

**MARKETING STRATEGIES, ENVIRONMENTAL DYNAMICS AND PERFORMANCE  
OF BANANA SMALL SCALE FARMERS IN MURANGA AND MERU COUNTIES,  
KENYA**

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## **DECLARATION**

This MBA research project is my original work and has not been submitted for examination in any other university.

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**DEDICATION:**

To my parents Hajjat Zainab Kiingi and Hajji Nasser Kiingi, my kids Shakim Mulumba and Shiena Kusaasira Mulumba and my friend Stephen Ocar.

## **ABSTRACT**

The study objectives were to determine the effects of marketing strategies on the small scale farmers' performance in the banana markets in Murang'a and Meru Counties. To determine the effect of environmental dynamics on marketing strategies in the banana industry and to examine the joint effects of marketing strategies and environmental dynamics on the performance of the banana industry. The study also sought to establish the moderating effect of firm characteristics on the relationship between market strategies and firm performance; assess the mediating effect of marketing strategies on the relationship between environmental dynamics and performance and finally, establish the joint effect of marketing strategies, firm characteristics, and external environmental factors on firm performance. The study population comprised 384 respondents from Meru County and 400 respondents from Murang'a County. A descriptive survey was used. Primary data were collected using semi-structured questionnaires. Data were analyzed using descriptive statistics, inferential statistics and regression analysis. The results of the study revealed that market strategy influences performance. The relevant results also showed that the external environmental factors directly influence performance and also moderate the relationship between market strategy and performance. In addition, the results revealed that the market research partially mediate the relationship between market strategy and performance. The results showed that firm characteristics do not influence firm performance nor moderate the relationship between market orientation and marketing strategies. Finally, the joint effect of marketing strategies, firm characteristics and external environmental factors was greater than the individual effects of the independent, intervening and moderating variables on performance. The study has made contribution to theory, policy and practice in relation to marketing in general and market strategy specifically. The study offered further clarification into the relationship between marketing strategy, firm characteristics, external environmental factors and performance. The research was not without limitations. The selection of the study variables was not exhaustive. The use of subjective performance measures, a relatively small population, use of a descriptive cross-sectional research design and single key-informant approach, testing of marketing strategy as a single concept put constraints on the generalizability of the results. Future research should seek to address these limitations by inclusion of the additional factors, use of a longitudinal research design, objective performance measures, multiple informant approach and testing of marketing strategies as a configuration concept. Replication of the study and examining the relationship between marketing strategies and other strategic business orientations, marketing and competitive strategies could serve as a useful reference for future research.

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## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study.

In today's markets, marketers are faced with marketing decisions based on environmental turbulence both internal and external stemming from firm's resources, technological advances, changes in consumer demand, and new regulations respectively (Helfat et al., 2007). These developments can affect organizational performance and also cause competitive advantages to be less valuable or to even become redundant. Consequently marketers need to respond appropriately and rethink capabilities such as new product development and marketing (Dreyer and Gronhaug, 2004; Silverblatt and Korgaonkar, 1987). Zott (2003) argues that some firms deal better with environmental turbulence than others and that it is of interest to identify the factors that cause performance differentials when responding to marketing strategies and environmental turbulence.

In general, performance differentials have either been attributed to the industry (e.g. Schmalensee, 1985) or to the organization itself (e.g. McGahan, 1999; McGahan and Porter, 1997; Rumelt, 1991). In particular, research on organizational factors has increasingly examined the role of dynamic capabilities. Teece, Pisano, and Shuen (1997, p. 515) state that the term 'dynamic' refers to the capacity to renew resources so as to achieve congruence with the changing business environment." Dynamic capabilities are expected to be valuable for organizations when dealing with marketing strategies and environmental turbulence. Marketing and dynamic capabilities are part of the overall organizational resource-base.

According to the resource-based view of the firm resources (inputs for the production of goods and provision of services) and organizational capabilities (intangible assets that are based on skills, learning, and knowledge in deploying resources) can be sources of competitive advantage. To become so, they have to be valuable, rare, inimitable, and non-substitutable (Amit and Schoemaker,

1993; Barney, 1991; Combe and Greenley, 2004). Research on the resource-based perspective has incorporated dynamic processes into a conceptualization of a theory of the firm (Zott, 2003).

Many research efforts in the area of marketing strategies in developing economies have dealt with macro issues and emphasized the management of company's structure and strategies, conduct and performance of marketing activities as they relate to performance indices such as market share, growth, efficiency and well being of consumers and clients. (Samli and Kaynak 1994) lament that the key defect with this static and macro analysis of marketing strategies in developing economies is that it minimizes the impact of marketing environment on the achievement of performance measures.

### **1.1.1 The concept of marketing strategy**

Marketing is generally considered as the process by which companies create value for customers and build strong customer relations in order to capture value from customers in return (Kotler & Armstrong, 2007). A marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sale and achieve suitable competitive advantages, to develop and exploit firm's management (Dibb & Sally, 2006). They also assert that strategies serve as the fundamental underpinning of marketing plans designing to fill market needs and reach marketing objectives and often integrate an organization's marketing goals, policies and tactics into a cohesive whole.

A market strategy combines the company's set of marketing mix variables and the arrangements for their application and identifies the firm's marketing goals and explains how they will be achieved, ideally within a stated timeframe. The strategy determines the choice of target market segments, market positioning, and the allocation of resources along each marketing mix factor (Dibb & Sally, 2006). It is most effective when it is undertaken as an integral component of the

overall firm strategy, defining how the organization will successfully engage customers, prospects and competitors in the market arena (Richard, 2003). Marketing strategies are formulated to point out the strategic direction the marketing department will take for the considered planning period. The strategy requires clear objectives and a focus in line with the company's corporate goals (Dibb & Sally, 2006).

### **1.1.2 The concept of environmental dynamics**

Business organizations anywhere in the world operate within dynamics environments which according to Adidu and Olanye (2006) is an aggregate of all conditions, events, circumstances and influences that surround and affect the business organization. This means that business organizations must interact with those environmental forces that influence its responses in terms of decisions, directions, actions, size, health, profitability and performance of the organization as a whole. Rose and Lawton, (1999) observed that changes in the service organizations arise out of the need for efficiency, economy, effectiveness, performance evaluation ethics and market concerns. Rising demand for services and expectations of quality of those services have placed extreme pressure on managers and their organizations, depicting change as a continuous episode in the life of corporations.

Kuye, (2004), emphasized that the need to study business environmental dynamics is very important considering the fact that business organizations do not operate in vacuum and an effective management in complex and dynamic society requires the assessment of strengths and weaknesses of the organization and the opportunities and threats provided by the challenges of the external environment. Hence for survival and growth, organizations must cope and adopt to these challenges posed by the ever changing environment (internal & external) in which managers operate. This means that managers must not only be aware of what constitutes the elements of their business en-

vironment but also should be able to respond to the forces of the environment which inevitably impinges on the operations of the business organization.

### **1.1.3 The concept of Firm performance**

Firm's performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract. Firm performance is a relevant construct in market research and is frequently used as a dependent variable. It has six first-order dimensions: profitability, growth, customer satisfaction, employee satisfaction, social performance, and environmental performance (Richard, Devinney, Yip, & Johnson, 2009).

Firm performance is also a subset of organizational effectiveness that covers business operational and financial outcomes. According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment, etc.), product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added)

Measuring performance involves identifying the stakeholders and defining the set of performance outcomes that measure their satisfaction (Connolly *et al.*, 1980; Hitt, 1988; Zammuto, 1984). There is increased interest in performance measurement at all levels of an organization in order to identify the performance gaps and improvement opportunities for business survival. This is seen from practitioners and researchers on the subjects of performance measurement, performance comparisons and benchmarking (Dess, & Robinson, Jr. (1984). A second-order financial performance construct of the banana industry influences growth and profitability correlated with the first-order inter-correlated to non-financial dimensions.

#### **1.1.4 Relationship between marketing strategies, environmental dynamics and firm performance of banana small scale farmers.**

Ukaegbu (2006) further stated that the relationship between a business organization and its host environment can be examined from three strategic ways; Firstly, the organization can be viewed as importing various kinds of inputs (resources), such as human resources, capital, managerial and technical inputs. These inputs are then transformed to provoke output which takes the form of goods and services. A second approach is the study of the relationship between the organization and the society. It focuses on the demands and legitimate rights of different claimants such as employees, consumers, suppliers, stakeholders, government and the community. A third approach is to view the organization as operating in an external environment of opportunities and constraints such as demographic, political, socio-cultural, economic forces, competition, technology change and change in customers tastes and preferences. Thus no single approach is sufficient for all times and in all circumstances, they are complementary. The elements external to the organization affects its performance as well as those elements within the organizations.

Therefore, increasing crop market participation has the potential to help agricultural households unlock the well known benefits of trade (Komarek, 2010). Jagwe (2011) argued that if the agriculture sector is to play its role, it needs to be commercialized to enable small scale farmers to participate in markets and hence, improve their incomes and livelihoods. In Murang'a and Meru County, transforming agriculture from its current subsistence orientation into market orientated production system forms the basis of the agricultural development strategy of the Government of Kenya (IFAD, 2013). In this context, proper marketing strategies that lead to commercialization of agriculture have been proposed as a feasible option for economic growth and poverty alleviation.

### **1.1.5 Overview of agricultural Sector in Kenya**

Agriculture is the mainstay of the Kenyan economy directly contributing 26 per cent of the GDP annually, and another 25 per cent indirectly. The sector accounts for 65 percent of Kenya's total exports and provides more than 70 per cent of informal employment in the rural areas (GoK, 2010). Therefore, the agricultural sector is not only the driver of Kenya's economy but also the means of livelihood for the majority of Kenyan people. The agricultural sector comprises the following subsectors: crops, livestock, fisheries, land, water, cooperatives, environment, regional development and forestry. The sector also includes the development of arid and semi-arid lands. Thus, there are many players and stakeholders in the sector due to its role in the economy and its rural-based nature that touches the livelihoods of many people.

In 2003, the National Alliance of Rainbow Coalition (NARC) Government developed and launched the Economic Recovery Strategy for Wealth and Employment Creation (ERS) as the blueprint for setting the country back on the growth path. The strategy was a shift from previous planning documents that sought to reduce poverty instead of creating wealth and employment. It elaborated the role of agriculture and recognized that for the economy to grow, to create wealth and employment as the backbone of the economy, agriculture has to grow even faster. Agriculture was therefore given high prominence and priority in the ERS. The agricultural sector is the backbone of Kenya's economy and the means of livelihood for most of our rural population. Sustained agricultural growth is critical to uplifting the living standards of our people as well as generating rapid economic growth.

However, in spite of the importance of the agricultural sector, farming in our country has for many years been predominantly small scale, rainfed and poorly mechanized. In addition, institutional support and infrastructure have been inadequate. Government of Kenya (GoK) through implemen-

tation of the Strategy for Revitalizing Agriculture (SRA, 2004) has tried to address these challenges but still leaves a lot to be desired. As a result, the sector surpassed the growth target that was set at 3.1 per cent to reach as high as 6.1 per cent in 2007. The new Agricultural Sector Development Strategy (ASDS) is also intended to build further on the gains made by the SRA. It is intended to provide a guide for public and private sectors' efforts in overcoming the outstanding challenges facing the agricultural sector in Kenya. Besides ensuring food and nutritional security for all Kenyans, the strategy aims at generating higher incomes as well as employment, especially in the rural areas.

Moreover, it is expected to position the agricultural sector as a key driver in achieving the 10 per cent annual economic growth rate envisaged under the economic pillar of Vision 2030. Under the ASDS, agricultural sector ministries are expected to ensure that farmers, producers, processors and marketers of agricultural produce especially bananas employ the most contemporary methods and technologies. This will require that all banana enterprises be highly productive, commercial in nature and competitive at all levels. The strategy also underscores the need to develop and prudently manage factors of production such as land, water, inputs, and financial resources so that the cost of production is within international standards.

#### **1.1.6 Overview of banana farming in Murang'a and Meru Counties**

Kenya is among the world's leading countries in terms of banana production with an annual production estimated at 1.1 million metric tons, 40% dessert and 60% cooking varieties (Qaim, M. 1999) Banana (*Musa* spp) is an important crop in eastern and central Africa. Apart from being a key staple food in the region, the crop is an important source of income for resource poor farmers (Karamura et al., 1998). Bananas are ranked 4<sup>th</sup> (after rice, wheat and maize) as the world's most valuable crop (Africa Harvest, 2007) consumed for their high nutritive and therapeutic values

(Stover and Simmonds,1987). Bananas are grown successfully in many parts of Kenya including Imenti and Nkubu sub-counties in Meru (40%), Kirinyaga (21%), Murang'a (20%) Tharaka-Nithi (19%) among others. The most popular commercial Tissue Culture banana comprises of varieties such as Williams, GrandNain, Giant and Dwarf Cavendish and Chinese Cavendish. Murang'a and Meru County are among the regions that are suitable for banana cultivation and value chain development in Kenya with the support of organizations like USAID-Kenya and Techno-serve among others.

Banana plantations have recently replaced coffee plantations in Eastern, Central, Western and Coastal Regions of Kenya (Techno-serve, 2009) mainly carried out by poor small scale farmers, majority of who are women. The production is gradually changing from subsistence farming to cash farming for the small-scale farmers with a potential to penetrate higher value markets. Banana is one of the best-known food crops in Africa. Women in particular use banana to diversify the types of foods consumed in the household. Apart from its value as a food crop in Kenya, sales from banana output provide the much-needed household income for small-scale farmers (Qaim, 1999).

According to Kenya Agricultural and Livestock Research Organization (KALRO), the structure of banana production systems in Murang'a and Meru, the size of banana holdings and the quantity of bananas produced by different groups of farmers (Qaim 1999) i.e. large scale banana farmers are 1.8% with ( $>0.8$ ha), medium scale farmers are 18.6% with (0.2 – 0.8 ha) and small scale farmers are 79.6% with ( $<0.2$  ha). The average area under banana in both Murang'a and Meru are 0.12 ha on small scale farms, 0.45 ha on medium scale farms and 1.98 ha on large scale banana farms. Considering the average banana holding of the three classes and the percentage distribution of number of holdings, the average size of a banana holding as a whole in Murang'a is 0.11 ha and

0.21 ha for Meru respectively. Using this average and in view of the 21,673 ha as the banana area in Murang'a and Meru counties in 2004 (MOA, 2005), the total number of banana farms (or farm households with banana plants) by 2006 was estimated to be 94,600 and 14,150 farms respectively.

The Kenya National Banana Development Strategy (2013-2016) is trying to make the industry vibrant, innovative, commercially-oriented and globally-competitive. According to the National Horticulture Policy released in June 2012, banana is third among the five fruits with the highest value of enterprise per unit area. Others are: pineapples, avocados, paw paws and mangoes. Leonard Maina Ndirangu, a Senior Assistant Director of Agriculture, Ministry of Agriculture, Livestock and Fisheries states that “bananas contribute 30-40% of all the fruits revenue generated in the Kenya”.

Although promising, the performance of the banana industry in Murang'a and Meru counties are still affected by the following environmental dynamics: Inadequate market accessibility and linkages causing breakdown in information flow in the banana sector which is critical in solving the current disjoint between science and practice that allows farmers to access knowledge so that they can address farmer constraints, human impact brought about by poor farming practices such as massive use of harmful pesticides that affect the health of workers and village members surrounding growing areas, labor concerns in that hard labor and highly skilled personnel are needed to maintain banana plantations which puts small-scale banana farmers at a disadvantage compared to large corporations when selling the fruits of their labor, lack of access to high quality materials and key inputs such as quality planting materials, fertilizers, pesticides, farm machinery and implements. Revamping Crop Yields is a common practice for a farmer to obtain suckers from a friend's

orchard and plant on their own; this poor agronomy has greatly contributed to the spread of pests and diseases and this is mainly caused by inadequate access to financial services:

Despite these high banana production volumes in Kenya, available evidence show persistent alarming poor market linkages and poor marketing infrastructure. (Kung'uetal. 1995; Genze and Gathumbi, 2004; Nguthi, 1999). Majority lack adequate information on prices and selling through an inefficient chain of intermediaries and Lack of value addition and banana product development has caused pre and post-harvest losses ranging between 15-30%, very low banana export volumes (insignificant contribution of the sub sector to GDP) and its estimated that 43.4 percent of Kenyans are below the poverty line, corresponding to nearly 7.5 million persons in 1.2 million households. While Kenya is on the path to economic growth, poverty remains a major challenge and most of the poor people are located in central, eastern and western regions that have a high potential of banana production.

In Murang'a and Meru Counties, numerous initiatives such as Kenya Plant Health Inspectorate Services (KEPHIS), Pest Control Products Board (PCPB), Horticultural Crops Development Authority (HCDA), Kenya Agricultural & Livestock Research Organization (KARLO), Practical Training Centre Horticulture (PTC), Agricultural Sector Development Strategy project (ASDSP), public and private sector actors among others have come up with marketing strategies to promote agricultural sector given the ever changing environment.

However, evidence on how the Kenyan devolved government initiatives are impacting on (a) banana post harvest handling, (b) agricultural commercialization, (c) poor agronomic and plant husbandry practices and (d) industry performance in general and banana farmers in particular is lacking (Wambugu *et al* 2000). The strategic thrust of increasing the productivity, commercialization and competitiveness of agricultural commodities like bananas to enable the sector to export more

outputs of banana products, earn the country foreign exchange, create employment and hence increase Kenya's GDP. With the responsibilities of the agricultural sector currently spread across 10 ministries and the need for partnerships with several other ministries and stakeholders, implementation of ASDS will require strong partnerships among the Government, private sector, development partners and other non-State actors. A sector-wide approach and strong coordination mechanisms will be instrumental in the success of the strategy.

## **1.2 Research problem**

According to Shaw, Eric (2012), marketing strategy is the fundamental goal of increasing sales and achieving a sustainable competitive advantage. It includes all basic, short-term, and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies/theories such as market segmentation, innovation and therefore contributes to the goals of the company and its marketing objectives, (Beckman, Kurtz & Boone, 2000). Firms seeking to remain competitive and achieve superior performance have to anticipate what their customers want and at the same time determine if they are satisfied with the firm's products and services (Barney, 1991). The dynamic capabilities entail the firm's abilities to integrate, build and reconfigure internal and external competences to address rapidly changing environments (Teece et al., 1997). It is generally necessary to try to grasp many aspects of the external environment, including technological, economic, cultural, demographic, political and legal aspects, (Mullins, Walker, Boyd & Larreche, 2002).

According to stakeholder theory (Freeman 1984) firm performance is a dependent variable which is measured based on subjective indicators such as profitability, growth, customer satisfaction, employee satisfaction, social performance and environmental performance (Richard, Devinney, Yip, & Johnson, 2009). It uses tools such as Marketing Mix Modeling to help decide how to

allocate scarce resources for different media, as well as how to allocate funds across a portfolio of brands. In addition, firms can conduct analyses of performance, customer analysis, competitor analysis, and target market analysis. Generally, it can safely be identified whether a particular firm is a market leader, challenger, follower and nicher by identifying its vision, mission, objectives, and marketing strategies. The theory of Innovation and R&D views long-term profitability of the firm as a process of "creative destruction" (through innovation that changes the very nature of competitive advantage in the market) rather than as a condition leading to equilibrium.

Although some research efforts have been undertaken to explain marketing strategies in developing economies at the organizational level (Chukwu 2002), many of these research efforts do not provide answers to issues pertaining to the impact of company's structure and strategies on the performance of businesses prospecting industries particularly the agricultural marketing companies. The deregulation of the Kenyan economy through the Structural Adjustment Programme (SAP) affected the agricultural sector in Kenya in many ways. Consequently, the Kenyan agro based companies incorporated the usage of various market mix elements to improve their market outreach/ coverage, new product ratio, price positioning, competitive orientation, etc to survive and grow (John and Davies 2002).

The novelty of this study, therefore, is to develop an approach that looks at the effects of marketing strategies on small scale banana farmers' performance while controlling for environmental dynamics among banana farmers.

This study will investigate the following: To what extent do marketing strategies affect agricultural performance and how do environmental dynamics and transaction costs affect the performance of small scale banana farmers in Murang'a and Meru counties?

### **1.3 Objective of the study**

The objective of this study is to determine how marketing strategies affect agricultural performance and to examine the effect of environmental dynamics and transactions costs on performance of small scale farmers in Murang'a and Meru counties.

Specifically, the study will:

- i. Determine the effects of marketing strategies on the small scale farmers' performance in the banana markets in Murang'a and Meru Counties.
- ii. Determine the effect of environmental dynamics on marketing strategies in the banana industry.
- iii. Examine the joint effects marketing strategies and environmental dynamics on the performance of the banana industry.

### **1.4 Value of the study**

The finding of the study will have important implication on the future of banana farmers in Murang'a and Meru Counties in Kenya. The study is expected to contribute to the existing knowledge on marketing strategies, environmental dynamics and their relationship on performance of banana farming business and the industry at large. This would enable the management of banana farmers to put in place marketing strategies and internal environmental dynamics that will see the farmers gain a competitive edge over their competitors. This research area is relevant to both marketing managers and academics alike as environmental turbulence calls for control and adjustment of the organizational resource base and marketing strategies in order to maintain or increase organizational performance.

Based on this study, the Government will reform and streamline agricultural institutions that provide services to farmers such as extension, training, research and regulatory services to ensure that

they serve farmers efficiently and cost effectively. This study will also institute policy, legal and regulatory reforms so that individual farmers are encouraged to shift from subsistence to market-oriented production, and to adopt greater use of modern farming practices while increasing integration of agriculture with other sectors in the national economy.

This study shall benefit the Ministry of Agriculture, Livestock and Fisheries in the formulation of future policies aimed at enhancing performance of banana farming business as well as implementation of strategy in order to achieve vision 2030. It shall be helpful to the management of banana farmers business in Murang'a and Meru Counties. It would guide them to adopt appropriate marketing strategies that would ensure both customer satisfaction and retention. This study will form a base for students and other researchers to develop their studies. The scholars and researchers who would like to debate or carry out more study on banana farming business in dry areas would find the study important in their studies since they will have a ready source of literature review. The study report will act as reference and stimulate the interest among academicians and this will encourage further researches.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction:**

This study will find out how marketing strategies, environmental dynamics have affected the performance of banana small scale farmers in Murang'a and Meru counties, Kenya.

### **2.2 Theoretical Foundation:**

All organizations operate in a dynamic environment. The external environment of a firm is made up of other organizations and people with whom the organization trades and interacts with. The external environment includes suppliers, clients and competitors. The need to stay competitive and maintain a competitive advantage in different environments has led organizations to adopt different marketing strategies. It is important to understand the relevance of these strategies (Porter, 1980) in the context of the government actions which affect the firm's performance or business organization. All organizational functioning are seen as resulting from organization's interdependence with its environment. Since firms operate in a given environment, marketing strategy is therefore important for firms to obtain a viable match between their external environment and their internal capabilities. Pearce and Robinson (1997) and Thompson et al., (2007 and 2012) emphasize that the need to either build defenses against competitive forces in an industry or find suitable factors/positions where competitive forces are weakest always seem to generate the best strategy.

#### **2.2.1 Theory of marketing strategies**

In general, there are three aspects to the strategy of firms, regardless of the level of the strategy: content, formulation process, and implementation. Strategy content refers to the specific relationships, offerings, timing, and pattern of resource deployment planned by a business in its quest for competitive advantage, such as generic strategy of cost leadership versus differentiation; push versus pull strategy. Strategy formulation process refers to the activities that a business engages in for

determining the strategy content such as market opportunity analysis, competitor analysis and decision-making styles. Strategy implementation refers to the actions initiated within the organization and in its relationships with external constituencies to realize the strategy that is organization structure, coordination mechanisms and control systems (Porter, 1985).

Matrices approach to portfolio analysis and planning, such as the Boston Consulting Group (BCG) growth share matrix and the market attractiveness business competitive position matrix, provide insights into "why some businesses in a multi-business firm's portfolio are more profitable than others. "The work of (Peter & Waterman, 1982) is representative of research that attempts to shed insights into content, process, and implementation factors that affect long-term performance of firms at a more general level regardless of the industry in which they operate. The study used this theory to explain how marketing strategies and environmental dynamics can give commercial banana farming competitive advantage through performance of these environmental forces and responses that determine the extent to which banana farming business operate".

### **2.3.2 Institutional Theory**

Institutional theory suggests that the actions of firms and the outcomes of these actions are influenced by the knowledge systems, beliefs, and rules that characterize the context of the organization. The firm is embedded in a general environment comprising the institutions that lay the guidelines to shape the behavior of firms and macro-societal factors such as the prevailing culture. The firm is also embedded in an industry environment that comprises the actors within an industry such as suppliers, customers, competitors, and channel partners. The nature of the relationships among these industry stakeholders influences the actions that a firm can initiate in pursuit of competitive advantage.

The firm has an internal environment that comprises its unique sets of skills and resources; collective beliefs about the market, competition, and industry for instance shared mental models and culture (Porter, 1980, 1985). Corporate strategy, business strategy, and functional strategies such as marketing strategy interact to shape the competitive advantage of individual businesses in a firm's portfolio. It is the confluence of these strategies and environmental dynamics that determines the extent to which a particular business is able to achieve and sustain a competitive advantage. This competitive advantage, in turn, affects the market-based performance and financial performance of the businesses.

A number of competing and complementary theories in industrial organization economics, business policy and strategy, and marketing provide valuable insights into the determinants of performance at different levels. For instance: The structure-conduct-performance model (Bain, 1956) attempts to explain "why some industries, on average, are more profitable than others. "The efficiency perspective (Demsetz, 1973) provides insights into why some firms in an industry are more profitable than others. The works of (Porter, 1980, 1985) provide insights into "how the structural characteristics of an industry and the competitive strategy pursued by a business jointly determine the performance of a business. "The resource-based view of the firm attempts to explain superior firm/business performance in terms of firm-specific skills and resources that are rare, valuable, no imitable, and characterized by absence of equivalent substitutes (Barney, 1991; Rumelt, 1984; Wernerfelt, 1984).

A baseline survey conducted in Murang'a and Meru counties showed increased demand for banana products but there was low knowledge and skills among the small scale banana farmers in Murang'a and Meru Counties. Banana farming was not common in both Counties until recently when farmers started to grow bananas alongside other livestock. The bananas were grown in small fami-

ly households and produced for subsistence use only. The constant feeds and fuel requirement for the demonstration centers calls for another sustainable solution. The number of farmers in need of technical support is getting more thus need for increase in the number of staff. Field officers are at times unable to assess the banana farmer's progress on the ground due to lack of transport. In addition, lack of quality banana fingers for the farmers is also a major challenge. According to Short-term surveys carried out revealed that many banana farmers lack direction on how to effectively market their produce and service. In the past they relied on monopolistic marketing arrangements facilitated by the individual banana farmers' Zott, C., 2003.

The current setup of Ministry of Agriculture, Livestock and Fisheries Development Marketing Department lacks the necessary structural support to actualize the marketing functions effectively (National Aquaculture Strategy and Development Plan, 2010-2015) As a result, the ministry has come up with a banana marketing strategy, a document envisaged to a road map to enhancing the marketing of the activities in the sector. The marketing strategies that need to be strengthened are product development, market development, product branding, sales promotion, innovation and adoption of ICT, core competences (National Agricultural Sector Strategy and Development Plan, 2010-2020).

### **2.3.2 Game Theory**

Game-theoretic models assume that firms are (hyper) rational utility maximized, where rationality implies that they strive to achieve the most preferred of outcomes subject to the constraint that their rivals also behave in a similar fashion. While there may be uncertainty regarding the expectations and actions of its rivals, a rational firm is expected to overcome uncertainty by forming competitive conjectures, subjective probability estimates of rivals' expectations and behavior. In effect, game-theoretic models assume intelligent firms that can put themselves into the "shoes" of their

rivals and reason from their perspective. Signaling: Competitive signals are "announcements or previews of potential actions intended to convey information or to gain information from competitors". Competitive behavior is often influenced by signals sent by competitors. Signaling could also place the firm that sends the signal at a disadvantage. For example, signals that provide competitors with advance information about the firm's intentions could hurt the competitive position of the firm, and signals that are not followed through (cheap talk) could hurt the competitive reputation of the firm.

Furthermore, signaling that is interpreted as predatory behavior may trigger antitrust review into the behavior of the firm (Zagare, 1984). Innovation and R&D for the long-term profitability of the firm is viewed as a process of "creative destruction" (through innovation that changes the very nature of competitive advantage in the market) rather than as a condition leading to equilibrium. This argument is supported by the "Austrian" school of strategy (Jacobson, 1992), which suggests that the business environment is inherently dynamic and therefore characterized by uncertainty and disequilibrium. The Austrian school views profits in such an environment as a consequence of discovery and innovation. Such discovery and innovation do not necessarily mean drastic changes of a discontinuous (Schumpeterian) nature alone. Rather, they span a continuum encompassing innovations with the potential to provide the firm with a differential advantage over its competitors such as reformulation of a product, developing new processes for manufacturing a present product, and developing new channels of distribution (Jacobson, 1992). The study used this theory to explain how commercial banana farmers can read the signals of the competitors and make a rational decision which can give them a competitive advantage in the marketing of their products.

### **2.3.3 Product Quality Theory**

The economic view of quality is any aspect other than price that influences the demand curve of a product. Combining these two notions, quality can be construed as any non price aspect of a product that signifies its superiority and causes a shift in its demand curve. Ideally, a business would want to sustain a higher price as well as a higher market share but these two objectives may not always be compatible. That is, if the business were to follow a 'niching' strategy by offering a high quality product at a high price targeted at a small market niche, it effectively excludes itself from the contest for market share dominance in the broader market. The ability of a business to charge higher prices for higher quality is contingent on the ease with which consumers can determine the quality of the product. When quality is uncertain, consumers tend to use price as an indicator of quality.

This suggests a bidirectional relationship between quality and price, in which perceived quality positively influences price under conditions of greater information availability, and price positively influences perceived quality under conditions of lower information availability (Varadarajan *et al.*, 1999). The study will use this theory to explain how commercial banana farming can be improved through selling quality and value added banana products hence attaining market share dominance.

### **2.3.4 Market Share Theory**

The structure-conduct-performance model positions a positive relationship between industry concentration and profitability. Evidence also suggests that the relationship between market share and profitability is robust across different definitions of market share, different sampling frames, and controls for accounting method variation. In markets beset by uncertainty and imperfect information about product performance, the high market share of a brand acts as a signal of superior quality to consumers. In such markets, consumers are likely to have greater confidence in high market

share brands. This enables high market share brands to command a price premium over lower market share brands and thereby enhance their profitability (Varadarajan *et al.*, 1999).

Market orientation is conceptualized in terms of three dimensions: customer orientation, competitor orientation, and inter-functional coordination. Define market orientation from a behavioral perspective as "the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it" (Kohli & Jaworski, 1990).

#### **2.4 Marketing Strategies and Firm Performance:**

A clear and reasoned marketing strategy is a management's prescription for doing business, its roadmap to competitive advantage, its game-plan for pleasing customers, increasing sales, market share and improving financial performance. Thompson and Strickland (2003) consider the essence of good marketing strategy making as that of building a market position strong enough and organizations capable enough to produce successful performance despite unforeseen events, potential competition and internal difficulties. A strategy focused enterprise is more likely to be a strong bottom-line performer than a company whose management views strategy as secondary and puts its priority elsewhere. A company that lacks clear cut direction has a vague or undemanding performance targets, has a muddled or flawed strategy, or can't seem to execute its strategy competently is a company whose financial performance is probably suffering, whose business is at long term risk, and whose management is sorely lacking (Johnson, Scholes and Whittington 2008).

#### **2.5 Environmental dynamics and Firm Performance**

The extant literature shows that environmental factors play a vital role in the determination of the failure or success of the firms. Specifically, in the strategic marketing discourse, the role of competitive environment has been viewed as an emerging area of interest (O'Cass *et al.*, 2004). The

moderators of market orientation-performance relationship have emerged as a topic of interest in the marketing literature since the external environment in which organizations operate is highly complex and volatile (Faherty, 1985; Kirca et al., 2005). The external environment may influence a firm's performance directly as well as moderate the market orientation and firm performance relationship. Previous scholars underscore the need to scan the external environment in designing effective marketing strategies (O'Cass and Weerawardena, 2010). Prior researchers have suggested that the firm's market environment might influence the relationship between market orientation and performance.

Day and Wensley (1988) suggest that in a market orientation, the environment might affect either customer or competitor focus. They argue that emphasis should be on the customer in markets with a low concentration of competitors while for a competitor emphasis would be called for in high concentration markets. Kohli and Jaworski (1990) assert that some market environment characteristics might affect the strength and or importance of the relationship between market orientation and performance. They further argue that the relationship would be stronger in low-growth than in high growth environments. While previous studies suggest that environmental conditions may modify the strength of the market orientation and firm performance (Narver and Slater, 1990; Kohli and Jaworski, 1990), mixed results have been reported in an attempt to model different external environmental factors.

Greenley (1995) suggests that a firm's internal and external environment constrains its behavior and firm performance is a result of how it responds to or deals with its environments. The dynamic external environment in which firms operate provide opportunities for growth, development, value, wealth creation and presents challenges and threats which firms have to address for survival. These factors may vary depending on the environmental and firm context. According to Kohli and Ja-

worski (1990), the need for a firm to be market-oriented may be affected by the conditions in the external environment. They argue that firms operating in a dynamic environment and in changing industries characterized by high degrees of competition and fighting for customers have to be more market oriented than their competitors to enjoy superior performance.

## **2.6 Marketing strategy, environmental dynamics and firm performance**

Marketing strategy has been defined by Mintzberg, Lampel, Quinn, and Ghoshal (2003), as the pattern (ploy, pattern, position and perspective) in a stream of decisions and actions whereas Johnson and Scholes (2008) definition of marketing strategy is a direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within the changing environment, to meet the needs of the market and to fulfill stakeholder expectations.

While Thompson et al. (2007, 2012) have defined marketing strategy as a management's action plan for running a thriving business and conducting operations and that the crafting of a strategy represents managerial commitment to pursue a particular set of actions such as product branding, sales promotions and positioning in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance in order to strengthen its long term sustainability and competitive edge over its rivals.

There is no single definition of marketing strategy. However, it is clear that strategy has to do with how a firm relates to its environment. This has to take into account the internal capabilities (strengths and weaknesses) of the firm in relation to external opportunities and threats. As an organization's environment changes, it is necessary that the firm continuously adapt its activities and internal configurations to reflect the new external situation. Failure to do this puts the future of the organization in danger, Mintzberg (1994).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction:**

This chapter presented a detailed assessment of the various methods that employed during this study. This research methodology included a careful description of the approach and design that was used to conduct the research, data collection methods and data analysis.

### **3.2 Research Design**

This study utilized a descriptive survey, which is a process of collecting data in order to answer questions regarding the current status of the subjects in the study (Mugenda and Mugenda, 1999). This was defined as an attempt to collect data from members of the target population with respect to one or more variables. According to Cooper and Schindler (2003 and 2006), descriptive research design discovered and measure the cause and effect of relationships between variables and it is also non experimental in that it deals with the relationships between non manipulated variables in a natural rather than laboratory setting.

The researcher was able to ascertain the different marketing strategies adopted by small scale banana farmers with the help of the various devolved county initiatives within the main investment segment of the Nairobi Security Exchange (NSE) in response to environmental changes in order to gain competitive edge in business (Kombo, 1997).

### **3.3 Population of the study**

Population is defined as all the members of a real or hypothetical set of people, events or objects to which a researcher wishes to generalize the results of the study (Borg and Gall, 1989). The target population of banana farmers in Murang'a and Meru is 180,000. Using stratified sampling, a sample size of 384 respondents from Meru County and 400 respondents from Murang'a County was selected and interviewed (Ministry of Agriculture, Livestock and fisheries and development Mu-

rang'a and Meru County Office statistic 2014). They was distributed in the eight sub-counties of Murang'a and Meru County which are selected for this study. The sample size for the study is 200 which constitute 30% of the total population. According to Mugenda and Mugenda (2003) a sample size of 10% is acceptable if the population size is big.

### **3.4 Sampling**

Sampling means selecting a given number of subjects from a defined population as representative of that population. Any statements made about the sample should also be true of the population (Orodho and Kombo, 2002). It is however agreed that the larger the sample, the smaller the sampling error.

In any survey, the selection of the survey participants has an ultimate impact on the findings. Since the survey intends to cover banana farmers, households that grow bananas as their main crop will be targeted. A stratified sampling approach was used to draw a sample of 384 respondents from Meru County and 400 respondents from Murang'a County. In the first stage, four sub-counties that have the majority of banana growers were purposively selected from each County. From the selected sub-counties, 3 villages were randomly selected in each of selected sub-county. In each village, 10 households / farmer associations was selected randomly for the interviews. The total of banana farmers selected in each County was proportionate to the size of banana farmers.

A complete listing of all banana farming households in each village selected, irrespective of whether they are beneficiaries of devolved county government banana initiative or not was developed to generate sampling frames. Using the generated list, a sampling interval and a random start point was determined and used to select the 10 farm households that were included in the sample. Local leaders especially Local Council (LC) chairpersons were used to draw a village map with the estimated number of households who do banana farming, their names and location.

Names of farmers were used in the selection of households to interview. The village was divided into four blocks to ensure that each part of the village is represented in the sample. Depending on the estimate number of banana farming households in each village, a sampling interval and random start point will be determined.

### **3.5 Data Collection**

The study utilized two types of data: primary and secondary data. The data collected was cross-sectional data. Data was collected by desk review of several documents including reports, surveys and published work; Focus Group discussions with different stakeholders and field visits to banana farms and hardening nurseries. A semi-structured questionnaire as noted by Sherri (2010) was used in the study to elicit information related to farm productivity from all the selected respondents. A questionnaire for banana farmers was structured with both open and closed-ended items. The selected farmers filled in the questionnaire. The questionnaire was divided into two i.e. the personal details of the respondents and the questions in groups of various study variables. This is considered appropriate as it tended to collect all relevant responses that would facilitate analysis and comparison of parameters.

### **3.6 Data Analysis**

Data obtained from the questionnaires was processed through editing, coding and analyzed using descriptive statistics with the help of statistical package for social Sciences (SPSS) which offered extensive data handling capabilities and numerous statistics analysis procedure that analyzed small to very large data statistics. This is in agreement with Bell (2007).

A multiple linear regression model was used to understand the relationships between the dependent variable ( $Y_i$ ) and the several independent variables ( $X_i$ ) (Malhotra, K. N. and Birks, F.D., 2000).

$$Y_i = \beta_0 + \beta_1 X_i + \beta_2 X_i^2 + \varepsilon_i, \quad i=1, \dots, n.$$

Where  $Y_i$  = dependent variable

$X_i$  = independent variables

$\beta$  = parameters

$\varepsilon$  = error term

$n$  = sample size

The multiple linear regressions model the relationship between two or more explanatory variables and a response variable by fitting a linear equation to observed data. Every value of the independent variable  $x$  was associated with a value of the dependent variable  $y$ .

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter is a presentation of results and findings obtained from field responses and data, broken into two parts. The first section deals with the background information, while the other section presents findings of the analysis, based on the objectives of the study as explored by the questionnaires where both descriptive and inferential statistics have been employed. The overall objective of the study was to determine how marketing strategies affect agricultural performance and to examine the effects of environmental dynamics and transaction costs on performance of small scale banana farmers in Murang'a and Meru counties in Kenya. The data used for this research were collected from the survey of banana firms. A total of 680 questionnaires were returned that is 336 and 344 questionnaires from Murang'a and Meru respectively. However, 150 questionnaires were incomplete and were therefore not used in the analysis. The average sample response rate was 86%. According to Fowler (1984), a response rate of 86% is representative. This was therefore considered representative sample for further analysis. This is a higher response rate than those of similar studies conducted by Blankson and Cheng (2005), 21 percent, Munyoki (2007) 51 percent and Mohammed (2011) 31 percent.

#### **4.2 Respondent Characteristics**

The respondent's characteristics included the highest level of education attained and the length of service in the current position. The study set out to examine the respondent's length of service in their current position and the attained highest level of education. The target respondents for this study were the farmers, Managing Director/Owners of banana firms or any other manager in an

equivalent position in banana farming related organizations. The distribution of respondent's length of service in current firm is contained in Table 4.1.

**Table 4.1: Individual Respondent Length of Service**

<b>Years</b>	<b>Frequency</b>	<b>Percentage (%)</b>
0- 5 years	15	25.0
6-10 years	25	10.0
11-15 years	10	20.0
16-20 years	27	39.0
Above 20 years	9	6.0
<b>Total</b>	<b>86</b>	<b>100</b>

**Source: Primary data**

The results in Table 4.1 reveal that approximately 86 % of the respondents had been in the banana business for at least 6 years. The respondent's length of service can be associated with experience and knowledge acquired over time which can lead to superior firm performance. The study had also sought to establish the highest level of education attained by the respondents. The highest level of education attained and prior experience in business have been recognized as critical success factors for small and large firms. According to Box, White and Barr (1993), a positive relationship exists between high education levels and firm performance. The relevant data are presented in Table 4.2.

**Table 4.2: Highest Level of Education**

<b>Highest Level of Education</b>	<b>Frequency</b>	<b>Percentage (%)</b>
“O” level	15	10
“A” level	20	5
Certificate	10	20
Diploma	24	40.0
Bachelors degree	9	15.0
Masters degree	8	10.0
<b>Total</b>	<b>86</b>	<b>100%</b>

**Source: Primary Data**

The results in Table 4.2 reveal that the respondents had a relatively high level of qualification with 24% and 20% holding diploma and certificates respectively. This implies that the respondents have the relevant knowledge in their areas of operation within the banana firms. The level of education has been cited as a critical success factor in helping firms survive and manage in difficult conditions and to improve business profitability (Yusuf, 1995). The education level of the respondents was well distributed to carry the study out.

### **4.3 Banana Respondent Firm Characteristics**

The key firm factors of interest for the study were the age of the firm measured in terms of the number of years the firm has been in operation in Kenya; size of the firm measured by the number of long serving banana farmers in the firm; and the firm ownership structure measured in terms of whether the firm is locally owned, foreign owned or jointly locally and foreign owned. The age of the firm can increase its efficiency in that the firm can discover what it is good at and learn to do things better. The age of the firm was measured by number of years the firm has been in operation

in both Murang'a and Meru in Kenya which was presumed to represent the firms' industry experience. Table 4.3 presents the results on the age of the firms surveyed.

#### 4.3 Size of the firms

Acres	Frequency	Percentage (%)
0- 5	15	35.0
6-10	25	12.0
11-15	10	16.0
16-20	27	15.0
Above 20	9	22.0
<b>Total</b>	<b>86</b>	<b>100</b>

**Table 4.3 Size of your firm**

The study shows that 35% had 0 - 5 acres, 12% had between 6-10 acres, 16% had between 11-15 acres, 15% had 16-20 acres while 22% had over 20 acres.

**Table 4.3: Number of Years the Firm has been in Operation**

Years	Frequency	Percentage (%)
Up to 5 years	11	15
6-10	12	20
11-15	18	29
16-20	27	25
Over 20	18	11
<b>Total</b>	<b>86</b>	<b>100</b>

**Source: Primary Data.**

The results in Table 4.3 show that approximately 89% of the banana firms have been in operation in Kenya for less than 20 years and 11% have being in operation for over 20 years. The results imply that most of the banana firms surveyed are relatively young. The results in Table 4.3 show that approximately 70% of the banana firms have been in operation in Kenya for less than 20 years

and 30% have being in operation for over 20 years. The results imply that most of the banana firms surveyed are relatively young

The size of the firm was measured in terms of the number of permanent employees currently employed by the banana firm. This method of measure has been found to be linked to better business performance with larger firms having a higher level of success (McMahon, 2001). The size of the firm in the current study is a reflection of the ability of the firm to cope with changes in the environment and also reflects how it organizes and copes with its internal processes and procedure.

Table 4.4 presents the relevant results.

**Table 4.4: Number of Employees Permanently Employed**

<b>No. of employees</b>	<b>Frequency</b>	<b>Percentage (%)</b>
1-10	11	25
11-20	12	30
21- 30	10	15
31 - 40	27	10
41 – 50	15	15
Over 50	11	20
<b>Total</b>	<b>86</b>	<b>100</b>

**Table 4.4 Years in operation**

The results in Table 4.4 indicate that all the banana firms surveyed have fifty employees and below. This implies that majority banana firms (93.3%) fall under the SME category as per the GoK (GoK, 2005).

#### **4.4 Marketing Strategies**

The table below indicates the effects of marketing strategies on the small scale farmers’ performance in the banana markets in Murang’a and Meru Counties as suggested by the respondents.

**Table 4.5 Marketing Strategies**

<b>Statement</b>	<b>Mean</b>	<b>Std deviation</b>
We constantly monitor our level of commitment and orientation to meeting customers' needs	<b>2.21</b>	<b>1.00</b>
Our strategy for competitive advantage is based on clear understanding of our customers' needs	<b>2.00</b>	<b>0.724</b>
Meeting of our customers' needs is the most important objective of our business.	<b>4.00</b>	<b>0.591</b>
Our strategies are driven by our beliefs on how we can create greater value for our customers	<b>2.11</b>	<b>0.501</b>
We give close attention to after-sales service	<b>2.20</b>	<b>1.00</b>

The study above shows that respondents constantly monitor our level of commitment and orientation to meeting customers' needs with a mean of 2.21 and a standard deviation of 1.00. Furthermore, respondents strategy for competitive advantage is based on clear understanding of our customers' needs with a mean of 2.00 and a standard deviation of 0.724. On whether meeting of customers' needs is the most important objective of our business with a mean of 4.00 and a standard deviation of 0.591.

Moreover, respondents strategies are driven by our beliefs on how we can create greater value for our customers with a mean of 2.20 and a standard deviation of 0.100. On whether the respondents give close attention to after-sales service with a mean of 4.00 and a standard deviation of 0.591.

From the study above, it can be noted that the respondents are customer centered and prefer to satisfy customers' needs first. These findings were in line with Thompson and Strickland (2003) who posits that a clear and reasoned marketing strategy is a management's prescription for doing busi-

ness, its roadmap to competitive advantage, its game-plan for pleasing customers, increasing sales, market share and improving financial performance. They consider the essence of good marketing strategy making as that of building a market position strong enough and organizations capable enough to produce successful performance despite unforeseen events, potential competition and internal difficulties.

#### 4.4.1 Competitor Strategies

**Table 4.6 Competitor Strategies**

Statement	Mean	Std deviation
Our farmers/members regularly share information within the firm concerning competitors' strategies	2.11	1.00
We quickly respond to competitors actions that threaten us.	2.13	0.636
The management team regularly discusses competitors' strengths and strategies.	4.21	0.485
We target customers and customer groups where we have developed or can develop a competitive advantage.	2.01	0.602
Managers from every functional area regularly interact with our current and prospective Customers	2.01	1.11

Table 4.6 above indicates that farmers/members regularly share information within the firm concerning competitors' strategies with a mean of 2.11 and standard deviation of 1.00. On whether quickly respond to competitors actions that threaten us with a mean of 2.13 and standard deviation of 0.636. Moreover, on the management team regularly discusses competitors' strengths and strategies with a mean of 4.21 and standard deviation of 0.485. On whether the respondents target cus-

tomers and customer groups where we have developed or can develop a competitive advantage with a mean of 2.01 and standard deviation of 0.602 and finally managers from every functional area regularly interact with our current and prospective customers with a mean of 2.01 and standard deviation of 1.11.

#### 4.5 Product Strategies

The table below indicates the marketing strategies employed by the firm.

**Table 4.7 Product Strategies**

Statement	Mean	Std deviation
We have the ability to develop new banana products	3.02	0.413
We develop new banana products to exploit research and development (R&D) investment	3.00	0.304
We successfully launch new banana products	2.00	0.201
We ensure that product development efforts are responsive to customer needs	3.00	1.00

The study above indicates that the firm has the ability to develop new banana products with a mean of 3.02 and standard deviation of 0.413. On develop new banana products to exploit research and development (R&D) investment with a mean of 3.00 and standard deviation of 0.304. Successfully launch new banana products with a mean of 2.00 and standard deviation of 0.201. Ensure that product development efforts are responsive to customer needs with a mean of 3.00 and standard deviation of 1.00. The researcher further sought to establish pricing strategies of the firm as indicated in the table 4.4 below for interpretation purposes.

**Table 4.8 Pricing Strategies**

<b>Statement</b>	<b>Mean</b>	<b>Std deviation</b>
We use pricing skills and systems to respond quickly to market changes	2.12	0.413
We know our competitors pricing tactics	3.11	0.574
We do an effective job of pricing our products	2.12	0.501
We monitor competitors' prices and price changes	3.00	2.00

The study in table 4.4 above indicates that respondents use pricing skills and systems to respond quickly to market changes with a mean of 2.12 and standard deviation of 0.413. On whether the respondents know our competitors pricing tactics had a mean of 3.11 and standard deviation of 0.574. On whether the respondents do an effective job of pricing our products with a mean of 2.12 and standard deviation of 0.501 and finally, monitor competitors' prices and price changes with a mean of 3.00 and standard deviation of 2.00.

#### **4.6 Environmental Dynamics**

The researcher sought to establish the extent to which respondents' firm is affected by the following external environmental factors.

**Table 4.9 Inter-functional coordination**

<b>Statement</b>	<b>Mean</b>	<b>Std deviation</b>
In our industry, new competitors enter at a highly visible large scale which poses a risk to	2.00	0.413

Small scale firms in our industry have no substantial resources which may be used	4.04	0.304
New firms spend a large amount of capital on advertising and/or for research and development	2.00	0.201
Retaliation by established firms towards new entrants into our industry has been strong	2.01	1.03
New entrants into our industry have to spend heavily to build their brand names and to	2.00	0.502
New firms entering our industry as small scale firms must accept a considerable cost disadvantage	2.12	1.00
Large capital and/or financial resources are required for entry into our industry	2.00	0.500

The study indicates that in the respondents industry, new competitors enter at a highly visible large scale which poses a risk to small scale farmers with a mean of 2.00 and standard deviation of 0.413. On Small scale firms in our industry have no substantial resources which may be used to prevent the entry of new competitors with a mean of 4.04 and standard deviation of 0.304. New firms spend a large amount of capital on advertising and/or for research and development (R&D) which poses a risk to existing small scale farmers with a mean of 2.00 and standard deviation of 0.201. Retaliation by established firms towards new entrants into our industry has been strong with a mean of 2.01 and standard deviation of 1.03. New entrants into our industry have to spend heavily to build their brand names and to overcome existing brand loyalties with a mean of 2.00 and standard deviation of 0.502. New firms entering our industry as small scale firms must accept a considerable cost disadvantage with a mean of 2.12 and standard deviation of 1.00. While Large capital and/or financial resources are required for entry into our industry with a mean of 2.00 and standard deviation of 0.500.

The study above indicates that firm is affected by external environmental factors. These findings were in line with (Faherty, 1985; Kirca et al., 2005) that environmental factors play a vital role in the determination of the failure or success of the firms. Specifically, in the strategic marketing discourse, the role of competitive environment has been viewed as an emerging area of interest. The moderators of market orientation-performance relationship have emerged as a topic of interest in the marketing literature since the external environment in which organizations operate is highly complex and volatile. The external environment may influence a firm's performance directly as well as moderate the market orientation and firm performance relationship. Previous scholars underscore the need to scan the external environment in designing effective marketing strategies. Prior researchers have suggested that the firm's market environment might influence the relationship between market orientation and performance.

#### 4.7 Firm Performance

The researcher sought to establish firm performance with respect to the following performance outcomes. The results were recorded in table 4.6 for interpretation purposes.

**Table 4.9.1 Firm Performance**

<b>Statement</b>	<b>Mean</b>	<b>Std deviation</b>
We have more loyal customers in our firm	3.00	0.513
We often receive complimentary phone calls/ letters /emails from our customers	3.02	0.302
We hardly receive complaints about our service offering	2.01	0.101
We generate new customers in our firm on a regular basis	3.03	1.01

Our customers are happy with our offerings and charges	2.00	0.203
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The study above reveals that respondents have more loyal customers in their firm had a mean of 2.00 and standard deviation of 0.500. On whether respondents often receive complimentary phone calls/ letters /emails from their customers had a mean of 3.02 and standard deviation of 0.302. On whether the respondents hardly receive complaints about their service offering with a mean of 2.01 and standard deviation of 0.101. Respondents generate new customers in their firm on a regular basis had a mean of 3.03 and standard deviation of 1.10. On whether customers are happy with their offerings and charges had a mean of 2.00 and standard deviation of 0.203. As (Whittington 2008) posits a strategy focused enterprise is more likely to be a strong bottom-line performer than a company whose management views strategy as secondary and puts its priority elsewhere. A company that lacks clear cut direction has a vague or undemanding performance targets, has a muddled or flawed strategy, or can't seem to execute its strategy competently is a company whose financial performance is probably suffering, whose business is at long term risk, and whose management is sorely lacking.

#### **4.8 Descriptive Statistic**

Table 4.7 presents the descriptive statics and the distribution of the variables considered in this research: marketing strategies and environmental dynamics. The descriptive statistic considered were minimum, maximum, mean, standard deviation, skewness and kurtosis.

**Table 4.9.2: Descriptive Statistics**

	Min	Max	Mean	Std. Deviation	Skewness		Kurtosis	
					Statistic	Std. Error	Statistic	Std. Error
Marketing strategies	.124	.833	.5450	.15750	.900	.289	.787	.570
Environmental dynamics	.345	.843	.6624	.60114	.892	.289	2.105	.570

#### 4.9 Correlation Analysis

Pearson correlation was used to measure the degree of association between variables under consideration i.e. independent variables and the dependent variables. Pearson correlation coefficients range from -1 to +1. Negative values indicates negative correlation and positive values indicates positive correlation where Pearson coefficient  $<0.3$  indicates weak correlation, Pearson coefficient  $>0.3<0.5$  indicates moderate correlation and Pearson coefficient  $>0.5$  indicates strong correlation.

**Table 4.9.3 Correlation Coefficients**

	Marketing strategies	Environmental dynamics
Marketing strategies	1	
Environmental dynamics	0.678	1

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

The analysis above shows that the variable Marketing strategies has the strongest positive (Pearson correlation coefficient =.742) on Marketing strategies. In addition, Environmental dynamics had a positive and strong correlation on community participation (Pearson correlation coefficient =.678). The study thus established a strong linear relationship between the variables but no autocorrelation was established.

#### 4.9.1 Regression Analysis

**Table 4.9.4: Coefficient of Determination ( $R^2$ )**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.931(a)	0.866	0.727	.52126

*Source: Author 2015*

The table above, Coefficients, provides the information on each predictor variable. The coefficient of determination explains the extent to which changes in the dependent variable can be explained by the changes in the independent variables (Marketing Strategies, Environmental Dynamics And Performance Of Banana Small Scale Farmers).

The independent variables that were studied explain 86.6% of the changes in Marketing Strategies, Environmental Dynamics. This implies that these variables are very significant (since the p-values < 0.05) and therefore need to be considered in any effort to boost Performance Of Banana Small Scale Farmers.

**Table 4.9.5: ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F Calculated	Sig.
1	Regression	100.263	3	33.421	4.725	.0015 <sup>a</sup>
	Residual	2318.654	347	6.682		
	Total	2418.917	350			

*Source: Author 2015*

Table 4.9.5 above, ANOVA, indicates that the regression model predicts the outcome variable significantly well. This indicates the statistical significance of the regression model that was applied. The significance value is 0.0015. This value is less than 0.05 which means that the model is statistically significant in predicting how marketing strategies, environmental dynamics and performance of banana small scale farmers. The F critical at 5% level of significance was 2.33. Since F calculated is greater than the F critical (value = 4.725), this shows that the overall model was significant

**Table 4.9.6: Coefficient of Regression**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.324	.301		4.285	.000
X1	Marketing Strategies	0.634	.154	.183	.776	.386
X2	Environmental dynamics	0.886	0.0481	0.0221	0.4059	0.0106

**Y Performances of Banana Small Scale Farmers**

-0.778 0.0311 0.0465 0.5749 0.0495

Regression equation obtained from table 4.2.4 above:

$$Y = 1.324 + 0.634X_1 + 0.886X_2 - 0.778X_3$$

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter is a synthesis of the entire study, and contains summary of research findings, exposition of the findings, commensurate with the objectives, conclusions and recommendations based thereon.

The purpose of this study was to assess the influence of community participation on sustainability of community water projects: determine the effects of marketing strategies on the small scale farmers' performance in the banana markets, determine the effect of environmental dynamics on marketing strategies in the banana industry and examine the joint effects marketing strategies and environmental dynamics on the performance of the banana industry.

#### 5.2: Summary of Findings

From the study above, majority of the respondents had worked between 16-20 years as indicated by 39%. The percentage was ideal in carrying out the study since the respondents were knowledgeable regarding their organization. It is therefore clear that 40% of the respondents had a diploma certificate. However, the education level of the respondents was well distributed to carry the study out. The study indicates that majority of the respondents were in operation for 11-15 years as indicated by 29% of the respondents. However, the respondents' years of operation was well distributed to carry the study out.

The study above shows that respondents constantly monitor their level of commitment and orientation to meeting customers' needs with a mean of 2.21 and a standard deviation of 1.00. Furthermore, respondents strategy for competitive advantage is based on clear understanding of

their customers' needs with a mean of 2.00 and a standard deviation of 0.724. On whether meeting of customers' needs as the most important objective of their business had a mean of 4.00 and a standard deviation of 0.591.

Respondent's strategies are driven by their beliefs on how they can create greater value for their customers with a mean of 2.20 and a standard deviation of 0.100. On whether the respondents give close attention to after-sales service with a mean of 4.00 and a standard deviation of 0.591.

From the study above, it can be noted that the respondents are customer centered and prefer to satisfy customers' needs first. These findings were in line with Thompson and Strickland (2003) who posits that a clear and reasoned marketing strategy is a management's prescription for doing business, its roadmap to competitive advantage, its game-plan for pleasing customers, increasing sales, market share and improving financial performance. They consider the essence of good marketing strategy making as that of building a market position strong enough and organizations capable enough to produce successful performance despite unforeseen events, potential competition and internal difficulties.

On whether quickly response to competitor's actions that threaten them with a mean of 2.13 and standard deviation of 0.636. Moreover, on the management team regularly discusses competitors' strengths and strategies with a mean of 4.21 and standard deviation of 0.485. On whether the respondents target customers and customer groups where we have developed or can develop a competitive advantage with a mean of 2.01 and standard deviation of 0.602 and finally managers from every functional area regularly interact with their current and prospective customers with a mean of 2.01 and standard deviation of 1.11.

The study above indicates that the firm has the ability to develop new banana products with a mean of 3.02 and standard deviation of 0.413. On developing new banana products to exploit research and development (R&D) investment with a mean of 3.00 and standard deviation of 0.304.

Successfully launch new banana products with a mean of 2.00 and standard deviation of 0.201. Ensure that product development efforts are responsive to customer needs with a mean of 3.00 and standard deviation of 1.00.

The study indicates that in the respondents industry, new competitors enter at a highly visible large scale which poses a risk to small scale farmers with a mean of 2.00 and standard deviation of 0.413. On Small scale firms in their industry having no substantial resources which may be used to prevent the entry of new competitors with a mean of 4.04 and standard deviation of 0.304. New firms spend a large amount of capital on advertising and/or for research and development (R&D) which poses a risk to existing small scale farmers with a mean of 2.00 and standard deviation of 0.201. Retaliation by established firms towards new entrants into our industry has been strong with a mean of 2.01 and standard deviation of 1.03. New entrants into our industry have to spend heavily to build their brand names and to overcome existing brand loyalties with a mean of 2.00 and standard deviation of 0.502. New firms entering our industry as small scale firms must accept a considerable cost disadvantage with a mean of 2.12 and standard deviation of 1.00. While large capital and/or financial resources are required for entry into our industry with a mean of 2.00 and standard deviation of 0.500.

The study above indicates that firms are affected by external environmental factors. These findings were in line with (Faherty, 1985; Kirca et al., 2005) that environmental factors play a vital role in the determination of the failure or success of the firms. Specifically, in the strategic marketing discourse, the role of competitive environment has been viewed as an emerging area of interest. The moderators of market orientation-performance relationship have emerged as a topic of interest in the marketing literature since the external environment in which organizations operate is highly complex and volatile. The external environment may influence a firm's performance directly as

well as moderate the market orientation and firm performance relationship. Previous scholars underscore the need to scan the external environment in designing effective marketing strategies. Prior researchers have suggested that the firm's market environment might influence the relationship between market orientation and performance.

The study above reveals that respondents have more loyal customers in their firm had a mean of 2.00 and standard deviation of 0.500. On whether respondents often receive complimentary phone calls/ letters /emails from their customers had a mean of 3.02 and standard deviation of 0.302. On whether the respondents hardly receive complaints about their service offering with a mean of 2.01 and standard deviation of 0.101. Respondents generate new customers in their firm on a regular basis had a mean of 3.03 and standard deviation of 1.10. On whether customers are happy with their offerings and charges had a mean of 2.00 and standard deviation of 0.203. As (Whittington 2008) posits a strategy focused enterprise is more likely to be a strong bottom-line performer than a company whose management views strategy as secondary and puts its priority elsewhere. A company that lacks clear cut direction has a vague or undemanding performance targets, has a muddled or flawed strategy, or can't seem to execute its strategy competently is a company whose financial performance is probably suffering, whose business is at long term risk, and whose management is sorely lacking.

### **5.3 Conclusion**

The study examined the relationship between marketing strategies, environmental dynamics measured by pricing strategies, product strategies, competitor strategies and inter-function coordination and firm performance (customer satisfaction, customer retention, employee satisfaction, effectiveness, efficiency, relevance and financial viability) of banana firms in Murang'a and Meru counties in Kenya. The positive relationship revealed in the study suggested that the banana production in

the two counties is market-oriented. As a result, the banana firms are in a position to respond to changes in consumer tastes and preferences continuously.

Today's consumers are highly knowledgeable and demanding. For the firms to succeed in the competitive environment, they have to be responsive to the needs and wants of their target customers better than competitors. This calls for firms to be customer-focused, competitor-oriented and utilization of the firms' scarce resources efficiently. The results suggest that market orientation is an important strategy for small and medium sized enterprises.

The study examined the moderating effect of the age and size of the firm, external environmental factors. The results show that the age and size of the banana firms did not influence the performance of the firms surveyed in Murang'a and Meru County. Specifically, the effect of the age of the firm on performance, though positive was not statistically significant while the effect of the size on the firm performance was negative and not statistically significant. Regarding the moderating effect of firm characteristics (age and size of the firm) on market orientation and marketing strategies, the relationship was not statistically significant. This suggests that age and size of the firms do not influence the market orientation and marketing practices that firm undertakes.

The results showed that the external environmental factors predict firm performance of banana firms surveyed in both Murang'a and Meru Counties. The results imply that in a dynamic business environment, the firms have to continuously scan the external environmental factors. This is affirmed by previous scholars who posit that in a dynamic environment, firms have to be market-oriented (Lin, 2011). Regarding the moderating role of the external environmental factors, the interaction effect of marketing strategies and external environmental factors showed that the strength of the relationship between marketing strategies and performance relationship was reduced. This

implies a moderating effect on the relationship between market strategies and firm performance of the banana firms surveyed in Kenya.

Regarding the joint effect of marketing strategies, environmental dynamics and firm characteristics and the external environmental factors on firm performance, the results were positive and statistically significant. This suggests that the influence of marketing strategies, firm characteristics, and external environmental factors on firm performance is stronger than the individual effect of each variable.

The researcher concludes that a strategy focused enterprise is more likely to be a strong bottom-line performer than a company whose management views strategy as secondary and puts its priority elsewhere. A company that lacks clear cut direction has a vague or undemanding performance targets, has a muddled or flawed strategy, or can't seem to execute its strategy competently is a company whose financial performance is probably suffering, whose business is at long term risk, and whose management is sorely lacking. Further conclusions are made that environmental factors play a vital role in the determination of the failure or success of the firms. Specifically, in the strategic marketing discourse, the role of competitive environment has been viewed as an emerging area of interest. The external environment may influence a firm's performance directly as well as moderate the market orientation and firm performance relationship. Previous scholars underscore the need to scan the external environment in designing effective marketing strategies.

#### **5.4: Recommendations of the Research Findings**

The current research examined the relationship between marketing strategies, the external environment, firm characteristics and firm performance. The mediating role of the marketing strategies and the moderating role of the external environment and firm characteristics were also explored. The study results present theoretical and policy implications.

### **5.4.1: Theoretical Recommendations**

The findings provide support for the hypothesized direct relationship that marketing strategies influence firm performance consistent with the general view in extant literature (Kohli and Jaworski, 1990; Narver and Slater, 1990; Kirca et al., 2005). Previous studies have proposed that external environmental factors might moderate the marketing strategies and performance link (Kohli and Jaworski, 1990; Han et al., 1998; Kumar et al., 1998). Slater and Narver (1994a) suggest that the marketing strategies are important for all firms regardless of the state of their environment. While marketing strategies appear to affect firm performance in different contexts, it is also evident that the amount of the effect varies to a great extent among the different contexts (Ellis, 2006; Kirca et al., 2005).

In this study, additional environmental factors were included to enrich the investigation of the external environmental factors. While some of the factors from the Industrial Organizational theory (Pecotich et al., 1999) and competitive environment literature (Kohli and Jaworski, 1990) were previously hypothesized and empirically tested in previous marketing strategies studies, the current study integrated the different environmental factors with marketing strategies and firm performance.

The extant literature suggests that market strategies are likely to predict firm performance through routes of intermediate factors meaning that a successful marketing strategy can create superior marketing activities (product, price, place, and promotion and marketing research decisions) which in turn result in superior performance outcomes (Slater and Narver 1994b; Han et al., 1998).

The findings of the current study imply that marketing strategies complement the effects of market orientation on firm performance. The empirical evidence presented in this study indicated that there is a relationship between a firm's performance and market orientation, marketing strategies,

firm characteristics and external environmental factors. These findings could contribute to a renewed research interest for marketing strategies and its significance in superior firm performance and further development at the conceptual and theoretical level. The study results add to the existing marketing strategies and performance body of knowledge both theoretically and empirically testing the hypotheses in the Kenyan context (Meru and Murang'a counties).

#### **5.4.2: Policy Recommendations**

The economic importance of the banana industry in Murang'a and Meru counties in Kenya especially in delivering the vision 2030 agenda and the market orientation of the banana firms being a key delivery partner of the banana product is of great interest to policy-makers whose major objective is to stimulate the growth of the agricultural sector in the country. With agricultural sector having been identified as a one of the priority sectors under the economic pillar in the Vision 2030, there is need for government interventions as the country endeavors to become a globally competitive and prosperous country.

From the current study, it is evident that the marketing strategies have a direct and positive effect on performance of banana firms surveyed in Kenya. The policy-makers in the agricultural sector/industry may support the banana firms by offering marketing management skills and capabilities to ensure superior service delivery to the target customers. This can be done in conjunction with other key players in the agricultural industry such as the crops, livestock, fisheries, land, water, cooperatives, environment, regional development and forestry. Policy-makers can consider the unique characteristics of the banana products by offering support in terms of policies that may augment the growth of the agricultural sector in general and banana firms and other agribusiness stakeholders in particular.

#### **5.4.3: Practitioners**

Marketing strategy has been recognized as key to firm success and superior performance (Narver and Slater, 1990; Kohli and Jaworski, 1990). The findings of the study indicate that market strategy is robust across industry and country context boundaries. The findings provide a strong indication that firms that have marketing strategies influence firm performance measured by dimensions such as customer satisfaction, employee satisfaction, customer retention, effectiveness efficiency, relevance and financial viability. However, the manner in which firms implement market strategies remains equivocal. The study provides support that marketing strategies facilitate the conversion of market-oriented philosophy into superior firm performance. In this regard, Managers can consequently develop a firm culture that supports behaviors that are consistent with market orientation and use the market orientation construct to develop relevant and effective marketing activities.

Previous studies indicate that market strategy has been found to be more effective in influencing firm performance, contingent on the external environmental factors that the firm operates in (Slater and Narver, 1994a). Likewise, the findings of the current study show that firms that are able to adapt and implement market strategy contingent on the external environmental conditions are able to exploit the full potential of market strategy and achieve superior financial performance. However, the external environment of any firms comprises customers, competitors and other exogenous factors that the firm has no control. While some firms will operate in relative stable environments, others deal with dynamic environmental turbulence. Regardless of the dynamic environment, firms depend on selling products to customers an indication that no firm is likely to survive without being market oriented. Hence firms need to assess and adapt to changes in the external and internal environment when evaluating the market orientation needs. The study demonstrates that different market research components interact with diverse external environmental factors, marketing strategies and firm characteristics in facilitating superior firm performance.

In an era of intensified competition and changing marketing landscape, the external environmental factors underscore a firm's strategic decision. For firms to be effective and efficient, they must analyze the industry dynamics so as to position themselves strategically. The findings of the current study provide important pointers to firms' executives in terms of developing a better understanding of the environmental dynamics and in terms of managing the firms for superior performance. The researcher recommends that firms should adopt management's action plan for running a thriving business and conducting operations and that the crafting of a strategy represents managerial commitment to pursue a particular set of actions such as product branding, sales promotions and positioning in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance in order to strengthen its long term sustainability and competitive edge over its rivals.

#### **5.5: Suggestions for further studies**

The researcher recommends that further study to be carried in the following area;

- i. The effects of firm management strategies and performance of banana small scale farmers.

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## **APPENDIX I: QUESTIONNAIRE**

### **“MARKETING STRATEGIES, ENVIRONMENTAL DYNAMICS AND PERFORMANCE OF BANANA SMALL SCALE FARMERS IN MURANGA AND MERU COUNTIES, KENYA**

This questionnaire is designed to collect data from category A to D. This academic research questionnaire is designed to collect information on the marketing strategies, environmental dynamics and performance of banana small scale farmers in Murang’a and Meru Counties in Kenya. Please circle the response that most clearly approximates your feeling. The data and research findings provided will be used for academic purposes only and will be treated with strict confidence.

Thank you.

#### **SECTION I: GENERAL INFORMATION**

##### **CATEGORY A: BACKGROUND INFORMATION (RESPONDENT & FIRM PROFILE)**

1) Please indicate the position you hold in the company\_\_\_\_\_

2) How long have you been in this position?

Up to 5 years [ ] 6-10 years [ ] 11-15 years [ ]

16-20 years [ ] above 20 years [ ]

3) Please indicate with a (v) your highest level of education?

O level [ ] A level [ ] Certificate [ ] Diploma [ ]

Bachelors Degree [ ] Masters Degree [ ] PhD/Doctorate [ ]

4) What is the size of your firm?

Up to 5 acres [ ] 6 – 10 acres [ ] 11 – 15 acres [ ]

16- 20 [ ] Over 20 [ ]

5) How many years has your business been in operation?

Up to 5 years [ ] 6-10 years [ ] 11-15 years [ ]

16-20 years  Over 20 years

6) How many employees are currently permanently employed in your firm?

Up to 10 employees  11-20 employees  21-30 employees

31-40 employees  41-50 employees  Over 50 employees

7) What is your production level per year?

8) How has your business contributed to the employees livelihoods?

9) To what extent has your business contributed to Kenya's GDP?

## CATEGORY B: MARKETING STRATEGIES

### PART I: FIRM MARKET PERFORMANCE

7. Please indicate with a tick (v) the extent to which your firm focuses on the following:

#### a) Marketing Strategies

Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
We constantly monitor our level of commitment and orientation to meeting customers' needs					
Our strategy for competitive advantage is based on clear understanding of our customers' needs					
Meeting of our customers' needs is the most important objective of our business.					
Our strategies are driven by our beliefs on how we can create greater value for our customers					
We give close attention to after-sales service					

**b) Competitor Strategies**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
Our farmers/members regularly share information within the firm concerning competitors' strategies					
We quickly respond to competitors actions that threaten us.					
The management team regularly discusses competitors' strengths and strategies.					
We target customers and customer groups where we have developed or can develop a competitive advantage.					
Managers from every functional area regularly interact with our current and prospective customers					

**c) Inter-functional coordination**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
We freely communicate information about our banana production experiences across all business functions.					
Our functions are integrated in ways that meet the needs of our target markets.					
Our managers understand how everyone in our banana chain can contribute to creating customer value.					
All functional departments/stakeholders work hard to thoroughly and jointly solve customers' problems.					

## PART II: MARKETING STRATEGIES

Please indicate with a tick (v) the extent to which your firm responds to the following marketing practices:

### a) Product Strategies

Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
We have the ability to develop new banana products					
We develop new banana products to exploit research and development (R&D) investment					
We successfully launch new banana products					
We ensure that product development efforts are responsive to customer needs					

### b) Pricing Strategies

Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
We use pricing skills and systems to respond quickly to market changes					
We know our competitors pricing tactics					
We do an effective job of pricing our products					
We monitor competitors' prices and price changes					

### c) Distribution (place) Strategies

Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
We have a strong working relationship with our distributors					

We attract and retain the best distributors					
We add value to our distributors businesses					
We provide high levels of service support to our distributors					

**d) Promotion Strategies**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
Our advertising programs are well developed and executed					
We have good advertising and creative skills					
Our sales promotions are well developed and executed					
We give the sales people the training they need to be effective					
We provide effective sales support to the sales force					
We provide sales management planning and control systems					
Our public relations programs well developed and executed					
Our internet marketing programs are well developed and executed					

**e) Marketing Research Abilities**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
Our marketing research abilities helps us to find customers.					
Our marketing research skills helps us to develop effective marketing programs.					
We use our marketing research information effectively.					
Our marketing research expertise help us to develop marketing programs and partner with research institutions.					

**CATEGORY C: ENVIRONMENTAL DYNAMICS**

9. Please indicate with a tick (v) the extent to which your firm is affected by the following external environmental factors:

**a) Threat of entry**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
In our industry, new competitors enter at a highly visible large scale which poses a risk to small scale farmers					
Small scale firms in our industry have no substantial resources which may be used to prevent the entry of new competitors					
New firms spend a large amount of capital on advertising and/or for research and development (R&D) which poses a risk to existing small scale farmers.					
Retaliation by established firms					

towards new entrants into our industry has been strong					
New entrants into our industry have to spend heavily to build their brand names and to overcome existing brand loyalties					
New firms entering our industry as small scale firms must accept a considerable cost disadvantage					
Large capital and/or financial resources are required for entry into our industry					

**b) The bargaining power of buyers**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
In our industry, buyers or buyer groups are very powerful					
The buyers of our industry's products are in a position to demand concessions					
There is a small number of buyers who form a large proportion of our industry's sales					

**c) Threat of substitute goods/service**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
In our industry, there is considerable pressure from substitute products					
All firms in our industry are aware of the strong competition from substitutes					
The availability of substitute products limits the potential returns in our industry					
Substitute products limit the profitability of this industry					

The needs which our industry's products satisfy may be easily satisfied by products/services from many other sources					
The products of the industry in which we compete have intrinsic characteristics from which it is difficult to find substitutes					

**d) Government Policies and Initiatives**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
Our firm's operations are affected by the transport infrastructure ( e.g. roads, air, travel, rail)					
In our firm, telecommunication infrastructure is key					
Government monetary decisions and policies affects growth of our firm					
Our firm's operations are affected by insecurity					

**e) Institutions and partnerships**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
Our firm's operations are supported by county government					
Our firm's R&D is supported by institutions like KARLO, PTC and ASDSP					
Our firm's partnerships with various institutions has boosted our production and sales					
Our partners have promoted our firm's products both locally and internationally					

**CATEGORY D: FIRM PERFORMANCE**

Over the last three years relative to your closest competitor, indicate how your firm has performed with respect to the following performance outcomes. (Tick as appropriate).

**a) Customer Satisfaction**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
We have more loyal customers in our firm					
We often receive complimentary phone calls/ letters /emails from our customers					
We hardly receive complaints about our service offering					
We generate new customers in our firm on a regular basis					
Our customers are happy with our offerings and charges					

**b) Employee satisfaction**

<b>Description</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
Employees of this firm make personal sacrifices if it were important for the firm's well being					
The bonds between the firm and its employees are weak					
Generally, employees are proud to work for this firm					
Our employees have little or no commitment to this firm					
Employees feel as though their future is intimately linked to that of this firm					
Employees often go above and beyond the call of duty to ensure the well being of our firm					
We have lower employee turnover than that of our competitors					

**Thank you for your time and cooperation.**



