

**GROWTH STRATEGIES AND PERFORMANCE OF BAMBOO-RELATED  
MICRO ENTERPRISES IN VIHIGA COUNTY, KENYA**

**XAVIER M. HORATIO**

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## DECLARATION

This study is my original work having not been forwarded for an academic award at another institution.

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

Xavier Masambaga Horatio

**D53/OL/CTY/25727/2018**

I confirm this research proposal has been carried out by the candidate under my supervision.

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

**Dr. Joyce Gakobo**

**Department of Business Administration**

**School of Business, Economics and Tourism**

**Kenyatta University**

## **DEDICATION**

I dedicate this research proposal to my mother Iris Lulia Masambaga, for her continued support in my education and life in general.

## **ACKNOWLEDGEMENT**

I thank God for his guidance in the proposal development. I appreciate my supervisor Dr. Joyce Gakobo's efforts in guiding me in the development of this research proposal. I am grateful to all my instructors during my studies for their insight and my classmates for their support.

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## **ABBREVIATIONS AND ACRONYMNS**

<b>MSE</b>	Micro and Small Enterprise
<b>GDP</b>	Gross Domestic Product
<b>CBK</b>	Central Bank of Kenya
<b>RBV</b>	Research-based View
<b>ANOVA</b>	Analysis of Variance
<b>SD</b>	Standard Deviation

## OPERATIONAL DEFINITION OF TERMS

Bamboo-Related Micro Enterprises	Enterprises whose business activities involve use of bamboo in raw or processed form.
Diversification	Steps undertaken by an entrepreneur to open new revenue streams either related or unrelated to their existing business activity.
Enterprise	An entity carrying out a profit-oriented operation.
Entrepreneur	An individual who owns and manages an enterprise.
Growth	A phase undergone by an enterprise in which it registers an increase in business activity that results in a rise in sales/profits and a need for more employees.
Growth Strategies	Action plans by an entrepreneur focused on the sole objective of achieving growth.
Innovation	A new approach of doing something than is conventionally accepted.
Market Development	An entrepreneur's endeavour to create an entirely new market for an existing product to rally sales.
Market Penetration	An entrepreneur's efforts to create awareness of their product in a new market and positively influence sales.
Micro Enterprise	A small enterprise with an employee count fewer than nine persons and managed by the owner/entrepreneur who makes all the decisions related to the business.
Performance	A measure of an entrepreneur's success in achieving a set objective.
Product Development	An entrepreneur's attempts in providing a new offering to an existing market to increase its presence and market share.
Strategy	A well-developed plan of action set by an entrepreneur to assist in the achievement of its objectives.

## ABSTRACT

Micro Enterprises have provided a viable alternative to formal employment, absorbing a majority of the unemployed persons in the country therefore, playing a major economic role with regards to wealth creation. Growth is a desirable feat for any enterprise as it enhances the value of the firm. An industry wide experience of growth positively impacts to a nation's income. This research work sought to establish the performance outcome when bamboo-related micro enterprises in Vihiga County employ growth strategies. Focus was on product development, market penetration, market development and diversification growth strategies. The influence of each strategy on the micro enterprise's performance was thereafter established. The research process was presided over by the resource-based view theory, theory of competitive advantage and industrial organization theory. A total of 65 micro enterprises formed the target population from which 65 owners and managers were involved in the process of data collection. The small population compelled use of a census in the collection of data with a questionnaire as the primary instrument of data collection. The questionnaire type was self-administered containing open ended and closed ended questions. The questionnaire was checked for internal consistency to determine its reliability by using the Cronbach's Alpha statistic. The data was tested for face and content validity by subjecting the questionnaire to expert evaluation from seasoned senior lecturers at the School of Business. Descriptive statistics were used for the analysis of data through the use of an SPSS tool utilizing, frequency, percentage distributions and measures of central tendency. An analysis of variance (ANOVA) and a multiple regression model were constructed to provide a relation between the dependent and independent variables. It was established that there exists a strong interrelationship among market penetration strategies, product development strategies, market development strategies, and diversification strategies, and the performance of bamboo-related micro enterprises. These predictor variables accounted for seventy two percent of the total variance in performance of bamboo-related enterprises, with each having a positive predictor value. The findings show that we can use the aforementioned to predict the performance of bamboo-related micro enterprises in Vihiga County. Ultimately, the research work concluded that the application of these strategies had a significant and positive relationship with the micro enterprises' performance. As a recommendation, both the public and private sectors need to equip bamboo-related micro enterprises with adequate skills to make them profitable and competitive in the market. There should also be training on how they can penetrate new markets and develop strategies that can spearhead growth beyond their current coverage. There is also need to aid these small investors in broadening their offerings while remaining competitive. A suggestion for further research was put forward to identify other unique strategies applied by bamboo-related micro enterprises and challenges in implementing them.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background to the Study

With a bulging population and a stagnant economy, unemployment has been a national concern with numerous job seekers being churned out into the industry every year. Micro and Small Enterprises (MSEs) are viewed as the alternative employment option for many who miss out on the formal opportunities. Through MSEs the unemployed can derive some source of income and create opportunities for wealth. Rathore & Mathur (2018) suggest that MSEs if well managed can be a catalyst for rapid growth for a country. Additionally, through the proliferation of MSEs you find the economy of a country receives significant boost through increased economic activity.

Despite MSEs underdeveloped status in the country, they have a part to play in the contribution of a nation's economy. MSEs are emerging as the leading employers in many developing nations (Hyder and Lussier, 2016). Their numbers make it an essential sector to the economy, alleviating poverty and allowing many to obtain an income source and hence improve their living conditions. Globally, microfinancing has been touted to foster growth and innovation in micro enterprises. Nonetheless, the noticeable disparities between urban and rural areas have hindered inclusive development. Regionally, the role of micro and small enterprises in contributing to employment and development of local economies is undisputed. However, limited access to finance, poor infrastructure, and lack of formal markets have posed a challenge.

However, regional integration efforts seek to enhance trade and connectivity, by offering microenterprises broader market access. Additionally, empowering microenterprises with resources, supportive policies and leveraging digital technologies presents avenues for expansion and efficiency. MSEs are handy in establishing dependable safety nets for society members. They provide employment options especially during economic downturns. Employment opportunities provided by MSEs are a reprieve to the poor who are not qualified for jobs requiring advanced skills and are forced to compete with many others for the limited opportunities in the unskilled jobs market.

MSEs in Kenya are under the regulation of the Micro and Small Enterprises Act (2012). According to this document, a micro-enterprise is any business entity of a formal or informal nature with a turnover of less than half a million shillings a year, while engaging not more than nine employees in its activities. It further defines small enterprises as those posting an annual turnover of more than half a million but less than five million shillings with an employee roll of between ten and fifty persons. From these definitions the difference between a Micro enterprise and a Small Enterprises is based on turnover and employee count.

Through MSEs economic growth has been achieved by the input of many entrepreneurial efforts alongside technological absorptions (Sato, 2015). The role of MSEs in eradicating poverty and improving social conditions by creating jobs cannot be ignored as economic growth is largely pegged on MSEs performance. The government has a leading role in encouraging MSE growth via the policies it develops and infrastructural support (World Bank, 2011). Government strategies to support MSEs include offering unsecured loans with low interest rates, offering training and

streamlining the regulatory framework. The government can also provide incentives such as exemptions from taxation and subsidies.

### **1.1.1 Performance of Micro Enterprises**

The performance of a micro enterprise is exhibited by successful efforts of growth sprouting outcomes such as market expansion, enhanced profits, increased ability to compete and more job prospects (Davies, Chambers and Haugh, 2017). Micro enterprises can bank on prudent financial management; innovation and networking to broaden its access to external finances through investments. Such efforts would spur growth and help a micro enterprise achieve positive performance outcome. Networking through platforms for sharing innovations and knowledge can also enhance an enterprises' image creating an expansive market.

According to Anyadike-Danes (2015), the size of a business can be used to determine its behavior in achieving growth and how it will eventually perform. For instance, you find a motivated and ambitious entrepreneur is likely to be more inclined to achieve positive growth performance. Moreover, a small enterprise innovation can positively influence growth performance by putting in place strategies and earnestly pursuing them (Omri and Ayadi-Frikha, 2014). Additionally, having trained personnel in an enterprise is imperative to a micro enterprise to achieve a positive outcome in its growth performance (Chelagat and Ruto, 2014).

An entrepreneur's knowledge of finances can influence the performance of a micro enterprise. Therefore, proper knowledge on an enterprises' finances impacts positively to its performance, otherwise it is a recipe to poor performance. Currently, being techno savvy helps a micro enterprise make strides in achieving growth efforts and improving sales performance levels. For instance, a micro enterprise can market

its products on social media platforms to increase its market presence and overall sales. However, improper marketing strategies will increase a micro enterprise's chances at death rather than a desired growth performance (Tshabalala and Rankhumise, 2011).

Contrarily, performance in business is hampered by inadequate knowledge, inexperience, poor marketing skills, underdeveloped infrastructure, and insufficient support systems such as institutions offering accessible credit (Babandi, 2017). As a result, even a good business can collapse under one or a combination of these factors. According to Tillmar (2016), insufficient skills of management by an entrepreneur alongside inadequate access to finances affect the growth performance of a micro enterprise. Consequently, the entrepreneur needs an environment where there is easy access to credit facilities such as loans to stimulate growth and generate positive performance.

### **1.1.2 Growth Strategies**

Tunberg and Anderson (2020) consider growth as an inevitable process which an enterprise has to embrace through making internal changes and can be measured by evaluating an enterprise's output. According to Hesse and Sternberg (2017) growth is not sequential but is highlighted by gradual changes over time. Micro enterprises have different views on growth with some entrepreneurs keen on the idea of growth while others have a singular motivation of providing for their needs. Most of such entrepreneurs compose mostly those who took up entrepreneurship as a result of failure to secure formal employment. In micro enterprises, the owner ultimately bears the vision of the business. Consequently, if he has among his enterprise goals, a plan

charting a path for growth, then he is more likely to achieve growth than one who does not.

There are many publications providing different strategies an enterprise can employ to pursue growth. This study intends to peg its observations based on the product and market expansion grid put forward by Ansoff (1957). Ansoff suggests four strategies referred to as the matrix that an enterprise can employ through individually analyzing associated risks to propagate growth. These strategies include market penetration strategy, product development strategy, market development strategy and diversification strategy. He suggests each of these strategies has different risk levels with market penetration posing the least risk whereas diversification poses the greatest risk.

The market penetration strategy involves increasing efforts in enhancing your product presence in a current market. An effective approach to this strategy is employing promotional tactics such as cutting prices and increasing distribution. Enterprises can also divide up the market and focus on each market group by using targeted promotion. Where you have complimentary products or services, using strategic partnership can be an ideal point of entry.

Alternatively, the product development strategy involves introducing a new product to your current market. By expanding its product line, an enterprise can gain more from a current market's spending (Omri and Ayadi-Frikha, 2014). Furthermore, an enterprise can decide to customize their product offering to suit the market. Where tastes and preferences differ, enterprises can use differentiation for their product development as indicated by this study.

In the market development strategy, an enterprise introduces a current product to an entirely new market. A business entity can achieve a successful market development strategy by establishing a new use for its product (Babandi, 2017). Another viable option is for the business to venture into a previously unexplored market or otherwise exploiting a new demographic.

Diversification involves introducing an all-new product to an all-new market. This strategy combines aspects of market development and product development simultaneously. When undertaking diversification, a business can decide to merge with another business to form a single entity. It is also ideal for an enterprise to engage in extension services along the supply chain like consulting to increase income sources (Anyadike-Danes, 2015).

However, the pursuit of growth by a micro enterprise can be affected by entrepreneur aspects including age, sex, education, experience and entrepreneurial spirit. In this regard older entrepreneurs possessing higher education levels are more inclined to pursue growth (Lee, 2014). Furthermore, while pursuing growth, micro enterprises have to possess effective management elements to initiate successful strategy approach. Additionally, programmes targeted to micro enterprise and initiated by the government are pivotal for their growth efforts (Abdullahi and Sulaiman, 2015). Nevertheless, during pursuit of growth strategy, micro enterprises are bound to experience barriers which they need to address for successful strategy application.

### **1.1.3 Bamboo-Related Micro Enterprises**

The bamboo plant has many commercially viable uses across different stages of its life from shooting to maturity. Consequently, with its quick maturity of just a few months, immense commercial value can be extracted from the bamboo crop. The

bamboo crop finds use in the development of various products which can be categorized into three depending on the extent of value addition (Gauli, Durai and Oduor, 2018). There are bamboo products with little or no value addition such as when employed for construction purposes. Other bamboo products have moderate value addition and are a common feature of small scale enterprises such as making handicrafts. The third category includes bamboo products with high value addition commonly applied at industrial level such as making paper and cloth fibre. This study, intends to focus on micro enterprises employing little or no value addition and moderate value addition.

These bamboo-related micro enterprises are those whose business involves use of the bamboo plant directly as a product or as a raw material. Locally, micro enterprises dealing with bamboo crop undertake commercial activities such as seedling preparation, making animal fodder, making furniture and handicrafts such as baskets, construction use, making musical instruments such as flutes and making toys. Such enterprises can prepare bamboo seedlings in green houses for sale, prepare animal fodder from the leaves, use young stems for crafting and mature stems for making tables and desks. Consequently, among the many uses, you find bamboo products offer a local solution for various imported goods such as furniture and toys.

While bamboo and its products constitute one of the most traded natural commodities worldwide, its trade in Kenya has taken a back seat for a long time. According to the UN Comtrade Database (2017), China is the world's major exporter of bamboo and related products accounting to over two thirds of the world's exports. Contrarily, the European Union and the USA are the largest individual importers of these products with about twenty-eight and twenty-one per cent respectively. The statistics for Kenya's import and export figures are underwhelming with an insignificant impact on

the global bamboo trade. The most common bamboo products traded internationally are preserved shoots, bamboo flooring, weaved baskets and bamboo furniture. However, Kenya has continued to show a rise in total imports of bamboo products over the past years with an increasing demand.

Micro enterprises in Kenya dealing with bamboo are typically located close to the raw product. As such, you find these enterprises prevalent in areas favoring growth of bamboo crop which is typically altitudes of over two thousand meters above sea level. Vihiga County is one of those areas with favorable climate conditions fostering bamboo growth. Additionally, the county hosts a major bamboo demonstration farm, the Tiriki Bamboo Value Chain Centre. There is also a Kenya Forest Research Institute (KEFRI) presence in the county which has been at the forefront of encouraging the growth of bamboo in its land rehabilitation and forest reclamation efforts.

## **1.2 Statement of the Problem**

The bamboo crop's high carbon absorption, high oxygen production and deep root system make it a unique solution to global environmental concerns. Many governmental and non-governmental organizations are spearheading efforts to encourage planting of bamboo for conservation purpose. However, these efforts will be naught if no commercial value can be extracted from practicing bamboo growing.

Through applying growth strategies, bamboo-related micro enterprises can tap into the commercial value of the bamboo crop, which will create a ripple effect of job creation and income generation through value addition; and, at the same time bolster conservation efforts. The greatly untapped market limits our contribution to global

sales as insignificant according to UN Comtrade Database (2017). Suffice to say, immense opportunity in terms of job creation and market is foregone.

Oroko and Ondigi (2017) investigated the influence of personal attributes of owners to the growth of micro enterprises. They established an existence of a positive correlation between an entrepreneur's attributes and enterprise growth. However, they did not investigate how an entrepreneur's attributes can be combined with specific strategies to spur growth. In this study, an investigation into the impact on performance of undertaking growth strategies in a micro enterprise was carried out.

Kimuru, Ngugi, Kanali, and Kagiri (2018) conducted a study to determine growth elements in Kenyan youth owned enterprises. Their study did not investigate how these enterprises accommodated these factors in their strategic operations to stimulate growth. The influence of growth strategy on enterprise performance was captured in this research work.

Kariuki and Kegoro (2018), investigated the influence of entrepreneurial practices on the women-owned micro enterprises in Embu County. In their study, they did not focus on the strategies on which to employ the entrepreneurial practices in order to influence performance. The correlation between growth strategies and business performance was uncovered in this work of study.

In examining innovation role on MSEs growth performance, Njiraini, Omolo and Gachanja (2018) found no significant relationship between an enterprise's growth performances with its innovations. The researchers did not investigate how incorporating innovation into growth strategy like product development can affect performance. In this study, we ascertained growth performance upon undertaking growth strategies in micro enterprises dealing in bamboo products.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The general objective of this study was to establish the influence of growth strategies applied by bamboo-related micro enterprises in Vihiga County on their performance.

#### **1.3.2 Specific objectives**

- (i) To establish the influence of product development as a growth strategy on the performance of bamboo-related micro enterprises in Vihiga County.
- (ii) To determine how market penetration as a growth strategy influences the performance of bamboo-related micro enterprises in Vihiga County.
- (iii) To establish the influence of market development as a strategy for growth on the performance of bamboo-related micro enterprises in Vihiga County.
- (iv) To determine how diversification as a growth strategy influences the performance of bamboo-related micro enterprises in Vihiga County.

### **1.4 Research Questions**

- (i) How does product development as a growth strategy by bamboo-related micro enterprises in Vihiga County influence their performance?
- (ii) How does market penetration as a strategy for growth by bamboo-related micro enterprises in Vihiga County influence their performance?
- (iii) How is the performance of bamboo-related micro enterprises in Vihiga County from employing market development as a growth strategy?
- (iv) How does diversification strategy of growth influence the performance of bamboo-related micro enterprises in Vihiga County?

### **1.5 Significance of the Study**

The bamboo industry in Kenya is greatly untapped and underdeveloped despite providing a formidable opportunity for great economic gain. This study will provide insights to budding and existing entrepreneurs in the bamboo industry successful growth approaches which will result in wealth creation. Furthermore, regulatory institutions and oversight bodies will also benefit from this study by identifying how to support micro enterprises dealing with bamboo products to motivate them to growth. The national government will also find this study useful to its agenda of enhancing the entrepreneurial environment in the country as part of the Vision 2030 economic pillar and the national agenda of increasing manufacturing and job creation. Similarly, the world of research will benefit from this study as it will contribute to the existing body of knowledge while providing recommendations for additional study.

### **1.6 Scope of the Study**

This research work sought to unearth the effect on performance of micro enterprises dealing with bamboo and related products on application of growth strategies in Vihiga County. It focused on the growth strategies of market penetration, product development, market development and diversification. The study conducted a census over a period of one month owing to the low population under study. Owners and managers of these micro enterprises were contacted to provide information for use in the study.

### **1.7 Limitation of the Study**

This study anticipated the challenge of language barrier especially in filling the questionnaire as a data collection instrument. While the language of communication

was English, many of the micro enterprises forming the population of study are managed by local persons whose command of the language this study anticipated to be limited. To overcome this limitation, the researcher attached contact details to the questionnaires for clarifications in a way the respondent would understand. Mistrust was also projected to pose a problem to the research given respondents were expected to provide information related to their enterprises. This limitation was addressed by guaranteeing the study participants confidentiality of whatever information they submitted and restricted to scholarly work.

### **1.8 Organization of the Study**

This research work is systematized in five chapters with the first encompassing the background, objectives, scope, significance and limitations of the study. Chapter two provides a literature review on the strategies for growth applicable by bamboo-related micro enterprises in Vihiga County, alongside the study's theoretical and conceptual framework. The third chapter focuses on the research methodology incorporated. The fourth chapter discusses the findings of the research concerning the dependent and independent variables with a detailed analysis. Chapter five concludes the study by providing a summary of the findings, conclusions, recommendations and suggestion for further studies. References are included last consisting works whose information assisted the development of the study, alongside the questionnaire employed in data collection and a list of bamboo-related micro enterprises in Vihiga County.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

A discussion of the strategies for growth as provided by Ansoff (1957) and their influence on an enterprise's performance is captured in this section. It consists information gathered from books and scholarly works in the same field while identifying existing gaps. This chapter is organized so as to cover a theoretical framework where theories related to growth strategies are discussed. Also included are an empirical review to address the research objectives alongside a conceptual framework.

### **2.2 Theoretical Literature Review**

The theoretical framework provides a foundation for the study. It is the focal point of extraction of information that guides the research objectives. Within a theoretical framework, concepts, models and theories related to the study are included and discussed in depth. This study was anchored on the Resource Based View, Theory of Competitive Advantage and Industrial Organization Theory.

#### **2.2.1 Resource Based View**

Barney (1991) premised the Resource-based View theory on the suggestion that a firm can overcome competition to its product or service by possessing a resource of value that is rare, imitable and not substitutable. The Resource-based View (RBV) opines that the resources of a firm are indicators of a company's shot at competitive advantage in the industry and its performance. Only a few of these resources are however, strategic. An enterprise can employ the Resource-based View to apply

product development and diversification as a strategy for its growth. Salder, Gilman, Raby and Gkikas (2020) suggest that the diversity of a firm provides an essential point of view with regard to the Resource-based View. However, to effectively exploit resources enterprises have to possess an overall guiding strategy (Williams Jr., Manley, Aaron and Francis, 2018).

According to Barney, resources are the assets owned and controlled by an organization providing it a unique strategic advantage in its approach to carrying out business. These include capital, property, processes, capabilities and consumer knowledge. Resources can be external or internal to a firm. Integrating new technologies with internal resources can significantly tilt the market balance in favor of an enterprise (Krishnamoorthi and Mathew, 2018). For small enterprises, internal resources are most important due to their limited financial standing which is usually a growth limitation. A valuable resource allows the firm to achieve higher revenues while incurring lower costs. Barney (1991) suggests that such a resource positively influences the value of a firm while enabling pursuit of strategies that positively influence productivity and identification of opportunities and threats in the market.

Upon consideration of opportunity cost a commodity can be said to have value when its utility is increased (Santos, 2012). The availability of valuable resources by a firm is dependent on its size and nature of business, however, an enterprise can create value from its resources however limited and extract maximum benefit (Claver-Cortés, Pertusa-Ortega, & Molina-Azorín, 2012). An exhaustive utilization of resources in providing a product or service by making it identifiably different allows an enterprise to achieve greater performance over time (Hitt, Ireland, and Hoskisson, 2015). Barney (1991) explains that sustained competitive advantage subsists in light of the failure of competitors to imitate. However, sustained competitive advantage

cannot exist in perpetuity and it may be upset by unpredictable occurrences in the industry (Madhani, 2010).

Enterprises can acquire financial resources, intellectual property or skilled personnel from external sources and, by combining them, convert them to productive and valuable internal resources (Pett, Francis and Wolff, 2019). Acquired resources converted to valuable internal resources are subject to the management's vigor (Salder, Gilman, Raby and Gkikas, 2020). The human resources of an organization are distinct creating immense value that could be harnessed to the firm's competitive advantage (Assensoh-Kodua, 2019).

The entrepreneur is an important resource for a micro enterprises. Where he or she is the sole decision maker, the entrepreneur can make informed decisions concerning his offerings to the advantage of the enterprise by collecting and analyzing relevant data. A micro enterprise can harness its internal resources to initiate product development as an independent growth strategy or when implementing diversification.

### **2.2.2 Theory of Competitive Advantage**

Porter (1985) advanced the theory of competitive advantage as that which results from an enterprise providing value in its offering such that it exceeds the cost of doing so. Accordingly, competitive advantage is an element that allows customers to value a certain enterprise's product/services more highly than other. Though growth reduces an enterprise's chance of mortality, micro enterprises need to have an aggressive approach to survive and grow in a highly volatile market and with limited resources. Competition can build enterprises to perform better or eat into an enterprise's profits at great cost (Abdolshah, Moghimi and Kahatibi, 2018).

Porter (1985) identifies cost leadership and differentiation as key approaches a firm should undertake to achieve competitive advantage. He adds that each method is isolated and different from the other while all can create a path to overcome competition. According to Porter, enterprises should only identify and implement one of the two advising against their combination. Baroto, Abdullah and Wan (2012) provide evidence to support the use of a single approach as most effective on performance. Choosing between differentiation and cost leadership is essential in to facilitate an enterprise's efforts to beat competition and recording increased sales (Karyani and Rossieta, 2018).

Tanwar (2013) opines that the only workable combination involved segmenting a market and then pursuing the market with a differentiated product. Otherwise combining cost leadership and product differentiation will be a provenance of disorder due to the largely opposing attributes of minimizing cost and adding value. Banker, Mashruwala and Tripathy (2014) advocate that to sustain long term growth differentiation is more effective than cost leadership. In implementing these strategies, firms should first evaluate the market they seek to reach in terms of scope, that is, whether they intend to serve just a small portion of the market or cast their net wider.

Cost leadership entails making the most of your resources to achieve the lowest production costs in an industry. Abdolshah, Moghimi, and Khatibi (2018) affirm that this approach intends to achieve greater yields. A cost leadership approach is observed from a low-cost angle and works for consumers who are sensitive to price levels. However, Thompson, Strickland, Gamble, and Gao (2018) assert that to attain a low-cost initiative does not mean providing consumers with the least price possible but rather offering prices significantly below the industry mark. Taking the cost leadership approach needs an enterprise to be aggressive with regards to price but not

compromising on quality. Brenes, Montoya, and Ciravegna (2014) credit this strategy to an enterprise having a bigger market share while also recording increasing earnings. An enterprise can benefit from adopting cost leadership through increased income by virtue of increased sales.

On the other hand, differentiation banks on firms pursuing a differing approach unlike others in the same industry with regard to the product or service they are offering and attaching some value to their uniqueness. Dombrowski, Krenkel, and Wullbrandt (2018) contend that a product is differentiated when it appears to have an added value than is usual. Porter (1985) indicates that a unique product or service breeds loyalty from a customer which in effect eliminates the prejudice of price as the customer can pay a higher amount for it. Using differentiation is highly rewarding as a way to outmaneuver competition (Karyani and Rossieta, 2018). This approach can allow micro enterprises to propel growth by providing high visibility for its products.

Focus strategy is an approach where an enterprise concentrates its marketing efforts on a carefully identified segment in the industry and then applying one of cost leadership or differentiation in the selected segment. For a focus strategy to be effective the identified segment has to be large enough with a high capability of growth and free from competitor interest. Focus strategy can be effectively used by micro enterprises to carve out a market for itself and as such increase its market share by fully concentrating and working towards the fulfillment of the needs of the segmented market.

The theory of competitive advantage is useful especially when attempting to penetrate a market. Using the postulates of this theory, bamboo-related micro enterprises can

increase their visibility in the market through their product positioning in their attempts to pursue growth.

### **2.2.3 Industrial Organization Theory**

Porter (1980) advanced the industrial organization theory identifying five industrial forces that describe an industry's attractiveness with regards to profits and level of competition. These forces include the bargaining power of buyers and suppliers, the threats from new entrants and substitutes, and competitive rivalry among firms. According to this theory, the composition of a market bears influence on the nature and response of members. Subsequently, it molds the attractiveness of the industry and enlarges an entrepreneurs approach to cut out a market in a competitive environment.

Dimitrieska (2016) suggest that enterprises can use the five forces model to formulate strategies that would enhance their position in the market, compete and ensure sustainability. These strategies have been noted to shape an enterprise's income (Grace, Leverty, Philips and Shimpi, 2015). The buyer bargaining power alludes to how consumers influence enterprises' pricing. Buyer power is strengthened when the products or services on offer are standardized, when they are few and price sensitive, and where buyers make large purchases.

Alternately, the bargaining power of suppliers focuses on the level of control suppliers to enterprises have over their deliveries. The supplier power is enhanced when the cost incurred by buyers to switch is high, when there are few suppliers and when the supplied commodity is of value to the buyer (Diener and Luttgens, 2016). An excessively strong supplier can extract maximum profits from an enterprise affecting their implementation of growth strategy. When purchasing bamboo as a raw

material from a supplier, micro enterprises will be hard bent in developing their market where the supplier has bargaining power. Consequently, the prices they offer for the products will depend on how much they purchased the bamboo.

According to Porter (1980) the size of an enterprise and its operation scope can influence entry of new firms in an industry. The productivity of an enterprise is influenced by competition which can be triggered by the entry of new firms in an industry. Instigating entry barriers can offer reprieve to existing firms from the threat of entry. The level of entry barriers determines the degree of threat to entry in an industry. An attractive industry has high barriers to entry. Micro enterprises exist in an industry with very low barriers to entry. Bamboo-related micro enterprises can manage their own crop rather than purchase from suppliers reducing their costs and having any interested competitors do the same if they are to compete.

The threat of substitute goods is apparent when there are alternatives to whatever product or service an enterprise is offering. The threat of substitutes influences the level of competition in an industry (Wambua, Namusonge, Waema and Ngionzo, 2014). A key feature of a substitute good is its ability to provide the same benefit as that derived from consuming a particular product or service and at a lower price. Many bamboo products are substitute goods and micro enterprises dealing in such products offer alternatives to products such as conventional furniture made from tree timber. Bamboo-related micro enterprises can offer the threat of substitute goods and at cheaper price by developing a niche market through promoting products to the environmentally conscious for instance.

Competitive rivalry is exhibited within a market as enterprises jostle for market share. Rahman, Azad and Mostari (2015) explain that an increase of firms in an industry

precipitates increased intensity of competition. Competition allows enterprises to perform to the best of their abilities (Mathooko and Ogutu, 2015). Firms need to consider competition in their formulation of strategy such as pricing strategies. By employing innovation, an enterprise can forestall competition by carving out its own market (Stefanovska, 2014).

Micro enterprises dealing in bamboo can formulate strategy to water down competition and enhance their own value. Through adopting technology into their activities such as marketing on social platforms they can carve out an all new market in the process. These enterprises can also employ innovation in their activities to diversify their product portfolio and broaden their revenue base.

## **2.3 Empirical Literature Review**

Enshrined in this section are previous findings relating to the intended research work. In this section, former works investigating the influence of strategies aligned with growth on the performance of enterprises are sought to provide an in depth understanding. This review will highlight some of the discoveries and identify gaps in the research that this study intends to fill. The growth strategies provided in this study are as provided by Ansoff (1957) highlighting market penetration, product development, market development and diversification strategies.

### **2.3.1 Product Development and Performance**

As put forward by Ansoff (1957), product development is concerned with introducing a new offering to an existing market by an enterprise. Kiss and Barr (2017) describe product development as involving the making of a new product or the modification of a current product and presenting it to a prevailing market, new market or both. In the

case of an existing product, the improvements are meant to give increased value to the customers for their purchase. An entity can be said to pursue product development when it offers new products to complement its existing line or by refining its current offerings in already established markets. However, providing a new and unrelated product or service to a market as a product development strategy can interfere with an enterprise's current product-market strategy and subsequently its operation. Through product development an enterprise can uncover new revenue streams and thus stimulate stagnated growth.

The organizational input bears on the success of product development as a strategy (Katsikeas, Leonidou and Zeriti, 2016). Hussain, Khattak, Rizwan, and Latif (2016) associate product development with technological changes. They also suggest that it is usually in response to a reduced demand of the current product line by an enterprise that motivates this strategy. When lean product development is taken up, there is likely to be an observation of increased revenues (Marodin, Frank, Tortorella and Netland, 2018). Product development out of collaboration with customers positively influences a firm's growth performance (Eslami and Lakemond, 2016). Consumer behavior can be incorporated into the product development strategy and a competitive advantage created out of it by an enterprise. This way, you identify the needs of the consumer not addressed by any other product and integrate them to your new product.

Wanjohi, Gathenya and Kihoro (2019) explored the outcome of carrying out product and market oriented growth strategies on retail supermarket performance in Nairobi City County in which they established a significant causal relationship between the two variables. While they highlighted market penetration, product diversification and collaborative networks as strategies adopted, they failed to shed light on the status of product development as a strategy for growth available to the retail supermarkets. It

follows that an inquiry into the role of product development as a growth strategy suffices. This study expects to determine the use of product development and the influence it has on performance of bamboo-related micro enterprises.

### **2.3.2 Market Penetration and Performance**

During market penetration, an enterprise endeavors to enhance its sales without departing from its original strategy of focusing their product offering to the market (Ansoff, 1957). Market penetration strategy involves an enterprise's approach to capture an existing market with their product by taking actions such as cutting prices, increasing promotional activities and improving distribution network. Similarly, Mutua and Murigi (2019) describe marketing penetration as efforts to positively drive sales of an enterprise without modification of the initial strategy to market the product. Hussain, Khattak, Rizwan and Latif (2016) suggest an enterprise can use this strategy to increase sales by driving more demand from existing customers or attracting new customers from the same market.

An enterprise seeking to comprehensively exploit its market by pursuing maximum consumption of its product or service catalogue can be said to pursue the strategy of market penetration (Yin, 2016). Market penetration as a strategy is profoundly employed in highly competitive markets to allow sustained growth (Duncan and Natarajarathinam, 2016). Aggressive pricing is commonly used as a market penetration strategy alongside advertising and offering promotional discounts. With aggressive pricing, an enterprise sets prices lower than the market average to entice customers into taking up their product.

Mwangi (2016) observes that lowering an enterprise's prices and dictating the market price as strategies for market penetration considerably influence an enterprises

performance. The performance of a business can be appraised by determining its share of the market (Ritthaisong, Johri and Speece, 2014). Thompson and Strickland (2015) present market penetration as an achievement of four key goals including the augmenting of an enterprise's market share, dominance and customer numbers, and maintaining stable operations. Gecheo, Thuo and Byaruhanga (2016) established that an elevation of efforts designed to penetrate a market through creating unique customer experience positively reflected on an enterprise's performance.

Otieno and Mududa (2016) examined Unaitas SACCO and the strategies the organization employed to propagate growth alongside their transformational orientation. In their study, they concluded that construction of appropriate key performance indicators is essential for growth achievement. While they mentioned the use of product and market targeted growth approaches, they did not provide a discussion encompassing individual strategies such as market penetration as an adopted strategy. In addition, their research overlooked mentioning how the strategies are implemented and to what extent the strategies impact performance. This study evaluated market penetration as a growth inclined strategy on bamboo-related micro enterprises performance.

### **2.3.3 Market Development and Performance**

Ansoff (1957) defines market development strategy as establishing new markets for firm's products by identifying and exploring previously ignored market segments, discovering entirely new markets and establishing new channels of distribution. In this strategy, enterprises curve out new markets for their current offerings without any value addition. Hussain, Khattak, Rizwan and Latif (2016) contribute that market development strategy is pursued to establish new markets for an enterprise's existing

product/service upon saturation of the current market. Market development can result in increased revenues for a company, enhancing the bottom-line. In developing a market, an enterprise sells its current catalogue to an unexplored or new market motivated by increased competition in its present market that limits opportunities for further growth.

Dugguh, Aki and Oke (2018) tie an increase in sales volume to market development strategy. Enterprises can achieve new markets by using digital platforms such as social media pages and through online retail efforts (Kubai, Ngochi and Kihara, 2018). Using social media platforms can result in an increase in overall enterprise sales because it introduces to the enterprise more people who can turn out to be loyal customers (Martinez-Nunez and Perea-Aguiar, 2014). Kudeshia, Sikdar and Mittal (2016) underscore that social media platforms are especially useful in reaching out to new customers for small enterprises as effectively as word of mouth.

Wanjohi, Gathenya and Kihoro (2019) observe that market development alongside product oriented strategies can considerably influence the performance of retail supermarkets. Madungu and Kagwe (2016) emphasise that establishing consumer patterns and behavior are key in opening up new markets for an enterprise. They however agree that enterprises can rebrand and carry out promotional events to carve out a new market segment for themselves.

In a case study of North Kinangop Catholic Hospital, Madungu and Kagwe (2016) endeavoured to identify the applied growth strategies and the obstacles in their application. They identified the adoption of the following strategies: market penetration, product development, diversification and strategic partnerships. However, in their study they are silent on the role of market development as an

adopted strategy failing to provide for how it is implemented and the challenges associated with its implementation. This study seeks to establish the use of market development as a strategy by bamboo-related micro enterprises and its influence on performance. Furthermore, while their study was limited to a single institution this study expects to investigate an entire sector.

#### **2.3.4 Diversification and Performance**

Diversification as a growth strategy is concerned with the creation of new markets and/or provision of new products or services. To Kim and Rasheed (2014) a firm diversifies when it undertakes activities related to its current operations or entirely different, by utilizing its own resources. It allows enterprises to establish a footprint of their objectives. Bowen, Baker & Powell (2015) describe diversification as a form of internal growth strategy where a business entity enters business markedly unlike existing activities. An enterprise employing diversification as a strategy targeted to increase market share and record increased revenues and profits. Coad and Guenther (2014) explain that diversification can occur as a continuous process or intermittently, even though an older firm is less likely to diversify than a young firm.

With increased market competition, enterprises are faced with the need to diversify to remain market relevant (Ng'ang'a, Namusonge and Sakwa, 2016). Diversifying can provide an enterprise with the advantage of a larger market presence and watering down current risks (Patrisia and Dastgir, 2016). Diversification is useful to enterprises attempting to adapt to a constantly changing environment. Through diversification, an enterprise can initiate growth and elevate its performance levels. Enterprises that pursue diversification as a strategy for growth are considered more valuable than those that shun the strategy (Elif and Emerg, 2015).

An enterprise is limited in its approach of diversification depending on its internal capabilities (Benito-Osorio, Colino and Zuniga-Vicente, 2015). Consequently, the choice of a diversification strategy and its success or failure is dependent on an enterprises resources. Su and Tsang (2015) explain two diversification approaches of related and unrelated diversification. In related diversification, an enterprise undertakes new activities within the same industry it operates whereas in unrelated diversification, the undertakings are outside an enterprise's current industry. They suggest that entrepreneurs pursuing unrelated diversification act like they are starting an all new business due to the different industrial elements. According to Zapata, Muina and Moreno (2019), the choice of related or unrelated diversification is insignificant to a firm when the prevailing economic outlook is glum. Bhatia and Thakur (2016) establish that related diversification is favored over unrelated diversification by firms in India. Pratyaksa, Sayoc, Koga, and Siy (2015) infer that an enterprise will take up unrelated diversification due to a reduced attractiveness in the existing market or an inadequacy of new prospects. Changes made by an enterprise pursuing related diversification are minimal and less disruptive (Kistruck, Qureshi and Beamish, 2013).

According to Njuguna, Kwasira and Orwa (2018), firm performance is positively influenced by pursuing diversification. Doaei, Anuar and Ismail (2014) established a negative performance pattern with enterprises employing unrelated diversification. However, careful consideration and execution of an unrelated diversification strategy can influence an enterprise's performance positively (Vogl, 2018). On the other hand, reduced performance levels are observed when a firm over or under-diversifies owing to cost strains. However, optimal pursuit of diversification, especially related to the enterprise's current activities increases the firm's performance level (Hashai, 2015).

Adeleke, Odebeatu and Adeoye (2018) conclude that there is a relation between a firm's survival and its choice of diversification strategy. According to them, diversification augments an enterprise's ability to survive competition and increase their value.

Njoroge and Owino (2016) investigated the strategies for growth applied by start-ups in Nairobi. They highlighted market penetration as the top strategy used by the start-ups via customer oriented initiatives. They also identified the factors influencing the growth of the enterprises and recommended advertising as a market specific approach to propagate their growth. They didn't establish the strategies' effect on performance only focusing on which growth strategies they adopted. The following study intends to ascertain the effect on performance when bamboo-related micro enterprises adopt growth strategies.

## **2.4 Summary of Literature Review and Research Gaps**

Otieno and Mududa (2016) examined Unaitas SACCO and the strategies the organization employed to propagate growth alongside their transformational orientation. In their study, they employed the Resource-based View theory and Dynamic Capabilities theory to buttress growth stimulation through sustainable competitive advantage. While they considered growth strategies as provided by Ansoff, they also postulated the use of BCG Matrix to increasing a firm's attractiveness via allocation of resources. Furthermore, the researchers attributed growth efforts of a firm to strategic management and the construction of appropriate key performance indicators as essential for growth achievement.

Wanjohi, Gathenya and Kihoro (2019) when investigating product and market oriented growth strategies influence on retail supermarket performance in Nairobi

City County hypothesized a significant causal relationship. While they anchored their study in Ansoff's Product/Market Growth Model they highlighted market penetration, product diversification and collaborative networks as the adopted strategies. They failed to establish product development's influence on retail supermarket growth when used as a strategy.

Conducting a case study of North Kinangop Catholic Hospital, Madungu and Kagwe (2016) sought to identify growth strategies applied by adopting Ansoff's Growth Matrix through a Resource-based View perspective. In their study, they identified the strategies of market penetration, product development, diversification and strategic partnerships. They dwelt on the challenges the institution faces in adopting these strategies failing to mention the role, if any, of market development strategy. Additionally, their study remained silent on the influence on performance of adopting these strategies.

Njoroge and Owino (2016) used the Stochastic Growth Model in their study of applied growth strategies by Nairobi start-ups. The researchers attributed growth to their ability and willingness to learn, focusing on product and market-oriented strategies. While they established market penetration as the top strategy, they identified advertising as the go-to market specific approach to propagate growth. However, their study overlooked the influence of the strategies on performance.

Contrarily, this study bases its growth strategies according to Ansoff's Matrix from a theoretical pedestal of Resource-based View, Competitive Advantage and Industrial Organization. In this study, the market penetration, product development, market development and diversification growth strategies will be examined and their influence on performance of bamboo-related micro enterprises established.

**Table 2.1 Summary of Knowledge Gap**

<b>Author</b>	<b>Focus of Study</b>	<b>Discoveries</b>	<b>Knowledge Gap</b>	<b>Current study</b>
Wanjohi, Gathenya and Kihoro (2019)	To establish product and market-oriented growth strategies influence on retail supermarkets' performance in Nairobi City County	Product-market growth strategies have significant influence on retail supermarkets' performance with product diversification leading collaborative networks strategy and market penetration.	The status of product development as a strategy for growth available to the retail supermarkets is not provided.	To establish the influence of growth strategies applied by bamboo-related micro enterprises in Vihiga County on their performance.
Mutua and Murigi (2019)	To examine the impact of corporate growth strategies on the performance of SACCOs in Kitui County.	Corporate growth strategies including cost leadership, product innovation, market focus and product differentiation significantly and positively influence the performance.	The influence of market oriented and diversification strategies on the SACCOs are not investigated.	To establish the influence of growth strategies applied by bamboo-related micro enterprises in Vihiga County on their performance.
Mwangi (2016)	To establish the effects of growth strategies on the performance of selected milk processing companies.	Merger or acquisition strategies, market penetration strategies, and product diversification have a positive impact on the performance of companies.	Market development and product development strategies are omitted in their assessment on company performance.	To establish the influence of growth strategies applied by bamboo-related micro enterprises in Vihiga County on their performance.
Otieno and Mududa (2016)	To explore growth strategies adoption and transformational orientation by Unaitas SACCO.	For sustainable growth to be achieved well-outlined key performance indicators have to be effectively employed.	Discussion encompassing adoption of individual strategies such as market penetration is missing as well as their	To establish the influence of growth strategies applied by bamboo-related micro enterprises in Vihiga County

			implementation and performance influence.	on their performance.
Njiraini, Omolo and Gachanja (2018)	To probe the association between innovative micro and small enterprises and growth performance.	The relationship between a micro and small enterprise's growth performance and innovativeness is not statistically significant	The study excluded the role of innovativeness in applying the strategies of market development and penetration as well as product development and diversification.	To establish the influence of growth strategies applied by bamboo-related micro enterprises in Vihiga County on their performance.
Madungu and Kagwe (2016)	To determine the strategies of growth applied by North Kinangop Catholic Hospital and implementation challenges.	Identified market penetration, product development, diversification, strategic alliances and partnerships with financial, regulatory and human resource challenges.	The role of market development as an adopted strategy was not mentioned. The study was also limited to a single institution.	To establish the influence of growth strategies applied by bamboo-related micro enterprises in Vihiga County on their performance.
Njuguna, Kwasira and Orwa (2018)	To investigate the influence of product diversification strategy on performance of nonfinancial firms listed at the Nairobi Securities Exchange in Kenya.	There is a significant positive relationship between product diversification and firm performance.	The study was limited to the sole growth strategy of product diversification and focused on established enterprises listed at the securities exchange.	To establish the influence of growth strategies applied by bamboo-related micro enterprises in Vihiga County on their performance.
Wambua, Namusonge, Waema and Ngonzo (2014).	To investigate effects of competitive strategies by Independent Petroleum Companies of Nairobi, Kenya, on market share and daily operations.	Competitive strategies including market segmentation and convenience marketing by IPCs strongly influenced their market share.	The other growth strategies of market penetration, product development and diversification are not the focus of the study	To establish growth strategies performance influence when applied by bamboo-related micro enterprises in Vihiga County.
Njoroge and Owino (2016)	An investigation of the growth strategies employed by incubated start-ups	Many undertook growth strategies such including market penetration	The study lacks an exploration of the influence of the strategies on the performance	To establish growth strategies performance influence when

	in Nairobi, Kenya.	exemplified by customer service. Also, factors regarding employee competency, and customer attitude influenced growth.	of the start-up enterprises only focusing on which growth strategies were adopted.	applied by bamboo-related micro enterprises in Vihiga County.
Oroko and Ondigi (2017)	To establish positive and negative influences between personality attributes and vertical plus horizontal growth of micro-enterprises in Kamukunji, Nairobi, Kenya	Personality attributes of an entrepreneur positive influence the growth of microenterprises.	The direct correlation between the personality attributes of the entrepreneur and specific growth strategies is not provided.	To establish growth strategies performance influence when applied by bamboo-related micro enterprises in Vihiga County.

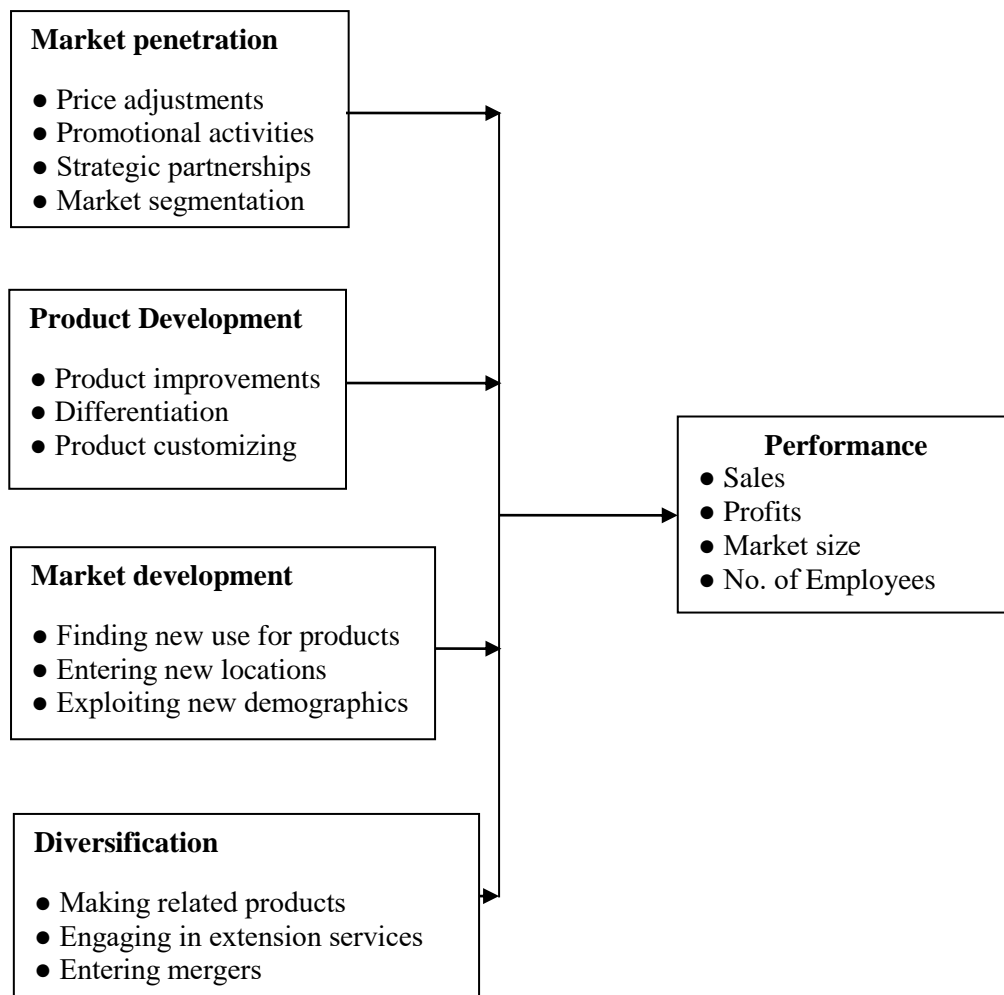
Source: (Researcher, 2023)

## **2.5 Conceptual Framework**

A summary presentation of the research question by using a diagram to highlight the independent and dependent variables and their interconnection describes a conceptual framework. An alteration of the independent variable can produce a response from a dependent variable. This study put forward four independent variables: market penetration, product development, market development and diversification. The performance of bamboo-related micro enterprises provided the dependent variable.

## Independent Variables

## Dependent Variable



**Figure 2.1 Conceptual Framework**

Source: (Researcher, 2023)

## **CHAPTER THREE : RESEARCH METHODOLOGY**

### **3.1 Introduction**

The section defines the research method that guided the study including testing the variables established in chapter two. This section includes a research design, information pertaining to the target population, a section detailing the data collection method used, a tool for collecting the data, reliability and validity discussion. Also included are sections on how the data was to be analyzed and ethical issues.

### **3.2 Research Design**

A research design provides a guide on how the variables related to a study will be collected and measured. It is a precise strategy to steer a study whose problem is clearly defined. The research design used in this study was descriptive research. In using such a design, information relating to a given phenomenon for a defined population is collected as it is. Akhtar (2016) describes a descriptive research design as one where information concerning a precise subject is presently obtained from an identified populace. Since the main objective was to establish the influence on performance of growth strategies as applied by bamboo-related micro enterprises in Vihiga County, a descriptive research design was fitting.

### **3.3 Target Population**

A target population according to Woods, Paulus, Atkins, and Macklin (2015) comprises objects or persons on whom the observation of the study will be made. In this study, the target population consisted of bamboo-related micro enterprises in Vihiga County. Vihiga County was selected due to a visible presence of bamboo

growing activities spearheaded by conservation agencies and the local county government.

A total of 65 micro enterprises dealing in bamboo-related activities were extracted from data of the Vihiga County Department of Trade, Industry, Tourism and Entrepreneurship forming the units of analysis for data collection purposes (Appendix II). The study engaged an owner or manager from each micro enterprise to provide the required data for the data collection instruments. Consequently, the target population encompassed 65 owners or managers of the bamboo-related micro enterprises.

### **3.4 Sampling Design**

Using data from the Vihiga County Department of Trade, Industry, Tourism and Entrepreneurship, 65 micro enterprises engage in bamboo-related workmanship. From these, the owner or manager from each was approached in the collection of data. Due to the small number of the target population, this study employed a census in data collection and analysis. Kothari and Garg (2014) confer a census as a procedure for the systematic acquisition of data from all the members of a target population.

### **3.5 Data Collection Instrument**

The questionnaire was the primary data collection instrument. It was self-administered questionnaire to the respondents drawn from the micro enterprises. The questionnaire was semi-structured with a balance of open and closed ended questions. Cairney and Denny (2015) suppose that a semi structured questionnaire allows a more in-depth view of a phenomenon. Using closed ended questions restricts responses from participants allowing the researcher to obtain desired data. Contrarily, open

ended questions allow an in-depth personal view concerning a query from the participant.

### **3.6 Pilot Study**

A pilot study is undertaken to assess how effective the data collection instrument is in collecting relevant data to aid the study. Ten owners and managers of bamboo-related micro enterprises were selected for a pilot study to establish the validity and reliability of the data collection instrument. According to Hazzi and Maldaon (2015), ten to fifty respondents are ideal for descriptive research.

### **3.7 Validity**

Bryman and Bell (2011) simplify validity as a degree of a tool's applicability to the subject matter and its correctness. Validity types include face, criterion, content and construct validity. This study employed face and content validity for its research instruments. Lecturers in the School of Business were consulted to provide expert evaluation of the research instrument's content. The pilot study was instrumental in determining the data collection tool's face validity. Through the study, items of the questionnaire were assessed and established to be well understood by the respondents. The contents of the questionnaire were also validated by sectionalizing to correspond to the study variables.

### **3.8 Reliability**

A measurement's degree of consistency defines its reliability. Abbott and McKinney (2013) describe reliability as the ability of a data collection instrument to provide similar outcome whenever it is used. Reliability evaluates the repeatability of a data

collection tool (Nardi, 2018). The reliability of a measure can be expressed across items contained in the research instrument known as internal consistency reliability. This study determined reliability from a point of internal consistency by employing Cronbach’s Alpha statistic. In this statistical approach, Field, Miles, and Field (2012) consider a value greater than 0.7 as acceptable. Data from the pilot study was used entailing closed-ended questions provided to assess the study variables. The computation achieved the results as shown by Table 3.1 below.

**Table 3.1 Cronbach’s Alpha Reliability Statistics**

Variable	No. of Items	Cronbach Alpha
Product Development Strategy	3	0.848
Market Penetration Strategy	4	0.915
Market Development Strategy	3	0.832
Diversification Strategy	3	0.889
Performance	4	0.871

Source: (Researcher, 2023)

### **3.9 Data Collection Procedures**

Data collection procedures encompass all the measures put in place to obtain information from the population under study for analysis. Collection of primary data in this study was through the use of a questionnaire as the principal data collection tool. Using a single questionnaire ensures the achievement of internal consistency that can provide for articulate analysis (Roopa and Rani, 2012). The questionnaires were delivered to the owners or managers of the micro enterprises upon which some time was allowed to fill the questionnaires. The filled questionnaires were collected for analysis and interpretation

### 3.10 Data Analysis and Presentation

According to Guo and Guo (2016), data analysis involves the evaluation of collected data to unearth suggestive patterns that will provide answers to research problem. Miles, Huberman, and Saldaña (2014) opine data analysis is a four-stage process that includes data review, data organization, data coding and theme development for inferencing. Collected questionnaires were reviewed for completeness levels and their degree of consistency. Items in these questionnaires were assigned numerical values and the responses coded. Woods, Paulus, Atkins and Macklin (2016) explain that coding of data is useful to researchers when attempting to discover the major themes and patterns associated with the responses from a study's sample. Hashem, Yaqoob, Anuar, Mokhtar, Gani, and Khan (2015) recommend the use of software for data organization and management.

Data analysis via use of descriptive statistics was through an SPSS tool. Descriptive statistics encompasses statistical procedures used in the description of a population (Kothari and Garg, 2014). As a result, frequency and percentage distributions alongside means and standard deviation were determined in the analysis. Also, an ANOVA test was undertaken to establish the variables correlation. A multiple regression model illustrating the dependent and independent variables relationship was developed in the form:

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

Where,

Y= Growth performance of micro enterprises

$\beta_0$  = Coefficient of intercept

$\beta_1 - \beta_4$  = Coefficients of predication of Y

$\varepsilon$  = Assigned for the error due to extraneous variables

$X_1$  = Product Development

$X_2$  = Market Penetration

$X_3$  = Market Development

$X_4$  = Diversification

Data presentation calls for the tabulation of findings and communication thereof in figures (St. Pierre and Jackson, 2014). In presenting data, this study employed pie charts and table summaries.

### **3.11 Ethical Considerations**

Ethical considerations are a fundamental aspect of any research especially when it embroils human aspects (Gearon and Parsons, 2019). Before commencing the research, a request for authorization to conduct the study from the Graduate School of Kenyatta University was sought. Moreover, this study was approved by the National Council of Science and Technology (NACOSTI). Participants were approached with full disclosure of the details of the study allowing them informed consent and so voluntary participation of participants. The anonymity of the participants' identities was respected and their provided information used intimately. Morse and Coulehan (2015) submit that assuring participants' confidentiality builds trust between a respondent and a researcher. Moreover, proper organization of collected data ensures the protection of participants' confidentiality (Marshall and Rossman, 2016). Ethical responsibility towards the world of research was exemplified by objectively conducting the study with truthful reporting of findings through accurate analysis and presentation.



## CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSION

### 4.1 Introduction

The outcome of the study is discussed as per the study objectives within this chapter. The chapter consist of five major sections, including demographic data, the market penetration strategies, product development strategies, market development strategies, diversification strategies, and performance of micro enterprises.

### 4.2 Demographic Data

This subsection presents the questionnaire return rates, respondents' title, nature of business activity, ownership nature of the micro enterprises, duration of existence, and number of employees.

#### 4.2.1 Questionnaire Response Rates

The population of study was 65 owners and managers of bamboo-related micro enterprises in Vihiga County, Kenya. The questionnaires were issued to all these respondents and the response rate is as indicated in Table 4.1 below.

**Table 4.1 Questionnaire Response Rate**

Questionnaires	Frequency	Percentage
Distributed	65	100
Returned	65	100
Total	65	100

Source: (Researcher, 2023)

From Table 4.1 above, the questionnaires distributed were 65 and the researcher managed to collect all of them from the respondents. This translated to 100% response rate. According to Mugenda and Mugenda (2003) response rate of 70% and above is

excellent for data analysis, making our response rate adequate for data analysis and reporting.

#### **4.2.2 Respondent Title**

The respondents' title was classified as either the owner or the manager of the micro enterprise. Table 4.2 below presents the frequencies for each.

**Table 4.2 Respondent Title**

<b>Title</b>	<b>Frequency</b>	<b>Percent</b>
Owner	49	75.4
Manager	16	24.6
Total	65	100.0

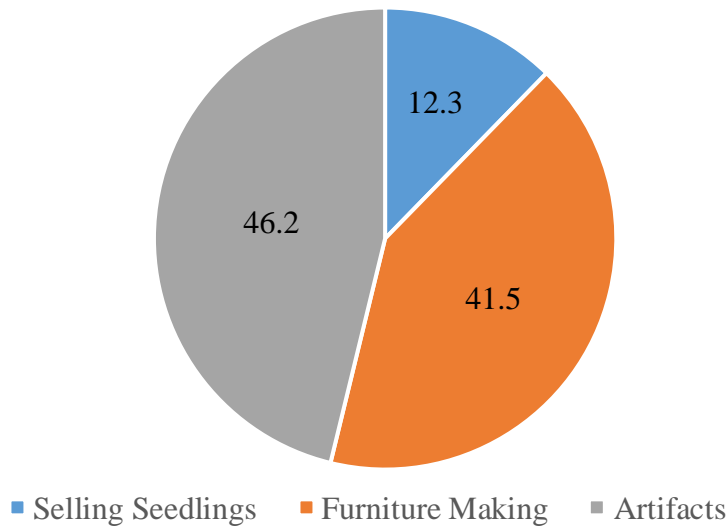
Source: (Researcher, 2023)

Table 4.2 above indicates respondents who were the actual owners of the micro enterprises were represented by 75.4% while those who managed on behalf of the owners were represented by 24.6%. This indicates that majority of the micro enterprises were run by the owners themselves. While directly running a micro enterprise as an owner presents a higher chance of success, Chelagat and Ruto (2014) add that having trained personnel is imperative in the achievement of a positive outcome in a micro enterprise's growth performance.

#### **4.2.3 Nature of Business Activity**

To have a clear picture of the nature of business involved by the micro enterprises, the questionnaires were distributed to those selling seedlings of bamboo, those making

furniture, and those making artifacts. Figure 4.1 below, shows the nature of business activity.



**Figure 4.1 Nature of Business Activity**

Source: (Researcher, 2023)

From Figure 4.1 above, those involved in selling seedlings were the minority at 12.3%, furniture makers followed at 41.5% while those dealing in artifacts came at 46.2% of the total respondents. This corresponds to Gauli, Durai and Oduor (2018) who identified value addition as crucial in growth efforts as seen by the large percentage of furniture and artifact makers.

#### 4.2.4 Ownership Nature

The ownership nature of the micro enterprises was grouped into four categories namely sole proprietorship, company, partnership and others. Table 4.3 below presents their representation from the population.

**Table 4.3 Ownership Nature of the Micro Enterprise**

	<b>Frequency</b>	<b>Percent</b>
Sole Proprietorship	44	67.7
Partnership	18	27.7
Company	2	3.1
Others	1	1.5
Total	65	100.0

Source: (Researcher, 2023)

From Table 4.3 above, most respondents made up sole proprietorships with a representation of 67.7%, followed by partnerships with 27.7%, companies commanded 3.1% and the category of others represented a minority at 1.5%. These findings correspond to Anyadike-Danes (2015), who established that the size and leadership of a business can dictate its growth behavior.

#### 4.2.5 Duration of Existence

The results arising from inquisition on the duration of existence are displayed in Table 4.4 below.

**Table 4.4 Duration of Existence in Years**

	<b>Frequency</b>	<b>Percent</b>
Less than 1 Year	3	4.6
1-5 Years	10	15.4
6-10 Years	45	69.2
Above 10 years	7	10.8
Total	65	100.0

Source: (Researcher, 2023)

Table 4.4 above determines businesses that had been in existence for between 6-10 years recorded the highest representation at 69.2%, between 1-5 years followed with 15.4%, then those above 10 years with a representation of 10.8% and those with less than a year of existence had the lowest representation at 4.6%. Capturing this data is in line with Hesse and Sternberg (2017), who suggest that growth is non-sequential but is rather highlighted by gradual changes over time.

#### **4.2.6 Number of Employees**

The number of employees in the micro enterprises were also investigated. Table 4.5 below presents the results.

**Table 4.5 Employees**

	<b>Frequency</b>	<b>Percent</b>
1-5 Employees	62	95.4
6-10 Employees	2	3.1
Above 10 Employees	1	1.5
Total	65	100.0

Source: (Researcher, 2023)

From Table 4.5 above, respondents with 1-5 employees were the majority representing 95.4%, followed by those with 6-10 employees represented by 3.1%, and

those with 6-10 employees were the minority represented by 1.5%. Davies, Chambers and Haugh (2017), cite increased employment opportunities as a result of successful growth efforts by a micro enterprise.

### 4.3 Descriptive Statistics

#### 4.3.1 Product Development Strategies

In determining the influence of product development as a growth strategy on the performance of bamboo-related micro enterprises, the following procedures were utilized.

##### 4.3.1.1 Product Development Strategies Likert Scale

Various statements related to the product development strategies were issued requiring respondents to determine their extent of agreement on a five-point Likert scale. The results are presented in Table 4.6.

**Table 4.6 Product Development Strategies Likert Scale**

<b>Product Development Strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
Making Improvements on Products	3.1%	6.2%	0	75.4%	15.4%	3.93	0.82
Differentiating Products	55.4%	29.2%	0	15.4%	0	1.75	1.0
Customizing Products	0	3.1%	0	81.5%	15.4%	4.09	0.52
To what Extent has the Strategy Action(s) above Influenced Performance	0	0	0	83.1%	16.9%	4.17	0.38

Source: (Researcher, 2023)

Majority (75.4%) of the respondents agreed that product improvements positively influenced performance, to a large extent, with another 15.4% indicating

improvement to a very large extent. 6.2% of them indicated improvement was to a small extent while 3.1% were of the opinion that it does not improve the performance at all.

The mean score stood at 3.93 ( $SD=0.82$ ) indicating that the majority agreed that product development does improve performance to a large extent. These results are in agreement with Kiss and Barr (2017) who established that through product development, an enterprise can uncover new revenue streams and thus stimulate stagnated growth.

On the influence differentiating products had on performance, majority of the respondents represented by 55.4% indicated that it does not contribute in any way. Another 29.2% of the respondents indicated that it contributes but to a small extent. Approximately 15.4% of the respondents indicated that it contributes to the improvement to a large extent and none indicated that it contributed to a very large extent.

The mean score was 1.75 ( $SD=1.0$ ) indicating that majority were of the opinion that differentiating products does not improve on the performance of micro enterprises. This result contrasted with that of Porter (1985) who in his advancement of the theory of competitive advantage, put forward that by differentiating products, customers may put more value to such products and hence increasing its demand in the market.

81.5% agreed that customizing the products improved the performance of their micro enterprises to a large extent. 15.4% indicated that it improved on their performance to a very large extent. Only 3.1% were of the opinion that while it contributed to some improvement, it was only to a small extent.

The mean score of 4.09 ( $SD=0.52$ ) suggested most respondents agreed customizing their product contributed to increased performance of the micro enterprise. It buttressed the report by Hussain, Khattak, Rizwan, and Latif (2016) that product development counters the reduced demand for the already existing product boosting an enterprise's sales and relevance in the market. It is especially rewarding when presented such that customers think there is an improvement to the already existing product. No other approach used to pursue product development was put forward by the respondents.

Considering all the strategies combined, it was established that majority of the respondents (83.1%) agreed that they jointly contribute to the performance of micro enterprises, to a large extent. Another 16.9% determined contribution was to a very large extent to the performance of micro enterprises. The mean score stood at 4.17 ( $SD=0.38$ ) indicating that majority agreed that the three variables contribute to a large extent to the performance of micro enterprises.

The findings established by Eslami and Lakemond, (2016) were also similar to the results of the present study. The researchers found that a lot of impact will be felt when enterprises develop new products in consultation with the client at each stage of development. The incorporation of consumer behavior to the product development was proven as the game changer in improving the demand for the product, which gives the enterprise a competitive advantage over the others. The incorporation of consumer behavior can be done through the identification of the needs of the consumers that have not been addressed by any other product and integrating them to the new product.

#### **4.3.1.2 Product Development Strategies by Ownership Nature**

When the product development strategies were measured against the ownership nature of the micro enterprise, the results are as indicated in Table 4.7 below.

**Table 4.7 Product Development Strategies by Ownership Nature**

<b>Ownership Nature</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Sole Proprietorship	44	9.82	1.54
Company	2	11.00	2.83
Partnership	18	9.61	1.46
Others	1	9.00	0.00
Total	65	9.78	1.54

Source: (Researcher, 2023)

Table 4.7 above reveals companies averaged highest mean at 11.00 with a standard deviation at 2.83. Next were sole proprietorships whose mean at 9.82 was accompanied with standard deviation of 1.54. Partnerships scored a mean of 9.61 and a standard deviation of 1.46. The lowest mean score was recorded by those who fall under the category of “others” with a mean of 9.00. The results imply that the companies did better on product development scale compared to any other category of the ownership nature. The findings agree with Krishnamoorthi and Mathew (2018) who opine that a firm with significant internal resources can tilt the market balance in their favour.

#### 4.3.1.3 Product Development Strategies by Duration of Existence

The application of product development strategies was also measured against the micro enterprises' duration of existence. The results are shown in Table 4.8 below.

**Table 4.8 Product Development Strategies by Duration of Existence in Years**

<b>Duration of Existence</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Less than 1 year	3	10.00	3.00
1-5 years	10	9.70	1.57
6-10 years	45	9.76	1.47
Above 10 years	7	10.00	1.53
Total	65	9.78	1.54

Source: (Researcher, 2023)

Table 4.8 above highlights micro enterprises in existence for more than 10 years recorded the highest mean score of 10.00 with a standard deviation of 1.53. This was followed by those who had existed for less than one year averaging a mean of 10.00 and SD of 3.00. Closely following were those between 6-10 years of existence followed with a mean of 9.76 and a standard deviation of 1.47. The lowest mean score was recorded by those between 1-5 years of existence at 9.70 and 1.57 SD.

In summary, those who had been in business for the longest period as well as those who had been in business for the shortest period did better than any other category. This is in agreement with Hitt, Ireland, and Hoskisson (2015) who conclude that an enterprise achieves greater growth performance over time. Additionally, Omri and Ayadi-Frikha (2014) determined that when a small enterprise puts in place innovative strategies, it can positively influence growth performance within a short time.

#### 4.3.1.4 Influence of Product Development Strategies on Performance

Pearson correlation was used to determine the relationship between product development as a growth strategy and the performance of bamboo-related micro enterprises. The results are shown in Table 4.9 below.

**Table 4.9 Correlation between Product Development Strategies and**

<b>Performance</b>		Performance of Bamboo-Related Microenterprises
Product Development Strategies	Pearson Correlation	.69**
	Sig. (2-tailed)	.00
	N	65

Source: (Researcher, 2023)

With  $r(65)=0.69$ , it can be concluded that there exists a positive and significant correlation between product development strategies and performance of bamboo related micro enterprises. This implies that implementing product development strategies will positively influence performance of bamboo-related micro enterprises.

These findings resonate with Katsikeas, Leonidou and Zeriti (2016) who opine that organizational efforts in pursuing product development as a strategy bring about success. Additionally, Marodin, Frank, Tortorella and Netland (2018) conclude that undertaking lean product development is likely to result in increased revenues.

#### 4.3.2 Market Penetration Strategies

The following analysis was undertaken to determine the influence of market penetration strategies on the performance of bamboo-related micro enterprises.

### 4.3.2.1 Market Penetration Likert Scale

The researcher subjected responses from respondents on various parameters used as market penetration strategies to a Likert scale with values from 1 to 5. Table 4.10 below presents the results.

**Table 4.10 Market Penetration Strategies Likert Scale**

<b>Market Penetration Strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
Making Adjustments in Price	0	50.8%	3.1%	46.2%	0	3.0	0.99
Increasing Promotional Activities	0	9.2%	0	70.8%	20%	4.02	0.76
Creating Strategic Partnerships	0	60%	6.2%	18.5%	15.4%	2.89	1.19
Segmenting the Market	0	1.5%	0	86.2%	12.3%	4.09	0.422
To What Extent has the Strategy Action(s) Above Influenced Performance	0	47.7%	3.1%	26.2%	23.1%	3.25	1.28

Source: (Researcher, 2023)

The respondents were in majority agreement at 50.8% that making adjustments in price influenced performance to a small extent. They were followed by those who indicated that the influence was to a large extent with a representation of 46.2%. The least number of respondents (3.1%) were of the opinion that its influence was to a moderate extent. The 3.00 mean and 0.99 SD indicating that the level of agreement was moderate. The results were in agreement with Mwangi (2016) who observed lowering prices was effective in influencing sales performance. This is an indication that the price is among the key tools that can be used by a firm to penetrate into the market and increase their sales and share of the market.

Increasing promotional activities was observed by 70.8% of the respondents to influence performance to a large extent. Those that thought it did so to a very large extent followed with a representation of 20%. The least percentage was by those who considered its influence was to a small extent at 9.2%. The 4.02 mean and 0.76 SD indicating majority approval that influence of promotional activities on performance was to a large extent. Hussain, Khattak, Rizwan and Latif's (2016) work suggesting an enterprise using this strategy can drive demand from new or existing customers and increase sales is in agreement with these results.

Concerning the influence of creating strategic partnerships on the performance, most of the respondents at 60% opined it was to a small extent. Nonetheless, 18.5 % thought it did to a large extent. 15.45% indicated its influence was to a very large extent while 6.2% offered the opinion that it influenced performance to a moderate extent. The resulting mean score stood at 2.89 with 1.19 SD showing a majority opinion assenting influence of creating strategic partnerships was to a small extent. This result agrees with Thompson and Strickland (2015) who identified augmenting a market share by dominating customer numbers, through partnerships, for instance, as one of the four key goals in achieving market penetration.

Segmenting the market was deemed by 86.2% as influential to business performance to a large extent. Those that indicated its influence was to a very large extent was 12.3%, while 1.5% opined its influences was to a small extent. The 4.09 mean and 0.422 SD signifying majority assent that market segmentation influences the performance of bamboo-related micro enterprises. The findings are in line with Gecheo, Thuo and Byaruhanga (2016) who established that creating unique customer experience by utilizing efforts like market segmentation positively reflected on an

enterprise's performance. The respondents did not provide other initiatives used to drive sales.

Combining the four market penetration strategies resulted in a majority opinion (47.7%) with the view that influence on enterprise performance was to a small extent. 23.1% indicated that it influenced performance to a large extent. Those indicating influence was to a moderate extent were at 3.1%. The mean score stood at 3.25 with a standard deviation of 1.28 indicating that the influence of market penetration strategies on the performance of bamboo-related micro enterprises was to a moderate extent. The findings of this study support Duncan and Natarajathinam (2016), who established that market penetration, when properly executed, contributes greatly to the sustained growth of an enterprise.

#### 4.3.2.2 Market Penetration Strategies by Ownership Nature

Market penetration strategies were also deduced based on the ownership nature of the micro enterprise. Table 4.11 below summarizes the findings.

**Table 4.11 Market Penetration Strategies by Ownership Nature**

<b>Ownership Nature</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Sole Proprietorship	44	13.66	2.64
Company	2	17.00	1.41
Partnership	18	14.11	2.47
Others	1	18.00	0.00
<b>Total</b>	<b>65</b>	<b>13.95</b>	<b>2.64</b>

Source: (Researcher, 2023)

Table 4.11 above accounts companies highest mean at 17.00 with a standard deviation of 1.41. They were followed by partnerships who obtained a mean score of 14.11 with a standard deviation of 2.47. The sole proprietors obtained the lowest mean of 13.66

with a 2.64 SD. This translates to better performance by companies than any other category on market penetration. It can be concluded that as Yin (2016) put it, these enterprises were comprehensive in the exploitation of their market to pursue maximum consumption of their product.

#### 4.3.2.3 Market Penetration Strategies by Duration of Existence

The market penetration strategies data was also compared by the duration of existence in years to determine any mean differences. The results are presented in Table 4.12 below.

**Table 4.12 Market Penetration Strategies by Duration of Existence**

<b>Duration of Existence</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Less than 1 year	3	13.000	4.35
1-5 years	10	14.400	3.06
6-10 years	45	13.960	2.53
Above 10 years	7	13.714	2.43
Total	65	13.950	2.64

Source: (Researcher, 2023)

From Table 4.12 above, the micro enterprises in existence for between 1-5 years obtained a 14.40 average with 3.06 SD. Those in existence for between 6-10 years followed closely with a mean of 13.96 and a standard deviation of 2.53. Micro enterprises in existence for more than 10 years had a mean of 13.71 and a standard deviation of 2.43. Those with less than one year since inception recorded the lowest mean score of 13.00 with a standard deviation of 4.35.

The results indicate that the micro enterprises who had been in business the longest had better success at market penetration strategies. This is in line with the observations made by Hussain, Khattak, Rizwan and Latif (2016), that over the years,

an enterprise gains experience finding more ways to increase sales and drive-up demand from both new and existing customers.

#### 4.3.2.4 Influence of Market Penetration Strategies on Performance

The influence market penetration strategies had on the performance of bamboo-related micro enterprises was determined by using Pearson correlation test.

The results are shown in Table 4.13 below.

**Table 4.13 Correlation between Market Penetration Strategies and Performance**

		Performance of Bamboo-Related Microenterprises
Market Penetration Strategies	Pearson Correlation	.72**
	Sig. (2-tailed)	.00
	N	65

Source: (Researcher, 2023)

The established value  $r(65)=0.72$  indicated the existence of a positive correlation when performance is sought through market penetration strategies.

The outcome asserts Porter (1985) describing the theory of competitive advantage that an entity can gain leverage over its competition by presenting their customers with enhanced products or services or with superior value. It also is in agreement with Thompson and Strickland (2015) who established that market penetration when executed properly through the augmentation of the enterprise's market share, dominance and customer numbers, and maintaining stable operations, will contribute to the performance of micro enterprises, results which are consistent with those of the current study.

### 4.3.3 Market Development Strategies

Investigation of the influence of market development strategies on the performance of bamboo-related micro enterprises is discussed in this section.

#### 4.3.3.1 Market Development Likert Scale

The respondents provided data by answering statements using a five-point Likert scale to determine the extent of their agreement. The results are presented in Table 4.14 below.

**Table 4.14 Market Development Strategies Likert Scale**

<b>Market Development Strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
Finding New Use for Products	0	3.1%	0	64.6%	32.3%	4.26	0.62
Venturing into New Geographies	9.2%	46.2%	4.6%	29.2%	10.8%	2.86	1.25
Exploiting New Demographics	10.8%	46.2%	3.1%	30.8%	9.2%	2.82	1.25
To What Extent has the Strategy Action Above Influenced Performance	20%	61.5%	0	0	18.5%	2.17	0.96

Source: (Researcher, 2023)

Most of the respondents (64.6%) indicated finding new use for products influenced performance to a large extent. 32.3% indicated that the influence was to a very large extent while only 3.1% credit the influences to a small extent. The 4.26 mean and 0.62 SD indicating that the majority of the respondents agreed that new use for products influenced performance to a large extent. This corroborates what Madungu

and Kagwe (2016) put forward that establishing consumer patterns and behavior and undertaking product conversions are key in opening up new markets for an enterprise.

46.2% of the respondents were of the opinion that venturing into new geographies influenced the performance of bamboo-related micro enterprises to a small extent. Another 9.2% were adamant that it did not influence the performance at all. On the other hand, 29.2% of the respondents indicated the influences on performance was to a large extent while another 10.8% indicated influences to a very large extent. Only 4.6% were of the opinion that performance was influenced to a moderate extent. The 2.86 average alongside 1.25 SD indicated most respondents supposed venturing into new geographies influenced performance to a small extent. The findings are in agreement with Kubai, Ngochi and Kihara, (2018) who established that using digital platforms like social media pages and online retailing contributed to the establishment of new markets.

New demographics were said to influence performance of bamboo-related micro enterprises to a small extent by 46.2% of the respondents. 10.8% indicated there was no influence at all while, on the positive side, 30.8% of the respondents indicated the influences on performance was to a large extent. Another 9.2% credited the influence as to a very large extent with a paltry 3.1% indicating the influence was to a moderate extent. The mean score stood at 2.82 with a standard deviation of 1.25 implying the majority were of the opinion that performance was influenced to a small extent. Martinez-Nunez and Perea-Aguiar (2014) confer that new demographics can result in an increase in overall enterprise sales by introducing more people to the enterprise who can turn out to be loyal customers. No other strategies were utilized to create new markets by the respondents.

Evaluating the combined three variables of market development strategies established a majority opinion (61.5%) that their influence on performance was to a small extent. 20% indicated there did not observe any influence at all while another 18.5% credited these strategies to a large extent. The 2.17 average and 0.96 SD indicated the majority felt market development as a strategy influenced performance to a small extent. These findings are supported by Wanjohi, Gathenya and Kihoro (2019) who, while investigating retail supermarkets, observed that market development alongside other product oriented strategies can considerably influence performance.

#### 4.3.3.2 Market Development Strategies by Ownership Nature

The data for market development strategies was also measured by ownership nature of the micro enterprise. The results are presented in Table 4.15 below.

**Table 4.15 Market Development Strategies by Ownership Nature**

<b>Ownership Nature</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Sole Proprietorship	44	9.39	3.24
Company	2	6.00	0.00
Partnership	18	8.89	2.78
Others	1	13.00	0.00
Total	65	9.20	3.12

Source: (Researcher, 2023)

The results in Table 4.15 above indicate that sole proprietorships had a superior average of 9.39 with a 3.24 SD. They were followed by partnerships who had a mean of 8.89 with a standard deviation of 2.78. Companies recorded the lowest mean score of 6.00 with a standard deviation of 0.00. The performance of sole proprietorship agrees with the findings of Salder, Gilman, Raby and Gkikas (2020) who attributed the success of an enterprise to the owner's vigor.

#### 4.3.3.3 Market Development Strategies by Duration of Existence

Market development strategies were also tabulated against the duration the business has existed. Table 4.16 below summarizes the results.

**Table 4.16 Market Development Strategies by Duration of Existence**

<b>Duration of Existence</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Less than 1 Year	3	10.33	3.79
1-5 Years	10	9.80	3.39
6-10 Years	45	9.02	3.06
Above 10 Years	7	9.00	3.42
Total	65	9.20	3.12

Source: (Researcher, 2023)

From Table 4.16 above, micro enterprises in existence for less than one year obtained a 10.33 mean with 3.79 SD. Those who had been in existence for between 1-5 years followed with a mean of 9.80 with standard deviation of 3.39. Those who had been in existence for between 6-10 years came third with a mean of 9.02 and a standard deviation of 3.06. The lowest mean score of 9.00 ( $SD=3.42$ ) was recorded by those who had been in existence for over 10 years. The results indicate that the new entrants to this market were more aggressive as supported by Dimitrieska (2016) who suggested new enterprises can use market development strategies to enhance their position in the market, compete and ensure sustainability.

#### 4.3.3.4 Influence of Market Development Strategies on Performance

The researcher aimed to determine whether market development strategies influence performance of bamboo-related micro enterprises. This was done using Pearson's correlation analysis. The results are shown in Table 4.17 below.

**Table 4.17 Correlation between Market Development Strategies and Performance**

		Performance of Bamboo-Related Microenterprises
Market Development Strategies	Pearson Correlation	.45**
	Sig. (2-tailed)	.00
	N	65

Source: (Researcher, 2023)

This result reveals a positive correlation between market development strategies and bamboo-related micro enterprises to significant levels.

These findings corroborate Dugguh, Aki and Oke (2018) who established that an increase in sales volume of any micro enterprise is attributable to market development strategies. It also supports the findings by Kudeshia, Sikdar and Mittal (2016) who highlighted that social media platforms are useful ways micro enterprises can reach out to new customers. The positive correlation between market development strategies and performance is also emphasized by Madungu and Kagwe (2016), who reported in their study that efforts geared towards market development like rebranding and carrying out promotional events help enterprises curve out a new market segment for themselves.

#### **4.3.4 Diversification Strategies**

This study also sought to determine how diversification as a growth strategy influenced the performance of bamboo-related micro enterprises in Vihiga County. The outcome is discussed in the following sections.

#### 4.3.4.1 Diversification Strategies Likert scale

The participants responded to three diversification-related statements on a five-point Likert scale. Table 4.18 below presents the results.

**Table 4.18 Diversification Strategies Likert Scale**

<b>Diversification Strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
Making Related Products	43.1%	21.5%	3.1%	21.5%	10.8%	2.35	1.48
Engaging in Extension Services	0	6.1%	3.1%	84.6%	6.2%	3.91	0.57
Entering Mergers	36.9%	9.2%	30.8%	23.1%	0	2.94	1.69
To What Extent has the Strategy Action(s) Above Influenced Performance	6.1%	55.4%	3.1%	26.2%	9.2%	2.77	1.18

Source: (Researcher, 2023)

43.1% of the respondents indicated they did not undertake such measures and so it contributed nothing to performance of their micro enterprises. 21.5% of respondents agreed that contribution to performance was to a small extent. A similar percentage responded the contribution to performance was to a large extent. Those who indicated that the influence of this strategy on performance was to a very large extent made up 10.8%, while 3.1% were of the opinion that it contributed to a moderate extent. The 2.35 mean and 1.48 SD signaled majority opinion that contribution to performance of this strategy was to a small extent. This resonates with Ng'ang'a, Namusonge and Sakwa (2016) who observed that a need to diversify to remain relevant accompanies increased market competition.

The majority (84.6%) of respondents were of the opinion that engaging in extension services contributed to a large extent the performance of bamboo-related micro

enterprises. 6.2% determined the contribution to be to a very large extent. Those who indicated that it contributes to a moderate extent were at 3.1% while 6.1% indicated it contributed to a small extent. The 3.91 mean and 0.57 SD indicating that popular opinion that it contributes to a large extent. This is testament to the findings by Njuguna, Kwasira and Orwa (2018) who identified that firm performance is positively influenced by pursuing diversification.

With regard to entering mergers, 36.9% disagreed that it would boost the performance of the micro enterprise stating it does not contribute at all. 9.2% of the respondents suggested it did contribute but to a small extent. Of the respondents, 30.8% indicated contribution of this strategy to performance was to a moderate extent while 23.1% were of the opinion that it contributes to a large extent. The mean score stood at 2.94 with a standard deviation of 1.69 indicating that majority were of the opinion that the contribution tended towards a moderate extent. This finding is supported by Patrisia and Dastgir (2016) who opined that diversifying by entering mergers for instance, can provide an enterprise with the advantage of a larger market presence and water down current risks.

When the three variables were combined there was a 55.4% opinion that these diversification strategies contribute to the micro enterprise's performance to a small extent. 6.1% of respondents indicated that it does not contribute at all while 3.1% indicated that it contributes to a small extent. 26.2% indicated that it contributes to a large extent and another 9.2% were of the opinion that it contributes to a very large extent. The mean score stood at 2.77 with a standard deviation of 1.18 implying that the three variables contributed to a small extent to the performance of the micro enterprises. In similar fashion, Adeleke, Odebeatu and Adeoye (2018) conclude that

there is a relation between a firm’s survival and its choice of diversification strategy. According to them, diversification augments an enterprise’s ability to survive competition and increase their value.

#### 4.3.4.2 Diversification Strategies by Ownership Nature

The results when diversification strategy was measured against the ownership nature of micro enterprises is discussed below. Table 4.19 below highlights the figures.

**Table 4.19 Diversification Strategies by Ownership Nature**

<b>Ownership Nature</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Sole Proprietorship	44	11.73	1.11
Company	2	14.00	0.00
Partnership	18	11.94	1.06
Others	1	12.00	0.00
Total	65	11.86	1.13

Source: (Researcher, 2023)

The results in Table 4.19 above indicate that companies had the highest mean score of 14.00, followed by partnerships with a mean score of 11.94 and a standard deviation of 1.06. Sole proprietorship scored lowest with a 11.73 mean 1.11 SD. The better performance by companies can be attributed to their capacity to undertake optimal pursuit of diversification Hashai (2015) with careful consideration and execution.

#### 4.3.4.3 Diversification Strategies by Duration of Existence

A summary discussion was also carried out comparing application of diversification strategy by duration of the business in years. Table 4.20 below presents the results.

**Table 4.20 Diversification Strategies by Duration of Existence in Years**

<b>Duration of Existence</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Less Than 1 Year	3	12.67	1.15
1-5 Years	10	12.10	1.10
6-10 Years	45	11.78	1.14
Above 10 Years	7	11.71	1.11
Total	65	11.86	1.13

Source: (Researcher, 2023)

The Table 4.20 above shows that businesses in existence for less than a year had the highest mean score of 12.67 with a standard deviation of 1.15. These were followed by those with between 1-5 years of existence with a mean of 12.10 and a standard deviation of 1.10. Businesses in existence for between 6-10 years had a mean of 11.78 and a standard deviation of 1.15. Those that had been in existence for above 10 years had a mean score of 11.71 with standard deviation of 1.1. This drew the conclusion that businesses in existence for less than one year implemented diversification strategies successfully than any other category. This is supported by Coad and Guenther (2014) who explain that while diversification can occur as a continuous process or intermittently, older firms are less likely to diversify than young firms.

#### **4.3.4.4 Influence of Diversification Strategies on Performance**

Correlation between diversification and bamboo-related micro enterprises performance was analyzed by using Pearson correlation. The results are shown in the Table 4.21 below.

**Table 4.21 Correlation between Diversification Strategies and Performance**

		Performance of Bamboo-Related Microenterprises
Diversification Strategies	Pearson Correlation	.44**
	Sig. (2-tailed)	.00
	N	65

Source: (Researcher, 2023)

The outcome  $r(65)=0.44$  revealed a positive correlation between diversification strategies and performance. These findings are supported by the sentiments of Ng'ang'a, Namusonge and Sakwa (2016) who concluded that diversification helps firms to remain market relevant and capable of retaining or increasing their market share. This study also agreed with Elif and Emerg (2015), that enterprises that pursue diversification as a strategy for growth are more valuable than those that shun the strategy. It is also in line with the work of Adeleke, Odebeatu and Adeoye (2018), who concluded that there is a relation between a firm's survival and its choice of diversification strategy. According to them, diversification augments an enterprise's ability to survive competition and increase their value.

#### **4.3.5 Performance of Micro Enterprises**

The researcher tested the various parameters used to measure the performance of micro enterprises. The strategies were independently tested to determine if they can jointly predict the performance of bamboo-related micro enterprises.

##### **4.3.5.1 Performance of Micro Enterprises Likert Scale**

The researcher subjected performance of micro enterprises-related statements to a Likert scale with values form 1-5 based on provided response. The results are summarized in Table 4.22 below.

**Table 4.22 Performance of Micro Enterprises Likert Scale**

<b>Performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
Increased Sales	3.1%	12.3%	70.8%	9.2%	4.6%	3.0	0.73
Increased Profit Margins	1.5%	6.2%	66.2%	13.8%	12.3%	3.29	0.82
Enhanced Market Size	15.4%	3.1%	3.1%	69.2%	9.2%	3.53	1.20
Increase in Employees	1.5%	3.1%	12.4%	69.2%	13.8%	3.91	0.72

Source: (Researcher, 2023)

On whether increased sales indicate better performance of micro enterprises, 70.8% were of the opinion that it did contribute to a moderate extent. This was followed by those who indicated that it contributes to a small extent at 12.3%. Those with the opinion that it does not contribute at all were represented by 3.1%. Another 9.2% and indicated contribution was to a large extent, while 4.6% supposed it was to a very large extent. The 3.0 average and 0.73 SD indicated affirmation that contribution towards performance was to a moderate extent. This finding is augmented by Mutua and Murigi (2019) and Hussain, Khattak, Rizwan and Latif (2016) who view increased sales as a measure of performance.

Concerning whether increased profit margins is an indicator of the performance of micro enterprises, 66.2% agreed it was to a moderate extent. 13.8% of the respondents noted that it did to a large extent. Another 6.2% determined that it indicates to a small extent, while 1.5% noted that it does not indicate performance at all. The mean score stood at 3.29 and a 0.82 SD showing according to majority it indicates to a moderate extent. The findings corroborate Brenes, Montoya, and Ciravegna (2014) who credit increased profits earnings to strategies aimed at gaining competitive advantage such as differentiation.

An enhanced market size was identified to be an indicator of improvement in the performance by 69.2% who opined it is to a large extent. Of them, 9.2% noted that its usefulness as an indicator was to a very large extent while 3.1% determined it was an indicator to a small extent and a moderate extent as well. Another 15.4% noted that it does not indicate the improvement of performance at all. The mean score stood at 3.53 with a standard deviation of 1.2 determining that the majority thought it is an indicator to a moderate extent. Ritthaisong, Johri and Speece (2014) agree with this finding, putting forward that performance of a business can be appraised by determining its share of the market. Also, Madungu and Kagwe (2016) identify opening up new markets for an enterprise as growth performance through establishing consumer patterns and behavior.

An increase in the number of employees was said to be an indicator of improved performance by micro enterprises by 69.2% of the respondents who opined that it is to a large extent and 13.8% noted it is to a very large extent. Some 12.4% of respondents noted it is an indicator to a moderate extent while another 3.1% were of the opinion that its indication was to a moderate extent. 1.5% said was not an indicator of improved performance at all. The mean score stood at 3.91 and 0.72 SD suggesting majority opinion that it indicates to a large extent. No other way was put forward by the respondents to describe performance improvement. This conclusion resonates with Davies, Chambers and Haugh (2017) who pointed out that performance of a micro enterprise is exhibited by successful efforts of growth sprouting outcomes like market expansion, enhanced profits, increased ability to compete and more job prospects.

#### 4.3.5.2 Performance by Ownership Nature

Further comparative analysis was undertaken pitting performance of bamboo-related micro enterprise against the ownership nature of the micro enterprise. Table 4.23 below captures a result summary.

**Table 4.23 Performance by Ownership Nature of the Micro Enterprise**

<b>Ownership Nature</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Sole Proprietorship	44	9.68	2.53
Company	2	14.00	0.00
Partnership	18	9.94	2.38
Others	1	13.00	0.00
Total	65	9.93	2.55

Source: (Researcher, 2023)

Results from Table 4.23 above, companies achieved the highest mean score of 14.00. Partnerships averaged 9.94 with 2.38 SD. Sole proprietorships came last with a mean of 9.68 and a standard deviation of 2.53. Companies fared better in accordance with Anyadike-Danes (2015), who concluded that the size of a business can be used to determine its behavior in achieving growth and how it will eventually perform.

#### 4.3.5.3 Performance by Duration of Existence

When tabulating performance data of bamboo-related micro enterprise against the duration of existence (in years) of a micro enterprise, the following results were obtained. The results are presented in Table 4.24 below.

**Table 4.24 Performance by Duration of Existence in Years**

<b>Duration of Existence</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Less than 1 Year	3	11.00	3.61
1-5 Years	10	9.90	2.51
6-10 Years	45	9.87	2.56
Above 10 Years	7	10.00	2.65
Total	65	9.94	2.55

Source: (Researcher, 2023)

According to Table 4.24 above, micro enterprises with less than a year of existence scored the highest with a 11.00 mean and 3.61 SD. Those that had been in existence for over 10 years followed with a mean of 10.00 and a standard deviation of 2.65. These were followed by micro enterprises in existence for 1-5 years with a mean of 9.90 and a mean of 2.51. The lowest mean score was recorded by those that had existed for between 6-10 years with a mean of 9.87 and a standard deviation of 2.56. The high score by the new enterprises corresponds to Omri and Ayadi-Frikha (2014) who determined that a small enterprise can positively influence growth performance over a short time by putting in place strategies and earnestly pursuing them.

#### **4.3.5.4 Multiple Regression Analysis**

The researcher tested if market penetration strategies, product development strategies, market development strategies, and diversification strategy could be used to predict the performance of bamboo-related micro enterprises using regression analysis. The results are discussed in the Tables 4.25 to 4.27 below.

**Table 4.25 Regression Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>	<b>Durbin-Watson</b>
1	.85	.72	.70	1.39	1.21

a. Predictors: (Constant), E\_Total, D\_Total, C\_Total, B\_Total

b. Dependent Variable: F\_Total

B: Market Penetration Strategies, C: Product Development Strategies, D: Market Development Strategies, E: Diversification Strategy

Source: (Researcher, 2023)

Table 4.25 above reveals a strong interrelationship among product development strategies, market penetration strategies, market development strategies, and diversification strategy and the performance of bamboo-related micro enterprises ( $R=0.85$ ). The R square value shows that the predictor variables accounted for about 72% of the total variance in the performance of bamboo-related micro enterprises. To determine if this interrelationship is significant, ANOVA test was conducted. The results are presented in Table 4.26 below.

**Table 4.26 ANOVA Test**

<b>Model</b>		<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	301.15	4	75.29	38.74	.00
	Residual	116.61	60	1.94		
	Total	417.75	64			

a. Dependent Variable: F\_Total

b. Predictors: (Constant), E\_Total, D\_Total, C\_Total, B\_Total

Source: (Researcher, 2023)

This results in Table 4.26 above point to product development, market penetration, market development, and diversification strategies significantly predicting performance of micro-enterprises,  $F(4, 60) = 38.74$ . This is in agreement with other

studies that have investigated the four variables and their use in predicting the performance of micro enterprises.

Kubai, Ngochi and Kihara, (2018) revealed that the use of digital platforms such as social media pages and online retailing contributes to the establishment of new markets consequently influencing growth and performance positively. In their study, Wanjohi, Gathenya and Kihoro (2019) established that market development when executed together with product-oriented strategies can be used to predict the performance of retail supermarkets. Additionally, Njuguna, Kwasira and Orwa (2018) affirm that the performance of a firm is positively influenced by pursuing diversification.

The researcher carried out regression analysis to come up with predictive values of performance of bamboo-related micro enterprises from the market penetration strategies, product development strategies, market development strategies and diversification strategies. Table 4.27 presents the results.

**Table 4.27 Regression Coefficients**

Model	Unstandardized Coefficients		Standardized	t	Sig.	
	B	Std. Error	Coefficients			
	(Constant)	-9.76	2.10		-4.65	.00
1	X <sub>1</sub>	.27	.09	.28	2.89	.01
	X <sub>2</sub>	.66	.14	.39	4.71	.00
	X <sub>3</sub>	.22	.07	.27	3.44	.00
	X <sub>4</sub>	.63	.18	.28	3.52	.00

a. Dependent Variable: F\_Total

X<sub>1</sub>: Market Penetration Strategies, X<sub>2</sub>: Product Development Strategies, X<sub>3</sub>: Market Development Strategies, X<sub>4</sub>: Diversification Strategy

Source: (Researcher, 2023)

From Table 4.27, the market penetration strategies had a regression coefficient of  $\beta = .27$ ,  $p = .01$ , product development strategies had a regression coefficient of  $\beta = .66$ ,  $p = .00$ , market development strategies had a regression coefficient of  $\beta = .22$ ,  $p = .00$  and diversification strategy had a regression coefficient of  $\beta = .63$ ,  $p = .00$ .

The prediction equation for the Model is:

$$\hat{Y} = 9.76 + 0.28X_1 + 0.39X_2 + 0.27X_3 + 0.28X_4 + \epsilon$$

Where  $\hat{Y}$  = Predicted Market Penetration Strategies;  $X_1$  = Market Penetration Strategies,  $X_2$  = Product Development Strategies,  $X_3$  = Market Development Strategies,  $X_4$  = Diversification Strategy, and  $\epsilon$  = standard error.

The results indicate that a unit change in market penetration strategies leads to a 0.28 change in the performance of bamboo-related micro enterprises. A unit change in product development strategies results in a 0.39 change in performance of bamboo-related micro enterprises. For market development strategies, a unit change leads to a 0.27 change in performance of bamboo-related micro enterprises. For diversification strategies, a unit change results in a 0.28 change in performance. These findings are supported by resource-based view theory as advanced by Barnes (1991), the theory of competitive advantage advanced by Porter (1985), and Porter's industrial organization theory advanced in Porter (1980).

Barnes (1991) asserts that a firm can overcome competition and perform well by coming up with unique products or services with value that is rare, imitable, and not substitutable. This explains the predictive values of product development, market penetration, and diversification strategies. Furthermore, the findings of this study support the advancement made by the theory of competitive advantage. Porter (1985)

argued that by enhancing products or services, the customers may put more value to such products and hence increasing its demand in the market. This explains the predictive value of market development on the performance of micro enterprises. Further support is offered by Porter (1980) whose industrial organization theory asserts that the composition of a market bears influences on the nature and response of members. By examining the prevailing industrial organization, micro enterprises can formulate strategies that would enhance their position in the market, compete and ensure sustainability.

It can therefore be concluded that market penetration strategies, product development strategies, market development strategies, and diversification strategy influence performance of bamboo-related enterprises in Vihiga County.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

In this chapter, the research findings are summarized, conclusions drawn and recommendations provided.

### **5.2 Summary of the Findings**

The study's first objective sought to unearth product development influence on growth strategy on the performance of bamboo-related micro enterprises. Regarding the descriptive statistics of the responses on product development strategies, the results pointed to average use of product development strategy in the bamboo related industries. On the related research question inquiring how product development as a growth strategy by bamboo-related micro enterprises in Vihiga County influences performance, it was established there's a positive relationship.

The second objective sought to determine influence of market penetration strategies on performance. The descriptive statistics of the responses on market penetration strategies established that majority of the micro enterprise's performance was average on this scale. The research question for this objective was; How does market penetration applied as a strategy for growth by bamboo-related micro enterprises in Vihiga County influence their performance? The relationship was established to be positive. The results imply that the better the market penetration strategies, the better the performance of bamboo related micro enterprises.

The third objective of this study was to investigate market development growth strategy's influence on bamboo-related micro enterprises performance in Vihiga County. On the descriptive statistics of the responses on market development

strategies, it was established that market development growth strategy was not adequately employed. The research question for this objective was; How is the performance of bamboo-related micro enterprises in Vihiga County from employing market development as a growth strategy? The results showed that there exists a positive and significant influence of market development strategies on the performance of bamboo-related micro enterprises.

The fourth objective of this study was to determine how diversification as a growth strategy influences the performance of bamboo-related micro enterprises in Vihiga County. The descriptive statistics of diversification strategy showed that diversification strategy was averagely employed. The research question for this strategy was; How, does diversification strategy of growth influence the performance of bamboo-related micro enterprises in Vihiga County? Analysis was done using Pearson correlation and the results showed that there exists a positive influence. The results imply that the better the diversification strategy the better the performance of bamboo related micro enterprises.

The study also aimed to establish the interrelationship among market penetration strategies, product development strategies, market development strategies, and diversification strategy (predictor variables) and the performance of bamboo-related micro enterprises (outcome variable). Regression analysis was used and it was established that there exists a strong interrelationship among market penetration strategies, product development strategies, market development strategies, and diversification strategy and the performance of bamboo-related micro enterprises. The R square value revealed that the predictor variables accounted for about seventy two percent of the total variance in the performance of bamboo-related micro enterprises.

The ANOVA test revealed that the mean differences obtained for the market penetration strategies, product development strategies, market development strategies, and diversification strategy based on the performance of bamboo-related micro enterprises were statistically significant. These findings show that the market penetration strategies, product development strategies, market development strategies, and diversification strategies do influence performance in bamboo-related enterprises in Vihiga County.

### **5.3 Conclusions**

In the investigation of product development's influence on performance of bamboo-related micro enterprises, this study acknowledges a positive relationship. The findings imply where superior product development strategies are utilized, the better the performance of the bamboo micro enterprises.

Considering market penetration strategies influence on bamboo-related micro enterprises performance, this research work established a positively significant relationship. The findings imply that the better the market penetration strategies the better the performance of bamboo-related micro enterprises.

In investigating market development growth strategy's influence on bamboo-related micro enterprises performance in Vihiga County, this study concludes there exists a positive relationship of significance. The results imply that as the micro enterprises improve market development strategies, their performance will also improve significantly.

Concerning how diversification as a growth strategy influences the performance of bamboo-related micro enterprises in Vihiga County, the conclusion buttresses a

positive relationship. The results imply that the better the diversification strategies adopted the better the performance of bamboo-related micro enterprises.

The study also aimed to determine whether market penetration strategies, product development strategies, market development strategies, and diversification strategy could be used to predict the performance of bamboo-related micro enterprises. The researcher concludes that there exists a strong interrelationship among market penetration strategies, product development strategies, market development strategies, and diversification strategy and the performance of bamboo-related micro enterprises.

The independent variables accounted for about seventy to percent of the total variance in the performance of bamboo-related micro enterprises. It is further concluded that each of the predictor variables had a positive predictive value. These findings show that the market penetration strategies, product development strategies, market development strategies, and diversification strategy can guide bamboo-related venture performance in Vihiga County.

#### **5.4 Recommendations**

The following recommendations are made based on the findings.

With regard to product development strategy, there is a need for the national government, county government, the private sector, and other related agencies to work jointly in equipping bamboo-related micro enterprises with adequate skills to make them profitable and competitive in the market. All stakeholders should come on board to train bamboo-related micro enterprises on ways of penetrating new markets to increase sales, enhance profitability and promote their growth. Both governmental and non-governmental agencies should provide necessary assistance to bamboo-related micro enterprises to come up with strategies of market development that can

spearhead growth through expansion beyond their current coverage to new markets regionally and even overseas. There is also need for all stakeholders in this sector to work together with the micro enterprises owners and managers to develop various diversification strategies that will allow them to broaden their offerings and their reach while still remaining competitive in this sector.

### **5.5 Suggestions for Further Research**

Additional inquiries are necessary to identify factors affecting performance of bamboo-related micro enterprises in Vihiga County aside from product development, market penetration, market development, and diversification strategies. This will help in the development of long-term interventions geared towards overall improvement of the performance of the bamboo-related micro enterprises. Additionally, it would help to investigate some of the factors limiting the successful application of these strategies in pursuit of growth. By identifying the problem, such an inquisition will provide an avenue to navigate these issues and ensure successful implementation of the strategies.

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## APPENDICES

### Appendix I: Letter of Introduction

Xavier Horatio,  
P.O Box 1230-50100,  
Kakamega.

Dear Sir/Madam,

**RE: QUESTIONNAIRE FOR GROWTH STRATEGIES AND  
PERFORMANCE OF BAMBOO-RELATED MICRO ENTERPRISES IN  
VIHIGA COUNTY, KENYA**

I am a graduate student at Kenyatta University pursuing a Master of Business Administration (Entrepreneurship). I am mandated to carry out a research project as a requirement before being awarded the degree and my research intends to focus on growth strategies and performance of bamboo-related micro enterprises in Vihiga County, Kenya.

I request your help in filling out a questionnaire to aid in the completion of this research by providing accurate information. As an ethical measure, the information you provide will be treated with utmost confidentiality and use limited to this study.

Your cooperation will be appreciated.

Sincerely,

**Xavier Horatio**

## **Appendix II: Research Questionnaire**

### **Data Collection Questionnaire**

This study is focused on establishing the influence of growth strategies employed by bamboo –related micro enterprises on performance. In order to meet the objectives of this study, the following questions have been determined to assist in the collection of data for use in analysis. You are requested to provide information to the best of your knowledge. The information provided will be held in utmost confidence and used only for academic purposes.

#### **SECTION A: DEMOGRAPHIC DATA**

1. Micro Enterprise Name: .....

2. Respondent Title: .....

3. Nature of business activity: .....

4. Ownership nature of the Micro Enterprise:

Sole Proprietorship [ ]                      Company [ ]

Partnership [ ]                      Other (specify) .....

5. Duration of existence in years: .....

6. Number of employees: .....

**SECTION B: GROWTH STRATEGIES AND INFLUENCE ON PERFORMANCE**

**Product Development Strategies**

7. In order to provide an existing market with new offerings with the goal of influencing performance, use the scale below to show the extent of the desired outcome:

1 = Not at all,                      3 = To a moderate extent,      5 = To a very large extent  
 2 = To a small extent,            4 = To a large extent,

<b>Product Development Strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Making improvements on products					
Differentiating products					
Customizing products					

8. Are there other approaches to product development that your enterprise uses?

.....  
 .....  
 .....

9. To what extent has the strategy action(s) above influenced your performance. Use the scale provided below:

1 = Not at all [    ]    2 = To a small extent [    ]    3 = To a moderate extent [    ]  
 4 = To a large extent [    ]    5 = To a very large extent [    ]

**Market Penetration Strategies**

10. Specify the extent to which the following activities have been applied to aid the enterprise’s efforts in establishing a presence in the market by using the following scale:

1 = Not at all,                      3 = To a moderate extent,      5 = To a very large extent  
 2 = To a small extent,            4 = To a large extent,

<b>Market Penetration Strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Making price adjustments					
Increasing promotional activities					
Creating strategic partnerships					
Segmenting the market					

11. What other initiatives do you use to drive sales for your product?

.....  
 .....

12. To what extent has the strategy action(s) above influenced your performance. Use the scale below:

1 = Not at all [    ]    2 = To a small extent [    ]    3 = To a moderate extent [    ]  
 4 = To a large extent [    ]    5 = To a very large extent [    ]



**Diversification Strategy**

16. Diversification involves undertaking other business activities either related or unrelated to current activity to expand revenues streams. Indicate using a scale of 1-5 as provided below the extent of pursuit.

1 = Not at all,                      3 = To a moderate extent,      5 = To a very large extent  
 2 = To a small extent,            4 = To a large extent,

<b>Diversification Strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Making related products					
Engaging in extension services					
Entering mergers					

17. What is the nature of activity you have undertaken in diversifying?

.....  
 .....

18. To what extent has the strategy action(s) above influenced your performance. Use the following scale:

1 = Not at all [    ]    2 = To a small extent [    ]    3 = To a moderate extent [    ]  
 4 = To a large extent [    ]    5 = To a very large extent [    ]

**SECTION C: PERFORMANCE**

19. Performance of an enterprise can be exemplified by the indicators shown below.

Indicate to what extent the business has achieved the indicators using the scale provided.

1 = Not at all, 2 = To a small extent, 3 = To a moderate extent, 4 = To a large extent,

5 = To a very large extent

<b>Performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Increased sales					
Increased profit margins					
Enhanced market size					
Increase in employee number					

19. In what other ways can you describe improvement in the performance of the business?

.....

.....

.....

### **Appendix III: Bamboo-Related Micro Enterprises in Vihiga County**

1. Aim Higher Arts Centre
2. Amani Carpentry and Furniture Works
3. Amazing Grace Enterprises
4. Ambira Crafts Shop
5. Andimi Center
6. Avedi's Finest Fittings
7. Avugwi Investments
8. Baraka Enterprises
9. Bendera Green Solutions
10. Bendera Interior Design
11. Bethlehem Holdings
12. Bidii Yetu Workshop
13. Blessed Hands Enterprises
14. Blessing Enterprises
15. Busweta Friends Group Centre
16. Chahenza Art Studio
17. Chamakanga Women Group
18. Chandangu Arts Centre
19. Chavugere Self-Help Group
20. Daraja Kumi Farm
21. Favour Restoration Designs
22. Gifted Hands Workshop
23. Glorious Investments
24. Had Wak Limited
25. Hakerongo Bamboo Works
26. Ha-Mbale Designs and Decor
27. Hamisi Bamboo Products
28. Hashem Workshop

29. Hosanna Stores
30. Igalagoli Traders
31. Ikobero Furniture Works
32. Ilesi Bamboo Centre
33. IM Furniture
34. Isiji wa Isiji Enterprises
35. Kaimosi Women Crafts Centre
36. Kidzugane Holdings
37. Kingdom Cometh Stores
38. Kivanda Ventures
39. Luanda Bamboo Designs and Furniture
40. Mago Youth Centre Workshop
41. Maridadi Fixtures and Fittings
42. Midas Touch Creations
43. Mkere Dorah Crafts
44. Mlango Kubwa Workshop
45. Mudamba Carpenters
46. Mululu Conservation Farm
47. Museno 2007 Enterprises
48. Muya and Sons Woodworking Shop
49. Neema Traders
50. New Mudete Stores
51. New Testament Investments
52. Nineveh Enterprises
53. Pambazuka Enterprises
54. Pasama Designs and Collection
55. Pluto Hardware Store
56. Precious Holdings
57. Riziki Investments

58. Shalom Garden Enterprise
59. Shekinah Investments
60. Ssebanja Homecrafts
61. Tiriki Tropical Gardens
62. Vidija Art Pieces
63. Wazalendo Kazini Youth Centre
64. Wodanga Bamboo Products
65. Zambezi Mianzi Farm

Source: (Vihiga County Department of Trade, Industry, Tourism and  
Entrepreneurship, 2021)

## Appendix IV: Letter of Authorization



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 8710901 Ext. 37530

Our Ref: D53/OL/CTY/25727/2018

DATE: 29<sup>th</sup> September, 2022

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

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR XAVIER M. HORATIO- REG. NO. D53/OL/CTY/25727/2018

I write to introduce Xavier M. Horatio who is a Postgraduate Student of this University. The student is registered for M.B.A degree programme in the Department of Business Administration.

Xavier intends to conduct research for a M.B.A Project Proposal entitled, "Growth Strategies and Performance of Bamboo-Related Micro-Enterprises in Vihiga County, Kenya."






Any assistance given will be highly appreciated.

Yours faithfully,

  
PROF. ELISUBRA KIMANI  
DEAN, GRADUATE SCHOOL

AM/no

## Appendix V: Research Permit

 <b>REPUBLIC OF KENYA</b>	 <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
<b>RefNo: 940408</b>	<b>Date of Issue: 28/January/2023</b>
<b>RESEARCH LICENSE</b>	
	
<b>This is to Certify that Mr.. Xavier Horatio of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Vihiiga on the topic: GROWTH STRATEGIES AND PERFORMANCE OF BAMBOO-RELATED MICRO ENTERPRISES IN VIHIGA COUNTY, KENYA for the period ending : 28/January/2024.</b>	
<b>License No: NACOSTI/P/23/23379</b>	
<b>940408</b> <b>Applicant Identification Number</b>	 <b>Director General</b> <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
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