

STRATEGIC OUTSOURCING AND DISTRIBUTION STRATEGY ON PERFORMANCE OF AGRO-CHEMICAL AND FOOD COMPANY LIMITED IN KISUMU COUNTY, KENYA

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Abstract: Agro-Chemical and Food Company Limited has been recognized as the major entity in the food manufacturing industry, supplying essential chemicals and food manufacturiy solutions to other industries and consumers throughout Kenya. Nevertheless, recent statistics indicate that the company's revenue has experienced a 15% decrease compared to the previous years due to low distribution coverage, cheap import, high cost of production, high cost of repair and maintenance, high taxation and scarcity of molasses. Therefore, this study aimed at assessing how strategic outsourcing and distribution strategy had influenced the performance of agro-chemical and food company limited in Kisumu County, Kenya. The balance scorecard model and the agency theory were used to guide the study. The Agro-Chemicals and Food Company Limited based in Kisumu County, Kenya was targeted. The respondents were 340 employees obtained from 9 departments of the company. The departments formed the study strata whereby stratified sampling technique was applied. The sampled respondents were chosen through simple random sampling approach. A questionnaire which was semi-structured was used in collecting data. Piloting test was carried out in Agricultural Development Corporation with 18 respondents involved. Content and construct test was used in assessing validity. A Cronbach's Alpha test was applied in the evaluation of reliability and a 0.721 coefficient was achieved which confirmed the strong reliability of the tool. The qualitative data was assessed using content assessment method with the responses given presented through narration. Descriptive analytic techniques, including percentages, means, and standard deviations, were used to evaluate quantitative data. The determination of how variables related was achieved through inferential analysis techniques which comprised of correlation and regression analyses. The study found that the strategic outsourcing ($\beta=0.852$; $p=0.003$) and distribution strategy ($\beta=0.224$; $p=0.004$) had a positive significant influence on the performance of ACFC Limited in Kisumu County, Kenya. The study concludes that the ACFC company had an effective implementation of strategic outsourcing strategy which had improved efficiency within its operations and overall performance. The company had a proper designed distribution strategy that had resulted to improved sales and customer satisfaction. The recommendations made were that; the company should concentrate on its core competencies through outsourcing non-core activities for improved productivity and innovation. The company should consider local partnerships to enhance its distribution network to leverage existing trust and credibility, facilitate smoother product access for consumers.

Keywords: Strategic Outsourcing, Distribution Strategy, Organizational performance.

1. INTRODUCTION

1.1 Introduction

The company's performance indicates a significant development to the economy of the nation, as effective organizational performance leads to job creation, wage increases, and enhanced government revenue through taxation (Sarumpaet, 2021). Wall, Michie, Patterson, and West (2024) note that successful companies frequently expand their operations, which entails hiring additional employees, acquiring more materials, and occasionally investing in new technologies, thereby generating a ripple effect throughout the economy. Therefore, a prosperous organization not only boosts demand for its own products but also for those offered by its suppliers and service providers.

Ketchen and Palmer (2020) note that in a rapidly evolving business environment, organizations continually encounter challenges and opportunities that require swift and effective responses. According to Parnell, Lester, and Menefee (2022), organizations that welcome change and adeptly respond to their surroundings can enhance their capacity to capture a greater market share, fulfill customer demands, which leads to increased sales and, ultimately, profitability. Furthermore, their employees tend to be more engaged and motivated, resulting in improved retention and productivity. Therefore, an organization's strategic response capability can significantly influence its future.

Agro-Chemical and Food Company (ACFC) Limited is a prominent entity in the food industries, focusing heavily on sustainable practices and innovation. The company offers a diverse range of products, including spirits (alcohol), yeast, industrial carbon dioxide, vodka and patriot, fertilizers and cutting-edge food solutions (Tiwari, 2021). In India, the company's efforts to educate farmers on integrated pest management and sustainable agricultural practices have led to significant market penetration (Biswas, 2023). Campbell (2022) observes that India's ACFC limited performance is on an upward trajectory, driven by innovation and sustainability due to companies adjusting to consumer preferences for healthier food options, and manufacturers are responding to environmental concerns.

In China, collaborations with local agribusinesses have enabled the distribution of their innovative crop protection products, effectively addressing the region's food security issues (Zolin, Cassin & Mannino, 2023). According to Byman (2023), China's ACFC performance has improved due to the rise in consumer health awareness resulting to a boom in demand for organic and natural food products. Companies such as COFCO and China National Chemical Corporation are adjusting their strategies to meet this emerging consumer base. Moreover, the Chinese government has implemented stricter policies regarding the usage of harmful chemicals in agriculture to maintain market access and consumer trust.

Nnaji and Chikaire (2022) note that the Nigerian government is actively pursuing agricultural self-sufficiency by supplying advanced fertilizers designed for the various climates across the country, which have aided smallholder farmers, boosted crop yields, and supported local economies. As reported by Nwachukwu (2024), Nigeria has been advocating for local agriculture and improving productivity, with recent findings showing that sales in the country have experienced a consistent rise due to government incentives and an increasing recognition of the significance of high-quality agro-chemical products.

South Africa boasts a highly developed agricultural sector. Despite facing intense competition, the ACFC Limited has successfully established a niche for itself through innovation (Kirsten & Gouse, 2020). Benjamin (2023) notes that the company has concentrated on creating new technologies aimed at optimizing water usage in farming, which is a crucial concern due to the country's water scarcity. Furthermore, they have introduced a variety of products designed to support drought-resistant agriculture, demonstrating their dedication to addressing local requirements.

The ACFC limited has launched innovative products specifically designed for Kenya's distinct agricultural environment, which encompasses tea and horticulture. This initiative involves collaboration with local farmers, facilitating product sales, and disseminating knowledge regarding sustainable practices (Morogo, 2021). Irungu (2023) noted that these companies prioritize sustainability, aligning with the increasing trend towards eco-friendly farming and also their initiatives have featured training programs focused on educating farmers about the responsible use of pesticides and crop rotation methods.

1.1.1 Performance

The organizational performance is determined through how it fulfills its expectations of stakeholders as well as its own specific objectives that are essential for its survival (Wang & Wang, 2020). Saeed, Yousafzai, Paladino, and De-Luca (2023) characterize organizational performance as a multifaceted relationship on how the company is effective, efficient, offers

higher quality, is more productive, innovative and increases more profits. In this context, the assessment of performance provides insights into the organization's financial capacity, relevance, efficiency, and effectiveness.

Organizational performance is a complex construct that has been construed in several perspectives because of differing perspectives of organizations over the years (Lin & Chen, 2021). Santos and Brito (2022) note that organizational performance is viewed as a combination of monetary and non-monetary measures to gain the knowledge of level of achieving goal achievement and outcomes. Therefore, it can be posited that organizational performance pertains to how financial resources and non-financial elements available to organizations are utilized to fulfill overarching corporate objectives.

The performance of a company constitutes of the way it performs financially based on return on assets, profitability, increased margins and performance level of their products which involves responsiveness to needs, share of its market, and sales metrics (Lokman & Lanita, 2022). Parvaneh and Korosh (2023) indicate that the level at which the company performs is attained by developing and implementing its strategies effectively, better governance, increased value to its customers, achieving efficient and effective process, tasks and tasks.

The performance of a company is its capability in achieving its set goal effectively and effective was of optimizing its resources and consist the real outcome gauged against the expected goal and objective (Calantone, Cavusgil & Zhao, 2020). Dess and Robinson (2023) indicate the way a company performs is determined on the level it attains higher profits, expands its market share, and returns on its investments which should also factor quantitative and qualitative measures. Therefore, to assess organizational performance the following metrics were adopted; market share, products of high quality and customer satisfaction.

1.1.2 Strategic Outsourcing and Distribution Strategy

Strategic outsourcing involves the delegation of a business function or the substitution of in-house activities by engaging external agents (Leavy, 2021). Laugen and Fleury (2021) note that organizations pursue strategic outsourcing to enable a focus on their core competencies, thus achieving effectiveness and efficiency through cost reductions, lower capital investments of a company, improved response to changes within the company's environment, supply competition resulting to production of products and offering services of higher quality in the near future, minimized risks associated with faster technological evolution and many other benefits.

A distribution strategy consists of a network of organizations that connect a supplier to various customer segments and the design of a distribution system necessitates the identification of suppliers and customers associated with the company together with the determination of how the intense its structure is and the related policies the management of its channels (Venkatraman, 2020). Rangan and Jaikumar (2023) highlighted that organizations aim to implement channel strategies that accommodate their larger customers while also addressing the specific needs of smaller customers, often due to variations in service levels and geographical distances.

1.1.3 Agrochemical and Food Company Limited

Agro-Chemical and Food Company Limited functions as a practical industrial Biotechnology facility. Founded in 1978, it is a collaborative partnership initiated between the Kenyan Government, is represented by the International Investment Corporation (Mehta Group), the Agricultural Development Corporation (ADC), and the Industrial and Commercial Development Corporation (ICDC). The facility's original plan was to use one of the most advanced technologies in the world to generate Power Alcohol and Baker's yeast from cane molasses. It would also use bulk spirit, baker's yeast, bottled spirits like vodka and Patriot Gin, MediPlus products, and carbon dioxide. In its early years, ACFC encountered significant challenges in marketing Power Alcohol, primarily due to opposition from oil companies regarding its blending with petrol.

During the first three years after the commencement of commercial production, capacity utilization was notably low, at just 30%. However, sales subsequently improved, achieving a 75% plant capacity of by year 1988. The Metha Group which deals with exports was founded in Europe between the year 1990 and 1991 which made the company to opt for production diversification from power alcohol to industrial alcohol and various different alcohol grades. The company has started expanded and diversifying into more linked products. Amongst such is Neutral Alcohol which was meant for responding to the constant market demands demanding for very refined alcohol suitable for medicinal formulations and beverage spirits. The beginning of year 200 saw the company increase its market share by offering beverage alcohol products of higher

quality. This led to the launch of feasibility studies, which ultimately resulted in the setting up a brand-new Extra Neutral Alcohol (ENA) facility that was introduced in 2010.

1.2 Statement of the Problem

Agro-Chemicals and Food Company Limited has positioned itself as the major entity in the food manufacturing industry, supplying essential chemicals and food manufacturing solutions to other industries and consumers throughout Kenya. Nevertheless, recent statistics indicate that the company's revenue has experienced a 15% decrease compared to the previous years due to low distribution coverage, cheap import, high cost of production, higher costs for repairs and maintenance, high taxation and scarcity of molasses. The Agro-Chemicals and Food Company's market share has decreased by approximately 15% over the past two years. Numerous factors can be a contributor for this reduction such as increased competition and changes in consumer preferences and the company recorded a 20% reduction in sales volume in the year 2024 compared to the previous year due to issues with product effectiveness as a key reason for their shift to alternative suppliers (Kenya Agricultural Research Institute, 2024).

A research conducted by Kathenya, Ndegwa, and Oringo (2020) explored the connection between strategic responses adopted by public universities in Nairobi County, Kenya and their performance and observed that implementing strategies aimed at reducing their expenditures had contributed significantly to improved performance. Nevertheless, the research focus was public universities. In a separate study, Malului and Kimencu (2021) examined the strategic responses by Water and Sewerage Company operating in Kisumu County, Kenya had influenced the performance the company discovering that outsourcing significantly enhanced performance. However, the context was Kisumu County Water and Sewerage Company. Additionally, Ngugi (2024) investigated strategic competitive response capabilities of commercial organizations on their performance revealing a positive correlation between strategic competitive response and performance. However, the particular emphasis of this investigation was commercial banks. Therefore, the present study evaluated the influence of strategic outsourcing and distribution strategy on performance of agro-chemical and food company limited in Kisumu County, Kenya.

1.3 General Objective of the Study

The general objective of the study was to investigate the influence of strategic outsourcing and distribution strategy on employee performance at the Kenya Revenue Authority in Nairobi City County.

2. LITERATURE REVIEW

2.1 Theoretical Literature Review

Agency Theory

The theory by Jensen and Meckling (1976) fundamentally evaluates how the principals (the individuals who own the company) relates with agents (the individuals who manage it). This theory seeks to tackle the challenges that emerge within these relationships, especially the likelihood of conflicts of interest. Furthermore, it suggests that there exists an inherent divergence in priorities between owners and managers. Owners aim to maximize their returns, whereas managers may pursue personal advantages, potentially resulting in inefficiencies. In addition, clearly defined contracts and performance-based incentives can ensure that agents remain inspired and respond in accordance to the principal's interest.

Nilakant and Rao (2021) highlight the significance of behavioral factors in agency relationships, asserting that comprehending the dynamics of these relationships can enhance cooperation between agents and principals. In accordance with Kelembagaan and Eisenhardt (2023), cultivating a culture of trust and open communication within an organization can result in improved alignment between management goals and shareholder expectations. This alignment can be fostered through regular stakeholder meetings that promote transparency and base decision-making on common objectives.

The critique of agency theory is founded on the assumption that all participants are rational actors seeking for logical maximization of utilities. Nevertheless, human behavior is frequently swayed by emotions, biases, and social interactions. Detractors contend that this excessively rational perspective fails to consider how relationships within organizations can develop and transform under real-world pressures (Rowe, 2020). The theory has no definite explanation on principal-agent dilemma because, although agency theory recognizes the conflict, it often falls short of offering effective solutions. For instance, when agents are compelled to meet specific targets, they may prioritize those metrics over the broader objectives of the organization, resulting in adverse consequences (Wiseman, Cuevas-Rodríguez & Gomez-Mejia, 2023).

Agency theory describes how the principal relates with the agent who are tasked with making decisions on behalf of the principals (Bendickson, Muldoon, Liguori & Davis, 2022). In the context of ACFC Limited, the application of agency theory is significant as it helps to analyze how the interests of the management align or conflict with other parties, ultimately impacting performance. The evaluation of possible issues that might bring conflict of interest can enable the shareholders to acquire knowledge of how better governance structures and decision-making processes within the company.

Balance Scorecard Model

Balanced Scorecard (BSC) model by Kaplan and Norton (1990) provides a structure that the organizations can strategically plan and manage their strategies in conveying their vision and strategy. It helps align daily operations with strategic objectives, prioritize projects, products, and services, and assess and track organizational performance in relation to strategic goals. Kaplan and Norton (1990) further contend that conventional financial metrics offer merely a limited perspective on organizational health. They support a well-rounded approach that incorporates both financial and non-financial parameters and addresses the following four important viewpoints: internal processes, customers, learning and growth, and finances, which together provide a more thorough understanding of performance.

Malgwi and Dahiru (2020) noted that comprehending customer needs is crucial as it fuels innovation in product development. By grasping customer requirements, companies can design products that are not only efficient but also environmentally sustainable, thereby customizing their offerings to align with market demands and improving their competitive edge. Ronchetti (2022) highlights the importance of incorporating environmental costs into financial planning. This process entails evaluating expenses associated with sustainable practices and creating comprehensive financial models that account for not only profits but also the significance of environmental stewardship.

The BSC model has been criticized for overlooking key aspects of organizational dynamics, as noted by Aryani and Setiawan (2020), who suggest a more comprehensive approach to performance metrics. Modell (2022) highlights implementation challenges, where organizations struggle to align their strategies with the four perspectives, often due to unclear objectives. This misalignment can reduce the Balanced Scorecard to a mere data collection tool without strategic clarity. Furthermore, training employees to use the Balanced Scorecard effectively demands considerable time and resources, which some organizations may not have, leading to its abandonment.

The Balanced Scorecard model has significant relevance to the study as it guides the company to achieve effective monitoring performance, put in line their operations with goals and make sure that every of its functional unit operates within the same direction. Furthermore, it helps in identifying areas for improvement, fostering innovation, and enhancing customer satisfaction, ultimately leading to better financial outcomes and a stronger competitive position in the agro-chemical and food industry.

2.2 Empirical Literature Review

Strategic Outsourcing and Performance

Okoye-Chine (2021) assessed how outsourcing by fast food companies in South East Nigeria had affected performance of the company. The instrument that collected data was a structured questionnaire. A total of 265 employees formed the study's population who were randomly sampled from 10 fast food establishments in South East Nigeria. The study established that the outsourcing strategy adopted by these companies had significantly improved their performance which signified that the strategy had brought a greater contribution towards enhancing the sector's efficiency and effectiveness. However, use of cross-sectional design shows a gap in methodology. This gap was addressed by utilizing a descriptive research design in the present study.

Kisilu and Gatari (2021) study focused on strategic outsourcing processes of manufacturing companies listed at NSE, Kenya on performance. Seventy-two (72) workers from these companies' senior management made up the study's population. Data was gathered via a semi-structured questionnaire. The assessment of data was quantitatively done through descriptive analysis. The results obtained indicated that outsourcing of professional, business processes and projects correlated positively with the performance of these companies. Moreover, it was observed from regression analysis results that organizations which had outsourced strategically had experienced greater improvements on their performance. However, the study examined manufacturing companies listed at NSE. The presents study examined ACFC Limited in Kisumu County, Kenya.

Mazikana (2023) research focus was analysis of outsourcing methods carried out by Cement Industry and how they had contributed to their performance. The researcher utilized the sampling table created by Krejcie and Morgan (1970) to obtain

a sample size of 132 respondents from Larfage. In this research, respondents indicated that their organization has implemented information technology to coordinate activities with suppliers through the outsourcing of Information Technology (IT) services. Furthermore, it was found that outsourced professional services were much reliable than those developed within the company. The company also outsources legal services. Several respondents mentioned that the organization has been outsourcing accounting services as well. However, the study examined performance within the Cement Industry highlighting a contextual gap. The examination of performance of ACFC Limited in Kisumu County, Kenya was the focus of the present study.

Distribution Strategy and Performance

Samson, Chege, and Mwangi (2023) research was based on how distribution partnerships within agrochemical production companies in Kenya related with their supply chain performance using descriptive survey design. The population was 32 agrochemical production companies and the sampled respondents were 96 employees from every functional unit of these companies. A census of 96 was done. Data was gathered via a questionnaire. Data was subjected to descriptive and inferential analysis methods. The results achieved were that partnerships with various distributors did not bring much improvement on performance of supply chains. A conceptual gap established since it examined supply chain performance. The current study examined performance of ACFC based in Kisumu County, Kenya.

Mwaura, Letting, Ithinji, and Bula (2022) conducted an evaluation of the relationship between practices adopted for green distribution and the competitive advantage of food manufacturing companies in Kenya. There was application of cross-sectional survey. The 130 firms in the list of KAM directories were sampled. A questionnaire was used in getting data which was analysed done through linear regressions analyses techniques. Study observed that technology has had a significant influence on distribution methods, with a growing number of firms adopting the internet as a distribution channel. However, the study examined competitiveness of Kenya's food manufacturing sector using cross-sectional survey which presents conceptual gap and methodological gap. The ACFC Limited based in Kisumu County, Kenya was examined using descriptive research design.

Kirunga and Kihara (2020) analysed distribution strategies of chemical manufacturing firms in Kenya and how these strategies had influenced environmental performance. A total of 27 of these companies was sampled with data obtained through a questionnaire. The assessment data was descriptively data using mean, frequencies, and percentages to present findings. To meet the specific objectives, correlation and regression analyses were performed. The results revealed that application of green methods on storage, packaging, moving goods and application of economic labeling had resulted to significant improvement on environmental performance of these companies. Nonetheless, the study focus was chemical manufacturing companies in Kenya. The present study was on performance of ACFC Limited located in Kisumu County, Kenya.

Conceptual Framework

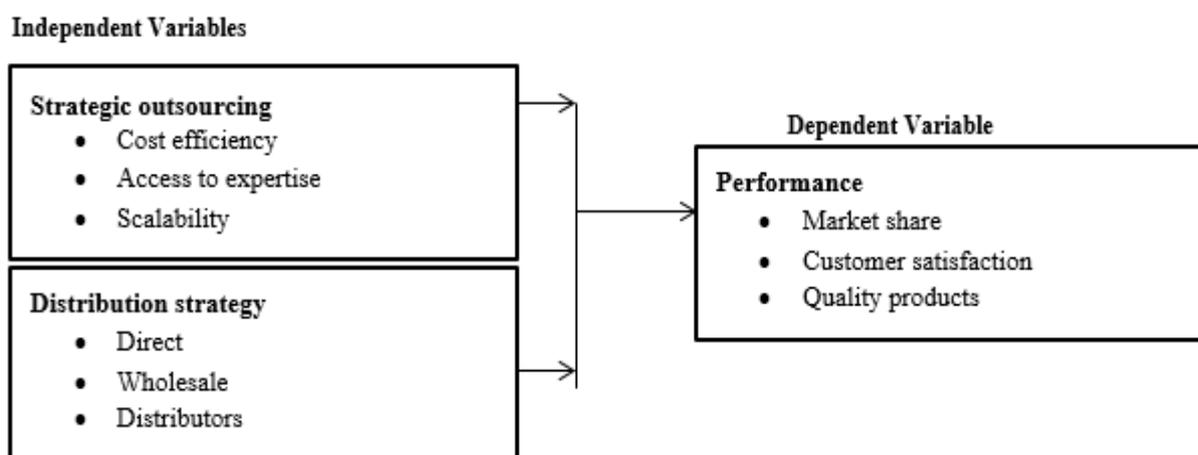


Figure 1: Conceptual Framework

Figure 1 presents how independent variables (strategic outsourcing and distribution strategy) are related to the dependent variable (performance).

3. RESEARCH METHODOLOGY

3.1 Research Design

A descriptive research design was utilized in the study. Pawar (2020), argue that this design entails the observation and description of statistical methods regarding the behavior of cases without influencing them. This design was crucial to the study as it yielded sufficient data from a large sample and facilitated getting the quantitative and qualitative data. Therefore, adoption of this design effectively guided the study by providing detailed comprehension of how strategic initiatives reflected with effectiveness in the competitive agro-chemical and food sector.

3.2 Target Population

The study targeted ACFC Limited in Kisumu County, Kenya. The respondents were 340 employees who were obtained from 9 departments of the company since the employees possess firsthand knowledge and insights regarding the company's operations, strategies, and overall performance.

3.3 Sampling Design and Sample Size

Since the study targeted respondents from different departments of the ACFC, stratified sampling technique were applied. The determination of sample size was done applying statistically using Yamane (1967) formula and a sample size of 183 respondents was obtained.

3.4 Data Collection Instrument

The tool employed for collecting data was semi-structured questionnaire. This kind of questionnaire achieves a balance between the adaptability of open-ended questions, which permit comprehensive answers, and the simplicity of closed-ended questions, which can be readily quantified (Barriball & While, 2020).

3.4 Validity and Reliability Research Instruments

The study implemented two types of validity tests: content validity, which determines comprehensive dimensions of each variable, and construct validity, which verifies that the instrument accurately represents the meaning of each variable within the study's context.

The research employed Cronbach's Alpha test to evaluate whether each individual question accurately measures the same underlying concept. As noted by Madan and Kensinger (2022), the coefficient values fall within a range 0 and 1, with values closer to 1 typically deemed acceptable; however, a higher value is preferable. In social science research, a value of 0.8 or above is often sought. Therefore, this study aimed to achieve an alpha value of 0.8. However, if the obtained value falls below 0.6, the questions would be revised, as this indicates that the questionnaire items may not reliably measure the same construct (Ryan, Scapens & Theobald, 2022).

3.5 Data Analysis and Presentations

The analyses and presentation of qualitative data involved application of content technique and narrative form respectively. This analysis was facilitated by organizing the study into similar responses on every variable examined. The analyses of data in quantitative form were based on descriptive analyses including percentages, mean and standard deviation for every statement on likert scale. To determine the relationships between variables, the study implemented inferential analysis methods such as correlation analysis and multiple regression analyses. The SPSS software was employed in generating the outputs in terms of tables and figures.

The regression equation was: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon$

Where, Y = Performance

X₁= Strategic outsourcing

X₂= Distribution strategy

β_1 and β_2 = Coefficients

ε = Error term

4. RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This section outlines results obtained from the examination of information obtained from the field through a questionnaire in the subsequent sections.

4.2 Response Rate

The rate of response was determined by taking into account all the questionnaires that were submitted alongside those that were not.

Table 1: Response Rate

Category	Frequency	Percentage
Response	174	95.1
Non-response	9	4.9
Total	183	100

The results indicate that out of an entire set of 183 questionnaires distributed to the participants, 174 individuals responded, resulting in a response rate of 95.1%. This leaves a non-response rate of 4.9%, attributed to 9 respondents who failed to return their questionnaires. This response rate is considered sufficient to proceed with the analysis, as Champion and Sear (2021) states that in descriptive studies, a data collection rate of 70% or more is generally considered adequate for conducting analyses.

4.3 Reliability Results

Table 2: Reliability Results

Variable	Alpha value	Remarks
Strategic outsourcing	0.732	Reliable
Distribution strategy	0.716	Reliable
Performance	0.724	Reliable

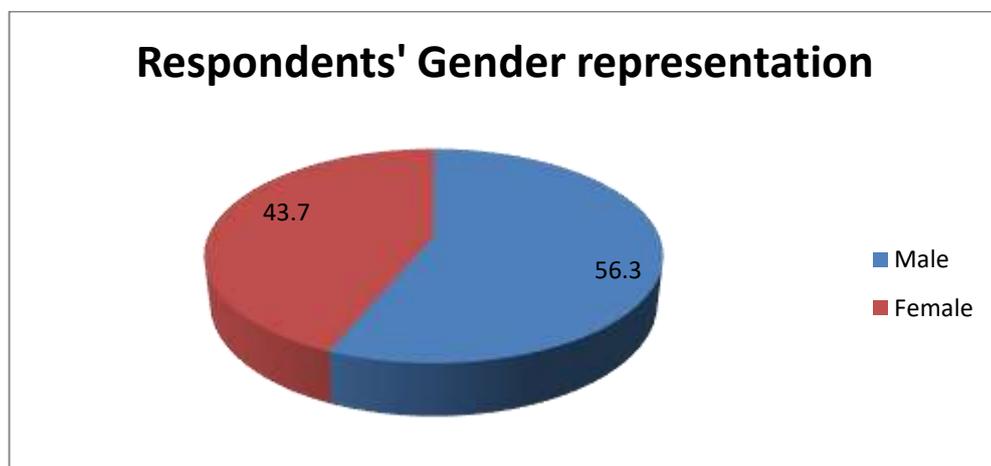
According to the results obtained an alpha values of above 0.7 were obtained that signified questionnaire being reliable.

4.3 Respondents Demographic Information

4.3.1 Gender

Figure 1 displays the outcomes of the respondents' gender representation in the study

Figure 1: Gender



The finding reveal that the representation of male and female was 56.3% and 43.7%, respectively. This suggests that the study effectively took into account a more balanced gender representation among the respondents.

4.3.2 Age

Table 3 displays the outcomes of the respondents' age representation in the study.

Table 3: Age

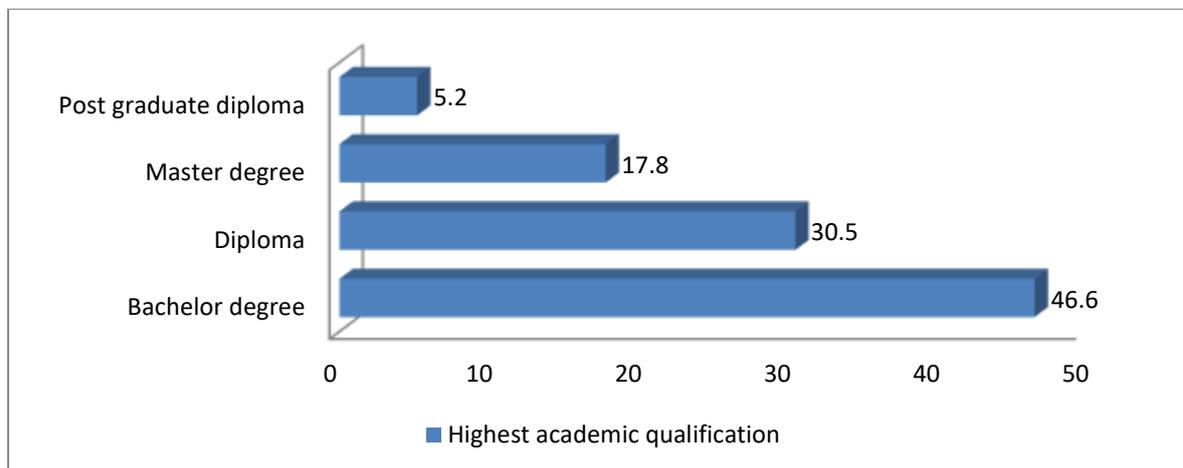
Years	Frequency	Percentage
Under 30	19	10.9
30 to 39	51	29.3
40 to 49	79	45.4
50 years or more	25	14.4
	174	100

The result is that participants aged between 40 and 49 represented the largest segment of the study, whereas individuals under 30 years constituted 10.9%. This indicates that most of the participants in the research were older than 30 years.

4.3.3 Highest Academic Qualification

Figure 2 illustrates the results of the participants' educational qualification representation in the research.

Figure 2: Highest Academic Qualification



It was observed that a larger portion of respondents possessed a first degree academic qualification, while those holding a diploma and a master's degree accounted for 30.5% and only 17.8% had obtained a doctorate degree and post graduate diploma holders were represented by 5.2%. These findings indicate that the respondents chosen for this study exhibited a diverse range of educational backgrounds, with most having attained a degree or higher.

4.3.4 Period Worked with ACFC

Table 4 displays the findings regarding the length of employment of the participants in the study.

Table 4: Period Worked with ACFC

Years	Frequency	Percentage
Less 5	12	6.9
5 and 9	41	23.6
10 and 15	48	27.6
Above 15	73	41.9
	174	100

The result is that respondents possessing the highest work experience with ACFC, specifically those with 10 to 16 years of experience, accounted for 27.6%. In contrast, individuals with less than 5 years of experience constituted a smaller segment at 6.9%. Notably, it is evident that respondents with over 10 years of work with ACFC formed the majority.

4.4 Descriptive Statistics Results

Descriptive statistic was employed to assess the level of agreement among the respondents regarding each specific variable. The findings are displayed using percentages (%), means, and standard deviations (SD);

4.4.1 Strategic Outsourcing

Table 5: Strategic Outsourcing

Statements	SD %	D%	N%	A%	SA%	M	SD
Outsourcing non-core functions has significantly reduced operational costs in my organization	6.7	3.7	2.7	30.0	50.0	4.08	0.899
The financial performance of my company has improved due to cost savings from outsourcing	0.0	1.1	0.1	40.2	53.4	4.39	0.600
I am satisfied with the quality of expertise obtained through outsourcing partners	1.4	11.4	0.0	33.3	54.2	4.60	0.917
Access to specialized knowledge through outsourcing has enhanced the company's product development capabilities	0.0	3.8	0.3	36.5	56.8	4.24	1.009
Scalability due to outsourcing allows for greater flexibility in responding to market demands	5.3	3.1	4.4	56.4	30.8	4.27	1.130
Scalability in outsourcing encourages innovation within the company	0.8	6.3	2.3	46.9	43.5	4.11	1.068
Aggregate score	2.4	4.9	1.6	40.6	48.1	4.28	0.937

The result indicate and aggregate mean (4.28) and standard deviation score (0.937) with 88.7% of the respondents agreeing with all the statements, 1.6% indicating neutral and 7.3% indicating disagree. This indicates that all the respondents had a positive perception that strategic outsourcing had enhanced the performance of ACFC Limited located in Kisumu County, Kenya through outsourcing non-core functions, cost savings, access to specialized knowledge and scalability. The observation corroborate with Laugen and Fleury (2021) research observation that organizations pursue strategic outsourcing to enable a focus on their core competencies, thus achieving effectiveness and efficiency through cost reductions, lower capital investments of a company, improved response to changes within the company's environment, supply competition resulting to production of products and offering services of higher quality in the near future, minimized risks associated with faster technological evolution and many other benefits.

4.4.2 Distribution Strategy

Table 6: Distribution Strategy

Statements	SD %	D%	N%	A%	SA%	M	SD
The direct distribution has lowered operational costs for Agro-Chemicals and Food Company Limited	4.5	1.8	2.1	36.3	36.3	4.07	0.899
Direct distribution allows Agro-Chemicals and Food Company Limited to respond more quickly to market changes	5.0	5.0	2.0	38.0	50.0	4.62	0.378
The quality of products supplied by wholesale distributors meets our company's standards	5.7	15.6	1.9	36.7	40.1	3.99	1.010
There is high the level of communication and support provided by our wholesale distributors	2.2	5.7	0.0	60.1	31.3	4.56	0.439
Our distributors provide valuable feedback that helps improve our product offerings	0.0	12.5	0.0	33.3	54.2	4.08	0.744
Distributors actively promote our products and brand in the market	4.2	4.2	0.0	60.8	30.8	4.27	1.130
Aggregate score	3.6	7.5	1.0	44.2	40.5	4.27	0.767

The research attained an overall mean score (4.27) and a standard deviation (0.767). Furthermore, 84.7% of the participants concurred with all the statements, while 1.0% expressed neutrality and 11.1% disagreed. The finding indicate that the respondents perceived positively the role played by distribution strategy of ACFC Limited located in Kisumu County, Kenya in enhancing its performance through reduced operational costs, improved level of communication and support and offering valuable feedback. The finding align with Rangan and Jaikumar (2023) research who highlighted that organizations aim to implement channel strategies that accommodate their larger customers while also addressing the specific needs of smaller customers, often due to variations in service levels and geographical distances.

Inferential Statistics Results

Table 7: Correlation Analysis

		Strategic outsourcing	Distribution strategy	Performance
Strategic outsourcing	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	174		
Distribution strategy	Pearson Correlation	.118	1	
	Sig. (2-tailed)	.208		
	N	174	174	
Performance	Pearson Correlation	.703**	.711**	1
	Sig. (2-tailed)	.003	.003	
	N	174	174	174

The Pearson r value obtained for strategic outsourcing, distribution strategy, pricing strategy and innovation strategy against the performance was 0.703 and 0.711 respectively with respective significance value all less than 0.05 at 0.003. Therefore, the results suggest that there was a substantial positive association between the performance and all of the independent variables examined which also suggests that as these strategies improve, the performance of ACFC Limited also improves.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.859	0.738	0.701	0.557

The result indicate that the adjusted r value stands at 0.701, suggesting that the performance fluctuated by 70.1% as a result of the influences exerted by strategic outsourcing and distribution strategy. Therefore, this implies that 29.9% of the strategic responses methods which were not included in the study are accounted for.

Table 9: Regression Coefficients Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.619	0.118		5.246	0.002
	Strategic outsourcing	0.784	0.201	0.852	3.900	0.003
	Distribution strategy	0.715	0.301	0.224	2.375	0.004

The result demonstrate the constant value as 0.619, suggesting the level that performance of ACFC Limited in Kisumu County, Kenya is, by keeping the strategic outsourcing and distribution strategy constant. The derived regression equation is expressed as;

$$\text{Performance} = 0.619 + 0.784(\text{strategic outsourcing}) + 0.715(\text{distribution strategy})$$

The study found that the strategic outsourcing of ACFC had significantly its performance ($\beta=0.852$; $p=0.003$). This suggests that enhancing strategic outsourcing would improve the company's performance by 0.852 by keeping distribution strategy, pricing strategy and innovation strategy constant. The finding concur with Kisilu and Gatari (2021) research observation that outsourcing of professional, business processes and projects correlated positively with performance.

The research indicated that distribution strategy had a notably positive influence on the performance of ACFC Limited in Kisumu County, Kenya ($\beta=0.224$; $p=0.004$). This suggests that enhancing distribution strategy would cause performance improvement of the company by 0.224, assuming that the strategic outsourcing, pricing strategy and innovation strategy remain unchanged. The Mwaura, Letting, Ithinji, and Bula (2022) research observation that technology has significantly impacted distribution methods, with an increasing number of firms embracing the internet as a distribution channel.

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this section, a comprehensive overview of the results obtained from the study is provided. Additionally, a discussion of the conclusions drawn from these findings and offers recommendations based on the insights gained throughout the research process.

5.1 Summary

The study evaluated the influence of strategic response on performance of agro-chemical and food company limited in Kisumu County, Kenya. The strategic response examined included; strategic outsourcing, distribution strategy, pricing strategy and innovation strategy. The respondents were employees working with ACFC obtained from the company's 9 departments. The results achieved are expressed in a summarized form as follows;

The study investigated how strategic outsourcing affected the performance of ACFC Limited located in Kisumu County, Kenya. The study found that the strategic outsourcing of ACFC had significantly its performance ($\beta=0.852$; $p=0.003$). The company's financial performance has seen an improvement as a result of cost savings achieved through outsourcing. The respondents expressed satisfaction with the level of expertise acquired from outsourcing partners. The access to specialized knowledge provided by outsourcing has significantly enhanced the company's product development capabilities, and the flexibility afforded by outsourcing enables a more responsive approach to market demands.

The goal of the study was to ascertain how ACFC Limited's performance in Kisumu County, Kenya, was impacted by its distribution strategy. The study found that the performance was significantly improved by the distribution approach ($\beta=0.224$; $p=0.004$). The direct distribution model enabled Agro-Chemicals and Food Company Limited to react more swiftly to shifts in the market. Enhanced communication and support were offered by the wholesale distributors, who actively advocated for the company's products and brand within the marketplace.

5.2 Conclusions

The ACFC company had an effective implementation of strategic outsourcing strategy which had improved efficiency within its operations and overall performance. The company's strategic outsourcing strategy had enabled it to concentrate on its essential strengths simultaneously allocating other functions to specialized service providers resulting to cost savings and enhanced expertise in areas outside the company's primary focus. The implementation of strategic outsourcing strategy had resulted to better resource allocation and improved delivery of services promoting innovation and effective response to customer demands.

The study concludes that the company had a proper designed distribution strategy that had resulted to improved sales and customer satisfaction. The company's distribution strategy had effectively optimized its supply chain improving customer satisfaction and eventually increasing sales volume. The ACFC's distribution strategy had enhanced its targeted market accessibility and ensured that its products were available in the right places. The distribution strategy had enabled the company to strengthen relationship with its local retailers and distributors by gaining valuable insights into market trends and consumer behavior.

6. RECOMMENDATIONS

The company should concentrate on its core competencies through outsourcing non-core activities for improved productivity and innovation. The company should carry out a comprehensive research and due diligence before making any engagement with any third-party provider to ensure that the partners share the same values and commitment to quality that ACFC prides itself on. The company should establish clear performance metrics and key performance indicators for outsourced functions to maintain oversight and ensure that the desired quality and efficiency standards are met.

The company should consider local partnerships to enhance its distribution network to leverage existing trust and credibility, facilitate smoother product access for consumers. The company should embrace technological solutions by exploring digital channels that cater to tech-savvy customers while also ensuring inclusivity for those less familiar with technology. The company should maintain a clean since a respectful brand image will meet the community standards and enhance ACFC's reputation.

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