EFFECT OF GROWTH STRATEGIES ON THE PERFORMANCE OF FOOD MANUFACTURING FIRMS IN NAIROBI COUNTY, KENYA

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A Research Project submitted to Graduate School in partial fulfilment for the requirements of the Master of Business Administration degree of Egerton University

EGERTON UNIVERSITY

MAY 2019

DECLARATION AND RECOMMENDATION

Declaration

I declare that this research project is my original work and has not been submitted for examination in this or any other institution.

Signed: ..... Date: .....

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CM16/00245/12

Recommendation

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

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DEDICATION

I dedicate this thesis to my mother Pamela Sophy whose value for education has been a source of inspiration for me, my husband Michael Mutunga and daughter Jazz Ngina who have always given me continuous support and encouragement during my studies.

ACKNOWLEDGEMENT

The completion of this thesis would not have been successful without the inspiration and support of a number of people. I would like to humbly acknowledge their encouragement and support. Firstly, I wish to express appreciation to God for the grace, strength and wisdom throughout the study period. Secondly, I would like to thank and appreciate Egerton University for the opportunity to study at the institution, this would not have been possible without their approval. Thirdly, much appreciation and gratitude to my supervisor, Dr Henry Kombo. His advice and generous guidance throughout the various stages of this thesis has been extremely helpful in making this thesis possible. I would also like to thank faculty members at the University of Egerton including Dr. A Ayuo, Dr S. Kipchumba, Prof. D. Auka, Dr R. Nyaoga and Dr J. Obonyo for their advice and encouragement. Fourthly, my thanks are also to the executive officers of the food manufacturing firms for their generosity in completing the questionnaire which formed an integral part of the thesis. Finally, I am indebted to my husband Michael Mutunga and daughter Jazz Ngina for their understanding and support during my studies. There are other people who assisted me in various ways; I am unable to mention all of them here, but I am sincerely grateful for the help and encouragement they offered to make the study a success.

ABSTRACT

This study sought to examine the effect of growth strategies on the performance of food manufacturing firms in Nairobi County, Kenya. The objectives of the study were: to establish the effect of market penetration on organizational performance, to determine the effect of market development on organizational performance, to examine the effect of product development on organizational performance, to establish the effect of diversification on organizational performance and finally to determine the combined effect of market penetration, market development, product development and diversification on organizational performance. The study was guided by the Strategic Management model. This study adopted a correlational research design and a cross sectional survey design. The study population comprised of all food manufacturing firms in Nairobi County, Kenya. Proportionate stratified sampling method was adopted to determine the sample units. The study used primary data. The data was collected using questionnaires. The data collected was analyzed using descriptive statistics which included frequencies and percentages, mean and standard deviation. Simple Regression model was used to test hypotheses HA_1 to HA_4.Pearsons correlation was used to measure the relationship among the study variables. Multiple Regression was used to test hypothesis HA_5. Analyzed data was presented using tables. The study found that: market penetration has a positive and significant effect on organizational performance, market development has a positive and significant effect on organizational performance, product development has a positive and significant effect on organizational performance, diversification has a positive and significant effect on organizational performance and finally the combined effect of market penetration, market development, product development and diversification positively and significantly affect organizational performance. The study concluded that growth strategies have a positive and significant effect on organizational performance hence it was recommended that higher levels of these growth strategies would result in higher levels of organizational performance. The study also recommended that future research should adopt longitudinal research design in data collection and replication of the study in other industries and countries since this study only focused on cross sectional research design in food manufacturing firms in Nairobi, Kenya. The study further recommended the need for future research to cover other factors related to inorganic growth strategies including mergers and take overs that can have an effect on organizational performance to a larger extent since the factors used in this study could only explain organic growth strategies as per the Ansoff Matrix.

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LIST OF ABBREVIATION AND ACRONYMS

CEOs Chief Executive Officer

GDP Gross Domestic Product

KAM Kenya Association of Manufacturers

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Organizations need to continuously improve performance, and in doing so they need to be able to respond to challenges such as fostering creativity and innovation, building their brand, responding to overseas expansion, strengthening the balance sheet, and better leveraging their portfolio of intellectual property, all these require the correct growth strategies that is properly formulated and implemented (Adeoye & Elegunde, 2012). But not every growth strategy is appropriate for every business. Indeed, selecting the correct growth strategy is entirely contextual since the key to finding the right growth strategy is properly matching it to your firm and its specific marketplace. Since the wrong strategy can devastate your business, it's important to determine whether you are selling new or existing products in a new or existing market.

Guided by the Strategic Management Model, Porter (1985), it is postulated in this study that growth strategies are a vital strategic asset that creates value and it is anticipated that implementation leads to increase in product and market output that leads to efficiency and effectiveness which translates to increased firm performance. Therefore, it is expected that food manufacturing firms undertake growth strategies as their unique resource to increase organizational performance.

1.1.1 Growth Strategies

Growth Strategies in this study refer to the organic growth strategies which seek to expand a firm's scope of activities in terms of product range and market coverage. The Ansoff growth strategies will be the focus of the study since they allow for a cross analysis of the products and markets of a firm and facilitates decision making. These growth strategies have been playing the central role in the expansion of firms and have enabled organizations to increase their market shares, develop new markets and develop new products and services. The different types of growth strategies as per the Ansoff matrix include market penetration, market development, product development and diversification (Ansoff, 1957).

Ayupp & Tudin (2013) conducted a study on Malaysian food manufacturing firms where 8 firms sold existing products in their existing market while 4 firms sold new product in their existing market. On the other hand, 2 firms sold existing product in a new market while 1 firm sold new product in its new market. In business strategic terms, 8 firms practiced

market penetration, 2 firms practiced market development, 4 firms exercised product development and 1 firm practiced diversification to determine the firm performance after implementation of these strategies.

The results indicated that implementation of these growth strategies by Kuching food processing firms achieved a higher performance. The results also implied that for majority of food manufacturing firms, market penetration is the most popular strategy adopted to increase their market share. Market penetration is viewed as the least risky of all the other growth strategy because it focuses on selling existing products to the current markets it is serving. That is, the firms rely on their knowledge of their existing markets to increase sales, by focusing on enhancing the sales force, improving product distribution and promotion, and spending more in marketing and advertising. Within the food processing industry, different group of customers might have different purchasing habits and motivation to buy the various food items. Thus, by concentrating on existing markets, the odd of success is deemed higher given the firms' knowledge of the market and the relatively lower investment cost involved. It is therefore expected in this study that food manufacturing firms adopt these growth strategies to achieve a higher performance

1.1.2 Organizational Performance

The purpose of every business enterprise is to consistently outperform competitors and deliver sustained superior returns to the owners while satisfying other stakeholders. Thus, organizational performance is one of the most important constructs in management research and its improvement is a dominant theme in the field of strategic management (Daft, 2013). Organizational performance construct is important in allowing researchers to evaluate firms over time and compare them to rivals (Richard et al., 2009). Strategy scholars and practitioners are concerned with the performance implications of management decisions and actions at firm level (Rumelt et al., 1994). Richard et al. observe that most studies in strategic management define performance as a dependent variable and seek to identify variables that produce variations in performance across organizations.

The concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets and those providing the assets expect to receive value in exchange (Barney, 1991). Hence value creation as defined by the resource provider is the essential overall performance evaluation criteria for any organization. Performance can be determined in two ways; one is based on factors that exist in the firm's external

environment and the other is based on internal organizational factors. Lebans & Euske (2006) in their study on conceptual and operational delineation of performance highlight that firms would benefit more if they can use resources acquired from the manufacturing firms can better measure their performance using non-financial indicators.

Performance indicators most commonly used are financial (return on investments, return on assets, value added) and non-financial (market share, sales). This study will however apply the non-financial indicators. Organizational performance is the dependent variable of the study and is defined within this context as the non- financial performance of a firm conceptualized as market share and sales (Powell, 2001). Based on these findings, it is expected in this study that manufacturing firms also measure their performance using non-financial indicators including market share and sales.

1.1.3 Food Manufacturing Industry in Kenya

The manufacturing sector in Kenya is the third leading sector contributing to the Gross Domestic Product in Kenya by a little over 10 percent thus has a direct impact on economic growth (Kenya Economic Survey,2017). There are over 700 established enterprises in the manufacturing sector in Kenya, most of which are privately or family owned. According to the Kenya Association of Manufacturers Directory (2017), Food and Beverages is the largest sector comprising of 181 members, which constitutes 24 per cent of the total Kenya Association of Manufacturers membership. However, food manufacturing has been on the decline for a considerable period of time and its contribution to the country's GDP has remained stagnant at about 10 percent since Independence. Furthermore, according to the Kenya Economic Survey (2017), the Manufacturing sector decelerated from an expansion of 4.8 percent in 2016 to a growth rate of 3.5 percent in 2017. The food manufacturing sector in Kenya has faced increased competition from both domestic and international countries therefore the firms are believed to adopt growth strategies to survive thus the choice to study food manufacturing firms. The government's goal is for manufacturing to account for 20% of the GDP by 2030, nearly twice today's level at 10.6%, manufacturing represents 11% of GDP (Kenya Economic Survey 2018).

Given the fact that manufacturing firms in Kenya are operating in a competitive environment, they adapt growth strategies to enhance performance. An Empirical Investigation of Aspects of Strategy Formulation and Implementation within Large Private Manufacturing Firms in Kenya (Aosa,1992) found that the firms were sourcing and using growth strategies as a basis

of improving effectiveness and efficiency, and hence performance. However, previous studies have not been done in food manufacturing firms in Kenya to find out whether the growth strategies applied cause any improvement on organizational performance. It is anticipated that the implementation of these growth strategies by the food manufacturing firms will lead to improved performance.

1.2 Statement of the Problem

Organizations operate within an external environment which is constantly changing and increasingly competitive (Adeoye & Elegunde, 2012). These developments are affecting the performance of food manufacturing firms in Kenya, Kenya Economic Survey (2017). Aosa (1992) found that large private manufacturing firms are adopting various strategies including growth strategies which are believed to fit the firms to their environment and improve firm's performance.

Barnett and Hansen (2007) in their strategic management journal titled the red queen in organizational evolution linked organizational performance in a descriptive manner to competitive and economic outcomes at national level and to the performance of innovation systems at the regional level. Carman & Langeard (2010) conducted a study on growth strategies for service firms and argued that there are a wide range of strategies such as service development, concentric diversification and expansion to out of country markets that would be deemed to be contributing to performance improvement.

Empirical studies in Kenya have also focused on growth strategies. For instance, Odiwor (2014) conducted a study on growth strategies adopted by top fast-growing firms in Kenya and found that a few firms recognized as top fast growing medium sized firms are sure that the use of formal growth strategies contribute towards their growth. Oloko, Gitonga, & Mutulu (2014) conducted a study on market strategies for profitability; a case study of Safaricom. The study found that various marketing mix and techniques employed could improve organizational performance by enhancing the uptake of Safaricom products resulting into increased revenues leading to profitability.

As discussed, theoretical literature suggests a linkage between growth strategies and organizational performance. However, empirical studies examining the relationship between growth strategies and organizational performance have reported inconsistent results. Further, whereas prior studies have shown that manufacturing firms in Kenya are recognizing and managing growth strategies to enhance their performance, the studies have not focused on the

effect of growth strategies on performance of the firms. The conflicting findings and the low explanatory power of growth strategies in organizational performance reported in the literature requires further studies. This is part of the reason for this study which sought to answer the question: What is effect of growth strategies on the performance of food manufacturing firms in Kenya?

1.3 Objectives of the Study

The overall objective of the study was to determine the effect of growth strategies on performance of food manufacturing firms in Nairobi County.

The specific objectives of the study were to:

i. Establish the effect of market penetration on organizational performance
ii. Determine the effect of market development on organizational performance.
iii. Examine the effect of product development on organizational performance
iv. Establish the effect of diversification on organizational performance
v. Determine the combined effect of market penetration, market development, product development and diversification on organizational performance.

1.4 Research Hypotheses

The study sought to test the following hypotheses:

HA_1: Market penetration has a positive effect on organizational performance

HA_2: Market development has a positive effect on organizational performance.

HA_3: Product development has a positive effect on organizational performance

HA_4: Diversification has a positive effect on organizational performance.

HA_5**:** Market penetration**,** market development, product development and diversification jointly have a positive effect on organizational performance.

1.5 Significance of the Study

This study will be useful to scholars. The findings of this study add to the existing literature in growth strategies and contribute to Porter's Strategic management model. Such literature is useful to scholars interested in understanding the effect of growth strategies on organizational performance.

The findings of the study are also useful to management practitioners. The findings can enhance managers' understanding of how and under which circumstances growth strategies lead to superior performance. Thus, the findings and recommendations are useful to the practitioners in enhancing growth strategies initiative to create and sustain superior performance for their firms.

1.6 Scope and Limitations of the Study

This section discusses the Scope and Limitations of the study.

1.6.1 Scope of the Study

The study sought to determine the effect of growth strategies on the performance of food manufacturing firms. This study was carried out to establish the effect of growth strategies on the performance of food manufacturing companies in Nairobi County. The study targeted 71 food manufacturing firms in Nairobi county, Kenya. The respondents were 64 executive officers. Specifically, the study wished to find out the effect of market penetration, market development, product development and diversification on the performance of food manufacturing firms. The study covered a period of six months beginning July to December 2018.

1.6.2 Limitations of the Study

In conducting this study, a few limitations were encountered:

The study adopted a cross-sectional survey research design in which data was collected once at a single point in time. The one-time survey was adopted due to the constraints of cost and time. Although cross-sectional studies are helpful in getting insights into aspects of variables, perceptions vary over time and thus cross-sectional studies have limitations in determining causal relationships.

This study was conducted in food manufacturing companies in Kenya. Manufacturing firms may differ with service firms in that they are more technological and scale intensive than service firms which are more skill intensive. Thus, manufacturing firms are likely to be different from service firms in knowledge management and innovation activities. Hence the findings of this study may not be generalizable to service firms. Further, countries differ in terms of contextual factors such and economic conditions and technological advancements. These contextual differences may affect levels of innovation and performance. Hence,

because of these contextual differences across countries, the findings of this study conducted in Kenya, may not be generalizable to other countries with different contextual conditions.

This study used one respondent in each firm to collect data; and the respondents were mainly company executive officers. Single respondent studies are prone to single respondent bias which may affect the validity of the study.

1.7 Operational Definition of Terms

Growth Strategy	Organic growth strategies which seek to expand a firm's scope of activities in terms of product range and market coverage.
Market Penetration	Organic growth Strategy where the firm focuses on selling existing products in its current market.
Product Development	Organic growth strategy where the firm focuses on creation of products with new or different characteristics that offer new or additional benefits to the existing customer.
Market Development	Organic growth strategy where the firm identifies and develops new market segments for current products.
Diversification	Organic growth strategy where the firm enters into a new market or industry which the business is not currently in, while also creating a new product for that new market.
Organizational Performance	Non-financial performance of the firm measured in terms of executive officers' perception of market share and sales performance as a result of implementation of the Ansoff organic growth strategies.
Food Manufacturing Firms	All manufacturing firms in Nairobi County Kenya involved in conversion of raw material into food or food into other forms.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical perspectives of the study. It reviews the concept of growth strategies and examines the past research relevant to the study. It further presents one general model that place growth strategies process in the context of organizational conditions and performance outcomes. It discusses the nature of these interrelationships among variables, focusing on how growth strategies affect organizational performance and presents a conceptual framework.

2.2 Theoretical Perspective

This study is guided by the Strategic management Model by Porter (1985). The model argues that the practice of strategic management provides a firm with an opportunity to improve organizational performance. The model is based on the notion that a firm's main objective is to maximize long term profits. To achieve this, a firm must have a strategic intent, formulate strategies, implement the formulated strategies and finally monitor and control the strategies in order to increase the firm's general performance in the industry as demonstrated in Figure 2.1

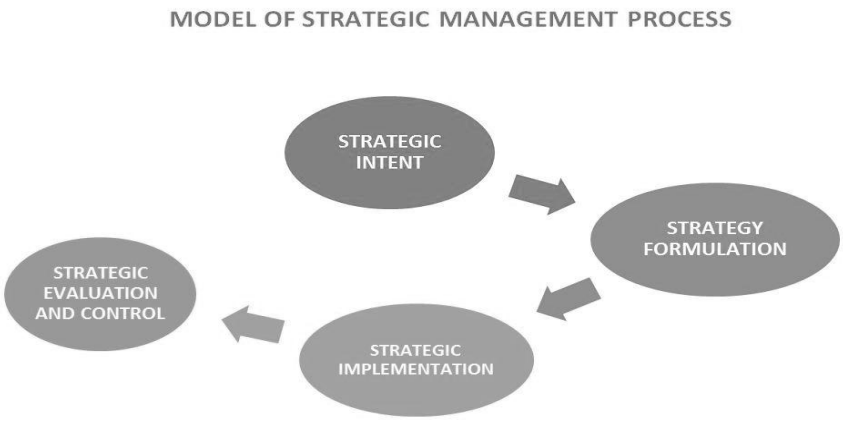

Figure 2.1: Strategic Management Model

Source: Porter (1985)

Porter (1985) identifies three principles underlying strategy: creating a unique and valuable market position, making trade-offs by choosing what not to do and creating fit by aligning company activities with one another to support the chosen strategy. Manufacturing firms that

implement growth strategies as their unique resource create a fit by aligning the firm activities to support the chosen strategies thus increasing the firms' performance. Given the arguments of the model, it is expected that food manufacturing firms adopt these growth strategies as their unique resource to increase their overall performance.

2.3 Growth Strategies

Growth Strategies in this study refer to the organic growth strategies which seek to expand a firm's scope of activities in terms of product range and market coverage. The Ansoff growth strategies will be the focus of the study since they allow for a cross analysis of the products and markets of a firm and facilitate decision making. These growth strategies have been playing the central role in the expansion of firms and have enabled organizations to increase their market shares, develop new markets and develop new products and services. The different types of growth strategies as per the Ansoff matrix include market penetration, market development, product development and diversification (Ansoff, 1957).

Market penetration occurs where the firm is trying to expand its sales in the existing market. Existing products are sold to current customers. The product is not modified but the firm is seeking to increase its revenues by means of promoting or repositioning its products. A study conducted by Binsardi & Ekwulugo (2013) found that market penetration is important for manufacturing firms because retaining existing customers is cheaper than attracting new ones.

In market development, the firm tries to increase its sales by introducing its current products on new markets. Eisenhardt & Schoonhoven (2010) found that market development as a growth strategy has often been used by manufacturing firms to secure dominance of growth markets and enable the firms to restructure a mature market by driving out competitors and it's achieved by investing in a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors.

For product development, the firm is trying to increase its sales by introducing new or modified products on the market. Ittner & Larcker (2011) stated that the reasons that justify the use of this strategy include that it encourages the utilization of excess production capacity which serves to counter competitive entry. Moreover, product development helps to maintain the company's reputation as a product innovator and encourages exploitation of new technology. They further argued that the ultimate motivation behind product development is for the companies to protect their overall market share. Lee & Grewal (2004) argued that

efforts are focused on the development and innovation of new product offerings with which to replace existing ones, new products are then marketed to existing customers and this consequently improves firm performance.

Diversification is a product-market growth strategy in which a new product is developed to serve a completely new market (Ansoff, 1957). Christensen & Montgomery (2011) stated that it is important to note that diversification often has some synergy with the original business of the company, they further argued that related diversification is generally more profitable. Nath, Nachiappan & Ramanathan (2010) found that diversification involves taking a step into a territory where the parameters are unknown to the company and further stated that the risks of diversification can be minimized by moving into related markets if at all the firms are to increase their performance. From the empirical studies reviewed, it is therefore evident in this study that manufacturing firms implement growth strategies to achieve a higher performance.

2.4 Organizational Performance

According to Christensen & Montgomery (2011), performance measurement presents various benefits, not only does it demonstrate how an organization performs, how well it does and how much progress it makes over time in achieving goals but also helps the organization manage change. These performance measures capture both financial as well as non-financial measures.

Performance indicators most commonly used are financial (Eisenhardt & Schoonhoven, 2010) including return on investments, return on assets, value added and non-financial market share, sales (Powell, 2001). This study will however apply the non-financial indicators. Organizational performance is the dependent variable of the study and is defined within this context as the non- financial performance of a firm conceptualized as market share and sales.

Miller (1987) proposition that the most commonly accepted non-financial dimensions of manufacturing performance are cost, quality, delivery, market share, PR, customer loyalty, sales and flexibility as they consider that a plant cannot attain greater performance by concentrating on only one performance dimension. In other words, while a firm must excel on at least one dimension, other dimensions must at least exceed some minimum level in order for the plant to perform better. This implies that different manufacturing firms may operate on different growth strategies and compete on different performance dimensions.

Penrose (1959) used inventory, delivery, manufacturing cost and flexibility as the non-financial performance measures to relate it to business performance. Their findings indicate that manufacturing firms use non- financial indicators to measure performance. Carman & Langeard (2010) also employed non-financial indicators to measure organizational performance. The dimensions used were quality of products, development of new products, sales growth and market share. This implies that manufacturing firms use non-financial indicators to measure performance including market share and sales.

In conclusion, to effectively measure organizational performance, manufacturing firms use both financial and non- financial indicators to measure performance. Non-financial performance measures were used in this study since the study involves use of growth strategies as per the Ansoff matrix which includes classification and cross analysis of a firm's products and markets as the unique resource to come up with growth strategies that fits the firm well to ensure increase in performance (Ansoff, 1957).

2.5 Growth Strategies and Organizational Performance

Empirical studies have been conducted in recent times that have examined the relationship between growth strategies and organizational performance of manufacturing firms. Pine (2008) conducted a study and found that non -financial performance, sales growth and customer retention is enhanced by the firm's ability to grow. He further argued that growth strategies yield promising results in manufacturing firms. He empirically tested a model on the background and consequences of growth strategies and found that they have a positive effect on organizational performance.

Pearce et al (2008) found that the impact of growth strategies on business performance differs and depends on what they understand by performance. Understanding the performance goals of an organization enables management to know the appropriate strategies required to achieve organizational growth and consequently increased performance. Carmen & Langeard (2010) conducted a study on growth strategy for service firms and found that organizational growth curves are increasingly being utilized to achieve total quality management objectives. They further suggest that firms should adopt growth strategies that will enable them to adapt in different scenarios and contexts they face in a dynamic business environment.

In Kenya, empirical studies have been done on the effect of growth strategies on organizational performance. Odiwor (2014) conducted a study on the growth strategies adopted by top fast-growing medium size companies in Kenya and concluded that

implementation of growth strategies lead to greater product output in a firm which consequently results into better organizational performance. Rono (2015) conducted a study on effect of growth strategies on the performance of firms in Kenyan cement industry and found that firms that adopted growth strategies were more competitive in the Kenyan cement industry. These empirical studies imply that indeed manufacturing firms adopt growth strategies to achieve higher performance.

2.5.1 Market Penetration and Organizational Performance

Empirical studies have been conducted in recent times that have scrutinized the relationship between market penetration and organizational performance. Eisenhardt & Schoonhoven, 2010) stated that market penetration is one of the most important growth strategies employed by a few organizations thus it's a strategy used by firms in order to increase sales without drifting from the original product-market strategy.

Day (2004) demonstrated that firms often penetrate markets by improving the product quality or level of service or attracting nonusers of the products or convincing current customers to use more of the firm's product and with the use of marketing communications tools like advertising. He further stated that this strategy is important for businesses because retaining existing customers is cheaper than creating new ones. Nath et al (2010) in their study found that market penetration is aimed at maintaining or increasing the market share of current products and this can be achieved through a combination of competitive pricing strategies, advertising, sales promotion, and perhaps more resources dedicated to personal selling.

Onyancha, Chisanga & Gathiaka (2014) concluded that market penetration as a growth strategies in the sugar manufacturing sector have often been used to secure dominance of growth markets and enable the firm to restructure a mature market by driving out competitors and it's achieved by investing in a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors. These empirical studies imply that indeed manufacturing firms adopt market penetration strategies to achieve higher performance.

2.5.2 Market Development and Organizational Performance

Kotler & Armstrong (1996) argued that in pursuing a strategy based on market development, management is attempting to sell greater volumes of existing products in new markets. This may involve increasing revenue by, for example, promoting the product or repositioning the brand. However, the product is not altered in any way even as an attempt is made to find new

customers. The emphasis is solely upon selling more of the same products to the new customers.

Miller (1987) described the basic strategic growth dimensions as product/ service innovation, marketing differentiation, breadth and conservative cost control. The findings of his study showed that there is a clear improvement in performance when manufacturing firms formulate and implement effective market development patterns.

In Kenya, empirical studies have been done to examine the effect of market development on organizational performance. For Instance, Oloko et al (2014) conducted a study on the effect of marketing strategies for profitability, a case study of Safaricom Limited in Kenyan telecommunication industry and concluded that market development is a major tribute to the success of Safaricom Ltd in the Telecom industry, however, he could not conclusively assume the same effect in manufacturing firms. Njuguna (2008) studied how organizational growth affects Small and Medium Enterprises performance in Nairobi, Kenya and concluded that market development has a positive effect on performance in SMEs. These empirical studies imply that indeed manufacturing firms implement market development strategies to achieve a higher performance.

2.5.3 Product Development and Organizational Performance

A study conducted by Johnson, Whittington & Scholes (2009) demonstrated that the configuration of activities used by companies to acquire new products is an important influencing factor of organizational performance and that developing new products is another strategic option for an organization. They further argued that the ultimate motivation behind product development is for the companies to protect their overall market share. Geringer, Tallman & Olsen (2010) argued that product development involves next generation products. Regularly, the old product is not sold anymore, only the new and improved product is sold to the customers. They further demonstrated that the strategy is used to keep customers satisfied and to stay ahead of the competition thus increasing firm performance.

A study by Farouk & Saleh (2012) found that there was lack of a theoretically grounded and holistic view of strategic option which had been adopted by these small and medium size companies. The study further stated that most researches focus on the role and importance of food manufacturing firms in the economy. Most references did not provide an in-depth analysis and integration of manufacturing firm's strategy in the Kingdom of Saudi Arabia.

A study examining the effect of growth strategies on the competitiveness of firms in Kenyan cement industry (Rono, 2015) found that the firms were sourcing and using product development strategies as a basis of improving effectiveness and efficiency, and hence performance. These empirical studies imply that indeed manufacturing firms adopt product development strategies to achieve a higher performance.

2.5.4 Diversification and Organizational Performance

Christensen & Montgomery (2011) found that diversification involves developing a new product that serves a different market than what it was serving before. These radical innovations require a lot of research and development, they further argued that in pursuing a strategy based on diversification, management is attempting to sell completely new products to new customers (Rumelt, 1994).

A study conducted by Njuguna (2008) on competitive advantage and firm performance, an empirical study of Kenyan small and medium sized enterprises argued that diversification as a strategy is distinct in that when a firm diversifies, it essentially moves out of its current products and markets into new areas in order to increase performance.

Anyango (2007) conducted a study on the challenges of strategy implementation, a survey of multinational companies in Kenya and found that it is important to note that even unrelated diversification often has some synergy with the original business of the firm and argued that related diversification is generally more profitable. Therefore, diversification as a growth strategy generally leads to an increase in organizational performance. These empirical studies imply that indeed manufacturing firms adopt diversification strategies to achieve a higher performance.

2.5.5 Research Gap

As discussed, theoretical literature suggests a linkage between growth strategies and organizational performance. However, empirical studies examining the relationship between growth strategies and organizational performance have reported inconsistent results. Further, whereas prior studies have shown that manufacturing firms in Kenya are recognizing and managing growth strategies to enhance their performance, the studies have not focused on the effect of growth strategies on performance of the firms (Aosa, 1992). The conflicting findings and the low explanatory power of growth strategies in organizational performance reported in the literature requires further studies. This is part of the reason for this study which sought

examine the effect of growth strategies on the performance of food manufacturing firms in Nairobi County, Kenya.

2.6 Conceptual Framework

In this study, the conceptual framework is based on four independent variable, one dependent variable and three moderating variables. The dependent variable is the firm's performance while the independent variable are the growth strategies adopted which include market penetration, market development, product development and diversification. The moderating variables include organizational resources, organizational culture and economic environment, For the purpose of this study, the moderating variables were held at a constant, this implies that they were not part of the study and no data was collected for analysis. The conceptual framework in Figure 2.2 shows the linkage between the dependent and the independent variables.

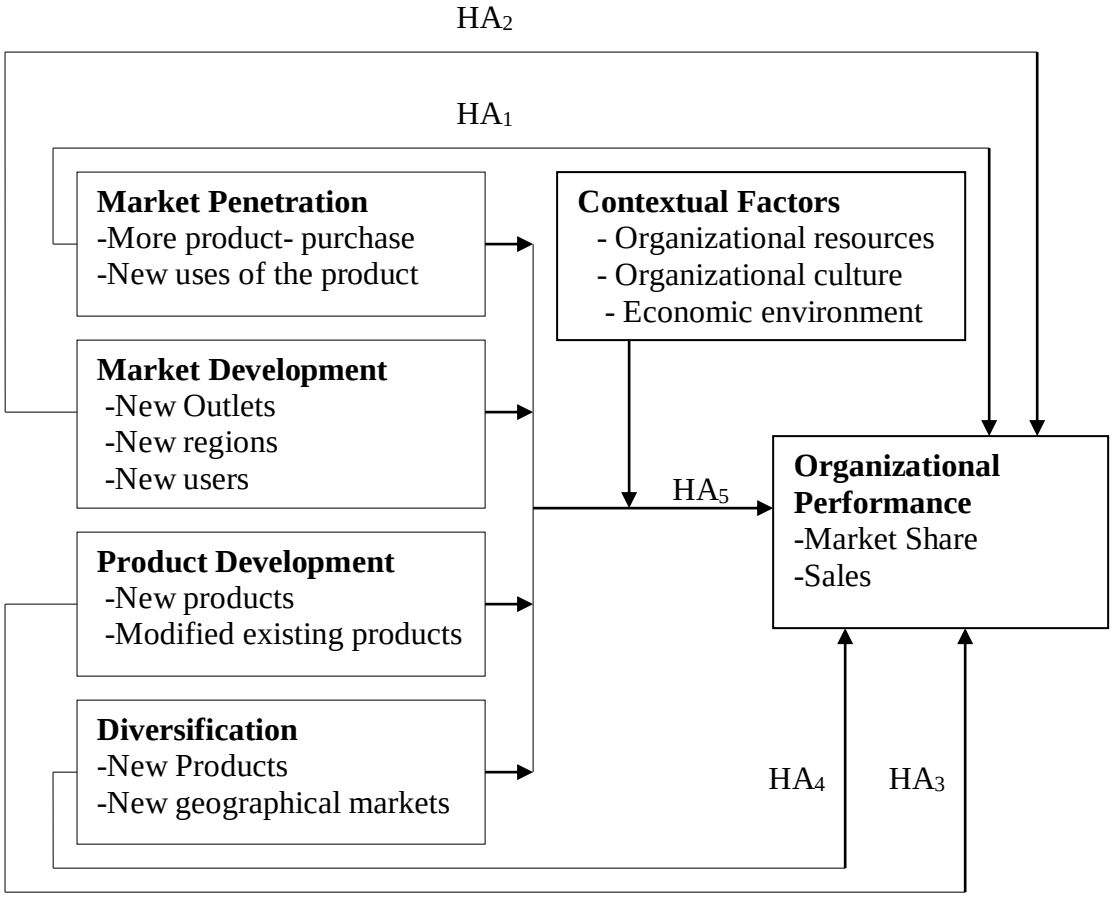

Figure 2.2: Conceptual Framework

From the conceptual framework in Figure 2.2, there exists a relationship between market penetration, market development,product development, diversification and organizational performance. However, the variables are affected by contextual factors such as organizational resources, organizational culture and the economic environment. The slack resources are considered critical to support the activities of a firm that fosters growth.

Performance outcomes can affect an organization's capacity to support growth strategies as they provide feedback on the effectiveness of the strategies which may heighten motivation to improve or redirect the strategies(Pine 2008). Growth strategies must be established through appropriate platforms that enable growth to take place that is through market penetration, market development, product development and diversification.

The contextual factors can either hinder or facilitate organizational growth processes and thus have an effect on organizational performance. They can be categorized into internal and external factors. An organization's position in the industry, it's access to resources and nature of competitive dynamics affect its growth. In this manner, competition from other firms help an organization to grow and improve on their performance (Pearce et al 2008).

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides insight into the research design adopted, the target population studied, the sample size used, data collection methods applied and data analysis techniques or tools used when organizing and analyzing the data.

3.2 Research Design

There are various research designs classified on the basis of various perspectives. The common perspectives on which research designs are classified include: purpose of the study (descriptive or causal), method of data collection (survey or experiment) and the time horizon of the study (cross-sectional or longitudinal) (Sekaran, 2003; Zikmund, 2000). The objectives of the study, the available data sources, the urgency of the decision and the cost of obtaining the data determine the design technique chosen (Zikmund,2000).

The study used simple regression model to demonstrate the effect of growth strategies on organizational performance. Correlation research design was used to measure the relationship among the study variables. This study adopted a cross-sectional survey research design. A cross-sectional survey design entails collection of data across many research units at one point in time predominantly by questionnaire (Bryman & Bell, 2007). In other words, data on the research variables were collected at a single point in time from sample units to examine potential relationships among the variables.

3.3 Target Population

The population of the study comprised of food manufacturing firms in Nairobi County, Kenya and this included small, medium and large firms. There is a total of 87 food-manufacturing firms in Nairobi (Appendix II), which are members of KAM (KAM 2017). The firms are classified into 7 sub-sectors of the Food and Beverages Sector: The Sub-sectors are: Alcoholic Beverages; Bakers and Millers; Cocoa, Chocolate and Sugar; Juices/Waters/Dairy/Carbonated Soft Drinks; Tobacco; Vegetable Oils and Slaughtering/Preparation and Preservation of Meat. The food-manufacturing firms in the study were identified using the Kenya Association of Manufacturers and Exporters Directory (KAM 2017) because it was established that KAM maintains the most updated coverage of manufacturing firms in Kenya.

3.4 Sample Design

A sample was used for this study. The sample units comprised of food manufacturing firms operating in Nairobi, Kenya. To determine the sample size, the statistical formula suggested by Kothari (2004) was used since the population is finite.

$$n = \frac{z^2 p.q.N}{e^2(N-1) + z^2.p.q}$$

Where;

N = size of population

n= size of sample

e= acceptable error (the precision)

z= standard variate at a given confidence level

p= sample proportion

q= 1-p

In this study;

N = 87, *e* = at 95% confidence level is 0.05, *z* = 1.96, p= 0.5, q= 0.5

Substituting these figures into the formulae,

$$n = \frac{(1.96)^2.(0.5).(1-0.5).(87)}{0.05^2(87-1) + (1.96)^2.(0.05).(1-0.05)}$$

$$= 71$$

Therefore, a sample size of 71 firms was used.

To select 71 firms (Appendix III), Proportionate stratified sampling method was used to ensure the sample is representative of the 7 sub-sectors of food manufacturing sector. The population and sample size by sector are shown in Table 3.1.

Table 3. 1: Population and Sample Distribution by Sector

Manufacturing sub-sectors	Population	Sample
Alcoholic Beverages	7	6
Bakers and Millers	30	24
Cocoa, Chocolate & Sugar	19	15
Juices/Waters/Carbonated Soft Drinks/Dairy	20	16
Tobacco	2	2
Vegetable Oils	3	3
Slaughtering/Preparation and Preservation of Meat	6	5
Total Number of Firms	**87**	**71**

3.5 Data Collection

The study used primary data which consists of original data gathered by for the specific purpose of the study at hand (Mugenda & Mugenda, 2003). Data was collected by use of questionnaires administered. The use of questionnaires is justified because this is the most effective and affordable way of collecting information from a small literal sample within a short period of time. The unit of analysis was the firms and data was collected at the firm level. Thus, one respondent filled in a questionnaire. The respondents were executive officers conversant with the organization's strategy and performance.

3.6 Measurement of Variables

In this study, the independent variable is growth strategies while the dependent variable is organizational performance. Following the Ansoff matrix, growth strategies was conceptualized in terms of market penetration, market development, product development and diversification (Ansoff,1957) and was measured using a 5-point Likert type scale, measuring the respondent's level of agreement with given statement on each of the independent variables; where 1= strongly disagree, 2= disagree, 3=neutral, 4=agree and 5= strongly agree. Organizational performance was measured based on the manager's perception of their firm's market share and sales performance (Lebans &Euske,2006)) as a result of adoption of these growth strategies using the 5-point Likert type scale. The executive officers gave their level of agreement with given statement on each of the independent variable measures; where 1= strongly disagree, 2= disagree, 3=neutral, 4=agree and 5= strongly agree.

3.7 Validity and Reliability of Research Instrument

3.7.1 Pilot Testing

A pilot study was conducted in food manufacturing firms in Nakuru County to ensure reliability and validity of the research instrument. The researcher conveniently selected a pilot group of 5 firms to test the reliability of the research instrument; hence, firms in the pilot study did not form part of the actual study. The results from the pilot study was used to correct the inconsistencies that arose from the instrument. This ensured that the instrument measured what it was intended for.

3.7.2 Validity

Validity refers to the accuracy and meaningfulness of inferences which are based on the research results (Orodho,2009). If such data is a true reflection of the variables, then inferences based on such data are accurate and meaningful. To ascertain the validity, the instrument was assessed by a panel of senior lecturers in the Faculty of Commerce, Egerton University including Dr. A.Ayuo, Dr. R.Nyaoga, Prof. D.Auka, Mrs. J. Obonyo, Dr. S.Kipchumba and Dr. H.Kombo.

3.7.3 Reliability

According to DeVellis (1991), reliability is the extent to which the measurement is random, error-free and produces the same results on repeated trials. It also refers to consistency of scores obtained by the same test on different occasions, or with different sets of equivalent items or under other variables examining conditions. Cronbach reliability coefficient was used for this study because it helps to establish the internal consistency of the responses. Cronbach alpha is a coefficient of internal consistency used as an estimate of reliability and it ranges in values from 0 - 1. If the values exceed the standard of 0.7 then the reliability of the model is considered accurate enough (Oso & Onen, 2011). Hence, instruments with Cronbach alpha coefficients above 0.7 were considered to have met the requirement of reliability.

Table 3. 2: Overall Reliability Statistics

Number of Items	Cronbach's Alpha
18	0.755

The results on Table 3.2 show the overall Cronbach alpha coefficient. From the results, the overall coefficient was above the threshold of 0.7.

Table 3. 3: Cronbach alpha coefficients for the measurement scales for the constructs

Scale	Cronbach's Alpha	Number of Items
Market Penetration	0.807	4
Market Development	0.844	4
Product Development	0.823	4
Diversification	0.909	4
Organizational Performance	0.796	2

As shown in Table 3.3, all the research constructs had alpha coefficients of above 0.7. The overall Cronbach Alpha Coefficient was 0.755. Thus, the instrument met the recommended threshold of 0.7 and this was considered reliable (Oso & Onen,2011)

3.8 Data Analysis and Presentation

The data collected from the field was edited and coded to ensure completeness and accuracy. The data was entered using Statistical Package for Social Science (SPSS). Analysis was done at a confidence level of 95%. Data that was obtained from the research questionnaire was summarized using descriptive statistics- these included frequencies and percentages, mean and standard deviation. Inferential statistics was used to make generalization about the population. Simple regression model was used to test hypotheses HA_1 to HA_4.The following model was used;

For HA_1, $Y = a+\beta_1 X_1 +\varepsilon$

Where;

Y = is the dependent variable (Organizational Performance)

a = constant; X_1= Market Penetration

For HA_2, $Y = a+\beta_1 X_1 +\varepsilon$

Where;

Y = is the dependent variable (Organizational Performance)

a = constant; X_1= Market Development

For $HA_{3,}$ $Y = a+\beta_1X_1 +\varepsilon$

Where;

Y = is the dependent variable (Organizational Performance)

a = constant; X_1= Product Development

For $HA_{4,}$ $Y = a+\beta_1X_1 +\varepsilon$

Where;

Y = is the dependent variable (Organizational Performance)

a = constant; X_1= Diversification

To test for the relationship among the variables, Pearson's correlation analysis was used.

Hypothesis (HA_5) was tested using multiple regression. Testing was done at a 0.05 significance level.

The following model was used.

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

Where;

Y = is the dependent variable (Organizational Performance)

a = constant; X_1= Market Penetration; X_2= Market Development; X_3= Product Development; X_4= Diversification

β_1 - β_4 = regression coefficients

ε = error term

Results were presented using tables and percentages.

CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the summary and discussions of the results of the study. The presentation of the results is based on the objectives. The chapter starts with descriptive statistics of the study variables, correlation analysis and test of hypotheses. Finally, the chapter presents discussion of the results of the study.

4.2 Descriptive Statistics

This section presents and discusses results of descriptive statistics of the profile of respondents and organizations. It also presents descriptive analyses results of the study variables.

4.2.1 Profile of Respondents

The study targeted a sample size of 71 respondents in collecting data out of which 64 filled in and returned the questionnaires. The profile of the respondents of the studied organizations is shown in Table 4.1.

Table 4. 1: Distribution of Respondents by Position

Position	Frequency	Percentage
Executive Officers	64	100
Total	**64**	**100**

As shown in Table 4.1, The respondents were executive officers who were conversant with their firms' strategies and performance. Given the positions of the respondents, it can therefore be depicted that the respondents were knowledgeable on the subject under investigation.

4.2.2 Response Rate

As shown in Table 4.1, the 64 executive officers who responded gave a response rate of 90.1%. Mugenda and Mugenda (2003) assert that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was considered to be excellent.

4.2.3 Profile of Organizations

The 64 firms that were studied were assessed by characteristics such as ownership, number of years in operation, number of employees in the firm and nature of business of the firm. Frequencies and percentages were used to examine the distribution for each characteristic. Table 4.2 provides the distribution of the food manufacturing firms in Nairobi County and presents the results of the analysis.

Table 4. 2: Distribution of Firms by Type of firm, Number of Years in Operation, Number of Employees and Nature of Business

Type of Firm	**Frequency**	**Percentage**
Private	24	37.5
Majority Local	14	21.3
Public	12	18.8
Majority Foreign	14	22.4
Total	64	100.0
No of Years in Operation	**Frequency**	**Percentage**
5 years and below	9	14.1
6-10 years	7	10.9
11-19 years	29	45.3
More than 20 years	19	29.7
Total	64	100.0
Number of Employees	**Frequency**	**Percentage**
Less than 10 employees	6	9.4
Between 11-50 employees	30	46.9
Between 51-100 employees	17	26.6
Above 100 employees	11	17.1
Total	64	100.0
Nature of Business	**Frequency**	**Percentage**
Alcoholic beverages	5	7.8
Cocoa, Chocolate & Sugar	14	21.9
Tobacco	2	3.1
Bakers and Millers	22	34.4
Juices/Waters/Soft Drinks/Dairy	13	20.3
Vegetable Oils	3	4.7
Slaughtering/Meat Preparation and Preservation	5	7.8
Total	**64**	**100.0**

Results assessing on firm ownership showed that 37.5% of the organizations were privately owned, 22.4% organizations were jointly owned by both locals and foreigners with foreigners forming the majority, 21.3% organizations were jointly owned by both locals and foreigners with locals forming the majority while 18.8% indicated that the organizations were owned by the public.

On number of years which the firm had been in operation, it's evident that most of the firms (45.3%) had operated for a period of 11 to 19 years, 29.7% of the respondents indicated that the firm had operated for a period exceeding 20 years, 10.9% of the respondents indicated that the firm had operated for a period 6 to 10 years whereas 14.1% of the respondents indicated that the firm had operated for a period less than 5 years.

Results obtained from investigations on number of employee's currently working with food manufacturing firms showed that most of the firms (46.9%) had employed between 11 to 50 employees, 26.6% of the food manufacturing firms had employed between 51 to100 employees, 17.1% of the food manufacturing firms had employed above 100 employees while 9.4% of the respondents indicated that the firm had employed less than 10 employees.

Results also show that most of the 20.3% of the firm were involved in production of juices/waters/soft drinks/dairy while 34.4% were involved in bakery and milling production, 4.7% of the respondents indicated that the firm were involved in production of vegetable oils,7.8% of the respondents indicated that the firm was involved in slaughtering/meat preparation and preservation while 7.8% were involved in the processing of alcoholic beverages, 21.9% of the respondents indicated that the firm was involved in processing of cocoa, chocolate and sugar while 3.1% of the respondents indicated that the firm was involved in tobacco processing. These findings show that respondents involved in this study were well drawn from different food manufacturing firms involved in the production of various products.

Growth Strategy was hypothesized to have four dimensions that is, market penetration, market development, product development and diversification that positively affect organizational performance.

4.2.4 Market Penetration

The study examined market penetration in firms. Respondents were asked to indicate the extent to which they agreed that the statements on the items of dimensions of market penetration described their firms in response to the objective. Each item had a 5-point Likert-type scale, ranging from 'strongly disagree' (1) to 'strongly agree' (5). To measure the distribution of the responses to the statements, mean and standard deviation was used. The results were presented in Table 4.3.

Table 4. 3: Mean and Standard Deviation for Measures of Market Penetration

Market Penetration Items	N	Mean	Std. Deviation
Focuses on improving performance by reducing prices of existing products in existing markets.	64	3.86	1.05
Convinces current customers to use more of the existing products.	64	4.23	0.50
Acquires a rival in the same market to increase both market share and sales.	64	4.09	0.81
Introduces loyalty schemes and incentives to increase usage by existing customers.	64	4.02	0.88
Overall Mean		**4.05**	

As shown in Table 4.3, the mean score for the market penetration dimension was 4.05 which showed that the responses were not far spread from each other among the respondents thus indicating low variability in response to the statements. The item with the highest score was 'Convinces current customers to use more of the existing products' (M= 4.23, SD=0.50) while the item with the lowest score was 'Focuses on improving performance by reducing prices of existing products in existing markets' (M=3.86, SD= 1.05). The results generally indicated that the respondents agreed with the statements regarding market penetration in their organizations. These results were interpreted to mean that food manufacturing firms agreed that they practice market penetration.

The findings concur with the study conducted by Day (2004) who concluded that firms often penetrate markets by improving the product quality or level of service or attracting nonusers of the products or convincing current customers to use more of the firm's product and consequently increase performance of the firm.

4.2.5 Market Development

The study examined market development of the firms. Respondents were asked to indicate the extent to which they agreed that the statements on items of dimensions of market development described their firms in response to the objective. Each item had a 5-point Likert-type scale, ranging from 'strongly disagree' (1) to 'strongly agree' (5). To measure the distribution of the responses to the statements, mean and standard deviation was used. The results were presented in Table 4.4.

Table 4. 4: Mean and Standard Deviation for Measures of Market Development

Market development Items	N	Mean	Std. deviation
Expands into new geographical markets	64	4.30	0.63
Introduces new distribution channels	64	3.95	0.63
Differentiates pricing policies to capture new markets	64	4.22	0.55
Adopts promotional strategies to inform and persuade new consumers of existing products	64	3.98	0.75
Overall Mean		**4.11**	

Table 4.4 showed that the mean score for market development was 4.11 which reflects that the responses were not very far from each other among the respondents. The respondents almost had the same idea about the statements. The item with the highest score was 'expands into new geographical markets.' (M=4.30, SD=0.63) and the item with the lowest score was 'introduces new distribution channels' (M=3.95, SD=0.63). The results generally indicated that the respondents agreed with the statements regarding market development in their organizations. These results were interpreted to mean that food manufacturing firms agreed that they practice market development.

The findings are consistent with the study conducted by Kotler & Armstrong (2011) who stated that by adopting market development strategies, the management is attempting to sell greater volumes of existing products in new markets, this may involve increasing revenue which is most likely to lead to higher performance.

4.2.6 Product Development

The study examined product development in the firms. Respondents were asked to indicate the extent to which they agreed that the statements on items of dimensions of product development described their firms in response to the objective. Each item had a 5-point

Likert-type scale, ranging from 'strongly disagree' (1) to 'strongly agree' (5). To measure the distribution of the responses to the statements, mean and standard deviation was used. The results were presented in Table 4.5.

Table 4. 5: Mean and Standard Deviation for Measures of Product Development

Product Development Items	N	Mean	Std. Deviation
Develops new products to appeal to the existing market	64	4.31	0.59
Employs differentiation strategy on its products	64	4.61	0.49
Invests in innovation to develop new products	64	3.61	1.08
Modifies features of its existing products to meet the ever-changing customer needs	64	4.06	0.73
Overall Mean		**4.15**	

As shown in Table 4.5, the overall mean for the items for product development was 4.15 which indicated that the respondents agreed with the statements regarding aspects of product development in their organizations to a great extent. The item with the highest mean score was 'employs differentiation strategy on its products' had a mean score of (M= 4.61, SD= 0.49) and the item 'invests in innovation to develop new products' had the lowest score of (M= 3.61, SD= 1.08). The results indicated that the respondents strongly agreed with the statements regarding product development in their organizations. These results indicated that food manufacturing firms agreed that they practice product development.

The findings concur with the study by Rono (2015) which examined the effect of growth strategies on the competitiveness of firms in Kenyan cement industry and concluded that firms were sourcing and using product development strategies as a basis of improving effectiveness and efficiency and hence improved performance.

4.2.7 Diversification

The study examined diversification of the firms. Respondents were asked to indicate the extent to which they agreed that the statements on items of dimensions of diversification described their firms in response to the objective. Each item had a 5-point Likert-type scale, ranging from 'strongly disagree' (1) to 'strongly agree' (5). To measure the distribution of the responses to the statements, mean and standard deviation was used. The results were presented in Table 4.6.

Table 4. 6: Mean and Standard Deviation for Measure of Diversification

Diversification Items	N	Mean	Std. Deviation
Markets new products in new markets	64	3.86	1.05
Conducts an honest assessment of risks involved in undertaking of new products in new markets	64	4.27	0.65
Moves to new related business	64	4.00	0.84
Moves to new unrelated business	64	3.83	0.83
Overall Mean		**3.99**	

As shown in Table 4.6, the overall mean for the items for diversification was 3.99 .The item with the highest mean score was 'Conducts an honest assessment of risks involved in undertaking of new products in new markets' with (M= 4.27, SD= .65) and the item 'Moves to new unrelated business 'had the lowest score of (M= 3.83, SD= 0.83). The results generally indicated that the respondents agreed with the statements regarding diversification in their organizations. These results were interpreted to mean that food manufacturing firms agreed that they practice diversification.

The findings are consistent with the study conducted by Anyango (2007) on the challenges of strategy implementation which found that diversification, if carefully implemented, increases the firm's sales and market share which in turn results into higher performance.

4.2.8 Organizational Performance

The study examined the performance of food manufacturing firms in Nairobi County. Respondents were asked to approximate their firms' performance on each dimension of performance. Each item had a 5-point Likert-type scale, ranging from 'very much decreased' (1) to 'very much increased' (5). The responses were analyzed using mean scores and standard deviations. Higher mean scores indicated stronger agreement on the item and lower mean scores implied strong disagreement. The results were presented in Table 4.7

Table 4. 7: Mean and Standard Deviation for Measures of Organizational Performance

Organizational Performance	N	Mean	Std. Deviation
Market Share	64	4.44	0.59
Sales	64	4.08	0.80
Overall Mean		**4.26**	

As shown in Table 4.7, the mean score for market performance dimension was 4.26. The item ‘market share’ had a higher mean score (M=4.44, SD=.59) and the item ‘sales” had a lower mean score (M= 4.08, SD=.80). This mean score indicates that the respondents generally agreed that their firm’s performance increased due to implementation of the growth strategies.

4.3 Correlation Analysis

Before testing hypotheses, the study sought to examine how the variables of the study: Market penetration, market development, product development, diversification and organizational performance were related. The analysis was done using Pearson correlation. The results of the analysis are presented in Table 4.8.

Table 4. 8: Correlation Matrix for Market Penetration, Market Development, Product Development, Diversification and Organizational Performance

		Organizational Performance	Market Penetration	Market Development	Product Development	Diversification
Organizational performance	Pearson Correlation	1	.815**	.708**	.679**	.764**
	Sig. (1-tailed)		.000	.000	.000	.000
	N	64	64	64	64	64
Market Penetration	Pearson Correlation	.815**	1	.486**	.509**	.645**
	Sig. (1-tailed)	.000		.000	.000	.000
	N	64	64	64	64	64
Market Development	Pearson Correlation	.708**	.486**	1	.408**	.496**
	Sig. (1-tailed)	.000	.000		.001	.000
	N	64	64	64	64	64
Product Development	Pearson Correlation	.679**	.509**	.408**	1	.763**
	Sig. (1-tailed)	.000	.000	.001		.000
	N	64	64	64	64	64
Diversification	Pearson Correlation	.764**	.645**	.496**	.763**	1
	Sig. (1-tailed)	.000	.000	.000	.000	
	N	64	64	64	64	64

**. Correlation is significant at the 0.05 level (1-tailed).

Data was analyzed using Pearson's correlation. Results presented on Table 4.8 indicated that there is a positive significant relationship between market penetration and organizational performance ($r = 0.815$, $p < 0.05$). The findings are in agreement with Allen & Helms (2016) who stated that firms that firms implement market penetration strategies to sell more of their existing products.

Further, data presented on Table 4.8 indicated that there is a positive significant relationship between market development and organizational performance ($r = 0.708$, $p < 0.05$). This finding concurs with Kotler & Armstrong (1996) who concluded that in pursuing a strategy based on market development, management is attempting to sell greater volumes of existing products in new markets and this in turn positively affects the performance of organizations.

The findings also concur with the research done by Spanos & Lioukas (2001) who concluded that market development is directly related to organizational performance and that there existed a positive evidence of the relationship between market development and organizational performance.

The study also found a positive significant relationship between product development and organizational performance ($r = 0.679$, $p < 0.05$). The findings are in agreement with the study done by Leitner & Guldenberg (2010) which stated that product development strategy provides a framework for creating new products or improving the performance, cost or quality of existing products. They further argued that product differentiation strategy was superior in enhancing performance and that development of new products and services in existing markets improve an organization's performance to a greater extent.

The results further indicated that there is a positive significant relationship between diversification and organizational performance ($r = 0.764$, $p < 0.05$). The findings concur with a study conducted by Christensen and Montgomery (2011) which stated that diversification is a strategy in which a new product is developed to serve a completely new market or the same existing market in an effort to beat competition as well as serve the customers better, resulting in enhanced organizational performance. The findings also concur with Njuguna (2008) who concluded that diversification enables the firm to grow as a result of diversifying into new businesses through development of new products and services for new markets to a great extent and that diversification enables firm to achieve growth and enhance its market share to a great extent.

4.4 Hypotheses Testing

This section presents analysis and results of the tests of hypotheses using inferential statistics. The section presents the results of statistical analyses and interpretations of the results in relation to the research hypotheses.

4.4.1 Simple Regression Results for effect of Market Penetration on Organizational Performance

The first objective of this study was to establish the effect of market penetration on organizational performance of food manufacturing firms in Nairobi County. The alternative hypothesis linked to this objective was stated as follows:

HA_1: Market penetration has a positive effect on organizational performance of food manufacturing firms in Nairobi County.

The outcome variable associated with this hypothesis was organizational performance of food manufacturing firms in Nairobi County while market penetration was the predictor variable. The overall composite scores for the two variables were subjected to a standard linear regression and the model summary results are displayed in Table 4.9.

Table 4.9: Simple Regression Results for effect of Market Penetration on Organizational Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.7364	0.5422	0.5348	1.2882

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	121.873	1	121.873	73.4389	.000[b]
	Residual	102.89	62	1.6595		
	Total	224.763	63			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.77	0.451		8.3592	.000
	Market Penetration	0.482	0.121	0.146	3.9835	.000

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Market Penetration

The value of R^2 or coefficient of determination is a measure of how much of the variability in the outcome variable could be accounted for by the independent variable. The results presented in Table 4.9 shows that R^2=0.542, which means that market penetration accounted for 54.2% of the variation in Organizational Performance of food manufacturing firms in Nairobi County. The remaining 45.8% of variation was accounted by other factors.

The ANOVA results ($F= (1, 62) = 73.4389$, $p <0.05$) indicate that the regression model was statistically significant in predicting the effect of market penetration on organizational performance of food manufacturing firms in Nairobi County. Given that market penetration made statistically significant contribution in the prediction of organizational performance of food manufacturing firms in Nairobi County, this study accepted the alternative hypothesis HA_1.

Table 4.9 also shows the regression coefficients associated with the regression model predicting the effect of market penetration on organizational performance of food manufacturing firms in Nairobi County. The table shows that a unit change in market penetration would increase the organizational performance of food manufacturing firms in Nairobi County by a factor of 0.482. The linear regression model was summarized as follows.

$$Y = 3.77 + 0.482X_1 + \varepsilon$$

This implies that there is a positive linear relationship between market penetration and organizational performance of food manufacturing firms in Nairobi County. This means that alternative hypothesis that market penetration has a positive effect on organizational performance of food manufacturing firms in Nairobi County was accepted. The study findings concur with Arkolakis (2008) who highlighted that market penetration is one of the most important growth strategies employed by a few firms and has a positive effect on a firm's performance.

4.4.2 Simple Regression Results for effect of Market Development on Organizational Performance

The second objective of this study was to determine the effect of market development on organizational performance of food manufacturing firms in Nairobi County. The alternative hypothesis linked to this objective was stated as follows:

HA_2: Market development has a positive effect on organizational performance of food manufacturing firms in Nairobi County.

The outcome variable associated with this hypothesis was organizational performance of food manufacturing firms in Nairobi County while market development was the predictor variable. The overall composite scores for the two variables were subjected to a standard linear regression and the model summary results are displayed in Table 4.10.

Table 4.10: Simple Regression Results for effect of Market Development on Organizational Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.7149	0.511	0.5031	1.2777

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	105.782	1	105.782	64.7943	.000[b]
	Residual	101.22	62	1.6326		
	Total	207.002	63			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.15	0.714		4.4118	.000
	Market Development	0.463	0.088	0.146	5.2613	.000

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Market Development

The results presented in Table 4.10 shows that R^2=0.511, which means that market development accounted for 51.1% of the variation in Organizational Performance of food manufacturing firms in Nairobi County. The remaining 48.9% of variation was accounted by other factors.

The ANOVA results (F = (1, 62) = 64.7943, p <0.05) indicate that the regression model was statistically significant in predicting the effect of market development on organizational performance of food manufacturing firms in Nairobi County. Given that market development made statistically significant contribution in the prediction of organizational performance of food manufacturing firms in Nairobi County, this study accepted the alternative hypothesis HA_2.

Table 4.10 also shows the regression coefficients associated with the regression model predicting the effect of market development on organizational performance of food manufacturing firms in Nairobi County.

The table also shows that a unit change in market development would increase the organizational performance of food manufacturing firms in Nairobi County by a factor of 0.463.

$$Y = 3.15 + 0.463X_{1+}\varepsilon$$

This implies that there is a positive linear relationship between market development and organizational performance of food manufacturing firms in Nairobi County. This means that alternative hypothesis that market development has a positive effect on organizational performance of food manufacturing firms in Nairobi County was accepted. This finding concurs with Kotler and Armstrong (1996) who conducted a study on the principles of marketing and concluded that in pursuing a strategy based on market development, management is attempting to sell greater volumes of existing products in new markets and this in turn positively affects the performance of organizations.

4.4.3 Simple Regression Results for Effect of Product Development on Organizational Performance

The third objective of this study was to examine the effect of product development on organizational performance. The alternative hypothesis linked to this objective was stated as follows:

HA_3: Product development has a positive effect on organizational performance of food manufacturing firms in Nairobi County.

The outcome variable associated with this hypothesis was organizational performance of food manufacturing firms in Nairobi County while product development was the predictor variable. The overall composite scores for the two variables were subjected to a standard linear regression and the model summary results are displayed in Table 4.9.

Table 4.11: Simple Regression Results for Effect of Product Development on Organizational Performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.707	0.4998	0.4917	1.3663		
ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	115.652	1	115.652	61.9534	.000[b]
	Residual	115.739	62	1.8668		
	Total	231.391	63			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.67	0.761		3.5085	.000
	Product Development	0.398	0.188	0.146	2.117	.000

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Product Development

The results presented in Table 4.11 shows that R^2=0. 4998, which means that product development accounted for 49.98% of the variation in organizational performance of food manufacturing firms in Nairobi County. The remaining 50.02% of variation was accounted by other factors.

The ANOVA results (F= (1, 62) = 61.9534, p <0.05) indicate that the regression model was statistically significant in predicting the effect of product development on organizational performance of food manufacturing firms in Nairobi County. Given that product development made statistically significant contribution in the prediction of organizational performance of food manufacturing firms in Nairobi County, this study accepted the alternative hypothesis HA_3.

Table 4.11 also shows the regression coefficients associated with the regression model predicting the effect of product development on organizational performance of food manufacturing firms in Nairobi County. The table shows that a unit change in product development would increase the organizational performance of food manufacturing firms in Nairobi County by a factor of 0. 398.

The linear regression model was summarized as follows.

$$Y = 2.67 + 0.398X_{1+}\varepsilon$$

This implies that there is a positive linear relationship between product development and organizational performance of food manufacturing firms in Nairobi County. This means that alternative hypothesis that product development has a positive effect on organizational performance of food manufacturing firms in Nairobi County was accepted. The findings are in agreement with the study done by Leitner & Guldenberg (2010) which stated that product development strategy provides a framework for creating new products or improving the performance, cost or quality of existing products. They further argued that product differentiation strategy was superior in enhancing performance and that development of new products and services in existing markets improve an organization's performance to a greater extent.

4.4.4 Simple Regression Results for Effect of Diversification on Organizational Performance

The fourth objective of this study was to establish the effect of diversification on organizational performance of food manufacturing firms in Nairobi County. The alternative hypothesis linked to this objective was stated as follows:

HA_4: Diversification has a positive effect on organizational performance of food manufacturing firms in Nairobi County.

The outcome variable associated with this hypothesis was organizational performance of food manufacturing firms in Nairobi County while diversification was the predictor variable. The overall composite scores for the two variables were subjected to a standard linear regression and the model summary results are displayed in Table 4.12.

Table 4.12: Simple Regression Results for Effect of Diversification on Organizational Performance

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		0.6881	0.4734	0.4649	1.3897	
ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	107.652	1	107.652	55.7414	.000[b]
	Residual	119.739	62	1.9313		
	Total	227.391	63			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.03	0.583		3.482	.000
	Diversification	0.263	0.019	0.146	13.842	.000

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Diversification

The results presented in Table 4.12 shows that R^2=0. 4734, which means that diversification accounted for 47.34% of the variation in organizational performance of food manufacturing firms in Nairobi County. The remaining 54.66% of variation was accounted by other factors.

The ANOVA results (F= (1, 62) = 55.7414, p <0.05) indicate that the regression model was statistically significant in predicting the effect of diversification on organizational performance of food manufacturing firms in Nairobi County. Given that diversification made statistically significant contribution in the prediction of organizational performance of food manufacturing firms in Nairobi County, this study accepted the alternative hypothesis HA_4.

Table 4.12 also shows the regression coefficients associated with the regression model predicting the effect of diversification on organizational performance of food manufacturing

firms in Nairobi County. The table shows that a unit change in diversification would increase the organizational performance of food manufacturing firms in Nairobi County by a factor of 0.263.

The linear regression model was summarized as follows.

$$Y = 2.03 + 0.263X_{1+}\varepsilon$$

This implies that there is a positive linear relationship between diversification and organizational performance of food manufacturing firms in Nairobi County. This means that alternative hypothesis that diversification has a positive effect on organizational performance of food manufacturing firms in Nairobi County was accepted. The findings with a study conducted by Christensen & Montgomery (2011) who stated that diversification is a product-market growth strategy in which a new product is developed to serve a completely new market or the same existing market in an effort to beat competition as well as serve the customers better, resulting in enhanced organizational performance.

4.5 Effect of Growth Strategies on Organizational Performance

The study sought to establish the joint effect of growth strategy dimensions on organizational performance. It was hypothesized (HA5) that market penetration, market development, product development and diversification jointly had a positive effect on organizational performance. The hypothesis was tested using multiple regression. The results of the analysis were presented in Table 4.13.

Table 4.13: Multiple Regression Results for Effect of Market Penetration, Market Development, Product Development and Diversification on Organizational Performance.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.925[a]	.856	.846	.82277

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	237.477	4	59.369	87.701	.000[b]
	Residual	39.940	59	.677		
	Total	277.417	63			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.877	.485		1.809	.006
	Market Penetration	.745	.110	.453	6.790	.000
	Market Development	.704	.126	.329	5.589	.000
	Product Development	.384	.156	.188	2.457	.017
	Diversification	.316	.167	.165	1.886	.005

a) Predictors: (Constant), market penetration, market development, product development and diversification.

(b) Organization Performance (Dependent Variable)

From the findings in Table 4.13, the value of R squared was 85.6 %, this shows that there was variation of 85.6 percent on performance of food manufacturing firms due to changes in market penetration, market development, product development and diversification. The remaining 14.4% of variation was accounted by other factors.

The ANOVA results indicate that the model was statistically significant ($F = 87.701$, $p < 0.05$). The calculated value $F=87.70$, showed that market penetration, market development, product development and diversification strategy all positively affect the performance of food

manufacturing firms. The significance value $p < 0.05$ indicated that the model is significant and that the data was ideal for drawing conclusions on the population parameters.

The standardized coefficients show that the effect of market penetration on organizational performance was positive and significant ($\beta = 0.453$, $t = 6.790$, $p = 0.000 < 0.05$), the effect of market development on organizational performance was positive and significant ($\beta = 0.329$, $t = 5.589$, $p = 0.000 < 0.05$), the effect of product development on organizational performance was positive and significant ($\beta = 0.188$, $t = 2.457$, $p = 0.017 > 0.05$) and the effect of diversification on organizational performance was positive and significant ($\beta = 0.165$, $t = 1.886$, $p = 0.005 > 0.05$). This shows that market penetration has the greatest effect on organizational performance and is significant ($\beta = 0.453$; p 0.000< 0.05). The full regression model on Table 4.13 depicts that all the dimensions of growth strategies have positive and significant effect on organizational performance. From the unstandardized coefficient, the following regression model was developed;

$$Y = 0.877 + 0.745 X_1 + 0.704 X_2 + 0.384 X_3 + 0.316 X_4 + \varepsilon$$

The unstandardized coefficients show that holding market penetration, market development, product development strategies and diversification strategy to a constant, strategy performance of food manufacturing firms would be at 0.877, a unit increase in market penetration strategies would lead to an increase in performance of food manufacturing firms by a factor of 0.745, a unit increase in market development strategies would lead to an increase in performance of food manufacturing firms by factors of 0.704, a unit increase in product development strategies would lead to an increase in performance of food manufacturing firms by a factor of 0.384 and a unit increase in diversification strategy would lead to an increase in performance of food manufacturing firms by a factors of 0.316. In this regard therefore, we accept hypothesis HA5 which states that market penetration**,** market development, product development and diversification jointly have a positive effect on organizational performance. The findings concur with Allen & Helms (2016) who stated that firms that implement market penetration strategies tend to sell more of their existing products thus perform better than firms that don't.

4.5.1 Summary of Hypothesis Testing

According to ANOVA, tests are performed on individual independent variables to determine which regression coefficient may be zero and which one may not. The conclusion was based on the basis of p-value where if the alternative hypothesis of the p-value was rejected then the overall model was insignificant and if alternative hypothesis was not rejected the overall model was significant. In other words, if the p-value was less than 0.05 then the researcher concluded that the overall model was significant and has good predictors of the dependent variable and that the results were not based on chance. If the p-value was greater than 0.05 then the model was not significant and could not be used to explain the variations in the dependent variable. The results however indicated that there was a significant relationship between the independent variable and dependent variable.

The first hypothesis was HA_1: Market penetration has a positive effect on organizational performance of food manufacturing firms in Nairobi County. Since the P-value is 0.000, which was less than 0.05, then we fail to reject the hypothesis and it was concluded that there is a significant effect of market penetration on organizational performance of food manufacturing firms in Nairobi County.

The second hypothesis was HA_2: Market development has a positive effect on organizational performance of food manufacturing firms in Nairobi County. Since the P-value is 0.000, which was less than 0.05, then we fail to reject the hypothesis and it was concluded that there is a significant effect of market development on organizational performance of food manufacturing firms in Nairobi County.

The third hypothesis was HA_3: Product development has a positive effect on organizational performance of food manufacturing firms in Nairobi County. Since the P-value is 0.000, which was less than 0.05, then we fail to reject the hypothesis and it was concluded that there is a significant effect of product development on organizational performance of food manufacturing firms in Nairobi County.

The fourth hypothesis was HA_4: Diversification has a positive effect on organizational performance of food manufacturing firms in Nairobi County. Since the P-value is 0.000, which was less than 0.05, then we fail to reject the hypothesis and it was concluded that there is a positive effect of diversification on organizational performance of food manufacturing firms in Nairobi County.

The fifth hypothesis was HA_5: Market penetration, market development, product development and diversification jointly had a positive effect on organizational performance of food manufacturing firms in Nairobi County. Since the P-value is 0.000, which was less than 0.05, the hypothesis was accepted and it was concluded that market penetration, market development, product development and diversification jointly had a positive effect on organizational performance.

Table 4.14: Summary of Hypotheses Testing

Hypothesis	**Coefficient P-Values**	**Conclusion**
HA_1: Market penetration has a positive effect on organizational performance of food manufacturing firms in Nairobi County	P=0.000<0.05	**Accept HA_1**
HA_2: Market development has a positive effect on organizational performance of food manufacturing firms in Nairobi County	P=0.000<0.05	**Accept HA_2**
HA_3: Product development has a positive effect on organizational performance of food manufacturing firms in Nairobi County	P=0.000<0.05	**Accept HA_3**
HA_4: Diversification has a positive effect on organizational performance of food manufacturing firms in Nairobi County	P=0.000<0.05	**Accept HA_4**
HA_5: Market penetration**,** market development, product development and diversification jointly have a positive effect on organizational performance of food manufacturing firms in Nairobi County	P=0.000<0.05	**Accept HA_5**

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMENDATIONS

5.1 Introduction

This chapter presents the summary of the research findings, conclusions and recommendations of the study. The chapter discusses summary of findings regarding the research objectives, hypotheses and conclusions of the study. Finally, the chapter discusses implications of the study to management theory and practice and directions for further research.

5.2 Summary of the Findings

The first objective of the study was to determine the effect of market penetration on organizational performance. The findings revealed a positive relationship between the dimensions of market penetration and organizational performance, supporting Hypothesis HA_2. Further, the findings show that market penetration had a significant positive effect on organizational performance.

The second objective of the study was to determine the effect of market development on organizational performance. The findings revealed a positive relationship between market development and organizational performance, supporting hypothesis HA_2. Further, the findings show that market development had a significant positive effect on organizational performance.

The third objective of the study was to determine the effect of product development on organizational performance. The findings revealed a positive relationship between product development and organizational performance, supporting hypothesis HA_3. Further, the findings show that product development had a significant positive effect on organizational performance.

The fourth objective of the study was to determine the effect of diversification on organizational performance. The findings revealed a positive significant relationship between diversification and organizational performance, therefore, hypothesis HA_4 was accepted. Further, the findings revealed that diversification had a significant positive effect on organizational performance.

The fifth objective of the study was to determine the joint effect of market penetration, market development, product development and diversification on organizational

performance. The findings revealed a positive significant relationship between the combination of market penetration, market development, product development and diversification, therefore, hypothesis HA_5 was accepted. Further, the findings revealed that the joint effect of market penetration, market development, product development and diversification had a significant positive effect on organizational performance.

5.3 Conclusions

The broad objective of this study was to examine the effect of growth strategies on organizational performance. The specific objectives of the study were to determine the effect of market penetration on organizational performance; establish the effect of market development on organizational performance; determine the effect of product development on organizational performance; to establish the effect of diversification on organizational performance and establish whether the joint effect of market penetration, market development, product development and diversification on organizational performance is greater than the effect of individual variables.. The findings of the study lead to the following conclusions:

There is a linkage between market penetration and performance of food manufacturing firms in Kenya; and market penetration has a positive effect on the performance of the firms. The finding confirms that market penetration is crucial in enhancing organizational performance. Hence, higher levels of market penetration would result in higher levels of organizational performance.

There is a linkage between market development and performance of food manufacturing firms in Kenya; and market development has a positive effect on the performance of the firms. The finding confirms that market development is crucial in enhancing organizational performance. Hence, higher levels of market development would result in higher levels of organizational performance.

The study further showed that there is a linkage between product development and performance of food manufacturing firms in Kenya; and product development has a positive effect on the performance of the firms. The finding confirms that product development is crucial in enhancing organizational performance. Hence, higher levels of product development would result in higher levels of organizational performance.

The study also shows that there is a linkage between diversification and performance of food manufacturing firms in Kenya; and diversification has a positive effect on the performance of

the firms. The finding confirms that diversification is crucial in enhancing organizational performance. Hence, higher levels of diversification would result in higher levels of organizational performance.

Finally, the results show that the combined effect of market penetration, market development, product development and diversification on organizational performance is greater than the effect of individual growth strategies alone. This shows that integrating market penetration, market development, product development and diversification achieves greater effect on organizational performance than that of individual growth strategies alone.

5.4 Recommendations of the Study

This study was based on the Strategic management Model by Porter (1985) to determine the effect of market penetration, market development, product development, and diversification on organizational performance. The findings of the study conducted in food manufacturing firms in Nairobi County have various implications for management policy and practice explained below as well as recommendation for future research.

5.4.1 Recommendations for Management Policy and Practice

This study has implications to management policy and practice. First, the study confirmed a positive linkage between market penetration and organizational performance. This implies that implementation of market penetration is essential for a healthy organization. Thus, to improve organizational performance, firms need to focus resources on market penetration.

Further, the study revealed that market development has a positive effect on organizational performance. This implies that pursuit of market development is essential for a healthy organization. Thus, to improve organizational performance, firms need to focus resources on market development.

Thirdly, the study reveals that product development has a positive effect on organizational performance. This implies that pursuit of product development is essential for a healthy organization. Thus, to improve organizational performance, firms need to focus resources on product development.

The study reveals that diversification has a positive effect on organizational performance. This implies that implementation of diversification is essential for a healthy organization. Thus, to improve organizational performance, firms need to focus resources on diversification.

Fourth, the results show that the joint effect of market penetration, market development, product development and diversification is greater that the individual effect of the growth strategies on organizational performance. This implies that to enhance organizational performance, executive officers need to integrate growth strategies in their resource allocation to achieve a higher organizational performance.

5.4.2 Recommendations for Further Research

This study contributes to the understanding of the effect of growth strategies on organizational performance. However, further research is necessary to address some of the limitations of this study and extend this stream of research.

This study adopted a cross-sectional survey. Such studies have limitations on providing explanations on the linkage between variables. A longitudinal study could increase understanding of the influence of contingency factors on effect of growth strategies on organizational performance. Thus, future research should adopt longitudinal research design in data collection to enhance understanding of the relationship between the variables.

The study should be replicated in service sector and other countries. Such replication could further determine whether the results of this study can be generalized to other sectors or countries with different contextual conditions. This will enhance understanding of the relationship between growth strategies and organizational performance in different contexts.

The respondents of this study were executive officers and one respondent was used in each organization to collect data. To minimize the effect of single respondent bias, future research can use multiple respondents including executive officers and middle executive officers.

In this study, growth strategies were conceptualized using the widely used conceptualization in terms of organic growth strategies as per the Ansoff matrix. Future research should broaden the conceptualization of growth strategies to include other inorganic growth strategies such as mergers and takeovers.

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APPENDICES

Appendix I: Questionnaire

Introduction

I am an MBA (Strategic Management) student at Egerton University. The purpose of this questionnaire is to gather information on the effect of growth strategies on the performance of food manufacturing firms in Nairobi County. The information provided for this research will be purely for academic purposes and will be treated with utmost confidentially. The research will be carried out from July-December 2018.

Questionnaire was adopted from University of Ljubljana Faculty of Social Sciences 2006 Organizational Growth Assessment.

SECTION A: Firm's Profile

Please tick the appropriate box for the questions that follow below:

1. Position of the respondent _____

2. Ownership of the firm. (Please tick where appropriate)

   a) Private [ ] (b) Majority Local [ ]

   b) Public [ ] (b) Majority Foreign [ ]

3. Years in operation

   5 years and below [ ] 6-10 years [ ] 11-19 years [ ] over 20 years [ ]

4. Number of permanent employees

   Less than 10 [ ] between 11-50 [ ] between 51-100 [ ] above 100 [ ]

5. Nature of business of the manufacturing Firm.

   Alcoholic beverages [ ] Cocoa, Chocolate & Sugar [ ] Tobacco [ ]

   Bakers and Millers [ ] Juices/Waters/Soft Drinks/Dairy [ ] Vegetable Oils [ ]

   Slaughtering/Meat Preparation and Preservation [ ]

SECTION B: Growth Strategies

1. To For each of the following growth strategies, indicate your level of agreement on how the statements characterize your firm; where 1= strongly disagree, 2= disagree, 3= Neutral, 4= agree and 5= strongly agree. (Please tick where appropriate)

Market Penetration	1	2	3	4	5
Focuses on improving performance by reducing prices of existing products in existing markets					
Convinces current customers to use more of the existing products through advertisement and sales promotion					
Acquires a rival in the same market to increase both market share and sales					
Introduces loyalty schemes and incentives to increase usage by existing customers					
Market Development	1	2	3	4	5
Expands into new geographical markets					
Introduces new distribution channels					
Differentiates pricing policies to capture new markets					
Adopts promotional strategies to inform and persuade new consumers of existing products					
Product Development	1	2	3	4	5
Develops new products to appeal to the existing market					
Employs differentiation strategy on its products					
Invests in innovation to develop new products					
Modifies features of its existing products to meet the ever-changing customer needs					
Diversification	1	2	3	4	5
Markets new products in new markets					
Conducts an honest assessment of risks involved in undertaking of new products in new markets					
Moves to new related business					
Moves to new unrelated business					

Section C: Organizational Performance

2. For each of the following dimensions of organizational performance, tick as appropriate to indicate your perception of change in the dimension in your firm on average in the last 3 years, where 1= very much decreased, 2 = Decreased, 3 = Not Changed, 4=Increased, 5= Very Much Increased. (Please tick where appropriate)

Organizational Performance	1	2	3	4	5
Market Share					
Sales					

Thank you for your participation.

Appendix II: Food Manufacturing Firms in Nairobi

Alcoholic Beverages

1. Africa Spirits Limited
2. London Distillers
3. EA Breweries
4. Kenya Breweries Ltd.
5. Erdemann Co.
6. Global Merchants
7. Kenya Wine Agencies

Bakers and Millers

1. Pembe Flour Mills
2. Rafiki Millers LTD.
3. Unga Group
4. Kamili Packers
5. Kapa Oil Refineries
6. Tri-Clover Industries
7. Barley EAML Ltd
8. Jambo Biscuits
9. Bakers Corner Ltd.
10. Ennsvalley Bakery Ltd.
11. Mini Bakeries Ltd.
12. Company (K)
13. Proctor & Allan (E.A) Ltd
14. Manji Food Industries
15. Danone Baby Nutrition
16. Haco Tiger Bands

17. Gonas Best Ltd
18. Chirag Kenya Limited
19. Tropikal Brand (Afrika) Ltd.
20. DPL Festive Ltd.
21. Spice World
22. Nairobi Flour Mills
23. Premier Flour Mills
24. Mayfeeds Kenya Limited
25. Melvin Marsh International
26. Promasidor Kenya Limited
27. Wanji Food Industries Ltd
28. Belfast Millers
29. Biofood Products
30. Value Pack Foods

Cocoa, Chocolate and Sugar

1. Cadbury Kenya Limited
2. C. Dormans Ltd
3. Chandaria Industries
4. Candy Kenya Ltd.
5. Kenafric Industries Ltd.
6. Kenya Sweets Ltd.
7. Kwality Candies & Sweets Ltd.
8. Kenya Nut Company
9. Nestle Foods Kenya
10. Patco Industries Ltd
11. Pearl Industries

12. Wrigley Company EA
13. Desbro Kenya Ltd
14. Kenafric Dairies
15. Premiere Food Industries
16. Tru Foods Ltd
17. C.Czarnikorv Sugar EA
18. Al-Mahra Industries
19. Kenya Tea Development Agency

Juices/Water/Carbonated Soft Drinks/Dairy

1. Aquamist Ltd.
2. Excel Chemicals Ltd
3. Kevian Kenya Ltd
4. Europack Industries Ltd
5. Avoken Limited
6. Razco Ltd
7. Glaciers Products
8. Beverage Services Ltd
9. Miritini Kenya Ltd
10. Pristine International
11. Coca-cola East and Central Africa Ltd
12. Kuguru Food Complex Limited
13. Nairobi Bottlers
14. SBC Kenya Ltd
15. Green Forest Foods
16. Bounty Ltd
17. Trust Feeds Ltd

18. New KCC Ltd
19. Sameer Agriculture& Livestock Kenya Ltd.
20. Palmhouse Dairies

Tobacco

1. British American Tobacco Kenya Ltd.
2. Mastermind Tobacco Ltd

Vegetable Oils

1. Edible Oil Products
2. Giloil Company Limited
3. Frigoken Ltd

Slaughtering /Preparation and Preservation of Meat

1. Kenchic Ltd
2. Highland Canners Ltd
3. Alpha Fine Foods Ltd.
4. W.E Tilley Ltd
5. Farmers Choice Ltd
6. East African Sea Food Ltd.

Total Number of Food Manufacturing firms in Nairobi = 87

Source: Kenya Association of Manufacturers Directory (2017)

Appendix III: Target Sample

Alcoholic Beverages

1. Africa Spirits Limited
2. EA Breweries
3. Kenya Breweries Ltd.
4. Erdemann Co.
5. Global Merchants
6. Kenya Wine Agencies

Bakers and Millers

1. Pembe Flour Mills
2. Rafiki Millers LTD.
3. Kapa Oil Refineries
4. Tri-Clover Industries
5. Barley EAML Ltd
6. Mini Bakeries Ltd.
7. Proctor & Allan (E.A) Ltd
8. Manji Food Industries
9. Danone Baby Nutrition
10. Haco Tiger Bands
11. Gonas Best Ltd
12. Chirag Kenya Limited
13. Tropikal Brand (Afrika) Ltd.
14. DPL Festive Ltd.
15. Spice World
16. Nairobi Flour Mills
17. Premier Flour Mills

18. Mayfeeds Kenya Limited
19. Melvin Marsh International
20. Promasidor Kenya Limited
21. Wanji Food Industries Ltd
22. Belfast Millers
23. Biofood Products
24. Value Pack Foods

Cocoa, Chocolate and Sugar

1. Candy Kenya Ltd.
2. Kenya Sweets Ltd.
3. Kwality Candies & Sweets Ltd.
4. Kenya Nut Company
5. Nestle Foods Kenya
6. Patco Industries Ltd
7. Pearl Industries
8. Wrigley Company EA
9. Desbro Kenya Ltd
10. Kenafric Dairies
11. Premiere Food Industries
12. Tru Foods Ltd
13. C.Czarnikorv Sugar EA
14. Al-Mahra Industries
15. Kenya Tea Development Agency

Juices/Water/Carbonated Soft Drinks/Dairy

1. Excel Chemicals Ltd
2. Europack Industries Ltd
3. Avoken Limited
4. Razco Ltd
5. Glaciers Products
6. Beverage Services Ltd
7. Miritini Kenya Ltd
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12. Bounty Ltd
13. Trust Feeds Ltd
14. New KCC Ltd
15. Sameer Agriculture& Livestock Kenya Ltd.
16. Palmhouse Dairies

Tobacco

1. British American Tobacco Kenya Ltd.
2. Mastermind Tobacco Ltd

Vegetable Oils

1. Edible Oil Products
2. Giloil Company Limited
3. Frigoken Ltd

Slaughtering /Preparation and Preservation of Meat

1. Highland Canners Ltd
2. Alpha Fine Foods Ltd.
3. W.E Tilley Ltd
4. Farmers Choice Ltd
5. East African Sea Food Ltd.

Target Sample of Food Manufacturing firms in Nairobi = 71

Source: Kenya Association of Manufacturers Directory (2017)