

Sustainable Competitive Advantage among Cut Flower Companies

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Abstract

Kenya's economy largely relies on the agriculture sector. Horticulture is one of the top foreign exchange earner for the country generating approximately US dollars 1 billion annually. In 2014, as reported by the Kenya Flower Council (KFC), the sector contributed 2.8 % to the National GDP out of which 1.52% was from the flower industry. The main production areas are around Lake Naivasha, Mt Kenya and Nairobi among others. The industry continues to attract investors. This paper investigates the factors that influence sustainable competitive advantage among cut flower companies in Naivasha District, Kenya taking specific cases of two companies in the region. The study studied how the companies use infrastructure, location, human resource and development and horticultural clusters to achieve competitive advantage. The study adopted a descriptive survey design targeting 105 employees in top level, middle level and low level management working in the two companies. Since the population sample was small, census approach was used. Primary data was collected using questionnaires while secondary data was collected from companies' annual reports, manuals and newsletters. A pilot study was carried out to ensure validity and reliability of the research instrument. The data was then analyzed using descriptive statistics. The study also used regression method to test the nature of influence of independent variables on a dependent variable. The study found out that infrastructure, location, human resource and horticultural clusters influences sustainable competitive advantage to a large extent. It is recommended that to encourage flower marketing, government should develop infrastructure, companies to train their staff well and strive to retain employees to achieve competitive advantage. It is also recommended that prior to flower farm set up, location consideration is key also for synergy, firm should agglomerate in clusters to reap the benefits of economies of scale.

Keywords: Sustainable Competitive Advantage ,generic strategies

Introduction

A competitive advantage exists when a firm has a product or service that is perceived by its target market customers as better than that of its competitors. The strategies adopted are expected to relate to performance of the companies. A firm that does not have appropriate strategies cannot exploit the opportunities available in the market and will automatically fail. Competitive strategies dependent on differentiation are designed to appeal to customers with special sensitivity for a particular product attribute. Such customers will be willing to pay a premium hence improve the firm performance. Competitive strategies adopted by a firm should

result in a competitive advantage. These are cost leadership, differentiation and focus. Low cost leadership depends on some fairly unique capabilities of a firm to achieve and sustain their low-cost position within the industry of operation. According to Porter (1998), sustainable competitive advantage can be viewed as a condition where a firm's competitive advantage resists erosion by its competitors. Therefore, sustainable competitive advantage is a reflection of a firm's success in creating and maintaining competitive market positions where it can sustain loyal and profitable relationships with its customers. Therefore, in today's highly competitive and rapidly changing environment, a firm's sustainable competitive advantage, which is manifested through its competitive position and barriers to erosion, is more appropriate in identifying not only the firm's ex post success but also its ex ante success.

Problem Statement

According to Porter (1998), sustainable competitive advantage enables a firm's competitive advantage resist erosion by its competitors. In Kenyan set up the flower industry is faced with stiff competition among the players each trying to be ahead of the rest. To ensure survival and sustainability in the market place these companies require adopting a competitive strategy. Markets may be liberalized or controlled and at various stages of development depending on the country. However, there are numerous factors that affect sustainable competitive advantage in these companies. If able to overcome the challenges, a firm is placed ahead of others in the market. Sceptics, however, argue that any competitive edge arising from the quality of customer experiences would simply be competed away through imitation and innovation by competitors.

According to Heene and Sanchez, (2010), when a firm does not work to improve its competitive advantage it risks to lose its competitive life, competences, ability to expanding services to enhance value of manufacturing capabilities and the ability to initiating knowledge management projects, and therefore loses business to its competitors. Further, a company ability to strategically adapt a firm's governance structures to take advantage of government policy initiatives is crippled, its abilities in managing alliances, understanding the factors conducive to entrepreneurial action-taking, and using individual competency development in self-managing processes for organizational competence building is also lost.

Numerous studies have been done on competitive advantage. Lee *et al* (2008) conducted a study on IT-enabled organizational agility and sustainable competitive advantage. They found out that operational innovation and excellence capabilities are vital for a firm's agile movements, either entrepreneurial or adaptive in ensuring competitive advantage. Similarly, Ron and Zemsky (2004) conducted a study to establish a demand based view of sustainable competitive advantage. In their study they discovered that consumer heterogeneity and marginal utility from performance improvements on the demand-side, interact with resource heterogeneity and improving technologies on the supply-side thereby improving competitive edge of a company.

Locally, a number of studies have been done on competitive advantage but in different context. Asava (2010) did a study on knowledge management for competitive advantage within commercial banks in Kenya. The study revealed that knowledge management and business intelligence tools are most important technology underpinning company's goals. Kapcha (2002) did an investigation into trade between Zambia and Kenya doing an investigation into factors that

make the Kenyan edible oil industry competitive. The study established that availability of ready market locally and internationally as well as good infrastructure has enabled Kenyan edible oil industry competitive. These studies reveal that firms in different industries adopt different competitive strategies which are unique in each context.

However, despite this literature, it is evident that no inquiries have been conducted to an analysis of factors influencing sustainable competitive advantage among cut flower companies in Kenya. This study was motivated by the need to fill this gap in knowledge. Flower farms in Naivasha, have embraced good road network and proximity to Nairobi, Naivasha is also home to Lake Naivasha where the farms draws their irrigation water. The study therefore seeks to investigate how flower companies use these resources to their disposal to achieve competitive advantage. The study set out to do an analysis of factors influencing sustainable competitive advantage among cut flower companies. Investigating how infrastructure, location, stringent research and development and horticultural clusters influence competitive advantage of cut flower companies.

Literature Review

From a theoretical stand point, Porter's (1998) generic strategies of low cost, differentiation, focus and combination strategies are generally accepted as a strategic typology for organizations. To achieve sustainable competitive advantage, companies need to apply differentiated production methods and also introduction of new varieties that will allow reduced cost and time of production while maintaining or even increasing quality.

Competitive advantage theory suggests that states and businesses should pursue policies that create high-quality goods to sell at high prices in the market. Flower companies needs to put in place research and development policy in place, this will assist the company to develop new cultivars that are less labor intensive, requires less pesticides and takes shorter time to mature. Porter emphasizes productivity growth as the focus of national strategies. Competitive advantage rests on the notion that cheap labor is ubiquitous and natural resources are not necessary for a good economy. With this notion in mind, the two companies need to capitalize on capital investment to achieve competitive advantage. Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players.

Neo-institutional theory explains heterogeneity and differentiation. Differentiation supports and sustains competitive advantage, but conformity to institutional pressures provides legitimacy, resources, and competitive advantage. Through institutional embeddedness and interconnection, the creation of competitive advantages can be explained because institutional embeddedness has an impact on organizational behaviour, causing it to seek an economic and social fit. In flower farms contexts where institutional and competitive pressures exert strong influences, the strategic decisions of managers result both in conformity to institutional pressures, which leads to isomorphism and legitimacy, and in differentiation, which, following the resource-based view of the firm, can increase the possibility of creating a competitive advantage through heterogeneity in resources and capabilities.

Resource based theory has its root in the organizational economics, where theories of profit and competition associated with the writings of Schumpeter (1934) and Penrose (1959) focus on the internal resources of the firm as the major determinant of competitive success. According to the focus on resources, a firm's success is due to joint resources and capabilities which an enterprise owns and which makes it different from its competitors. The theory assumes that the higher the amount of resources an organization has over the competitors the more competitive it would become, however, it fails to take into account the effects of diseconomies of scale and diminishing marginal returns.

Empirical review

Infrastructure

Existing literature argues that poor quality infrastructure drives firms away from a location more often than good infrastructure will attract them. In the Indian context a study (Fan et al., 1999), was conducted to find the linkages between public investment on rural connectivity, agricultural growth and poverty alleviation, over the time frame ranging between 1970 and 1993. As a result it was estimated that the 123.8 number of poor people would be raised above the poverty line for each \$0.02 million (1993 constant prices) of additional investment in roads. Rural road development is the key to growth of agricultural production, several studies have highlighted this earlier (Hine, 1982). Investment in building rural infrastructure results in raising the income and consumption level of the rural population (Songco, 2002). Another study (Barro, 2000), conducted on Indian economy revealed the existence of positive relationship between increased infrastructural provisions and average growth rate of Indian States. A lot of studies broadly suggest that investment in building public infrastructure bears a positive impact on improving productivity of any economy.

Location

One of the earliest decisions any entrepreneur has to make is where to locate his or her business. In order to do this, he or she has to make a careful assessment of costs. The ideal location would be one where costs are minimized. The entrepreneur would need to look at the benefits which each area has to offer as well as any government help which might be available. Business location is an important factor to consider. Businesses that succeed have to have close proximity to the market, labor, transport and raw materials. According to Porter (2003), the performance of regional economies varies markedly in terms of wage, wage growth, employment growth and productivity. This is based on the distribution of economic activity across geography and climatic conditions agricultural production. In flower farming climatic conditions plays a major role in ensuring growth and production of quality.

Human Resources

Past research suggests that an organization's employees can be a source for sustained competitive advantage and can determine the ultimate success of their organizations. Given the importance of people in organizations, most strategic human resource departments consider the management of the competencies and capabilities of these human assets the primary goal. It is generally accepted that firms can create a competitive advantage from human resources and their management practices. Effective human resource management will generate a higher capacity to attract and hold employees who are qualified and motivated for good performance, and also the benefits from having adequate and qualified employees are numerous. Some examples are higher

profitability, less rotation, higher product quality, lower costs in manufacturing and a faster acceptance and implementation of the organizational strategy. Organizational resources lead to a sustained competitive advantage when they are valuable, rare, and inimitable and have no substitute. Such departments tend to employ progressive human resource practices in which the emphasis is on assessing the knowledge, skills and abilities needed for the future and to institute staffing, appraisal and evaluation, incentive and compensation, and training and development programmes to meet those needs (Cascio, 2005). Ideally, these functions should fit together to meet the greater goal of strategic human resources - to support, manage and maintain high-commitment and high-performance employees thus enhancing competitive advantage. (Burack et al., 2004). Burack et al. (2004) suggest several ways that organizations can maintain high commitment and high performance among employees and ultimately organizational effectiveness thus attaining competitive advantage. Employees experience distinct stages in their commitment to achieving firms competitive advantage and they rely on different coping strategies and tactics depending on their level of commitment. Employees are arguably the most valuable resource a company possesses and it is widely accepted that employee exposure and experience are positively linked to firms' performance aimed at improving its competitive advantage (Hasanali, 2002)

Horticultural clusters

A business cluster is a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field. According to Porter (2000), clusters are considered to increase the productivity with which companies can compete, nationally and globally. Companies operating in a cluster operate more efficiently by taking better advantage of economies of scale and shared resources. It also helps in innovation and knowledge transfer; As part of a cluster, companies can better source new knowledge and pursue innovation opportunities through stronger links with institutions, service providers and educational establishments. In business clusters market awareness is increased; Clustering allows companies to serve existing markets better and to respond to future market changes, through the establishment of closer links with local clients and markets. Companies in a cluster can also act co-operatively in sourcing market data. Delgado, Porter and Stern, (2000), noted that clusters in business help to increase productivity in business and help the firm to achieve competitive advantage. The cut flower cluster has numerous institutions for collaboration (IFCs) that include NGOs, research institutions, trade associations and government agencies (top). The Kenya Agricultural Research Institute (KARI) has productivity research programs in horticultural and industrial crops as well as other food crops, livestock, land and water management; while ICIPE develops methods for managing horticultural crops pests as well as other tropical pests and diseases that affect human and animal health.

Methodology

Research Design

According to Noum, (2007), research design is the scheme, outline or plan that is used to generate answers to research problems. The study adopted a descriptive survey design. The method was chosen since it is more precise and accurate since it involves description of events in a carefully planned way (Babbie, 2004). Furthermore, Berg and Gall (1996) note that descriptive research produced statistical information about aspects of a study that interest policy makers.

Descriptive studies were used not only for the purpose of description but also for the determination of relationships between variables at the time of study.

Target Population

According to Ngechu (2004), a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. Data was collected from 105 employees in top level, middle level and low level management working in the two companies. Since the population of the study was small a similar sample size of 105 employees was taken.

Data Collection procedures

The study collected both primary data and secondary data. Primary data was collected using questionnaires. For the secondary data, the data was collected from companies' annual reports, manuals and newsletters. In collection of primary data a semi-structured questionnaire was used. The researcher ensured that the questionnaire was kept short and structured with mostly multiple-choice selections in a likert scale to ensure uniformity in response and to encourage participation. The questionnaires were preferred in this study because respondents of the study are literate and quite able to answer questions asked adequately. Pre-testing or pilot study was carried out to ensure that the questions are relevant, clearly understandable and make sense before the research tools are finally administered to participants. The pre-testing aimed at determining the reliability of the research tools including the wording, structure and sequence of the questions. The pilot study involved 5 respondents from other companies. Pilot study was aimed at refining the questionnaire so that respondents in the major study would have no problem in answering the questions. This helped to improve the content validity and reliability of the data that was to be collected. However, results obtained in the pilot study were not included in the final data analysis. The researcher obtained an introductory letter from the University to collect data from the companies then personally delivered the questionnaires to the respondents and have them filled in and then collect later: the drop and pick later method after assuring them that their privacy will be upheld.

Data Analysis and Presentation

Analysis of data was done in order to answer the four research questions of the study. Data collected was sorted, classified and coded then tabulated for ease of analysis. The data was summarized and categorized according to common themes. The SPSS (version 17) computer software aided the analysis as it was more user friendly and most appropriate for analysis of related attitudinal responses. Descriptive statistics was employed to analyze the data. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. Tables were used to summarize responses for further analysis and facilitate comparison. This generated quantitative reports through tabulations, percentages, and measure of central tendency. Cooper and Schindler (2003) notes that the use of percentages is important for two reasons; first they simplify data by reducing all the numbers to range between 0 and 100. Second, they translate the data into standard form with a base of 100 for relative comparisons. The mean score for each attribute will be calculated and the standard deviation used to interpret the respondents deviation from the mean. The results were presented on frequency distribution tables, pie charts and bar charts. Here the interest focused on frequency of occurrence across attributes of measures. Further in the analysis, the study used multivariate regression model to determine the relative importance of each of the four variables with respect

to achieving sustainable competitive advantage in the flower firms. Regression is able to estimate the coefficients of the linear equation, involving one or more independent variables, which best predicted the value of the dependent variable. Regression method was thus used due to its ability to test the nature of influence of independent variables on a dependent variable. This is what a correlation analysis cannot provide as compared to a regression analysis. Having considered that, linear regression analysis was used as the approach to analyze the data. The regression model was as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:

- Y = Sustainable Competitive Advantage (exports volumes, new products, production methods and cost reduction)
- β_0 = Constant Term
- $\beta_1, \beta_2, \beta_3$ and β_4 = Beta coefficients
- X_1 = Infrastructure
- X_2 = Location
- X_3 = Human Resource
- X_4 = Horticultural clusters
- ε = Error term

Results and Findings

Factors Influencing Sustainable Competitive Advantage

Table 1.1: Aspects of infrastructure and competitive advantage in flower companies

	Mean	Std. Deviation
Roads	4.3684	1.11607
Airport	4.1053	1.28646
Water supply	4.0000	1.41421
Electricity	4.2632	1.09758
Telecommunication	4.0000	1.52753

The study sought to establish the extent above aspects of infrastructure influenced competitive advantage in flower companies. The study has indicated that those that influenced competitive advantage to a very great extent were roads as indicated by a mean score of 4.3684 and electricity as indicated by a mean score of 4.2632. Other that influenced to a great extent were indicated to be access to airport as indicated by a mean score of 4.1053, water supply as indicated by a mean score of 4.0000 and telecommunication as indicated by a mean score of 4.0000. This confirms Jeffrey, (2009) findings that infrastructure refers to the technical structures that support a society, such as roads, water supply, sewers, electrical grids, telecommunications, and so forth, and can be defined as "the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions as well as provide a good environment for business.

Location

The respondents were required by the study to indicate how above aspects of location influences competitive advantage in flower companies. Those that the study established to influence competitive advantage to a large extent were access to transport as shown by a mean score of 4.1053, access to irrigation water as shown by a mean score of 2.8947, availability

Table 1.2: Aspects of location that influence competitive advantage in flower companies

	Mean	Std. Deviation
Climate conditions	3.4737	1.61136
Access to transport	4.1053	1.10024
Availability cheap labor	3.7895	1.22832
Access to irrigation water	3.8947	1.72867

cheap labor as shown by a mean score of 3.7895 and good climate conditions as shown by a mean score of 3.4737. The study findings confirm Sharma and Vohra (2009), who argued that businesses that succeed have to have close proximity to the market, labor, transport and raw materials. Also according to OECD Manual, (2002), availability of quality workforce determines the level of output in an organization

Human Resource

According to the table above, the study has indicated that the human resource competencies that influenced competitive advantage to a large extent were experience as indicated by a mean score of 4.0000, skills as indicated by a mean score of 3.8947 and judgment

Table 1.3: Human Resource Competencies and competitive advantage

	Mean	Std. Deviation
Experience	4.0000	1.29099
Tacit knowledge	3.3158	1.52944
Skills	3.8947	1.14962
Judgment and intelligence	3.8421	1.38497

and intelligence as indicated by a mean score of 3.8421. However, the study has shown that tacit knowledge as indicated by a mean score of 3.3158 influenced companies' competitive advantage to a moderate extent. This finding are in line with Hamel and Prahalad, (2005) stated that given the importance of people in organizations, most strategic human resource departments consider the management of the competencies and capabilities of these human assets the primary goal to achieve competitive advantage

Horticultural Clusters

The researcher also sought to establish the extent above aspects of horticultural clusters influenced competitive advantage in the flower companies. According to the table above, to a large extent clusters encouraged foreign investment as shown by a mean score of 3.7895, improved bargaining power for member organizations as shown by a mean score of 3.6316 and improved accessibility of resources as shown by a mean score of 3.5789. However, clusters eases member organizations' access to institutions for collaboration (IFCs) e.g. NGOs, research

institutions (e.g. KARI), trade associations and government agencies as shown by a mean score of 3.0526 to a moderate extent. The research findings confirms Porter (2000) finding that companies operating in a cluster operate more efficiently by taking better advantage of economies of scale and shared resources.

Table 1.4: Aspects of Horticultural Clusters and Competitive Advantage

	Mean	Std. Deviation
Improved accessibility of resources	3.5789	1.38707
Improved bargaining power for member organizations	3.6316	1.21154
Encouragement of foreign investment	3.7895	1.43678
Clusters eases member organizations' access to institutions for collaboration (IFCs) e.g. NGOs, research institutions (e.g. KARI), trade associations and government agencies	3.0526	1.71509

Regression Analysis

In this study, a multiple regression analysis was conducted to test relationship among variables (independent) on sustainable competitive advantage. The research used statistical package for social sciences (SPSS V 17.0) to code, enter and compute the measurements of the multiple regressions.

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (sustainable competitive advantage) that is explained by all the four independent variables (infrastructure, location, human resource and horticultural clusters).

Model Summary

Table 1.5: Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	0.893	0.7974	0.744		0.4645

The four independent variables that were studied, explain only 79.7% of the sustainable competitive advantage as represented by the R^2 . This therefore means that other factors not studied in this research contribute 21.1% of the sustainable competitive advantage. Therefore, further research should be conducted to investigate the other factors (21.1%) that affect sustainable competitive advantage in flower companies.

ANOVA Results

Table 1.6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.453	3	1.267	7.623	.0214
	Residual	9.313	98	2.327		
	Total	3.565	101			

The significance value is 0.0214 which is less than 0.05 thus the model is statistically significant in predicting how infrastructure, location, human resource and horticultural clusters influences competitive advantage in flower companies. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (value = 7.623), this shows that the overall model was significant.

Table 1.7: Coefficient of determination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.142	1.335		1.615	0.359
	Infrastructure	0.891	0.223	0.167	4.423	.0209
	Location	0.857	0.241	0.076	3.752	.0217
	Human Resource	0.813	0.233	0.186	3.867	.0224
	Horticultural Clusters	0.787	0.147	0.199	3.547	.0239

Multiple regression analysis was conducted as to determine the relationship between sustainable competitive advantage and the four variables. As per the SPSS generated table above, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes:

$$Y = 1.142 + 0.891X_1 + 0.857X_2 + 0.813X_3 + 0.787X_4$$

The regression equation above has established that taking all factors into account (infrastructure, location, human resource and horticultural clusters) constant at zero, competitive advantage will be 1.142. The findings presented also shows that taking all other independent variables at zero, a unit increase in infrastructure will lead to a 0.891 increase in competitive advantage; a unit increase in location proximity will lead to a 0.857 increase in competitive advantage; a unit increase in human resource will lead to a 0.813 increase in competitive advantage and a unit increase in horticultural clusters will lead to a 0.787 increase in competitive advantage. This infers that infrastructure contribute most to the sustainable competitive advantage followed by location. At 5% level of significance and 95% level of confidence, infrastructure had a 0.0209 level of significance; location showed a 0.0217 level of significance; human resource showed a 0.0224 level of significance and horticulture clusters showed a 0.0239 level of significance hence the most significant factor is infrastructure.

The regression results above indicate that there is a positive relationship between the four independent variables with the dependent variable. These results are in line with previous studies. For example (Lay, 2002), stated that viewed functionally, infrastructure facilitates the production of goods and services, and also the distribution of finished products to markets, as well as basic social services such as schools and hospitals; for example, roads enable the transport of raw materials to a factory thereby influencing competitive advantage. Further, Porter (2003) in his contribution to indicate how location impacts on competitive advantage, indicated that performance of regional economies varies markedly in terms of wage, wage growth, employment growth and productivity therefore, location of a site is important in determining competitive advantage. Pfeffer (1998) noted that human resources are an important source of competitive advantage for the organization. On clusters, the regression findings confirm Porter (2000) observation that clusters have the potential to affect competitive advantage in three ways: by increasing the productivity of the companies in the cluster, by driving innovation in the field, and by stimulating new businesses in the field.

Conclusion and Recommendation

Summary of the Findings

The study found out that roads, electricity, access to airport, water supply and telecommunication in that order of reducing importance, influenced competitive advantage of flower companies to a great extent. The study identified that infrastructure influenced competitive advantage in flower companies to a large extent. The study established that location of the company in terms of the climatic condition access to transport network among other things affected competitive advantage of companies to a large extent. The study also indicated that locational factors that influenced competitive advantage to a large extent were access to transport, access to irrigation water, availability cheap labor and good climate conditions in that order of reducing importance. The study established that human resource also influenced competitive advantage to a large extent. The study also established that experience, skills and judgment and intelligence were some of the human resource competencies that influenced companies' competitive advantage to a large extent. The study finally found that horticultural clusters had an influence on competitive advantage to a large extent. It also indicated that clusters helped to improve accessibility of resources, improved bargaining power for member organizations and encouragement of foreign investment. From the regression analysis the

following regression equation was formulated; $Y = 1.142 + 0.891X_1 + 0.857X_2 + 0.813X_3 + 0.787X_4$. The regression analysis has shown that infrastructure contribute most to sustainable competitive advantage followed by location. At 5% level of significance and 95% level of confidence the most significant factor is infrastructure with a 0.0209 level of significance.

Conclusion

The study concludes that infrastructure influences sustainable competitive advantage of cut flower companies to a large extent. It indicated that roads, electricity, access to airport, water supply and telecommunication as important aspects of infrastructure that influenced sustainable competitive advantage to a large extent. The study concludes that location of the companies influences sustainable competitive advantage of cut flower companies to a large extent. It was indicated that location of flower companies determined access to irrigation water, labor and climate and therefore affected production capability of a flower company and thus influenced sustainable competitive advantage. This study also concludes that human resource influences sustainable competitive advantage of cut flower companies to a large extent. Competencies possessed by the employees in terms of experiences, skills, judgment and intelligence influenced employees capabilities and thus influenced sustainable competitive advantage in the flower companies. On the influence of horticultural clusters on sustainable competitive advantage of cut flower companies, the study concludes that horticultural clusters influenced sustainable competitive advantage to a large extent. Horticultural clusters are indicated to improve member firms' accessibility of resources, improved bargaining power for member organizations and encouragement of foreign investment which enables member firms to attain sustainable advantage.

Recommendations

The study recommends that the government should improve the infrastructure in the producing areas as well as expand airport capacity to handle all the horticulture exports. This way, the government will facilitate these organizations attaining global competitive advantage. The study recommends that starters of new firms should consider setting up firms in areas where there is good infrastructure, good climatic conditions, cheap available labor and irrigation water in case of rain shortages. The study also recommends that organizations should endeavor to improve their employees' skills and competences through training and good working environment to help keep the employees who are experienced and attract other competent ones and therefore help companies to achieve sustainable competitive advantage. Finally the study recommends that organizations should form and join clusters to reap benefits of economies of scale as well as other positive externalities associated with companies' affiliations. Cluster; improve companies bargaining power due to the well elaborate pool of resources at the disposal of member companies.

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