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Growth Strategies and Performance of Selected Milk Processing Companies in Kenya

Elizabeth Wangui Mwangi[1] **and Gakobo, J., PhD**[2]

[1]*Correspondent Author, Department of Business Administration*

[2]*Department of Business Administration, School of Business, Kenyatta University*

ABSTRACT

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

Key Words: *Organization Growth, Growth Strategies, Performance, Milk Processing Companies in Kenya*

1. INTRODUCTION

Internationally, milk production makes a noteworthy contribution to the economy (FAO, 2011). Milk and its product usage is fundamental in the entire world. The dynamics that influence milk generation have a tendency to contrast from nation to nation (Nyariki and Thirtle, 2000). It has an outstanding aptitude in the handling and conveyance of new dairy items, especially fresh sanitized liquid milk. Fresh liquid milk is one of the characterizing attributes of the British eating regimen. The British liquid milk sector has put resources into best in class preparing services to benefit of the market securely, productively and reasonably. This is coordinated to similarly world class skill in coordination to disseminate a top notch perishable item through a chilled circulation chain day by day everywhere throughout the nation, consistently, for quite a while (Bond and Benton, 2013). The milk processing firm's performance is influenced by the embraced marketing techniques. The growth strategies focus on the milk products qualities as well as market competition. The organizational components consists of financial decision, liquidity in addition to the company productivity. It can be noted that the proportion of aggregate commitment to leverage. According to Adams and Buckle, (2000) the adopted growth strategies has a significant impact on the company profitability.

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

Consistent interests in research and development, joined with a long, rich legacy of gifted workmanship, bolster the United States' consistency in conveying amazing dairy items and constituents. As worldwide interest for dairy keeps on rising, the U.S. dairy industry is addressing the difficulty (USDA, 2016). U.S. dairy providers today are receptive to worldwide clients' needs, with deals endeavors progressively upheld by workplaces and delegates everywhere. The business is additionally completely put resources into conveying a product portfolio that meets the choice, particulars and bundling worldwide clients seek. The result has been a sharp upward direction in trades, accomplishing consecutive records every year from 2010 through 2014. This unfaltering export development insists the United States' long haul sense of duty regarding cooperative organizations with global clients. In Africa, around 15% of the aggregate milk produced is prepared to standard goods (cheese, yogurt, margarine, and so on). Over 70% of aggregate generation experiences casual markets or is expended on the homestead. Milk consumption in Africa is enormously affected by customs and cultures. The nations with the most elevated per-capita utilization in Sub-Saharan Africa are Sudan, Mauritania, Botswana and Kenya (ILRI 2003). Dairy patterns and production frameworks have been significantly impacted by strategies. A few strategies have been recommended for advancement of the dairy segment of African nations, with every nation laying accentuation on various parts of the dairy chain. Most arrangements grow from an idea that, the dairy division will understand an incredible effect if the generation and efficiency of milk is expanded at national level to at any rate keep up independence, subsequently lessening imports (Nielsen, 2014).

Advertisement of the promoting and utilization of milk and dairy products is one of the significant territories of intermediation in the region. Advertising is a critical part of the dairy chain. Nearness of near to business sectors for drain and dairy items is a key persuading factor for milk retailers. The advancement of promoting will require social affair of milk from a few makers, changing it to a satisfactory attractive item and conveying it to purchasers at the alluring time and at a reasonable value (FAO, 2011). Because of high expenses caused in milk collection and cooling, it is requested that bigger volumes be taken care of to decrease unit expenses of exchanges. A typical method for doing this is the establishment of cooling systems for milk production zones and the associations of agriculturists into dairy enterprises (D'Haese et al 2005). It is additionally essential to take note of that a negligible milk supply level is required for beneficial operation of such units. Support of formal and casual markets for milk is a typical strategy range looked upon (D'Haese *et al* 2005; Leksmono, *et al* 2006). Promoting strategies are most helpful when they oblige arrangements that energize milk consumption, particularly in Western and Central African nations, where the per capita utilization is still low. In Uganda, for instance the DDA (Dairy Development Authority) advance consumption of milk adverts on printed notices, in daily papers and over the radio. Mottos promoting milk utilization are additionally regular among the general population of Uganda. Advancement of milk utilization through a selection of the School Milk Program in Southern and Eastern Africa has additionally prompted extraordinary changes in the dairy part, as it supposedly improves on the incomes of milk producers and improving children’s health (Saamanya, 2005).

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

Kenya is sold raw directly by makers to buyers or through the casual milk market. Most recent figures demonstrate that there are four major dairies processing over 100,000 liters for each day. These dairies consists of Brookside, New KCC, Sameer Agriculture and Livestock and Githunguri Dairy Co-agent Society Other medium level dairies preparing not as much as this sum yet with a critical admission incorporate Kinangop, Meru Dairy Co-agent Society, and Kabianga Dairy. Smaller professional dairies incorporate Bio Food Products, Razco Ltd, Raka Cheese, Brown's Cheese and Alpha Dairy. Fresh liquid white milk is the prevalent milk product produced in the country, representing the 60-70% of the aggregate production. Surrounding temperature long timeframe of realistic usability products are likewise generally produced by the big milk firms, particularly in their endeavor to wipe out overabundance milk amid the flush time frames. High esteem products including characterized milk, yogurt, refined milk (referred to locally as Maziwa lala), margarine, ghee and cream are delivered by a greater part of the medium to substantial scale dairies. The vast majority of the littler expert dairies create yogurt, cheddar and dessert, solely or with a couple of different products.

2. PROBLEM STATEMENT

The dairy industry is one of the most rapidly expanding sub sectors in Kenya. According to the Kenya Dairy Board, the annual volume of milk going to the milk processing plants has increased to 516 million liters in 2010 as compared to 144 million liters in 2002 (an increase of 258.33%). The industry is also a major source of livelihood to a large majority of Kenyans and it contributes to about 8% of Kenya's GDP and acts as a source of income and employment to over 1.5 million small holder dairy farmers in addition to 500,000 direct jobs in milk transportation, processing and distribution and a further 750,000 in related support services. Due to this rapid expansion of the dairy sector, all the dairy firms in the industry need to develop and implement sound and competitive strategies in order to guarantee acceptable performance in the competitive environment. There is stiff competition among the various milk-processing firms in Kenya since they compete for the same customers. After the liberalization of the dairy sector in 1992, several milk-processing firms have entered the market and thus this has caused stiff competition in the industry. This cutthroat competition for the market has witnessed the collapse of some dairy firms with some not growing at all in the market. In some cases business takeovers has been evident as was the cases with Brookside 5 dairy ltd buying over the then Delamere dairies and Spin Knit dairy ltd. To consolidate its operations and strength in the market. The main question is what strategies dairy firms can employ in order to achieve a competitive advantage over their competitors in the market and whether these strategies adopted help meet their performance expectations efficiently and effectively. The expansion requires the involvement of microfinance to these industries. Most of the milk is still being sold in the informal sector as raw milk and it poses public health risks (Muriuki, Omore, Hooton, Waithaka, Ouma, Staal & Odhiambo, 2003). This is an indication of a high opportunity of exploitation in this industry. The performance is largely dependent on strategic practices. Minimal information exists on how market forces affect performance of dairy industries in Kenya. In addition, previous studies have focused on description only while this study was analytical to look at relationships between variables. It is in this view that this study aimed to assess the influence of growth strategies on performance of Milk Processing companies in Kenya.

3. OBJECTIVES OF THE STUDY

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

The study was guided by the following objectives;

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

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

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

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

4. THEORETICAL REVIEW

4.1 Porter's Five Forces Model

Michael Porter analyzed the competitive strength and position of a business organization into five forces model (Porter, 1980). Porter notes that the five forces namely; Power of Suppliers, Bargaining power of buyers, Threat of new market entrants, threat of substitutes and existing competitive rivalry between suppliers drive competition in the market. The model can help firms to assess the nature of an industry's competitiveness in addition, develop corporate strategies accordingly. The framework allows a business to identify and analyze the important forces that determine profitability of an industry. It is a strong marketing tool for any business. This theory is relevant to this study in that it show how companies marketing strategies helps the firm to improve their bargaining power. The theory guides the study based on the fact that ability of customers to put the firm under pressure, also affects the customers' sensitivity to price changes. Porter recommends that firms take measures to reduce buyer power, such as implementing a loyalty program. He notes that the buyer power is high if the buyer has many alternatives and low if they act independently i.e. if a large number of customers will act with each other and ask to make prices low, the company will have no other choice because of large number of customer's pressure. Porter gives potential factors to this force as buyer concentration to firm concentration ratio, degree of dependency upon existing channels of distribution and bargaining leverage, particularly in industries with high fixed costs (Justis, 2003). Other factors include buyer-switching costs relative to firm switching costs, buyer information availability and force down prices. Porter also includes availability of existing substitute products, buyer price sensitivity and differential advantage or uniqueness of industry products as well as the total amount of trading as additional potential factors to this force (Bogdanov, 2015).

The theory shows how the bargaining power of suppliers is another competitive force. Suppliers of raw materials, component, labor and service to the firm can be a source of power over the firm when there are few substitutes. Suppliers, notes Porter, may refuse to work with the firm or charge excessively high prices for unique resources. According to Porter, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. The potential factors to this force are sustainable competitive advantage through innovation, competition between online and offline companies, level of advertising expense and powerful competitive strategy (McNamara & Watson, 2005). Other factors include firm concentration ration and degree of transparency. Porters five forces has been applied to a diverse range of problems, from helping businesses become more profitable to helping governments stabilize industries (Bamiatzi & Hult, 2016). The dairy industry in Kenya is a very competitive sector. Therefore, the dairy firms need to adopt viable growth strategies to enable them remain competitive. The Porters theory provides a suitable framework that can enable the firms in the dairy industry come up with strategies that can enable it survive in the industry and increase sustainability. Through analysis of the Five Forces of the model, the companies are able to come up with the strengths and the weaknesses of an organization and create a plan for a stronger position within the industry. The theory provides the opportunity to examine and evaluate complex interactions of competitors in the industry in a structured way. The goal of the Five Forces framework is not only to assess industry profitability and attractiveness but also to comprehend the underpinnings of competition and the root causes of profitability. This model can help firms in the dairy industry to assess the nature of an industry's competitiveness and initiate corporate strategies accordingly. The framework allow the firms to identify and analyze the important forces that determine profitability of an industry.

4.2 The Resource Based View

The Resource Based View model was formalized by Barney (1991), in spite of the reality the Wernerfelt (1984) presented the possibility of asset situating obstructions practically equivalent to entry hindrances. The RBV system joins the inside (core competence) and outside (industry structure) points of view on procedure. Assets are all the more comprehensively characterized to be physical (property rights, capital), impalpable (mark names, mechanical skill), or authoritative (schedules or procedures like lean assembling). The Resource Based View of firms depends on the idea of monetary lease and the thought of an association as a gathering of abilities (Kay, 2000). While customary system models concentrate on the association's outside aggressive condition, the RBV highlights the requirement for a fit between the outer market setting in which a firm works and its inward abilities. From this point of view, the inside condition of an association, as far as its assets and abilities, is the basic factor for the assurance of key activity. This assumption argues that the ownership of key assets gives an association a magnificent chance to create upper hands over its adversaries (Barney 1991). These upper hands thus can enable the association to appreciate solid benefits. Barney includes that a strategic resource is an advantage that is important, uncommon, hard to impersonate and non-substitutable. He additionally noticed that a resource is significant to the degree that it enables a firm to make procedures that exploit openings and avert dangers. A hierarchical culture that motivates representatives to do their absolute best can be an uncommon key resource. Barney additionally takes note of that contenders experience considerable difficulties attempting to duplicate resource that are hard to impersonate. Resource can be shielded from impersonation by different legitimate means, including trademarks, licenses and copyrights. Others advance after some time and they reflect novel parts of the firm and can subsequently not be copied.

Resource based theory focuses on the value of a familiar axiom that goes the whole is greater than the sum of its parts. It is along these lines essential for a firm to perceive that strategic resources can be made by taking a few systems and assets that each could be adapted and packaging them together in a way that can't be duplicated. These assets are probably going to meet the criteria of key assets. To accomplish a long haul upper hand thusly, administrators should put a premium on attempting to support and build up their company's immaterial assets (Dollinger, 1999). Proprietors and managers of smaller scale and little enterprises should hence endeavor to guarantee that they claim or create assets that are hard to mirror, important, uncommon and non-substitutable (Acquaah, 2016). This investigation will likewise gather adequate data on the best way to support quality and unique items and methods for securing individuals' products and enterprises. The RBV manages competitive business condition looked by firms. The RBV draws upon the resources and abilities that dwell inside the associations with a specific end goal to create maintainable upper hands. The dairy business in Kenya is a standout amongst the most aggressive business situations that requires the dairy firms to figure development procedures keeping in mind the end goal to be practical. The RBV for this situation stresses inside assets and abilities of firms in figuring techniques to accomplish practical upper hands in the commercial center. To accomplish maintainable aggressiveness in the focused dairy industry, the dairy firms receive different development techniques that are dictated by the interior assets and capacities of the organizations (Glover and Dainty, 2014). This makes the RVB reasonable for the present investigation.

4.3 Churchill and Lewis (1983) growth model

Churchill and Lewis, (1983) established development concept, which clarifies the anticipated development example of a small-to-medium sized organizations. Churchill and Lewis (1983) growth concept demonstrate take note of that organizations experience five phases of development: origination, survival, achievement, take-off, and development. Most micro and small dairy ventures stay at the origination and survival phases of development and not very many advances to the achievement status. This brings up the issue with respect to what factors add to this situation and what should be done to have more dairy organizations performing better to guarantee achievement. There are inner and outside impacts on little firm arrangement and survival. The internal impacts are; proprietor/administrator thought processes, individual traits, specialized abilities, key administration skills, administration conduct while the outside impacts are large scale and smaller scale factors affecting development of drain handling organizations in Kenya. In this investigation, inside and outer variables that are associated to significantly influence development with drain preparing undertakings have been chosen.

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

5. Conceptual Framework

Independent variables in these studies are market penetration strategies, product diversification, market expansion, and Merger or Acquisition strategies. The dependent variable in this study is the growth of milk processing companies. The government also intervenes to regulate the operation of the companies in this sector.

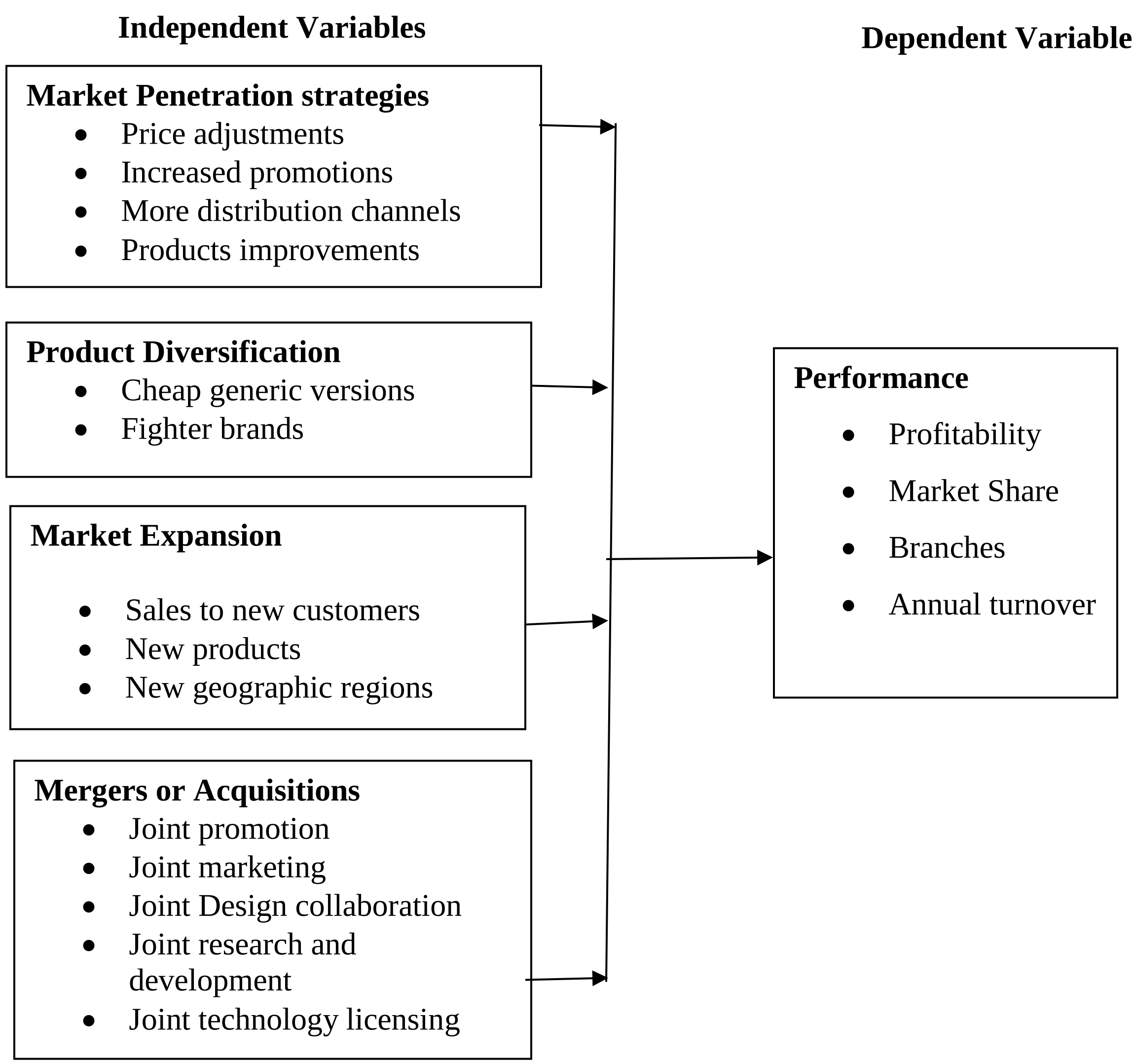

Figure 1: Conceptual framework

6. RESEARCH METHODOLOGY

The research adopted both descriptive and explanatory research design since its focus is determining the relationship that exists between variables, the prevailing practices, perceptions, attitudes as well as the developed trends (Best & Kahn, 2000). This method assisted the researcher to get in-depth information of the growth strategies that can boost the performance of milk processing companies in Kenya. According to Orodho, (2008), the descriptive designs enables gathering of big data from big information in an affordable way. The target population for the study was the selected 34 dairy processing companies listed in the Kenya Dairy Board. This study used non-probabilistic sampling technique. The non-probabilistic sampling was used to select 34 operations managers from all the 34 dairy companies listed by the Kenya Dairy Board. In this case, the operations managers are considered the appropriate participants to give data on the effect of various growth strategies that have been put in place by the dairy companies in Kenya. The study used questionnaires to collect data collection from the middle level and lower level and the top management employees. The research instrument comprises of both closed and open-ended questions. The study analyzed the quantitative data using the descriptive statistics like percentages and frequencies using Statistical Package for Social Sciences (SPSS). The variables were then arranged based on the themes and finally presented in form of tables, bar graphs and Pie charts. The inferential statistics such as multivariate regression model was adopted in determining the relationship between dependent and independent variables,

7. DATA ANALYSIS RESULTS

Regression analysis between the independent variables including market penetration strategy, diversification strategy, expansion strategy and Merger or Acquisition strategies and a dependent variable namely performance of milk processing companies in Kenya was conducted.

Table 1: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.675 [a]	.456	0.645	.123

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

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

Table 21: ANOVA Result

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	258.284	4	64.571	130.446	.007[b]
	Residual	27.204	19	.495		
	Total	285.487	23			

a. Dependent Variable: performance of milk processing companies

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

Table 2 reveals that the model was significant owing to F-test value of 130.446 at significance value of 0.007 ($p < .05$) which attributed to the rejection of null hypothesis and a conclusion was made that the there is a significant relationship between the growth strategies and performance of milk processing companies.

Table 32: ***Regression Coefficient***

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.282	.275		-4.664	.000
Market penetration strategy	.305	.178	-.225	-1.709	.092
Diversification strategy	.319	.175	.130	1.826	.072
Expansion strategy	.863	.148	.712	5.838	.010
Merger or Acquisition strategies	.765	.074	.463	10.295	.080

a. Dependent Variable: Performance of milk processing companies

The Coefficients Table above provides us with a Constant (β_0) (1.282) and the co-efficient of Market penetration strategy variable (.305), Diversification strategy (0.319), Expansion strategy (0.863) and Merger or Acquisition strategies (0.765). The regression analysis reveals that Market penetration strategy contribute 30.5%, Diversification strategy 31.9%, Expansion strategy contribute 86.3% and Merger or Acquisition strategies 76.5% to Performance of milk processing companies. Therefore, this study confirms that there is a positive association between market penetration strategy, diversification strategy, expansion strategy and Merger or Acquisition strategies and Performance of milk processing companies in Kenya.

The study hypothesis were stated as below:

$H_0$1: There is no significant relationship between market penetration strategy and performance of the milk processing companies.

$H_0$2: There is no significant relationship between product diversification have on the performance of the milk processing companies.

$H_0$3: There is no significant relationship between market expansion and performance of the milk processing companies.

$H_0$4: There is no significant relationship between Merger or Acquisition strategies and performance of the Milk processing companies.

The correlation matrix was conducted to determine the significance level as show in the Table 4.

Table 4: ***Correlation Matrix between Growth Strategies and Performance***

		Performance	Market penetration strategy	Diversification strategy	Expansion strategy	Merger or Acquisition strategies
	Performance	1.000	0.69	0.02	0.34	0.46
	Market penetration strategy	0.6	1.000	0.53	0.73	0.68
Pearson	Diversification strategy	0.7	0.78	1.000	0.09	0.34

Correlation						
	Expansion strategy	0.4	0.46	0.57	1.000	0.72
	Merger or Acquisition strategies	0.5	0.23	0.35	0.87	1.000
Significance (1-tailed)	Performance	.	.498	.002	.001	.497
	Market penetration strategy	.000	.	.211	.257	.029
	Diversification strategy	. 092	.211	.	.000	.217
	Market Expansion strategy	.072	.257	.000	.	.024
	Merger or Acquisition strategies	. 010	.029	.217	.024	.

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

From the Table 4, there is positive correlation (0.6) between market penetration strategies and the performance of milk processing companies, the relationship is significant given that the p-value (0.00)< sig (0.05). The researcher failed to accept the H01 and conclude that there is significant relationship between market penetration strategy and performance of the milk processing companies. The findings also indicate that the relationship between Diversification strategy and company performance is 0.7 but the correlation is not significant since the p-value (0.92) < sig (0.05). Therefore, the H02 was accepted and conclusion made that is no significant relationship between product diversification have on the performance of the milk processing companies. The relationship between Market Expansion strategy, Merger or Acquisition strategies and milk processing company's performance is positive that is 0.4 and 0.5 respectively but the market Expansion strategy has no significant ((0.072) < sig (0.05)) influence with company performance while Merger or Acquisition effect is significant (0.01) < sig (0.05). The study accepted H03 and made a conclusion that there is no significant relationship between market expansion and performance of the milk processing companies. Since p-value (0.01) for Merger or Acquisition was less than sig (0.05) for the study rejected H04 and concluded that there is significant relationship between Merger or Acquisition strategies and performance of the Milk processing companies

8. CONCLUSIONS

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

9. RECOMMENDATIONS

The study shows that milk processing companies in Kenya should use more growth strategies in order to enhance their performance and this is based on the strong relationship between focus strategy at (0.456) correlation and performance of milk processing companies. From the findings of the study, it is recommended that dairy firms should get new agencies with new and different products, Patent protection of Innovations, Exclusive linkages with suppliers and buyers and Introduce fighter brands to block new entrants. The study also recommends that milk-processing companies should expand their market by selling existing product to existing customers, selling existing products to new customers, selling new products and more through new delivery approaches as a market expansion approach. Lastly, the researcher recommends to milk company should conduct Merger or Acquisition in enhancing their productivity that Merger or Acquisition strategies ha a significant effect on the performance of the company.

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