GROWTH STRATEGIES AND PERFORMANCE OF LARGE OIL COMPANIES IN KENYA

BY

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DECLARATION

I declare that this project is my original work and has not been submitted for examination for a degree in this or any other university.

Signed…………………………………… Date……………………

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D61/76993/2014

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

Signed…………………………………… Date……………………

DR. RAYMOND MUSYOKA

DEDICATION

This study is dedicated to my family for their constant encouragement and for being patient enough to see me go through my academic struggle thus realizing my long cherished dream.

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ABSTRACT

The study aimed at establishing how growth strategies adopted by major oil companies in Kenya influence organization performance. The specific objectives were to identify the growth strategies adopted by the major oil companies in Kenya, and to establish how these growth strategies influence the performance of major oil companies in Kenya. The study adopted a cross sectional survey of all the major oil companies in Kenya. The descriptive survey is useful in obtaining primary data for the study and describes issues as they are. A descriptive research design was appropriate as the study involved fact finding to describe adopted growth strategies and their influence on performance of large oil companies in Kenya and documenting the findings. The target population for this study was the 15 major oil firms in Kenya. The respondents were selected from strategic department, operations, customer service making a total sample of 45 respondents. Census was used hence the entire target population of 15 oil companies was studied. The main instrument for data collection was a semi-structured questionnaire. The study collected primary data. Primary research enables a focus on specific subjects. It also enables the researcher to have a higher control over how the information is collected as well as deciding on the time frame and goal. Questionnaires gives the researcher comprehensive data on a wide range of issues. Data was collected from 36 respondents in all levels at the 12 major oil companies in Kenya. Before processing the responses, the completed questionnaires were sorted, checked and edited for completeness and consistency. The data was then coded to enable the responses to be grouped into various categories. Descriptive statistics technique was used to analyze the quantitative data. Coding was done in SPSS, analyzed and the output interpreted in frequencies, percentages, mean scores and standard deviation. To determine the effect of growth strategies on organization performance, the study adopted a multiple regression model. The study found that market development strategies have been adopted within by large oil companies to a great extent. The study also established that the primary objective of market development is to secure future volume and profit growth. The study established that diversification strategies have been adopted by large oil companies to a great extent. The study also established that better diversification involves directions of development which take the organization away from its present markets and its present products at the same time. The study found that market development strategy contributed the most to the performance of large oil companies. At 5% level of significance and 95% level of confidence, Market development strategy, Diversification strategy, Market penetration strategy, Product development strategy, Turnaround strategy, and Strategic alliance strategy were all significant strategies to increased performance of large oil companies. The study concluded that product development strategies have been adopted by large oil companies to a great extent. In addition, the study concluded that product rebranding and repackaging was the product development strategy that was used always. The study also concluded that large oil companies engage in new product development or improvement of existing service products to a great extent. Further the study concluded that growth strategies greatly influence company’s performance. The study recommended that oil companies consistently adopt growth strategies to improve their performance. The study also recommended oil companies to put more resources on market development and diversification strategies since the two strategies impact the performance of large oil companies the most compared to the other strategies studied.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

In the 21st century business scene, firms contend in an intricate and testing setting that is being changed by numerous elements from globalization, visit and indeterminate changes to the developing utilization of data advancements (DeNisi, Hitt and Jackson, 2003). In this manner, accomplishing the great execution is a noteworthy pre-control of senior administrators in the focused and regularly changing business environment, which describe all organizations today. The sources of competitive advantage have been a major concern for scholars and practitioners. Most organizations search for the best strategies in order to consolidate their position in the market. Maintenance of competitive position and application of appropriate strategy most frequently ensure company's survival in the market and good results of its performance (Athiyaman, 2005). As competition intensifies, many businesses continue to seek profitable ways in which to differentiate themselves from competitors.

This study will be guided by Ansoff Growth Matrix Model and Porter's Generic Model. Ansoff matrix allows firms to consider ways to grow their business via existing and/or new products, in existing and/or new markets – there are four possible product/market combinations. This matrix helps companies decide what course of action should be taken given current performance. Porter's (1985) generic strategies of low cost, differentiation, focus and combination strategies are generally embedded on the broader Ansoff Growth matrix model.

Oil industry in Kenya is very competitive and capital intensive venture. The firms operate on the ever changing oil industry environment. It is due to these environmental pressures that large oil firms in Kenya have come up with different growth strategies on different markets in order to grow their businesses. The growth strategies are informed by the management desire to maximize profits and grow shareholders' wealth. Oil industry in Kenya is price regulated by ERC therefore making the firms less effective on using pricing as a marketing and growth strategy. This drives the firms to pursue other strategies such as product development, strategic alliances, diversification and market development which have more impact on the firm's growth and performance.

1.1.1. Concept of Growth strategy

Strategy is the direction and scope of an organization over the long term, which achieves competitive advantage in a changing environment (Johnson et al, 2008). Strategy comes from a Greek word, strategos, which means the art of an army general in deploying forces to defeat an enemy (Yabs 2010). The same tactics can be used to achieve success in business. Growth is a multi-faceted phenomenon that is commonly associated with firm survival, achievement of business goals and success or the scaling up of activities (Storey, 1994).Thompson and Strickland (2003) states that growing the business can be taken to mean crafting and implementing strategies that will bring profit to the business, attracting and pleasing customers, competing successfully with other competitors in the industry, conducting operations and improving the company's financial and market performance. A growth strategy therefore is a tactic used by management to expand the company's revenue and consumer market for company's products.

The strategic management literature emphasizes on the important role of growth strategy in both large and small firms (Wit and Meyer, 2001 Pfeiffer, 1987). Firms utilize development system to plot the crucial strides that they plan to follow keeping in mind the end goal to finish their corporate destinations. The writing shows that associations can have a solitary methodology or numerous procedures, and that these methodologies are exist at three levels; corporate level systems, (for example, excellent or ace techniques); business level systems (aggressive procedures); and practical level techniques.

To guarantee survival, achievement and development, firms should have the capacity to oversee dangers and endeavor openings in their working surroundings. This requires the plan of techniques that continually match association's abilities to natural prerequisites. A methodology is a long haul plan of activity intended to accomplish a specific objective, regularly winning in a focused domain. Ansoff (1987), Views Company's strategy as the game plan management has for the company in the chosen area for competing successfully, pleasing customers and achieving good business performance. Johnson & Scholes (2002) characterize methodology as the heading and extent of an association over the long haul which accomplishes advantage for the association through its design of assets inside a testing situation to address the issues of business sectors and to satisfy partner desires.

Development techniques are gone for winning bigger piece of the overall industry, even to the detriment of fleeting income. Four wide development methodologies are broadening, item advancement, advertise infiltration, and market improvement (Boone, 2000). Inside these, few procedures have been embraced such mechanical advancement, Competitive estimating, advancement, showcase development strategies and item advancement methodologies. An innovation technique intended to accomplish separation in item execution will lose a lot of its effect, for instance, if an in fact prepared staff constrain is not accessible to disclose the execution focal points to the purchaser or if the assembling procedure does not contain sufficient arrangements for quality control (Porter, 1998)

In product innovation strategy, the firm is continuously making new modifications or modifying existing products. Products have to be updated and completely renewed for retaining strong market presence. The practice of pricing strategy can be used accomplish both short- and long-run objectives (Fraccastoro, Burton & Biswas, 1993). Short-run objectives include creating product awareness and interest, increasing store traffic and sales, reducing inventory, and enhancing perception of savings and value. Marketers develop market expansion strategies to ensure that their products are available in proper quantities at the right time and place. Distribution decisions involve modes of transportation, warehousing, inventory control, order processing and selecting of marketing channel. Promotion strategy encompasses all the various ways an organization undertakes to communicate its products' merits and to persuade target customers to buy from them. Promotion is the communication link between sellers and buyers. Organizations use various different means of sending messages about goods, services and ideas.

1.1.2. Organization Performance

Swanson and Holton (2008) define performance as a multi-dimensional construct, the measurement of which varies depending on variety of factors. Armstrong (2006) on the other hand indicates performance as both behavior or results and emphasizes that both behavior (input) and results (output) need to be considered when managing performance. The most widely pursued corporate directional strategies are those designed to achieve growth in sales, assets and profits. Continuing growth means increasing sales and a chance to take advantage of the experience curve to reduce the cost of product sold (Wheelen & Hunger, 2010).

Organizational performance is an analysis of a company's performance as compared to set goals and objectives (Business Dictionary 2014). It is the extent to which an organization achieves a set of pre-defined targets unique to its mission, including both objectives and subjective indicators Albrecht (2011). Hierarchical execution incorporates three particular territories of firm results, that is, monetary execution (benefits, return on resources, degree of profitability, et cetera), item showcase execution (deals, piece of the pie, et cetera), and shareholder return (add up to shareholder return, financial esteem included, et cetera) (Richard et al, 2011).

According to Albrecht (2011), drivers of organizational performance include Strategic focus, leadership, knowledge management, and others, which are all key considerations in growth of business. Two organizational performance dimensions that are dominant in this study are profitability and market share. Profitability may be measured in terms of increased surplus revenues, and market share be measured in terms of increased sales, as well as an increased revenue base.

1.1.3 Oil Industry in Kenya

The oil industry in Kenya was established in 1948 through the Petroleum Act chapter 116 of the Laws of Kenya. Kenya is not a producer of petroleum. It imports crude oil mainly from the Gulf which is then refined at the Refinery depot in Mombasa. It is then distributed by pipeline, road and rails to the various depots of the Kenya Pipeline Company. Petroleum Insight Magazine April - June 2006 (Wachira) states that the petroleum sector has numerous and critical impacts on the Kenyan economy. Regulatory framework governs this crucial industry. Petroleum is a sub-sector under the Ministry of Energy which was created in 1980 and it has to ensure security of supply, safety of petroleum operations and maintenance of fair trading practices within the sub-sector.

The petroleum industry in the country therefore falls under the direct control of the Ministry of energy and Petroleum. There are other institutions that form the institutional framework of the petroleum industry in the country. These institutions include the Energy Regulatory Commission (ERC) which provides regulatory guidelines in the energy sector; The Kenya Pipeline Company (KPC) which is a state corporation charged with the responsibility of transporting petroleum products to various destinations in the country. Kenya Petroleum Refineries Limited (KPRL) a Limited Company that operates a single skimming refinery in Mombasa and has been declared uneconomical facility to operate. The company is owned both by the government of Kenya and Essar Energy Overseas Limited on a 50 percent basis. The industry is also dominated by independent multinational oil marketing companies and a state owned Petroleum Company (Kieyah 2011).

Oil companies operate in oligopolistic market structure characterized by strong mutual independence, homogenous petroleum products and high capital entry requirements (Browning and Zupan, 2003). The strong mutual independence and competitor reaction patterns by industry players make it difficult to compete on price. Competition on the basis of price has brought with it a decline in margins, reduced profitability and contributed to operating losses. This is evidenced by Total Oil Kenya Limited, a publicly quoted company which reported a loss of Kshs 222 million in the year 2001 (Marami, 2006).

1.2 Research Problem

No business exists in vacuum and it is no doubt that businesses are being constantly subjected to forces of change in the economic, competitor, technological and political environment. All organizations regardless of their size are environment dependent hence as the outside environment changes, associations wind up in new environment and need to react by incorporating changes and disguising the capacity to adjust to their new surroundings for survival and development (Gathiri 2012). Be that as it may, firms ought to battle for nonstop development while keeping the point of expanding or essentially keeping up their deals and benefit levels to guarantee their survival (Claver et al, 2006). For an association to end up beneficial it must set up methodologies that position itself in market predominance and enhance the company's general execution. A development technique is an imperative apparatus to defy the aggressive weight in the oil advertise environment furthermore as an instrument of enhancing the execution of huge oil organizations. The oil segment assumes a key part in the nation's financial advancement.

The oil industry in Kenya has witnessed increased competition in the recent past and this has forced companies to go back to the drawing board to seek new ways of expanding their businesses and reach new markets more exhaustively for their products. Other challenges have come from the regulation of the industry prices of oil products by the government and the threat of entry and mergers of local firms with international players and this combined has increased business risk level of the firms. With the increased level of competition, local owned companies like National Oil Corporation have had to employ growth strategies and align itself to capture new markets or retain its existing market share. Understanding of a firm's strategy based on independent and collaborative resources requires a combination of theories and methodologies and strategic positioning is one of these theories.

Various studies have been done regarding growth strategies and performance of organizations. In Kenya Michael, (2008) investigated the intensive growth strategies adopted by Total Kenya Limited in response to competition in the oil industry in Kenya. The study found that product development strategies entailed improved quality offerings, innovative packaging and branding. Factors that motivated the need to differentiate included the competition, customer needs, market segmentation, risk of losing business to alternative solutions, health, safety, quality and environmental considerations. On the other hand, Ikonya (2015) researched Influence of business strategies on the performance of Telecommunication companies in Kenya. The study found various strategies were employed that include: technology strategies, new product creation and differentiation, providing outstanding customer service, human resource strategies and competitive strategies. Further, Musau (2013) investigated strategic management of procurement processes and operational efficiency of major oil companies in Kenya. As observed from the above, there has been no study done on specifically growth strategies and organization performance in the oil industry, which is a very important area of study in Kenya. This study therefore seeks to access growth strategies and performance of large oil companies in Kenya. It is guided by the following study question: - what is the influence of growth strategies on performance of large oil companies in Kenya?

1.3 Research Objectives

The objective of this study is to establish how growth strategies adopted by large oil companies in Kenya influence organization performance.

1.3.1. Specific Objectives

The study will be guided by the following specific objectives:

i. To identify the growth strategies adopted by the large oil companies in Kenya

ii. To establish how the adopted growth strategies, influence the performance of large oil companies in Kenya

1.4 Value of the study

Policy and Decision makers at various levels of management will gain value added information on adopted growth strategies in response to changing competitive environment in oil industry. For instance, the managers responsible for strategy may use the findings to formulate effective monitoring and control systems to mitigate the challenges while formulating and adopting growth strategies.

Academics and business researchers will be able to borrow from the findings of this research to support literature citations as well as develop themes for further research. Specifically, the study hopes to make theoretical, practical and methodological contributions. The findings will contribute to professional extension of existing knowledge in growth strategy management by helping to understand the current strategies in oil sector. Business people and entrepreneurs can use the findings from this research to aid them in implementing their organizational strategies.

In practice the findings of the study will enable potential investors gain a better understanding about growth strategies adopted by the existing oil firms in Kenya. Such an understanding will enable investors pursue new growth strategies which will ensure sustainability in profitability and competitiveness of the oil firms in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section draws on literature in the area of growth strategies and performance. Secondary material for example, books, diaries, and articles which convey past research take a shot at the study subject are examined. The material is of significance to this study as it structures a reason for perceptions which will be made amid the study in accordance with the point and goals of the study.

2.2. Theoretical Foundation

This section provides theories to explain, predict, and understand growth strategies and performance also, amplify existing learning inside the cutoff points of basic jumping suspicions. The establishment is the structure that can hold or bolster a hypothesis of an examination concentrate on. The hypothetical system presents and depicts the hypothesis that clarifies why the exploration issue under study exists. This section reviews the models available in relation to the topic under study; these are Ansoff Growth Matrix Model and Porter's Generic Model.

2.2.1. Ansoff Growth Matrix Model

The Ansoff (1957) Product-Market Growth Matrix is a showcasing device made by Igor Ansoff. The lattice permits chiefs to consider approaches to develop the business by means of existing or potentially new items, in existing or potentially new markets there are four conceivable item/advertise mixes. This lattice helps organizations choose what strategy ought to be taken given current execution. The matrix consists of four strategies:

Market penetration happens when an organization enters/infiltrates a market with current items. The most ideal approach to accomplish this is by picking up contenders' clients (some portion of their piece of the pie). Different ways incorporate drawing in non-clients of your item or persuading current customers to utilize a greater amount of your item/benefit, with publicizing or different advancements.

A firm with a business opportunity for its present items may set out on a procedure of creating different items obliging a similar market. As often as possible, when a firm makes new items, it can increase new clients for these items. Thus, new item improvement can be a critical business advancement methodology for firms to remain aggressive. This is evidenced by the oil companies in Kenya developing food offerings in their outlets.

A set up item in the commercial center can be changed or focused to an alternate client section, as a technique to acquire more income for the firm. Broadening typically requires new abilities, new methods, and new offices. Subsequently, it perpetually prompts to physical and hierarchical changes in the structure of the business which speak to an unmistakable break with past business encounter. The network shows, specifically, that the component of hazard expands the further the methodology moves far from known amounts - the current item and the current market.

In this manner, item advancement (requiring, basically, another item) and market augmentation (another market) commonly include a more serious hazard than `penetration' (existing item and existing business sector); and expansion (new item and new market) by and large conveys the most serious danger of line, consequently, among others, most development systems spins around entrance.

2.2.2. Porter's Generic Model

Generic strategies can be effectively connected to hierarchical execution using key vital practices. Porter’s (1985) generic techniques of ease, separation, center and blend procedures are by and large acknowledged as a vital typology for associations.

Porter’s, (Porter, 1985) see that ease and separation are discrete closures of a continuum that may never be connected with each other has started much reasonable level headed discussion and exact research. This open deliberation may have been energized to some degree in light of the nonattendance of theoretical building pieces supporting his esteem framework hypothesis. Researchers have since created hypothesis to counter Porter’s see, proposing that minimal effort and separation may really be autonomous measurements that ought to be vivaciously sought after all the while (Hill, 1998; Murray, 1988). Experimental research utilizing the MIS database by Miller and Dess, (1993) proposes that the nonexclusive procedure structure could be enhanced by review cost, separation and center as three measurements of vital situating instead of as three unmistakable systems. The possibility that seeking after numerous wellsprings of upper hand is both reasonable and attractive has likewise been upheld by different specialists (White, 1988). Albeit numerous organizations seeking after cost and separation all the while may get to be stuck in the center, there is clear proof to propose that at any rate a few firms have been effective in accomplishing unrivaled monetary execution by seeking after both favorable circumstances.

2.3. Growth Strategies and Performance

Firms' strive for corporate growth is commonly more or less loosely connected with business success (Davidsson et al. 2009; Yang 2011). There are two main strategic growth options for the firms: organic and acquisitive growth. The first one refers to internal development of resources, and the latter one refers to acquiring resources as one firm purchases controlling enthusiasm for another firm and the procured business is incorporated inside current operations or turns into an auxiliary of the acquirer's portfolio (Lockett et al. 2011). Numerous organizations neglect to accomplish their development focuses in income and benefit. Be that as it may, the likelihood of accomplishing gainful development is elevated at whatever points an association has a reasonable development system and solid execution framework.

2.3.1 Market development strategies

Market development is a development technique where another market is entered by a current item managing the routes in which shoppers get to be mindful of, test and inevitably acknowledge or dismiss another item thing. The essential goal of market advancement is to secure future volume and benefit development (Walker et al, 1999). This target has turned out to be considerably more imperative as of late because of the fast progression in innovation and more serious rivalry universally. Associations can create markets and look for development by differentiating their operations. Broadening is commonly less secure or it includes adapting new operations and managing new client bunches. As per Walker et al (1999) enhancement can happen through: Vertical or level joining and related or disconnected expansion.

Chimhanzi and Morgan (2005) discoveries demonstrate that organizations committing regard for the arrangement of advertising and HR can understand altogether more prominent achievements in their procedure execution. In particular, these discoveries infer that showcasing administrators ought to look to enhance the association with their HR partners by underscoring two of the procedure based measurements: joint reward frameworks and composed correspondence. Agents are included top administration, center administration, bring down administration and non-administration. Viability of system execution is, in any event to a limited extent, influenced by the nature of individuals required all the while (Govindarajan, 1989). Here, quality alludes to aptitudes, dispositions, capacities, encounters and different attributes of individuals required by a particular errand or position (Peng and Litteljohn, 2001). Gronroos (1985) trusts that an association should first convince its representatives about the significance of the procedure before swinging to clients (cited in: Rapert and Lynch and Suter, 1996). Keller (1993) considers mark mindfulness; mark affiliations, saw quality, and brand devotion to be the most critical measurements of purchaser based points of view. In our study we will take a gander at how advertise advancement methodologies received by expansive oil organizations have affected their benefit and piece of the pie.

2.3.2 Diversification strategies

A diversified company is a collection of individual businesses under one umbrella company. As per Thompson, Strickland and Gamble, 2007, three tests must be passed with the goal for broadening to be viewed as a win. This achievement intends to include shareholder esteem. These tests require that the business to be entered is sufficiently appealing to always yield great rates of return. Besides, the cost of passage must not be too high to disintegrate the potential for productivity and third, the new business must offer potential for the entire business to perform better. Broadening includes bearings of advancement which remove the association from its present markets and its present items in the meantime (Johnson and Scholes, 2008).

The primary key sympathy toward a pioneer rotates around how to protect and reinforce its administration position, maybe turning into the overwhelming pioneer rather than only a pioneer. Watchman (1985) proposes that a firm can pick up an upper hand if has abilities and assets that can move into new lines of business and markets. Broadening methodology is a dangerous technique. As indicated by Grant (1998), the basic issue in enhancement is for administrators to keep away from the blunders of the past oversights through better vital investigation of broadening choices. In our current study we will look at how large oil firms in Kenya have ventured in other businesses that are non-oil related and their impact on their performance.

2.3.3 Market Penetration strategies

Market penetration is where an association takes an expanded impart of its current markets to its current item run while item advancement is the place association conveys adjusted or new items to existing markets.

A firm can utilize advertise infiltration to build up the piece of the overall industry with current items. Showcase infiltration in existing markets goes for urging current clients to utilize a greater amount of the present item, to utilize it all the more frequently, or to utilize it in new ways. As per Walker et al (1999) infiltration can be accomplished through the accompanying two conceivable vital targets: To build the clients' mindfulness by method for substantial publicizing, broad deals constrain endeavors, broad starting deals advancements, snappy growing of offerings and free trial offers. To build the clients' capacity to purchase by method for entrance estimating, expanded credit terms, overwhelming utilization of exchange advancements and the offering of designing, establishment and preparing administrations.

2.3.4 Product development strategies

Through product development, associations can develop by growing new product offering expansions or by method for new item offerings. New items can likewise be called developments. An advancement or imaginative item is an item seen as new by a potential purchaser (Lamb et al, 2000). Existing items can be changed by method for item alteration or current bundling might be changed. Potential customers will see such item as new and unique in relation to the current item.

An item is anything that can be offered to a business opportunity for consideration, securing, utilize, or utilization that may fulfill a need or need. Customers look for changed item benefits in different areas, therefore as a firm grows, it might utilize item separation as one of its promoting section procedures. This must be powerful if the firm takes a gander at items not being offered by different firms and wander into the market and begin offering them (Kotler, 2005). A few characterization frameworks for buyer's items have been proposed. One essential refinement depends on regardless of whether the purchaser saw a requirement for the thing. Consequently an unsought item is one for which the customer does not yet perceive a need. This grouping depends on buyer purchasing conduct (Thompson and Strickland, 2007).

Item advancement requires changes in association. Association may need to change its structure, conduct and basic procedures. Handle development has here and there been alluded to as a contrasting option to item advancement, particularly on the off chance that it encourages generation so that the item could be created at lower cost. Developments in process encourage the creation of new items through increment in adaptability or scope of adjustment (Braczyk et al. 1997). Then again, creation of another item may require changes in the current procedures. For instance, new machine securing bolsters the creation of another item. Distinctive wordings have been utilized to classify and depict item improvement. Cooper et al (2002), for instance, grasps two particular exercises: old item advancement, which includes redesigning and enhancing existing items, and new item improvement, which includes a more prominent level of innovational test.

2.3.5 Turnaround strategies

Turnaround strategies are an arrangement of deliberate endeavors taking after a particular laid out arrangements to direct a company's survival under danger from interior and outer components which undermine its gainfulness and long haul survival. Akrani (2012), states that a turnaround system is an investigative way to solve crucial reasons of failure making organizations to choose the most essential purposes for its failure. A long haul key arrangement and rebuilding arrangements are composed and executed to illuminate the issues of a sickly organization. Great administration hones, ideal moves in outer ecological factors, and changes in authoritative dormancy all add to turnaround achievement other than hierarchical execution which can be impacted emphatically by both hierarchical decisions and outside limitations.

Notwithstanding a large portion of the outside signs of business disappointments not being completely controlled by the firm, inward occasions are accepted to be critical on the grounds that the administration has an immediate control over them (Stuart, Slater and Lovett, 1999). Collard (2011) portrays five phases in the turnaround procedure: Management Change, Situation Analysis, Emergency Action, Business Restructuring, and Return to Normality. The procedure is intended to first balance out the circumstance, which is finished by tending to administration issues, evaluating the circumstance, and actualizing crisis activities. The rebuilding procedure starts with arrangements amid the crisis activity stage. The situating for development begins with rebuilding and develops when commonality stage is come to.

2.3.6 Strategic alliance strategies

According to Hitt, (1997), strategic alliances are associations between firms where by assets, capacities and center abilities are joined to seek after shared interests. They charge that economies of scale arranged outside and household firms may shape vital alliance with accomplices who have corresponding assets, capacities and center abilities.

The intentions of associations picking development by vital partnerships are numerous and shifted (Capon 2008). As indicated by Hitt et al. (1997), said that organizations together help both remote and local firms get new innovation quickly and lessen the speculation important to create and present new items. This view is upheld by Thompson et al. (2007), who said that organizations enter into key unions with the end goal for them to assist the improvement of promising new innovation or items. Household and remote firms are driven by the longing to unite the faculty and mastery expected to make attractive new abilities sets and capacities. These organizations may need an administrative farthest point to development and accordingly select a cooperation (Hitt et al., 1997).

2.4. Growth Strategies and Organization Performance

The most widely pursued corporate directional strategies are those designed to achieve growth in sales, assets and profits. Proceeding with development implies expanding deals and an opportunity to exploit the experience bend to lessen the cost of item sold (Wheelen and Hunger, 2010).

The thought processes behind the quick development of oil organizations are the partners included hope to expand their riches, and administration hopes to increase higher pay rates and worker benefits (Rose and Hudgins, 2008). Since huge oil organizations are accepted to appreciate economies of scale, they can deliver their merchandise and enterprises more inexpensively and proficiently than littler organizations. Thus, bigger oil organizations will win higher rates of benefit if section is limited. The investigation of Mendes and Reblo (2009) evaluates an oil organization branch's working and benefit productivity. The concentrate likewise investigates the effect of IT-construct retail showcasing administrations in light of branch proficiency, and observed that IT-based exchanges at the branch level significantly affect branch productivity, and consequently have a noteworthy part to play in benefit augmentation. Likewise association innovation to best bolster benefit conveyance is additionally a down to earth approach to accomplish more prominent effectiveness, which thus, adds to the organization's general productivity.

Through enhancement real oil organizations can build their offerings at their retail locales thus expanded incomes. Expanded incomes consolidated with working economies of scale will mean expanded benefit.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

According to Guay and Kothari (2003), research methodology involves details in approaches and procedures used in carrying out studies. It includes the techniques, methods and procedures adopted in the research. This chapter discussed the research design, target population, sample and sampling procedures, data collection procedure and data analysis techniques

3.2 Research Design

The study adopted a cross sectional survey of all the large oil firms in Kenya. The descriptive survey is useful in obtaining primary data for the study and describes issues as they are. Bordens & Abbort (1988) defines a survey as an endeavor to gather information from individuals from a populace so as to decide the present status of the populace concerning at least one factors. A descriptive research design was appropriate as the study involved fact finding to describe adopted growth strategies and their influence on performance of large oil firms in Kenya and documenting the findings.

3.3 Target Population

The target population for this study was the 15 larger oil firms in Kenya, which are as shown in appendix II (Petroleum Institute of East Africa, 2015). The respondents were selected from strategic department, operations, customer service making a total sample of 45 respondents. Census was used hence the entire target population of 15 large oil companies was studied. The study collected primary data.

3.4 Data Collection

The main instrument for data collection was a semi-structured questionnaire. The study collected primary data. Primary research enables a concentrate on particular subjects. It likewise empowers the scientist to have a higher control over how the data is gathered and choosing the time period and objective. Questionnaires gives the researcher comprehensive data on a wide range of issues. Data was collected from 45 respondents in all levels at the 15 major oil firms in Kenya. The questionnaire had two sections. Section A contained questions relating to demographic information, while section B focused on questions relating growth strategies and performance of oil large companies in Kenya.

The questionnaires were administered to the respondents using drop and pick later method since the managers were knowledgeable and busy hence would be able to fill the required answers at their own time without assistance. A period of two weeks was given for data collection period. The filled questionnaires were then collected and sorted ready for analysis.

3.5 Data Analysis

Prior to preparing the responses, the questionnaires were sorted, checked and altered for fulfillment and consistency. The information was then coded to empower the reactions to be gathered into different classes. Descriptive statistics technique was utilized in the analysis of data which was quantitative in nature. Coding was done in SPSS, analyzed and the output interpreted in frequencies, percentages, mean scores and standard deviation. The findings were presented using tables, graphs and pie charts. This was enhanced by an explanation and interpretation of the data. To determine the effect of growth strategies on organization performance, the study adopted the following regression model;

$Y= a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3+ \beta_4X_4+ \beta_5X_5 + \beta_6X_6+ e$ Where;

Y = organization performance

X1= Market development strategy

X2= Diversification strategy

X3= Market Penetration strategy

X4= Product development Strategy

X5= Turnaround Strategy

X6= Strategic alliance Strategy

a = constant

β1- β6= beta coefficients

e= error term

The results of the regression analysis were interpreted based on the R2, ANOVA, and significance of F statistics and the significance of beta values from the coefficients of the X variables. Results were said to be statistically significant within the 0.05 level, which meant that the significance value must be smaller than 0.05. Significance was tested at 5% level.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1. Introduction

This chapter presents analysis on the growth strategies and performance of large oil companies in Kenya. The study sought answers to the following specific research objectives: to identify the growth strategies adopted by the large oil companies in Kenya, and to establish how the growth strategies influence the performance of large oil companies in Kenya.

4.2. Response Rate

The study targeted a population of 15 firms in collecting data with regard to the growth strategies adopted and their influence the performance of large oil companies in Kenya. From the study, out of the 15 firms, 12 firms filled and returned the questionnaire contributing to a response rate of 80% (Table 4.1). This creditable rate was enhanced by individual efforts via regular communications constant reminder to the respondents to respond.

Table 4.1 Response rate

Respondents	Frequency	Percentage
Responded	12	80%
Non-responded	3	20%
Total	**15**	**100%**

Source: Research Data

4.3. Demographic information

The study looked to discover the foundation data about the respondents required in the study. The foundation data focuses at the respondents' appropriateness in noting the inquiries on how the growth strategies influence the performance of large oil companies in Kenya.

4.3.1. Age distribution of the respondents

The study sought to establish the age distribution of the respondents. The findings are as shown in table 4.2.

Table 4.2. Age distribution of the respondents

Age bracket	**Frequency**	**Percentage**
Below 25 yrs.	3	8%
25-35 yrs.	12	32%
36-45 yrs.	14	40%
Above 45 yrs.	7	20%
Total	**36**	**100**

Source: Research Data

The study found that most (40%) of the respondents were aged between 36-45 years, 32% were aged between 26-35 years, 20% were aged over 45 years while 8% of the respondents were aged below 25 years. This depicts that majority of the respondents were experienced enough to fully understand growth strategies and their influence on the performance of large oil companies in Kenya

4.3.2. Type of Firm

The respondents were requested to indicate the type of firm. The findings were shown in the table below

Table 4.3. Type of Firm

Type of firm	Frequency	Percentage
Public	2	16.7%
Private	10	83.3%
Non-profit	0	0.0%
Total	**12**	**100**

Source: Research Data

From the findings majority (83.3%) of the respondents indicated that their firms were private, while 16.7% indicated they were public. This depicts that majority of the large oil firms in Kenya are private companies that are not listed in the Nairobi stock exchange.

4.4. Growth strategies

This section presents findings on the growth strategies adopted by the large oil companies. The findings are presented in subsequent sections.

4.4.1. Adoption of market development strategies

The respondents were requested to indicate the extent to which market development strategies had been adopted within their firms. The findings are shown in the figure below

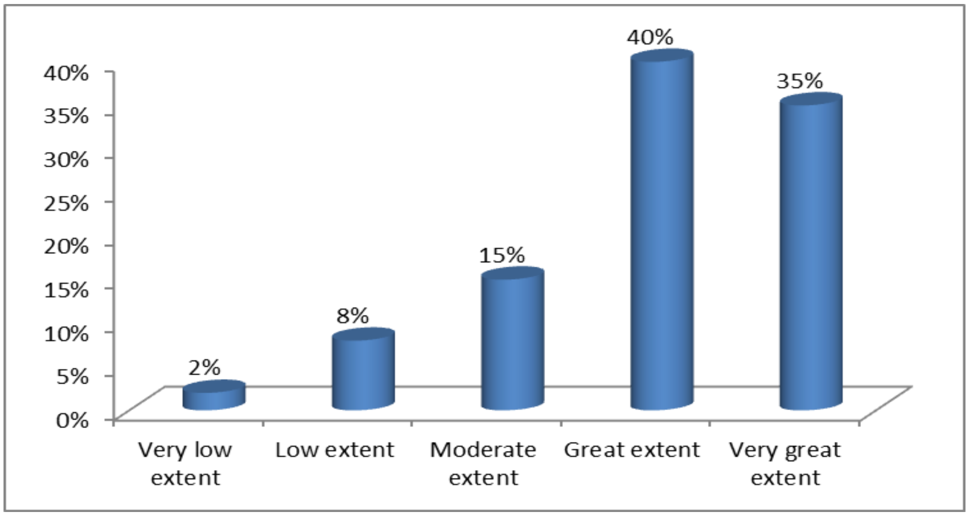

Figure 4.1. Adoption of market development strategies.

Source: Research Data

From the findings most (40%) of the respondents indicated that, to a great extent market development strategies have been adopted within their firm, 35% indicated to a very great extent, 15% indicated to a moderate extent, 8% indicated low extent, while 2% indicated very low extent. This depicts that market development strategies have been adopted by large oil companies to a great extent.

4.4.2. Level of agreement on statements regarding market development strategies

The respondents were requested to indicate the level of agreement on statements regarding market development strategies in their firm. The responses were rated on a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. The findings are as shown in table 4.4.

Table 4.4. Level of agreement on statements regarding market development strategies

Statement	Mean	Std. Dev
Use of market development strategies helps in opening new branches in other geographical areas	4.02	0.3568
Market development strategies helps changing target market	3.99	0.2815
The primary objective of market development is to secure future volume and profit growth	4.53	0.2153
Organizations can develop markets and seek growth by diversifying their operations	4.40	0.3096

Source: Research Data

From the study findings, majority of the respondents were in agreement that the primary objective of market development strategies is to secure future volume and profit growth (Mean=4.53) followed by organizations use market development strategies to develop markets and seek growth by diversifying their operations (mean=4.40), use of market development strategies helps in opening new branches in other geographical areas (mean=4.02), and that market development strategies helps changing target market (mean=3.99). This depicts that the primary objective of adoption market development strategies in large oil companies in Kenya is to secure future volume and profit growth.

4.4.3. Adoption of diversification strategies.

The respondents were requested to indicate the extent to which diversification strategies had been adopted within their firm. The findings are shown below

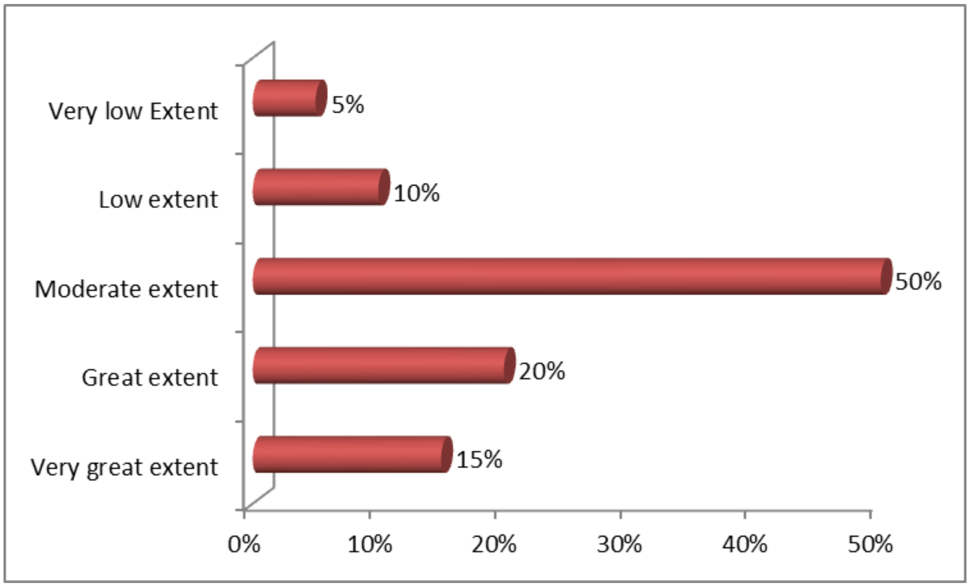

Figure 4.2. Adoption of diversification strategies.

Source: Research Data

From the findings majority (50%) of the respondents indicated to a moderate extent that diversification strategies have been adopted within their firms, 20% indicated to a great extent, 15% indicated to a very great extent, 10% indicated low extent, while 5% indicated very low extent. This depicts that diversification strategies have been adopted to a moderate extent by large oil companies in Kenya.

4.4.4. Level of agreement on statements regarding diversification strategies.

The respondents were requested to indicate the level of agreement with statements regarding diversification strategies in their firm. The responses were rated on a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. The findings are as shown in table 4.5.

Table 4.5. Level of agreement on statements regarding diversification strategies.

Statement	Mean	Std. Dev
We have ventured into other businesses unrelated to oil industry i.e. food offerings at retail outlets	3.40	0.1987
Better diversification involves directions of development which take the organization away from its present markets and its present products at the same time	4.20	0.2034
The primary aim for diversification is to provide long term value for shareholders	3.89	0.2134
Diversified firms are at an advantage because of their ability to create sizeable markets share and returns	3.80	0.1235

Source: Research Data

From the study findings, majority of the respondents were in agreement that better diversification involves directions of development which take the organization away from its present markets and its present products at the same time (Mean=4.20) followed by the primary aim for diversification is to provide long term value for shareholders (mean=3.89), and diversified firms are at an advantage because of their ability to create sizeable markets share and returns (mean=3.80). The respondents further agreed to a moderate extent that their firms have ventured into other businesses unrelated to oil industry i.e. food offerings at retail outlets (mean=3.40). This depicts that the firms that adopt diversification strategy do so with the aim of pursuing growth in direction away from their present products and markets.

4.4.5. Adoption of product development strategies

The respondents were requested to indicate the extent to which product development strategies had been adopted within their firms. The findings are shown below

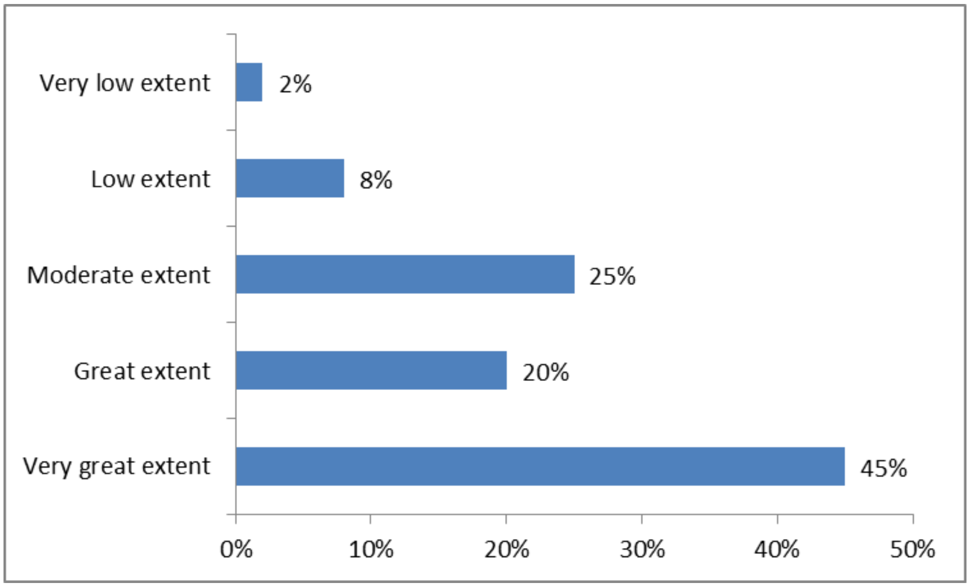

Figure 4.3. Adoption of product development strategies.

Source: Research Data

From the study findings most (45%) of the respondents indicated to a very great extent that product development strategies have been adopted within their firms, 25% indicated moderate extent, 20% indicated great extent, 8% indicated low extent while 2% indicated very low extent. This depicts that product development strategies are widely adopted by large oil companies with 50% of the respondents agreeing on their adoption to a very great extent.

4.4.6. Product development strategy pursued by the firm

The respondents were requested to indicate the product development strategy pursued by their firm. The findings were shown below

Table 4.6 . Product development strategy pursued by the firm

Strategy	Always	Sometimes	Never
Product rebranding and repackaging	55%	35%	10%
New product introduction	25%	45%	30%
Product modification	30%	50%	20%
Product innovation	25%	40%	35%

Source: Research Data

From the findings, respondents indicated that product rebranding and repackaging was the product development strategy that was used always (55%), followed by product modification which was used sometimes (50%), new product introduction (45%), and product innovation (40%). This depicts that product rebranding and repackaging was the product development strategy of choice among the large oil companies. This was important in that it helped the consumer to identify particular products with the firm and thus maintaining customer loyalty.

4.4.7. Engagement in new product development

The respondents were requested to indicate whether the organization engages in new product development or improvement of existing service products. The findings are shown in the figure 4.6 below

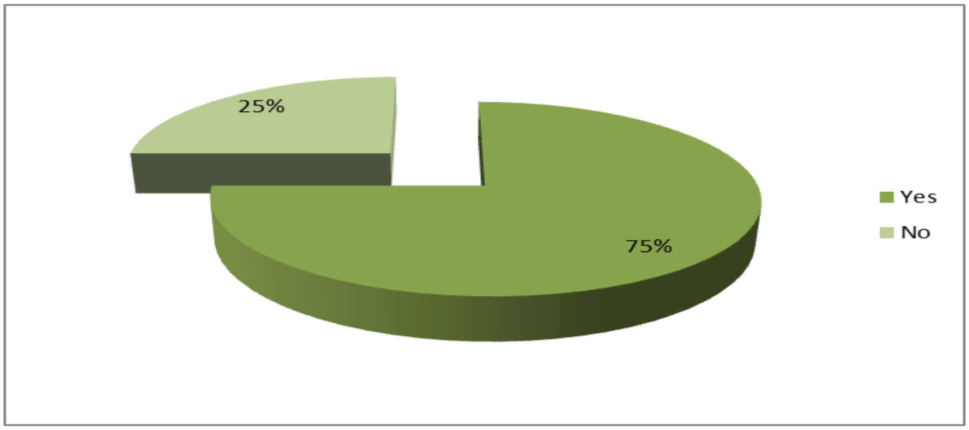

Figure 4.4. Engagement in new product development.

Source: Research Data

From the findings majority (75%) of the respondents indicated that their firm engages in new product development or improvement of existing service products while 25% were of the contrary opinion. This depicts that majority of large oil companies have adopted product development or improvement as one of their growth strategy. This is in agreement with the finding that 45% and 25% have adopted product development strategy to a very great extent and moderate extent respectively.

4.4.8. Level of agreement on statements regarding product development strategy.

The respondents were requested to indicate the level of agreement with statements regarding adoption of product development in their firm. The responses were rated on a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. The findings are as shown in table 4.7.

Table 4.7. Level of agreement on statements regarding product development.

Statement	Mean	Std. Dev
Consumers seek different product benefits in various localities, thus as the company expands, it may use product development as one of its growth strategies.	3.66	0.2223
Product development provides the most obvious means for penetrating new market for the company	4.01	0.3332
Improved and radically changed products are regarded as particularly important for long-term business growth	3.58	0.2456
Products at our company have to be updated and completely renewed for retaining strong market presence.	3.30	0.2135
New product development in our company involves a greater degree of innovational challenge with an ultimate aim of increasing customer base	3.80	0.2267
Product portfolio decisions are the manifestation of the company innovation and growth strategies.	3.40	0.3456
Choosing the product set is a determinant for the firm plan for the average term prospect and is senior management responsibility	3.73	1.1986

Source: Research Data

From the findings the respondents were in agreement that product development provides the most obvious means for penetrating new market for the company (mean=4.01), new product development in their company involves a greater degree of innovational challenge with an ultimate aim of increasing customer base (mean=3.80), choosing the product set is a determinant for the firm plan for the average term prospect and is senior management responsibility (mean=3.73), consumers seek different product benefits in various localities, thus as the company expands, it may use product development as one of its growth strategies (mean=3.66), and that improved and radically changed products are regarded as particularly important for long-term business growth (mean=3.58). The respondents further agreed to a moderate extent that product portfolio decisions are the manifestation of the company innovation and growth strategies (mean=3.40), and that products at their company have to be updated and completely renewed for retaining strong market presence (mean=3.30). This depicts that majority of large oil companies use product development as a strategic growth tool to penetrate new markets and increase their customer base.

4.4.9. Adoption of market penetration strategies.

The respondents were requested to indicate the extent that market penetration strategies had been adopted within their firms. The findings were shown below

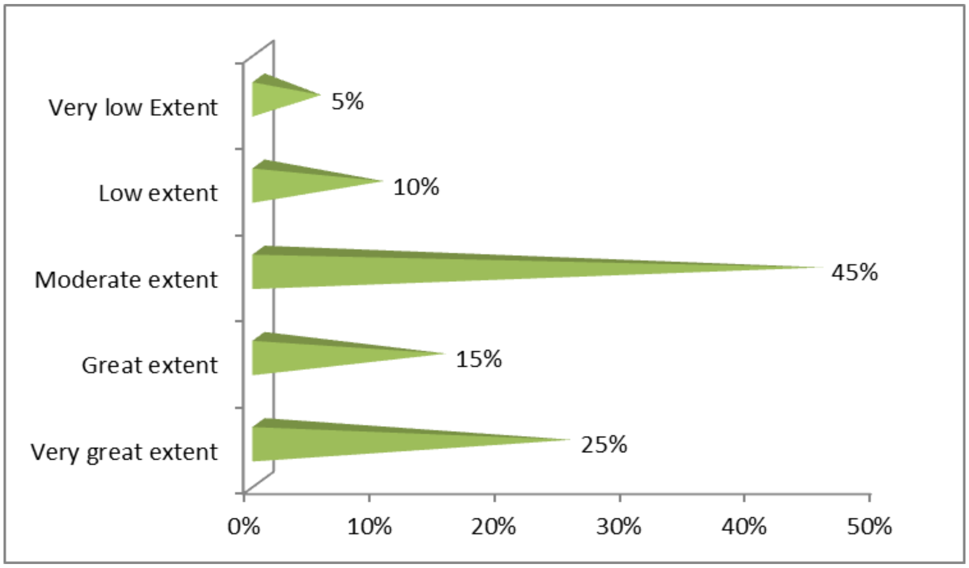

Figure 4.5. Adoption of market penetration strategies.

Source: Research Data

From the findings most (45%) of the respondents indicated to a moderate extent that market penetration strategies have been adopted within their firms, 25% indicated very great extent, 15% indicated to a great extent,10% indicated low extent while 5% indicated very low extent. This depicts that market penetration strategies have been adopted to a moderate extent by large oil companies. This is explained by the price regulated nature of the oil industry and thus companies unwilling to engage in aggressive pricing wars.

4.4.10. Establishment of new outlet or branches within the last 3 Years

The respondents were requested to indicate whether their organization had established new outlet or branches within the last 3 years. The findings are shown in the figure below

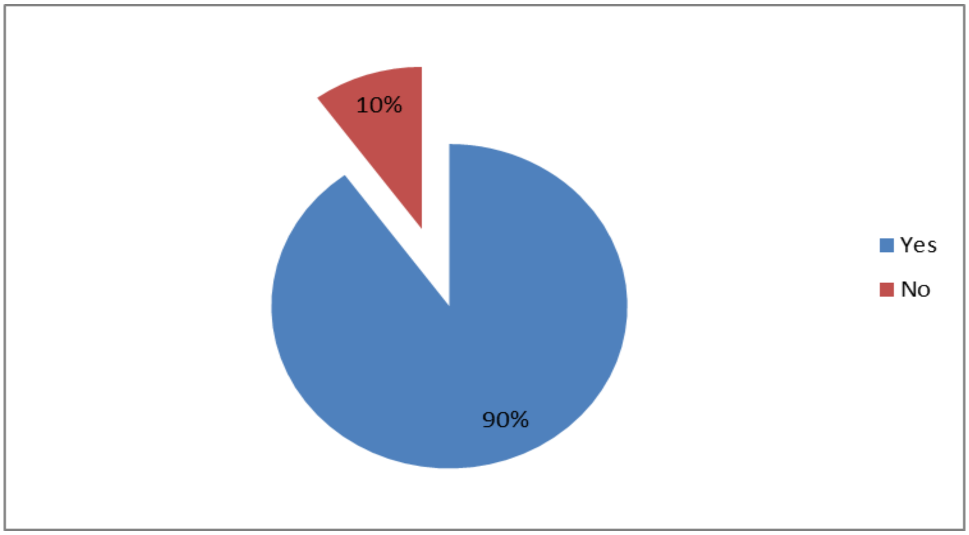

Figure 4.6. Establishment of new outlet or branches within the last 3 years.

Source: Research Data

From the findings (90%) indicated that their organization has established new outlet or branches within the last 3 years while 10% were of the contrary opinion. This depicts that majority of large oil companies establish new branches as a market strategy in order to dominate growing markets.

4.4.11. Branches Outside Kenya

The respondents were requested to indicate whether their firms have branches outside Kenya. The findings are shown below

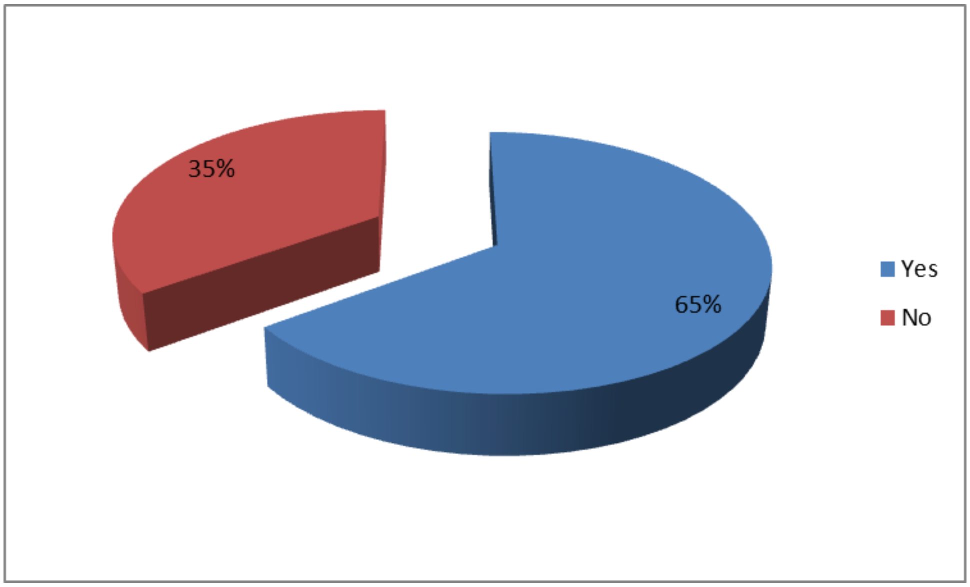

Figure 4.7. Branches outside Kenya.

Source: Research Data

As indicated, majority (65%) of the respondents stated that their firms have branches outside Kenya while 35% were of the contrary opinion. This depicts that majority of large oil companies pursue growth opportunities beyond Kenyan markets. This is aimed at increasing the firm's customer base beyond Kenya thus increasing company revenue.

4.4.12. Level of agreement on statements regarding market penetration strategies

The respondents were requested to indicate their level of agreement with statements relating to adoption of market penetration strategies. The responses were rated on a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. The findings are as shown in table below

Table 4.8. Level of agreement on statements regarding market penetration strategies

Statement	Mean	Std. Dev
The firm advertises through internet, sponsoring programs and exhibitions	3.50	0.1245
The firm uses penetration pricing (Charge different rates based on the season/product to increase revenue and profit)	4.14	0.2356
The firm has joint operations with other firms e.g. food offering firms to increase market share and revenues.	3.88	0.1985

Source: Research Data

From the findings the respondents were in agreement that the firms use penetration pricing (Charge different rates based on the season/product to increase revenue and profit) (mean=4.14), followed the firm has joint operations with other firms e.g. food offering firms to increase market share and revenues (mean=3.88), and that the firm advertises through internet, sponsoring programs and exhibitions (mean=3.50). This depicts majority of large oil companies use penetration pricing (Charge different rates based on the season/product to increase revenue and profit) as a market penetration tool to enhance their growth. This can be explained by different prices charged for the same product in different parts of the country by the oil companies. It is also important to note that many companies have joint operations with other firms notably food offering firms and this has led to increased customer flow to retail outlets of large oil companies and thus enhancing their growth.

4.4.13. Adoption of turnaround strategies.

The respondents were requested to indicate the extent to which their firm had adopted turnaround strategies. The findings are shown in the figure below

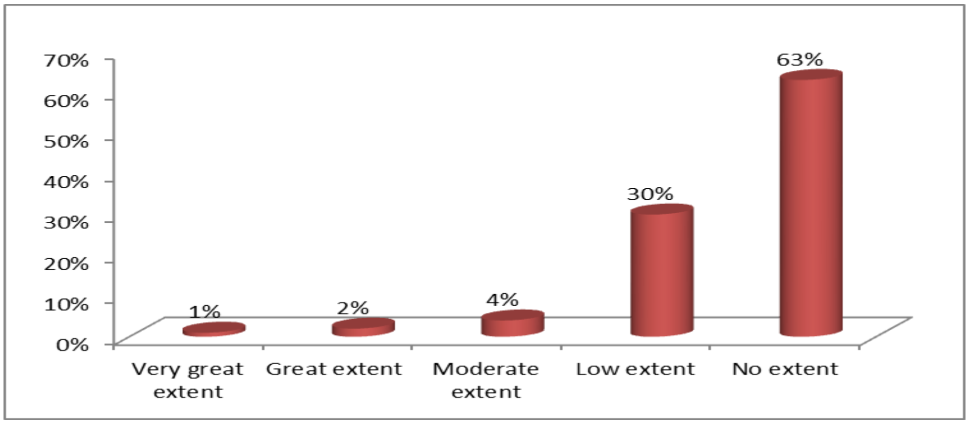

Figure 4.8. Adoption of turnaround strategy.

Source: Research Data

From the findings most (63%) of the respondents indicated to no extent that their firms had adopted turnaround strategies, 30% indicated a low extent, 4% indicated moderate extent, 2% indicated great extent, while 1% indicated to a very great extent. This depicts turnaround strategies are not widely adopted across large oil companies in Kenya. This can be attributed to their focus to stay in the profit making zone and avoid loss making territory that calls for adopting of turnaround strategies.

4.4.14. Extent to which the firm had adopted turnaround strategies in the last 5 years.

The respondents were requested to indicate the extent to which their firms had adopted turnaround strategies in the last five years. The responses were rated on a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. The findings are as shown in table below

Table 4.9. Turnaround strategies pursued by your firm in the last five years

Statements	Mean	Std. Dev
Retrenchment strategies	1.67	0.4435
Repositioning strategies	1.50	0.3980
Reorganization strategies	1.95	0.2567

Source: Research Data

From the findings majority of the respondents agreed that their firms had adopted reorganization strategies as turnaround strategies (mean=1.95), followed by retrenchment strategies (mean=1.67), reposition strategies (mean=1.50). This depicts the few companies that had adopted turnaround strategy as a growth strategy had used reorganization strategies. This is due to relatively low cost of reorganization strategy compared to repositioning and retrenching strategies.

4.4.15. Adoption of strategic alliance strategies

The respondents were requested to indicate the extent to which strategic alliance strategies had been adopted in their organization. The findings are shown in the figure below

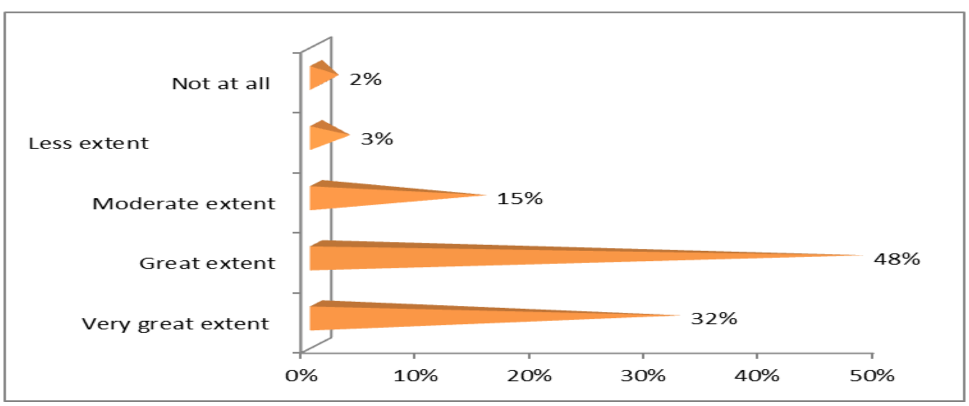

Figure 4.9. Adoption of strategic alliance strategies

Source: Research Data

From the findings most (48%) of the respondents indicated to a great extent that strategic alliance strategies have been adopted in their organization, 32% indicated very great extent, 15% indicated moderate extent, 3% indicated less extent, while 2% indicated no extent. This depicts that majority (48%) of large oil companies have adopted strategic alliances as a growth strategy. This is mainly with partnership with food offering companies and other multinational companies that have the expertise and financial strength. These findings support the earlier findings that large oil companies used diversification as a growth strategy at 50% and 20% moderate extent and great extent respectively.

4.4.16. Level of agreement with the type of alliance the firm entered into in the last 5 years

The respondents were requested to indicate the level of agreement with the type of alliance their firm entered into in the last 5 years**.** The responses were rated on a five scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. The findings are as shown in table below

Table 4.10. Level of agreement with the type of alliance the firm entered

Statements	**Mean**	**Std. Dev**
Joint venture	4.15	0.1342
Licensing agreement	3.80	0.2222
Outsourcing agreement	4.24	0.3460
Distribution agreement	3.65	0.1983
Supply agreement	3.55	0.2109

Source: Research Data

From the findings the respondents were in agreement that their firms had entered into Outsourcing agreement in the last 5 years (mean=4.25), followed by joint venture (mean=4.15), Licensing agreement (mean=3.80), Distribution agreement (mean=3.65), and Supply agreement (mean=3.55). This depicts that large oil companies in Kenya are using Outsourcing as strategic alliance tool for growth. This in turn results to cost cutting and efficiency hence enhancing strategic growth objectives of the company.

4.5. Firm performance

This section presents the findings on firm performance. The findings are presented in subsequent section

4.5.1. Extent the growth strategies have affected firm performance.

The respondents were requested to indicate the extent to which growth strategies affected their performance of their company. The findings are as shown in the figure below

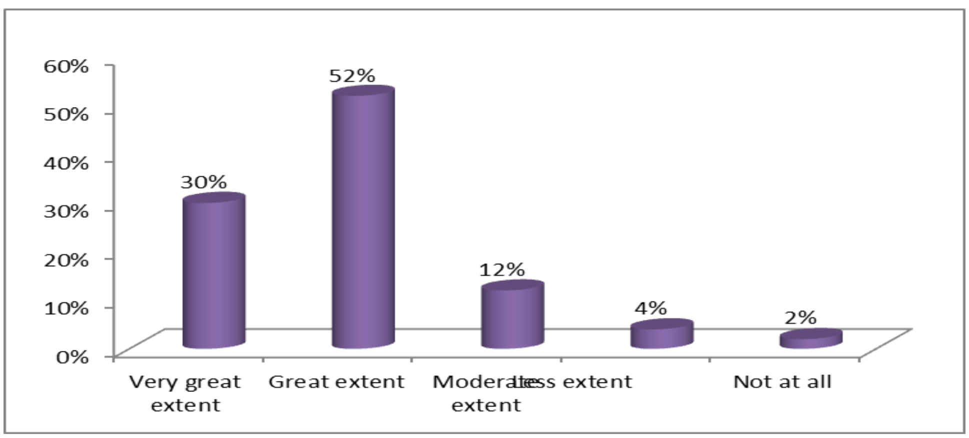

Figure 4.10. Extent the growth strategies have affected firm performance.

Source: Research Data

From the findings most (52%) of the respondents indicated to a great extent that growth strategies affected the performance of their company, 30% indicated very great extent, 12% indicated moderate extent, 4% indicated less extent, while 2% indicated to no extent all. This depicts that growth strategies have influenced company performance to 94% of the studied population. This can be attributed to the increased markets and revenue base by the large oil companies on adopting various growth strategies as evidenced in our study.

4.5.2. Level of agreement regarding growth strategies and firm performance.

The respondents were requested to indicate level of agreement regarding growth strategies and firm performance in the firm. The responses were rated on a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree. The findings are as shown in table below

Table 4.11. Level of agreement regarding growth strategies and firm performance

Statement	**Mean**	**Std. Dev**
Growth strategies helps firm increase our market share	4.42	0.4364
Growth strategies helps firm increase profitability	4.01	0.4519
Growth strategies helps increase firms competitiveness	4.21	1.8721
Growth strategies helps firms to compete more effectively by combining information, knowledge, processes, and technology to provide a foundation for driving efficiencies and fuelling innovation	3.47	0.5466
Growth strategies can help integrate the functions of particular tasks at all levels within and among organizations	3.25	1.009
Growth strategies acts as an enhancer of collaboration and networking tool amongst employees, customers and partners	3.30	0.1256
Growth strategies helps companies innovate through fusion of new technologies with society and business thus enabling the creation of new knowledge and discovery	3.64	0.9987
Growth strategies enables organizations to improve performance, communication, motivate employees, increase competitiveness, improve market dynamics, and repositions the company against its competitors	3.77	0.4567

Source: Research Data

From the findings majority of the respondents agreed that growth strategies helps the firm increase their market share (mean=4.42), growth strategies helps companies competitiveness (mean=4.21), growth strategies helps firms increase profitability (mean=4.01), enables organizations to improve performance, communication, motivate employees, increase competitiveness, improve market dynamics, and repositions the company against its competitors (mean=3.77), and that growth strategies helps companies innovate through fusion of new technologies with society and business thus enabling the creation of new knowledge and discovery (mean=3.64). The respondents further agreed that growth strategies enable firms to compete more effectively by combining information, knowledge, processes, and technology to provide a foundation for driving efficiencies and fueling innovation (mean=3.47), growth strategies acts as an enhancer of collaboration and networking tool amongst employees, customers and partners (mean=3.30), and that growth strategies can help integrate the functions of particular tasks at all levels within and among organizations (mean=3.25). This depicts that growth strategies adopted by large oil companies have mainly helped the companies increase their market share, increase their competitiveness and increase their profitability. Market share and profitability are measures of firm performance and therefore the study shows growth strategies influence firm performance.

4.6 Inferential statistics

In determining the effects of growth strategies and performance of large oil companies in Kenya, the study conducted a multiple regression analysis to determine the nature of relationship between the variables. The regression model specification was as follows;

$$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + e$$

Where; Y = organization performance

X1= Market development strategy, X2= Diversification strategy, X3= Market penetration strategy, X4= Product development strategy, X5= Turnaround strategy, X6= Strategic alliance strategy

a = constant

$\beta 1$- $\beta 6$= beta coefficients

e= error term

This section presents a discussion of the results of the multiple regression analysis. The study conducted a multiple regression analysis to determine the effects of growth strategies and performance of large oil companies in Kenya. The study applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study. The findings are presented in the following tables;

Table 4.12. Model summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	
1	. 898[a]	.8064	.792	0.0104	

a. Predictors: (Constant), Market development strategy, Diversification strategy, Market penetration strategy, Product development strategy, Turnaround strategy, and Strategic alliance strategy

b. Dependent Variable: Organization Performance

The five independent variables that were studied, explain 80.64% of variance in organization performance as represented by the R^2. This therefore means that other factors not studied in this research contribute 19.36% of variance in the dependent variable. This depicts that holding other factors constant, growth strategies influence performance of large oil companies in Kenya to a great extent (80. 64%).Therefore, further research should be conducted to investigate other factors that influence performance of large oil companies in Kenya other than growth strategies.

Table 4. 13. ANOVA (Analysis of Variance)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	132.29	6	22.048	9.475	.0031[a]
	Residual	90.75	39	2.327		
	Total	**223.04**	**45**			

a. Predictors: (Constant), Market development strategy, Diversification strategy, Market penetration strategy, Product development strategy, Turnaround strategy, and Strategic alliance strategy

b. Dependent Variable: Organization Performance

The significance value is 0.0031 which is less than 0.05 thus the model is statistically significance in predicting how the growth strategies (Market development strategy, Diversification strategy, Market penetration strategy, Product development strategy, Turnaround Strategy, and Strategic alliance strategy) affect performance of large oil companies in Kenya. The F critical at 5% level of significance was 2.327. Since F calculated is greater than the F critical (value = 9.475), this shows that the overall model was significant.

Table 4.14 . Coefficient of Determination

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	**Std. Error**	**Beta**	**B**	
(Constant)	3.276	0.826		3.61	.000
Market development strategy	0.702	0.031	0.218	1.81	.000
Diversification strategy	0.631	0.864	0.359	8.41	.000
Market Penetration strategy	0.585	0.682	0.142	4.56	.000
Product development Strategy	0.496	0.682	0.142	4.56	.000
Turnaround Strategy	0.325	0.721	0.256	6.12	.000
Strategic alliance Strategy	0.301	0.567	0.123	5.21	.000

From the regression findings, the substitution of the equation

($Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + e$) becomes:

$Y= 3.276 + 0.702\ X_1 + 0.631\ X_2 + 0.585\ X_3 + 0.496\ X_4 +0.325\ X_5 + 0.301X_6 + e$

According to the equation, taking all the factors (Market development strategy, Diversification strategy, Market penetration strategy, Product development strategy, Turnaround strategy, and Strategic alliance strategy) constant at zero, performance of large oil companies will be 3.276. The data findings also show that a unit increase in Market development strategy will lead to a 0.702 increase in performance of large oil companies; a unit increase in Diversification strategy will lead to a 0.631 increase in performance of large oil companies; a unit increase in Market penetration strategy will lead to a 0.585 increase in performance of large oil companies; a unit increase in Product development Strategy will lead to a 0.496 increase in performance of large oil companies; a unit increase in Turnaround strategy will lead to 0.325 increase in performance of large oil companies while a unit increase in Strategic alliance strategy will lead to a 0.301 increase in performance of large oil companies. This infers that Market development strategy contributed the most to the performance of large oil companies followed by diversification strategy. At 5% level of significance and 95% level of confidence, Market development strategy, Diversification strategy, Market penetration strategy, Product development strategy, Turnaround strategy, and Strategic alliance strategy were all significant strategies to increased performance of large oil companies.

4.7. Discussion of findings.

The study found that market development strategies have been adopted within the large oil companies to a great extent. The study also established that the primary objective of market development is to secure future volume and profit growth. This agrees with a study by Walker et al, (1999) who stated that the primary objective of market development is to secure future volume and profit growth. This objective has become even more important in recent years due to increased competition in the oil sector.

The study established that diversification strategies have been adopted by the large oil companies (70%) to a moderate extent. Diversification is aimed at increasing customer flow to the retail sites hence increasing the revenue base of the company. The study also established that better diversification involves directions of development which take the organization away from its present markets and its present products at the same time.

This is evidenced by the increased food offerings at oil company's retail sites together with other products unrelated to oil business.

The study established that product development strategies have been adopted within the large oil companies to a very great extent. In addition, the study established that product rebranding and repackaging was the product development strategy that was used always. The study also found that majority of the organizations engages in new product development or improvement of existing service products. Further the study found that product development provides the most obvious means for penetrating new market for the large oil companies. Lamb et al, (2000) stated that through product development, organizations can grow by developing new product line extensions or by means of new product offerings. New products can also be called innovations. An innovation or innovative product is a product perceived as new by a potential consumer.

The study found that market penetration strategies have been adopted by large oil companies to a moderate extent. The study also found that majority of organizations have established a new outlet or branches within the last 3 years. In addition, the study found that most of the large oil companies have branches outside Kenya. The study found that large oil companies uses penetration pricing (Charge different rates based on the season/product to increase revenue and profit). Walker et al (1999) stated that a firm can use market penetration pricing to develop the market share with current products. Market penetration in existing markets aims at encouraging current customers to use more of the current product, to use it more often, or to use it in new ways. This in turn helps the company grow its market share within the existing market.

The study found that turnaround strategies have rarely been adopted by large oil companies. The study also found that the firms that have adopted turnaround strategies use reorganization strategies as a tool for growth. This is explained by relatively high cost involved in turnaround strategies, therefore companies take necessary steps to avoid loss making territory. Akrani (2012) states that a turnaround strategy helps in the reorganization and solving of the root cause of failure of a loss making organization to decide the most crucial reasons behind its failing. A long term strategic plan and reorganization and restructuring plans are designed and implemented to solve the issues of an ailing company.

The study found that to a great extent strategic alliance strategies have been adopted by large oil companies. The study also established the firms entered into an outsourcing agreement in the last 5 years as a strategic alliance tool for growth. The study found that growth strategies influence the performance of the large oil companies to a great extent (80.64%). The study also established that growth strategies helps large oil companies to increase their market share, increase profitability and their competitiveness. Since market share and profitability are measures of company performance, it is therefore established that growth strategies directly influence company's performance. Mendes & Reblo (2009) stated that growth strategies help oil companies to achieve growth in sales, assets and profits.

CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings, conclusion and recommendations.

5.2 Summary of the Study

The study found that market development strategies have been adopted by large oil companies to a great extent. The study also established that the primary objective of market development is to secure future volume and profit growth. The study established that diversification strategies have been adopted by large oil companies to a moderate extent. The study also established that better diversification involves growth strategies that take the organization away from its present markets and its present products at the same time.

The study established that product development strategies have been adopted by the large oil companies to a very great extent. In addition, the study established that product rebranding and repackaging was the product development strategy that was used always. The study also found that large oil companies engage in new product development or improvement of existing service products. Further the study found that product development strategy is used by large oil companies because it provides the most obvious means for penetrating new markets.

The study found that market penetration strategies have been adopted by large oil companies to a moderate extent. The study also found that majority of large oil companies have established new outlet or branches within the last 3 years. In addition, the study found that majority of large oil companies have branches outside Kenya. The study also found that large oil companies use penetration pricing (Charge different rates based on the season/product to increase revenue and profit) as a market penetration tool to achieve growth objectives. The study also found that turnaround strategies are rarely used by large oil companies. The companies that have adopted turnaround strategies use reorganization strategies as strategic tool to achieve their growth objectives.

The study found that to a great extent strategic alliance strategies have been adopted by large oil companies. The study also established that companies entered into an outsourcing agreement in the last 5 years. The study established that growth strategies affected the performance of the firms to a great extent. It was determined that growth strategies influence 80.64% of company's performance.

Finally, the study found that Market development strategy contributed the most to the performance of large oil companies followed by diversification strategies. At 5% level of significance and 95% level of confidence, Market development strategy, Diversification strategy, Market penetration strategy, Product development strategy, Turnaround strategy, and Strategic alliance strategy were all significant strategies to increased performance of large oil companies.

5.3. Conclusion

The study concluded that market development strategies have been adopted by large oil companies to a great extent. The study also concluded that the primary objective of market development in large oil companies is to secure future volume and profit growth. The study concluded that diversification strategies have been adopted by large oil companies to a moderate extent. The study also concluded large oil companies are pursuing diversification strategies that take the company away from its present markets and its present products at the same time.

The study concluded that product development strategies have been adopted by large oil companies to a very great extent. In addition, the study concluded that product rebranding and repackaging was the product development strategy that was used always. The study also concluded that large oil companies engage in new product development or improvement of existing service products. Further the study concluded that in large oil companies, product development provides the most obvious means for penetrating new market for the company.

The study concluded that market penetration strategies have been adopted large oil companies to a moderate extent The study also concluded that large oil companies use penetration pricing (Charge different rates based on the season/product to increase revenue and profit) as a market development tool to achieve growth. The study concluded that turnaround strategies are rarely adopted by large oil companies in Kenya. The study concluded that growth strategies greatly influence the performance of large oil companies in Kenya. It was found that growth strategies influence 80.64% of the company’s performance. All growth strategies considered in this study influence the performance of large oil companies, however, market development and diversification strategies have the greatest influence on the performance of oil companies.

5.4. Recommendations

Based on the findings the study concluded that:

Oil companies consistently adopt growth strategies to improve performance. They should have specific staff to keep in constant touch with the market and competition to recommend appropriate strategy to be used. It is also recommended that independent oil companies set out medium and longer-term strategic growth objectives more in line with the established majors. This will help improve their performance since it has been established that growth strategies greatly influence company's performance. Oil companies should channel more resources to market development and a diversification strategy since it has been found that they influence company's performance the most.

5.5 Limitation of the Study

This research was limited to growth strategies and performance of large oil companies in Kenya. Thus the findings on the growth strategies and performance of large oil companies in Kenya are limited only to oil companies and as such they cannot be generalized as remedies to other organizations. There was a restriction in obtaining the data until the researcher proved it was for academic purposes only.

Whilst the study would have given more insightful revelation based on the granularity of the study on the other variables, time and financial resources were constraints in undertaking the study. The study findings accuracy was limited to the extent to which the respondents were honest in responding to questions. Given the sensitivity nature of data collection, there may have been likelihood of giving answers for questions that avoid crucial and confidential information.

5.6. Suggestion for further research

This study was mainly concerned with growth strategies and performance of large oil companies in Kenya in search of supremacy over their competitors and the extent to which those particular strategies are applied. Further research should be done in order to ascertain the driving forces behind use and non-use of certain growth strategies by the companies and their implications for the success of these companies' performance in the Kenyan market. It has been established that growth strategies influence part (80.64%) of performance of large oil companies. Further research should be done to establish which other factors influence performance of large oil companies in Kenya.

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APPENDIX I: QUESTIONNAIRE

SECTION A: DEMOGRAPHIC INFORMATION

1. Name of the firm: ___________________________________

2. What is your age?

Below 25 yrs	[ ]	26-35 yrs	[ ]
36-45 yrs	[ ]	Above 45 yrs	[ ]

3. How long have you been with this company?

____

4. Indicate the department you are working in

   ____

5. Year Firm was incorporated: __________

6. Type of Firm (Tick one)

   a) Private [ ]

   b) Public [ ]

   c) Non-profit [ ]

7. Number of current employees: __________

SECTION B: GROWTH STRATEGIES

Market development Strategies

8. To what extent have market development strategies been adopted within your firm?

Very great extent	[ ]	Great extent	[ ]
Moderate extent	[ ]	Less extent	[ ]

No extent [ ]

9. Kindly indicate your level of agreement with the following statements regarding market development strategies in your firm? Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

Statements	**1**	**2**	**3**	**4**	**5**
Use of market development strategies helps in opening new branches in other geographical areas					
Market development strategies helps changing target market					
The primary objective of market development is to secure future volume and profit growth					
Organizations can develop markets and seek growth by diversifying their operations					

10. Describe the market development strategies applied by your company?

………………………………………………………………………………………

………………………………………………………………………………………

………………………………………………………………………………………

………………………………………………………………………………………

Diversification strategies

11. To what extent have diversification strategies been adopted within your firm?

Very great extent [ ] Great extent [ ]

Moderate extent [ ] Less extent [ ]

No extent [ ]

12. What is your level of agreement with the following statements that relate to the adoption of diversification strategies in your firm?

	1	2	3	4	5
We have ventured into other businesses unrelated to oil industry i.e. food offerings at retail outlets					
Better diversification involves directions of development which take the organization away from its present markets and its present products at the same time					
The primary aim for diversification is to provide long term value for shareholders					
Diversified firms are at an advantage because of their ability to create sizeable markets share and returns					

Product development Strategies

13. To what extent have product development strategies been adopted within your firm?

Very great extent [ ] Great extent [ ]

Moderate extent [ ] Less extent [ ]

No extent [ ]

14. Please tick the product development strategy pursued by your firm appropriately

	Always	Sometimes	Never
Product rebranding and repackaging			
New product introduction			
Product modification.			
Product innovation			

15. Does your company engage in new product development or improvement of existing service products?

Yes ( ) No ( )

16. What is your level of agreement with the following statements that relate to the adoption of product development in your firm?

	1	2	3	4	5
Consumers seek different product benefits in various localities, thus as the company expands, it may use product development as one of its growth strategies.					
Product development provides the most obvious means for penetrating new market for the company					

Improved and radically changed products are regarded as particularly important for long-term business growth					
Products at our company have to be updated and completely renewed for retaining strong market presence.					
New product development in our company involves a greater degree of innovational challenge with an ultimate aim of increasing customer base					
Product portfolio decisions are the manifestation of the company innovation and growth strategies.					
Choosing the product portfolio determines the company strategy for the medium term future and is senior management responsibility					

Market penetration Strategies

17. To what extent have market penetration strategies been adopted within your firm?

Very great extent [ ] Great extent [ ]

Moderate extent [ ] Less extent [ ]

No extent [ ]

18. Has your firm established a new outlet or branches within the last 3 years

Yes ( ) No ( )

b) If yes how many……………………………………………….

c) Why do you think they were established…………………………………

19. Does the firm have branches outside Kenya?

Yes ( ) No ( )

B) If yes in which countries…………………..

20. To what extent do you agree with the following statements that relate to adoption of market penetration strategies in your firm?

	1	2	3	4	5
The firm advertises through internet, sponsoring programmes and exhibitions					
The firm uses penetration pricing (Charge different rates based on the season/product to increase revenue and profit)					
The firm has joint operations with other firms e.g. food offering firms to increase market share and revenues.					

Turnaround Strategies

21. To what extent have turnaround strategies have been adopted in your firm?

Very great extent [ ] Great extent [ ]

Moderate extent [ ] Less extent [ ]

No extent [ ]

22. Kindly indicate the extent to which your firm has adopted below turnaround strategies in the last five years**?** Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

Statements	**1**	**2**	**3**	**4**	**5**
Retrenchment Strategies					
Repositioning Strategies					
Reorganization Strategies					

23. Describe the turnaround strategies applied by your company?

…………………………………………………………………………………………

…………………………………………………………………………………………

Strategic alliance Strategies

24. To what extent have strategic alliance strategies been adopted in your organization?

Very great extent [ ] Great extent [ ]

Moderate extent [ ] Less extent [ ]

No extent [ ]

25. Kindly indicate your level of agreement with the type of alliance has the firm entered into in the last 5 years? Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

Statements	**1**	**2**	**3**	**4**	**5**
Joint Venture					
Licensing Agreement					
Outsourcing Agreement					
Distribution Agreement					
Supply agreement					

26. In your own opinion what should your organization do to enhance strategic alliance of the company?

……………………………………………………………………………………

……………………………………………………………………………………

……………………………………………………………………………………

SECTION C - FIRM PERFORMANCE

27. To what extent have the growth strategies affected the performance of your Company?

    Very great extent [ ]

    Great extent [ ]

    Moderate extent [ ]

    Less extent [ ]

    No extent [ ]

28. Kindly indicate your level of agreement with the following statements regarding growth strategies and firm performance in your firm? Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

Statements	1	2	3	4	5
Growth strategies helps firm increase our market share.					
Growth strategies helps firm increase profitability.					
Growth strategies helps increase firms competitiveness.					
Growth strategies helps organizations to compete more effectively by combining information, knowledge, processes, and technology to provide a foundation for driving efficiencies and fuelling innovation					
Growth strategies can help integrate the functions of the activity at all levels within and among organizations					
Growth strategies acts as an enhancer of collaboration and networking tool amongst employees, customers and partners					
Growth strategies helps companies innovate through fusion of new technologies with society and business thus enabling the creation of new knowledge and discovery					
Growth strategies enables organizations to improve performance, communication, motivate employees, increase competitiveness, improve market dynamics, and repositions the company against its competitors					

29. Describe how Growth strategies can be improved to enhance firm performance in your firm

………………………………………………………………………………………

………………………………………………………………………………………

………………………………………………………………………………………

30. In what ways have the Growth strategies positioned your company on the market?

………………………………………………………………………………………

………………………………………………………………………………………

THANK YOU FOR YOUR PARTICIPATION

APPENDIX II: LIST OF OIL COMPANIES

1. BAKRI int
2. ENGEN int
3. FOSSIL local 2003
4. GALANA local
5. GAPCO int 1990 mid
6. GULF int
7. HASHI local 1991
8. HASS int 1997
9. KENOLKOBIL over 50 years
10. LIBYAOIL int 2006
11. NOCK local 1981
12. OILCOM int 1990
13. RIVAPET local 1996
14. SHELL int 1900
15. TOTAL int 1955

Source: (Petroleum Institute of East Africa, 2015)