ASSESSING THE EFFECTS OF MARKETING STRATEGIES AND PRODUCT INNOVATIONS ON PERFORMANCE OF DAIRY CO-OPERATIVE SOCIETIES IN MERU COUNTY KENYA

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DECLARATION

I declare that this research project is my own work and to my knowledge it contains no previously published material written by another person, nor accepted for the award of any other degree at The Co-operative University or any other institution

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DEDICATION

I express my utmost gratitude to my family for the support extended to me during the period of writing this research project. Special thanks to my wife Cecilia Mumbi and my children Joy Wawira, Victor Munene and Emmanuel Mutua for the patience and understanding that you have shown me. Am grateful to my friends for their encouragement, motivation, and continued support, in all undertaking that led to success in this research project. Finally, I extend my gratitude to each and every individual who gave me even the slightest support (even by words) to make this research project a success.

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ABBREVIATIONS AND ACRONYMS

AGM	Annual General Meeting
BOSA	Back Office Service Activities
CSR	Corporate Social Responsibility
DTSs	Deposit-taking SACCO Societies
FAO	Food Agriculture Organization
FOSA	Front Office Service Activities
GDP	Gross Domestic Product
ROK	Republic of Kenya
KCC	Kenya Cooperative Creameries
KES	Kenya shillings
KUSCCO	Kenya Union of Savings and Credit Co-operatives Society
NACOSTI	National Commission for science, technology and innovation
ROA	Return on Assets
SACCOs	Savings and Credit Co-operative Societies
SAPs	Structural Adjustment Programmes
SASRA	Sacco Societies Regulatory Authority
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Scientists
USA	United States of America

ABSTRACT

Dairy cooperative society's role cannot be downplayed especially in the milk industry value chain. From the production to the marketing stages they have focussed on not only availing feeds but also distribution of processed products. They have also all along played the stakeholder role of representing the farmers view in the political segment both at the local and national level. Although, SACCOs are meant to ensure that their members' objectives are met and needs taken care of, performance in dairy cooperative societies in Kenya has been deteriorating for quite some time. Despite there being good Dairy SACCOs guidelines, there has been continuous poor performance of these SACCOs. To establish the factors leading to the indicated poor performance of Dairy Cooperative Societies a study was conducted. The studies objective included the following; to establish the effect of marketing strategies on the performance of Dairy SACCOs, and to investigate the effect of product innovations on the performance of dairy cooperative societies in Meru County. The study made use of descriptive research design to enable the description of the variables under study. The target population for this study comprised of the 288 management staff of the Dairy Cooperative societies in Meru County. The number of respondents to be involved in the study was established through stratified random sampling methodology. The sample size of the study was 87 respondents who comprised senior managers involved in management of the Dairy Cooperative Societies in Meru County. Data was collected by use of structured questionnaire that was self-administered. The collected and edited data was analysed using an analytical computer programme - Statistical Package for Social Sciences (SPSS Version 22.0). Descriptive statistics such as measures of central tendencies and dispersion which include; mean, percentages, and standard deviation were applied to describe the collected data while correlation, chi-square and regression analysis represented inferential statistics. Statistical tests were carried out to establish the significance of the study models more so by application of the p-value. The response rate of the administered questionnaires stood at 82.7%. The study established a positive and significant relationship between the independent variables (marketing strategies and product innovation) and the dependent variable performance of Dairy Cooperative Societies. The coefficient of determination was at 83%, an indicator that the two variables explained more than eighty percent of variance in the performance of Dairy Cooperative Societies. The p-value and regression coefficients generated after running the regression model were as follows; for marketing strategies ($\beta = 0.128$, $p = 0.006$) and for the product innovation was ($\beta = 0.213$, $p = 0.031$). The study concluded that marketing strategies and product innovations are vital in improving the performance of the Dairy Cooperative Societies within Meru County. The study recommends that additional marketing strategies like relationship marketing and digital marketing strategies should be applied in light of the dynamic and changing market environment. The study also recommends the need to develop new products and systems innovations sections or departments focusing on innovations within the societies. This will help in harnessing the employee's ideas and those gathered through various marketing strategies and eventually transforming them to marketable products.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Cooperative movements bring together various classes of people regardless of their socio-economic status. According to United Nations (2012) the cooperative movement is large having been able to bring together globally more than 800 million people as members. The formation of the first Co-operative Society in the world is said to have taken place in Rochdale, England in the year 1844 during the Britain's industrial revolution period. The Dairy Cooperatives emerged as the first organized agriculture cooperative movement in the United States of America in the early 1800s. The role played by Dairy Cooperatives in enhancing development and growth of both the members and members cannot be downplayed. They have been in the forefront of procuring, processing and marketing milk and its sub-products. Further, they represent farmer's interests politically at both the regional government and national government or state level (Fulton, 2011).

According to Food Agriculture Organization (FAO) statistics, European Union with a membership of 27 countries happens to be the largest world milk producer attaining a production volume of 142 million tons. However, going by country, India is the largest producer with over 94 million tons of which 55% is buffalo milk and New Zealand is the largest producer of cows' milk (FAO, 2010). These countries have their dairy SACCOs performing well simply because the road infrastructure network and management of these dairy SACCOs are well done, good services to the SACCO members are provided at affordable prices (Kobia, 2011). The annual production milk is presently pegged at 644 million tonnes; with 84 per cent which is equivalent to 541 million tonnes is cows' milk. Tropical regions within Asia, Middle East, South and Central America's and Africa produce a third of the total global cow's milk annually. The continued increased production of milk has been credited to the thriving Dairy SACCOs in the globe that have continued to perform well. The well performing SACCOs are associated with good governance skills, stakeholder involvement, management credibility and good network infrastructure (Grindle, 2014: Atkison, 2011).

The growth of the dairy industry more so farming, has been significantly lower in some Sub Saharan African countries like Zimbabwe, as well as in Asia continent in India and the Caribbean Islands. This could be as a result of extreme climates, unstandardized tropical feeds characterised by high fibre content and low digestibility rate. Due to the hot and wet weather conditions experienced in these regions the productivity per cow tends to be seasonal and averagely less compared to other regions like Europe and North America.

In Kenya when the agricultural sector is disaggregated in terms of its contribution to the country's GDP it has been established that the Dairy Sector is the single largest contributor as established by Nweza (2008). The contribution stands at 14% of the Agricultural GDP and 3.5% of the overall country GDP. When the productivity of milk is analysed it was established that the total annual milk production stood at 3.5 billion litres of milk as at 2009 (Ministry of Livestock Development, 2009 Annual report). This translates to an average yield of 564 kilograms per indigenous cow in a given year and 1500 kilograms for grade cows. Though the dairy industry has been growing, after years of decline and disruption by liberalization the dairy industry has continued to perform dismally when compared to continental and international standards. Whereas, the average yield of Kenya stands at 1500 kilograms per cow per annum, South Africa and Argentina cows yield between 2500 and 3500 kilograms per annum. This is incomparable to the USA average dairy average cow yield which stands at 9000 kilograms.

1.1.1 Global Perspective

Dairy cooperatives were established in the United States of America shortly after the beginning of the nineteenth century. The demand for processed products like milk Swiss Cheese of the wheel or drum style couldn't be produced by a single farmer hence the need to form a cooperative so that they could obtain large quantities of dairy products at standardized quality. According to US Overseas Dairy Cooperative Development Council (2013), there is a resurgence of cooperatives around the globe due to, the abandonment of planned economies in favour of economic liberalization. Globalization of production, the emergence of the fair trade movement as niche markets for the poor, a rising call to benefit from the processes of globalization and democratization and social inclusion. In

addition, the failure of the socialist co-operative model and the demise of marketing boards that provided the basic support for smallholder for production market, government decentralization and privatization which created opportunities for non-state sectors and group businesses to serve public and private interests and finally communities organize to meet their own needs through cooperatives (Birchall, 2014).

In Brazil, the dairy cooperative movement regained its momentum after the 1994 genocide. When the new government came into power in July 1994, they adopted various socio-economic programs aimed at reviving the economy. A case in point is the promotion of cooperatives. According to Bhuyan (2012) cooperative movement play a great role in mobilizing resources especially in the rural areas and enables the members to take advantage of the economies of scale. This has been known to uplift the members' standards of living.

According to the Barney *et al.,* (2015), the government of Pakistan is convinced that dairy cooperatives can contribute to the achievement of blue print goals if the role of cooperatives is in line with the objectives of National poverty reduction program which emphasis the rural economic transformation, human resource development and promotion of the private sector and poverty reduction. Therefore, priority to Dairy SACCO Act and good road network are factors given top priority if dairy SACCO performance is anything to go by (Mukasa, 2014).

In most of the European countries, the commitment of the government in developing the dairy sector is usually spelt out in the Dairy Cooperative policies. This is a clear indicator of the government commitment towards the promotion of dairy sector as it's a vital component of the economy and civil society. In 2008, the government of Turkey established a Dairy Cooperative Agency (TDCA) and mandated it to coordinate and regulate cooperative activities in the country (Ministry of Justice of Turkey, 2012).

Besides government support, the country's development partners also embarked on supporting the revival of the dairy cooperative movement in the country. Rodrigo (2010) reports that Non-Government Organizations (NGOs) were established to support the country's recovery. The contribution of the NGOs in the dairy cooperative sector has

indeed led to a wide spread development of dairy cooperatives and desirable performance of the industry player (Coldevin, 2010).

1.1.2 Regional Perspective

The dairy SACCOs form part of the larger SACCOs across the African region. They can be categorised as deposit taking and non-deposit taking societies. The non-deposit taking SACCOs mobilize capital for onward lending to dairy farmers through no-withdrawable deposits commonly referred to as shares. These shares may act as collaterals to credit advances to the dairy farmers either in terms of dairy feeds, chemicals or loans for acquiring more dairy cows. The deposit taking SACCOs in addition to offering the services provided by non-deposit taking SACCOs also offer bank like services like cash withdrawals and payment services. The deposit taking SACCOs are licensed and regulated by Regulation Authority unlike non-deposit taking SACCOs that may be supervised by regional authorities or stakeholders committees. The performance of SACCOs depends on the trust and desire of members to service their loans and invest in more lucrative businesses.

By the start of 2014 there were 57 licensed Dairy Deposit taking SACCOs in Uganda (DTSs). The demand for licensing is growing as there were 139 applications that had been submitted within that year. The applicants were in the process of meeting the transition clause of graduating from non-deposit taking SACCOs to DTSs. The end of 2014 saw an additional forty nine (49) non-DTSs transitioning to DTSs after meeting the required legislations requirements. Lack of capital, limited distribution network, and inadequate membership were some of the challenges pointed out why they couldn't be registered. This resulted to winding down of the majority of SACCOs that were operating as DTs reverting to the Back Office Services Activities (BOSA). This hampered their growth and ability to serve their clients as they could not offer front office services that they used to offer before (Wanyama, 2014).

1.1.3 Local Perspective

The Lumbwa Cooperative Society was the first locally organized cooperative movement in Kenya. It was solely organized by the European settlers to enable them mobilize

resources for acquiring and distributing farm inputs like fertilizers. They also purchased in bulk farm chemicals, seeds and other farm inputs thus taking advantage of economies of scale. It was not until the enactment of Kenya Cooperative Ordinance of 1930 that Africans were allowed to form their own cooperative societies with the first being the registration of Nanyuki Cooperative Creameries recognised in 1930 but formed in 1928. The changes in rules led to the formation and registration of KCC and KFA in 1931. The umbrella body bringing together dairy industry processors the Kenya Cooperative Creameries united all cooperative creameries in 1931. The cooperative movement in cash crops like coffee and pyrethrum developed only when they were allowed to form and register in 1950s. The number of registered cooperatives at independence stood at 1030 with a total membership of 355,000 during independence in 1963 (Owango, 2014).

There are several regionally distributed Dairy SACCOs in the 47 Counties of Kenya offering both financial access and farmers input products to their stakeholders. The Kenya's Dairy Sacco Societies are fast adapting to the dynamic financial environment and spawning out new and better managed SACCO models able to withstand competition with other sector SACCOs. The newer models in dairy sector are based on common products, common locality and know your customers/members principles (Ngigi, 2014). These strategies have proven their worth due to their ability to manage risk, enforcing credit contracts, reducing defaults and managing credit transactions on time. The past models of recruiting members through natural affiliation and common bonds have improved with time as SACCOs embrace new forms of communication technology. This has resulted to increased membership and diversity. Despite these improved trends SACCOs in Kenya still face challenges like poor management, embezzlement of member's funds, and loan defaulting (Kaynak, 2014).

The fruits of the guiding principles of Vision 2030, Kenya are continuing to be realised in the Dairy SACCOs and especially in mobilization of Savings (ROK, 2012). This has created a resourceful fund for investment in other development projects. The mobilizations of funds through Dairy SACCOs in Kenya and onward lending to its members have led to investments in land schemes and real estate development by the dairy farmers. This has contributed to the stellar performance in terms of economics of

Kenya within East Africa leading it to be labelled as the fastest growing economy. These strides can be traced to the growth of the service industry especially the finance sector where the SACCOs are domiciled (ROK, 2012). Success stories in the financial sector in Kenya have continued to be tangibly witnessed with the setting up of branches in neighbouring East Africa states by Kenyan financial and commercial entities. The Dairy SACCOs are among other SACCOs investors who have set up investment arms across the borders (Gathurithu, 2011).

According to the Kenya National Dairy Master Plan, the dairy sector has faced a myriad of challenges which have hindered its optimum exploitation. The documented challenges in the sector include poor quality feeds, inaccessible veterinary services, poor and unavailable breeding services, low milk productivity and poor distribution channels, and poor marketing. The overreliance on the dairy cooperative movement as a marketing channel by the small scale holders is viewed as a threat to the survival of the industry if they collapse. With the liberalization of the markets in the 1980s through the Structural Adjustment Programmes (SAPs) structural reforms were introduced to mitigate the control of markets through monopolies. This helps in mitigating challenges of big and domineering cooperative societies ensuring the lowering of production costs, development of new incentive and compensation structure and introduction of competitiveness in the industry.

1.1.4 Dairy SACCOs in Kenya

The main economic role of SACCOs in Kenya is mobilization of savings leading to capital accumulation. This forms a capital reservoir that can be lent to investors to generate wealth eventually resulting into economic growth and development. Dairy SACCOs are on the forefront of resource mobilization through savings and engaging in investment ventures on behalf of the members. The dairy sector in Kenya is regulated through several Acts of parliament, the first being the Societies Act, Cap. 490 of 1966 (ROK, 1966) .This was later replaced by Dairy Co-operative Societies Act Chapter 12 of 1997 (ROK, 1997) with amendments carried out in 2004 giving rise to Cooperative Societies Act of 2004 (ROK, 2004).

SACCOs are licensed by SASRA in Kenya and are limited to operate within the prescribed area of focus. According to Muriuki (2013) the average size of a Dairy SACCO is estimated to be 2,000 members, approximately six times smaller to the size of a commercial bank in Kenya. In terms of commercial assets Dairy SACCOs are three hundred times smaller than commercial banks with a net worth assets of KShs. 174 million. Within the industry there are large SACCOs that are comparable to some banks and are 40 times larger than the small SACCOs. Majority of the Dairy SACCOs have an average capitalization of Kenya shillings 48 million compared to Kenya shillings 1040 million for larger ones (Muriuki, 2013). The gap between the large Dairy SACCOs compared to small Dairy SACCOs is quite momentum and thus there is need to establish the perceived determinant factors that influences the performance of Dairy Cooperative Societies.

According to Owango (2014) the disparity in performance can be attributed to the mobilization ability of the societies with the smaller the size the more challenges it faces. Secondly, overall whether large or small the role of the board may sometimes lack alignment to the management leading to conflicts that hinder progress. This inhibits the effectiveness of the employees leading to inefficient utilisation of resources. Other challenges may arise due to the ability of the management as they may lack the right skills since patronage may have played a role in their appointment (Owango, 2014). The Kenyan dairy cooperative societies are faced with automation challenges that inhibit their competitiveness in the market. This has constrained their success in the market as they cannot compete at equal footing with the commercial banks (Muriuki, 2013).

1.2 Statement of the Problem

Empowerment of members through mobilization of resources has remained the long life objective of Dairy Cooperative Societies. This is attained through capital accumulation, continuous and regular savings, and disbursement of credit thus ensuring sustainability of the cooperative society. Despite the SACCOs acting as an anchor organization in resource mobilization it faces a myriad of challenges.

According to Mukasa (2014) some of the notable challenges facing SACCOs include skills deficiency impact the mobilization aspect of resources, loan delinquency, and lack of management skills leading to poor assessment of risks and poor decision making that usually plunge SACCOs into bankruptcy. With the uptake of corporate governance Dairy SACCOs have continued to address some of these challenges though their wealth through non-withdrawable deposits has not grown significantly as expected. This has limited the SACCOs ability to invest in systems and products that can mitigate the risks on members funds (Kaynak, 2014).

The SACCOs have been hampered by governance issues, liquidity challenges, delinquency in loan repayment, increased levels of non-repayment as established in studies conducted by (Kinyua, Amuhaya & Namusonge, 2015; Makori, Munene & Muturi, 2013). This same situation exists in the studies conducted by (Ademba, 2011; Ndung'u, 2010) who found that poor governance, lack of members confidence and haphazard implementation of management systems have been hampering the performance of SACCOs in Kenya. According to (Kinyua *et al*. 2015; Kaynak, 2014) the above factors have hampered the ability of the Dairy SACCOs among other SACCOs the ability to grow their investments thus leading to decreased returns. On the other hand studies conducted by (Miriti, 2014; Oigo, 2015) established that the respective SACCOs that formed their population of study had good corporate governance, members had confidence on their members, and the management systems were working well. These two sets of findings are conflicting as one set has good governance mechanism whereas the other was very poor, thus this study is directed at shedding light on this contradictory finding.

Several studies focusing on factors influencing performance of dairy SACCOs have been carried out in Kenya. For instance, Njoroge (2013) studied marketing strategies factors influencing dairy cooperative societies' performance in Meru County, Kenya while Munyole (2015) studied the effect of marketing channels strategies on performance of dairy cooperative societies in Kenyan Highlands. Kobia (2011) on the other had researched on the factors influencing performance of the dairy industry in Meru central

district, Kenya: a case of Katheri dairy co-operative society. These studies returned contrasting results with some indicating a link between marketing strategies and dairy cooperative society's performance while others had contrasting results. On the effect of product innovation on performance of organizations studies by Wasike (2014), Kinyumu (2011), Dioh (2012) among others returned a positive and significant effect. However to the best of our knowledge none of these studies narrowed to factors influencing performance of dairy farmers' cooperative societies, a case study of Meru County. The study would like to bridge the identified gap as stated in the question; what are the effects of marketing strategies and product innovation on the performance of Dairy Cooperative Societies in Meru County –Kenya?

1.3 Research Objective

1.3.1 General Objectives

This study is guided by the general objective, to assess the determinants influencing performance of dairy farmers' cooperative societies: a survey of dairy cooperative societies in Meru County.

1.3.2 Specific Objectives

i. To establish the effect of marketing strategies on performance of dairy cooperative societies.
ii. To investigate out the effect of product innovations on performance of dairy cooperative societies.

1.4 Research Questions

i. To what extent does marketing strategies affect the performance of dairy cooperative societies?
ii. To what extent does product innovation affect the performance of dairy cooperative societies?

1.5 Significance of the Study

The management of Dairy Cooperative Societies may benefit from study due to its ability in identifying the right factors to put in place for organizational performance. The in-

depth study seeks to establish the marketing strategies, which should be undertaken regarding organizational products marketing. This is due to the fact that majority of dairy SACCOs failure is associated with poor marketing strategies and lack of product innovation. Therefore, the management may be enlightened on the appropriate marketing improved strategies to implement to ensure competitiveness of the dairy products in the market.

This study highlights the challenges facing dairy SACCOs, SASRA the regulator would be aware of them therefore taking the opportunity to address some of those challenges. For instance, the regulator can roll out a program that would aim at educating the diary SACCO management on the best way to address marketing of dairy products of their SACCO members leading to the increase of market share hence good performance.

To the researcher's and academicians, this research work may also be of use to them. Researchers may use the findings in this work in advancing and adding knowledge to the existing one. The research may act as a basis for them to carry out further research. Academicians may use this study in advancing their study at colleges and especially for those that wish to focus on dairy SACCO studies and their challenges.

1.6 Scope of the Study

The purpose of this study is to provide an understanding of the factors affecting the performance of Dairy Cooperative Societies, which is a case study of Meru County. The study was conducted among Dairy Cooperative societies in Meru County. The variables under consideration in this study were marketing strategies, product innovation and performance of Dairy Cooperative Societies. Data was collected from the top management of the Dairy Cooperative Societies and the analysis and writing of this report took a period of five months.

1.7 Limitations of the Study

The researcher encountered some hindrances when conducting the study. First, the reliability of the information obtained and the credibility of the results was largely dependent on the attitudes and the willingness of the respondents to provide accurate, credible and honest information (Kothari, 2014). Secondly, some dairy cooperative

societies had issues in allowing their employees to interact with researchers and research assistants and gather information from them (Atieno, 2008). Some employees were unwilling to respond to questionnaires fearing to be victimized by their supervisors. To address non-responsive respondents, permission was sought from the top management of the cooperative societies before administering the questionnaire. In addition, the respondents were provided with the introductory letter detailing the importance of the study which had been authored by the School of Postgraduate studies as well as an authorization letter to conduct the study from the National Commission for Science and Technology (NACOSTI)

1.8 Delimitations of the Study

This study is delimited by the area of focus. The study will only focus on those Dairy cooperative societies located within Meru County. The cooperative societies besides aggregating the milk produced by farmers, they should be involved in value addition as well as operating a SACCO.

1.9 Operational Definitions of Terms

Co-operative Society: A group of persons or people with similar desires or ideologies coming together to form an organization as a vehicle towards their objective. The objective maybe profit making or non-profit oriented.

Marketing strategy: This is the approach arrived out by the organization on how to conquer the market. It includes tactics on how to win, maintain and retain the customer.

Performance: Considered as an organizational measure of the level of utilization of available resources. Mostly represented as an indicator of organizational output, how they effectively and efficiently utilise the resources.

Product Innovations: These are considered to be new products, services or processes within the organization. It may include changes in design of already existing product or incorporation of new materials and components to an existing product.

Stakeholder: Are entities either individuals, groups, societies or organizations directly and indirectly influenced or influencing the management, development and

implementation of organization strategies and activities. They either gain or lose from the policies and activities implemented by the organization.

1.10 Organization of the Study

The first section of this study is the preliminary pages where the title of the project, declaration, dedication, table of contents, list of figures and table and the abstract. The second section of this study comprises of the five chapters of the study. The first chapter introduces the global view, regional and local views of the studies pertinent variable. This chapter also introduces the studies problem beside the research questions. In the second chapter, review of the literature has been carried out and conceptual framework is presented. The third chapter deals with the research design while the fourth chapter presents the results of the data analysis. The fifth chapter gives a broader discussion of the results of data analysis. Recommendations and conclusions arrived at after data analysis is presented in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the theoretical and empirical basis of this study. The chapter reviews relevant past studies and other literature on the areas of stakeholder's involvement, market strategies, innovation, management, and performance of organizations especially those bordering on similar studies. The concept of performance is reviewed and summarised alongside its determinants among dairy cooperative societies. The chapter includes presentation on theoretical and conceptual framework, critical review, gaps in the study and summary of the review.

2.2 Theoretical Framework

This study is anchored on resource-based view, system theory, and innovation diffusion theory.

2.2.1 Resource Based View Theory (RBV)

The RBV theory states that the resources or the bundles of resources a company possesses are the basis for achieving competitive advantage (Wernerfelt, 1984). This theory is associated with the works of Penrose (1959) who imputed that the competiveness of the organization depends on the resources outlay at its disposal and their management. The resource based view of an organization hinges on the ability of the firm to maintain competitiveness in a way that it's hard for competitors to imitate its success thus creating a competitive gulf or gap with competitors (Putri & Yuniawan, 2016). The theory indicates that for a firm to sustain competitiveness the resources at its disposal have to be imbued with the following characteristics; being rare, valuable, inimitable, non-tradable, and non-substitutable inclusive of firm-specific (Barney, 2013). Various authors on the theory agree that firm's attain competitive advantage through unique resources characterised by inability to transfer, inability to purchase openly or adopt easily, and are rare to the firm though value adding. The theory further warns the firms that not all resources can contribute competitive advantage and there is need of the management to keenly select and develop their uniqueness (Putri & Yuniawan, 2016).

According to Chaharbaghi and Lynch (2009) Resource Based theory the availability of unique resources within the organization is a clear indicator of future prospect of superior performance of the organization. This does not mean that the presence is guaranteed forever as newer innovations and developments keep on occurring within the market and thus the firm needs to keep on re-inventing their strategies. Maintenance and sustainability of competitive advantage requires continuous improvement, modification of resources and processes in order to withstand the volatility of the market and encounter the challenges in the market. As the firm continues to develop it unique resources there is need to also improve its capabilities as these are internally embedded resources which are non-transferable to any other firm.

The RBV theory has drawn interest from management researchers basing and explaining their writings from it. The RBV views of a firm interrogate its ability in the market in delivering its promise to the customers and the market. The success of RBV can be said to occur the moment its product offering are imitable to the competing firms thus creating a competitive barrier (Putri & Yuniawan, 2016). The RBV of the firm constitutes a theory about the nature of firms, rather than seeking to explain why firms. It is based on the assumption that resources are heterogeneously distributed across firms, and that this distribution is long lasting. Developing earlier work by the most prominent proponent of the RBV, proposed that a firm's use of distinctive, non-transferable resources is the source of sustained competitive advantage. This represents a counter-point to the approach of industrial organisation economics, which examines a firm's response to its external rivals, but does not examine the black box of the internal respective interests in the project management of firm resources. Whereas previous research had assumed that firms within an industry had broadly similar resources (Riasi, 2015) emphasizes the importance of the idiosyncratic attributes of the firm in developing its competitive position.

The theory is limited in certain aspects, one is that requires the management to develop valuable, immutable, rare and non-transferrable but it does not explain the processes or steps that the management has to take in developing the strategic resources. The other limitation that this theory faces is that it requires dynamic resources and the organization

has to have a huge capital outlay or enough resources. This casts aspersions on the applicability of the resource based view theory on small firms due to limited resources challenges. It should also be noted that competitive advantage may not be sustainable due to the dynamic environment that organizations keep on facing and the rate at which the organizations have become innovative, thus it becomes hard for one organization to keep a sustained onslaught in the market in terms of competitiveness.

RBV is applied to this study due to its ability to guide the management in utilising the different management tools within the complex and competitive setting of todays' environment. The theory points out the nature of resources and capability that can catapult the firm beyond competition. The application of this theory to this study is timely as it helps in explaining antecedents of performance within the Dairy Cooperative Societies. The key tenets of this theory include acknowledging that resources are heterogeneously distributed across firms, they are not perfectly mobile and that this distribution is long lasting. Thus the management needs to understand the firms application of the " non-transferrable, rare, and immutable resources' in order to steer the organization with minimum or no conflict (Delgado, Porter & Stern, 2016) which may explain the difference in performance of one firm to another. The RBV analysis can be applied when analysing the tangible and intangible assets of the firm and how firms exploit them in gaining sustained competitive advantage in the market. RBV has revolutionized management of firms offering a better management tool in place of the balanced score card.

2.2.2 Innovation Diffusion Theory

The innovation diffusion theory is credited to E. Rogers in 1962 and states that there are four elements that are likely to influence the spread of a new idea: the innovation itself, communication channels, time and the social system. The theory tries to explain an entity or individual desire to adopt new technology in place of the traditional one or as a modular for a traditional activity. According to Rogers (1962) there are pertinent factors that lead to adoption of technology which include: relative advantage in comparison to others, complexity, ability to try, and flexibility. The adaptability and diffusion of new innovation in the firms depends on the ability to develop new products, adaptation to new

processes and applications that are in line with the customers' tastes and preferences. With adoption of new technologies organizations have been found to be competitive in the market. The adoption of new technologies makes it possible for organizations to increase the depth and the width of their products resulting to increased variety thus appealing to a large number of customers that exhibit different tastes.

The diffusion theory of innovation is majorly concerned with the adoption of a new technological idea, development of a new product or technique or process, defining new use for an old technique or product and migration from development to use. According to Francesca and Claeys (2010) technology adoption process is communicated throughout the organization through specific channels according to the amount of information required. There are five phases through which a technological innovation passes through; knowledge (understanding its performance); persuasion (developing a favourable attitude towards the innovation); decision (being committed to the innovation); implementation (using the innovation); and confirmation (reinforcement and learning on the outcomes) (Francesca & Claeys, 2010).

The adoption of technology and its diffusion within the society is characterised by different stages or categories of adoption. The early users represents the innovators and early majority plus the opinion leaders who happen to be highly educated, people of higher status in the society and characterised by a network of change agents who influence the kind of information to their access. The presence and utilization of mass communication happen to play vital role in providing the requisite knowledge required for decision making, whereas interpersonal channels help in persuading and convincing the adopter to take action. The development of innovation or its adoption in the organization depends on the nature of decision making within it. It may be optional or collective where the management may also involve the employees in making the decision or it may autocratic where the top management or the directors makes a decree that a certain innovation has to be adopted by the organization (Harris, 2010).

According to Ajayi and Atanda (2012) the process of adoption of a new technology by a firm should be well thought out and should be based on the benefits accruable. The management of the organization should take into consideration the costs involved in

adopting the product, newer skills and capability, as well as the limitations that arise in the adoption of the technology. Ajayi and Atanda (2012) further advises that before adoption of the technology the firm should consider the ability of the technology to help in production of a variety of products, increased volumes and the ability to be integrated to the existing technologies. Another aspect of consideration is the level of development of the technology, whether it's in the introduction or maturity phases.

The model faces limitation as it is context dependent rather than being generally predictive. The adoption of a product by an individual is more of a dichotomous nature than being a unitary process of deriving utility. On one hand the adoption of an innovation depends on the product while on the other hand it may be due to the social pressures of wanting to belong. This may affect the application of this theory in this study as it casts aspersions whether the performance within the organization is influenced by the adoption of new products due to their innovativeness (as a product) or due to the pressure from the society members in their need of wanting to belong. The other limitation facing the theory is that it does not foster participatory approach in decision making in adopting a product or process.

The innovation of diffusion theory is of importance to this study due to the introduction of new products to customers by the Dairy Cooperative Societies. It is a well-established fact that increased use of products by customer's leads to increased sales performance. The theory is also applicable in explaining the adoption of management skills and good management competencies and practices where they sometimes diffuse from one manager and get diffused or adopted by the rest of the management within the organization. Good management practices get to influence other managers thus adopting them to drive growth and performance of the organization.

2.3 Empirical Review

2.3.1 Influence of Marketing Strategies on Performance of Cooperatives Societies

The spatial and temporal effects of markets is best illustrated by the Tanzanian dairy industry performance where 90 per cent of the milk destined for markets is produced by 250 thousands cattle of the million in a position (Ondieki, 2011). In 2007 majority of the

milk marketed in Tanzania was informally sold; where 60 per cent were direct sales, 30 per cent was through vendors (inclusive of road side vendors) while the rest was through established Cooperative Societies and retailers. The persistent supply of markets from zebu-based production both extensive and semi-intensive indicates a wide disparity of the rural markets from the urban markets. The major hindering factor in modernising or adopting newer market strategies is lacks of infrastructure both structural and market infrastructure. The unexploited market potential is also indicated by the price differentials existing in the market especially between the urban and rural areas. This is a clear case of one region experiencing over supply while the other is experiencing deficiencies.

The Kenyan case is quite different from that of Tanzania and other East African Countries due to the liberalization of the market and can only be comparable to South Africa. There is dynamism in the market with more players than the rest of the East African States. The market players in Kenya include the milk producers, milk processers, dairy cooperative societies, hawkers, milk vendors, regulators and consumers. An empirical study sponsored by the Small Holder Dairy Project Holder established that the Dairy Industry contributed a whopping 14% of Agricultural GDP and 3.5 per cent of the total country GDP (ROK, 2011). According to Karanja (2013) the liberalization of the dairy industry has opened markets for small scale processors. The liberalization has led to the establishment of small institutions like Dairy Cooperative Societies that control their products value addition process. This has seen infiltration of the market by hawkers, milk transporters and collectors, cottage industries for processing and establishment of milk parlours (Karanja, 2013).

Despite there being regulations governing the industry, still majority of the milk produced is sold through the informal sector (Kenya Dairy Board, 2014). The informal sector controls about 70 per cent of the market while the rest is divided upon the small processors and large dairy processors. The Dairy Board Report indicates that the reason behind the growth of the informal sector is the traditional and cultural orientation of the consumers who prefer raw milk to the processed milk. Despite the recognition of informal market by the government it still tends to thrive though the dairy cooperative societies in the rural areas are trying to change this narrative. The new enacted dairy

policy has been advocating for value addition through bulk collection, processing of raw milk and marketing of pasteurized milk. The regulators have been in the forefront of incorporating the informal players to ensure the quality of final product consumed in the country (Leksmono *et al*, 2006).

The rise of formal marketing channels like the one created by KCC, Brookside, and Dairy Cooperative Societies statistics show that majority of the milk is still marketed through informal channels (Munyole, 2015). This is indicated by the number of informal market parlours that sell unpasteurized milk that is also not packaged. According to Munyole (2015) the continued preference of the informal sector is influenced by factors like; traditional preference of raw milk, avoidance of high costs of pasteurizing and packaging costs and transportation costs. This sometimes has contributed to disparities in availability of the produce in the market as certain market players do not want to incur the cost of establishing the distribution and logistical networks (Omore, Muriuki, Kenyanjui, Owango & Staal, 1999).

Survey conducted in the Kenyan Dairy industry focusing on the Kenya Highlands indicates low farm gate prices which border to between 25-50 per cent for raw milk compared to the formal packed milk (Munyole, 2015). This has hampered the growth of the formal sector as the farmers have resorted to direct sales of raw milk to the consumers or delivery to local centres. The informal market has also been fuelled by the small milk traders who happen to handle 25 per cent to 30 per cent of all marketed milk and play a vital role of intermediary between large established retailers and households in the urban centres. The formal milk market comprises of Dairy Cooperative Societies who usually bulk the product before processing and initial distribution to the market. According to Munyole (2015) study they are assumed to control 12 per cent of the market. They play a vital role of connecting the producer with the retailer, large sellers and the consumers, ensuring that hygiene standards are maintained within the industry. Munyole advises that these rates of market share keeps on fluctuating according to the seasons and times since 1990.

The landscape of dairy farming in Kenya has been changing with increased small holder agriculture expansion in Central and Rift Valley regions of Kenya and parts of Eastern

Kenya like Meru and Makueni on farms less than two hectares. The upgrading of breeds in these dairy farming regions has increased with majority of the cows being either Holstein Friesian or Ayrshire. These breeds constitute 50 per cent of the herds under farming. New technology of making fodder and other feeds for the livestock have been adapted reducing the cost of production (Njoroge, 2015). On average as noted by Njoroge the total average production per farm has risen to 10kg daily leading to availability of surplus for marketing.

A study conducted by Lule (2011) on the effectiveness of marketing strategies towards sales performance established a positive and significant relationship between the 4Ps of marketing and sales performance. The study was conducted on pharmaceutical companies operating in Nairobi, Kenya. The study further established that marketing strategies like defence could be utilised to protect the organization market share. The offensive strategies could be utilised to win new markets and expand their territory of reach. The study by Lule (2011) imputes that the organization has to keep on analysing the market in order to match it with the right marketing strategy.

Munyoki, Ogutu and Kabagambe (2012) conducted a study on the marketing strategy of export oriented firms established a significant relationship between marketing strategies and firms performance. This study focused on export oriented small and medium manufacturing exporters in Uganda establishing a distinction on strategy to be employed by manufactures for local markets to those to be employed for the international markets. The findings indicated that the marketing strategies competencies differed according to the market the manufacturer was producing for.

A study conducted on the marketing strategies adopted by veterinary pharmaceutical firms in enhancing performance in Kenya by Munyole (2015) was able to rank the marketing strategies in order of their influence to performance. The top ranking strategy was promotion strategy followed by product strategy then distribution strategy and eventually the pricing strategy. Munyole (2015) advises that the right combination of strategies should be employed by the firm for attainment of the set objectives. There is need to develop an integrated market communication that not only educates the

consumers but promotes the products. The study further, established a significant and positive effect of marketing strategies on the pharmaceuticals firm performance.

Njoroge (2015) through a study on the influence of marketing strategies on the performance of SMEs in Matuu town, Machakos County established a significant effect of customer relationship on the performance of the SMEs. Further, the study found that technology based marketing strategies were more effective than the traditional methods of marketing thus encouraging markets to embrace innovative marketing strategies in the market. The study arrived at the conclusion that marketing strategies are one of the vital factors that contribute towards the performance of organizations.

2.3.2 Influence of Product Innovations on Performance of Cooperatives Societies

According to Maqueda *et al.,* (2013) development or adoption of innovation by organizations are bound to improve its performance within the market. One of the trusted ways in which the organizations are sure of performing in the market is through either adopting the latest technology in the market or development of innovative products that exceed the customers' expectations. The adoption of innovation within an organization depends on external and internal factors such that internally the management and employees must be ready to accept the changes brought by the innovation. Externally the management must be ready to buy the support of the stakeholders through networks and advocacy. The requisite amount of resources should be set aside for the management to spearhead the research and development activities for search of unique, innovative products bound to create an edge for the organization in the market (Zeuli, 2012; Gupta *et al.,* 2009).

Economic entities must be keen and innovative to adapt the needs of customers for their continued support and sustenance in the market. Thirapatsakun (2010) argues that innovation process is the ability of the economic entity to recognize a need in the market, develop a product, technique or service around the need which the customers or the market identifies with. The dynamism in the customers' dairy market demands continuous and consistent product and process innovation. The customers changing tastes must be met with new products beneficial to him or her and to the society making sure their introduction and innovation costs are kept at minimum (West & Farr, 1990).

In a study conducted in the insurance industry by Kinyamu (2011) established a positive and significant relationship between innovation process and financial performance. The study applied survey research design in order to get a representative sample from the entire population. The study established that the insurance industry invested on both radical and incremental strategies thus leading to increased financial performance. According to Dioh (2012) who conducted a study on the relationship between product and process innovation and performance of commercial banks in Kenya established a strong effect on the independent variables over the dependent variables. The study indicated that process and product innovation contributed over 58.3% towards the financial performance of the banks ROA. The study concluded that there was a strong relationship between the investment made in innovating products and processes and the financial performance of the institutions. The level of investment in innovation determines the rate at which performance increases (Dioh, 2012).

A study carried out in the insurance sector by Musyoka (2013) established that the level of product innovation influenced their performance. The study focused on establishing the relationship between the companies' financial innovation and its financial performance and was carried out in the whole country. The study adopted a descriptive research design and was able to list down the forms of financial innovations developed by the insurance companies; micro-insurance products, agri-insurance products and process innovations such as office automation, telemarketing, virtual marketing and worksite marketing. Beside the financial products innovations the study established that insurance companies in Kenya had made a breakthrough in developing institutional innovations like

strategic alliances, opening of new branch networks and partnership with community based organizations as well as non-governmental organizations. This study established a significant relationship between innovations and performance of the organizations.

Mastamet (2013) carried a study that investigated the effect of innovation and competition strategies on performance of commercial banks in Kenya. It was established from the study that completion strengths strategies adopted by banks included; cost leadership, market focus strategies, product development and differentiation strategies. Majority of these strategies were found to enhance commercial banks performance. The study further established that the relationship between innovation and performance was positive. The innovation strategies included; adoption of innovative technologies, product innovations and development and adoption of process strategies.

Wasike (2014) established that product innovation influenced the performance of Haco Tiger Industry in East Africa. The study applied a longitudinal research design which enabled the research to look at the relationship for a period of five years. The study established that when products are innovated in terms of design, quality and newness into the market they tend to attract new customers as well as retain the old markets. The results of the study were similar to those of Wanjiku (2014) who had established a positive and significant relationship between product innovation and its performance in the market. Wanjiku's study focussed on positioning, product and paradigm times as influencers of performance of SMEs in Kiambu Town.

Another study conducted by Karanja (2014) indicated that innovation strategies were related to the performance of commercial banks in Kenya. The study made use of descriptive research design in order to give an accurate happening of the relationship in the banking sector. The study established that banks relied on creation of value through pricing methods, timely access of resources, deployment of the right capabilities, meeting customer needs and entry into new markets. The study by Karanja (2014) found out that innovation strategies enhanced the financial performance of commercial banks in Kenya. This relationship was positive and significant.

Mugo, (2015) studied innovations and performance of Kenya's wine industry. The study revealed that the performance of wine companies was influenced to a large extent by market innovation, process innovation, product innovation, production innovation and management innovation. Process innovations resulted in installation of new machine that minimizes production costs and increase the rate of production, source for specialists in wine brewing and raw materials that ensures that the company produces high quality wine. Product innovation enabled the companies to provide a wide range of products with satisfactory quality through market survey, adoption of channel that that shortens the duration of obtaining a product or service and adoption of product development that is radical, inventive and offer greater rewards. Production innovation enabled wine companies to produce wine of the desired quality through management of fermentation process and blending. Management innovation enabled the companies to nurture innovation, position the company through selection of company innovation, collaborates with other organizations that have complementary resources and analyse industry structure before deciding which innovations to pursue.

2.4. Performance of Dairy Cooperative Societies

The Ministry of Co-operatives Development and Marketing (2009) states that about 63% of the Kenya population directly and indirectly depends on the co-operative related activities for their livelihood. The majority are urban while a few are rural. The sector has mobilized over Kes.230 billion from their members to date which is about 31% of the national savings. The co-operative movement has granted loans to their members of over kes.120 billion. Agricultural cooperative societies total turnover was Kenya shillings (KES) 8.4 billion (USD $112 million) (Ministry of Cooperative Development and Marketing, 2008: 20). With the cooperative movement playing such a significant role in economic development, the Government has over the years maintained an institutional framework to develop the movement.

The indigenous Dairy Cooperative Societies according to Munyiri (2006), tend to attract membership from the local clientele but also have a share of non-local investment from foreign countries. It is a fact that much of their capital outlay is from the resource mobilization drives that are conducted locally. The savings from the local members

though individually seems negligible forms a tangible and solid base for the Cooperative Society (Olando, Mbewa & Jagongo, 2012). According to Hamon (2013) the operation costs are also down considering the number of offices and risk exposure as they operate through trust and referrals. The performance of these dairy SACCOs can be enhanced through establishing the clear roles of each of the stakeholders and supporting them in their performance of the identified roles and also reducing conflicts that may arise in performance of such identified roles. Further, according to Ho (2008) the contribution of stakeholders should be taken into consideration as the organization tries to establish how effective and efficient it has been in carrying out the members' mandate.

On the other hand, Boonstra (2013) lists several indicators of firm performance that organizations can utilise. These measures include ROI, profit, sales growth, and market share, efficiency in resource utilisation and effectiveness in organizational operations. Further, to these measures, Freeman and Harrison (2010) add onto this list by including measures like quality of products and services, customer satisfaction, number of innovations within a given time period and competitiveness in the market. Other measures of performance included were levels of customer satisfaction, capacity utilization, number of distribution channels among others.

In the study by Hamon (2013) the following factors were considered vital as indicators of organizational performance, these factors included; Return on Investment (ROI), profitability, market growth, increase on sales and revenue generated. Other researchers have also cited; operational efficiency and effectiveness, market share, human productivity index and financial growth as measures of organizational performance. On the other hand, the intangible and tangible output of the firm is considered to be the clearest indicator of performance, thus according to Mukasa (2014), organizational performance can be subdivided into three categories; financial performance, external non-financial performance and internal non-financial performance. The internal non-financial performance is represented by tangible outputs like goods within the organization while external non-financial performance is represented by indicators like customer satisfactions and number of complaints raised by customers. The public and private sectors are good examples of organisations that utilize different measures of

performance whereas private organizations give importance to financial parameters of performance the public organizations take into consideration the non-financial parameters.

To attain the desired performance levels or goals the Dairy Cooperative Societies must take into considerations the assets outlay within the organization plus the employees' capability. These two factors are important in driving the growth of firms as indicated by Bhuyan (2012). To establish the capital muscle and preparedness of the employees organizations may make use of balanced score cards (BSC) as it offers both qualitative and quantitative indicators that tend to establish the expectations of shareholders and stakeholders in terms of performance. The BSC can further be utilised as a strategy development and assessment tool easily deployable not only by the top management of the organization but also the lower rung management. Through such kind of tools the performance of the organization can be linked to the available assets and capabilities within the organization (Bhuyan, 2012).

2.5 Critique to the Literature Review

Bategeka, Munyoki and Ogutu (2012) evaluated the effect of export marketing strategy on the relationship between firm competencies and export performance of small and medium manufacturing exporters in Uganda. The study adopted a descriptive cross-sectional research design targeting export oriented firms in Uganda. On the other hand the present study will focus on only on organizations dealing with milk products. The studies are similar in terms of statistical modelling as they make use of linear regression models in establishing the size of effects of the independent variables on the dependent variable. In establishing the performance of the organizations the studies have adopted both objective and subjective measures of performance. Findings showed that export marketing strategy had an inconsequential effect on the relationship between firm competencies and export performance. This study was evaluating the relationship between firm competencies and export performance while the current study is on performance of Dairy SACCOs in Meru County.

Munyole (2015) studied marketing strategies adopted by veterinary pharmaceutical firms in Kenya to enhance performance. The study used both the inferential and descriptive

statistics as our present study to establish the measures of central tendency and relations among and between the variables. The present study will also make use of descriptive; measures of dispersion and central tendency as well as inferential statistics. The study by Munyole (2015) found that the common marketing strategies adopted by the firms, in order of precedence, are promotion strategy, product strategy, distribution strategy and pricing strategy. The results of the study and research design were similar to those of Njoroge (2015) who studied marketing strategies and the performance of small and medium enterprises in Matuu town, Machakos County, Kenya. The studies had made use of descriptive research design as the present study in order to establish the phenomenon of the study at a particular point in time. The study concluded that marketing strategies influence the performance of Small and medium enterprises and recommended that that small and medium enterprises should develop effective policies on marketing since marketing is one of the major determinants of SMEs performance.

Muyoka (2013) studied the relationship between financial innovations and financial performance of insurance companies in Kenya. A descriptive survey was carried out on all the 47 insurance companies registered in Kenya revealed that insurance companies in Kenya have introduced product innovations including micro-insurance products, agri-insurance products and process innovations such as office automation, telemarketing, virtual marketing and worksite marketing. Institutional innovation adopted were mobile branches, partnership with NGO's, partnership with CBO's, new branch networks, and strategic alliances with banks. This study was restricted to financial performance of insurance companies in Kenya only.

Wasike (2014) carried out a study on product innovation and performance of Haco tiger brands East Africa. The study used longitudinal research design and looked at the product innovation activities within Haco Tiger brands for the past 5 years while the present study is a cross-sectional study. There was no cost involved in acquisition of the data as it was readily available in the financial reports of the organization. The study adopted a trend and spot analysis method of establishing the relationship between product innovation and financial performance of the organization. The present study will make use of regression analysis to determine the size of effect of each of the independent variables under study.

The findings revealed that product innovation had a positive influence on the performance of Haco Tiger Brands. The study was conducted in a manufacturing organization while the current study will be conducted in processing industry.

Mugo (2015) studied innovations and performance of Kenya's wine industry. The population of the study was the five companies in Kenya. The study selected 16 respondents from the five companies adopting a descriptive research design similar to the present study. Mugo (2015) study does not mention the criteria or the methodology utilized in selecting the studies respondents which is contrary to the present study. The study established a positive and significant relationship between by market innovation, process innovation, product innovation, production innovation and management innovation and the performance of wine companies. The study by Mugo focussed on the effect of the different types of innovations on performance while in the present study there is no distinction between one types of innovation from another one. The study was conducted in five organizations only while the current study will be conducted among 72 Dairy Cooperative Societies in Meru County.

2.6 Summary of the Literature Review

It is vital for an organisation to engage stakeholders in its strategic planning process to make sure that all structures are represented from the common level. It is easy for the stakeholders to implement and buy in a plan if they have been engaged. Participation in decision-making advances the understanding of the matters concerned by those who should carry out the decisions. Stakeholders are typically many, and can differ significantly in the level of influence in all directions. The nature and the number of stakeholders will differ and it would thus make sense to conduct the review of recognition throughout the business.

In Kenya, the daily sector is categorized by small-scale, scattered, as well as unorganized milk-animal owners; low production; inappropriate and inadequate animal health care and feeding; lack of an guaranteed annual remunerative producer cost for milk; an insufficient basic communications for provision of production services and inputs; an insufficient basic infrastructure for marketing procurement processing and transportation of milk; and lack of expert management. The prospect of dairy will rely on the

continuous adaptation of management practices to suit socio-economic, markets and environments conditions.

Further there is need to embrace excellent company governance and the by-laws need to be re-examined to give the least qualification principles for both the delegates and board members for sound and efficient management. Finally, the cooperatives have been associated with most of the socio-economic activities in Africa and beyond and have done exceedingly well in some of the areas such as agriculture, manufacturing and distribution, dairy and sugar. New product development is the first step prior to the product life cycle and can be examined, and plays a very important role in the process of manufacturing. To avert the loss of liquidation or profits for organizations in the long term, novel products ought to be developed so as to replace the old products.

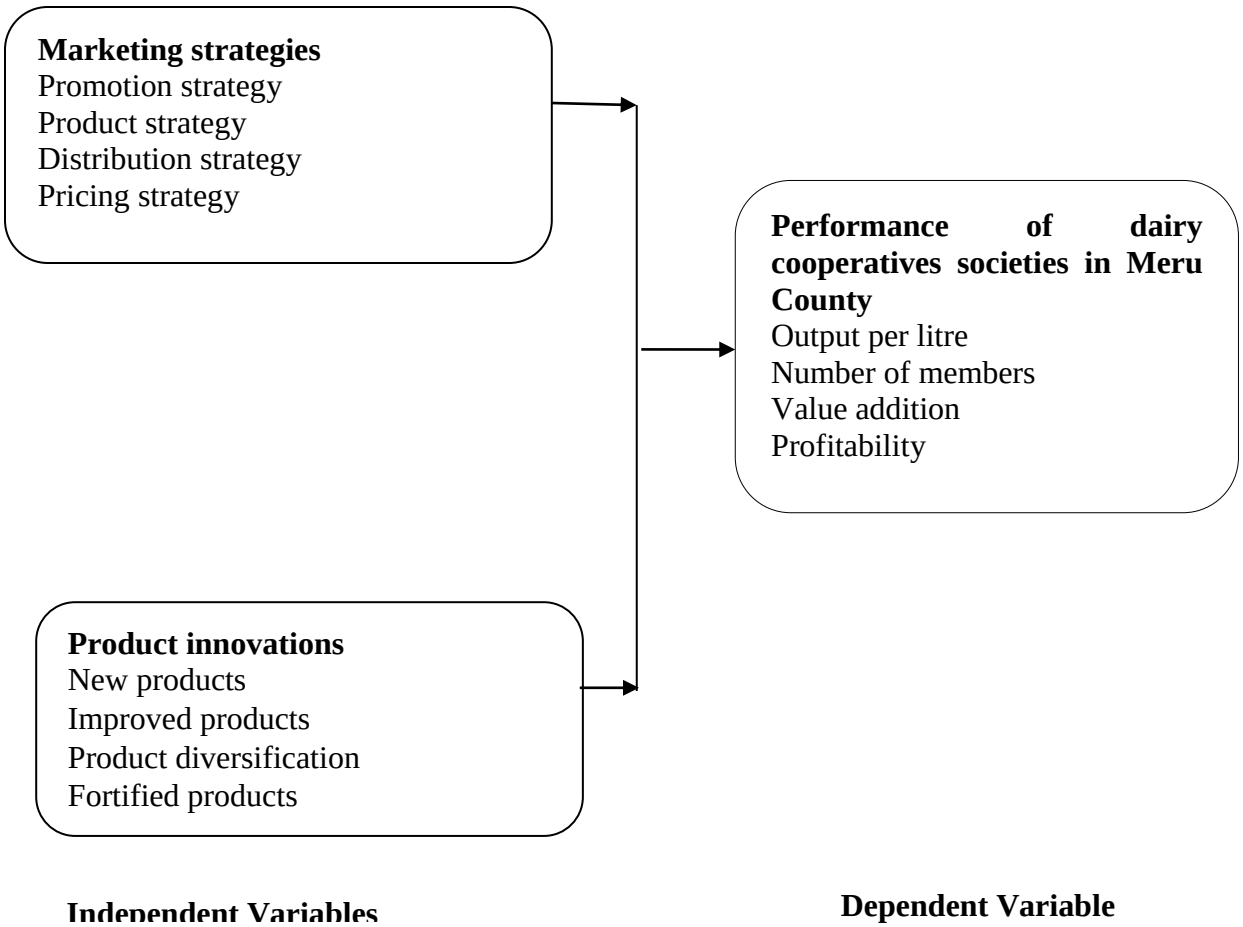
2.7 Research Gap

Several studies have been conducted among SACCOS, and the various determinants of performance. Kobia (2011) studied factors affecting performance of the dairy business in Meru central district, Kenya: a case of Katheri dairy co-operative society. Ondieki (2011) learnt factors affecting stakeholders' contribution in evaluation and monitoring of Local Authority transfer fund projects in Kisii municipality. Zeuli (2012) carried out a study on the consequence of economic determinants on performance of dairy cooperative societies in Kericho County, Kenya. Adan (2012) studied the influence on the role stakeholders on performance of constituencies' development fund projects a case of Isiolo North Constituency. Mwangi (2013) studied factors influencing dairy cooperative societies' performance in Mathira and Kieni constituencies, Nyeri County, Kenya. Muyoka (2013) studied the relationship between financial innovations and financial performance of insurance companies in Kenya. Mungai (2014) studied factors influencing dairy productivity in Machakos County: a case of Wamunyu dairy Farmers Co-operative Society while Wanyama (2014) carried out a study on Factors influencing performance of coffee Cooperatives in Kangema constituency, Murang'a County, Kenya. Wanyama (2014) studied factors influencing performance of coffee Cooperatives in Kangema constituency, Murang'a County, Kenya. Wasike, (2014) carried out a study on product innovation and performance of haco tiger brands East Africa. Mugo, (2015) studied

innovations and performance of Kenya's wine industry. Njoroge (2015) studied marketing strategies and the performance of small and medium enterprises in Matuu town, Machakos County, Kenya while Munyole (2015) studied marketing strategies adopted by veterinary pharmaceutical firms in Kenya to enhance performance. Clearly, from the reviewed literature, none of these studies focuses on marketing strategies and product innovations as factors influencing the performance of Dairy Cooperative Societies in Meru County- Kenya. This study therefore seeks to fill the above identified gap.

2.8 Conceptual Framework

To illustrate the fundamental concepts of perception based determinants of performance of dairy cooperative societies as depicted from the review of theories and literature review, there is need to understand the conceptual framework that integrates the two variables of the study, independent and dependent variables.



Source: Author (2019)

Figure 2. 1: Conceptual Framework

2.8.1 Marketing Strategies

The dairy segment in Kenya is categorized by small-scale, scattered, as well as unorganized milk-animal owners; low productivity; insufficient and unsuitable animal feeding as well as health care; lack of a guaranteed year-round remunerative manufacturer price for milk; an insufficient basic communications for stipulation of production services and inputs; an insufficient fundamental infrastructure for procurement marketing, transportation and processing of milk; as well as lack of specialized management (Elonen & Artto, 2012). The implementation of dairy cattle for

marketed milk production has been a conspicuous characteristic of Kenyan agricultural growth. As smallholder crop-livestock organizations strengthened in the face of rising human populace pressure, the incorporation of dairy cattle into the organizations was a common strategy for boosting output and generating revenue, mostly in the densely populated Kenya highlands like Meru County.

Additionally, the dairy-development programs and policies that are followed, comprising those relating to overseas trade, are not friendly to the encouragement of equitable and sustainable dairy growth (Rajendran and Mohanty, 2004). This is a comparable case to Kenya, where strategies concerning dairy sector have not been helpful making the sector ineffective and disorganized. Low production of milk animals is a severe limitation to dairy growth. The production of dairy animals could be improved by crossbreeding low-yielding ordinary cows with high-yielding particular indigenous purebreds or appropriate exotic breeds in a phased way. The cattle-breeding strategy ought to not only focus on milk yield but should as well give for the production of high-quality bullocks to meet the draft-power desires of agriculture.

The prospect of dairy will rely on the continuous adaptation of organization methods to suit social economic, markets and environments conditions. Overseeing dairy plants as well as cattle-feed factories is not the work of government; it is better left to specialized managers who are workers of the milk co-operative societies and hence are responsible to their member milk producers, (Kumar and Ravindran, 2012). Despite these growths, milk selling in Meru County remains disgustingly primitive as compared to the other parts of the nation and Africa as a whole. It starts with the largely free sector, which deals with the mainstream of the milk production, giving many chances for mismanagement. Some of the frequent forms of mismanagement comprise false measurements in the selling of milk as well as tarnishing of milk.

Another key impediment to a proficient marketing system is the existence of many intermediaries that take advantage of producers' flaw. In several cases, intermediaries read out the cost by advancing credits to the milk producers. The bargaining power of the producers is also limited due to the bulkiness and perishability of milk (Elonen & Artto, 2012). Additionally, the lack of good infrastructure for storage, transportation and

distribution also makes milk procurement hard. Features of tropical regions with excellent market entrance, the growth of smallholder dairy production systems in the Kenya highlands is thus marked by 3 elements: deteriorating farm size, improvement into dairy breeds as well as an increasing dependence on acquired feeds, both forage and concentrates (Karanja, 2013).

2.8.2 Product Innovations

Product innovation maybe viewed as the development of new products, changes in design of established products, or use of new materials or components in the manufacture of established products (Hoang, 2010). Product innovation includes introducing new products, enhanced quality and improving its overall performance. Product innovation, alongside cost-cutting innovation and process innovation are three different classifications of innovation which aim to develop a company's production methods. Thus, product innovation can be divided into two categories, radical innovation, which aims at developing a new product and incremental innovation, which aims at improving existing products (Wong, 2014).

The cooperatives have been associated with most of the socio-economic activities in Africa and beyond and have done exceedingly well in some of the areas such as agriculture, manufacturing and distribution, dairy, sugar among others (Jones & Hill, 2010). New product development is the initial step before the Product Life Cycle can be examined, and plays a vital role in the manufacturing process. To prevent loss of profits or liquidation for businesses in the long term, new products have to be created to replace the old products. Drucker (2012) suggests that both product innovation and entrepreneurship are interconnected and must be used together in unison for a business to be successful, and this relates to the process of new product development. Existing Product Development is a process of innovation where products/services are redesigned, refurbished, improved, and manufactured which can be at a lower cost. This will provide benefits to both the company and the consumer such as increased revenue and cheaper costs.

2.8.5 Performance of Dairy Cooperatives Societies

According to Ireland *et al*. (2011) the purpose of measuring performance is to assist the management and other stakeholders to make decisions concerning the progress of the organization towards meeting its objectives. Measuring performance is a vital component of organization growth and progress. It is an integrated process that requires concerted effort of the top management and the employees at the lower rungs of the organization. This is important in arriving at the right measure as there are a myriad measures or scales used by different organizations for establishing organizational outcomes. In a study on dairy performance among small holders in Ethiopia, Chagizwa, Muradian and Ruben (2016) adopted daily income, proportion of cross breed, prices, market share, milk productivity as measures of performance.

The performance measures adopted for this study are derived from the studies conducted in various sectors especially the SACCOs. One of the study is that of Maina (2018) who used market share and turnover as measures of choice. Other studies that have focused on financial measures are those of (Kiaritha, 2015; Mwangi, 2015; Tarwirei, 2015) who adopted financial measures like; membership numbers, deposits, share capital, loan portfolio, institutional capital, cash reserves, fixed assets, improvement in internal processes, level of customer satisfaction, employee satisfaction, return on investment among others. The majority of the studies have adopted a likert scale type of measure where respondents are asked to indicate their extent of agreement on the financial measure indicator.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

The chapter focuses on the research methodology and design that was used to guide the conduct of the study. Research methodology acts as the roadmap that a study follows for the attainment of the research objectives. This chapter has sections that detail the target population of the study, the sampling methodology to be applied to arrive at the requisite number of respondents for the administration of the research instrument. The chapter also focuses on the methods of establishing the research instrument reliability and validity as well as the methods that were utilised for data collection. Finally the chapter captures the data analysis methods and ethical consideration observed during the drafting of the research instrument and when administering the questionnaire.

3.2 Research Design

The research design provides the understanding on how to conduct the study especially methods to be utilised in mapping the sample, data collection, data analysis and interpretation. According to Creswell (2012) and Babbie (2010) a research design tends to stipulate the conditions to be met when gathering the study's data as well as establishing the most significant and economical process of carrying out the exercise. This study made use of descriptive research design due to its ability to explain and describe the phenomena under study (Cooper & Schidler, 2011). Descriptive research design has the capability of explaining the current conditions of a phenomenon with reference to the environment of existence. As the researcher has no control over the variables and also the environment under which the phenomena exists the study design is considered resilience and lacks any kind of biasness (Creswell, 2012)

3.3 Target Population

According to Saunders, Lewis and Thornhill (2009) the target population refers to the total set of interest in which the study hopes to make inference for and arrive at various conclusions. The target populace for this study comprises of all the dairy cooperative societies in Meru County as shown in table 3.1. The numbers of Dairy Cooperatives are indicated as per Sub Counties. There are 72 Dairy Cooperative Societies in Meru County with a population of 288 in top management.

Table 3. 1 Target Population

	Frequency	Percentage
Imenti North	10	13.9
Imenti Central	6	8.3
Imenti South	15	16.7
Igembe North	8	11.1
Igembe South	10	13.9
Igembe Central	4	5.6
Tigania West	3	4.2
Tigania East	4	5.6
Buuri	12	20.8
Total	**72**	**100**

Source: Meru County Department of Trade, Industry and Cooperative (2018)

The study focuses on the top management of the organization who are usually involved in strategy implementation and driving the organizational objectives of growth and development; Chief Executive Officers, Finance managers, Operations Managers and Marketing Managers.

3.5 Sample and Sampling Procedures

Sampling techniques like random sampling and stratified sampling were utilised to arrive to a sample that is representative to the target population of the study. Inferences and conclusions about the population were drawn from the sample. The sample size is considered to be a subset of the whole population if randomly arrived at (Kumar, 2005). The sample size is a subset of the population that is taken to be representatives of the entire population (Kumar, 2005). A population of 288 was arrived at by multiplying the number of Dairy Cooperative Societies with the number of top management driving the organization towards its objective as represented in Table 3.2 below. Thereafter the

sample was drawn from the target population through multiplying the total population by 30 per cent as advised by Kumar (2011). This coforms to the study carried out by Kinyua *et al.,* (2015) on effect of CSR on financial performance of SACCOs. The study made use of stratified random sampling method in arriving at the sample. Stratified random sampling is a way of grouping a heterogeneous population into homogenous subsets then making choices within the individual elements to ensure unbiased representation. The objective of stratified random sampling is to realize the desired representation from different sub-groups in the populace (Garg & Kothari, 2014). Stratified random sampling ensures that all the sub-groups forming the population are represented within the sample. After categorising the population into the homogenous subsets a proportionate methodology was applied to ensure each sub-group is represented according to its weight or strength (Saunders, *et al.,* 2009). In the present study the sample is calculated as 30 per cent of 288 which is 86.4 and this converts to 87 in terms of whole numbers.

Table 3. 2 Sample Distribution

Sub County	**No. of Dairy Cooperative Societies**	**No. of Top Managers**	**Sample**
Imenti North	10	40	12
Imenti Central	6	24	7
Imenti South	15	60	18
Igembe North	8	32	10
Igembe South	10	40	12
Igembe Central	4	16	5
Tigania West	3	12	4
Tigania East	4	16	5
Buuri	12	48	14
Total	**72**	**288**	**87**

Source: Author (2019)

3.6 Data Collection Instrument

To establish the objectives of the study primary data was collected through a structured questionnaire. The instrument was self-administered to the selected elements in the defined sample. The questionnaire had both closed and open ended questions all geared towards eliciting the right kind of responses from the respondents. According to Saunders *et al.* (2009) the open ended questions were considered due to their ability to gain in-depth insight of the problem from the respondents while the close ended questions were preferred due to their ability to limit the respondents to the issues that were under focus. That is the close ended questions restricted the respondents within the issues under focus.

3.7 Data Collection Procedure

To ensure smooth conduct of the data collection process and to build confidence with the respondents an introductory letter addressed to each of the participating cooperative societies was procured from the school of postgraduate studies. In addition a research permit was sought from The National Commission for Science, Technology and Innovation (NACOSTI). Then attaching the introductory letter plus the research permit the research assistant dropped and picked the questionnaire to the management or the respective respondent. A drop and pick data method allows respondents ample time to give in depth and well thought out responses.

This study adopted a cross-sectional survey method as data was collected at a specific point in time. This is because the study is non-experimental and it's not longitudinal in nature. The top management were selected to provide the status of perceived factors influencing the performance of Dairy Cooperative Societies in Meru County. A cross-sectional approach is usually utilized in descriptive studies where the study wants to establish the phenomenon of the organization at a single point in time (Creswell, 2012). The cross-sectional approach avoids problems experienced in a longitudinal study like prolonged costs and prolonged period of time.

The researcher with the help of research assistant through telephone and letters informed beforehand of the intended administration of the questionnaire to the respective management of the cooperatives participating in the study. The researcher assistant was personally responsible for delivering the research instruments to the respondents. This

enabled the researcher to establish rapport, explaining the purpose of the study and the meaning of items that may not be clear as observed by (Bryman, & Bell, 2011).

3.8 Pilot Testing

To establish the validity and reliability of the research questions and research instrument respectively a pilot study was conducted (Joppe, 2009). The administration of the research instrument during the pilot study helped in establishing not only the content validity but also the face validity. Using the data collected the reliability index can be established through the calculation of the Cronbach Alpha constant. The study administered 25 questionnaires to the top management of Dairy Cooperative Societies located within Tharaka Nthi County which borders Meru County. This ensured that the participants of the pilot group had no chance of participating in the final study. According to Sekaran and Bougie (2010) the administration of the questionnaire for pilot testing should be carried out through personal interview. This was observed in the present study. The aspects of the questionnaire from designing, wording to structuring were reviewed to ensure that they were able to elicit the right kind of responses from the participants. The answers and feedback generated during the pilot study were used to improve the questionnaire.

3.8.1 Validity of Instruments

According to Taylor, Bogdan, & DeVault (2015) validity of a research instrument is concerned about establishing whether the measurements have established what they set out to establish and whether they were within the scientific standards set out for the study. Through administration of the questionnaire during the pilot study and carrying out the analysis, validity of the instrument was carried out. This study was interested with the face, content and criterion validity to ensure that the objectives of the study were met. Expert advice was sought from the lectures in establishing the research instrument and further review was carried out in journal articles written in similar studies so as to adopt research instruments utilised in such studies. According to Sekaran and Bougie (2010) the results of test items represents the whole domain of knowledge and skills in the respective area of study.

3.8.2 Reliability of Instruments

The reliability of the research instrument is very vital when there is need for generalizability of the study results. The reliability of the research tool measures the extent to which the research tool is capable of producing similar results if it is applied under similar conditions. Reliability is usually referred to as a measure of consistency as a reliable instrument is able to elicit the same results if applied to another set of respondents with similar characteristics as the first one. According to Bryman and Bell (2011) reliability is defined as the consistency of the instruments measure when administered to the population of study at different period of times as long as similar conditions are maintained. Rouson, Gasser and Seifer (2012) imputes that the measure is given as a constant referred to as Cronbach Alpha whose value should be 0.7 and above, Nunnally (1978) also indicates that the alpha value coefficient for social science studies may be from 6.0 and above for the constructs within the study to be considered steady and reliable. The formula for computing the coefficient is as given below;

Cronbach Alpha (α) = k/k-1× [1-$\sum$ (S^2)/$\sum S^2$sum]

Where: α= Cronbach's alpha

k = Number of responses

$\sum$ (S^2) = Variance of individual items summed up

$\sum S^2$sum = Variance of summed up scores

3.9 Data Analysis

The Statistical Package for Social Sciences (SPSS Version 22.0) is the computer application of choice for carrying out data analysis in this study. After collecting the filled questionnaire, they were checked item by item to separate those that are redundant and the ones that can be used for analysis. The items were edited, indexed and coded then entered into the application package for analysis to commence. After cleaning the data, errors of commission and omission were checked, thereafter descriptive analysis such as measures of central tendency and measures of dispersion were carried out. This involved establishing the mean, percentages and standard deviation of the major constructs in the study. This conforms to the study carried out by Kinyua *et al.,* (2015) who carried out descriptive data analysis. The information generated was presented in forms of tables and

graphs for easiness in interpretation and derivation of meaning. According to Mugenda and Mugenda (2003) descriptive statistics are vital due to their ability to summarize large amount of data and give in depth and insightful distribution of the data that sheds light on the relations between variables. The open ended questions included in the questionnaire were analysed using the content analysis. This study utilised the data analysis process that is recommended by Saunders *et al.* (2009) especially when analysing quantitative data; organize, sort, code and thematically analyse, searching for meaning, interpret and draw the conclusions.

To establish the effect in the relationship between the independent and dependent variables the study made use of inferential statistics. Due to the nature of variables and as represented in the conceptual framework the study utilised multiple regression analysis. This helped the study to establish the effect of marketing strategies and product innovations on performance of dairy farmers' cooperative societies. According to Babbie (2010) multiple regressions helps in establishing the size of effect between one individual or group of independent variables and the dependent variables. Further, it can establish the measure of variability that is explained by the variables in the relationship indicating the extent of relationship is influenced by the variables under study and whether the relationship is significant or not. The multiple regression models was utilised to establish the relationship between variables. This model as derived from the research objectives and the conceptual framework is as represented below;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:-

Y= Performance of Dairy Farmers' Cooperative Societies

β_0=constant

β_1 & β_2 = Beta coefficients

X_1 = Marketing Strategies

X_2 = Product Innovations

ε = Error term

To establish the significance of the model, the study made use of the coefficient of determination (R^2). The coefficient of determination explains the amount or size of

variation in the dependent variable that can be accounted by the independent variables in the model. The coefficient of determination runs from 0 per cent to 100 per cent and the higher the value the better. The study also made use of the F-Statistic to compute the 95 per cent level of confidence intervals to establish the presence of significant relationship between the predictor variables and performance of Dairy Cooperative Societies in Meru County.

3.10 Testing of Regression Assumptions

When making use of linear regression several assumptions were held when trying to establish the size of effect between the predictor variables and the dependent variable. The assumptions are required to be met before conclusions are made regarding the model estimates. The Multiple linear regression assumptions that this study will take into account include normality of the residuals and homogeneity of the variance.

3.10.1 Normality of the residuals

The study assumes that the variables are normally distributed. To establish this assumption the study made use of normality tests like Kolmogrov- Smirnoff tests and Shapiro-Wilkson tests. Osborne (2001) indicates that a non-normal distribution is bound to distort the significance of the effects. These two tests can also be used to test linearity. This is the assumption that the relationship between the independent variables and dependent variable is linear (Montgomery, Peck & Vining, 2012). Whenever the relationship is not linear there is under-estimation of the size of the effects. The best method for testing linearity is examining residual plots (plots of the standardized residuals versus the standardized predicted values). This can be carried out using data analytics software like SPSS.

3.10.3 Homogeneity of the variance

This is the assumption that all residuals drawn from a population have a constant variance (Montgomery, Peck & Vining 2012). When the values of errors differ it's an indication of heteroskedasticity, which leads to distortion of findings and thus weakening the analysis hence resulting to the possibility of Type I error. In this study the assumption of

homoscedasticity was checked by use of visual examination of a plot of standardized residuals (the errors) versus the standardized predicted value (regressed values).

3.11 Operationalization of Variables

The table below presents the indicators that have been used in the study. The indicators spell out the kind of measurements that were undertaken in the study.

Table 3.3 Operationalization of Variables

Variables	**Nature of Variables**	**Indicator**	**Operationalization**	**Measurement Scale**
Marketing Strategies	Independent Variable	Promotion Strategy	Number of marketing strategies	Likert Scale 1-5
		Product Strategy		
		Distribution Strategy		
		Pricing Strategy		
		Skills		
		Attitudes		
		Cognitive Behaviour		
Product Innovation	Independent Variable	New Product	Number of new products and number of products diversified	Likert Scale 1-5
		Improved Products		
		Product Diversification		
		Fortified Products		
Performance	Dependent	Litres per session	Number of litres	Likert Scale

of Dairy Cooperatives	Variable	Members Recruited	and Number of Members	1-5
		Number of Products Value added		
		Profitability		

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSIONS

4.1 Introduction

This study was conducted with the main aim of establishing the effects of marketing strategies and product innovations on the performance of Dairy Cooperative Societies in Meru County. The study made use of a structured questionnaire which was developed from previous similar studies conducted. The study adopted a drop and picks strategy in administering the research instrument so as to give the respondents ample time to provide the relevant answers. The collected data was cleaned for errors and then coded to await entry into the statistical package of choice. Data was then entered into the SPSS software ready for analysis. This chapter will solely focus on the various statistical analysis carried out on the data more so the establishment of descriptive and inferential statistics that helps the study establish answers to the research questions. The chapter contains is developed in line with the studies objectives and thereafter a summary of the chapter is included.

4.2 Demographic Characteristics of Respondents

The demographics for this study are discussed in this chapter. The demographics of interest in this study are: gender, age of respondents, experience in work, current position span, highest education level attained, management position occupied and the level of satisfaction with the cooperative society. The analysis of demographics is vital in establishing whether the right target group was focussed on.

4.2.1 Response Rate

The respondents for this study were drawn from all the nine sub counties of Meru County. They comprised the management of the cooperative societies. The respondents under consideration in this study held the following positions in their respective societies; chief executive officers, finance managers, operations managers and marketing managers. The questionnaire was distributed to the respective societies and only 72 were returned out of the 87. This study therefore registered a response rate of 82.7 per cent. According to Mugenda and Mugenda (2003) the response rate attained is considered good for data analysis.

4.2.2 Gender of Respondents

The study explored the gender of the respondents. The Table 4.1 depicts the distribution of the gender of respondents. Establishing the gender of respondents helps in revealing the success of various advocacy programs on equality of women in managerial positions.

Table 4. 1 Gender of Respondents

	Gender	Frequency	Percent
Valid	Male	45	62.5
	Female	27	37.5
	Total	72	100.0

From the Table 4.1 we establish that majority of the respondents were male at 62.5% while the female respondents represented 37.5%. The findings of the study are consistent with those of Nabwire (2014) who established that majority of respondents involved in management of organizations were male.

4.2.3 Age of Respondents

The study explored the distribution of the age of respondents in managerial positions within the societies under focus. The Table 4.2 presents the distribution of age for the respondents.

Table 4. 2 Age of Respondents

		Frequency	Percent
Valid	18-28	12	16.7
	29-39	19	26.4
	40-50	21	29.2
	Above 50	20	27.8
	Total	72	100.0

From the Table 4.2 the age categories of the respondents results indicate that majority of the respondents were of the age category 40-50 years of age representing 29.2% of the total respondents. The second largest category were those aged above 50 years representing 27.8%, followed by 29-39 years at 26.4% while the least represented were

those at age category 18-28 at 16.7%. The implication of this is that the management of the societies is evenly distributed among all the age groups.

4.2.4 Experience in the Society

The study wanted to establish the number of years that the respondent has worked in the cooperative society. Table 4.3 establishes the working experience of the study respondents.

Table 4. 3 Experience in the Society

		Frequency	Percent
Valid	Less than 5yrs	23	31.9
	5-10yrs	9	12.5
	11-15yrs	19	26.4
	More than15yrs	21	29.2
	Total	72	100.0

From Table 4.3, those who have served for less than 5 years were the majority at 31.9%. They are followed by those with more than 15 years at 29.2%, then those with period between 11-15 years at 26.4%. Those with 5-10 years as length of service were at 12.5% The length of service depicted in the Table above is a good indicator of a category that have had experience in managing organizations.

4.2.5 Current Position Experience

The study wanted to establish the period of time the respondent has served in the current managerial position. The findings of Table 4.4 depict these findings. The period served in a managerial position is a good indicator on the extent to which a respondent has participated in managerial decision making process impacting on the performance of the cooperative society.

Table 4. 4 Current Position Experience

		Frequency	Percent
Valid	Less than 5yrs	36	50.0
	5-10yrs	15	20.8
	11-15yrs	17	23.6
	More than15yrs	4	5.6
	Total	72	100.0

The Table 4.4 indicates that majority of the respondents had spent less than 5years in their current managerial position. This represented 50% of all the respondents. This was followed by those with 11-15 years of service who stood at 23.6, followed closely by those who had served in a managerial position for 5-10 years at 20.8%. The least are those who had served for more than 15 years in managerial positions as they stood at 5.5%. This shows that majority of the respondents had served in managerial positions for a period not more than 10 years. This is a good indicator that they have had ample experience in development and implementation of organizational strategies as majority of strategic plans runs for a period of 5 years.

4.2.6 Highest Level of Education

The study wanted to find out the level of education of the respondents involved in the management of Dairy Cooperative Societies. The results of analysis are as depicted in Table 4.5 below.

Table 4. 5 Highest Level of Education

		Frequency	Percent
Valid	Undergraduate Level	23	31.9
	College Level	27	37.5
	Graduate Level	22	30.6
	Total	72	100.0

From Table 4.5 above majority of the respondents had attained college level education certifications as they were represented by 37.5% of all the respondents. They were followed closely by those with undergraduate qualifications, who represented 31.9% of the respondents. Those with graduate qualifications stood at 30.6%. The education qualifications held by the respondents is a good indicator of their capability in managing the cooperative societies.

4.2.7 Management Level

The study explored the management levels of the respondents. The distribution helps understanding the implementation of decisions within the societies and their impact to the performance of the respective societies.

Table 4. 6 Management Levels

		Frequency	Percent
Valid	Senior Management	30	41.7
	Middle Management	34	47.2
	Lower Management	8	11.1
	Total	72	100.0

From Table 4.6 above majority of the respondents were from the middle management level. They were followed closely by those working at senior management category, who represented 41.7% of the respondents. The lower management stood at 11.1%. The positions occupied by the respondents were at levels of decision making that could influence the performance of the Dairy Cooperative Societies.

4.2.8 Level of Satisfaction with the Society Performance

The study wanted to establish the level of satisfaction of the respondents with the performance of the cooperative societies. This is captured in Table 4.7 below;

Table 4. 7 Satisfaction with Performance of Society

		Frequency	Percent
Valid	Yes	55	76.4
	No	17	23.6
	Total	72	100.0

The table above represents data on the satisfaction level of the respondents on performance of the Dairy Cooperative Societies. The results indicate that 76.4% of the respondents were satisfied with the performance of the societies. It is only 23.6% of the respondents that weren't satisfied with the performance of the societies.

4.3 Descriptive Analysis of Study Variables

This section contains descriptive analysis on the study variables. Descriptive statistics like mean, standard deviation, kurtosis and skewness have been used to explain the distribution of the variables.

4.3.1 Marketing Strategies

The study sought to assess the descriptive statistics of marketing strategies in Dairy Cooperative Societies within Meru County. The respondents were asked to rate the extent

of their agreement with statements focussing on resource allocation. From the responses, descriptive measures of central tendency and dispersion: mean, standard deviation, skewness and Kurtosis were used for ease of interpretation and generalization of findings. The findings are shown on Table 4.8 below;

Table 4. 8 Marketing Strategies

	Mean	Std. Deviation	Skewness		Kurtosis	
Statement	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
The promotion of organizational products influences profitability	3.7639	.79599	-.063	.283	-.548	.559
The product development strategy influences competitiveness in the market	3.9861	.92680	-1.282	.283	2.540	.559
The distribution strategy adopted by the organization affects the revenue	3.4444	.87031	-.484	.283	-.764	.559
The Pricing strategy adopted by the organization determines the revenue generated	4.0139	.91148	-.831	.283	.096	.559
The organization marketing programs are continuous in nature and directed to the right market segment.	3.5556	.83731	1.004	.283	-.807	.559
The distribution channel strategy utilized affects the growth of the enterprise	3.7917	.74941	-1.082	.283	1.256	.559
The organization adhere to pricing differentiation according to levels of intermediaries and nature of products	3.7361	1.12579	-.735	.283	.004	.559

As from Table 4.8 the element “The Pricing strategy adopted by the organization determines the revenue generated” had the highest mean 4.0139 while the element “The distribution strategy adopted by the organization affects the revenue” had the least mean at a value of 3.4444. In terms of dispersion, the element with highest variation witnessed was that of “The organization adhere to pricing differentiation according to levels of intermediaries and nature of products”, while the one with least dispersion or variability is the element “The organization marketing programs are continuous in nature and directed to the right market segment.”. Majority of elements were negatively skewed

except the element “The organization marketing programs are continuous in nature and directed to the right market segment”. In terms of Kurtosis the element with the highest value was “The product development strategy influences competitiveness in the market” with a value of 2.540. The results on the pertinent role played by marketing strategies on the performance of organizations have been confirmed in the study conducted by (Bategeka, Munyoki and Ogutu, 2012). This is similar to another study carried out by (Mungai, 2014) who established a positive and significant relation between marketing strategies and performance of organization.

4.3.2 Product Innovation

The study sought to assess the descriptive statistics of product innovations in Dairy Cooperative Societies within Meru County. The respondents were asked to rate the extent of their agreement with statements focussing on product innovation and strategies. From the responses, descriptive measures of central tendency and dispersion: mean, standard deviation, skewness and Kurtosis were used for ease of interpretation and generalization of findings. The findings are presented on Table 4.9 below;

Table 4. 9 Product Innovation

	Mean	Std. Deviation	Skewness		Kurtosis	
Statement	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
New products developed are influencing the revenue collected	3.6250	.77709	.032	.283	-.401	.559
The organization has improved its products thus becoming competitive in the market	3.9861	.95671	-.766	.283	-.234	.559
Our products meet different consumer needs thus increasing our market share	3.9722	1.02052	-.679	.283	-.642	.559
The fortified products have given us an inch in the market thus increasing our revenue	3.6528	.69525	-.700	.283	.449	.559
The organization continues to maximize value from opportunities without constraint to existing models, structures or resources.	3.3333	.85580	-.015	.283	-.693	.559
There is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented.	3.1250	1.04730	.046	.283	-.407	.559
Our products are competitive in the market due to their aesthetics, design and utility	3.9722	.82175	-.418	.283	-.375	.559

As indicated from Table 13.0 the element “The organization has improved its products thus becoming competitive in the market” with mean 3.9861 while the element “There is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented.” had the least mean at a value of 3.1250. In terms of dispersion, the element with highest variation witnessed was that of “There is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented.” while the one with least dispersion or variability is the element “The fortified products have given us an inch in the market thus increasing our revenue”. Majority of the elements were negatively skewed except “There is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented”. In terms of Kurtosis the element with the highest value was

"The fortified products have given us an inch in the market thus increasing our revenue" with a value of 0.449. Product innovation has been established as one of the core factors influencing organizational performance (Wong, 2014). This is associated due to the functions that are inherently associated with product innovation like, newer products, ease of use, reduced cost of production, safety among others (Mugo, 2014). The importance of continuous product innovation has been reiterated by (Wasike, 2014) who impute that production innovation is a measure of growth of the organization, giving it a competitive edge within the market.

4.3.3 Performance of Dairy Cooperative Societies

The study sought to assess the descriptive statistics of the performance of Dairy Cooperative Societies within Meru County. The respondents were asked to rate the extent of their agreement with statements focussing on the performance of Dairy Cooperative Societies. From the responses, descriptive measures of central tendency and dispersion: mean, standard deviation, skewness and Kurtosis were used for ease of interpretation and generalization of findings. The findings are shown on Table 4.10 below;

Table 4. 10 Performance of Dairy Cooperative Societies

	Mean	Std. Deviation	Skewness		Kurtosis	
Statement	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Operating profits	3.0972	.53497	1.799	.283	5.935	.559
Return on investments	3.0694	.38735	.687	.283	3.626	.559
Market share	3.3889	.76094	-.006	.283	-.326	.559
Sales growth rates	3.2917	.65944	-.394	.283	-.714	.559
Cash flow from operations	3.1667	.75059	.537	.283	.386	.559
Market development	3.3750	.91062	-.710	.283	.378	.559
New products/services development	3.5972	.86659	-.042	.283	-.625	.559
Cost reduction programmes	3.1806	.77508	.419	.283	.048	.559
Personnel development	3.1250	.90285	-.135	.283	.121	.559
Research and Development	3.3889	1.18150	-.174	.283	-1.044	.559
Work place relations	3.7917	.69073	.300	.283	-.860	.559
Employee health and safety	3.6528	.73465	-.222	.283	-.090	.559

As indicated from Table 4.10 the element "Work place relations" followed by "Employee health and safety" had the highest means which stood at 3.7917 and 3.6528 respectively.

The element with the least mean was "Return on investments" with a mean of 3.0694. In terms of dispersion, the element with highest variation was "Research and Development" with a standard deviation value of 1.18150 while the one with least dispersion or variability is the element "Return on investment". Majority of the elements were negatively skewed except, work place relations, cost reduction programs, cash flow from operations, return on investment and operating profits. In terms of Kurtosis the element with the highest value was "operating profits" with a value of 5.935.

4.4 Test for Reliability and Validity

The study adopted the Cronbach Alpha as the pertinent test for measuring the reliability of the research instrument. Test for reliability is applied for establishing the degree of consistency of the research instrument whenever it's administered to the respondents (Ko, Lee, Birch & Lee, 2017). According to Cooper and Schindler (2014) the most advisable levels of Cronbach Alpha coefficient is 0.5 and above for social and business studies. This study makes use of the Cronbach Alpha coefficient as the measure for testing reliability.

The results are indicated in the table below;

Table 4. 11 Test for Reliability

Construct	Number of Items	Cronbach's alpha
Marketing Strategies	7	0.692
Product Innovation	7	0.657
Performance of Dairy Cooperative Societies	12	0.692
Overall Items and their Reliability	**26**	**0.788**

To ensure that the validity of the study results is attained the experts in the School of Cooperatives and Community Development were requested for advice on the structure of the questionnaire and the questions. Their views were taken into consideration to ensure that the subject matter was the one being tested. The study also reviewed various past

studies to familiarize and borrow from their study instruments. During the piloting study the researcher was keen in ensuring that the structure, content, context and language of the respondent were aligned to ensure that it appealed to the respondents and easier to understand.

4.5 Correlation Analysis

The study wanted to establish the association between the independent variables and the dependent variables. This resulted in the application of the Pearson's correlation coefficient (r). The correlation coefficient (r) is an indicator of the extent of association or relationship between the independent and the dependent variable. The value of (r) is between -1 and +1 where a value closer to +1 indicates a very strong positive relation, a value closer to -1 indicates a negative relationship, while an association with a null value indicates lack of association between the independent and dependent variable (Mugenda and Mugenda, 2003).

The independent variables of this study; marketing strategies and product innovation were each correlated with performance of the dairy cooperatives which was the dependent variable for this study. The study applied the Pearson Correlation technique to establish whether an association exists between the independent and the dependent variables. The magnitude and the direction of the association was also determined as indicated in the tables below.

4.5.1 Correlation Analysis between Marketing Strategies and Performance of Dairy Cooperative Societies

The association analysis between marketing strategies and performance of Dairy Cooperative societies was conducted and results generated. The Pearson correlation coefficient computed and tested indicated that the relationship between marketing strategies and performance of Dairy Cooperative Societies was found to be positively and statistically significant($r = 0.74$, $p = 0.006$). The results indicate therefore that with effective marketing strategies the performance of the Dairy Cooperative Societies is also bound to improve. This is in support with the study conducted by Munyole (2015) who established a positive and significant relationship between marketing strategies aspects

like promotion of products, distribution and communication and performance of pharmaceutical firms.

4.5.2 Correlation Results of the Relationship between Product Innovation and Performance of Dairy Cooperative Societies

The correlation analysis between product innovation and performance of Dairy Cooperative societies was conducted and results generated. The Pearson correlation coefficient computed and tested indicated that the relationship between product innovation and performance of Dairy Cooperative Societies was found to be positively and statistically significant($r = 0.64$, $p = 0.031$). The results indicate that if the product innovation strategies are well implemented within the organization would result to improved performance of the cooperative societies. The finding concurs with those established by Wasike (2014) who found a significant and positive relationship between the number of product innovations in an organization and its financial performance.

4.5.3 Correlation Results for All the Variables

The table 4.12 indicates the correlation between the independent variables and dependent variables. The magnitude of the relationship is between the variables; market strategies, product innovation and performance of Dairy Cooperative Societies. The findings of the table below indicates that the association between marketing strategies and performance of Dairy Cooperative Societies is positive and significant and stands at 0.74 while that between product innovation and performance of Dairy cooperative societies is 0.64 which is also positive and significant. The coefficient of association between marketing strategies and product innovation is positive and significant and stands at 0.65.

From the association analysis conducted none of the relationships between constructs has a correlation coefficient of more than 0.80 which indicates that the data is free from heteroscedasticity tendencies.

Table 4. 12 Correlation Analysis

Factor		Marketing Strategies	Product Innovation	Performance
Marketing Strategies	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	72		
Product Innovation	Pearson Correlation	.65**	1	
	Sig. (2-tailed)	.000		
	N	72	72	
Performance	Pearson Correlation	.74**	.64**	1
	Sig. (2-tailed)	.006	.031	
	N	72	72	72

**. Correlation is significant at the 0.01 level (2-tailed).

4.6 Answers to Study Questions

The answering of the study questions will be carried out through the use of simple and multiple linear regression models. This helps us to establish the coefficient of the effects between the independent variables and the dependent variable. Before delving into that the testing for linear regression assumptions is carried out.

4.6.1 Regression Analysis

The study sought to establish the contribution of each of the independent variables; marketing strategies and product innovation on performance of Dairy Cooperative Societies. The regression models are summarized as below.

4.6.2 Testing of Regression Assumptions.

As discussed in chapter three there are some pertinent assumptions that are held for one to establish the size of effect between the independent and dependent variables. In this study the assumptions of Normality and Homogeneity of variance were tested whether they have been met.

4.6.2.1 Normality

To test the normality of the independent variables the study made use of Shapiro-Wilk test. The results are as indicated in the table below:

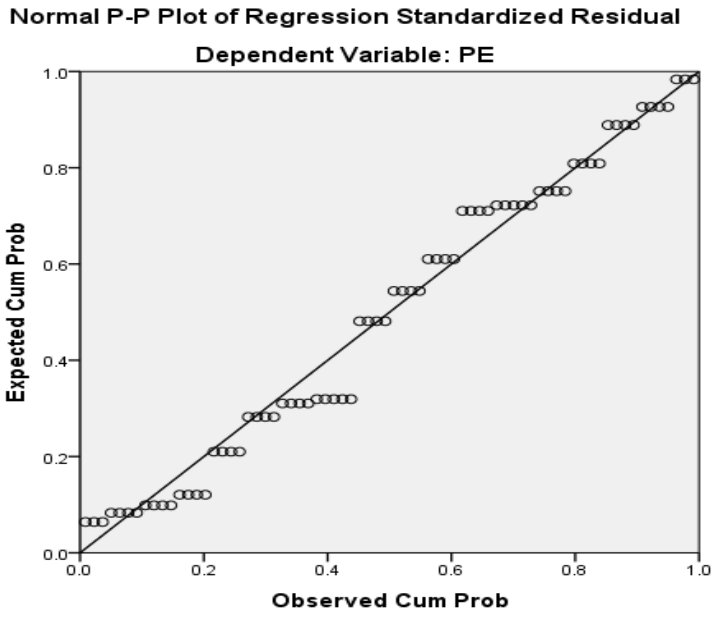
Table 4. 13 Normality Test

Factors	Shapiro-Wilk		
	Statistic	Df	Sig.
Performance	.956	72	.312
Marketing Strategies	.884	72	.265
Product Innovation	.812	72	.423

From Table 4.13, the p-values are 0.312, 0.265, and 0.423. We can reject the alternative hypothesis and conclude that the data comes from a normal distribution.

4.6.2.2 Test for Homogeneity of Variance

The test for homogeneity of the variance is carried out by the use of visual examination of a plot of standardized residuals (the errors) versus the standardized predicted value (regressed values).



The figure 4.1 above indicates that the residuals have equal variance. This indicates that the assumption of homogeneity is respected within the data.

4.6.3 Regression Analysis of Marketing Strategies and Product Innovations on the Performance of Dairy Cooperative Societies

Results in table 4.14, 4.15, 4.16 below show the amount of variation on the dependent variable explained by the independent variable. The results of regression analysis revealed that there is a significant positive relationship ($\beta = 0.128$, $p < 0.01$) between marketing strategies and performance of Dairy Cooperative Societies within Meru County. This means that increase in the application and implementation of marketing strategies in the Dairy Cooperative Societies will lead to better performance of the societies. Still on the same results of the regression analysis we find that there is a positive and significant relationship ($\beta = 0.213$, $p < 0.05$) between product innovation and performance of Dairy Cooperative Societies within Meru County. This means that the continued introduction of new products into the market and improvement of production processes is bound to improve the performance of the Societies.

The independent variables reported an R value of 0.912 and $R^2 = 0.832$ which means that 83.2% of corresponding variations in the performance of the Dairy Cooperative Societies can be explained by both marketing strategies and product innovations. The rest of the variation 16.8% could be explained by other variables not included in our model.

The model is Y = 2.028 + 0.128Marketing strategies + 0.213 Product Innovation + Error Term, where Y is the performance of Dairy Cooperative Societies.

The F test gave a value of F (2, 69) = 7.817, p = 0.001) which is relatively large enough to support the goodness of fit model explaining the variations in the dependent variable. This validates that marketing strategies and product innovations are useful predictors of performance of Dairy Cooperative Socities. The results of regression analysis revealed there was significant positive relationship between marketing strategies, product innovations and performance of Dairy Cooperative Societies. This implies that when the right marketing strategies are crafted for the right market segments there is bound to be an improvement in the performance of the society.

Table 4. 14 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.912[a]	.832	.816	.678	.817	7.817	2	69	.001

a. Predictors: (Constant), Product Innovation, Marketing Strategies

b. Dependent Variable: Performance

Table 4. 15 ANOVA Analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.696	2	.848	7.817	.001[b]
	Residual	7.484	69	.108		
	Total	9.180	71			

a. Dependent Variable: Performance

b. Predictors: (Constant), Product Innovation, Marketing Strategies

Table 4. 16 Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.028	.340		5.963	.000		
	Marketing Strategies	.128	.086	.189	3.645	.006	.834	1.199
	Product Innovation	.213	.127	.317	2.866	.0031	.834	1.199

a. Dependent Variable: PE

4.7 Summary of Data Analysis

This chapter focused on various statistical methods used to analyze data. The study utilized descriptive statistics like mean, standard deviation, skewness and kurtosis to describe the data. Inferential statistics was carried out through simple and multiple regression analysis. This chapter made use of correlation analysis to establish the association between the independent and dependent variables. The next chapter will encompass the summary of major findings, conclusions and recommendations.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter focuses on discussion of the findings established during the data analysis section. This chapter therefore comprises of five sections which include; introduction, summary of major findings, conclusion, and recommendations for the study and suggestions for further studies. The introduction section introduces the reader to the contents of the chapter, while the summary of major findings indicates the objectives of the study, a summary of the methodology utilized and pertinent findings of the study. The third section referred to as the conclusion deals with the conclusions arrived at on the basis of the study objectives and the answers to the research questions. The fourth section comprises of the recommendations arrived at due to the results obtained through inferential statistics while the fifth section extrapolates the suggestions for further studies that the study feels will bridge gaps that the present studies did not tackle but believes will complement the present study findings.

5.2 Summary of Major Findings

The main objective of the study was to assess the determinants influencing performance of dairy farmers' cooperative societies: a survey of dairy cooperative societies in Meru County. The specific objectives derived from the general objective were; to establish the effect of marketing strategies on performance of dairy cooperative societies in Meru County and to find out the effect of product innovations on performance of dairy cooperative societies in Meru County.

The attainment of the above listed study objectives dictated that the study adopts a descriptive research design. The design was selected due to its versatility in describing phenomena's. Descriptive research design has the ability to describe the existing phenomena taking into consideration the environment at hand. The design enabled the study to focus into a comprehensible and sizable population that would lead to study results generalization. To ensure this is accomplished the study adopted a stratified random sampling methodology out of the realization that there were different managerial levels within the Dairy Cooperative Societies. The population of interest were all the registered Dairy Cooperative Societies operating within Meru County. The respondents

to the study included the top management, the middle level and the lower level management. The population of interest consisted of the 288 managerial staff leading the 72 Dairy Cooperative Societies within Meru County. The study adopted the drop and pick method in the administration of the questionnaire. The response rate was 82.7%

The study established that selection and implementation of marketing strategies is very important in enhancing the performance of the society. The management within the society have develop and adhere to the right market mix that brings optimal results to the organizational performance. The study focused on pricing, product, place and promotional strategies an indicator that they are still relevant in the 21st century though changes in the consumption habits of the consumer and also changes in the communication media available to the consumer. The study returned a positive and significant relationship with the size of effect being (β=0.128, p=0.006). The study therefore establishes the need to keep on utilising the traditional marketing strategies though it does not rule out the incorporation of other strategies like relational and digital marketing strategies. This study is consistent with that of Karanja (2014) that established a positive and significant effect on the relationship between marketing strategies and performance of SACCOs in Meru County. Similar results were established in the study Munyole (2015) whose main set up was on the distribution channels in the dairy industry located in the highlands of Kenya.

The study further established the pertinent role that continuous production innovation plays in improving the performance of the organization. Introduction of new products to the markets appeals to not only the existing customers but also to new class of consumers who may have never interacted with the organization. The study returned a positive and significant relationship between product innovation and performance of the organization with the size of effect being (β=0.213, p=0.031). This study therefore supports results of the study conducted by Wasike (2014) who found that innovative products contributed a large share in the performance of Haco Company in Nairobi Kenya. Similar results had been established in the study by Dioh (2012) who had found a strong relationship between innovation and performance of insurance industries in Kenya. Introduction of

newer products to the market signifies a growing organization that is also ploughing back its profits to the benefits of the organization and the consumers.

5.3 Conclusions

The study concludes that marketing strategies and product innovation as important factors in improving the performance of the organization. The study established that having the right product for the right market segment is vital for its success in the competitive market. The study also concludes that product differentiation is vital for the growth and performance of the societies. This is informed by the ability of the society to appeal to different kinds of tastes and preferences exhibited by the customers. It also in turn helps the organization implement its strategy of pricing differentiation as there is a presence of differentiated products that may be appealing to different market segments.

The study concludes that the distribution strategy employed by the organization is tied to its growth and performance. The study established that the distribution strategy employed by the society affects the revenues collected. The distribution strategy determines how and where the customer accesses the product. Therefore the study concludes that distribution strategy affects the growth of the business and the society should enter into a long lasting mutual relationship with the distributors for without them the cost of marketing may exceed the set budget. The study established that majority of the societies run continuous marketing programs thus concluding that marketing plays a pertinent role in informing and educating the consumer of the benefits and existence of the societies within the market.

The study concludes that product innovation strategies tend to improve the organizational standing within the competitive market. It is through the development of new products that the society is able to incorporate new consumer needs and keep up with the changing consumer needs and preferences. The study concludes that the improvements made on the products contribute to the eventual performance of the society. The improvements can be taken as the ultimate incorporation of the organizations research and consumers desires to the new market offering. The continuous improvement of the products help in meeting the consumers changing preferences and also leads in discovery of new products or processes that improve the production of the product. Increased search of better

products are bound to discover new cost effective production methods within the cooperative societies. The continued search for innovative products opens the organization to better ideas and thus ends up improving the market offerings that improves the organizational performance.

5.4 Recommendations from the Study Findings

The study established a positive and significant relationship between marketing strategies and performance of Dairy Cooperative Societies. From these results we note the important role that marketing strategies plays in influencing the performance of Dairy cooperative societies within Meru County. The marketing strategies are of varied nature and the organizations should work on the right mix for optimal performance results. The study recommends for exploration of additional marketing strategies such as relationship marketing and digital marketing strategies. These strategies if incorporated with the cooperative societies marketing strategies will not only bring the personal relationships so desired by the consumers but will help in capturing the extent of contact of the target market with the organization and help in tracing and documenting the ever changing consumers tastes and preferences.

The study also recommends the integration of the cooperative societies departments for to effectively embrace the internal marketing strategies. Before rolling out the external oriented marketing strategies like distribution, pricing, and promotion the society will be well placed by first implementing an internal marketing strategy drive. This ensures that all the societies departments buys into the mission of the organization and ensures that what the organization projects in the external environment is a manifestation of the self-belief of all or majority of employees. For this to be successful and implementable may require the re-designing of the society structures that allow not only vertical communication but also horizontal such that different society departments can collaborate on different departmental projects. This leads to a solid and more unified organization that focuses on fulfilling the mission of the shareholders.

The study recommends the need to develop new products and reorient systems innovations sections or departments focusing on innovations within the societies. This will help in harnessing the employee's ideas and those gathered through various

marketing strategies and eventually transforming them to marketable products. Much effort should be applied in developing innovations that creates links with the customer such that the societies do not play catch-ups in the needs of the customers. Without deliberate efforts in improving the innovation culture of the society, the competitive ability of the societies will be limited. This will hamper the attainment of the society's objectives. From the study it was established that utility, design and aesthetics of the society's products play a major influence on the performance of the Dairy Cooperative Societies. This implies that to maintain the aesthetic value of new products and improving the existing ones requires close contact, evaluation and monitoring of the changing consumer needs. The societies are therefore bound to improve their data collection and analysis methodology to be able to distinguish and identify those peculiar traits that makes the customer continue consuming the society's products.

The study has established that beside the financial ratios that measure organizational financial performance there are other soft measures that may be used to establish its performance. Greater emphasis will be given to these measures like safety and relationship measures as they play an important role in building a pool of loyalty employees. The soft skills should be cultivated for without a good working environment improvement in the employee production will be in vain.

5.5 Recommendations for Further Study

The study found a positive and significant relationship between marketing strategies, product innovation and performance of Dairy Cooperative Societies. The study established that the coefficient of determination stood at 0.832. This will be interpreted that the two factors explains 83.2 per cent of the variability in performance of Dairy Cooperative Societies in Meru County. This informs the call for other studies that will explore other factors influencing the performance of Dairy Cooperative Societies. Other factors like management competence, corporate governance, technology, organizational design and structures, and environmental factors should be explored in order to establish their influence on the performance of Dairy Cooperative Societies within Meru County.

The study recommends that further studies be extended to include other primary producer's cooperative societies within Meru County. This will include the coffee, tea,

bananas and horticultural produce cooperative societies and comparisons to be drawn from the results obtained. This provides a good platform of transferring the experiences from one producer cooperative society to another. The various strategies being utilized by these producer societies will be brought to light thus offering an opportunity for them to learn from one another. The study also recommends the inclusion of the board of directors in order to establish whether they have an influence in the performance of the cooperative societies.

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APPENDICES

Appendix 1: Introduction Letter

Department of Business Administration

School of Business

The Co-operative University of Kenya

P. O. Box 24814-00502

Nairobi, Kenya.

Dear Sir/Madam,

REF: Invitation to Participate in a Research Study

I am a student at Co-operative University conducting a research on **EFFECTS OF MARKETING STRATEGIES AND PRODUCT INNOVATIONS ON PERFORMANCE OF DAIRY COOPERATIVE SOCIETIES IN MERU COUNTY-KENYA.** I do humbly request for a few minutes to help me complete the attached questionnaire. This study seeks your opinions regarding your perception on factors determining the performance of Dairy Cooperative Societies. We encourage you to approach the questions with sincerity and honesty. This study guarantees your anonymity and data generated will remain confidential.

Thank you for participation. We highly appreciate your contribution towards this study.

Yours faithfully,

JOHN NGANDO

Appendix II: Questionnaire

This study is a requirement for the partial fulfillment of the degree of Masters of Cooperative Management, The Cooperative University of Kenya. The purpose of this research is to investigate "**EFFECTS OF MARKETING STRATEGIES AND PRODUCT INNOVATIONS ON PERFORMANCE OF DAIRY COOPERATIVE SOCIETIES IN MERU COUNTY-KENYA**". Please note that any information provide during the data collection exercise will be treated with outmost confidentiality and at no time will it be used for any other purpose other than for this study. Your assistance is highly appreciated. We look forward towards your prompt response.

Section A: Demographic Data

Kindly answer all the questions by ticking in the boxes or writing in the spaces provided.

1. Please Indicate your gender: Male ☐ Female ☐
2. Please indicate your age range (group)
   - 18-28 yrs ☐
   - 29-39 yrs ☐
   - 40-50 yrs ☐
   - Above 50 yrs ☐
3. For how long have you worked with the Dairy Cooperative Society?
   - Less than 5 years ☐
   - 5-10 years ☐
   - 11-15 years ☐
   - Above 15 years ☐
4. For how long have you worked in your current position?
   - Less than 5 years ☐
   - 5-10 years ☐
   - 11-15 years ☐
   - Above 15 years ☐
5. Indicate your highest education level
   - Secondary school ☐ Undergraduate level ☐

College level ☐ Graduate level ☐

6. The management level that you occupy

Senior Management ☐ Middle Management ☐

Lower Management ☐ Non-management ☐

7. Are you satisfied with the performance of Dairy Cooperative Society?

Yes ☐ No ☐

B. Marketing Strategies and Performance of Dairy Cooperatives

Indicate the extent to which market strategies adopted by Dairy Cooperative Societies influence performance? (Where 1-Not at all, 2-Less extent, 3-Moderate Extent, 4 –Great extent and 5 -Very Great extent)

No.	Statement	1	2	3	4	5
8.	The promotion of organizational products influences profitability					
9.	The product development strategy influences competitiveness in the market					
10.	The distribution strategy adopted by the organization affects the revenue					
11.	The Pricing strategy adopted by the organization determines the revenue generated					
12.	The organization marketing programs are continuous in nature and directed to the right market segment.					
13.	The distribution channel strategy utilized affects the growth of the enterprise					
14.	The organization adhere to pricing differentiation according to levels of intermediaries and nature of products					

C. Product Innovation and Performance of Dairy Cooperative Societies

Indicate the extent to which product innovation in Dairy Cooperative Societies influence performance? (Where 1-Not at all, 2-Less extent, 3-Moderate Extent, 4 –Great extent and 5 -Very Great extent)

No.	Statement	1	2	3	4	5
15.	New products developed are influencing the revenue collected					
16.	The organization has improved its products thus becoming competitive in the market					
17.	Our products meet different consumer needs thus increasing our market share					
18.	The fortified products have given us an inch in the market thus increasing our revenue					
19.	The organization continues to maximize value from opportunities without constraint to existing models, structures or resources.					
20.	There is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented.					
21.	Our products are competitive in the market due to their aesthetics, design and utility					

D. Performance of Dairy Cooperative Societies

Please provide information on the performance of your Dairy Cooperative Society. **Please** give your sincere opinion by ranking each statement in order of: **1**-Significantly below average, **2**- below average, 3- average, **4**- Above average, **5**-Significantly above average.

No.	Statement	1	2	3	4	5
22	Operating profits					
23	Return on investments					
24	Market share					
25	Sales growth rates					
26	Cash flow from operations					
27	Market development					
28	New products/services development					
29	Cost reduction programmes					
30	Personnel development					

31	Research and Development					
32	Work place relations					
33	Employee health and safety					

Thanks for your Participation