CORPORATE STRATEGIES AND PERFORMANCE OF COMMERCIAL STATE CORPORATIONS IN KENYA

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ABSTRACT

The high competitive business environment has pressed businesses to their limits, necessitating the adoption of strategic management techniques that support strategies, choices, and actions that would improve the performance of the organization and archive profitability, success, and wealth creation. However, majority of Kenya's commercial state businesses are plagued with ineffectiveness and providing substandard products and services. Therefore, this study sought to explore the effect of corporate strategies on performance of Commercial State Corporations. The study sought to establish the effect of diversification, product development, strategic alliances and integration on performance of Commercial State Corporations in Kenya. The research specifically reviewed the institutional theory, revenue diversification theory, resource based theory and mathematical theory of games. A descriptive research design was employed. The 33 commercial state entities in Nairobi were the study's target population. The unit of observation therefore comprised of 492 management employees in the Commercial State Corporations. The study grouped the population into strata based on their management level. The study picked respondents from each strata using stratified random sampling. Self-administered questionnaires were used to collect primary data. For all quantitative variables, descriptive statistics such as frequencies, percentages, mean score, and standard deviation were computed and data presented in tables. Content analysis was used to assess the qualitative data from the open-ended questions. The multiple regression analysis was used to establish relationships between the independent and dependent variables. The study revealed that strategic alliances had the most notable and highest impact on performance of commercial state corporations in Kenya, followed by product development, and then integration while diversification had the least impact on the performance of commercial state corporations in Kenya in Kenya. The study recommended that the commercial state corporations in Kenya should partner with the major wholesale distributors in the markets and have licensees of the products in many markets. It is also recommended that the management of commercial state corporations in Kenya seek appropriate kinds of partnerships and alliances that will help enhance their own market share and growth.

KeyWords: Corporate Strategies, Diversification, Product Development, Strategic Alliances and Integration.

INTRODUCTION

In today's competitive business environment, corporate strategies play a critical and strategic role in enabling organizations meet their goals and objectives. Creating a corporate strategy entails creating a general formula for the manner an organization would compete, what its goals should be, and what policies would be needed to achieve those goals. Corporate strategy is a combination of the firm's desired outcomes (goals) and the methods (policy) by which it intends to achieve them (Porter & Kramer, 2011). The development of corporate strategies may be influenced by the opportunities provided by a varying environment. Such development, often referred as the hunt for strategic fit, entails changing internal strategic capacities to better match such opportunities. The strategic position of an organization is about determining the impact of the strategic capability (resources and competences) of the organization, external environment and the expectations and expected to use the various opportunities available to achieve the organization's objectives (Ambrosini & Bowman, 2009).

The impact of the external environment, the firm's strategic capability and stakeholders influence and expectations on strategy are all factors to consider when determining a company's strategic position. This analysis allows the organization to formulate strategic choices that address the circumstances in which it operates. The development of strategic goals and objectives is expected to make use of the various opportunities available to the organization. A company can run promotions and lower prices to attract, as many new customers as possible, but the business will not be viable for long unless some of those consumers return. Effective corporate strategies1focus1on bringing consumers1back and making them happy—happy enough to spread positive1word about the1company's1operations1to others, who may subsequently try the1product or service1the1company offers1and become1repeat customers (Christensen, 2013).

In increasingly competitive world, being able to generate client loyalty is viewed as a major aspect in gaining market share and gaining a competitive advantage (Kottler & Keller, 2009). This is the process in which an organization is able to continue with its business and making money over its competitors. It occurs when the organization is able to come up with a strategy that makes it possible to outdo its rivals. By implementing a corporate strategy, a firm acquires competitive edge over its rivals. When a firm has the ability or means to outperform its competitors in the quest of customer favours, it is said to have a competitive advantage (Kim & Mauborgne, 2014).

All of a company's moves and techniques to entice buyers, endure competitive pressure, and enhance its position in the market are referred to as corporate strategy. It refers to what a company does in order to obtain a long-term competitive advantage. Combining various tactics is only successful in a single case in India. Incorporating product differentiation and market segmentation strategies is a good technique to fit the product strategy (supply side) of commercial state enterprises to the features of their targeted segments in the market (demand side). However, because of the possible conflict between minimization of cost and extra cost of value-added differentiation, combinations like cost leadership with differentiation of product are difficult (though not impossible) to accomplish. Undertaking offensive or defensive activities to develop a defendable position in the industry is part of corporate strategy (Jenkins, 2009).

In Saudi Arabia, Corporate strategies are theoretically and statistically possible. Furthermore, high-performing commercial state businesses have a higher level of strategy coherence than lower-performing companies do. This is because high-performing companies are able to achieve both competitiveness and long-term viability. Furthermore, different business strategies face distinct impediments to obtaining their competitive advantage, bolstering the argument that western strategy models are adaptable to emerging countries like Saudi Arabia. The two opposing approaches to sustainable competitiveness are used to establish company strategies. Market position and resource-based methods are the two options. For present and future competitiveness, both of these techniques are required (Zamani, Parnell, Labbaf & O'Regan 2013).

In Beijing, companies must seize unexpected opportunities, adapt to challenges, and outmaneuver their competitors in order to survive and flourish in this increasingly competitive market. In a difficult environment, strategy can be defined as an organization's long-term direction and scope that creates an advantage for the organization through its resource pattern. Organizations have strategies at various levels, from the top down to the bottom up, from the top down to the bottom up. Corporate strategies, on the other hand, are classified into three levels: corporate, business, and functional. This development has been hastened by the rising internationalization of production, distribution, and marketing of goods and services. Globalization's key aspects also point to a significant phenomenon: competitiveness. In today's dynamic market and commercial state corporation environment, long-term competitive advantage has become one of the most important goals. As a result, one of the most essential duties of decision makers is to establish successful company strategies in order to get a competitive edge (Parniangtong, 2017).

In the European market in the early stage, to improve non-core elements, an incremental innovation approach and innovation integration method were used, and cheap pricing compensated for technological shortcomings. Internal and open innovation is used in the intermediate stage; in the meantime, modular and incremental innovation is used to improve the technology of core components and non-core parts, laying the groundwork for incrementally enhancing premium. Furthermore, it is critical to employ the strategic mix (Tukker & Tischner, 2017).

The government is increasingly required to collect a large amount of revenue in the form of taxes in order to meet the country's rising financial expenditures. Automated technologies have been shown to boost revenue collections by adding huge efficiencies to company procedures. The application of technical solutions to government strategic goals is a critical step in transforming government into an organization that can keep up with today's modern needs, requirements, and expectations. Within the tax reform proposals, the challenge of public revenue collection should be broadly conceived. A fundamental step in converting government into an organization that may tolerate the desires, requirements, and prospects of present modern world is to apply technological solutions to strategic goals for government (Gideon & Alouis, 2013).

Organizations in the African continent are involved in development of corporate strategies where managers are concerned with harmonizing the organization's current state with resource allocation. In Rwanda, commercial state companies are confronted with numerous obstacles in a variety of sectors of operation, owing mostly to fierce rivalry and a lack of change, or the failure to implement reform if it has been brought at all. Rapid environmental change, competition for innovative products and services, shifting demand for customer and investor, and globalization is now the norm for businesses. Commercial state corporations must constantly improve their performance in order to compete effectively by lowering prices, improving quality, and differentiating their products and services. Designing strategic change management methods to diagnose a firm's strategic needs, which are necessary to implement a corporate strategy and achieve operational goals, could provide a sustained competitive advantage from the firm's human capital (Ndahiro, Shukla & Oduor, 2015).

In Nigeria, the current business environment is marked by intense competitiveness, dynamism, and technological sophistication. This is especially difficult for organizational managers, who must devise and execute strategies that would influence them to reach and maintain better levels of performance. As a result, corporate strategies play a critical role as firms strive for industry leadership. Nigeria's commercial state enterprises operate in a tough economic environment characterized by fierce rivalry. As a result, executives are increasingly looking for strategic ways to achieve, improve, and maintain organizational performance and competitive advantage. The development and implementation of strategy must be viewed as critical elements in the management of commercial state businesses. This is because strategy specifies the path in which business executives wish to proceed in order to attain their objectives (Uchegbulam & Akinyele, 2015).

In Ethiopia, for decades, tax contribution to GDP has been quite low, and this needs to change. On the other hand, the Ethiopian government is dedicated to eradicating poverty and ensuring long-term development, and it will be impossible to fulfill this aim without adequate revenue to fund at least the government's budget. The sum of all existing best practices at any given time, or the most value that a company can provide at a given cost employing the best available technology, skills, management strategies, and acquired inputs, is the state of best practice. As a result, when a company improves the efficiency of its operations, it draws closer to best practices. As new technology and management approaches are developed, as well as fresh inputs become accessible, the state of best practice continues to rise. Managers must use approaches such as continuous improvement, empowerment, and learning organization, among others, to stay up with changes in best practices. Despite the fact that organizations improve on numerous dimensions of performance at the same time as they advance toward best practices, the majority of them fail to compete successfully based on operational effectiveness over time. This is due to competitors' ability to quickly duplicate best practices such as management strategies, new technology, and input enhancements (Parniangtong, 2017).

In Tanzania, strategy is based on the firm’s available and required resources, skills and competency, culture and values. Desirability refers to if the strategy is in a position to meet the goals of commercial state businesses in terms of anticipated earnings, synergies, risk levels, and stakeholder demands and expectations. Feasibility refers to whether a strategy is practicable in terms of the changes that would be needed, its capability to meet important success elements, and the demands that this will have on an organization. An organization's strategy entails combining its corporate goals with its available resources. An organization's strategy entails combining its corporate goals with its available resources. Managers are concerned with harmonizing the organization's business with resource allocation during strategy creation. This procedure is concerned with an organization's general purposes, whether they are part of the grand plan, general aims, or a strategy to ensure the company in business (Kasimila, 2013).

Due to the impact on the functioning of commercial state firms, corporate strategies are an important part of fiscal policy and administration in every economy. Every organization's fuel, as well as an instrument for ensuring performance, is it. According to research, it is incongruent for county governments to rely solely on the federal government for funding to start or maintain initiatives with a local impact. Investing in contemporary technologies such as the Integrated Financial Management Information System (IFMIS) is to modernize the public system to get information sharing and integration in order to improve the system's efficiency and effectiveness (Mutisya, 2014). Alternative strategies for improving performance in commercial state corporations include implementing revenue targets quarterly and annually, metrics for performance appraisal, education to the public through forums for taxpayer education, data services and the establishment of a MIS department (Kondo, 2015). In the management of resources by commercial state corporations, there is need to designate points for efficiency and convenience.

Furthermore, losses due to tax evasion and corruption must be decreased by enforcing stricter penalties. Metrics are needed to improve compliance and to enhance the accountability (Savitz, 2013).

Otieno et al. (2013) postulate that investment in corporate strategies is critical for state-owned enterprises. This is because computerized Information Systems improve performance. Computerization of a company's operations improves efficiency, management integrity, and the availability of clear records, among other things. Kenyan commercial state enterprises must rethink their strategies and pursue additional reforms in order to fully realize their potential in an inelastic economy (Ochieng, Wawire, Manyasa & Thuku, 2014).

Commercial State Corporations in Kenya

The State Corporations Act, Chapter 446 of the Kenyan Laws, governs state corporations in Kenya. The parastatals are founded by an Act of Parliament and a presidential order to establish corporations to execute certain functions in the economy of the country. Commercial/manufacturing, public universities, regional, regional development authorities, training and research, regulatory activities, tertiary education, training education/training state and financial corporations are examples of parastatals that have been established to meet commercial and social functions (Parastatals Report, 2013).

State corporations are government institutions formed for attainment of several objectives like to correction of market failure, exploitation of political and social goals, spreading the income and development in marginal areas and provision of education and health. They are government state corporations that generate earnings and may self-sufficiently manage their financial duties. Apart from the contribution of the commercial state corporations in the Kenyan economy, they have continued to underperform due to the high economic changes and poor perception from the citizens towards the products and service (Vision 2030).

According to State Corporation Advisory Committee (2018), there are 33 commercial state corporations in Kenya. Very few of them have the pre-requisite strategic responses that are necessary for sustainability. This is explained by the huge amount of costs involved in setting up strong systems besides the skill gap in the labor market. It is only through proper implementation of the corporate strategies that will ensure sustainability of commercial state corporations can be enhanced (Kimeo & Achuora, 2021).

Statement of the Problem

Through the provision of public services, commercial state corporations play a significant role in most economies. They have a wide range of responsibilities, from manufacturing to service providing, environmental protection to education and training, research, and maritime (Presidential Taskforce on Parastatal Reforms Report, 2014). As a result, they are anticipated to meet industry's needs, create stable employment, and increase public participation. The performance of the commercial State Corporation, on the other hand, has been varied, with remarkable achievements as well as substantial failures (Republic of Kenya, 2013). Despite these significant socioeconomic achievements, ineffectiveness and providing substandard products and services (Kim & Mauborgne, 2014) plague the majority of Kenya’s commercial state businesses.

A report by The Presidential Taskforce on Parastatal Reforms (2013) indicated that from one hundred and thirty (130) reports scrutinized by the Auditor General, only twenty-three (23) State Corporations were viable. The report released by the Government for 2011/2012, 11 commercial State Corporations incurred losses in comparison with 12 in 2010/2011 and 16 in the period 2009/2010. The loss accounts for 21%, 23% and 31% respectively for commercial entities possessed by the Government. For the past four years, Kenya's public debt has been the country's most pressing fiscal concern. Not only has the debt-to-GDP ratio skyrocketed, but there have also been serious questions about the complexities of the loan agreements.

Strategic management options such as diversification, product development, strategic alliances and integration have been utilized successfully by poorly performing organizations in order to prepare for coming challenges and hence enhance performance in the end. Strategic management examines why some companies succeed while others fail, as well as the factors that contribute to a company's success or failure (Kimaiyo, 2018). Firms operate in a dynamic and tumultuous business environment, with regular and rapid changes that can leave previous plans obsolete (Wanyeri & Moronge, 2018). The high competitive business environment has pressed businesses to their limits, necessitating the adoption of strategic management techniques that support strategies, choices, and actions that would improve the performance of the organization and archive profitability, success, and wealth creation. The corporate strategies are chosen about the firms’ capabilities, competencies and to balance with the changes in the external environment with aggressiveness and ensure sustainability in a competitive environment (Chepkosgei, Mwangi & Kinyua, 2020).

Various studies have been conducted on corporate strategies. They include: Kimaiyo (2018) investigated the strategic reactions of Kenyan Commercial State Corporations to alterations in the external environment and frim performance. Wanyeri and Moronge (2018) investigated the effect of strategic management alternatives on commercial state firms' outcomes in Kenya. Chepkosgei, Mwangi, and Kinyua (2020) investigated the impact of strategic communication on financial and commercial state firms' performance in Kenya. The link between corporate strategies and business performance was the subject of Arasa and Gathinji (2014): A case study of Kenyan mobile telecommunications firms. These prior studies have not focused on the effect of corporate strategies on performance of Commercial State Corporations. However, this study focused on the effect of corporate strategies on performance of Commercial State Corporations in Kenya.

Objectives of Research

The objective of the study was to establish the effect of corporate strategies on performance of commercial state corporations in Kenya. The study was guided by the following objectives;

i. To establish the effect of diversification strategy on performance of Commercial State Corporations in Kenya.
ii. To analyze the effect of product development strategy on performance of Commercial State Corporations in Kenya.
iii. To evaluate the effect of strategic alliances on performance of Commercial State Corporations in Kenya.
iv. To assess the effect of integration strategy on performance of Commercial State Corporations in Kenya.

THEORETICAL FRAMEWORK

This section looks at the study theoretical underpinning. The research will specifically review the institutional theory, revenue diversification theory, resource based theory and Dynamics capabilities theory.

Institutional Theory

John Meyer and Brian Rowan introduced this theory in the late 1970s. Meyer, Rowan, Powell and DiMaggio (1991) are the institutional theorists who believe that the institutional context, often more so than market constraints, can have a critical effect on the establishment of formal structures in an organization. The institutional theory approach's core principles and premises give important guidance for studying organization-environment linkages, with a focus on social conventions, expectations, norms, and values as bases of organizational pressure. Instead of efficiency or effectiveness as the fundamental firm goal, this idea is based on the concept of legitimacy. Regulatory structures, social values, governmental agencies, rules, laws, court, public opinion, experts and interest groups are all examples of institutions that make up the environment. The assumption of this theory is that a company conforms to its surroundings. However, there are several fundamental characteristics of frim environments and undertakings that institutional theory does not fully address, making the method problematic for properly comprehending credit reference bureaus and their surroundings: the firm's reliance on external resources and being able to adapt to or change its surroundings (Martins & Martins, 2012).

In the environment, innovative structures that promote technological efficiency in early-adopter companies are legitimized. Finally, these innovations gain legitimacy to the point that failing to accept them is viewed as "irrational and careless" (or they change to legal mandates). Even if the structural shape does not improve efficiency, new and existing businesses will embrace it at this point. This theory is significant to this research because it explains the organization's environment, which includes regulatory structures, social values, governmental agencies, rules, courts, laws, professional, public opinion, professional norms and interest groups. Therefore, this theory gives a background on understanding strategic alliances.

Revenue Diversification Theory (RDT)

Economist Harry Markowitz developed this theory in the 1950s; According to Bernelot (2013), revenue diversification, or an equitable balance of numerous income sources in a nonprofit organization's revenue portfolio, usually leads to enhanced financial stability. The revenue diversification approach, which is based on finance MPT, would be used as the second possible strategy for revenue for county governments in this study. The revenue diversification theory, according to Bernelot (2013), examines if a more varied, well-balanced revenue portfolios improve stability financially for a county by lowering volatility of revenue. The tactics used to increase revenue have a good impact on finances. Revenue collection performance has been proven to be improved by commercial and market-oriented revenue tactics.

Revenue comes from a variety of sources, and nonprofit organizations' revenue portfolios must have an equitable balance of numerous income sources, which usually leads to enhanced financial stability. The use of many revenue streams ensures the predictability and stability of revenue sources in public finance. It also implies that no single source of funding has dominance or is depended on to the exclusion of other sources of finance. This ensures that service delivery in the public sector is consistent due to steady revenue flow. Thus, this theory of diversification helps in explaining the variable of diversification in this study.

Resource Based Theory

Wernerfelt, (1984), propounded the resource-based theory of the firm. The resource-based view (RBV) is an economic method for determining a company's strategic resources. The RBV's key idea is that a firm's competitive edge is principally based on the deployment of the bundle of valued resources at its disposal (Wernerfelt, 1984). To turn a short-term competitive edge into a long-term competitive edge, these resources must be heterogeneous and not completely movable (Peteraf, 1993). This effectively

changes valuable resources into resources that is neither perfectly imitable nor substitutable without a significant amount of work. If these circumstances hold, the resources of the firm will be able to help it maintain above-average returns.
The current prevalent approach of corporate strategy, RBV of businesses (RBV), is based on economic rent concept and the organization view as a group of skills. This approach to strategy has a coherence and integrative role that puts it ahead of other approaches to strategic decision-making. Traditional strategy models, like Michael Porter's five forces model, concentrate on the organization's external competitive environment. The majority of them do not attempt to explore inside the business. The resource-based perspective, on the other hand, emphasizes the importance of a match between a company's external market setting and its internal capabilities (Liu, 2020).

The RBV, in contrast to the Input/output Model (I/O model), is based on the belief that the internal environment of the firm, in terms of capabilities, and resources is so important than the external environment in determining strategic action. The RBV indicates that a company’s unique capabilities and resources give the basis for a strategy, rather than emphasizing on the resources accumulation required to execute the strategy imposed by situations and restrictions in the external environment (I/O model). The chosen business plan ought to allow the company to best uses its main skills in relation to external chances (Peteraf, 1993).

Organizations want to keep their unique product (competitive advantage) and will fill resource and capability deficiencies in the most cost-effective way possible. The resource-based approach makes it simpler to justify cataloguing outsourcing since it highlights that cost-effective solutions are required for certain of the major tasks in order to achieve the organization's core goal (provide organized access to resources). As a result, this theory will aid in explaining the impact of integration on the performance of Kenya's Commercial State Corporations.

Dynamic Capabilities (DCs) Theory

Teece, Pisano and Shuen developed this theory in 1997. The dynamic capacities hypothesis highlights a company's ability to incorporate, expand, and renew its internal capacity in response to difficulties posed by quickly varying business surroundings (Teece et al., 1997). DCs, according to the above description, promote continual alteration and the conformation of a firm's productive resources to better adapt to its surrounding.

The literature implies that managing of diverse competitive businesses invests in the process of development for survival in specific dynamic situations (Schilke, 2014; Takahashi, Bulgacov & Giacomini, 2017). Steady product development practices (PDPs) and introduction of product necessitate a wide range of actions that are the influencers behind a firm's routines and competitors' tactics, assuring environmental adaption in a number of industries (Battisti & Christofi, 2021). The DC theory serves as the foundation for this study on commercial state companies' product development methods, as it explains how commercial state corporations build and integrate capabilities, assets and resources for novel product creation in reaction to changing business requirements.

RESEARCH METHODOLOGY

The study adopted a descriptive research design. A descriptive design aims to determine how frequently something occurs or what the link between variables is (Polit & Beck, 2013). As a result, this strategy is appropriate for this study, which aims to collect thorough data through descriptions that will aid in the identification of factors. Based on recommendations of Newman and Gough (2020) in describing the unit of analysis for the study, the target population was the 33 commercial state corporations in Nairobi. The unit of observation was therefore comprise of 492 management employees in the Commercial State Corporations. Stratified random sampling technique was utilized to select the sample. Snyder (2019) claims that stratified proportionate random sampling produces more precise estimates of general population parameters and assures that a more representative sample is drawn from a relatively homogeneous population. The population was divided into strata based on their level of management in the study. The study picked 216 respondents from each strata using stratified random sampling.

Self-administered questionnaires collected primary data. The tool includes both open-ended and closed-ended questions. The open-ended questions encouraged the responder to provide an in-depth and felt response without feeling constricted in illuminating any information, whereas the closed ended questions allowed the respondent to respond from a limited range of options. This study also analyzed secondary data to investigate performance of Commercial State Corporations in Kenya. Secondary data involved the collection and analysis of published material and information from sources such as annual reports, published data on company websites, research centers and libraries. This study collected annual data on market shares, customer satisfaction index, cost of investment, and net investment gain of the commercial state corporations. This data complemented the primary data collected to ensure that there were no research gaps.

The Statistical Package for Social Sciences (SPSS Version 25) was used to analyze the data. All of the completed questionnaires were referenced, and the items in the questionnaire were coded to make data input easier. For all quantitative variables and information provided in tables, descriptive statistics such as frequencies, percentages, mean score, and standard deviation were computed after data cleaning, which includes checking for entry errors. Content analysis was used to assess the qualitative data from the open-ended questions. The link between the predictor and response variables was established using inferential statistics such as Pearson's product moment correlation and multiple regression analysis. The data was analyzed using multiple regressions analysis to determine the impact of company strategies on performance. Since there were four predictor variables in this study the multiple regression model generally assumed the following equation;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where: - Y= performance of Commercial State Corporations in Kenya

β_0=constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = beta coefficients

X_1= Diversification

X_2= New product development

X_3= Strategic alliances

X_4= Integration

€=Error Term

RESEARCH FINDINGS

Pearson Correlation Analysis

According to Ward (2013), correlation technique was used to analyse the degree of association between two variables. Pearson correlation coefficient was used to determine the strength and the direction of the relationship between the dependent variable and the independent variable. The analysis using Pearson's product moment correlation was based on the assumption that the data is normally distributed and because the variables are continuous.

Table 1: Correlation Matrix

		Performance of commercial state corporations	Diversification	Product development	Strategic alliances	Integration
Performance of commercial state corporations	Pearson Correlation	1				
	Sig. (2-tailed)	.				
Diversification	Pearson Correlation	.646	1			
	Sig. (2-tailed)	.023	.			
Product development	Pearson Correlation	.744	.513	1		
	Sig. (2-tailed)	.027	.026	.		
Strategic alliances	Pearson Correlation	.522	.423	.0.327	1	
	Sig. (2-tailed)	.028	.012	.018	.	
Integration	Pearson Correlation	.734	.533	.520	.431	1
	Sig. (2-tailed)	.042	.009	.002	.014	.

The study computed the constructs into single variables per factor by obtaining the averages of diversification, product development, strategic alliances and integration. Pearson's correlations analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed. The table above indicates the correlation matrix between the corporate strategies (diversification, product development, strategic alliances and integration) and performance of commercial state corporations in Kenya.

As per the table there is a positive relationship between performance of commercial state corporations in Kenya and diversification as shown by coefficient of 0.646, a positive relationship between performance of commercial state corporations in Kenya and product development as shown by coefficient of 0.744, a positive relationship between performance of commercial state corporations in Kenya and strategic alliances as expressed by coefficient of 0.522 and a positive relationship between performance of commercial state corporations in Kenya and integration as illustrated by a coefficient of 0.734. This shows all variable were significant in determining the performance of commercial state corporations in Kenya.

Regression Analysis

Regression analysis provides an explanation on how the dependent variable is affected by the independent variables.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.879	0.773	0.728	0.195

Table 2 shows how the model equation is fit for the study data. The value of the adjusted R^2 was 0.728 showing that 72.8% of the performance of commercial state corporations in Kenya is explained by product development, diversification, and strategic alliances and integration which leave 27.2% of the performance unexplained. It is prudent that other scholars conduct related research to establish the other factors affecting performance of commercial state corporations in Kenya.

Table 3: ANOVA Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.141	4	1.535	65.391	.000
	Residual	3.733	159	0.023		
	Total	**9.874**	**163**			

The obtained value of 0.000 is proof that the regression model was significant in providing an explanation on how product development, diversification, strategic alliances and integration affected performance of commercial state corporations in Kenya. The F calculated was higher than the F critical at 65.391compared to the F critical value of 2.417 showing that this model was significant.

Table 4: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.854	0.143		5.972	0.000
Diversification	0.608	0.196	0.678	3.102	0.003
Product development	0.786	0.354	0.634	6.956	0.030
Strategic alliances	0.907	0.148	0.786	6.507	0.000
Integration	0.683	0.213	0.498	4.216	0.002

The established model for the study was:

$$Y = 0.854 + 0.608 X_1 + 0.786 X_2 + 0.907 X_3 + 0.683 X_4$$

According to the regression model results with all factors considered (diversification, strategic alliances, integration and product development) constant at zero, performance of commercial state corporations in Kenya was 0.854. The outcomes also show that when other factors are held constant a single unit increase in diversification increases the performance of commercial state corporations in Kenya by 0.608. This concurs with Christensen (2013) who indicated that diversification is thought to increase economic benefits by more effectively utilizing organizational resources across numerous markets.

The outcomes also show that when other factors are held constant a single unit increase in product development increases the performance of commercial state corporations in Kenya by 0.786. This is similar to Christensen (2013) who investigated the impact of product development on firm performance and established that organizations must invest extensively in market research programs in order to detect changes in consumer needs as a product's useful life develops.

Further, the outcomes also show that when other factors are held constant a single unit increase in strategic alliances increases the performance of commercial state corporations in Kenya by 0.907. This contrasts with Muthoka and Oduor (2014) who reviewed the impact of strategic alliances on organizational performance in Kenyan supermarkets and revealed a considerable negative association between technology strategic alliances and performance.

Further, the outcomes also show that when other factors are held constant a single unit increase in integration increases the performance of commercial state corporations in Kenya by 0.683. This agrees with Mutisya (2014) who investigated the effects of an integrated system in Machakos County, and the obstacles to its execution and discovered that using an integrated revenue collection system had a beneficial impact on revenue collection.

Overall, strategic alliances had the most notable and highest impact on performance of commercial state corporations in Kenya, followed by product development, and then integration while diversification had the least impact on the performance of commercial state corporations in Kenya in Kenya. All the study variables were significant ($p<0.05$).

Conclusion

The study concluded that there is a positive and significant relationship between performance of commercial state corporations in Kenya and diversification. The study concluded that there is a major boost in the revenues to these corporations from the introduction of new unrelated products by utilization of the existing technological capacity. The expansion of geographical markets to other regions and countries has also had its own impact on the performance of the featured corporations.

The study concluded that there is a positive relationship between performance of commercial state corporations in Kenya and product development. The study concluded that the commercial state corporations' range of products should be of 1st class innovation. The banks should aim at enabling customer's access their services online. Moreover, it is determined that commercial state corporations' do not have range of products, and therefore they should maintain a wide range of products.

The study concluded that there is a positive and significant relationship between performance of commercial state corporations in Kenya and strategic alliances. The study deduced that strategic alliances promoted collaborations and technology transfer with the commercial state corporations in Kenya. It was also concluded that balancing the needs of all the partners was crucial in performance of the commercial state corporations in Kenya.

The study concluded that there is a positive and significant relationship between performance of commercial state corporations in Kenya and integration. The study deduced that integration may be due to highly established relationships between organizations and their suppliers in the supply chain. Collaboration with suppliers in terms of production information sharing, strategic partnerships and participation in product development and design processes are the highest ranked practices. Further, by cooperating with supply chain partners, functional processes are linked and this in turn leads to effective use of resources. This may lead to improved efficiencies as well as cost savings which improves operational performance of the organization.

Recommendations

The study recommended that the commercial state corporations in Kenya should partner with the major wholesale distributors in the markets and have licensees of the products in many markets. This can reduce the operational cost by teaming with similar organizations, market products and services together with other organizations. There is also need to have the franchised the products and is done in the identified markets.

The study recommended that the commercial state corporations in Kenya should have formal and documented strategies which should be formulated by representatives of all partners. They should also then be reviewed annually to track progress. It is also recommended that the management of commercial state corporations in Kenya seek appropriate kinds of partnerships and alliances that will help enhance their own market share and growth. Secondly, it is also recommended that the firms may need to reconsider reasons for engaging in strategic alliances and understand whether they will gain capabilities, knowledge, and find it easier to access new markets. This means that decisions can be built on these factors before deciding on the value of the venture.

That commercial state corporations in Kenya should closely work together with suppliers in order to increase the level of integration which in turn increases the operational performance through linking both suppliers and the organization with advanced information system to facilitate the flow of materials, information, and experiences, in addition to control the inventory movement.

The study recommended for the commercial state corporations in Kenya to have different products and services in the market, have increased the market niche and different packet sizes for the markets. The organizations should have convenient and attractive packaging that are made of products and services with different tastes. The organization should discover the new uses of the products and services with a wide array of products that lead to customer satisfaction in the organization.

The study recommends that commercial state corporations in Kenya should always aim to maintain a strong reputation in the market which will make the bank stand out. To be competitive and to command a higher market share, commercial state corporations in Kenya must undertake rapid innovations.

This recommended that authorities in the corporations that wish to go commercial should embrace diversification strategy to enhance their performance. Similarly, the government should create an enabling environment for the commercial state corporations in Kenya to diversify. This should be done through favourable legislation such as removal of barriers to entry into other industries by the commercial state corporations in Kenya

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