OPEN ACCESS
Saudi Journal of Engineering and Technology
Abbreviated Key Title: Saudi J Eng Technol
ISSN 2415-6272 (Print) |ISSN 2415-6264 (Online)
Scholars Middle East Publishers, Dubai, United Arab Emirates
Journal homepage: https://saudijournals.com

Original Research Article

Functional Strategies, Government Interventions and Competitiveness of Sugar Industry in Western Kenya

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DOI: 10.36348/sjet.2022.v07i05.006 | **Received:** 27.04.2022 | **Accepted:** 01.06.2022 | **Published:** 25.06.2022

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Abstract

The dynamic business environment is ingrained with high levels of competition eulogizing the need for salient functional strategies to stay afloat. Thus, the management of the manufacturing industry must formulate and implement functional strategies which would guarantee their competitiveness. However, after years of policy mending through strategic framework and government interventions the sugar factories in Kenya are still under- performing with low productivity culminating to low competitiveness and massive indebtedness within the industry. It is in this regard that the study was designed to assess the effect of functional strategies such us financial, marketing, production, human resources on competitiveness of sugar industries in western Kenya as moderated by government interventions. The study relied on institutional theory, Porters generic theory and resource-based view theories. In a bid to effectively achieve this, the study adopted a cross-sectional study design based on samples drawn from across the sugar industry in western Kenya. The study relied on all heads of departments and supervisors of all the five sugar firms which are 98 purposively selected. Data was collected by use of a questionnaire from the respondents and analyzed by use of both inferential and descriptive statistics using SPSS version 25. From the study findings correlations among the functional strategies and competitiveness were significant. With a moderator the variables jointly explained 66.6% (R^2= 0.666) variation in competitiveness of sugar industry with a significant F change at ρ<.05. In conclusion government intervention significantly influences the relationship between functional strategies and competitiveness of sugar industry. The management of sugar industry should formulate and implement functional strategies in line with government interventions to effectively enhance their competitiveness.

Keywords: Functional Strategies, Government interventions and Competitiveness.

1.1 BACKGROUND OF STUDY

Functional strategies remain indispensable of in enhancing organizational competitiveness amidst the dynamic business environment. Therefore, managers are increasingly looking for ways to achieve, improve, and maintain organizational performance and competitive advantage (Agwu & Onwuegbuzie, 2017). This is because the goal of a functional level strategy is to help a company achieve superior efficiency, quality, innovation, and customer responsiveness. Despite the functional level strategies and government's investments, the sugar industry still faces stiff competition locally and regionally resulting in low productivity and poor financial performance (Obange, Onyango & Siringi, 2011). This casts aspersions on the competitiveness of the Kenyan sugar industry and their functional strategies. Following this, there is need to interrogate the functional strategies of the industry amongst other competitive strategies to enhance their success particularly in a hostile environment.

The corporate (or business) level strategy is achieved through the implementation of functional level strategies at the operational level of an organization. Functional level plans are typically developed for departmental units; the strategic demands and goals of the Human Resources department, for example, will differ significantly from those of IT. Functional strategies are usually a part of overall corporate strategies prepared for various functional areas of its organizational structure (Krzysztof, 2019). It helps managers in focusing company's activities to its major functional areas of activity known as key success factors. A functional strategy consists of decisions of

each department or functional area in a business associated with the effective use of resources to meet the objectives in a business. Most common functional strategies used in management are: financial strategy, marketing strategy, production strategy, human resources strategy and research and development strategy (Salimian, Khalili, Nazemi & Alborzi, 2012). These strategies specify the outcomes an organization want to see achieved from the daily operations of specific departments (or functions) of the organization.

Functional strategy remains important in the creation of competitive advantage and synergy (Altuntas, Semercioz, Mert & Pehlivan, 2014). This could be ascribed to the fact that through functional strategies the functional level management is able to make key decisions to make sure that the resources available are competitive. However, there is need to strategically keep pace with the changes in the business environment through constant transformation of the functional strategies for competitiveness. It is clear that strategies on different organizational levels affect each other to yield competitiveness. Organization's competitiveness is a complex and multi-dimensional concept that should be analyzed in a continuous dynamic (Radu & Popesu, 2011). Competitiveness is achieved when a firm successfully formulates and implements value- creating strategies (Hitt, Ireland & Hoskisson, 2013). Competitiveness relates to how effective an organization meets the needs of its customers comparative to other similar organizations. This gives credence to the adoption of functional strategies by the sugar industry to clip the market shares away from more traditionally managed competitors. The industrial competitiveness is assessed based on a number of indicators, mainly total productivity, Innovation, market share, profitability, finance and investments, ability to export, business environment and entrepreneurship, public administration and sustainability (Chiang, Wu, Hsieh & Chen, 2008; Razvan & Moisoiu, 2015).

Competitiveness is hinged on the government or state interventions which are focused on establishing strong foundations in terms of strategic and operational objectives, as well as systems and processes to address the needs, priorities and expectations of the sugar industry (Sugar Research Australia, 2017). Thus, the government interventions have the capacity to moderate the relationship between functional strategies and competitiveness of the sugar industry. The role of Government interventions is justified by the fact that the State is today a major player in affecting competitiveness positively or negatively (Kunyiha, 2019). Kunyiha (2019) explains that in a positive sense, the state can build infrastructure that eases movement of goods and people, educate the populace, provide healthcare, etc that affects the macro-economic factors. Some states also directly affect competitiveness by giving tax breaks, rebates and other incentives to exporters etc. State action can also negatively affect competitiveness; taxation and lack of policy coherence can disincentivize investment in certain sectors or a country altogether. In Kenya despite government interventions, waivers from common market partners and functional strategies the sugar industry shows little gains to consumers, growers or millers, but tends to transfer these gains to importers and bureaucrats, suggesting high level of rent-seeking within the industry hence a setback to its competitiveness (Onyango, Kirimi, Njagi & Bailero, 2018). This calls to question the need for adoption of functional strategies with a cognizance of government interventions as a recipe for competitiveness of the sugar industry. This argumentation is justified by the contingency theory, resource-based view theory and potters' generic theories. The functional strategy decision makers' actions are usually interdependent. However, previous research that focuses on competitiveness of sugar firms in Kenya is limited. Hussein (2011); Waswa, Mukras and Oima., (2018); Akungu and Muturi, (2016) all studied the effect of competitive strategies on performance of sugar processing firms in Kenya and found a positive relationship; however they didn't look at how functional strategies affect competitiveness of sugar firms as moderated by government protection providing a lacuna for the current study.

Purpose of the study

To examine the moderating role of government interventions on the effect of functional strategies on competitiveness of sugar industry in Western Kenya.

Theoretical Framework

Institutional theory

LITERATURE REVIEW

Institutional theory was proposed by Meyer, Rowan, DiMaggio and Powell (1977) (Dobbin & Vican, 2015). Institutional theory is a theory on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes, rules, norms, and routines, become established as authoritative guidelines for social behavior (Hult, 2011). The institutional theory proposes that when the institutional structure is operating appropriately, it can reduce transaction costs, uncertainty, and risk for an organization (Kuijpers & Eijdenberg, 2021). Institutional theory focuses on the roles of social, political and economic systems in which companies operate and gain their legitimacy. Institutional theory considers the processes by which structures, including schemes, rules, norms, and routines, become established as authoritative guidelines for social behavior. Organizations just like institutions are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life (Carvalho, da Cunha, de Lima & Carstens, 2017). Thus the sugar industry can maximize on their net benefits by ensuring

that their institutional structure operate strategically to reduce on their transactional costs and cope with pluralistic environments they operate in.

The sugar industry as institutions should establish their authoritative structures for competitvenes. Based on the functional strategies the managers should ensure that the internal and external environment of the organization is understood by the employees so as to effectively serve their customers competitvely. This is underscored by the fact that organizational strategies and structures are deemed effective if deliberately aligned to the requirements and challenges of the task environment (i.e. the sources of inputs –supplies, labour and so on –and markets) (Mia, Gerry & Royston, 2015). Therefore, the role of top management of sugar industry in these perspectives is conceptualized as understanding and ensuring that alignment of their functional strategies with the business environment is top notch to guarantee competitiveness. Thus, the potency of an approach a functional area takes in a sugar company is qualified by its ability to warrant the achievement of corporate and business unit objectives. Thus, the efficacy of the functional strategies adopted by the sugar companies to attain competitiveness would remain elusive if they are deviant of the dictates of institutional pressures. Therefore, the management of organizations should use strategies, structures and practices that are socially expected of them seizing market opportunities and outwitting potential competitive threats (Pache & Santos, 2013). In fine sugar companies with functional strategies which are in consonance with institutional norms to warrant strong ties with external constituents become efficient in attaining their competitive objectives.

Institutional theory assumes that institutionalized companies are actually accepted by the environment and they experience continuity (Mohamed, 2017). However, the institutionalization process is affected by the value given to the employees since it affects culture by promoting institutionalization. Second, as organizations develop and harden; human ideation, creative ideas and emotions are systematically avoided (Fomsgaard, 2014). These negative aspects make some people think of institutionalization as something bad that turns the organizations into slow/clumsy entities instead of nimble and fast ones

Resource-Based View Theory

Resource based view theory has its origin from the works of Barney in 1991. A resource- based view (RBV) is one of the most widely accepted theories of strategic management (Powell, 2001). The original resource-based theory claimed that competitive advantages of a firm stemmed from specific resources and proficiencies controlled by the firm including functional strategies. Resource- based view theory focuses attention on organizations internal resources as a means of organizing functional processes and obtaining a competitive advantage. Barney (1991) stated that for resources to hold potential as sources of sustainable competitive advantage, they should be valuable, rare, imperfectly imitable and not substitutable. The resource- based view suggests that organizations must develop unique, firm specific core competencies that will allow them to outperform competitors by doing things differently. Some researchers viewed capabilities as that unique significant firm resources, while others distinguished the capabilities from the resources by pinpointing capabilities branched from the resources held by the firm.

The aspect of accomplishing tasks or activities within the organization clearly defines capabilities. (Grant 1991). Although all of the researchers consented that a firm could review its potential ofcompetitive advantages by ways of recognizing its internal resources and capabilities and choosing an appropriate strategy to moderate resource gaps (Raible, 2013). Various organizations are usually faced with a major challenge as they try to identify and review their resources. The RBV theory enables them to identify such resources by reviewing and classifying them according to their potential of having competitive advantage. The major classification of resources was first done by Barney (1991) and Grant (1991). They were able to classify resources into six major categories which were: financial, physicals, human, technological resources, status, and organizational resources. They describe these resources as precious, scarce and durable, which meant that they ought to be protected against duplication, change or imitation. They were thus described as capable of gaining sustained competitive advantage (SCA).

Resource based view theory is very applicable when analyzing the effectiveness of an organization. This is because, a strategic leader will be in position to easily link resources to the functional levels of an organization thus can forecast on the long-term benefits accrued by these resources. On the other hand, leaders who are not strategic will only view resources as they appear, for example, in terms of people, tangibles, or intangibles; or seeing one type of capital where others only see another type of capital. Such leaders will never be in a position to see the bigger picture (Hussein, 2011). This theory also states that strategic leaders have the powers of making sure that the firm has access to and develops its resources so that it can effectively and efficiently make use of them. This may involve working in conjunction with other players of the industry and exchanging resources with them.

To add on this, organizations need to know which resources to keep, and which ones to dispose (Lorsh, 2017). This only explains that appropriate retention and removal strategies are also required by

every organization. To gain competitive advantage, firms should understand that they ought to change their resources into products or services that are valued by their competitors. Functional level management opts to make key decisions to make sure that the resources available are competitive. The theory has been criticized in that an assumption that a firm can be profitable in a highly competitive market as long as it can exploit advantageous resources does not always hold true. It ignores external factors concerning the industry as a whole. Also, it is difficult to find a resource which satisfies all of VRINs criteria.

Porters Generic Theory

Porter's Generic Strategies by Michael Porter in 1985 (Norris, 2013). Porter suggested four "generic" business strategies that could be adopted in order to gain competitive advantage. The strategies relate to the extent to which the scope of a business' activities is narrow versus broad and the extent to which a business seeks to differentiate its products. The Generic Strategies can be used to determine the direction (strategy) of your organization. According to Porter achieving competitive advantage requires a firm to make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it.

The two basic types of competitive advantage differentiation and lower cost combined with the scope of activities for which a firm seeks to achieve them lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation and focus. The focus strategy has two variants, cost focus and differentiation focus (Gamble, Thompson & Strickland, 2010). The highly volatile and turbulent market conditions will not permit survival of rigid business strategies since long-term establishment will depend on the agility and the quick responsiveness towards market and environmental conditions (Villegas, 2015). Market and environmental turbulence will make drastic implications on the strategies adopted by the firm. Therefore, for competitiveness the sugar industry must adopt strategies which are compatible with the Market and dynamics of the business environment in total. The choice of strategy should target a clear niche market and through understanding the dynamics of the market and the wishes of the consumers, should ensure that the costs remain low. The strategy used by the industry should ensure that their product remains unique in the market by focusing on the outside world and has a creative approach. Lastly the sugar industry should ensure that the strategies adopted guarantees costs remaining as low as possible; or ensure that they have a larger market share with average prices to remain competitive. In fine the functional strategies adopted by the sugar industry should take cognizance of cost leadership, differentiation and focus in order to remain competitive. However, to gain competitiveness these must be done by taking your organization's competencies and strengths into account Gamble, Thompson & Strickland, 2010).

The key strategic challenge for most businesses is to find a way of achieving a sustainable competitive advantage over the other competing products and firms in a market (McGrath, 2013). Porter stressed the idea that only one strategy should be adopted by a firm and failure to do so will result in "stuck in the middle" scenario (Porter, 1980). He discussed the idea that practicing more than one strategy will lose the entire focus of the organization hence clear direction of the future trajectory could not be established. The argument is based on the fundamental that differentiation will incur costs to the firm which clearly contradicts with the basis of low cost strategy and on the other hand relatively standardized products with features acceptable to many customers will not carry any differentiation hence, cost leadership and differentiation strategy will be mutually exclusive (Bowring, 2014).

Empirical Review

Moderating role of government interventions on the relationship between functional strategies and competitiveness

Functional Level Strategy can be defined as the day to day strategy which is formulated to assist in the execution of corporate and business level strategies (Hrebiniak, 2008). Functional strategies penetrate both the corporate strategy and business unit strategies. Weir, Kochhar, LeBeau and Edgeley (2000) define functional level strategy as a plan of action to strengthen organization's functional or organization resources, as well as its coordination abilities in order to create core competencies. Functional Strategy states what is to be done, how is to be done and when is to be done are the functional level, which ultimately acts as a guide to the functional staff (Purce, 2014). The functional strategies are concerned with how each function of an organization contributes to the strategies of the business, the management of their resources in pursuit of strategic objectives.

Strategic management of each function of the organization is a recipe for competitive advantage. effective management of functional strategies need to be consistent and contribute to competitive advantage (Shavarini, Salimian, Nazemi & Alborzi, 2013). Policies should be made to support strategies in several ways like accomplishing organizational goals and securing an advantageous position in the market (Surbhi, 2019). Government interventions impacts the market economy through not only laws that govern the private market system but also specific policies, regulations, judicial (court) decisions, taxes, and government spending (Holcomb, Gittell & Magnusson, 2012).

The strategic goal of each function is to create a core competence that gives the organization a competitive advantage through government policies that are favorable. Zhang (2010) shows qualitatively that, government policy is the basis of business development and plays a significant role in corporate strategy making. Li *et al*., (2010) claim that, supporting policy helps in organizational financing not in enhancing their innovation ability. However, there is little research on the moderating effect of government intervention on the relationship between functional strategy and competitiveness. Skinner (1969) is the first to advocate that functional strategy is a powerful weapon to gain competitive advantage. government regulation is a key external factor of strategic options of organizations which has a comparative advantage in manufacturing process. Altuntaş, Semercïöz, Mert, and Pehlivan (2014) found a positive relationship between the manufacturing strategy and government's industrial policy in India. Li et al. (2008) argue that manufacturing strategy improves continuously competitive priority to improve business performance.

Altuntaş, Semercioz, Mert and Pehlivan (2014) Industry forces, competitive and functional strategies and organizational performance: Evidence from restaurants in Istanbul, Turkey. The study employs a questionnaire that evaluates the attitudes of restaurants of those themes in Istanbul, Turkey without any sampling procedure. Results indicate that competitive strategy of cost leadership is significantly related to bargaining power of suppliers. Functional strategy regarding the brand image relates significantly to the competitive strategy of differentiation. Organizational performance is in a significant relation with functional strategies of human resources and information technologies. However the study was conducted in turkey and not the sugar industry in Kenya thus a gap. Besides the study didn't utilize government intervention as a moderator.

Obeidat (2016) examined the effect of both strategic orientation and innovation on organizational performance. It also examined whether innovation acted as a mediator between strategic orientation and organizational performance. Data were gathered from the three telecommunication companies that exist in Jordan. The data were then analysed using Structural Equation Modelling (SEM) and the results revealed that strategic orientation had a significant effect on innovation but not on organizational performance. It was also found that innovation significantly affected organizational performance. Finally, the results indicated that innovation mediated the path between strategic orientation and organizational performance, but only partially. In fine the relationship between strategies and organization performance can be moderated by innovation. However this study did not focus on functional strategies but strategic orientation on performance and not competitiveness providing a gap for the current study.

Nyariki (2013) strategic management practices as a competitive tool in enhancing performance of small and medium enterprises in Kenya. The study adopted the descriptive cross sectional research design. The target population for this study was the top 100 SMEs (2012) in Kenya because it was the rich area and is concentrated with lots of SMEs. Stratified sampling was adopted so as to give each item in the population an equal probability of being selected. The sample was selected from the population target of 100 possible respondents by taking a 50% sample of the target population in each stratum. Hence the sample size of the study was 50 senior managers in the SMEs which were chosen randomly. The researcher used a questionnaire as the primary data collection instrument. The questionnaire collected qualitative and quantitative data. The questionnaire was administered through drop and pick method to the top managers working in the selected SMEs. The questionnaire responses were cleaned, grouped into various categories and entered in the SPSS software to facilitate for analysis using descriptive statistics. Frequency distribution tables were used to summarize the data from respondents. The analyzed data was presented in frequency distributions tables and pie charts for ease of understanding and analysis. The study established that majority of the SMEs had adopted strategies in the past. The study further established that external factors contributed to adoption of new strategies to a very great extent; internal factors such as internal processes, top managers‟ ability to develop effective strategies, firms resources, organizations behavior and characteristics also influenced their organizations adoption of new strategies as organizations seek to remain competitive in the market.

The study also found out that majority of the SMEs adopted various strategies to a great extent in order to achieve competitive advantage; they included: market strategy, products reputation, customers‟ differentiation, product pricing, cost control, technology, quality of the product, product and service innovations and customer service strategies. The study focused on strategic management practices but not specifically functional strategies and how they affect performance of SMEs and not the sugar industry. Besides the study did not look at the moderator. Several studies have examined the central role that each of functional strategy on organizational performance. However, the combination of all and consensus on the role of government interventions and competitiveness of the sugar industry remain unexamined. Thus, this study is designed to present the relationships among functional strategies and competitiveness as moderated by government interventions to feel in the gap in literature.

2.4 Research Gaps

Several studies have been done on the area of organizational functional strategy and competitiveness. Mutua (2012) in her study of functional strategy and effectiveness at Barclays Bank of Kenya found out that functional strategies led to changes in the organization and the conclusion was that there was a relationship between functional strategy and effectiveness at Barclays Bank of Kenya. The study was limited to the service industry alone and did not look at other sectors. The current study filled in the gap buy studying the relationship between functional strategy and competitiveness in the manufacturing industry. Ciano (2006) in his study of KPLC found out that there was a relationship between functional strategy and competitiveness. The study was qualitative in nature while the current study used both qualitative and quantitative method to arrive at definite results on the extent of relationship between functional strategies and competitiveness. Koyio (1999) did a study of competitiveness and functional strategy relationship in pharmaceutical companies and found out that there was a relationship and that functional strategy and competitiveness reciprocated each other. The current study introduced a moderating variable which is government intervention. Muthoka (2008) also did a survey of structure and strategy relationship in multinational banks operating in Kenya while Kioko (2009) did a study of manager's perception of strategy and structure at Nairobi Bottlers Company and the findings were that there was a relationship between the two. Valencia, Nava, Dubcovsky and Gómez (2014); Mallette (2012) opine that most studies have focused on the analysis of the techniques used to make financial decisions rather than on the decisions themselves and their impact on competitiveness. Most studies have been conducted in small and medium enterprises, Micro- finance's, banks and Hotels businesses without manufacturing orientation and not the sugar industry. This limits the generalization of their findings to the sugar industry owing to differences in organization structure and policies.

According to Zott and Amit (2012) market orientation contributes to organizational effectiveness and researchers have recognized the importance of examining the relationship between market orientation and competitive strategy. However, Ge and Ding (2013) Zott and Amit (2012) study relied primarily on subjective measures of performance and thirdly this study did not examine the potential impacts of environment on the market orientation-performance relationship. Mbatia (2015) conducted at Heineken a manufacturing industry but not sugar industry thus limiting its generalization of the findings to the sugar industry in the Kenyan context. From the studies reviewed, Ge and Ding (2013) did their study in the manufacturing industry, Zott and Mitt (2012) concentrated on small enterprises while Mbatia (2015) carried a survey on Heineken brand in Nairobi CBD. None of the above studies has been conducted in the sugar industry. Keitany (2014) It shows that there is no direct effect of manufacturing strategy variable toward competitive advantage variable. However, the Jamhur (2017) study was conducted in the Indonesian context limiting its generalization. This indicates that a few, if not no studies, have been conducted to determine the effects of production strategy on competitive advantage in the Kenyan sugar industry.

Luftim (2014) assesed the impact of strategic human resource management on organizational performance. The study was limited in context and variables thus informing the need for the current study. Ologunde, Monday and James-Unam (2015) Strategic human resource management (SHRM) has become increasingly important to the competitiveness of firms. The study was conducted in the Nigerian hospitality industry thus findings may not be generalized to the manufacturing industry Akaadom (2014). The impact of human resource management practices on Teachers' turnover in private basic Schools: A case study of some selected Schools in Obuasi Municipality. These studies focused on turn over as outcome of human resource management strategies and not competitiveness. Besides the studies were conducted in the service industry and not manufacturing thus providing a gap.

Several studies have examined the central role that each of functional strategy on organizational performance. However, the combination of all and consensus on the role of government interventions and competitiveness of the sugar industry remain unexamined. Besides few studies have focused on government intervention as a has ever used government strategy as a moderator on the relationship between functional strategy and competitiveness. This research therefore will seek to investigate the moderating effect of government intervention on the relationship between functional strategy and competitiveness in the sugar industry. Thus, this study is designed to present the relationships among functional strategies and competitiveness as moderated by government interventions to feel in the gap in literature.

RESEARCH METHODOLOGY

Research Design

This research employed a cross-sectional survey design. Cross- sectional survey is defined as a research method that collects data to make inferences about a population of interest (universe) at one point in time (Turner, Balmer & Coverdale, 2013). This research design was appropriate for this study as it offered opportunity to collect data across different sugar companies and test this relationship at one point in time.

Target population

The target population of a study defines those units for which the findings of the survey are meant to be generalize to. The target population was 4 sugar

factories in western Kenya region the former western province which include Mumias, Nzoia, West Kenya, Busia and Butali sugar factories. The study relied on all heads of departments and supervisors of all the four sugar firms and where possible, chief executive officers for data because they would have in-depth knowledge of managerial decision making and strategy issues in these companies which hinges on functional strategies. For purposes of this study the accessible population was 98 respondents who were drawn from the state-owned sugar companies in western Kenya region.

Table 3.1: Target Population

Sugar Factory	Functional Areas	Target Population
Mumias	HODs	6
	Supervisors	9
Nzoia,	HODs	11
	Supervisors	14
West Kenya	HODs	10
	Supervisors	12
Butali	HODs	8
	Supervisors	9
Busia	HODs	7
	Supervisors	12
Total		**98**

Source: (Strategic plan 2020-2021)

Census Inquiry

The ideal sample is the one that fulfills the requirements of representativeness, efficiency, reliability, and flexibility in light of the entire population (Tamayo-Torres, Gutierrez-Gutierrez & Ruiz-Moreno, 2014). In this case census was applied by this study for the enumeration of management of the 4 Sugar factories to fulfill the requirements of the element representation. A total of 98 which was include heads of departments and chief executive officers who have in-depth knowledge of managerial decision making and strategy issues in these companies.

Data collection

In this study the primary sources were a major source of data collected by use of a questionnaire. The study questionnaire contained questions based on the constructs of financial strategy, Marketing strategy, Production strategy, Human resources strategy, competitiveness and government intervention as highlighted in the conceptual framework.

Data Processing and analysis

The raw data will be examined, checked and cleaned for completeness and comprehensibility by eliminating unusable data, interpreting ambiguous answers and eliminating contradictory data from related questions. The data was coded and entered into statistical package for social sciences (SPSS) version 23 program data cleaned and analyzed using descriptive and inferential statistics.

DATA ANALYSIS, RESULTS FINDINGS AND DISCUSSION

Moderating role of Government intervention on the effect of Functional strategy on competitiveness of Sugar Industry in Western Kenya

The study established the moderating role of government intervention on the effect of functional strategies on competitiveness of sugar industry in Western Kenya as presented in table 2.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Durbin- Watson
1(without moderator)	.799[a]	.638	.621	.302	.638	
2 (With moderator)	.816[b]	.666	.645	.292	.028	1.921
a. Predictors: (Constant), marketing strategy, financial strategy, production strategy and human resource strategy b. Predictors: (Constant), marketing strategy, financial strategy, production strategy and human resource strategy and Government interventions c. Dependent Variable: Competitiveness of Sugar industry						

From the model summary of multiple regression model, the results showed that all the four predictors (marketing strategy, financial strategy, production strategy and human resource strategy) jointly explained 63.8 per cent variation on competitiveness of Sugar Industry in Western Kenya. This showed that considering the four study independent variables, there is a probability of 63.8% (R^2=0.638) in predicting competitiveness of Sugar Industry in Western Kenya without a moderator.

However, with a moderator the variables jointly explained 66.6% (R^2= 0.666) variation in competitiveness of Sugar Industry in Western Kenya. This implies that when Sugar Industry in Western Kenya embrace functional strategies and proactively formulate policies in line with government interventions, then competitiveness of Sugar Industry in Western Kenya is likely to improve.

Table 3: ANOVA a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.209	4	3.302	36.167	.000[b]
	Residual	7.487	82	.091		
	Total	20.696	86			
2	Regression	13.783	5	2.757	32.300	.000[c]
	Residual	6.913	81	.085		
	Total	20.696	86			

a Dependent Variable: Competitiveness of Sugar industry
b. Predictors: (Constant), marketing strategy, financial strategy, production strategy and human resource strategy
c. Predictors: (Constant), marketing strategy, financial strategy, production strategy and human resource strategy and Government interventions

Table 3 reveals that the F-value of 36.167 and a p-value of 0.00 significant at 5% level of confidence indicate that the overall regression model is significant; hence, the joint contribution of the independent variables was significant in predicting competitiveness of Sugar industry **is** likely to improve. F-value of 32.300 and a p- value of 0.00 significant at 5% level of confidence indicate that the overall regression model is significant, hence, the joint contribution of the independent variables was significant in predicting was significant in predicting Competitiveness of Sugar industry **is** likely to improve in the presence of a moderator. In this regard, we reject the null hypothesis stating that there is no significant moderating role of government interventions on the effect of functional strategies on competitiveness of sugar industry. Instead, the alternative hypothesis will hold true; stating that there is a significant moderating role of government intervention on the effect of functional strategy on competitiveness of sugar industry.

Table 4: Regression coefficients of Competitiveness of sugar industry as predicted by functional strategies and moderated by government interventions

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.257	.265		4.746	.000	.750	1.333
	Financial strategy	.138	.065	.163	2.128	.036	.770	1.298
	Marketing strategy	.164	.044	.281	3.719	.000	.608	1.645
	Production strategy	.166	.045	.310	3.639	.000	.711	1.406
	H R strategy	.241	.055	.346	4.387	.000		
2	(Constant)	1.005	.274		3.666	.000	.720	1.388
	Financial strategy	.105	.064	.124	1.640	.005	.717	1.394
	Marketing strategy	.194	.044	.333	4.392	.000	.483	2.070
	Production strategy	.108	.049	.201	2.180	.032	.508	1.968
	H R strategy	.154	.063	.221	2.450	.016	.394	2.538
	Gov Intervention	.220	.085	.265	2.594	.011	.750	1.333

a. Dependent Variable: Competitiveness of Sugar Industry

Results of the regression coefficients presented in Table 4 show the estimates of Beta values and give an individual contribution of each predictor to the model. The Beta value tells us about the relationship between with each predictor. The positive Beta values indicate the positive relationship between the predictors and the outcome. The Beta value for marketing strategy (.138), financial strategy (.164), production strategy (.166) and human resource strategies (.241) were all positive without government intervention as a moderator. With government intervention as the moderator the Beta values for marketing strategy (.105),

financial strategy (.194), production strategy (.108) and human resource strategies (.154) were also positive. The positive B values indicate the direction of relationship between predictors and outcome. From the results in Table 4 the model can then be specified as: -

$Y = 1.257 + .138X1 + .164X2 + .166X3 + .241X4 + \varepsilon$, …… Equation 4.5

$Y = 1.005 + .105X1*Z + .194X2*Z + .108X3*Z + .154X4*Z + \varepsilon$, …… Equation 4.6

Where:

X1= Marketing strategy X2= Financial Strategy X3= Production Strategy

X4= Human Resource Strategy

T-test was then used to identify whether the predictors were making a significant contribution to the model. When the t-test associated with Beta value is significant then the predictor is making a significant contribution to the model. The results show that marketing strategy t =2.128, P<.036), financial strategy (t =3.719, P<.05), production strategy (t =3.639, P<.05) and human resource strategies (t =4.387, P<.05) without a moderator. On the other hand, the results show that with a moderator marketing strategy (t =1.640, P<.005), financial strategy (t =4.392, P<.05), production strategy (t =2.180, P<.05) and human resource strategies (t =2.450, P<.05). These findings indicate that all the functional strategies jointly significantly affect competitiveness of sugar industry in western with or without a moderator.

DISCUSSION OF RESULTS

The moderating role of government interventions on the effect of functional strategies on competitiveness of sugar industry in Western Kenya

The objective of the study was to asses the moderating role of government interventions on the effect of functional strategies on competitiveness of sugar industry in Western Kenya. The fifth hypothesis was stated in the null form was as:

H01: Government interventions does not statistically and significantly moderate the effect of functional strategy on competitiveness of sugar industry in Western Kenya.

Results showed that all the four predictors (marketing strategy, financial strategy, production strategy and human resource strategy) jointly explained 63.8 per cent variation on competitiveness of Sugar Industry in Western Kenya. Thus, they significantly affects the competitiveness of the sugar industry in western Kenya. Though the production strategy (.166) had the greatest beta values implying that without a moderator it had the greatest contribution to the competitiveness of the sugar industry in western Kenya. Despite this, other functional strategies are also important owing to their synergistic role in enhancing the competitiveness of the sugar industry. This is ascribed to the fact that Functional strategies are usually a part of overall corporate strategies known as key success factors. Functional strategy remains important in the creation of competitive advantage and synergy (Altuntas, Semercioz, Mert & Pehlivan, 2014). This could be ascribed to the fact that through functional strategies the functional level management is able to make key decisions to make sure that the resources available are competitive. These argument and findings are hinged on Resource based view owing to the fact that a strategic leader will be in position to easily link resources to the functional levels of an organization thus can forecast on the long-term benefits accrued by these resources. Besides the findings are supported by the Porter's generic theory which avers that The strategy used by the industry should ensure that their product remains unique in the market by focusing on the outside world and has a creative approach. Lastly the sugar industry should ensure that the strategies adopted guarantees costs remaining as low as possible; or ensure that they have a larger market share with average prices to remain competitive.

However, with a moderator the variables jointly explained 66.6 % (R^2= 0.666) variation in competitiveness of Sugar Industry in Western Kenya. In the presence of a moderator financial strategy is the greatest contributor towards the contributor of the sugar industry with beta values of .194 followed by human resource strategy B=.154 but this doesn't devalue the role of other functional strategies. These altogether led to the rejection of the null hypotheses stating that there is no significant moderating role of government interventions on the effect of functional strategies on competitiveness of sugar industry. Instead, the alternative hypothesis will hold true; stating that there is a significant moderating role of government intervention on the effect of functional strategy on competitiveness of sugar industry. These findings are supported by both the resource- based view, institutional theory and porters' generic theory. This implies that when Sugar Industry in Western Kenya should embrace functional strategies and proactively formulate policies in line with government interventions, then competitiveness of Sugar Industry in Western Kenya is likely to improve. This implies all the organizational functional strategies as marketing strategy, financial strategy, production strategy and human resource strategy should be in consonance with government interventions in order to remain competitive. This conclusion is premised on Porter's generic theory and resource-based view theory. The sugar companies are under obligation to strengthen their marketing strategies, financial strategies, production strategies, human resource strategies besides other functional strategies inline with the government interventions as a source of competitive advantage. Strategic reconfiguration and alignment of functional strategies with organization policies are necessary in order to achieve competitiveness. Regulation and policy formulation enhancing functional strategies within the

confines of government intervention give impetus to the sectors growth and functioning. Development of new policies and reviewing of existing policies to achieve synergy in enhancing competitiveness of the sugar industry is necessary from time to time.

The management of sugar companies should pay high premiums in formulating and implementing functional strategies in tune with government interventions to effectively enhance their competitiveness. Choice of the best functional strategies and how to blend them among the ones highlighted in this study to improve on competitiveness amongst the sugar industries remains key. There is need to strategically keep pace with the changes in the business environment through constant transformation of the functional strategies for competitiveness. Besides the observation of other competitiveness factors is essential for the sugar industry to improve their performance and thus realize its mission, strategic objectives and vision of the future. The adoption of functional strategies with a cognizance of government interventions as a recipe for competitiveness of the sugar industry also remains key.

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