MARKET EXPANSION STRATEGIES AND PERFORMANCE OF TELKOM KENYA LIMITED IN NAIROBI CITY COUNTY, KENYA

JACKSON LUVUSI

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MARKETING OPTION) OF KENYATTA UNIVERSITY

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DECLARATION

This research project is my original work and has not been presented for a degree award in any other university.

…………………………..   ……………………………

Signature   Date

Jackson Luvusi

D53/PT/37276/2017

I confirm that the work in this research project was done by the candidate under my supervision.

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Signature   Date

Dr. Elishiba M. Murigi

Lecturer, Business Administration Department

DEDICATON

I dedicate this work to my parents Mr. and Mrs. Luvusi, my wife Grace, my daughter Kyrah and my son Zlatan. Thank you for your encouragement, support and motivation throughout the period of my studies. May the Almighty God bless you all abundantly.

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ABBREVIATIONS AND ACRONYMS

CAK	Communication Authority of Kenya
PLS	Partial Least Squares
ROA	Return on Assets
SME	Small and Medium-sized Enterprise

OPERATIONAL DEFINITION OF TERMS

Market development strategy	Involves a situation whereby Telkom Kenya Limited sells its current available products in fresh markets
Market penetration strategy	A method in which Telkom Kenya Limited focuses selling their current goods or services to their current markets in order to obtain greater market share
Organizational performance	Comprises an organization's real production or outcomes as measured against its expected outputs based on goals
Product development strategy	Strategy based on new product development or the modification of existing products in order to make them appear new and offer them to present or new markets.
Diversification strategy	Strategy used to grow the activities of companies by adding markets, goods, services or manufacturing phases to current businesses
Market expansion strategy	A marketing strategy embraced by an organisation when it tries to accomplish high development relative to its previous accomplishments.

ABSTRACT

The environmental conditions of many companies have changed rapidly. This resulted to serious competition among telecommunication companies in Kenya, which caused Telkom Kenya Limited to seek for effective marketing expansion strategies that could differentiate itself from others in order to enhance its performance. Therefore, this study aimed at investigating the influence of market expansion strategies on the performance of Telkom Kenya Limited in Nairobi City County, Kenya. The specific objectives of the study were to examine the influence of diversification strategy on the performance of Telkom Kenya Limited, market penetration strategy, product development strategy and market development strategy. The study was anchored by Resource Based View Theory and Ansoff Theory. The study adopted a descriptive research design. The selected target population was Telkom Kenya Limited in Nairobi Region. The total population was 75 respondents comprising of 5 marketing managers and 70 support staff. This study carried out a census of 75 respondents. Primary data was collected using questionnaires comprising of both structured and unstructured questions. Questionnaires were piloted to 10 respondents who were not included in the final study to assess the validity and reliability of the instruments. Validity was assessed using content validity and reliability was tested using Cronbach Alpha test. Quantitative data was analyzed using descriptive statistics such as mean and standard deviation and presented using tables, figures and charts. Qualitative data obtained from the open ended questions was analyzed thematically in line with study objectives and presented in narrative form. Inferential statistics were analyzed using correlation analysis and multiple regression analysis. The study examined that diversification strategy, market penetration strategy, product development strategy and market development strategy had a significant influence on the performance of Telkom Kenya Limited. The study concluded that Telkom Kenya Limited has adopted several diversification strategies to enhance their performance and is employing the diversification strategies in attaining and sustaining competitive advantage in the local and regional market. Telkom Kenya takes advantage of low prices to increase product demand and increase market share through market penetration strategy. A product development strategy provides a framework for creating new products or improving the performance, cost or quality of existing products. Key changes in the marketing mix regarding marketing development strategy are likely to be place, with consideration of new channels and routes to market, as well as promotion through promoting to new target segments. The study recommended that Telkom Kenya should diversify by adding new product lines, or entering a new market so as to open up new markets and new customer groups, thus improving its performance. For effective implementation of market penetration strategy, Telkom Kenya should keep on adjusting the price to increase sales as lowering prices is an effective tactic to attract potential customers. The organization to define its product so as to team make the team focused and avoid pitfalls such as developing too many products at once, or running out of resources to develop the product. For effective marketing development strategy, the organization should consider whether the market it’s entering is attractive, whether it’s ready to commit the resources required to meet the identified market, can it adapt to the new market and whether it can remain competitive in the new market.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

According to Bolivar-Ramos, Garcia-Morales and Garcia-Sanchez (2012) organizations function in a global business environment with rapid changes, developments in technology, changes in customer demands and enhanced competition. According to Khang, Arumugam, Chong and Chan (2014), an organization's performance is determined by the extent to which it achieves its objectives, its efficiency and effectiveness in attaining its economic, operational and market-oriented objectives. Therefore, it can be argued that it is of paramount concern how well an organisation implements its policies and programs and fulfills its strategic mission and vision.

Companies must be competitive to serve chosen segments effectively by developing suitable marketing strategies in a meaningful and sustainable way. Marketing strategy has become a helpful tool in the competitive market environment for any organization in the world to remain and become stronger (Burke & Litwin, 2012). Ambler, Kokkinaki, and Puntoni (2014) argue that a good marketing strategy needs informing an organization where it wants to be on a long-term basis, so marketing strategy is often said to be a constant method.

The current business environment, market expansion strategy depends on how well companies can develop and execute policies, but also on the nature of the approach selected by the company. (Rust, Ambler, Carpenter, Kumar & Srivastava, 2014). Short and Palmer (2016) noted that when an organization's management is confronted with this scenario, they will begin the search for better leadership or organisational policies that can enhance the organization's condition.

According to Pearce and Robinson (2012), organisations need to adapt to the setting in which they operate in order to attain their marketing goals and objectives. Acur and Englyst (2016) agree that environmental dynamism means that the organisation has constantly reworked its marketing strategies to stay competitive. Therefore, an organization must select a strategic mode of behavior that matches the environmental turbulence levels and generate a resource ability that complements the chosen mode of behavior.

The achievement of an organization must not only be calculated on the grounds of market share, investment return and profitability, but also on the basis of qualitative as well as limitations of quantitative aspects on measurement (Kozinets, 2014). Vatrapu (2013) show by transforming inputs into outputs, organisational performance entails goal achievements. This shows that accomplishment is based on the economic and non-financial parts of the organization. This study will focus on the aspects of non-financial organization which include customer satisfaction, quality products, operational efficiency and so on.

1.1.1 Market Expansion Strategy

The strategy regarding expansion of markets entails a method used by the organization to attract new and more customers or enhancing usage of the already existing product and service (Kotler & Keller, 2017). Gado (2013) observe that sustained presence of businesses requires ongoing consideration of how market growth approach affects performance behaviors of their businesses. How coherent their market growth with the performance of such businesses is anticipated to have consequences for their survival.

Market expansion Strategies are the strategies aimed at winning larger market share, even at the expense of short term earnings. Three broad growth strategies are market leader strategy (Ayal &

Zif, 2012). Lee and Yang (2016) argue that the large number and wide variety of market expansion strategy decisions required to strategize and deliver a service are made at several levels in the organization, from the strategic level to the operational and service encounter levels. The most widely pursued corporate market expansion strategies are those designed to achieve growth in sales, assets and profits. Therefore, it can be argued that organizations that do business in expanding industries must grow to survive. Continuing growth means increasing sales and a chance to take advantage of the experience curve to reduce the cost of product sold.

Diversification strategy involves placing into present main companies more products and services linked to the already existing product or service lines through the purchase of rivals or the inner creation of fresh products or services, resulting in increased organizational skills within the company (Nath, Nachiappan & Ramanathan, 2010). According to Song (2012), businesses diversify in response to changes in the setting, the search for market power, the spread of risk and the chance of expanding the boundaries of the company in the presence of issues of internal coordination that naturally arise in large businesses.

Palepu (2015) indicate that diversification strategy is the process of expanding or entering in new markets which are different from the firm's existing product lines or markets. It also refers to a strategy implemented by the top executives in order to achieve business growth by entering new businesses and attaining above-average returns by taking advantage of the incoming opportunities. Anil and Yigit (2017) observe that considered as a growth strategy the rationale of diversification, is for a company to explore new business areas that promise greater profitability. For a company to diversify, it needs to enter/expand in new markets or product lines which are related or/and unrelated to its existing businesses. Therefore, diversification strategy can be regarded as a basic growth strategy due to the quantitative increase it generates in a company's business operations.

According to Slater and Narver (2016) market penetration strategy involves organizations products and services are sold in existing markets. Therefore, The goal of the strategy for market penetration is to concentrate on increasing the current product or service market share on the existing market. According to Levay, Drossinos and Thiel (2017) organizations adopt market penetration strategy to increase income from sales without altering the products or services. Therefore, it is argued that the after assessing the multiple alternatives and their intrinsic hazards, the selection of penetration mode is made at company level and is therefore a strategic decision for the company.

Firms with successful market penetration are likely to succeed locally and internationally as such firms can often simultaneously create new market or new product established from their current product through aggressive pricing, advertising, discount promotion and attracting new customers (Eppstein, Grover, Marshall, & Rizzo, 2014). Muga and Santamaria (2016) note that the significance of market penetration for organizations if effectively implemented can direct the firm to pursue a variety of locally responsive strategies in order to achieve a wide coverage of the market, especially when this market is relatively large and different from existing region, which will provide the organizations with high economic of scale and cost efficient production.

Day (2014) defines market development as taking current products and finding new markets achieved through opening up previously excluded market segments, new marketing and distribution channels and entering new geographic markets. Ge and Ding (2015) developed two possible methods of implementing market development strategy as moving the present product into new geographical areas and expanding sales by attracting new markets. In the concept of market development, customer loyalty is achieved by offering unique value that is not offered by the competition. Another way to secure revenue for the long term is to do everything possible to make the company's solution a market standard.

An organization carries out a market growth strategy for an existing brand when new consumers or new uses expand the future market which enables the organization to gain new customers, increase revenue, and its growth thus making the organization more competitive (De Luca, & Atuahene-Gima, 2014). Langerak, Hultink and Robben (2017) indicate that on, market development strategy, the company's approach aims at selling its current products to fresh markets. The approach targets non-customers in specific sections at the moment and fresh clients in fresh sections.

1.1.2 Organizational Performance

Performance of the firm relates to the extent to which the goals of a company are or have been achieved. Organizational performance also relates to a measure of how well a company uses its resources to achieve its objectives and goals (Bennett, Lance & Woehr, 2014). Parmenter (2015) noted that an organization's performance is used to assess over a specified period of time the general economic and non-financial well-being of the firm. Consequently, the accomplishment of an organization is evaluated by several qualitative and quantitative indicators. These have to do with economic efficiency, customer satisfaction, the creation of quality goods and services, innovation and creativity, and employee engagement.

Organization performance is to what extent the organisation achieves a set of predetermined goals in line with its mission (Mclvor, Humphreys, Wall & McKittrick, 2013). Gathungu and Mwangi (2012) note that equity returns, profit returns, asset returns, market share, while non-financial performance measures consist of corporate social responsibility, innovation, responsiveness, and development of employees. The most common performance drivers include: customer value, team performance, talent management, and everything done through strategic focus, appropriate planning, evaluation, implementation and control.

Organizational performance measurement can be defined as the method of assessing progress towards achieving predetermined objectives, including data on the efficiency with which resources are converted into goals and services, the quality of these inputs and results, and the effectiveness of organizational activities in terms of their specific contributions to the organizational objective. The key considerations for achievement in organisational performance are, according to these writers, access to the correct expertise and abilities, adequate planning, innovation and flexibility.

Organization performance can be evaluated by quality service and products, satisfying customers, market performance, and service innovations. Organization performance can be appraised by the following dimensions of performance: return of investment, margin on sales, capacity utilization, customer satisfaction and product quality (Khan, 2010). In the same way, Green (2011) identified that return on investment, sales and market growth, and profit are important factors that be measured by organization performance. According to these researchers, there are many factors in this study that be measured by performance such as market shares, financial performance, efficiency and effectiveness of an organization performance, and human resource management.

Organizational performance can be measured by financial aims attainment or workers satisfaction. In the same manner Ho (2018) pointed out that performance can be evaluated by efficiency and effectiveness of aim attainment. Organizational performance can be assessed by financial performance namely, return on investment, growth of sales, profit, organization effectiveness, and business performance. Awino (2011) asserts that for an organization to be successful it has to record high returns and identify performance drivers from the top to the bottom of the organization.

According to Lazaridis and Dimitrios (2015) the primary goals of organizational performance are to increase organizational effectiveness and efficiency to improve the ability of the organization to deliver goods and /or services. Another area in organizational performance that sometimes targets continuous improvement is organizational efficacy, which involves the process of setting organizational goals and objectives in a continuous cycle. Peter (2016) organizational performance refers to the change in which the managers and governing body of an organization put into place and manage a programme which measures the current level of performance of the organization and then generates ideas for modifying organizational behavior and infrastructure which are put into place to achieve higher output.

1.1.3 Telkom Kenya Limited

Established as a telecommunications provider in April 1999, Telkom owns 60 percent of Helios Investment Partners, with Kenyans retaining the remaining interest through the government of Kenya. Telkom Kenya provides integrated telecommunications solutions for individuals, tiny and medium-sized enterprises (SMEs), government and large companies in Kenya, drawing from a range of alternatives for voice, data, mobile cash and network services. It is also a major provider of national and regional wholesale, carrier-to-carrier traffic, driven by its extensive fiber optic facilities. Telkom is building on a powerful, consumer-centered ethos committed to offering innovative, affordable and refreshingly easy communications alternatives that meet the daily communication requirements of clients as outlined in the 2019 Telkom Kenya Limited report.

Telkom Kenya Limited has grown to be among the greatest performers Telecommunication Company in Kenya compared to other telecommunication companies such as Safaricom Kenya Limited and Airtel Kenya Limited that have the output was consistent over the years. According to Telkom Kenya Limited financial report of 2018 the company recorded 18.23 Billion shillings in after-tax profit in 2018 compared to 2017's 19.26 billion shillings. The decrease is ascribed to elevated client change, higher charges and commissions arising from digital platform usage, slowdown in financial activity, and the country's political uncertainty. Therefore, how execution of the policy affects the performance of telecommunications businesses in Kenya must be investigated.

1.2 Statement of the Problem

Kenya's telecommunications sector was recognized as amongst the fastest increasing industries while witnessing a high amount of rivalry in Kenya (Letangule, Letting & Nicholas, 2012). The sector saw a rise in the amount of players at the present four and 22.6 M client base in 2012 with one dealer in the 1990s (CAK, 2018 Annual Report). Danneels (2013) observes that at the same moment clients have become quite enlightened and request better facilities than at reduced rates than before. At the same moment, the regulator (CAK) did not make things easier for portable players by lowering interconnectivity fees and enabling clients to carry numbers.

Telkom Kenya offers integrated telecommunications solutions for people, small and medium-sized enterprises (SMEs), government and big enterprises in Kenya, using a variety of voices, information, mobile cash and network services. Despite this crucial role played by Telkom

Kenya, it is faced with challenges arising from changing environment including increased competition, changes in regulatory framework, rapid advancement in technologies and globalization. This ever changing environment that the organization operate in has impacted on their ability to generate enough revenues for better performance. For instance, according to the financial year report of 2018, the organization reported a 3.4% profit reduction from 22.65 Billion Kshs in 2017 compared to 21.8 Billion Kshs. in 2018. Marketing executives of Telkom Kenya therefore need to generate appropriate market expansion policies to assist them to manage effectively the changes in the current market they are operating so as to increase their performance.

Hassan, Qureshi, Sharif and Mukhtar (2013) research concentrated on the organisational performance impact of marketing strategy creativity and created that efficiency is maximized when a creative approach is developed by an organisation and efficient execution is achieved. However, and the findings cannot be generalized to the complete population because it used qualitative data. Wainaina and Oloko's study (2016) examined the effect of market penetration and organizational development policies and discovered a favorable and important connection between market penetration policy and institutional growth. The study was on market penetration where is a one variable of the study. The study has incorporated other variables. Tangus and Omar (2017) study investigated the effects of market expansion strategies on performance of Commercial Banks in Mombasa County and the overall finding of the study revealed strong correlation coefficient between firm performance and the three market expansion strategies all with a significance of above 95%. However, the study used simple random sampling which is subject to sample biasness. Mutuma, P. (2013) study focused on an investigation of the effects of expansion strategies on performance of Commercial Banks in Kenya and the study found out that diversification expansion strategies had a great effect on the performance of Commercial Banks in Kenya. However, the study used convenience sampling method which is a non probabilistic sampling method. It is due to this regard that this study sought to investigate the influence of market expansion strategies on Telkom Kenya Limited's performance in Nairobi City County, Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The overall aim of this research was to explore the impact of market expansion strategies on Telkom Kenya Limited's performance in Nairobi City County, Kenya.

1.3.2 Specific Objectives

i. To evaluate how diversification strategy influence the performance of Telkom Kenya Limited

ii. To find out the influence of market penetration strategy on the performance of Telkom Kenya Limited.

iii. To establish the relationship between product development strategy and the performance of Telkom Kenya Limited.

iv. To determine the extent to which market development strategy influences the performance of Telkom Kenya Limited.

1.4 Research Questions

i. To what extent does diversification strategy influence the performance of Telkom Kenya Limited?

ii. How does market penetration strategy influence the performance of Telkom Kenya Limited?

iii. What is the relationship between product development strategy and the performance of Telkom Kenya Limited?

iv. What is the extent to which market development strategy influences the performance of Telkom Kenya Limited?

1.5 Significance of the Study

Research results would benefit Telkom Kenya’s management and support staff and as they get information about how market extension policies influence their efficiency in today’s competitive company setting. This research would also provide insight into some of the difficulties that may arise in developing and implementing their marketing strategies and how they can be avoided. The results of the study would benefit other businesses in the telecommunication industry in Kenya as they would be able to develop strategic marketing strategies that are unique and cannot be imitated as well as generate competitive benefits for your own company on better performance.

The telecommunications industry, the government and regulators will also discover valuable data on how to adopt market expansion strategies and thus implement measures. This would guide and promote the ethical implementation of other organizations within and outside the industry. The policy makers would use the research outcomes to define gaps in current marketing strategies and bridge them. This would assist in improving the industry’s competitiveness in Kenya.

It is anticipated that the results of this research would help study and exercise by developing the policies that the telecommunications businesses in Kenya are pursuing to react to industry competition. The research would also lead by enhancing the present knowledge base on fresh research fields through the results and subsequent suggestions and assist other scholars in providing secondary information for future use in the academic field.

1.6 Scope of the Study

This research examined the impact of diversification strategy, market penetration strategy, product development strategy and market development strategy on organizational performance. The study context was Telkom Kenya Limited and the observation unit as marketing managers and support staff of Telkom Kenya from the department of sales and marketing. Questionnaires were the data collection instruments and the data collected was descriptively analysed.

1.7 Limitations of the Study

The participants were unwilling to reveal appropriate data. This was mitigated through obtaining a University introductory letter and ensured the confidentiality with which the information provided would be granted to the respondents. Managers' busy schedules influenced the process of information collection. To ensure that the managers were available, the open discussion and distribution of questionnaires was notified in advance.

1.8 Organization of the Study

This study was organized in five chapters. Chapter one constitutes the background of the study, statement of the problem, objectives, significance, scope, limitations and organization of the study. Chapter two comprises of the theoretical literature review, empirical literature review, summary of literature review and research gaps and conceptual framework. Chapter three encompasses the methodology which presents the research design, target population, sampling design, research instrument, data collection procedure, data analysis and ethical considerations. Chapter four constitutes the research findings and discussion which presents the response rate, background information, descriptive statistics, inferential statistics and analysis of qualitative data. Chapter five presents the summary, conclusion, recommendations for policy and practice, and suggestions for further study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprises of theoretical review, empirical review, summary of the literature reviewed and research gaps and conceptual framework.

2.2 Theoretical Review

This chapter focuses on theories that anchor the study which includes resource based view theory, ansoff theory and balance score card which are discussed as below.

2.2.1 Resource Based View Theory

This research used the resource-based view theory as argued by Wernerfelt (1984). The theory asserts that if a company has precious, scarce, imperfectly imitative and non-substitutable assets, it has the capacity to attain and maintain competitive benefit. Not all resources within an organisation are of strategic relevance. An organization's objective is to guarantee access and control of precious resources through the development and securing of all appropriate resources internally or externally.

Companies are compelled to depend on a variety of external providers for components, software, know-how and sales for sustainable competitive benefits and Access to valuable resources and external capabilities is thus provided (Langlois, 2010). The argument here is in line with the need and factors that contribute to a certain choice of response approach in businesses; whether it is cost reduction, fresh products / services introduction, focusing on key skills or flexibility in labor and how they enhance organisational efficiency. Barney (1991) says that "viable competitive benefit is derived from precious, scarce, imperfectly imitative resources (owing to path-dependence, causal ambiguity, and social complexity) and not replaceable resources."

This theory is essential for studies as it shows that Telkom Kenya manages its marketing strategies on the basis of its abilities and resources. In addition, a business resource must be essential, rare and imperfectly imitative and replaceable as an efficient source of managing the strategy, thus contributing to higher organizational outcomes by helping the business adjust the importance.

2.2.2 Ansoff Theory

This research was guided by Ansoff's hypothesis as advocated by Ansoff (1965), who introduced the notion of balancing the product-market strategy's external features and establishing an inner fit between strategy and company resources. Ansoff (1965) recognized Portfolio Analysis and Strategy in strategic management as an alternative analytical instrument. The aim of the portfolio analysis is to evaluate possibilities outside the present scope of the company and to decide whether the company needs to alter diversification or internationalization of its portfolio or both.

Ansoff (1965) suggests four approaches, namely; the strategy of market penetration of current markets occurs whenever the organisation's current products or offerings enter the market. In market development policy, the goal may be either to alter a current product or to alter a more present product's customer segment. The product development approach stipulates that new products should be manufactured in such a way that growth and development can be achieved by the business. Strategy for diversification includes moving into fresh products and new markets concurrently. Ansoff's theory helps to ensure that a company remains in an current market, that fresh products are correctly sold and that current products are not forgotten.

2.2.3 Balance Score Card

Kaplan and Norton (1997) developed the balance score card as a strategic performance measurement model that observes that the balance score card is a structure used by the business to track and manage the policy of an organization. The structure for the balance score card is based on the equilibrium between leading and lagging indicators, which can be taken into account as drivers and outcomes organisational objectives respectively.

According to Ozturk and Coskun (2014) balance score can assist provide more data on the approach selected, handle feedback and teaching procedures, and identify target numbers. Measurable indicators are used for setting (operational) activities to promote comprehension and adapting the selected approach. The starting points of the balanced scorecard are the vision and approach that the economic outlook, client view, inner company procedures and learning development are regarded from four angles.

Balance score card is crucial to the study because it helps managers of the organization setting up an organization's vision, mission and strategic goals, conducting stakeholder analysis to assess the expectations of clients and shareholders, making an inventory of critical success factors, translating strategic goals into individual goals, establishing key performance indicators to measure targets, setting values for targets to be achieved and transforming them.

2.3 Empirical Review

This section covers a discussion of empirical literature based on research specific variables which include diversification strategy, market penetration strategy, product development strategy and market development strategy.

2.3.1 Diversification Strategy and Performance

Yigit and Behram (2013) research examined the connection in advanced and emerging economic environments between diversification strategy and organisational performance. From 154 Dutch business groups and 125 business groups in Turkey, data from 2007-2011 were assessed. Asset Return (ROA) and Equity Return (ROE) were used for organisational results and the diversification measure of Rumelt. The results indicate that when organizational performance values are high for single companies and unrelated diversification in Turkey, organizational performance in the Netherlands is high for dominant companies. However, the study used secondary data which may not be specific to the needs of a researcher.

A research conducted by Oyedijo (2012) concentrated on impacts on corporate financial results and development of the product-market diversification approach: an empirical study of some Nigerian companies. The study focused mainly on an evaluation level by examining a sample of the performance of Nigerian businesses in terms of specialization, related, unrelated and mixed product-market strategies. There was a marginal correlation between unrelated and mixed diversification techniques and financial outcomes and sales growth. However, the study used simple random sampling which is subject to sample biasness.

Study by Oyefesobi, Akintunde and Aminu (2017) examined the impact of the policy of diversification on organization market share in the Nigerian manufacturing industry. This study made use of a survey design; the questionnaire was the research instrument used. ANOVA and correlation were used as statistical tools of analysis. The results disclosed a beneficial effect on diversification manufacturing firm market share and market position. The study concluded that diversification enables firms to expand their operations by adding markets and products to existing businesses.

Study Njuguna, Kwasira and Orwa (2018) concentrated on the impact of the Nairobi Securities Exchange, Kenya, on the results of non-financial businesses. Descriptive design of the correlation study was used. A census of 45 non-financial companies has been held. Main and secondary information were collected. Secondary information was acquired for a period of five years from these companies' audited annual accounts. The study discovered that there was a considerably favorable link between product diversification and the outcomes of the business. However, the study context was Nairobi Securities Exchange, Kenya.

2.3.2 Market Penetration Strategy and Performance

Njomo and Margaret (2016) study investigated the influence of Strategies for market penetration and organisational development: a soft drink case. The stratified random sampling technique has been used. The research randomly chosen a sample of 160 soft drink businesses. Data were collected and analyzed using both descriptive and inferential statistical tools. Correlation analysis was used to identify the authority and direction of the two variables linear relationship. The findings showed a connection between penetration policies and organisational development. Pricing strategy for penetration has been negative and has no powerful effect on development of organisation. However, the study context was a Case of Soft Drink.

Mwiti (2011) investigated the use of market penetration approaches by Essar Telecom Kenya. The investigator used main and secondary data gathered using questionnaires and schedules for interviews from managers in 5 functional units. The research also discovered that pricing strategies were used by the business to penetrate the market. It also found that the business takes market segmentation as one of the ways of expanding its market share. However, The study focused on the growth of Essar telecom Kenya.

Study by Chandola and Fu (2017) examined China Smartphone Companies ' market penetration approach for India Market: A multi-case research. Following the most common methodology of multi-case study methodology construction theories, distilled research results on the effective set of marketing policies from interviews with executives of four famous Chinese cell phone manufacturers/brands entering the Indian market. Similarities in the company's business models were quite obvious in the results linked to their customer segment(s) strategy of creating innovative products that could afford them. The findings have also been shown to a big extent resemblance in their conduct with regard to customer relationship management. However, the research used a multi-case study methodology that could lead to a higher restriction of the study conclusion.

2.3.3 Product Development Strategy and Performance

Mbithi, Muturi and Rambo (2015) study examined the effect of product development policy on the results of Kenya’s sugar industry. Product development approach was operationalized as development of fresh product and enhancement of current products while performance measures were complete turnover of production, profitability, volumes of sales and utilization of ability. Research shows that the use of new products other than sugar has been mainly minimal, while present products have been enhanced through packaging and branding. However, the study context was manufacturing companies.

Ebarefimia (2014) study investigated the impact of new company performance development process in Nigeria. The sample of studies consisted of 180 manufacturing sectors in Nigeria. The sample was developed using convenience sampling method in this investigation. Questionnaires were used to collect data assessed using statistical methods such as factor analysis, correlation evaluation and reliability analysis. The study revealed that the new product development plan was mainly concerned with the business strategy, the organizational culture and partially the abilities of staff, while the participation of leadership does not necessarily have a statistically significant beneficial impact.

A study explored by Sabry (2017) focused on the effect of product development methods Egyptian Industrial Companies. The procedure Partial Least Squares (PLS) was used to evaluate the measurement model and test the study hypotheses. The findings show that the main product development methods have many similarities in different environments and these practices explain significant variance levels in product innovation and internal product quality. However, the study used non probabilistic sampling methods. However, the study used convenience sampling is a non-probability sampling technique which is prone to sample biasness.

2.3.4 Market Development Strategy and Performance

Hassan, Qureshi, Sharif and Mukhtar (2013) study examined the impact of marketing strategy creativity on the organizational performance of Pakistani organizations. A survey questionnaire was used to gather information from important company unit sales and marketing staff in Pakistan's service and manufacturing businesses. The findings of the analysis of regression showed that an organization develops and achieves a creative approach efficient execution, efficiency is maximized. However, the study used cross-sectional research design which does allow making of inferences.

Samuel (2016) study explored the influence of strategies for market growth and performance of Kenya's multinational pharmaceutical companies. By use of semi-structured questionnaire, a census of the twenty-two multinational pharmaceutical companies was carried out and data analysis showed that they have excellent employee training, customer satisfaction, sales growth and profitability. The implemented market development strategies showed positive contribution towards sales, new customer acquisition and profitability though base of the pyramid market development strategy showed likely hood of decreasing employee motivation and innovation. However, the study used convenience sampling is a non-probability sampling technique which is prone to sample biasness.

Koks and Kilika (2016) studied a theoretical model for product development strategy, market adoption and strong results. Extant reviewed literature recognized current relationships between the strategy for product development and the results of a firm. This article embraced a multidisciplinary strategy to suggest an integrated theoretical model to explain factors influencing this connection. Sustained firm efficiency can lead when a company constantly implements a product development strategy that helps clients change their requirements. However, the study used purposive sampling method which is not efficient in generalizing findings to a larger population. However, the study used literature data in which documents may not represent the wider population.

2.4 Study Summary and Gaps

The table below is a summary of the studies reviewed which will highlight the focus areas, findings, knowledge gap and focus of the current study. This will guide the researcher as they attempt to bridge the gaps identified in previous studies.

Table 2.1: Summary of the Literature Reviewed and Research Gaps

Name of the Researcher	Study title	Study observation	Gaps identified	The current study's focus
Mwiti (2011)	Market penetration strategies used by Essar telecom Kenya	The company employed pricing strategies to penetrate the market.	The study focused on the growth of Essar telecom Kenya	The study will focus on organizational performance of Telkom Kenya Limited

Oyedijo (2012)	Strategy for product-market diversification on economic results and development of companies	There was a marginal correlation between unrelated and mixed methods of diversification and economic results and development of sales.	The study used empirical data which are not a formal proof of a fact because they rather yield, support, or reject hypotheses	The study will use quantitative data obtained by use of questionnaires
Yigit and Behram (2013)	Diversification strategy and organizational performance	For single companies, organizational performance values and unrelated diversification are high	The study used literature data in which documents may not represent the wider population	The study will use primary data
Njomo and Margaret (2016)	Market penetration strategies and organizational growth	Penetration strategies are related to the growth of organizations	The study context was a Case of Soft Drink	The study context will Telkom Kenya Limited
Oyefesobi *et al.* (2017)	Relationship between diversification strategy and organization market share	Diversification has a positive impact on manufacturing firm market share and market position	The study context was manufacturing firms in Nigeria	Telkom Kenya Limited will be the context of the study
Chandola and Fu (2017)	Smartphone companies ' market penetration approach for India market	A similarity in their conduct to a big extent with regard to customer relationship management	The research used a multi-case study methodology that could lead to a higher	A descriptive survey research design will be used which gives a distinctive collection of information in the form of a

			restriction of the study conclusion	review of life experiences
Sabry (2017)	Product development practices on the performance	There is many similarities between the key product development practices in different environments	Manufacturing companies	Telecommunication company
Njuguna *et al.* (2018)	Product diversification strategy on performance of non-financial firms	An important beneficial connection between diversification of products and firm performance	The study used secondary data which lacks control over data quality	The study will used primay data which has a high degree of accuracy

Source: Researcher (2019)

2.5 Conceptual Framework

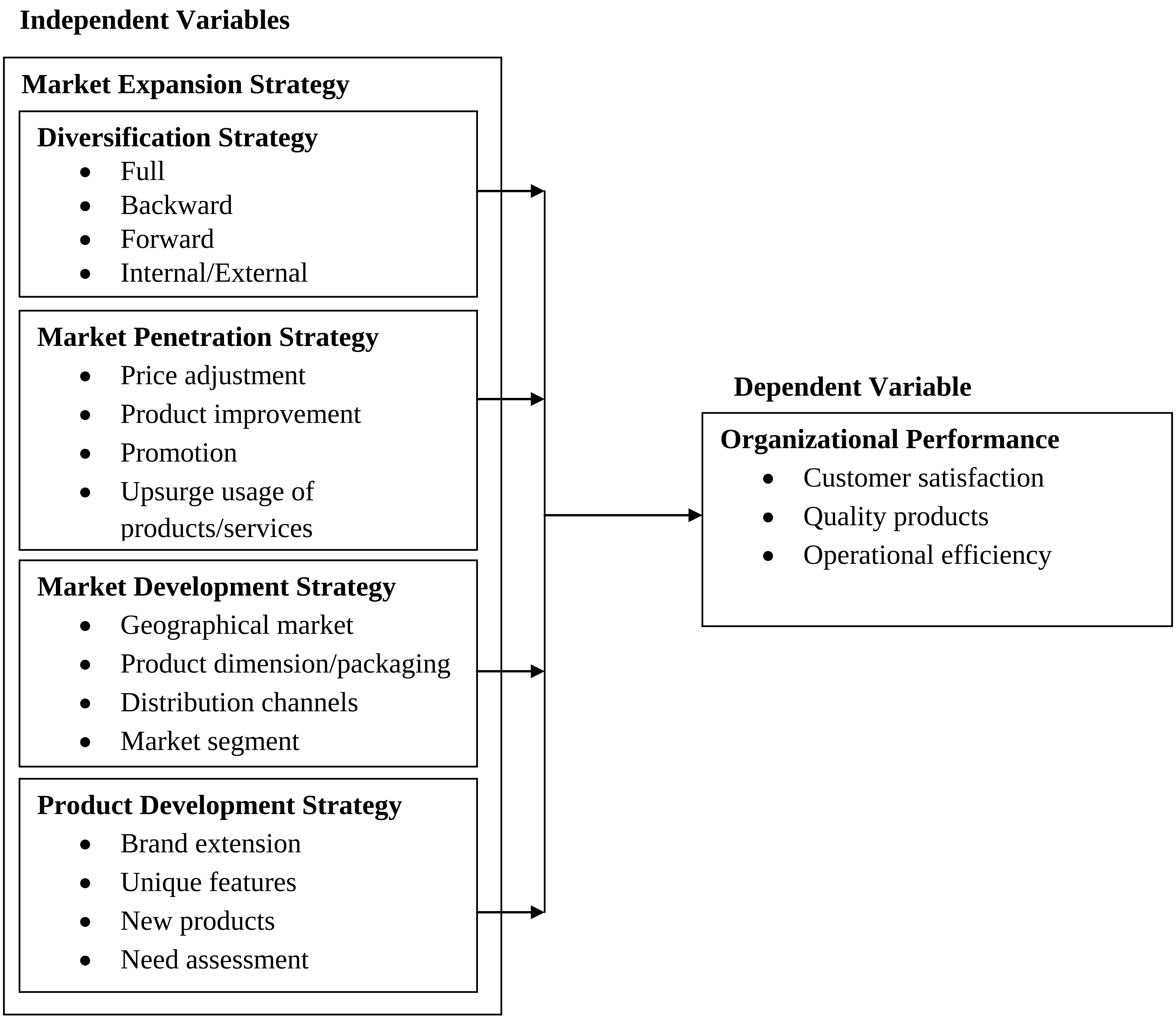

Figure 2.1: Conceptual Framework

The independent variables of the study as indicated in Figure 2.1 include diversification strategy, market penetration strategy, market development strategy and product development. The dependent variable is the organizational performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of research design, target population, sampling design and sample size, data collection instruments, pilot study, data collection procedure, data analysis and ethical considerations.

3.2 Research Design

A descriptive survey research design was utilized. Kothari (2004) suggests the use of descriptive research design permits the investigator to make some narrative target projections population information and characteristics. Descriptive survey research design was chosen because it enabled the researcher to generalize the findings to a larger population and it was more precise and accurate since it involves description of events in a carefully planned way.

3.3 Target Population

The accessible population comprised of 75 respondents with 5 marketing managers and 70 support employees from Telkom Kenya Limited in the region of Nairobi as shown in Table 3.1. The Nairobi region was selected because it is where the organization headquarters lies and center for the management of employees. Managers and support staff were chosen as they are directly involved in the implementation of market expansion strategies.

Table 3.1: Target Population

Category	Population
Managers	5
Support Staff	70
Total	**75**

Source: Telkom Kenya Limited, HRM Department Report of 2019

3.4 Sampling Design and Sample Size

Mugenda and Mugenda (2003) indicate the whole population in quantitative study may be studied if the accessible population is below 100 cases. Therefore, this study carried out a census of 75 respondents. According to Hair (2015) a census is an attempt to gather information about every member of some group, called the population. Conducting a census often results in enough respondents to have a high degree of statistical confidence in the survey results.

3.5 Data Collection Instrument

Structured questionnaires were used to collect primary data. The benefit of using structured questionnaires compared to interviews as stated by Brace (2018) is that it is relatively cheap and convenient to gather information from a large group of respondents. The structuring ranged from section A to F, with section A collecting background information on participants, section B based on variable market development strategy, section C variable market penetration strategy, section D variable diversification strategy, section E variable product development strategy and section F collecting data on product development strategy. The questions followed a likert scale, requiring participants to rate questions according to their agreement level.

3.6 Pilot Study

Pilot study is a tiny test involving a tiny amount of participants to assist the researcher determine if the device design has research deficiencies, obstacles or other weaknesses and enables the researcher to make significant changes before actual study begins (Orodho, 2005). Pilot study was carried out in Airtel Kenya Limited. According to Mugenda and Mugenda (2003), a pilot study with a sample of a tenth of the total sample with homogenous characteristics is appropriate for the pilot study. In this regard questionnaires were administered to 7 respondents. The pilot study results assisted in assessing the validity and reliability of the instruments.

3.6.1 Validity of the Instruments

Validity test involves checking whether the data collection instrument will give data regarding the intended objective of the study (Cooper & Schindler, 2011). There are three kinds of validity exams; content, criterion, and validity of the associated structure. This research used validity of content because it measures the degree of material represented by the item sample to be measured by the experiment. At the same moment, the University supervisor was engaged to examine the validity of the tools. The validity criterion was used to assess how well one measure predicts a result for another measure and to assess the appropriateness of the inferences taken on the grounds of observations or measurements, specifically whether a test measures the planned construction.

3.6.2 Reliability of the Instruments

Morse, Barrett, Mayan, Olson and Spiers (2012) defines instrument reliability as the ability to measure an instrument and produce consistent results. It is the measure to which reliability as a measure of research instrument yields constant results after repeated trials. The alpha coefficient of Cronbach a coefficient of correlation of test outcomes was used to measure the internal consistency of the research instrument by obtaining a correlation coefficient. The author also demonstrates that test scores range from 0 to 1 and if the test score is nearer to 1 then the instrument is reliable. Consequently, this research obtained a coefficient of 0.797. The results of reliability tests are presented in Table 3.2.

Table 3.2: Reliability Test Results

Research Variable	Cronbach's Alpha Index (α)	Number of Items	Comment
Market Development Strategy	0.742	5	Reliable
Market Penetration Strategy	0.854	5	Reliable
Diversification Strategy	0.807	5	Reliable
Product Development Strategy	0.814	5	Reliable
Organizational Performance	0.719	3	Reliable
Average	**0.787**	**23**	Reliable

Source: Pilot Study (2019)

The findings from Table 3.2 show that market penetration strategy had the highest alpha coefficient at 0.854 which was followed by product development strategy (α=0.814), diversification strategy (α=0.807), market development strategy (α=0.814), Market development strategy (α=0.742) and organizational performance (α=0.719). All the alpha coefficients for each of the variables studied were way above 0.7 which satisfies the recommendation made by Mugenda and Mugenda (2003) that an alpha coefficient score of above 0.7 shows that the instruments are highly reliable

3.7 Data Collection Procedure

The organization administrator was involved to seek permission and clarify the goal to them to conduct a survey within their organisation. After receiving the management's permission, the researcher used the 'drop and select' questionnaire management technique. A 4-week period was provided to the respondents to give the respondents enough time to respond to all the issues. This assisted in enhancing the rate of response and guaranteed the accuracy and reliability of the data collected.

3.8 Data Analysis and Presentation

The information acquired from the questionnaires was edited, cleaned and classified into popular topics in order to represent significant information. The researcher confirmed the questionnaires' completeness and consistency. The information was then held closely in the data file based on allocated codes and a final check to verify precision, incorrect information, completeness and consistency. Quantitative data was descriptively analysed in terms of mean and standard deviation. In addition, multiple regression analysis was carried out. This was made possible with the use of Statistical Package for Social Sciences (SPSS). Data in qualitative nature obtained from the open-ended questions was assessed in themes and submitted in narrative form.

The study used Analysis of Variance (ANOVA) to test the level of significant of the variables on the dependent variable at 95% confidence level. Inferential statistics made use of multiple regression analysis because the study had more than one explanatory variable. Statistical analysis was guided by multiple regression model to test the relationship between variables and the extent to which they influenced each other.

The equation on regression took the following form: $\mathbf{M = \lambda_0 + \lambda_1 S_1 + \lambda_2 S_2 + \lambda_3 S_3 + \lambda_4 S_4 + \varepsilon}$

Whereby **M** = Organizational Performance

$\boldsymbol{\lambda_1}$= Market development strategy

$\boldsymbol{\lambda_2}$= Market penetration strategy

$\boldsymbol{\lambda_3}$= Diversification strategy

$\boldsymbol{\lambda_4}$= Product development strategy

$\boldsymbol{\lambda_1 - \lambda_4}$ determination of coefficients

3.9 Ethical Consideration

The researcher got a research permit from the National Commission for Science, Technology and Innovation (NACOSTI) and introduction letter from the University before proceeding to the study area. All participants were guaranteed of confidentiality of information and none of the participants were entitled to take part in the research. A request was made to the respondents to participate in the research by first defining the research's anticipated goal and ensuring that no third party accesses the research information they disclose. Participants were not allowed to write their names or the department with which they work.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The chapter presents the analysis and presentation of data obtained from the field in terms of descriptive and inferential statistics and presented in terms of figures, graphs, and tables.

4.2 Questionnaire Return Rate

A total of 75 questionnaires were self administered to 5 managers and 70 support staff in Telkom Kenya Limited and the return rate is shown in Table 4.1.

Table 4.1: Questionnaire Return Rate

Category	Administered	Returned	Percentage
Managers	5	4	80.0
Support Staff	70	66	94.3
Total	**75**	**70**	**93.3**

Source: Research Data (2019)

The findings from Table 4.1 show that 4 out of 5 managers returned their questionnaires forming a response rate of 80.0% and 66 out of 70 support staff returned their questionnaires resulting to a response rate of 94.3%. The results further shows that the total response rate was higher at 93.3% which shows that the data collected for the field was sufficient for analysis. This is per the recommendation by Mugenda and Mugenda (2003) who show that a response rate of 70% and above is very good for data analysis.

4.3 Background Information

4.3.1 Gender

The study sought to establish the respondents' gender and the findings are presented in Figure 4.1.

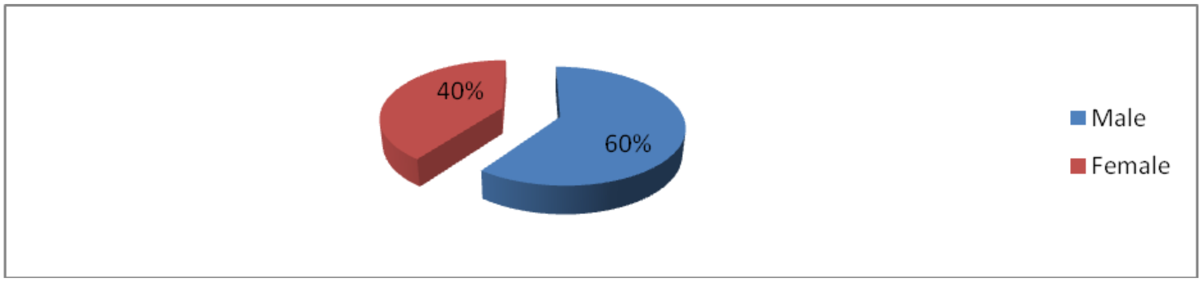

Figure 4.1: Respondents' Gender

Source: Research Data (2019)

The findings from Figure 4.1 show that the male respondents accounted majority at 60.0% while female respondents accounted for 40.0%. Thus an indication that the study did not suffer from gender bias as both male and female respondents were represented.

4.3.2 Age

The study sought to establish the respondents' age gap and the findings are presented in Table 4.2.

Table 4.2: Respondents' Age

Years	Frequency	Percentage
Below 25	5	7.1
25 to 34	16	22.9
35 to 44	48	68.6
45 and above	1	1.4
Total	**70**	**100**

Source: Research Data (2019)

The findings from Table 4.2 show that the most of the respondents indicated that they were aged between 35 to 44 years at 68.6%, followed by those who were aged between 25 to 34 years at 22.9%, 7.1% indicated that they were aged below 25 years and only 1.4% was aged 45 years and above. This is an indication that the respondents who were engaged in the study cut across different age groups.

4.3.3 Highest Level of Education

The study sought to establish the highest level of respondents' education and the findings are presented in Figure 4.2.

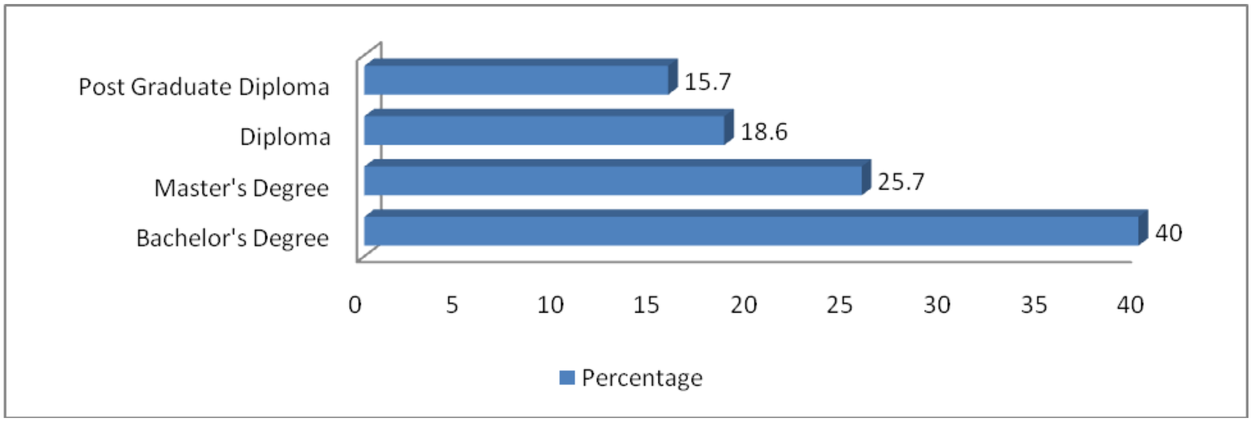

Figure 4.2: Respondents' Highest Level of Education

Source: Research Data (2019)

The findings from Figure 4.2 show that the most of the respondents indicated that they had attained a Bachelor's degree as their highest level of education, 25.7% Master's degree, 18.6% Diploma and 15.7% Post Graduate Diploma. This is an indication that majority of the respondents who participated in the study had attained the highest education level.

4.3.4 Work Experience

The study sought to establish the work experience of respondents and the findings are presented in Table 4.3.

Table 4.3: Respondents' Work Experience

Years	Frequency	Percentage
Below 5	7	10.0
5 to 9	6	8.6
10 to 15	27	38.6
Over 15	30	42.9
Total	**70**	**100**

Source: Research Data (2019)

The findings from Table 4.4 show that the most of the respondents indicated that they had worked for a period of more than 15 years as shown by 42.9%, 38.6% had a work experience ranging from 10 to 15 years, 10.0% less than 5 years and 8.6% between 5 to 9 years. This findings show that most of the respondents had a worked for a long period and so could respond to the study questions appropriately.

4.4 Results of Descriptive Analysis

Analysis of descriptive data was presented in terms of percentages (%) as per the level of agreement on each statement which was represented by SA (Strongly Agree), A(Agree), N(Neutral), D(Diasgree) and SD(Strongly Disagree), Mean (M) and Standard Deviation (Std.Dev). The results are presented as per the study specific variables as follows:

4.4.1 Diversification Strategy and Performance

The study sought to examine the influence of diversification strategy on the performance of Telkom Kenya Limited. The respondents were given a list of statements regarding diversification strategy on the performance. The findings are given in Table 4.4.

Table 4.4: Diversification Strategy and Performance

Statement	SA %	A %	N %	D %	SD %	M	Std.Dev
Diversification strategy enables the organization to have a minimal risk of loss	46.7	24.6	7.4	12.3	9.0	3.88	1.358
Forward diversification reduces costs due to							

the elimination of market transaction costs	27.9	57.4	6.6	3.3	4.9	4.00	0.962
Backward diversification allows the organization to obtain control over suppliers and improve supply chain efficiency.	37.7	53.3	4.1	3.3	1.6	4.22	0.808
Diversification strategy enables the organization to tap more market	33.6	50.8	12.3	3.3	0.0	4.15	0.757
Through diversification strategy, the organization can introduce older products in the new market or introduce the new products in older and more mature market	44.3	44.3	0.0	3.3	8.2	4.13	1.142
Average Score	**38.0**	**46.1**	**6.1**	**5.1**	**4.7**	**4.08**	**1.005**

Source: Research Data (2019)

From the results in Table 4.4, the average mean of 4.08 indicated that diversification strategy influence the performance of Telkom Kenya Limited with a standard deviation of 1.005. This statement was agreed by 38.0% of the respondents, 46.1% agreed, 6.1% neutral, 5.1% disagreed and 4.7% strongly disagreed. This is in agreement with Yigit and Behram (2013) study that examined the relationship between diversification strategy and organizational performance in developed and emerging economy contexts and found that when organizational performance values are high for single businesses and unrelated diversification in Turkey, organizational performance is high for dominant businesses in Netherlands.

The mean of 4.22 indicated that the backward diversification highly allows the organization to obtain control over suppliers and improve supply chain efficiency with a standard deviation of 0.808. This was strongly agreed by 37.7%, 53.3% agreed, 4.1% neutral, 3.3% disagreed and 1.6% strongly disagreed. This finding is in support with Oyefesobi *et al.* (2017) study that examined the relationship between diversification strategy and organization market share in the Nigerian manufacturing industry and revealed that diversification had a positive impact on manufacturing firm market share and market position.

The mean of 3.88 indicated that diversification strategy moderately enables the organization to have a minimal risk of loss with a significance variance of 1.358. 46.7% of the respondents strongly agreed on this statement, 24.6% agreed, 12.3% disagreed, 9.0% strongly disagreed and 7.4% remained neutral. These findings contradicts the findings of Njuguna *et al.* (2018) study that focused on the influence of product diversification strategy on performance and established that there was a significant positive relationship between product diversification and firm performance.

4.4.2 Market Penetration Strategy and Performance

The study sought to find out the influence of market penetration strategy on the performance of Telkom Kenya Limited. The respondents were given a list of statements regarding market penetration strategy on the performance. The findings are given in Table 4.5.

Table 4.5: Market Penetration Strategy and Performance

	SA	A	N	D	SD		
Statement	**%**	**%**	**%**	**%**	**%**	**M**	**Std.Dev**
Market penetration strategy allows for quick diffusion and adoption of the organization's product in the market	51.6	41.0	4.9	2.5	0.0	4.42	0.702
Market penetration strategy creates goodwill among the first customers that purchase the product due to the aggressive pricing	44.3	33.6	8.2	5.7	8.2	4.00	1.226
Market penetration strategy takes advantage of low prices to increase product demand and increase market share	41.8	28.7	11.5	7.4	10.7	3.84	1.332
The organization saves money on product creation costs due to the greater volume of production	60.7	19.7	4.1	15.6	0.0	4.25	1.103
Market penetration strategy discourages competitors from entering the market	54.1	18.9	0.0	19.7	7.4	3.93	1.415
Average Score	**50.5**	**28.4**	**5.7**	**10.2**	**5.3**	**4.09**	**1.156**

Source: Research Data (2019)

From the results in Table 4.5, the average mean of 4.09 indicated that market penetration strategy influence the performance of Telkom Kenya Limited with a standard deviation of 1.156. This was strongly agreed by 50.5%, 28.4% agreed, 5.7% neutral, 10.2% disagreed and 5.3% strongly disagreed. These findings concur with the findings of Njomo and Margaret (2016) study that investigated the influence of market penetration strategies and organizational growth and the results indicated that penetration strategies have a relationship with organizational growth.

The mean of 4.42 indicated that market penetration strategy allows for quick diffusion and adoption of the organization's product in the market with a significance variance of 0.702. This was strongly agreed by 51.6%, 41.0% agreed, 4.9% neutral and 2.5% disagreed. These findings agrees with findings of Chandola and Fu (2017) study examined market penetration strategy of Smartphone Companies from China for India Market and established similarity in their behavior with respect to the customer relationship management to a large extent.

The mean of 3.84 indicated that market penetration strategy takes advantage of low prices to increase product demand and increase market share with a significance variance of 1.332. Majority (41.8%) of the respondents strongly agreed with this statement, 28.7% agreed, 11.5% neutral, 10.7% strongly disagreed and 7.4% disagreed. These findings contradict the findings of Mwiti (2011) study that focused on the utilization of market penetration strategies used by Essar telecom Kenya and found that the company employed pricing strategies to penetrate the market.

4.4.3 Product Development Strategy and Performance

The study sought to establish the relationship between product development strategy and the performance of Telkom Kenya Limited. The respondents were given a list of statements regarding market penetration strategy on the performance. The findings are given in Table 4.6.

Table 4.6: Product Development Strategy and Performance

Statement	SA %	A %	N %	D %	SD %	M	Std.Dev
Product development strategy creates a higher value proposition for the core demographics of a brand and business	68.0	16.4	0.0	4.1	11.5	4.25	1.352
Product development strategy create a culture in innovation in which New ideas help to create new products which create new revenues	59.8	39.3	0.0	0.8	0.0	4.58	0.543
Product development strategy helps the organization leverage opportunities to market new consumer preferences	54.9	32.0	3.3	0.0	9.8	4.22	1.196
New product development strategies look at improving existing products to invigorate an existing market or create new products that the market seeks	58.2	40.2	0.0	0.0	1.6	4.53	0.670
Product development strategy brings a new innovation to consumers from concept to testing through distribution	64.8	24.6	4.1	1.6	4.9	4.43	1.012
Average Score	**61.1**	**30.5**	**1.5**	**1.3**	**5.6**	**4.40**	**0.955**

Source: Research Data (2019)

From the results in Table 4.6, the average mean of 4.40 indicated that product development strategy influence the performance of Telkom Kenya Limited with a standard deviation of 0.955. This was strongly agreed by 61.1%, 30.5% agreed, 1.5% neutral, 1.3% disagreed and 5.6% strongly disagreed. This finding agree with findings of Mbithi *et al.* (2015) study that examined the effect of product development strategy on performance in sugar industry in Kenya and the results of the study show that introduction of other new products other than sugar has largely been minimal while improvement of existing products has adopted through packaging and branding.

The mean of 4.58 indicated that product development strategy create a culture in innovation in which new ideas help to create new products which create new revenues to a very great extent with a significance variance of 0.543. This was strongly agreed by majority (59.8%) of the respondents, 39.3% agreed and only 0.8% disagreed. These findings are in accordance with the findings of Ebarefimia (2014) study that investigated the impact of new product development process on business performance in Nigeria and revealed that new product development plan is mainly related to the business strategy, the organizational culture, partly the personnel skills, while management involvement does not necessarily have a statistically significant positive effect.

The mean of 4.53 indicated that new product development strategies look at improving existing products to invigorate an existing market or create new products that the market seeks. This varied significantly as indicated by a standard deviation of 0.670. Majority (58.2%) of the respondents strongly agreed, 40.2% agreed and only 1.6% strongly disagreed. These findings are in line with the findings of Bonaccorsi and Lipparini (2014) study that revealed that new product development strategies look at improving existing products to invigorate an existing market or create new products that the market seeks.

4.4.4 Market Development Strategy and Performance

The study sought to determine the extent to which market development strategy influences the performance of Telkom Kenya Limited. The respondents were given a list of statements regarding market penetration strategy on the performance. The findings are given in Table 4.7.

Table 4.7: Market Development Strategy and Performance

Statement	SA %	A %	N %	D %	SD %	M	Std.Dev
Market development strategy identifies and develops new market segments for current products	58.2	17.2	0.0	6.6	18.0	3.91	1.575
A market development strategy targets non buying customers in currently targeted segments	41.0	37.7	0.0	3.3	18.0	3.80	1.464
A market development strategy allows							

expansion of potential market through new users or new uses	55.7	25.4	0.0	5.7	13.1	4.05	1.407
Market development strategy enables the organization to attract its competitors customers by establishing differentiation between yourself and them, increasing advertising efforts	62.3	22.1	0.0	6.6	9.0	4.22	1.289
Market development strategy enables the organization to expand geographically to reach and serve its customers	63.9	22.1	6.6	0.0	7.4	4.29	1.223
Average Score	**56.2**	**24.9**	**1.3**	**4.4**	**13.1**	**4.05**	**1.392**

Source: Research Data (2019)

From the results in Table 4.7, the average mean of 4.05 indicated that market development strategy influence the performance of Telkom Kenya Limited with a standard deviation of 1.392. This was strongly agreed by 56.2%, 24.9% agreed, 1.3% neutral, 4.4% disagreed and 13.1% strongly disagreed. This finding agree with findings of Hassan *et al.* (2013) study that examined the effects of marketing strategy creativity on organizational performance of Pakistan organizations and observed that performance is maximized when an organization develops a creative strategy and achieves effective implementation.

The mean of 4.29 indicate that market development strategy enables the organization to expand geographically to reach and serve its customers with a significance variance of 1.223. Majority (63.9%) strongly agreed with the statement, 22.1% agreed, 7.4% strongly disagreed and 6.6% disagreed. These findings are in line with the findings of Samuel (2016) study that focused on the influence of market development strategies and performance of multinational pharmaceutical companies in Kenya and the implemented market development strategies showed positive contribution towards sales, new customer acquisition and profitability though base of the pyramid market development strategy showed likely hood of decreasing employee motivation and innovation.

The mean of 4.22 indicate that market development strategy enables the organization to attract its competitors customers by establishing differentiation between yourself and them, increasing advertising efforts with a significance variance of 1.223. Majority (62.3%) of the respondents strongly agreed with the statement, 22.1% agreed, 9.0% strongly agreed and 6.6% disagreed. These statements agree with the findings of Czarniewski (2014) study that a good reputation makes the company attractive to potential partners and facilitates the establishment of cooperation, which allows companies to offer customers a wider range of values than the competition.

The mean of 3.80 indicated a market development strategy targets non-buying customers in currently targeted segments with a significance variance of 1.289. Majority (41.0%) of the respondents strongly agreed with the statement, 37.7% agreed, 18.0% strongly disagreed and 3.3% disagreed. This is in contrary to Samuel (2016) study that showed positive contribution towards sales, new customer acquisition and profitability and also Hassan *et al.* (2013) that found that performance is maximized when an organization develops a creative strategy and achieves effective implementation.

4.4.5 Organizational Performance

The study sought to determine the extent of performance of Telkom Kenya Limited through market expansion strategies. The findings are given in Table 4.8.

Table 4.8: Organizational Performance

Statement	SA %	A %	N %	D %	SD %	M	Std.Dev
Customers are satisfied with the products and services offered by the organization	44.3	33.6	8.2	5.7	8.2	4.00	1.226
Products offered by the organization are of higher quality	64.8	24.6	4.1	1.6	4.9	4.43	1.012
The organization has enhanced its operational							

efficiency	55.7	25.4	0.0	5.7	13.1	4.05	1.407
Average Score	**54.9**	**27.9**	**4.1**	**4.3**	**8.7**	**4.16**	**1.215**

Source: Research Data (2019)

From the results in Table 4.8, the average mean of 4.16 indicated that the performance of Telkom Kenya Limited is highly influenced by the market penetration strategies with a standard deviation of 1.215. This was strongly agreed by 56.2%, 24.9% agreed, 1.3% neutral, 4.4% disagreed and 13.1% strongly disagreed. According to Grundiche (2017) the strategic move in developing a product is paramount in enhancing the performance of an organizational because the product is the cornerstone of the firm's marketing mix.

The mean of 4.43 indicate that products offered by the organization are of higher quality with a significance variance of 1.012. Majority (64.8%) of the respondents strongly agreed with the statement, 24.6% agreed, 4.1% neutral, 1.6% disagreed and 4.9% disagreed. Langerak *et al.* (2017) indicate that in market development strategy, the firm seeks to sell its existing products into new markets. The strategy targets non-buying customers in currently targeted segments and new customers in new segments.

The mean of 4.05 indicate that the organization has enhanced its operational efficiency with a significance variance of 1.407. Majority (55.7%) of the respondents strongly agreed with the statement, 25.4% agreed, 5.7% disagreed and 13.1% disagreed. According to Pearce and Robinson (2012) for organizations to achieve their marketing goals and objectives, it is necessary for them to adjust to environment they are operating in.

The mean of 4.00 indicate that customers are satisfied with the products and services offered by the organization with a significance variance of 1.226. Majority (44.3%) of the respondents strongly agreed with the statement, 33.6% agreed, 8.2% neutral and strongly disagreed respectively and 5.7% disagreed. According to Khang, Arumugam, Chong and Chan (2014) the performance of an organization is determined by how well that organization achieves its objectives, its efficiency and effectiveness in achieving its financial, operational and market-oriented goals.

4.5 Inferential Statistics

Inferential statistics including correlation analysis and regression analysis was done to reach conclusions about associations between variables. They results are presented as follows:

4.5.1 Correlation Analysis

Table 4.9: Correlation Analysis

		Diversification Strategy	Market Penetration Strategy	Product Development Strategy	Market Development Strategy
Diversification Strategy	Pearson Correlation	1	.299*	.695**	.230
	Sig. (2-tailed)		.012	.001	.056
	N	70	70	70	70
Market Penetration Strategy	Pearson Correlation	.299*	1	.447**	.492**
	Sig. (2-tailed)	.012		.000	.000
	N	70	70	70	70
Product Development Strategy	Pearson Correlation	.695**	.447**	1	.653**
	Sig. (2-tailed)	.001	.000		.000
	N	70	70	70	70
Market Development Strategy	Pearson Correlation	.230	.492**	.653**	1
	Sig. (2-tailed)	.056	.000	.000	
	N	70	70	70	70

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data (2019)

The results in Table 4.9 show that the Pearson's r for the correlation between diversification strategy and product development strategy variables is 0.695 and vice versa which is close to 1 with a significant value of 0.00 which is less than 0.05. This shows a strong relationship meaning that changes in one variable are strongly correlated with changes in the second variable. According to Song (2012) firms diversify in response to environmental changes. McNally *et al.* (2011) observe that effective product development rests on a product's design's ability to create a positive product experience.

Table 4.10 also shows that product development strategy is strongly related to market development strategy (r=0.653, p<0.05) which means that increase in product development strategy leads to increase in market development strategy and vice versa. Langerak, Hultink and Robben (2017) indicate that in market development strategy, the firm seeks to sell its existing products into new markets. According to Grundiche (2017) the strategic move in developing a product is paramount in enhancing the performance of an organizational because the product is the cornerstone of the firm's marketing mix.

4.5.2 Regression Analysis

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.948[a]	.898	.892	.171	.898	143.563	4	65	.000

Source: Research Data (2019)

The results in Table 4.11 show that 0.892(89.2%) as the value of adjusted R square market on the performance of Telkom Kenya Limited is determined by market development strategy, diversification strategy, market penetration strategy and product development strategy.

Therefore, the remaining percentage (10.8%) should be studied to determine how other factors influence the performance of Telkom Kenya Limited.

Table 4.11: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.888	4	4.222	143.563	.000[a]
	Residual	1.912	65	.029		
	Total	18.800	69			

Source: Research Data (2019)

The value 0.000[a] shows the significance level is less than 0.05 showing a statistical significance of the model on how market development strategy, diversification strategy, market penetration strategy and product development strategy studied influenced the organizational performance variable. The results in Table 11 also indicate that F calculated value is greater than the value of F tabulated (143.563> 4.222) at 5% significance level confirming the significance of the model.

Table 4.12: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.608	.201		5.519	.000
	Diversification Strategy	.666	.039	4.186	4.263	.002
	Market Penetration Strategy	.787	.030	1.136	2.887	.001
	Product Development Strategy	.732	.050	2.817	14.640	.000
	Market Development Strategy	.579	.047	1.325	5.911	.000

Source: Research Data (2019)

The findings in Table 4.12 revealed that holding independent variables constant (market development strategy, diversification strategy, market penetration strategy and product development strategy) to a constant zero, performance of Telkom Kenya would be at 0.608 factor, a unit increase in diversification strategy would lead to increase in performance of Telkom Kenya by a factor of 0.666, a unit increase in market penetration strategy would lead to increase performance of Telkom Kenya by factor of 0.787, a unit increase in product development strategy would lead to increase in performance of Telkom Kenya by a factor of 0.732 and a unit increase in market development strategy would lead to increase in performance of Telkom Kenya by a factor of 0.579.

From the data in Table 4.12, it was established that regression equation was $Y = 0.608 + 0.666 X_1 + 0.787 X_2 + 0.732 X_3 + 0.579 X4$. Therefore, performance of performance of Telkom Kenya = 0.608 + (0.666 x diversification strategy) + (0.787 x market penetration strategy) + (0.732 x product development strategy) + (0.579 x market development strategy). It can be deduced that market penetration strategy contributed more (0.787) to the performance of Telkom Kenya Limited. At 5% level of significance, diversification strategy had a p-value of 0.002; market penetration strategy had a p-value of 0.001; product development strategy and market development strategy had a p-value of 0.000. Therefore, the most significant factors were uct development strategy and market development strategy. The findings of this study corroborates with literature review by Ebarefimia (2014) who established a positive significant relationship between product development strategy and organizational performance. Also, Hassan (2013) study results of regression analysis showed that performance is maximized when an organization develops a creative strategy and achieves effective implementation.

4.6 Results of Qualitative Data Analysis

On how diversification strategy influences performance, the respondents indicated that the diversification strategy helps the organization in achieving the operational efficiency and synergies through increased scale, manage portfolio of products to sustain predictable, growing revenue stream, control supply chain, control distribution channel to maintain price levels and limit competitive inroads etc. A strategy of diversification provides a more predictable, reliable revenue and income flow

On how market penetration strategy influences performance, the respondents indicated that the market penetration strategy is carried out when the organization enters into a new market to launch a new product so as to capture a sizeable market. Market penetration strategy helps to increase the user based drastically and reduce the competition by providing a competitive advantage to the company implementing market penetration for their products. By reducing their prices or by implementing schemes attractive to the customer's companies ensure that interpenetrate the existing market break the users from the existing product and increase the usage of their product.

On how product development strategy influences performance, the respondents indicated that the product development strategy helps in producing the goods and services of best quality. Provides maximum possible satisfaction to the consumers, helps in expanding the market for the products, helps in achieving stability in the demand of the products, helps in facing competition successfully and effectively, minimizes the possibilities of obsolescence of products etc.

On how market development strategy influences performance, the respondents indicated that the market development strategy helps the organization in finding new groups of buyers as potential customers for its existing products and services thereby expanding into untapped markets. Developing a certain market creates sustainable growth. The organization introduces new products and services to the existing customer base and expand its total market through continual advertising, communications and audience development. Market development also involves trust building, expanding geographically and fine tuning things like packaging, sales and processes to maximize conversions and revenue.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusions, recommendations for policy and practice and recommendations for further studies.

5.2 Summary of the Findings

The study sought to examine the influence of diversification strategy on the performance of Telkom Kenya Limited and examined that diversification strategy had a significant influence on the performance of Telkom Kenya Limited. Backward diversification highly allows the organization to obtain control over suppliers and improve supply chain efficiency. Diversification strategy enables the organization to tap more market and through diversification strategy, the organization can introduce older products in the new market or introduce the new products in older and more mature market.

The study sought to find out the influence of market penetration strategy on the performance of Telkom Kenya Limited and found that market penetration strategy had a significant influence on the performance of Telkom Kenya Limited. Market penetration strategy allows for quick diffusion and adoption of the organization’s product in the market, the organization saves money on product creation costs due to the greater volume of production and that market penetration strategy creates goodwill among the first customers that purchase the product due to the aggressive pricing.

The study sought to establish the relationship between product development strategy and the performance of Telkom Kenya Limited and established a significant relationship between product development strategy and the performance of Telkom Kenya Limited. Product development strategy creates a culture in innovation in which new ideas help to create new products which create new revenues to a very great extent. New product development strategies look at improving existing products to invigorate an existing market or create new products that the market seeks and that product development strategy brings a new innovation to consumers from concept to testing through distribution.

The study sought to determine the extent to which market development strategy influences the performance of Telkom Kenya Limited and revealed that market development strategy had a significant influence on the performance of Telkom Kenya Limited. Market development strategy enables the organization to expand geographically to reach and serve its customers and that market development strategy enables the organization to attract its competitors customers by establishing differentiation between yourself and them, increasing advertising efforts.

5.3 Conclusions

The study concludes on the following as per the specific objective:

Telkom Kenya Limited has adopted several diversification strategies to enhance their performance and is employing the diversification strategies in attaining and sustaining competitive advantage in the local and regional market. The organization uses diversification strategies to expand its operations by adding markets, products, services, or stages of production to the existing business. This allows the organization to enter lines of business that are different from current operations.

Telkom Kenya takes advantage of low prices to increase product demand and increase market share through market penetration strategy. While the demand is increasing, the organization saves money on product creation costs due to the greater volume of production. Market penetration strategy is also used by the organization as a measure to determine, whether their product or a service is capable of capturing a fixed percentage of the market.

A product development strategy provides a framework for creating new products or improving the performance, cost or quality of existing products. The strategy helps Telkom Kenya limited achieve its goals, such as entering new markets, selling more to existing customers or winning itself from competitors. Through a successful product development strategy the organization is able to increase its revenue and profitability.

Key changes in the marketing mix regarding marketing development strategy are likely to be place, with consideration of new channels and routes to market, as well as promotion through promoting to new target segments. Effective development of marketing strategy starts with a considered, well-informed marketing strategy. A good marketing strategy helps the organization to define its vision, mission and business goals, and outlines the steps it needs to take to achieve these goals.

5.4 Recommendations for Policy and Practice

Telkom Kenya should diversify by adding new product lines, or entering a new market so as to open up new markets and new customer groups, thus improving its performance. Practice horizontal diversification by the new products that are closely related to the current core business. It is also recommended that Telkom Kenya move into an entirely new value chain either through merger or an acquisition.

For effective implementation of market penetration strategy, Telkom Kenya should keep on adjusting the price to increase sales as lowering prices is an effective tactic to attract potential customers. Put more time and strength in a promotion so as to increase brand awareness. Use an effective marketing strategy that will increase product awareness in certain areas.

With a well-considered new product development strategy, the organization can avoid wasting time, money and business resources. Therefore, it is recommended that the organization to define its product so as to team make the team focused and avoid pitfalls such as developing too many products at once, or running out of resources to develop the product. Identify market needs to ensure that the organization products fit its targeted market. Establish time frames by allowing adequate time to develop and implement its new products. Identify key issues and approaches to ensure that products are developed that are appropriate for the organization targeted customers.

In order for the Telkom Kenya to securely adapt to varying international markets, its marketing development strategy should take into consideration the internal and external business environment that affects a company positively to revel in greater performance. For effective marketing development strategy, the organization should consider whether the market it’s entering is attractive, whether it’s ready to commit the resources required to meet the identified market, can it adapt to the new market and whether it can remain competitive in the new market.

5.5 Suggestion for Further Studies

The current study focused on the impact of market expansion strategies on Telkom Kenya Limited's performance in Nairobi City County, Kenya. Therefore, further studies should be carried out that focus on other variables not studied to see the extent to which they influence the performance of Telkom Kenya Limited.

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APPENDICES

Appendix 1: Introductory Letter

Dear Sir/Madam,

RE: Support for Data on Master's Project

As a Kenyatta University Master's student, the University as part of my study requires me to undertake a research. My topic of choice is to evaluate how market expansion strategies influences the performance of Telkom Kenya Limited In Nairobi City County, Kenya as a partial requirement for my Master's degree.

Kindly I seek for your cooperation thanking you in advance.

Yours sincerely,

Jackson Luvusi

Student, Kenyatta University

Appendix II: Questionnaire

<u>Section A: Background Information</u>

Kindly show response by ticking [√] where appropriate

1. Gender: Male ( )   Female ( )
2. Indicate your age gap as shown below:

   Below 25 years ( )   Between 25 to 34 Years ( )

   Between 35 - 44 ( )   45 and above years ( )

3. Kindly indicate your current level of education attained?

   Diploma ( )   Post Graduate Diploma ( )

   Bachelors Degree ( )   Master's Degree ( )

4. How many years have you worked?

   Below 5 years ( )   Between 5 to 9 years ( )

   Between 10 to 15 years   Over 15 Years ( )

<u>Section B: Diversification Strategy</u>

Identify to what extent you agree with the following statements or disagree with them on diversification strategy on Telkom Kenya's performance. Supplied are five options corresponding to these statements:

<u>Key</u>: Strongly agree (SA)=**5**, Agree(A)=**4**, disagree (U)=**3**, Strongly Disagree (D)=**2**, and Not at all (SD)=**1**

	1	**2**	**3**	**4**	**5**
Organization using diversification strategy is able to have a minimal risk of loss					
Forward diversification reduces costs due to the elimination of					

market transaction costs.					
Backward diversification allows the organization to obtain control over suppliers and improve supply chain efficiency.					
The strategy of diversification allows more market access for the organisation					
The organization can market elderly products or introduce new products into older and more mature markets.					

5. Explain how diversification strategy influences the performance of Telkom Kenya Limited?

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Section C: Market Penetration Strategy

Identify to what extent you agree with the following statements or disagree with them on market penetration strategy on Telkom Kenya's performance. Use the likert scale provided below:

Key: Strongly agree (SA)=**5**, Agree(A)=**4**, disagree (U)=**3**, Strongly Disagree (D)=**2**, and Not at all (SD)=**1**

	1	**2**	**3**	**4**	**5**
Market penetration strategy allows for rapid marketing and marketing of the organization's product					
Market penetration strategy creates goodwill among the first clients to buy the item because of the aggressive price.					
The strategy of market penetration benefits from low prices in order to boost product demand and market share					
The organisation saves cash on the expenses of product development owing to the increased manufacturing volume					
Competitors are discouraged from entering the market through market penetration strategy					

6. Explain how market penetration strategy influences the performance of Telkom Kenya Limited?

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Section D: Product Development Strategy

Identify to what extent you agree with the following statements or disagree with them on product development strategy on Telkom Kenya's performance. Use the likert scale provided below:

Key: Strongly agree (SA)=**5**, Agree(A)=**4**, disagree (U)=**3**, Strongly Disagree (D)=**2**, and Not at all (SD)=**1**

	1	**2**	**3**	**4**	**5**
Strategy for product development generates a greater value proposition for a brand and company ' key demographics					
Product development strategy create an innovation culture in which new ideas help generate new products that generate fresh profits					
Product development strategy helps the organization leverage opportunities to market new consumer preferences					
New product development policies are designed to improve current products to boost an current market or generate new products that the market is looking for					
The strategy of product development provides customers with a fresh innovation from idea to distribution testing.					

7. Explain how product development strategy influences the performance of Telkom Kenya Limited?

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Section E: Market Development Strategy

Identify to what extent you agree with the following statements or disagree with them on market development strategy on Telkom Kenya's performance. Use the likert scale provided below:

Key: Strongly agree (SA)=**5**, Agree(A)=**4**, disagree (U)=**3**, Strongly Disagree (D)=**2**, and Not at all (SD)=**1**

	1	**2**	**3**	**4**	**5**
Market development strategy for present products identifies and creates new market segments					
In presently targeted sections, a market growth approach targets non-customers					
A market growth approach enables new consumers or new uses to expand the future market					
The approach for market growth allows the organisation to attract its competitors customers by establishing differentiation between yourself and them, increasing advertising efforts					
The strategy for market development enables the organization to expand geographically to reach and serve its customers					

8. Explain how market development strategy influences the performance of Telkom Kenya Limited?

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Section F: Organizational Performance

Identify to what extent you agree with the following statements or disagree with them on Telkom Kenya's performance. Use the likert scale provided below:

Key: Strongly agree (SA)=**5**, Agree(A)=**4**, disagree (U)=**3**, Strongly Disagree (D)=**2**, and Not at all (SD)=**1**

	1	**2**	**3**	**4**	**5**
Customers are pleased with the products and services of the organization					
Products of the company offered are of higher quality					
The organization has enhanced its operational efficiency					