INFLUENCE OF COST STRUCTURES ON ORGANIZATIONAL PERFORMANCE OF SEED MAIZE COMPANIES IN KENYA

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ABSTRACT

There are many strategic factors that affect the overall performance of seed businesses in Africa. Organizational performance is an analysis of a company’s performance as compared to set goals and objectives. Usually three key outcomes of financial, market and stakeholder value performances are analyzed. This study focused on the influence of cost structures on organizational performance of seed maize companies in Kenya. The study adopted a cross-sectional survey research design to collect data from the target population which comprised of seed maize companies in Kenya. The sampling frame of the study was the registered seed maize companies at the Seed Trade Association of Kenya which was the unit of analysis, while the respondents were the managerial employees within the seed companies and key seed experts in Kenya. Primary data was obtained by administering questionnaires to four employees within each seed company. The four employees were randomly selected from the production, marketing, finance and warehousing departments. Interviews were conducted with key seed experts who were selected through snow-balling and judgment techniques. The collected data was analyzed using SPSS software. Factor analysis was done to establish the appropriateness of the questionnaire constructs. Both descriptive and inferential statistics were used. Inferential statistics included the use of bivariate analysis and a multiple regression model was used in order to establish the effect of cost structures on organizational performance of seed maize companies. The study findings indicated that cost structures had a positive influence on organizational performance of seed maize companies. Cost structures and organizational performance had a strong positive relationship as indicated by a correlation coefficient of 0.680. The fitted regression equation showed that one positive unit change in cost structures’ effectiveness leads to a change in organizational performance at the rate of 70.7%. The majority of the respondents agreed that staff costs, seed distribution & marketing costs and packaging & branding costs are relatively high in seed maize companies. Seed storage costs and cost of compliance with seed
regulations were reported to be manageable in seed business. Similarly, the respondents agreed that they incur low cost in securing licenses to operate a seed business. The costs of inputs such as pesticides and fertilizers were found to be a small component of the total costs of a seed business as they are charged to the contracted seed out-growers. The study concludes that there are key cost drivers that affect organizational performance of seed maize businesses. In order for seed companies to enhance their performance and achieve competitive advantage, the study recommends that cost structures must be proactively analyzed, managed and streamlined in order to minimize the total expenses of the business. This would result in increased profit margins and overall organizational performance.

**Key Words:** Cost structures, Organizational performance, Seed maize companies, Competitive advantage, Profit wedge

1. Introduction

Most countries in Africa are agro-based relying on agriculture for food, the supply of industry raw materials, employment creation and foreign currency earnings through exports of various commodities. A bigger proportion of the countries in Africa rely on maize based cropping systems for food security and the main staple crop is maize. In such agro-based systems, seed can play a critical role in increasing agricultural productivity. According to Langyintuo, Mwangi, Diallo, MacRobert, Dixon, and Bänziger (2010), seed can be described as an essential, strategic, and relatively inexpensive input that often determines the upper limit of crop yields and the productivity of all other agricultural inputs. This is because if the farmers are provided with high optimized seed for the climates of various regions in Kenya, they can produce up to two times more grain per hectare than ordinary seed thus ensuring higher food security. It is with this concern that this study wishes to address the factors that facilitate development of a seed system that is capable of generating, producing and distributing adequate new seed varieties that meet the needs of all farmers, in a cost-effective way and increase agricultural production as well as the viability and overall improved performance of the seed companies.

The African continent is currently faced with a big challenge of failing to meet the demand for improved quality maize seed. In 2006/07 season, only 35% of improved maize seed was marketed in nine Drought tolerant Maize for Africa (DTMA) project countries in Eastern and Southern Africa (Setimela, Badu-Apraku & Mwangi, 2009). The balance (65%) of the requirement is normally fulfilled through use of unimproved seed and recycling of open pollinated varieties (OPVs) and hybrids. This deficit of improved seed is a big threat to both seed and food security in most African states that rely on maize as a staple food. Due to seed
shortages and other factors such as high cost of hybrid seed, most smallholder farmers resort to using unimproved OPVs, farm saved seed (F2) and various landraces shared in communities. Farm saved seed accounts for the greatest proportion of planted land in low-income economies (Msuya & Stefano, 2010). Wambugu, Mathenge, Auma and van Rheenen (2012) reported that about 80% of farmers in Western Kenya use own farm saved seed. The performance of such unimproved and recycled seed is significantly lower than that of improved seeds (Akulumuka, Mduruma, Kaswende & Nkonya, 1996). Pixley and Banziger (2004) reported average losses from use of recycled (F2) seed of 32% for hybrids, 16% for top-crosses and 5% for OPVs.

As a study made by GTZ (2000) clearly states, for small-scale farmers in developing countries, management of seed is of crucial importance and forms an integral part of their crop production systems. For many centuries, farmers have developed and maintained their own plant genetic resources, based on local means of seed production, selection and exchange. Introgressions, mutations and introductions from elsewhere are the common sources of new genetic material in a community. Newly introduced varieties are subject to farmers’ experimentation, and when adopted they become part of the local gene pool. In many cases, this integration involves physical mixing of seeds and spontaneous crossing with other materials. The informal seed sector has strong local character, without necessarily being confined to a small geographical area.

2. Statement of the problem

The current demand for improved maize seed in Kenya is about 39 000mt, yet the seed companies operating in this market space can supply only 72% of this demand (Langyintuo, Mwangi, Diallo, MacRobert, Dixon & Banziger, 2008). The shortfall in improved seed supply is being filled by use of inferior land races and other planting materials exchanged by smallholder farmers in their specific farming communities. The use of such unimproved planting materials, results in lower productivity and hence perennial food insecurity among the farming households (Pixley & Banziger, 2004).

In order to address the maize seed supply challenges, a lot of studies on seed supply in Kenya and the whole East African region were undertaken. These studies identified policy issues, technical and funding challenges as the main factors impacting on the seed businesses.
(Langyintu et al., 2008). Policy issues on variety release, access to superior germplasm, seed certification regulations, human skills in seed production, funding, etc. were cited as some of the major challenges faced by the seed industry especially the new seed entrepreneurs (AGRA 2013). These challenges were tackled by various organizations in Kenya and elsewhere in Sub-Saharan Africa through the supply of superior germplasm by projects such as DTMA, WEMA, AGRA-PASS, IMAS and IRMA. Kenya also has a robust variety registration process that resulted in 82 maize varieties released for commercialization between 2002 - 2006 (Setimela, Badu-Apraku&Mwangi, 2010) and the number grew to 240 varieties in 2014. This shows that the number of improved maize varieties available is no longer a limiting factor for the growth of seed companies. Furthermore, a lot of capacity building was done through seed business grants and loans, training of plant breeders and seed technologists in order to support growth of new seed entrepreneurs (AGRA 2013).

Despite all these efforts to address the policy, regulatory, technical and funding challenges faced by new seed maize entrepreneurs, the seed demand of 39 000mt in Kenya is still being unmet. The supply of 28 000mt (which is 72% of the actual seed maize demand) is dominated by only five big seed companies yet there are 104 registered seed companies in Kenya (AGRA, 2013). These five seed companies have been dominating the Kenya seed market for more than two decades. This is despite all the interventions done by Government, various organizations, NGOs and projects to enhance the performance of the new seed maize entrepreneurs.

The past and current interventions focus much on external and technical factors affecting seed businesses. However, these alone, are failing to catapult new seed entrepreneurs to strategic growth and organizational performance levels that result in sustained business competitiveness in the Kenyan seed market that is dominated by just five major players who are not even meeting the full demand for improved maize seed. As highlighted by Langyintuo, Mwangi, Diallo, MacRobert, Dixon and Banziger, (2009), the reforms done in the seed sector which resulted in four-fold increase in the number of seed companies in the last decade were insufficient as the quantity of seed marketed did not grow in tandem with the increase in number of seed companies. Furthermore, the Kenyan seed sector is classified to be in the Late Growth stage (stage 4) of seed sector development that is characterized among other things, by favourable seed policies that facilitated establishment of many new seed entrepreneurs, with 82 seed companies
having been registered by mid-2010 (AFSTA, 2010) and growing to a total of 104 by 2012 (AGRA, 2013).

The major challenge is that the majority of the new seed entrepreneurs are not achieving the required growth to compete and contribute to the already unsatisfied seed maize market. Many new seed entrepreneurs remain small, producing less than 500mt of seed annually (MacRobert, 2009). This study therefore, sought to establish the influence of cost structures on organizational performance of seed maize companies in Kenya.

3. Purpose of the paper

The purpose of this paper was to determine the influence of cost structures on organizational performance of seed maize companies in Kenya.

4. Literature review

4.1 Cost Structures

Cost structures refer to the expenses that a firm must take into account when manufacturing a product or providing a service (http://www.investorwords.com/6462/cost_structure.html, accessed 13 November 2016). The formal seed system can be characterized by a clear chain of activities. It usually starts with plant breeding and promotes materials for formal variety release and maintenance. Regulations exist in this system to maintain variety identity and purity as well as to guarantee physical, physiological and sanitary quality. Seed marketing takes place through officially recognized seed outlets, and by way of national agricultural research systems (NARS). In formal seed production system, seed multiplication occurs through several generations rather than continually recycling the seed of one generation, to avoid building up physical or genetic contamination over time in the same lot of seed (Louwaars & Marrewijk, 2009).

A major challenge for formal seed supply is to produce sufficient seed of all varieties needed, and deliver it to farmers in a timely manner. This requires considerable organization, time, and space, and incurs business risks due to costs involved in all stages of the value chain that include breeding, production, seed processing and marketing. To start with, significant area and effort is involved in seed production, though this varies by crop according to its multiplication rate (i.e.
how much usable seed is produced per seed sown (McGuire, 2005). The study made by Baniya, Singh and Sthapit, (2003) signify that the formal system focuses more on the interests of the seed company, and has more access to biotechnology and plant breeding techniques, so this seed system generally neglects the indigenous knowledge. The market is dominated by a few suppliers with potentially serious implications for technology choice and price fixing.

Sofokleous (2007) investigated how a fresh pineapple production company implemented Lean strategies to improve processes including packaging and transportation. The author examined the implementation of Lean techniques including Value Stream Mapping in identifying bottlenecks as well as Kaizen events (events that target continuous improvement towards excellence) that the company could carry out. Furthermore, the study investigated how the storage room of the company could utilize 5S (Sort, Straighten, Shine, Standardize, and Sustain) in its organization as well as analyzing costs for potential savings and benefits. The author proposed methods of redesigning the company’s work area in order to create a better process flow. Options such as the use of trolleys, pallets, and hand trucks provided avenues for the reduction of cycle time and the number of workers in the facility needed to transport crates from one point to the other. This further helped to reduce the required man-hours in addition to saving company costs.

Sofokleous (2007) utilized 5S methods including visual aids in training workers to keep storage rooms tidier and more accessible for their own use. The utilization of 5S served as a Kaizen event since the researcher constituted a team to ensure continually that improvements such as updates to visual aids, equipment, and stocked items were implemented in the work area to help eliminate waste. In addition, after the Kaizen event, the team documented the process to create a standard and provide precedence for workers in other shifts. Overall, the study indicated that Lean methods could be implemented in areas other than manufacturing with a great degree of success. In addition, modern business models minimize costs wherever possible, through maximum automation of processes, extensive outsourcing of some services and creation of synergies between different activities or use resources efficiently.

In any business there is critical need to breakdown and analyze the cost structures to determine whether there is need to adjust and streamline some costs in order to increase the profit wedge i.e. the difference between the sales revenue and expenses as illustrated in figure 1 (Cassar, 2015).
Cassar recommends two teams in a firm, one team focused on growing the revenue and the other team focused on reducing expenses in order to grow the profit wedge as well as generate cash.

![A Profit Wedge](image)

**Figure 1. A Profit Wedge**


Some businesses fail to achieve desired levels of organizational performance due to high cost structures. On the other hand, having a low cost structure can be a strong competitive advantage which market leaders in the industry can use to allow flexibility in pricing and gaining higher market shares. The current example is the Online Companies with low cost structures that are currently disrupting traditional industries and are enjoying very high profit margin businesses (Sundelin, 2009).

5. Methodology

This study used a cross-sectional survey research design. A survey research design was used to collect data from the members of a population in order to determine the current status of that population with respect to one or more variables. It was therefore, a self-report study which required the collection of quantifiable information from the sample. A survey research can be descriptive, exploratory or involving advanced statistical analyses (Mugenda&Mugenda, 2003). The correlation approach was used and it involved collecting data in order to determine whether
and to what degree a relationship exists between two or more quantifiable variables. The degree of relationship was expressed as a correlation coefficient (R). Since this study was concerned with discovery and deeper understanding of associations among different variables that affect seed business growth and financial performance, a descriptive study with correlational approach was used (Cooper and Schindler, 2011).

The target population of this study comprised of 24 units of analysis which are the seed maize companies that are registered with the seed trade association of Kenya (STAK) from which the accessible population was drawn. The sample size for this study was 96 employees who were obtained first by selecting through purposive sampling four departments from each seed company, namely; production department, marketing department, finance department and warehousing department. Four employees from each seed company were randomly selected one each from the four departments. The study also interviewed 30 seed experts who were selected through snowballing technique who helped on elaboration of study variables. The snowball technique was used in conjunction with the judgment technique. This involved getting the sample through referral networks (Cooper & Schindler, 2011). Primary data was collected by use of questionnaires, coded and analyzed using SPSS version 20. The data collected from seed experts was subjected to content analysis and key summaries were made. The findings are presented in form of tables and discussions and interpretation of the same given.

6. Results and Discussion

6.1. Response Rate

The number of questionnaires administered to all the respondents was 96. A total of 79 questionnaires were properly filled and returned from the seed companies’ staff. This represented an overall successful response rate of 82%. According to Mugenda and Mugenda (2003), a response rate of 50% or more is adequate. Babbie (2004) also asserted that return response rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. This high response rate implies that the results can be generalized to the whole population and it’s a good representative of the target population.

6.2. Reliability Analysis
Using Cronbach’s Coefficient Alpha test on cost structures, a coefficient of 0.741 was found as shown in Table 1. These results corroborates findings by Saunders Lewis and Thornhill (2009) and Christensen, Johnson and Turner (2011) who stated that scales of 0.7 and above, indicate satisfactory reliability. Based on these recommendations, the statements under the cost structures variable of this study were concluded to have adequate internal consistency, therefore, reliable for the analysis and generalization on the population.

**Table 1: Reliability Statistics**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cost structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of items</td>
<td>7</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>0.741</td>
</tr>
</tbody>
</table>

6.3. Factor Analysis

The factor loadings for sub-constructs of cost structures showed that all the statements attracted coefficients of more than 0.4 hence all the statements were retained for analysis. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions.

6.4. Descriptive Statistics

The objective of the study was to determine the influence of cost structures on organizational performance of seed maize companies in Kenya. Table 2 indicates that 72.1% of the respondents agreed that staff costs are relatively high in seed companies, 49.4% agreed that costs of inputs such as pesticides & fertilizers are a small component of the total costs of a seed business and 64.6% agreed that the seed distribution and marketing costs are always the highest in their business. Furthermore, 51.9% of the respondents agreed that their firm incurs low cost in securing licenses required to operate the seed business, 53.2% agreed that the cost of compliance with Government regulations are manageable and 74.7% agreed that packaging and branding materials for their seeds are relatively high. Finally 67.1% of the respondents agreed that the storage costs that their company incurs are tolerable. The mean score for responses for this
section was 3.41, which indicates that the majority of the respondents agreed to the statements regarding influence of cost structures on organizational performance of seed maize companies in Kenya.

### Table 2: Cost Structures Descriptive Statistics

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neither agree nor disagree</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Likert mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs are relatively high in seed companies</td>
<td>3.8%</td>
<td>15.2%</td>
<td>8.9%</td>
<td>69.6%</td>
<td>2.5%</td>
<td>3.52</td>
</tr>
<tr>
<td>Costs of inputs such as pesticides &amp; fertilizers are a small component of the total costs of a seed business</td>
<td>8.9%</td>
<td>30.4%</td>
<td>11.4%</td>
<td>44.3%</td>
<td>5.1%</td>
<td>3.06</td>
</tr>
<tr>
<td>The seed distribution and marketing costs are always the highest in our business</td>
<td>0.0%</td>
<td>20.3%</td>
<td>15.2%</td>
<td>49.4%</td>
<td>15.2%</td>
<td>3.59</td>
</tr>
<tr>
<td>Our firm incurs low-cost in securing licenses required to operate the seed business</td>
<td>0.0%</td>
<td>25.3%</td>
<td>22.8%</td>
<td>46.8%</td>
<td>5.1%</td>
<td>3.32</td>
</tr>
<tr>
<td>The cost of compliance with Government regulation are manageable</td>
<td>1.3%</td>
<td>36.7%</td>
<td>8.9%</td>
<td>41.8%</td>
<td>11.4%</td>
<td>3.25</td>
</tr>
<tr>
<td>Packaging and branding materials for our seeds are relatively high</td>
<td>3.8%</td>
<td>12.7%</td>
<td>8.9%</td>
<td>67.1%</td>
<td>7.6%</td>
<td>3.62</td>
</tr>
<tr>
<td>The storage costs that our company incurs are tolerable</td>
<td>1.3%</td>
<td>17.7%</td>
<td>13.9%</td>
<td>60.8%</td>
<td>6.3%</td>
<td>3.53</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>2.7%</strong></td>
<td><strong>22.6%</strong></td>
<td><strong>12.9%</strong></td>
<td><strong>54.3%</strong></td>
<td><strong>7.6%</strong></td>
<td><strong>3.41</strong></td>
</tr>
</tbody>
</table>

*For purposes of this study, the percentage of responses on “agree” & “strongly agree” and those on “disagree” & “strongly disagree” were combined to represent the degree to which the respondents agreed or disagreed respectively to the sub-constructs of cost structures.*

The study findings are in line with those of Sofokleous (2007) who utilized 5S methods including visual aids in training workers to keep storage rooms tidier and more accessible for their own use. The utilization of 5S served as a kaizen event since the researcher constituted a team to ensure continually that improvements such as updates to visual aids, equipment, and stocked items were implemented in the work area to help eliminate waste. The study indicated that Lean methods could be implemented in areas other than manufacturing with a great degree of success. In support of this Baniya, Singh and Sthapit, (2003) signified that the formal system
focuses more on the interests of the seed company, and has more access to biotechnology and plant breeding techniques, so this seed system generally neglects the indigenous knowledge. The market is dominated by a few suppliers with potentially serious implications for technology choice and price fixing.

The content analysis of responses from seed experts showed that these seed experts criticized the long variety release process in Kenya, which they argued is costly and not easy to complete in order to bring new varieties onto the market, particularly for small seed companies. They indicated that it can take 5 years to release a new variety, i.e. 3 years testing by the Seed Company and additional 2 years undergoing national performance trials (NPTs) by the regulator. Effective implementation of the harmonized variety release process under regional blocks such as COMESA, EAC and SADC could help to reduce the time and costs involved in the release of new varieties. In addition to the long and costly variety release process, the experts also criticized the high charges levied by the seed regulators for seed certification which contributes to high production costs for the business and further eroding the profit margins.

Further, the seed experts indicated that there is limited access to suitable capital to fund seed businesses efficiently in terms of facilitating seed production, processing, marketing, management of contract growers and maintenance of seed parental lines. The seed companies end up borrowing unsuitable short duration loans attracting very high interest rates which increase the costs of running a seed business.

As reported by Sundelin (2009), seed businesses should analyze their cost structures and adopt strategies that allow for low cost structures wherever possible in order to have strong competitive advantages, price flexibility, enter new markets and creating very high profit margin businesses.

6.5. Cost Structures Linearity Test

Linearity of variables was tested using correlation coefficients as suggested by Cohen, Cohen, West and Aiken, (2003). To establish whether there is a linear relationship, the study used a multiple regression analysis (Table 3). The results indicate that the variables organizational performance and cost structures had a strong positive relationship as indicated by a correlation
coefficient of 0.680. This implies that there is a linear positive relationship between cost structures and organizational performance.

7. Multiple Regression Analysis

A multiple regression analysis was conducted to investigate the relationship between the independent variable, which is cost structures and the dependent variable which is the organizational performance of seed maize companies in Kenya. This is represented by the overall model: \( Y = \beta_0 + \beta_1 X_1 + e \)

The coefficient of determination \( R^2 \) and correlation coefficient (R) show that the degree of association between cost structures and organizational performance is strong (Table 3). An \( R^2 \) squared of 0.462 indicates that 46.2% of the variations in organizational performance are explained by the variations in cost structures.

Table 3: Model Summary

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.680</td>
</tr>
<tr>
<td>R Square</td>
<td>0.462</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.455</td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>0.48525</td>
</tr>
</tbody>
</table>

An F-statistic of 66.124 indicated that the overall model was significant (Table 4). The findings imply that cost structures were statistically significant in explaining organizational performance of seed maize companies in Kenya. The study findings are in agreement with those of Sofokleous (2007) who investigated how a fresh pineapple production company implemented Lean strategies to improve processes including packaging and transportation. The author examined the implementation of Lean techniques including Value Stream Mapping in identifying bottlenecks as well as kaizen events (events that target continuous improvement towards excellence) that the company could carry out. The author proposed methods of redesigning the company’s work area in order to create a better process flow and efficiencies.
The options implemented helped to reduce both waste and the required man-hours in addition to saving overall company costs.

Table 4: ANOVA for Cost Structures

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>15.57</td>
<td>1</td>
<td>15.57</td>
<td>66.124</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>18.131</td>
<td>77</td>
<td>0.235</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>33.701</td>
<td>78</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The cost structures coefficients are presented in Table 5. The results show that cost structures contributes significantly to the model since the p-value for the constant and gradient are less than 0.05. The findings imply that one positive unit change in cost structures’ effectiveness leads to a change in organizational performance at the rate of 70.7%. This confirms the positive effect of cost structures on organizational performance. The fitted equation is as shown below:

\[ Y = 1.187 + 0.707X_1 \]

Table 5: Coefficients of Cost Structures

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.187</td>
<td>0.298</td>
<td>3.984</td>
<td>0.000</td>
</tr>
<tr>
<td>Cost structures</td>
<td>0.707</td>
<td>0.087</td>
<td>8.132</td>
<td>0.000</td>
</tr>
</tbody>
</table>

8. Conclusion and Recommendations

The study findings showed that cost structures were statistically significant in explaining organizational performance of seed maize companies in Kenya. The correlation coefficient showed a strong (68%) positive relationship between cost structures and organizational performance. The fitted regression equation also showed the positive effect of a unit change in cost structures on organizational performance of seed maize companies with a **Beta** of 0.707
(70.7%). This implies that one effective unit change in cost structures will lead into positive improvements in organizational performance at the rate of 70.7%.

In particular, the study showed that staff costs, seed distribution & marketing costs and packaging & branding costs, among others, are relatively high in seed business. The study concludes that in order for seed maize companies to enhance organizational performance and achieve competitive advantage, they need to proactively manage and streamline the business cost structures in order to reduce operational costs and the total expenses. This would result in increased business profit margins and overall organizational performance.

It is therefore, recommended that the management of seed maize companies must actively analyze, monitor, streamline and control the business cost structures in order to reduce the total expenses of the business. Particular focus should be put on those costs that are relatively high. However, it should be emphasized that a careful balance must be reached such that the reduction in costs must not be at the levels that compromise seed quality.

**Acknowledgement**

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