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Evaluating the effect of horizontal integration strategy on performance of commercial State corporations in Kenya

Faith Yator [(1)]
Simon Kipchumba [(2)]
John Tanui [(3)]

(1.2.3) Kabarak University, Kenya
Main author email: fyator@kabarak.ac.ke

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Abstract
This study aimed to evaluate the impact of horizontal integration on performance of Commercial State Corporations in Kenya. The study was based on positivist research philosophy. A cross-sectional correlational design was adopted as the study design. The target population was 1,026 senior managers of the Commercial State Corporations. The sample size was 99 senior managers in Commercial State Corporations. Primary data were gathered using a structured questionnaire. Collected data was analysed using descriptive data analysis techniques and regression analysis. The findings of the study were presented using figures and tables. The study established a significant effect of horizontal integration strategy on financial, customers, internal business process and learning, growth and development performance of Commercial State Corporations in Kenya (β =0.536, p=0.000<0.05; β =0.548, p=0.000<0.05;β =0.359,p=0.000<0.05;β =0.201,p=0.027<0.05). The study concluded that the horizontal integration strategy significantly improved the financial, customer, internal business process, and learning, growth, and development performance of Commercial State Corporations, supported by statistical evidence. The study recommends that Commercial State Corporations should streamline regulations to facilitate horizontal integration, ensure alignment with strategic objectives, prioritise sectors that enhance efficiency and service delivery, collaborate with competition authorities to comply with antitrust laws, and proactively address market concentration and anti-competitive concerns.

Key words: Business, company, customers, horizontal integration, internal suppliers.

INTRODUCTION

Horizontal integration is a business strategy where a company expands its operations by acquiring or merging with other companies in the same sector. The aim is to increase market share, reduce competition, and achieve economies of scale. It is a strategy that incorporates the merging or acquisition of companies at the same level of the supply chain or within the same industry. It aims to consolidate resources, enhance market share, and reduce competition. The advantages of horizontal integration strategy are that it can lead to cost savings, increased market power, and better bargaining power with suppliers. However, it can also lead to antitrust concerns and reduced competition in the market (Ismail & Wahab, 2018). Horizontal integration, as a strategy, can indeed have several benefits for organisations, including cost savings and improved shareholder value. Horizontal integration's success as a management strategy is dependent on a number of factors, including effective integration planning, cultural alignment, proper execution, and the ability to capture and sustain synergies. Additionally, potential drawbacks such as integration challenges, increased operational complexities, and regulatory considerations should also be carefully managed (Loukianova et al., 2017).

According to Pawlak et al. (2019), horizontal integration can certainly provide businesses with a competitive edge and various advantages. By integrating or purchasing a business that operates in the same industry and creates similar products or services, a company can benefit from economies of scale, reduced costs, increased market power, and improved efficiency. One advantage of horizontal integration is the potential to reduce competition in the industry. By acquiring or merging with competitors, a company can eliminate some of the rivalry that existed before, allowing them to gain a larger market share and potentially increase their profits.

The horizontal strategy in the context of commercial state corporations in Kenya can involve several applications and key areas that can be applied to Commercial State Corporations, including mergers and acquisitions, collaborative ventures, standardisation of services, diversification within the same industry, market expansion, and competitive Pricing Strategies, among others. This will increase competitiveness, market share, and operational efficiency. By strategically applying these horizontal strategies, Commercial State Corporations in Kenya can enhance their performance, adapt to market changes, and better serve the public interest.

Another advantage is the ability to access new markets. When a firm integrates or purchases a business with distribution networks in different regions or serving different consumer segments, it can expand its customer base and increase its revenue streams. This might be particularly useful for companies that are looking to grow and diversify their operations. According to Kumar and Sharma (2019), a horizontal merger refers to the consolidation or combination of two or more companies operating in the same industry or comparable lines of business. Horizontal strategy often involves targeting companies with similar markets, production capabilities, and production life cycles. This strategic approach enables companies to leverage their existing strengths and resources to expand into related businesses. By targeting similar markets and utilising shared capabilities, companies can increase their competitiveness, achieve synergies, and create value in new product lines or markets (Green, 2016).

LITERATURE REVIEW

Wanjira et al. (2018) explored the contribution of the use of a horizontal strategy and the performance of sugar firms in Kenya based on a descriptive survey study. The study's target population included all sugar companies in western Kenya, including Nzoia, Sony, Chemelil, Muhoroni, and Miwani. These businesses were purposefully chosen for inclusion in the study. The sample size was 50 strategic and top managers, with 10 managers from each firm chosen. The sampling method used was census sampling, which meant that the study included all managers in the selected firms. The researchers gathered information on various variables of interest, which they later analysed. The collected data was evaluated using both descriptive and inferential statistics. Descriptive statistics such as percentages, means, and standard deviations were used to summarise and describe the data collected from the respondents. These statistics provided an overview of the data's key characteristics and trends.

The relationship between organisational performance and the horizontal integration strategy was then determined using inferential statistics. Pearson's correlation coefficient was employed to evaluate the strength and direction of the relationship among the variables of interest. The study conducted a multiple regression analysis to examine the impact of the horizontal integration strategy on organisational performance while controlling for other relevant factors. The current research offered insight into the influence of horizontal integration on Corporate Performance.

Masese et al. (2019) conducted research on horizontal and vertical integration and the performance of public organisations, specifically examining Huduma Centres in Kisii and Nyamira, Kenya. To collect data and understand the contribution of integration strategies to organisational performance, the researchers used a descriptive survey design. The study's target population included 400 Huduma Centre employees as well as centre clients. To obtain a representative sample, the researchers utilised stratified random sampling. Employees and clients were divided into two groups, and a simple random sample was selected from each. The study had a sample size of 200 people.

Horizontal integration, according to the research findings, improved the performance of Huduma Centres. This implies that the organisation's integration of various services and functions resulted in improved performance outcomes. It should be noted that this research focused on Huduma Centres, which are specific Kenyan public service organisations. In contrast, the current research sought to investigate the impact of horizontal integration strategy on the performance of Kenyan commercial state corporations. Additionally, the current study employed a cross-sectional research design, which helped to fill a research gap in the context of commercial state corporations.

The horizontal strategy can have significant implications for the Commercial State Corporations in Kenya in the following ways: By consolidating with or acquiring similar firms, Commercial State Corporations can increase their market share and influence over pricing, leading to enhanced bargaining power with suppliers and customers. It can also bring about cost efficiency; merging operations can reduce redundancies, lower operations, and achieve economies of scale. Increased competitiveness, resource sharing, and risk diversification are also some of the implications that can affect Commercial State Corporations. Horizontal integration can significantly enhance the effectiveness of commercial state corporations in Kenya. By carefully navigating the associated challenges, these organisations can improve their operational efficiencies, service delivery, and overall contribution to national development.

Wanjiru (2016) used an explanatory research design to investigate the contribution of horizontal product diversification to real estate firm performance in Nairobi City County, Kenya, using the BSC model. The target population consisted of 231 people, and data was gathered through structured questionnaires. The basic characteristics of the responses were summarised using descriptive analysis, and the tables were used to present the results. These variables were then combined to form composite values for further analysis, such as correlation and multiple linear regressions. Cronbach's alpha evaluated the research instrument's reliability, and data transformation was used to improve the sensitivity of statistical tests. The study discovered a significant positive relationship ($p=0.045$) between horizontal product diversification and firm performance. This suggests that real estate companies' horizontal corporate strategies outperformed their peers.

The study's findings suggest that real estate companies implement effective policies, such as guidelines for per-unit cost allocation of various products and risk management strategies. These precautions can help with risk management during the diversification process. It should be noted that this study focused on real estate firms in Nairobi

City County, Kenya. The current study, on the other hand, aims to investigate the impact of diversification on the performance of Kenyan state corporations. In addition, the current study used a cross-sectional research design, which helped to fill a research gap in the context of state corporations.

Studies indicate that horizontal integration can enhance the market power of Commercial State Corporations, enabling them to enhance pricing tactics and negotiate better deals with their suppliers (Muriithi & Muriuki, 2016). For instance, the merger of Kenya Power with regional electricity companies has been proposed to create a more formidable entity capable of competing with private sector providers.

Njoroge (2023), in his study on Public Sector Reform through Horizontal Integration, elaborates on the lessons from the Kenyan Energy Sector. The paper analyses the integration of various state-owned entities in Kenya's energy sector, showcasing how horizontal integration has led to improved efficiency and customer satisfaction. The research underscores the importance of aligning organisational cultures post-merger to achieve successful outcomes.

Kenyoru et al. (2016) sought to find out the contribution of product diversification to financial performance, with a focus on vertical, horizontal, and conglomerate corporate strategies. The investigation was guided by the Resource Based View Theory. The study employed an explanatory survey design to collect data on the contribution of product diversification to the performance of selected banks in Kericho town, specifically commercial banks. All commercial bank employees were included in the target population, with a sample of 140 lower-level management and 43 top-level management employees. Data was gathered using interview schedules and questionnaires. A preliminary survey on a related topic was conducted. The research found a positive contribution of vertical product diversification to bank financial performance. It should be noted that this study only looked at commercial banks in Kericho, whereas the current study looked into the impact of diversification on the performance of Kenyan state corporations. A cross-sectional design was used in the current study, which helped to fill a research gap in the context of state corporations.

Imeobong (2018) conducted research on the contribution of diversification strategy to organisational performance in the manufacturing sector. To investigate this relationship, the researcher used quasi-experimental and ex-post facto design. The study population comprised thirty-one organisations listed on the Nigerian Stock Exchange (NSE) from 1997 to 2017. This timeframe was selected to gather sufficient data on the organisations' performance and corporate strategies. A sample of six organisations was randomly chosen from this population, considering their lifespan and level of diversification. A sample of six organisations was chosen at random from this population based on their lifespan and level of diversification. The researcher used purposeful sampling to select organisations that were most relevant to the research objectives.

Diverse Return on Assets and Return on Investment performance were established from the investigation. Unrelated and hybrid diversified organisations improved their Return on Equity (81.7% and 20.5%, respectively), while related diversified organisations improved their Return on Assets (26.8%). However, hybrid diversified organisations were found to be riskier in terms of Return On Assets (1.34%) than related and unrelated diversification, which had higher risk in terms of Return On Equity and Return On Investment. Diversified organisations were found to be larger (16.8%), implying that a diversification strategy leads to growth and profitability (20%) and enables organisations to have a strong capital structure to cover liabilities (26%). It should be noted that this study concentrated on firms listed on the Nigerian Stock Exchange (NSE), whereas the current study looked into the impact of diversification on the performance of Kenyan state corporations. A cross-sectional design was used in the research to fill a research gap in the context of commercial state corporations.

Abdi (2021) used a descriptive research design to evaluate the contribution of horizontal diversification and financial performance. The research found a positive significant relationship between horizontal integration strategy and financial performance, with a coefficient (r) of 0.937 and a p-value less than 0.01. This means that horizontal integration boosts the financial performance of NSE-listed energy and petroleum firms. It should be noted that Abdi's study was restricted to NSE-listed petroleum companies, while the current study investigated the impact of diversification on the performance of Kenyan state corporations. A cross-sectional design was used in the current study to fill the knowledge gap in commercial state corporations.

Ochieng and Mwende (2023), in their research, argue that the financial outcomes of recent mergers among Kenyan Commercial State Corporations emphasised how horizontal integration has positively affected its profitability and market reach. The findings suggest that strategically planned mergers can enhance competitive advantage. According to the study's findings, both contributed significantly. The effect of diagonal integration on competitive performance, on the other hand, was found to be insignificant. According to the regression analysis, the collective application of integration strategies can account for 74 per cent of changes in firm competitive performance. In contrast, the current study employed a cross-sectional design to investigate the contribution of diversification to the performance of Kenyan Commercial State Corporations. Focusing on the current study filled the research gap and provided valuable insights specific to this context.

RESULTS AND DISCUSSION

Effect of Horizontal Integration Strategy on Customers' Performance

In testing the effect of horizontal integration strategy on the performance of state corporations, the study used the following Balanced Score Card measures: financial performance, customers' performance, internal business process performance and learning, growth and development performance as the outcome variable against horizontal integration strategy as the cause variable.

Effect of Horizontal Integration Strategy on Financial Performance of State Corporations

In testing the effect of horizontal integration strategy on performance of state corporations, the study used the following Balanced Score Card measures: financial performance as the outcome variable against horizontal integration strategy as the cause variable.

Table 1: Model Summary for Effect of Concentric Strategy on Learning, Growth and Development Performance of State Corporations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.530[a]	.281	.274	.56257

Results from Table 1 revealed that the R-value was 0.530, whereas R Square was 0.281, which indicated a high level of correlation. The R square value represents how much of the dependent variable, "financial performance of Commercial State Corporations in Kenya," was explained by the independent variable, "horizontal integration strategy". In this case, 28 per cent was the R Squared, which was fairly large, indicating a high degree of correlation. The high degree of correlation implied that a 28.1 per cent variation in the dependent variable (Financial performance) of the state corporation was due to changes in the independent variable (Horizontal Corporate Strategy).

Table 2: ANOVA between Horizontal Strategy and Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.899	1	11.899	37.599	.000[b]
	Residual	30.382	96	.316		
	Total	42.281	97			

The Predictors: "horizontal integration strategy." The dependable variable: "financial performance of Commercial State Corporations in Kenya". Table 2 indicated that the regression model predicted the outcome variable significantly with p=0.000, which was less than 0.05, and indicated that overall, the model statistically and significantly predicted the outcome variable. The implication of this finding was that the data collected for the study had a high correlation between the independent variable (horizontal strategies) and the dependent variable (financial performance).

Table 3: Effect of Horizontal Integration Strategy on Financial Performance

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.558	.336		4.635	.000
	Horizontal strategy	.536	.087	.530	6.132	.000

Table 3 indicates the results of the analysis of the effect of horizontal integration strategy on the financial performance of commercial Kenya's state corporations. The study established a significant effect of horizontal strategy on the financial performance of commercial state corporations in Kenya, β =0.536, p=0.000<0.05. The results, therefore, indicated that an increase in horizontal integration strategy by one (1) unit would lead to the financial performance of commercial state corporations in Kenya by 0.536 multiple units. Based on statistical evidence, the horizontal integration strategy had a significant effect on the financial performance of Commercial State Corporations in Kenya. The finding is supported by Wanjira et al. (2018), who established a significant relationship between organisational performance and the horizontal diversification strategy. The finding is further supported by research conducted by Masese et al. (2019) on horizontal and vertical integration and the performance of public organisations, specifically examining Huduma Centres in Kisii and Nyamira, Kenya. Their study established that the organisation's integration of various services and functions resulted in improved performance outcomes. The study is further supported by Kenyoru et al. (2016), who sought to find out the contribution of product diversification to financial performance and established a positive contribution of vertical product diversification to bank financial performance.

Effect of Horizontal Integration Strategy on Customers' Performance of State Corporations

In testing the effect of horizontal integration strategy on performance of state corporations, the study used the following Balanced Score Card measures: customers' performance as the outcome variable against horizontal integration strategy as the cause variable.

Table 4: Model Summary for Effect of Concentric Strategy on Learning, Growth and Development Performance of State Corporations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.460[a]	.211	.203	.68654

Results from Table 4 revealed that the R-value was 0.611, whereas R Square was 0.374, which indicated a high degree of correlation. The R^2 value indicates how much of the dependent variable, "customers' performance of Commercial State Corporations in Kenya", was explained by the independent variable, "horizontal integration strategy". In this case, 21.1 per cent was the R Squared, which was fairly large, indicating a high degree of correlation. The high degree of correlation implied that a 21.1 per cent variation in the dependent variable (Customer performance) of the state corporation was due to changes in the independent variable (Horizontal Corporate Strategy).

Table 5: ANOVA between Corporate Strategy and Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.882	1	11.882	25.209	.000[b]
	Residual	44.305	94	.471		
	Total	56.187	95			

The Predictors: "horizontal integration strategy." The Dependable variable: "Customers' performance of Commercial State Corporations in Kenya". Table 5 indicated that the regression model predicted the outcome variable significantly with p=0.000, which was less than 0.05, and indicated that overall, the model statistically and significantly predicted the outcome variable. The implication of this finding was that the data collected for the study had a high correlation between the independent variable (horizontal strategies) and dependent variable (customers" performance).

Table 6: Effect of Horizontal integration strategy on Customers' Performance

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.184	.417		2.838	.006
	Horizontal strategy	.548	.109	.460	5.021	.000

Table 6 shows the results of the analysis of the effect of horizontal integration strategy on customers' performance of commercial state corporations in Kenya. The study established a significant effect of horizontal strategy on customers' performance of commercial state corporations in Kenya, β =0.548, p=0.000<0.05. The results, therefore, indicated that an increase in horizontal integration strategy by one (1) unit would lead to customers' performance of commercial state corporations in Kenya by 0.548 multiple units. Based on statistical evidence, horizontal integration strategy had a significant effect on customers' performance of Commercial

State Corporations in Kenya. The finding is supported by Wanjiru (2016), who used an explanatory research design to investigate the contribution of horizontal product diversification to the performance of real estate companies in Nairobi City County, Kenya, using the Balanced Scorecard (BSC) model. The study established a significant positive relationship (p = 0.045) between horizontal product diversification and firm performance.

Effect of Horizontal Integration Strategy on Internal Business Process Performance of State Corporations

In testing the effect of horizontal integration strategy on internal business process performance of state corporations, the study used the following Balanced Score Card measures: internal business process performance as the outcome variable against horizontal integration strategy as the cause variable.

Table 7: Model Summary for Effect of Horizontal Integration Strategy on Internal Business Process Performance of State Corporations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.303[a]	.197	.182	.74240

Results from Table 7 revealed that the R-value was 0.303, whereas R Square was 0.198, which indicated a high degree of correlation. The R^2 value indicates how much of the dependent variable, "internal business process performance of Commercial State Corporations in Kenya", was explained by the independent variable, "horizontal integration strategy". In this case, 20 per cent was the R Squared, which was fairly large, indicating a high degree of correlation. The fairly large degree of correlation implied that a 19.7 per cent variation of the dependent variable (Internal Business Process performance) of the state corporation was a result of changes in the independent variable (Horizontal Corporate Strategy).

Table 8: ANOVA between Corporate Strategy and Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.337	1	5.337	9.683	.002[b]
	Residual	52.911	96	.551		
	Total	58.247	97			

The Predictors: "horizontal integration strategy." The Dependable variable: "Internal business process performance of Commercial State Corporations in Kenya". Table 8 indicated that the regression model predicted the outcome variable significantly with p=0.000, which was less than 0.05, and indicated that overall, the model statistically and significantly predicted the outcome variable. The implication of this finding was that the data collected for the study had a high correlation between the independent variable (horizontal integration strategies) and the dependent variable (internal business process performance).

Table 9: Effect of Horizontal Integration Strategy on Internal Business Process Performance

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.895	.444		4.271	.000
	Horizontal strategy	.359	.115	.303	3.112	.002

Table 9 shows the results of the analysis of the effect of horizontal integration strategy on the internal business process performance of commercial state corporations in Kenya. The study established a significant effect of horizontal strategy on the internal business process performance of commercial state corporations in Kenya, β =0.359, p=0.000<0.05. The results, therefore, indicated that an increase in horizontal integration strategy by one (1) unit would lead to internal business process performance of commercial state corporations in Kenya by 0.359 multiple units. Based on statistical evidence, the horizontal integration strategy had a significant effect on the internal business process performance of commercial state corporations in Kenya. The finding is supported by Imeobong (2018), who conducted research on the contribution of diversification strategy to organisational performance in the manufacturing sector and established that diversified organisations were found to be larger (16.8%), implying that diversification strategy leads to growth and profitability (20%) and enables organisations to have a strong capital structure to cover liabilities (26%).

Effect of Horizontal Integration Strategy on Learning, Growth and Development Performance of State Corporations

In testing the effect of horizontal integration strategy on the internal business process performance of state corporations, the study used the following Balanced Score Card measures: learning, growth and development performance as the outcome variable against horizontal integration strategy as the cause variable.

Table 10: Model Summary for Effect of Horizontal Integration Strategy on Learning, Growth and Development Performance of State Corporations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.324[a]	.195	.140	.57542

Results from Table 10 revealed that the R-value was 0.324, whereas R Square was 0.195, which indicated a low degree of correlation. The R^2 value indicates how much of the dependent variable, "learning, growth and development performance of Commercial State Corporations in Kenya," was explained by the independent variable, "horizontal integration strategy". In this case, 20 per cent was the R Squared, which was fairly high, indicating a high degree of correlation. The high degree of correlation implied that the 19.5 per cent variation of the dependent variable (Learning Growth and Development performance) of the state corporation was due to changes in the independent variable (Horizontal Corporate Strategy).

Table 11: ANOVA between Horizontal Integration Strategy and Learning, Growth and Development Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.673	1	1.673	5.053	.027[b]
	Residual	31.786	96	.331		
	Total	33.459	97			

The Predictors: "horizontal integration strategy." The dependable variable: "Learning, growth and development performance of Commercial State Corporations in Kenya". Table 11 indicated that the regression model predicted the outcome variable significantly with $p=0.027<0.05$, which was greater than 0.05, and indicated that overall, the model statistically and significantly predicted the outcome variable. The implication of this finding was that the data collected for the study had a high degree of correlation between the independent variable (learning, growth and development strategies) and dependent variable (learning, growth and development performance). Based on statistical evidence, it deduced that horizontal integration strategy had a significant effect on the learning, growth and development performance of Commercial State Corporations in Kenya.

Table 12: Effect of Horizontal Integration Strategy on Learning, Growth and Development Performance

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.509	.344		7.297	.000
	Horizontal strategy	.201	.089	.224	2.248	.027

Table 12 shows the results of the analysis of the effect of horizontal integration strategy on the learning, growth and development performance of commercial state corporations in Kenya. The study established a significant effect of horizontal integration strategy on learning, growth and development performance of commercial state corporations in Kenya, $\beta=0.201$, $p=0.027<0.05$. The results, therefore, indicated that an increase in horizontal integration strategy by one (1) unit would lead to learning, growth and development performance of commercial state corporations in Kenya by 0.201 multiple units. Based on statistical evidence, the horizontal integration strategy had a significant effect on the learning, growth, and development performance of commercial state corporations in Kenya. The study is further supported by Abdi (2021), who used a descriptive research design to evaluate the contribution of horizontal diversification and financial performance and found a positive significant relationship between horizontal diversification strategy and financial performance, with a coefficient (r) of 0.937 and a p-value less than 0.01. Again, the finding is supported by Kimani et al. (2016), who investigated how various forms of integration can affect an organisation's competitive position and performance and established that the collective application of integration strategies can account for 74 per cent of changes in firm competitive performance. The finding is further supported by Abdi (2021), who established a positive significant relationship between horizontal diversification strategy and financial performance, with a coefficient (r) of 0.937 and a p-value less than 0.01. This means that horizontal diversification boosts the financial performance of NSE-listed energy and petroleum firms.

Discussion

The descriptive statistics findings on the horizontal integration strategy revealed that commercial state corporations in Kenya did not implement most elements of this strategy to enhance their performance. Specifically, these corporations did not use horizontal integration to merge functional units of other corporations as recommended by the Inspectorate of State Corporations. Consequently, these mergers did not result in lower operating and marketing costs, achievement of economies of scale, or an increase in market share. Additionally, the mergers did not lead to better distribution or marketing networks, reduced competition, protected existing markets, or the evolution of new subsidiaries for expansion.

The hypothesis that horizontal Integration Strategy does not significantly affect the performance of Commercial State Corporations in Kenya was investigated using regression analysis. The outcome revealed a significant effect, which means that horizontal integration strategy statistically affects Kenya's state corporations' performance. This study is supported by research carried out by Moses et al. (2019), where it was found that, through integrating various services and functions, thus leading to better performance outcomes, horizontal integration has enhanced the achievements at Huduma Centres. The study may have a limited sample size or may focus on a specific subset of state corporations, which could affect the generalizability of the findings across all Commercial State Corporations in Kenya.

CONCLUSION AND RECOMMENDATIONS

Conclusion: This study's conclusion was based on the following variable: Financial Performance: The study found a significant effect of horizontal integration strategy on the financial performance of commercial state corporations. Statistical evidence indicated a significant impact. Customer Performance: The study also established a significant effect on customer performance. Statistical evidence demonstrated this significant impact. Internal Business Process Performance: The study identified a significant effect on internal business process performance. Statistical evidence confirmed this significant impact. Learning, Growth, and Development Performance: The study established a significant effect on learning, growth, and development performance. The hypothesis, stating that horizontal integration strategy has no significant effect on performance, was rejected based on statistical tests showing significant effects on financial, customer, internal business process, and learning, growth, and development performance. Policymakers play a crucial role in facilitating horizontal integration strategies within commercial state corporations. By identifying specific sectors where such integration could be particularly beneficial, they can create an environment that fosters efficiency, innovation, and competitiveness.

Recommendations: The study recommends that commercial state corporations should streamline and update regulations to facilitate horizontal integration activities among commercial state corporations while ensuring fair competition and consumer protection. The corporations should develop policies to ensure that the horizontal integration efforts align with the overall strategic objectives of the government and respective commercial state corporations. This alignment should prioritise sectors where integration can create synergies, improve efficiency, and enhance service delivery. A policy guideline should be developed to collaborate with competition authorities and ensure that horizontal integration activities comply with antitrust laws and regulations. Proactively address any concerns related to market concentration, monopolistic behaviour, or anti-competitive practices to maintain a level playing field.

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