance. The accountant even confirmed that, increased competition puts pressure on Agrifoods to become cost efficient. With increased competition, Agrifoods needs to find ways of delivering services at lower costs to ensure that they beat competition. Increased competition is associated with falling profit rates.

The relationship between competition and financial performance can be positive or negative .A positive relationship can be found between competition and financial performance, this can be seen in most cases when companies enhance the quality of their products to be competitive, company's performance is enhanced as the customers' needs would be satisfied by the product quality. However, due to competition companies may face a decrease in profits and in productivity as a result a negative relationship between competition and financial performance is created (Odhiambo 2015).

Wang et al (2014) found competition and the companys financial performance as having a negative relationship .However they also found that a positive relationship between competition and the companys financial performance could exist. Competition drives companies to enhance product quality and it also forces managers to be more efficient, this consequently increases the companys' profits. Where competition is intense, companies fight for profits, companies which are more efficient are the ones which survive.

Asikhia and Binuyo (2012) also found that competition and the financial performance may have positive or negative relationship. They postulated that competition and financial performance may have a positive relationship. However competition and financial performance was also seen to have a negative relationship. They found that companies that are efficient have power and that they take over from companies that are less efficient as they benefit from the efficiency that results in a competitive advantage.

Where competition is intense, companies fight for profits and in such instances only companies which enjoy economies of scale survive. A negative relationship was seen between competition and financial performance as reflected by the profitability trend given in chapter one. This in essence indicates that Agrifoods does not enjoy the economies of scale against its competitors. However a positive relationship between competition and financial performance can exist, it suffices to mention that the positive relationship is realizable in the long run.

It was evident from the above studies that the authors had different views on how competition affects financial performance. This study seeks to iron out the different views and ascertain exactly how competition impacts financial performance in a company.

2.4 CHALLENGES AFFECTING FINANCIAL PERFORMANCE IN A COMPETITIVE ENVIRONMENT.

<u>Investment or inability to invest on measures of gaining a competitive advantage may affect financial performance.</u>

2.4.1 Investing in quality to gain a competitive edge affects financial performance:

According to Christian (2011) in Shin et al (2015) Competition intensity causes companies to over invest in gaining competitiveness in the market. Competition intensity results in over investment in product quality wars between companies, this reduces company profits and affects the sustainability of the company. This view was also supported by Raja (2011), he found that TQM can be difficult to implement as it requires sufficient involvement from managers, adequate education and training, this requires a lot of resources and is very costly. Improving quality may lead to overshooting of product quality to manage competition this deteriorates the company's profitability (Shin 2015).

Gharakhani et al (2013) reveled that enhancing the quality products and service delivery is important when competing in a growing international market. Companys may use Total quality management to enhance performance in terms of the quality of products, production efficiency, satisfaction of customers, and profitability .Amaria and Frempong (2013) supported that companies must adopt and carry out total quality management it enhances product quality and enables the company to obtain competitiveness. Total quality management improves the companies' financial performance and helps the company to survive. Tao (2014) also agreed that customer satisfaction is derived from the expectations for quality of service, for customers to be loyal they need to be satisfied with the quality of service provided, good customer service leads to customer satisfaction and increased revenues and profits. Mehran (2013) also shared the same view when he stated that to be competitive the companies must provide high quality service. If customers receive a high service they will derive satisfaction, this will result in improvement of financial performance. Therefore companies must ensure that employees provide satisfactory services to customers. Company's must also ensure that they provide high quality products, high quality products increase customer satisfaction which gives the firm a competitive advantage, for a firm to improve financial performance customers have to be satisfied.

Sadikoglu (2014) found that total quality management may have negative or positive effect on performance, he postulated that TQM in an attempt to manage competition may succeed, however it may fail to achieve the desired results as some companies might not have resources to implement TQM. Nzewi (2015) also agreed that TQM has a positive or negative impact, total quality management may not succeed in improving financial performance. However if the organization properly executed it at every level its financial performance may improve. If Agrifoods opted to invest in product quality improvement, the aggregate costs of production will increase making it difficult for the company to charge a competitive price.

2.4.2 Inability to invest on Information technology affects financial performance:

Investment in IT is included in the organizations' budget, this is because it is usually considered to provide a competitive edge. Although the usefulness of investments in IT is not irresolute, the main concern of managers is to measure its payoff (Mazidi 2014**).** Chin and Sun (2015) supported that IT does not always guarantee high returns in a competitive environment. Although other authors supported that investing in information technology plays a role in to helping a company obtain a competitive edge, uncertainty still remains, the failure rate of projects in information technology continues to increase and what is earned on the project is lower than what is anticipated. Jacks et al (2011) in Breznik (2012) were of the same view, they postulated that investment in Information technology does not enhance the company's financial performance. Pilinkiene (2013) supported that investing in IT (e-business) does not lead to increasing profits, he stated that although many studies concluded that e-business solutions have a positive impact on different business activities IT benefits doesn't actually result in increased profits or sales, therefore the connection of IT (e-business) with the competitiveness should be considered with carefulness.

However Drury (2012) had a different view when he stated that information technology aids businesses in carrying out their activities through e-commerce or internet commerce. E - commerce saves costs in the business and it also results in the increase in revenues through selling on line. He further added that if companies invest in e-business there will have the ability of gaining a competitive advantage. Ong et al (2008) supported the use of technology in improving competitiveness he stated that information technology competence should always be updated through constant guidance and practice on modern IT advancement to ensure constant renewal of their IT competency and maintain the competitive advantage of the company so as to improve performance. Investments in IT plays a fundamental role in today's organizations. If the companies manage the investments correctly and carefully, they can manage the market and they can be market leaders. The investments' costs are important for organizations. Therefore, IT's role in the organizations and the maximization of the benefits of IT are very important for performance and success of the organizations in the future. Companies will improve financial performance if they effectively manage the information technology investment (Zehir et al 2010).

Breznik (2012) found that Information technology can hold the possibility of and result in a competitive advantage. On the other hand they found that Information technology can add worth to firms, but it cannot just be considered as a manageable source of competitiveness. Investments in IT often require more costs to be incurred, these additional costs and extra work usually causes doubts about the IT profitability. Alalwan (2010) also supported that in some companies IT could be used as a way of gaining a competitive advantage. However he stated that IT may not result in a competitive advantage that is maintainable. Companies have to ensure that the IT resources are managed to gain a competitive advantage, this may be very hectic to some companies as they may not be capable of investing on Information technology resources. Bilgihan (2016) agreed that other companies may use IT to gain a competitive advantage and were as other companies find it difficult to obtain a competitive advantage through IT. IT

requires companies to continuously spend on upgrading, it requires a lot of investment and this makes it strenuous for other companies to obtain a competitive advantage through it. At present

Agrifoods has not embraced modern technology as it is currently using fliers and newspapers in advertising. This is causing the company not to capture a wider market base which is essential in gaining a competitive advantage over its rivals.

The different authors managed to give their speculations about how competitive challenges affect financial performance in companies, this study is centered on making a further scrutiny on how competition challenges affect financial performance of companies in a competitive environment.

2.5 THE BEST PRACTICE IN DEALING WITH COMPETITION IN MANUFACTURING INDUSTRIES.

Alshbiel and Awaqleh (2012) considered JIT, as best practice that companies could use to be competitive in the manufacturing industry. It was seen to be effective as it decreases the costs of production. The practice monitors and manages costs, they seek for less expensive inputs for production, enable cost-effective use of resources by ways of reducing costs without affecting the quality of the finished product. JIT helps in improving the quality of products, it produces the products and delivers them on time so as to ensure that the customers' needs are met. This enables the company to increase sales and enhance its financial performance. Zaferullah et al (2013) was in agreement with the use of JIT in dealing with competition when he stated that in the current state of international business situation, the aim of all industrialized companies is to continue surviving in the race. In order for a company to survive in a market that is competitive it must have the capability of producing high quality products at costs that are low and within a very short time. Manufacturing companies can accomplish this through the use of JIT systems.

Mazania (2012) also agreed with this when he postulated the use of just in time system in manufacturing industries has been proved to be a success as it reduces waste, reduces costs, results in productivity effectiveness and improves product quality.JIT system reduces inventory holdings and enables deliveries to be made to the customer on time .JIT allows the company to get the exact information about the customer requirements, therefore companies do not hold large amounts of inventory, the product is produced when it is required by the customer. Kootanaee et al (2013) also supported that the JIT system allows the company to be competitive against its competitors. It identifies and meets customer needs, reduces waist, minimizes costs and improves the production process .JIT enables employees to work together as a group to achieve goals, workers are motivated to constantly make improvements on what exists and to achieve high standards.

JIT may not be a total solution in an unstable competitive environment as it has its challenges. Many companies experience difficulties in implementing Just in time in their manufacturing system. The problem is due to the uncertainty about JIT and its implication and partially due to the desire to apply JIT in the already existing organization arrangement (Mahajan et al 2013). Ordu (2014) also supported that the JIT system has weaknesses when he stated that because JIT is not independent, the supply chain may face weaknesses caused by the JIT system. JIT processes can be risky to certain businesses and may result in weaknesses in the supply chain in stock out situations, strikes by workers, disrupted lines of supply, lack of communication in the supply chain and unexpected manufacturing interruptions. This may be costly to all those connected to the supply chain. Mohamed and Talibson (2013) agreed that JIT cannot work in some companies due to its implementation challenges, it faces worker resistance as there is no assurance of job security and some suppliers cannot apply it successfully.

Some studies viewed the JIT system being both positive and negative Monden (2012) supported this, he found that the JIT system was beneficial as it removed waste and excessive labor force.

The JIT system was however seen to be negative in that it was not considering some working factors, eg if excess labor force was removed the JIT system causes the remaining labor force to over work and this gives a lot of strain to the worker, and may result in poor service delivery to the customer. Nahmias and Olsen (2013) also agreed to this when they postulated that the JIT system reduces waste and avoids the overstocking of inventories as products are produced only when required by the customer. The problem with just in time system is that the company has to work with the same supplier in order to build a good relationship. In order to produce the products when they are required by the customer the supplier must act fast and supply the required material to the manufacturer exactly when it's required. In the JIT system there is a risk the supplier might not be able to supply materials when they are required.

Agrifoods was holding large amounts of stock in anticipation for sales .This caused the some stocks to expire before there were bought. However, it could be essential for the company to consider implementing JIT to avoid waste and tying working capital on inventory. The previous studies that were done explained how JIT operates, this research is aimed at assessing the JIT system and establishing how best it could be used as the best practice of managing competition in the stock feed manufacturing industry.

2.6 Summary

In this chapter the researcher looked at the literature review of previous studies that were done in relation to the research study. The chapter managed to provide a detailed analysis of how competition impacts on financial performance through the literature review. The literature also gives an insight of how company's may be competitive and consequently improve financial performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The chapter underlined the research methodology that was used in collecting of the data, organization, processing, analyzing and presenting the data for the purpose of the research of the impact of competition on financial performance using a case of Agrifoods Pvt Ltd. The chapter clearly shows how the research was undertaken.

3.1 RESEARCH METHODS

Research methods are techniques and tools that are used in carrying out a research Williman (2011).Research methods are methods used for the gathering of data, for example, interviews or questionnaires Greener (2008). Cottrell and Mc Kenzie (2011) outlined the research methods which are, Quantitative, Qualitative and Mixed method. He explained that the quantitative method is used in responding to questions on the relationship between variables, it captures numbers and carriers out statistical tests. The Qualitative research method captures words and phrases and they look for their meaning and concept behind them. The mixed approach uses both the qualitative and quantitative approach this method provides a broader understanding of the research under study. Creswell and Clark (2011) found that the mixed method responds to questions that the quantitative and qualitative as the quantitative methods cannot answer alone.

In this research the researcher used the mixed method .The researcher found both the qualitative and quantitative method being useful for the study. Qualitative method was necessary as the researcher had to enquire from the managers and employees about the competition and how it impacts on financial performance. The use of numbers was also seen to be of outmost importance as it gives numerical evidence of how competition impacts on financial performance.

3.2 Research Design

The research design is a blueprint for gathering and analyzing of information, it gives answers to the research questions .It is the collection of information, the research design allows the process of the research to have an even flow. It ensures that the results are more precise. A research design shows the researcher carried out his research ,it is a structure used to gather ,access and translate the data Stangor (2010).Adams et al (2014) sighted that a research design shows the procedures and methodology used for gathering and analyzing of data required and it responds to the questions. The researcher used the descriptive research design to answer the questions of this study. Using the descriptive research design the researcher was able to obtain a better understanding of the study as it allows the use of the mixed research method.

3.2.1. Descriptive Research Design

According to Stangor (2010) descriptive research design looks at the existing state of affairs it can be either qualitative or quantitative in its orientation. If a researcher wants to find out the relationship between variables the descriptive research can be carried out to establish the correlation between the variables. The researcher used the descriptive research as a correlation had to be carried out to determine if competition impacts on financial performance. The descriptive research was appropriate as it allowed the researcher to use both the qualitative and the quantitative methods for the research. Kumar (2011) stressed that descriptive research aims to describe the current state of affairs, problem or to provide information pertaining to condition or to describe an attitude towards a particular matter for example the type of service provided by a company, the employees attitudes, the needs of others .The use of this design enabled the researcher to enquire about the competition edge, consumer perceptions and attitudes to Agrifoods products against the competitors.

The company's environment, advancements, and innovations were analyzed as the employees and managers were questioned and requests were made for them to respond to the questions that were designed to access the ordinary state of affairs. This revealed challenges that were affecting the financial performance in a competitive environment.

The design provided important information that was used to give practicable recommendations to Agrifoods and other parties in the manufacturing industry on ways in which they could adjust their competition strategies and best practices so as to improve their competitiveness and performance.

3.3 CASE STUDY

According to Hammand and Wellington (2013) a case study gives an example of a particular thing, it is an analysis of a unit. They further explained that it is most appropriate on small sized studies in which the researcher has access and some knowledge of a certain context and has a drive to determine what is taking place in that context. Case study is an enquiry that centers on predicting, obtaining an understanding, describing or controlling the person, industry or entity Woodside (2010). The researcher was able to use a case study of Agrifoods, as the reach was carried out on a single unit, the researcher managed to make a detailed analysis on the research and obtained an understanding of how competition impacts on financial performance.

The case study uses both qualitative and quantitative methods (Rovonne 2011), the case study was appropriate as the researcher used the mixed methods. The case study can use interviews, documents reports, and newspaper articles (Vin 2012). The case study allowed the researcher to save time and costs as the researcher managed to use the information provided by the Agrifoods reports, flyers among other documents. Considering that impact of competition on financial performance is very broad the research would have required significant amounts of money and more time the case study managed to alleviate this problem by making the researcher carry out the researcher on a smaller scale, which made it cheap and less time consuming.

3.4 Target population

Target population is the gathering of objects that hold the data that the researcher requires (Bajpar 2011).Target population is the total set of objects significant to the research. They are important because they carry the information that the research is structured to gather (Hair et al 2015). An accessible population is the portion of the population that the researcher can have access to, for the research purpose (Trochim et al 2015).The population for this study consisted of Agrifoods management, accounts staff and customers. Below is the table that shows the targeted population and the accessible population.

Table 3.1: Agrifoods' population for the study

CATEGORY	TARGET POPULATION	ACCESSIBLE POPULATION
Management	6	6
Accounts staff	7	7
Sales staff	5	4
Customers	15	13
Total	**33**	**30**

3.4.1 Census

Census is the process of obtaining responses from each and every unit of the whole population universe. All units are included, it is more accurate and more representative and true to the greater population Nadar (2015).If the study population is small and less in number, it may be preferable to do a census of everyone in the population (Creswell 2013). The researcher used the census method for collecting data as the population was small, this enabled the researcher to conduct a thorough and more accurate research.

3.5 Types of sources of data:

3.5.1 Primary data

The Primary data is that type of data that the researcher collects for the first time with a particular research aim in mind (Kumar Sahu 2013).The primary data was gathered from Agrifoods records the information obtained was used to respond to the research study questions. The researcher made use of questionnaires and interviews to acquire information from management, employees and customers, the information that was obtained was used on the research. The information obtained revealed what was actually taking place at Agrifoods and in the manufacturing sector, this was important as it revealed the issues of the impact of competition on the financial performance.

3.5.2 Secondary data

This type of is data collected and used by someone or an organization, the researcher does not collect the data Kumar Sahu (2013). Secondary data cuts costs and serves time as the researcher does not have to use a lot of time on fieldwork since the data will have been collected (Williman

2011). In this research the secondary data was derived from Textbooks, websites, journals, newspapers and Agrifoods annual reports.

Although the primary and the secondary data have certain advantages there are not free from disadvantages. The primary data tends to be expensive and time consuming while the secondary data obtained might not be appropriate for the particular research and the data obtained might not be understandable to the researcher it may be complicated. The researcher used primary data and secondary data to counter the disadvantages of both sources of data.

3.6 RESEARCH INSTRUMENTS

According to Mligo (2016) Research instruments consist of all methods that permit the researcher to collect data from the field or from any other place of study. There are tools that are used for collecting and analyzing data. The researcher used Agrifoods records, questionnaires and interviews as a tool for obtaining data from Managers, employees as well as customers.

3.6.1 INTERVIEWS

Ololube and Kpolovie (2012) stated that an interview is a situation in which one person, the interviewer, asks the interviewee questions which intend to obtain answers relevant to the particular research problem. An interview can be used to collect data for different situations for example it can be used to collect data for survey situations, it can also be used in sampling the respondents, or on a question and answer session were there are one or more people. An interview provides a good way to obtain more detailed information from a person for research purposes.

3.6.1.1 Face to face interview

According to Williman (2011) a face to face interview can be done in different situations it can be carried out outdoors, in a home or at the work place .The face to face interview can be used in interviewing one person or a group of people. Face to face interviews have the advantage in that non- verbal communication can be used, the researcher can ask and follow up on questions. Individuals are allowed to say as much as possible in a face to face interview, further elaboration can be made so more information can be obtained from a face-to-face interview (Driscoll 2011).

3.6.2 Questionnaire

A questionnaire is one in which questions are set and printed, these questionnaires are issued to the various respondents so that they can respond to questions that are on the questionnaire. The respondents answer the questions in writing and return the questionnaire (Mligo 2016). Questionnaires are most appropriate in obtaining qualitative and quantitative data. The technique allows the researcher to sort out the questions and obtain the responses to the questions without out talking to the respondents. Questionnaires are well designed, it is easy for the respondent to answer and it is fast and less expensive to administer. There is less bias as the respondent is required to answer the questions alone (Williman 2011). The researcher used questionnaires as a research technique as it proved to be valuable to the research study, the questionnaires were distributed to the respondents and the respondents were given time to respond to the questions prior to returning them.

3.6.3 Types of questions

Closed and open ended type of questions.

Walliman (2011) the closed ended questions require the respondent to select from a number of answers that will be given. There are usually answered quickly, there are easy to understand and the respondent is not required to have special capability of writing , however the questions put limits to the choice of answers. The closed ended questions can be analyzed easily these questions save time as there are fast as short responses are required. The closed ended types of questions prove to be less demanding and time serving to the respondents. Open ended questions are questions that allow the respondent to freely respond in their own way. The questions usually allow the respondent to fully express and justify the responses that they give. This avoids biasness and the answer provided can be interpreted by the researcher. The disadvantage of the open ended question is that it is time consuming and may be difficult for the respondent to understand.

3.6.3.2 Likert scale questions

According to Hair (2011) a likert scale attempts to measure attitudes or opinions, it assesses the strengths of agreement or disagreement about a statement. The Likert scale has the statement and the responses showing the level at which the respondent agree with the statement. The likert scale as shown below is clear and can easily be analyzed. It is easy to understand and it less time consuming for the respondents.

Table 3.2: Likert Scale

Strongly Agree	**Agree**	**Uncertain**	**Disagree**	**Strongly Disagree**
1	2	3	4	5

3.7 Data Validity and Reliability

According to Ololube and Kpolovie (2012) Reliability refers to the level of uniformity of measuring strategy over a period. Its concern in the uniformity with which the instrument carriers out its measurement on what it measures. Reliability also refers to error free measurement in the instrument used for measuring. Validity ensures that the research is not biased and it checks the research quality, it ensures that a test measures that which it actually purports to measure. The researcher ensured that the information acquired had validity and reliability, the researcher cross checked the information that was obtained to eliminate errors.

3.8 Data presentation and analysis

The researcher had to use different techniques for the analysis and presentation of the data that was gathered on the research. The qualitative and quantitative methods were used to analyze and present data. The researcher used tables, Pie charts, and graphs to present the gathered data. The relationship between competition and financial performance was established through regressions analysis, the (SPSS) Statistical Package for special Sciences computer package was of great assistance in this. According to Yahaya et al (2015) competition and financial performance have been the focal point for many studies. The cause of the great number of studies is that financial performance is at the heart of most corporate studies. SPSS is the preferred statistical analysis tool for the study. Return on revenue was used as the proxy for competition while annual profit was used as a proxy for financial performance. For the purpose of the research study coefficient of correlation was used. Russell et al (2014) and Yahaya et al (2015) revealed that a relationship can be found between competition and financial performance when they used correlation coefficient.

Regression Formulae*:*

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x^2 - \left(\sum x\right)^2}\sqrt{n\sum y^2 - \left(\sum y\right)^2}}$$

Where: r = coefficient of correlation

x = independent variable (Return on revenue)

y = dependent Variable (Annual profits)

3.9 Summary

The chapter showed how the research was carried out .It indicated that the mixed methodology was used. It also showed the research design and the research instruments used to collect data. The target population was shown as well as the analysis and presentation of Data. This chapter clarified how the research was done and all the activities the researcher performed during the research process. In the preceding chapter the research findings will be presented and analyzed using the techniques discussed in this chapter.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 INTRODUCTION

The chapter centered on the analyzing of the data and the presenting the data that was collected for the research purpose. This chapter helps in that it will make the findings obtained in the research study understandable. The researcher used tables, graphs and pie charts in presenting the data that was gathered on the study about the impact of competition on financial performance.

4.1 RESPONSE RATE ON QUESTIONNAIRES

Table 4.1 Results from Questionnaire rate of response

Category	Questionnaires Distributed	Responded Questioners	Rate of response
Management	6	6	100%
Accounts staff	7	7	100%
Sales	5	4	80%
Clients	15	13	87%
Total	**33**	**30**	**91%**

It can be noted from table 4.1 above that the response rates were 100%, 100%, 80% and 87%, from the management, sales, accounts staff and customers respectively. According to a distribution of 33 questionnaires was made, of these 30 out of 33 were responded, representing 91% of the of the total questionnaires distributed, an indication that the information obtained was sufficient for the research. This was supported by Hong et al (2012) who said that a respondent rate of over 60% is sufficient to provide a valid and reliable research.

4.2 Respondents age

Table 4.2 Respondents age

Age	Respondents	Response Rate
Below 18	0	0%
18-35 years	20	67 %
36-60 years	10	33%
Over 60	0	0%

Table 4.2 shows the ages of the respondents 0 out of 30(0%) were below 18, 20 out of 30 (67%) were between 18-35 years, 10 out of 30 (33%) were between 36-60 years while 0 out of 30(0%) were over 60.Non of the respondents were below 18years and none were over 60years, all the respondents were between 18 and 60 years. This made the research more reliable as the respondents were all mature and active respondents. This was supported by Hale and Jemina (2013) who stated that ages that start from 18 years are appropriate respondents for a research as there are professional active interprets.

4.3 STRATEGIES THAT MAY BE USED TO DIMINISH COMPETITION

4.3.1 DIFFERENTIATION STRATEGY

Table 4.3 Responses to Differentiation strategy as a strategy that could be used to diminish competition.

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Total
Responses	0	3	2	10	2	17

Fig 4.1 Responses to Differentiation strategy as a strategy that could be used to diminish competition

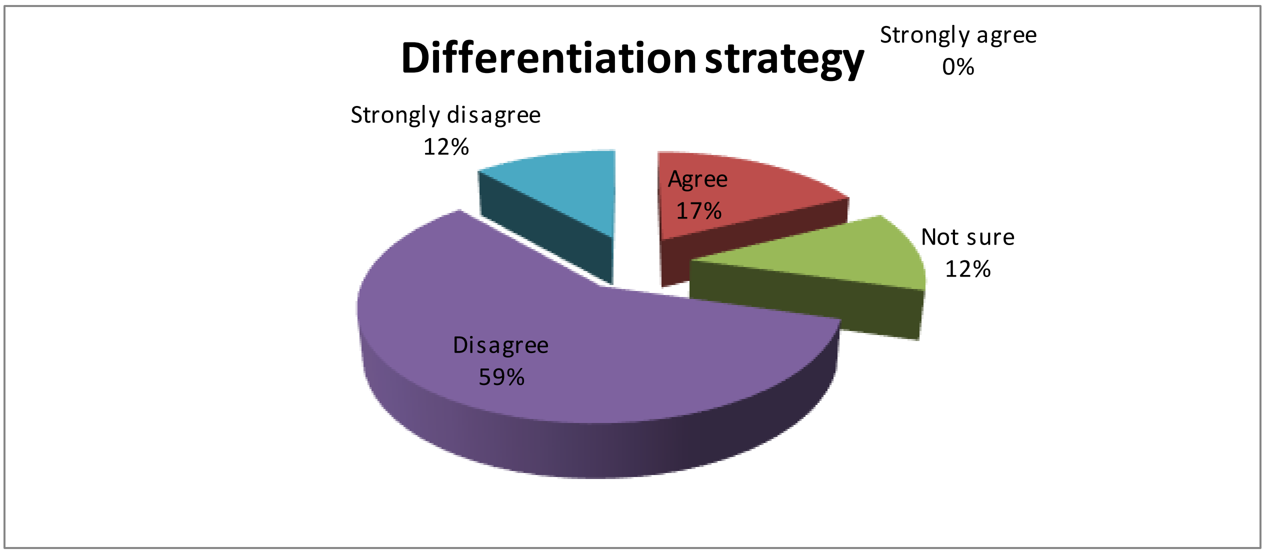


Fig 4.1 and table 4.3 above show that 0 out of 17 (0%) strongly agreed, 3 out of 17 (17%) agreed, 2 out of 17 (12%) were not sure, 10 out of 17 (59%) disagreed and 2 out of 17 (12%) strongly disagreed that differentiantion strategy can be used to diminish competition.

A total percentage of 71% from the data collected from the questionnaires disagreed which means that the differential strategy could not be used to diminish competition. This was supported by Nolega et al (2015) when he postulated that the differentiation strategy has problems .They found that companies try to produce similar products of their competition or made adjustments on their products to persuade or stun their customers, these efforts result in long term effects and the objective might not be realized. Companies who use the strategy have faced a decline in market share they have failed to achieve competitiveness and improve financial performance.

However 12% of the respondents were not sure as to whether the differentiation strategy could be used to diminish competition. This means that there were not certain if the differentiation strategy could be used to successfully diminish competition , this was in line with Srivastava and Verma (2012) who postulated that the differentiation strategy may be an effective competitive strategy in that it results in an increase in profits and provides barriers to entry. However the strategy could fail as there are risks associated with it that can make it less competitive, the company may experience a decrease in market share, the company might not be able to maintain the superior quality of its products and the competitors may produce similar products.

Of the respondents 17% agreed that the differentiation strategy could be used to diminish competition this means that the respondents were of the view that the differentiation strategy could be used as a strategy to diminish competition, this assertion was supported by Atikiya et al (2015) when he alluded that the differentiation strategy has a positive effect on performance in manufacturing companies as it enables the company to produce high quality products that meet the customers' needs, therefore managers must use the differentiation strategy in order to beat competition from other companies.

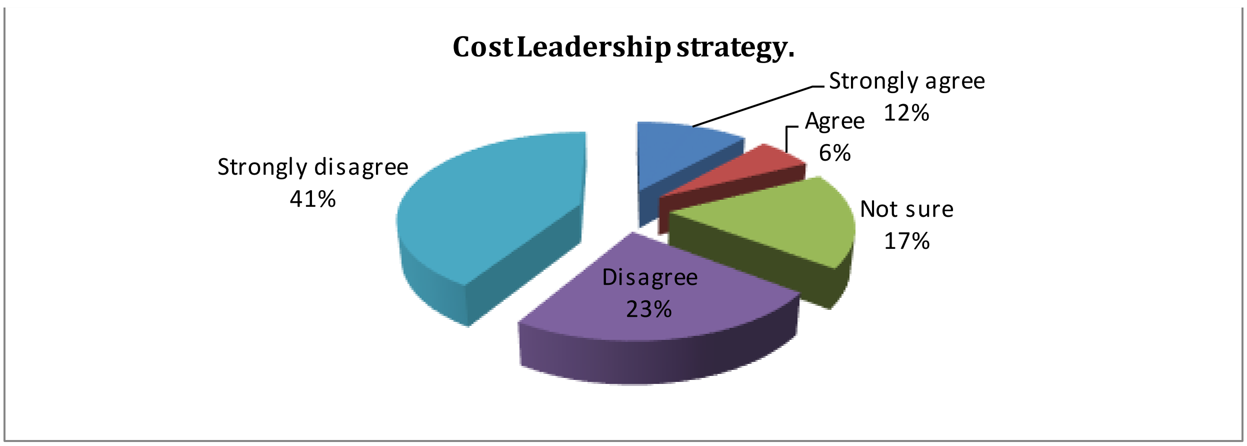
A total of 71% backed by a mode of 59% obtained from the data disagreed, an indication that the majority of respondents from Agrifoods were against the use of the differentiation strategy as the best strategy that could be used to diminish competition. This was supported Yasar (2010) and Aliqah (2012) they found that the differentiation strategy cannot achieve competitiveness as it has challenges and hindrances, some companies fail to implement it, and as a result the companies continuously fail to enhance their financial performance.

4.3.2 COST LEADERSHIP STRATEGY

Table 4.4 Responses to Cost Leadership strategy as a strategy that could be used to diminish competition.

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Total
Responses	2	1	3	4	7	17

Fig 4.2 Responses to Cost Leadership strategy as a strategy that could be used to diminish competition.



Information collected from the questionnaires as shown on The Fig 4.2 and table 4.4 above revealed that 2 out of 17 (12%) strongly agreed, 1 out of 17 (6%) agreed, 3 out of 17 (17%) not sure,4 out of 17(23%) disagreed and 7 out of 17 (41%) strongly disagreed,that cost leadership strategy can be used to diminish competition.

A total of 64% disagreed which means that cost leadership strategy could not be used to diminish competition. Josiah and Nyagara (2015) had the same opinion when he opined that the cost leadership strategy results in lesser customer loyalty, as customers who are particular about prices can move to competitors who have substitute products that are cheaper than the cost leader. Cost leadership strategy is also associated with low quality products this makes the strategy less competitive as low quality products drives customers away. On the other hand a total of 18% agreed which means that the cost leadership strategy could not be used as a strategy to diminish competition, Ranke et al (2013) supported this when they postulated that the cost leadership strategy can be used as a competitive strategy it is a strategy that is usually linked to businesses of a large scale offering average products with little differentiation. The cost leadership strategy will sell its products at a discount to increase sales, mostly if it has a cost advantage that is more than that of its competitors.

The response from the questioners indicated that 17% of the respondents were not sure this means there were uncertain as to whether the cost leadership strategy could be used to diminish competition, this was in line with Hitt et al (2013) who postulated that a company may be very competitive and profitable if they use the cost leadership strategy .However the company may also fail to be competitive while using the cost leadership strategy, the company may fail to produce high quality products to satisfy the customer .The competitors may also be able to imitate the companies cost leadership strategy.

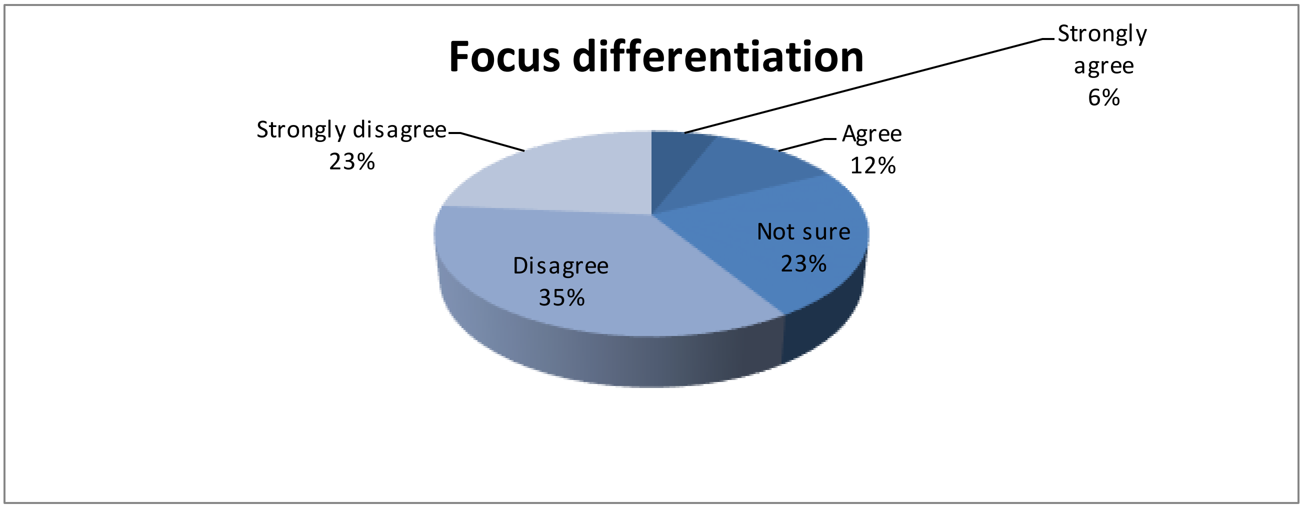
Irrefutably a total 64% of the respondents backed by a mode of 41% disagreed that the cost leadership strategy could be used to diminish competition. The majority of the respondents were against the use of cost leadership strategy as strategy to diminish competition as shown by the greater total on the percentage of respondents who disagreed to its use. This was supported by Josiah and Nyagara (2015) who postulated that the strategy could not be used to diminish competition as it is associated with low quality products this makes the strategy less competitive as customers want good quality products.

4.3.3 FOCUS DIFFERENTIATION STRATEGY

Table 4.5 Responses to Focus differentiation strategy as a strategy that could be used to diminish competition.

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Total
Responses	1	2	4	6	4	17

Fig 4.3 Responses to focus differentiation strategy as a strategy that could be used to diminish competition.



The Fig 4.3 and table 4.5 above reflect that 1 out of 17(6%) strongly agreed, 2 out of 17 (12%) agreed, 4 out of 17 (23%) were not sure, 6 out of 17 (35%) disagreed and 4 out of 17 (23%) strongly desagreed that focus defferentiation strategy can be used to diminish competition.

A total of 58% disagreed that means that focus differentiation strategy could not be used as to diminishing competition. Oghojafa et al (2014) supported this when he stressed out that the Focus strategy has no significant effect on the company’s performance .He further added that companies must try and produce products at low costs and still maintain good quality so as to gain a competitive advantage over its competitors.

However 18% of the respondents agreed, that means the focus differentiation was a strategy that could be used to diminish competition. Fathali (2016) supported this view when he postulated that the focus strategy ensures that customers in their segment are served fully well, because of this it tends to develop brand loyalty from the customers and the segment then loses its attractiveness to the competitors.

23% of the respondents were not sure, which means that there were not certain if the strategy could diminish competition. Srivastava and Verma (2012) also agreed that the focus strategy lessons the threat from substitutes, it allows the company to be close to customers and to respond to their needs. However the strategy may not succeed in providing a competitive advantage if the segment is so attractive, it becomes crowded with competitors this results in division of segment profits among competitors.

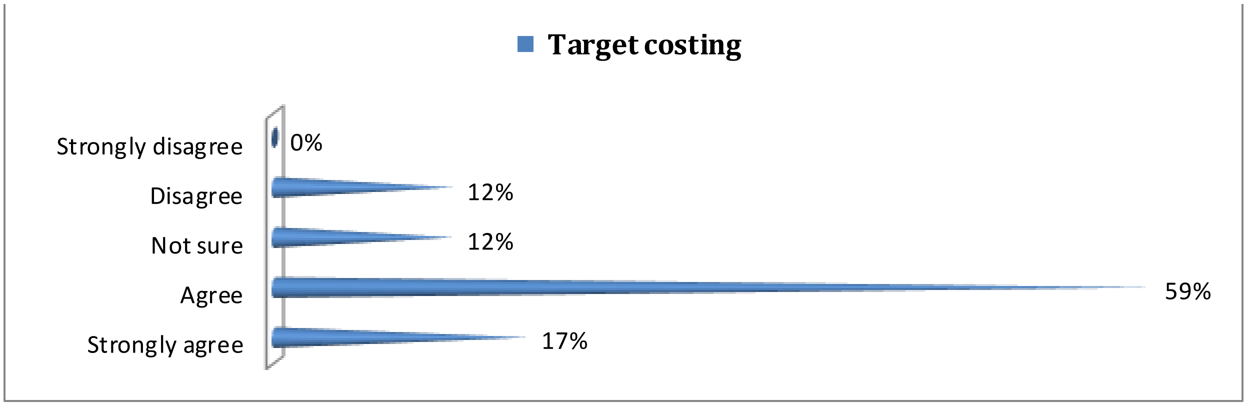
A mode of 35% supported by a total of 58% disagreed that the focus strategy could be used as a strategy to diminish competition that means that the majority were in disagreement with the use of the focus differentiation strategy as a strategy to diminish competition. Aliqha (2011) and Yanney (2014) were of the same view when they hypothesized that the Focus strategy does not have a significant effect on the company's performance and hence it cannot enable the company to be competitive.

4.2.4 TARGET COSTING MANAGEMENT STRATEGY

Table 4.6 Responses to Target costing strategy as a strategy that could be used to diminish competition.

	Strongly agree	Agree	Not sure	Disagree	Strongly disagree	Total
Responses	3	10	2	2	0	17

Fig 4.4 Responses to Target costing strategy as a strategy that could be used to diminish competition.



As shown on Fig 4.4 and table 4.6 above 3 out of 17 (17%) strongly agreed 10 out of 17 (59%) agreed, 2 out of 17 (12%) were not sure, 2 out of 17 (12%) disagreed and 0 out of 17 (0%) strongly desagreed,that focus defferentiation strategy can be used as a strategy to diminish competition.

An overall percentage of 76% of the respondents agreed which means target costing was seen to be a strategy that could be used to diminish competition. Ghafeer et al (2014) was of the same premise when he alluded that the target costing reduces costs and increase profitability, it is a strategy that gives the company a competitive advantage that out performs competitors in the industry. Target costing allows the company to cope with the change in the competitive environment and to strengthen the company's competeveness.

A total of 12% disagreed which means that the target costing strategy could not be used to diminish competition. Hamood etal (2011) in Ahmeti et al (2013) were of the same opinion when they stressed out that Target costing might not be successful in obtaining a competitive advantage. Target costing has got issues and problems that come up during its implementation therefore the process has to be monitored in order to ensure that quality is enhanced. If the procedures do not increase quality and reduce costs then target costing will not result in a competitiveness.12% were not sure which means that they were not certain if the target costing could be used to successfully diminish competition. This view was supported by Briciu and Capusneanu (2013) when they postulated that Target costing may give a competitive advantage as it reduces costs and ensures that products are correctly priced and that the customers' needs are met, it allows companies to get an understanding of what the customers need and what they are prepared to pay for the product. However target costing might not succeed in making the company competitive. Target costing aims to reduce costs, workers may fear that they may lose their jobs as a result of the cost cutting measures brought about by target costing .The fear hinders team work and for target costing to be successful in attaining a competitive advantage teamwork is required.

A total of 76% and a mode of 59% agreed that showed that a majority of the respondents agreed that means the target costing strategy could be used to diminish competition. Jayeola and Onou (2014) also supported that Target costing is a powerful tool in cost and management that enables it to set competitive prices .Target costing obtains information from the customers about the market and prices, this information helps the company determine the target price. Target costing leads to cost reduction, companies that implement it increase their market share and improve their sales revenue.

4.4 AN ASSESSMENT OF HOW MARKET SHARE AFFECTS THE COMPANY'S PROFITABILITY IN A COMPETITIVE ENVIRONMENT.

4.4.1 HIGH MARKET SHARE WILL LEAD TO HIGH VOLUME OF SALES FOR AGRIFOODS WHICH WILL RESULT IN HIGH PROFITS.

Table 4.7 High market share will lead to high volume of sales for Agrifoods which will result in high profits.

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	7	5	1	3	1	17

Fig 4.5 High market share will lead to high volume of sales for Agrifoods which will result in high profits.

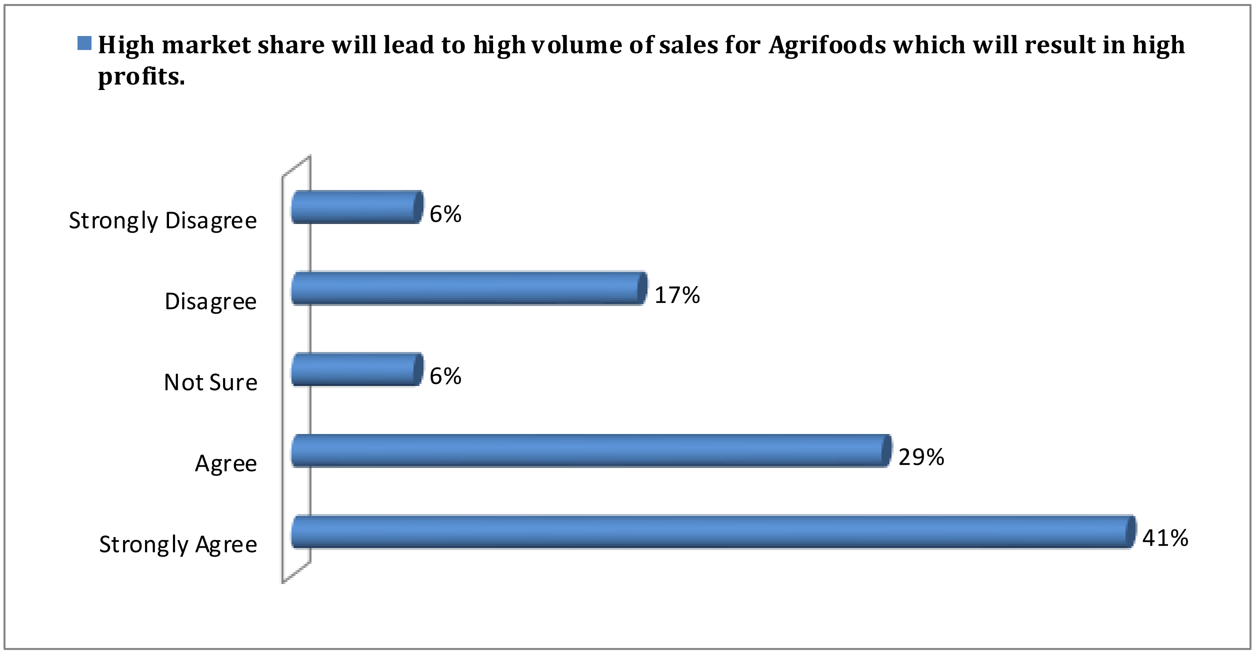


Fig 4.5 and table 4.7 above show that 7 out of 17 (41%) strongly agreed 5 out of 17 (29%) agreed, 1 out of 17 (6%) were not sure, 3 out of 17 (17%) disagreed and 1 out of 17 (6%) strongly desagreed,that high market share would lead to high volume of sales for Agrifoods which would result in high profits.

A total of 70% of the respondents agreed which means that high market share would lead to high volume of sales which would result in high profits. This shows that a greater percentage of the respondents supported that a high market share would indeed lead to high volume of sales which would results in high profitability. Aqil etal (2014) supported this when he asserted that in competition a high market share is a major factor that has a great influence on the company's financial performance. When market share is high the profitability of the company increases. A firm that has a high market share stands a chance to generate more sells and receive huge profits.

However 23% of the respondents disagreed which means they did not agree that high market share would result in high volume of sales for Agrifoods which would result in high profits. Yannopulos (2010) agreed to this when he stated that in an ever changing competitive environment a huge market share does not always lead to high profits. Management must use limited resources in enhancing the productivity of best practices and desist from making efforts to increase market share, in hope to increase sales and profits from the huge market share.

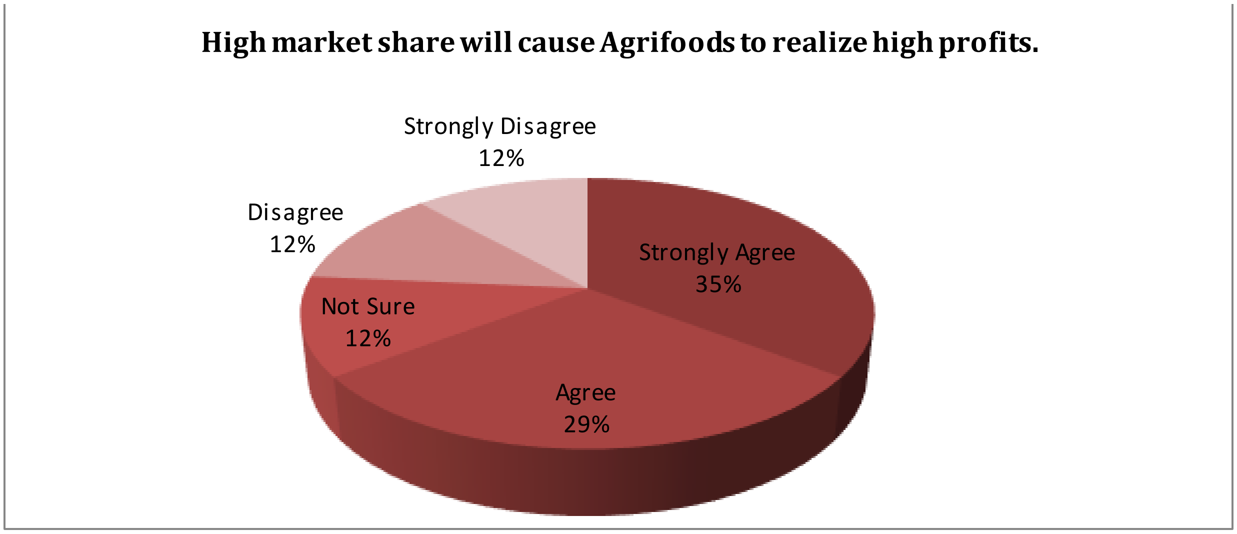
A mode of 41 % of the data agreed this indicated that the respondents from Agrifoods agreed that a high market share would lead to high volume of sales for Agrifoods which would result in high profits. This was made stronger by a total of 70 % who agreed this evidently showed that most of the respondents supported that a high market share would lead to high volume of sales. Aqil etal (2014) supported this when he asserted that in competition a high market share is a major factor that has a great influence on the company's financial performance. A company with a high market share can generate more sales and receive large profits

4.4.2 HIGH MARKET SHARE WILL CAUSE AGRIFOODS TO REALIZE HIGH PROFITS.

Table 4.8 Responses high market share will cause Agrifoods to realize high profits.

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	6	5	2	2	2	17

Fig 4.6 Responses to high market share will cause Agrifoods to realize high profits.



The table 4.8 and fig 4.6 depict that 6 out of 17 (35%) strongly agreed, 5 out of 17 (29%) agreed, 2 out of 17 (12%) were not sure, 2 out of 17 (12%) disagreed and 2 out of 17 (12%) strongly desagreed that high market share would cause Agrifoods to realize high profits.

Out of the respondents 64% of the total agreed which means that High market share would cause Agrifoods to realize high profits, this view was supported by Aqil etal (2014) when he asserted that a large market share is very significant as it increases company profits, when a company has a large market share it can set high prices that are above the competitor and still remain profitable. A total of 24 % disagreed which means that a large market share does not result in high profits , Mody etal (2011) was of the same view when he postulated that a company with a large market share does not necessarily have high profit margins. They found that conducive financial and environmental conditions could result in the profitability of a company.12% of the respondents were not sure which confirms that there were uncertain if a high market share results in high profits this was in line with Kortler (2013) who stated that high market share does not give assurance of getting high profits. Gaining market share might not give the company high profits. In an effort to gain market share the company may experience costs that are above the returns, this may not result in profits. On the other hand high market share may lead to high profits when cost per unit drops when the market share increases. A total of 64% which was backed by a mode of 35 % of the respondents agreed that means that a large market share would result in an increase in profit. Oinonen (2010) showed support of this view when he highlighted that a high market share results in the company's profitability. He further added that market share is very significant as it increases company profits.

4.4.3 HIGH MARKETS SHARE CAN CAUSE AGRIFOODS TO BENEFIT FROM THE ECONOMIES OF SCALE WHICH WILL REDUCE COSTS AND IMPROVE FINANCIAL PERFORMANCE.

Table 4.9 Responses to high markets share will cause Agrifoods to benefit from the economies of scale which will reduce costs and improve financial performance.

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	9	2	3	2	1	17

Fig 4.7 High markets share will cause Agrifoods to benefit from the economies of scale which will reduce costs and improve financial performance

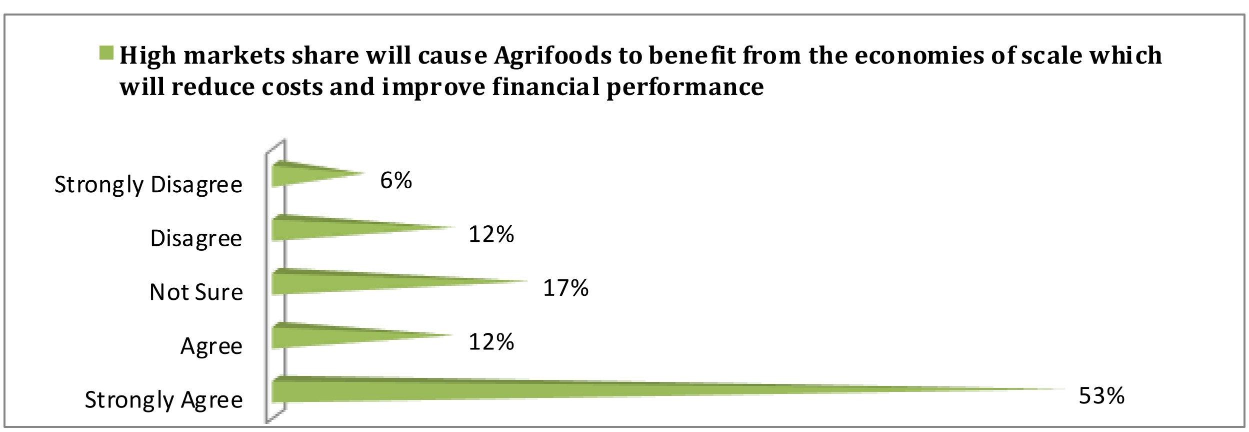


Fig 4.7 and table 4.9 above show that 9 out of 17 (53%) strongly agreed 2 out of 17 (12%) agreed, 3 out of 17 (17%) were not sure, 2 out of 17 (12%) disagreed and 1 out of 17 (6%) strongly desagreed, that high markets share would cause Agrifoods to benefit from the economies of scale which would reduce costs and improve financial performance.

In overall, 65% agreed, this was supported by a mode of 53% which agreed that means a high market share would cause Agrifoods to benefit from the economies of scale which would reduce costs and improve financial performance. This was supported by Wit and Meyer (2010) when he alluded that a high market share leads to high profits, it provides opportunities for companies to supply huge volumes of products to the customer. The high volumes of supply would result in cost reductions as the company would be benefiting from the economies of scale.

However 18% of the respondents disagreed which means that a high market share would not cause Agrifoods to benefit from the economies of scale which would reduce costs and improve financial performance. This was in line with Furrer (2016) when he highlighted that a large market share does not necessarily result in high profitability, a company can have a low market share yet be highly competitive. The growth of an industry does not determine that the industry is attractive furthermore, high market share does not always give cost reductions as others studies imply. 17% were not sure which means there were not certain if a high market share would cause Agrifoods to benefit from the economies of scale which would reduce costs and improve financial performance. This was opposed to Wit and Meyer (2010) who were certain that a high market share leads to high profits, it provides opportunities for companies to supply huge volumes of products to the customer. The high volumes of supply will result in cost reductions as the company will be benefiting from the economies of scale.

4.5 THE RELATIONSHIP BETWEEN COMPETITION AND FINANCIAL PERFORMANCE

4.5.1 RETURN ON REVENUE HOLDS THE RELATIONSHIP IN COMPETITION AND FINANCIAL PERFORMANCE.

4.10 Responses to the return on revenue holds the relationship between competition and financial performance.

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	6	9	0	2	0	17

Fig 4.8 Responses to return on revenue holds the relationship between competition and financial performance.

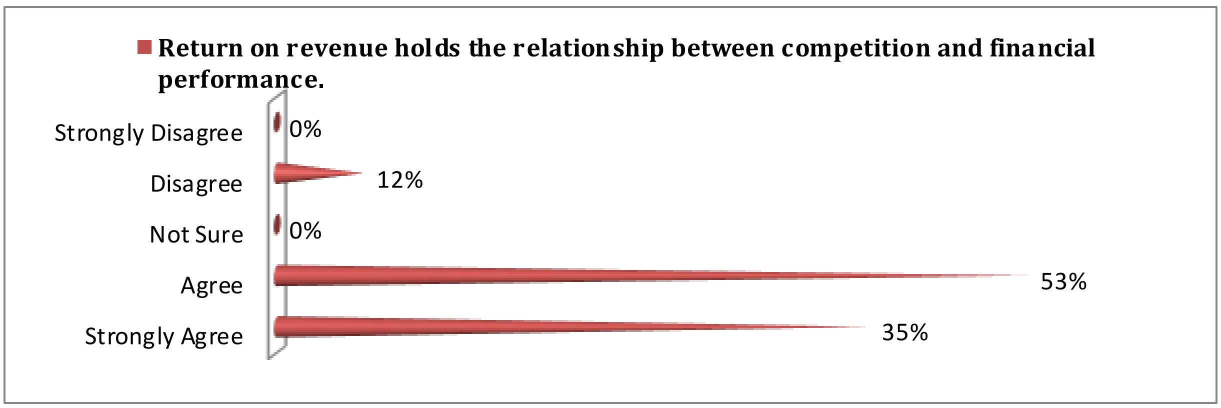


Table 4.10 and Fig 4.8 illustrate the results obtained from the respondent, the results show that 6 out of 17 (35%) strongly agreed, 9 out of 17(53%) agreed, 0 out of 17(0%) were not sure, 2 out of 17 (12%) disagreed, were as 0 out of 17 (0%) strongly disagreed that return on revenue holds the relationship between competition and financial performance.

In overall 88% of the respondents were agreeable which means that return on revenue holds the association between competition and financial performance. This was supported by Yahaya et al (2015) when he indicated that return on revenue holds the association between competition and financial performance.12% of the respondents disagreed which means the respondent did not agree that return on revenue holds the association between competition and financial performance this is against Hill and Jones (2012) stated that return on revenue holds the relationship that is between competition and financial performance, he stated that a relationship exists between competition and financial performance which can be analyzed in terms of return on sales revenue. A company which has a competitive advantage will realize very high profits.

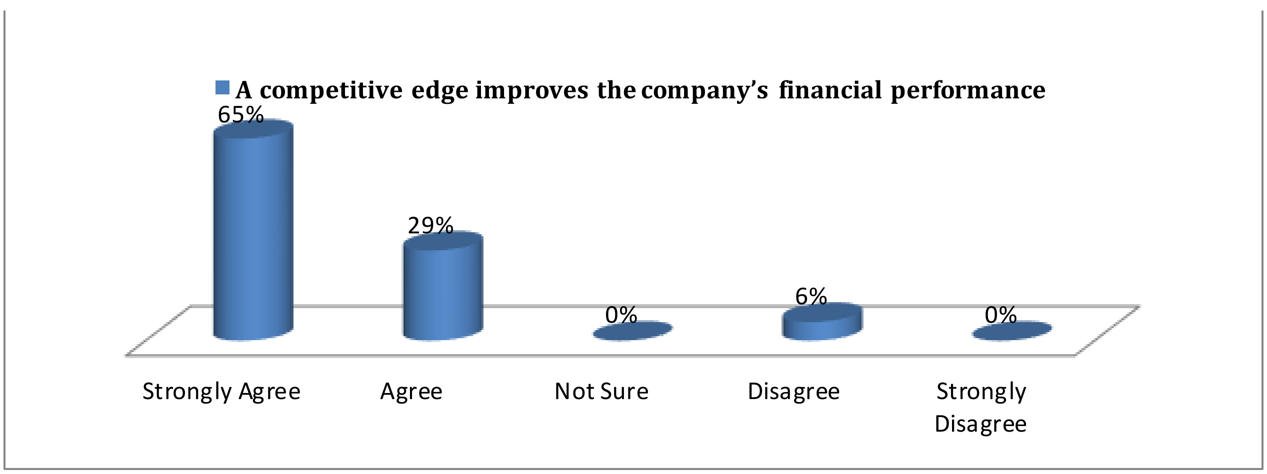
A total of 88 % agreed strengthened by a 53% mode of the data who agreed means that return on revenue holds the relationship between competition and financial performance. This was supported by Yahaya et al (2015) when he indicated that return on revenue holds the association between competition and financial performance.

4.5.2 A COMPETITIVE EDGE IMPROVES THE COMPANY'S FINANCIAL PERFORMANCE

Table 4.11 Responses to a competitive edge improves the company's financial performance

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	11	5	0	1	0	17

Fig 4.9 Responses to a competitive edge improves the company's financial performance



The above table 4.11 and fig 4.9 show that 11 out of 17(65%) strongly agreed, 5 out of 17 (29%) agreed, 0 out of 17(0%) were not sure, 1 out of 17(6%) disagreed and 0 out of 17 (0%) strongly disagreed that a competitive edge improves the company's financial performance.

A total of 94% strengthened by a mode of 65% agreed that means that a majority of the respondents agreed that a competitive edge improves the company's financial performance. This was supported by Russell and Harvey (2014) when he postulated that there is an association between competition and financial performance if a company becomes competitive it can improve its financial performance. However 6% disagreed that means the respondents were against the assertion that a competitive edge improves the company's financial performance this was against Hill etal (2015) who supported that a competitive edge improves financial performance when he stated that companies can realize high profits in a competitive market if a competitive edge is obtained, this will result in increased sales and improved profits

4.5.3 COMPETITION RESULTS IN A DECREASE IN PROFITS.

4.12 Responses to competition results in a decrease in profits

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	5	7	2	2	1	17

4.10 Responses to competition results in a decrease in profits.

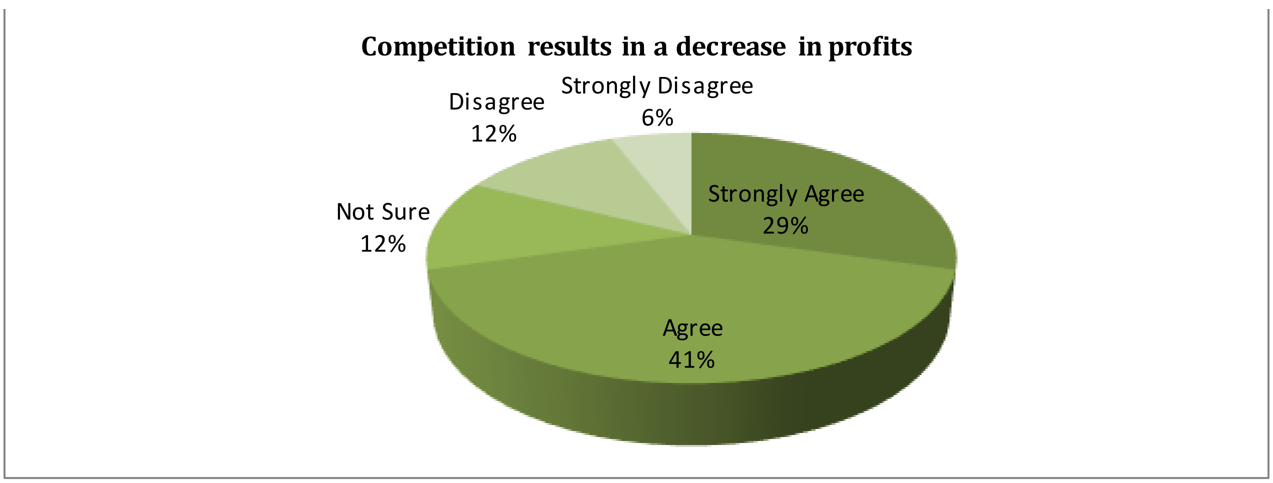


Fig 4.10 and table 4.12 indicate that 5 out of 17 (29%) strongly agreed, 7 out of 17(41%) agreed, 2 out of 17(12%) were not sure, 2 out of 17 (12%) disagreed were as 1 out of 17 (6%) strongly disagreed that competition results in a decrease in profits.

70% of the respondents agreed which means that competition results in a decrease in profits. This was in line with Assefa etal (2012) when he stated that competition results in a decline in profits, competition intensity leads to a decrease in the organizations profits. However 18% disagreed that means that they were of the view that competition does not lead to a decline in profits .Hill etal (2015) supported this when he alluded that a company may improve its financial performance if it can sell its products in a competitive market and draw customers from its competition and increase sales revenue. Companies can realize high profits in a competitive market if a competitive edge is obtained, this will result in increased sales and improved profits. 12% were not sure which indicates that there were uncertain if competition could result in a decline in profits. This was supported by Wang etal (2014) when he asserted that were competition is intense, companies fight for profits, companies which are more efficient are the ones which survive. Competition drives companies to enhance product quality and also forces managers to be more efficient this may increase the company's profits.

The mode of 41% backed by a total of 70% agreed that showed that most of the respondents were of the view that competition results in a decrease in profits. This was supported by Mutua (2010) when he stated that due to competition an advertising campaigns may have be done to increase product demand, however the advertising costs need to be covered by the revenues obtained, if there is competitiveness in the market then low profits will be earned.

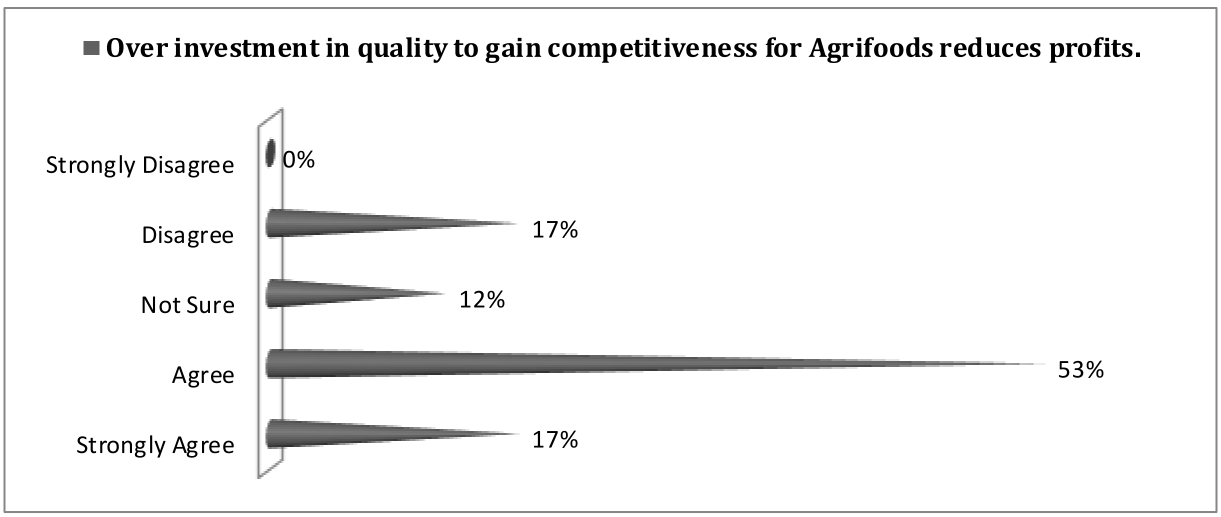
4.6 FINANCIAL CHALLENGES AFFECTING FINANCIAL PERFORMANCE IN A COMPETITIVE ENVIRONMENT

4.6.1 OVER INVESTMENT IN QUALITY TO GAIN COMPETITIVENESS

Table 4.13 Responses to investment in product quality to gain competitiveness for Agrifoods reduces profits.

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	3	9	2	3	0	17

Fig 4.11 Responses to over investment in quality to gain competitiveness for Agrifoods reduces profits.



The results on table 4.13 and Fig 4.11 signify that 3 out of 17 (17%) strongly agreed,9 out of 17(53%) agreed, while 2 out of 17(12%) were not sure ,3 out of 17 (17%) disagreed and 0 out of 17 (0%)strongly disagreed that over investment in quality to gain competitiveness for Agrifoods reduces profits.

Overally 70% of the respondents agreed that means that over investment in quality reduces Agrifoods profits .The view was supported by Christian (2011) in Shin et al (2015) when he alluded that competition intensity causes companies to over invest in gaining competitiveness in the market. Competition intensity results in over investment in product quality wars between companies, this reduces company profits and affects the sustainability of the company.

However 17% disagreed that investment in quality reduces Agrifoods profits. Amaria and Frempong (2013) Supported that companies must implement and practice total quality management it improves product quality and enables the company to obtain competitiveness. Total quality management improves the companies' financial performance and helps the company to survive.12% were not sure which means that they were not definite that investment in quality management could result in reduction in profits or not this was supported by Nzewi (2015)when he alluded that Total quality may not succeed in improving financial performance. However if the organization properly executes it at every level its financial performance may improve.

A mode of 53% of the data obtained agreed that means over investment in quality to gain competitiveness for Agrifoods reduces profit , most of the respondents were in support of this assertion as given by a total of 70% who agreed to the same claim. Christian etal (2011) in Shin (2015) was of the same opinion when he highlighted that competition intensity causes companies to over invest in product quality as a way gaining competitiveness in the market, this reduces company profits and affects the sustainability of the company.

4.6.2 Improving the service quality affects financial performance

Table 4.14 Responses to improving the service quality affects financial performance

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	4	8	0	5	0	17

Fig 4.12 Responses to improving the service quality affects financial performance

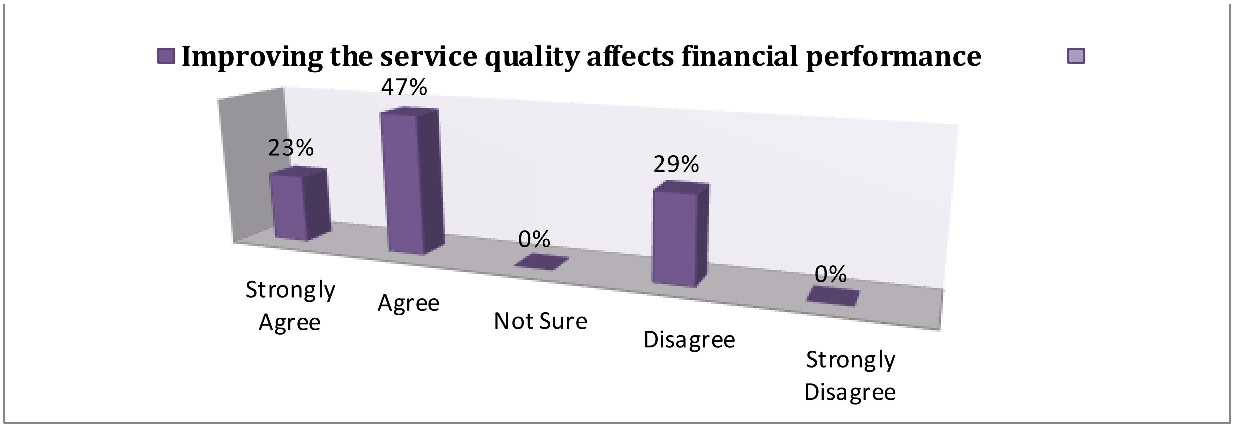


Fig 4.12 and table 4.14 above show that 4 out of 17 agreed (23%), 8 out of 17(47%), 0 out of 17 (0%) were not sure, 5 out of 17(29%) disagreed and 0 out of 17(0%) strongly disagreed that investment in quality of services affects financial performance.

In overall a total of 70% supported by the mode of 47% agreed that means improving the quality of services affects financial performance this was supported by Tao (2014) when he postulated that customer satisfaction is derived from the expectations for quality of service, for customers to be loyal they need to be satisfied with the quality of service provided, good customer service leads to customer satisfaction and increased revenues and profits.

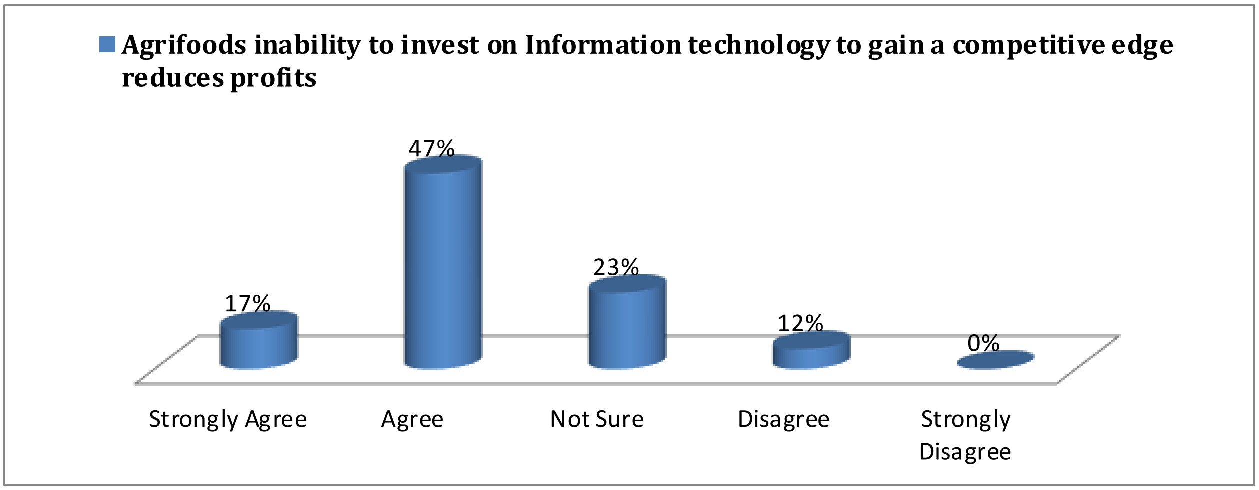
However 29% disagreed which means that the respondents disagreed that improving service quality does not affect financial performance this is against the Mehran (2013) who postulated that to be competitive the companies must provide high quality services. If customers receive a high quality services they will derive satisfaction, this will result in improvement of financial performance. Therefore companies must ensure that employees provide satisfactory services to customers.

4.6.3 INABILITY TO INVEST ON INFORMATION TECHNOLOGY TO GAIN A COMPETITIVE URGE REDUCES PROFITS

Table 4.15 Responses to Agrifoods inability to invest on Information technology to gain a competitive edge reduces profits.

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	3	8	4	2	0	17

Fig 4.13 Responses to Agrifoods inability to invest on Information technology to gain a competitive edge reduces profits



As noted on Fig 4.13 and table 4.15 above 3 out of 17(17%) of the respondents strongly agreed 8 out of 17(47%) agreed, 4 out of 17(23%) were not sure, 2 out of 17(12%) disagreed and 0 out of 17(0%) of the respondents strongly disagreed that inability to invest on information technology to gain a competitive edge reduces profits.

In overall 64% of the respondents agreed which means that inability to invest in information technology to gain a competitive edge reduces profits. This was in line with Zehir etal (2010) who stated that IT investments have a vital role in today's organizations. If the firm manages the investment correctly and carefully, they can manage the market and be market leaders. The investments costs are important for organizations. Hence IT role in the organizations and maximization of the benefits of IT are very important for the performance and success of the organizations in the future, if firms manage IT investments successfully, they will enhance firms performance.23% of the respondents were not sure which means there were not certain if inability to invest in IT reduces profits. This was in line with Breznik (2012) who postulated that information technology can hold the possibility of and result in a competitive advantage. On the other hand they found that Information technology can add worth to firms, but it cannot just be considered as a manageable source of competitiveness. Investments in IT often require more costs to be incurred, these additional costs and extra work usually make doubts about the IT profitability.12% of the respondents disagreed which means that there were not in agreement that inability to invest in information technology reduces profits. This was supported by Chin and Sun (2015) who postulated that investment in IT does not always guarantee high returns in a competitive environment. Although other authors supported that investing in information technology plays a part in helping a company obtain a competitive edge, uncertainty still remains, the failure rate of projects in information technology continues to increase and what is earned on the project is lower than what is anticipated.

Overally 64% backed by a mode of 47% agreed this indicated that most of the respondents were in agreement with the view that inability to invest in IT reduces company's profits in other words it means that if investment is made in IT profits would improve. This was supported by Ong etal (2008) supported the use of technology in improving competitiveness ,he also added that information technology competence should always be updated through constant guidance and practice on modern IT advancement to ensure constant renewal of their IT competency and maintain the competitive advantage of the company so as to improve performance.

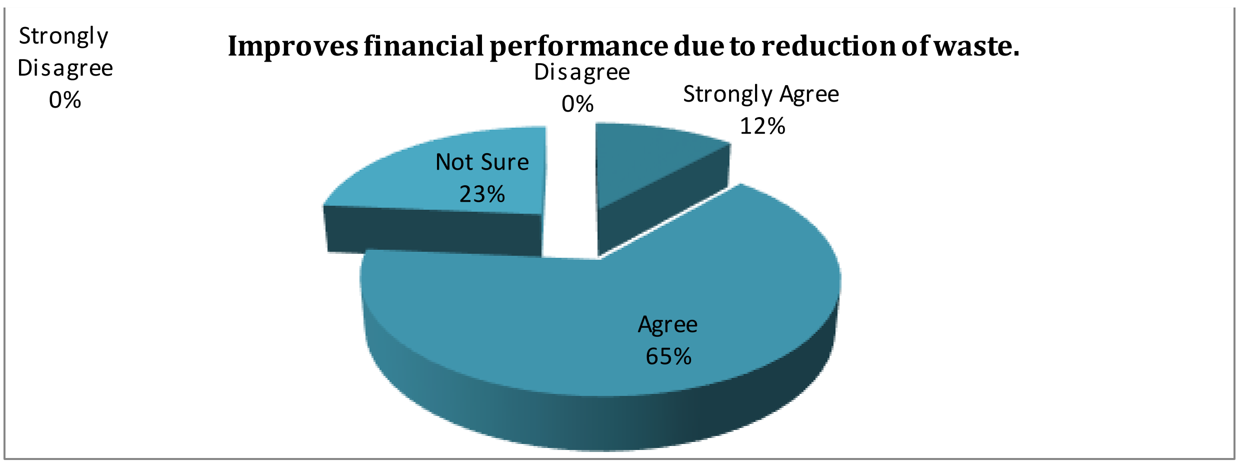
4.7 THE USE OF JIT AS THE BEST PRACTICE IN DEALING WITH COMPETITION

4.7.1 IMPROVES FINANCIAL PERFORMANCE DUE TO REDUCTION OF WASTE.

Table 4.16 Responses to JIT system improves financial performance due to reduction of waste. .

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	2	11	4	0	0	17

Fig 4.14 Responses to JIT system Improves financial performance due to reduction of waste.



The results indicated in table 4.16 and Fig 4.14 above point out that 2 out of 17(12%) strongly agree, 11 out 17(65%) agree, 4 out 17(23%) were not sure, 0 out of 17(0%) disagreed and 0 out of 17 (0%) strongly disagreed that JIT system reduces waste.

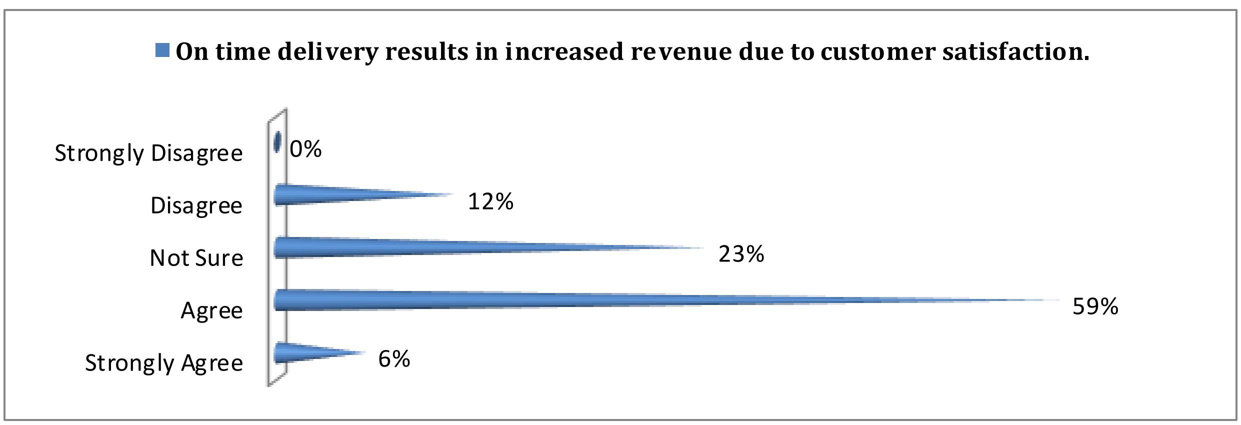
In total, 77 % of respondents agreed which means that JIT as a best practice in dealing with competition reduces waste and improves the financial performance. There was a strong backing to this assertion as evidenced by the mode of the data of 65% who agreed to this claim. Mazania (2012) supported this when he alluded that the just in time system in manufacturing industries has been proved to be a success as it reduces waste, reduces costs, results in productivity effectiveness and improves product quality. 23% of the respondents were not sure which means that there were not certain if JIT reduces waste this is opposed to Kootanaee etal (2013) who was certain that the JIT system allows the company to be competitive against its competitors. It identifies and meets customer needs, reduces waist, minimizes costs and improves the production process.

4.7.2 PROVIDES ON TIME DELIVERY WHICH RESULTS IN INCREASED REVENUE DUE TO CUSTOMER SATISFACTION.

Table 4.17 Responses to JIT system provides on time delivery results in increased revenue due to customer satisfaction.

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	1	10	4	2	0	17

Fig 4.15 Responses to JIT system provides on time delivery which results in increased revenue due to customer satisfaction.



As presented by table 4.17 and fig 4.15 above 1 out of 17(6%) strongly agreed, 10 out of 17 (59%) agreed, 4 out of 17(23%) were not sure, 2 out of 17(12%) disagreed and 0 out of 17(0%) strongly disagreed that JIT system as the best practice to deal with competition provides on time delivery which result increased revenue due to customer satisfaction.

In total 65% agreed which means that the respondents were in agreement with the claim that JIT provides on time delivery that results in increased revenue due to customer satisfaction. Alshbiel and Awaqleh (2012) supported this when they stated that JIT helps in improving the quality of products, it produces the products and delivers them on time so as to ensure that the customers' needs are met. This enables the company to increase sales and enhance its financial performance.

However a total of 23% were not sure that means there were not certain if JIT as the best practice to deal with competition provides on time delivery to customers which results in increased revenue due to customer satisfaction. Nahmias and Oslen (2013) was also of the same mind when he stated that JIT system reduces waste and avoids the overstocking of inventories as products are produced only when required by the customer. The problem with just in time system is that the company has to work with the same supplier in order to build a good relationship. In order to produce the products when they are required by the customer .The supplier must act fast and supply the required material to the manufacturer exactly when it's required. In the JIT system there is a risk the supplier might not be able to supply materials when they are required.12% of the respondents disagreed which means that the JIT system does not provide on time delivery to the customer that would result in customer satisfaction and increased revenue this was supported by Monden (2012) when he found that the JIT system was beneficial as it removed waste and excessive labor force. The JIT system was however seen to be negative in that it was not considering some working factors, if excess labor force was removed the JIT system causes the remaining labor force to over work and this gives a lot of strain to the worker, and may result in poor service delivery to the customer.

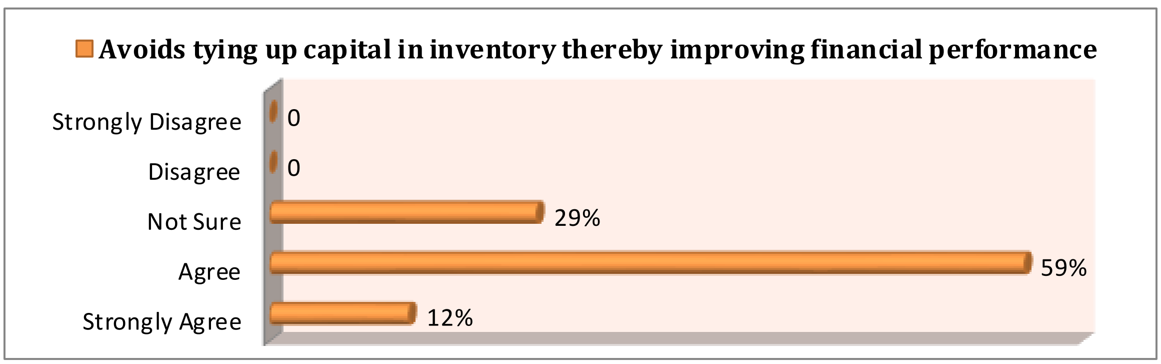
A mode of 59% of the data obtained from the questionnaires agreed which showed that a greater number of the respondents agreed that means JIT as the best practice to deal with competition provides on time delivery to customers which results in increased revenue due to customer satisfaction. Zaferullah etal (2013) shared the same view when he stated that in the current state of international business setting, the aim of all industrialized companies is to continue surviving in the race. In order for a company to survive in a market that is competitive it must have the capability of producing high quality products at costs that are low and within a very the short time. Manufacturing companies can accomplish this through the use of JIT systems.

4.7.3 AVOID TYING UP CAPITAL IN INVENTORY THEREBY IMPROVING FINANCIAL PERFORMANCE

Table 4.18 Responses to JIT system avoids tying up capital in inventory thereby improving financial performance

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	2	10	5	0	0	17

Fig 4.16 Responses to JIT system avoids tying up capital in inventory thereby improving financial performance.



Results shown on table 4.18 and fig 4.16 show that 2 out of 17(12%) Strongly agree, 10 out17 (59%) agree, 5 out of 17(29%) not sure, 0 out of 17(0%) disagree and 0 out of 17(0%) Strongly disagree that JIT as the best practice to deal with competition avoids tying up capital in inventory thereby improving financial performance.

Overally a total of 71% agreed that means the respondents consented that JIT as a best practice to deal with competition avoids tying up capital in inventory thereby improving financial performance. Mazania (2012) was of the same premise when he asserted that JIT allows a company to obtain the exact information about customer demand, therefore companies do not hold large amounts of inventories, the products are produced when there are required by the customer.

A total of 29% from the questionnaires were not sure which means that there were not certain if the JIT system avoids tying up of capital in inventory thereby improving financial performance. This was supported by Nahmias and Oslen (2013) when he stated that the JIT system reduces waste and avoids the overstocking of inventories as products are produced only when required by the customer. The problem with just in time system is that the company has to work with the same supplier in order to build a good relationship. In order to produce the products when they are required by the customer, the supplier must act fast and supply the required material to the manufacturer exactly when it's required. In the JIT system there is a risk the supplier might not be able to supply materials when they are required.

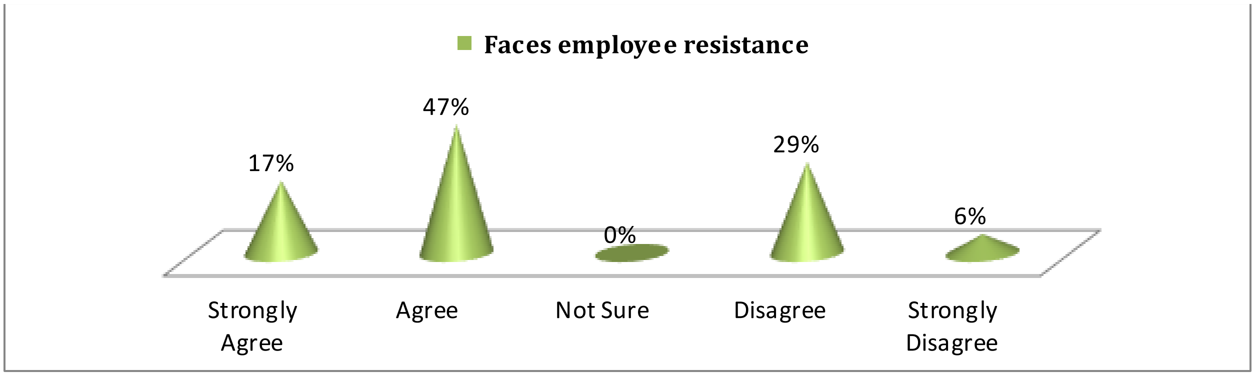
It was noted that the majority of respondents that a total of 71% backed by a mode of 59% agreed that showed that JIT as a best practice to deal with competition avoids tying up capital in inventory thereby improving financial performance. Mazania (2010) was of the same premise when he asserted that JIT allows a company to obtain the exact information about customer demand, therefore companies do not hold large amounts of inventories, the products are produced when there are required by the customer.

4.7.4 FACES EMPLOYEE RESISTANCE.

Table 4.19 Responses to JIT system Faces Employee resistance.

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	Total
Responses	3	8	0	5	1	17

Fig 4.17 Responses to JIT system faces employee resistance



The above depictions on table 4.19 and fig 4.17 as shown give the results obtained from the respondents which indicated that 3 out of 17(17%) strongly agreed,8 out of 17(47%) agreed,0 out of 17(0%) were not sure,5 out of 17(29%) disagreed and 1 out of 17(6%) strongly disagreed.

An overall percentage of 64% illustrated that most of the respondents agreed which means that the JIT system faces employee resistance, the mode of 47% agreeing also backed this view. Mohammed and Talibson (2013) also agreed to this when they alluded that JIT cannot work in some companies due to implementation challenges it faces worker resistance as there is no assurance of job security. A total of 29% disagreed that means that the JIT system does not face employee resistance. Kootanaee et al (2013) also supported that the JIT system allows the company to be competitive against its competitors. It identifies and meets customer needs, reduces waist, minimizes costs and improves the production process .JIT enables employees to work together as a group to achieve goals, workers are motivated to constantly make improvements on what exists and to achieve high standards.

4.8 CLIENTS VIEW ON THE AGRIFOODS PRODUCTS

Table 4.20 Responses on clients view on the Agrifoods Products

Question	Excellent	Very good	Good	Very bad	Bad	Average	Total
Agrifoods products	4	7	2	0	0	0	13

Fig 4.18 Responses on clients view on the Agrifoods Products

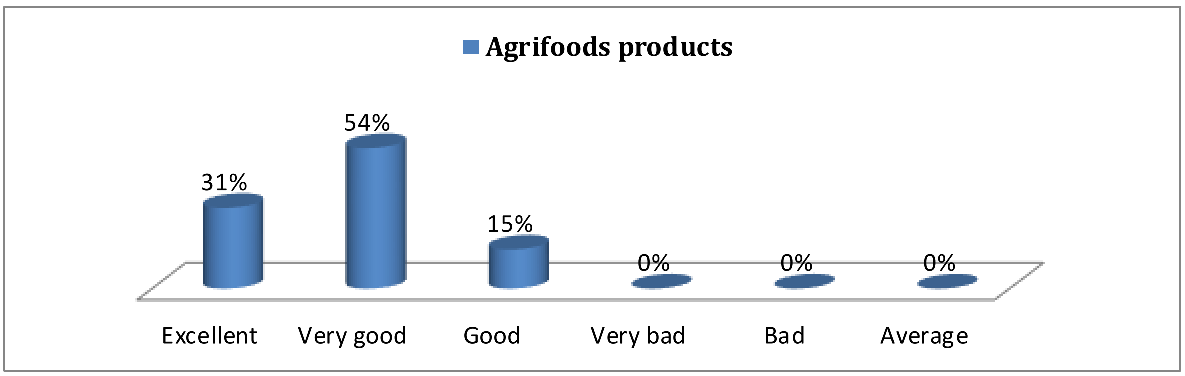


Table 4.20 and fig 4.16 show the results obtained on how the clients perceive the Agrifoods product compared to the competitors products.4 out of 13(31%) viewed it as excellent, 7 out of 13 (54%) viewed it as very good, 2 out of 13 (15%) viewed it as good 0 out of 13 (0%) viewed it as very bad ,0 out of 13(0%) viewed it as bad and 0 out of 13(0%) viewed it as average.

A total 69 % viewed the Agrifoods product as good and a mode 54% backed this as they viewed the product as very good. The majority of the respondents indicated that there were pleased with the Agrifoods product as evidenced by the mode of 54% who viewed the feed as very good and a further 31% who viewed it as excellent. This means that customers were satisfied with Agrifoods products this is in line with Mehran (2013) who postulated that a high quality product increases customer satisfaction which gives the firm a competitive advantage, for a firm to improve financial performance customers have to be satisfied.

4.9 CLIENTS VIEWS ON THE CUSTOMER SERVICE PROVIDED BY AGRIFOODS

Table 4.21 Responses on the clients view on the customer service provided by Agrifoods

Question	Excellent	Very high	high	Very bad	Bad	Average	Total
Agrifoods service	0	3	2	0	0	8	13

Fig 4.19 Responses on the clients view on the customer service provided by Agrifoods.

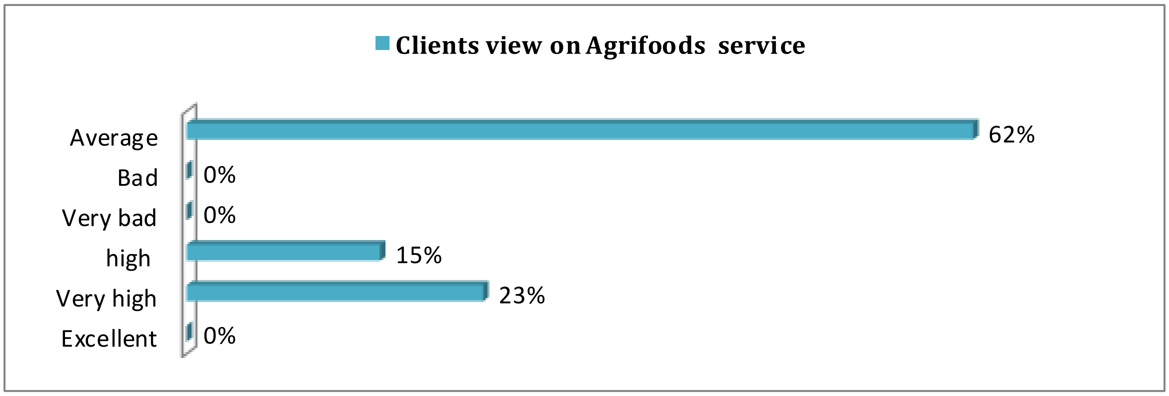


Table 4.21 and fig 4.19 above show the results obtained from the respondents on how they view the Agrifoods customer service ,the results showed that 0 out of 13 (0%) viewed the quality of service as excellent,3 out of 13 (23%) viewed it as very high ,2 out of 13(15%) viewed it as high,0 out of 13(0%) viewed it as very bad, 0 out of 13(0%) viewed it as bad and 8 out of 13 (62%) viewed it as average.

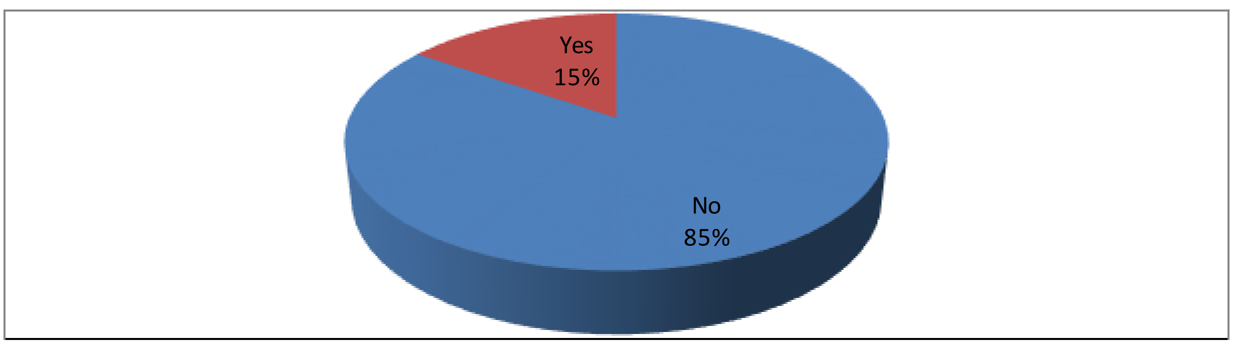
The mode of the data was 62% viewed the Agrifoods service as average. This means that the respondents found the serves provided as standard quality and not high quality. This is against Mehran (2013) who postulated that to be competitive the companies must provide high quality service. If customers receive a high service they will derive satisfaction, this will result in improvement of financial performance. Therefore companies must ensure that employees provide satisfactory services to customers. 38% of the respondents found the service as good, this was in line with the findings of Tao (2014) who postulated that customer satisfaction is derived from the expectations for quality of service ,for customers to be loyal they need to satisfied with the quality of service provided, good customer service leads to customer satisfaction and increased revenues and profits.

4.10 AGRIFOODS CHANGE IN PRODUCT QUALITY

Table 4.22 Responses to Agrifoods change in quality

	No	Yes
Responses	11	2

Fig 4.20 Responses to Agrifoods change in quality



As shown on table 4.22 and fig 4.20, 85% of the respondents indicated that Agrifoods must not change its quality of feed while 15% of the respondents indicated that Agrifoods must change its quality of feed. It is clear from the above analysis that the clients would want Agrifoods to maintain its quality of feed.

The results obtained from the questionnaires revealed that 85% of the respondents indicated No which means the clients did not want Agrifoods to change its quality of feed this means that most of the clients were satisfied with the Agrifoods products this was in is line with Mehran (2013) who postulated that a high quality products increase customer satisfaction which may result in the firms competitive advantage, for a firm to improve financial performance customers have to be satisfied.15% of the respondents indicated yes which means that they want the quality of feed to change this was supported by Gharakhani et al (2013) when he stated that enhancing the quality products and service delivery is important when competing in a growing international market. Companies may use Total quality management to enhance performance through the quality of products, satisfaction of customers, production efficiency and profitability.

4.11 INTERVIEWS

4.11.1 Strategies that may be used to diminish competition

a) Differentiation strategy

Respondent one, two and three disagreed that the differentiation strategy was a strategy that could be used to diminish competition the respondents indicated that it is difficult to apply as it required additional cost to be incurred in improving the product quality, the respondent mentioned that this could prove to be costly to the company. Yasar (2010) and Aliqah (2012) were of the same view when they alluded that the differentiation competitive strategy cannot achieve competitiveness as it has challenges and hindrances, some companies fail to implement it, and as a result the companies continuously fail to enhance their financial performance. This was supported by the forth respondent from the sales department who agreed that the differentiation strategy could not be the best strategy to diminish competition, the respondent indicated that changing the quality of feed might cause Agrifoods customers to resist the feed the respondent further elaborated that most of the customers preferred the Agrifoods products, they praised the products and said they trust Agrifoods products. Nolega et al (2015) supported this when he postulated that the differentiation strategy has problems, companies that try to produce similar products as the competitors or adjust their products to persuade their customers, will result in long term effects and the objective might not be realized, companies who use this strategy have failed to improve performance and face a decline in market share.

All of the respondents interviewed were against the use of the differentiation strategy as a strategy to diminish competition, this was evidenced by the results from the questionnaires which had a total of 71% respondents who disagreed.

b) Cost leadership strategy

Respondent one, two and three were against the use of the cost leadership strategy as a strategy to diminish competition they sited that the strategy required a reduction in prices and that Agrifoods could not afford to reduce its prices, the respondents further indicated that if the prices were reduced the company could fail to meet its overheads. Ranko et al (2013) agreed that the cost leadership strategy will sell its products at a discount to increase sales, mostly if it has a cost advantage that is more than that of its competitors. Respondent four disagreed that the cost leadership strategy could be used to diminish competition the respondent pointed out that the strategy may compromise the quality of the product and that this could result in the company's reputation being damaged. The respondents in their entirety disagreed that the cost leadership strategy can be used to diminish competition this is in accordance with the total of 64% who disagreed on the questionnaires responses. This was supported by Josiah and Nyagara (2015) when he postulated that cost leadership strategy cannot be used to diminish competition as it is associated with low quality products this makes the strategy less competitive as customers want good quality products.

c) Focus differentiation strategy

Respondent one and three were not sure that the focus differentiation strategy could be used as a strategy to use to diminish competition this was in accordance with the total of 23% who were not sure. The respondents indicated that chances are slim that Agrifoods can find a segment whose stock feed needs are not met they further elaborated that there are a lot of stock feed company's and that Agrifoods also has depots country wide. The respondents added that the strategy could succeed but only if an unexploited segment exists and in the stock feed business there are doubts that such a segment exists. Srivastava and Verma (2012) agreed that the focus strategy lessens the threat from substitutes, it allows the company to be close to customers and to respond to their needs. However the strategy may not succeed in providing a competitive advantage if the segment is so attractive, it becomes crowded with competitors this results in division of segment profits among competitors.

Respondent two and four disagreed to the use of the focus differentiation strategy as a strategy to diminish competition they indicated that the strategy could not work in making the company competitive. This was evidenced by the total of 58% who disagreed in the questionnaire responses. Oghojafa et al (2014) supported this when he highlighted that the Focus strategy has no significant effect on the company's performance .He further added that companies must try and produce products at low costs and still maintain good quality so as to gain a competitive advantage over its competitors.

d) Target costing

The respondents in their entirety were of the view that Target costing was a good strategy that could be used to diminish competition. They agreed that it could give a competitive edge and result in improved financial performance. This was in one accord with a total of 76% that agreed. One of the managerial respondents further sited that the target costing strategy was a good strategy to be used to diminish competition as it results in competitiveness and cost reduction. This was supported by Sabri etal (2011) when he stated that Target costing results in the company obtaining a strong competitive advantage as it allows companies to charge competitive prices. The target costing is a strategy that can be used for the management of costs and profitability, it reduces costs and allows the company to gain a competitive edge and outdo its competitors.

4.11.2 Market shares effects on profitability in a competitive environment

a) High market share will lead to high volume of sales for Agrifoods and will result in high profits

Respondent one agreed that if Agrifoods obtains a high market share in a competitive environment its sales revenue would increase and this would result in high profits for Agrifoods. He said that if Agrifoods found ways to retain its customers and attract more customers its market share would increase and it would experience high profits. Respondent two agreed that high share would lead to an increase in sales and would result in high profits. Respondent three and four also agreed to this assertion, the respondents further revealed that due to intense competition Agrifoods market share had declined and because of this sales decreased and the

Agrifoods profits were affected. The respondents said that he believed that if Agrifoods obtains a high market share its sales revenue would improve and profits would increase. All the respondents agreed that high market share would lead to high volume of sales for Agrifoods and would result in high profits. This is evident from the 70% who agreed on the questioners responses. Aqil (2014) supported this when he postulated that in competition a high market share is a major factor that has a great influence on the company's financial performance. When market share is high the profitability of the company increases. A firm that has a high market share stands a chance to generate more sales and receive huge profits.

b) High market share will cause Agrifoods to realize high profits

Respondent three agreed that high market share would cause Agrifoods to realize high profits. The respondent indicated that if Agrifoods could increase its market share it would be able to earn high profits, the respondent further revealed that since the increase in competition the Agrifoods market share declined and because of this the profits dropped. Respondents two, three and four highlighted that a high market share will cause Agrifoods to realize high profits, the respondents indicated that if market share is high, sales revenues would be obtained and profits would increase. All the respondents agreed that a high market share would cause Agrifoods to realize high profits. This was evidenced by a total of 64% who agreed on the questionnaires. Oinonen (2010) shared the same mind when he alluded that high market share results in the company's profitability .He further added that market share is significant as it increases the company's profits.

c) High market share will cause Agrifoods to benefit from economies of scale which would reduce cost and improve its financial performance.

Respondent one and two agreed that a high market share in a competitive environment would cause Agrifoods to benefit from the economies of scale which would reduce costs and improve its financial performance, they indicated that if Agrifoods obtains a high market share it would benefit from the economies of scale as it would produce and sell more products, this would reduce cost and improve operations. Respondent three and four agreed that a high market share in a competitive environment would cause Agrifoods to benefit from the economies of scale which would reduce costs and improve its financial performance. This agreement was in accordance with a mode of 53% agreeing from the questionnaires. This was supported by Wit and Meyer (2010) when he stated that high market share leads to profitability. High market share provides opportunity for companies to supply huge volumes of products to customers. The huge volumes of supply may result in cost reductions as the company would be benefiting from the economies of scale.

4.11.3 The relationship between competition and financial performance

Respondent two, three and four agreed that there is an association between competition and financial performance and that the return on revenue holds the association between competition and financial performance. The respondents indicated that intense competition in the industry results in a reduction in profits. Respondent one said there was indeed an association between competition and financial performance and that return on revenue holds the association between competition and financial performance, he further indicated that if a competitive position could be achieved revenues would increase and profits would improve. All the respondents agreed that a relationship exists between competition and financial performance and that return on revenue holds this relationship. This is evidenced by a total of 88% from the questioner responses who agreed to this. This was supported by Yahaya et al (2015) when he indicated that return on revenue holds the relationship between competition and financial performance. Hill and Jones (2012) also supported that return on revenue holds the relationship between competition and financial performance, he stated that a relationship exists between competition and financial performance which can be analyzed in terms of return on sales revenue. A company which has a competitive advantage will realize very high profits.

4.11.4 Challenges affecting financial performance in a competitive environment

a) Over Investment in quality to gain competitiveness reduces profits.

Respondent four greed that investment in quality to gain competitiveness for Agrifoods reduces profits the respondent said that Agrifoods products were of high quality and that customers are satisfied with it he indicated that any change to the quality may actually cause profits to decrease as customers would not be pleased, this might cause them not to continue buying the product. Respondent two and three agreed that over investment in quality to gain competitiveness for Agrifoods reduces profits the respondents indicated that a large investment in quality to gain competitiveness affects the Agrifoods profits as the company would be trying to improve quality it may incur excessive costs that will result in the company failing to meet it overheads costs. All the respondents agreed that investment in quality to gain competitive edge for Agrifoods reduces profits the total of 70% who agreed on the questionnaires responses were in accordance with the view that over investment in quality reduces profits. Shin (2015) supported this when he stated that improving quality may lead to overshooting of product quality to manage competition this deteriorates the company's profitability.

b) Improvement of the quality of service affects financial performance.

Respondent one, two and three agreed that improvement of service quality affects financial performance. The respondents indicated that if good customer service was provided customers would be happy and if customers are happy with the services provided revenues would increase and the much needed profits would be increased. Respondent four agreed that improvement of service quality affects financial performance. The respondent said that he believes that improvement in customer service would help satisfy the customers, the satisfaction of customers will cause them to continue buying the product and as such revenues would increase and profitability will be improved. All the respondents agreed that improvement of service quality affects financial performance, this was evidenced by the mode of 47% who agreed on the questionnaires.

This was supported by Mehran (2013) who postulated that to be competitive the companies must provide high quality service. If customers receive a high service they would derive satisfaction, this would result in improvement of financial performance. Therefore companies must ensure that employees provide satisfactory services to customers.

b) Inability to invest on IT reduces profits.

Respondent two, three and four of the respondents agreed that inability to invest on IT reduces profits. They indicated that they have been using flyers and news papers in communicating with the clients and so far this had not resulted in Agrifoods increase in profits. They said that they do believe that if Agrifoods does make use of IT this might assist the company in gaining a competitive advantage and in obtaining high profits. This is in accordance with the total of 70% who agreed. This was in line with Zehir etal (2010) who stated that IT investments have a vital role in today's organizations. If the firm manages the investment correctly and carefully, they can manage the market and be market leaders. The investments costs are important for organizations. Hence IT role in the organizations and maximization of the benefits of IT are very important for the performance and success of the organizations in the future if firms manage IT investments successfully, they will enhance firms performance. Respondent one was not sure if inability to invest in information technology reduces profits the respondent said that the IT could help them to obtain a competitiveness but there was doubt if the costs associated with the IT investment would not be too high, this was in accordance with a mode 17% from the respondents who were not sure, this was supported by Breznik (2012) who postulated that information technology can hold the possibility of and result in a competitive advantage. On the other hand they found that Information technology can add worth to firms, but it cannot just be considered as a manageable source of competitiveness. Investments in IT often require more costs to be incurred, these additional costs and extra work usually make doubts about the IT profitability.

4.11.5 The best practice to deal with competition

a) Results in improved financial performance due to reduction of waste.

Respondent one, two, and four agreed that the JIT system improved financial performance due to reduction of waste. Respondent three indicated that he was not sure if JIT system will improve financial performance due to reduction in waste he said he did not know. Most of the respondents from interviews agreed that the JIT system as a best practice to deal with competition results in improved financial performance due to reduction of waste evidenced by a mode of 65% agreeing. This was supported by Mazania (2012) when he alluded that JIT is an approach that was proven to be effective in the manufacturing industry in cutting costs, improving quality, productivity, and efficiency and decreasing waste.

c) Provides on time delivery which results in increased revenue due to customer satisfaction.

Respondent one, two and three agreed that JIT results in on time delivery that results in increased revenue due to customer satisfaction. Respondent four agreed to this, the respondent further elaborated that the system will be very good as it enabled the company to deliver the feed to the customer if the customer received his ordered feed on time satisfaction will be derived and revenue from sales will increase. All the respondents agreed that JIT system results in on time delivery to customers which results in customer satisfaction and improves financial performance this is evidenced by a mode of 59% who agreed on the questionnaires responses. This was supported by Alshbiel and Awaqleh (2012) when they alluded that JIT helps in improving the quality of products, it produces the products and delivers them on time so as to ensure that the customers' needs are met. This enables the company to increase sales and enhance its financial performance.

c) Avoid tying up capital in inventory thereby improving financial performance.

Respondent two agreed that JIT avoids tying up capital in inventory thereby improving financial performance, the respondent said that the system was effective in that it can help in ensuring that the company does not hold too much stock he indicated that since the increase in competition Agrifoods had some products which took a long time to move and that other products ended up resulting in loses as they were expiring. Respondent one also shared the same view the respondent agreed that JIT avoids tying up capital in inventory thereby improving financial performance the respondents further said that the JIT system will help as it will enable the company to use the capital on other important areas instead of tying it up on inventory. Respondent three and four also agreed that JIT system avoids tying up capital in inventory thereby improving financial performance. All the respondents agreed that JIT avoids tying up capital in inventory thereby improving financial performance this was evidenced by a total of 77% of from the questionnaires' responses agreeing. Mazania (2012) was of the same opinion when he stated that JIT allows a company to obtain the exact information about customer demand, therefore companies do not hold large amounts of inventories, the products are produced when there are required by the customer.

d) Faces Employee resistance

Respondent two agreed that JIT faces employees resistance, he indicated that because JIT involves cost cutting employees might resist it ,employees have fear of cost cutting measures as they fear that there might lose their jobs in the process. Respondent one, three and four agreed that JIT may face employee resistance. This was evidenced by the total of 64% who agreed on the questionnaires. Mohamed and Talibson (2013) supported this when they alluded that JIT cannot work in some companies due to implementation challenges it faces worker resistance as there is no assurance of job security.

4.11.7 Customers view of Agrifoods products and services

a) Respondent one and two viewed the Agrifoods products as very good they said that they continuously buy the Agrifoods products as they are impressed with the products, they indicated that Agrifoods stock feed gave them very good results. Respondent three viewed the Agrifoods product as very good they praised the feed as they said the feed was original and its quality is unquestionable as it has never disappointed them. This was in accordance with the mode of 69% who viewed the feed as very good. This was supported by Mehran (2013) When he postulated that a high quality products increase customer satisfaction which gives the firm a competitive advantage, for a firm to improve financial performance customers have to be satisfied.

b) Customer view the customer service provided by Agrifoods

Respondent one indicated that the service provided by Agrifoods is fair, the respondent said that although Agrifoods provides a fair service which is in fact an average service, they would be happy if Agrifoods improved its services as there are some employees who do not make them feel appreciated she indicated that some of the employees do not make them feel welcome as they always put on serious faces, the respondent said even a simple smile would do to improve the quality of service that some Agrifoods employees provide. Respondent three also viewed the service as average the respondent said he would be pleased if Agrifoods were to improve the speed of their service delivery the respondent indicated that some though not all of the employees are sometimes slow in the speed of their service delivery. This was in accordance with the mode 62% who found the service as average. This was supported by Mehran (2013) who postulated that to be competitive the companies must provide above high quality of service. If customers receive a high service they would derive satisfaction, this would result in improvement of financial performance. Therefore companies must ensure that employees provide satisfactory services to customers. Respondent two viewed Agrifoods service as good, the respondent expressed his satisfaction when he said that he would never think of changing the Agrifoods products, he said he will continue buying from Agrifoods as he receives a very good quality of service and products this was in accordance with 49% of the respondents who found the service as good. Tao (2014) supported this when he stated that customer satisfaction is derived from the expectations for quality of service, for customers to be loyal they need to be satisfied with the quality of service provided, good customer service leads to customer satisfaction and increased revenues and profit. Most of the interviewed respondents indicated that there were not fully satisfied with the quality of service provided by Agrifoods.

4.11 SECONDARY DATA

Regression analysis was used to determine if there was relationship between competition and financial performance. Table 14.23 below shows the results obtained from the regression analysis that was carried out using the SPSS software package. The results depicted show that correlation coefficient rests between -1 and +1.A negative correlation is reflected by -1 and a positive correlation is reported by +1 reflects a perfect positive correlation. A correlation of 0.99 was obtained from the results. This shows that there is a perfect positive association between competition and financial performance. This was supported by Russell (2014) who found a positive association between competition and financial performance.

Table 14.23 Relationship between competition and financial performance.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.994[a]	.989	.978	51169.758

a. Predictors: (Constant), Return on revenue

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	234909089771.900	1	234909089771.900	89.717	.067[b]
	Residual	2618344176.766	1	2618344176.766		
	Total	237527433948.667	2			

a. Dependent Variable: Annual Profits

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2299552.714	186798.455		-12.310	.052
	RETURN ON SALES	3170718.779	334750.458	.994	9.472	.067

a. Dependent Variable: Annual Profits
b.Predictors: (Constant), Return on revenue

4.12 Summary

The chapter gave the presentation and analysis of the research findings that were obtained in the research study. The presiding chapter will focus on the summarization of the research study, make a conclusion and make recommendations on measures that Agrifoods can take to deal with competition.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION

Having introduced the research, obtained literature and carried out an analysis and presentation of the research findings of the study a conclusion has to be arrived at and recommendations have to be made. This chapter gives a summary of the research its aim is also focused on the major research findings and on providing recommendations that Agrifoods can use to deal with competition in the stock feed industry.

5.1 SUMMARY OF THE RESEARCH

Chapter one

Chapter one introduced the main reason for the research, which was to establish the impact of competition on financial performance. It highlighted the problem being faced by Agrifoods as a result of the rise in competition in the stock feed industry, the problem that Agrifoods was facing was a decrease in revenue which gave rise to losses as the revenues generated were unable to match the expenses. Overally the chapter covered the background of the study, the statement of the problem, the main research question, the objective of the study, significance of the study, assumptions as well as limitations and delimitations of the study.

Chapter two

Chapter two focused on the literature review from the previous studies that were done in relation to the study. The chapter majored on accessing the different views and opinions of previous authors which included the assessment of strategies that could be used to diminish competition, the relationship between competition and financial performance, how market share affects the company's profitability in a competitive environment and it also looked at the literature on financial challenges affecting financial performance in a competitive environment. The major authors that are found in the literature review are Sabri etal (2011), Nolega et al (2015), Aqil et al (2014), Hill et al (2015), Mehran (2013) and Alshbiel and Awaqleh (2012). Sabri et al (2011) stated that Target costing results in the company obtaining a strong competitive advantage as it allows companies to charge competitive prices. The target costing is a strategy that can be used for the management of costs and profitability, it reduces costs and allows the company to gain a competitive edge and outdo its competitors. Nolega et al (2015) postulated that the differentiation strategy has problems .They found that companies try to produce similar products of their competition or made adjustments on their products to persuade or stun their customers, these efforts result in long term effects and the objective might not be realized. Companies who use the strategy have faced a decline in market share, they have failed to achieve competitiveness and improve financial performance. Aqil et al (2014) hypothesized that in the time of intense competition companies are making efforts to maximize profit by diverting their focus to managing the factors which can affect their financial performance. A high market share is a major factor that has a great influence on the company's financial performance. When market share is high the profitability of the company increases. A firm that has a high market share stands a chance to generate more sales and receive huge profits Hill etal (2015) stated that there is an association between competition and financial performance he stated that competition is a difficult process where the competitive companies are the ones who manage to win. A company may improve financial performance if it can sell its products in a competitive market and draw customers from its competition and increase sales revenue. Companies can realize high profits in a competitive market if a competitive edge is obtained, this will result in increased sales and improved profits, managers must work and obtain a competitive advantage in order to improve the profitability of the company. Mehran (2013) stated that to be competitive the companies must provide high quality service. If customers receive a high service they will derive satisfaction, this will result in improvement of financial performance. Therefore companies must ensure that employees provide satisfactory services to customers' .Alshbiel and Awaqleh (2012) considered JIT, best practice that companies could use to be competitive in the manufacturing industry. It was seen to be effective as it decreases the costs of production. The practice monitors and manages costs, they seek for less expensive inputs for production, enable cost-effective use of resources by ways of reducing costs without affecting the quality of the finished product. JIT helps in improving the quality of products, it produces the products and delivers them on time so as to ensure that the customers' needs are met. This enables the company to increase sales and enhance its financial performance.

Chapter Three

Chapter three gave an outline of how the research was done. It showed that the mixed method was used as a research method and that the descriptive research design was used in the research. It also covered the research population which was made up of 33 respondents, it further went on to show that interviews and questionnaires were used as research instruments in the study. The way in which the researcher analyzed and presented data was also shown in the chapter.

Chapter Four

Chapter four had its main focus directed towards presenting and analyzing the findings that were collected in the research study. In this chapter the researcher used the bar graphs, pie charts, and tables in presenting the relevant findings that were obtained from the research.

5.2 MAJOR RESEARCH FINDINGS

-Strategies that can be used to diminish competition.

It was noted from the results obtained from the questionnaire and interviews that Agrifoods could not use the differentiation strategies to be competitive, a mode of 59% disagreed that the strategy could be used to diminish competition, the interviews also showed that if an attempt was made to differentiate the products customers might not continue buying as there would not be pleased with the change. The cost leadership strategy was also not approved to be a strategy that could be used to diminish competition it involves reducing prices, the Agrifoods employees seemed to be against this strategy as they said there would not be able to meet their overhead costs if they reduced the prices. The strategy could force the company to produce low quality products, this was evidenced by the information from the interviews that were carried out. Agrifoods places paramount importance on the quality of feed and its image, there will not engage a strategy like the cost leadership strategy as that might compromise the quality of the feed. The cost leadership strategy was disapproved as the interview results and the questionnaire results disapproved, the questionnaires showed that a mode of 41% disagreed with its use as a strategy to diminish competition. However it was notable that the target costing strategy seemed to be a strategy that found approval from most of the respondents, the interview results and a total 76 % agreeing from the questionnaires results showed of the respondents' agreed that the target costing was a strategy that could be used to diminish competition.

-Determining how market share affects the company's profitability in a competitive environment.

The results obtained from the questionnaires indicated that high market share will result in an increase in sales and high profits. A total of 64% agreeing from the results obtained from the questionnaire showed that high market share could cause Agrifoods to realize high profits. The interviews that were held also showed that competition caused Agrifoods market share to decline which resulted in a decline in sales revenue and profits. They stressed out the fact that if Agrifoods were to obtain a high market share Agrifoods would be competitive, sales would increase and profits would be obtained. It is therefore clear that if the market share is high Agrifoods will be competitive and this will result in increased sales revenue and profits.

-To determine the challenges affecting financial performance

Over investment in product quality to gain competitiveness was found as a challenge affecting financial performance in a competitive environment. This was seen from the mode of 53% who agreed that over investment in quality affects financial performance the interviews that were carried out also revealed that the employees were of the view that over investment in quality affects financial performance they sited that in investing in quality excess cost may be incurred which may affect the company profits. Improvement of services provision was seen as a way in which the company could improve its financial performance. The interview results and a mode of 70% agreed that improvement of customer service would improve financial performance. Inability to invest on information technology was also seen as a challenge affecting financial performance in a competitive environment this was evidenced by a total of 64% who agreed to this. The interviews also showed that Agrifoods is not using modern technology as it is still using flyers, broachers and news papers to communicate with customers.

-Customers perceptions of Agrifoods products and services

The responses from the customers questionnaires indicate that the majority of customers are pleased with the Agrifoods products as shown by a total 69% backed by a mode 54% which indicated that the products are good. This was also strengthened by the interview results and 85% who indicated that they did not want any change to be made on the Agrifoods product, this means that clients from Agrifoods are pleased with the quality of Agrifoods feed and that they do not want any changes to be made to it. The quality of services provided by Agrifoods was viewed by clients as average this was evidenced by the questionnaires responses which showed a mode 62% of the data finding the Agrifoods service average .The interview results also showed that the clients would want Agrifoods to make an improvement on their service provision.

-Best practice in dealing with competition

From the interviews carried out the results indicated that Agrifoods needs a best practice that could result in the reduction of costs and enhance competitiveness. The strategy was seen as the best practice to deal with competition as it would avoid the holding of too much inventory that would result in tying up of capital in inventory, they indicated that the strategy was very useful as it would avoid tying up capital in inventory, it would enable the capital to be used in other important areas. Although the JIT system was seen as a system that reduces waste and cost and also improves financial performance the interview results and a total of 64% supported by mode of 47% from the questionnaires from Agrifoods showed that the JIT system causes concern as employees were likely to resist it. The interviews revealed that the JIT system could face employee resistance as employees fear losing their jobs.

5.3 Recommendations

Improvement of services

Agrifoods must strongly focus on improving services as there were some customers who were not fully satisfied with the Agrifoods service. It is important for Agrifoods to try and achieve superior service delivery to its customers. Competition is very stiff and competitiveness must be achieved, Agrifoods should provide top of the class services to its customers, this would result in Agrifoods achieving competitiveness as the customers would be fully satisfied with the services provided. For Agrifoods to provide high quality services to its customers it should educate its employees on the importance of high quality customer service and on how this can be achieved. It should consider engaging its staff on customer care training especially the front line staff that interfaces with customers on regular basis. If exceptional services are provided by Agrifoods it would draw customers and its market share would increase, resultantly Agrifoods revenues and financial performance would improve.

Use of Information technology

Information technology can be used as a cornerstone to achieve a competitive position in the face of competition. Agrifoods should invest in information technology as it would enable it to capture a large customer base. In this modern world technology can be the drive to success as many people have adopted the use of information technology in undertaking their business. By using information technology Agrifoods might sell not only locally but also internationally, it can go global in the long run. At present Agrifoods has no website ,Agrifoods can open a website where it can advertise its products it can also use the website for communicating with its customers and not restrict its self to using flyers, broachers and news papers in communicating with its customers. The use of television and social media like whatsapp, facebook and twitter can also be good ways of capturing customers as a lot of individuals use these communication networks. By using information technology Agrifoods can capture a wider customer base this would subsequently result in increased revenue and improved financial performance.

Pricing of products to be competitive

In these present economic conditions were money is difficult to come by a customer would try by all means to ensure that he or she saves a dollar. In times of intense competition companies also try their level best to ensure that they draw customers in order to improve profits and achieve a good financial standing. Competition is intense in the stock feed industry, Agrifoods must win competition and charging competitive prices is one such way of doing this, target costing strategy can be used to achieve this. Through using target costing Agrifoods would get a better understanding of its customer’s requirements, target costing would enable Agrifoods to charge competitive prices. To win competition the company must be able to meet its customers need and the best way of doing this is knowing exactly what the customer wants and work towards meeting those requirements, target costing can be used by Agrifoods to achieve this. Competitive prices would attract customers, boost Agrifoods revenues and at the same time improve its profit base.

Reduction of costs

Agrifoods must work towards reducing costs, it must avoid holding too much stock, which may result in incurrence’s of losses due to expiration of the products and in tying up of the much needed capital in stocks that do not move quickly.JIT has proved to be the best practice that can be used to achieve this.JIT is the best practice that can deal with competition as it would allow Agrifoods not to hold too much stock, reduce costs and improve Agrifoods competitiveness. Agrifoods may use JIT system as it provides on time delivery to the customer. It can use this system on bulk orders on which orders are usually placed and on products that do not move fast to avoid losses from expiration of such products if there are not sold. However Agrifoods must maintain certain quantities of feed for those fast moving products which face a high customer demand and also to accommodate the COD (cash on delivery) customers and the unexpected walk in customers. This strategy would also be most appreciable to Agrifoods as it would allow the company to reduce cost without compromising the quality of feed which the company values and which the customers are most pleased with. If Agrifoods adopts this strategy it would stand a better chance of achieving competitiveness in the manufacturing industry.

Educating employees on the importance of cost reduction and team work.

In the research it was found that employees might resist JIT system as they feared that cost cutting measures would threaten their jobs. The problem with employee resistance can be solved by educating the workers. Employees must be made aware of the importance of cost cutting and be given assurance that if they work together as a team to give their best in their worked performance, they would achieve superior results which would make the company more competitive. They must be concertized in to understanding that if the company becomes competitive the financial performance would be improved and their jobs would be secure if the company has a good financial standing .If the employees are educated on the importance of cost cutting and team work they would get a better insight that would cause them to move towards achieving superior work performance and they would work together as a team, consequently competitiveness and profitability would be achieved.

5.4 Further area of study

Competition has got a strong impact on financial performance, competition does not only impact on the financial performance of companies in the manufacturing sector it also impacts on the financial performance of other sectors. Further area of study is recommended on the impact of competition on other sectors for example non-governmental organizations.

5.5 Conclusion

This chapter gave a brief summary of the chapters in the research which covered introduction chapter, the literature review, the research methodology and the research finding chapter. It revealed the major findings on the research and it also gave recommendations on the measures that Agrifoods must take to deal with the competition. The researcher gave these recommendations in line with addressing the challenge that Agrifoods was facing as result of the decline in profits due to a decline in revenues that were caused by the effects of competition. This chapter made the conclusion on the research study of the impact of competition on financial performance.

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APPENDIX i

COVER LETTER

Midlands State University
Faculty of Commerce
Department of Accounting
P Bag 9055
Gweru

24 August 2016

Dear Sir/Madam

Ref: Request for permission to carry out a research

My name is Patricia Tshuma and my student number is R14505P. I am currently studying at Midlands State University and I am carrying out a research project on the impact of competition on the financial performance of Agrifoods. This research is being carried out in partial fulfilment of my Bachelor of Accountancy Honours degree program.Please be assured that the information that you will provide will be treated with great confidentiality and will be used only for academic purposes.

Yours

Faithfully

Patricia Tshuma.

APPENDIX ii

QUESTIONNAIRE

Please read through the questionnaire and respond to the questions by ticking the appropriate box. May you respond to all questions on the questioner, please be advised that all the information that you will provided will be treated with great confidentiality.

SECTION A

1) Gender

Male ☐

Female ☐

2) How many years have you worked for Agrifoods?

1 - 5 years ☐

5 - 10 years ☐

10-20 years ☐

More than 20 years ☐

3) Age

Below 18 years ☐

18- 35 years ☐

36 - 60 years ☐

Over 60 years ☐

SECTION B

Tick were appropriate

1) The strategies that the company may be use to diminish competition

Question	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
Differentiation strategy					
Cost leadership strategy					
Focus Differentiation					
Target Costing					

2) How market share affects the company's profitability in a competitive environment.

Question	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
High market share will lead to high volume of sales for Agrifoods which will result in high profits.					
High market share will cause Agrifoods to realise high profits.					
High markets share will cause Agrifoods to benefit from the economies of scale which will reduce costs and improve financial performance.					

3) The relationship between competition and financial performance.

Question	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
Return on revenue holds the relationship between competition and financial performance.					
A competitive edge improves the company's financial performance					
Competition results in a decrease in profits.					

4) Challenges affecting financial performance in a competitive environment.

Question	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
Over investment in quality to gain competitiveness for Agrifoods reduces profits.					
Improving quality of services affects the company's financial performance.					
Agrifoods Inability to invest on Information technology to gain a competitive edge reduces profits.					

5) The use of JIT as the best practice in dealing with competition in manufacturing industries has the following effects.

Question	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
Improved financial performance due to reduction of waist.					
Provides on time delivery which results in increased revenue due to customer satisfaction.					
Avoids tying up capital in inventory thereby improving financial performance					
Faces Employee resistance.					

CLIENT: QUESTIONNAIRE

Please read through the questionnaire and respond to the questions by ticking the appropriate box. May you respond to all questions on the questioner, please be advised that all the information that you will provide will be treated with great confidentiality.

SECTION A

1) Gender

Male ☐

Female ☐

2) Age

Below 18 years ☐

18 - 35 years ☐

36- 60 years ☐

Over 60 years ☐

3) How long have you been buying from Agrifoods?

Less than a year ☐

Between 1 - 5 years ☐

Between 5 - 10 years ☐

More than 10 years ☐

SECTION B

Ticks were appropriate**.**

1) How do you view the Agrifoods Products?

Question	Excellent	Very good	Good	Very bad	Bad	Average
Agrifoods products						

2) How do you view the customer service provided by Agrifoods?

Question	Excellent	Very high	high	Very bad	Bad	Average
Agrifoods customer service						

3) Would you want Agrifoods to change the quality of feed?

Yes ☐

No ☐

APPENDIX iii

INTERVIEW GUIDE

1. What are the strategies that can be used to diminish competition?

a) Differentiation strategy

b) Cost leadership strategy

c) Differentiation focus strategy

d) Target costing

2. How does market share affect the company's profitability in a competitive environment?

a) High market share will lead to high volume of sales for Agrifoods and will result in high profits.

b) High market share will cause Agrifoods to realize high profits.

c) High markets share will cause Agrifoods to benefit from the economies of scale which will reduce costs and improve its financial performance.

3. Is there a relationship between competition and financial performance?

4. What are the challenges affecting financial performance in a competitive environment?

a) Over investment in quality to gain competitiveness for Agrifoods reduces profits.

b) Improving quality of services affects the company's financial performance.

c) Competition results in decrease in profits.

5. What is the best practice in dealing with competition in the manufacturing industry?

CLIENT: INTERVIEW GUIDE

a) How do you view Agrifoods products?

b) Do you want Agrifoods to change the quality of its feed?

c) How do you view the customer service provided by Agrifoods?