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ABSTRACT

The purpose of the study was to investigate the influence of strategic management options on performance of commercial state corporations in Kenya. Using stratified random method, 216 respodents were selected and questionnaires were used to collect data. Self-administered questionnaires were used to collect primary data. The study adopted descriptive research design and the study population comprised of commercial state corporations with a population of 495 top managers. The data was analysed using inferential statistics namely multiple regression which was used to establish the nature and magnitude of the relationships between the independent and dependent variables. Data collected was edited to ensure that it is correct and complete thus reducing biases, increase the precision and achieve consistency. Data was then analysed using descriptive statistics and inferential statistics using SPSS. The analysis was visually displayed using frequency tables. The study findings show that the independent variables in the study were able to explain 62.20% variation in the performance of the organization while the remaining 37.80% is explained by the variables or other aspects outside the model. This implies that these variables are very significant, and they therefore need to be considered in any effort to boost performance of the state corporations in Kenya. The study recommends that there is need for the systems and processes to be adequately supported by ERP. Staff should be trained on how to use E-commerce and strengthen capacity building of the research & development department. The top leadership should support technology and innovations by ensuring that the equipments meet international standards. The study recommends for the organizations to have different products and services in the market, have increased the market. The organizations should have convenient and attractive packaging that are made of products and services with different tastes. The management ensure that there is a practice of Economic Order Quantity to reduce costs and have a continuous monitoring of staff productivity cuts processing costs. The organization should heavily invest in sales promotion and outsource functions to control costs. The current study should therefore be expanded further in future in order to determine the influence strategic management options on performance of commercial state corporations in Kenya. Existing literature indicates that there is a knowledge gap in commercial state corporations in Kenya and justifies the need for further research in order to establish whether the explored factors can be generalized to influence performance of commercial state corporations.

Key Terms: *Technological Innovation, Cost Leadership, Product Diversification, Business Partnerships*

INTRODUCTION

Literature in strategic management and entrepreneurship has been growing to help firms understand the organizational strategic management practices and strategic management processes and its elements that support superior enterprise performance (Bhardwaj, Sushil & Momaya, 2009). These authors continue to argue that a firm's ability to improve its performance and achieve sustainable growth was largely determined by the compatibility of its management practices. Among the strategic management practices believed to facilitate organisational's performance are a firm's chosen strategic management process elements, entrepreneurial orientation and strategic planning practices (Bhardwaj, Sushil & Momaya, 2009; Foss, Klein, Kor & Mahoney, 2008).

According to a United Nations Report (2011) on a study carried out in 14 countries; Australia, Brazil, Canada, Chile, China, Finland, Germany, Hungary, The Netherlands, New Zealand, Poland, Republic of Korea, UK, and US, there were four broad reform concerns that were publicly stated by governments: to improve policy responsiveness and implementation by overcoming resistance from vested interest to the implementation of legitimate policies or reduction of some programs; to reduce public expenditure, maintaining the attractiveness of the investment climate and the competitiveness of national firms.

Commercial state corporations in Kenya today are saddled with a wide range of objectives (Mwaura, 2007). They perform diverse functions spanning manufacturing through service provision, environmental conservation to education and training as well as research and Maritime (Presidential Taskforce on Parastatal Reforms Report, 2014). As such, they are expected to serve the needs of industry; provide secure employment and boost citizen participation. However, commercial state corporations performance has been mixed, characterized by notable successes, but also significant failures (Republic of Kenya, 2013).

Despite these important socio-economic gains, most of the commercial state corporations in Kenya are characterized by inefficiency losses and the provision of poor products and services (Wadongo, Odhuno & Kambona, 2010). In the emerging environment, parastatals in Kenya need strategic management aspects which are innovation, progressiveness and risk-taking to redistribute and to reconcile resources to create new values (Frishammer & Horte, 2010). Existing studies have restricted strategic management to practices, drivers or determinants (Kibuka, 2011; Frishammar & Horte, 2010). However, strategic management also includes other options such as technological innovations, business partnerships, product diversification and cost leadership.

Strategic Management is a concept that concerns making decisions and taking corrective actions to achieve long-term targets and goals of an organization (Barkhi & Daghfous, 2009). Organizations operate in a dynamic environment characterized by technological changes, competition, regulatory requirements, economic changes and opportunistic strategic decisions. The turbulent market conditions makes organizations settle on a specific area of strength to drive the earnings and ensure maximization of the owners' equity (Lo, 2012). Strategic management can be thought of as a thorough formalized process encompassing great effort at all levels of an organization to come up with and implement essential short and long-term decisions and policies to direct a business towards a stated vision, goal and objective (Bryson, 2010).

Little is known about the strategic management practices in developing countries as few studies have been done, in particular the influence of cost leadership (Aldehayyat & Twaissi, 2011). In the African context, Fiberesima and Abdul Rani (2013) examines the impact of strategic management on business success in Nigeria. The study concluded that strategic management was found to be positively related to corporate success, and strategic management practices improve business success. Dauda, Akingbade and Akinlabi (2010) examined the influence of strategic management on corporate performance in selected small scale enterprises in Lagos Metropolis, Nigeria. Their findings revealed that strategic management practices enhance both organizational profitability and company market share and it was concluded that strategic management practices enhance both organizational profitability and company market share and therefore suggest that cost leadership concepts should be adopted by business organizations.

Strategic management options of performance involve the translation of business strategies into deliverable results. It combines financial, strategic and operating principles to gauge how a company is able to meet its targets (Mshenga & Owuor, 2009). Strategic management options of performance are closely linked to specific strategies and value drivers in order to maximize organizational performance. They include collaborative networks, innovative processes, product diversification and business development services in their operations (Wadongo, Odhuno & Kambona, 2010).

State corporations were first established in Kenya by the colonial government to provide services that were not provided by the private sector (Wamalwa, 2003). Further, Wamalwa notes that all parastatals are public enterprises and are classified into three categories based on the revenue base, size and the ministry the parastatals falls under. In addition, parastatals are further classifieds in terms of whether they are financial sector, commercial/manufacturing sector, regulatory sector, public universities, training and research, service corporations, regional development authorities, and finally tertiary education and training (Handbook for Civil Service Staff, 2006). Currently there are 187 parastatals in Kenya (Presidential Taskforce on Parastatal Reforms Report, 2014).

Sessional Paper No.4 (GoK, 1991) on development and employment in Kenya contains information that while the creation of parastatals through which government participation in economic activities was promoted and was perhaps appropriate soon after independence, the objectives for and the circumstances under which most of the state enterprises were created have since changed. Katz and Page (2010) define commercial state corporations as social-purpose business performing social and entrepreneurial activities simultaneously to achieve sustainability and investors can benefit from personal monetary gain.

Statement of the Problem

Iravo, Ongori and Munene (2013) state that one of the important questions in business has been why some organizations succeed and why others fail and this has influenced a study on the drivers of organizational performance. Awino (2011) asserts that for an organization to be successful it has to record high returns and identify performance drivers from the top to the bottom of the organization. Njihia, Obara and Mauti (2013) highlight performance measurement as one of the tools which helps firms in monitoring performance, identifying the areas that need attention, enhancing motivation, improving communication and strengthening accountability.

Parastatals play a major role in most economies through the provision of public services (Atieno, 2010). They perform diverse functions spanning manufacturing through service provision, environmental conservation to education and training as well as research and Maritime (Presidential Taskforce on Parastatal Reforms Report, 2014). As such, they are expected to serve the needs of industry; provide secure employment and boost citizen participation. However, commercial state corporations performance has been mixed, characterized by notable successes, but also significant failures (Republic of Kenya, 2013). Despite these important socio-economic gains, most of the commercial state corporations in Kenya are characterized by inefficiency losses and the provision of poor products and services (Mwaura, 2010).

Strategic management options such as technological innovation, business partnerships, product diversification and cost leadership have been successfully used by poorly performing firms so as to prepare for future challenges and hence improve long-term performance (Zafar, Babar & Abbas, 2013). Strategic management addresses the question of why some organizations succeed, others fail and it covers the causes for company's success or failure (Melchorita, 2013). The business environment in which firms operate is dynamic and turbulent with constant and fast paced changes that often render yester-years strategies irrelevant (Ofunya, 2013). The hypercompetitive business environment has pushed organizations to limits dictating the need to adopt strategic management practices that support plans, choices and decisions that will lead to enhanced organisational's performance and to archive profitability, success and wealth creation (Kourdi, 2010).

Several studies have been conducted to establish the influence of strategic practices on organisational's performance of various organizations in Kenya. For instance, Ngore, Mshenga, Owuor and Mutai (2011) determined the technological factors influencing decisions by meat agribusiness operators to add value to their products. Christine (2010) carried out a study on distribution strategies used by Chai Trading Limited to penetrate the Middle East markets in bulk tea exports. Kimari (2010) investigated the sources of a sustainable organisational's performance in the Kenyan mobile telephony sector. Wasike (2011) conducted a study on competitive strategies adopted by Barclays Bank of Kenya in counteracting industry competition. However, there is no particular study that has attempted to study the influence of strategic options on the performance among commercial state corporations in Kenya. This constitutes a knowledge gap in commercial state corporations in Kenya and justifies the need for further research. Therefore the focus of this study is to evaluate the influence of strategic management options on the performance among commercial state corporations in Kenya.

Research Objectives

To examine the influence of strategic management options on performance of commercial state corporations in Kenya. The specific objectives were:

- To establish the influence of technological innovation on performance of commercial state corporations in Kenya.
- To determine the influence of business partnerships on performance of commercial state corporations in Kenya.
- To evaluate the influence of product diversification on performance of commercial state corporations in Kenya.
- To analyse the influence of cost leadership on performance of commercial state corporations in Kenya.

LITERATURE REVIEW

Theoretical Framework

Disruptive Innovation Theory

Disruptive innovation theory focused on disruptive technologies and was developed by Christensen (2003) Over time, the same theory has been used to explain all types of disruptive innovations. The theory focuses primarily on technological innovation and explored how new technologies came to surpass seemingly superior technologies in a market. Over time, Christensen widened the application of the term to include not only technologies but also products and business models. For example, Christensen and Raynor (2003) list disruptive innovations as such unrelated things as discount department stores;

low-price, point-to-point airlines; cheap, mass-market products such as power tools, copiers, and motorcycles; and online businesses such as bookselling, education, brokerage, and travel agents.

Christensen (2003) also opines that disruptive technologies should be framed as marketing, and not a technological, challenge. Firms succeeding in disruptive innovations have a strong attitude in interpreting and addressing needs expressed by a market niche or a new market segment. Thus, the challenge that incumbent firms should overcome in developing and responding to disruptive innovations relates to the development of capabilities to forecast market trends and attitudes as well as "riding" new technological trajectories (Suzuki & Kodama, 2004).

Therefore, disruptive innovation has been used from the very beginning to discuss innovation dynamics taking place with the entry of new companies in established and developed markets (Chesbrough, 2002). One of the most convincing responses provided by researchers, albeit widely discussed and doubted (Danneels, 2004), is that these companies should promote the creation of spin-off enterprises in order to better serve and interpret emerging markets. The creation of a separate organization of a smaller dimension with large autonomy allows overcoming the problem of resource allocation that is too mainstream-customer oriented. Matching the initially small market size to the size of the investment potentially enables the new company to be profitable (Cefis & Marsili, 2006). This theory is suitable for this study as it explores the technology capabilities responsible that facilitate for value addition as an innovation. It addresses the technological innovation variable.

Resource Based View

The first explanation of alliance success draws on the resource based view (RBV) of the firm (Barney, 1991, 1992; Conner, 1991; Peteraf, 1993; Wernerfelt, 1984). Contrasted with neoclassical theory, which assumes that firms produce homogeneous products by combining homogeneous, perfectly mobile resources (i.e., labor and capital), RBV theorists argue that firms are best described as producing heterogeneous products by combining heterogeneous, imperfectly mobile resources. Other scholars who have extended the theory include, Wernerfelt's (1984), Rumelt (1984), Barney (1996), and Dierickx and Cool (1989). A resource is any tangible or intangible entity available to the firm that enables it to produce a market offering that has value for some market segment(s) (Hunt and Morgan, 1995). Differences in the financial performance of firms are viewed as being determined primarily by differences in the assortments of resources that firms own or have access to, i.e., resource heterogeneity explains firm diversity. Firms will enjoy continuing, superior financial performance when they have access to resources that are immobile, i.e., not readily bought and sold in the ''factor'' markets, inimitable, and no substitutable.

Traditional strategy research suggests that firms need to seek a strategic fit between their internal characteristics (strengths and weaknesses) and their external environment (opportunities and threats). Considerable emphasis has usually been given, however, to a firm's competitive environment and its competitive position. In contradiction to that external emphasis, the resource-based view embodies a different approach, which stresses the internal aspects of a firm. Barney (1991), for example, points out that strategy models based mainly on environmental and industrial scrutiny make the unrealistic assumption of firm homogeneity. Rather than being defined by the competitive environment, the parameters of a firm's competitive strategy are critically influenced by its accumulated resources. In other words, what a firm possesses would determine what it accomplishes. Accordingly, a firm should pay more attention to its resources than to its competitive environment.

The contribution of the resource-based view is that it develops the idea that "a firm's competitive position is defined by a bundle of unique resources and relationships" (Rumelt, 1984: 557), and thus provides a balance vis-a`-vis environmental models of strategy.

As to business alliances, RBV researchers posit that complementary and idiosyncratic resources foster alliance success (Jap, 1999). Complementary resources are those that firms bring to an alliance that enable their alliance partners to fill out or complete their resource assortments (Das and Teng, 2000; Jap, 1999; Varadarajan and Cunningham, 1995). Complementary resources, then, enable alliance partners to access resources that they do not own. For example, in the Ford-Mazda alliance, Ford accesses the manufacturing and product development know-how of Mazda. In exchange, Mazda accesses Ford's marketing and product-testing expertise (Hunt and Arnett, 2001). Gummesson (1995), Hunt (1997), and Möller and Halinen (1999) maintain that the relationships in alliances constitute an important part of the firm's resource portfolio. Alliance-derived idiosyncratic resources (1) are created through the combining of the respective resources of partner firms, (2) are developed during the life of the alliance, and (3) being unique to the alliance, may have little value or use outside of the alliance (Anderson and Weitz, 1992; Jap, 1999; Lambe, Spekman, and Hunt, 2000). Idiosyncratic resources may be tangible, such as a joint manufacturing facility, or intangible, such as developing a highly efficient process for working together. For example, QUALCOMM and Ericsson's strategic alliance seeks to jointly develop and market wireless technology solutions. Each company provides expertise in different forms of technology. The integration of their respective technological resources aims at developing innovative wireless products with ''unimagined'' benefits (QUALCOMM Investor Relations, 1999).

Therefore, our model of alliance success, from the resource-based view, posits that both complementary and idiosyncratic resources will be positively related to alliance success. However, consistent with the empirical work and theorizing of Jap (1999) and Lambe, Spekman, and Hunt (2000), we posit that the primary effect of complementary resources on alliance success occurs by virtue of its being a key antecedent of idiosyncratic resources. In short, the complementarity of resources has an indirect influence on alliance success through idiosyncratic resources.

In addition, "resource-based view" is very broad and includes several different research streams concentrating on various subtopics that includes firm diversification from the viewpoint of company's resource portfolio. Diversification is an extremely interesting subject related to growth of companies. The public opinion about diversification has varied significantly over the years. Most recently in the 1990s many companies were divesting parts of their business, which was claimed to indicate an activity of "return to the core" (Montgomery, 1994). Nonetheless, diversification still exists and will most certainly exist also in the future.

According to the resource-based approach (Penrose, 1985) firms are administrative organizations and collections of physical, human and intangible assets. Due to the indivisible nature of resources and cyclical demand there are always unused productive services from the firm's current resources. The need to utilize this excess capacity drives the diversification process (Caves, 1980). The process of growth necessitates specialization, which in turn then necessitates growth and diversification to utilize the unused productive services. This is called the ´vicious circle´ (Penrose, 1959), which states that specialization induces diversification. The direction of diversification According to resource-based view a firm should optimize the fit between its resources and products.

Schumpeterian Theory

The Schumpeterian theory emphasises on the process of exploitation of opportunity through strategic risk-taking, pro-activity by the enterprise leadership, creativity and innovation in the management practice and the entrepreneurial planning theory that aims at fostering identification of opportunities through strategic thinking to maximize the potential profit and growth (Schumpeter, 1936). Though this approach had been in use over the years, later views lay emphasis on the innovation aspect as is seen in the work of Low and MacMillan (1988) who define entrepreneurship as the process of planning, organizing, operating and assuming the risk of a business venture, starting small businesses and growing them into large and successful businesses by incorporating an aspect of "newness" and difference, thus bringing in an aspect of innovation. According to Trott (1998), innovation is the management of all the activities involved in the process of idea generation, technology development, manufacturing and marketing of a new (or improved) product, process, organization, management, production, commercial venture and service.

Entrepreneurs exploit opportunity through creation, provision of leadership and exercising good management practices in order to maximize the potential profit and growth (Schumpeter, 1936). Entrepreneurship has also been described as conceiving and implementing strategies by providing leadership and innovation which is a function of an enterprise's competitive position and improved performance (Alvarez, 2003). Thus, providing pro-active leadership that focuses on calculated risk-taking activities has to embrace leadership in R&D for the adoption of technology, being bold and aggressive in order to maximize the probability of exploiting potential when faced by uncertainty and product development for competitive advantage (Covin & Slevin, 1988; Hitt *et al.,* 2001).

Strategic planning practices fosters identification of opportunities that use strategies, guidelines and insights innovatively and creatively, exploit these opportunities, deliver unique value addition to the customers and a commitment to resources and relationships that were adjusted and renewed as time, competition and change erode their value (Alvarez, 2003; Kuratko, 1998; Venkataroman, 1997). This adjustment and renewal of resources within an enterprise as the unit of analysis and how resources were created, renewed and protected by the enterprise and as opportunities were identified and exploited to give the enterprise sustainable organisational's performance, makes it an indicator that the enterprise requires strategic thinking in the achievement of entrepreneurship growth. Ronstadt's entrepreneurial strategic formulation school of thought, as cited by Kuratko (1998), lays emphasis on managementpractices for successful creation and development by focusing on unique people, markets, products and resources which lay the foundation for the usage of entrepreneurship and management for superior commercial state corporations performance.

Many authors have argued that superior management, leadership and strategic thinking as organizational practices contribute to firm survival and performance (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Barringer & Bluedorn, 1999; Bhardwaj *et al.,* 2007). Ireland *et al.* (2009) have gone further and stated that the choice management practices have an organization-wide reliance on entrepreneurial behavior. This purposefully and continuously rejuvenates the organization and shapes the scope of its operations through the recognition and exploitation of entrepreneurial opportunity in environments that were dynamic, therefore calling for intentional use of creativity and innovation. That is, management practices involve laying strategies, tact, enhancing attitudes and behaviors necessary for firms of all sizes to prosper and flourish in competitive environments by being innovative and recognizing the dynamism in the environment that the commercial state corporations operates in.

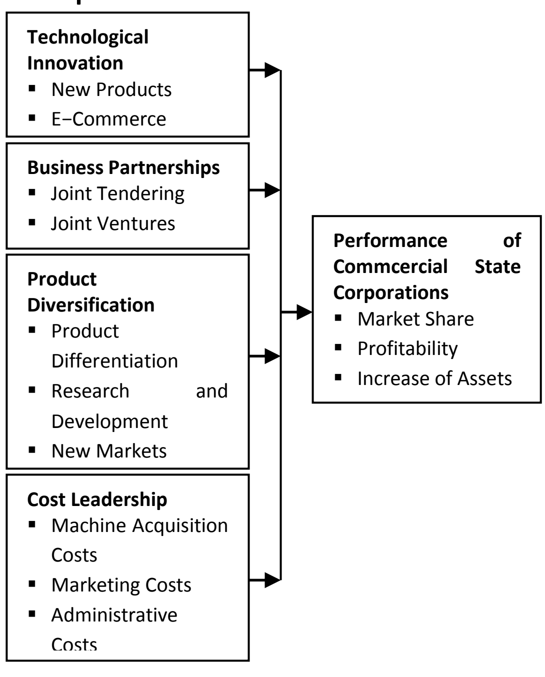
Competitive Advantage Theory

According to the competitive theory, a firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable organisational's performance. There are two basic types of organisational's performance a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus (Porter, 1980).

The focus strategy has two variants; cost focus and differentiation focus. In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average. In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price (Porter, 1985).

Mintzberg (1994) asserts that the generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. The focus strategy has two variants: In cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry. The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments.

Conceptual Framework



Independent Variables Dependent Variable

Figure 1: Conceptual Framework

Technological Innovation

Technological innovation is one of the important aspects of a learning organization that attempts to continuously align itself to economic development and continuously address the competitive environment in which it operates. This way the organization aims at coming up with new ideas backed with modern technological advancements. Many organizations in the world today have created centers of excellence whose main objective is to collect new ideas both from the internal and external environment, while continuously focusing on its core business mandate (Charles, 2012). For example in Kenya, Equity Bank has a center of excellence headed by people with diverse skills and talents as think-tanks to drive change and growth in the bank. This has greatly helped the Bank to grow in technology which is relevant and able to timely address the needs of its customers. When technical innovation is given the weight it requires, it becomes the growth engine of a business and in most cases, it is able to be aligned with the enterprise resource planning (ERP) of that business (East African, 2009). Therefore, it is assumed that successful innovation depends upon the ability to provide added value through a relevant customer experience. The customer experience represents all of the outcomes necessary for customers to feel the desired effects of technological innovation. In a mass market, the total market is segmented into similar groups of customers and their relevant experiences (Osterwalder & Pigneur, 2010).

In recent past, academics have started to view innovation not at a micro/productlevel but as a macro/firm-level perspective (Siguaw *et al.,* 2006). The main premise underlying this new trend is that the defining factor of long-term survival through innovation appears to be based not on specific, discrete innovations, but rather on an overarching, organization-wide innovation capability structure, termed “innovativeness”. The logic underpinning this reasoning is that an commercial state corporations long-term survival may rely more on overall enterprise-level innovativeness that produces strategic capabilities which in turn enhances the development of innovations, and less on the actual innovations themselves (Menguc & Auch, 2006).

Kleindl (2012) notes that many industries have the geographic distribution of work changing significantly. For example, service providers such as utility companies or banking or investment companies have their bill payment centers located far from some people, as a result firms have found that they can overcome this challenge and make their services accessible to users through technology. Mobile phones for example have been the best source of technology where customers can transact without having to be physically present in the service companies. Moreover, such arrangements can take advantage of the time differencesso that critical projects can be worked on nearly around the clock. Technology presents the opportunity to fasten service provision to customers which has helped in avoiding people joining large queues just to pay for their utilities or to get other services. For instance, Kenya Revenue Authority initiative of the online PIN (personal identification number) registration assisted in registering so many people who never had their personal identification numbers just because they feared the long queues.

Baten, Kamil and Haque (2010) explored the productive efficiency of the tea industry using a stochastic frontier approach. Their study attempted to measure the status of technical efficiency of tea-producing industry for panel data in Bangladesh using the stochastic frontier production function, incorporating technical inefficiency effect model. The study estimated that the average technical efficiency of tea producing industries in Bangladesh is 59%. The results indicated that there is a great potential exists for tea industry to further increase the value added by forty one using the available input, technology and efficiency improvement, thereby reducing the cost of production. The study identified that the mean efficiency of tea industries for value added varied among the regions and year-wise mean efficiency seemed to be unstable during the study period and therefore, continued efforts to update technologies and equipment are required in pursuit of efficiency in tea industry. Johnson (2010) argued that while value creation is the ultimate goal of the firm, sustainable value creation requires that value is created for everyone involved: the customer, the service provider, the supplier, all the stakeholders. In the frameworks under consideration, all imply that service innovations require all stakeholders to gain over the long-term for the interrelationships to be sustainable. However, the customer tends to be the initial focal point for driving value.

At present, the innovativeness literature presents many different definitions and conceptualizations from various researchers and research disciplines. For some, innovativeness refers to a firms proclivity, receptivity, and inclination to adopt ideas that depart from the status quo (Hurley & Hult, 2008). For others, it is the firm's willingness to forgo old habits and try new untested ideas (Menguc & Auh, 2006). Wang and Ahmed (2014) define innovativeness as a firm's ability to exceed routine thinking process, which involves going beyond the obvious to discover newness. Hurley *et al.* (2005) view innovativeness as the ability of the organization to adopt or implement new ideas, processes, or products and services successfully, treated as a cultural precursor which provides the social capital to facilitate innovative behavior. On their part, Walsh *et al.* (2009) define firm-level innovativeness as an organization wide strategic mindset and attitude towards innovation possessed to some degree by all firms; composed of an embedded cultural willingness, propensity, receptivity, market responsiveness, commitment, intention, and technological capacity to engage in risky behavior and to rapidly incorporate change in business practices through the creation and/or adoption of new ideas that facilitates innovation and delivers a superior organisational performance.

Business Partnerships

Jarillo (2007) defines the term business partinership as an arrangement between distinct but related organizations that through their mutual cooperation gain or sustain good performance with regard to their competitors outside the network. These inter-firm network organizations are characterized by a special kind of relationship, a certain degree of reflexivity and logic of exchange that operates differently from that of markets and hierarchies. Human and Provan (2007) suggested that business partinership could be defined as intentionally formed groups of in which the firms are geographically proximate, operate within the same industry, potentially sharing inputs and outputs, and undertake direct interactions with each other for specific business outcomes. The fact that the firms are close to each other means that they can combine core competence and resources to accomplish organizational objectives that would otherwise be difficult or impossible.

Treziovski (2013) reveals some of the most important networking practices that are significantly associated with an effectiveness of business partinerships. They are as follows: Product/service is produced by mutual assets of several firms located at key points of the value chain. Network members share information, cooperate with each other, customize their product or service, and demonstrate goodwill and trustworthiness. Network members provide a unique response to the need of its value chain partners, by which is reflecting the firm‟s distinctive competences. Voluntary behavior that improves the final product or service is expected from network participation rather than simply fulfilling a contractual obligation. Networks learn to operate without exclusionary behaviors and to compete without seeking unfair advantage.

The objective of business partinerships is to create a forum for direct and joint business activity among membership firms as well as indirect services such as lobbying. business partinerships enable members to contribute inputs and also benefitoutputs from one another. Firms in these networks share competence and resources so that each firm can reach goals through participation. Therefore, cooperation and relations are fundamental for value creation, i.e. competitiveness (Human & Provan, 2007). Business partinerships have two important functions. For customers, the business partinerships represents a large company that provide complex products and services, and for membership firms on the other hand, network represents a place where learning and resource exchange can be used for development, innovation, and strategic renewal (Mezegar, Kovacs & Paganelli, 2011).

The challenge for partnerships and joint venture coordinators is to identify, and nurture, such global contacts, which, it is emphasized, do not have to be international buyers (KTDA, 2014). They can be sizeable local buyers with extensive global connections. Even in small agricultural or artisanal partnerships and joint ventures, the integration of large buyers has proved beneficial. Dave (2013) has established relationships with local cooperatives to produce specialty coffee. Beamish and Inkpen (2005) found that multinational enterprises could benefit equally well from local market knowledge which their partners could provide. They also stated that the life cycles of many manufacturing subsidiaries are short because the MNE is unable to understand the knowledge of local culture, economy and politics.

Rothlauf and Dung Le (2008) give a case of Google the online search engine. Google entered a multiple partnership with universe online in Latin America, Web.de Germany, and Daum.net in Korea and Yam.com in China. These partnerships were built around licensing and marketing agreements. Under licensing contract, Google sells its search engine services to prominent portals that incorporate Google‟s search technology into their websites. Marketing agreements allow Google to provide portals with its paid search listings products from its huge base of advertisers thus spreading the business. From the above case it is therefore conclusive to establish that Google entered new markets through licensing, and marketing agreement where it fully established itself (WTO, 2010).

Product Diversification

Product diversification is the growth engine for markets in terms of market size, and consumer mix world over. Product diversification implies several product lines are developed for same markets and customers which ultimately increase revenues to the business (Charles, 2012). Christine (2010) carried out a study on strategies used by Chai Trading Limited to penetrate the Middle East markets. The results found out that the office was also to facilitate demand for Kenya's tea abroad and also as a window to venture into tea value addition with a view of sustaining and growing business to profitability. Her study further found that Chai Trading Limited was only exporting black tea and had not diversified into other tea variants.

Many of the current organizations in the world are moving toward expanding and improving their business environment. One of the reasons may be meeting customers’ multiple needs. By meeting costumers’ multiple needs, managers attempt to make them more loyal to their organizations. For this reason and other technical ones such as raw material procurement and the final product’s distribution system inside organizations, many organizations have decided the diversification strategy. Diversification strategies can influence the an organisational’s performance in an industry. Enterprises have diversity if they work simultaneously in more than one business. So, the diversity strategy can be describes as the extent of participating in different businesses and the main model of relationships among different business of the enterprises (Nayyar, 2012).

According to Hall (2005), commercial state corporations can diversify through various way namely; new investments in similar products and services, investments which lead to the vertical integration of complementary activities. This integration may forward or backward. Third, investments which lead to the globalization through increasing the participation in foreign markets and similar products or services and lastly investments which lead to the formation of intangible assets like marketing knowledge, patented technology, product differentiation, and management capability. It is believed that diversity is a tool to expand an enterprise borders toward addressing the coordination problems in some markets and strategies which connect enterprises in terms of consumers and suppliers. Another function of diversity, especially the unrelated diversity is to achieve a proper tool to manage risks. This issue emerges in the financial incentive to create diversity.

Adamu, Zubairu, Ibrahim and Ibrahim (2011) investigated the influence of diversification on the performance of some Nigerian construction firms. The findings reveal that undiversified firms outperform the highly diversified firms in terms of Return on Total Assets and Profit Margin. Similarly, the moderately diversified firms were found to outperform the highly diversified firms in terms of Return on Equity, Return on Total Assets and Profit Margin. However, no performance difference was found between the undiversified firms and the moderately diversified firms based on the three measures used. A nonlinear relationship was found between the extent of diversification and performance. It was concluded that diversification does not necessarily lead to an improvement in profitability. The implication is that firms are better-off remaining focused if the aim is to improve financial performance.

Oyedijo (2012) evaluated the influence of product and market diversification strategy on corporate financial performance and growth in Nigeria. A significant difference was also found between the performance of firms that develop through related or unrelated diversification and the performance of firms that remained specialized, with firms that remained specialized performing better on all parameters and growing faster in sales than those that develop through related and unrelated diversification only. The study concluded that the financial performance and sales growth of firms in Nigeria are significantly affected by the mode of diversification used and recommends that Nigerian firms that are seeking a sustainable fast growth and superior performance should pursue a related product-market diversification strategy or a specialization strategy but not both.

Cost Leadership

Cost leadership strategy is an integrated set of action taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors (Ireland, *et al*., 2011). Cost Leadership also tends to be more competitor oriented rather than customer oriented (Frambach*, et al*., 2003). Business pursuing a business level strategy of cost leadership will have advantage more in terms of the improved administrative competence (Barjandi *et al.*, 2014). Further, low price lead to higher demand of good/services and will result to a target market share within the environment (Hilman, 2009).

With cost leadership position, a business can actually have a barrier against new market entrance that may need large amount of capital to make an entry (David, 2008). Moreover, cost leadership strategy is related to cost of facilities, operation; overheads, and cost saving from experiences but it's relatively economical in areas like R&D, services, sale force, training and development, and advertising (Hilman, 2009). Considering the Porters generic strategy only one firm in a business can be the cost leader (Hilman, 2009). If this is the only difference between a business and its competitor, the best choice is certainly the cost leadership role (David, 2008). Though, the cost leadership strategy does have disadvantages because it creates little customer loyalty, and if competitors have lower prices it may lose revenue. This is the main reason why businesses combine other generic strategy (Hilman, 2009).

Companies that employs cost leadership strategy most reduce and monitor costs strongly, preventing them from having much expenditure in terms of creativity or advertising, companies should also reduce cost while trade their products or services (Valipour *et al.*, 2012). In addition, generic strategy stress using the business level strategy of cost-leadership perhaps to assist companies to achieve competitive advantage which will give a firm a protection alongside with their rivals. The cost leadership indicates that the business can maintain and make profits and at the same time its competitors may possibly shatter behind the profit boundary (Teeratansirikool, *et al*., 2013).

Grant (2005) argues that common to the success of Japanese companies in consumer goods industries such as cars, motorcycles, consumer electronics, and musical instruments has been the ability to reconcile low cost with high quality and technological progressiveness. He further observes that sources of cost advantage depend on industry structure. Cost advantages may come from economies of scale, economies of scope, propriety technology, and preferential access to materials among other factors. With cost advantages, firms are able to have above-average return or can command price. This position is further supplemented by Barney and Hesterley (2006) who affirm that few layers in the reporting structure; simple reporting relationships, small corporate staff, and focus on narrow range of business functions are elements of organizational structure that allow firms to realize the full potential of cost leadership strategies.

It is important to note however, that a company might be a cost leader but that does not necessarily imply that the company's products would have a low price. In certain instances, the company can for instance charge an average price while following the low cost leadership strategy and reinvest the extra profits into the business. The risk of following the cost leadership strategy however, is that the company's focus on reducing costs even sometimes at the expense of other vital factors may become so dominant that the company loses vision of why it embarked on one such strategy in the first place (Lynch, 2003).

Organization Performance

The concept of organizational performance is core to businesses because the major objective of businesses is to make profits (Iravo *et. al.,* 2013. Performance measurement is important for organization as a means of continuous improvement and also as a means of determining whether or not an organization is achieving its objectives. may be measured by both quantitative and qualitative methods (Ittner & Larcker, 2003). Non-Financial measures are better performance indicators in the service industry than financial measures. This is because non-financial measures are better measures of value and motivation which complement short-run financial figures as indicators of long-term goals. Performance is regarded as an output which is aligned to objectives or simply profitability and is explained in terms of expected behavioural output and also results (Fwaya, 2006).

The only worthy performance measure is financial performance because of its value to shareholders, executives and the market. This measure is an indicator of organizational success and sustainability because it is the reason for the existence of firms. The financial success of an organization is a measure of a firm's performance because it depicts the ability of an organization to operate above all its costs (Mukulu *et. al.,* 2012). A firm's performance should not be measured by financial performance but also operational and market indicators. Financial Performance for this research will be measured using profitability and growth in sales while non-financial indicators will be service quality and customer satisfaction. Non-financial measures have been deemed to be more effective in motivating managerial performance because they are more reflective of the overall corporate strategy (Bowie & Buttle, 2004).

Organizational performance is concerned with the overall productivity in an organization in terms of stock turnover, customers, profitability and market share (Neely, 2005). Performance is a formula for the assessment of the functioning of an organization under certain parameters such as productivity, employee' morale and effectiveness (Fwaya, 2006). Performance management and improvement is at the heart of strategic management since a lot of strategic thinking is geared towards defining and measuring performance (Nzuve & Nyaega, 2012). There are three approaches to performance in an organization which are the goal approach, which states that an organization pursues definite identifiable goals. The second approach is the systems resource approach which defines performance as a relationship between an organization and its environment. The third approach is the process perspective which defines performance in terms of the behaviour of the human resource of an organization (Waiganjo *et. al.,* 2012).

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Firm performance is measured in terms of four perspectives which are the financial, customer, internal processes and innovativeness. The financial perspective identifies the key financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital (Odhuno & Wadongo, 2010). The customer focus describes performance in terms of brand image, customer satisfaction, customer retention and customer profitability. Internal processes involve the efficiency of all the systems in the organization while innovativeness is concerned with the ease with which a firm is able to adapt to changing conditions (Mucheru, 2008). Strategic management options of performance involve the translation of business strategies into deliverable results. It combines financial, strategic and operating principles to gauge how a company is able to meet its targets. Strategic drivers of performance are closely linked to specific strategies and value (Mshenga & Owuor, 2009).

Empirical Review

Technological Innovation

There are a number of studies that investigate the role of culture at individual, organizational and country level, for example in the field of Enterprise Information Systems (ERP), Hwang (2011) investigates the phenomena of cultural orientation, personal innovativeness in IT and general computer self-efficacy in the context of the technology acceptance model (TAM) for ERP system adoption. The results, based on a survey questionnaire of an international user group utilizing an ERP system developed by one of the largest IT solution providers in the world; show that culture in term of power distance negatively affects computer self-efficacy, while collectivism affects usefulness. Livermore and Rippa (2011) investigate the interplay between national culture and the manner in which the ERP project unfolds by conducting two case studies from the US and Italy. Their results also show that indeed the national cultural has an impact on the two ERP implementation projects. A classification scheme logistics functions provides a meaningful way to study how IT has affected the various functions of logistics. Previous research in logistics has categorized the use of information systems in logistics in different ways. A system of logistics functions can be divided into following five broad areas by Bowersox, (2009); facility location, transportation, inventory, and communication and material movement.

Organizations are constantly searching for strategic methods in order to stay competitive. Jabar, Othman and Idris (2011) examined the relationship between organizations' resource availability and absorptive capacity as well as strategic technology alliances with organizational performance. A total of 2,500 Malaysian manufacturers were surveyed resulting in 335 of usable responses were then analyzed using Structural Equation Modeling (SEM). The result establishes that Malaysian manufacturers need to increase their efforts in increasing internal resources that are the source of superior manufacturing performance.

Product Diversification

Doaei, Anuar and Hamid (2012) argued that corporate diversification is a technique that reduces risk by allocating investments among various financial instruments, industries and other categories. It aims to maximize return by investing in different areas that would each react differently to the same enviromnent. There are two primary types of corporate diversification, if a company consists of an overarching structure that supports all of its different businesses, then it is engaging in related diversification. When a company consists of a series of individual businesses that do not share things such as customers and distribution channels then it has unrelated diversification. According to Daud, Salamudin and Ahmad (2009) the process of corporate diversification often involves expanding the offerings of a business by entering a new market. A company may do this because it is nearing market saturation with its current product line. It may also diversify because public demand for its primary product has declined. Some companies will undergo product diversification solely to expand the business. This process may also be called product diversification. Corporate diversification that takes place in different locations is also referred to as geographic market diversification. This is when the company is only expanding locations. It does not involve the service or product the company offers. This kind of diversification is often used for the growth of a thriving business, and particularly when the company reaches local market saturation (Dennis et al., 2002).

Olanipekun, *et al.* (2015) examined the impact of strategic management on competitive advantage and organization performance in Nigerian bottling company using the resource based theory as its theoretical basis because the theory explains how competitive advantage and superior performance of an organization is explained by the distinctiveness of its resources and capabilities which constitutes central considerations in formulating its strategy. Primary data with the aid of a structured questionnaire was used to elicit information from respondents. The data collected were analyzed using both descriptive such as frequencies, percentages mean, standard deviation and inferential statistics of Chi-square and Analysis of Variance (ANOVA). The findings established that indeed the adoption and implementation of strategic management practices makes the organization not only to be proactive to changes but also initiate positive changes that consequently leads to competitive advantage and sustainable performance. It was recommended that organizations should continuously maintain, sustain and improve strategic management practices since it is an indispensable tool for business organization performance.

Cost Leadership

According to Kumar (2001) the capability of the management to deploy its resources efficiently, income maximization, reducing operating costs can be measured by financial ratios. One of these ratios used to measure management quality is operating profit to income ratio. The higher the operating profits to total income the more the efficient management is in terms of operational efficiency and income generation. Keister (2001) explains that the other important ratio is expense to asset ratio. The ratio of operating expenses to total asset is expected to be negatively associated with profitability. Management quality in this regard, determines the level of operating expenses and in turn affects profitability.

Maroa and Muturi (2015) investigated the influence of strategic management practices on the performance of Floriculture Firms Kiambu County in Kenya. A descriptive survey design was used with a target population of 21 floricultural firms out of which 10 firms were selected by simple random sampling, and 5 respondents from each of the 10 firms purposively chosen. Structured questionnaires were used to collect primary data. Chi- Square (X2) test was used to test the four hypotheses to establish significance of association. The findings established that majority of the firms had a strategic plan ,implemented their strategic plans as planned, conduct strategy evaluation and control on their strategic management practices. Further, that strategy formulation, implementation, evaluation and control had significant influence on the performance of flower firms to a moderate extent. The researcher recommended that top-level managers should seek more input from the lower level managers and supervisors when formulating strategy so that the formulated plans are effective and in line with both long and short term objectives of the organization.

Gichunge (2007) analysed the influence of formal strategic management on organizational performance of medium sized manufacturing enterprises in Nairobi, Kenya. It examined the extent to which formal strategic management is adopted by medium sized manufacturing enterprises in Kenya and investigated the influence of various administrative/legal factors on the extent to which formal strategic management are adopted. It also determined the relationship between level of competition and adoption of formal strategic management and investigated the influence of administrative/legal factors on organizational performance. Finally the study assessed the relationship between adoption of formal strategic management and organizational performance. The data was analyzed statistically using the SPSS and R packages through tabulation, proportions and logit analysis. The results showed that the MEs have not adopted any formal strategic management. It is consistent with past studies that administrative/legal factors affect both adoption of formal strategic management and organizational performance.

Business Partnership

Cravens (2013) reveals that partnership is an effort to cooperate with stakeholders, in which the strategic alliance are used by many companies compete worldwide. Partnership includes the vertical relationship that consists of relationships with suppliers and customers and lateral which consists of internal and lateral partnership. Muogbo (2013) investigated the impact of strategic management on organizational growth and development of selected manufacturing firms in Anambra State. The study involved 63 respondents selected from 21 manufacturing firms across the three senatorial zones of Anambra State were sampled (3 from each firm). The study used descriptive statistics to answer the four research questions posed for the study. The Chi-Square was used to test the three hypotheses that guided the study. Results from the analysis indicated that strategic management is not common among the manufacturing firms in Anambra State; that the adoption of strategic management has significant influence on competitiveness and also influences manufacturing firms; that strategic management has influence on employee's performance and that its adoption has significantly increased organizational productivity of manufacturing firms; also, it enhances structural development of manufacturing firms.

RESEARCH METHODOLOGY

The study adopted descriptive research design. This design looks for explanations on the nature of certain relationships and investigates the cause influence relationship between variables (Saunders, Lewis & Thornhill, 2007). The target population of this study comprised 55 commercial state corporations. The study further targets the top managers in the 55 commercial state corporations. In total, 495 top managers drawn from constitutes the population of interest in this study. To establish the overall relationship between the independent and dependent variables in the conceptual framework, the following model was used.

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

Where $\mathrm{Y} = \mathrm{Performance\ of\ the\ Commercial\ State\ Coprprations}$

$\beta_\mathrm{i} = \mathrm{Beta\ coefficients\ of\ the\ variables\ of\ the\ study\ (i} = 1,2,3,4)$

$\mathrm{X}_1 = \mathrm{Technological\ Innovation}$

$\mathrm{X}_2 = \mathrm{Business\ Partinerships}$

$\mathrm{X}_3 = \mathrm{Product\ Diversification}$

$\mathrm{X}_4 = \mathrm{Cost\ Leadership}$

$\varepsilon = \mathrm{Error\ Term}$

FINDINGS

Technological Innovation

The study sought to assess the influence of technological innovation options on performance of commercial state corporations in Kenya. Responses were given on a five-point likert scale (where 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5= Strongly Agree). Table 4.9 presents the findings. The scores of 'strongly disagree' and 'disagree' have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of 'Neutral' has been taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0. Table 1 presented the findings as tabulated, most respondents were found to highly agree that the systems and processes are adequately supported by ERP (3.110). Staff are trained on how to use E-commerce (2.908); My organization has strengthened capacity building of the research & development department (2.992); The top leadership support technology and innovations (2.689); The equipments meet international standards (3.220); Adequate budget for new modern equipment (2.880). The organization has achieved convenient and attractive packaging of products and services (3.101). The study findings are in tandem with literature review by Lai and Wong (2012) who states that the organizations which adopts technological innovation strategies complete based on their resources and capabilities, and distinctive capabilities for sustained competitive advantage and superior performance.

Table 1: Influence of Technological Innovation on Performance of Commercial State Corporations

Description	Mean	Std. Dev
The systems and processes are adequately supported by ERP	3.110	.456
Staff are trained on how to use E-commerce	2.908	.387
My organization has strengthened capacity building of the research & development department	2.992	.589
The top leadership support technology and innovations	2.689	.578
The equipments meet international standards	3.220	.490
Adequate budget for new modern equipment	2.880	.209
The organization has achieved convenient and attractive packaging of products and services	3.101	.543

Business Partnerships

The study sought to assess the influence of business partnerships options on performance of commercial state corporations in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point likert scale (where 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5= Strongly Agree). Table 2 presents the findings. The scores of 'strongly disagree' and 'disagree' have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of 'Neutral' has been taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Table 2 presented the findings as tabulated, most respondents were found to highly agree that the organization has partnered with major wholesale distributors in the markets (3.235). The organization had partnered with most retail stores in various markets (2.890); The organization has licensees of the products in many markets (3.127); The organization has reduced the operational cost by teaming with similar organizations (2.876); The organization market products and services together with other organizations (2.998); The organization has Franchised the products and is done in most markets (2.889).

Table 2: Influence of Business Partnerships on Performance of Commercial State Corporations

Description	Mean	Std. Dev
The organization has partnered with major wholesale distributors in the markets	3.235	.358
The organization has partnered with most retail stores in various markets	2.890	.210
The organization has licensees of the products in many markets	3.127	.345
The organization has reduced the operational cost by teaming with similar organizations	2.876	.922

The organization market products and services together with other organizations	2.998	.328
The organization has Franchised the products and is done in most markets	2.899	.276

Product Diversification

The study sought to assess the influence of product diversification options on performance of commercial state corporations in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point likert scale (where 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5= Strongly Agree). Table 3 presents the findings. The scores of 'strongly disagree' and 'disagree' have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of 'Neutral' has been taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Table 3 presented the findings as tabulated, most respondents were found to agree that the organization has different products and services in the market (2.788). There is a quality assurance department in the organization (2.875); The organization has different product and service qualities for markets (3.110); The organization has ensured that there are different types of products and services have increased the market niche (2.998); The organization has ensured that there are different packet sizes for the markets (2.868); The organization has convenient and attractive packaging (2.368). The organization has made products and services with different tastes(2876); The organization has discovered new uses of our products and services(2.998); There is a wide array of products that lead to customer satisfaction in the organization(2.668).

Table 3: Influence of Product Diversification on Performance of Commercial State Corporations

Description	Mean	Std. Dev
The organization has different products and services in the market	2.788	.260
There is a quality assurance department in the organization	2.875	.228
The organization has different product and service qualities for markets	3.110	.328
The organization has ensured that there are different types of products and services have increased the market niche	2.998	.590
The organization has ensured that there are different packet sizes for the markets	2.868	.350
The organization has convenient and attractive packaging	2.368	.569
The organization has made products and services with different tastes	2.876	.328
The organization has discovered new uses of our products and services	2.668	.687
There is a wide array of products that lead to customer satisfaction in the organization.	3.121	.238

Cost Leadership

The study sought to assess the influence of cost leadership options on performance of commercial state corporations in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point likert scale (where 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5= Strongly Agree). Table 4 presents the findings. The scores of 'strongly disagree' and 'disagree' have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of 'Neutral' has been taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Table 4 presents the findings as tabulated, most respondents were found to agree that the buying packaging in bulk cuts costs in the organization (2.788). The organization maintain shorter lead times to cut costs (2.875); The management ensure that there is a practice of Economic Order Quantity to reduce costs (3.110); The organization ensures that there is continuous monitoring of staff productivity cuts processing costs (2.998); The organization source for the supplies from those suppliers who provide discount (2.998); The organization has ensured that there is access to low cost raw materials than our competitors (2.868). The organization has heavily invested in sales promotion(2.368). The organization has outsourced functions to control costs(2.876). The organization strive to reduce cost in administration activities(2.889). The organization continuously exercise tight cost control and pay attention to details(2.668).

Table 4: Influence of Cost Leadership on Performance of Commercial State Corporations

Description	Mean	Std. Dev
Buying packaging in bulk cuts costs in the organization	2.886	.456
The organization maintain shorter lead times to cut costs	2.990	.560
The management ensure that there is a practice of Economic Order Quantity to reduce costs	3.008	.668
The organization ensures that there is continuous monitoring of staff productivity cuts processing costs	3.122	.446
The organization source for the supplies from those suppliers who provide discount	2.995	.805
The organization has ensured that there is access to low cost raw materials than our competitors	3.212	.220
The organization has heavily invested in sales promotion	3.888	.460
The organization has outsourced functions to control costs	3.909	.550
The organization strive to reduce cost in administration activities	3.864	.420
The organization continuously exercise tight cost control and pay attention to details	3.999	.330

Performance of Commercial State Corporations

The study sought to establish the rating on the performance of commercial state corporations in Kenya. This was measured using market share and profitability indicators in the opinion statements given. Respondents were asked to indicate the extent to which they measured performance of commercial state corporations. This was on a scale of not at all, small extent, moderate, large extent and very large extent. Thus, in this study the scale of not all and small extent meant disagree while large and very large extent meant agreed.

The study found out that 60% of respondents agreed that they used percentage of their market share to measure performance, 25% of respondents indicated moderate and 5% disagreed that they used percentage of their market share to measure performance of commercial state corporations. Regarding product availability in the market, 58% of respondents agreed that they used availability of their products in the market to measure performance while 30% of respondents indicated moderate and 13% of respondents disagreed that they used availability of their products in the market to measure performance. On competition, 60% of respondents agreed that they used competition to measure their growth while 28% of respondents indicated moderate and 12% of respondents disagreed that they used competition to measure their performance. Concerning loyalty, 66% of respondents used loyalty of their customers to measure performance of commercial state corporations whereas 23% of respondents indicated moderate and 12% of respondents disagreed that they used loyalty of their customers to measure performance of commercial state corporations.

Thus, from the study it was observed that performance of commercial state corporations would be measured by use of percentage of market share, availability of the company's product in the market, competition of the company's product in the market and loyalty of customers towards the company's products. These results are in harmony with the study by Waiganjo (2013) that noted that although performance has been traditionally conceptualized in terms of financial measures, some scholars have proposed a broader performance concept that incorporates non-financial measures including among others market share, product quality, and company image. The result showed that 70% of respondents agreed that they used organizational performance over a given period to measure performance of commercial state corporations whereas 25% of respondents indicated moderate and 5% of respondents indicated that they used organizational performance over a given period to measure performance of commercial state corporations. Based on asset base/facility, 60% of respondents agreed that they used asset base/facility to measure performance of their organizations while 27% of respondents indicated moderate and 5% of respondents disagreed that they used asset base/facility to measure their companies' performance. Finally, on revenue earnings, 65% of respondents agreed that they used income revenue earnings to measure their companies' growth while 22.9% of respondents indicated moderate and 4.8% of respondents disagreed that they used income revenue earnings to measure their companies' performance.

Generally, from the results it was noted that performance of commercial state corporations used organizational growth, asset base/facility to measure performance of their companies. Performance of commercial state corporations whose profitability has been tremendous over a given period are considered to be performing well. Also, the commercial state corporations' income revenue earnings would be used to measure their performance. The commercial state corporations whose income revenue earnings have been increasing steadily are perceived to be profitable. These study findings, agree with Wanjau (2010) and Waiganjo (2013) who noted that although performance can be measured using profitability, companies which have profits are deemed be performing well.

Table 5: Performance of Commercial State Corporations

Statement	Not at all	Small Extent	Moderate	Large Extent	Very Large Extent	Modal Class
	1	2	3	4	5	
Market Share						
Percentage of your market share	4%	32%	30%	26%	26%	3
Availability of your services in the market	2%	24%	26%	38%	18%	4
Competitiveness of your products	3%	28%	32%	34%	10%	4
Loyalty of your customers	4%	18%	16%	42%	20	4
Profitability						
The organization growth over time	2%	18%	22%	40%	26%	4
Asset base /facilities	4%	12%	24%	40%	26%	4
Income/revenue earnings	2%	12%	38%	40%	28%	4

Multiple Regression Analysis

The data showed that the high R square was 0.622. It showed that the independent variables in the study were able to explain 62.20% variation in the performance of the organization while the remaining 37.80% was explained by the variables or other aspects outside the model. This implies that these variables were very significant, and they therefore need to be considered in any effort to boost performance of the state corporations in Kenya.

Table 6: Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
	.789	.622	.608	.003

Analysis of Variance (ANOVA)

The results of Analysis of Variance (ANOVA) reveal that the significance of the F-test was done to test the influence of independent variables on the dependent variable simultaneously. The F-statistic test basically shows whether all the independent variables included in the model jointly influence on the dependent variable. Based on the study results of the ANOVA Test or F-test in Table 7, obtained F-count (calculated) value was 72.754 greater the F-critical value (table) (8.539) with significance of 0.000. Since the significance level of 0.001< 0.05 we conclude that the set of independent variables affect the performance of the state corporations (Y-dependent variable) and this showed that the overall model was significant. Thus, the four variables played a significant role in the performance of the state corporations in Kenya.

Table 7: ANOVA (Results)

Model	Sum of Squares	d.f	Mean Square	F	Sig.
Regression	12.863	4	3.2157	72.754	.000[a]
Residual	5.908	115	.0442		
Total	18.771	119			

NB: F-critical Value = 8.539;

The study conducted a multiple regression analysis to determine the relationship between the dependent variable and independent variables. The general form of the equation was to predict the performance of the state corporations from technological innovation, business partnerships, product diversification and cost leadership is:(**$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$**) became: $Y= 12.654+ 0.765X_1+ 0.580X_2+ 0.478X_3 + 0.420X_4 + 0.1.836$ This indicates that performance of the commercial state corporations = 12.654 + 765* Technological Innovation + 0.580*Business Partnerships + 0.478*Product Diversification + 0.420*Cost Leadership + 1.836. From the study findings on the regression equation in Table 8 established, taking all factors into account (independent variables) constant at zero performance of the commercial state corporations will be 12.654. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in technological innovation will lead to a 0.765 increase in performance of the commercial state corporations; a unit increase in business partnerships will lead to a 0.580 increase in performance of the commercial state corporations, a unit increase in product diversification will lead to 0.5478 increase in performance of the commercial state corporations and a unit increase in cost leadership will lead to 0.420 increase in performance of the commercial state corporations. This infers that technological innovation contributed most to performance of the commercial state corporations. Based at 5% level of significance, technological innovation had a .000 level of significance; business partnerships showed a .002 level of significance, product diversification shows a .003 level of significance and cost leadership show a .008 level of significance hence the most significant factor was technological innovation options.

Table 8: Coefficient Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	**β**		
(Constant)	12.654	1.836		2.905	.000
Technological Innovation	.765	.164	.665	4.654	.000
Business Partnerships	.580	.180	.654	3.220	.002
Product Diversification	.478	.214	.455	2.234	.003

Cost leadership	.426	.297	.332	1.432	.008

CONCLUSION AND RECOMMENDATIONS

The study established that the respodents were moderate that the systems and processes are adequately supported by ERP. Staff are trained on how to use E-commerce and the organization has strengthened capacity building of the research & development department. The top leadership support technology and innovations. The equipments meet international standards. There was adequate budget for new modern equipment. The respodents stated that the organization has achieved convenient and attractive packaging of products and services

From the descriptive statistics the study established that majority of respondents were found to highly agree that the organization has partnered with major wholesale distributors in the markets. The organization has partnered with most retail stores in various markets. The organization has licensees of the products in many markets. The organization has reduced the operational cost by teaming with similar organizations. The organization market products and services together with other organizations. The organization has Franchised the products and is done in most markets.

The study established that most respondents were found to agree that the organization has different products and services in the market. There is a quality assurance department in the organization. The organization has different product and service qualities for markets. The organization has ensured that there are different types of products and services have increased the market niche. The organization has ensured that there are different packet sizes for the markets. The organization has convenient and attractive packaging and has made products and services with different tastes. The organization has discovered new uses of our products and services.There is a wide array of products that lead to customer satisfaction in the organization.

From the descriptive results the study established that most respondents were found to agree that the buying packaging in bulk cuts costs in the organization. The organization maintain shorter lead times to cut costs. The management ensure that there is a practice of Economic Order Quantity to reduce costs. The organization ensures that there is continuous monitoring of staff productivity cuts processing costs. The organization source for the supplies from those suppliers who provide discount. The organization has ensured that there is access to low cost raw materials than our competitors. The organization has heavily invested in sales promotion. The organization has outsourced functions to control costs. The organization strive to reduce cost in administration activities and continuously exercise tight cost control and pay attention to details.

The study sought to determine the influence of strategic management options on performance of the commercial state corporations in Kenya. From inferential statistics, a positive correlation is seen between each determinant variable and performance of the commercial state corporations in Kenya. The strongest correlation was established between technological innovation and performance of the commercial state corporations in Kenya. All the independent variables were found to have a statistically significant association with the dependent variable at ninety-five level of confidence. Analysis of variance was further done, and it was established that there was a significant mean. This is since the p values of their coefficients were all less than 0.05.

Conclusions of the Study

The study concludes that technological innovation is the first important factor that affects performance of the commercial state corporations in Kenya. The regression coefficients of the study show that technological innovation has a significant influence on performance of the commercial state corporations in Kenya. This implies that increasing levels of technological innovation would increase the levels of performance of the commercial state corporations in Kenya.

The study concludes that business partnerships are the second important factor that affects performance of the commercial state corporations in Kenya. The regression coefficients of the study show that business partnerships have a significant influence on performance of the commercial state corporations in Kenya. This implies that increasing levels of business partnerships would increase the levels of performance of the commercial state corporations in Kenya.

Further, the study concludes that product diversification is the third important factor that affects performance of the commercial state corporations in Kenya. The regression coefficients of the study show that product diversification has a significant influence on performance of the commercial state corporations in Kenya. This implies that increasing levels of product diversification would increase the levels of performance of the commercial state corporations in Kenya.

Finally, the study concludes that cost leadership is the fourth important factor that affects performance of the commercial state corporations in Kenya. The regression coefficients of the study show that product diversification has a significant influence on performance of the commercial state corporations in Kenya. This implies that increasing levels of cost leadership would increase the levels of performance of the commercial state corporations in Kenya.

Recommendations of the Study

The study recommended that there is need for the systems and processes to be adequately supported by ERP. Staff shuld be trained on how to use E-commerce and strengthen capacity building of the research & development department. The top leadership should support technology and innovations by ensuring that the equipments meet international standards.

The study recommended that the organization 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. The re is also need to have the franchised the products and is done in the identied markets.

The study recommended for the organizations to have different products and services in the market, have increased the market nicheand 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 recommended that there is need to have packaging in bulk cuts costs in the organization. The organization can maintain shorter lead times to cut costs. The management ensure that there is a practice of Economic Order Quantity to reduce costs and have a continuous monitoring of staff productivity cuts processing costs.The organization should heavily invest in sales promotion and outsource functions to control costs.

Areas for Further Research

The study was a milestone for further research in the strategic management and performance of the commercial state corporations in Africa and particularly in Kenya. The findings demonstrated the important factors to the performance of the commercial state corporations in Kenya to include; technological innovation, business partnerships, product diversification and cost leadership. Existing literature indicates that as a future avenue of research, there is need to undertake similar research in other government institutions and public-sector organizations in Kenya and other countries to establish whether the explored factors can be generalized to affect performance of the public entities.

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