GROWTH STRATEGIES AND PERFORMANCE OF SELECTED MILK PROCESSING COMPANIES IN KENYA

BY

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JULY 2018
DECLARATION

This research project is my original work and has not been presented for an award at any other University. No part of this project should be reproduced without authority of the author and/or Kenyatta University.

Signed.............................................................  Date................................................

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Department of Business Administration

I confirm that the work reported in this research project has been carried out by the candidate under my supervision as the appointed supervisor by the University.

Signed.............................................................  Date................................................

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DEDICATION

This research project is dedicated to my family for their love, support both emotional and financial, and encouragement throughout my studies. For that, I say thank you.
ACKNOWLEDGEMENT

First I would like to express my gratitude to my supervisor, Dr. Gakobo for the great work she has done in helping me shape this research proposal. Her guidance is inspiring. To my family for your unwavering support. To Dr. Kiiru, Dr. Ngigi and all the lecturers who taught me throughout my MBA course I say thanks. Lastly, I would like to thank my colleagues, especially Janet Kaloki whom we spent our Sundays with in the University Library.
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<td>Acquisition</td>
<td>A corporate action in which a company buys most, if not all, of the target company's ownership stakes in order to assume control of the target firm.</td>
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<tr>
<td>Growth</td>
<td>this refers to a stage where the company reaches the expansion point and seeks more options of generating profit.</td>
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<tr>
<td>Growth Strategy</td>
<td>is the method used by companies to expand their business.</td>
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<tr>
<td>Performance</td>
<td>The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed.</td>
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<tr>
<td>Dairy Product</td>
<td>Containing or made from milk.</td>
</tr>
<tr>
<td>Dairy Company</td>
<td>A company that deals with milk and milk products.</td>
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<tr>
<td>Market Expansion</td>
<td>The process of offering a product or service to a wider section of an existing market or into a new demographic, psychographic or geographic market.</td>
</tr>
<tr>
<td>Market Penetration</td>
<td>A strategy adopted for quickly achieving a high volume of sales and deep market penetration of a new product.</td>
</tr>
<tr>
<td>Merger</td>
<td>A deal to unite two existing companies into one new company.</td>
</tr>
<tr>
<td>Processing</td>
<td>The transformation of raw milk into high value, concentrated and easily transportable dairy products with long shelf lives such as cheese, yogurt, sour milk, butter and ghee.</td>
</tr>
<tr>
<td>Product Diversification</td>
<td>Any modification of a current product that serves to expand the potential market.</td>
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**ABBREVIATIONS AND ACRONYMS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>DDA</td>
<td>Dairy Development Authority</td>
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<tr>
<td>KCC</td>
<td>Kenya Co-operative Creameries</td>
</tr>
<tr>
<td>KDB</td>
<td>Kenya Dairy Board</td>
</tr>
<tr>
<td>M &amp;A</td>
<td>Merger or Acquisition</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<td>SSMVs</td>
<td>Small-Scale Milk Vendors</td>
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<td>UHT</td>
<td>Ultra-High Temperature Processing</td>
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ABSTRACT

Business organizations strive to grow and increase their sales and profits. Growth is imperative and not an option as such turning a small company into a big one is never easy. Therefore, companies have to adopt suitable growth strategies to boost performance. The stiff competition among the various milk-processing firms in Kenya has led to collapse of some of dairy firms. In efforts of growing and increasing profitability, companies in the milk-processing sector have adopted various growth strategies. This study sought to establish the effects of growth strategies on the performance of selected milk processing companies. The study was guided by the following objectives; to investigate the influence of market penetration strategy on performance of milk processing companies, to evaluate the effect of diversification strategy on performance of milk processing companies, to assess the effects of product expansion strategy on performance of milk processing companies and to determine the effects merger or acquisition strategies that influence the performance of the Milk processing companies in Kenya. The study was confined to the 34 Milk Processing Companies in Kenya. Since the total population is small, the researcher used census as the sampling technique. The study employed both descriptive and explanatory research design to achieve the research objectives. The study carried out a survey of all the 34 dairy companies listed by the Board of Kenya. The participants of this study were the operations managers who were selected by non-probabilistic sampling method. Data was collected by use of questionnaires with both open ended and closed questions. Statistical Package for Social Sciences (SPSS) model was used for data analysis. Quantitative data was analyzed by the use of measures of central tendency and dispersion to give the general picture about dispersion as well as the frequency distribution of data. The Cranach’s alpha as calculated through SPSS. Mean Cronbach’s value of 0.912 was obtained. This result was greater than the threshold 0.7 and the items were therefore considered as reliable. Inferential statistics in form of linear regression model was used to establish the relationship that exists between the growth strategies and performance of milk processing companies. The findings were presented in pie charts, frequency tables and percentages. The study concluded that Merger or Acquisition strategies has a significant effect on the performance of the company. The study also concluded that market penetration strategies such lowering prices and a price-setting practice has a significant effect on the performance of milk processing companies. The study also found out product diversification has a positive impact on the performance of companies. In conclusion, the researcher concludes that market expansion strategy has a significant influence on the performance of milk processing companies in Kenya. Therefore the study shows that milk processing companies in Kenya should use more growth strategies in order to enhance their performance and this is based on the strong relationship between focus strategy at (0.456) correlation and performance of milk processing companies. The study recommended that milk-processing companies should expand their market by selling existing product to existing customers, selling existing products to new customers, selling new products and more through new delivery approaches as a market expansion approach.
CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Internationally, milk production makes a noteworthy contribution to the economy (FAO, 2011). Milk and its product usage is fundamental in the entire world. The dynamics that influence milk generation have a tendency to contrast from nation to nation (Nyariki and Thirtle, 2000). It has an outstanding aptitude in the handling and conveyance of new dairy items, especially fresh sanitized liquid milk. Fresh liquid milk is one of the characterizing attributes of the British eating regimen. The British liquid milk sector has put resources into best in class preparing services to benefit of the market securely, productively and reasonably. This is coordinated to similarly world class skill in coordination to disseminate a top notch perishable item through a chilled circulation chain day by day everywhere throughout the nation, consistently, for quite a while (Bond and Benton, 2013).

The milk processing firm’s performance is influenced by the embraced marketing techniques. The growth strategies focus on the milk products qualities as well as market competition. The organizational components consists of financial decision, liquidity in addition to the company productivity. It can be noted that the proportion of aggregate commitment to leverage. According to Adams and Buckle, (2000) the adopted growth strategies has a significant impact on the company profitability.

The milk processing production's accomplishment is reflected in the total certainty and dependence buyers have in British liquid milk. This skill gives the business a solid establishment to exploit available opportunities, including both import substitution and exports. UK customers are solid supporters of dairy items and interest for dairy nourishments is expanding. In the UK, courses to getting dairy products include the dairy business working with retailers, wholesalers, cooks, organizations, for example, health sectors and schools, sustenance processors and others (Bate, 2016). Just a little extent of the business' aggregate yield is sold direct to the shopper by dairy organizations by means of the doorstep conveyance benefit or through the local markets.
U.S. additionally has an entrenched dairy industry. As indicated by the U.S. Dairy Export Council (2015), the aggregate development in U.S. milk generation in the period between 2005 and 2014 topped 13 million metric tons, outpacing other providing districts. With U.S. milk generation figure to rise an extra 2-3% yearly through 2017, this upward direction guarantees worldwide clients a dependable, long haul wellspring of healthy dairy products. This enduring future milk and dairy generation development limit separates the United States from limitations that other milk delivering districts understanding. In addition, this rising development limit is backed by the affirmation of thorough quality and wellbeing norms. From stringent ranch sanitation to innovative sustenance, producing technology the U.S. dairy industry painstakingly controls conditions to convey excellent products and ingredients to clients. Individual rancher and processor endeavors are supplemented by thorough government oversight to additionally safeguard the buyers.

Consistent interests in research and development, joined with a long, rich legacy of gifted workmanship, bolster the United States' consistency in conveying amazing dairy items and constituents. As worldwide interest for dairy keeps on rising, the U.S. dairy industry is addressing the difficulty (USDA, 2016). U.S. dairy providers today are receptive to worldwide clients' needs, with deals endeavors progressively upheld by workplaces and delegates everywhere. The business is additionally completely put resources into conveying a product portfolio that meets the choice, particulars and bundling worldwide clients seek. The result has been a sharp upward direction in trades, accomplishing consecutive records every year from 2010 through 2014. This unaltering export development insists the United States' long haul sense of duty regarding cooperative organizations with global clients.

In Africa, around 15% of the aggregate milk produced is prepared to standard goods (cheese, yogurt, margarine, and so on). Over 70% of aggregate generation experiences casual markets or is expended on the homestead. Milk consumption in Africa is enormously affected by customs and cultures. The nations with the most elevated per-capita utilization in Sub-Saharan Africa are Sudan, Mauritania, Botswana and Kenya (ILRI 2003). Dairy patterns and production frameworks have been significantly impacted by strategies. A few strategies have been recommended for advancement of
the dairy segment of African nations, with every nation laying accentuation on various parts of the dairy chain. Most arrangements grow from an idea that, the dairy division will understand an incredible effect if the generation and efficiency of milk is expanded at national level to at any rate keep up independence, subsequently lessening imports (Nielsen, 2014).

Advertisement of the promoting and utilization of milk and dairy products is one of the significant territories of intermediation in the region. Advertising is a critical part of the dairy chain. Nearness of near to business sectors for drain and dairy items is a key persuading factor for milk retailers. The advancement of promoting will require social affair of milk from a few makers, changing it to a satisfactory attractive item and conveying it to purchasers at the alluring time and at a reasonable value (FAO, 2011).

Because of high expenses caused in milk collection and cooling, it is requested that bigger volumes be taken care of to decrease unit expenses of exchanges. A typical method for doing this is the establishment of cooling systems for milk production zones and the associations of agriculturists into dairy enterprises (D'Haese et al 2005). It is additionally essential to take note of that a negligible milk supply level is required for beneficial operation of such units. Support of formal and casual markets for milk is a typical strategy range looked upon (D'Haese et al 2005; Leksmono, et al 2006).

Promoting strategies are most helpful when they oblige arrangements that energize milk consumption, particularly in Western and Central African nations, where the per capita utilization is still low. In Uganda, for instance the DDA (Dairy Development Authority) advance consumption of milk adverts on printed notices, in daily papers and over the radio. Mottos promoting milk utilization are additionally regular among the general population of Uganda. Advancement of milk utilization through a selection of the School Milk Program in Southern and Eastern Africa has additionally prompted extraordinary changes in the dairy part, as it supposedly improves on the incomes of milk producers and improving children’s health (Saamanya, 2005).

1.1.1 The Concept of Growth Strategies

A strategy is the pattern of major objectives, purposes or goals and essential policies or plans for achieving organizational goals, stated in such a way as to define what business
the company is in or to be in and the kind of company it is or is to be 3 (Drucker, 1961). Westerlund and Leminen (2012) define growth strategy as a means in which organizations plan in order to achieve its objective, which is to increase in size, volume and turnover. Most scholars (Kuuluvainen, 2011 and Geroski, 2005) use growth and expansion interchangeably to refer to the same thing.

Growth strategies are normally adapted to expand firm’s business operations through market penetration, diversifying products, services, or stages of production to the existing business in order to improve and increase its performance. Growth normally allows organizations to venture into entities that are different from the current operations. When the new organization or business is strategically related to the existing lines of business, it is called concentric diversification (Gitman, 2007).

In concentric diversification, the organization usually adds services and products that have a technological or commercial synergy with the existing products and will appeal to the new customer groups. The major objective is to benefit from synergy effects due to the complementary of the activities; this enables the organizations to expand their markets by attracting new groups of buyers (Cameron & Whetton, 2009).

Conglomerate diversification it is where there is no strategic fit or relationship between the current and previous lines of business. The old and new businesses are usually unrelated. Any organization’s strategic emphasis is to increase sales volumes, boost market share and cultivating a loyal clientele. Profits are then re invested to grow the business. Price, quality and promotion are tailored to meet customer needs. It then presents opportunities for geographical market growth.

The reason as to why they adopt this strategy is to improve the organizations flexibility, and profitability to better the capital markets as the business continues to grow. This type of strategy can be very risky or successful which can lead to numerous growth and portability the vice versa also applies in case of a risk (Kumar, 2008). Geographical growth starts with local, regional, national and international growth. Market penetration will vary form one geographical region to the other depending on the profit potentials (Thompson and Strickland, 2005).
The theories associated with expansion include Horizontal expansion is where by the organization or firms add new services or products which are technologically or commercially unrelated to the products which are already in existence, but they attract customers. This form of expansion is applicable in a situation where the clients are loyal to the existing products such that if a new product is introduced they will be in a position purchase if it is of good quality, well priced and well promoted. If the products are promoted like the existing products, it leads to rigidity and instability. This shows that expansion strategy tends to increase the organizations dependence on various market segments (Fish and Rudolf, 2006).

A company must identify the growth strategies that will lead to high profitability for success. The process of identifying profitable growth opportunities most often begins with the core business that is, the products, services, customers, channels and geographic areas that generate the largest proportion of revenue and profits. A company should then evaluate the overall performance of the core business. This, Liabotis notes, involves measuring and benchmarking profitability, rate of revenue growth and the firm’s reputation with its most important customers. There are certain strategies companies in Kenya have adopted in efforts to attain growth. The dairy sector has not also been left behind. The milk processing companies have adopted various growth strategies to enhance profitability. Some of the growth strategies adopted include but not limited to market penetration, market expansion, product diversification, mergers, and acquisition. This study seeks to determine the effect of these strategies on growth of the companies.

1.1.2 Firm performance
Company performance is defined as a measure of the degree to which a firm has attained its set goals and objectives and it is given by three components that are: firm financial performance, product market performance and shareholder return (Richard et al., 2009).
Bien (2002) views firm performance as an entity’s economic condition at a given time. Firm performance employs accounting measures which are derived from calculations for instance profitability, return on equity, returns on assets and returns on investment or market based which on the other hand are derived from the aspects of financial markets where the firm trade its financial assets for instance sales and market share.

The milk processing company’s profitability is affected by the adopted market strategies. The growth strategies components concentrate on a safety net provider's particular qualities, while the outside elements concern both industry highlights and macroeconomic factors. The firm-particular components incorporate; influence, liquidity, money related decision and the extent of the organization. The proportion of aggregate obligation to value measures leverage. Influence proportion demonstrates how much a business is using acquired cash (Adams and Buckle, 2000).

The influence proportion is additionally characterized as the budgetary proportion that demonstrates the rate of a company's benefits that are financed with obligation. In milk processing companies, it reflects firm’s agencies capacity to deal with their monetary introduction to surprising misfortunes.

This proportion speaks to the potential effect on capital and excess of lacks for possible later use because of monetary cases (Adams and Buckle, 2000). A few studies on firm's productivity have given observational proof on a negative relationship amongst influence and execution (Rajan and Zingales, 1995). Adams and Buckle (2000) then again settled that those companies with high influence proportion have preferred operational execution over firm’s agencies with low influence. Browne et al. (2001) stated the growth strategies such as product diversification has a negative impact company's execution.

Firms that have adopted growth strategies are less inclined to fizzle since they can understand trade level out exceptionally troublesome circumstances. This thusly suggests companies that have embrace growth strategies will perform better than those without growth strategies do.
Teece (2009) found that there is a positive relationship between growth strategies and Milk Company’s performance. This is on the grounds that bigger firms have more assets, a superior hazard expansion, complex data frameworks and a superior costs administration.

1.1.3 Milk Processing Companies in Kenya

Kenya has one of the biggest dairy enterprises in sub-Saharan Africa. Advancements in the dairy business traverse over a period of 90 years and it has experienced different transformative stages. The business works at both small and large scale (Nyariki, 2009). Beforehand, the extensive scale agriculturists overwhelmed the business. Over the most recent 30 years, smallholder agriculturists have commanded the division, contributing more than 80% of the aggregate drain creation. The co-operative framework has contributed fundamentally to the improvement of the dairy segment in the nation with the development of the Kenya Co-agent Creameries. The dairy business principally concentrates on new drain or other handled items like yogurt, spread, powdered drain and ghee (Karanja, 2003). Around 86 for each penny of all milk promoted in Kenya is sold raw directly by makers to buyers or through the casual milk market.

The development of formalized institutional and authoritative system for milk advertising and conveyance of animals rearing and wellbeing administrations have changed the dairy business (Ngigi, 2005). There was an emergency in the market, which was occasioned by diminishment in costs driving a portion of the current creameries to combine. This prompted the development of Kenya agreeable Creameries in 1925 that was consolidated in 1932 under the Cooperative Societies Ordinances (Nyariki, 2009). Kenya Cooperative Creameries (KCC) has been the sole formal segment managing milk for more than 60 years. Be that as it may, the drain area was changed in 1992, and the urban drain deals restraining infrastructure was pulled back from the KCC (Cheshire, 2001; Rosemary and Karuti, 2005). Kenya has around 60 dairy firms. As of now, 14 for every penny of drain sold by the formal area is comparable to around 196 million liters.

The formal dairy firms are sorted into, large scale, middle level and small firms. Arrangement is as far as the company’s daily production. In 1964, the Kibaki Commission on post-freedom dairy advancement prescribed canceling contracted milk
amounts for access to KCC by all agriculturists, subject to their milk being of adequate quality. KCC in this way turned into an ensured marketing for raw milk, purchasing any measure of milk provided, irrespective to request (Young et al., 2006).

As per Rosemary and Karuti (2005), KCC has ruled the nation's market for milk and its products for over 70 years. It has been the foundation of Kenya's dairy development. The milk advertisement was changed in 1992 (Ngigi, 2005; Muriuki et al., 2014). Milk costs were decontrolled and KCC's imposing business model on urban markets was renounced, finishing roughly 60 years of KCC strength. Other gathering of players entered the dairy division. The gatherings included little scale brokers who moved in to pitch crude drain from agriculturists to shoppers. The other gathering involved other private processors. Looked by the solid market rivalry, KCC's wastefulness and other issues prompted its slow decline in the 1990s. With the underlying indications of deferring agriculturists installments, the certainty they had was bit by bit disintegrated prompting decreasing got supplies and thusly KCC fallen in 1999. The gap was immediately filled by an expansion of unlicensed small scale milk sellers (SSMVs) and large scale, authorized and managed private area milk processors (Young et al., 2006). The SSMVs sold raw milk while the private dairy organizations sold bundled, purified or UHT milk and other dairy items (Young et al., 2006).

As of now, a couple of enormous processors and a high number of smaller and medium administrators commands the dairy processing industry in Kenya. Despite the fact that the quantity of authorized dairies is higher, around 40 dairies are currently producing and benefitting their products through networks in a significant way. Most recent figures demonstrate that there are four major dairies processing over 100,000 liters for each day. These dairies consists of Brookside, New KCC, Sameer Agriculture and Livestock and Githunguri Dairy Co-agent Society Other medium level dairies preparing not as much as this sum yet with a critical admission incorporate Kinangop, Meru Dairy Co-agent Society, and Kabianga Dairy. Smaller professional dairies incorporate Bio Food Products, Razco Ltd, Raka Cheese, Brown's Cheese and Alpha Dairy.

Fresh liquid white milk is the prevalent milk product produced in the country, representing the 60-70% of the aggregate production. Surrounding temperature long
timeframe of realistic usability products are likewise generally produced by the big milk firms, particularly in their endeavor to wipe out overabundance milk amid the flush time frames. High esteem products including characterized milk, yogurt, refined milk (referred to locally as Maziwa lala), margarine, ghee and cream are delivered by a greater part of the medium to substantial scale dairies. The vast majority of the littler expert dairies create yogurt, cheddar and dessert, solely or with a couple of different products.

1.2 Problem Statement

The dairy industry is one of the most rapidly expanding sub sectors in Kenya. According to the Kenya Dairy Board, the annual volume of milk going to the milk processing plants has increased to 516 million liters in 2010 as compared to 144 million liters in 2002 (an increase of 258.33%). The industry is also a major source of livelihood to a large majority of Kenyans and it contributes to about 8% of Kenya’s GDP and acts as a source of income and employment to over 1.5 million small holder dairy farmers in addition to 500,000 direct jobs in milk transportation, processing and distribution and a further 750,000 in related support services. Due to this rapid expansion of the dairy sector, all the dairy firms in the industry need to develop and implement sound and competitive strategies in order to guarantee acceptable performance in the competitive environment.

There is stiff competition among the various milk-processing firms in Kenya since they compete for the same customers. After the liberalization of the dairy sector in 1992, several milk-processing firms have entered the market and thus this has caused stiff competition in the industry. This cutthroat competition for the market has witnessed the collapse of some dairy firms with some not growing at all in the market. In some cases business takeovers has been evident as was the cases with Brookside 5 dairy ltd buying over the then Delamere dairies and Spin Knit dairy ltd. To consolidate its operations and strength in the market. The main question is what strategies dairy firms can employ in order to achieve a competitive advantage over their competitors in the market and whether these strategies adopted help meet their performance expectations efficiently and effectively.
The expansion requires the involvement of microfinance to these industries. Most of the milk is still being sold in the informal sector as raw milk and it poses public health risks (Muriuki, Omore, Hooton, Waithaka, Ouma, Staal & Odhiambo, 2003). This is an indication of a high opportunity of exploitation in this industry. The performance is largely dependent on strategic practices. Minimal information exists on how market forces affect performance of dairy industries in Kenya. In addition, previous studies have focused on description only while this study was analytical to look at relationships between variables. It is in this view that this study aimed to assess the influence of growth strategies on performance of Milk Processing companies in Kenya.

1.3 Objectives of the Study

1.3.1 General objectives

The general objective of the study is to investigate the effects of growth strategies on performance of Milk Processing companies in Kenya.

1.3.2 Specific Objectives

The study was guided by the following objectives;

(i) To investigate the influence of market penetration strategy on performance of milk processing companies in Kenya.

(ii) To evaluate the effect of diversification strategy on performance of milk processing companies in Kenya.

(iii) To assess the effects of product expansion strategy on performance of milk processing companies in Kenya.

(iv) To determine the effects merger or acquisition strategies that influence the performance of the Milk processing companies in Kenya.

1.4 Hypothesis

The study will be guided by the following questions.

H₀₁: There is no significant relationship between market penetration strategy and performance of the milk processing companies.
Ho2: There is no significant relationship between product diversification have on the performance of the milk processing companies.

Ho3: There is no significant relationship between market expansion and performance of the milk processing companies.

Ho4: There is no significant relationship between Merger or Acquisition strategies and performance of the Milk processing companies.

1.5 Significance of the Study
This study is relevant to the owners of the companies that deal with milk processing. The study also highlights some of the growth strategies that can be adopted by the milk processing companies in Kenya that helps them grow into regional and eventually global companies. The Kenya Dairy Board stands to gain from the research study as it identifies the weaknesses as well as the strengths of the Milk processing companies and be able to come up with suitable policies that can help them grow. The study beneficial to future researchers through the recommendations for further research.

1.6 Scope of the Study
The study covered all the 34 milk processing companies listed by Kenya dairy board to establish the effects of growth strategies on the organizational performance. There was no specific period covered by the study as it focused on the general performance of milk processing companies.

1.7 Limitations of the Study
The researcher was limited by time to carry out the study since she is on full time employment and works under stringent conditions with her work requiring to work late in the night and on weekends. The researcher also faced a challenge in getting the targeted respondents, as normally managers are busy and not easy to engage on interviews. The researcher pushed for appointments with a lot of patience. Time constraints on the side of the researcher and the respondents who needed to sacrifice
their time to fill in the questionnaires. Dairy companies are located all over the country and this posed a challenge, as the respondents were not in one location

1.8 Organization of the Study

This research study is structured as follows: Chapter one provides the research background, research objectives, significance of the study, scope, and the limitations encountered in the course of the study. Chapter two presents literature review on the growth strategies adopted by milk processing companies in the country, the theoretical framework and the conceptual framework of the research. Chapter three deals with the methodology employed in the study. Chapter four focuses on data analysis and interpretation while chapter five discusses the summary of research findings, conclusions, recommendations and suggestions for further research in the area of study.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides the information about the effect of various growth strategies on performance as given by other researchers as well as other literature from books. It is organized into three sections. First, it looks at the theoretical framework on these strategies, the empirical framework and finally the conceptual framework on the same. The chapter also outlines the research gaps in the literature review that form the basis of the research.

2.2 Theoretical review

2.2.1 Porter’s Five Forces Model

Michael Porter analyzed the competitive strength and position of a business organization into five forces model (Porter, 1980). Porter notes that the five forces namely; Power of Suppliers, Bargaining power of buyers, Threat of new market entrants, threat of substitutes and existing competitive rivalry between suppliers drive competition in the market. The model can help firms to assess the nature of an industry’s competitiveness in addition, develop corporate strategies accordingly. The framework allows a business to identify and analyze the important forces that determine profitability of an industry. It is a strong marketing tool for any business.

This theory is relevant to this study in that it show how companies marketing strategies helps the firm to improve their bargaining power. The theory guides the study based on the fact that ability of customers to put the firm under pressure, also affects the customers’ sensitivity to price changes. Porter recommends that firms take measures to reduce buyer power, such as implementing a loyalty program. He notes that the buyer power is high if the buyer has many alternatives and low if they act independently i.e. if a large number of customers will act with each other and ask to make prices low, the company will have no other choice because of large number of customer’s pressure. Porter gives potential factors to this force as buyer concentration to firm concentration ratio, degree of dependency upon existing channels of distribution and bargaining leverage, particularly in industries with high fixed costs (Justis, 2003). Other factors
include buyer-switching costs relative to firm switching costs, buyer information availability and force down prices. Porter also includes availability of existing substitute products, buyer price sensitivity and differential advantage or uniqueness of industry products as well as the total amount of trading as additional potential factors to this force (Bogdanov, 2015).

The theory shows how the bargaining power of suppliers is another competitive force. Suppliers of raw materials, component, labor and service to the firm can be a source of power over the firm when there are few substitutes. Suppliers, notes Porter, may refuse to work with the firm or charge excessively high prices for unique resources. According to Porter, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. The potential factors to this force are sustainable competitive advantage through innovation, competition between online and offline companies, level of advertising expense and powerful competitive strategy (McNamara & Watson, 2005). Other factors include firm concentration ration and degree of transparency. Porters five forces has been applied to a diverse range of problems, from helping businesses become more profitable to helping governments stabilize industries (Bamiatzi & Hult, 2016).

The dairy industry in Kenya is a very competitive sector. Therefore, the dairy firms need to adopt viable growth strategies to enable them remain competitive. The Porters theory provides a suitable framework that can enable the firms in the dairy industry come up with strategies that can enable it survive in the industry and increase sustainability. Through analysis of the Five Forces of the model, the companies are able to come up with the strengths and the weaknesses of an organization and create a plan for a stronger position within the industry. The theory provides the opportunity to examine and evaluate complex interactions of competitors in the industry in a structured way. The goal of the Five Forces framework is not only to assess industry profitability and attractiveness but also to comprehend the underpinnings of competition and the root causes of profitability. This model can help firms in the dairy industry to assess the nature of an industry’s competitiveness and initiate corporate strategies accordingly.
The framework allows firms to identify and analyze the important forces that determine profitability of an industry.

2.2.2 The Resource Based View

The Resource Based View model was formalized by Barney (1991), in spite of the reality the Wernerfelt (1984) presented the possibility of asset situating obstructions practically equivalent to entry hindrances. The RBV system joins the inside (core competence) and outside (industry structure) points of view on procedure. Assets are all the more comprehensively characterized to be physical (property rights, capital), impalpable (mark names, mechanical skill), or authoritative (schedules or procedures like lean assembling). The Resource Based View of firms depends on the idea of monetary lease and the thought of an association as a gathering of abilities (Kay, 2000). While customary system models concentrate on the association's outside aggressive condition, the RBV highlights the requirement for a fit between the outer market setting in which a firm works and its inward abilities. From this point of view, the inside condition of an association, as far as its assets and abilities, is the basic factor for the assurance of key activity.

This assumption argues that the ownership of key assets gives an association a magnificent chance to create upper hands over its adversaries (Barney 1991). These upper hands thus can enable the association to appreciate solid benefits. Barney includes that a strategic resource is an advantage that is important, uncommon, hard to impersonate and non-substitutable. He additionally noticed that a resource is significant to the degree that it enables a firm to make procedures that exploit openings and avert dangers. A hierarchical culture that motivates representatives to do their absolute best can be an uncommon key resource. Barney additionally takes note of that contenders experience considerable difficulties attempting to duplicate resource that are hard to impersonate. Resource can be shielded from impersonation by different legitimate means, including trademarks, licenses and copyrights. Others advance after some time and they reflect novel parts of the firm and can subsequently not be copied.
Resource based theory focuses on the value of a familiar axiom that goes the whole is greater than the sum of its parts. It is along these lines essential for a firm to perceive that strategic resources can be made by taking a few systems and assets that each could be adapted and packaging them together in a way that can't be duplicated. These assets are probably going to meet the criteria of key assets. To accomplish a long haul upper hand thusly, administrators should put a premium on attempting to support and build up their company's immaterial assets (Dollinger, 1999).

Proprietors and managers of smaller scale and little enterprises should hence endeavor to guarantee that they claim or create assets that are hard to mirror, important, uncommon and non-substitutable (Acquaah, 2016). This investigation will likewise gather adequate data on the best way to support quality and unique items and methods for securing individuals' products and enterprises. The RBV manages competitive business condition looked by firms. The RBV draws upon the resources and abilities that dwell inside the associations with a specific end goal to create maintainable upper hands.

The dairy business in Kenya is a standout amongst the most aggressive business situations that requires the dairy firms to figure development procedures keeping in mind the end goal to be practical. The RBV for this situation stresses inside assets and abilities of firms in figuring techniques to accomplish practical upper hands in the commercial center. To accomplish maintainable aggressiveness in the focused dairy industry, the dairy firms receive different development techniques that are dictated by the interior assets and capacities of the organizations (Glover and Dainty, 2014). This makes the RVB reasonable for the present investigation.
2.2.3 Churchill and Lewis (1983) growth model

Churchill and Lewis, (1983) established development concept, which clarifies the anticipated development example of a small-to-medium sized organizations. Churchill and Lewis (1983) growth concept demonstrate take note of that organizations experience five phases of development: origination, survival, achievement, take-off, and development. Most micro and small dairy ventures stay at the origination and survival phases of development and not very many advances to the achievement status.

This brings up the issue with respect to what factors add to this situation and what should be done to have more dairy organizations performing better to guarantee achievement. There are inner and outside impacts on little firm arrangement and survival. The internal impacts are; proprietor/administrator thought processes, individual traits, specialized abilities, key administration skills, administration conduct while the outside impacts are large scale and smaller scale factors affecting development of drain handling organizations in Kenya. In this investigation, inside and outer variables that are associated to significantly influence development with drain preparing undertakings have been chosen.

The concept developed by Churchill and Lewis (1983) has five phases in particular: presence, survival, achievement, take-off, and asset development. In the presence organize, the key concentrate is on getting clients and all things considered the degree of formal frameworks is insignificant and now and again non-existent. What's more, the hierarchical structure is level and along these lines, the proprietor supervisor embraces an administration style where there is immediate supervision of those working in the business. As the business advances to the second phase of survival, the business starts to utilize some formal frameworks as the hierarchical structure grows more levels and henceforth, the proprietor chief starts to designate a portion of the duties to representatives or specialists. The proprietor administrator choosing to either keep the business at its current operational level or extend the business to higher development portrays the achievement phase.
The proprietor supervisor's inspiration, opportunity, acknowledgment and assets will drive the choice. Specialized administrators are typically utilized as a part of this phase since the business would ordinarily have developed to sizeable degrees and greater administration duties are required. Moreover, the business has created essential practical frameworks, for example, back, promoting, and operations. In the fourth phase of take-off, the key administration issues facing the proprietor chief incorporate deciding the rate of development and financing of the coveted development. Implanted in settling on these choices are issues of assignment where the proprietor supervisor would need to take into account significantly more prominent appointment to practical chiefs to enhance authoritative viability and accessibility and access to money related assets required to help the coveted development. The last stage is asset development where the principle worry for proprietor directors incorporates dealing with the monetary benefits coming about because of development and keeping up the advantages related with private company, for example, adaptability, responsiveness to clients' changing needs and entrepreneurial conduct. A business in this stage would regularly have settled authoritative frameworks.

2.3 Empirical Review

The section presents the empirical review based on the study objectives;

2.3.1 Growth Strategies and Organizational Performance

Various studies have been conducted on the impacts of different growth methodologies on financial execution. Paul and Ivo (2013) related price techniques and price setting hones by utilization of overview strategy and theory testing on 95 respondents and discovered that price systems and price setting are connected in light of the fact that procedures are executed through price setting practices. Kostis and George (2011) directed an examination on new modern administration evaluating procedures and their predecessors where information were gathered through a mail overview from 129 transportation and 48 data innovation organizations. Also, 20 inside and out individual meetings were directed in the underlying period of the exploration and presumed that skimming estimating and entrance evaluating identify with the organization's corporate and promoting procedure and the administration qualities, while economic situations impact the appropriation of valuing like competitive costs.
David and David (2012) through exploratory research, a mail overview was directed utilizing a poll in view of the double situation strategy on promoting orientated pricing: Understanding and applying factors that segregate between fruitful high and low price methodologies, discovered that six advertising orientated variables i.e. capacity of clients to pay, mark esteem, level of rivalry, value going about as a boundary to passage, request contrasted with supply, and the utilization of a building market share objective essentially discriminated between the utilization of effective high versus low price techniques.

Ndubisi and Chiew, 2005, 2006) in Malaysia found that, for retailers or makers to urge clients to belittle their stores, deals advancement would appear to be the most fitting technique or medium. Alvarez and Casielles (2005) found that legitimately executed sales increase methods would help retailers or makers to urge clients to disparage their stores and to experiment with the items and administrations being advanced, and consequently would help the retailers and producers to accomplish their targets.

Chen and Yu (2011) indicated that expanded execution of firms because of diversification happens when the minimal advantages are more prominent than the peripheral expenses of expansion. Denis et al. (2002) watched a positive direct connection amongst diversification and an association's execution. Studies, for example, Delios and Beamish (2008) examined around 800 Chinese firms and found that engaged firms beat combinations over all classifications of possession personality. Gonenc and Aybar (2006) found a positive connection amongst broadening and execution in Turkish modern firms. A Study by Kim and Gu, (2003) endeavored to feature the impact of firm broadening procedures on execution.

Moreover, study proves is uncertain with respect to regardless of whether a diversification procedure impacts enhanced execution and security for firms. Kang et al. (2011) examined the impacts of product diversification on firm execution and complementarities between items in US gambling clubs.

The outcomes uncovered that expenses and advantages from product diversification could be reliant on such factors as the sort of diversification and the business structure.
Li and Greenwood (2004) found that intra-industry item enhancement could interestingly drive two advantages; i.e. premiums from shared patience brought by multimarket rivalry and efficiencies from advertise structure. Johnson (2005) built up that the organizations have diverse instruments utilized as a part of developments; normal stock, favored stock; bond; call-alternative. The risk and return for each instrument is extraordinary. The instruments are constantly blended so an extreme return is gotten with minimum risk.

2.3.2 Market Penetration Strategies and Performance

Market availability is a key factor considered when setting up any form of a business. Due to stiff competition in various business sectors, firms within the industries put in place various market penetration strategies to enable them grow and remain competitive in the industry (Duncan & Natarajarathinam, 2016).

Several studies have been done on the effect of market penetration strategies on business performance. Paul and Ivo (2013) related pricing techniques and price setting rehearses by utilization of review technique and speculation testing on 95 respondents, demonstrated that price strategies and price setting are connected on the grounds that methodologies are executed through price setting practices. Howard and James (2013) based their investigation of the impact of decision setting on pricing technique’s perceived risk on attribution hypothesis where more than 100 business managers were utilized and findings recommend that when uncontainable variables control pricing directors tend to choose pricing approaches with external alignments to deflect risk away from themselves individually.

Kostis and George (2011) carried out a study on new manufacturing service pricing strategies techniques and their precursors where information were gathered through a mail overview from 129 transportation and 48 data innovation organizations. In addition, 20 inside and out individual meetings were led in the underlying period of the exploration and inferred that scanning evaluating and entrance estimating identify with the organization's corporate and advertising system and the administration qualities, while economic situations impact the appropriation of valuing like aggressive costs.
David and David (2012) through exploratory research, a mail review was led utilizing a survey in light of the double situation system on advertising orientated estimating. Comprehending and applying factors that segregate between effective high and low price methodologies, discovered that six promoting orientated components i.e. capacity of clients to pay, mark esteem, level of rivalry, value going about as a hindrance to section, request contrasted with supply, and the utilization of a building piece of the overall industry objective fundamentally separated between the utilization of effective high versus low price systems.

Additionally researches conducted by Ndubisi and Chiew, (2005), (2006) in Malaysia found that, for retailers or makers to urge clients to disparage their stores, deals advancement would appear to be the most fitting technique or medium. Alvarez and Casielles (2005) found that appropriately executed deals advancement strategies would help retailers or makers to urge clients to belittle their stores and to experiment with the items and administrations being advanced, and consequently would help the retailers and producers to accomplish their targets.

2.3.3 Product Diversification Strategy and Performance

Diversification is the entry into new markets with new items. It goes for extending the measure of the business, accomplishing an economy of scale in assembling and in this manner producing synergic impacts for general operation of firms. A few examinations on vital administration have analyzed the connection between diversification strategy and execution (Schoar, 2002; Shen, Wang and Su, 2011; Burgers, Padgett, Bourdean and Sun 2009). The resource-based view as checked on by Chen and Yu (2011) set that organizations diversify their goods to exploit the economies of extension in different assets including substantial and impalpable resource. Their discoveries additionally demonstrated that exploitation of established abilities by means of diversification aided helped to seek after expanded financial returns. In actuality, diversification has been observed to be a conceivable reason for increment in cost of generation. This is conceivable through unbalanced development in authoritative expenses and inflexibility in operations. The previous might be a direct result of formation of extra levels of
corporate administration to organize new working units, while the last might be because of poor efficiencies emerging from poor versatility to ecological change strains on top administration as the corporate focus tries to deal with an expanding number of differing organizations. Extra cost identifying with corporate enhancement is related with the private and family-related advantages of proprietor supervisors, emerging from difficulties of office between proprietor administrators and investors.

A diversification technique is regularly utilized by business directors lessen the dangers identified with work and notoriety, since they can reduce the financial threats of firms by differentiating into inconsequential exercises. Chen and Yu (2011) watched that expanded execution of firms because of broadening happens when the negligible advantages are more noteworthy than the minimal expenses of expansion. In any case, considers on this issue have created blended outcomes. Denis et al. (2002) indicated that there is a connection amongst diversification and a company’s execution. Studies, for example, Delios and Beamish (2008) tested around 800 Chinese firms and found that engaged firms outdid corporations over all classifications of proprietorship identity.

In a related survey done by Gonenc and Aybar (2006), they found a weak evidence for a positive connection amongst diversification and execution in Turkish modern firms. This suggests the execution of broadening procedures is pivoted upon the execution of the objective business. Subsequently, when the essential and differentiating target industry qualities are disregarded, the evaluated execution of an enhancement methodology could bring about wrong strategy proposal. Mixed proof on the money saving advantage impact of enhancement on execution prompts the decision that a non-linear relationship may exist amongst broadening and firm execution (Chen and Yu, 2011).

A company's inspirations to diversify was recorded by Rijamampianina, Abartt, and February(2003) to incorporate; productivity improvement, sales increase, stock esteem change, market proficiency and strength of pay stream; suggesting that low execution could influence enhancement choices, and the level of expansion. Firms with enough administrative and money related limit could without much of a stretch differentiate into
different businesses since enhancement is seen as a speculation conduct. Consequently, execution is a conceivable determinant of expansion choice. A Study by (Kim and Gu, 2003) endeavored to feature the impact of firm diversification techniques on execution. Disregarding this, look into confirm is uncertain with respect to regardless of whether an diversification procedure impacts enhanced execution and strength for firms.

Kang et al. (2011) conducted a study on the impacts of product diversification on firm execution and complementarities between goods in US gambling clubs. The outcomes uncovered that expenses and advantages from product diversification could be reliant on such factors as the kind of expansion and the business structure. As to kind of expansion, Tanriverdi and Lee (2008) underscored that item enhancement identifies with intra-industry broadening, characterized as a company's essence in various product offerings inside a solitary industry. Expenses and advantages of intra-industry enhancement can be clarified with the system of inward capacities and request collaborations (Siggelkow, 2003). Compressing the kind of product diversification, Kang et al. (2011) discoursed that intra-industry item enhancement incites an exchange off between potential dangers of going past the sensible ability to viably offer different items and the conceivable request externalities created by offering a wide scope of items. That is, as the level of item expansion inside a specific industry builds, a higher likelihood exists for exasperating administrative abilities and arrangement of exercises that are appropriate deeply business of a firm. Therefore, the firm winds up noticeably unequipped for effectively working differing organizations and promoting different items.

As indicated by Siggelkow (2003) multi sector product diversification may decidedly influence firm execution with extra requests made by giving arrangements that keep up more choices and decrease clients' shopping costs. He additionally found that the level of item fixation contrarily identifies with gainfulness because of missed request externalities, despite the fact that item focus can emphatically influence the ability to offer high-esteem items. Li and Greenwood (2004) found that intra-industry product diversification could extraordinarily drive two advantages; i.e. premiums from shared restraint brought by multimarket rivalry and efficiencies from advertise structure. As
indicated by them, shared self control, characterized as implicit conspiracy to alleviate force of aggressive practices at numerous purposes of rivalry, will probably exist in the intra-business expansion setting than in the between business setting.

In Kenya, in seeking after the advantages of diversification procedure, many milk processing companies in Kenya have wandered into production of a few related items keeping in mind the end goal to fulfill a considerable lot of their clients capacities, as opposed to concentrating on a particular item focused at a specific section of clients. Do these item expansion techniques have any impact on the general execution of these organizations? The current study therefore seeks to answer this research question by investigating the effect of the various diversification strategies on performance of the firms.

2.3.4 Market Expansion and Performance

Market expansion strategy Seeks to offer its current product into new markets. A market advancement procedure targets non-purchasing clients in at present focused on portions. It additionally targets new clients in new sections. Numerous conceivable methods for moving toward this methodology, incorporate new land markets; for example sending out the item to another nation; new item measurements or bundling; for instance; new appropriation channels and diverse valuing approaches to pull in various clients or make new market sections (Dupuis and Prime, 2007). An organization takes after a market improvement procedure for a present brand when it extends the potential market through new clients or new uses (Harzing, 2010). New clients can be found in new geographic sections, new statistic fragments, new institutional portions or new psychographic portions. Another path is to grow deals through new uses for the product.

The key distinction between this development methodology and market penetration is that the meaning of the objective market must change. Alternatively, the market potential must increment through this system, though the market measure is "settled" with a market entrance technique (Hung, et al, 2007). As indicated by Jones (2004), development is among the most difficult choices for an organization as it diminishes the danger of working in an unstable market. Experiences and learning of the firm can be a
guide for future operations. Before settling on a vital choice, an administrator must do a money saving advantage investigation and decide if it is in accordance with the organization's destinations and mission. The administrator should likewise consider the information gained to be useful to the organization in future development and enable them to learn skills that can be reapplied in their current business.

A ground breaking administrator is more stressed over winning a war than winning a fight (Thompson, 2005). A company's execution is not just demonstrated by the business figures; instead, changes in deals may basically reflect changes in the market size or changes in monetary conditions. The extent of the market measures execution of a firm in respect to competitors that allows it capture (market share). Deals might be resolved on an esteem premise or on a unit premise and keeping in mind that the company's business figures are promptly accessible, add up to advertise deals is more hard to decide (Jim 2003). Many firms try to expand their business in respect to contenders. A firm may look to expand its piece of the overall industry to abuse the economies of scale. Working in higher volumes can be instrumental in building up a cost advantage. Deals development in a stale industry is motivation to expand piece of the overall industry. At the point when the business isn't developing, the firm still can develop its deals by expanding its piece of the overall industry (Hookes, 2010) such development in piece of the pie prompts a development in incomes which over the long haul can be utilized as a measure of execution.

As indicated by the findings by Johnson and Scholes (2008) in a study on investigating corporate technique among American firms, the methods of expansions include; diversifying, authorizing, securing and mergers. Further, Johnson (2005) additionally in an exact examination of the combination responsiveness structure in US development hardware industry firms in worldwide rivalry built up that the organizations have distinctive instruments utilized as a part of extensions; regular stock, favored stock; bond; call-alternative. The hazard and return for each instrument is extraordinary. The instruments are constantly blended so an extreme return is acquired with least hazard.
In the examination paper International development technique of Japanese firms; Capability working through successive section, Kumar (2008) has demonstrated that organizations with more more line of business (LOB), horizontal business group (H.B.G), Vertical business group (VBG) are more prominent in position. On a dynamic level, one can consider development speculation, which naturally has some hazard and should bring a profit.

Obviously, it is significantly more unpredictable than speculation choices. As indicated by Kotler (2007), development choices do not depend just on the monetary status of the firm it is a vital choice, which is identified with company's goals and mission. It is exceptionally hard to decide the present esteem or future estimation of a firm. The estimation of a firm is dictated by the item and not when. Extension is less flexible than venture. Offering or purchasing of a setup takes additional time than a speculation 'purchase or offer' occasion.

As indicated by Heid and Lawrence (2008), extension choices are more unpredictable than venture choices since they include numerous spaces. A development has significant immaterial ramifications, which may not be the situation with venture. It is that a speculator's sole reason for existing is to expand his riches, yet firms may have goals other than simply influencing benefit to like business age, mark imaging, key move, forward combination, and in reverse mix (Capar and Kotabe, 2003). The units of a firm are more interrelated than the benefits of an entrepreneur.

In order to gain competitiveness, dairy companies in Kenya have adopted market expansion strategies. This study therefore seeks to determine the effect of these strategies on the financial performance of the companies.

2.3.5 Mergers or Acquisition and Performance

The long-term objectives of the firms in competitive markets is enhancing or safeguarding their focused position and taking advantage of their competitors (Barney, 2002). Associations shape unions to pick up favorable circumstances over their rivals. Therefore, companies looking for unions dependably look for accomplices who will
help them make an incentive for clients at bring down expenses. Key organizations together may happen in different structures. The sorts of organizations together they distinguished for example are joint advertising/advancement, joint offering/disispersion generation, plan cooperation, innovation permitting and innovative work contracts (Choi, 2015).

The advantages of an organization alliance, as contrasted and a solitary firm depend on the requirement for combination among parts of the esteem chain and the requirement for scale and specialization in each of the parts. Concerning this, organizations frame unions relying upon their requirements around then or as per future contemplations. The goes for shaping cooperation’s help in deciding the accomplices to frame partnerships with and henceforth the sort of collusions to frame. There are different conceivable purposes behind organization together development. These reasons are taken a toll reserve funds, showcase entrance and maintenance, money related infusion, foundation imperatives, bypassing institutional limitations and market strength. Firms shape organizations together in type of mergers and additionally securing (Gesora, 2014).

Merger can be characterized as methods for unification of two players into single substance. A merger is a procedure of joining two business elements to be under basic proprietorship (Kaur and Gian, 2010). The term acquisition alludes to any takeover by one organization of the offer capital of another in return of money, standard offers, or advance stock. M or A are utilized to enhance the organization’s portfolio as a hazard administration procedure. Furthermore, to empower organizations penetration to new land markets to help development by exploiting economies of scale and increment on client base among different reasons (Kemal, 2011). The rationale behind any corporate merger is the cooperative energy impact; two is superior to one. Organizations trust that by either consolidating or acquiring another organization, the execution would be superior to a solitary substance. This is credited by the way that investor esteem would viably be boosted (Sharma, 2009).

Worldwide, business world has consistently experienced expanded acquisitions throughout the most recent decade. Different reasons have driven firms to embrace in
acquisitions. Developing business certainty, buyer request and enhancing monetary conditions in the area have whetted business officials' craving for firms in the innovation, mining, budgetary administrations and even creation, assembling and handling divisions (Korir, 2006). Acquisitions are constantly being received for dynamic organization aggressiveness by growing piece of the overall industry. Acquisitions are utilized to build the organization's portfolio as a showcasing administration technique. In addition, to empower organizations enter to new topographical markets to help development by benefiting from economies of scale and increment on client base among different reasons (Kemal, 2011). The thought processes in acquisitions are; expanded market share and incomes, economies of scale, cooperative energy, office, hubris, tax collection, office, proficiency, augment topographical territories among other method of reasoning. Speculators may anticipate that acquisitions will convey upgraded showcase control. Partnerships are embraced different methodologies in endeavors to enhance financial execution.

Ekundayo (2008), and Soludo (2006, 2008) conducted a study on the impacts of M&A on Nigerian banking industry and found that M or A brought about an exceptional change on the segment in general. Gatsi and Agbenu (2006) conveyed an investigation in Ghana and found that the execution of SG-SSB LTD has enhanced after its acquisition. Wachira and Memba (2015) utilize a causal research configuration to think about variables of mergers and securing and the money related execution of dairy handling industry in Kenya, contextual analysis of Brookside Dairies. From the investigation, it was presumed that there was a critical impact on monetary execution that can be ascribed to productivity, which expanded after the M&A of the dairy firm too has the company’s financing structure, changed thus affect money related execution. The examination additionally found that there was general increment in the gainfulness of the dairy firms after M or A and reduction paying off debtor’s proportion and increment in firm size of the dairy firms after M&A, the investigation along these lines reasons that there was change in financial execution after dairy firm finished the acquisition and mergers.
Njuguna (2013) utilized financial ratio investigation and combined t test to study the impact of mergers and acquisitions on the budgetary execution of oil firms in Kenya. The examination discoveries uncovered that mergers/acquisitions have inconsequential impact on the general financial execution of oil firms in Kenya. Likewise, there was change in the organizations execution after the combining/obtaining occurred.

Late corporate merger and securing exercises observed in the Kenyan economy is an indication that organizations are progressively tolerating this takeover choice as methods towards building up their corporate systems either in the nation or in the business. Furthermore, the move towards local reconciliation has in reality started a whirlwind of cross provincial development which has seen different organization's not just utilize cross-posting crosswise over different markets as a methods for expanding local nearness yet in addition as a path set apart to increment local acquisitions and buyouts. This has made a few Kenyan organizations to wander out of the nation in cross fringe acquisitions (Inoti, Onyuma and Muiru, 2014). Dairy handling industry has not been deserted as different firms in the milk-processing segment have received mergers and acquisition in endeavors to improve execution and increment productivity. This study seeks to determine the effects of these mergers and acquisitions on performance and profitability of the firms.
### 2.4 Research Gaps

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<tr>
<th>Author (Year)</th>
<th>Findings</th>
<th>Research Gap</th>
<th>Focus of the current study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul and Ivo (2013) and Howard and James (2013)</td>
<td>The studies showed that price strategies and price setting have a positive impact on business performance.</td>
<td>The study only focused on market penetration strategy on company performance.</td>
<td>The study focusses on the effect of market penetration strategy on milk processing companies.</td>
</tr>
<tr>
<td>Denis et al. (2002)</td>
<td>Revealed a positive linear relationship between diversification and a firm’s performance.</td>
<td>The study focused on the diversification strategies and firm performance.</td>
<td>The current study determined the effect of diversification strategy on milk processing companies.</td>
</tr>
<tr>
<td>Jones (2004) and Johnson (2005).</td>
<td>Found a strong correlation between product expansion strategy and performance of companies.</td>
<td>The study showed little evidence to indicate the product expansion strategy to enhance performance of companies.</td>
<td>The study assessed the effect of market expansion strategy on company’s performance.</td>
</tr>
<tr>
<td>Korir, (2006) and Kemal, (2011)</td>
<td>Merger or Acquisition strategies led to the expanding of market share.</td>
<td>The emphasized on the relationship between Merger or Acquisition and market share, expanding of market share.</td>
<td>The study established the effect of merger or acquisition on the performance of milk processing companies.</td>
</tr>
</tbody>
</table>
2.5 Conceptual Framework

Independent variables in these studies are market penetration strategies, product diversification, market expansion, and Merger or Acquisition strategies. The dependent variable in this study is the growth of milk processing companies. The government also intervenes to regulate the operation of the companies in this sector.
Market Penetration strategies
- Price adjustments
- Increased promotions
- More distribution channels
- Products improvements

Product Diversification
- Cheap generic versions
- Fighter brands

Market Expansion
- Sales to new customers
- New products
- New geographic regions

Mergers or Acquisitions
- Joint promotion
- Joint marketing
- Joint Design collaboration
- Joint research and development
- Joint technology licensing

Performance
- Profitability
- Market Share
- Branches
- Annual turnover

Figure 2.1: Conceptual framework

Source: (Author, 2017)
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the adopted study methodology. It also shows the research design, targeted participants, the sampling procedure, the tools and processes that was utilized for data collection, data collection procedure in addition to the data analysis methods that will be employed during the study.

3.2 Research Design

The research design is the organization of condition for the purpose of data collection and analysis in a way that coordinates research relevance (Kothari, 2001). The author also noted that the research is carried out within the conceptual framework. The current research adopted both descriptive and explanatory research design since its focus is determining the relationship that exists between variables, the prevailing practices, perceptions, attitudes as well as the developed trends (Best & Kahn, 2000). This method assisted the researcher to get in-depth information of the growth strategies that can boost the performance of milk processing companies in Kenya. According to Orodho, (2008), the descriptive designs enables gathering of big data from big information in an affordable way.

3.3 Target Population

Population can be defined as the whole group people, things or activities that the researcher is interested with and wished to examine (Sekaran, 2000). Alternatively, population is general number of individuals that can be worked upon. Mugenda and Mugenda, (2003) indicated that in social science the target population is referred to as the particular population that the researcher intends to investigate. The target population for the study was the selected 34 dairy processing companies listed in the Kenya Dairy Board.
3.4 Sampling Design and Sampling Procedure

This study used non-probabilistic sampling technique. Tashakkori and Teddlie, (2003), noted that this technique is a non-probability methodology that comprises of choosing elements depending on particular purposes instead of randomly. The non-probabilistic sampling was used to select 34 operations managers from all the 34 dairy companies listed by the Kenya Dairy Board. In this case, the operations managers are considered the appropriate participants to give data on the effect of various growth strategies that have been put in place by the dairy companies in Kenya.

3.5 Data Collection Instruments

The study used questionnaires to collect data collection from the middle level and lower level and the top management employees. The research instrument comprises of both closed and open-ended questions. The close-ended questions offered the structured responses as a way of facilitating the perceptible references. The closed ended questions were also adopted in assessing the study themes this played an imperative role in reducing the number of interrelated answers.

The open-ended questions also offered extra information that might not be captured in other types of questions. The research instrument was divided into different parts this was done with the aim of addressing each research question as well as improving the research accuracy and data validity. The researcher opted using questionnaires because they can be easily be administered and capture a lot of information with a short period of time and at an affordable cost. This was an effective was because the participants were given time to fill the questionnaires at their convenient time.

3.6 Validity and Reliability of Data Collection Instruments

3.6.1 Validity

Variability is referred to a degree that a research instrument measures what it intends to measure (Kothari, 2004). The main objective of validity is making sure all the questionnaires items measures what they intend to measure (Kothari, 2008). As such, the current study adopted the content validity in measuring the extent the instrument
element accomplish their objectives. The researcher consulted the supervisors in developing the content validity. Moreover, the study carried out face validity in checking the question clarity and vagueness. The research checked the operationalization against the relevant content domain for the construct. The criteria to be met was laid down and what is expected from respondents. The criteria was used as checklist when examining the questionnaires filled by the respondents. Only the programs that meet the criteria was used for the result.

### 3.6.2 Reliability of Data Collection Instruments

Reliability regards the degree to which the research instrument can produce consistent results and data from repeated trials (Mugenda and Mugenda, 2003). A pilot study was carried out in two companies, the study was repeated, and results were compared to test consistency. The questionnaires items found to be inadequate were modified; some were discarded to in enhancing the research quality. Piloting was done on the selected dairy companies, the researcher did not include these companies the sample size. The Cronbach’s Alpha coefficient was adopted in measuring consistency of the variables. Cronbach’s alpha coefficients were based on the different variables that were be under study. For the purpose of this study, a cut off coefficient of 0.7 was used to indicate that questionnaire items are reliable. The Cranach’s alpha as calculated through SPSS. Mean Cronbach’s value of 0.912 was obtained. This result was greater than the threshold 0.7 and the items were therefore considered as reliable.

### 3.7 Data Collection Procedure

The researcher sought an introduction letter through the graduate school of Kenyatta University. A letter of approval from National Commission for science, Technology and Innovation (NACOSTI) was also sought. She then enlisted all respondent programs by obtaining their email addresses or telephone contacts. Afterwards an authority from the directors of selected milk processing companies was obtained. The researcher then visited the companies selected for the study, prior to the data collection for introduction purpose, acquaintance and scheduling for the data collection. This enabled the
researcher to establish a rapport with the companies. The researcher then gave the questionnaires to the respondents and collects them after a week.

3.8 Data Analysis and Presentation
The study analyzed the Quantitative data using the descriptive statistics like percentages and frequencies using Statistical Package for Social Sciences (SPSS). The variables were then arranged based on the themes and finally presented in form of tables, bar graphs and Pie charts. The inferential statistics such as multivariate regression model was adopted in determining the relationship between dependent and independent variables.

The regression model is as follows:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where \( Y \) is the dependent variable (performance of milk processing companies),

\( \beta \) is the regression coefficient, \( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) are the slopes of the regression equation,

\( X_1 \) is the market penetration strategy independent variable,
\( X_2 \) is product diversification strategy independent variable,

\( X_3 \) is market expansion strategy independent variable and \( X_4 \) is the merger or acquisition strategies effect independent variable, while \( \alpha \) is an error term normally distributed about a mean of 0 and for computation purposes, the \( \alpha \) is assumed to be 0.

3.9 Ethical Consideration
Ethics can be defined as the norms and principles that guide moral options of our behaviours and our relations (Carrol & Buchholtz, 2000). After successfully defending the proposal, the researcher sought to obtain a research permit from NACOSTI. The primary objective of doing this to assess what is right or wrong based on prevailing norms in the society. These scholars further noted that ethics in research plays an imperative role in making sure that no one is harmed or is negatively affected by research process. As the researcher assured the respondents that, their personal
information will be kept confidential. Moreover, the researcher did not conduct a study that would adversely affect the respondents.
CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This section presents data analysis, interpretation and presentation of key findings. The study findings are presented based on the research questions. The main purpose of the study was to determine the influence of growth strategies on performance of selected milk processing companies in Kenya.

4.2 Response Rate

Table 4.2: Response rate

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed</td>
<td>23</td>
<td>67.65%</td>
</tr>
<tr>
<td>Not completed</td>
<td>11</td>
<td>32.35%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2017)

The study targeted 34 respondents. Out of the 34 respondents targeted, 23 filled and returned their questionnaires. This 67.65% response rate is enough to make conclusion on the population. Kothari, (2004) recommends any large sample to be at least 10% of the target population.

4.3 Demographic Information

This section presents the demographic characteristics of the respondents. The characteristics were gender, age and experience and education level.

4.3.1 Age of the respondents

The study sought to determine the gender of the respondents. The findings are shown in the below.
Figure 4.2: Age

![Age Distribution Chart]

Source: (Survey Data, 2017)

Figure 4.2 presents the respondents age. Majority (60%) of the participants indicated that they were aged between 36 to 45 years. 20% revealed that they were aged between 21 to 35 years and 46 to 55 years. This indicates that the company employees are evenly distributed and mature enough to give reliable information.

4.3.2 Gender

The study sought to determine the respondent’s gender; the findings are as shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>14</td>
<td>60.0%</td>
</tr>
<tr>
<td>Female</td>
<td>9</td>
<td>40.0%</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2017)

Table 4.3 shows that majority (60%) of respondents were male while 40% were female. This implies that there is no gender balance in these companies.

4.3.3 Education Level

The study sought to determine the respondents Education level; their responses are as shown in the Figure below
40% of total population sampled indicated that they were Degree holders, 30% Diploma level, 20% high school while 10% had master degree as presented in the Figure 4.3. This shows that the majority of respondents are educated as such they information given might be reliable and accurate.

4.3.4 Working Experience

The researcher sought to determine the respondents working experience. The Table below indicates their responses.

<table>
<thead>
<tr>
<th>Working Experience</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 5 years</td>
<td>2</td>
<td>8.6%</td>
</tr>
<tr>
<td>6 to 10 years</td>
<td>9</td>
<td>39.13%</td>
</tr>
<tr>
<td>11 to 15 years</td>
<td>8</td>
<td>34.8%</td>
</tr>
<tr>
<td>16 to 20 years</td>
<td>2</td>
<td>8.6%</td>
</tr>
<tr>
<td>Over 20 years</td>
<td>2</td>
<td>8.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2017)
From the Table 4.4 39.13% of the respondents reported that they had worked for the company for a period of six to ten years. Only 34.8% had worked for the company for a period of eleven to fifteen years while 8.6% indicated that they have worked for one to five years, sixteen to twenty years and for over twenty years. This shows that the respondents have worked in the company long enough to understand the company’s operation, therefore the information given is most likely to be consistent.

### 4.3.5 The period of operation

The respondents were asked to indicate the number of years their companies have been in operation. The following were their responses.

**Figure 4.4: The number of years the companies have been on operation**

Source: (Survey Data, 2017)

The Figure 4.4 above shows that majority (80%) of the participants reported that their firms have been in operation for more than twenty years. While only 10% reported that, their companies have operated for five to ten years and ten to fifteen years. This demonstrate that the companies have existed long enough to develop growth strategies on their performance.

### 4.3.6 The Net Profit Trend

The respondents were asked to indicate their company net profit; the findings are as shown below
The Figure 4.5 above shows that majority (50%) of the respondents indicated that the company net profit improved, 40% greatly improved while 10% indicated that the company is greatly decreasing. The findings implies that the adopted strategies might have influenced the growth strategies. There are high chances that the performing trend will be positive if the companies adopts the strategies.

4.4 Growth Strategies

The respondents were asked to indicate how important each action are to the organization. This was pursued by use of a structured question and the possible responses were structured as follows 1 represented Not important at all, 2= Not very important, 3= somewhat important, 4= very important and 5= Extremely very important, the findings were presented in the Table below.
Table 4.5: Market penetration strategies

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Standard deviation</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowering price</td>
<td>1.7</td>
<td>3.88</td>
</tr>
<tr>
<td>Offering Better product/service quality</td>
<td>1.8</td>
<td>2.50</td>
</tr>
<tr>
<td>Promotion of brand</td>
<td>3</td>
<td>4.30</td>
</tr>
<tr>
<td>Increasing distribution channels</td>
<td>2</td>
<td>3.70</td>
</tr>
<tr>
<td>Consistent stock availability at more convenient locations</td>
<td>1.9</td>
<td>3.33</td>
</tr>
<tr>
<td>Matching competitor bonuses and discounts</td>
<td>1.9</td>
<td>3.30</td>
</tr>
<tr>
<td>Providing product usage training/training materials to users and retailers</td>
<td>1.89</td>
<td>3.4</td>
</tr>
<tr>
<td>Blocking aggressive new entrants</td>
<td>2</td>
<td>3.89</td>
</tr>
<tr>
<td>Improving incentives to dealers</td>
<td>1.6</td>
<td>2.00</td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2017)

It can be noted that most respondents believe that lowering the price has an impact on growth strategies this means that the number of sales increases. The mean score for Market penetration strategies was found to be 3.3, which was similar to aggregate mean. The most preferred Market penetration strategies was offering better products/services quality while the least preferred was Blocking aggressive to dealers. As such, the company should improve their product quality and services. Lowering the products prices plays a major role in penetrating in the market. Another thing that might have led to market penetration is providing product training.

4.5 Product diversification

The respondents were asked to indicate how important each action are to the organization. This was followed by use of a structured question and the possible responses were structured as follows 1 represented Not important at all, 2= Not very
important, 3= somewhat important, 4= very important and 5= Extremely very important, the findings were presented in the Table below.

**Table 4.6: Product diversification**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produce and sell cheap generic versions</td>
<td>1.50</td>
<td>1.26930</td>
</tr>
<tr>
<td>Get new agencies with new and different products</td>
<td>3.00</td>
<td>1.11803</td>
</tr>
<tr>
<td>Patent protection of Innovations</td>
<td>3.90</td>
<td>.87560</td>
</tr>
<tr>
<td>Exclusive linkages with suppliers and buyers</td>
<td>4.00</td>
<td>.94281</td>
</tr>
<tr>
<td>Introduce fighter brands to block new entrants</td>
<td>3.50</td>
<td>1.58114</td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2017)

The overall Mean response rate on Product Diversification was found to be 3.18, which is above the aggregate mean 2.75. The most preferred Product Diversification strategy was Exclusive linkages with suppliers and buyers while the least was producing and selling cheap genetic versions. This implies that majority of respondents agreed to the statement, however, the company should improve its linkage with the suppliers and buyers to diversify their products. This implies that introducing new product in the market have an impact on the diversification of the product. Another thing that promoted the product diversifications in these companies is selling cheap generic product and being innovating.

**4.5.5 Other ways of achieving product diversification**

The respondents were asked to indicate which other way the company has achieved the product diversification. Majority of participants indicated that the companies has improved packing from plastic cups to the packet packing. While others reported that, the company has achieved the product diversification by value addition.
4.6 Market Expansion and Performance

4.6.1 Trend in the Number of New Customers

The respondents were asked to indicate the trend in new customers in the past five years. Their responses were as shown below;

**Figure 4.6: Trend in the number of new customers**

![Bar chart showing trend in the number of new customers]

Source: (Survey Data, 2017)

The Figure 4.6 above shows the company’s trend in new customers in the past five years. Majority (30%) of the respondents reported that the trend has greatly improved, improved and constant. The Figure also demonstrate that 10% of the respondents reported that the trend was decreasing greatly.

4.6.2 Market Expansion Strategies

The study sought to determine the market expansion strategy. The respondents were asked to indicate in their view, how your company has achieved market expansion by marking 1, 2 or 3 against the reason. 1 Not –Pursued, 2 – Least Pursued, 3 –Pursued, 4 –Most pursued
### Table 4.7: Market Expansion Approaches

<table>
<thead>
<tr>
<th>Approach</th>
<th>Sd</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling existing products to existing customers</td>
<td>0.23</td>
<td>1.5</td>
</tr>
<tr>
<td>Selling existing products to new customers</td>
<td>0.45</td>
<td>2.0</td>
</tr>
<tr>
<td>Selling new products</td>
<td>0.56</td>
<td>2.5</td>
</tr>
<tr>
<td>Selling more through new delivery approaches</td>
<td>1.5</td>
<td>3.0</td>
</tr>
<tr>
<td>Selling to new geographies</td>
<td>0.65</td>
<td>1.9</td>
</tr>
<tr>
<td>Establishing new industry structures</td>
<td>1.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Finding new competitive arenas</td>
<td>1.6</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2017)

The overall Mean response rate on Market Expansion Approaches was found to be 2.63 and it is above the aggregate mean 2.5. The most preferred Market Expansion Approaches was establishing new industry structures while the least was selling existing products to existing customers. This indicates that most participants agreed to the statement on the Selling existing products to existing customers. This implies that Market Expansion Approaches have an impact on the Market Expansion Approaches. Furthermore, finding new competitive arenas promoted the Market Expansion Approaches in these companies.

4.7 Mergers or Acquisitions

The respondents were asked to indicate if their companies have ever adopted M or A and the nature of corporate action the findings are as shown overleaf.
Majority (80%) of respondents indicated that their company has adopted M or A while 20% reported that their companies have never adopted M and A.

4.7.1 The Nature of M or A

The respondents were asked to indicate nature of M and A, the findings is as shown in the Figure below;

Figure 4.8: The nature of M and A

Source: (Survey Data, 2017)

From the Figure 80% of respondents indicated that their companies have adopted acquisition while 20% have adopted both Merger or Acquisition as presented in the Figure 4.8 above.
4.7.2 The type of company worked for

The respondents were asked to indicate the type of company they have worked for before the Merger or Acquisition, the findings are as shown overleaf;

**Figure 4.9: The types of companies**

![Bar chart showing the distribution of types of companies worked for](chart.png)

Source: (Survey Data, 2017)

From the Figure 50% of the respondents indicated that they have worked for the acquired company while 16.67% revealed that they have worked for acquiring company as demonstrated in the Figure 4.9 above.

4.7.3 Companies Information M or A

The respondents were asked to indicate their level of agreement with the following statements pertaining the companies that undertook M or A by ticking at the appropriate box using the rating criteria below. 1. Strongly Disagree, 2. Disagree, 3. Uncertain, 4. Agree, 5. Strongly Agree. The findings are shown below

**Table 4.8: The company information**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both companies has a similar approach to marketing</td>
<td>3.4286</td>
<td>1.13389</td>
</tr>
<tr>
<td>Both companies had similar operating structures</td>
<td>3.4286</td>
<td>1.61835</td>
</tr>
<tr>
<td>Both companies had similar approach to promotions</td>
<td>3.4286</td>
<td>.53452</td>
</tr>
<tr>
<td>Both companies had similar decision making processes</td>
<td>3.2857</td>
<td>1.25357</td>
</tr>
</tbody>
</table>
The Table above shows the respondent’s level of agreement based on the company information statement. The mean score for Company Information was revealed 3.3928 slightly higher than aggregate mean of 3.3571. Most respondents agreed that both companies has a similar approach to marketing, similar operating structures and approach to promotions with the mean of 3.2857 while some agreed that Both companies had similar decision making processes with the mean of 3.2857. This implies that most companies prefer different marketing approach in advertising their products to customers.
4.7.4 M or A and Growth of Milk Processing Companies

The sought to determine the respondents level of agreement pertaining the effect of M & A on the growth of milk processing companies by ticking at the appropriate box using the rating criteria below. 1. Strongly Disagree, 2. Disagree, 3. Uncertain, 4. Agree, 5. Strongly Agree. The findings are shown below

Table 4.9: Merger or Acquisition

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merger or Acquisition (M or A) occurred to create monopolies and fight competition.</td>
<td>2.34</td>
<td>3.0000</td>
</tr>
<tr>
<td>Merger or Acquisition was driven by need for business expansions.</td>
<td>3.10</td>
<td>4.0000</td>
</tr>
<tr>
<td>M or A was driven by globalization</td>
<td>2.31</td>
<td>4.7143</td>
</tr>
<tr>
<td>The companies conducted M or A to create economies of scale.</td>
<td>2.10</td>
<td>3.2857</td>
</tr>
<tr>
<td>The companies conducted M or A to create more efficiency.</td>
<td>4.2</td>
<td>4.4286</td>
</tr>
<tr>
<td>The companies conducted M or A to create quality of service.</td>
<td>2.34</td>
<td>2.5714</td>
</tr>
<tr>
<td>The companies conducted M or A to deploy idle resources.</td>
<td>3.10</td>
<td>3.2857</td>
</tr>
<tr>
<td>Employees were given top priority during mergers.</td>
<td>3.24</td>
<td>3.7143</td>
</tr>
<tr>
<td>The company’s profitability increased upon a merger.</td>
<td>4.20</td>
<td>3.5714</td>
</tr>
<tr>
<td>Merger or acquisition was driven by cost project to be undertaken.</td>
<td>3.41</td>
<td>3.7143</td>
</tr>
<tr>
<td>M &amp; A was driven by need to gain a higher bargaining power.</td>
<td>2.34</td>
<td>4.4286</td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2017)
The Table above shows that the mean score for Merger or Acquisition effects was found to be 3.6905, which was greater than aggregate mean. Most respondents agreed that the companies conducted M or A to create more efficiency with the mean 4.7143 while the least preferred effect was that companies conducted Merger or Acquisition to deploy idle resources.

**4.8 Inferential Analysis**

This section presents a summary of regression analysis between the independent variables including market penetration strategy, diversification strategy, expansion strategy and Merger or Acquisition strategies and a dependent variable namely performance of milk processing companies in Kenya.

**Table 4.10: Regression Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.675</td>
<td>.456</td>
<td>0.645</td>
<td>.123</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), market penetration strategy, diversification strategy, expansion strategy and Merger or Acquisition strategies

Source: Survey Data, 2017)

From the model summary above the $R$, value represents the level of association where $R$ is 0.675, which indicates a strong positive association between market penetration strategy, diversification strategy, expansion strategy and Merger or Acquisition strategies and performance of milk processing companies in Kenya.
### Table 4.11: ANOVA Result

<table>
<thead>
<tr>
<th>Model</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>258.284</td>
<td>4</td>
<td>64.571</td>
<td>130.446</td>
<td>.007b</td>
</tr>
<tr>
<td>Residual</td>
<td>27.204</td>
<td>19</td>
<td>.495</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>285.487</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance of milk processing companies

b. Predictors: (Constant), market penetration strategy, diversification strategy, expansion strategy and Merger or Acquisition strategies

Source: (Survey Data, 2017)

Table 4.15 reveals that the model was significant owing to F-test value of 130.446 at significance value of 0.007 (p < .05) which attributed to the rejection of null hypothesis and a conclusion was made that the there is a significant relationship between the growth strategies and performance of milk processing companies.
Table 4.12: Regression Coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-1.282</td>
<td>.275</td>
<td>-4.664</td>
<td>.000</td>
</tr>
<tr>
<td>Market penetration strategy</td>
<td>.305</td>
<td>.178</td>
<td>-.225</td>
<td>-1.709</td>
</tr>
<tr>
<td>Diversification strategy</td>
<td>.319</td>
<td>.175</td>
<td>.130</td>
<td>1.826</td>
</tr>
<tr>
<td>Expansion strategy</td>
<td>.863</td>
<td>.148</td>
<td>.712</td>
<td>5.838</td>
</tr>
<tr>
<td>Merger or Acquisition</td>
<td>.765</td>
<td>.074</td>
<td>.463</td>
<td>10.295</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of milk processing companies

Source: (Survey Data, 2017)

The Coefficients Table above provides us with a Constant ($\beta_c$) (1.282) and the coefficient of Market penetration strategy variable (.305), Diversification strategy (0.319), Expansion strategy (0.863) and Merger or Acquisition strategies (0.765) which helps in formulation of the linear regression equation.

\[ Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \epsilon \]
The regression analysis reveals that Market penetration strategy contribute 30.5%, Diversification strategy 31.9%, Expansion strategy contribute 86.3% and Merger or Acquisition strategies 76.5% to Performance of milk processing companies. Therefore, this study confirms that there is a positive association between market penetration strategy, diversification strategy, expansion strategy and Merger or Acquisition strategies and Performance of milk processing companies in Kenya.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

\[ Y = -1.282 + 0.305X_1 + 0.319X_2 + 0.863X_3 + 0.765X_4 \]
4.9 Correlation Matrix

H₀₁: There is no significant relationship between market penetration strategy and performance of the milk processing companies.

H₀₂: There is no significant relationship between product diversification have on the performance of the milk processing companies.

H₀₃: There is no significant relationship between market expansion and performance of the milk processing companies.

H₀₄: There is no significant relationship between Merger or Acquisition strategies and performance of the Milk processing companies.

The correlation matrix was conducted to determine the significance level as show in the Table 4.13.

**Table 4.13: Correlation Matrix between Growth Strategies and Performance**

<table>
<thead>
<tr>
<th></th>
<th>Performance</th>
<th>Market penetration strategy</th>
<th>Diversification strategy</th>
<th>Expansion strategy</th>
<th>Merger or Acquisition strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>1.000</td>
<td>0.69</td>
<td>0.02</td>
<td>0.34</td>
<td>0.46</td>
</tr>
<tr>
<td>Market penetration strategy</td>
<td>0.6</td>
<td>1.000</td>
<td>0.53</td>
<td>0.73</td>
<td>0.68</td>
</tr>
<tr>
<td>Diversification strategy</td>
<td>0.7</td>
<td>0.78</td>
<td>1.000</td>
<td>0.09</td>
<td>0.34</td>
</tr>
<tr>
<td>Expansion strategy</td>
<td>0.4</td>
<td>0.46</td>
<td>0.57</td>
<td>1.000</td>
<td>0.72</td>
</tr>
<tr>
<td>Merger or Acquisition strategies</td>
<td>0.5</td>
<td>0.23</td>
<td>0.35</td>
<td>0.87</td>
<td>1.000</td>
</tr>
<tr>
<td>Performance</td>
<td>.</td>
<td>.498</td>
<td>.002</td>
<td>.001</td>
<td>.497</td>
</tr>
<tr>
<td>Market penetration strategy</td>
<td>.000</td>
<td>.211</td>
<td>.257</td>
<td>.029</td>
<td></td>
</tr>
<tr>
<td>Diversification strategy</td>
<td>.092</td>
<td>.211</td>
<td>.000</td>
<td>.217</td>
<td></td>
</tr>
<tr>
<td>Expansion strategy</td>
<td>.072</td>
<td>.257</td>
<td>.000</td>
<td>.024</td>
<td></td>
</tr>
<tr>
<td>Merger or Acquisition strategies</td>
<td>.010</td>
<td>.029</td>
<td>.217</td>
<td>.024</td>
<td></td>
</tr>
</tbody>
</table>

**Statistical values in sig. (1-tailed) represent the P-values (P< 0.05)**

Source: (Survey Data, 2017)
From the Table 4.13, there is positive correlation (0.6) between market penetration strategies and the performance of milk processing companies, the relationship is significant given that the p-value (0.00)< sig (0.05). The researcher failed to accept the H01 and conclude that there is significant relationship between market penetration strategy and performance of the milk processing companies.

The findings also indicate that the relationship between Diversification strategy and company performance is 0.7 but the correlation is not significant since the p-value (0.92) < sig (0.05). Therefore, the H02 was accepted and conclusion made that is no significant relationship between product diversification have on the performance of the milk processing companies.

The relationship between Market Expansion strategy, Merger or Acquisition strategies and milk processing company’s performance is positive that is 0.4 and 0.5 respectively but the market Expansion strategy has no significant ((0.072) < sig (0.05)) influence with company performance while Merger or Acquisition effect is significant (0.01) < sig (0.05). The study accepted H03 and made a conclusion that there is no significant relationship between market expansion and performance of the milk processing companies. Since p-value (0.01) for Merger or Acquisition was less than sig (0.05) for the study rejected H04 and concluded that there is significant relationship between Merger or Acquisition strategies and performance of the Milk processing companies.

4.9 Discussion

The finding concurs with the conclusion made by Denis et al. (2002) revealed that there is a significant relationship between growth strategies and company’s execution. However, this was not the case with the study conducted by Gonenc and Aybar (2006), who found out that there is a weak relationship between growth strategies and execution in Turkish modern firms. This implies that the company performance depends on the growth strategies.

The findings concurs with the by Paul and Ivo (2013), who conducted price strategies and price setting practices by use of survey method and hypothesis testing on 95 respondents, showed that price strategies and price setting played a crucial role in the
performance of the companies. This findings is also supported by a study conducted by Howard and James (2013), concluded that market penetration strategies such as low prices and matching the competitors bonus and discounts had a significant effect on the performance of companies.

Gonenc and Aybar, (2006) concluded that there is a positive relationship between diversification and performance in Turkish industrial firms. The findings by Denis et al. (2002) indicted that there is a positive linear relationship between diversification and a firm’s performance. Studies such as Delios and Beamish (2008) sampled about 800 Chinese firms and found that focused firms outperformed conglomerates across all categories of ownership identity and found that the relationship positively significant.

This is similar to the study conducted by Ekundayo, (2008), studied the effects of M or A on Nigerian banking sector and found that M or A resulted in a remarkable improvement on the sector as a whole. In addition, Gatsi and Agbenu (2006) carried a study in Ghana and found that the performance of SG-SSB LTD has improved after its acquisition. Wachira and Memba (2015) use a causal research design to study factors of mergers and acquisition and the financial performance of dairy processing industry in Kenya, case study of Brookside Dairies.
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusions and recommendations by this study. Suggestions for further research are also made at the end of the Chapter.

5.2 Summary of the major findings

5.2.1 Growth Strategies and Performance of Milk Processing Companies

The study found out that market penetration strategies such as lowering prices and price-setting practices have a significant effect on the performance of milk processing companies. The study also found out product diversification has a positive impact on the performance of companies. The study found out that the Produce and sell cheap generic versions/imitations of the competitor product are not important at all. The study also found out that Get new agencies with new and different products, Patent protection of Innovations, Exclusive linkages with suppliers and buyers and Introduce fighter brands to block new entrants were very important.

The study found out that the most effective way of product expansion strategy is by selling existing products to existing customers, selling existing products to new customers, selling new products and Selling more through new deliver. The study further found out that market expansion strategy has a significant influence on the performance of milk processing companies. The study also found out that selling existing product to existing customers, selling existing products to new customers, selling new products and more through new delivery approaches are most done by the company.

Finally, the researcher found out that Merger or Acquisition strategies ha a significant effect on the performance of the company. From the study, it was concluded that there was a significant effect on financial performance that can be attributed to profitability.
5.3 Conclusions

From the study findings, the study can make the following conclusion;

The study concludes that market penetration strategies such as lowering prices and price-setting practices have a significant effect on the performance of milk processing companies. The study also concludes that product diversification has a positive impact on the performance of milk processing companies. Furthermore, getting new agencies with new and different products, Patent protection of Innovations, Exclusive linkages with suppliers and buyers and Introduce fighter brands to block new entrants were very important to the organization. Moreover, the study concludes that milk processing companies most does selling existing product to existing customers, selling existing products to new customers, selling new products and more through new delivery approaches as a market expansion approach.

The study finally concludes that the researcher concludes that market expansion strategy has a significant influence on the performance of milk processing companies. Lastly the researcher concluded that Merger or Acquisition strategies ha a significant effect on the performance of the company.

5.4 Recommendation

The study shows that milk processing companies in Kenya should use more growth strategies in order to enhance their performance and this is based on the strong relationship between focus strategy at (0.456) correlation and performance of milk processing companies.

From the findings of the study, it is recommended that dairy firms should get new agencies with new and different products, Patent protection of Innovations, Exclusive linkages with suppliers and buyers and Introduce fighter brands to block new entrants.

The study also recommends that milk-processing companies should expand their market by selling existing product to existing customers, selling existing products to new customers, selling new products and more through new delivery approaches as a market expansion approach.
Lastly, the researcher recommends to milk company should conduct Merger or Acquisition in enhancing their productivity that Merger or Acquisition strategies ha a significant effect on the performance of the company.

5.5 Suggestions for Further Research

The following areas are suggested for further research;

Investigation of the effects of competitive strategies on the performance of other industries in Kenya.

A study of the factors that influence the performance of dairy firms in Kenya.
REFERENCES


APPENDICES

Appendix I: Introductory letter

Dear Respondent

RE: RESEARCH PROJECT

This questionnaire is designed to gather information on the effects of growth strategies adopted by the milk processing companies in Kenya to gain competitive advantage. The study is purely for academic purpose and is a requirement in partial fulfillment of the award of the Degree of Master in Business Administration of Kenyatta University. Your response will be treated with utmost confidence and under no circumstance will your identity be revealed. Your co-operation will be highly appreciated.

Yours faithfully

Elizabeth Mwangi

Researcher

Kenyatta University
Appendix II: Research questionnaire

Please answer all the questions by filling in the space provided or by putting a tick in the box. Date…………..

SECTION A: BASIC DEMOGRAPHIC DATA

1. Name of the Company .................................................................

2. Respondent’s Job Title.................................................................

3. Respondent’s telephone number.................................

4. How old are you? (Years)
   a) 21 – 35 ( )
   b) 36 – 45 ( )
   c) 46 – 55 ( )
   d) 56-60 ( )
   e) Above 60 years

5. Gender

   Male ( )

   Female ( )

6. Educational level

   High School ( )

   Diploma Level ( )
7. For how long have you been working for the company?

Less than a year ( )

1-5 years ( )

6-10 years ( )

11-15 years ( )

16-20 years ( )

Over 20 years

8. How many years has the company been in operation in Kenya?

0 – 5 years ( )

5 – 10 years ( )

10 – 15 years ( )

15 – 20 years ( )

Over 20 years ( )

9. What is the trend of Net Profit in your company for the last five years?

Greatly Improved ( )

Improved ( )
SECTION B: EFFECT OF GROWTH STRATEGIES ON PERFORMANCE OF MILK PROCESSING COMPANIES IN KENYA.

Market penetration strategies

10. In efforts to penetrate the market ahead of the competitors, please indicate how important each of the actions given below is to your organization on a scale 1-5. 1- Not Important at all. 2- Not very Important, 3-Somewhat important, 4- Very important, 5- Extremely Very important

<table>
<thead>
<tr>
<th>Market penetration strategies</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowering price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offering Better product/service quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion of brand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increasing distribution channels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistent stock availability at more convenient locations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matching competitor bonuses and discounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providing product usage training/training materials to users and retailers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blocking aggressive new entrants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving incentives to dealers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Product diversification

11. Growth can also be achieved through product diversification. Please indicate the extent to how important each of the following actions is to your organization on a scale of 1-5. 1- Not Important at all. 2- Not very Important, 3-Somewhat important, 4- very important, 5- Extremely Very important

<table>
<thead>
<tr>
<th>Action</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produce and sell cheap generic versions/imitations of the competitor product.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Get new agencies with new and different products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patent protection of Innovations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exclusive linkages with suppliers and buyers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Introduce fighter brands to block new entrants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. In your opinion, in which other ways has your company achieved product diversification?

..................................................................................................................................................
Market expansion strategy

13. What is the trend in the number of new customers in your company for the last five years?

Greatly Improved ( )
Improved ( )
Constant( )
Decreasing ( )
Greatly decreased ( )

14. Companies expand markets mainly in the following seven ways. Please indicate in your view, how your company has achieved market expansion by marking 1, 2 or 3 against the reason. 1 Not –Pursued, 2 –Least Pursued, 3 –Pursued, 4 –Most pursued

<table>
<thead>
<tr>
<th>Market expansion strategies</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling existing products to existing customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling existing products to new customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling new products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling more through new delivery approaches</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling to new geographies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishing new industry structures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finding new competitive arenas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Mergers and acquisitions

15. Has your company adopted M&A strategy?

b) If yes, what is the nature of the corporate action (merger or acquisition)?

Merger (both combined) ( )

Acquisition ( )

16. If you joined the company before the merger and in case of acquisition, which company did you work for?

(i) The acquiring company ( )

(ii) The acquired company ( )

(iii) Not applicable ( )

17. Indicate your level of agreement with the following statements pertaining the companies that undertook M&A by ticking at the appropriate box using the rating criteria below. 1. Strongly Disagree, 2. Disagree, 3. Uncertain, 4. Agree, 5. Strongly Agree

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both companies had similar approach to marketing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both companies had similar operating structures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both companies had similar approach to promotions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both companies had similar decision making processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
18. Indicate your level of agreement with the following statements pertaining the effect of M&A on growth of milk processing companies by ticking at the appropriate box using the rating criteria below. 1. Strongly Disagree, 2. Disagree, 3. Uncertain, 4. Agree, 5. Strongly Agree

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merger or Acquisition (M&amp;A) occurred to create monopolies and fight competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merger &amp; acquisition was driven by need for business expansions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M&amp;A was driven by globalisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The companies conducted M&amp;A to create economies of scale</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The companies conducted M&amp;A to create more efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The companies conducted M&amp;A to create quality of service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The companies conducted M&amp;A to deploy idle resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees were given top priority during mergers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The companies profitability increased upon a merger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merger or acquisition was driven by cost project to be undertaken</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
19. In your opinion, which other factors do you think made it necessary for M&A?

............................................................................................................................
............................................................................................................................
............................................................................................................................
............................................................................................................................
............................................................................................................................
KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D53/CE/25442/2014

DATE: 21st April, 2017

Director General,
National Commission for Science, Technology & Innovation
P.O. Box 30623-00100,
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR ELIZABETH WANGUI MWANGI — REG. NO. D53/CE/25442/2014

I write to introduce Ms. Elizabeth Wangui Mwangi who is a Postgraduate Student of this University. She is registered for M.B.A. degree programme in the Department of Business Administration.

Ms. Mwangi intends to conduct research for an M.B.A Project Proposal entitled, “Influence of Growth Strategies on Performance of Selected Milk Processing Companies in Kenya”.

Any assistance given will be highly appreciated.

Yours faithfully,

MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL
Ref: No. NACOSTI/P/17/55997/17347 Date: 13th June, 2017

Elizabeth Wangui Mwangi
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Influence of growth strategies on performance of selected Milk Processing Companies in Kenya,” I am pleased to inform you that you have been authorized to undertake research in all Counties for the period ending 13th June, 2018.

You are advised to report to the Directors of selected Milk Processing Companies, the County Commissioners and the County Directors of Education, all Counties before embarking on the research project.

On completion of the research, you are expected to submit two hard copies and one soft copy in pdf of the research report/thesis to our office.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Directors
Selected Milk Processing Companies.

The County Commissioners
All Counties.
The County Directors of Education
All Counties.
CONDITIONS

1. You must report to the County Commissioner and
the County Education Officer of the area before
embarking on your research. Failure to do that
may lead to the cancellation of your permit.

2. The Government Officer will not be interviewed
without prior appointment.

3. A questionnaire will be used unless it has been
approved.

4. The collection and storage of biological samples are subject to further permission from
the relevant Government Ministries.

5. You are required to submit (at least two) copies
and one (1) soft copy of your final report.

6. The Government of Kenya reserves the right to
modify the conditions of the permit including
the cancellation without notice.

RESEARCH CLEARANCE
PERMIT

Serial No. A 1434U

CONDITIONS: see back page