GROWTH STRATEGIES AND PERFORMANCE OF MILK PROCESSING FIRMS IN KENYA

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ABSTRACT

The study's general objective was to investigate the growth strategies and performance of Kenyan milk processing companies. The study adopted a descriptive survey research design. It collected data using structured questionnaires from respondents. A census study targeting managers of all the 35 milk processing firms that were operational between February 2019 and February 2021 and registered with Kenya Dairy Board, was conducted. The data acquired was analysed utilizing descriptive and inferential statistics with the help of IBM SPSS Statistics for Windows, Version 25. Frequencies, percentages, means, standard deviations and cross-tabulations were computed to summarise the data. To test the predictive nature of the independent variables, the study used a regression analysis model. Several diagnostic tests including Shapiro Wilk test, Glesjer Test, Pearson correlation test, Durbin Watson test, and Variance Inflation Factor (VIF) were performed to check for normality, homoscedasticity, linearity, autocorrelation, and multicollinearity respectively, in the regression model, and therefore its reliability in prediction. The Shapiro Wilk normality test revealed that the data did not have a normal distribution, so the dependent variable data was log transformed with a base of 10. The regression results indicated that cost leadership strategy ($\beta = 0.008$, $p > .05$), and product diversification strategy ($\beta = -0.002$, $p > .05$) had no significant influence on the performance of Kenyan milk processing companies. The results also showed that differentiation strategy ($\beta = 0.060$, $p < .05$) and focus strategy ($\beta = 0.042$, $p > .05$) had a significant positive partial influence on the performance of Kenyan milk processing companies. The study concludes that differentiation and focus strategies are significant predictors of Kenyan milk processing companies' performance. Based on the research findings, the researcher recommended that the management of Kenyan milk processing companies should develop and invest in sound strategies to drive the growth of milk processors from a local scope to national and eventually global. The study also recommended that the boards of the individual milk processing companies should spend a lot of money on managers' and employees' knowledge acquisition about how to successfully adopt and implement various growth strategies in order to create competitive advantage in the sector. The researcher also recommended that the Kenya Dairy Board should have adequate engagements with the respective firms in designing suitable policies and strategies to sustain the milk processing industry's expansionary programs.

***Key Words:** Cost Leadership, Differentiation, Focus, Products Diversification*

INTRODUCTION

Milk processing and dairy farming have made significant contributions to the economic development of many countries globally (Bond and Benton, 2013). Despite this, diverse geographical and economic factors differentiate production levels from one country to another. The embraced market techniques and strategic management options chosen are essential among these factors. Adam and Buckle (2000) note a direct link between profitability and different growth strategies adopted by organizations. However, the element of product quality and access highly correlates with the ability of the market to consume such products. For example, in the British milk processing industry, many buyers consistently bought processed milk because of the wide range of products that the processing firms provided. The firms have further emboldened their services by offering strategic partnerships with key players within its supply chain to increase efficiency and consequently grow their (Bate, 2016).

The organizational performance element denotes how an organization combines various production and market strategies to achieve its financial obligations. One of the critical factors determining how firms can access growth depends on the strategic decisions chosen to steer the production and distribution of services or products to generate income (Kumar, 2018). In other instances, the firms with sourced capital financing are obliged to provide value for their stakeholders as it is the primary obligation of such organizations and firms. Therefore, it is elemental for such firms to create value for their investors by pursuing strategies that serve such purposes.

A growth strategy is defined as the measures that organizations put in place to expand their operations through volume and annual/periodic turnover (Westerlund & Leminen, 2012). Often scholars have interchangeably studied the element of growth and expansion, but they have been used to reference the same concept (Geroski, 2015).

Both have been used to strengthen the firm-specific operations by pursuing market penetration, product diversification, and service or to refer to different production stages that serve the interest of firm performance. By pursuing growth, firms can venture into new business establishments and deviate from their modus operandi.

Firms that draw primary focus to similar operations adopt the concentric diversification strategy. Such firms achieve diversification by creating various products within the same assembly line. In such cases, the firms have several complementary operations that lead to another and build synergies due to such activities. The primary driver for performance is the marketing initiatives taken to ensure that the products are consumed by a broader consumer base than previously was. On the other hand, firms that utilize conglomerate diversification seek to develop products dissimilar to the current product lines, making the new outfits utterly different from pre-existing businesses.

Kenya, along with Sudan, Mauritania, and Botswana, is among the leading dairy enterprises in Africa. The country boasts of an influx of milk processing firms estimated to be 28 in number (Appendix I), yet opportunities for new entrants are limitless due to the liberalization of Kenya's milk processing sector. An estimated 5 billion litres of milk are produced annually in Kenya and serves over 1.5 million individuals. The economic contribution of the sectors is also high, with a proportion of 4.5% on the annual GDP (Kenya Dairy Board, 2018). The United States Agency for International Development (2010) established that the industry commanded a massive share within the agricultural sector with about 14% of the agricultural GDP in Kenya. Despite this, milk processors face many challenges such as seasonality, inadequate and inefficient dairy practices, ageing farmers, and high costs.

Kenya's Agricultural sector is considered the backbone of the economy. However, one of the

most developing sectors and major contributors towards Agricultural GDP is the milk processing sector. The Kenya Dairy Board projected that the industry's processing capacity grew by a 258.33% margin between 2002 and 2010. Along with the capacity to process milk, the firms have become a significant source of employment, providing Kenyan's with opportunities to access good quality lives and satisfy their nutritional requirements. The industry is estimated to employ more than half a million jobs directly from distribution and more than 750,000 people indirectly employed to provide complementary services to the sector. Whereas rapid expansion in the sector is estimated to grow further, the market dynamics consistently shift, calling for the industry players to redefine their approaches towards sustainability and growth. Several strategic and operational models have been consistently developed and adopted in varied styles to guarantee such organizations' expansion and performance. In Kenya, the milk processing firms have risen significantly but have performed differently depending on the strategic measures that these firms have adopted

The informal traders in Kenya have taken a vital role in the milk processing industry in Kenya. About 80% of the total milk produced is marketed at the farm gate level, which compromises the access of different processors to penetrate such markets efficiently. These levels of control have inflicted systemic challenges into the dairy market's supply chain network, such as inconsistent clientele and price fluctuations between processed and unprocessed milk (Muriuki, 2011). The height of competition rises with the increased number of processors fighting for a significantly small market share, causing some to merge and others to cease operations (Sambu, 2010).

Statement of the Problem

Gutmann (2014) observes that the growth rate in profits must be higher than sales, making it hard to achieve profitability over time as it is hard to achieve such growth patterns consistently. Further, Gutman (2014) suggested that the type of business or industry limits the strategic choices that an organization or a firm is operating within. Such decisions must then get reviewed based on the industry's directional changes since some overgrow while others stagnate, decline, or cease operations (Gutmann, 2014). Considering that the proportion of marketable milk in Kenya is 70%, 56% of this milk is sold in informal markets (Mbaya, Maina, Namusonga, 2021). Large dairy manufactures control an estimated 85% of milk sold through formal channels. The narrow markets, therefore, limit the performance of the small dairy processors that they can access. Considering that the proportion of marketable milk in Kenya is 70%, 56% of this milk is sold in informal markets (Mbaya, Maina, Namusonga, 2021). Large dairy manufactures control an estimated 85% of milk sold through formal channels. The narrow markets, therefore, limit the performance of the small dairy processors that they can access.

The performance of Kenyan milk processing companies varies significantly depending on the processing capacity and efficiencies utilized in the production process. Some of the key performance indicators utilized to assess the performance of Kenyan milk processing companies include turnover, volume, market share, and profits. The estimated volume for a large processor is estimated at 7500,000 litres daily. The average total output per day for Kenyan milk processing companies is estimated at 1.5 million litres daily (Michoki, 2020). Whereas the annual output attributed to Brookside dairies along estimated at 270 million litres of processed milk annually, Michoki noted that 12 processing firms in Kiambu produced about 350 million liters of milk. Such mismatches in production demonstrate the oligopolistic tendency of big milk processors in Kenya, limiting smallholder milk processors' successes. Such practices have plunged small milk processors into a culture of buying milk in smaller

quantities, thus not enjoying economies of scale, affecting their annual revenue collections (Michoki, 2020). Therefore, larger processing firms have a better market share because they utilize economies of scale in their production processes. In this study, milk processing companies' performance will be assessed with the view of the performance based on their annual profits, annual turnover, and the annual volume of products pushed by the respective firms.

The evolution of Kenyan milk processing companies has risen since the government liberalized its dairy industry in 1992 (Wambugu, Kirimi, & Opiyo, 2011). Despite the tremendous policy change, small-scale milk processors have had difficulty sustaining their performance compared to others. Instances arose in the past where businesses have been merged to expand the scope of operations. In Kenya, the Brookside Dairies have been at the forefront, using mergers and acquisitions to strengthen their market positions and achieving economies of scale (Wambugu, Kirimi, & Opiyo, 2011). Since 1992, over 30 processing firms have been registered in Kenya, with seven classified as large producers; the remainder is small-holder firms. The largest milk processing firm in Kenya is Brookside dairies, with over 750,000 litres of milk a day; they have acquired several small milk processing firms since 1993 (Mbaya, Maina, Namusonga, 2021).

Though Kenya's milk processing industry ranks high in the African Market space, most processing firms have continued to face performance-related challenges. Abiero & Njeru (2016) note an inherent need for the industries to evaluate their performance based on strategic measures to understand the market and reinvigorate their performance. According to Mburu (2016), low dividend yields negatively influence the economic benefit of dairy farming to the farmers by milk processing firms, which makes farmers opt to sell to intermediaries whose prices are significantly low, leading to declining volumes of processed milk. Further, the increasing costs of production

strain the corporative societies and consequently reduces milk processing firms' performance, as they would incur higher costs to sustain production. Many studies on strategic options for companies have been evaluated with industry changes as factors that influenced the performance of organizations (McGahan & Porter, 2017). Whereas such studies were premised on causal mechanisms for growth and development, the immediate studies have shifted focus to evaluate the strategic outcomes as performance factors.

Strategic thinking has been evaluated by different scholars and linked to strategic positioning, competitiveness between firms, independent evaluation of low cost and differentiation strategies for performance in organizational settings, managerial improvements (Kasyoka, 2011; Njuguna, 2012; Oanda, 2013; Aliqah, 2017; Prajogo, 2012; Kihoro & Kepha, 2014), but none linked strategic thinking to performance of milk processing firms. This study sought to incorporate the concept of performance within the context of strategic thinking with the view of addressing the gaps highlighted through literature to determine whether strategic thinking impacted the performance of the Kenyan milk processing companies

Objectives of the Study

The purpose of this scientific research was to investigate the growth strategies and performance of milk processing firms in Kenya. The following objectives guided the study;

- To investigate the effect of low-cost leadership strategy on the performance of milk processing firms in Kenya.
- To ascertain the effect of differentiation strategy on the performance of milk processing firms in Kenya.
- To establish the effect of focus strategy on the performance of milk processing Firms in Kenya.
- To find out the effect of product diversification strategy on the

performance of milk processing firms in Kenya.

The hypotheses tested by the study included;

- HO_1: Cost leadership strategy has no discernible impact on the performance of milk processing firms in Kenya.

- HO_2: Differentiation strategy has no discernible impact on the performance of milk processing firms in Kenya.

- HO_3: Focus strategy has no discernible impact on the performance of milk processing firms in Kenya.

- HO_4: Product diversification has no discernible impact on the the performance of milk processing firms in Kenya.

LITERATURE REVIEW

Theoretical Literature Review

Porter's Generic Model

The model was postulated by Michael Porter in 1980 (Islami, Mustafa, & Latkovikj, 2020). The model is based on four key strategies: the differentiation strategy, low-cost leadership strategy, focus strategy, and product diversification strategy. These strategies guided organizations to pursue their objectives and reinvent their approaches whenever their performance was under threat. Many literary sources have linked Porter's generic model to interpretation and are used in various uses across different companies. It is for this reason that the model is often referred to be 'generic.'

Growth and performance strategies employed by firms determine the level of success that companies can attain. This study is pegged on Porter's competitive advantage theory. Much as its application was designed for international competition among countries, the context and scope of its adoption are not limited. Porter designed this to accommodate industries that have a critical role in shaping domestic and international markets (Smith, 2010). Smith (2010) identifies five essential elements that were notably important in determining competitive advantage. One was factor conditions which are essentially the availability of inputs such as raw materials, supply of labor, knowledge, and even capital as a resource, among other inputs. The second was demand creation. Different products require different consumers. This, in turn, determines the level of production that the firm needs to match and how easily they can break even from the demand created. The third is the availability of supporting businesses or firms. When the firms align themselves to the supporting firms, they can access raw materials efficiently. Porter's competitive advantage theory houses business strategies as one of the determinants of competitive advantage by different firms. Porter developed three generic and competitive strategies that other firms can adopt (Bertozzi, 2017). There are three critical generic and competitive strategies: low cost and product differentiation, and focus strategies which are coupled up to define the competitiveness of either firms or industries.

Low-cost strategies focus on average or low costs of company products, which is compensated for by the growth in the market share. On the contratry, differentiation focuses on creating 'different' products than competitors would have offered. The third strategy discussed under Porter's generic strategy is the Focus strategy. The strategy segments a particular consumer class for its products within the broad and narrow markets created by low-cost and differentiation strategies. It seeks to delineate those consumers with specific needs with a defined quality. These firms aim to satisfy the need for superior products and services. Often, these services attract higher prices because of the outstanding tags that they come along with. It is majorly pegged on products where quality is a crucial variant, and the market niche is relatively precise and small (Ouma & Oloko, 2015). Finally, the business strategies adopted are instrumental in shaping how the firms perform compared to other industries at the local or

national level. The managerial approach adopted by the firm can generate substantial amounts of revenue. If this is achieved, the company's shareholders and stakeholders become impressed and motivated to invest even further.

The Goal-Setting Theory

Edwin Locke first proposed the theory in the year 1968. Mulu (2015) suggested that companies set a goal or standard operating procedures to guide their growth and performance. Edwin Locke established that challenging goals yielded positive results compared to the generally simpler ones in terms of observations. The basis for goal setting is on five major principles: precision, challenge, dedication, response, and the complexity of the task at hand (Mulu, 2015).

Goal setting is a continuous process. According to Mwangi (2018), goal setting provides endless avenues for different actions. For instance, in pursuing a specific goal, there is a chance that it may be attained or may not. In the wake of underperformance, the goal is evaluated based on the five principles that guide goal setting. One can seek to understand whether the goal was precise. If not, there is a need to redefine the purpose; if not, the managers can challenge their employees' commitment to achieving them. With the goals achieved, others come up since the primary business objective is to maintain continuous profitability. However, feedback channels provide the theory with one of the best avenues to pursue continued growth since customer feedback can redefine goals, product redefinition, and service provision.

The goal-setting theory is critical to this investigation because it underpins the cost leadership and differentiation strategies. Company goals form a benchmark to conclude businesses' performance. Firms can benchmark on cost and on how they can make their products different to increase competition. Nearly all companies have goals to guide their operations. The milk processing industries in Kenya also have a benchmark against the cost and differentiation of

products they must reflect on. Sales volumes, profit margins, number of branches created, and processing plants' capacity are just examples of the set goals.

Diffusion Innovation Theory

E. M. Rogers proposed diffusion innovation theory in 1962. The theory is adapted from communication to explain how people conceive ideas, how they spread, and how they adopt them. Most businesses apply diffusion theory in the same line of thought, especially when implementing product differentiation. There exist different types of adapters in the market. The first aspect lies with the presence of innovators. Innovators are people who develop products and pursue the process of implementation. Product innovations vary from time to time. The differences give the innovators to develop a product with retrospect and for posterity reasons. They include early adopters, early majority, late majority, and laggards.

Early adopters knew the nature of innovations and did not need convincing for them to implement them. The early majority adopters are second after the early adopters. They seek to capitalize on the innovation before any other contemporary businesses or organizations do. However, the late majority are hell-bent on the pre-existing innovations but forced to change with time. Finally, the laggards are those who are very consistent and do not welcome change whatsoever. Depending on the categories that entities fall under, they are bound to make appropriate decisions to ensure company growth and profit sustainability in the wake of the changing market demands.

This theory's practical application is essential to the generic strategies that this study sought to evaluate. Differentiation is a strategy mentioned under the generic strategies by Porter. Innovators have the highest chance to patent and trademark their products. This way, they become branded and have certain rights in the market over their products. With this done, such companies that

want to use the patents have to purchase them. This way, the companies can control competition while retaining high-profit margins. Alternatively, the same companies can seek to merge or acquire smaller companies to expand their market share. Another way that this theory fits the study is through innovation. Companies have to consistently innovate new marketing techniques, seek product improvement to increase products, and continuously develop new branded products.

Balanced Score Card Method

The theory was first postulated by Kaplan and Norton in 1990 (Isoraite, 2008). The evolving nature of strategic management necessitated the introduction of divergent metrics to measure performance, as the traditionally proclaimed financial metrics were inconclusive (Bochenek, 2019). Bochenek further argues that BSC converts the strategic objectives, mission, and vision of a company into tasks that are measurable and attainable and is guided by four key elements; financial information, market share in the customer perspective, internal perspective measured from the financial performance, and finally, learning from the outcomes of the preceding three components.

According to Al-Sharafat (2013), the BSC is crosscutting. However, its utilization determining the performance of Jordanian Industries was generally lacking. The only industry whose performance was correctly estimated in Jordan was the milk processing industry, where the assessment determined that over 96 firms operated on profits. The use of the method provides managers with a robust benchmark for real-time decision-making based on the different aspects of performance as prescribed by the BSC. Even though the organizational performance in Kenya has been evaluated based on competition (Kasyola, 2011; Gunasekaran & Mavondo, 2013; Kihoro & Kepha, 2014), the application of BSC to determine organizational performance in the industry is limited.

In this study, the appropriate measurement approach for the performance of milk processing firms utilized the BSC method. The financial component of these firms were evaluated based on the annual turnover, where different financial trends and financial ratio analysis were used to determine whether the firms have performed well. The second element, customer perspective, will be evaluated using the market share between different processors from the customer's perspective. Finally, the internal perspective will be evaluated based on the profits made by the processing firms.

Empirical Literature Review

The aspect of competition to model performance has been extensively studied. Pimtong, Hanqin, and Hailin (2012) evaluated the construct of competition relative to hotel performance. They studied the agents of causation within the confines of strategies used by the hotel management to achieve a competitive edge over its counterparts. The trio employed the questionnaire instrument to collect the data, which complemented the descriptive research design highlighted to assist or help the researchers achieve their research outcomes. The scope of the study included major hotel owners in the USA, and their management identified through public hotel data repositories. Among the critical constructs evaluated was the low-cost strategy as a determinant for performance. The low-cost strategy was then found to have a direct correlation with hotel performance in the United States.

Njuguna (2012) investigates the cost leadership strategies adopted by Safaricom Kenya Limited to gain a competitive superiority over competitors in the Telcos sector in Kenya. The target population was the managers and the head of departments with a sample size of 221 and adopted a descriptive research design. Njuguna determined the low-cost strategy as a major determinant of performance when interactively applied alongside other strategic decisions. Njuguna, therefore, recommended multipronged approaches that

interactively create a more excellent value for the company. In this study, the adoption of the low-cost strategy by milk processing firms will be evaluated based on three key components; cost minimization, adoption of modern technology, and economies of scale.

Aliqah (2012) investigated the impact of differentiation strategy on Jordanian industrial firms' organizational performance. The study employed a case study design, with the population of interest being Jordanian industrial workers. Data was analyzed using descriptive statistics. The regression outcomes concluded that the differentiation strategy was not particularly impactful in determining the performance of milk processing firms in Jordan. These findings contradicted conclusions from empirical research within the same paper that had determined that the strategy had been successful when applied to other organizations within and outside the Jordanian context.

Prajogo (2013) explored the impact of strategy differentiation on quality performance. A descriptive study design was used in this study. The Chief Executive Officer, Chief Operating Officer, Human Resource Manager, and Chief Finance Officer were the intended respondents. Comparatively, the evaluation of the low cost and the differentiation strategy was unique in their aspects. Whereas the low cost focused on performance-based economies of scale, the differentiation strategy derived its positive outcomes by considering product quality as a critical determinant of organizational performance. The two are applied interactively; the element of price consciousness supersedes the need to obtain the products at a lower cost but setting fair prices for just the right quality. A differentiation strategy is presented by the quality aspect.. The quality aspect determines the consumer's perception of the product.

Gunasekaran and Mavondo (2013) investigated the link between concentration, competitive

advantage, and organizational performance. A survey design was used in a study with 237 companies in the Australian Best Practice Program as the target population. Data was gathered using a questionnaire. Graphs and pie charts were utilized to analyze the data. The study discovered that organizations using focus strategies had significantly different variable configurations. The findings did not support Porter because they suggested that combination strategies are more successful in certain circumstances than single focus strategies, resulting in a knowledge gap. This study will evaluate the application of the focus strategy through three key components. The components include evaluating whether firms created brand loyalty, progressive adoption of technologies that fit the narrow market segment, and finally, the strategy's effectiveness.

Munyiri (2014) evaluates the impact of competitive strategies utilized by major banks in Kenya alongside customer retention approaches. Whereas the study intended to determine whether the different competitive strategies impacted retention, the findings concluded that the banks have different secluded customers for differentiated services. Therefore, the banks utilized the focus strategy to propagate their customer retention initiatives measured using customer satisfaction surveys. The satisfaction surveys showed that the clients were generally satisfied as the services offered by the bank were tailor-made to suit their needs. The methodological approaches used in the study involved the use of the descriptive survey design and the observations collected using the questionnaire instruments. This research concentrated on profit-making banks whose challenges are dissimilar from the public service vehicles sector, making it challenging to use its conclusions for the context of this study.
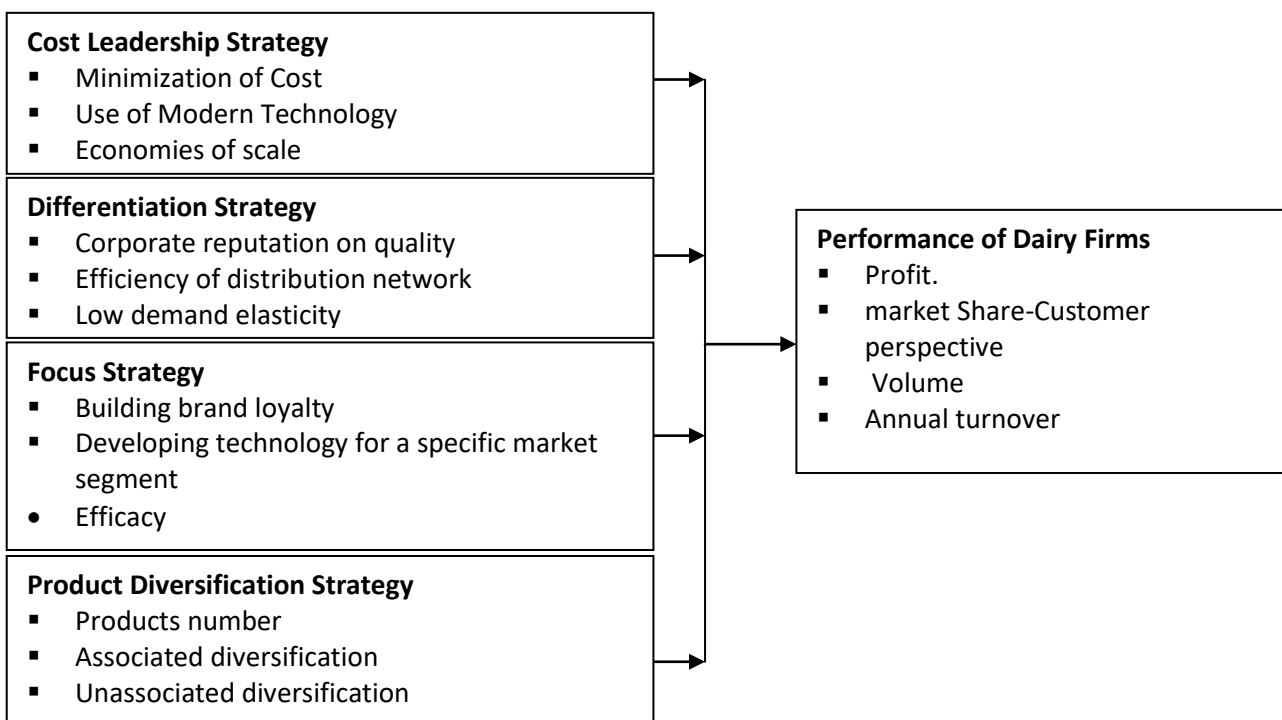
According to George and Kabir (2008), the product diversification strategy negated organizational performance in a study conducted to evaluate the application of diversification among publicly

traded firms in India. Previously conducted empirical searches within the context of George and Kabir (2008) complemented the findings in the study. However, the study suggested that while considerations are made in evaluating the strategy, several other factors must be considered. The factors include the systems of governance adopted, the company's organizational structure, among others. When these factors were considered, independent firms implementing the strategy performed poorly than grouped businesses. Some of the key indicators selected to measure performance in the study included the annual turnover trends, annual profits, sales revenues, ROA, and ROE. In the current study, product diversification was evaluated based on the number of products, related and unrelated diversification.

A study of Italian firms concerning the diversification strategy showed that unrelated diversification approaches positively influenced firm performance. One of the main features that drove the positive outcomes was decentralized information exchange to advance internal market capital capacity. According to Hann, Ogneval, and Ozbas (2013), firms that utilize the diversification strategy lower the capital costs making it easy for such firms to generate value for their investors than those that utilize the focus strategy. Such positive outcomes were further achieved whenever the managers were incentivized through stock purchases.

Conceptual Framework

Cost Leadership Strategy
- Minimization of Cost
- Use of Modern Technology
- Economies of scale

Differentiation Strategy
- Corporate reputation on quality
- Efficiency of distribution network
- Low demand elasticity

Focus Strategy
- Building brand loyalty
- Developing technology for a specific market segment
- Efficacy

Product Diversification Strategy
- Products number
- Associated diversification
- Unassociated diversification

Performance of Dairy Firms
- Profit.
- market Share-Customer perspective
- Volume
- Annual turnover

Predictor Variables   **Outcome Variable**

Figure 1: Conceptual Framework

METHODOLOGY

A descriptive research design was used in the study to help the researcher collect data from a population sample and minimize the respondents' interaction and influence. The study sought to understand how the different growth strategies, as implemented at the time of the research, influence the performance of Kenyan milk processing companies. The study's target population were the management level employees

from all 35 Kenyan milk processing companies. All the 35 milk processing enterprises listed by the Kenya Dairy Board were surveyed (KDB). The study sampled 175 respondents from the 35 milk processors, with at least five respondents from each milk processor being selected purposefully depending on the roles they were engaged in.

The questionnaire was used to collect data for the study. This choice was pegged because it is easier to administer and that the researcher wields minimal influence in the respondent. A pilot survey was conducted as part of the study to determine the instrument's internal validity. Based on the data acquired using the instrument, the researcher sought professional guidance from the supervisor to alter the questionnaire items to improve the instrument's validity.

The raw data obtained from the research instrument was validated, edited, and coded to prepare for qualitative and quantitative data analysis. Qualitative data were analyzed using the content analysis method, whereby themes were identified and coded, and the responses were structured around the igdentified themes. Quantitative data were analyzed using IBM Statistical Package for Social Sciences (SPSS) for Windows, Version 25 (IBM Corp, 2017). Descriptive statistics such as, frequencies, percentages, means, standard deviations, and coefficient of variation were computed to summarise the findings. Inferential statistics such as Pearson correlation and multiple regression analysis were used in the study to establish relationships between the respective predictor variables and the outcome variable, and meaningful conclusions. Several diagnostic tests were performed to check the suitability of the regression model and therefore its reliability in prediction. These included normality test, homoscedasticity test, linearity test, autocorrelation test, and multicollinearity test. The criteria for the rejection of the null hypotheses were p-value < 0.05 for normality and homoscedasticity, p-value >0.05 for linearity

assumptions, a test statistic of less than 1.5 or greater than 2.5 for autocorrelation assumption, and VIF > 10 for multicollinearity assumption. The analyzed information are presented in tables and other information presented in prose, especially for the qualitative data.

The regression analysis model is as follows:

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

Where:

Y is the Organizational Performance

β_0 is the constant

$\beta_{i(s)}$ is the are the coefficients of determination

X_1 - Cost Leadership Strategy

X_2 - Differentiation Strategy

X_3 - Focus Strategy

X_4 - Product Diversification Strategy

ε Error term

RESULTS AND DISCUSSIONS

Descriptive Analysis Results

To gauge the respondents' thoughts about the study's underlying constructs, data were gathered utilizing sets of likert scale items assessed on a 5-point evaluation scale. The respondents were asked to rate their responses to various data sets items. To rate their opinions, descriptive statistics such as mean, standard deviation, and coefficient of variation were calculated. Every point on the likert scale has a width/range of 0.8 [(5-1) 5], so point 1 ranged from 1 to 1.8, point 2 ranged from 1.81 to 2.6, point 3 ranged from 2.61 to 3.4, point 4 ranged from 3.41 to 4.2, and point 5 ranged from 4.21 to 5. The amount that individual responses deviated from the mean was calculated using the coefficient of variation (C.V), with a C.V > 30% being considered excessive. Thus, C.V. 30% suggested that the mean represented the respondents' overall perception.

Performance of Milk Processing Firms

Performance of the milk processing firms was measured based on their profitability, market

share, annual sales turnover and annual milk production volume.

Profitability

Profitability was measured based on the respondents' perception of how well the firms had improved its Return on Equity Ratios over time and whether their incentives increased as a result. The results in Table 1 show that the firms had very much improved their ROE ($\bar{X}$ = 3.86, σ = 0.94, CV = 24%), while incentives had moderately increased as a result ($\bar{X}$ = 3.21, σ = 1.09, CV = 33%). However, the increase in incentives seemed to significantly differ across the firms (CV>30%).

Table 1: Profitability of the Milk Processing Firms

Statements	N	Min	Max	$\bar{X}$	Σ	CV
The milk processing firm has improved its return on equity over the last five (2015-2019).	35	2	5	3.86	0.94	24%
As a result of improvement in ROE, incentives have increased over the same period	35	1	5	3.21	1.09	33%

Market Share

In determining the market share, employees indicated their perception on whether they believed value addition by employees was well above the industry average and if they thought its market share had increased significantly. The results in Table 2 showed that value addition by employees in most of the firms was lower than the industry average ($\bar{X}$ = 2.34, σ = 0.96, CV = 41%), while market share for most firms increased between 2015 to 2019 ($\bar{X}$ = 3.47, σ = 1.29, CV = 37%). However, value addition by employees and increase in market share seemed to significantly differ across the firms (CV>30%).

Table 2: Market Share of the Milk Processing Firms

Statements	N	Min	Max	$\bar{X}$	Σ	CV
I believe value addition by employees over the last five years (2015-2019) was well above the industry average.	35	1	4	2.34	0.96	41%
The firm's market share has increased significantly over the last five years (2015-2019).	35	1	5	3.47	1.29	37%

Annual Turnover

Annual turnover was measured in millions of shillings using a 5-point rating scale (1 = 100-1000, 2 = 1000-2000, 3 = 2000-3000, 4 = 3000-4000, 5 = Over 4000). The results in Table 3 indicate that the average annual turnover for the firms was between Kshs 1 billion to Kshs 2 billion in the years 2015 and 2016. The results also show that the average annual turnover for the firms was between Kshs 2 billion and Kshs 3 billion in the years 2017, 2018 and 2019. The coefficient of variations are ≤30% except for 2016, which shows that the average annual turnover figures in 2015, 2017, 2018 and 2019 are representative of the annual turnover of the respective firms. The annual turnover of some firms differed significantly from the average annual turnover in 2016.

Table 3: Annual Turnover in Millions Kshs

Year	N	Min	Max	$\bar{X}$	Σ	CV
2015	35	1	3	2.17	0.51	24%
2016	35	1	4	2.60	0.80	31%
2017	35	2	4	2.89	0.62	22%
2018	35	2	5	2.80	0.82	30%
2019	35	2	4	2.89	0.62	22%

Annual Milk Processing Volume

Annual milk processing volume was measured in millions of litres using a 5-point rating scale (1 = Below 50, 2 = 50-100, 3 = 100-150, 4 = 150-200, 5 = Over 200). The results in Table 4 indicate that the average annual milk processing volume for the firms was less than 50 million litres in the years 2015 and 2016. The results also show that the average annual milk processing volume for the firms was between 50 million to 100 million litres in the years 2017, 2018 and 2019. The coefficient of variations are >30%, which shows that the average annual milk processing volume in 2015, 2016, 2017, 2018 and 2019 are not representative of the annual milk processing volume of the respective firms. This means that the annual mil processing volume of some firms differed significantly from the average annual milk processing volume in the respective years.

Table 4: Annual Milk Processing Volume in Millions of Litres

Year	N	Min	Max	$\bar{X}$	Σ	CV
2015	35	1	3	1.43	0.60	43%
2016	35	1	3	1.74	0.73	43%
2017	35	1	4	2.29	0.85	38%
2018	35	1	4	2.29	1.03	46%
2019	35	1	4	2.37	0.96	41%

Cost Leadership Strategy Associated with Performance of Milk Processing Firms

Cost leadership strategy was measured using a set of 6 likert scale items. The results in Table 5 indicate that the respondents agreed with all the statements regarding cost leadership strategy. The respondents agreed that in order to attract more customers, their firms offer services at a lower prices ($\bar{X}$ = 3.69, σ = 0.92, CV = 25%), focus on service efficiency in order to gain a price advantage ($\bar{X}$ = 4.26, σ = 0.50, CV = 12%), and that their businesses can withstand competition due to low service prices, resulting in better market survival ($\bar{X}$ = 4.11, σ = 0.62, CV = 15%). The respondents also agreed that in order to increase profit margins, their companies concentrate on specialization ($\bar{X}$ = 4.00, σ = 0.64, CV = 16%), their companies use technology to reduce costs and thus increase profit margins ($\bar{X}$ = 3.57, σ = 0.97, CV = 27%), and that since its implementation, the low-cost leadership strategy has helped to improve performance and growth ($\bar{X}$ = 3.83, σ = 1.03, CV = 27%).

Table 5: Cost Leadership Strategies by Milk Processing Firms in Kenya

Statements	N	Min	Max	$\bar{X}$	Σ	CV
In order to attract more customers, our firm offers services at a lower prices	35	2	5	3.69	0.92	25%
Firm focuses on service efficiency to gain price advantage	35	3	5	4.26	0.50	12%
Our company can withstand competition due to low service prices, resulting in better market survival	35	3	5	4.11	0.62	15%
In order to increase profit margins, our company concentrates on specialization	35	2	5	4.00	0.64	16%
Our company uses technology to reduce costs and thus increase profit margins	35	1	5	3.57	0.97	27%
Since its implementation, the low-cost leadership strategy has helped to improve performance and growth	35	1	5	3.83	1.03	27%

Differentiation Strategy Associated with Milk Processing Firms

Differentiation strategy was measured using a set of 4 likert scale items. The results in Table 6 show that the respondents disagreed with all the statements regarding differentiation strategy. The respondents disagreed that in order to improve their market position, their companies benchmark with industry leaders three times in a year ($\bar{X}$ = 2.03, σ = 0.94, CV = 47%), their companies package products based on the needs of their customers, thereby attracting more customers ($\bar{X}$ = 2.80, σ = 1.12, CV = 40%), to increase their market share, their companies offer a diverse range of products ($\bar{X}$ = 2.11, σ = 0.95, CV = 46%), and that differentiation strategy helped improve the performance and growth of their firms since implementation ($\bar{X}$ = 2.34, σ = 1.27, CV = 15%). The results indicated a CV>30% for all the statements which implies that some of the responses differed significantly from the average.

Table 6: Differentiation Strategies by Milk Processing Firms in Kenya

Statements	N	Min	Max	$\bar{X}$	Σ	CV
In order to improve our market position, our company benchmarks with industry leaders three times in a year	35	1	4	2.03	0.94	47%
Our company packages products based on the needs of our customers, thereby attracting more customers	35	1	5	2.80	1.12	40%
To increase the our market share, our company offers a diverse range of products	35	1	4	2.11	0.95	46%
Differentiation strategy helped improve performance and growth since implementation	35	1	5	2.34	1.27	55%

Focus Strategy Associated with Performance of Milk Processing Firms

Focus strategy was measured using a set of 4 likert scale items. From the findings in Table 7, the respondents disagreed that by charging premium prices, their companies built brand loyalty ($\bar{X}$ = 2.51, σ = 1.13, CV = 47%). Additionally, respondents neither agreed nor disagreed that their companies provided efficient and effective service to a specific strategic market ($\bar{X}$ = 2.89, σ = 1.35, CV = 46%). However, the respondents agreed that their firms exercised tight control on overheads for the narrow market segment ($\bar{X}$ = 3.37, σ = 1.08, CV = 32%), ensured ongoing capital investment to sustain the narrow market segment's cost advantage ($\bar{X}$ = 3.54, σ = 1.06, CV = 30%), the companies invested heavily in new technology for a specific market segment ($\bar{X}$ = 3.63, σ = 1.05, CV = 29%), and that focus strategy helped improve performance and growth since implementation ($\bar{X}$ = 3.74, σ = 1.08, CV = 29%). The results further indicate a CV<30 for statements that the companies invested heavily in new technology for a specific market segment, and that focus strategy helped improve performance and growth of the firms since implementation.

Table 7: Focus Strategies by Milk Processing Firms in Kenya

Statements	N	Min	Max	$\bar{X}$	Σ	CV
Our company provides efficient and effective service to a specific strategic market	35	1	5	2.89	1.35	47%
By charging premium prices, company built brand loyalty	35	1	5	2.51	1.13	46%
Our company ensures tight control on overheads for the narrow market segment	35	1	5	3.37	1.08	32%
Our firm ensures ongoing capital investment to sustain the narrow market segment's cost advantage	35	1	5	3.54	1.06	30%
Company invests in new technology for a specific market	35	1	5	3.63	1.05	29%
The focus strategy helped improve performance and growth since implementation	35	1	5	3.74	1.08	29%

Product Diversification Strategy

Product diversification strategy was measured using a set of 4 likert scale items. The results in Table 8 indicate that the respondents disagreed with most of the statements regarding product diversification strategy. The respondents disagreed that their companies manufacture and sell low-cost generic versions/imitations of the competitor's product ($\bar{X}$ = 1.86, σ = 1.02, CV = 56%), that their companies acquire new agencies with new and distinct products ($\bar{X}$ = 1.97, σ = 0.88, CV = 45%), their firms introduce fighter brands to block new entrants ($\bar{X}$ = 2.31, σ = 1.15, CV = 50%), and that product diversification strategy helped improve the performance and growth of their firms since implementation ($\bar{X}$ = 2.31, σ = 0.92, CV = 40%). However, the respondents agreed that their firms use patent protection for their innovations ($\bar{X}$ = 3.60, σ = 1.18, CV = 33%), and that their firms have exclusive linkages with suppliers and buyers ($\bar{X}$ = 4.11, σ = 0.89, CV = 22%). The results further indicate a CV<30 for the statement that the firms had exclusive linkages with suppliers and buyers, which shows that the respondents generally agreed with that statement.

Table 8: Product Diversification Strategies by Milk Processing Firms in Kenya

Statements	N	Min	Max	$\bar{X}$	Σ	CV
Our company manufactures and sells low-cost generic versions/imitations of the competitor's product	35	1	5	1.86	1.02	56%
Our company acquires new agencies with new and distinct products	35	1	5	1.97	0.88	45%
Our firm use patent protection for our innovations	35	1	5	3.60	1.18	33%
Our firm introduces fighter brands to block new entrants	35	1	5	2.31	1.15	50%
Our company has exclusive linkages with suppliers and buyers	35	2	5	4.11	0.89	22%
Product diversification strategy helped improve performance and growth since implementation	35	1	4	2.31	0.92	40%

Inferential Analysis Results

Using multiple regression analysis at 5% level of significance, the degree of influence of the cost leadership strategy, differentiation strategy, focus strategy, and product diversification strategy on the performance of Kenyan milk processing companies was determined. Several diagnostic tests were performed to determine the regression model's appropriateness and, as a result, predictability. These included the normality, homoscedasticity, linearity, autocorrelation, and multicollinearity tests. The decision rule for the rejection of the null hypotheses were p-value < 0.05 for normality and homoscedasticity, p-value >0.05 for linearity assumptions, a test statistic of less than 1.5 or greater than 2.5 for autocorrelation assumption, and VIF > 10 for multicollinearity assumption. The data did not have a normal distribution, according to the Shapiro Wilk normality test. In order to ensure that the data followed a normal distribution, data on the dependent variable was log transformed with a base of 10.

Diagnostic Tests

Test for Normality

Since the study's units of analysis were <50, the Shapiro-Wilk test was utilized to examine the null hypothesis that the regression residuals were normally distribution. The significance level (p < 0.05) in Table 9 indicates that the residuals were not normally distributed.

Table 9: Normality Tests before Log Transformation

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Firm Performance	.144	35	.063	.905	35	.005

In order to address the problem of normality in the data, the researcher performed log transformation with a base of 10 on the dependent variable data. The Shapiro Wilk test was performed again using the log transformed data which indicated that the residuals of the regression based on the transformed data were normally distributed ($p > 0.05$). Table 10 presents the Shapiro Wilk test results after log transformation.

Table 10: Normality Tests after Log Transformation

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
LgPerformance	.115	35	.200[*]	.951	35	.123

Test for Homoscedasticity

To test the null hypothesis that the regression residuals were evenly distributed after log transformation, the Glesjer test was used. The results show that there was no heteroscedasticity in the log transformed data ($p > 0.05$). Heteroscedasticity test results are shown in Table 11.

Table 11: Glesjer Test of Heteroscedasticity

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.088	.077		1.146	.261	-.069	.246
Cost Leadership Strategy	-.007	.016	-.077	-.440	.663	-.040	.026
Differentiation Strategy	-.020	.015	-.294	-1.397	.173	-.050	.009
Focus Strategy	.020	.012	.296	1.745	.091	-.003	.044
Product Diversification Strategy	-.005	.026	-.046	-.203	.841	-.058	.048

Test for Linearity

To determine the linearity of association between the variables, a Pearson Correlation test at 5% significance level was conducted. The findings in Table 12 revealed that cost leadership (r = 0.348, p 0.05), differentiation (r = 0.610, p 0.01), focus (r = 0.479, p 0.01), and product diversification (r = 0.384, p 0.05) strategies had a significant moderate positive association with Kenyan milk processing company performance. Consequently, the regression predictor variables have a straight-line relationship with the outcome variable.

Table 12: Pearson Correlation Analysis

		Cost Leadership Strategy	Differentiation Strategy	Focus Strategy	Product Diversification Strategy	Firm Performance
Cost Leadership Strategy	Pearson r	1				
	P					
	N	35				
Differentiation Strategy	Pearson r	.071	1			
	P	.684				
	N	35	35			
Focus Strategy	Pearson r	-.057	.040	1		
	P	.747	.821			
	N	35	35	35		
Product Diversification Strategy	Pearson r	.295	.039	.195	1	
	P	.085	.826	.262		
	N	35	35	35	35	
Firm Performance	Pearson r	.348[*]	.610[**]	.479[**]	.384[*]	1
	P	.041	.000	.004	.023	
	N	35	35	35	35	35

Test for Auto-Correlation

The Durbin-Watson test was employed to test the null hypothesis that the residuals in the regression model were not linearly auto-correlated. Results showed that the regression residuals were not linearly auto-correlated (d = 1.851, 1.5 d 2.5).

Test for Multicollinearity

In order to test whether the independent variables were not highly correlated with one another, the VIF was used. Table 13 shows that all of the VIF values were less than 10 (VIF10), indicating that there was no multicollinearity in the data.

Table 13: Collinearity Statistics

Predictor Variables	Tolerance	VIF
Cost Leadership Strategy	.877	1.140
Differentiation Strategy	.606	1.649
Focus Strategy	.934	1.071
Product Diversification Strategy	.530	1.887

Regression Analysis

Model Summary

The findings (R^2 = 0.321) in Table 14 showed that variation in cost leadership, differentiation, focus, and products diversification strategies account for 32% of the variation in Kenyan milk processing companies' performance. The remaining 68% of the variation in milk processing firm performance could be attributed to variation in other factors outside of this research model.

Table 14: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.566[a]	.321	.230	.093	2.247

Analysis of Variance

The F-test was used to determine the significance of the regression model. The results ($F_{[4, 30]}$ = 3.540, p.05) show that the regression model was significant in predicting the variability in performance of Kenyan milk processing companies at 5% level of significance. The ANOVA results are presented in Table 15.

Table 15: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.123	4	.031	3.540	.018[b]
1	Residual	.260	30	.009		
	Total	.383	34			

Regression Coefficients

The findings showed that the cost leadership strategy (β = 0.008, p >.05) and the product diversification strategy (β = -0.002, p >.05) had no significant impact on Kenyan milk processing companies' performance. The findings also show that differentiation strategy (β = 0.060, p.05) and focus strategy (β = 0.042, p >.05) have a significant positive partial influence on the performance of Kenyan milk processing companies. According to the findings, a one-unit increase in the use of differentiation strategy would result in a 6.2% [(EXP(0.060)-1)*100] improvement in Kenyan milk processing companies' performance. The findings also suggest that a one-unit increase in the use of the focus strategy would result in a 4.3% [(EXP(0.042)-1)*100] improvement in the performance of Kenyan milk processing companies. The results are shown in Table 16. As a result, the following regression equation could be used to forecast the performance of Kenyan milk processing companies.

$$Y = EXP(0.053 + 0.008X_1 + 0.060X_2 + 0.042X_3 - 0.002X_4)$$

Where: Y is the Organizational Performance;
X_1 - Cost Leadership Strategy;
X_2 - Differentiation Strategy;
X_3 - Focus Strategy; and
X_4 - Product Diversification Strategy

Table 16: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.053	.134		.395	.696	-.221	.328
Cost Leadership Strategy	.008	.028	.047	.295	.770	-.049	.066
Differentiation Strategy	.060	.025	.456	2.360	.025	.008	.112
Focus Strategy	.042	.020	.323	2.076	.047	.001	.084
Product Diversification Strategy	-.002	.045	-.010	-.050	.961	-.094	.090

Hypotheses Testing

The regression findings were used to test the hypotheses in the study. Table 17 presents the hypotheses tests.

Table 17: Hypotheses Testing

Hypotheses Statement	β	t	p-value	Decision
H_{01}: Cost leadership Strategy has no significant influence on the performance of Kenyan milk processing companies	.008	.295	.770	Accept H_{01}
H_{02}: Differentiation Strategy has no significant influence on the performance of Kenyan milk processing companies	.060	2.630	.025	Reject H_{02}
H_{03}: Focus Strategy has no significant influence on performance of Kenyan milk processing companies	.042	2.076	.047	Reject H_{03}
H_{04}: Product diversification strategy has no significant influence on the performance of Kenyan milk processing companies	-.002	-.050	.961	Accept H_{04}

CONCLUSIONS AND RECOMMENDATIONS

The general objective of the study was to investigate the effect of growth strategies on the performance of Kenyan milk processing firms. The study used a descriptive research design and conducted a census of 35 Kenyan milk processing companies. Data was collected using a questionnaire from 140 managers. The researcher used aggregation method to obtain aggregate data scores that represented the average of a group of managers from the same milk processing firms. Therefore, descriptive and inferential analyses were conducted using aggregate data scores of the respective variables in the study. Descriptive analysis findings showed that the performance of the milk processing firms improved in 2017, 2018 and 2019 compared to 2015 and 2016. The regression analysis also demonstrated that the four growth methods under consideration had a substantial combined influence on the performance of Kenyan milk processing enterprises.

The first specific objective was to investigate the effect of low-cost leadership strategy on the performance of Kenyan milk processing companies. The findings of the descriptive analysis revealed that all of the firms used a low-cost leadership strategy. Correlation analysis revealed that the cost leadership strategy was significantly related to the performance of Kenyan milk processing companies. However, the results of the regression analysis revealed that the cost leadership strategy had no significant effect on the performance of Kenyan milk processing companies.

The study's second specific objective was to determine the impact of differentiation strategy on the performance of Kenyan milk processing companies. According to the results of the descriptive analysis, the majority of the firms did not use a differentiation strategy in their business. Correlation analysis revealed that Kenyan milk processing companies' performance was significantly related to their differentiation strategy. The results of the regression analysis also revealed that the differentiation strategy had a significant positive effect on the performance of Kenyan milk processing companies. This implies that a shift from not using differentiation strategy to using differentiation strategy would be accompanied by improved performance among milk processing firms.

The third specific objective was to establish the effect of focus strategy on the performance of Kenyan milk processing companies. The descriptive analysis revealed that the majority of the firms used a focus strategy in their business. Correlation analysis revealed that focus strategy was significantly associated with the performance of Kenyan milk processing companies. The results of the regression analysis also revealed that the focus strategy had a significant positive effect on the performance of Kenyan milk processing companies. This implies that shifting from a non-focus strategy to a focus strategy would be accompanied by improved performance among milk processing firms.

The fourth specific objective of the study was to find out the effect of product diversification strategy on the performance of Kenyan milk processing companies. The descriptive analysis revealed that the majority of the firms did not use a product diversification strategy in their business. According to the findings of the correlation analysis, product diversification strategy had a significant positive association with the performance of Kenyan milk processing companies. However, the results of the regression analysis revealed that the product diversification strategy had no significant impact on the performance of Kenyan milk processing companies.

The study concluded that variations in cost leadership strategy has no significant effect on Kenyan milk processing companies' performance. All Kenyan milk processing companies appear to employ a cost leadership strategy, implying that

this strategy would provide no competitive superiority to the companies.

The study concludes that variations in differentiation strategy would have a significant effect on the performance of Kenyan milk processing companies. By varying their differentiation strategy, milk processing firms would generate competitive advantage that would enhance their performance. This could be explained by lack of use of this strategy by majority of the Kenyan milk processing companies. Therefore, a firm that would effectively employ differentiation strategy would have an edge over its competitors in the industry.

The study also concludes that variations in focus strategy would have a significant effect on Kenyan milk processing companies' performance. Kenyan milk processing companies would generate competitive advantage through effective adoption of focus strategy which would consequently enhance their performance. In spite of most Kenyan milk processing companies adopting focus strategy in their business, a firm would still have an edge over its competition in the industry if the strategy is implemented effectively.

Lastly, the study concludes that variations in product diversification strategy by Kenyan milk processing companies would not have significant effect on their performance. In spite of product diversification not being utilized by most of the milk processing firms, it seems this strategy is not being utilized effectively to generate competitive advantage in the industry.

Based on the research findings, the researcher recommended that the management of Kenyan milk processing companies should develop and invest in sound strategies to drive the growth of milk processors from a local scope to national and eventually global.

The study also recommended that the boards of the individual milk processing companies should spend a lot of money on managers' and employees' knowledge acquisition about how to successfully adopt and implement various competitive strategies in order to create competitive advantage in the sector.

The researcher also recommended that the KDB should have adequate engagements with the respective firms in designing suitable policies and strategies to sustain the milk processing industry's expansionary programs.

Limitations of the Study

The study adopted a descriptive research design which could have generated findings that would lead to drawing of conclusions based on erroneous cause-effect relationship between the variales in the study.

The study was carried out in a natural setting without controlling for other factors that were not included in the current study. This implies that other factors may have intervened in the study's relationship between the variables. The research was carried out among Kenyan milk processing companies. This limits the findings' applicability to Kenyan milk processing companies.

Suggestions for Further Research

The researcher advises that longitudinal research designs be used in future studies to produce findings that support legitimate conclusions about the cause-and-effect relationship between the variables under investigation.

The results show that the competitive tactics taken into account in this study did not entirely account for the performance variations of Kenyan milk processing enterprises. The report advises further investigation to be carried out in order to concentrate on other aspects influencing the success of Kenyan milk processing enterprises.

To generate more knowledge about competitive strategies linked to better performance of businesses in the milk processing industry and to help managers and business strategists in the sector adopt successful performance-improving strategies, the study should be replicated in other nations so that results can be compared.

The study should also be replicated in other industries so that findings can be compared, with the goal of expanding the body of knowledge on competitive strategies associated with improved organizational performance.

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