

**FUNDING STRATEGIES AND COMPETITIVE ADVANTAGE AT
BATIAN NUTS LIMITED**

SALOME WAMBUI NG'ANG'A

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES,
UNIVERSITY OF NAIROBI**

2023

DECLARATION

I, the undersigned, hereby declare that this is my own original work, and that it has not been submitted for review to any other organization or university but the University of Nairobi.

Signed:  _____ Date: 17th November 2023 _____

SALOME WAMBUI NG'ANG'A

D61/39848/2021

This research project has been submitted for examination with my approval as the University Supervisor.

Signed:  _____ Date: **20th -11-2023**

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY OF NAIROBI

DEDICATION

I dedicate this project to God, my source of strength, inspiration, wisdom, knowledge and understanding throughout this program.

It is also with genuine gratitude and warm regard that I dedicate this research project to my family and friends. It is through your dedication and love that I have made it. Thank you for believing in me and for your prayers and support.

God Bless you all.

ACKNOWLEDGEMENT

I am thankful and grateful to God for His mercies and provisions during the period of preparing this project. Sincere gratitude goes to my family for their moral support, encouragement and endless motivation to see me excel in my studies.

Special thanks go to my supervisor, Dr. Catherine Ngahu, for the patience, advice and perseverance she has exercised in guiding me through this project and also the business faculty together with the library staff who allowed me access to materials I needed to complete this project.

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
LIST OF ABBREVIATIONS	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 Funding Strategies	2
1.1.2 Competitive Advantage	4
1.1.3 Agriculture Industry in Kenya	5
1.1.4 Batian Nuts Limited.....	6
1.2 Research Problem	7
1.3 Research Objective	10
1.4 Value of the Study	10
CHAPTER TWO: LITERATURE REVIEW.....	12
2.1 Introduction.....	12
2.2 Theoretical Foundation.....	12
2.2.1 Competitive Advantage Theory	12
2.2.2 Resource Based View Theory.....	13
2.3 Funding Strategies and Competitive Advantage	15
2.4 Empirical Review and Knowledge Gaps	16
CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research Design	20

3.3 Data Collection	20
3.4 Data Analysis	21
CHAPTER FOUR: DATA ANALYSIS AND FINDINGS.....	23
4.1 Introduction.....	23
4.2 Bio Data	23
4.3 Organization's funding strategies.....	23
4.4 Factors Influencing Decision-making process when selecting funding sources or financing options.....	25
4.5 Impact of different funding strategies the organization's competitive advantage ..	27
4.6 Instances where funding strategies have directly contributed to gaining a competitive edge and Improvement of Market Position.....	28
4.7 Challenges encountered when implementing funding strategies and solutions	29
4.8 Key resources or capabilities that have been crucial in enhancing competitive advantage and the role of funding strategies in development of the acquisition	31
4.9 Resource allocation and Competitive advantage	32
4.10 Projects funded and impact on market share	33
4.11 Effectiveness of funding strategies in achieving long-term sustainability	33
4.12 Role of external factors in shaping the funding strategies and their impact on competitive advantage	34
4.12 Discussion of the Findings.....	35
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..	38
5.1 Introduction.....	38
5.2 Summary of Findings.....	38
5.3. Conclusions.....	42
5.4 Recommendations.....	43

5.5. Suggestions for Further Studies	44
REFERENCES.....	45
APPENDICES	49
Appendix I: Interview Guide	49

LIST OF ABBREVIATIONS

GDP	Gross Domestic Product
MSE	Micro and Small Enterprises
RBV	Resource Based View
SME	Small and Micro Enterprises

ABSTRACT

Funding strategies may be extremely important in defining an organization's competitive edge in the current era of globalization. Adopting cutting-edge technology, expanding operations, investing in research and development, and luring top talent are all made possible by effective funding strategies. By constantly innovating, upgrading their goods or services, and increasing operational effectiveness, these investments enable firms to stay ahead of their rivals. This study explored the effect of funding strategies on competitive advantage at Batian Nuts Limited. The study employed a case study research design. Qualitative data was collected using interview guides where four senior managers at Batian Nuts limited namely, the head of operations, head of finance, head of risk and head of marketing were interviewed. The findings revealed that Batian Nuts Limited has embraced different fundraising strategies to sustain operations and gain competitive advantage. This includes presales, capital from shareholders, short-term loans from the bank, long-term loans, asset financing, application for grants and engaging impact investors among others. Additionally, effective fundraising strategies have enabled the firm to acquire resources and capabilities such as state of the art facilities, acquire top talent, build capacity in research and development and realize effectiveness and efficiencies in agro-processing hence gaining competitive advantage. Additionally, the firm's ability to obtain funding is influenced by external factors including fiscal policies, weather patterns and occurrence of calamities such as Covid-19. Further, fundraising activities is coupled by challenges such as expensive loans due to high interest rates, long loan processes and documentation and requirements for collateral especially from commercial banks. The recommendations made include regulation of the lenders to offer some safeguard against exploitation of businesses by banks and digital lenders to ensure survival and sustainability by setting a cap on the interest rates through CBK regulations. The government should consider creating favorable policies and infrastructure to attract foreign investors such as venture capitalists who pump more money into the economy. Such investors also facilitate technology transfer. Additionally, more sensitization should be conducted by both the state and the private sector to educate business owners on the different available financing options. Such initiatives will encompass financial literacy with major reflections on the impact of interest rates on the cost of doing business, savings and investments among others which will in essence foster fundraising efforts as entrepreneurs and companies will begin to see things in a different perspective and consider different financing options.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Funding strategies may be extremely important in defining an organization's competitive edge in the current era of globalization. Adopting cutting-edge technology, expanding operations, investing in research and development, and luring top people are all made possible by effective funding strategies (Adegbie & Akenronye, 2022). By constantly innovating, upgrading their goods or services, and increasing operational effectiveness, these investments enable firms to stay ahead of their rivals (Su, Qu, Tian, Ma, Li & Chen, 2022). According to Githaiga, Soi, and Buigut (2023), adequate capital encourages market development by enabling businesses to enter new markets, have a worldwide presence, and take advantage of economies of scale. Funding strategies can also affect production plans, pricing plans, marketing strategies, and client acquisition plans, strengthening competitive advantage.

The connection linking funding strategies to competitive advantage was explained using the Porter's theory of competitive advantage and the resource-based view (RBV) theory. Any firm builds a business strategy to establish a competitive edge over its rivals, according to Porter (1980, 1985). This is done through reaction to five main forces: the danger of new entrants, competition among current industry players, the threat of replacement goods and services, and the negotiating power of suppliers and purchasers. According to Barney's (1991) RBV theory, a company's competitive advantage comes from its special collection of assets and skills. Financing plans give businesses the ability to create and acquire significant resources including technology, intellectual property, human capital, and fixed

assets. Businesses can create a competitive advantage which can be hard for rival firms to reach when they make use of the above resources (McGahan, 2021).

Kenya's agricultural industry, which accounts for a sizeable share of the GDP and employs a sizable section of the population, is a major driver of the nation's economic growth. Many Kenyan farmers struggle to obtain loans and other financial services, which restricts their capacity to make investments in their operations and expand their enterprises (Kogo, Kumar & Koech, 2021). This is one of the issues the industry is now experiencing. Despite these difficulties, the Kenyan government has made efforts to aid the agricultural industry, including investing in infrastructure and giving farmers access to credit and other financial services (Birch, 2018). Additionally, many farms in Kenya are employing creative finance strategies, which is enhancing the sector's competitiveness. Batian Nuts Limited has developed a well-thought-out finance plan that may give the company the required financial resources to engage in research and development, marketing, and other activities that can help it stand out from its rivals' goods or services.

1.1.1 Funding Strategies

According to Glass and Tardiff (2021), a funding strategy is the entire plan used by an organization to get the required financial resources to support its initiatives, activities, and goals. It entails locating and assessing various internal and external financing sources, as well as choosing the best combination of debt, equity, grants, and other financial instruments (Abebe, Adey, & Tesfamariam, 2021). A funding strategy also includes managing financial risks and expenses, allocating cash to various projects or departments, and planning the timing and order of financing operations. A financing strategy's ultimate goal is to guarantee the availability of sufficient and long-term money to support the

organization's expansion, innovation, and market competitiveness (Wang, Brabenec, Gao, & Tang, 2021).

Organizations place a great deal of emphasis on their funding strategies because they are essential to fostering innovation, development, and preserving a competitive advantage. Effective funding strategies give firms the financial means to finance research and development expenditures, adoption of the most recent technologies, the expansion of operations, and the entry into new markets (Nohong, Sobarsyah & Munir, 2019). They allow companies to attract and retain top talent, upgrade infrastructure, and enhance operational efficiency. Additionally, funding strategies enable organizations to weather economic downturns, manage financial risks, and seize opportunities for strategic acquisitions or partnerships (Soleh, 2020). By aligning funding with business goals and market dynamics, organizations can sustain their operations, pursue growth opportunities, and adapt to the rapidly evolving global business landscape.

Previous researchers have operationalized funding strategies through various approaches and frameworks. Some researchers have focused on examining the sources and types of funding utilized by organizations, such as debt financing, equity financing, government grants, private grants or internal funds. They have analyzed the allocation and utilization of these funds across different activities, such as research and development, marketing, or capital expenditures. Other studies have investigated the timing and sequencing of funding activities, assessing the impact of factors like economic conditions, market signals, or organizational life cycle on funding decisions. By employing diverse methodologies and indicators, previous researchers have shed light on the complex relationship between

funding strategies and organizational outcomes, offering valuable insights for both academia and practitioners.

1.1.2 Competitive Advantage

Competitive advantage can be defined as the special qualities, resources, capabilities, or strategies which help any firm outshine all its competitors in the marketplace. It represents a superior position held by a company that allows it to deliver greater value to customers, generate higher revenues, achieve higher profitability, and sustain long-term success (Jeong & Chung, 2023). Competitive advantage can arise from various factors, including product differentiation, cost leadership, technological innovation, strong brand reputation, effective marketing and distribution channels, customer loyalty, and superior operational efficiency (Krakowski, Luger & Raisch, 2023). Zhang, Chu, Ren and Xing, (2023) noted companies having a sustainable competitive edge are mostly well positioned to take competitive pressures, adapt to market changes, attract customers, and capture a larger market share, ultimately leading to superior financial performance and long-term viability.

Competitive advantage holds significant importance for organizations as it directly impacts their ability to thrive and succeed in the marketplace. Having a competitive advantage enables a company to differentiate itself from competitors, attract customers, and capture a larger market shares (Astuti, Datrini, & Chariri, 2023). It provides a solid foundation for sustainable profitability, growth, and long-term success. A competitive advantage allows organizations to command higher prices for their products or services, achieve economies of scale, and enjoy stronger customer loyalty. It also acts as a barrier to entry, making it challenging for new entrants to replicate or surpass the value proposition offered by the organization. Moreover, a strong competitive advantage fosters innovation and continuous

improvement, driving organizations to stay ahead of market trends and customer demands (Olazo, 2023).

Previous researchers have operationalized competitive advantage through various frameworks and methodologies. Some researchers have measured competitive advantage by analyzing financial performance indicators such as return on assets, return on equity, or profit margins, comparing them to industry benchmarks or competitors. Others have examined market-based measures such as market share, customer satisfaction, or brand equity to assess the relative strength of a firm's competitive position. Additionally, researchers have explored resource-based perspectives, evaluating the unique resources and capabilities possessed by organizations that contribute to their competitive advantage. These resources could include intellectual property, technological expertise, supply chain efficiency, or human capital.

1.1.3 Agriculture Industry in Kenya

The Kenyan agricultural sector is a big player in the state's economy, contributing a considerable percentage of the GDP as well as providing employment for a large percentage of the population. However, the industry is facing various challenges such as limited access to credit where many Kenyan farmers struggle to access credit and other financial services, which limits their ability to invest in their operations and grow their businesses. Furthermore, a lack of suitable infrastructure, including roads, storage facilities, and processing plants, inhibits farmers' capacity to sell their goods and lowers their competitiveness in many parts of Kenya (Adongo, John, Zeph, & Muyima, 2020). Additionally, droughts, unexpected weather patterns, and other natural catastrophes

brought on by climate change are impacting Kenya's agricultural industry and making it harder for farmers to make a livelihood (Kogo, Kumar, & Koech, 2021).

Despite these difficulties, the Kenyan government has made efforts to aid the agricultural industry, including investing in infrastructure and giving farmers access to credit and other financial services (Birch, 2018). Additionally, many Kenyan farms are utilizing cutting-edge tools and funding plans to boost yields and cut waste, which is enhancing the sector's competitiveness. Overall, Kenya's agricultural sector contributes significantly to the economy of the nation, but there is still potential for development in terms of resolving issues and boosting its competitiveness (Wangithi, Muriithi & Belmin, 2021).

1.1.4 Batian Nuts Limited

Batian Nuts Limited is a company based in Kenya that specializes in processing and exporting premium macadamia nuts. The business, which was incorporated in 2017 as a private limited liability company, initially operated on a modest scale and concentrated on processing macadamia nuts obtained from nearby farmers. Batian Nuts Limited has developed tremendously over time and established itself as a major force in the macadamia nut market. Modern processing facilities, quality assurance procedures, and sustainable agricultural techniques have all been purchased by the company. Additionally, it has widened its market reach by exporting macadamia nuts to other nations worldwide. Batian Nuts Limited has established a reputation as a reliable supplier of premium macadamia nuts thanks to its dedication to quality, innovation, and fair trade principles. This has helped the macadamia business in Kenya flourish (Batian Nuts Limited, 2023).

To strengthen its position as a market leader in the macadamia nut sector, Batian Nuts Limited has employed strategic financing methods. The firm has concentrated on obtaining

sufficient funds to make investments in cutting-edge processing facilities, quality assurance procedures, and sustainable agricultural methods. Batian Nuts Limited guarantees the processing of high-quality macadamia nuts that match international standards and consumer expectations by dedicating cash into its processing. The business has also made research and development investments to enhance agricultural methods and boost yields, creating cost savings and a competitive edge in the market. Batian Nuts Limited has been able to grow its business, penetrate new markets, and forge solid connections with its clients because to the financing techniques it has adopted (Batian Nuts Limited, 2023). The firm can continually innovate, develop its goods, and respond to shifting market dynamics by having the appropriate financial resources, thereby enhancing its competitive edge in the macadamia nut sector.

1.2 Research Problem

Over many years, research has been conducted on competitive advantage however, this remains the most important unsolved management obstacle. According to Farida and Setiawan (2022) funding strategies can lead to a competitive advantage for a firm by strategically allocating funds towards research and development as it fosters innovation and creates new products or services that differentiate them from competitors. Effective funding strategies as per Wen, Zhong and Lee (2022) allow firms to invest in cutting-edge technologies, infrastructure, and equipment, enhancing operational efficiency and productivity. Further, funding strategies can support strategic acquisitions or partnerships, enabling firms to access new markets, expand their customer base, or integrate complementary capabilities. Moreover, funding strategies that prioritize employee

development and talent acquisition contribute to a skilled workforce, which can drive organizational success and maintain a competitive edge (Mujtaba & Mubarik, 2022).

Like many industries in Kenya, Adongo, John, Zeph and Muyima (2020) noted agriculture industry sees intense competition of the companies taking part and this necessitates companies to establish factors that can enhance competitive advantage of firms. Many Kenyan firms are using innovative funding strategies, which is helping to improve the competitiveness of the sector. Batian Nuts Limited has come up with a well-designed funding strategy that can provide this company with all crucial financial resources to invest in research and development, marketing, and other activities that can help it differentiate its products or services from those of its competitors. Chiamonte, Girardone and Piserà (2022) postulates that efficient use of funding strategies can enhance a suitable and functional system which eventually boosts competitiveness of a firm. A well-managed funding strategy can also enhance a firm's reputation and credibility with investors and other stakeholders.

Several researches have been done on funding strategies and competitive advantage. Wang et al. (2021) investigated the effect of financing strategies on the competitive advantage of manufacturing firms in China. This survey found that firms that employed a well-balanced mix of financing sources had a stronger competitive advantage compared to those relying heavily on a single source. Nevertheless, this research took place in China, a developed context, and thus it does not apply to Kenya because of the social and economic differences. Lupşa-Tătaru (2019) focused on start-up firms and their funding strategies in the context of competitive advantage. The study found that start-ups that secured funding from a diverse range of sources, including venture capital, angel investors, and government grants,

had a higher likelihood of achieving competitive advantage. The research proved to be quantitative in nature and hence did not capture the qualitative attributes which are the main objectives of our study.

Regionally, Adomako and Nguyen (2022) did a research on the funding strategies and competitive advantage of small and medium-sized enterprises (SMEs) in Sub-Saharan Africa. The findings revealed that SMEs that utilized a combination of internal funds and external financing, such as bank loans or government grants, had a stronger competitive advantage compared to those solely relying on a single source. The research reveals a conceptual gap since it only centered on one funding strategy; diversification. Williams, Hailemariam and Allard (2022) examined the impact of funding strategies on the competitive advantage of manufacturing firms in Ethiopia. This research found that firms that effectively managed their funding strategies, particularly by balancing debt and equity financing and retaining earnings, had a stronger competitive advantage. The survey was also quantitative and therefore did not outline the qualitative attributes, the main goal of our study.

Locally, Kisuya, Kihara and Macheru (2023) studied listed firms in Kenya and explored the connection linking funding strategies to competitive advantage. Findings revealed that organizations that effectively managed their funding strategies by utilizing a mix of debt and equity financing had a stronger competitive advantage. This study however did not address other funding strategies such as allocation and utilization of funds and therefore a conceptual gap. Moreover, Alumasa and Muathe (2021) examined the financing strategies and competitive advantage of micro and small enterprises (MSEs) in Nairobi County, Kenya. According to this research, MSEs with access to external capital, notably through

loans and grants, were more likely to gain a competitive edge than those that just used internal resources. Nevertheless, this research was conducted in a distinct setting. Siekei, Wagoki, and Kalio (2023) concentrated on the funding methods and competitive advantages of SMEs in Kenya. The research showed that SMEs with a strong competitive advantage efficiently handled their funding by varying their funding sources and preserving a balanced capital structure. The study did not however capture qualitative aspects.

From the review of prior studies, implementing funding strategies can help firms gain a competitive edge by enhancing quality, productivity, customer and employee satisfaction, and other key performance metrics. However, the effectiveness of funding strategies may differ with the specific context or industry that they are implemented. Batian Nuts Limited has adopted funding strategies and thus having the need to find out if has promoted their competitive advantage. This study sought to answer the research question; what is the influence of funding strategies on the competitive advantage of Batian Nuts Limited?

1.3 Research Objective

The main aim of this study was to establish how funding strategies affect the competitive advantage of Batian Nuts Limited.

1.4 Value of the Study

The outcomes of our research may have implications for competitive advantage theory and resource-based view theory, through supporting or criticizing them. The results from this study will aid future researchers of this topic as a point of reference. In addition, this research's findings will help realize any research gaps in this study as required by researchers and other scholars.

For the practitioners and management, the findings of this study will be significant in realizing the way to increase the competitive advantage by employing funding strategies to their agriculture-based firms in international business. The conclusions is going to aid all stakeholders in realizing the relationship connecting the variables which is key when selecting a strong team with diverse ideas to manage and run the companies.

As for the policy makers and the government, the research will help formulate policies and procedures to steer Batian Nuts Limited and other agriculture firms in the country to adopt funding strategies which will enhance their competitive advantage and thus improving the entire economy by enhancing a proper performance of the agriculture industry.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section analyses all theories involved in this study as well as all empirical studies. This chapter also contains the types of Funding strategies as well as a compact literature review indicating the anticipated connection linking funding strategies to competitive advantage.

2.2 Theoretical Foundation

This section surveys the theories that advance the research of funding strategies and competitive advantage. This research reviews the competitive advantage theory and resource-based view theory.

2.2.1 Competitive Advantage Theory

Porter (1980) developed the competitive advantage theory and it is this anchor theory for this research. According to this theory, the industry's level of competition is determined by five factors: the threat of new competitors, the rivalry between established players, the bargaining power of consumers, the threat of alternative products, and the negotiating power of suppliers. According to Porter (1985), these factors work together to influence predicted earnings across all industries. A rise in customer-provided warranties, new advertising strategies, product breakthroughs, and pricing competition among major competitors are all causes of rivalry.

Competition arises when one or more businesses feel compelled to strengthen their position within their particular industry. The biggest pressure comes from products' substitutability, which confines the prices that businesses may charge in their industry and hence limits the

possible returns in the market (Porter, 1985). Suppliers can affect participants' negotiating power by raising prices or lowering the number of items they offer. When new businesses enter the market, they must have a sizable market and extra resources that they may use to raise or lower prices (Arsawan et al., 2022). Due to their potential to negotiate lower prices, demand better quality or a wider choice of services, or instigate rival collusion at the expense of industry profits, buyers also have significant impact on pricing. The economic climate and the industry's competitive structure, which takes into account the negotiating strength of suppliers and buyers as well as the danger of new competitors and replacement products, are other aspects taken into account by the model. The goal is to ascertain how these elements raise the industry's degree of competitiveness (Nayak, Bhattacharyya & Krishnamoorthy, 2022).

As these factors get stronger, competition increases, and as they are weaker, competition decreases. Any business's performance within an industry is influenced by the competitive climate of that industry. The Porter's Model illustrates the attractiveness of any industry from a business standpoint. This theory is applicable to our research since it identifies the variables that affect industrial competition. Comprehending the many causes of competition might aid an agricultural enterprise in devising tactics intended to get a competitive edge.

2.2.2 Resource Based View Theory

Barney (1991) is credited with developing the resource-based view theory, which holds that a firm's competitive advantage and performance are largely influenced by its particular set of resources and capabilities. RBV states that resources can be either tangible or intangible, and capabilities refer to the firm's capacity to efficiently deploy and use such

resources. According to the idea, resources must be valued, uncommon, difficult to mimic, and non-substitutable in order to contribute to competitive advantage. According to Krusei and Bazelmans (2002), RBV highlights the significance of firm heterogeneity and claims that sustained competitive advantage results from resources and competencies that are specific to the business and difficult for rivals to imitate.

Even though it is widely accepted, the RBV hypothesis has several detractors. The absence of precise instructions on how to recognize and gauge important resources has been criticized (Hossain et al., 2023). It can be difficult and subjective to pinpoint exactly how resources contribute to competitive advantage and to measure their worth. The theory has also come under fire for being overly firm-centric and undervaluing the impact of outside causes, such as market dynamics or competitive industry pressures, on competitive advantage (Burt & Soda, 2021). RBV is criticized for failing to fully address how industry structure and environmental variables affect business performance (Gibson, Gibson & Webster, 2021).

The RBV theory is applicable in the instance of Batian Nuts Limited so as to comprehend the connection linking funding choices to competitive advantage. The business may use the theory to determine and allocate resources that give the macadamia nut sector a long-term competitive edge. For instance, Batian Nuts Limited may improve its operating capabilities and produce high-quality products, separating itself from rivals, by investing in contemporary processing facilities and quality control procedures. Additionally, the business may create distinctive competencies and get access to resources that are valuable and challenging to replicate by using sustainable farming methods and making investments

in research and development. This is consistent with the RBV theory's focus on utilizing special assets and skills to gain competitive advantage.

2.3 Funding Strategies and Competitive Advantage

The hypothesized connection linking funding strategies to competitive advantage suggests that the way an organization secures and utilizes financial resources can significantly influence its competitive position in the marketplace (Jeong & Chung, 2023). Krakowski, Luger and Raisch (2023) claim effective funding strategies can provide the necessary resources and capabilities that differentiate a firm from its competitors, thereby contributing to a sustainable competitive advantage. The availability of adequate funding allows organizations to invest in critical areas that enhance their competitive advantage. For instance, by allocating funds towards research and development, organizations can innovate and come up with new products or services that meet customer needs and preferences better than their rivals. A competitive edge and cost savings may be achieved through upgrading infrastructure, acquiring cutting-edge technology, and improving operational efficiency with the help of funds (Astuti, Datrini, & Chariri, 2023).

Funding methods may help businesses find and keep top people, which can be a key factor in gaining a competitive edge. Organizations may produce a competent and engaged workforce by spending cash for employee development, training programs, and competitive remuneration packages (Olazo, 2023). A skilled staff may result in higher output, better customer service, and a stronger capacity to react to market changes, all of which can help an organization gain a competitive edge. A company's competitive advantage may also be increased by using financial techniques that assist marketing and branding activities (Jatmiko, Udin, Raharti, Laras & Ardhi, 2021). Organizations may

invest in successful marketing initiatives, develop brand equity, and create a strong market presence with the help of adequate funds. As a consequence, the firm may see an uptick in consumer awareness, brand loyalty, and favorable market perception, providing it a competitive advantage over competitors (Correia, Teixeira, & Campos, 2023).

According to Farida and Setiawan (2022), smart financial allocation to research and development may give a company a competitive edge by fostering innovation and resulting in new goods or services that set them apart from rivals. Effective finance methods enable businesses to invest in state-of-the-art infrastructure, tools, and technologies, increasing productivity and operational effectiveness. Additionally, financial plans can aid in strategic collaborations or acquisitions, allowing businesses to enter new industries, increase their clientele, or include complementary skills (Wen, Zhong, & Lee, 2022). Moreover, Mujtaba and Mubarik (2022) discovered funding strategies that prioritize employee development and talent acquisition contribute to a skilled workforce, which can drive organizational success and maintain a competitive edge.

2.4 Empirical Review and Knowledge Gaps

In China, Wang et al. (2021) investigated the effect of financing strategies on the competitive advantage of manufacturing firms in China. The researchers analyzed a sample of manufacturing companies and investigated the connection linking different financing strategies to competitive advantage. This study found that firms that employed a well-balanced mix of financing sources had a stronger competitive advantage compared to those relying heavily on a single source. The research indicated that diversifying financing sources allowed firms to access different resources and mitigate financial risks, leading to enhanced competitive advantage. A limitation of the above survey is the fact that it was

carried out in a developed country therefore it is not accurate to entirely adopt it the Kenyan context due to the social and economic differences. Additionally, this research proved to be quantitative in nature and thus leaving a methodological gap since it failed to capture the qualitative aspects.

In Malaysia, Kee, Yusoff and Khin (2019) examined the funding strategies employed by start-ups and their impact on competitive advantage using data from a sample of technology-based start-up firms. The study found that start-ups that secured funding from a diverse range of sources, including venture capital, angel investors, and government grants, had a higher likelihood of achieving competitive advantage. The research was however quantitative and thus failed to capture the qualitative aspects which are the main focus of our current research. Additionally, this research was done in the technology sector as context which cannot be generalized to represent the agriculture sector due to operational differences.

In Sub-Saharan Africa, Adomako and Nguyen (2019) focused on the funding strategies and competitive advantage of small and medium-sized enterprises in Sub-Saharan Africa. The findings revealed that SMEs that utilized a combination of internal funds and external financing, such as bank loans or government grants, had a stronger competitive advantage compared to those solely relying on a single source. The study presents a conceptual gap as it only focused on one funding strategy; diversification. This research presents a methodological gap because it is quantitative meaning that it possesses few inadequacies in qualitative aspects. Contextually, the study was conducted among SMEs in Sub-Saharan Africa and thus the findings may fail to hold for agricultural firms in Kenya.

In Ethiopia, Williams, Hailemariam and Allard (2022) analyzed a sample of Ethiopian manufacturing firms and investigated the relationship between different financing strategies (such as debt financing, equity financing, and retained earnings) and competitive advantage. The study found that firms that effectively managed their funding strategies, particularly by balancing debt and equity financing and retaining earnings, had a stronger competitive advantage. The research proved to be quantitative thus leaving a gap on the qualitative aspects. Moreover, it was conducted in a different industry promoting a different context from Batian Nuts Limited.

Locally, Kisuya, Kihara & Macheru (2023) focused on listed firms in Kenya and explored the relationship between funding strategies and competitive advantage. The researchers examined the impact of different funding sources (such as bank loans, bonds, and equity financing) on the competitive advantage of listed firms. Outcomes show that firms that effectively managed their funding strategies by utilizing a mix of debt and equity financing had a stronger competitive advantage. The research offers a methodological gap as it was quantitative therefore the need for extra qualitative research. The research was carried out on listed firms and not the agriculture industry thus creating a contextual gap.

Alumasa and Muathe (2021) examined the financing strategies and competitive advantage of MSEs in Nairobi County, Kenya. The researchers explored the relationship between different financing sources (such as personal savings, loans, and grants) and competitive advantage among MSEs. The study found that MSEs that accessed external funding, particularly through loans and grants, had a higher likelihood of achieving a competitive advantage compared to those relying solely on internal funds. This research though was conducted in a different industry promoting a different context all together from Batian

Nuts Limited. Additionally, it shows a conceptual gap since some funding strategies were not taken into account.

Siekei, Wagoki and Kalio (2023) focused on the financing strategies and competitive advantage of SMEs in Kenya. The researchers investigated the relationship between various financing sources (such as bank loans, trade credit, and owner's equity) and competitive advantage. The findings revealed that SMEs that effectively managed their financing strategies by diversifying funding sources and maintaining a balanced capital structure had a stronger competitive advantage. This research possesses a methodological gap because it was quantitative leaving a gap on the qualitative aspects. Contextually, this research focused on SMEs which are not necessarily in the agricultural sector.

Studies reviewed indicate that conceptually, there exists no consensus on the funding strategies influences competitive advantage. Contextually, many local studies conducted focus on other industries which have different operations from those of the agriculture sector. Additionally, surveys conducted on funding strategies employed a different methodology as they failed to consider how funding strategies influences competitive advantage using a qualitative approach. Our case study works to seal these gaps by establishing the effect of funding strategies on competitive advantage at Batian Nuts Limited.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The following chapter shows the designs of the research, data collection methods and data analyses procedures. Methodology outlines the way the research was conducted, organized and the individuals involved in the research to offer the required information and how it is collected. This helps in compilation of important findings.

3.2 Research Design

The research design used in this study is a case study. A case study is essentially an investigation on a phenomenon, a person, or a recognized organization (Cooper and Schindler, 2014). It is crucial and significant for our research since it focuses on a specific institution, necessitating a thorough investigation as opposed to a broad analysis that occasionally ignores key facts.

A case study is a valuable tool, particularly when in-depth, thorough, and precise research is needed for a certain topic. Yin (2018) demonstrated the accurate and thorough monitoring that social units receive via case studies. Because it offers personal knowledge on a problem with few or no recognized aspects, a case study is helpful. Almost every element of a case study is examined and investigated in order to get the relevant data.

3.3 Data Collection

In this study, primary data were used. Interviews were used to gather data. The interview took place in person. Online interviews were conducted when it was not possible to speak with the respondents in person. Interviews were used because they facilitate the easier collection of data from consenting participants, hence enhancing the researcher's

understanding of the findings. The University of Nairobi was contacted to get a letter of authorization prior to starting the data gathering process. Confidentiality and ethical issues were upheld, the researcher guaranteed.

The interview guide served as the data gathering tool. Through the use of the interview guide, the researcher was able to learn about emerging patterns and facts that could not have been discovered through other means of data collecting. There were several sections to the handbook. The objectives of this study were covered in the remaining sections, with the first portion focusing mostly on the senior managers' demographic data. There were only open-ended questions in the interview guide so that, in cases where there was no clear answer, the interviewees' further information could be recorded. This was done to make sure the data collection process went according to the researcher's plan.

Four senior managers of Batian Nuts Limited were the primary responders to this survey: the heads of marketing, risk, finance, and operations. These respondents were picked because they are probably more knowledgeable about their company's finance methods and how they affect competitive advantage. Their organization's strategy formulation and implementation are other concerns.

3.4 Data Analysis

To determine if the replies were comparable, a qualitative analysis was performed on all the data that was gathered using the interview guide. Because qualitative analysis enabled the researcher to analyze, characterize, and critique the subject—tasks that quantitative analysis may not be able to accomplish—it was employed. The qualitative analysis was carried out using content analysis.

The evaluation of the replies, the researcher's conclusions, and the recommendations made from the data gathered were all made possible via content analysis. The complete content analysis process involved getting to know the replies, outlining the information, examining trends in the data from the many interviews, and finally formulating the appropriate conclusions based on the research's results.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This section presents the findings of the investigation on the funding strategies and competitive advantage at Batian Nuts Limited. The qualitative data gathered via interview guides was analyzed using content analysis to address the research objectives. The results are classified and presented as per the various themes examined in the study.

4.2 Bio Data

The study's interviewees constituted four senior managers at Batian Nuts Limited namely; the head of operations, head of finance, head of risk and head of marketing. The interviewees were chosen given their understanding and involvement on matters relating to funding strategies at Batian Nuts Limited and how the strategies influence competitive advantage. When asked about the duration they have headed their respective departments, the interviewees indicated that they had been in charge of their units for a period ranging between three to five years. This demonstrates that the respondents were well vast with the funding strategies and programs under their departments and the organization at large.

4.3 Organization's funding strategies

The study sought to understand the firm's funding strategies and how they have evolved over time. The results revealed that the company's main source of funding was financing from owners and directors in form of equity. This was supplemented by loans from commercial banks. The remarks of one of the respondents was, "*encouraging existing shareholders to inject additional equity reduced the financial risk associated with being highly leveraged hence avoid share dilution and the solvency risk*".

The findings revealed that Batian Nuts Limited had a structured funding cycle. In the first year of operation, the firm's concern other than mobilizing the start-up capital acquired through commercial bank loans and owner's capital was having adequate working capital for the running of the business. The sources of working capital include pre-financing from customers and bank overdrafts. The interviewees reported that impact investors developed interest with the company as from the second year of existence given the sustainability aspects of the project.

The need to expand operations came in handy in year three of the business operation drawing from the learning curve and experience gained in the past two years. The interviewees reported that the little profits realized by this point were used as a surety to secure long-term loans from the bank for expansion of operations. The acquisition of loans at this stage was also supported by asset financing where the company used its balance sheet assets, including short-term investments, inventory and accounts receivable to borrow money from banks. One of the interviewees stated, *“the additional funds acquired at this stage are used for capital expenditures to acquire more machinery and equipment needed to scale-up agro-processing operations and bring more farmers on board as thousands of them are involved in growing, macadamia nuts in Meru thus a high-demand for agro-processing services.”*

On boarding impact investors has been used as an avenue to raise funds by Batian Nuts Limited as the project has attracted impact investments based on their projected impact on the livelihoods of farmers. This option allows Batian Nuts to access cheaper capital, not

only to run their business but also to pursue their expansion plans whilst achieving the required return, social as well as financial, for the impact investor. The sentiments of one participant were *“we look for impact investors on an annual basis to inject more capital for the much needed expansion since majority of the market remains untapped and most households lack the capacity to transport the nuts to the agro-processing plant hence sell to intermediaries reducing their incomes.”*

In the projected funding lifecycle, the company is expected to begin repaying its long-term loans in the fifth year of operations. A respondent was captured stating *“the company has a policy to embark on repayment of any loan commitment in a period not exceeding five years to minimize interest amounts hence saving substantial amount of money”*. Another funding strategy was mobilization of grants for research and development from the government and other interested parties. The interviewees indicated that the nut-processing business was relatively new in Kenya and spurred a lot of interest from different development partners hence through, collaborations and Batian Nuts Limited has been used as a centre for research and development as well as a benchmarking centre bringing more finances.

4.4 Factors Considered in Choosing Financing Options

The study sought to examine the factors considered when choosing the funding and financing options. The interviewees indicated that the flexibility of the financiers in terms of acceptable collateral to secure finances was a crucial determinant. The participants indicated that some lenders accepted movable assets as collateral while others such as commercial lenders preferred fixed assets collateral. This largely influenced the decision

to commit to a loan based on the assets at disposition of the bank and the bank's willingness to accept the security. In response to the matter, an interviewee argued, "*the decision to secure financing from the banks largely depend on their collateral requirements as we are often sceptical to commit our highly valuable assets and resources for the fear of being liquidated in the event our strategies don't work*". Flexibility was also assessed in terms of the financier's willingness to renegotiate the terms of credit and repayment timelines with the firm. The interviewees reported that the organization opted to work with financial institutions that offered some level of flexibility with respect these factors.

According to the interviewees, another important consideration was the interest rates of the loan and other administrative costs. It was reiterated that the organization preferred loans with low and reasonable interest rates since high interest rates strained the organization in servicing the loans hence derailing its stability and growth trajectory. The interviewees further indicated that high interest rates heighten chances of default if the financial projections of the protracted investments do not go as forecasted.

The loan process including the duration between loan application and time of the actual loan disbursement was cited as a key consideration when selecting a financing partner. The interviewees indicated bank's that fast tracked the process were selected over those with long and tedious processes. The interviewees indicated that the organization borrowed from banks with shorter loans processes as the money is released fast enough to execute the intended operation hence enabling harnessing of the opportunity when still lucrative which consequently support the realization of the organization's vision.

Another crucial factor highlighted was the customer relations of the financier. The interviewees indicated that having a cordial and friendly relationship with the bank encouraged loan uptake. This enabled renegotiation of the loan terms and provision of wise advisory on matters relating to the loans being serviced or acquisition of new loans. According to a respondent *“the organization’s good relationship with our financial partners was witnessed during the COVID-19 pandemic times, where our financiers provided advisory to enable us walk the enterprise journey and even restructured our loans that were due to low level of operations and sales that the organization was experiencing at the moment”*.

4.5 Impact of different funding strategies the organization's competitive advantage

When asked about the impact of different funding strategies on competitive advantage, the respondents stated that the assessment was more on soft areas. As such, the effectiveness of the strategies was gauged based on the achievement of the business goals. The interviewees highlighted three major steps of evaluating the impact of the strategies namely evaluation of the outcome, analysing the result and performance indexing. In the impact evaluation stage, process, impact, outcome and summative evaluation of the entire project is performed to establish whether a project proceeds as planned and if it reaches the projected audience. The results analysis step involves examining the actual benefits versus the projected results, which is key in informing whether the funding strategy worked. Finally, performance indexing is adopted to establish how well the activities and programs are meeting the defined goal.

When asked about the effect of the firm's funding strategies and competitive advantage, Some respondents said "*our funding options offer us some flexibility with respect to the timing of financing as our grants and funds are usually timely dispatched which facilitate operations as outlined in the work plan*" Easy access to funds due to already established funding strategies saved time and resources spent on mobilization of resources which was channelled into productivity hence competitive advantage.

4.6 Instances where funding strategies have directly contributed to gaining a Competitive Edge and Improvement of Market Position

When asked about the specific instances where funding strategies have contributed to competitive advantage, the interviewees stipulated that the firm is able to access funds timely through the current funding arrangements hence the firm is able to purchase the nuts at competitive price and volumes. "*We do not purchase the nuts on credit from the farmers which earns us trust and loyalty from the customers hence consistent supply of the nuts for continued agro-processing functions thus competitive advantage*" an opinion captured from a respondent was backed by the understanding that cash payments are preferred by the farmers.

The firm's reliable funding strategies have been instrumental in maintaining a niche in the market which is providing a reliable market for Macadamia nut farmers in Meru. Such has been possible through offering support to farmers in terms of extension services, insurance and markets which has been aided by effective funding strategies. Having access to funds has enabled the Batian nuts to purchase ahead of other Macadamia Nuts buyers hence

offering a competitive edge. Additionally, the company has realized competitive advantage through foreign exchange gains as a result of foreign exchange fluctuations through stocks purchased earlier. Such gains were made possible through adequate financing and funding arrangements as argued in the response, “*we have pre-financing arrangements with the bank such as overdraft facilities which enable us to sustain operations such as paying salaries and paying the farmers when funding delays occur*”.

4.7 Challenges encountered when implementing funding strategies and solutions

The interviewer engaged the participants to ascertain whether challenges had been experienced in implementing the funding strategies and the measures put in place to ameliorate them. The interviewees reported that fluctuating loan rates was a major concern. It was highlighted that the bank constantly reviews its interest charges which makes the loans expensive which affect the borrowing pattern of the company. Some interviews believed that the interest rate accumulation on loans increased exponentially when loans are serviced over a longer period of time which become counterproductive. Measures such as considering alternative sources of funding including application of more grants and renegotiating the rates was a mechanism used to overcome this challenge.

Untimely disbursement by the bank was mentioned as another challenge with respect to financing. It emerged that the actual disbursement sometimes delays even after all internal approvals by the bank had been done which derailed operations. Seeking alternative funding not limited to credit purchasing such as looking for impact investors as the firm awaits disbursement was employed to ensure continuity of operations.

Another major challenge was the exchange loss in terms of currency since the money received from the financiers was stored in the bank which significantly lose value by the time of use due to the weakening of the Kenya Shilling against the dollar. Importing equipment for agro processing was also expensive due to weakening of the Kenya shilling, thanks to the Kenyan government for waiving some importation taxes for equipment. Transfers from donors may be stored in central bank (CDC accounts) to attract foreign exchange gains. Money could also be invested in government bonds and securities instead of lying idle in the accounts.

The long process of loan application which involve heavy documentation requirements and demand for collateral made the financing process complex and tedious. The respondents argued that they were subjected to the same old and tedious loan process despite having worked with the bank for a long time which was time consuming hectic. Batian nuts Limited was currently on a journey of bringing more impact financiers on board who are easy to engage as long as the idea is viable. Natural occurrences such as COVID-19 pandemic was cited as a threat to financing, as investors and banks were sceptical to lend money due to the uncertainty presented by the calamity as nobody was sure about the aftermath. The insurance came in handy at such times.

4.8 Resources and Capabilities that have Driven Competitive Advantage

The interviewees reported that the firm has had an advantage over its competitors arising from the large pool of resources hence enjoying economies of scale. Economies of scale has been realized through bulk purchasing of macadamia nuts from farmers hence attracting discounts and large-scale processing hence reduction of per-unit cost translating to higher margin. The study further found that the firm has hired an experienced and a competent team which is highly innovative and effective in the execution of duties. The interviewees boasted the existence of a competent and talented team which has revolutionised the way things are done at Batian. Best talent was recruited and efforts were made to enhance the skills of the employees through trainings hence the workers have been able to overcome the hurdles in the industry and maintain the market lead.

The respondents reported that access to timely funding availed the necessary working capital to keep the operations running. Such consistency in funding enabled timely payment of salaries, meeting of daily operation costs which fostered the confidence of the external buyers and farmers and investors on the company's going concern. An interviewee indicated, *“having a stable and consistent funding guarantee continuity of operations and commitment to the mandate without fear of uncertainty which often compel the firm to resort to emergency loans and bank overdraft facilities which are expensive”*.

State of art facilities and up to standard agro-processing architecture was reported as a strength to the organization as the produce met global standards for export and offered self-

sufficiency with regards to agro-processing hence placing the organization at the fore-front. A response, *“most government institutions, private sector and other development partners come here to benchmark, Batian has become a household name especially in this region which really motivates us to work harder and take the nut processing business to another level as well as support livelihoods”* implied that Batian was becoming a major player in the agro-processing industry. The findings further revealed that Batian Nuts Limited owns a fleet of motor vehicles for logistical purposes which is used in macadamia nuts collection from the field and transporting the produce to the airport as well as running administrative functions.

4.9 Resource allocation and Competitive advantage

As to the strategies used to optimize the allocation financial resources to maximize competitive advantage, economies of scale was a key factor as the organization sought to upscale operations in every aspect to reduce costs and become a market leader. The interviewees also indicated that the company engaged in strategic marketing through use of social media platforms and targeted marketing to reach out to farmers in the villages in Meru especially using local vernacular radio channels. According to head of marketing, the firm engages in planned and well-coordinated marketing and frequent stock taking with regards to customer conversion is done to assess the effectiveness of the marketing strategies and related investment.

Proper operational controls are also undertaken based on the annual budget to ensure that every activity or cost incurred is aligned to the budget to avoid shortfalls and deficit which may derail the implementation of the work plan. Adequate planning of assets and

allocation of key resource requirements for execution of tasks is undertaken in advance to ensure seamless flow of operations and activities without delays hence realization of goals. This entail timing of financing needs and planning in advance. Finally, the risk manager highlighted close monitoring of utilization of funds to mitigate misuse as a powerful tool for optimization of resources. The existence of adequate checks and balances, deployment of systems and engaging auditors were among the mechanisms used to safeguard the organization's resources.

4.10 Projects funded and impact on market share

The World Macadamia Organisation, annual subscription supports in macadamia marketing globally. This funding contributed to growth of market share. Technical assistance funding increases internal capacity to be more competitive in the market. Organic macadamia processing, by converting to organic farming and processing we have managed to increase the market share in the world market, increasing our margins due to better prices for the organic farming and lastly being part of the global climate change action.

4.11 Effectiveness of funding strategies in achieving long-term sustainability

When asked about the effectiveness of funding strategies in achieving long-term success and sustainability, the interviewees pin-pointed the evaluation of goals, process and the outcome (SMART goals) which was achieved by analysing data, reports and through observation. The consistency and availability of funding especially external financing was a key indicator and major signal of long-term sustainability as it to a large extent prescribes future availability of the current products. As such, Batian was committed to entering long-

term funding relationship with the financing partners to ensure continuity and committed to working around the clock to achieve its mandate to justify continued support. That goes without saying prudent management of funds. Having a strong company asset base may also serve as a fall-back plan to commercial lenders in future.

4.12 Role of external factors in shaping the funding strategies and their impact on competitive advantage

The interviewees emphasized that external factors such as industry trends, economic factors, market conditions and political landscape played a big role in shaping the funding strategies, hence influencing competitive advantage. Most respondents believed that the political and economic factors such as taxation have a direct influence of the investors' interest to invest in the country, most prefer favourable tax regimes or venturing into industries that are highly incentivised so as to maximize their returns. That notwithstanding, they all agreed that the focus of the current regime on value addition through agro-processing, aggregation centres and industrial parks may favour Batian with respect to policy direction.

Market uncertainties also influenced funding strategies, the interviewees argued that the unpredictability of the market make it difficult to get working capital. Implicating the influence of economic factors and conditions that bring uncertainties such as Covid-19 on the willingness of financiers consequently impacting competitive advantage. The interviewees further reported that challenging conditions caused by externalities such as weakening of the Kenyan currency or calamities such as the Covid-19 may derail the firm's

capacity to service loans creating a bad credit reputation thus affecting resource mobilization efforts.

Another common externality cited was the low demand for edible nuts in Kenya which limits the capacity for expansion. Convincing prospective investors on the expansion projections amidst this underlying reality may sometimes prove futile stalling business operations and sales. Low confidence from financiers when sales were low was also highlighted as an underpinning factor. Industry trends such as more sensitization and concerted efforts by the state to push for agro-processing may present a threat to the business as more players will be incentivised to venture into the business resulting to higher competition. This may influence the funding pattern as there will be more competition for resources that support agro-processing from banks and tightening of eligibility criteria in the application of grants.

4.12 Discussion of the Findings

The findings on the funding strategies show that Batian nuts Limited uses a variety of funding strategies to sustain operations and realize competitive advantage. These include equity financing from the shareholders, short-term loans such as bank overdraft, pre-financing arrangements, grants, impact investors given the sustainability nature of the project, pre-sales, capital expenditures, asset financing among others. These findings are in line with Wang et al. (2021) who investigated how financing strategies affected competitive advantage and documented that organizations that employed a well-balanced mix of financing sources had a stronger competitive advantage compared to those relying heavily on a single source. These findings also auger with Kee, Yusoff and Khin (2019) who argued that start-ups that secured funding from a diverse range of sources, including

venture capital, angel investors, and government grants, had a higher likelihood of achieving competitive advantage as well as Siekei, Wagoki and Kalio (2023) who focused on the financing strategies and competitive advantage of SMEs in Kenya and reported that SMEs that effectively managed their financing strategies by diversifying funding sources and maintaining a balanced capital structure had a stronger competitive advantage.

The findings further revealed that the firm sought financing for expansion, meet operational costs by maintaining adequate working capital and ameliorate any possible risk of running insolvent. These findings are in tandem with Wang, Brabenec, Gao, & Tang, (2021) who documented that a financing strategy's ultimate goal is to guarantee the availability of sufficient and long-term money to support the organization's expansion, innovation, and market competitiveness.

The findings further revealed that mobilization of grants for research and development from the government and other interested parties was used as a source of funding .This revelation aligns well with Nohong, Sobarsyah & Munir, (2019) that effective funding strategies give firms the financial muscle to finance research and development expenditures, acquire new technologies, expand operations and penetrate into new markets and Olazo (2023) who opined that organizations may produce a competent and engaged workforce by spending cash for employee development, training programs, and competitive remuneration packages

The interviewees reported that the challenges experienced in fundraising was high cost of credit, long loan processes and requirements of collateral especially when borrowing from commercial banks. Attracting potential venture investors required competitive proposals and a history of good performance yet the business was relatively new. These findings

agree with Adongo, John, Zeph, & Muyima, (2020) who pin-pointed the challenges for agricultural enterprises such as limited access to credit where many Kenyan farmers struggle to access credit and other financial services, which limits their ability to invest in their operations and grow their businesses. Additionally, external factors including macroeconomic factors, environmental and calamities such as Covid-19 influence the sustainability of the industry and ability to raise funds and consequently competitiveness.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The section extensively and systematically outlines summary results shedding light on the profound impact of funding strategies on competitive advantage of Batian Nuts Limited. Additionally, conclusive inferences are carefully drawn, acknowledging the limitations inherent in any research endeavor while underscoring the importance of pragmatic recommendations for successful policy implementation.

5.2 Summary of Findings

The research interviewees constituted four senior managers at Batian Nuts Limited namely; the head of operations, head of finance, head of risk and head of marketing. The interviewees were chosen given their understanding and involvement on matters relating to funding strategies at Batian Nuts Limited and how the strategies influence competitive advantage. When asked about the duration they have headed their respective departments, the interviewees indicated that they had been in charge of their units for a period ranging between three to ten years. This demonstrates that the respondents were well vast with the funding strategies and programs under their departments and the organization at large.

The main source of funding was financing from owners and directors in form of equity. This was supplemented by loans from commercial banks. The findings revealed that the organization had a structured funding cycle. In the first year of operation, the firm's concern other than mobilizing the start-up capital acquired through commercial bank loans

and owner's capital. Other sources of funding were pre-financing from customers supplemented by bank overdrafts. The impact investors were brought on board in the second year of existence of the organization given the sustainability aspects of the project. Batian secured long term loans from the bank for expansion of operations in the third year of operation. The acquisition of loans at this stage was also supported by asset financing where an organization used its balance sheet assets, including short-term investments, inventory and accounts receivable to borrow money from banks. Another funding strategy was mobilization of grants for research and development from the government and other interested parties.

As on the factors influencing decision-making process when selecting funding sources or financing options, the interviewees indicated that the flexibility of the financiers in terms of acceptable collateral to secure finances was a crucial determinant. The participants indicated that some lenders accepted movable assets as collateral while others such as commercial lenders preferred fixed assets collateral. The interviewees reported that the organization opted to work with financial institutions that offered some level of flexibility with respect to these factors. The interest rates of the loan and other administrative costs were also cited as a crucial way of selecting financing. It was reiterated that the organization preferred loans with low and reasonable interest rates since high interest rates strained the organization in servicing the loans hence derailing its stability and growth trajectory. The loan process including the duration between loan application and time of the actual loan disbursement was cited as a key consideration when selecting a financing partner. Finally, having cordial customer relations of the financier surmounted to good relationships hence loan uptake.

As on the impact of different funding strategies on competitive advantage, the respondents stated that the assessment was more on soft areas. As such, the effectiveness of the strategies was gauged based on the achievement of the business goals. The results analysis step involves examining the actual benefits versus the projected results which is key in informing whether the funding strategy worked. Finally, performance indexing is adopted to establish how well the activities and programs are meeting the defined goal.

The challenges had been experienced in implementing the funding strategies and the measures put in place to ameliorate them. The interviewees reported that fluctuating loan with respect to interest was a major concern. Untimely and delayed disbursement by the bank was mentioned as another challenge with respect to financing. Another major challenge was the foreign exchange loss in terms of currency since the money received from the financiers was stored in the bank which significantly lose value by the time of use due to the weakening of the Kenya Shilling against the dollar. The long process of loan application which involve heavy documentation requirements and demand for collateral make the financing process complex and tedious.

The key resources and capabilities that earned the firm competitive advantage in raising finances include Economies of scale which has been realized through bulk purchasing of macadamia nuts from farmers hence attracting discounts and large scale processing hence reduction of per-unit cost translating to higher margin. Having experienced and a competent team which is highly innovative and effective in the execution of duties. Additionally, access to timely funding availed the necessary working capital to keep the operations running. Last but not least, state of the art facilities that meet market requirements was reported as a strength to the organization as the produce met international

standards for export and offered self-sufficiency with regards to agro-processing hence placing the organization at the fore-front. Finally, adequate logistical purposes through a fleet of vehicles and supported transporting the produce to the airport as well as running administrative functions.

As to the strategies used to optimize financial resources to maximize competitive advantage, economies of scale was a key factor as the organization sought to upscale operations in every aspect to reduce costs and become a market leader. Engaging in strategic marketing such as the use of social media platforms and targeted marketing to reach out to farmers in Meru especially using local vernacular radio channels. Proper operational controls are also undertaken based on the annual budget to ensure that every activity or cost incurred is aligned to the budget to avoid shortfalls and deficit which may derail the implementation of the work plan.

On the impact of external factors such as industry trends, economic factors market conditions and political landscape played a big role in shaping the funding strategies hence influencing competitive advantage. Market uncertainties also and uncertainties such as Covid-19 reduce the willingness of financiers to fund consequently impacting competitive advantage. The Another common externality cited is the low demand for edible nuts in Kenya which limits the capacity for expansion. Industry trends such as more sensitization and concerted efforts by the state to push for agro-processing may present a threat to the business as more players will be incentivised to venture into the business resulting to higher competition.

5.3. Conclusions

This research concludes that Batian Nuts Limited has embraced different fundraising strategies to sustain operations and gain competitive advantage. This includes presales, short-term loans from the bank, long-term loans, asset financing, application for grants and engaging impact investors among others. As such, the company has been able to mobilize a pool of funds availing adequate working capital and realize expansion and growth hence competitive advantage.

Good and reliable fundraising strategies have enabled the firm to acquire resources and capabilities such as state of the art facilities, acquire top talent, build capacity in research and development and realize effectiveness and efficiencies in agro-processing through accuracy and reduction of wastages hence gaining competitive advantage.

It further concludes that the firm's ability to obtain funding is influenced by external factors. These include macro-economic factors such as taxation, performance of the economy, weather patterns and occurrence of calamities such as Covid-19. Such factors affect the financier's willingness to offer credit for evasion of risk which affect the operations of the firm and consequently competitive advantage. Poor weather patterns for instance affect the production and supply of nuts to the factory hence optimum production is not achieved.

Finally, the study concludes that fundraising activities is coupled with various challenges such as expensive loans due to high interest rates, long loan processes and documentation and requirements for collateral especially from commercial banks. Untimely disbursement of funds and interest rates fluctuations were further cited as shortfalls in acquiring

financing. These factors reduced the company's profitability and resulted to disparities in projections and actuals hence reducing the ability to compete effectively.

5.4 Recommendations

The government should consider setting up regulations along lending businesses to offer some safeguard against exploitation of businesses by banks and digital lenders to ensure survival and sustainability. This may be achieved by setting a cap on the interest rates to be charged on loans and discouraging and weeding out informal lenders such as shylocks that exploit small businesses. The government should consider creating favorable policies and infrastructure to attract foreign investors such as venture capitalists and facilitate technology transfer.

Increasing the amount of fund of government sponsored initiatives such as the hustler fund will offer alternative financing to SMEs for single digit interest rates hence taming the predatory activities of commercial banks and digital lenders which cause some moderation in the interest rates. Additionally, business owners should consider other financing options such as crowdfunding, angel investors and venture capitalists. This may be earned through developing innovative business ideas which capture the attention of the aforementioned, hence a cheaper and adequate source of capital.

More sensitization should be conducted by both the state and the private sector to educate business owners on the different available financing options. Such initiatives will encompass financial literacy with major reflections on the impact of interest rates on cost of doing business, savings and investments among others which will in essence foster fundraising efforts as entrepreneurs and companies will begin to see things in a different perspective and consider different financing options.

5.5. Suggestions for Further Studies

To further enrich our comprehension of funding strategies and competitive advantage, several domains merit further exploration. Firstly, a descriptive cross sectional research design which entails the study of many firms at a given may be considered as opposed to a case study to study the constructs. Secondly, future studies may consider a quantitative design to validate the findings. Future studies should incorporate more variables to understand the factors that influence the factors that influence the competitive advantage of businesses. Future studies may consider secondary data to examine the constructs since primary data was purely utilized in the study.

REFERENCES

- Abebe, Y., Adey, B. T., & Tesfamariam, S. (2021). Sustainable funding strategies for stormwater infrastructure management: A system dynamics model. *Sustainable Cities and Society*, 64(7);102-115.
- Adegbie, F. F., & Akenronye, C. T. (2022). Financial strategy and corporate performance growth of quoted cement manufacturing companies in Nigeria. *International Journal of Business Innovation and Research*, 29(3), 367-405.
- Adomako, S., & Nguyen, N. P. (2020). Funding, sustainable innovation, and environmental performance of small and medium-sized enterprises in sub-Saharan Africa. *Business Strategy and the Environment*, 29(8), 2984-2994.
- Adongo, S. O., John, S. O., Zeph, P., & Muyima, R. N. (2020). Impact of monetary policy on the performance of agricultural sector in Kenya. *International Journal of Research and Innovation in Social Science*, 4(7), 562-568.
- Alumasa, S., & Muathe, S. (2021). Mobile Credit and Performance: Experience and Lessons from Micro and Small Enterprises in Kenya. *Journal of Applied Finance & Banking*, 11(4), 135-161.
- Arsawan, I. W. E., Koval, V., Rajiani, I., Rustiarini, N. W., Supartha, W. G., & Suryantini, N. P. S. (2022). Leveraging knowledge sharing and innovation culture into SMEs sustainable competitive advantage. *International journal of productivity and performance management*, 71(2), 405-428.
- Astuti, P. D., Datrini, L. K., & Chariri, A. (2023). Understanding the antecedents and consequences of sustainable competitive advantage: testing intellectual capital and organizational performance. *Economies*, 11(4), 120-131.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1), 99-120.
- Birch, I. (2018). Agricultural productivity in Kenya: barriers and opportunities.
- Burt, R. S., & Soda, G. (2021). Network capabilities: Brokerage as a bridge between network theory and the resource-based view of the firm. *Journal of Management*, 47(7), 1698-1719.
- Chiaromonte, L., Girardone, C., & Piserà, S. (2022). Do ESG strategies enhance bank stability during financial turmoil? Evidence from Europe. *The European Journal of Finance*, 28(12), 1173-1211.
- Cooper, D. R., & Schindler, P. S. (2014). *Business research methods* (10thed.). New Delhi: Tata McGraw-Hill Publishing Company Limited
- Correia, R. J., Teixeira, M. S., & Campos, S. (2023). Building competitive advantages and business success: the role of learning orientation, reward systems and entrepreneurial orientation. *European Business Review*, 35(1), 92-119.

- Farida, I., & Setiawan, D. (2022). Business Strategies and Competitive Advantage: The Role of Performance and Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(3), 163-171.
- Gibson, C. B., Gibson, S. C., & Webster, Q. (2021). Expanding our resources: Including community in the resource-based view of the firm. *Journal of Management*, 47(7), 1878-1898.
- Githaiga, P. N., Soi, N., & Buigut, K. K. (2023). Does capital matter to MFIs' financial sustainability? *Asian Journal of Accounting Research*, 8(1), 41-52.
- Glass, V., & Tardiff, T. (2021). Reforming funding of universal access to telecommunications and broadband services: Approaches for the new decade. *Telecommunications Policy*, 45(2), 102037-102043.
- Hossain, M. S., Hussain, K., Kannan, S., & Kunju Raman Nair, S. K. (2022). Determinants of sustainable competitive advantage from resource-based view: implications for hotel industry. *Journal of Hospitality and Tourism Insights*, 5(1), 79-98.
- Jatmiko, B., Udin, U. D. I. N., Raharti, R., Laras, T., & Ardhi, K. F. (2021). Strategies for MSMEs to achieve sustainable competitive advantage: The SWOT analysis method. *The Journal of Asian Finance, Economics and Business*, 8(3), 505-515.
- Jeong, S. W., & Chung, J. E. (2023). Enhancing competitive advantage and financial performance of consumer-goods SMEs in export markets: how do social capital and marketing innovation matter?. *Asia Pacific Journal of Marketing and Logistics*, 35(1), 74-89.
- Kee, D. M. H., Yusoff, Y. M., & Khin, S. (2019). The role of support on start-up success: a PLS-SEM approach. *Asian Academy of Management Journal*, 24, 43-59.
- Kisuya, B., Kihara, A., & Macheru, J. (2023). Financing strategies and competitive advantage of NSE listed firms. *Journal of Business and Strategic Management*, 8(1), 1-26.
- Kogo, B. K., Kumar, L., & Koech, R. (2021). Climate change and variability in Kenya: a review of impacts on agriculture and food security. *Environment, Development and Sustainability*, 23, 23-43.
- Krakowski, S., Luger, J., & Raisch, S. (2023). Artificial intelligence and the changing sources of competitive advantage. *Strategic Management Journal*, 44(6), 1425-1452.
- Kruesi, M. A., & Bazelmans, L. (2023). Resources, capabilities and competencies: a review of empirical hospitality and tourism research founded on the resource-based view of the firm. *Journal of Hospitality and Tourism Insights*, 6(2), 549-574.
- Lupşa-Tătaru, D. A. (2019). The new key of competitive advantage in business. *Ovidius University Annals, Series Economic Sciences*, 19(2), 515-518.

- McGahan, A. M. (2021). Integrating insights from the resource-based view of the firm into the new stakeholder theory. *Journal of management*, 47(7), 1734-1756.
- Mujtaba, M., & Mubarik, M. S. (2022). Talent management and organizational sustainability: role of sustainable behaviour. *International Journal of Organizational Analysis*, 30(2), 389-407.
- Nayak, B., Bhattacharyya, S. S., & Krishnamoorthy, B. (2022). Exploring the black box of competitive advantage—An integrated bibliometric and chronological literature review approach. *Journal of Business Research*, 139(8); 964-982.
- Nohong, M., Sobarsyah, M., & Munir, A. (2019). Financial literacy and competitive advantage: SME strategy in reducing business risk. *Espacios*, 40(32), 12-17.
- Olazo, D. B. (2023). Marketing competency, marketing innovation and sustainable competitive advantage of small and medium enterprises (SMEs): a mixed-method analysis. *Asia Pacific Journal of Marketing and Logistics*, 35(4), 890-907.
- Porter M.E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. Free Press: New York.
- Porter, M. E. (1985). Technology and competitive advantage. *Journal of Business Strategy*.
- Porter, M. E. (1996). Competitive advantage, agglomeration economies, and regional policy. *International regional science review*, 19(1-2), 85-90.
- Porter, M. E. (2006). The link between competitive advantage and corporate social responsibility. *Harvard business review*, 84(12), 78-92.
- Rambe, P., & Khaola, P. (2022). The impact of innovation on agribusiness competitiveness: the mediating role of technology transfer and productivity. *European Journal of Innovation Management*, 25(3), 741-773.
- Siekei, J., Wagoki, J., & Kalio, A. (2023). An assessment of the role of financial literacy on performance of small and micro enterprises: Case of Equity Group Foundation training program on SMEs in Njoro District, Kenya. *Business & Applied Sciences*, 1(7), 250-271.
- Soleh, M. (2020). Zakat fundraising strategy: Opportunities and challenges in digital era. *Journal of Nahdlatul Ulama Studies*, 1(1), 1-16.
- Su, H., Qu, X., Tian, S., Ma, Q., Li, L., & Chen, Y. (2022). Artificial intelligence empowerment: The impact of research and development investment on green radical innovation in high-tech enterprises. *Systems Research and Behavioral Science*, 39(3), 489-502.
- Wang, C., Brabenec, T., Gao, P., & Tang, Z. (2021). The business strategy, competitive advantage and financial strategy: a perspective from corporate maturity mismatched investment. *Journal of Competitiveness*, 13(1), 164-171.

- Wangithi, C. M., Muriithi, B. W., & Belmin, R. (2021). Adoption and dis-adoption of sustainable agriculture: a case of farmers' innovations and integrated fruit fly management in Kenya. *Agriculture*, 11(4), 338-343.
- Wen, H., Zhong, Q., & Lee, C. C. (2022). Digitalization, competition strategy and corporate innovation: Evidence from Chinese manufacturing listed companies. *International Review of Financial Analysis*, 82(8); 102-166.
- Williams, C., Hailemariam, A. T., & Allard, G. (2022). Exploring entrepreneurial innovation in Ethiopia. *Research policy*, 51(10), 104599.
- Yin, R. K. (2018). *Case study Research: Design and methods* (12th ed.). Newbury Park, CA: Sage Publications
- Zhang, X., Chu, Z., Ren, L., & Xing, J. (2023). Open innovation and sustainable competitive advantage: The role of organizational learning. *Technological Forecasting and Social Change*, 186, 122114.

APPENDICES

Appendix I: Interview Guide

This interview guide is designed to collect data that will help in better understanding funding strategies and competitive advantage at Batian Nuts Limited. The data collected by this interview guide will be held with strict confidentiality.

The purpose of this interview is to:

- i) Determine the funding strategies adopted by Batian Nuts Limited.
- ii) Establish the effect of funding strategies on competitive advantage of Batian Nuts Limited.

PART A: RESPONDENT PROFILE

- 1) Currently which position in the firm do you hold?
- 2) How long have you been in charge of this function at the firm?
- 3) Which funding strategies does your firm engage in?

PART B: FUNDING STRATEGIES AND COMPETITIVE ADVANTAGE AT BATIAN NUTS LIMITED

- 1) Can you provide an overview of your organization's funding strategies and how they have evolved over time?
- 2) What factors or considerations influence your decision-making process when selecting funding sources or financing options?
- 3) How do you assess the impact of different funding strategies on your organization's competitive advantage?
- 4) Can you describe any specific instances where your funding strategies have directly contributed to gaining a competitive edge or improving your market position?
- 5) What challenges or obstacles have you encountered when implementing funding strategies, and how have you overcome them?

- 6) In your opinion, what are the key resources or capabilities that have been crucial in enhancing your competitive advantage, and how have funding strategies supported their development or acquisition?
- 7) How do you determine the optimal allocation of financial resources across different areas of your organization to maximize competitive advantage?
- 8) Can you discuss any specific initiatives or projects that were funded and have positively impacted your market share? How did you measure their success?
The World Macadamia Organisation, annual subscription supports in macadamia marketing globally. This funding contributed to growth of market share.
Technical assistance funding increases internal capacity to be more competitive in the market.
- 9) How do you assess the effectiveness of your funding strategies in achieving long-term sustainability and maintaining a competitive position in the market?
- 10) What role do external factors, such as market conditions or industry trends, play in shaping your funding strategies and their impact on competitive advantage?

Thank you for your co-operation