INNOVATION STRATEGIES AND BUSINESS PERFORMANCE OF FOREIGN OWNED FIRMS ENTERING KENYAN MARKET IN THE EDIBLE OILS INDUSTRY. A CASE STUDY OF GOLDEN AFRICA KENYA LIMITED

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DECLARATION

This research project is my original work and has not been presented to any other University or institution of Higher Learning for a degree.

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

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TABLE OF CONTENTS

DECLARATION..........ii

TABLE OF CONTENTS iii

CHAPTER ONE: INTRODUCTION..........1

1.1 Background of the Study 1

1.1.1 Innovation Strategies. 2

1.1.2 Business Performance...........3

1.1.3 Entering Foreign Markets. 4

1.1.4 Edible Oils Industry in Kenya..........5

1.1.5 Golden Africa Kenya Kenya...........6

1.2 Research Problem 6

1.3 Objectives of the Study..........7

1.4 Value of the Study 7

CHAPTER TWO: LITERATURE REVIEW..........9

2.1 Introduction..........9

2.2 Theoretical Foundation..........9

2.2.1 The Schumpeterian Theory..........9

2.2.2 Resource based theory 9

2.3 Types of Innovation Strategies 10

2.4 Challenges of Entering Foreign Markets 14

2.5 Innovation Strategies and Business Performance 16

CHAPTER THREE: RESEARCH METHODOLOGY 21

3.1 Introduction 21

3.2 Research Design 21

3.3 Data Collection 21

3.4 Data Analysis 22

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSION OF RESULTS 23

4.1 Introduction 23

4.2 Demographics of the respondents 23

4.3 Background Information 23

4.4 Innovative strategies adopted by Golden Africa Kenya Limited on its entry into the Kenyan market 24

4.4.1 Production innovation 24

4.4.2 Process Innovation Strategy 25

4.4.3 Marketing Innovation Strategy 27

4.4.4 Human Resource Management Innovative Strategy 28

4.4.5 Technology Innovative Strategy 29

4.5 Challenges faced by Golden Africa Kenya Limited on its entry into the edible oils industry in the Kenyan market 29

4.5.1 Infrastructural Challenges 30

4.5.2 Government Regulations and Rules 30

4.5.3 Technological Change Challenge 31

4.5.4 Economic Challenges... 32

4.5.5 Tough Competitive Environment 33

4.6 Overcoming challenges faced by Golden Africa Kenya Limited on its entry into the edible oils industry in the Kenyan market. 34

4.6.1 Overcoming Government Regulations and Rules.................................... 34

4.6.2 Overcoming Competition... 34

4.6.3 Overcoming Infrastructural.. 35

4.6.4 Overcoming and Technological Challenges 36

4.6.5 Overcoming Economic Challenges.. 36

4.7 Innovative strategies implemented and overall performance 37

4.7.1 Penetration level.. 37

4.7.2 Customer base... 38

With penetration level, comes customer base. The researcher noted that the company has grabbed a sizeable customer base although they are facing stiff competition from established brands which enjoy customer loyalty. However, with variety of products and high quality products, their product such as AVENA oil has competed favorably in the market which has attracted customer loyalty. The short term plans for the company was to acquire 20.0% of customer base and the company has comfortable achieve it. When asked which innovation strategies have assisted the company to achieve their target customer base, it was revealed that innovative human resource management strategies have enabled to firm to acquire the target customer base. The procurement of highly competent and dedicated staff especially in production and marketing departments has played key roles toward realizing this goal. The production department was found to produce a variety of products of high quality thereby offering potential customers wide

spectrum of products. Further, Sales and marketing department staff were dedicated in meeting their departmental target which spread across the staff. 38

4.7.3 Market share... 38

4.7.4 Sales volume 39

4.8 Discussion of The findings 39

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.. 41

5.1 Introduction... 41

5.2 Summary of the Findings 41

5.3 Conclusion 42

5.4 Recommendations from study 43

5.5 Limitation of the study.. 44

5.6 Recommendations for Further Studies.. 44

REFERENCES... 45

APPENDIX 1: Interview Questions Guide.. 54

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Rollout of innovative strategies are fundamental in growth of new businesses entering new markets through nurturing and development of innovative culture and practices that are normally adopted by high performing organizations. By adopting innovative strategies in new firms a competitive advantage is provided through development of new products, services and systems. Innovation plays a vital role in conversion of ideas to realities. It is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for different business or services. According to Cooper (2005), an organization must innovate or die which means that survival and growth is fully dependent on the level of innovation adopted by new firms entering foreign markets. Business performance defines how the business demonstrates that it's a workable entity and overcomes the forces that work against its existence. Performance is also a measure of how a business is able to change and adapt. Companies are required to be aware that there will be disruptions in the market as their competitors will invade their market with a product that will form basis of competition. This is regardless of whether the firms compete for market share or need to improve their services (Paul Trott, 2008).

This research was anchored on the Schumpeterian theory which views innovation and innovation strategies as the corner stone of disequilibrium phenomenon and economic development. Innovation is refereed as executing new combinations as way of production which may include various cases such as initiating new product or new product quality, production techniques which are new, new market opportunities, supply of raw materials from new sources as well as executing fresh organizational order in the industry. The research was also supported by the resource-based theory which posits that strategic resources which are in possession of an organization provide it with excellent chance to acquire competitive edge in relation to its rivals. The competitive edge aid the organization in accruing super normal profits (Barney et al 1991).

The context of this research was in the edible oils industry in Kenya where it aims at establishing the effect of innovative practices on survival and performance of foreign owned businesses entering the Kenyan market. In Kenya the edible oils business is a highly penetrated, competitive and commoditized industry dominated by four major players commanding over

95% market share by the end of 2015. Palm based industry products control 99% of the industry and is sourced mainly from the Far East countries like Indonasia, Malasia, New Papua Guinea etc. while 1% is shared by corn, sunflower and other virgin related raw materials (AC Nielsen 2013). It is estimated that the over 9.1 million households in Kenya at any one time have and use edible oils, fats or laundry bars in varied quality dimensions. Research and development has played a key role in evolution of innovative edible oils features and benefits in line with the ever changing and dynamic customer tastes and preferences. The paper was aimed to address the need for foreign companies entering the industry to invest in innovative strategies to overcome challenges and problems inherent with new venture survival in edible oils industry in Kenya.

1.1.1 Innovation Strategies.

Innovation is termed as effectively development, application and utilization of fresh or structurally enhanced services, products, organisational forms, technology or process (Hartley, 2006). Innovation as process is not considered singular action but rather is a sum of various interrelated sub procedures thus, innovation does not end with new concept or idea, new market development or new device invention but all these process combined in an integrated manner (Myers & Marquis, 1969). (Murad, 2011) asserted that innovation can also be considered thinking beyond the obvious as it entails discovering new concepts, thing, development, improvements, and ideas so as to attain strategic advantages.

Hansen and Birkinshaw, (2007) considered innovation strategies as conscious and active organization, execution and control of activities that results to innovation. Further, innovation strategies can be described as the manna in which organization directs its resources for a given period of time and obtain capabilities that impacts the performance of innovation. This includes organization behaviours and economic perspective which is concerned with internal operations. It is also acknowledged that organization forms association with other organization and trade, cooperate as well as compete with one another. Thus, the operations of individuals within an organization are also known to affect the innovation process.

Innovation phenomenon is not new concept (Verloop, 2004). In ancient time, human were able to change their ideas into realization. Severally, there have been numerous innovation practices that were developed such as fire control (Goudsblom, 1992), forms of government such as democracy (Alan et al, 2003), new kind of medicine development (Achilladelis and Antonakis,

2001) and the light bulb (Bright 1949). Schumpeter (1934) is considered amongst the leading economist to stress on the significance of new products as economic growth stimuli. He indicated that new products posed serious competition as compared to changes in the marginal prices of current products. After the Second World War economists began to take even greater interest in the causes of economic growth and the most important influences on innovation seemed to be industrial research and development (Harrod, 1994). Hamel (2007) in particular forcefully argued that today's age, management of innovation may represent one of the most important and sustainable sources of competitive advantage.

Rushe and Waples, (2008) indicated that innovative companies do not have control on share price but on their innovations strategies, sales and profits. Innovation Strategies mostly adopted originate from various typologies that include product innovation, process innovation, organizational innovation, management innovation, production innovation, commercial or marketing innovation and service innovation. Paul Trott (2014). Well-structured innovation strategies lead to development of organisational culture and climate that impacts positively on attributes towards innovation (Aarons, 2004). Innovation Strategies include development of differentiated products with compelling value proposition , building on the voice of customer inputs , seeking sharp early products definitions, relying on effective cross functional development team, having idea to launch system with appropriate ideation practices and having a product innovation to guide development effort while fostering the right climate and culture for innovation.

Innovation Strategies enhance knowledge generation from the multidisciplinary team, increase customer satisfaction because customer input is considered into the innovation process, ensures that resource allocation and utilisation is appropriate and enforces continuity of the innovation process (Aykut, 2011).

1.1.2 Business Performance.

Business performance and survival is as the ability of the business to withstand forces that work against its existence. The forces are, economic, social, technological, environmental, legal and regulatory in nature. The key challenge new business of foreign ownership faces during their survival include barriers to entry, supplier bargaining power, buyer bargaining power, threat of substitute products and completion within firms, poor planning through business plan development, not conducting business research and lack of innovative strategies for the venture. (Porters 1998) The business plan gives reason for existence of the business and how the plans remain in existence. Secondly, financial management is a great challenge and requires expertise in handling cash flows. Customer retention and attraction is another challenge the business faces. After launch the key goal of a new venture is to remain in existence and is characterised by increase in sales, improvement of existing products, market penetration and diversification, new product development and market development. (Paul Trott, 2012).

Business performance is measured from different facets that include financial outcomes from the perspective of revenue growth and return on investment, growth in number of employees and growth in customers and share of market. Growth in sales volume turnover and production output similarly are measurements of business survival.(Kathleen,2014) Accounting and market definitions are interchangeably used to study business survival from points of financial performance, market value and market share (Mackey et al, 2007). Indicators of business performance is profitability, market share value, process effectiveness, employee satisfaction and social responsibility acceptance. Conceptualization of firm performance, as based on satisfying the stakeholders, can be thought of as having at least seven facets: growth, profitability, market value, customer satisfaction, employee satisfaction, social performance and environmental performance. Venkatraman and Ramanujan (2010).

1.1.3 Entering Foreign Markets.

In the past decade organizations have been attempting to redefine themselves as truly global organizations as the pressure to internationalize is virtually being felt in every organization. The need to internationalize is accelerating due to the self-interest of the organizations themselves as well as the impact of variety of external events and forces. Motivations for going global are evident in the allure of growing profits, the excitement of enhanced competitive pressures, differentiation by unique products and services and excess production capacity (Kathleen 2014) other motivators for going global are declining home country sales, unique foreign market opportunity, economics of scale, technological advantage and tax benefits (Robert et al, 2010). International markets offer companies new market opportunities because the growth of international trade and investments has been generally larger than the growth of domestic economies (Robert et al, 2010). A combination of domestic and international sales offers the companies the opportunity for expansion and growth that is not available in domestic markets alone.

1.1.4 Edible Oils Industry in Kenya.

In Kenya the edible oils business is a highly penetrated, competitive and commoditized industry dominated by four major players commanding over 95% market share by the end of 2015. Palm based industry products control 99% of the industry and is sourced mainly from the Far East countries like Indonasia, Malasia, and New Papua Guinea etc. while 1% is shared by corn, sunflower and other virgin related raw materials (AC Nielsen, 2013). It is estimated that the over 9.1 million households in Kenya at any one time have and use edible oils, fats or laundry bars in varied quality dimensions. The Nielsen, 2015 annual report indicates that Bidco Oils Refinery leads the industry market share by 41% closely followed by Pwani Oil Refinery at 29%. Kapa Oils Refinery and Menengai respectively have 15 % and 8% shares of the market.

The 2017 annual industry potential by volume is estimated to be 480,000 tons shared in the ratio of 30:34:36 in favour of oils, fats and laundry bars respectively (The Nielsen 2015). The future trend shows that oil consumption will slowly eat into the fats ratio albeit at a very slow pace in tandem with social middle class rush, economic growth of the country and growth in education levels of the people. (Golden Africa Magazine, 2014) The last three year industry growth average by volume turnover is 13% year on year which is derived from both organic and new regional market penetrations and development strategies of the industry players. Bidco Oil Refinery having been in the market for the last 28 years are the opinion industry leaders by virtue of age and share of market and notably influence pricing trends over the years. GAKL is the youngest entrant having launched her products in the market in January 2016.

The industry products are distributed mainly through three main channels namely general trade, modern trade and institutions. General trade channel contribute 85% of the industry business while modern trade and institutions share the remaining 15%. As at 2015 the numeric total outlet universe was 170,000 shared between the above three distribution channels. (The Nielsen 2015) Opportunities still exist in new and innovative distribution strategies or new market approaches especially as Kenya's infrastructural growth takes shape with new transport channels and corridors and emerging markets occasioned by the new concept of business packs and techno cities and other market blocks.

1.1.5 Golden Africa Kenya Kenya.

Golden Africa Kenya Ltd (GAKL) is a part of HSA group of companies and is a new entrant in the Kenyan market in the edible oils, fats and laundry bar industry. The refinery and plant is located in Lukenya, Athi River in Machakos County. GAKLs core business activity is manufacturing and marketing of cooking oils, cooking fats and multipurpose laundry bars. The Company launched her consumer products in the Kenyan market in December 2015. With a track record of outstanding achievements throughout its 75-year history, the HSA Group employs over 35,000 people globally out of which 300 are employed by GAKL alone (The HSA 2015 Report). The FMCG business has been at the forefront of the HSA Group's operations

Golden Africa has set up a completely integrated state of the art manufacturing facility which is one of the biggest cooking oil refining and packaging facility in the East African region. GAKL's vision is to envisage a profound corporate philosophy that is focused on creating a truly dynamic global enterprise based on reputation, integrity and mutual prosperity. The mission statement is to satisfy customers by supplying safe high quality and affordable edible oils and related products handled by highly qualified and motivated staff (The Golden Magazine 2015). The company targets to attain 15-20% market share industry market share within the first two year after launch. The market share position currently ranks at 12%.

1.2 Research Problem

Innovation strategies in businesses venturing into foreign markets are very fundamental for business performance. Through these strategies organizations are able to develop a culture for continuous innovation and new product development that enables them to have a competitive advantage in the market. Foreign market entry challenges can substantially be overcome by implementing innovative ideas and strategies that are unique in nature and difficult to imitate by competition. Research on entry into foreign markets and innovation strategies on their performance has been done before by both foreign and local researchers.

Alba Sanches et al (2001), did a study on Innovation Practices, Strategic Adaptation and Business Results: Evidence from in Electronic Industry, 2011in the Middle East. Robert and Scott (2014) similarly did a research on Best Practices in the Idea to Launch Process and its

Governance. In addition, Tahir, (2008), carried out a research on Innovation Management: Types, Management Practices and Innovation Performance in Service Industry of Developing Economies in Pakistan. Among the local researchers include, Awuor, (2013), who did a research on Factors Affecting Firm Entry in New Markets in Kenya. Jason (1997), carried out a research on Issues in the Implementation of Processes Innovation in Small Business Centers in Kenya.

Basing on the above researches, there exists a knowledge gap, none of them paid particular attention to the edible oils industry in Kenya with particular interest from foreign-owned companies. This research will thus sort to answer the question: what innovation strategies do foreign-owned businesses entering Kenyan markets adopt? What challenges do foreign firms encounter during entry in Kenyan market particularly in the edible oils industry?

1.3 Objectives of the Study

The study was guided by the following objectives;

i. To determine innovative strategies adopted by Golden Africa Kenya Limited on its entry into the Kenyan market.
ii. To establish the challenges faced by Golden Africa Kenya Limited on its entry into the edible oils industry in the Kenyan market.

1.4 Value of the Study

This research attempted to fill the knowledge gap existing on the effect of innovation strategies on survival of foreign businesses in the edible oils industry. The research was intended to equip foreign companies venturing into global markets with options for entering international markets, understand problems of going global and best innovative strategy and modes of entering and growing a business in another country.

The research intends to particularly bring to light the industry environment of the edible oils market in Kenya, the available opportunities, barriers to entry forces, entry strategies and modes among other benefits.

The research would be beneficial to the government of Kenya in policy formulation towards promotion of innovation strategies on firm performance with special emphasis to foreign companies targeting Kenya markets. This research would be replicated in other industries to establish how they can be improved.

With little research having been carried out in the edible oils industry in Kenya about entry by foreign based firms, the study would add content to the existing researches on the benefit of innovation strategies on survival of firms entering the industry in Kenyan market. The findings of this research can also be used by other researchers for further studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter presents theoretical foundation, types of innovation strategies, and entry challenges foreign firms face and innovation strategies contribution to firm performance.

2.2 Theoretical Foundation

The research was anchored on both the Schumpeterian and Resource-based theories because of their relevance to innovative market entry strategies and business performance.

2.2.1 The Schumpeterian Theory

The main tenet of Schumpeterian theory is that the engine of economic development as well as imbalance phenomenon depends on innovation and innovation management. Mean of production which entails new combinations is what is termed as innovation. It includes a number of various cases such as discovering new market, introducing new good/service, identifying new source of raw material, new quality of good and initiating new organizational order of an industry. It is emphatic to know that the concept of technological change is considered as innovation in general and the usual economic behaviour (Schumpeter, 1934).

An organization can achieve innovative competitiveness it is able to adopt innovation strategies. Organizations which have venomously invested in development and research so as to improve their innovation capabilities have survived market dynamic and turbulent resulting to become market leader in key products/services (Paul, 2008). However, companies which have been static in their ancient ways of conducting business have seen their volume of sales plummeting and finally out of business.

2.2.2 Resource based theory

The theory maintains that an organization with strategic resources has an ideal opportunity to attain competitive advantage in the market as compared to its rival. The competitive advantage affords the organization high profit margins (Barney et al 1991). Strategic resource is considered an asset to an organization in which it's rare, valuable, and non substitutable and inimitable. A valuable resource is one that provides an organization with strategies exploit on opportunities and protect against threats. It is difficult for competitors to duplicate resources which are inimitable they would require to use more effort and other resources. Also, some organizations prefer to protect their services and product from imitation through numerous legal ways such as copyrights, trademarks and patents. A resource is considered non-substitutable if the rivals in the market are unable to get alternative means to achieve the gain that the specific resource is providing.

However, the theory, resource based, can be confusing as the term resource is ambiguous in various applications in contemporary society. It is essential for an organization to differentiate strategic resources in comparison to other resources. A lot of people view cash as most vital resource. This is also reflected in other tangible products like home and cars as important resources. However, these resources are not considered strategic to an organization as rival organization readily obtains them although they are valuable. Therefore, for an organization to gain competitive advantage, it needs strategic resources and not common resources.

2.3 Types of Innovation Strategies

Introducing a new or altering existing practice with aim of having positive outcome is what is known as innovation (Svara, 2008). Innovation takes two forms; adopting a standard or steering new techniques that do not exist within the organization. Innovation has been considered essential facets of economic and industries development policies in the start of 21st century especially in Western Europe. Schumpeter (1934) indicated that innovation is critical and essential a key component for economic growth. Porter (1980) argued that competitiveness of a nation relies on its industrial capability to utilize innovation abilities and improve therefore; organizations attain competitive advantage via innovation. Hence, innovation is vital at both national and organization level.

Strategic adaption is the origin of theoretical relationship between organization competitiveness and innovation. From this perspective of research, strategy process is believed to be a dynamic process and long term competitive advantage is dependent on its ability to adapt (Schumpeter, 1934). In the domain of innovation management, similar views have been advanced from various related outlook. According Hult et al. (2004) revealed that innovation is the way in which organization change so as to address internal or external changes or as a preemptive effort to environmental change. Therefore, innovation is believed to be among vital strategic processes that aid organizations to adapt both internally and externally (Grant, 2005).

Nonetheless, the conceptual relationship between strategic alignment and innovation practices is still obscure because various models and terminologies make it complicated to ascertain the link between various ideas (Adams et al, 2006). Further, the capability to innovate is critical success factor of organization performance and survival (Porter, 1990). The increased focus on innovation management is borne out of that perception that innovation is vital for organization survival be it for profit making or for market share competition (Cooper 2005) public service delivery improvement in public organization (Hartley, 2005). However, there is need to manage innovation process according to how it viewed. According to Albury (2005) the innovation success is the formation as well as implementing new product, process, and method of delivery and services which leads to substantial increase in efficiency, outcome, quality or effectiveness. Innovation management can also be defines as vigorous, conscious and active organization, direct and effecting of various activities that results to innovation. Further, innovation management is simply managing the process of innovation (Jacobs & Sneijders, 2008)

The promotion of innovation entails creation of structure and culture that are vital procedures for organizations. Business elasticity assists business against protectionist predispositions. Senior executives of the business are required to invest a lot of their time searching for external business openings. Analyzing influential mental models in reference to market scope, business mission, target customers, appropriate services and products, bundling options, partnering opportunities and pricing strategies. Others are essential business core competencies and interrogating current biases in reference to the various categories of profit promoters for exploitations. Opening up innovation chances to all employees and participate customers, competitors, suppliers and corresponding organizations so as to build new methods of creating new wealth. Cellular division to enhance independent unit, small, divestiture, de-mergers, EcoNet and spin-off model that boosts collaboration and cooperation through organization entities that are need to aid in promoting innovation (Burgelman, 1996).

Another aspect of innovation management is organizational transformation strategy. An ideal strategic planning is seldom opposite to enhancing business models and strategy which are radically innovative. Innovative is not programmed strategic planning but an ongoing activity in an organization. Further a strategy should not be confined in upper decision-makers level. This indicates that the origin of innovative strategy should always been at the top but anyone below the senior level should contribute to innovation strategically. The vital part of strategy is to think the end of result of the thing and what hindrance may occurs and how this hindrance can be addressed so that it becomes a convincing story. Internal rate of return forecasts and EVA calculations may be somewhat helpful but thinking about the possibilities is the most important component (Burgelman, 1996).

Strategic adaptation is one of the most important innovation strategies. Miles and Snow (1978) described organizational adaption as the capability of an organization to adjust to environmental uncertainties and changes in dynamic process, upholding effective configuration with the surrounding while efficiently managing internal interdependencies. According to Child (1997), the process of strategic adaption is the summation of two dynamics; the external structuring which entail alteration of organization link with it environment such as changing new suppliers or introducing new products and internal structuring which entails actions which are needed for organization to be able to adapt to new environmental conditions. As a result, strategic adaption process can be considered as a series of activities such as product development, process development, new organization development or research (Prahalad and Hamel, 1990; Barton, 1992).

Strategic positing is the market place which is an organization occupies and is usually a factor of its products scope in relation to competitor's products (Porter, 1980). Eunni et al. (2003) asserted that adaption strategy is the ability of organization to attain correct alignment of culture, strategy and structure (Internal alignment) so as it can position itself in a competitive market as well as align with the environment so as to successfully handle environmental changes (external alignment). The measurement of company's strategic capability consists of internal alignment measurements such as strategic planning, corporate leadership and workers approach (Eunni et al. 2003). For external alignment measurement, corporate social responsibility, strategic partnerships, innovation capacity, market focus, customer focus, technological capacity and innovation capacity (Lee at al., 2010).

Innovation is described as distinct collection of activities that afford organization competitive advantages. This has resulted to a lot of emphasis direct toward understanding which procedures influence more significantly an organization innovation capability (Verhaeghe and Kfir, 2002). Eunni et al (2005) related innovation directly with strategic adaptation perspective. There, literature on innovation practices provides information on how a specific innovation capabilities or practices can be fit into individual strategic adaption dimension. The significance of acquiring means of management of innovation has attracted attention of various researchers worldwide (Christensen, 1997; Leonard-Barton, 1992; Burns and Stalker, 1961; Parker, 1982; Kanter, 1983).

Adler et al. (1990) predicted the need to have four types of abilities for sustenance technological innovation at the organizational level (organizational flexibility, process innovation, product development and superior manufacturing capability). Christensen (1995) grouped innovation capabilities into various assets such as process innovation, scientific research, design assets and product innovation. Burgelman et al. (2004) studies in detail the technological innovation capabilities (TIC) as a collection of organizational practices and features that support organization's technological innovation strategy. Yam et al. (2004) argued that the success of technological innovation is not about technological capabilities of the organization other than other crucial capabilities in the organization, resource allocation, strategic planning, manufacturing and marketing.

Investigation on whether not all new products in the market are vastly success while other has failed in the market has been related with prudent launching practices. These probes have isolated an array of success drives such as development of a different product with a persuasive value intention; creating product/service base on the customer input, assuming front-end approach homework, initial product definition, seeking sharp, provision of sufficient resources and developing a team which dependable, efficient and cross-functional(Cooper, 2011).

Various organizations have created these drivers of success into their own development approaches in a manner of organized concept so as to launch a system or process (Cooper 2011; DOE 2007; Adams & Hubilkar 2010; RĘnneberg & Frishammar 2010; Koen 2003). Further, other researches have investigated on why some companies are more successful in launching new product while others fail (Jaruzelski et al., 2005; Adams 2004; Edgett, and Kleinschmidt, 2005). Various success factor have been discovered such as possessing technology strategy and product innovation to direct development efforts, nurturing the correct culture and climate for innovation, putting into place efficient conception practices, setting in place the required resources and capitalizing in the correct projects (portfolio management) as well as an effective concept-to-initiate system (Jaruzelski at al., 2005; Cooper & Mills 2005).

A repeated best-practice subject is the utilization of some method of opening process. Best outcome appear to be as a result of innovation process in an organization which is quality. It is expected that this makes it how it should be practiced rather than focusing on the innovation process magnitude. Another crucial practice is the commercialization of technology and innovation. A commercialized technology entails the organizations receiving royalties from their current patents. According to Nicholas and Armstrong (2003) it allows organizations to be turned into techno entrepreneurship as innovators are protected through patenting. Further, it allows innovator to earn through his intelligence work and at the same time to licences other interested parties who may request to utilize innovative concept.

It can be summarized that innovation strategies that are commonly adopted from different typologies such as process innovation, product innovation, service innovation, production innovation, organizational innovation, management innovation and marketing or marketing innovation (Paul, 2014). Aarons (2004) asserted that well organized and structured innovation strategies would results to development of organizational climate and culture that would have positive impact on innovation attributes. Innovation Strategies include development of a different product with a persuasive value intention; creating product/service base on the customer input, assuming front-end approach homework, initial product definition, seeking sharp, provision of sufficient resources and developing a team which dependable, efficient and cross-functional(Cooper, 2011).

2.4 Challenges of Entering Foreign Markets

The necessity for to internationalize is quickening as a result of self-regard of the companies themselves as well as the effect of various external forces and events. According to Kathleen (2014), the need of globalization is evident due to attraction of increasing profits. Different unique products and service, anticipation of improved competitive pressure and surplus production capacity. Robert et al (2011) identified other motivating factors such as economic of sales, tax benefits, technological advantage, and distinct opportunities in the market and home country sales declining. Business and entrepreneurial firms which are international build employment and wealth that benefits nations and individuals in a motivating process as it combines many facets of activities in the domestic business with fields such as language, history jurisprudence, geography, economics and anthropology. Global markets afford organization new market opening as a result of growth of international investment and trade that is generally superior as compared to domestic economic growth (Robert et al, 2011).

Combining international and domestic sales afford an organization the chance for growth and expansion that is lacking in the domestic markets.

Therefore, by company opting to going global, it is in position to carry out its business beyond national boundaries. Organization opting for global market must choose amongst three modes joining the international market which may comprise of directly or indirectly exporting, non-equity provisions such as management contracts, licensing, franchising, turn-key projects and direct foreign investments which can either be majority or minority interest, full ownership, mergers and joint ventures. Organization going into foreign markets must tackle issues such as the management of global business which are distinct form the domestic business management, global strategic issues, options available in international businesses engagement and the assessment of their decision for choosing international market (Kathleen 2014). Main aspect organization should put into consideration while pursuing foreign markets should be able to provide answers to the above issues which also involve the target market environmental culture. The entrepreneur ought to make sure that each factor of business plan in some extent has resemblance with the local culture. Ethical features of business also comprise culture.

Legal and political setting of the target international market must be put into consideration so as it can be studied and understood by the organization which intent to go beyond their national borders. Prior to venture in another country for business, there is need to conduct political risk analysis with aim of assessing the target country stability as well as its policies (Kathleen 2014). Economic and economy combination of the targeted market is crucial attribute that organization going global should review and understand. Building business strategy for multicounty areas indicates facing with differences in: currency variations; banking; distribution and marketing systems, government regulations and economic development level. These differences are noticeable in various features of international business methods and plans for business performance (Robert et al 2011).

While organization opting for global market should be worried about the current global logistics as a result of hi-tech transportation methods and resultant reduction is cost, one of the biggest problems is distribution channels which are found in the target country. Various factors must be put into consideration while determining which best distribution channel should be adopted by organization in the global market. They include the product cost, population density, country's investment policies, general sales potential, type and magnitude of competition, general market plan and political risk level. Technology which is part of culture differs significantly among countries and this variations as well as availability are regularly shocking especially to organizations that are from developed economies (Robert et al 2011). It can be affirmed that production of new products and services in a country depends on the prevailing condition as well as country's technological infrastructure.

The economic, political, cultural as well as country's distribution systems defines it allure and a prospective investment opportunity and potential market. Normally, the political risks and costs are usually lower in those countries that have advance politically and economically as most of them are market-oriented economies. Nevertheless, according to Kathleen (2014) the benefit of organization opting global lies on the country's future expansion and growth. These opportunities may be available in less stable and less developed countries. Therefore countries organization that decides to venture into foreign markets ought to wisely and cautiously analyze the target countries so as to establish which one have the best opportunities thereafter develop suitable strategy to exploit the market

2.5 Innovation Strategies and Business Performance

Klette and Griliches (2000) were inspired by different theoretical view so as to build a multistage firm behaviour model. In this model, firm growth is determined by its own price, quality and competitors' products while innovation can improve its own product quality. Nonetheless, the strength of organization innovation is considered independent of form size but it is associated with firm's margins in profit realization which is a factor of the extent to which an organization is able to make its product different from its competitor's product.

Several studies have explored the complementarities and interrelationships between various types of innovation strategies.

There is sufficient evidence that restricting in organization is related with structural and administrative improvement or renewal which enables other innovation types. These evidences are like in public libraries, technical innovation is as result of administrative innovations (Damanpour et al., 1989), in pharmaceuticals industry technological innovations is enhanced by rearrangements mechanisms in cooperative organizational, in logistic sector, process innovations is associated with organizational structural features (Germain, 1999), and in public organizations, market, product and organization innovations are interrelated (Walker, 2008).

The interrelations might take divergent ways. Its common knowledge that product innovations may need organizational and market innovations besides process innovation. Nonetheless, product innovation is spurred by organizational innovations. The research and development strength is also presumed to be a factor of high quality products demand as well as availability of innovative chances and opportunities. A model developed by Klette and Griliches has elicited various literatures which have their origin in the innovation process as a result of organization's decision to adopt innovation in its performance that includes various facets like individual heterogeneity and reverse causality (Lööf & Heshmati, 2006).

Innovation strategies can range from simple to complex one. A simple innovation strategy is where an organization decides to initiate a specific of type of innovation such as organization, market, process or product (Schumpeterian innovations) at a time and complex strategy is where different organizations make a combination of several types of simple innovation strategies at a specific time. Regardless of innovation strategy an organization adopts, the direct incentive can be a combination of reasons like increased productivity, increased performance of product and reducing cost of production while the fundamental motivation is perhaps to increase or maintain its competitive advantage in the unexploited or current market place.

Various previous studies have reported that there is significant palliative relationship between firm performance and innovation (Hashi & Stojčić, 2013). Research and development expenditures are mainly utilized as main determinant of innovation. However, research and development expenditures may suffer many limitations when they are being utilized as innovation activity determinants since they are considered as input measure and as such they are not included in other crucial components of innovation like investments in human and physical capital as well as learning-by-doing.

Studies which are centered on research and development expenditures have also been found to offer scanty information on the innovation process as such organizations have been found to choice innovation strategies depending on their capabilities (Kemp, et al., 2003). Further studies relying upon generation of new models in examining the influence of innovation on organization performance have moved the focus of research to the innovation complexities process as well as to the means via which innovation inputs promote firm performance which is considered better (Bessler & Bittelmeyer, 2008). In regard to these models, the process consists of four phases, innovation decision, expenditure on the innovation, the association between innovation out in regard innovation expenditure and the link between organization performance and the output of innovations.

In addition to this explanation on process of innovation, it also includes on the organization decision which innovation strategy to implement. Further, the process of innovation also comprise of the following five phases: innovation decision, decision on choosing which strategy to adopt, decision of innovation expenditure, performance of innovation and the association between organization performance and out of innovation. Barbosa asserted that (2013) the first four phases assumes that organization are heterogeneous in forms innovation strategies introduction as various forms have distinct knowledge base as well distinct innovative capabilities. For example, organizations which are having low capabilities in innovation like new entrants may be inadequate in term of implementation of innovation strategies which are simple (Dasgupta & Stiglitz, 1980). Likewise, extant empirical evidence implies that better organization performance is associated with innovation strategies which are complex (Gera & Gu, 2004). As a result, organization tends to be heterogeneous in last phase of innovation i.e. different in term of performance from one organization to another.

It is evident that a substantial balance of technical and non-technological innovation is more successful in assisting organization to improve and maintain their performance than adopting either of one (Damanpour & Evan, 1984). Literatures on the innovation have failed to come to a comprehensive conclusion if there exist a single known innovation strategy which is best to specific organization performance. Most of the previous studies have defined innovation inputs as investment made in research and development and is measured either as the percentage of research and development in an organization expenditure in relation to its accumulated turnover in sales (Chudnovsky et al., 2006) or the sum amount of money an organization has invested in the innovation (Lööf & Heshmati, 2006).

Other studies have adopted a wider definition of expenditure on innovation to include machinery, markets and organization expenditures. The independent variables that this study used include human capital, firm size, cooperation with customers, suppliers, research institutes, and universities etc., export intensity, accessibility to funds such as subsidies from public organization for innovation activities, specific cultural practices of region or country, institutional set up quality, earlier experiences in research and development as well innovation which include innovation persistence and presence of support for research and development as well innovation from the public.

Innovation strategy can either be complex or simples as indicated previously. These two innovation strategies are collectively exhaustive and mutually exclusive choices. Innovation output which is the investment output is the success realized from adopting a specific innovation strategy. Obviously, organizations have to put into consideration the probability of reversed causality in a manner that organization performance is affected by its innovativeness decision, innovation strategy selection, innovation expenditure decision as well as how the expenditure is to be distributed over various types of innovation in case the organization is utilizing complex innovation strategy and lastly how much the organization innovation would cost

Interestingly, high and low organization performance can spur innovation. For low performance, the push is to enhance organization performance while for high performance is to maintain good performance in the organization. Gera and Gu (2004) revealed that a number of empirical studies show that there is evidence that better organization performance is associated with innovation strategies which are more complex. Nevertheless, it can be concluded that various types of innovation are associated with one another and there is for need for them to be implemented concurrently (Walker, 2004). Current evidence has revealed that organizations prefer to choose innovation strategies which are complex (Tavassoli & Karlsson, 2015). This shows that there is evidence of various complementarities and interrelationships between the unmixed forms of innovation which Edgeworth termed it as the action of thing enhances the performance of another related thing.

Complementary innovations strategies are jointly enforced because by improving the investment of either of them would result to improve in the profit margin of the other (Milgrom & Roberts, 1990). Complementarity that exists between innovation strategies which are simple when they are adopted collectively suggests that their combined adoption results to organization improved performance than the total of individual organization performance when adopted individually. Thus, it is expected that the adoption of innovation strategies which are complex would result to significant positive impact on organizational performance. Organization that have the ability to adopt innovation strategies which are complex may attain additional competitive advantage in the market in form of performance as compared to its competitors that opt for innovation strategies which are simple.

The association between firm performance and organization innovation strategy is not candid as the concept of organization performance is multi-dimensional (Murpy et al., 1996). Nonetheless, empirically, studies on organizational performance influence of innovation strategies have generally consider performance measurement in single dimension like employment, exports, productivity, profits and sales as well as financial measurement indicators such as return on asset and return on equity have been considered (Bessler & Bittelmeyer, 2008). Klomp et al (2001) asserted by various studies have revealed that the relationship between firm performance and innovation is positive but some there is difference in performance outcome depending on the various performance measurement indicators adopted. A given concern is that the impacts of innovation on the organization performance normally comes after some times and there is variation with firm size and industry

Cefis and Ciccarelli (2005) admited that innovation effects on organization performance are normally transient as other organizations in the market are more likely to imitate the innovations. Therefore, organization performance might drop if the organization is unable to maintain it long term innovation practices successfully in the industry. This is according to creative destruction proposition which was advanced by Schumpeter that innovation creates a competitive advantage which an organization can enjoy for limited duration as the competitors in the market can copy the innovation and in some case improve it for their own advantage. With introduction of improved form of an innovation in the market, the original organization losses it competitive advantage and as a result it is likely to suffer from losses which will eventually be phased out of the market unless it is able create a superior innovation.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the various steps that were used to execute the study in a bid to achieve the study objectives. It details the research design, the population of the study, the sample size, data collection and data analysis.

3.2 Research Design

Case study approach was used for this study. A case study is a research method involving an up-close, in-depth, and detailed examination of a subject of study (the case), as well as its related contextual conditions. The methodology combines individuals and sometimes group interviews with record analysis and observation. This design is used to understand events and their ramifications and processes. It's also used to emphasize the full contextual analysis of a few events or conditions and their interrelations for a single participant. The objective is to obtain multiple perspectives of a single organization, situation, event or process at a point in time or over a period in time. In a business arena case studies have examined changes in new product development, sales processes, hiring practices and training programs. (Donald et al 2011)

3.3 Data Collection

The research used primary sources of data. Primary data is defined as data observed or collected directly from first-hand experience. Primary data was obtained through interviews of five functional heads and the general manager of Golden Africa Kenya Limited. Qualitative data was collected from five respondents in total. The flexibility of the case study and the emphasis on understanding the context of the subject allowed richness in understanding.

3.4 Data Analysis

A single case content analysis was performed before any cross analysis is conducted. The emphasis was on what differences occurred, why and with what effect. Prescriptive inferences about the best practices was concluded after conducting case interviews from all the invited participants. Content analysis consisted of examining, categorizing, tabulating, testing, of the qualitative evidence to address the initial propositions of the study. We searched for patterns in the data. The ultimate goal of the case study was to uncover patterns, determine meanings, construct conclusions and build theory

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSION OF RESULTS

4.1 Introduction

The objective of this study was to determine innovative strategies adopted by Golden Africa Kenya Limited on its entry into the Kenyan market and to establish the challenges faced during the entry period. Primary data was collected from five managers of Golden Africa Kenya Limited. The data was analyzed by making inferences from the views expressed by the various managers interviewed by the researcher.

4.2 Demographics of the respondents

Interviews were carried out from five functional heads of Golden Africa Kenya Limited on its entry into the Kenyan market. The respondents belonged to the management levels from the department of production, sales and marketing, finance, supply chain, customer care and human resources management. These respondents detailed innovative strategies adopted by Golden Africa Kenya Limited and the challenges faced by Golden Africa Kenya Limited as per the interview guide prepared.

4.3 Background Information

Golden Africa Kenya Ltd (GAKL) is a part of Haile Said Anam(HAS) group of companies which is operating in Yemen, Saudi Arabian, Egyptian, United Kingdom, Malaysia, Indonesia and United Arab Emirates. The company was has been in existence in Kenya for the last three years which indicate that the company is in new to Kenya market as compared to competitors like Pwani Oil, Bidco and Kapa Oil refineries. The refinery and plant is located in Lukenya, Athi River in Machakos County. The company's core business activities include manufacturing of edible oils, vegetable fat and multipurpose laundry bars. The vision statement is "We envisage a profound corporate philosophy that is focused on creating a truly dynamic global enterprise based on reputation, integrity and mutual prosperity" while their mission is to satisfy their customers by supplying safe high quality and affordable edible oils and related products handled by highly qualified and motivated staff. The company is committed to producing high quality Edible oils and related products through utilizing high standards of Good Manufacturing Practices throughout the production cycle.

The company has short/mid/long term goals that included Numeric distribution, weighted distribution, market share, high quality products and organization excellence. The milestone achieved so far against the goals envisioned are 12% national market share, zero bad debts, best quality products in the palm category, 9% numeric distribution and 14% weighted distribution within 18 months from product launch. This organization was ideal case study to investigate innovative strategies adopted by Golden Africa Kenya Limited on its entry into the Kenyan market bearing in mind there are established companies like BIDCO which have entered foreign market like Uganda.

4.4 Innovative strategies adopted by Golden Africa Kenya Limited on its entry into the Kenyan market

The study sought to find out the innovation strategies adopted by Golden Africa Kenya Limited on its entry into the Kenyan market. To achieve this objective the interviewees were asked to indicate if they embarked on some innovations strategies that gave them competitive advantage to achieve some of the milestones indicated. All the interviewed affirmed have innovations strategies that gave them competitive advantage. According to the researcher, this, the innovative strategies were categorized into product and service innovation strategies, process strategies, market strategies and human resource strategies. However, these strategies are aimed to make new companies entering market to penetrate the market and achieve competitive advantage

4.4.1 Production innovation

There are various entry marketing strategies adopted by different companies based on their strategic plan. The most common strategies are alliance, franchise, license arrange, setting up local plant and direct foreign investment. The aim of these strategies is to avail products and services to the local market. During interview with sampled respondents, the researcher noted that the company decided to set up local plant so as to serve the market effectively and also to profit from various government taxes reliefs unlike other entry strategies such as alliance or franchise. With this kind of entry strategy, the organization was able to create employment opportunities either directly or indirectly thereby increasing brand visibility as indicated by production manager. This was also confirmed by marketing manager who indicated that by set up a production plant, the company was able to meet local market by producing products which befit their expectation. It was easy to brand their product in term of buy Kenyan build Kenya thereby localizing their products. It was noted that majority of their customers believe the company is fully local which increases the trust they have toward their products.

The plant was found to produce various products in two category edible oils and soap. Soap includes super Saba and Zenta. Super Saba is enhanced with perfume and natural moisturizer and is made with a unique formula which makes your clothes clean and helps maintain the softness of your skin. This is one of its kinds in the local market and its competing favorably. Zenta is enhanced with a long lasting fragrance for all day freshness. The edible oil products include Avena and Pika oil and fat. Avena oil is cholesterol free and contains Omega 6 & 9. It is fortified with Vitamins A & D and is conveniently packaged with a non-drip spout to avoid spillage. The production of Avena Oil is evidence of adoption of innovative production strategies which is meant to produce product which is different from the ones that are existing in the market. It was noted during the interview with the production manager that introduction of Omega 6 and 9 in Avena Oil gave the market a different product. The same was supported by marketing manager who revealed that the product has taken edible oil market by storm.

These product innovation strategies have created new market segment for the company that did not exist before. Therefore, product innovation strategies are inevitable if new companies entering market are to remain competitive and sustainable in the market. These findings agree with various previous studies done in Kenya. Letangule and Letting (2012) found that product innovations enable the Firms in the Telecommunication Sector in Kenya to increase their brands or products in the market hence create competitive advantage for the organizations. Similar results were obtained by Odoyo and Simiyu (2014) who revealed that companies have been going through a period of growth as result of product innovations which has resulted organization coming up with different innovative products for different market segment which results to new customers.

4.4.2 Process Innovation Strategy

Another innovative strategy that was utilized by the company was process. From the interview with production manager as well as General Manager, even though there are various companies manufacturing edible oils in Kenya, there was still some prospect of producing different products which would make the market competitive. Interview from production manager revealed that process innovation mainly leads to produce similar but unique products in the market. However, it was difficult to produce a new product in entirety as the one that are existing in the current market. In that case, the manager indicated that with global experience in the edible oil production, there process is unique which makes their product to be refined in term of quality. Not disrespecting other companies in the country, he indicated they have top quality products which can compete favorably in the global market due to its unique innovative process. Having examining the current products, they were able to offer Kenya market a different choice in quality which up to now they are commanding sizeable market despite the existence of other manufacturing companies.

The interview further revealed that the continuous effort to reduce overall production costs is mainly achieved by increasing plant capacities, installation of mono feedstock plants, and increasing the degree of automation. More energy-efficient processes and technologies, resulting in a higher refined oil yield, have been introduced. The growing importance of the (nutritional) oil quality and the sustainability aspect of the refining process have forced the company to develop and implement state of art oil refining process technologies. The company has come up Premium and fighter brands launched at the same time to meet different markets. These are same products but the process of production makes them to be different. It was noted that the aim of this strategy is to compete favorably in the market with existing products. The process innovative has also resulted in the production of unique user friendly product packaging with distinct features and benefits fitting the current shopper requirements. This differentiation strategy has assisted the firm products to standout from their competitors. Currently the company is producing liquid oil, white solid fat and yellow solid fat giving it customers' wide range of selection.

It can be deduced that process innovation strategies have enabled the company to improve on the quality of the product in the market through effectiveness and efficient production. This finding is comparable to other studies in Kenya. Mwangi and Namusonge (2014) found out that adoption of process innovation strategies aided garment manufacturing industries in Nakuru County to reduce their cost, reduce waste and lead time hence improvement in production efficiency. In another study, Ishimwe (2013) revealed that for a given foreign market a firm can use different modes for different products, depending on competitive advantages that may be gained. A firm seeking to achieve industry wide recognition and superior products and services my adopt the differentiation approach whenever buyer's needs and preference are too diverse to be fully satisfied by standardized products or by sellers with identical capabilities.

4.4.3 Marketing Innovation Strategy

Under innovative marketing strategies, all the interviewees confirmed that the company did a thorough market research before deciding move to Kenya market. The choice of Kenya market was a result that Kenya is an entry point to eastern and central Africa region therefore the choice of market of appropriate. By capturing this market, the company was in best position to expand in other countries. Therefore a plant was set up near Nairobi (Lukenya) which is considered high economic end in Eastern Africa. The location of the plant enabled the company to access the Nairobi market as well as other markets in the coast, Mt Kenya and western Kenya. In these markets, the company has teamed up with local distributors who have large space and trucks to transport their products to retail markets. This strategy has enabled the company to access local consumers using low cost hence achieving low cost leadership.

Interview with sales and marketing manager also revealed that a lot of advertisement has been undertaken by the company. The advertisements which include traditional and online marketing strategies have enabled the company to achieve the target market share. They were several advertisements in the TV and Radio during prime times as well as billboards. They advertise using the language that is best understood in the local community by target marketing using the most convincing language that will be understood by its target population. The aim of these advertisements is to increase their market share and increase their sales. Inside big retail stores such as supermarkets and wholesale stores, the manager revealed that there are various promotions for those customers who purchase their products. The aim of these promotions is to make sure their product brands are visible to the target market. So far, the sampled managers revealed that their innovative marketing strategies have resulted to achieving their milestone.

Innovative marketing strategy has been associated with market segmentation in the new market so that a company is able to serve the market basing on various factors. it also help in improving the mix of target markets, offering the best service to the markets, identifying better potential markets and generating better ways to serve target markets. This confirms with the literature findings by Deresky, (2008) on the need to use a specific advertisement content based of socio-cultural characteristics of target market. Kavata (2013) also found out that in reentering Kenya Market, Pepsi Cola Company have being advertising, with the television and radio mediums as well as sales promotion, and these strategies were the most effective and efficient.

4.4.4 Human Resource Management Innovative Strategy

Another aspect of the company that has given it competitive advantage in the market is human resource management strategy. The interview with all the managers revealed that they have highly trained and highly qualified personnel. The sales and marketing manager boosted of dedicated personnel in his department that has enabled the company to cut in the competitive market. According to human resource manager, the focus has been to recruit high motivated staff and offering competitive remuneration. This has made the company to be among the number choice employer in Kenya. The general manager also indicated their personnel have experienced in new foreign market entry. The researcher noted that Kenya is not their first foreign market therefore, they are aware of the challenges that are inherent in mew market especially developing and emerging market. The experienced team of staff has enabled the company to have a cutting edge in Kenya Market especially in production, strategic management, sales and marketing (distribution) as well as financial.

During interview, it was noted that, all other strategies rotate around human resource management innovative strategies which the human resources manager has achieved in this short period of time. The Human resource manager was categorical to state that the company has developed innovative way to hire it employees. There are various forms of hiring such as casual, contract and permanent term which are tailored to need of the company. The correct match ensures the company is able to achieve its milestone without comprising quality of products or welfare of its employees. This has seen increase in application of employees from other edible oil manufacturing companies to join their workforce. Also the company has been hiring the expatriate from their mother company; however there are strategies in place to ensure continuity through training and development.

The findings of this study are comparable to various previous studies. Abdiaziz and Yassin (2013) found that innovative human resource management strategies have aided telecommunication industry in Somalia to achieve competitive advantage, corporate performance, firm success and organizational sustainability in a changing environment. Moreno et al. (2013) established that the success of organization depends on innovative human resource management strategies which are essential in other type of innovation such as production and marketing in Colombian companies.

4.4.5 Technology Innovative Strategy

It was also revealed that the company has adopted technological innovation to her advantage. Interviews with production manager and other respondents indicated that the company has employed technology from production to distribution. The purpose of adopting technology was to increase efficiency and effectiveness in the market and therefore satisfy their market. Technology was also deployed in production to ensure that appropriate technology is used in production. None of the respondents was able to outline the technology in question due to fierce competition in the market and avoidance of imitation. However, the technologies have enabled them to produce products with precision in term of mixing the ingredients, packaging and supply chain management. It was noted that through technology they have been able to connect with their entire distributor all over the country thereby accessing information that is vital for survival in this new market. All in all, the aim of technology innovative strategy is to ensure that there is efficient and effectiveness in production and distribution thereby save time and cost.

The interview results also indicated that the company has invested a lot in technology so as to make a different in the market. With the company operating in various continents such as Europe and Asia, the company is seen as technology leader and is expected to set pace in term of technological innovations. In respect to differentiation strategy, the managers indicated they have used technology innovative strategies to compete favorably in the market. Marcela et al. (2010) concluded that it is necessary that companies, especially entering new market, adopt a technological innovation strategy that would help to manage it production cost so as to offer their products at affordable prices. This will help keeping them competitive within their specificities in the new market thereby penetrate the market. Karanja (2014) revealed that adoption and implementation of technology in organization is associated with customer satisfaction as well as customer retention.

4.5 Challenges faced by Golden Africa Kenya Limited on its entry into the edible oils industry in the Kenyan market

All the sampled respondents who were interviewed in this study indicated that they have encountered various form of challenges in entering Kenya edible oils market. From the interviews, the researcher was able to categorize as infrastructural, government rules and regulations, technological, economic challenge and tough competitive environment.

4.5.1 Infrastructural Challenges

Poor infrastructural development drives up operational costs of most manufacturing companies in terms of acquisition of raw materials and distribution of finished products. This was revealed during interview with various sampled respondent. Just like most developing countries, the road infrastructure in Kenya is poor in some areas making it difficult for the company products to reach all part of the country on time. Infrastructure affects both the productivity and effectiveness of manufacturing companies. It has a direct impact on the distribution of raw materials, parts, and finished goods to customers. The researcher noted that only Nairobi and other major cities are covered with good road networks. However, the rural areas distribution is affected by poor road network which increase the cost of distribution which results to high prices that is passed to the consumers. Higher prices due to high cost of distribution makes it difficult for company products to compete favorably in the market.

There was high cost of energy which has pushed the production cost. Over rely on oil as form energy which suffers shock from international market is a challenge that most of the companies in Kenya are enduring. It was revealed that unlike other countries which have diversify their source of energy, Kenya still depend on fossils energy which is imported from other countries. One of the interviewees indicated that some the MNC have relocated due to energy cost Nwankwo (2000) revealed that in Africa. Companies are facing tough challenges from poor infrastructural development thus driving up costs of operation, and is a drag on market efficiency owing to increasing investment and transaction cost thereby increasing entry barriers and causing a reduction in industry competitiveness and access to domestic and international markets

4.5.2 Government Regulations and Rules

Some government regulations in many African and East European countries play a pivotal role in establishing the business climate, be it positive or negative. This government regulation are closely related with the political factors define the legal and the regulatory issues within which the firm conducts its business. Political barriers are normally placed on firms through fair trade decisions, anti-trust laws, tax programmes, minimum wage legislation, pollution, and pricing policies (Pearce and Robinson, 2007). It was established during interview it is various countries have different regulations which need the company to adhere before starting operating. Example of government regulations which were different than other countries that challenge the company was labour relation laws, NEMA regulation, and local authority regulation among others. Therefore, it was difficult for the firm to start operating without getting approval from government institution as well as quasi-government institutions.

The interview results also revealed that there are government restrictions on the importation of raw material so as to promote the local economy. In most case, the local market was considered to be expensive thereby increasing cost of production. Some governments are reluctant to develop and enforce laws protecting intellectual property, partly because they believe that such actions favor large, rich multinational companies while gouging their impoverished people (Nakata and Sivakumar, 1997). Hence, pharmaceutical company are vulnerable to all forms of piracy, counterfeiting, etc and can lose substantial sales to black market or illegal versions of their products. Baack and Boggs (1997) identify the main economic problems MNC are frequent and severe financial crises, unstable capital flows, and high interest rates. These are often coupled with high inflation and volatile currencies. These conditions increase the complexity of formulating strategies for emerging markets.

It was also revealed that currently, the form of government which support both national and county government make the company to comply with two different regulations which in some time they may conflict further stifling the entry into new market. This agrees with Akamavi, McKevitt and Boateng (2004) who revealed that many companies operating in most Sub Sahara African countries are faced with challenges that are political-legal in nature Many of these countries have unstable government structures and are riddled with corruption. It becomes difficult for a corporation to set up and operate as their values may not be embraced by those of the host country (Baack and Boggs, 2007). Some governments are reluctant to develop and enforce laws protecting intellectual property, partly because they believe that such actions favor large, rich multinational companies while gouging their impoverished people (Nakata and Sivakumar, 1997).

4.5.3 Technological Change Challenge

Another challenge that was identified during interview was technological change. Technological change is the engine of long term business growth. Technological analysis involves for example scanning operations and manufacturing techniques for creating profitability in the way good and services are produced. The studied company was found to be operating in developed and second world countries. However, the interviewees indicated that technological divide has posed serious challenge to in setting up local plant in Kenya. It was noted that the company was forced to look for expatriate outside the country which took a long duration for their clearance before they can commence working in Kenya. This made the company to utilize huge initial cost. One of the respondents also revealed that it's difficult for foreign company to enter into Kenya and start a plant like the way their company has done. Odhiambo (2013) stated since companies operate in the high tech era, most organizations will require human resource activities that require specialized expertise. As an example, many organizations are developing computerized expert systems for making employee selection decisions

It was further revealed that Information and communication technology is also a challenge outside Nairobi and its environs. Some of their distributors are located in remote areas which lack 3G connectivity. A good example is towns where there is no fibre optic cable which makes communication between headquarters and distributors to be difficult. Technological inhibitions deter company's growth as huge investments are needed upfront so as to acquire various equipment and technology so as to compete favorably with local industries. Reeder, Brierty and Reede (2001) indicated firms particularly those in turbulent growth industries, must strive to understand both of the existing technological advances that can affect their products and services.

4.5.4 Economic Challenges

Another challenge economic challenges that were identified were exchange rate and inflation had impacted the company. Since some of key raw materials are imported, fluctuation of exchange rate hurt local manufacturers as the imports become expensive. The finance manager indicated that in the recent years when the Kenya Schiling against dollar was not stable, import we expensive and at the same time there was scarcity of dollars in local commercial banks. This made it difficult for them to obtain the raw material in time thereby scaling down production process. Further, inflation has also pushed up cost of production especial raw materials. It was noted that in the last six month, inflation has been increasing pushing the prices of commodity to the ceiling. This made it difficult for the company products to compete favorable due to lack of customer loyalty which other established companies in the industry enjoy.

These findings agree with Kavata (2013) who found that most of the companies entering soft drink industry in Kenya are faced by challenges related to different economies which arise as a result of different currency exchange rates. Ishimwe (2013) revealed that Tigo Rwanda Ltd faces a number of negative challenges like Fiscal policy, economic elements such as exchange rate, inflation and income level when entering Rwanda Market which impacted on their profitability. Further Obure (2015) revealed that even though the MNC can choose to standardize its reporting currency this exposes them to uncompetitive pricing. These conditions increase the complexity of formulating strategies for emerging markets.

4.5.5 Tough Competitive Environment

Lastly and more important was competition. The competition is intense in edible oil industry as indicated by one the sampled managers. It was difficult to penetrate the market that has companies such as BIDCO which have plants in Uganda. However, with the company international records, the existing companies were not going to let it easy lose their market. This resulted to price wars whereby their competitors were able to offer their products at prices which are below market prices. This also forced the company to reconsider their prices so as to remain competitive. Another challenge was competitions interfering with product distribution. The researcher noted that potential distributors backing out last minute after influence from established competition and very high margins demanded by distributors and modern trade chains before listing. It was also noted that some suppliers offered high prices for raw materials as compared to prices offered to their competitors. It was found that their competitors used their influence and market share to intimidate raw material suppliers as well as distributors.

Kavata (2013) found that unfair competition from large multinational enterprises has hindered entrance of Pepsi cola entry into soft drink market. Nagel (2012) found that due to lack of supportive market policies, upcoming companies are hindered from growth through unfair competition from the already existing companies. For a company to grow globally it should have considerable competitive advantages, which are facilitated by the existence of favorable market policies in the country

4.6 Overcoming challenges faced by Golden Africa Kenya Limited on its entry into the edible oils industry in the Kenyan market.

The respondents were asked to indicate how they overcame the challenges identified above. The presentation in this section is in line with the challenges identified.

4.6.1 Overcoming Government Regulations and Rules

It was evident that any new company in Kenya must be registered, pay statutory fees and comply with all regulation before starting operations. During interview, it was noted that the company made prior arrangement to find out what is required to do business in Kenya. This was in term of legal requirement, tax obligation, labour laws, environmental laws, construction regulations, factory regulations and if any county laws. This was known and the arrangement ensued on how to comply with them as quickly as possible so as not to delay and derail company operations. Various offices were visited on time so as to find what is required beforehand and what is expected of them. This helped the company to meet their deadline.

The interview results revealed that they adhered to government regulations by paying all statutory fees as well as license fees in time. The company visited the office of attorney general who outlined all the legal requirements of operating in Kenya. This ensured that by the time the company was in operation, all legal requirements were met. The recruitment of the employees was done in strict adherence to labour laws after consulting with trade unions and ministry of labour. The safety and occupational regulations was also sought so as to ensure that employee's safety is guaranteed. The NEMA offices were also visited because the company was to set up a manufacturing plant. The environmental assessment was done so as to identify any environmental challenges during construction and operation of the plants.

4.6.2 Overcoming Competition

To counter challenges related to competition. It was revealed during interview that various strategies were adopted. The company came up with a policy of maintaining price parity to all distributors so that their earning is equitable regardless of their location from the plant. It was noted that distributors who were located far away from the company were reluctant to distribute due to extra cost of transportation. Also, distributors were issued with attractive discount and rebate structure to the distributors. This was meant to ensure that the competitors do not influence the distribution of their products to customers. It was also revealed that even though it was difficult to overcome price wars, the company has undertaken various promotions activities with giveaway to certain products which prices are competitive.

The results from the interview also revealed that the company provides different products that offer very good value to their customers and are position at strategic location in the retail stores. The aim of these strategies is to become market leader. This is in consistent with Statman (2008) who found out that some multinationals opt to spend heavily to buy market share, cumulative volume or brand identification through low prices, heavy marketing activities, consumer promotions. Kibera (1996) argues that without proper investment in marketing activities a business is likely to fail. Therefore, investing in marketing activities improves the company's overall performance and recognition in the market.

4.6.3 Overcoming Infrastructural

Infrastructural included energy and transport network which was associated with increased cost of production. Transport was associated with distribution of company finished products and accessibility of raw materials. To overcome it, the company adopted decentralizes distribution of their products so that distributors do not have to travel to their plants due to poor road infrastructure. The Kenya market was divided into various segments which are manageable and coordinated from the head office. The aim of this segmentation is to reduce the distance the distributors covered and to overcome challenges of poor infrastructure which is witnessed in many parts of the country. According to Kotabe and Helsen (2004), the use of appropriate distribution channels in international markets increases the chances of a multinational corporation's success dramatically. Odhiambo (2013) found that it easy for the companies to concentrate on its strengths in a particular geographical region.

The energy challenges were overcome by adopting production technologies that minimize the use of energy especially fossil related energy source. This ensured that the cost of production was within acceptable limits. However, there was no immediate lasting solution of energy challenges but there are efforts to invest in research and development to come up with alternative source of energy.

4.6.4 Overcoming and Technological Challenges

Technological change is reality in developing country due to digital divide that differentiate develop from developing economies. Since the world is becoming technological based, overcoming it is vital for organization success. This was revealed during interviews with various respondents. According to production manager, the company sourced for expatriated from developed countries to help them set up state of art plant which ensured their products are of high quality and complies with international standards. Since the company had various plants in Europe and Asia, acquiring the technology did not posed serious challenge although exporting the technology and technicians was expensive. The sales and marketing department which required ICT infrastructures to coordinate distribution of their finished products were forced to use alternative technologies where communication with their distributors was a problem. However, all their distributors were required to be located in a place where communication is seamless so as to meet their market demand.

4.6.5 Overcoming Economic Challenges

It was revealed that overcoming economic challenge is a challenge in itself since it’s beyond company control. The respondents from finance department indicated that exchange rate can be mitigated by individual firm in the market. However, what an individual company can do is to reduce losses associated with unstable currency. This was done by ensuring the company has sufficient foreign currencies which are used in international market such as dollar. It was also revealed that since the company has other sister companies all over the world including Europe, it was easy for them to import raw materials thereby avoiding shocks related with unstable currency. The same was also revealed for inflation as various factors in the market account for high inflation rate. The impact of inflation affects all firms in the industry therefore, increase in price of commodity affects all players in the market. However, the respondents from the finance department revealed that the company has their internal mechanism to make sure that although there is incidence of high inflation, their products are not priced highly so as to lose their market share.

4.7 Innovative strategies implemented and overall performance

The respondents were asked to rate the performance of the company since its entry into the Kenyan market. The overall performance of the Golden Africa Kenya Limited was measured based on its penetration level, customer base, sales volume and market share.

4.7.1 Penetration level

The interview results indicated that innovative strategies implemented have resulted to penetration of market that is highly competitive. It was revealed that first strategy was to penetrate the market and create a niche for their products. The market strategies have aided the company to create awareness of their products not only in major towns and cities but also in rural areas of Kenya. It was noted that, marketing innovative strategies adopted has aided the company to achieve this performance outcome. When asked about the penetration level, the respondent from the marketing department revealed that their penetration level is almost 100% as their products are supplied all over the country. This was also supported by respondent from production department who indicated there has been increase in production and this can be attributed to wide market of their products

4.7.2 Customer base

With penetration level, comes customer base. The researcher noted that the company has grabbed a sizeable customer base although they are facing stiff competition from established brands which enjoy customer loyalty. However, with variety of products and high quality products, their product such as AVENA oil has competed favorably in the market which has attracted customer loyalty. The short term plans for the company was to acquire 20.0% of customer base and the company has comfortable achieve it. When asked which innovation strategies have assisted the company to achieve their target customer base, it was revealed that innovative human resource management strategies have enabled to firm to acquire the target customer base. The procurement of highly competent and dedicated staff especially in production and marketing departments has played key roles toward realizing this goal. The production department was found to produce a variety of products of high quality thereby offering potential customers wide spectrum of products. Further, Sales and marketing department staff were dedicated in meeting their departmental target which spread across the staff.

4.7.3 Market share

As customer base increases market share responds accordingly. This was revealed during interview where all the sampled respondents were in agreement that they have a sizeable market share which is more than 20%. This was considered a success for the company bearing in mind that the company has been in existence in the last two years. It was noted the market is highly competitive and achieve a sizeable market share require various innovative strategies which can attack the market from various fronts. The key to market share was marketing innovative strategies which was a concern for all departments in the organization. Even the marketing department spearheaded the operation; the production department made sure that products produced is of high quality and meets customer expectations. This was achieved by adopting innovative production strategies. The human resource management department employed various innovative strategies in procurement of staff, motivated them so as to deliver beyond their expectation. Competitive packages were offered and working environment was up to standard. These finding are comparable to Kamakia (2014) who found that innovation strategies adopted by commercial banks Kenya has led to increase in their market share.

4.7.4 Sales volume

With the above mentioned performance outcome achieved as per the company short term goal, the sales volume target was automatically achieved. The respondents confirmed that there are sales and that is why they are business up to now. Most of them agreed that it was company milestone to achieve increase in sales. In the first quarter of their first years of their operation, the sales volume was low and this was expected. But after robust marketing innovative strategies such as advertisement and promotion, there has been steady increase in sales. By the end of their first year in operation, the production and sales were in parity which forced them to increase production so as to match market demand. When asked which of their products has significant sales volume, the respondents form sales and marketing department hinted that oils contribute more sales volume although other products have also recorded increase in sales volume. According to company objective, their future looks bright and their aim to be market leader and also expand to the neighboring countries. These findings agree with Engel et al. (2004), who that found that sales turnover of innovative firms, grew faster than that of non-innovative firms

4.8 Discussion of The findings

Golden Africa Kenya Limited has used various innovation strategies to enter and establish itself in the edible oil market in Kenya. According to Schumpeterian theory, innovation entails combination of various strategies such as discovering new market, getting new source of raw materials, introducing new goods or services, new product quality and new organizational order of a firm. The firm was found to utilize various innovation strategies to achieve it short term and medium term goal. Further, Schumpeterian theory stated that an organization can achieve innovative competitiveness it is able to adopt innovation strategies. The company was found to invest heavily in market innovation, human resource strategies, product and process innovation strategies which resulted to achieved almost 20.0% of the market share.

Schumpeterian theory also indicated that there is need to achieve balance in term of implementation of innovation which depends on innovation and innovation management. These innovation strategies provided the firm with capability to attack the market from various front thereby overcoming the challenges that are inherent with new market entry. The company was found to have overcome challenges such as competition, unfair competition in the market, complying with government rules and regulation and technological change. The innovative capability of the company enabled it to negotiate with the distributors in the market as using technological innovation to ensure there is efficient supply chain by sourcing raw materials which would enable them to reduce their cost of production.

In line with resource based theory and Schumpeterian Theory, the GAKL implemented production innovation strategies by setting up a production plant in Lukenya which enabled it to produce various products locally. The strategic location of the plant enabled it to access rich market in Nairobi, Mombasa and central parts of Kenya which are densely populated. Further, the location of industry has enabled it to access other services such as containers which are manufactured in Nairobi and other services. As per Schumpeterian theory, the resource based theory has also influenced the performance of GAKL in that the company they have used their human resources which is highly competent and skilled in managing various innovations which has helped the company to achieve competitive advantage in the market. A good example is the production of highly differentiated products in the market which are rare, valuable, non-substitutable and inimitable. These products are found to commands as specific niche in the market despite the existence of other brands from competitors.

The resource base theory has also been applied in the overcoming of challenges that is common when entering new market. Some of the challenges such as distribution, competitions, economic and technological change have been addressed by taking advantage of their resources which are inimitable. In overcoming unfair competition in the market, the company was able to use its resource in a manner that their products were able to reach their target market. Further, the company which is foreign owned was able to overcome technological change by using the technology that was implemented in other countries. This technology was found to be rare and very difficult to imitate which gave the company competitive advantage in the market.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of findings on the Innovation strategies and business performance of foreign owned firms entering Kenyan market in the edible oils industry a case study of Golden Africa Kenya Limited. The chapter also gives the summary of findings, conclusion of the study, limitations as well as recommendations made based on the findings from the study.

5.2 Summary of the Findings

The findings revealed that five innovative strategies have been adopted which has aided the company in achieving its short and medium term goals. Product innovation has resulted in locally producing products which are different from what is in the market a key example fortified Avena with Omega 6 & 9. Process innovation strategies have enabled the company to produce highly differentiated products by adopted advance process of production. Marketing innovation strategies such as advertising and promotion has enabled the customer to acquire the target market share with help of innovative human resources management strategies and innovative technological strategies which ensure there is efficient and effective product distribution.

Some of the challenges that company has faced in Kenya included high cost of production due to energy cost and transportation of its products to the market as a result of poor road networks. Further, the commissioning of the company was delayed due to complying with government regulations and rules such as labor, environment and license fees. The available technology in term of production and ICT was not adequate to support company operations which forced company to source elsewhere at extra cost. High inflation rate reduced the purchasing power of the consumers which affected the company sales while unstable currency increased the cost of imported raw materials. Fierce competition in the market proved the performance of the company in the market as it was directed toward distribution of its products. Various strategies were adopted so as to achieve short and medium goals. The company complied with all legal and regulation requirement before operating. It was also noted that efficient distribution strategies were employed so as to overcome infrastructural challenge. Further, the company negotiated with established distributors so as to ensure their products is visible in the highly competitive market.

The results revealed that innovative strategies adopted by the company have resulted to positive effect on the overall performance. In less than 18 months, the company has capture market share of over 10.0% due to robust marketing innovative strategies, technological innovation as well as other innovative strategies adopted by the company. There has been steady increase in revenue to increase sales volume,

5.3 Conclusion

The study concluded that various strategies have adopted by the organization so as to achieve their short and medium term goals. Product innovation strategies has enabled the company to produce various product locally while process innovation strategies has ensured that the products produced are different from the one existing in the marketing thereby competing favorably. The company has continuously implement marketing strategies so as to achieve brand visibility while technological innovative strategies have enabled the company to meet market demand due to efficient distribution which is managed by highly competent, skilled and dedicated human resource.

The study also concluded that there operation has been delayed due compliance with various rules and regulation in Kenya that is a requirement of any new foreign owned company. Further, irregular competition practices in the market have hampered distribution of their product to their customers which also challenged by poor road network in some parts of the country. Production cost are high due high prices of energy forcing the company the charge premium prices which is also as a result of high inflation rate and unstable local currency. Even though these challenges can be circumvented by adoption of appropriate technology to manage production cost, the existence of these technologies was inadequate in the country.

To overcome these challenges, the study concluded that the company made prior arrangement to comply with various rules and regulation before operating. Distribution was enhanced by decentralizing through appointed dealers to reduce transport challenges and negotiations were made with dealers so as to avoid influence from their competitors. Most of their imports were dealt with their abroad offices to avoid challenges related with unstable local currency.

Expatriate from abroad were source to help in the implementation of appropriate technology in the production and distribution.

The study concluded that innovative strategies adopted by the company has enabled it to penetrate highly competitive Kenya market thereby establishing customer base in the edible oils and soap products. This has resulted in acquiring of 20% of local market share in less than two years hence constant increase in sales volume.

5.4 Recommendations from study

The study recommends that companies entering Kenya market should consider the right innovative strategies balance that would enable them establish market and gain competitive advantage. The study recommends that establishing local plant in Kenya would result to localization of foreign owned company that would make the company to acquire various benefits. Further, the study recommends that innovation strategies adopted by companies entering local market should ensure that products are easily available, high quality and affordable there gaining sizeable market and attaining sustainable competitive advantage.

The government should ensure there is ease of doing business in Kenya especially those companies which are foreign owned. This can be done by eradicating corruptions and bureaucracy in starting a new company in Kenya. Further, the government should stabilize the local currency to avoid uncompetitive pricing especially for those importing raw material from foreign markets. The study also recommends that government should diversify it source of energy so as to avoid over rely on fossil fuel such as oil by developing renewable energy therefore reducing the energy cost that is affecting manufacturing companies.

Companies entering Kenya market need to undertake feasibility study to understand the competition that is inherent in the local market. This can be done by using technological and marketing innovative strategies in distribution of their products to target market. This would help these companies to understand inherent competition challenges that firms within a particular industry undergo and be able to use their available resources to come up with innovative strategies that would help them survive the competition both in the short run and long run.

The study recommends that for companies entering new market to be competitive, the products should satisfy the needs of the customers. Entrant companies should lowly price their products enable growth of market share but not at the expense of the quality. The companies should build an efficient logistical system to make the companies more competitive. Embracing new product development approaches for the best price and benefit combination helps overcome infrastructural challenges. The entrant companies should provide different products that offer very good value to the customers as well as split the market into segments helps serve the customer better.

5.5 Limitation of the study

The study of this nature attracted resistance during data collection as some of the respondents especially the manager were unwilling to partake the exercise or reveal some strategies that have enabled them to achieve their goals. The researcher explained to them the purpose of the study, the benefit of participating in this study and the information provided will be handled with utmost care and confidentiality.

This study has a limitation regard to time that was available to the respondents; many managers were not available at the appointed time led to a lot of rescheduling and time wastage. The study was limited due to the fact that none of the respondents was willing to be recorded in the course of interview all details information were not captured. The researcher relied on short notes in order to keep up with some interviewees.

5.6 Recommendations for Further Studies

The study was pure qualitative in nature that enabled it to collect data using interviews and therefore it was difficult to scientifically prove the significance of innovation strategies on the business performance of foreign owned firms entering Kenyan market. Future studies should consider using mixed methods where data collected using quantitive and qualitative methods can be triangulated.

It may not be possible to generalize the findings of a case study hence the recommendation for more research to be done on the edible oil industry as a whole and the challenges they face and also the strategies they have put in place to address the challenges.

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APPENDIX 1: Interview Questions Guide.

1. How long has the business been in operation?...
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2. Did you have any short/mid/long term goals that you had envisioned?...
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3. What milestones have you achieved so far against the goals envisioned?...
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....
4. Would you say you embarked on some innovations strategies that gave you competitive advantage to achieve some of the milestones indicated above?...
....
....
5. Can you single out some of those strategies?...
....
....
6. What other aspects of your organization do you think gave you competitive advantage that further contributed to your performance?...
....
....

7. Have you encountered any form of challenges along the way? Please explain………………………………………………………………………………………
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8. How did you overcome the challenges?...
....
....
9. Would you relate your overall performance so far to the innovative strategies your business has so far implemented? Please elaborate………………………………………………………………………………
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	QUESTION	RESPONSE	PERCENTAGE
1	How long has the business been in operation?	Three years	All respondents
2	Did you have any short/mid/long term goals that you had envisioned	yes	All respondents
b	Please Elaborate	Numeric distribution, weighted distribution, market share, high quality products and organization excellence.	high percentage on market share and high quality products
3	What milestones have you achieved so far against the goals envisioned	12% national market share, zero bad debts, best quality products in the palm category, 9% numeric distribution and 14% weighted distribution. All in 18 months from product launch	high percentage on market share, best quality
4	Would you say you embarked on some innovations strategies that gave you competitive advantage to achieve some of the milestones indicated above	Yes	
5	Can you single out some of those strategies	Marketing strategies such as unique user friendly product packaging with distinct features and benefits fitting the current shopper requirements, Premium and fighter brands launched at the same time to meet different markets Production technology such as state of art manufacturing plants. Hiring highly trained and experience employees in various departments (HRM strategies) Adoption of advance technologies in supply chain management	In order of percentage marketing strategies, production technologies then human resource and lastly technology strategies
6	What other aspects of your organization do you think gave you competitive advantage that further contributed to your performance	Robust and unpredictable promo plan and execution, Robust, competent and reliable field sales team, Quality positioning of products, High customer service goals, Robust above the line and below the line marketing drive	All the other aspects were related to innovative marketing strategies
7	Have you encountered any form of challenges along the way	Yes	
	Please explain	Getting legal and regulatory licenses and approvals, infrastructure challenge such transport system and energy, price-based wars from competition, potential distributors backing out last minute after influence from	According to percentages were competition, infrastructure challenge, government regulations and laws

		established competition, partisan pricing from suppliers for raw materials, employee poaching by competitors to destabilize plans, very high margins demanded by distributors and modern trade chains before listing, technological change, exchange rate, inflation	
8	How did you overcome the challenges	Maintaining price parity to all distributors, Negotiating with the chains for more promo activities budget than the blanket margins, Paying for all regulatory licenses in time, Attractive incentive structure to the team, Attractive discount and rebate structure to the distributors, keeping our word on every promise made to customers and employees	Order of importance are overcoming competition, complying with rules and regulations
9	Would you relate your overall performance so far to the innovative strategies your business has so far implemented	Yes	
	Please elaborate	Achieving marketing share of over 10% in less than 2 years (24 months), increase in revenue over the last two years, increase in sales volume which was related with customer satisfaction	Market share had the highest mention