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Influence of Market Development on Performance of Coffee Cooperative Societies in Tharaka Nithi County, Kenya

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Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

Organizations operating in the business environment require a plan to help them get a competitive edge and improve their performance. Evidently, the constantly rising level of competition and the influx of new enterprises into the cooperative societies sector make it necessary for every cooperative society to develop strategies in order to ensure better and more enhanced performance. Specifically, the goal of this study was to determine the impact of growth strategies on the performance of coffee cooperative societies in Tharaka Nithi County. This was guided by the objective; to examine the influence of market development on the performance of coffee cooperative societies in Tharaka Nithi County. It was based on agency theory. A descriptive study technique was used, with a target population of 340 respondents drawn from the 34 coffee cooperative societies in Tharaka Nithi County as the participants. The population was divided into three separate strata, each of which consisted of a large number of highly trained society employees who will work together as a team. In order to choose a representative sample of 204 respondents from each stratum, stratified random selection was used. In order to gather

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information, respondents were asked to complete self-administered questionnaires. Data was analyzed using both descriptive statistics like mean as well as standard deviation and inferential statistics which included correlation and regression analysis. The research discovered a significant positive association between diversification strategy, product development strategy, market penetration strategy, market development strategy and performance of coffee cooperative societies in Tharaka Nithi County. Its regression analysis found that the collective usage of growth strategies was responsible for 45.6 percent of the variations in performance of these coffee cooperative societies. Based on the findings, diversification strategy had the largest impact on performance followed by market penetration while market development and product development strategy had the least influence on performance of coffee cooperative societies in Tharaka Nithi County. It is therefore, recommended that managers and shareholders of the cooperative societies that are yet to adopt growth strategies should adopt them to remain competitive and profitable in this turbulent business environment.

Keywords: Market development; agency theory; cooperative societies.

1. INTRODUCTION

Growth plans are characterized as strategic planning tools that give a framework to enable firm leaders, senior managers and marketers come up with strategies for future growth [1]. Among these tactics are; market penetration, product development, market development, and diversification strategies. PepsiCo in the United States utilized market penetration as its major intense growth strategy. The approach fosters corporate development via greater sales to acquire a larger market share. The company's strategic purpose connected to their intense growth plan is to lower expenses and prices to attract more customers despite market saturation [2-4].

Most organizations, cooperatives societies included require various growth strategies to thrive and improve performance. Given the dynamic nature of the SACCO business, many cooperatives require to update their marketing tactics rather regularly to deal with the dynamic demands in the market and also keep ahead of competition [5-8]. To attain sustainable performance, organizations need to identify their main strengths and position themselves in such a manner that is above competition in that segment, this is crucial for companies since the business environment is turbulent and organizations should align themselves with the changes being brought by new players in the sector [9-12]

Organic or internal growth plans and inorganic or external growth strategies are the two sorts of growth strategies that a company might use. Businesses that utilize organic methods, according to Agnihotri (2014), evaluate their success not merely in terms of financial metrics, but also in terms of customer loyalty, in-house capabilities, and product quality. Inorganic methods may include purchasing new businesses via mergers and acquisitions to expand output and scope. This may be accomplished by selling more products to current customers (market penetration or concentration), selling goods to new customers (market development), or creating a new product and selling it to the existing customer base (product development). Companies that rely on organic development obtain the bulk of their expansion from inside, through enhancing and building new client connections [13-16].

According to Agostini (2016), buyers seek various product advantages in different places. As a consequence, one of a company's marketing entrance methods may be to utilize its product as it expands. Obonyo (2015) found that via product differentiation and new product development, product innovation improved organizational performance by attracting more consumers. Customers with various preferences were serviced, enabling the corporation to provide items that met their requirements. Safaricom Limited might improve product innovation by spending more in research and development, according to the respondents. Understanding the market environment is critical for outstanding results, just as competition has a significant influence on how successful a company's effort will be (Menguc, Auh & Shih, 2013). Consumer satisfaction is measured not only by providing a good product or service that satisfies the consumers' desires and requirements, but also by how effectively the products or services are presented to them. As a result, extensive research should be conducted to verify that any methods used are based on sound information.

Growth plans are often aimed to achieve a higher market share, even while it involves sacrificing short-term profitability. Growing a business has several facets, according to Storey (2016), and is often associated with a company's capacity to remain viable in the long term, to achieve market success, or to expand operations. A firm's ability to compete successfully with other companies in its field, as well as its financial and market performance, depends on its ability to design and execute strategies that provide value for the company, attract and please customers, and help the company expand. There are four primary growth strategies according to Ansoff's Matrix. Examples of these strategies include diversification, product expansion, market penetration, and market development [17-20].

Regionally, two types of growth plans, according to Agnihotri (2014), seem to exist for a business. Both organic and inorganic growth methods may be used to achieve these goals. Companies that employ organic approaches evaluate not only financial data but also customer happiness, internal capabilities, as well as product quality. Inorganic tactics can involve purchasing new firms via mergers as well as acquisitions in order to boost output and scope. There are several ways to achieve organic growth, including increasing the amount of goods sold to existing customers (a process known as market penetration or concentration), increasing the number of products sold and then selling them to new customers (a process known as market development), or introducing new products and then selling them to current customers. Organic growth reliant organizations obtain the bulk of their expansion from within, by enhancing current customer connections and building new one.

Locally, Wanjiru and George (2015) emphasize that both internal and external development methods may be implemented concurrently and that each has its own benefit and disadvantage. The chance to generate synergies as well as market dominance is an advantage of an external development strategy. To the extent that business leaders use the firm's financial resources or free cash flow to fund personally beneficial ventures, external growth methods devalue the organization. One of the most significant benefits of organic development is that it allows for more corporate control, promotes internal free enterprise, and safeguards a company's culture. Management teams have a clearer awareness of their own organization and resources, as well as how internal investments might be better planned. In order to maintain a competitive edge over the long run, firms should focus on building internal capabilities rather than outsourcing them. Internal growth initiatives are more secure against hostile competition since they are kept private. Because of this, the stock market gives you more money in return.

Tharaka Nithi County lies on the slope of Mt. Kenya and has a good climate for coffee production. Coffee is produced by small-scale farmers in Tharaka Nithi County whose majority are found in Meru south and Maara sub-counties. These farmers produce three types of coffee which are Scott Labs (SL) 28, SL 34, Ruiru 11, and Batian (Coffee Board of Kenya, 2015). Coffee cultivation in Tharaka Nithi County is mainly done under primary co-operative societies in the area which in turn merges to create big Southern star Sacco. The smallholder coffee industry is structured into cooperatives to enable regulation and to enhance the efficacy and efficiency of coffee production. Cap 490 regulations of Kenya demand coffee producers to be members of a co-operative association (National Council for Law Reporting, 2012). (National Council for Law Reporting, 2012). This aims to guarantee that farmers may manage and sell their produced coffee seeds as a group via society to increase economies of scale.

Small-scale farmers may save money on coffee processing by using public cooperative firms' pulping, storing, and drying capabilities [21-25]. Depending on the size of the land and the amount of coffee produced, cooperative organizations have a variety of factories (Coffee Board of Kenya [CBK], 2012). According to a report by the International Coffee Organization (2019), there were loud outcries from coffee farmers due to low return from coffee farming despite the presence of coffee cooperative societies. This has motivated the research to study the coffee issues mostly in the Tharaka Nithi county region. Marete (2019) cited major issues facing coffee production in Meru County as poor quality of coffee production and low prices of coffee payout which moved some farmers to neglect their coffee farms and others turned to other subsistence farming [26-32]. The researcher, therefore, seek to analyze growth strategies that could be used to enhance performance in coffee cooperative societies in Tharaka Nithi Counnty

1.1 Statement of the Problem

Coffee is one of the most crucial unindustrialized commodities in the world. Because of its contribution to foreign currency profits, family farm returns, job creation, and food security, coffee has played an important part in Kenya's economy without ceasing (Silvarolla, 2014). Coffee cultivation has been demonstrated to be two to four times as successful as non-agricultural activities in boosting the incomes of the poor (World Bank, 2009). The coffee research institution has provided several novel production techniques which were distributed to farmers via the employment of agricultural extension personnel. As a result, coffee boards are more common in cooperative organizations, where they serve as guiding principles for the high-quality production of coffee [33].

Despite the positive effects of coffee, the production method has a number of downsides, such as low compensation to coffee growers. This is due to lack of funding, low price of coffee goods, high cost of inputs, non-participation of women in resolution-making, bad communal dominance at grower’s organizations, poor governance, and poor quality of coffee seeds variations (International Coffee Organization, 2019). (International Coffee Organization, 2019). There were 80,000 metric tons produced in 2016, while the performance of cooperative coffee organizations was less than 35,000 metric tons (Kimenju, 2019). Globally the trend was the same and it called for coordinated efforts by the coffee industry players to seek collective remedy of the challenges that are making coffee production and commerce unequal. The study keenly looked at market development, diversification, product innovation and market penetration on performance of coffee cooperative society’s growth in Tharaka Nithi County.

In addition to being a reoccurring issue, the coffee price crisis was exacerbated for Kenyan coffee farmers by the market's new structure and increased competition from other participants (Kenneth, 2016). Consequently, coffee's plight is dire because, unlike with other agricultural products, the vast majority of coffee producers are small-scale farmers living in remote rural areas who heavily depend on the crop to support their families, pay school fees, pay medical bills, and achieve other forms of social and economic development [33] (Grisson & Guilla, 2014).

Numerous previous studies have focused on the strategic impact of Kenya's liberalized coffee market on multinational coffee-growing companies (Gilho, 2016), strategic challenges multinational coffee-growing companies in Kenya face, and factors influencing consumers' preference for instant coffee varieties in Kenya (Danson & Lashermes, 2012). There was little doubt that this research vacuum was to be filled by studies into suitable growth methods for improving the performance of coffee cooperative societies in Tharaka Nithi County, that the current study aimed at analyzing growth strategies adopted by coffee corporative societies in Tharaka Nithi county to enhance performance.

1.2 Research Objective

To examine the influence of market development on performance of coffee cooperative societies in Tharaka Nithi county.

1.3 Scope of the Study

The research was carried out within Tharaka Nithi County, and it will be directed at all of the coffee cooperative societies in the county. The purpose of this research was to investigate the influence of growth strategies on the performance of coffee cooperative societies in the Tharaka Nithi County. Market development strategy, diversification strategy, product development strategy, and market penetration strategy were all examined in this research in order to determine the impact of these strategies on the performance of coffee cooperative societies in Tharaka Nithi County. The research was to take a maximum of six months to complete, including gathering all of the essential information and documents, as well as writing the final report.

2. LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Agency theory

The agency theory was brought into perspective by Jensen and Meckling (2015). Mitnick (2015) asserts that agency costs are brought about by the misunderstanding between the managers and the company’s shareholders. The total of the monitoring fees paid by the principal, the bonding fees paid by the agent, and the total of the overall residual loss is referred to as the agency expenses. Good performances are often witnessed under situations of low agency costs which come with higher firm values keeping all other factors constant. This theory further states that the owners and management have varying interests. Agency conflicts emerge when firms split the tasks of management and ownership. They go on to show that stakeholders bear the agency costs regardless of who incurs the monitoring expenses. Debt holders demand higher interest rates because they expect monitoring expenses to rise. Higher likelihoods of monitoring expenses lead to high interest rates and worse business value to its shareholders assuming all other parameters equal (Mitnick, 2015). This idea in coffee cooperative society's performance was described as utilizing three forms of agency costs. The asset substitution effect claims that a rise in debt to equity enhances the motivation of the management to pursue more risky undertakings. Owner farmers gain from successful projects' advantages while loan holders suffer from initiatives that fail to meet their financial goals.

The launching of projects raised the probability of wealth transfer from debt holders to shareholders and a reduction in business value. Risky loans often benefited the debt holders instead of the shareholders, which contributed to the issue of underinvestment. The management consequently had the responsibility to reject initiatives with positive net present value notwithstanding their larger potential to improve company value. It was also required that the coffee growers were provided cheaper rate loans to which the business was permitted to destroy firm value via bonuses and empire building. Exceptional enforcement expenses and high covenant stipulations were required for complete protection. The maximum amount of debt that a company could issue was limited by keeping an eye on the expenses. There was a larger possibility that the monitoring levels required by the debtors grew with the outstanding levels up to certain levels. When the amount of debt owed was low, lenders only monitored a restricted number of borrowers. As debt levels rose, so did the corresponding expenses of implementing protective covenants. The monitoring expenses invested by the shareholders strove to guarantee that the activities of the management were focused on maximizing the value of the business. According to Pouryousefi and Frooman (2017), lower overall agency costs could be achieved by combining loan and equity in an appropriate way.

2.2 Empirical Literature

2.2.1 Market development strategy and performance

Market development was seen as a potential means for a corporation to enhance its performance in a positive manner, as long as the proper methods were employed and the product was suitable. As stated by Lorette (2017), this strategy involved expanding existing goods into new markets as part of a business expansion plan. This was done when previously undiscovered markets were uncovered or when the organization sought to broaden its market breadth. By exploring new and unknown geographical locations, applying new pricing strategies to reach new target customers, and building new distribution channels, goods could be sold in unique ways and to new customers to create a new market for current items.

Research conducted by McCarthy et al. (2014) concluded that in order for businesses to survive, they needed to constantly analyze how their market growth strategy impacted their company performance habits. They found that the consistency with which markets expanded and performance evolved had implications for the survival of these organizations. The study put forth the argument that market development strategy could influence performance outcomes by exploring unexplored market segments and converting non-users into users of the organization's products. This could also be accomplished by reaching out to new geographical regions and capturing market share from competitors or making products available in regions where competitors had market share. Despite the fact that companies could try to achieve performance through other strategies, the study argued that market development strategy could influence performance outcomes.

In 2013, Mutia conducted an investigation on the impact of growth strategies on the financial performance of commercial banks, using the case study of Equity Bank in Nairobi. The research found that the organization made significant investments in information technology, the breadth of services available, the number of referrals, and customer feedback, all of which had a significant impact on the financial performance of the bank. The study also found that person-contingent compensation negatively impacted the financial performance of the bank. The research concluded that the bank had made appropriate investments in information technology, resulting in improved performance. This study sought to examine the influence of corporate strategies on the performance of coffee cooperative societies, with a bias on the customer perspective and using both a nonfinancial and a financial measure to assess the effectiveness of the strategy.

According to O'Brien (2010), market development strategy generated growth by expanding the reach of existing items into new market segments. The report stated that when an organization located markets that were previously undiscovered or when it wanted to increase its market reach, this method was employed to achieve success. To enter and grow a new market for current goods, a variety of strategies were employed, including expanding into new and undeveloped geographical regions, adopting new pricing processes to attract a new target audience, and establishing new distribution channels.

An empirical study on the impact of market development strategy on performance in the Kenyan sugar industry was conducted by Mbithi et al. (2015), and it found a positive correlation between marketing development strategy and firm performance in the sugar sector. Two different methodologies were employed to examine market development strategy, including the development of new market segments and the expansion into new geographic regions. The findings indicated that developing new market segments had an impact on sales volume and total turnover, but the effect was not statistically significant. In contrast, expansion into new geographical areas had an impact on sales volume and total turnover, but the effect was not statistically significant either. The research concluded that expanding into new markets and establishing new market sectors did not result in greater profitability, but rather in increasing market share, which would ultimately have a favorable impact on profitability.

2.3 Conceptual Framework

It is shown in Fig. 1.

3. RESEARCH METHODOLOGY

3.1 Research Design

Research design is defined by Dooley, (2014) as the system, framework, or plan that is used in the process of producing solutions to research questions. This study has used a survey research methodology known as cross sectional surveying, and it was included in the whole population (census). Because of the comparative analysis that was conducted among the coffee cooperative societies in Tharaka Nithi County, the design of the survey that was employed will be a cross sectional survey. The cross-sectional survey was helpful in proving or disproving assumptions about the population. When doing cross-sectional survey research, researchers were often making use of structured questionnaires and/or statistical surveys in order to collect information on individuals, as well as their views and behaviors. Cooper & Valentine, [34]. The purpose of this research is to elucidate the nature of the several corporate strategies that are put into practice in the study region and how the performance of coffee cooperative societies in Tharaka Nithi County is impacted by these strategies. The cross sectional survey research design was used in related studies by Songa & Cheluget, [35] when they considered what were the elements of deciding the mode of coffee finance in Machakos. Karanja [33] also adopted the design in the study related to the effects of liberalization measured when undertaken in the coffee industry on coffee production, quality, and profitability in Kenya. This design helped to explore how variables in this study was to relate to each other as they addressed the main problem of the study.

3.2 Target Population

According to Mugenda and Mugenda [36] a population is a group of individual subjects that possess similar attributes that were used the study. When data is collected from the population, these attributes enabled the researcher to conduct the study to have reliable information in addressing the research problem. This study targeted 340 management, supervisory committee and employees of the coffee cooperative societies in Tharaka Nithi County. The reason of targeting that group was because there were leaders and policy makers who influenced the growth strategies of the cooperative societies to a large extent.

3.3 Sampling Procedures and Techniques

As defined by the American Statistical Association, sampling design is a work plan that outlines in detail the population frame, sample size, sample selection, and estimate technique

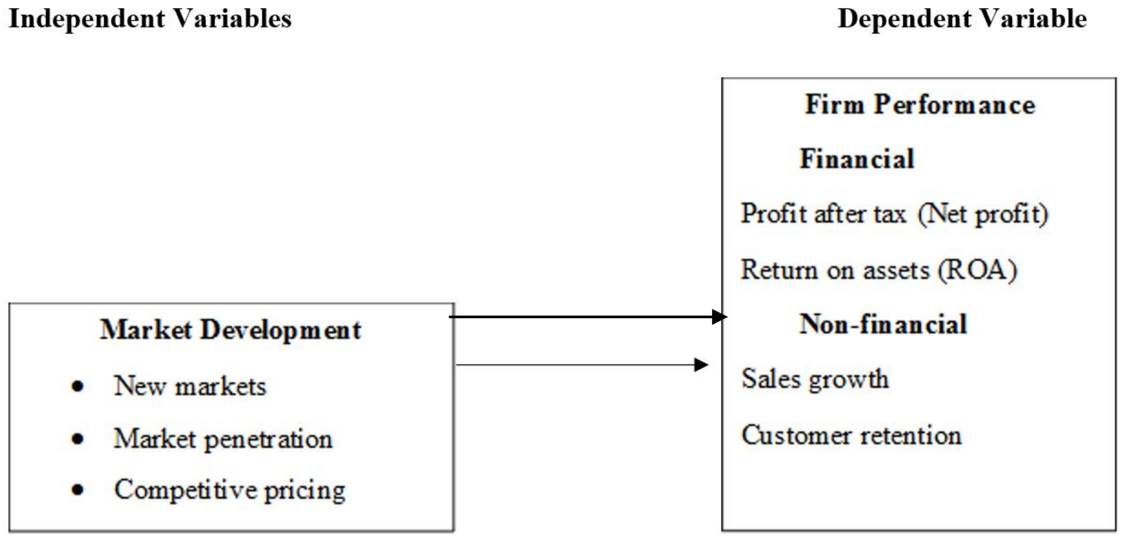

Fig. 1. Conceptual framework

[37]. The judgmental sampling strategy was used in this study since it was the most successful when just a small number of people possessed the feature that the researcher was interested in examining. It was also claimed that the judgmental sampling approach produces more accurate findings (Battaglia, 2013). The respondents were selected from the top cooperative management committee, supervisory committee and employees of the 34 coffee cooperative societies. 2 respondents proportionately from each of the 3 selected strata making it 6 respondents from each cooperative. The choice of 2 respondents was to reduce biasness in information gathered.6 respondents from 34 cooperatives were making a total sample size of 204 respondents who were to participate in the study. The respondents are assumed to have the knowledge that the study is seeking.

3.4 Research Instruments

The study used questionnaire as the main tool for data collection, questionnaire was distributed to the sampled respondents by the researcher with the help of research assistance. The tools were helpful in the research to generate both qualitative and quantitative data. The questionnaire was consisting of two parts. The first part was containing the demographic information of the respondent such as: age, gender and education level. The second part was consisting of five sections that address the four research questions and the dependent variable.

4. RESULTS AND DISCUSSION

4.1 Response Rate

The researcher administered a total of 204 questionnaires to the respondents. However, after data cleaning 17 questionnaires were found not to have been duly filled for the purpose of the study. This left 187 questionnaires to be analyzed, giving a response rate of 91.7 percent. Mugenda and Mugenda [36] posit that a response rate above 50 percent is adequate, 6o percent as good and above 70 percent as very good to make conclusions regarding an entire population. Therefore, the response rate of 91.7 percent was considered to be very good in this study.

4.2 Demographic Information

The first questionnaire segment sought to obtain data of the general information regarding the profile of the participants. The section covered gender, age, highest levels of education and number of years in the current position.

4.2.1 Gender of the respondents

The target respondents were requested to state their gender. The results are as shown in Fig. 2.

As per Fig. 2 results, male respondents made up 52.26 percent of the total, while female respondents made up 44.74 percent. This demonstrates commitment of coffee cooperative societies in Tharaka Nithi county to gender diversity, as the there was no huge variation in male as well as female employees' number amongst participants.

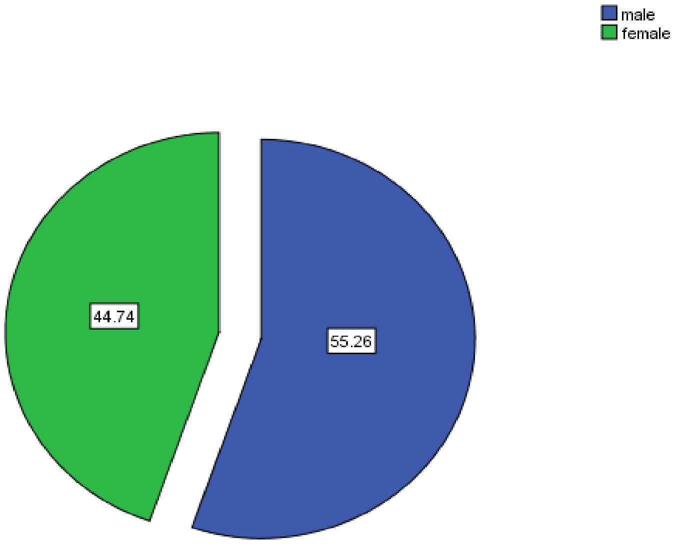

Fig. 2. Gender distribution

4.2.2 Age of the respondents

The research sought to establish the age of the participants involved in this research. Understanding the age of the respondents is important as someone's age can influence their response to the study. The outcomes are depicted in Table 1.

Table 1. Respondents' age composition

Age	Frequency	Percentage
18-24 years	0	0
25-35 years	13	6.9
36-45 years	46	24.6
46-55 years	91	48.7
Above 55 years	37	19.8
Total	187	100

Results from Table 4 displays that majority (48.9%) of the respondents were between the ages of 46 and 54 years, 24.6 percent of the respondents were between the ages of 36 and 45 years, 19.8% were above 55 years, while 6.9% between 25 and 35 years while there was no respondent below the age of 25 years. According to the study findings respondents were mature enough to respond to the questions raised in this study.

4.2.3 Education level

The participants were beseeched to indicate their highest education level. Table 2 gives an illustration of the results.

Table 2. Respondent's education level

Education	Frequency	Percent
Secondary	37	19.8
Diploma	98	52.4
Graduate	40	21.4
Postgraduate	12	6.4
Total	187	100%

Results from Table 2 shows that majority (52.4%) of the respondents had diploma as their highest education level while 21.4% had bachelor degree, 19.8% of the respondents had secondary certificate as their highest education level while 6.4% had postgraduate degree. In most circumstances, a high level of education is related with competency as well as mastery of the necessary abilities to perform one's job tasks.

4.2.4 Years of experience with the organization

The participants were asked to indicate how long they had been with their current employer. The length of time spent with an organization can be used to gauge their understanding of growth strategies adopted the organization for the period of time they have been there.

The results shown in Fig. 3 designated that 33.3% had worked for their organization for 8-10 years, 24.4% for 5-7 years, 17.8% for 2-4 years, 15.6% for above 10 years and only 8.9% had worked for 1 year or less. This indicates that the participants were better positioned to comprehend the questions raised in the questionnaire as they had spent a considerable time in the firm.

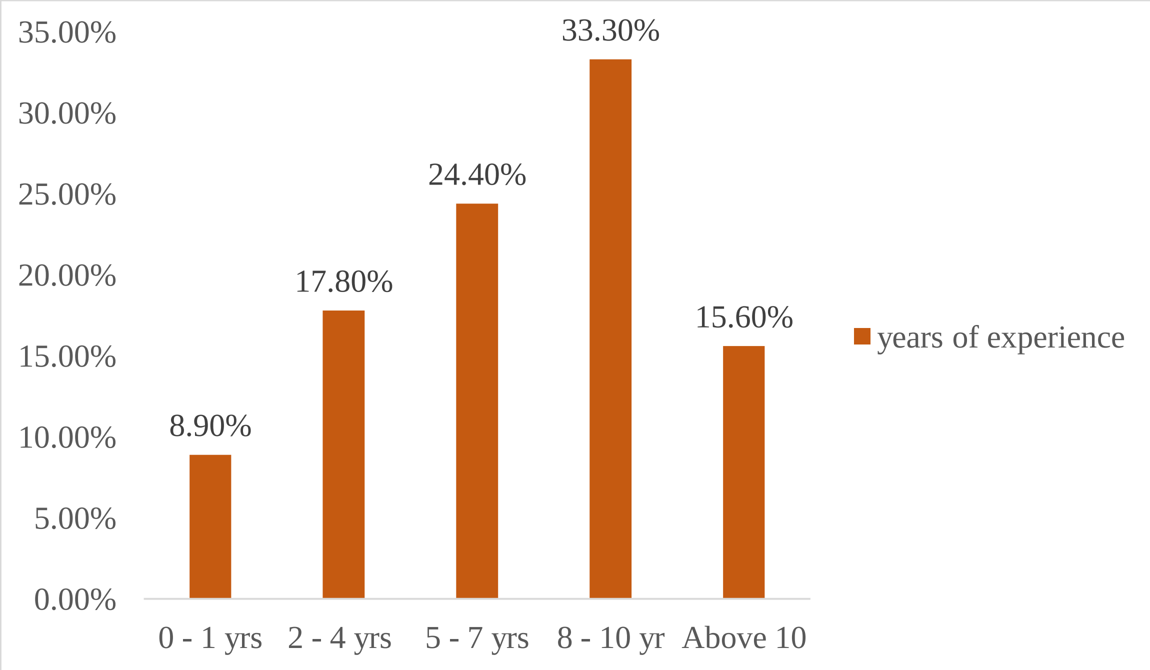

Fig. 3. Years of experience with current employer

Table 3. Descriptive statistics for market development strategy

Descriptive Statistics					
Statements	**N**	**Min**	**Max**	**Mean**	**Std. Dev**
The application of business growth techniques aids in the establishment of new operations in different geographic locations	187	2	5	4.0	.50
Our cooperative has changed its target market	187	2	5	4.2	.60
To help us expand our market, we have invested in market intelligence.	187	3	5	3.8	.70
The cooperative market base has been growing and expanding	187	2	5	3.9	.80
Our cooperative has developed new distribution channels	187	3	5	3.8	.80
Valid N (listwise)	187				
Composite Mean				3.94	.68

4.3 Descriptive Statistics

This section describes the descriptive findings for each of the variables under study, presented in terms of means and standard deviations.

4.4 Market Development Strategy

The study sought to examine the influence of market development on performance of coffee cooperative societies in Tharaka Nithi County. The findings are shown in Table 3.

Table 3 shows the mean as well as standard deviation for the specific attributes of market development strategy. The findings show that coffee cooperative societies in Tharaka Nithi County have adopted a market development strategy to a large degree. The reality that the mean scores for attributes associated with market development strategy were 3.94 on a five - point Likert scale with a standard 0.68 deviation backs this up. Those surveyed agreed application of business growth techniques aids in the establishment of new operations in diverse geographic locations as a 4.0 mean depicts and that the firm has changed its target market as displayed by a 4.2 mean. Participants also agreed that their cooperative has been investing in market intelligence to enhance market expansion as shown by a mean of 3.8 and that the cooperative's market base has been growing and expanding as shown by a mean of 3.9. Equally, the participants too approved that their cooperatives have developed new distribution channels as shown by a mean of 3.8. The findings of this study concur with Wanyoike (2016) who looked into the relationship between performance and product creation strategies in Kenyan Mombasa county-based logistics firms. The results reveal that product development strategies in Mombasa County based logistic companies, affect product development, and product innovation being the most important strategy. The study findings are also in line with Mahran (2017) who finds that product development strategy permits businesses to attain a competitive edge, bring new clients, maintain existing customers, as well as reinforce relations with distribution systems in Sudan. The findings were also similar to those of study by Mbithi, Muturi and Rambo (2015) on the effect of market development strategy on performance in sugar industry in Kenya. The findings revealed that market development has a significant predictive influence on performance.

4.5 Regression Analysis

The regression analysis encompasses the model fitness, the Analysis of Variance (ANOVA) and the regression coefficients. This is as demonstrated in Table 4.

Diversification strategy, product development strategy, market penetration strategy and market development strategy were considered satisfactory in explaining performance of coffee cooperative societies in Tharaka Nithi County as Table 4 depicts. This is as reflected by an R square of 0.465. As a result, diversification strategy, product development strategy, market penetration strategy, and market development strategy account for 46.5 percent of the variance in coffee cooperatives performance, with the remainder explained by factors beyond the context of the research. The other assumption is that the model that connects the variables is adequate. The 0.682R value implies that there exists a strong correlation between the predictor variables (diversification strategy, product development strategy, market penetration strategy and market development strategy) and performance of coffee cooperative societies.

Table 5 shows that the model is significant, as evidenced by F statistic of 8.701 as well as a p value of 0.000. This shows that diversification strategy, product development strategy, market penetration strategy and market development strategy are good predictors of coffee cooperative's performance. The regression analysis helped to demonstrate the magnitude of influence diversification strategy, product development strategy, market penetration strategy and market development strategy have on telecommunication firms' performance.

Results demonstrated a positively significant relationship between diversification strategy and coffee cooperative's performance (β 0.274, P 0.000). This demonstrate that rise in diversification strategy by a unit would cause an enhancement on coffee cooperative's performance by 0.274 units. Outcomes also portrayed a positively significant correlation between product development strategy and coffee cooperative's performance (β 0.179, P 0.019). This point out that increase in product development strategy by one unit would cause an improvement on coffee cooperative's performance by 0.179 units.

Table 4. Model fitness

Model Summary				
Model	**R**	**R Square**	**Adjusted R square**	**Std. error of the estimate**
1	.682[a]	.465	.412	.395070

a. Predictors: (Constant), market development. diversification, product development, market penetration

Table 5. Analysis of variance

ANOVA[a]						
Model		**Sum of squares**	**df**	**Mean square**	**F**	**Sig.**
1	Regression	5.432	4	1.358	8.701	.000[b]
	Residual	6.243	183	.156		
	Total	11.675	187			

a. Dependent Variable: performance

b. Predictors: (Constant), market development, product development, market penetration, diversification

Table 6. Regression coefficients

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.266	.382		3.357	.000
	Diversification	.274	.075	.330	3.646	.000
	Product development	.179	.075	.204	2.376	.019
	Market penetration	.152	.166	.178	2.181	.031
	Market development	.199	.085	.192	2.346	.021

a. Dependent Variable: performance

5. CONCLUSIONS

This research shows that coffee cooperatives societies have implemented a diversification strategy. This is backed up by the fact that the attributes related to diversification strategy mean scores were more than three. The participants approved that their firm has indulged in other ventures not related to the telecommunications industry. The respondents however disagreed with the statement that good diversification entail paths of growth that diverge from the organization's current markets and goods concurrently.

The research also found out that coffee cooperatives create new goods that are tailored to the needs of its existing consumers and that the cooperatives acquires new products that are suitable to the current customers. Furthermore, the participants agreed that their cooperatives deliver new services that are suited for present customers and that their company has developed commercially unique products/services that appealed to existing clients.

The research found that diversification strategy had a positive impact on the performance of coffee cooperative societies. The regression and correlation results back up the findings, as there was a significant positive association between diversification strategy and the cooperative's performance.

6. RECOMMENDATIONS

The study revealed that product development strategy influenced coffee cooperative's performance positively. As a result, the research suggests that cooperatives that have not yet adopted a product development strategy establish internal organizational policies and cultures to encourage product development strategy adoption. These cooperatives can use the product development strategy as a competitive tool to improve performance.

7. SUMMARY OF THE FINDINGS

7.1 Market Development Strategy and Performance

The research's first objective was to examine the influence of market development on performance of coffee cooperative societies in Tharaka Nithi County. According to the findings of the correlation research, market development strategy showed a positive as well as significant relationship with performance. According to the correlation data, a positive increase in market development strategy corresponded to a positive improvement in cooperative performance. The regression results revealed that market development strategy and firm performance have a positive and significant link. The conclusions implying that a change in market development strategy would result to an increase in performance of cooperative societies.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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