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Market Penetration Strategies and the Performance of Dairy Cooperatives in Meru, Kenya

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Abstract:
Background: *Business organizations worldwide strive to grow and increase sales and profits. Growth is imperative and not an option as it helps in turning a small company into a big one, and it is never easy. Therefore, companies have to adopt suitable competitive strategies to boost organizational performance. The stiff competition among various milk-processing firms and cooperatives in Kenya has led to collapse of some of diary firms. In efforts to compete and increasing profitability, companies in the milk-processing sector have adopted various competitive strategies. This study sought to establish the the influence of market penetration strategies on organizational performance of dairy cooperatives in Meru County, Kenya.*
Materials and Methods: *This study adopted a descriptive survey research design with an aim of obtaining complete and accurate information giving precise precision in achieving the objective of the study. The study was confined to the 42 dairy cooperatives in Meru County, Kenya. The targeted population comprised of the 42 dairy cooperative societies in Meru county, the total population was 131 respondents which comprised those in the position of general managers, assistant managers, marketing managers and officers from the Ministry of Agriculture, Livestock and cooperatives. The sample size was 99 respondents. Stratified random sampling technique was used to select the sample. Semi structured questionnaire was used to collect data from the respondents. Multiple regression analysis was used to determine the effect of the three variables on organizational performance of the co-operative societies.* ***Results:*** *Regression analysis results indicates that adoption of market penetration strategies had a positive and significant influence on performance of dairy co-operatives as shown by (Coef/beta =0.259, P-value= 0.001). Market expansion strategy activities and joint venture strategies had a significant effect on the performance of co-operatives (Coef/beta =0.276, P-value=0.049) and (coef/beta was 0.294, P-value = 0.042) respectively. This was an indication that the three strategies are relevant to dairy co-operative societies, and should be embraced if the dairy co-operative societies are to create competitive advantage to enable them to compete well in dairy industry.*
Conclusion: *Based on the findings on market penetration strategies, the study concluded that competitive market penetration positions the organizations products in a better place in reference to its competitors. The organization lowers the prices of its commodities and ensures that it offers better quality products and gives increasing incentives to dealers to ensure that it penetrates in most markets with ease.*
Key Word*:* *Market Penetration, Competitive Strategies, organization Performance, Dairy Cooperatives*

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I. Introduction

Cooperative movements bring together various classes of people regardless of their socio-economic status. According to United Nations estimates, the cooperative movement has brought 800 million people together globally. The first Co-operative Society in the world was formed in 1844 in a village in England known as Rochdale, when Britain was undergoing the industrial revolution, (Cropp & Truman, 2011). In United State of America, dairy cooperative societies were among the first type of agricultural cooperative societies to be organized in the early 1800s. Dairy cooperative societies have played a very significant role in the procurement, processing and marketing of milk and dairy products and in representing farmers politically at both the state and national level (Cropp & Truman, 2011).

The Global Perspective

In Asia, dairy cooperatives were implemented as part of the social welfare and rural development interventions to provide a regular cash flow for poorly resourced and often landless dairy farmer. In Thailand, Malaysia, and Indonesia, such smallholder dairy farmers were able to make enough income for their improved standards of living as a result of pooling together and forming cooperatives. Chantalakhana and Skunmun

(2012) in their study on the performance of dairy cooperatives revealed that smallholder dairying in these countries can become very sound and sustainable enterprises with efficient management of these cooperatives. Chantalakhana and Skunmun, (2012) advised for the adoption of effective monitoring formats to be more aware of the relative importance of all their financial inputs in terms of milk productivity.

The dairy primary cooperatives must therefore do more to market their cooperatives if they are to generate greater profits for their members. In the management field, production activities and processes should be monitored and evaluated to help differentiated success from failure. The performance of the dairy sector in India over the past four decades has been extremely impressive. Milk production is a rural activity in India aimed at providing supplementary income, employment, and nutrition to millions of rural households. However, the performance of community dairy cooperatives in India has a mixed response in attaining the desired objectives (Gupta, 2014). Even well-conceived dairy cooperatives had suffered from management shortcomings and more so for not dealing with competition.

According to Mdoe, and Mlay, (2012) partial or complete failure of dairy cooperatives is attributed to a number of reasons such as absence of meticulous planning and non-adherence to the plan in terms of the agreed processes, lack of sufficient preparatory time before initiation, and failure to come up with clear marketing strategies to deal with competition. Most commonly, dairy cooperatives for milk production and processing in tropical countries are characterized by inadequate technological and economic conditions. Study findings by Perera and Jayasuriya, (2014) on Sri Lanka dairy industry pointed among the factors of success of the local dairy cooperatives as being investing in proper technologies to preserve and process their products and developing proper marketing strategies geared towards enhancing their presence in their identified markets.

Regional Perspective

In Africa Cooperative development is phased into two eras, the post-independence 1960's to 1980s and liberalisation era in early 1990's. In both phases, legal frameworks gave African governments powers to direct and manage the affairs of the cooperative societies, which enjoyed monopolies in trade, were rarely truly voluntary, autonomous or independent. They were subsequently engulfed into state politics, (Karanja, 2016). In most African countries, the performance of dairy cooperatives is driven by a number of factors which among them include management of dairy projects, and their presence in many markets to boost sales and incomes. According to Barrett and Kirsten, (2015), marketing strategies as a management tool can be used to help improve the performance level of dairy production networks by helping to capture potential market shares from competitors and developing more superior products as desired by the customer. Amongst other constraints of dairy production, studies done in Ghana dairy schemes show that lack of proper marketing strategies in their work objectives impacts negatively to the overall performance of dairy cooperatives (Martinez, 2014).

Kenyan Perspective

In Kenya, dairy cooperatives are promoted by the government as a means to increase the efficiency of marketing of fluid milk and supply of inputs and hence dairy development in the rural sector of the country's economy. In fact, dairy cooperatives have a potential impact on poverty reduction to sustained economic growth and to make markets function better for people (DFID, 2014). Even though, the dairy sub-sector in Kenya has a vast potential, it is constricted by dearth and fluctuation in quality and quantity of dairy feeds, poor management practices, poor market infrastructure, poor service delivery and failure to develop and implement marketing strategies and policies to drive the products in the market and deal with intense competition (Karanja, 2016).

The history of the dairy industry in Kenya dates back to 1902 when the first exotic cows were introduced by the European settlers. As of now Kenya hosts about 3.55 million heads of dairy cattle. The Sywnnerton Plan of 1956 allowed indigenous Kenyans to engage in commercial dairy farming. The first creamery was established in Naivasha in 1922. In 1958, the Kenya Dairy Board (KDB) was established through an Act of Parliament, the Dairy Industry Act Cap 336 of the laws of Kenya with the overall objective of regulating the dairy industry to ensure smooth development in the industry. Kenya Cooperative Creameries Ltd (KCC) had a monopoly in the dairy sector and there were no other milk processors in the industry as at that time (Dairy Board of Kenya, 2014).

The Dairy industry was liberalized in 1992 which allowed the private sector to participate in milk processing and marketing activities. This saw the entrance of a number of private milk processors and also the advent growth of the informal sector and to date Kenya has more than thirty dairy firms in the formal sector. Some of the major milk processors are New KCC, Brookside Dairy, Sameer Agriculture and Livestock, Githunguri Dairy Farmers Cooperative Society, Buzeki dairy, Bio food products, CWAY Kenya foods and beverage company, Nestle and Limuru Milk Processors Ltd just to mention a few. These firms are faced with stiff competition among themselves and hence the need to employ competitive strategies in order to perform effectively in the market (Njuguna, 2016).

Dairy companies in Kenya are increasingly moving towards acquisition of medium level and small dairies due to competition. Brookside Dairy, owned by the family of the Kenya's first President, is one such company that has conducted several buy-outs, being Ilara, Delamere, Spinknit (makers of Tuzo brand) and the recently acquired Buzeki (Molo milk brand), in the past few years registering more market growth of up to 44% compared to the other three major players. The dairy is also aggressively moving to capture the East African Counties with latest reports of its interest in the Nigerian market. New KCC on the other hand rides on its strong brand awareness due to its many years of existence in the Kenyan market with its country wide operations since its establishment in 1925 as a creamery co-operative.

Intensive advertisement in print media has also been applied by the other major players as a strategy geared towards increasing sales and the companies' profitability. A lot of product research and diversity has also been consistently seen by these companies to increase their market share and overall profitability. This intense competition by the players in the milk industry is what has pushed many other players to think of other innovative ways of dealing with competition to increase sales that lead to improved profitability (Omondi, 2017). This research therefore seeks to investigate the influence of competitive strategies on the performance of dairy cooperatives in Meru County, Kenya.

Statement of the Problem

There has been rising concern in the corporate circles as to whether the dairy cooperatives in the country can maintain and sustain their competitive advantage even under intense competition from rivals without them forming alliances. Due to competition the market shares and market size of these dairy cooperatives has been shrinking over the years as more cooperatives get into the same market with dwindling consumption patterns of customers (Moreno & Reyes, 2013). The milk production and income levels of the smallholder dairy farmers are dependent on the performance of the dairy cooperatives societies to which they are members (Magretta, 2013).

Although significant progress has been made in the establishment of the dairy primary cooperatives, their performance has been sub-optimal. Statistics from the District Livestock Production (DLP) annual report (2017) indicate that by 2016 when the dairy cooperatives were being initiated, there were 35 actively operating cooling plants in Meru County and the total daily milk production in the county was at 70,000 liters. The cooperatives were producing and marketing in the same market and competition was severe, leading to dismal performance in most of the dairy cooperatives. Guided by this statistics, only 55% of the milk production target verses organizational performance targets was being met by the various cooperative's, leading to losses and imminent closure by some of the dairy cooperatives.

The area on organizational performance of dairy cooperative societies has been previously studied by different scholars from various backgrounds and using different methodologies. Banalieva & Dhanaraj (2013) carried out a study on market expansion strategies and revealed that market expansion was through the development of new products, services, expanding to market bases attracting and retaining a customer niche. Aluoch, (2014) carried out a study on the challenges of the implementation of expansion strategy at the Hashi Energy Ltd-Kenya and revealed good insights in the strategies that could be applied in resolving the challenges faced during international expansion of the firm activities. Among the internal elements that appear not adequately addressed are the competitive strategies adopted by these cooperatives to counter stiff competition that has been on the rise in the last couple of years. These previous studies however didn't focus on the influence of competitive strategies on the performance of dairy cooperatives in Meru County, Kenya.

It is evident that the researchers have not really narrowed down to focus on the influence of market penetration strategies on organizational performance of the dairy cooperatives despite their rapid growth in the past few years (Gongera, Ouma & Were, 2013). These studies have focused on other key areas such as financial performance, key challenges, and market share, other than to establish the influence of market penetration strategies on organizational performance of dairy cooperatives in Kenya. A knowledge gap therefore exists and this study seeks to bridge this inherent knowledge gap.

General Objective

To determine the effect of market penetration strategies on organizational performance of dairy cooperatives in Meru County, Kenya.

Research Question

Do market penetration strategies influence organizational performance of dairy cooperatives in Meru County, Kenya?

II. Literature Review

A theory is a set of statements or principles devised to explain a group of facts or phenomena, especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about a natural phenomenon. This study focused on two theories to explain the effect of independent variable on the dependent variable. These theories were; the Resource based view theory and the Configuration theory.

Theoretical Review

The Resource Based View model was formalized by Barney (2001), but was developed by Wernerfelt (1984). It presented the possibility of asset situating obstructions practically equivalent to entry hindrances. The RBV system joins the inside (core competence) and outside (industry structure) of an organization. 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, 2013).

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 organization as far as its assets and abilities are concerned is the basic factor for the assurance of a firms' key activities. This assumption argues that the ownership of key assets gives an organization a magnificent chance to create upper hands over its adversaries (Barney 2011). These upper hands thus can enable the organization to appreciate solid benefits.

Barney (2011) includes that a strategic resource is an advantage that is important, uncommon, hard to impersonate and non-substitutable. He additionally observed 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 (2011) additionally takes note that competitors experience considerable difficulties attempting to duplicate resources that are hard to impersonate.

Resources 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 saying that the whole is greater than the sum of its parts. It is therefore essential for a firm to perceive that strategic resources can be made by taking a few systems and assets and adapting and packaging them in a way that can't be duplicated. These assets are probably going to meet the criteria of key assets (Dollinger, 2013). The RBV manages competitive business condition looked by firms. The RBV draws upon the resources and abilities that dwell inside the organization 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 & Dainty, 2014). This theory explains both the market penetration and market expansion strategies.

The configuration theory on the other hand perceive strategy formulation as a transformation process was developed in the 1960s and 70s, and a major contributor to configuration school are Chandler (2002). The concept of configuration theory postulates that the performance of an organization depends on the fit of environment and organizational design. The basic assumption behind the theory is that the best performance can be achieved when organization structure matches external contingency factor. Only those organizations that align their operation with the current environment achieve maximum output (Fincham & Rhodes, 2013).

The general model implicit in configuration theory assumes that for organizations to be effective there must be an appropriate fit between structure, strategy and environmental context. Empirical studies regarding configuration have also consistently found evidence that the fit among organizational characteristics is an important predictor of firm performance. According to Gao (2014), any firm's external environment is exogenous, so the firm must adjust its strategy according to the environmental constraints. As such, there are no universally optimal strategic choices for all businesses.

In the context of this study, configuration theory brings out the link between competitive strategies and the competitive performance as an aspect of external environmental which may influence organizations in Kenya on the choice of competitive strategies based on the changes in the environment as well as the basis of explaining the necessity to have a fit between competitive strategies and organizations performance. However, most organizations in Kenya seem to adopt competitive strategies without due consideration to the environmental factor hence realizing negative effect on their performance Gao (2014). It explains the strategies of joint venture and market expansion.

Empirical Review of Market Penetration Strategies and Organizational Performance

Market availability is a key factor considered when setting up any form of a business. Due to stiff competition in various business sectors, firms within the industry put in place various market penetration strategies to enable them grow and remain competitive in the industry (Duncan & Natarajarathinam, 2016). Market penetration occurs where the firm expands its sales in the existing market. Existing products are sold to current customers. The product is not modified but the firm is seeking to increase its revenues by means of promoting or repositioning its products. The firm has to convince potential clients and divert competitors. This strategy is used by firms in order to increase sales without drifting from the original product-market strategy. A study conducted by Day (2014) concluded that firms often penetrate markets by improving the product quality or level of service or attracting nonusers of the products or convincing current customers to use more of the firm's product and consequently increase performance of the firm.

An organization may also increase its sales by introducing its current products in new markets that it had not ventured in. Again, the product is not modified it is just sold to a new target market. By taking into consideration cultural differences, the products may undergo minor changes. The move could be aimed at maintaining or increasing the market share of current products and this can be achieved through a combination of competitive pricing strategies, advertising, sales promotion, and perhaps more resources dedicated to personal selling (Eisenhardt & Schoonhoven, 2013).

Several studies have been done on the effect of market penetration strategies on business performance. Paul and Ivo (2013) related pricing techniques and price setting rehearses by utilization of review technique and speculation testing on 95 respondents, demonstrated that price strategies and price setting are connected on the grounds that methodologies are executed through price setting practices. Howard and James (2013) based their investigation of the impact of decision setting on pricing technique's perceived risk on attribution hypothesis where more than 100 business managers were utilized and findings recommend that when uncontainable variables control pricing directors tend to choose pricing approaches with external alignments to deflect risk away from themselves individually.

A study by Arkolakis (2013) demonstrated that market penetration is one of the most important growth strategies employed by a few organizations. It is therefore expected that firms that practice market penetration achieve higher performance. Njuguna (2016) concluded that market development if well implemented could lead to an improved performance in SMEs. A study conducted by Johnson, Whittington and Scholes (2012) demonstrated that the configuration of activities used by companies to acquire new products is an important influencing factor of organizational performance and that developing new products is another strategic option for an organization.

Kostis and George (2011) carried out a study on new manufacturing service market penetration through pricing strategies and their precursors where information were gathered through a mail overview from 129 transportation and 48 data innovation organizations. In addition, 20 inside and out individual meetings were led in the underlying period of the exploration and inferred that scanning evaluating and entrance estimating identify with the organization's corporate and advertising system and the administration qualities, while economic situations impact the appropriation of valuing like aggressive costs.

David and David (2012) through exploratory research utilized a survey in light of the double situation system on advertising orientated estimating. Comprehending and applying factors that segregated between effective high and low price methodologies, discovered that six promoting orientated components that include capacity of clients to pay, market situation, level of rivalry, value of the product, supply issues, fundamentally separated between the utilization of effective high versus low price systems.

Ndubisi and Chiew (2010) in their study in Malaysia found that, for retailers or makers to urge clients to disparage their stores, deals advancement would appear to be the most fitting technique or medium. Alvarez and Casielles (2010) found that appropriately executed deals advancement strategies would help retailers or makers to urge clients to belittle their stores and to experiment with the items and administrations being advanced, and consequently would help the retailers and producers to accomplish their targets.

Conceptual Framework

A conceptual framework is an analytical tool with several variations and contexts. It is used to make conceptual distinctions and to organize ideas. Independent variables are variables that a researcher manipulates in order to determine their effects of influence on the dependent variable. The dependent variable attempts to indicate the total influence arising from the influence of the independent variable (Shields & Rangarjan, 2015). This is illustrated in figure 2.1 below showing the two types of variables.

Market Penetration Strategies

-Price adjustments

-Increased Promotions

- Products Improvements .

Organizational Performance

-Profitability
-Sales

Independent Variable **Dependent Variable**

Figure 1.0: Conceptual Framework

III. Material And Methods

Introduction

This area provides a description of the research design and methodology that was employed in the study. It looks at the various sources of data for the study, sampling design and its procedures. It also includes the methods that were used in data collection, and the instruments used in data collection.

Research Philosophy: Positivism
Study Design: Descriptive Survey Research Design
Study Location: This was confined to the Dairy Cooperatives in Meru County in Kenya
Study Duration: 2014 to 2018
Sample size: 42 Dairy Cooperatives in Meru County in Kenya
Sample size calculation: To obtain the desired sample size for the study with the population of 42 Dairy Cooperatives in Meru County in Kenya, Yamane Taro (1967) formula was used as shown;

$$\boldsymbol{n} = \frac{\boldsymbol{N}}{\boldsymbol{1}+\boldsymbol{N}(\boldsymbol{e}^2)}$$

Where n is the sample size
N is the population (131)
e is the sampling error at 0.05
Assumption: All the attributes being measured are normally distributed or nearly so and the confidence level is 95% and the estimated variation of response is 50%. The precision level is taken at 5%.
Therefore;

$$N = \frac{131}{1+131(.0.5)2}$$

Sample size is therefore 99 respondents from dairy cooperatives in Meru County.

Subject's & selection method:
A population is defined as a complete set of individuals, cases or objects with some common observable characteristics and has some characteristics that differentiate it from other populations (Mugenda & Mugenda, 2012**)**. In this study the targeted cooperative societies comprised of the 42 dairy cooperative societies in Meru county, their managers and assistant managers, marketing managers and 5 officers from the Ministry of Agriculture, Livestock and Cooperatives as shown in table 3.1 below, to make a population of 131 respondents.

Table 3.1: Target Population

Category	Population
General managers	42
Assistant managers	42
Marketing managers	42
Officers from ministry	5
Total	**131**

Source: Meru County Government, 2020

Procedure methodology

Creswell (2013) defines data collection as means by which information is obtained from the selected subjects of an investigation. The research study used primary data which was collected from the target population using a questionnaire. The questionnaire had both open and close-ended questions. The close-ended questions offered the structured responses as a way of facilitating the perceptible references. The closed ended questions were also adopted to assess the study themes to reduce the number of interrelated answers.

The open-ended questions offered extra information that were not captured in other types of questions. The research instrument was divided into different parts with the aim of addressing each research question as well as improving the research accuracy and data validity. The researcher opted to using questionnaires because they were easily administered and also captured a lot of information within a short period of time and at minimal cost. This was an effective method because the participants were given time to fill the questionnaires at their convenient time.

Pilot Test

Before administering the instruments to the sample representing the target population, a pilot study was conducted to Dairy farmers and cooperative society manager of Kirichu Dairy cooperative society as well as government officers in Nyeri Central district with the aim of testing the instruments. The pilot test was carried out to respondents who represented 10% of the sample size. Nine questionnaires were distributed to the respondents, and the reliability of the three constructs representing the dependent and the independent variables attracted a crobanch alpha statistic of 0.793. A chrobanch alpha of more than 0.7 indicates that the instrument is reliable (Crowther & Lancaster, 2012).

Statistical analysis

Before processing the responses, data preparation was done on the completed questionnaires by editing, coding, entering and cleaning the data. Data collected was analyzed using descriptive statistics. Qualitative data was analyzed using content analysis. The descriptive statistical tools helped in describing the data and determining the respondents' degree of agreement with the various statements under each factor (Newbold, 2015).

Qualitative data was analyzed through content analysis. Content analysis is used to analyze documented information in the form of texts, media, or even physical items. Quantitative data analysis was done using SPSS and Microsoft excels to generate quantitative reports which was presented in the form of tabulations, percentages, mean and standard deviation. Multiple Regression Analysis was applied to analyze the data that was obtained from open ended questions. Apart from the estimation of the regression model, correlation method using Pearson method was used to establish the association between the variables in terms of direction. The results of the regression model indicated the coefficient of determination as well as the ANOVA. Regression model was presented as expressed in the following equation:

$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+e$, where,

Y= Organizational Performance of dairy cooperatives

β_0 = constant (coefficient of intercept)

X_1 = Market Penetration Strategies

X_2 = Market Expansion Strategies

X_3 = Joint Venture Strategies

$B_1, \ldots, B_3$ = regression coefficient of three variables.

This model was appropriate because in this study, the dependent variable (performance) was continuous. The model was presented as follows:

Where: = Annual net profit,

β0= constant term. B1, β2 ………… β3 are unknown parameters associated with changing patterns of the explanatory variables which must be estimated.

The explanatory variables are: = market penetration strategies, = market expansion strategies, = joint venture strategies and e = error term.

The Correlation coefficients provides for the direction of relationships. It measures the association of two or more dependent variables. The statistical calculation of such correlation will be done and expressed in terms of correlation coefficients. The γ provides information on the direction and magnitude of an observed correlation between two variables (X and Y). Inferential statistics was carried out to establish the nature of the relationship that exists between variables. Data was interpreted with the help of significant P-values; if the P-value is less than 0.05, the variables were deemed significant to explain the changes in the dependent variable.

The coefficient of determination (R2) was used to analyze the percentage in which the independent variables determine the dependent variable. It indicates the proportion of the variance in the dependent variable that was predictable from the independent variable. The research was tested at 95% level of confidence. In order to provide for drawing a conclusion a Pearson's product moment correlation (r) was derived to show the nature of strength of the relationship. Content analysis was used to analyze any qualitative data collected.

IV. Result

Study Response Rate

The study had a target sample population of 99 respondents of which 85 filled and returned the questionnaires, making a response rate of 86% as shown in the frequency distribution table 4.1 below. This response rate was considered satisfactory to make conclusions from the study. According to Mugenda and Mugenda (2013), a response rate of above 50% is considered adequate for analysis. This good response rate was attributed to the fact that the researcher invested in research assistants who followed through to ensure that the respondents filled up and returned the questionnaires. This response was considered adequate to provide enough information for analysis and consequently for deriving conclusions.

Table 4.1 Response Rate

Responses	**Frequency**	**Percentage**
Successful	85	86%
Unsuccessful	14	14%
Total	**99**	**100**

Distribution of the Respondents by Age

The researcher sought to determine the age distribution of respondents. Findings are presented in figure below;

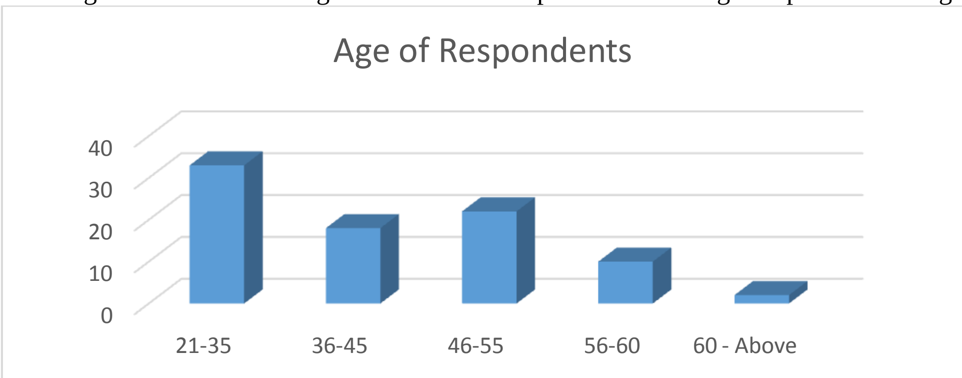

Figure 4.1 Age Distribution

The study established that majority of respondents with 38% were aged 21-35 years, followed by 28% of the respondents aged 46-55 years, and another 21% of the respondents aged 36-45 years. Another 11% of the respondents were aged 55-60 years and the least was 2% of the respondents aged 60 years and above. This observation showed that dairy farming was embraced by mature adults mainly to generate income for future survival. As observed from chapter one, the dairy industry is considered as a major employer of the adult farmers in and even outside Kenya. Similarly, older farmers are deemed more experienced than young farmers (Chege and Bula, 2015) and gave more valid views.

Distribution of Respondents by Gender Distribution

The researcher sought to determine the gender distribution of respondents. The study established that majority (53.2%) of the respondents were male whereas 46.8% of the respondents were female. This ultimately indicated that the respondents were well distributed in-terms of gender and therefore the study did not suffer from gender biasness. Gender imbalances have the consequence of creating masculine or feminine organization contexts resulting in leadership and policy decisions favoring or negatively affecting the other party (Miller, 2015). Their distribution is represented in figure below.

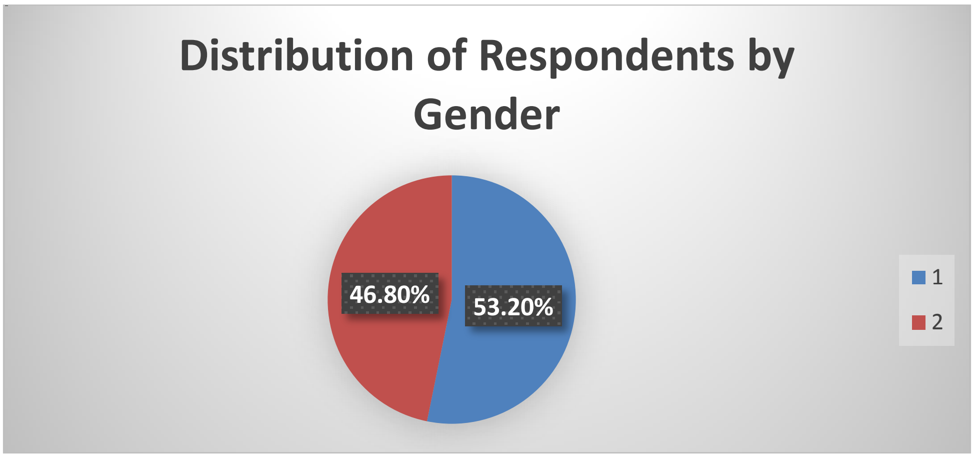

Figure 4.2: Distribution of Respondents by Gender

Distribution of Respondents by Level of Education

The study sought to determine the level of education of respondents. This was important since a low level of education of respondents could be an impediment to them giving credible information about the organization. Basic education is therefore very paramount as it could influence either positively or negatively the kind of information given by the respondents. The results are shown in figure below.

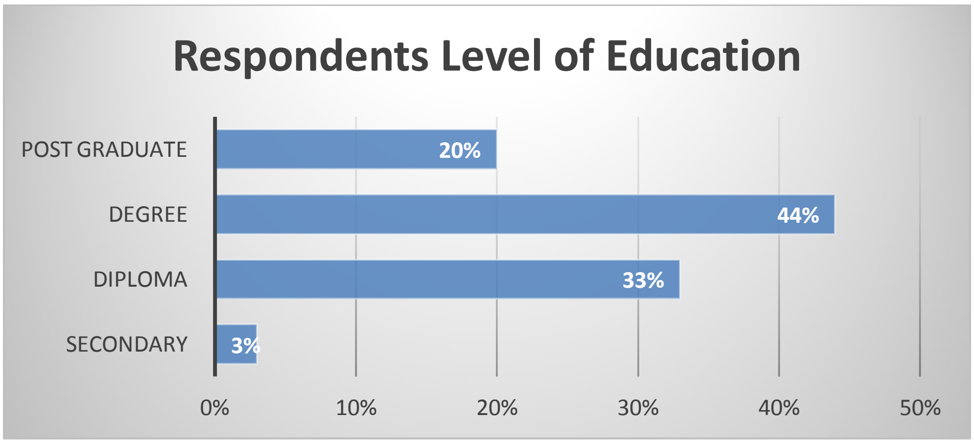

Figure 4.3: Respondents Level of Education

Findings from the study indicated that majority of the respondents were graduates with degrees accounting for 44% of the respondents, 20% of the respondents had post graduate degrees, 33% of the respondents held diploma certificates, and only 3% of the respondents held secondary school certificates. These findings revealed that the respondents were well knowledgeable and gave valid and reliable responses with regards to the study objectives.

Period of Service in the Organization

Respondents were asked to indicate how long they had worked in the organization and their responses are indicated in figure below.

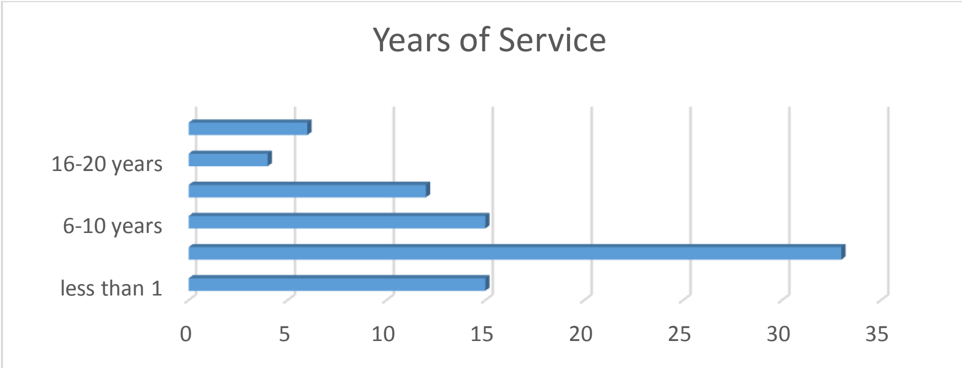

Figure 4.4: Period of Service in the Organization

Results indicated that 38% of respondents had served in the organization for 1 to 5 years, followed by 18% of the respondents who had served in the organization for a period of 6 to 10 years. Results also revealed that 18% of the respondents had served for a period of less than 1 year, whereas only 14% of the respondents had served for a period of 11-15 years. 5% of the respondents had served in the organization for 16-20 years, and only 7% of the respondents had served in the organization for over 20 years. These results indicated that the respondents had served in the organization for a considerable period of time and were in a good position to give credible information relating to this current study.

Number of Years of Operation in Kenya

Respondents were asked to indicate how long their organization had been in operation in Kenya and their responses were indicated in figure 4.5 below.

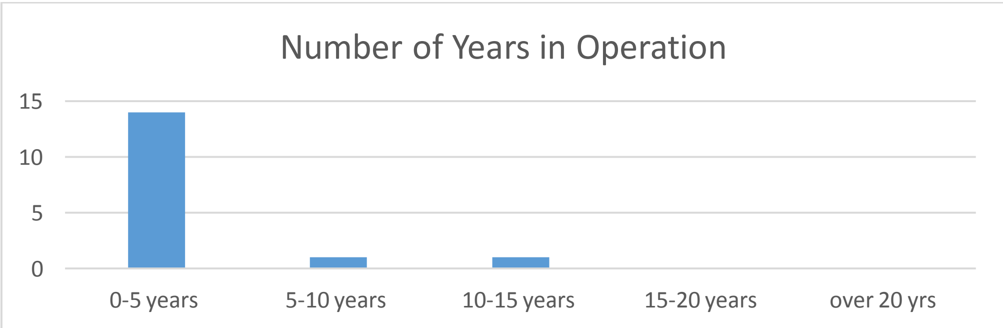

Figure 4.5: Number of Years in Operation

Findings revealed that majority of the respondents with 70% revealed that most of the cooperatives were in operation for less than 5 years, 15% of the respondents were of the opinion that the cooperatives were less than 10 years old and another 15% were of the opinion that the cooperatives were in operation for around 15 years. These findings revealed that most of the milk cooperatives were relatively new and were in operation for less than five years, meaning that most had been newly established probably due to an increase in demand for milk, or as a result of growth of the sector due to interventions from the national and the county governments.

Descriptive Statistics for Market Penetration Strategies

In efforts to penetrate the market ahead of the competitors, respondents were requested to indicate how important each of the actions given below was to their organization on a scale of 1 to 5, where 5. Was Strongly Disagree, 4. Disagree, 3. Uncertain, 2. Agree, 1. Strongly Agree. Their responses were represented in the table below;

Table 4.2 Descriptive Statistics for Market Penetration

Market penetration strategies	SA(%)	A(%)	N(%)	D(%)	SD(%)	Mean	Std. dev.
Lowering price	35.3	37.6	13.7	13.3	0	4.242	0.644
Offering better product quality	37.2	42.0	10.6	10.2	0	3.621	1.041
Promotion of brand	33.6	45.2	6.4	9.3	5.4	4.382	0.953
Increasing distribution channels	49.5	32.0	10.1	4.7	3.7	3.654	1.034
Consistent stock availability	40.2	41.3	9.1	3.9	5.5	3.211	1.025
Matching competitor discounts	34.1	38.5	5.8	18.9	2.7	4.251	0.848

Providing product usage training	33.2	43.2	8.2	9.4	4.9	3.932	0.839
Blocking new entrants	37.5	35.9	5.9	14.8	5.9	3.711	0.814
Increasing incentives to dealers	36.6	45.1	9.0	6.6	2.7	4.688	0.868

Findings revealed that majority of the respondents with 77.8% were in agreement with the statetement, 9.6% were neutral to the statement, whereas 12.6% of the respondents were not in agreement with the statement that market penetration helps to achieve higher performance for organizations. These results are in agreement with those of Arkolakis (2013) who demonstrated that market penetration is one of the most important growth strategies employed by a few organizations. It is therefore expected that firms that practice market penetration achieve higher performance. The results are also consistent with those of Njuguna (2013) who concluded that market development if well implemented could lead to an improved performance in organizations.

Regression Analysis for Market Penetration and Organizational Performance

Regression analysis was conducted to empirically determine the linear relationship between market penetration as the independent variables, and organizational performance of milk cooperatives as the dependent variable. Results for the regression for performance of milk cooperatives are shown in table 4.6 below.

Table 4.6 Regression Model Goodness of Fit

Indicator	R	R^2	Std. error of the Estimate
Coefficient	0.764	0.648	0.3142

The goodness of fit for the regression model testing for the relationship between the independent variables and dependent variables (organizational performance of the co-operative societies) was satisfactory. An R^2 of 0.648 indicated that 64.8% of the variances in co-operative performance can be explained by the three independent variables (market penetration).

Table 4.7 ANOVA Results

Indicator	Sum of Squares	Df	Mean square	F	Sig.
Regression	10.464	5	3.462	10.983	0.000
Residual	21.558	80	0.342		
Total	32.022	85			

a. Dependent variable: Organizational Performance
b. Predictors: (Constant), market penetration

The F value indicates whether the set of independent variables as a whole contribute to the variance in the dependent variable. An F value of 10.983 was found. Findings in Table 4.7 further show that the F value was significant (p=0.000) at 95%. This means that competitive strategies were significant in predicting organizational performance of dairy cooperatives in Kenya. Results also indicated that the overall ANOVA model was significant, meaning that the independent variables were significantly joined.

Table 4.8: Regression Model Results

Variable	Beta	Standard Error	*t*	Sign.
Constant	1.436	0.416	3.258	0.001
Market Penetration	0.259	0.069	1.304	0.042

Regression model results indicated that adoption of market penetration strategies had a positive and significant influence on organizational performance of the co-operatives as shown by (Coeff/beta =0.259, P-value= 0.001). The coefficient (beta) value of 0.259 means that an improvement of marketing strategies by 1 (one) unit scale leads to an improvement in organizational performance by 0.259 Million Kenya Shillings (Equivalent to 259,000 Kenya shillings) units. P-value (sig) of 0.001 was less than 0.05, which is an indication that the effect of this variable was significant. The findings were in line with findings by Arkolakis (2013), Njuguna (2013) and another study by Johnson, Whittington and Scholes (2012) who asserted that market penetration strategies have a significant influence on organizational performance.

After the analysis of the variables, the study regression model was as follows;

$$Y = 1.436 + 0.259X_1$$

It was thus established that taking all the factors into account, to a constant zero, cooperative performance would be 1.436. Findings also revealed that taking all the variables to a constant zero, a unit increase market penetration strategy activities would increase co-operative organizational performance by 0.259.

V. Discussion

Summary of Findings

The study aimed at evaluating the influence of market penetration on organizational performance of dairy cooperatives in Kenya. Findings revealed that market penetration had a positive influence on organizational performance of dairy cooperatives in Meru county, Kenya. Findings revealed that aspects of market penetration such as lowering of price, offering better quality products, brand promotion, consistent stock availability, matching competitor discounts and increasing incentives to dealers had a direct influence on organizational performance.

VI. Conclusion

On market penetration strategies, the study concluded that competitive market penetration positions the organizations products in a better place in reference to its competitors. The organization lowers the prices of its commodities and ensures that it offers better quality products and gives increasing incentives to dealers to ensure that it penetrates in most markets with ease.

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