

**INFLUENCE OF MARKETING MIX VARIABLES ON ORGANIZATIONAL
PERFORMANCE IN SUBSIDIARY CHEMICAL FIRMS IN NAIROBI COUNTY,
KENYA**

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DECLARATION

I declare that this research thesis is my original work and has never been presented for a degree in another university.

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DEDICATION

I dedicate this work to my God and heavenly Father for granting me this honor and privilege to further my studies. Also, my thanksgiving goes to my Overseer, Apostle Janejoy Ngeru and Vice Overseer, Prophet Grace Kamau for covering me with prayers to enable me to complete this work.

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ABSTRACT

Chemical manufacturing firms constitute a significant portion in the industrial ecosystem in the Kenyan economy. However, these firms face a myriad of challenges that impede not only their growth but also their sustainability. This study explored marketing mix variables' influence on organizational performance of subsidiary chemical firms in Kenya. These subsidiary chemical companies have their roots in foreign countries and have a track record of global success. However, in Kenya, service statistics indicate that their performance is threatened. The organizational performance of these subsidiary chemical companies was related to the marketing mix elements in the context of global expansion. The main companies of focus include Merck KGaA, BASF, Evonik Industries, Croda International, Sigma Aldrich and Dow Chemicals. The study was based on three theories which include the structure-conduct-performance, resource-based view and the Balanced Scorecard theory. The study used a census of six subsidiary chemical companies in Nairobi County in Kenya. The marketing mix variables consisting of price, promotion, product and place (distribution) were elucidated mainly from the primary data source consisting of questionnaires and secondary data from various sources such as periodicals and financial statements. The data was analyzed by means of inferential as well and descriptive statistics. Standard deviations, percentages, frequencies and means constituted descriptive statistics. Inferential statistics involved the use of multiple linear regression models which yielded ANOVA results and parameter estimates. The analysis results indicated that the four marketing mix variables namely: price, promotion, distribution and product are statistically significant predictors of organizational performance in the subsidiary chemical companies in Nairobi. Product promotion showed statistical significance to organizational performance as shown by ($\beta = .269$, $P = 0.001$); Product's distribution ($\beta = 0.171$, $P = 0.001$); Product itself ($\beta = 0.589$, $P = 0.001$); and product's price ($\beta = 0.294$, $P = 0.001$). It is therefore recommended that in order to improve organizational performance in companies within the Chemicals Sub sector in Kenya, senior managers and high ranking actors therein should apply the range of marketing mix variables highlighted, specifically product itself and its associated attributes. A multi sectoral study in both corporate and private organizations is also recommended from this study findings. Intercounty studies should also be carried out to elucidate specific variables at the regional level and extended further to the national level.

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LIST OF ABBREVIATIONS AND ACRONYMS

BASF	Badische Anilin und Soda Fabrik,
BSC	Balanced Scorecard
CAGE	Culture, Administrative, Geographical, and Economic
DC	Dynamic Capabilities
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EQFM	European Foundation for Quality Management
GMP	Good Manufacturing Practices
HSBC	Hongkong and Shanghai Banking Corporation Limited
KNBS	Kenya Bureau of Statistics
MNC	Multi-National Company
PESTEL	Political, Economic, Social, Technological, Legal, and Environment.
RBV	Resource-Based View
SCP	Structure-Conduct-Performance
SPSS	Statistical Packages for Social Science
UBS	Union Bank of Switzerland
USA	United States of America

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Kenya is ranked among the most economically attractive countries within the African continent. According to the Africa Investment Index as published by Quantum Global Research (2018), Kenya ranked 6th, 11th and 13th out of the 54 African countries based on economic growth, credit rating and ease of doing business respectively. The research based its indicators of investment attractiveness on business environment growth, risk, social capital, liquidity and demographic factors. Kenya was ranked overall at 15th position based on its foreign investor attractiveness, a marked improvement from 20th position between 2013 and 2015. Many foreign companies undoubtedly have therefore found it an easy decision to make in selecting Kenya as one of their economic hubs for their business operations in Africa.

Among these foreign companies include manufacturing companies which represent different sectors in the economy, such as Food, Pharmaceuticals, Beverage, Cosmetics and Textile among others. Data from the Kenya National Bureau of Statistics report showed that the Food manufacturing sector topped the production list with a production value of 29.8% of the total country's manufacturing output. Pharmaceutical manufacturing recorded the highest import of raw materials, which consists of at least three quarters of the total supply of all raw material imports in Kenya (Kenya National Bureau and Statistics [KNBS]2018).

KNBS data also shows that within the industrial production sector, manufacturing activities in Kenya recorded the largest proportion of all industrial activities, accounting for up to 90.3% of total value of the country's industrial output, as well as the largest share of sales at 87.7% (KNBS, 2018). This data duly confirms the attractive economic environment in Kenya

specifically for manufacturing, which recorded a growth rate of 6.6% in 2015 and is still expected to grow by 0.4% to reach the 7% mark by 2017.

The requirement of any manufacturing process demands that there has to be inputs for the intended outputs to be realized. Manufacturing companies always require raw materials (inputs) to manufacture their finished products (outputs). Referent to the aforementioned statistics, the manufacturing industry accounts for the highest utilization of raw materials in Kenya. The inputs, also referred to as raw materials, are mainly industrial manufacturing chemicals which are classified into different grades depending on the sector of utility.

Kenyan-based multinational manufacturing companies such as GlaxoSmithKline, SC Johnson, Coca Cola, Nestlé, L'Oréal and Unilever among others, have for a long time relied on direct imports of these industrial manufacturing chemicals from foreign chemical companies abroad to run their manufacturing operations locally. The leading motivating factor behind this direct importation is that the Kenyan-based, also known as the local subsidiaries of the multinational manufacturing companies, are required to attain and maintain the global Good Manufacturing Practices (GMP) being used by their 'parent' companies abroad to ensure standardization of product quality. The use of same quality of chemicals with batch-to-batch consistency in the manufacture of products is a critical component in achieving GMP standards in a manufacturing setting (Hock et.al, 2020).

However, in the period between years 2012 to 2015, there was an influx of these foreign chemical companies into the Kenyan market to start up subsidiaries for both manufacturing and general operations, specifically in Nairobi so as to supply the local manufacturing companies. These foreign chemical manufacturing giants are mainly based in the United States of America, Europe and China. They include BASF, Evonik Industries, Merck KGaA, Sigma Aldrich, Dow Chemicals and Croda Chemicals Inc.

This move of global expansion is usually triggered due to several factors (Annushkina & Regazzo, 2020; Muthoka, et al.,2020 Sambharya et al., 2022). Firstly, as previously cited, is the attractive economic environment of the manufacturing sector in Kenya, with an indicative positive growth rate of 7% by 2015 (Carril, 2018). Secondly would be the pursuit to exploit market opportunities in foreign countries, and, thirdly, the aspiration to take advantage of production prospects by identifying production activities wherever they can be conducted most cost effectively. This can particularly be identified by the existence of a large pool of cheap labor sources and considerably low cost of production materials (Peng, 2022).

Other additional factors that could have motivated this move include; the need to provide better service to their already existing customers with their local presence and, to grow market shares significantly through the acquisition of new customers. Ultimately, the resulting goal of this globalization of business is usually to create more income and revenue flows for the parent company (Treviño & Doh, 2021).

This global expansion pattern is characteristic of many multinational companies, where the process often starts with exporting to countries with the minimum “psychic distance” from the parent country (Buckley et al., 2023; Yan, 2022). Gradually, a distribution and sales subsidiary is established in that overseas country. In the interim, the imported products are sold at a lower price to both businesses and customers. In the course of time, the manufacturing company develops a more integrated overseas subsidiary that begins to carry out manufacturing and eventually product development. Often, the main goal is to take advantage of cheap labour and the buffer market threat from export competition (Gulanowski et al., 2018).

However, there are several reasons as to why some multinational companies succeed and others fail in entering a new market (Batsakis & Theoharakis, 2021). They include: stiff competition from locally existing companies, insufficient capital to compete efficiently, subpar market

research leading to the introduction of products and services that do not suit the market and unstable economic and political climate that inhibit efforts to conduct business (Ando, 2024).

These chemical manufacturing companies must therefore assess the potential risks that could cause entry and market internalization failure before taking the leap from their original setting to increase the likelihood of success (Correa da Cunha et al., 2023; Lo & Tan, 2020). Indeed, this view is also in alignment with Luke the apostle who posited that before an individual, who intends on building a tower, must count the cost and take into consideration whether they have all the resources to finish the building. If the individual does not use this approach, they might be overcome by the risks they did not mitigate from the beginning and become the mockery of society.

According to Guercini and Milanesi (2022), there are six strong predictors of successful market entry for any company seeking cross border expansion: the order of entry, relatedness of the market entered, industry life cycle stage, entry size relative to minimum efficient scale, degree of technological innovation and complementary assets. The company should assess and consider which of the factors are most relevant to their market entry strategy, based on the product or service they have to offer (Aaker & Moorman, 2023). These factors would then form what is called the reference class within which the analysis will be done.

Out of the six predictors, one of the most important predictors that should be considered by these chemical companies is the selection of the most appropriate country to enter (Alcântara et al., 2024). One way to do this is to analyze the political, economic, socio-cultural and technological risks. A key tool to assist in the evaluation of target market selection is the CAGE framework (Mariadoss, 2019). The CAGE framework assists the company to measure the ‘distance’ that the target country is from its country of origin by means of four dimensions. These four CAGE dimensions include economic, geographic, administrative and cultural

distance. The greater the distance, the higher the risk and consequently, the less the opportunity for success (Li et al., 2020).

Using the CAGE framework also allows the company to compare different target countries to assist in making the critical decision (Ghemawat, 2018). According to this framework, factors related to differences in geographic barriers, culture, economic disparities and administrative functions between the country of origin and the target country will assist the parent company in establishing the status of country specificity. It is prudent that the company selects a target country with high specificity as compared to the home country (James et al., 2020).

Relatedness of the market entered would rank as the next most critical factor to consider for these chemical companies seeking new market entry (Demirbag et al., 2020). An unbiased assessment is required to carefully examine the degrees of difference between the current portfolios with the potential market. The grander the variance, the greater the failure risk in the market entry (Harris et al., 2022). In this case, a core market entry analysis should be carried out considering these factors: value proposition (unique selling point), competition, potential market size, estimates of market share versus revenue and detailed cost estimates (Markman et al., 2019). These factors indicate that it is critical to select a marketing strategy that would be fit-for-purpose.

There are four main international marketing strategies from which global multinational companies can choose from: multidomestic, transnational, international and global strategy (Schmid, 2018). Individually, each specific strategy implicates a dynamic tactic in achieving efficiency across countries while remaining responsive to diminuendos in the nuances of customers and current market preferences (Liu et al., 2021). Each of these strategies have varying degrees of effectiveness on efficiency achievement while simultaneously responding to the needs of the local market (Nguyen & Alcantara, 2022; Schmidt-Devlin et al., 2022).

Some examples of multinational companies that have had great success in employing the international strategy include Walmart and Kia within their select sectors of retailing and car manufacturing respectively.

McKinsey in the consulting sector, HSBC and UBS in banking and L'Oréal in the cosmetics and toiletries sector are also global gold standard examples where international expansion has been a hallmark of growth and profitability. In reference to L'Oréal's globalization success by using the localization strategy was done by developing their Wondercurl brand of mascaras with Asian eyelashes as their market entry strategy in Japan and rebranded it to Eyelure. This localization was informed by the view that there are differences in skin colour and texture of body hair between American and Asians. It was especially loved by the young generation of Asian girls and shortly after its launch in retail stores; it became the number one selling mascara in Japan (Mečiar et. al., 2020).

Berndt et al. (2023) noted that although different companies might follow dissimilar steps in establishing their subsidiary in the target country, it is indeed equally important for them to consider the local market needs and expectations as in the above example. It is indeed prudent to consider to meet those needs through every facet of the company's processes and procedures and not only in its product offerings (Solberg, 2017). Panibratov et al. (2023) further hypothesized that subsidiaries of global multinational companies operating in emerging markets must integrate the local customer dynamics in their entire corporate model for competitive advantage, which has also been termed as localization.

Holovatska and Protsyshyn (2018) posited that many organizations have attained success in foreign markets by implementing this localization strategy. In regards to multinationals, localization is contrary to the global strategy whereby the multinational company acknowledges national differences and adapts to be locally responsive so as to meet local preferences (Kashif & Udunuwara, 2021; Lee & Griffith, 2019; Sichtmann, 2019).

In summary, global corporate success is often manifested by “glocalization”: thinking globally and acting locally (Tamulevičiūtė, 2019). The localization strategy is therefore focused toward understanding local customer preferences and institutional requirements and then adapting marketing mix elements to aptly fulfill needs and wants of customers (Hoskins et al., 2020). This adaptation can be done through price and product localization, and localizing translations. Conversely, there are instances where adaptation of a specific element may still be required even in situations where localization of the product class or industry of application is not necessary. A case in point example is from an international tech company called Intel ads. The company, upon entry into the USA market, was promoting a high-tech microprocessor. The advertisement displayed a man of Caucasian descent being bowed down by several men of black ethnic descent, to depict that older technology was recognizing the superiority of newer technology. The depiction which portrayed the slavery practice of past historic times sparked strong and nostalgic negative emotions of the colonial era in the homogenous target audience, which consisted of both white and black Americans. Therefore, it is preferable for companies to localize or adapt their marketing strategies to the specific environments prevailing in each market (Shamdasani, 2022).

For this reason, the four different strategies as mentioned above that companies recommended for use are dependent on the type of industry environment the companies operate in and to what extent the industry environment requires localization (also termed as local responsiveness or adaptation) or standardization (global integration) (Ghemawat, 2018). The transnational strategy for instance is mostly prevalent among industries where both the forces of local responsiveness and global integration are strong (Sichtmann, 2019).

Liu et al. (2021) suggested that such companies use a combination of localization and standardization to best leverage global opportunities. It would be challenging for such companies to succeed with a uni-dimensional strategy that mainly focuses on responsiveness, learning and efficiency. Therefore, simultaneously achieving all three goals would be the best recipe for success in this case. Pharmaceuticals, automobiles and computer companies are industry segments that would benefit most from a transnational strategy.

In addition to the internationalization process, there is a necessity for companies to embrace this approach to the level of their marketing strategies and consequently, the marketing mix, additionally to adopting an apt approach to localizing their business activities (Grigorescu & Zaif, 2017). This poses yet another challenge where they need to align an optimal balance between standardizing and adapting their marketing strategies across borders to achieve global expansion successfully (Schmidt-Devlin et al., 2022). To this effect, Diallo et al. (2021) cites this specific approach centered on the concepts of “global marketing” and “glocalization of marketing activities”.

The reference class factor that would need to be considered by these companies is the industry life cycle stage (Vahlne, 2020). A major risk that follows simultaneous entry of several multinational companies into a selected target country is competition intensity among the entrant companies (Keskin et al., 2021). In this context, each of the chemical manufacturing multinational companies would aspire to dominate the Kenyan market by attaining the greatest market share. Competition intensity has been identified to have a considerable effect on the multinational companies’ performance that aspire to attain a high degree of internalization in the entrant market (Abdi, 2018; Casson & Wadeson, 2018). Organizational performance may be influenced by the marketing strategy of a global company, which is also dependent on the intensity of the competition in export markets (Mandler, 2019; Riemann et al., 2022).

In this study, it is proposed that each of these start-up chemical companies would therefore need to employ a suitable marketing strategy dependent on appropriately blending the marketing mix elements to suit the Kenyan market environment. This view is informed by the understanding that the success of the marketing strategy is dependent on its implementation, often guided by the marketing mix.

1.1.1 Marketing and the Marketing Mix

Marketing has been identified as one of the core functions of an organization. Marketing can be defined as the identifying of the needs and wants of a specific market and producing a product to fulfill them better than competitors. Blythe and Martin (2019) maintain that a major component to the marketing process is innovative, intuitive marketing strategies that guide and inform marketing activities.

Developing the right marketing strategy with time often consists of a blend of innovation, consistency and agility that organizations need to adhere to in order to achieve a competitive advantage, which is, the ability to create value in the focus area to a much higher degree than any other company (Akgün & Polat, 2022; Yasa et al., 2020). Park (2020) postulated that marketing strategy is the manner by which companies respond to internal and external forces in the market, for instance, competition, that enables achievement of a companies' goals and objectives in their specific market, through all aspects of the marketing mix, that consist of distribution, price, promotion and product.

According to Zugay and Zakaria (2023), they highlighted the Ansoff matrix, which is a four-box matrix representing four marketing strategies. It describes a rational combination of two "positioning variables"; potential and existing products against potential and existing markets. The matrix identifies four possible marketing strategies namely market diversification, product development, market development and market penetration (Tien, 2019). Market penetration

has been identified as the key marketing strategy of the selected start-up chemical companies in Kenya.

Specifically, in the market penetration strategy, the objective of the organization is market share increase within an already existing market using its products that are already present in the target market (Nadube & Didia, 2018). In this case, the market segments for the organization's products are established and therefore the aim is to expand within the segments (Ozkan et al., 2022). New customer acquisition or aggressive increase of sales from existing customers are strategies that these companies can employ to enable capture of a larger market share than new-entrant competitor companies (Aaker & Moorman, 2023).

A marketing plan then sets out how the marketing strategy will be put into practice (Perreault et al., 2021). The marketing mix elements are the core in an integrated marketing plan, which transforms the marketing strategy into action. The marketing mix therefore is the set of tactical marketing tools that are used to implement the marketing strategy of a company (Chernev, 2019).

1.1.2 4P's of the Marketing Mix

Mintz (2021) explained that for a company to achieve their desired level of demand in a target market, that the marketing mix elements are the specific toolset that can be controlled to achieve the organization's desire. These elements are promotion, place, product and price. Alnaser et al. (2017) cited the improvement on the already identified 4Ps of marketing, that is, product, price, promotion and place, which is the earlier version, and added 3Ps to become 7Ps. The seven elements in total also included a focus on not only products but on services as a product as well. The additional 3Ps are people, physical and processes. The elements in the marketing mix can and should be blended in different proportions in order to attain marketing objectives and consequently, organizational performance success (Thabi & Raewf, 2018).

1.1.3 Organizational Performance

Organizational performance is referred to as the actual results realized or the actual output usually measured against the organizational goals or objectives (Barney, 2020). This includes a series of activities meant to establish and evaluate the progress of the organization in terms of achieving the target. Alajmi and Arabiat (2021) asserts that an organization's goal is not only to survive but to ensure that it sustains its existence by improving its performance.

According to Khan and Khan (2021), measures of an organization's performance must be multidimensional, meaning that the picture of performance should be balanced. This balance should depict the interplay between variables such as external and internal factors of performance, required inputs and outputs, non-financial and financial indicators, long term and short term goals which would then enable analysis from different perspectives (Alobaidi, 2019).

Organizations are typically measured from a financial view when it pertains to analyzing their performance. Some performance indicators from a financial accounting perspective include profitability, market indicators of investor value and cash flows (Kim et al., 2020). Inasmuch as the performance of an organization cannot be fully explained from a financial viewpoint, it is certainly one of the most utilized benchmarks of organizational performance.

The most widely accepted performance management systems from a strategic management perspective are the EQFM Business Excellence model developed in 1999 and the Balanced Scorecard developed by Kaplan and Norton in 1996. The latter model due to the nature of its components that allow for a variety of perspectives other than exclusively relying on financial measures is preferred because of the balanced assessments that arise while applying it (Aryani, 2020).

From a marketing perspective, there are three main performance systems that explain firm and inter-firm performance that have been elucidated by scholars. They are the resource-based view model, the structure-conduct-performance model and the dynamic capabilities model. In the structure-conduct-performance (SCP) model, an organization's performance is measured by how it deals with competitor rivalry and associated price competition by leveraging on the gaps it has identified in the market that the other competitor companies are not satisfying (Bruijl, 2018; Ibrahim & Harrison, 2020; Taouab & Issor, 2019). Contrarily, in the resource-based view (RBV) model, instead of considering the different aspects of the market as the baseline of measure, it considers specific resources that are unique to the organization as the cornerstone of a firm's performance and the source of competitive advantage above its competitors (Beamish & Chakravarty, 2021).

A different perspective is considered in the dynamic capabilities (DC) theory that is brought about by the idea that markets are not heterogeneous but are rather dynamic (Badrinarayanan et al., 2019; Bargoni et al., 2023; Mitreğa, 2020). Therefore, in this theory, the organization's performance is viewed from its ability to effectively match the market environment with the resources it acquires and utilizes, within the confines of its operation (Baía & Ferreira, 2019). The variance between this capability of an organization and its competitors can therefore be measured and due to the dynamic nature of markets, it can be measured over a period of time (Leemann & Kanbach, 2022).

1.1.4 Marketing and Organizational Performance

The ability of organizations to implement successfully their marketing strategies is a key distinguisher between high, low and moderately performing organizations, and not only on how well their marketing strategies are laid out, outlining how, when and where the organization will compete (Daniel, 2018; Hoque et al., 2022; Khan, 2021). According to Mumbi (2019), implementing a successful marketing strategy entails utilizing highly

specialized marketing capabilities that ensure tactical processes in the marketing program-related processes. This view is informed from the dynamic capabilities theory as earlier stated. Baumgartner and Weijters (2019) suggests that the application of the classical “marketing mix” is the basis of these highly specialized marketing capabilities, of which their utilization is unique from one organization to another and has been observed to influentially determine the performance of organizations.

Due to the centrality of classical marketing mix variables in the implementation of marketing strategy therefore, their integration effectiveness is assumed to have a relationship to the organization’s performance (Mumbi, 2019). Some variables tend to have a closer relationship to the organization’s performance than others such as price, since price has a direct relationship to costs (Liozu, 2019). Khanna (2018) proposed five tools that can be used to measure marketing performance. They include financial analysis, sales analysis, customer attitude tracking studies, market share analysis and marketing expense to sales analysis.

The selected chemical companies’ performances will mostly be analyzed from a financial perspective since most start-up businesses are assessed using financial indicators such as total sales revenue, break-even point, profit and EBITDA values.

1.1.5 The Industrial Chemicals Sub-Sector in Kenya

The manufacturing sector in Kenya is the third largest by sectoral contribution to Gross Domestic Product (10.3%), of which the transport and communication sector ranks second (11.3%) while the agriculture and forestry sector takes the lead (23.4%). Industrial chemicals manufacturing only accounts for 2% share of the manufacturing GDP within the manufacturing sector. Also, the chemicals manufactured are mainly agrochemicals, veterinary products, pesticides, with chemicals to be used as raw materials in manufacture in different industries account for a low percentage contribution.

The most commonly used raw material chemicals used in the manufacturing sector are alcohols (ethanol, propanol), benzoates (sodium bicarbonate), acids (lactic acid) and sorbates (sodium sorbate) etc. The demand versus supply gap in the Kenyan manufacturing sector is large due to few and small chemical manufacturing companies locally present, owing to the high operational costs of such manufacturing plants. Some local chemical manufacturing companies include Twiga Chemicals and Elys Chemical Industries. This gap has therefore been identified as an opportunity by global chemical manufacturing companies to import their chemicals and fulfill this need. The main importing continents include Europe, India, China and the USA.

1.1.6 Subsidiary Chemical Companies in Kenya

Importation of chemicals as raw materials for manufacturing in Kenya has been ongoing for more than five decades. Most local manufacturing companies have been importing these chemicals from India due to the lower prices offered as compared to European companies. However, due to the need for high quality chemicals by some manufacturing companies, they are inclined to purchase from Europe and USA to meet GMP requirements. The chemical manufacturing companies include BASF, Merck KGaA, Sigma Aldrich, Dow Chemicals, Croda International and Evonik Industries.

BASF has its roots in Germany, ranked top of the list of chemical companies with regards to revenue, its sales amounting to 1 billion euro in 2010. Its main chemical manufacturing sites are in Germany, China, Hong Kong and Taiwan. The company has been exporting to Kenya from its headquarters in Ludwigshafen, Germany since the end of the 1920s. Its local subsidiary in Kenya was set up in 2011 and in 2014, a local manufacturing hub was set up in Nairobi. BASF has also claimed its lead locally among its competitors due to high quality of its product and low price of especially bulk chemicals.

The Dow Chemical Company, also called DowDuPont after merger with DuPont, is an American based company headquartered in Michigan founded by Henry Dow in 1857.

Globally, by revenue, Dow is the third largest chemical company, most of its sales being achieved by selling to other chemical companies. The official opening of the Dow offices in Kenya happened in 2010, which places Nairobi as the centralized hub for its operations in East Africa.

Merck KGaA is the oldest family-owned chemical and pharmaceutical company in the world, its inception dating as far back as 1668. Originally from Germany, Merck KGaA ventured into Canada and USA beginning its journey to being a multinational company. Merck now has subsidiaries set up in 68 countries globally, Kenya included with the launch of their first representative office in East Africa in 2013. Merck Millipore, one of the four divisions of Merck, is tasked with the chemical business in the company.

Evonik Industries was duly renamed in 2007 after several successful mergers between five German specialty chemical companies which had been in existence from the early 19th century. It entered the Kenyan market in 2011, its operations still strongly influenced and supported by its regional main office in South Africa. Its Nairobi office is located in Riverside Drive Business Park and is responsible for the operations in the East African market.

Sigma-Aldrich, having its headquarters in St. Louis, USA, was formed from a merger between Aldrich Chemical Company and Sigma Chemical Company in 1975, both of which were American specialty chemical companies. Its operations expanded to 40 countries globally. In Kenya, it mostly operated under a distributor called Kobian Scientific, of which now its operations have merged with Merck Millipore after acquisition in 2015.

Croda International was founded by Mr. Crowe, an entrepreneur, and Mr. Dawe, a chemist in 1925. They ventured into the chemical manufacturing business, in the North of England, which was their first manufacturing site. It began its international expansion in the 1950s. It entered the Kenyan market in 2014, and has offered SomoChem Kenya Ltd the distribution function.

In the past five years as noted above, these chemical companies have ventured into the Kenyan market and started up representative offices in Nairobi so as to locally supply manufacturing companies. The main motivation has been an increased demand for high quality manufacturing chemicals and reduced lead time for supply. This has in turn led to competitive intensity amongst these companies and a need to be able to gain the highest market share in the manufacturing sector in Kenya. It is therefore in question how well these companies will be able to achieve success in a new environment with increased rivalry from each other and different market dynamics as compared to their foreign markets.

1.3 Statement of the Problem

Different markets pose different dynamics with regards to the environment. Political, Economic, Sociocultural and Technological factors require to be carefully analyzed to ensure that the environment is fit to guarantee marketing success of a company. Therefore, the marketing strategies and marketing mix successfully employed in one environment and directly duplicated in another environment might present a futile expectation to succeed in a similar manner (Ghemawat, 2017).

There are several reasons as to why some multinational companies succeed and others fail in entering a new market. They include: stiff competition from locally existing companies, insufficient capital to compete efficiently, subpar market research leading to the introduction of products and services that do not suit the market and unstable economic and political climate that inhibit efforts to conduct business (Ando, 2024).

These chemical manufacturing companies must therefore assess the potential risks that could cause entry and market internalization failure before taking the leap from their original setting to increase the likelihood of success. Failure to do so may pose the danger of non-performance even if they had all the required artillery for the market share war (Gulanowski, 2018). There

is therefore a need to justify this view by establishing the relationship between the marketing mix and performance.

1.4 Purpose of the Study

This study was aimed at analyzing the marketing mix models being employed by the key chemical companies, which include BASF, Evonik Industries, Merck KGaA, Sigma Aldrich, Dow Chemicals and Croda Chemicals. The study was also to establish the influence of organizational performance on elements of the marketing mix of the subsidiary chemical companies.

1.5 Objectives of the Study

- i. To establish the influence of promotion on organization performance in the subsidiary chemical companies.
- ii. To establish the influence of place (distribution) on organization performance in the subsidiary chemical companies.
- iii. To establish the influence of product itself on organization performance in the subsidiary chemical companies.
- iv. To establish the influence of price on organizational performance in the subsidiary chemical companies.

1.6 Hypothesis

- H01: There is no significant relationship of product promotion on organizational performance of the subsidiary chemical companies
- H02: There is no significant relationship of product place (distribution) on organizational performance of the subsidiary chemical companies
- H03: There is no significant relationship of product itself on organizational performance of the subsidiary chemical companies ‘
- H04: There is no significant relationship of product price on organizational performance of the subsidiary chemical companies

1.7 Significance of the Study

This study will assist subsidiary chemical companies in providing marketing information to facilitate the success of their marketing strategy. It will also serve as a future reference for chemical-related corporate companies and researchers in the marketing field. Additionally, this research will increase the knowledge body for scholars on the marketing mix elements and performance.

1.8 Scope of the Study

This study was carried out in the Nairobi-based chemical companies. The research was carried out within a span of three months after which the results were compiled for analysis. Quantitative data were analyzed using computer-aided content analysis while qualitative data was analyzed using descriptive statistics. The independent variables were place (distribution), price, promotion and product attributes and dependent variable was performance.

1.9 Definition of key terms

Subsidiary company: A corporation or business entity that is owned either partially or fully by another existing company, termed as the holding or parent company.

Manufacturing Industry: Industry concerned with large scale production, which inputs also called raw materials are converted into products also called finished goods or products by manufacturing companies.

Multinational Enterprises: Organizations operating in several countries but are managed from one (home) country of origin.

Marketing Mix: The classical 4Ps of the marketing mix include Product, Promotion, Price and Place. They are the toolset or tactful actions that an organization utilizes to promote its service(s) or product(s) in the target market.

Glocalization: A colloquial combination of the two words “globalization” and “localization” into one to depict services or products that are produced and marketed globally but are adapted to the needs of the consumers in the local destination market.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter evaluates literature with regards to the marketing mix elements and related organizational performance. It is based on the 4P's of marketing as theorized by McCarthy and its position in the marketing strategy. Each of the four elements are discussed in detail, emphasizing on key traits that relate to performance of an organization. The Balanced Scorecard was also highlighted as a performance measure. It ends with a conceptualization of the problem under investigation and variables operationalization.

2.1 Theoretical Framework

A theory is a statement of relationships between variables that have been observed or approximated in the empirical world. It can be interpreted as a system of variables and constructs in which the variables are related to each other by hypothesis and the constructs related to each other by propositions. In this study, the theories that will be used are the Balanced Scorecard theory, resource-based view theory and the structure-conduct-performance paradigm.

2.1.1 Structure-conduct-performance paradigm

This paradigm is an economic concept developed by Joe Bain in 1959 used in Industrial Organization Economics to describe the relationship between an organization's environment (structure), behavior (conduct) and achievement (performance). The structure indicates the market within which an organization operates, which is often shaped by factors of demand and supply (Lelissa & Kuhil, 2018). The conduct describes the manner in which sellers and buyers interact within the market while the performance is the results of these interactions within the market. The relationship states that the structure of an organization influences its conduct which in turn determines its performance.

This model is instrumental in predicting and analyzing key aspects of organizations that are especially operating within a non-changing industry. Responsiveness of an organization's structure to price and conduct or vice versa, stability of the conduct, preparedness to external environmental shocks, market concentration and market share calculations and factors affecting performance are examples of these aspects (Liozu, 2019). The model also highlights

strategies employed by different players in the market that result in superiority or inferiority in their competitive rivalry.

In this study, the environment within which the entrant chemical companies are to operate in is the chemical industry market. This study seeks to unravel the relationship of the conduct depicted by the different marketing strategies of these companies with their performance. The utilization of the marketing mix elements to implement the marketing strategy of each company will be studied with an aim of comparison on which company best utilized conduct to attain highest performance (dominance of the industry).

2.1.2 Resource-based view theory

The resource-based theory postulates that an organization's unique internal capabilities and resources are central to defining its competitive advantage among its competitors (Acikdili, 2022). It focuses on the internal properties of the organization that uniquely differentiate it from its competitors in the same industry. It posits that when these capabilities and resources are unique to a particular company, they are normally difficult to imitate which over time can result in superior performance. They are credited to position a company for long term success due to their non-imitable nature (Beamish & Chakravarty, 2021).

This model highlights the ability of an organization to achieve high performance by using its resources (Sheikh et al., 2019). It bases this view on three main concepts of resources which include capabilities, tangible resources and intangible resources. The two latter concepts comprise of the organizational assets such as land, machinery and buildings, intellectual property, trademarks and brand reputation respectively, while the capabilities include the internal competencies and knowledge. These all together constitute to form an organization's internal properties (Barney et al., 2021).

Two assumptions are posed by this model. In the resource-based view, it is assumed that an organization's resources are immobile, meaning that they cannot be shifted between organizations. The second postulation is that not all resources contribute to the competitive advantage of an organization. The specific resources that result in competitive advantage must qualify by demonstrating particular characteristics which are, non-imitability, unique, non-substitutability, rare and valuable (Zhou et. al, 2019).

In this study, the expectation is that these specific resources will likely be illustrated by the elements in the marketing mix because the predictive nature of the resource-based view has a

direct relationship between inter-organizational competitions. Also, due to the unique nature of the non-tangible resources such as brand reputation, they will vary from one chemical company to another, and be analyzed to reveal the marketing mix elements whose impact is directly reflected on the firm's performance over its competitors (Acikdilli et al., 2022),

2.1.3 The Balanced Scorecard Theory

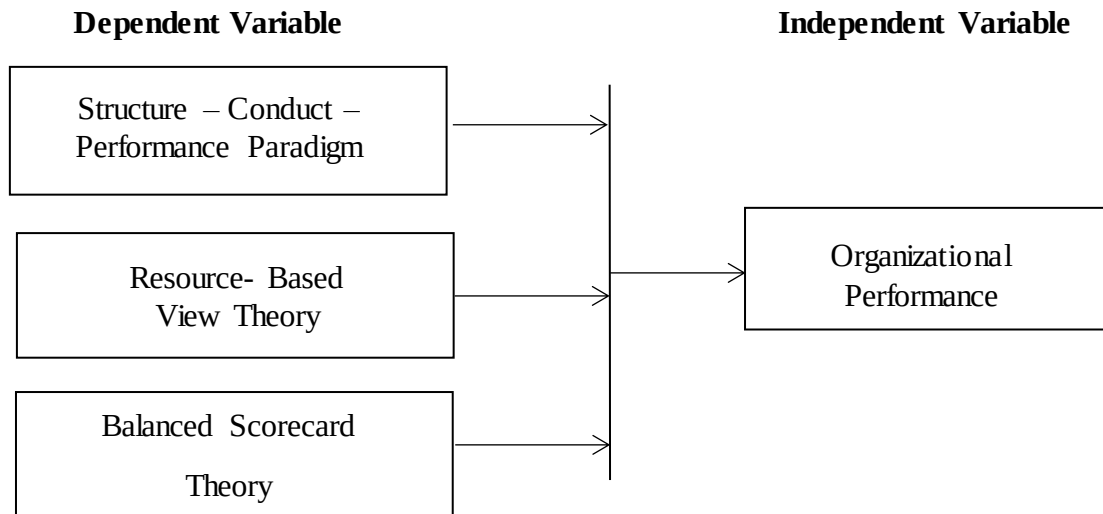
Kaplan and Norton postulated this theory in the 2015 Harvard Business Review paper, was proposed as a metrics measurement of performance in organizations whose intangible assets played a key role in creating value (Aryani, 2020). Unlike other directly measurable metrics such as financial metrics, metrics of intangible assets until then posed a challenge in impact quantification towards an organization's performance. It was addressing the gap of a multidimensional view of measuring an organization's performance against its strategic goals.

This multidimensional perspective brings to the fore a four-dimensional view of an organization which includes business, learning, financial and growth perspective. These various perspectives are the basis of metric development, data collection and analysis to establish the performance of an organization (Kumar et al., 2023). This model was utilized to analyze and measure the influence of the marketing mix elements, of which form part of the intangible aspects of an organization.

Metrics identified were utilized to measure these elements in price include list price and discount allowed, in product its quality and brand value, in promotion, impact of sales promotion, in place, distribution channel, location and inventory respectively (Liang & Gao, 2020; Özsomer et al., 2023). These metrics will then be used to relate to the performance by translating their influence to financial metrics such as sales turnover, profit accrued and return on investment.

Figure 2.1

Theoretical Framework Theory



Source: Researcher, (2023)

2.2. Empirical Review

2.2.1 Price and Organizational Performance

Empirical studies link product price to organizational performance. For instance, Liozu and Hinterhuber (2022) postulated that pricing bears prime importance amongst elements of the marketing mix because it is that element that directly generates turnover in an organization. It is the element that is believed to “harvest” the value created by the other marketing mix elements. Luo et al. (2018) also suggested that to accrue revenue for an organization, price is that element of the marketing mix that empowers this aspect, while product, place and promotion produce costs referred to as the variable cost for an organization. However, from the customers’ perspective, the price is viewed as the ‘cost’ of the product or service being offered by a company.

The pricing strategy may show a discrepancy between organizations depending on its specific objectives (Rekettie & Liu, 2018). These could either be to enter a new market, to defend the existing market from new entrants or to increase its existing market share. These objectives as summarized by Liozu and Hinterhuber (2022) can either be sales-oriented, status-quo oriented or profit-oriented objectives. The choice of pricing strategy often depends on the specific objective the organization wants to achieve. Some pricing strategies include price skimming, odd pricing, promotional pricing, loss leader pricing, incremental cost pricing and predatory pricing among others.

According to Nagle and Muller (2018), the type of pricing strategy will often guide the organization in setting the price of its product(s). Organizations mainly select either one of the following two pricing strategies: the demand-focused or the cost-focused pricing strategy. The demand- focused strategies consider factors that influence demand such as competitor price and prevailing market conditions while the cost-focused strategies take an approach focused on the price of the good or service offered such as cost-plus mark-up and variable versus fixed price. PESTEL factors which define the market conditions within different entrant markets are often considered when determining which approach will be most appropriate to take when deciding on a pricing strategy to employ for an organization.

Studies also show that pricing strategies that guide price setting directly influence profitability and revenue of the organization. It is indeed crucial to set the price at the right mark because it will have a consequential impact on company revenue and financial performance eventually. If the price is set too low, it poses a risk of straining the organization by losing profit unnecessarily. If the price is too high, the organization risks suffering losses due to lack of enough generation of demand for its products (Liuzo & Hinterhuber, 2022).

According to Ge (2020) in the study of the effect of operations management on the success of McDonald's globalization strategy, a major factor that led to the company attaining market leader status is the manner in which they price their products. In utilizing the strategy of cost leadership, the company managed to offer prices that were lower than the competitors to its customers via minimization of costs.

According to Özsoy et al. (2023) the impact of getting the pricing strategy wrong has immediate and detrimental effects on an organization's performance. The 2011 Netflix debacle in the USA is a classical case in point in this regard. After a 50% increase in the price of its DVD-streaming bundle, Netflix immediately lost almost 30% of its customer base of its existing 25 million subscribers as well as a reduction of 50% on its share price.

According to Yang et al. (2020), solving the pricing puzzle is an art which begins with top management understanding its tenets, undertaking the necessary thorough process required and that this process gets better with time.

The subsidiary chemical manufacturing companies' products are divided into bulk chemicals and specialty chemicals. Bulk chemicals' pricing strategy in most cases, is based on the concept of economies of scale where the price is set low with minimal profit margin, however, the profit is amplified when the product is sold in large quantities. The pricing strategy for the

specialty chemicals is set as relatively high per unit because they are often sold as single units and are not as frequently purchased as compared to the bulk chemicals. The margins for both product categories need to be competitively set based on the PESTEL factors and other competitor companies pricing strategies as part of their market entry strategy.

2.2.2 Place (Distribution) and Organizational Performance

Empirical studies relate distribution as a marketing mix element to organizational performance. Distribution is also classified within the context of supply chain and its integrational components, which as scholars have suggested, has become one of the critical success factors to organizational performance (Hassan & Abbasi, 2021; Li et al., 2022; Wiengarten et al., 2019; Yang et al., 2020).

According to Hassan and Abbasi (2021), partners in the supply chain need to collaborate with manufacturers to build capabilities for better internal and external resource management. The net effect of this collaboration is overall cost reduction along the entire supply chain that ultimately leads to meeting demands of customers while increasing profitability in the long run. Yuen et al. (2019) in their study applied RBV to understand critical success factors in supply chain integration. For shipping companies to gain a significant competitive advantage over their rivals, the critical success factors were identified as a bundle of capabilities and resources and not simply a one factor affair. This view supports the collaborative approach in the supply chain as suggested above, with an aim to increase efficiencies and optimize costs. Further supporting this view, Khanuja and Jain (2020) posited that a key factor deemed to have a direct correlation on influencing competitive advantage of a company is integrating the function of supply chain.

Some key additional benefits of supply chain integration include higher flexibility (Novais et al., 2019; Yang et al., 2020), a decrease in transaction costs (Patil et al., 2024) and shorter cycle time-to-market (Li et al., 2022) and lower transaction costs. Consequently, it is evident that a positive relationship exists between supply chain integration and different performance types as it relates to an organization which include financial (Chen et al., 2018), operational and new product development more specifically in uncertain demand environments (Hendijani & Saeidi Saei, 2021).

The role of distribution of a product has therefore been increasing in its importance over the years especially as many companies have adopted global presence as a key growth and sales performance driver in their strategy. According to Shleha et al. (2023), it is crucial that as this

global expansion occurs, the distribution network is optimized to avail the right product at the right time, at the right place, to the right customer in the right quantity. This process also needs to be done in a manner that reduces waste along the distribution channel, which also means that the right distribution channel must be identified. Failure to select the right distribution channel will ultimately lead to increased cost of distribution which will be added unnecessarily onto the total cost of the product causing a detrimental overall impact on the revenue of the organization (Thabit & Raewf, 2018).

It is imperative then, to further emphasize granularly, that all functions involved in the distribution network such as order capturing, purchasing, inventory control, supply chain, transportation and material management are optimized to allow easy flow of product from the manufacturer (warehouse or production plant) to an end user (Frazelle, 2020). A key amplifier to the strategic nature of distribution as a function within an organization is that with increased competition, there is an associated elevated customer expectation on the overall service delivery.

According to Tien (2019), an organization that has an efficient distribution network is perceived by customers as one that has ease of accessibility, flexibility and consequently easy to purchase from. Ultimately, this perception has a positive upside to the profit margins, sales turnover and revenue of an organization which in turn influences organizational performance.

Sismar et al. (2024) also analyzed the impact of servitization on overall integration of the supply chain as it relates to sales growth and return on sales. While servitization (adding services in the supply chain channels) showed a positive increase in competitive advantage, which is also one of the by-products of servitization, it could also have detrimental effects in some cases if not well optimized (Li et al., 2023). One case highlighted is a comparison between personal computer giants IBM and Xerox. IBM after its transition into service seemed to suffer whereas Xerox sustained its competitive advantage by maintaining its integrated solutions strategy.

The chemical manufacturing companies that seek to enter Kenya as a new market must therefore consider distribution networks that are deemed to be flexible and efficient in delivery for this to reflect positively on their overall performance as an organization.

2.2.3 Product and Organizational Performance

The product of an organization can be defined as a physical product or service, which can either be tangible or intangible, that is presented to a customer for which they are willing to pay (Crass et al, 2019). The physical product bears various characteristics such as the brand name, logo, design, quality, sizes, and packaging that ascribe unique features which differentiate it from a competitor (Mugge, 2018; Ullah, 2021). All these physical attributes as well as the customer perception of them are summed up as brand equity, which has been identified as one of the most important marketing assets of differentiation of a product by customers (Bashir et al., 2019).

Product quality (the products in this study are chemicals) as an aspect of brand equity, is crucial because of the stringent standards applied in manufacturing to meet standardization. Also, once produced, the final products must be vetted to meet the standards required by local regulators such as Kenya Bureau of Standards respectively. According to Ahmed et al. (2019), in their study of Turkish manufacturers, posited that product quality is one of the key product attributes that has a positive effect on an organization's performance, and is deemed to have a dual effect mediator in positively affecting environmental sustainable practices concurrently.

Several studies on perceived quality and its relationship to organizational performance further highlight its importance as a product attribute. For instance, the literature review by Hermiyenti and Wardi (2019) indicated that there is a positive correlation between customer satisfaction, perceived quality of product and overall organizational profitability. This occurrence ensures continuous purchase of the same product over and over again by the consumer due to relating the brand's image with its quality, which in turn, influences their purchase decision.

Extant literature also evidences that there is a "halo effect" of brand equity in impacting performance. According to Horsfall and Mac-Kingsley (2018), they asserted in their study on beverage and food companies in Port Harcourt, Nigeria, that a positive correlation exists between brand equity and market performance as it pertains to brand association, perceived brand quality, brand awareness and brand loyalty. Nazarani and Suparna (2021) posited that consumers are willing to pay a premium price if they perceive it to have high brand equity, causing them to repurchase and even recommend the product to other consumers.

Henry (2021) postulated that an effective marketing strategy should be designed in a manner that the product or service must not only meet the desires and expectations of a client, but exceed them. In the case of these chemical manufacturing companies, meeting the expectation

by offering consistent quality of both the bulk and specialty chemicals is deemed to be a key determinant of establishing brand and customer loyalty resulting in re-purchases.

According to Jepchumba et al. (2022), proper packaging of products is also a vital aspect in maintaining the integrity of the product ensuring that its quality is not altered during transportation and delivery to the customers. Associated documentation containing details on the quality of the product such as a certificate of analysis, should accompany the product as an insert to be used as a reference document by the customer. Therefore, the chemical manufacturing companies must ensure that their chemicals overall meet the required standards of quality with batch to batch consistency, otherwise any compromise may prove detrimental to their performance in the Kenya market.

2.2.4 Promotion and Organizational Performance

Empirical studies have evidenced the link between product promotion to organizational performance. For instance, Saragih et al., (2020) perceive product promotion as the work of innovation and invention that enhance performance of many organizations in the United States of America. In Sub-Saharan Africa, for many business enterprises, product promotion is affected by various factors such as; the channels of communication between individuals, availability of resources, the crisis severity of individuals' operations and the type of task at hand (Wang et al., 2017).

Product promotion strategy of companies is usually measured using a blend of benchmarking, performance versus budget measurements, analysis of financial ratios, or a mixture of these methodologies. The shared evaluation, which is presented by a myriad of financial performance researches and discourses, is that from a financial perspective, when sales increase, actions and functions of a firm improve (Hultman & Oghazi, 2020; Wang, et al., , 2017).

Studies also demonstrate that product promotion enables organizations to position themselves in the market and develop new products. This in turn is followed by increased performance (Jelimo et al., 2024). According to Arshad and Mahmood, (2023), postulated in their research on the effect of mobile promotion on performance of the Infinix Mobile company among others found that promotion involves both mobile phone store-related information being shared with customers, the store's service or product offering, as well as impelling the consumer attitudes, behavior, and perceptions towards the store They further asserted that, promotion should be an informative and persuasive communication process.

Al-Sharif et al. (2017) asserted in their study on the effect of promotion strategy in the Jordanian Islamic banks on several customers that the most important aspect of promotion is advertisement and therefore, the banks should focus on advertising to increase its customer base. According to Jelimo et al. (2024), product promotion strategy has a substantial positive impact on organizational performance of maize seed companies in Kenya.

An organization's efforts of designing and producing a product would be futile if the target customer intended to put the product into actual use is not aware that the product exists. This is the important role that promotion plays: to communicate to the target customer, making them aware that the product is available, where it can be found, its unique selling point, differentiating it from competitors and persuasion to purchase it or generate demand (Abdeta, 2021).

Promotion can be done either above the line or below the line depending on the target audience. Above the line promotion targets a larger audience via mass media channels such as radio and television using advertisements, while below the line is a more targeted approach with a specific audience with more direct influence via personal selling, sales promotion etc. The choice to employ above the line or below the line promotion depends majorly on the nature of the product and the target customer (Kumar & Patra, 2017).

The main products of the chemical manufacturing companies are bulk and specialty chemicals while their target customers are local manufacturing companies. The most effective promotional strategy employed by such companies is a combination of personal selling and sales promotion, both driven by sales executives. This is because the nature of business of chemical manufacturing companies is volume based. The more the volumes they sell, the more sales revenue they would realize.

In personal selling, its employment as a strategy is most appreciated when the customer has very specific needs, and when creating a relationship with the customer enables the much needed persuasion especially when products do not have a high degree of differentiation or where the market is highly competitive. Personal selling also promotes immediate purchase by the customer when they are sufficiently persuaded (Kurniawan & Suhermin, 2023).

Sales promotion enhances the personal selling strategy by focusing on activities that enable customer relationship management with the main aim of catalyzing immediate purchase of the organization's product (Khan & Warraich, 2021; Ramesh & Rao, 2018). This is achieved by offering a time-bound, extra incentive to the customer (either directly or via distributor) to

induce the immediate purchase (Goyal, 2019). Extra incentives can be presented as price discounts, free samples, different price packs such as bundling, buy-one-get-one-free, free shipping or delivery with certain volume purchased etc.

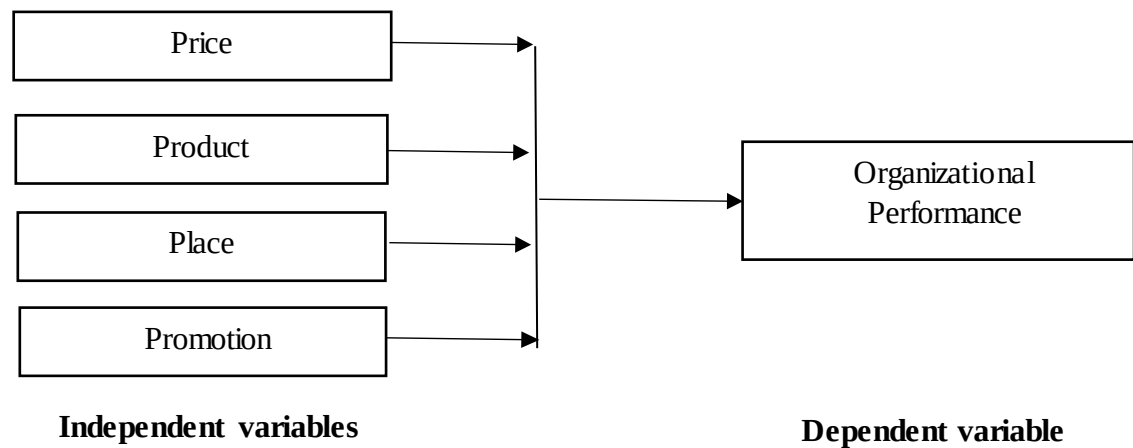
The impact of these promotional strategies, if implemented correctly, is to boost sales which would elicit incremental volume of sales resulting in higher profitability of the organization (Onyejiaku et al., 2018).

2.3 Conceptual Framework

The conceptual framework in this study elucidates the relationship of the dependent and independent variable as shown below in Figure 2:

Figure 2.2

Conceptual Framework



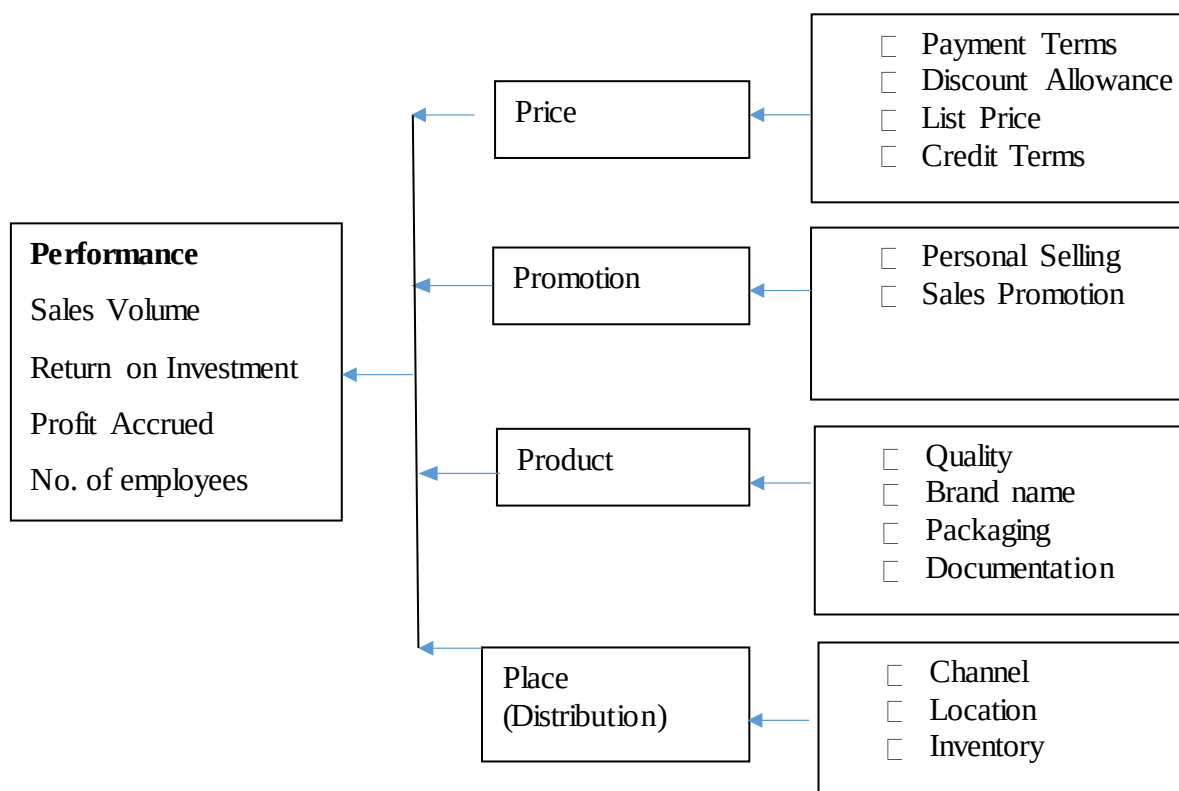
Source: Researcher, (2023)

2.4 Operationalization

The operational framework shows the parameters that were used to measure the variables. The overall performance was measured by sales volume, profit accrued, return on assets and return on investment. Price was measured using credit terms, discount allowance, payment period and discount allowed. Promotion was measured using sales promotion and personal selling. Place was measured using channel, location, inventory and transport. Finally, product attributes were measured using quality, brand name, packaging and documentation.

Figure 2.3

Operational Framework



Dependent Variable

Independent Variables

Statistics Source: Researcher, (2023)

2.5 Operational definition of variables

Table 2.1

Operational definition of variables

Type of Variable	Variable Name	Operationalized indicator of the variable
Dependent	Performance	Sales Volume Return on Assets Profit
Independent	Price	Return on Investment Discount Allowance Payment Period Credit Terms List Price
Independent	Promotion	Advertising Personal Selling Publicity
Independent	Place (Distribution)	Channel Inventory Transport Location
Independent	Product	Quality Brand Name Documentation Packaging

Source: Researcher, (2023)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explores the study under research with regards to its methodologies and design. It provides a full description of the ethical issues, sampling methods and techniques, target population, data collection, sampling design, expected outcomes and data analysis methods.

3.2 Research Design

This study implemented three study designs: descriptive, qualitative and quantitative study designs. Thomas (2021) explains that there are both advantages and disadvantages in the utility of the descriptive research design. One main advantage highlighted is its availability and inexpensive nature as compared to the causal research design. It seeks to answer the question ‘what’ as opposed to ‘how’, ‘when’ and ‘where’. Another advantage is that the relationship that exists between the causes and effects may be unclear leading the researcher to make wrong inferences (Walliman, 2021).

The qualitative study design was used to get the inferential statistics as contained in the regression model. In this research, a survey was conducted on start-up chemicals companies in Nairobi. The dependent variable was sales revenue, as an indicator of performance, while the independent variables were product policy, price policy, place (distribution) policy and promotion policy, elements of the marketing mix.

3.3 Target Population

Mishra and Alok (2022) describes a population as a set of objects, people or groups under research that consists of the characteristics or insights that the researcher is interested in. In population studies, everyone has a chance to be included in the final sample hence making them more representative. The target population were employees in the sales, marketing and supplies departments in the subsidiary chemical companies. The characteristics of this target population is summarized as follows:

Table 3.1*Total Target Population Per Company*

Sample	No.
BASF	14
Evonik Industries	7
Merck KGaA	10
Sigma Aldrich	14
Dow Chemicals	7
Croda International	7
Total	59

Source: Researcher, (2023)

3.4 Sample size and Sampling Techniques

The census technique was used for firms sampled in this study, inclusive of their distributors. The sample size was used and determined by what the researcher needs to know, stakes at hand, what is useful and credible enough, and what will be possible to accomplish with the given time and resources (Walliman, 2021).

In this study, there was no sample taken from the total population due to the small value. This is because most of the selected companies are categorized as startups and therefore would ordinarily have few employees at the beginning to manage risk and operational expenses.

In this study, the researcher divided the target population into strata hence used stratified random sampling. The strata were based on the target departments that availed information relevant to the topic, which are sales, marketing and supplies departments. Policy decisions are made also at management level; hence this cohort would be most ideal to target. The characteristics of this population are summarized as in the table as follows:

Table 3.2*Detailed Target Population*

Company	Sales & Marketing Staff	Supplies Staff	Total Sample	Percentage (%)
BASF	8	6	14	77
Evonik Industries	4	3	7	64
Merck KGaA	5	5	10	77
Sigma Aldrich	8	6	14	70
Dow Chemicals	4	3	7	64
Croda International	4	3	7	70
Total	33	26	59	N/A

Source: Researcher, (2023)

3.5 Data Collection Instruments

A survey questionnaire was the principal instrument used for data collection in this research study. The questionnaires were used for the following reasons: ability to give the respondents adequate time to respond, reachability to an enormous number of respondents within a short time period, preservation of respondents' confidentiality, objectivity in methodology and bias elimination that would normally emanate from individual preference (Bartran, 2019). The questionnaire was divided into the main investigation areas and organized according to the main research objectives. To answer the statement, a 5 point Likert scale was used. It also had both closed and open ended questions to enable flexibility to respondents to freely express their views.

Additionally, personal interviews were conducted, targeting the key decision makers within the selected departments to augment the data collected using the questionnaires. Secondary data obtained from journals, reports and reviews were utilized as a source of data.

3.6 Data Collection Procedures

Closed and open ended questions in the main primary data collection tool, in that, the questionnaire, functioned to ensure data capture. The questionnaires were self-administered via managers and supervisors of the subsidiary chemical companies after seeking their permission to access their sales and marketing and supply chain teams. An introductory letter assisted this access accompanied by a National Commission for Science, Technology and Innovation (NACOSTI) letter of research authorization. The questionnaires were left for a period of one week to facilitate adequate time to respond and ultimately aid in acquisition of a high response rate.

3.7 Pretesting the Research instrument

A pre-test was done to ensure that the data collection instrument was infallible hence satisfactory in collecting data. A pre-test is done as a rehearsal of the actual survey to ensure both the validity and reliability of the study (Frost et. al, 2019). Etikan and Babtope (2019) postulated that a pilot size that is equal to 10% of the sample size is adequate, which accounts for up to 10 respondents in this study, however their findings shall not be included.

3.7.1 Validity of the Instrument

Validity is the portrayal of the degree the occurrence under study is representative of the analyzed results from the data collected. It measures how well the results arrived at measuring up to their claims. The researcher discussed the questionnaire with the supervisor to determine if it represents the objectives of the study. To determine content validity which were applied in the study, the researcher used expert judgment technique.

3.7.2 Reliability

Reliability is the extent to which a research instrument produces consistent results once it is administered repeatedly (Mishra & Alok, 2022). The researcher administered the same questionnaire to the same group of respondents twice in a span of one week to test its validity. This was estimated using Cronhbach's alpha, which measures internal consistency: reliability of a psychometric instrument. It measures how well a set of variables measure a single, one-dimensional latent aspect of individuals.

Several measures of interest may be impossible to quantify explicitly, therefore the answers given to the questions asked are combined into a single numerical value. Cronbach's alpha

increases when the correlations between the items increase. A value of Cronbach's alpha of 0.7 is considered as acceptable and a value of more than 0.8 is excellent.

3.8 Data analysis and presentation

The researcher edited the questionnaires, then coded and classified the data so as to present the data analysis results in a systematic and comprehensive manner. This ensured accuracy, consistency and completeness. SPSS V21 software was employed for this function. Qualitative data was analyzed via computer-aided content analysis which involves data organization into manageable categories in terms of patterns, types, classes, consequences or themes. Quantitative data was analyzed through descriptive and inferential statistics which involve finding the mode, mean, median and standard deviation and proportions. Inferential statistics involving correlation and regressions with 0.05 test significance level was utilized. It showed the relationship between x and y variables.

A multi-linear regression analysis was used in predicting the relationship between the strategic leadership components and the policy development in the country. The study finding was also presented using tables with narratives. The multi-linear regression model is as follows: The data further was regressed by the researcher to establish the relationship between performance (y) and the response strategies (x). The model further was stated as:

$$y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3X_3 + \beta_4X_4 + e$$

Where:

y	Performance
X_1	Promotion
X_2	Place (Distribution)
X_3	Product
X_4	Price
β_0	Autonomous factor
β_1	Promotion coefficient
β_2	Place (distribution) coefficient
β_3	Product coefficient for product
β_4	Price coefficient
e	error term

The strength of the relationship was shown by the value of beta while significance was shown by P values where a variable with $P < 0.05$ was deemed significant.

3.8.1 Diagnostic Tests

Before the multi-linear regression analysis, the study conducted diagnostic tests to determine whether the assumptions of the regression model were violated. The major assumptions included linearity test, non-auto-correlated variables, independence of variables, normality of data and presence of homoscedasticity of residuals. The assumptions were tested using the following tests.

Normality Tests

The assumptions of multi-linear regression is that simple data is obtained from a population with normally distributed data which is neither positively or negatively skewed, Kolmogorov-Smirnov tests were applied with a null hypothesis posited that the sample data is not obtained from normally distributed data. The tests were carried out on a significance level of 0.05.

Auto-Correlation tests

Serial auto-correlation is a challenge especially on panel or time series data because errors from previous measurements are auto-cumulated in current measurements. The current study did not have problems with auto-correlation because it was a one-time occurrence measure. Test for auto-correlation was done using Durbin Watson, the scale runs between 0 and 4 whereby scores below 2 indicate positive auto-correlation. However, a score of 2 indicated that there were no problems with auto-correlation.

Homoscedasticity tests

Residuals of the independent variables did not vary with the variations of the independent variable; however, the accuracy of the study was compromised in a phenomenon known as heteroscedasticity. A null hypothesis was set so that the residuals did not vary resulting from the changes in the independent variables at a p-value of 0.05. To test this, the study applied the Breusch-Pagan tests at a significance level of 0.05 whereby if the score was above 0.05, it indicated that the residuals did not vary with the variations of the independent variables therefore confirmed the presence of homoscedasticity.

Linearity Test

Multi linear regression assumed that the variables have some association that was observed by drawing a line between the two variables. To test for linearity, the study applied a scatter matrix plot graph with a fitted line. If the data between the variables follows a specific pattern rather than a random pattern, not confirmed the presence of linearity.

Tests for multicollinearity

Multi linear regression models assumed that the independent variables were independent as such. Instances where independent variables were not fully independent resulted in multi – collinearity problems. To test for multicollinearity, the study applied the value inflation factor and the correlation analysis. The value inflation factor score runs between 1 and 10 for variables that do not suffer multicollinearity. Correlation through the Spearman's rank correlation was also used to determine the presence of multi- collinearity, Pearson (r) scores which were above 0.8 indicated the presence of multi- collinearity.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter elucidates research findings and study discussion, structured in the following manner: Response rate analysis of respondents' characteristics and profiles using descriptive statistics, to illustrate the data's degree of representation of the population of interest. Additionally, the study provided descriptive statistics on the Likert questions using means and standard deviations. The study further discussed the inferential statistics where multiple regression was generated to indicate the relationship among the variables investigated.

4.2 Response Rate

59 questionnaires were distributed by the researcher, 45 were received back from the field. An overall response rate of 86.5% was realized, successfully within the required threshold. According to Wimmer and Dominick (2014), the acceptable range of the response rate is between 21%-70% for questionnaires that are self-administered. This response rate ensures bias elimination and accuracy. Also, Hendra and Hill (2019) suggest that a 50% response rate can be expected when survey designs of cross-sectional studies are conducted at the individual level. Phillips et al. (2021) recommend that the suitable response rate at the organizational level studies should range between 35-40%. Therefore, the above response rate met this criterion hence it was appropriate for this study. However the remaining questionnaires which accounted for up to 13.5% were never returned.

4.3 Demographic Information

The researcher sought to establish the demographic information of the respondents. The section covered gender distribution, age category of the participants, position held in the organization, and number of years worked in the respective organization. The analysis of the findings are indicated in the subsequent tables below.

4.3.1 Gender distribution of the Respondents

The study requested the respondents to indicate their corresponding gender distribution as an effort of determining on how both gender influence the marketing mix variables on organizational performance of in subsidiary chemical firms in Nairobi City County.

The findings from the analysis are elucidated in the Table below:

Table 4.1

Gender Distribution of the Respondents

Category	Frequency	Percentage
Male	13	28.9
Female	32	71.1
Total	45	100.0

Source: Researcher, (2024)

The analysis of the above findings demonstrated that the majority (71.1%) of the respondents were females as opposed to the male equivalents. Hence, it was concluded that most respondents were females thus they influenced greatly in matters of decision making regarding marketing mix variables on organizational performance.

4.3.2 Age Distribution of the Respondents

The study also sought from the respondents on their age distribution. The analysis of the findings is tabulated as in Table:

Table 4.2

Age Distribution of the Respondents

Category	Frequency	Percentage
20-29 years	8	17.8
30-39 years	29	64.4
40-49 years	8	17.8
Total	45	100.0

Source: Researcher, (2024)

The analysis revealed that the majority (64.4%) of participants were 30-39 years old. It was also discovered that 17.8% indicated 20-29 years and 40-49 years respectively. Therefore, it

can be concluded that most of the study participants indicated 30-39 years, which is mature and experienced enough to provide information regarding market mix variables and performance.

4.3.3 Current Position Held in the respective Organization

The study also assessed the current position contained in the respective organization. The analysis of the findings is illustrated in the Table below:

Table 4.3

Current Position Held in the respective Organization

Category	Frequency	Percentage
Sales	12	26.7
Marketing	19	42.2
Key accounts management	14	31.1
Total	45	100.0

Source: Researcher, (2024)

Based on the research findings, it was revealed that most (42.2%) were from the marketing position followed by 31.1% who indicated key accounts management. The study also indicated that 26.7% were from the sales department. The analysis of the findings concludes that most participants held marketing positions hence they were contained with the ability to provide information regarding the subject matter.

4.3.4 Number of Years Worked in the Organization

Further, the investigation sought to provide the information regarding the number of years worked in the organization. The analysis of the findings is as shown below

Table 4.4

Number of Years Worked in the Organization

Category	Frequency	Percentage
Less than a year	2	4.4
1-5 years	16	35.6
6-10 years	27	60.0
Total	45	100.0

Source: Researcher, (2024)

From the findings of the study, it was revealed that 60.0% indicated 6-10 years who comprised the majority of the respondents followed by 35.6% who said 1-5 years. The study also observed that 4.4% indicated less than year. Therefore, it can be deduced that most of the participants have worked in the respective company for more than six years which was enough to understand marketing-mix variables dynamics in the competitive business environment.

4.4 Descriptive Statistics on the Studied Variables

4.4.1 Product's Promotion

It was requested of the respondents by the researcher to indicate their agreement or disagreement level on the product's promotion and performance. The findings' analysis is shown in Table 7 below:

Table 4.5*Product's Promotion*

Statement	N	Mean	Std. Deviation
Our sales have observed an upward trend over the past five years due to presence of sales personnel	45	4.556	0.503
Profitability has decreased due to employment of sales personnel	45	3.689	1.328
Advertising has increased our sales volumes over the past five years	45	3.644	0.857
Advertising has affected our profitability positively	45	4.089	0.596
Attending exhibitions have increased our profitability	45	4.089	0.668
Sales promotion is our main line promotion strategy	45	4.089	0.701
Price promotion is not one of our promotion strategies	45	4.511	0.661

Source: Researcher, (2024)

A Five point Likert scale was utilized in data gathering where number five (5)=strongly agree, number four (4)=agree, number three (3)= neutral or moderate extent, number two(2)= disagree and number one(1)=strongly disagree. Levels of disagreement or agreement were to be indicated by the respondents using the questionnaire with the Likert scale as an indicator. The preferentiality of utilization of the Likert scale in questionnaires is due to their ability to capture the expression of the respondents with regards to the extent and level of their perceptions (agreeing or disagreeing) with regards to specific independent set statements. This extent is captured numerically, which is then used as the basis of gauging the perception or attitude under investigation. The extent of agreement ranging with a mean score of 0 to 2.5 on the constant Likert scale indicate strongly agree or disagree while a mean score of 2.5 to 3.4 have been interpreted to express a moderate extent while the 3.5 to 4.4 and 4.5 to 5.0 have been used to indicate agree and strongly agree on the constant Likert scale respectively. Significance of variation with regards to a variables' effect amongst the participants is denoted by a standard deviation that is greater than 1.0.

Table 7 indicates those who strongly agreed said that the sales observed an upward trend over the past five years due to the presence of sales personnel had a mean of 4.5556 with standard deviation of .50252. The study also revealed that sales promotion, their main line promotion strategy, had a mean of 4.0889 with standard deviation of .70137. However, it exposed that price promotion is not one of their main promotion strategies revealed by a mean of 4.5111 with standard deviation of .66134. It also revealed that advertising and attending exhibitions

increased their profitability and affected their profitability positively with a mean of 4.0889 with standard deviation of .59628, mean of 4.0889 with standard deviation of .66818 respectively. It went on to show that advertising increases the sales volumes over the past five years had a mean of 3.6444 with standard deviation of .85694. On the other hand, profitability experienced a decrease due to sales personnel having a mean of 3.6889 with standard deviation of 1.32840. The study findings therefore conclude that the majority of the participants agreed that product promotion influenced performance of their respective organization.

4.4.2 Product's Distribution

The study also sought to establish the product's distribution and performance of the organization. The findings of the study are as shown below.

Table 4.6
Product's Distribution

Statement	N	Mean	Std. Deviation
Sales via distributor are more than sales achieved from direct business with customers	45	4.778	0.517
Our sales volume is greatly affected by changes in distribution channel	45	4.511	0.589
Sales generated via distributor are less than sales generated from direct business with customers	45	3.711	1.141
Distributor sales have increased over the last five years	45	3.889	0.775
Stocking our products locally have reduced our return on investment	45	3.533	1.140
Local stocking by the distributor has increased our sales over the past five years	45	3.933	0.863
The level of profitability of our company has increased by presence of a local distributor	45	4.022	0.657
Presence of a local representative office has increased our sales volumes	45	4.156	0.562
The distributor has had positive impact on the increase of our sales volume	45	3.844	0.796
Presence of a distributor has reduced our investment in assets	45	4.556	0.725

Source: Researcher,(2023)

Table 8 as shown above indicates that most of the respondents strongly agreed recorded statements such as the level of profitability of our company has increased with the presence of a local distributor had a mean of 4.0222 with standard deviation of .65674, and that the distributor sales have increased over the last five years had a mean of 3.8889 with standard

deviation of .77525. It also revealed that the sales via the distributor are more than the sales achieved from direct business with customers had a mean of 4.7778 with standard deviation of .51737. The study also revealed that the local stocking of products by the distributor increased our sales over the past five years and had a mean of 3.9333 with standard deviation of .86340. It revealed that the presence of a distributor has reduced the investment in assets had a mean of 4.5556 with standard deviation of .72474. It also showed that the presence of a local representative office has increased our sales volumes had a mean of 4.1556 with standard deviation of .56228. It revealed that the stocking of our products locally has reduced our return on investment had a mean of 3.5333 with standard deviation of 1.14018. It showed that the sales volume is greatly affected by changes in the distribution channel had a mean of 4.5111 with standard deviation of .58861. The study findings concluded that the majority of the respondents agreed that product distribution influenced the performance of their respective organization.

4.4.3 Product Itself

The study sought the level of agreement or disagreement regarding the product itself and performance of the organization. The findings of the analysis are as shown in Table 9 below.

Table 4.7*Product Itself*

Statement	N	Mean	Std. Deviation
Our product packaging has a positive effect on our sales	45	4.733	0.447
Product quality is directly related to the sales volume in our company	45	4.800	0.405
Most sales generated are due to the quality of our products	45	4.333	0.674
Proper documentation accompanying our products has had a positive effect on our sales	45	4.111	0.682
Cost of ensuring good quality of our product has decreased our profit margins	45	3.844	0.562
Our product brand name has had a positive effect on our profitability	45	4.067	0.654
Our product brand name is said to have a strong reputation in the market	45	4.333	0.564
Our product brand name awareness has increased in the past five years	45	4.444	0.725

Source: Researcher, (2023)

Table 9 indicated that those strongly agreed said that product brand name has a positive effect on our profitability as shown by a mean of 4.0667 with standard deviation of .65366 and that the product brand name is said to have a strong reputation as shown by a mean of 4.3333 and a standard deviation of .56408. It also revealed that the product brand name awareness has increased in the past five years as indicated by a mean of 4.4444 with standard deviation of .72474. It also showed that most sales generated due to the quality of our products had a mean of 4.3333 with a standard deviation of .67420 and that product quality is directly related to the sales volume in our company had a mean of 4.8000 with standard deviation of .40452. It indicated that the cost of ensuring good quality of our product has decreased our profit margins with a mean of 3.8444 and a standard deviation of .56228. The study also indicated that product packaging has had a positive effect on our sales had a mean of 4.7333 with standard deviation of .44721. It also indicated that the proper documentation accompanying our products has had a positive effect on our sales had a mean of 4.1111 with standard deviation of .68165. The findings from the analysis deduce that the majority of the participants agreed that product promotion influenced performance of their respective organization.

4.4.4 Product's Price

The respondents were required to indicate how the product's price affected the organization's performance. The findings of the analysis are illustrated in Table 10 below.

Table 4.8

Product's price

Statement	N	Mean	Std. Deviation
Our product prices have constantly increased over the past five years	45	4.356	0.933
Our sales volume is greatly affected by changes in price	45	4.400	0.495
Our list prices of products have a direct effect on profits	45	4.156	0.601
The sales revenues have increased due to discount allowances on products	45	4.044	0.928
The same sales volumes will remain constant until new prices are implemented to increase the numbers	45	4.422	0.657
Credit terms are a key determinant of purchase decision by our customers	45	4.222	0.704
An increase in the payment period allowed has led to an increase in sales volumes	45	4.089	0.733
Product prices are largely determined by competitor prices in the market	45	3.956	0.878
Discounts are offered on the basis of sales volume purchase by the customer	45	4.289	1.058
Our prices have constantly decreased over the past five years	45	4.022	1.454

Source: Researcher, (2023)

The findings' analysis revealed that the respondents agreed that sales volume is greatly affected by changes in price had a mean of 4.4000 with standard deviation of .49543, and that the same sales volume would remain constant until new prices are implemented had a mean of 4.4222 with standard deviation of .65674. It also indicated that product prices have constantly increased over the past five years which had a mean of 4.356 with standard deviation of .933. The study also showed that the discounts offered on the basis of sales volume purchased by the customer had a mean of 4.289 with standard deviation of 1.058, that the list prices of products have a direct effect on profits had a mean of 4.1556 with a standard deviation of .60135. It revealed that the increase in the payment period allowed led to an increase in sales volume had a mean of 4.0889 with standard deviation of .73306, that the credit terms are a key determinant of purchase decision by the customers had a mean of 4.222 with standard deviation of .704. It also revealed that sales revenues have increased due to discount allowances on products having a mean of 4.0444 with standard deviation of .92823, that the prices have constantly decreased

over the past five years and had a mean of 4.0222 with standard deviation of 1.45366. It showed that product prices are largely determined by competitor prices in the market had a mean of 3.9556 with standard deviation of .87790. The deduction for the analysis of the findings revealed that most of the respondents agreed that product prices affected the performance of their respective organizations.

4.4.5 Organizational Performance

The study sought to establish the level of agreement or disagreement regarding organization performance of the targeted firms. The findings of the analysis are as shown in Table 11 below:

Table 4.9

Organizational Performance

Statement	N	Mean	Std. Deviation
Our sales have observed an upward trend over the past five years	45	3.8444	.73718
Sales generated are one of the key determinants of performance	45	4.4444	.50252
Our sales have decreased over the past five years	45	4.0000	1.12815
The same sales volumes will remain constant until new prices are implemented to increase the numbers	45	3.8889	1.33523
Our company has realized an increase in profits over the last five years	45	4.0444	1.02149
The level of profitability is a key determinant of competitive advantage in our company	45	4.2000	.66058
The management is satisfied by the profitability posted in the last few years	45	3.9333	.83666
Earnings generated from invested capital have increased in the past five years	45	3.9333	.88933
The return on assets has been higher compared to our competitors over the past five years	45	4.2889	1.01404

Source: Researcher, (2023)

Table 9 shows the level of disagreement or agreement regarding organizational performance of the subsidiary chemical companies in Nairobi County. The findings of the analysis reveal that majority of the participants agreed that our company has realized an increase in profits over the past five years shown by a mean of 4.0444 with standard deviation of 1.02149 and that the management is satisfied by the profitability posted in the last few years had a mean of 3.9333 with standard deviation of .83666. It showed that the level of profitability is a key

determinant of competitive advantage in our company had a mean of 4.2000 with standard deviation of .66058. It also indicated that sales generated are one of the key determinants of performance with a mean of 4.444 and standard deviation of .50252. It revealed that sales volume is greatly affected by price as shown by a mean of 4.2667 and a standard deviation of .44721, and that same sales volume will remain constant until new prices are implemented to increase the number as indicated by a mean of 3.8889 and a standard deviation of 1.33523. It revealed that sales observed an upward trend over the past five years had a mean of 3.8444 with standard deviation of .73718. It indicated that the earnings generated from invested capital have increased in the past five years and had a mean of 3.9333 with standard deviation of .88933. It showed that sales have decreased over the past five years had a mean of 4.0000 with standard deviation of 1.12815. It revealed that the return on assets has been higher than our competitors over the past five years had a mean of 4.2889 with standard deviation of 1.01404. The study findings conclude that the majority of the respondents agreed on the statements provided.

4.4.6 Financials

The study analyzed how the financials responded regarding sales volume, profit, return on investments and return on assets.

Table 4.10

Financials

Financials	N	Mean	Std. Deviation
Sales Volume	45	4.45332	0.576448
Profit	45	4.20446	0.529248
Return on Investments	45	4.36446	0.615166
Return on Assets	45	4.46224	0.58085

Source: Researcher, (2024)

The study analyzed these aspects using significantly decreased, decreased, remained constant, increased and significantly increased. From the analysis of the findings, it was revealed that sales volume significantly increased had a mean of 4.45332 with standard deviation of 0.576448 for the five years examined, that profitability also increased for the five years

investigated, return on investment also increased on the five years covered while return on assets significantly increased.

4.4.7 Secondary Data Analysis

The secondary data was obtained from the publicly published financial reports of the chemical companies since they are listed companies. The available data in the reports included the sales revenue, profit and EBITDA values. The data extracted is shown in Table 13 below:

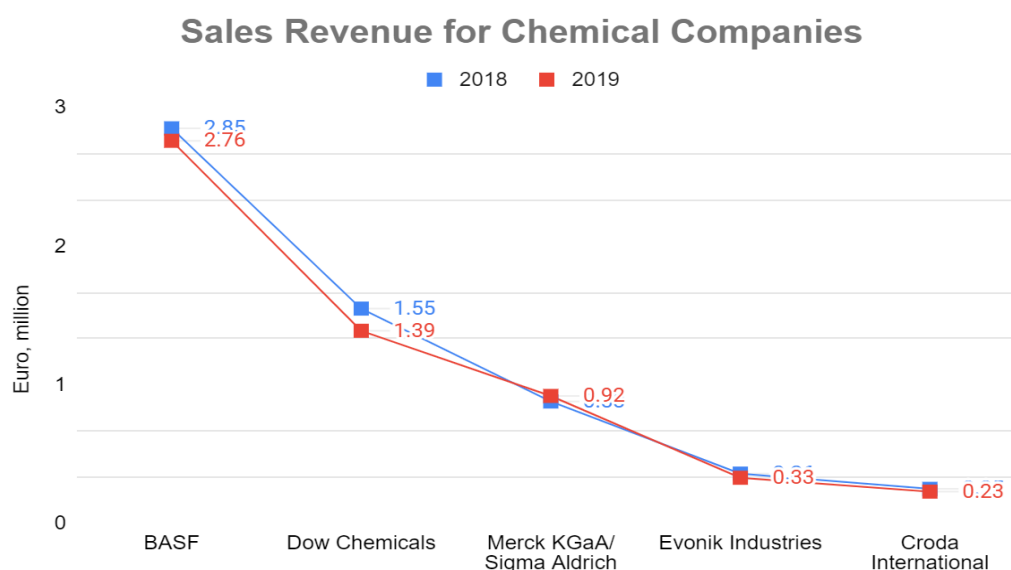
Table 4.11

Sales Revenue and EBITDA values

INDUSTRIAL CHEMICALS						
Kenya			2018 (Euro, million)		2019 (Euro, million)	
Company			Sales Revenue	EBITDA	Sales Revenue	EBITDA
Merck KGAA/ Sigma Aldrich			0.88	0.25	0.92	0.23
BASF			2.85	0.77	2.76	1.17
Dow Chemicals			1.55	0.85	1.39	-0.723
Evonik Industries			0.36	0.38	0.33	0.35
Croda International			0.25	-	0.23	-

Analysis of the sales revenue revealed that only Merck KGAA/ Sigma Aldrich reported a slight increase in 2019 as compared to its peer chemical companies. This incremental trend is believed to be from the recovering positive effect of the global acquisition of Sigma Aldrich, and consequently Sigma's market more specifically the specialty chemicals. This acquisition was a strategic move by Merck to defuse Sigma Aldrich which was its main competitor in the specialty chemicals Life Science portfolio. All the other chemical companies reported a decrease in their sales revenue due to international currency fluctuations and pricing pressures.

Figure 4.1
Sales Revenues



Source: Researcher, (2024)

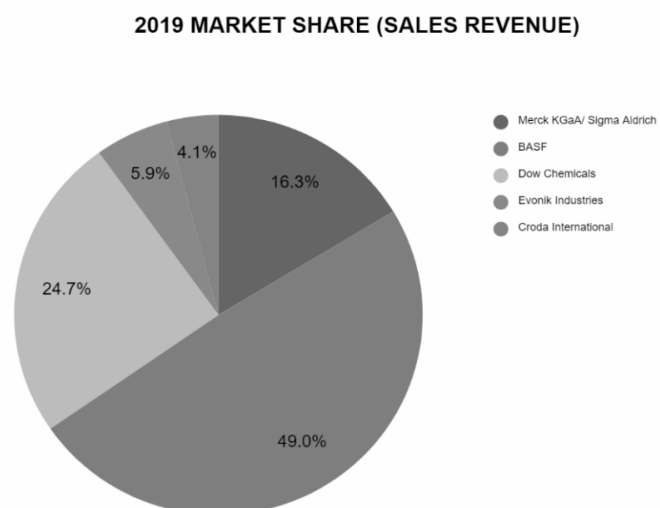
Market shares were also calculated from the sales revenues of the chemical companies and displayed on pie charts representing 2019 and 2018 sales revenues as shown in Figure 5 and Figure 6 respectively. The analysis revealed that BASF was the market leader among its peers with a total market share of 48.4% in 2018 and grew to 49% in 2019. Dow Chemicals ranked second with a market share of 26.3% and dropped to 24.7% in 2018 and 2019 respectively. Merck KGAA, which acquired Sigma Aldrich in 2015, ranked third with a market share of 14.9% and rose to 16.3% in 2018 and 2019 respectively, denoting that it had a gaining market share over Dow Chemicals in 2019. Evonik Chemicals followed at fourth place with a market share of 6.1% in 2018 which declined to 5.9% in 2019. Croda Chemicals came in last place with a market share of 4.2% in 2018 and dropped slightly to 4.1% in 2019.

It was deduced that the main reasons for BASF leadership of the prestigious first place was due to product price which was favorably customized for the Kenyan market and buffering this lower price by capitalizing on the bulk chemicals market for manufacturing, which warranted that larger volumes would be sold to their customers. BASF's customer base also consisted mainly of the local manufacturers of consumer products that are deemed to be fast moving such as Food, Beverage, Pharmaceutical and Beauty Industries. Consistent batch-to-batch quality on each consignment was also a key contributor to the success of this global chemical

manufacturing giant. Lastly, their excellent customer service and localized support from their logistics, sales and marketing was identified as their key localization strategy which secured their win in the market.

Figure 4.2

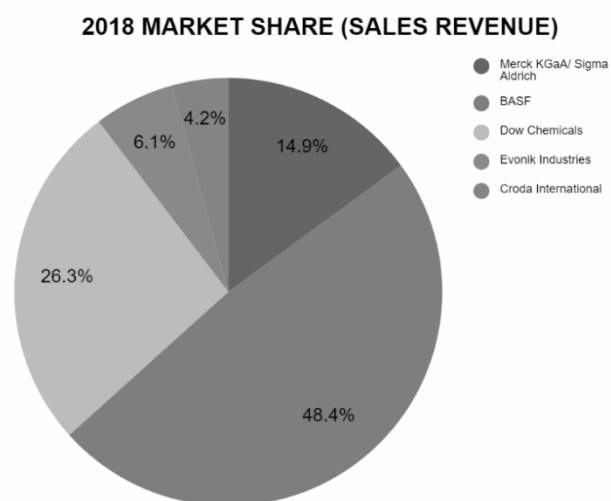
2019 Percentage Market Share



Source: Researcher,(2024)

Figure 4.3

2018 Percentage Market Share



Source: Researcher (2024)

Profit accrued was non-calculable for Kenya specifically since the figures were consolidated for the EMEA region. However, EBITDA values were retrieved which are also an indicator of a company's profitability. From the figures, it was inferred that Merck KGaA/ Sigma Aldrich was the least profitable of the selected chemicals companies, which was due to the negative effect of the Research and Development arm of the business.

4.5 Inferential Statistics

Multivariate linear regression analysis was used to determine the effect of the independent variable on the dependent variable. The analysis started by performing diagnostic tests to determine the fitness of the data for use in multiple linear regression. The diagnostic tests included: tests for autocorrelation, normality, linearity, tests on collinearity and heteroscedasticity.

4.5.1 Heteroscedasticity test

The occurrence of heteroscedasticity is experienced when the researcher encounters residuals in the data that arise from unequal distribution in variance. The test that was used to test for heteroscedasticity was the Glesjer test. Below are the results in Table 13 below:

Table 4.12
Coefficients

Model	Unstandardized Coefficients	Std. Error	t	P-Value
	B			
(Constant)	0.639	0.221	2.891	0.001
Product promotion	0.753	0.259	2.907	0.008
Product's distribution	0.699	0.268	2.608	0.023
Product itself	0.493	0.231	2.134	0.040
Product's price	0.694	0.243	2.856	0.003

Source: Research Data (2024)

a. Dependent Variable: Organizational performance

The p-values of the variables calculated were all less than 0.05, indicating that in this study heteroscedasticity was a non-issue. To test heteroscedasticity, the Breusch-Pagan / Cook-Weisberg test was utilized.

Table 4.13
Breusch-Pagan / Cook-Weisberg test for heteroscedasticity

chi2(1)	0.680
Prob > chi2	0.279

Source: Research Data (2024)

The errors of measurement were small because there was minimal variance in the data set and no subpopulation differences were revealed in the subsidiary chemical firms in Nairobi County in this study. The p-value which is 0.0279 and is greater than 0.05, therefore we accept the null hypothesis that no heteroscedasticity was detected.

4.5.5 Normality Test

Normality test was done to establish whether the sample was drawn from a normally distributed population. Assessment of normality was carried out using both Kolmogorov-Smirnov and Shapiro-Wilk tests. Shapiro-Wilk test is used for small samples. In this study, 45 questionnaires were successfully filled and returned. If the research data is normally distributed, both Kolmogorov-Smirnov and Shapiro-Wilk will give p-values which are greater than 0.05.

Table 4.14

Tests of Normality

	Kolmogorov-Smirnov Statistic	Sig.	Shapiro-Wilk Statistic	Sig.
Product promotion	0.080	0.068	0.981	0.079
Product's distribution	0.077	0.072	0.977	0.057
Product itself	0.089	0.092	0.989	0.093
Product's price	0.080	0.087	0.662	0.075

Source: Research Data (2024)

Table 15 indicates that p-values were greater than 0.05 from the results from both tests, which was the significance level. It was therefore deduced from the results that normal distribution occurred in the data and that valid results could be generated from the sample results.

4.5.3 Autocorrelation Test

Autocorrelation test was done to determine whether the errors are not as a result of others, but are independent. The Durbin Watson statistic was computed. The values lie between 0 and 4. If Durbin Watson statistic = 2, it means that there is no autocorrelation. Table 16 presents the results of the analysis. The value deduced from the results was 2.001, an indication that the error was not auto correlated.

Table 4.15*Model Summary*

Model	Durbin Watson
1	2.001

Source: Research Data (2024)**4.5.4 Test for Multicollinearity**

Study variables in a linear regression should be truly independent, in a linear regression relationship. Variable inflation factors and Tolerance were calculated to evaluate the existence of multicollinearity among the independent variables. Very serious multicollinearity is exhibited by VIF values >10 . The reciprocal of VIF is Tolerance. Table 17 shows the results as follows:

Table 4.16*Coefficients*

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Product promotion	0.922	1.085
Product's distribution	0.676	1.479
Product itself	0.518	1.931
Product's price	0.831	1.203

a. Dependent Variable: Organization Performance

The independent variables were not correlated as revealed by all the VIF values being less than 10. The sections below discuss the regression coefficients, analysis of variance and the model summary.

4. 6 Regression Analysis

4.6.1: Bivariate regression

To determine the influence of each independent variable on performance of subsidiary chemical firms in Nairobi County. The results were as follows:

4.6.2: The influence of product promotion on performance of subsidiary chemical companies in Nairobi County.

The first objective of this study was to determine the influence of product promotion on the performance of subsidiary chemical firms in Nairobi County. To achieve this objective, bivariate linear regression was done. The following are the results:

Table 4.17

Model Summary

Std. Error of Model	R	R square	Adjusted R square	Estimate
1	0.852	0.726	0.720	0.187

Source: Researcher, (2024)

As shown in table 4.17, adjusted R square was 0.720 implying that product promotion accounts for about 72% of variation in performance of subsidiary chemical firms in Nairobi County. Other factors which are not included in this study account for about 28% of the variation in performance of subsidiary chemical firms in Nairobi County.

Table 4.18*Analysis of Variance***(ANOVAa)**

Model	Sum of Squares	Df	Mean Square	F	p-value
Regression	20.128	5	4.026	20.704	0.001b
Residual	7.583	39	0.194		
Total	27.711	44			

From the ANOVA results presented in table 4.18, the p-value < 0.05 indicating that the regression model was significant and fit for predictions

Table 4.19*Variables in the Equation*

Model	Unstandardized Coefficients			
Variable	B	Std. Error	t	p-value
(Constant)	0.792	0.309	2.563	0.001
Product promotion	0.201	0.056	3.589	0.001

As shown in table 4.19, holding all other factors constant, product promotion turned out to be a significant predictor of performance in subsidiary chemical firms in Nairobi County as showed by a p value= 0.001

4.6.3: The influence of product distribution on performance of subsidiary chemical companies in Nairobi County.

The second objective of this study was to determine the influence of distribution on the performance of subsidiary chemical firms in Nairobi County. To achieve this objective, bivariate linear regression was done. The following are the results:

Table 4.20*Model Summary*

Std. Error of Model	R	R square	Adjusted R square	Estimate
1	0.910	0.828	0.824	0.162

Source: Researcher, (2024)

As shown in table 4.20, adjusted R square was 0.824 implying that product distribution accounts for about 82.4 % of variation in performance of subsidiary chemical firms in Nairobi County. Other factors which are not included in this study account for about 17.6 % of the variation in performance of subsidiary chemical firms in Nairobi County.

Table 4.21*Analysis of Variance*

Model	Sum of Squares	df	Mean Square	F	p-value
Regression	22.957	5	4.591	37.666	0.001b
Residual	4.754	39	0.122		
Total	27.711	44			

The ANOVA results presented in table 4.21 gave a p-value < 0.05 indicating that the regression model was significant and thus fit for prediction.

Table 4.22*Variables in the Equation*

Model	Unstandardized Coefficients			
Variable	B	Std. Error	t	P-value
(Constant)	0.79 7	0.305	2.61 3	0.001
Product Distribution	0.15 4	0.063	2.44 4	0.001

As shown in table 4.22, holding all other factors constant, product distribution turned out to be a significant predictor of performance in subsidiary chemical firms in Nairobi County as shown by a p value= 0.001.

4.6.4: The influence of the product itself on performance of subsidiary chemical companies in Nairobi County.

The second objective of this study was to determine the influence of the product itself on the performance of subsidiary chemical firms in Nairobi County. To achieve this objective, bivariate linear regression was done. The following are the results:

Table 4.23*Model Summary*

Std. Error of Model	R	R square	Adjusted R square	Estimate
1	0.933	0.871	0.868	0.132

Source: Researcher, (2024)

As shown in table 4.23, adjusted R square was 0.868 implying that product itself accounts for about 86.8 % of variation in performance of subsidiary chemical firms in Nairobi County. Other factors which are not included in this study account for about 13.2% of the variation in performance of subsidiary chemical firms in Nairobi County.

Table 4.24
Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	p-value
Regression	24.128	5	4.826	52.525	0.001b
Residual	3.583	39	0.092		
Total	27.711	44			

The ANOVA results presented in table 4.23 gave a p-value < 0.05 indicating that the regression model was significant and thus fit for prediction.

Table 4.25:
Variables in the Equation

Model	Unstandardized Coefficients			
Variable	B	Std. Error	t	P-value
(Constant)	0.803	0.324	2.478	0.001
Product Itself	0.169	0.069	2.449	0.001

As shown in table 4.24, holding all other factors constant, the product itself turned out to be a significant predictor of performance in subsidiary chemical firms in Nairobi County as shown by a p value= 0.001.

4.6.5: The influence of product's Price on performance of subsidiary chemical companies in Nairobi County.

The fourth objective of this study was to determine the influence of product price on the performance of subsidiary chemical firms in Nairobi County. To achieve this objective, bivariate linear regression was done. The following are the results:

Table 4.25

Model Summary

Std. Error of Model	R	R square	Adjusted R square	Estimate
1	0.834	0.696	0.689	0.132

Source: Researcher, (2024)

As shown in table 4.25, adjusted R square was 0.689 implying that product itself accounts for about 68.9 % of variation in performance of subsidiary chemical firms in Nairobi County. Other factors which are not included in this study account for about 31.1 % of the variation in performance of subsidiary chemical firms in Nairobi County.

Table 4.26

Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	p-value
Regression	19.279	5	3.856	17.834	0.001b
Residual	8.432	39	0.216		
Total	27.711	44			

The ANOVA results presented in table 4.26 gave a p-value < 0.05 indicating that the regression model was significant and thus fit for prediction.

Table 4.27*Variables in the Equation*

Model	Unstandardized Coefficients			
Variable	B	Std. Error	t	P-value
	0.79		2.61	
(Constant)	7	0.305	3	0.001
	0.15		2.44	
Product Distribution	4	0.063	4	0.001

As shown in table 4.21, holding all other factors constant, product distribution turned out to be a significant predictor of performance in subsidiary chemical firms in Nairobi County as shown by a p value= 0.001.

4.6.6 Multivariate Analysis

To determine the combined influence of all the independent variables on the dependent variable, multivariate linear regression was done. The results were as follows:

4.7 Model Summary

The study analyzed the variations of marketing mix variables due to product price, product promotion, product distribution and product itself. There was a 79.1% variation of organizational performance due to product price, product promotion, product distribution and product itself as indicated by the R square value of 0.791. The 20.9% remaining indicates that other factors influencing organizational performance exist, of which were not the focus of this research. The coefficient that shows correlation is R, establishing the relationship between the variables in the study. The findings in this study reveal a strong positive relationship between the study variables as shown by the R of .891.

Table 4.28*Model Summary*

Model	R	R square	Adjusted R square	Std. Error of Estimate
1	.891 ^a	.794	.791	.187

Source: Researcher, 2024**4.7.1 Analysis of Variance**

The analysis of variance (ANOVA) was used to determine whether the data used in the study is significant. From the ANOVA statistics, the processed data, which is the population parameters, had a p-value= 0.001 which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. This shows that product promotion, product's distribution, product itself and product's price affected organizational performance.

Table 4.29*Analysis of Variance (ANOVAa)*

Model	Sum of Squares	Df	Mean Square	F	p-value
Regression	23.002	5	4.600	38.101	0.001b
Residual	4.709	39	0.121		
Total	27.711	44			

Source: Researcher, (2024)

Table 4.30*Coefficients of Regression Equation Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	B	Std. Error	Beta		
(Constant)	2.498	0.307		8.137	0.001
Product promotion	0.269	0.048	0.261	5.604	0.001
Product's distribution	0.171	0.052	0.196	3.288	0.001
Product itself	0.589	0.053	0.531	11.11	0.001
Product's price	0.294	0.052	0.326	5.654	0.001

Source: Researcher, (2024)

Organizational performance was measured by sales volume, profit, return on investments and return on assets, marketing mix variables was measured by product promotion, product's distribution, product itself and product's price. The results reveal that holding product promotion, product's distribution, product itself and product's prices significantly influenced organizational performance as shown by constant = 2.498. Product promotion is a statistically significant predictor of organizational performance as shown by ($\beta = .269$, $P = 0.000$). This shows that product promotion had a significant positive effect on organizational performance. This implies that a unit increase in product promotion will result in an increase in organizational performance.

Product's distribution is a statistically significant predictor of organizational performance as shown by ($\beta = 0.171$, $P = 0.001$). This indicates that the product's distribution had a significant positive effect on organizational performance. This implies that a unit increase in product distribution will result in an increase in organizational performance.

Product itself is a statistically significant predictor of organizational performance as shown by ($\beta = 0.589$, $P = 0.000$). This shows that the product itself had a significant positive effect on organizational performance. This implies that a unit increase in product itself will result in an increase in organizational performance.

Product's price is a statistically significant factor influencing organizational performance as shown by ($\beta = 0.294$, $P = 0.000$). This shows that the product's price had a significant positive effect on organizational performance. This implies that a unit increase in product's price will result in an increase in organizational performance.

Therefore, regression model was expressed as follows;

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + e$$

Where β_0 is the intercept coefficient of regression

$\beta_1, \beta_2, \beta_3, \beta_4$ are regression coefficients

X_1	Product Promotion
X_2	Product Place (Distribution)
X_3	Product itself
X_4	Product Price
e	error term

4.7 Discussion of the Findings

The main purpose of this was to analyze the influence of between marketing mix variables on organizational performance in subsidiary chemical firms in Nairobi County. Specifically, the study examined the influence of the promotion and performance in the subsidiary chemical companies; the influence of the place (distribution) and performance in the subsidiary chemical companies; the influence of the product and performance in the subsidiary chemical companies; and the influence of the price on performance in the subsidiary chemical companies. The goal of the study was to aid subsidiary chemical firms in providing marketing information to facilitate the success of their marketing strategy.

In the theoretical framework, the study embraced resource-based view theory, the Balanced Scorecard theory and the structure-conduct-performance paradigm. The study adopted descriptive, qualitative and quantitative study designs to answer the fundamental question posed to provide information regarding the subject stated. The study targeted employees in the sales, marketing and supplies departments in the subsidiary chemical companies Nairobi City County. A survey questionnaire was used as the main instrument for data collection. The study embraced both descriptive and inferential statistics to analyze the collected data by using statistical packages for social sciences (SPSS Version 21.0).

On product promotion, the respondents strongly agreed that the sales have observed an upward trend over the past five years due to the presence of sales personnel and that the price promotion is not one of their promotion strategies. The study also indicated that those who agreed

indicated that the sales promotion is our main line promotion strategy, that the attending exhibitions have increased their profitability, that the advertising has affected their profitability positively, that the profitability has decreased due to employment of sales personnel and that the advertising has increased their sales volumes over the past five years. Therefore, as Nakami (2018) posited, sales promotion as one of the key promotion strategies utilized to increase sales volume is practically impactful in organizations, not excluding these chemical subsidiary firms.

On product's distribution, it was strongly agreed that the sales via distributor are more than sales achieved from direct business with customers, that the presence of a distributor has reduced the investment in assets, and that the sales volume is greatly affected by changes in distribution channel. Those agreed recorded statements such as the presence of a local representative office has increased our sales volumes, that the level of profitability of our company has increased by presence of a local distributor, that the local stocking by the distributor has increased our sales over the past five years, that the distributor sales have increased over the last five years, that the distributor has had positive impact on the increase of our sales volume, that the sales generated via distributor are less than sales generated from direct business with customers and that the stocking our products locally have reduced their return on investment. The analysis of the findings concurs with that of Min et al.(2019) who indicated that the distribution network consisting of order capturing, purchasing, inventory control, supply chain, transportation and material management should be optimized to allow smooth flow of product from the manufacturer (plant or warehouse) to the end user.

On the product itself, the study revealed that those strongly agreed said that the product quality is directly related to the sales volume in their company and that most sales generated are due to the quality of their products. This is aligned with the assertion by Henry (2021) who postulated that an effective marketing strategy should be designed in a manner that the product or service must not only meet the needs and expectations of a customer, but exceed them. However, it was recorded that the cost of ensuring good quality of our product has decreased their profit margins. The study also showed that those agreed indicated that the product brand name awareness had increased in the past five years and that the product brand name is said to have a strong reputation in the market, which are brand equity assets as indicated by Allen et al. (2018) that directly impact an organization's performance. Also, proper documentation accompanying their products has had a positive effect on our sales and that the product packaging had a positive effect on their sales.

The analysis of the findings revealed that there was agreement from the respondents that the same sales volumes would remain constant until new prices are implemented to increase the numbers, that the sales volume is greatly affected by changes in price, that the product prices have constantly increased over the past five years, that the discounts are offered on the basis of sales volume purchase by the customer, that the credit terms are a key determinant of purchase decision by the customers, that the list prices of products have a direct effect on profits, that the increase in the payment period allowed led to an increase in sales volumes, that the sales revenues have increased due to discount allowances on products, that the prices have constantly decreased over the past five years and that the product prices are largely determined by competitor prices in the market. The analysis of the findings is in line with that of Hinterhuber (2023) who described price as the most important element of the marketing mix, as it is the only element which directly generates turnover for the organization.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discoursed on the research study's findings, summary, conclusions and recommendations. This elucidates a detailed description of the influence of the marketing mix variables on organizational performance of subsidiary chemical firms in Nairobi County. The findings of the study strive to offer a solution to the marketing mix variables, of which the recommendations of the study are explained and suggestions for further areas of study are put forward.

5.2 Summary of Findings

The core intent of this study was to establish the influence of marketing mix variables on organizational performance in subsidiary chemical firms in Nairobi County. The study sought to elucidate information on the demographic elements of the respondents. Analysis of the findings established that females were the majority of the respondents as opposed to the males who were the minority. The study also established that most participants were between 30-39 years of age where most of them worked as marketers, sales and accounts management respectively. It was further revealed that the majority of the subjects have worked in their respective organizations for more than six years which enabled them to provide information in connection to marketing mix variables and organizational performance.

The first objective of this study was to establish the influence of the promotion on organizational performance in the subsidiary chemical companies. On product promotion, the respondents strongly agreed that the sales have observed an upward trend over the past five years due to the presence of sales personnel and that the price promotion is not one of their promotion strategies. The study also indicated that those who agreed indicated that the sales promotion is our main line promotion strategy, that the attending exhibitions have increased their profitability, that the advertising has affected their profitability positively, that the profitability has decreased due to employment of sales personnel and that the advertising has increased their sales volumes over the past five years.

The second objective was to establish the influence of the place (distribution) and performance in the subsidiary chemical companies. Based on the analysis of findings, it was strongly agreed that the sales via distributors are more than sales achieved from direct business with customers, that the presence of a distributor has reduced the investment in assets, and that the sales volume is greatly affected by changes in distribution channel. Those agreed recorded statements such as the presence of a local representative office has increased our sales volumes, that the level of profitability of our company has increased by presence of a local distributor, that the local stocking by the distributor has increased our sales over the past five years, that the distributor sales have increased over the last five years, that the distributor has had positive impact on the increase of our sales volume, that the sales generated via distributor are less than sales generated from direct business with customers and that the stocking our products locally have reduced their return on investment.

The third objective was to determine the influence of the product itself and performance in the subsidiary chemical companies. The study revealed that those strongly agreed said that the product quality is directly related to the sales volume in their company and that the product packaging had a positive effect on their sales. The study also indicated that those agreed indicated that the product brand name awareness had increased in the past five years, that most sales generated are due to the quality of their products, that the product brand name is said to have a strong reputation in the market, that the proper documentation accompanying their products has had a positive effect on our sales, that the product brand name has had a positive effect on their profitability and that the cost of ensuring good quality of our product has decreased their profit margins.

The fourth objective was to establish the influence the price on performance in the subsidiary chemicals companies. From the analysis of the findings, it was established that the respondents agreed that the same sales volumes would remain constant until new prices are implemented to increase the numbers, that the sales volume is greatly affected by changes in price, that the product prices have constantly increased over the past five years, that the discounts are offered on the basis of sales volume purchase by the customer, that the credit terms are a key determinant of purchase decision by the customers, that the list prices of products have a direct effect on profits, that the increase in the payment period allowed led to an increase in sales volumes, that the sales revenues have increased due to discount allowances on products, that

the prices have constantly decreased over the past five years and that the product prices are largely determined by competitor prices in the market.

Further, the study established that the multiple regression generated indicated a positive relationship among the variables investigated. Product promotion is statistically significant to organizational performance as shown by ($\beta = .269$, $P = 0.000$); Product's distribution is statistically significant to organizational performance as shown by ($\beta = 0.171$, $P = 0.001$); Product itself is statistically significant on organizational performance as shown by ($\beta = 0.589$, $P = 0.000$); and that product's price is statistically significant with organizational performance as shown by ($\beta = 0.294$, $P = 0.000$).

5.3 Conclusion

The main purpose of this study was to analyze the influence of marketing mix variables and organizational performance in subsidiary chemical firms in Nairobi City County. Analysis of the findings deduced that the respondents indicated that the sales have observed an upward trend over the past five years due to presence of sales personnel, that the price promotion is not one of their promotion strategies, that sales promotion is their main line promotion strategy, that the attending exhibitions have increased their profitability, that the advertising has affected their profitability positively, that the profitability has decreased due to employment of sales personnel and that the advertising has increased their sales volumes over the past five years.

The study findings also indicated that the sales via distributor are more than sales achieved from direct business with customers, that the presence of a distributor has reduced the investment in assets, and that the sales volume was greatly affected by changes in distribution channel; that the presence of a local representative office has increased their sales volumes, that the level of profitability of their company has increased by presence of a local distributor, that the local stocking by the distributor has increased their sales over the past five years, that the distributor sales have increased over the last five years, that the distributor had positive impact on the increase of their sales volume, that the sales generated via distributor are less than sales generated from direct business with customers and that the stocking their products locally have reduced their return on investment.

The investigation further concluded that the product quality was directly related to the sales volume in their company; that the product packaging had a positive effect on their sales; that the product brand name awareness had increased in the past five years, that most sales

generated are due to the quality of their products, that the product brand name is said to have a strong reputation in the market, that the proper documentation accompanying their products has had a positive effect on our sales, that the product brand name has had a positive effect on their profitability and that the cost of ensuring good quality of our product has decreased their profit margins.

It was also deduced that the participants agreed that the same sales volumes would remain constant until new prices are implemented to increase the numbers, that the sales volume is greatly affected by changes in price, that the product prices have constantly increased over the past five years, that the discounts are offered on the basis of sales volume purchase by the customer, that the credit terms are a key determinant of purchase decision by the customers, that the list prices of products have a direct effect on profits, that the increase in the payment period allowed led to an increase in sales volumes, that the sales revenues have increased due to discount allowances on products, that the prices have constantly decreased over the past five years and that the product prices are largely determined by competitor prices in the market. Further, the study confirmed that product promotion, product's distribution, product itself and that product's price were statistically significant with organizational performance.

5.4 Contributions of the Study to Knowledge

Theoretically, the study has added to the structure-conduct-performance paradigm, resource-based view theory and balanced scorecard theory to explain the influence of marketing mix variables on organizational performance in subsidiary chemical firms in Nairobi County. This study adds to the body of knowledge that highlights the significance of product promotion, product's distribution, product itself and product's price on organizational performance, a subject that has not yet been fully comprehended. Another addition by the study is to literature on the marketing mix variables on organizational performance by filling the gap in the industrial Chemicals Sub-Sector in Kenya. Also, a measuring instrument that is modified by the study has been identified, which from previous research shows that it can be applied in the Industrial Chemicals Sub-Sector to investigate the influence of marketing mix variables on organizational performance. Further developments could be made to this instrument via statement additions to enhance the identified marketing mix variables or by adding other marketing mix variables that are likely to influence organizational performance in the industrial Chemicals Sub-Sector in Kenya.

5.5 Recommendations with policy implications

Since the marketing mix variables positively affected the performance of the industrial Chemicals Sub-Sector in Kenya, senior management and other high-level stakeholders should therefore increasingly apply the range of marketing mix variables highlighted (product promotion, product distribution, product itself and product's price) in improving the firms' organizational performance. Exploration of new geographical markets should remain at the center of the company's growth, as they strive to expand their markets in other counties of Kenya and the larger East African Markets. Additionally, the company should explore Bottom of the Pyramid strategies, as this promises more opportunities for the masses that yearn for better living standards, in the event creating a potential growth for the company. Through development of for-profit business models anchored on meeting community social needs, the company creates its advocates, which in turn push for adoption of its products. Companies employing the above strategies will positively contribute towards their organizational performance.

The industrial Chemicals Sub-Sector in Kenya should embrace a continuous improvement of their company products by putting measures, which include customization, enrichment of features and functions within their platforms. By creating an integrated platform, companies in similar industries stand to benefit from their product offerings as this provides customers with more options at their disposal, hence the strategy is worthy of adopting. This method of innovation is cheaper and easier to implement as the company has more control of the process.

5.6 Suggestions for Further Research

Various suggestions are worth being brought forward from the research findings of this study. Firstly, Kenya was the scope of this study, focusing on subsidiary chemical firms based in Nairobi County. Contextually, the marketing mix variables in the urban setting of Nairobi County would most likely be significantly dissimilar from the rural areas of Kenya. Also, the same frame of thought can be extended to organizational factors that could be dynamically different in various regions, and ultimately influence the effect of the study variables. It is this view that strengthens the rationale to suggest that similar studies can be conducted in other private sector organizations and diverse sectors in Kenya. At the national level, a study can also be done to elucidate the relationship of marketing mix variables on organizational performance.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Catherine W. Mwangi

Kenya Methodist University

Nairobi.

Dear Respondent,

RE: QUESTIONNAIRE

I, Catherine Mwangi, am a student at Kenya Methodist University pursuing a degree in Masters of Business Administration (MBA).

I am hereby requesting you to kindly fill in the attached questionnaire for the research purpose of the study.

The research topic is the relationship between the marketing mix elements and performance in start-up chemical companies in Kenya.

Kindly note that all information will remain highly confidential and used strictly for academic purposes only, thereafter the results being made available for your reference.

Thank you in advance for your cooperation.

Yours faithfully,

Catherine Mwangi.

APPENDIX II: SURVEY QUESTIONNAIRE

Instructions

Answer all questions by indicating your choice by a tick where appropriate or fill in the blank spaces.

Section A: Demographic Information

1. What is your gender?

Male ☐

Female ☐

Prefer not to disclose ☐

2. Indicate your age bracket:

20-29 years ☐ 30-39 years ☐ 40-49 years ☐ 50 and above years ☐

3. Indicate the position you hold in your organization

4. How long have you worked in your organization?

Less than a year ☐ 1-5 years ☐ 6-10 years ☐ Over 10 years ☐

Section B: Marketing Mix Elements and Performance of Start-Up chemical companies in Kenya

1) Organizational Performance

This Section is concerned with assessing the performance of the start-up chemical companies in Kenya. Please tick in the box which best describes the situation in your company.

SD –Strongly Disagree, **D**-Disagree, **N**-Neutral, **A**-Agree, **SA**-Strongly Agree

	STATEMENT	SD	D	N	A	SA
1	Our sales have observed an upward trend over the past five years					
2	Our sales volume is greatly affected by changes in price					
3	Sales generated are one of the key determinants of performance					
4	Our sales have decreased over the past five years					
5	The same sales volumes will remain constant until new prices are implemented to increase the numbers					
6	Our company has realized an increase in profits over the last five years					
7	The level of profitability is a key determinant of competitive advantage in our company					
8	The management is satisfied by the profitability posted in the last few years					
9	Earnings generated from invested capital have increased in the past five years					
10	The return on assets has been higher compared to our competitors over the past five years					

Questions:

1. How has your sales performance influenced the overall strategy of your company with regards to marketing?

.....

2. Which particular strategies has your firm employed to deal with competitors who appear to have an already larger existing market share than your firm?.....

2) Product's Price

	STATEMENT	SD	D	N	A	S A
1	Our product prices have constantly increased over the past five years					
2	Our sales volume is greatly affected by changes in price					
3	Our list prices of products have a direct effect on profits					
4	The sales revenues have increased due to discount allowances on products					
5	The same sales volumes will remain constant until new prices are implemented to increase the numbers					
6	Credit terms are a key determinant of purchase decision by our customers					
7	An increase in the payment period allowed has led to an increase in sales volumes					
8	Product prices are largely determined by competitor prices in the market					
9	Discounts are offered on the basis of sales volume purchase by the customer					
10	Our prices have constantly decreased over the past five years					

Questions:

1. How have you dealt with the inflation rates which can in turn have an impact on your pricing strategies as a firm?.....

3) Product's Distribution

	STATEMENT	SD	D	N	A	S A
1	Sales via distributor are more than sales achieved from direct business with customers					
2	Our sales volume is greatly affected by changes in distribution channel					
3	Sales generated via distributor are less than sales generated from direct business with customers					
4	Distributor sales have increased over the last five years					
5	Stocking our products locally have reduced our return on investment					
6	Local stocking by the distributor has increased our sales over the past five years					
7	The level of profitability of our company has increased by presence of a local distributor					
8	Presence of a local representative office has increased our sales volumes					
9	The distributor has had positive impact on the increase of our sales volume					
10	Presence of a distributor has reduced our investment in assets					

Questions:

1. In your opinion, what has been the greatest role the distributor has played in ensuring sales volumes are met and increased?.....
2. How has the distributor aligned with your company's internal marketing strategy?
.....

4) Product's Promotion

	STATEMENT	SD	D	N	A	S A
1	Our sales have observed an upward trend over the past five years due to presence of sales personnel					
2	Profitability has decreased due to employment of sales personnel					
3	Advertising has increased our sales volumes over the past five years					
4	Advertising has affected our profitability positively					
5	Attending exhibitions have increased our profitability					
6	Sales promotion is our main line promotion strategy					
7	Price promotion is not one of our promotion strategies					

Question:

1. What aspect of product promotion in your opinion has contributed the most to profitability and why?.....

5) Product Itself

	STATEMENT	SD	D	N	A	S A
1	Our product packaging has a positive effect on our sales					
2	Product quality is directly related to the sales volume in our company					
3	Most sales generated are due to the quality of our products					
4	Proper documentation accompanying our products has had a positive effect on our sales					
5	Cost of ensuring good quality of our product has decreased our profit margins					
6	Our product brand name has had a positive effect on our profitability					
7	Our product brand name is said to have a strong reputation in the market					

8	Our product brand name awareness has increased in the past five years					
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Questions:

2. In your opinion, which product has shown the greatest contribution in sales volume and which particular attributes of that product appeals most to the customers?.....
.....
3. Which pack size of the aforementioned product contributes highest to the company's profit margin and why?.....

FINANCIALS

A-Significantly decreased **B**-Decreased **C**-Remained constant **D**-Increased **E**-Significantly increased

YEAR	2012-2013	2014-2015	2016-2017	2018-2019	2019-2020
Sales Volume	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)
Profit	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)
Return on Investment	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)
Return on Assets	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)	(A)(B)(C)(D)(E)

Thank you for your cooperation

APPENDIX III: LIST OF COMPANIES

Merck KGaA – Millipore Division East Africa

Croda International

Sigma Aldrich Ltd

Evonik Industries

Dow Chemicals Ltd

BASF East Africa Ltd

APPENDIX IV: KEMU AUTHORIZATION LETTER



KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171

Fax: 254-64-30162
Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

June 2, 2023

Commission Secretary
National Commission for Science, Technology and Innovations
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: CATHERINE WANJIRU MWANGI (REG. NO. BUS-3-4511-3/2023)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Master's Degree in Business Administration. She is conducting research on: "The Relationship between Marketing Mix Elements and Performance in Start-up Chemical Companies in Nairobi County".

We confirm that her research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a research license to enable her collect data.

Any assistance accorded to her will be highly appreciated.

Yours sincerely,


Dr. John M. Muchiri (PhD)
Director, Postgraduate Studies

Cc: Dean SBUE
CoD, Business Administration
Postgraduate Coordinator
Supervisors

APPENDIX V: NACOSTI PERMIT

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 144528	Date of Issue: 16/August/2024
RESEARCH LICENSE	
	
This is to Certify that Ms. Catherine Wanjiru Mwangi of Kenya Methodist University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: THE RELATIONSHIP BETWEEN MARKETING MIX VARIABLES AND ORGANIZATIONAL PERFORMANCE IN SUBSIDIARY CHEMICAL FIRMS IN NAIROBI COUNTY for the period ending : 16/August/2025.	
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