

**EFFECT OF COMPETITIVE STRATEGIES ON PERFORMANCE OF SACCOS IN
MURANGA COUNTY, KENYA**

FREDRICK THIRIKWA WAHOME

**A PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS MANAGEMENT AND
ECONOMICS, IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE
AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF
DEDAN KIMATHI UNIVERSITY OF TECHNOLOGY.**

APRIL, 2010

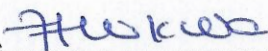
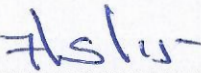
DECLARATION

This project is my original work to my knowledge and has not been presented to any other university or institution of higher learning for examination.

Fredrick Thirikwa Wahome

B211/0014/2010

DEDAN KIMATHI UNIVERSITY LIBRARY

Signature..........Date..........

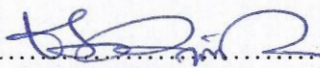

This project has been submitted for examination with our approval as the University supervisors

Supervisors

Dr Kamau Riro

School of Business

Dedan Kimathi University of Technology

Signature..........Date..........

Dr. Juma Misiko

School of Business

Dedan Kimathi University of Technology

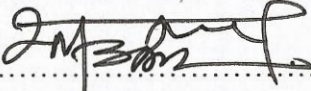
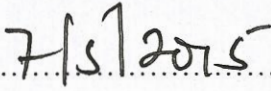
Signature..........Date..........

TABLE OF CONTENTS

DECLARATION	ii
LIST OF FIGURES	vi
LIST OF TABLES	vii
ACRONYMS AND ABBREVIATIONS	viii
ABSTRACT	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background to the Study	1
1.2 Statement of the Problem	3
1.3 General Objective of the Study	4
1.3.1 Objectives of the study	4
1.4 Research Questions	4
1.5 Significance of the study	5
1.6 Assumptions	5
1.7 Limitation	5
1.8 Scope of the Study	6
1.9 Definition of Terms	6
CHAPTER TWO: LITERATURE REVIEW	7
2.1 Introduction	7
2.2 Theoretical literature review	7
2.2.1 Competitive strategies	7
2.2.2 Organizational performance	9
2.3 Empirical literature review	10
2.3.1 Low Cost Strategies	10
2.3.2 Differentiation strategies	11
2.3.3 Focus differentiation	12
2.3.4 Hybrid Strategies	13
2.4 Theoretical Orientation	15

2.4.1 Bowman’s strategy clock _____	15
2.4.2 The Resource Based Theory _____	18
2.4.3 Contingency theory _____	19
2.5 Conceptual Framework _____	20
2.6 Operation Framework _____	20
2.9 Chapter Summary _____	22
CHAPTER THREE: RESEARCH METHODOLOGY _____	24
3.1 Introduction _____	24
3.2 Research design _____	24
3.3 Location of the study _____	24
3.4 Target Population _____	25
3.5.1 Sampling Techniques _____	26
3.5.2 Sample Size _____	27
3.6 Data collection _____	28
3.7 Data collection instruments _____	28
3.7.2 Validity _____	29
3.7.3 Reliability _____	29
3.8 Data analysis _____	30
3.9 Ethical consideration _____	31
CHAPTER FOUR _____	32
DATA PRESENTATION, ANALYSIS AND INTERPRATATION _____	32
4.1 Introduction _____	32
4.2 General information and Demographic information _____	32
4.2.1 Demographic information _____	32
4.2.2 SACCOs Performance _____	34
4.3 Low Cost leadership and Performance of the SACCOs _____	38
4.4 Differentiation Strategies and Saccos Performance _____	40
4.5 Focus Differentiation and SACCOs Performance _____	43
4.6 Hybrid strategies _____	45
4.7 Regression Model _____	46

4.7.1 The Model summary	46
4.7.2 Regression coefficient for the general model	48
CHAPTER FIVE	51
SUMMARY OF FINDINGS CONCLUSIONS AND RECOMMENDATION	51
5.1 Introduction	51
5.2 Summary of findings	51
5.2.1 Low cost Strategies	51
5.2.2 Differentiation Strategies	52
5.2.3 Focus Differentiation	52
5.2.4 Hybrid strategies	53
5.3 Conclusion	53
5.4 Recommendations	54
5.4.1 Recommendation for further research	54
REFERENCES	55
APPENDIX II QUESTIONNAIRE FOR MANAGER	59

LIST OF FIGURES

Figure 2. 1 Bowman's competitive Strategy options	16
Figure 2. 2 Conceptual Framework for the SACCOs Performance.....	20
Figure 2. 3 Operational Framework of the Study	21
Figure 4. 1 Gender Distribution.....	33
Figure 4. 2 Number of Years the Saccos have been in operation	33
Figure 4. 3 Extent of Implementing Low Cost Strategies	39
Figure 4. 4 Implementation of Differentiation Strategies	41
Figure 4. 5 Focus differentiation Implementation	43
Figure 4. 6 Implementation of Hybrid Differentiation	45

LIST OF TABLES

Table 3 1 Sample Distribution of directors, CEOs and branch managers.....	27
Table 4. 1 Respondents Position in the Organization	34
Table 4. 2 Percentage Change in Turnover.....	35
Table 4. 3 Percentage Change in Share Capital	36
Table 4. 4 Percentage Change in Assets	37
Table 4. 5 Total Deposit.....	38
Table 4. 6 The Effect of Low Costs Strategies on Performance of SACCOs	40
Table 4. 7 Effect of Differentiation Strategies.....	42
Table 4. 8 Effect of Focus Differentiation Strategy.....	44
Table 4. 9 Hybrid Strategies	46
Table 4. 10 Model Summary	47
Table 4. 11 Analysis of Variance.....	47
Table 4. 12 Regression Coefficients	48

ACRONYMS AND ABBREVIATIONS

ATM - Automatic Teller Machine

FOSA - Front Office Saving Activity

SACCOs - Savings and Credit Cooperatives

SASRA - Sacco Societies Regulatory Authority

WOCCU - World Council of Credit Unions

**DEDAN KIMATHI UNIVERSITY OF
TECHNOLOGY**

ABSTRACT

Savings and Credit Cooperative Organisations (SACCOs) mobilize savings and grant members loans at reasonable rates of interest in times of need. The low cost products and ease of formation are among the attributes that have provided a competitive edge to these institutions over the main stream banks in the low income market segment. The study sought to establish the competitive strategies adopted by SACCOs in response to the growing competition from other financial service providers and the impact of such strategies on their performance in Muranga County. The study had four objectives namely; To assess the effects of low cost strategies on the performance of SACCOs; Establish the effects of differentiation on the performance of Sacco's; Analyse the effects of focus strategies on the performance of SACCOs; and evaluate the effect of Hybrid strategies on the performance of Sacco's. To achieve the proposed objectives the study adopted a descriptive survey research design. The target population was 140 consisting of 90 board of directors and 50 branch managers and chief executive of the 10 duly registered licensed SACCOs in Muranga County. The sample size was 104 constituting of board of directors and branch managers which was drawn using the simple randomly sampling technique. A self administered questionnaire with both open and closed questions was used to collect data. The data collected was both primary and secondary data and was analyzed using SPSS to generate frequencies, percentages and mean. To establish the relationship between independent dependent variables a linear regression analysis was conducted. The findings were as follows; Locating the branches near the customers, offers low account maintenance charges and low interest rate as cost leadership strategies. A unit change in low cost strategies had corresponding variation on performance of 0.476; Differentiation strategies used were offering of variety of products, branding the SACCOs, establishing ownership structures geared towards creating loyalty and customer driven products and service. A unit change in differentiation strategies had a corresponding variation on performance of 0.503. Focus differentiation is rarely used by the SACCOs. Specifically price discrimination and market segmentation did not have any effect on the performance of the SACCOs. A unit change in focus had a corresponding variation of 0.390. The findings also indicated that hybrid strategies are the commonly used strategies by SACCOs. A unit change in hybrid strategies had a corresponding variation of 0.635.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Savings and Credit Cooperatives (SACCOs) have existed for more than a century providing services to more than hundred and twenty million members throughout the world. Membership of SACCOs cut across all segments of society, rural and urban poor, low and middle income earners, market women, artisans, petty traders, farmers and professionals. In Western Europe for instance there are 11,000 local and regional saving and credit cooperatives banks, a 33 million strong membership with a market share of 17 percent of savings, (Ombado, 2010)

The SACCO sub-sector is the fastest growing among co-operatives in Kenya constituting 42% of the total number of co-operatives in Kenya (Ministry of cooperative development and marketing, 2009). As major players in the financial sector they have managed to mobilize over Kshs.200 billion, which is approximately 31% of the total national savings (Ministry of cooperative development and marketing, 2009). The SACCOs importance in Kenya is reflected in the economic pillar of Vision 2030, where they are expected to play a major role in contributing to a vibrant and globally competitive financial sector.

The phenomenal growth of the SACCO sub-sector in Kenya can be attributed to the Banking sector liberalization which resulted in many banks moving up market to target high net-worth customers leaving the majority poor un-banked. However, while SACCOs have had distinct advantages over banks they are now facing competition

from banks, Microfinance institutions mobile banking services and internal competitions within the SACCO sub-sector. Established and emerging banks are venturing into the rural and informal sectors which were previously a preserve for SACCOS (Ministry of cooperative development and marketing, 2009).

Unlike in the past when the formal banking sector was withdrawing from the lower end of the market, they have embarked on a proactive outreach offering easy access to transactions accounts as well as consumer credit. According to Ndi (2010), banks branch network have increased from 534 to 887 branches, representing a 60 percent expansion. Also important is the shift from reliance on staff to reliance on technology evidenced by ATM infrastructure expanding fourfold, from 323 units to 1,325 units (FSD Kenya, 2007). This growth has largely been driven by four banks namely Equity, Cooperative Bank, K-Rep and Family Bank accounting for 80 percent of the growth in accounts, with Equity Bank alone accounting for 67 percent (FinAccess, 2006). Also impressive is the growth of MFIs doubling their market share from 1.7 to 3.4 percent of the population. In contrast according to FinAccess (2006), Saccos have lost their customers base by 25%.

In response to the competition from the banks, SACCOs have adopted a combination of low cost and differentiation competitive strategies. To offer a variety of differentiated products and at low costs, SACCOs are leveraging information technology to enhance innovation and differentiation of market offerings, building of efficient service delivery systems, harnessing human resource to improve services, meeting customer expectations and delivering services across cultures. Specifically SACCOs have

adopted various strategies such as Front Office Service Activities (FOSA) to offer a much broader range of services to broader clientele (Ombada 2010). They offer both deposit and loan services including business accounts, savings accounts, and fixed deposits. Loan services include school fee loans, advances and personal loans to salaried member. Further, Saccos have also embarked on a re-branding campaign involving renaming, repositioning and re-communicating their brands (Mwiti, 2009). This is an effort to attain uniqueness as well as to stay in tune with shifting market trends and competitive pressures. Saccos have also re-branded by changing their names which appeals only to the local customers where they are located to names that give them a national identity.

1.2 Statement of the Problem

Initially the limited presence of conventional banks in rural areas, high deposit requirements, collateral requirements and expensive credit offered by banks, had locked low income earners from accessing banking services. Consequently SACCOs for a long time remained the favorite of the low income segments of the population for their friendly terms. However, banks have started offering easy access transactions accounts as well as consumer credit. The banks' branch network has increased and technology based services such as ATM is also widespread. Apart from competition from the banks there exist intense competitions among SACCOs themselves

These changes have intensified the competition within the financial market prompting SACCOs to adopt a combination of strategies intended to boost their competitiveness. Such strategies include branding, increased range of products, leveraging technology in

service delivery and improved governance structure. Despite these strategic responses, Saccos have continued to experience a decline in market share compared to the impressive gains registered by banks and Microfinance institutions. This study is therefore intending to establish whether the competitive strategies adopted by SACCOs have any effect on their performance.

1.3 General Objective of the Study

The general objective of the study was to investigate the effects of competitive strategies on the performance of SACCOs in Muranga County.

1.3.1 Objectives of the study

The specific objectives of the study will be the following:

1. To assess the effects of low cost strategies on the performance of SACCOs in Muranga County
2. To establish the effects of differentiation on the performance of SACCOs in Muranga County
3. To analyze the effects of focus strategies on the performance of SACCOs ,in Muranga County the competition strategies adopted by SACCOs in Kenya
4. To evaluate the effect of Hybrid strategies on the performance of SACCOs in Muranga County

1.4 Research Questions

The study will be guided by the following research questions;

1. How do low cost strategies affect the performance of SACCOs in Muranga County?
2. What is the effect of differentiation on the performance of Saccos in Kenya?

3. How do focus strategies affect performance of SACCOs in Muranga County?
4. What effects does Hybrid strategies have on the performance of SACCOs in Muranga County?

1.5 Significance of the study

SACCOs have become an integral part of the financial sector in Kenya. Without SACCOs majority of the un-banked poor would turn to pyramid schemes, shylocks and other unorthodox means of obtaining credit and mobilizing savings. To ensure growth in the SACCO sub-sector especially with the emerging competition from the banking sector, SACCOs must adopt effective competition strategies. The study can contribute significantly in identifying strategies that SACCOs can adopt and under what conditions and circumstances such strategies can work for individual SACCOS. The study also generated information which can be used by various stakeholders to formulate policies and develop SACCOs' strategic initiatives.

1.6 Assumptions

The study was based on the assumption that SACCOs within the research locale are experiencing competitions and have adopted some form of competition strategies. The study assumed that all respondents would co-operate and be honest in providing information required which was the case

1.7 Limitation

The study was limited in respect to access of the board of directors of SACCOs. While branch managers were readily available at their work station, the board of directors did not have designated office. Without a designated office it was difficult to issue and collect the self-administered questionnaire. The researcher had to personally administer

the questionnaire after making prior appointments. This delayed the data collection procedure.

The study was also limited by lack of secondary data on the performance of SACCOs. While the data was supposed to be in public domain, the study required specific raw data on membership, share capital, total assets and turnover. However, the data was not available from the county co-operative office. The researcher had to obtain the same from the respective SACCOs.

1.8 Scope of the Study

The scope of the study was the competitive strategies of SACCOs. The study focused on the effect of these strategies on the performance of SACCOs in terms of change in their total assets, turnover, share capital and turnover. Geographically the study covered duly registered SACCOs in Muranga County.

1.9 Definition of Terms

Competitive Strategies: Refers to long-term action plans, which is devised to help SACCOs gain a competitive advantage over its rival (Porter, 1986).

Performance: Refers to increase in customer loyalty, enhanced business image, attraction of new customers, development of new opportunities, increase in annual revenue and profitability or reduction of operating costs (Dixon *et al*, 1990).

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviewed of literature on the competitive strategies adopted by SACCOs. The theoretical literature on competitive advantages was reviewed as well as empirical literature on SACCOs competition position and competitive strategies adopted. A summary of the study is provided and research gap identified.

2.2 Theoretical literature review

This section reviews theoretical literature relevant to the research questions. The theoretical literature reviewed was on competitive strategies and organizational performance.

2.2.1 Competitive strategies

According to Ansof (1985), decisions generate action that produces results, thus organizational results are the consequences of the decisions made by its leaders. It's the framework that guides and focuses these decisions that constitutes a strategy. In this respect therefore the framework that guides competitive positioning decisions is called competitive strategy. Similar views are implied by Porter, (1986) and Ansoff, (1985) by pointing out that competitive strategy is one that specifically directs an organization in gaining a competitive advantage above its rivals through attracting customers and defending against competitive forces.

Parthasarthy (2007) describes strategy as a set of decisions and actions that managers make and take to attain superior company performance relative to rivals. According to Beard and Dess (1981), both corporate-level strategy and business-level strategies are significant in explaining variation in firm profitability. The business strategy choices

are found to be significant in explaining firm profitability (Beard and Dess, 1981) and its long-term performance.

To achieve sustained competitive advantage, firms can choose and implement a generic strategy (Porter, 1985). Two main choices of competitive strategy are cost leadership and differentiation. The cost leadership strategy is an integrated set of actions taken to produce goods or services with unique features that are acceptable to customers at the lowest cost relative to that competitor or reduce cost structure in order to achieve superior profitability. Allen and Helms (2006) find that cost leadership strategy has only one significant tactic which is minimizing distribution costs that affect organizational performance. Dess and Davis (1984) find that the overall low cost cluster has the higher average return on assets.

Differentiation strategy is an integrated set of actions taken to produce goods or services (at acceptable cost) that customers perceive as being different in ways that are important to them. A profit impact of marketing strategy study by Phillips *et al* (1983) finds a significant and positive relationship between differentiation and market share. Firms choose from among two business-level strategies to establish and defend their desired strategic positioning against rivals. However, Porter (1998) suggests that differentiation can be a way of achieving a low-cost position and there is no unique low-cost position, a firm may have to base its sustainable competitive advantage on the simultaneous and continuous pursuit of both low cost and differentiation. Porter (1985) had earlier suggested that the combination of cost and differentiation strategies will result in poor performance and unlikely to generate a sustainable competitive advantage except in the most exceptional circumstances that such a combination results in a

sustainable competitive advantage. However, some other studies have found that some firms have successfully employed combination strategies (Dess and Davis, 1984; Kim and Lim, 1989).

2.2.2 Organizational performance

Performance can be defined as the outcomes that indicate or reflect organization's efficiencies in terms of corporate image, competencies and financial performance (Dixon, Leather, Lawrence, Beale and Cox (1990)). The performance measures are associated with both non-financial and financial measures. Fleming and Mills (2009), identifies financial indicators namely sales growth and non-financial indicators such as public image and goodwill, quality of services and efficiency of operations. Tzafrir (1999) further used subjective and objective measures in measuring organizational performance including product/service, new product development, customer satisfaction, sales and profitability.

In general, the concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Alchian and Demsetz, 1972; Barney, 2001; Jensen and Meckling, 1976;). Those providing the assets will only commit them to the organization so long as they are satisfied with the value they receive in exchange, relative to alternative uses of the assets. As a consequence, the essence of performance is the creation of value. So long as the value created by the use of the contributed assets is equal to or greater than the value expected by those contributing the assets, the assets will continue to be made available to the organization and the organization will continue to exist. Therefore, value

creation, as defined by the resource provider, is the essential overall performance criteria for any organization. Sashi and Stern (1995) observed that there is no conceptualization of organizational effectiveness that is comprehensive. Therefore, Hofer (1983), concludes that performance is a problem-driven construct, rather than a theory-driven construct.

In the context of SACCOs performance, their investment patterns is such that they use the capital of members in ways that best serve their long term needs and interests. According to SARSA (2011), SACCOs are also generally guided by a conservative lending philosophy that places member needs ahead of institutional profits. In this regard performance of SACCOs can be measured by the increase in membership, and availability of loanable funds, minimal cost of operation, increase of income (from loans portfolio, investment and services), loans disbursed and deposits. However, according to Otim (2005) the key performance indicators for SACCOs include turnover total assets, total deposit and share capital. The author observes that though the list is not exhaustive these four key indicator can adequately measure the worth and performance of an individual SACCO.

2.3 Empirical literature review

2.3.1 Low Cost Strategies

The cost leadership strategy represents attempts by firms to generate competitive advantage by achieving the lowest cost in the industry. The focus of firms implementing a cost leadership strategy is on stringent cost control and efficiency in all areas of operation (Porter, 1985) .A Company that decides to follow a cost leadership strategy has the objective of being able to realize its offer at lowest possible cost. The

competitive advantage of cost leadership is achieved by performing important value chain activities at lower cost than competitors (Porter, 1985).

To achieve low cost SACCOs have embraced the use of technology to deliver services to members cheaply and conveniently. Most notable has been the connectivity to ATMs and mobile delivery channels by a majority of the FOSA SACCO societies. According to SASRA (2010) as at the end of 2010, over one hundred had connected to the Cooperative SACCO Link network and several others hooked on the Pesa point ATM network. The use of mobile phone to deliver financial services has seen software vendors in the SACCOs sub-sector partner with the telecommunications companies to integrate mobile solutions to their core systems. A number of SACCOs are now able to have their members withdraw or deposit money into the FOSA account, make enquiries on the accounts, get notifications on their loans as well as pay for bills. This is significant development as it has allowed members access FOSA services conveniently without the cost of traveling to withdraw or deposit cash in FOSA (SASRA, 2010).

2.3.2 Differentiation strategies

The generic of differentiation strategy involves creating a market position that is perceived as being unique industry-wide and that is sustainable over the long run (Porter, 1980). Such differentiation can be based upon design or brand image, distribution, and so forth (Frambach, Ruud, Jaideep, Prabhu, Theo and Verhallen, 2003). A firm that pursues a differentiation strategy seeks to create a perception in the minds of customers that their products or services possess superior characteristics that are unique from those of its competitors in term of image and reputation, reliability, design features and quality (Dean & Evans, 1994; Sashi and Stern, 1995).

A number of SACCOs have embarked on a re-branding campaign involving renaming, repositioning and re-communicating their brands. This is an effort to attain uniqueness as well as to stay in tune with shifting market trends and competitive pressures. SACCOs have also re-branded by changing their names which appeals only to the local customers where they are located to names that give them a national identity. This makes them appealing to any consumer who is seeking financial services. SACCOs which have re-branded include Metropolitan Teachers Sacco which has re-branded from Kiambu Teachers Sacco, Yetu Sacco was formerly called South Imenti Teachers Sacco and Unaitas changed its name from Muramati Sacco (Business Daily, 2012). Such re-branding has expanded their brand network and gives them a national appeal enabling them to grow regionally. The re-branding strategy among SACCOs is an effort of opening up their common bond and allows customers who are outside the original bond to become members. The strategy is meant to respond to competition and to ensure sustainability as the traditional market shrinks (SASRA, 2010).

2.3.3 Focus differentiation

The focus strategy whether anchored in a low-cost base or differentiation base attempts to attend to the needs of a particular market segment (Pearce and Robinson, 1997). It rests on the premise that a firm is able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly. As a result the firm achieves either differentiation from better meeting the needs of the particular target market or lower costs in serving this market or even both (Porter, 1998).

Firms pursuing this strategy are willing to service isolated geographic areas, satisfy needs of customers with special financing, inventory or servicing problems or even to tailor the products to somewhat unique demands of the small to medium-sized customers. The firms that achieve this strategy may potentially earn above-average returns for its industry. It can also be used to select targets that are least vulnerable to substitute products or where competitors are weakest.

SACCOs have adopted the focus strategies by targeting the low earners segments of the population that are shunned by the formal banks. Some SACCOs have been serving members drawn from a given profession such teachers, police or employees of a given government or private sector. In addition most Sacco serve customers from a given geographical locations especially in the rural areas where few other financial service providers ventures. By market segmentation SACCOs have been able to design products tailored made to their members thus ensuring least competition from rivals.

2.3.4 Hybrid Strategies

Porter (1985) has often argued against the simultaneous pursuit of low costs and differentiation strategies on the grounds that each one of them involves a different set of resources and organizational arrangements. Other authors have shown that low costs and differentiation may be compatible approaches to dealing with competitive forces though (Beal and Yasai-Ardekani, 2000; Hall, 1980; Hill, 1988) and advocated for what has been termed as “hybrid”, “mixed”, “integrated” or “combination” strategies (Kim, Nam and Stimpert, 2004). These “hybrid” strategies are the ones which combine low costs and differentiation elements (Gopalakrishna and Subramanian, 2001; Proff, 2000).

SACCOs acts as intermediate between commercial banks that offers highly differentiated product at premium price and informal financial sectors such as merry-go-round, shylocks among others. To serve customers who constitutes farmers and employees earning an average income Sacco's combination of low cost and differentiation competitive strategies. To offer a variety of differentiated products and at low costs, SACCOs are leveraging information technology to enhance product innovation and automate the processes.

The SACCOs strategies mixtures serve to defend the compatibility of cost leadership and differentiation strategies. Achieving a strong position in one of these two strategies have led to improvement of the position in the other. As Hill (1988), Miller (1992) and Miller and Dess (1986) point out, achieving a strong position in differentiation may entail an increase in the demand and the market share of the firm, which will allow it to exploit certain economies of scale thus achieving low cost. Recreating a brand image and improving quality through investments in advertising and modern technologies have resulted in efficiency improvements due to greater market share. Furthermore, with a strong position in costs, the SACCOs are be able to invest profits in marketing, service attributes, thus reinforcing its position in differentiation.

The need to pursue a hybrid strategy is intensified by the existence of certain problems associated with pure strategies (Miller, 1992). Firstly, strategic specialization may leave serious gaps or weaknesses in product offerings and ignored important customer needs. Thus, companies can be hurt by a sharply pure strategy that has key gaps. If SACCOs were to specialize in cost leadership strategies alone they risks offering inferior services and lose to the banks who have ventured in to the low income segments with relatively

quality services. On the other hand a pure differentiation strategy will increase the cost of services and price the SACCOs out of the market. Combining the two allows SACCOs to satisfy a significant market in numerous ways: with quality, reliability, style, novelty, convenience, service, and price.

2.4 Theoretical Orientation

The study was anchored on Bowman's strategy clock, Resource Based Theory and Contingency theory.

2.4.1 Bowman's strategy clock

Michael Porter has written extensively on competitive advantage strategies by proposing the three generic strategies namely overall 'cost leadership', 'differentiation' and 'focus'. In his original work, Porter (1980), argued that companies must choose between low cost or differentiation or they ran the risk of being "stuck in the middle". However, he later reviewed this position by arguing that rather than choose between the two strategies companies should look to create greater value by using different sets of activities (Porter, 1996). In pursuant of this later version Bowman developed the Bowman's "Strategy Clock". Bowman (1997) argued that, the key variables as far as positioning are concerned are price and perceived quality which are the determinants of value. According to him, there are 8 potentially successful routes as shown below.

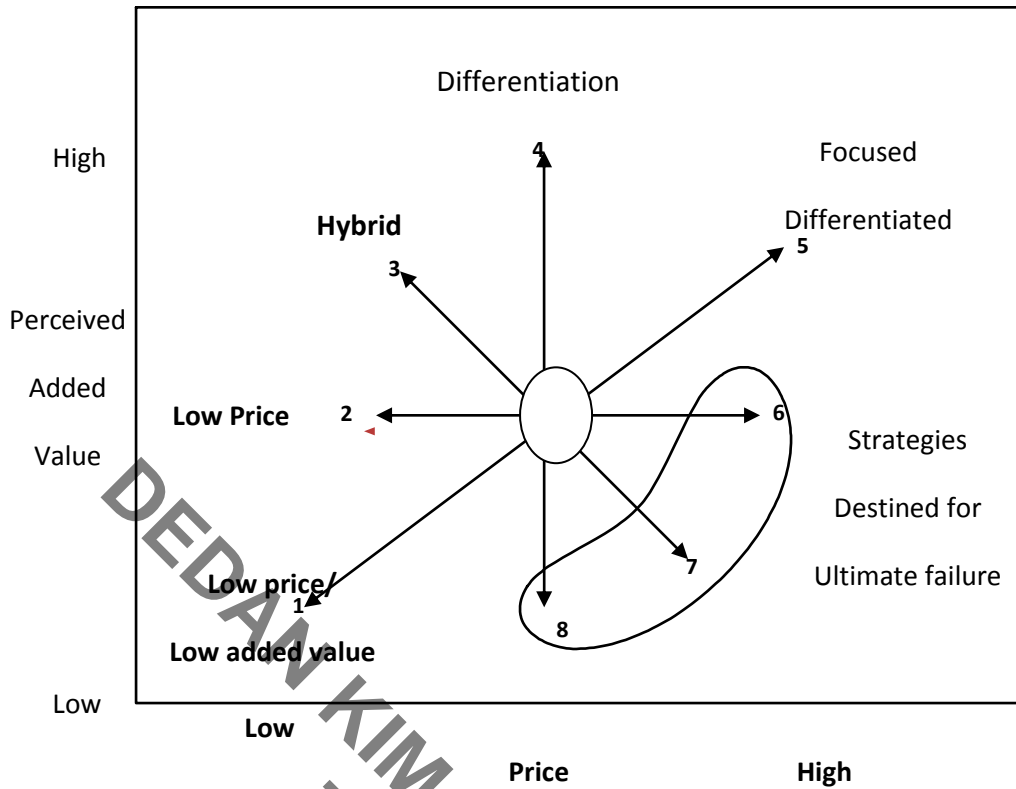


Figure 2. 1 Bowman's competitive Strategy options

In Position 1 (Low Price/Low Value), the company's products have little differentiated features so they end up selling on price alone. This is not a position that companies usually choose to compete from. However in Position 2 (Low Price), the company drives the prices down and seeks to gain high volume to counter low margins. Over time they look to become the powerful force in the marketplace. In the financial sector many SACCOs in Kenya have taken this position.

In position 3 (Hybrid-moderate price/moderate differentiation) are firms that combines low cost approach and differentiation with aim of giving customers more value for their money. However Position 4 (Differentiation) the aim is to offer high perceived- value and increase their price for higher margins or keep prices lower for increased market

share. Branding is an important element in these strategies as the company wants its name to be synonymous with quality.

A company pursuing a focused differentiation strategy in Position 5, aims to offer higher perceived value at a substantial price premium. Consumers buy in this category based on perceived value alone. In contrast a company choosing position 6 increase its price without any increase in quality. If the price increase is accepted the company will experience increased profits, if it is not accepted their market share declines until they lower the price or add value. This strategy may work in the short term but is doomed to failure in the long run.

Position 7 where company sets High Price but offer Low Value represent a classic monopoly pricing position where companies can charge what they like with no concern about added value where they have no competition. In a market economy monopolies do not tend to last long and companies are forced to compete on a rational basis. Lastly, Position 8 where a company has a low value product the price will have to be low to encourage customers to buy it. Any company that pursues this strategy is bound to fail.

In a truly competitive market place, positions 6, 7, and 8 are bound to fail as the customer will go to companies offering more competitive products or new companies will enter to take business away from companies adopting these positions. Companies using the positioning approach need to understand that it is not static, the relative positions of competitors will change as new entrants come into the market or as companies change their strategies in response to other companies or market conditions. Companies must continually monitor changes in the market. This could involve using both strategies.

The Bowman's model identifies competitive positions that are applicable in the SACCO subsector. Given that SACCOs commonly serve the low and middle income earners they can opt to adopt a variety of strategies depending on the target market. In that case the proposal by Bowman's model of hybrid strategies where a firm combines both low cost leadership and differentiation can be ideal for the SACCOs.

2.4.2 The Resource Based Theory

The Resource Based Theory (RBV) by Barney (1991) stems from the principle that the source of organizational competitive advantage depends on the unique resources and capabilities that a firm possesses. The four indicators of the potential of firm resources to generate sustained competitive advantage can be value, rareness, inimitability, and non-substitutability. In Barney (1991), firm resources include all assets, capabilities, organizational processes, firm attributes, information, and knowledge among others controlled by a firm. Such resources enable the firm to conceive and implement strategies that improve its efficiency and effectiveness.

A sustainable competitive advantage can be obtained if the firm effectively deploys these resources in its product-markets. Therefore, the RBV emphasizes strategic choice where the firm's management is charged with the important tasks of identifying, developing and deploying key resources to maximize returns (Fahy, 2000). A firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy (Barney, 1991).

The RBT suggest harnessing of the companies resources in order to attain competitive advantage, such resources should be rare and inimitable. In context of the study SACCOs can use their unique attribute such as ownership structure and mode of raising capital as a resource to gain competitive advantage thus improving their performance.

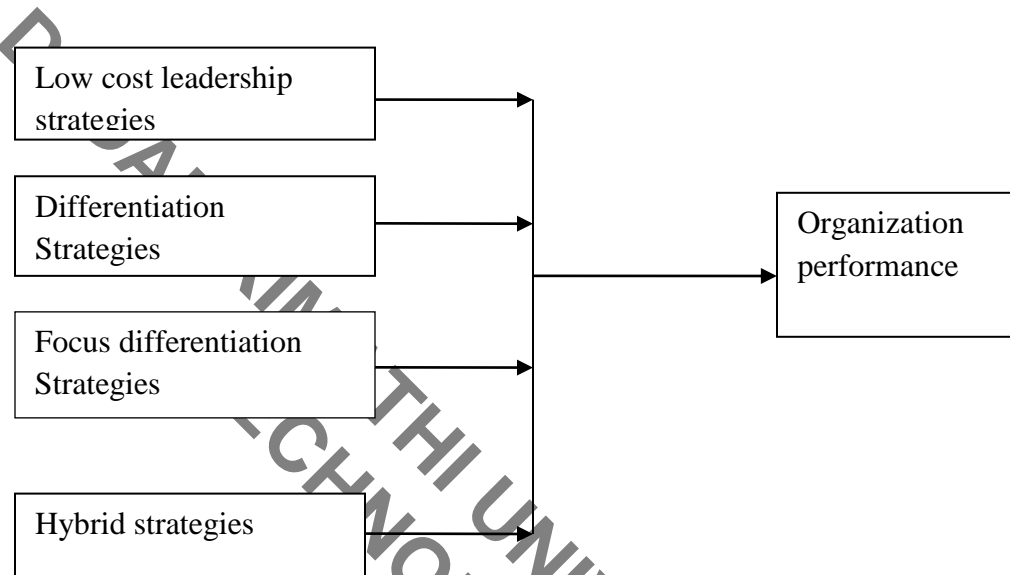
2.4.3 Contingency theory

The basic paradigm of contingency theory is that organization seeks effectiveness by fitting characteristics of the organization with contingencies that reflect its situations (Donaldson, 2001). Early contingency theories argued that high performance is associated with the suitability of contingencies such as organizational size, technology level, strategy and also environment with types of organization structure that an organization chose (Chowdury and Shamsud, 2002). Changes in contingencies, such as size or strategy, would render the structure to be unfit with the organization and lead to lower performance. Hence, adjustment to the structure was needed to regain the fit condition, in which would lead to higher performance. These researches on contingencies and organization structure were later known as structural contingency theory.

In the context of the study SACCOs can adjust their contingencies including the strategies used to improve on their performance. Taking into account the environment, technology and the size of the organization the SACCOs can adopt the appropriate competitive advantage strategies that can improve on their performance. Therefore the contingency theory provides a framework within which the SACCOs can choose the most effective position as proposed by the Bowman's strategy clock.

2.5 Conceptual Framework

The conceptual frameworks show the relationship between the independent and dependent variables. The independent variables are the low cost leadership, differentiation, focus and hybrid strategies. The dependent variable is the organization performance. Figure 2.2 shows that the application of these strategies affects the performance of SACCOS.



Independent Variable

Dependent variables

Figure 2. 2 Conceptual Framework for the effect of competitive strategies on SACCOS Performance

2.6 Operation Framework

The operational framework indicates how the research variables were operationalized to facilitate their measurement. This enabled the researcher accomplish the research objectives as well as answer the research question. For the independent variables, the study treated Porter's generic competitive strategies as different dimensions which shape the competitive strategy adopted by each firm and not as different, mutually exclusive types of strategies, i.e. any firm can follow each one of them to a greater or

lesser extent. This is in line with Bowman’s “Strategy Clock” which holds that a company could successfully pursue several competitive generic strategies.

The Measurable parameters of the low cost leadership strategies were interest rate, account maintenance charges and accessibility of the SACCOs services. The parameters measured in respect to differentiation strategies were varieties of products offered, branding, ownership structure and customer service.

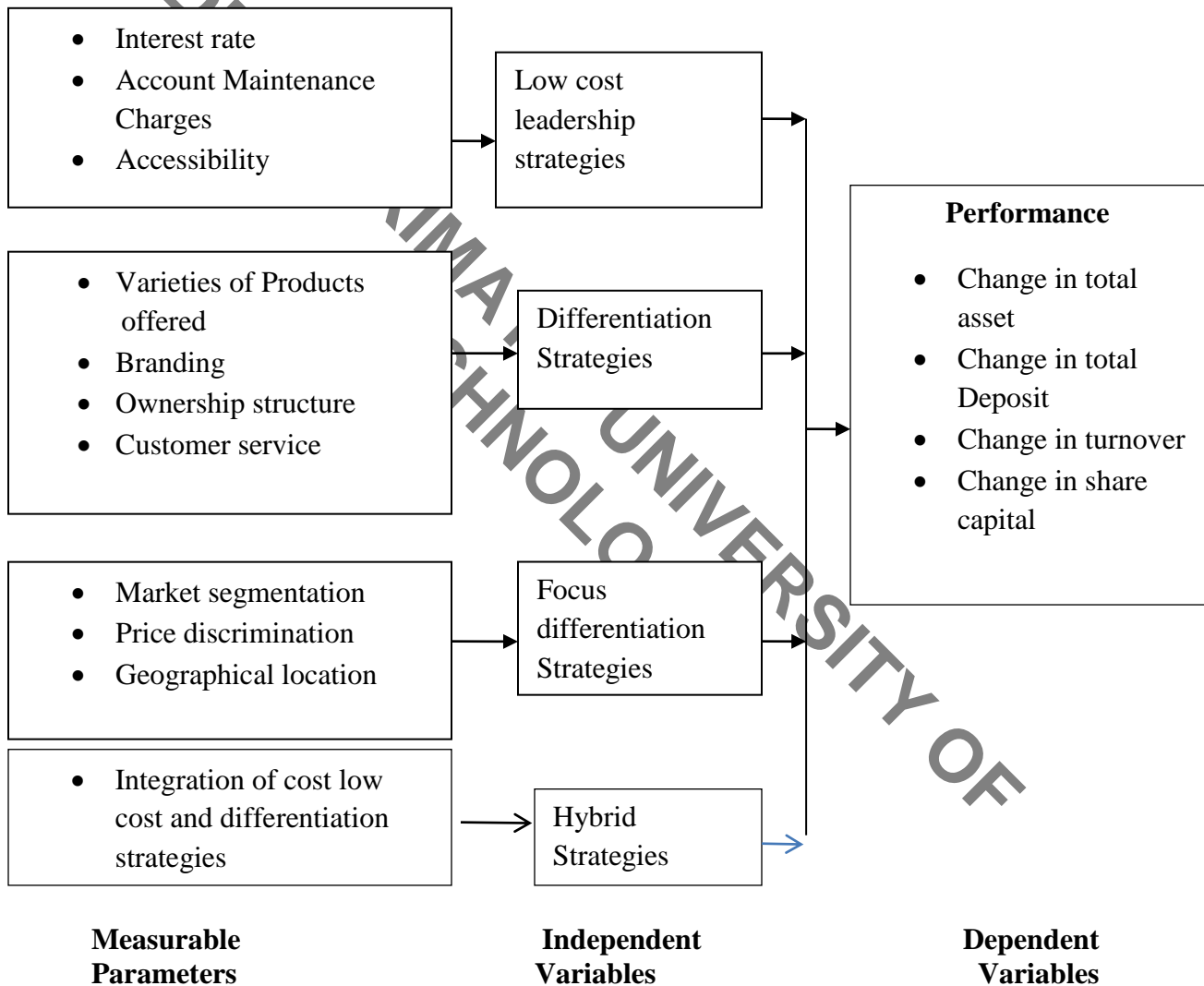


Figure 2. 3 Operational Framework of the effect of competitive strategies on the SACCOS performance in Muranga County

The measurable parameters of the focus differentiation strategies were market segmentation, price discrimination and geographical location. The hybrid strategies measurable parameters low cost and differentiation strategies. The measurable parameters for SACCOs performance were change in total assets, total deposit, turnover and share capital.

2.9 Chapter Summary

The literature reviewed included theories and past studies relevant to the research questions. The theories reviewed were Bowman's strategy clock, resource based theory and contingency theory. Both Bowman's t model and resource based theory suggest a number of competitive strategies that a business organization can adopt to enhance performance. The Bowman's model indicate that a business eight possible positions which are: Low Price; Price/Low Value; Differentiation; Focused differentiation strategy; Hybrid-moderate price/moderate differentiation; High price; High Price but offer Low Value and low value/low quality. On the hand resource based theory suggests that a business have to harness its competencies to gain competitive advantage. The contingency theory highlights the determinants of a business performance. The empirical review provided past studies on each of the competitive strategies. Based on literature review a conceptual framework was provided showing the relationship between low cost leadership, differentiation, focus differentiation and hybrid strategies and performance of the SACCOs.

According to SASRA (2010) in terms of Sacco performance, the Sacco sub-sector recorded an average growth of 14% in the year 2010. Though majority of SACCOs have reported good performance, no study have been conducted to establish if there is a

link between such performance and the competitive strategies adopted. Even with an assumption that the strategies are working, there is need to establish the extent to which each of the strategies contributes to the positive performance. For the effectiveness of the hybrid strategy an optimal combination of both cost leadership and differentiation strategies have to established. Such an optimal combination can be established by assessing the impact of different possible combinations of the strategies to the performance of SACCOs. Thus through the proposed study the impact of competitive strategies adopted by the SACCOs on their performance will be established and ultimately provide an insight into the ideal strategic position that SACCOs should adopt.

DEDAN KIMATHI UNIVERSITY OF
TECHNOLOGY

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers an overview of the methodology used in the study. The discussion in the chapter is structured around the research design, population sampling, data collection and data analysis. Ethical considerations are also discussed.

3.2 Research design

Research design is a plan or a framework for guiding a study. The design connects the questions or objectives of the study to the data gathered. This study combined causal and descriptive survey research designs. According to Elahi and Dehdashti(2011), survey descriptive research is proper when the research objectives include the following: Portraying the characteristics of a social or physical phenomena and determining the frequency of occurrence; determining the degree to which the variables are associated and Making predictions regarding the occurrence of social or physical phenomena. On the other hand causal research is proper when the research objective is to identify variables that cause the phenomenon being predicted and understand why they cause what is being predicted (Elahi and Dehdashti, 2011).

Descriptive research design was used because it enabled the researcher to generalize the findings of the SACCOs in Muranga County to SACCOs in the rest of the country. It was also used to establish the degree to which competitive strategies are associated with performance of the SACCO.

3.3 Location of the study

Muranga County covers an area of 2,559 kilometers squared and have a population of 942, 581 (Kenya National Bureau of Statistics, 2009). The county has 6 major urban centers namely Makuyu, Muranga, Maragua, Kabati, Kangari, Kangema, Gatanga,

Kenol and Kiri-ini. In terms of literacy level, 69% of the population in the County have attained primary school education and 17.7% secondary education and above (Kenya National Bureau of Statistics, 2009). The main economic activities include tea and coffee farming as the main cash crops and subsistence farming food.

The rationale for conducting this study in Muranga County was based on the fact that apart from the county hosting various types of SACCOs (farmers, teachers and Community based SACCOs), it has been the origin of some of the most successful SACCOs in the country. Among such SACCOs include Murata, Muramati (now Unitas), Equity bank among others. Further, Muranga has pioneered in formation of a county SACCO the only one in the country. Given its rich history in SACCO formation and development, the county was an appropriate source of vital information especially on the strategies that have been used to enhance performance.

3.4 Target Population

The target population of the study was the ten duly registered SACCO in Muranga County. The ten SACCOs have 50 branches within the county. The respondents will be the board of directors, CEOs and branch managers of the 50 branches. Each individual SACCO have nine board of directors making it a total of 90, there are also ten CEOs and 50 branch managers. These individuals will respond to the questionnaire on behalf of the SACCOs. These individuals are appropriate since they are responsible for the strategic management of the SACCOs.

3.5 Sample size and Sampling Techniques

Sampling technique entailed selection of the appropriate sampling procedure for the study with the aim of drawing an adequate and representative sample size from the target population.

3.5.1 Sampling Techniques

The sampling techniques adopted by the study were the purposive sampling, stratified and simple random sampling. Purposive sampling techniques involve selecting certain units or cases based on a specific purpose rather than randomly (Kvale, 1996). This technique is used to select a unit of the population that is typical of the population. The units are selected on the basis of the researcher's judgment on their typicality (Orodho, 2009). The study therefore used the technique to select board members, chief executive officers and branch managers of the Sacco as the three units of the population that are well placed to elucidate on competitive advantage of the Sacco. The respondents provided information on strategies adopted to gain competitive advantage.

Once the sample size was determined stratified sampling was used to allocate the sample size. Stratified sampling ensures that sub-groups in the population are adequately represented in the sample (Orodho, 2009). The study adopted the technique to ensure that SACCOs' directors, CEOs and branch managers were represented. It was important to include each of these categories of the personnel since they are involved in strategic management of the SACCOs at different levels.

According to Orodho (2009) simple random sampling is a procedure in which all the individuals in the defined population have an equal and independent chance of being

selected as a sample. In this study the simple random sampling was used to select individual respondents.

3.5.2 Sample Size

To determine the sample size a formula that was first developed by Cochran (1963) and later simplified by Yamane (1967) was used. The formula is n=

$$\frac{N}{1+N(e)^2}$$

Where n is the sample size, N is the population size and e is the level of precision at 95% confidence level.

$$\frac{140}{1 + 140(0.05)^2} = 104$$

Table 3 1 Sample Distribution of directors, CEOs and branch managers

Respondents	Population	Sample Size
Directors	80	59
CEOs	10	7
Branch Managers	50	37
Total	140	104

To select individual respondents' simple random sampling was used in three steps. The list of all the respondents was made in each category and allocated a number. The list of directors, CEOs and branch managers were made separately. The numbers allocated to each respondent were then written on pieces of paper (each number on a separate paper). The papers were put in a box and the number of respondent was drawn

randomly as per the sample size allocated. The process was repeated for directors, CEOs and branch managers.

3.6 Data collection

The data needed for a study can be collected either as secondary data or as primary data. Hussey *et al.* (1997), explain primary data to be data collected at source whereas secondary data is data which already exists. In this proposed study both secondary and primary data was used.

The primary data in this study consisted information on interest rate, account maintenance Charges and accessibility of SACCOs in the county. It was also on varieties of products offered, branding, ownership structure and customer services. The primary data also provided information on market segmentation, price discrimination and geographical location.

On the other hand Secondary data provided performance indicator of the SACCOs which included changes in total asset, total deposit, turnover and share capital. Though SACCOs are required to deposit audited financial report with the Ministry of cooperative annually and such reports are accessible by the public, the data was sourced from individual SACCOs.

3.7 Data collection instruments

The study used a self-administered questionnaire to collect data. Orodho (2009), points out that a questionnaire can be used to collect a huge amount of data in relatively shorter time. In this study the self-administered questionnaire enabled respondents to report on the competition strategies used by their SACCOs. The respondents required to respond to seven questions. The questionnaire was subdivided into five sections.

Section one was on the manager's profile, section two was on the cost leadership strategies adopted by the SACCOs, section three was on the differentiation strategies, section four on focus differentiation while section five was on hybrid strategies. The respondents used a scale from one to four to gauge the extent to which elements of all strategies have been implemented.

3.7.2 Validity

Validity refers to the degree with which a measurement procedure or a questionnaire measures the characteristic it is intended to measure (Lewis, 1999). There are three dimensions from which validity can be examined. These include, content, construct, and criterion validity (Orodho, 2009). In this study, during the questionnaire's construction, quality control and validity was ensured through: face validity, where the instrument will be subjected to experts (supervisor) to check whether it measures what it is intended to measure; Content validity, where the instrument will be designed according to the study variables and their respective indicators of measurement; Construct validity, will be maintained through restricting the questions to the conceptualizations of the variables and ensuring that the indicators of a particular variable fall within the same construct.

3.7.3 Reliability

Similarly Orodho (2009), states that reliability is concerned with the extent to which a measuring procedure produces similar results when repeated several times. In this study, pilot testing will be done. Questionnaires will be distributed and the responses analysed to find out if the intended information is given by the respondents. Any corrections needed, will be made before the questionnaires are distributed for the study.

3.8 Data analysis

According to Mugenda and Mugenda (2003), data analysis is the process of bringing order, structure and meaning to the mass of information collected. The data analysis methods employed involved quantitative procedures. Quantitative data was analyzed using descriptive statistical methods. The analysis was done by SPSS (Statistical Package for Social Sciences) to generate those measures.

The data was also analyzed using two sets of techniques. The first technique was descriptive statistics, where the percentages and frequencies together with the means and standard deviations were computed and analyzed for each item that measures the competitive strategies and the performance of SACCOS. This was followed by regression analysis to examine the extent to which each competitive strategy (independent variables) explained the variation of SACCOS' performance (dependent variables).

The regression model was in the form below.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y= SACCOS Performance

α = Autonomous factors

X₁= Low cost Strategies

X₂= Differentiation Strategies

X₃= Focus Strategies

X₄= Hybrid Strategies

e= Error term

The regression model was chosen because the analysis provides the variation of Y due to change in X. In this case the variation in Sacco's performance occasioned by competitive strategies proves that there is an effect on performance by competitive strategies used. Since the main objective of the study was to investigate the effect of competitive strategies on the SACCOs performance regression analysis provided a better option.

3.9 Ethical consideration

SACCOs are financial institutions which rely on reputation to gain confidence of their customers. Therefore utmost confidentiality in the process of collection and use of the information provided by the respondent was exercised. In this respect respondents remained anonymous where no form of identification was required. The participants were informed that the information provided was used for academic purposes only. The participation or otherwise in the study was based on the respondent's own discretion and at all times no respondent gave information under any duress. The researcher adhered to strict discipline and punctuality during visits to the field.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRATATION

4.1 Introduction

This section chapter presents and interprets the analyzed data collected during the field work. Both descriptive and inferential statistics are presented. The findings were presented as per the objectives of the study which were to; assess the effects of low cost strategies on the performance of SACCOs in Muranga County; establish the effects of differentiation on the performance of SACCOs; analyze the effects of focus strategies on the performance of SACCOs; evaluate the effect of Hybrid strategies on the performance of SACCOs.

4.2 General information and Demographic information

The data was collected through a questionnaire administered to managers and members of the board of registered SACCOs in Muranga County. A total of 98 questionnaires were successfully completed out of a sample size of 104 drawn. This represents a response rate of 94 %.

4.2.1 Demographic information

The gender distribution of the respondents included 20% female and 80% male as shown in Figure 4.1 The study however, did not find any relationship between the performance of the SACCOS and the gender of the response.

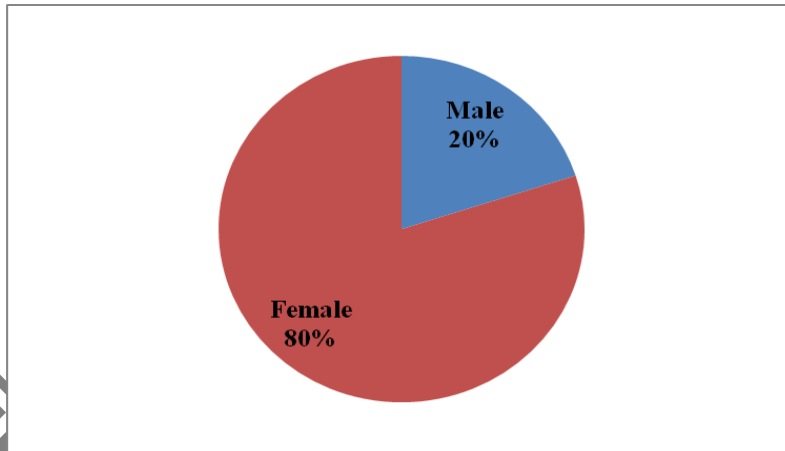


Figure 4. 1 Gender Distribution

The ten SACCOs participating were requested to indicate the number of years they have been in operation. The results are shown in Figure 4.2

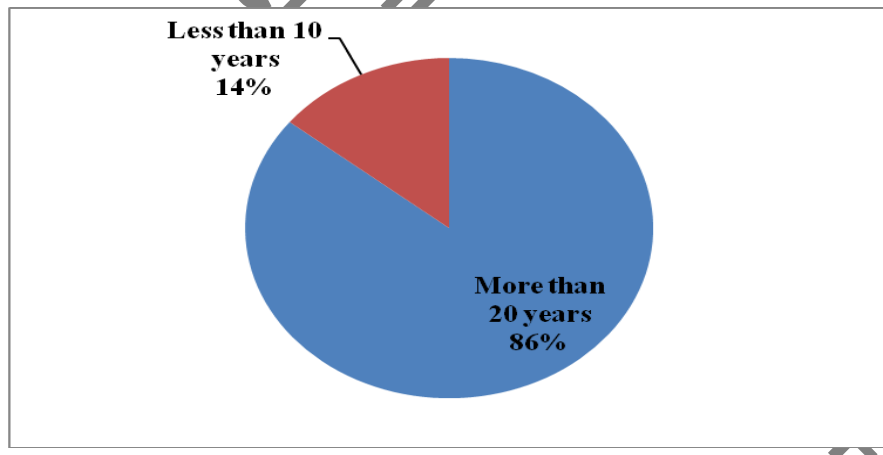


Figure 4. 2 Number of Years the Saccos have been in operation

The findings revealed that most of that 60% of the SACCOs have been operating for more than 20 y than years 30% between 10-20 years while only 10% indicated they have been operating for more less years. The findings implies that since the Saccos have been operating a long period of time they have been able to try various business strategies

The respondents who participated on behalf of the SACCOs included chairmen of the SACCO's, treasurer, secretary of the board, CEO and branch managers. As shown in the Table 4.1 the branch managers constituted 30% of the respondents, treasurers 20%, secretary of the board 21% while chairmen and CEOs were 9%.

Table 4.1 Respondents Position in the Organization

Position in the organization	Frequency	Percentage
Chairpersons	9	9
Treasurer	20	20
Secretary	21	21
CEOs	9	9
Branch managers	39	40
Total	98	100

4.2.2 SACCOs Performance

The SACCOs performance was measured by computing the percentage increase of four key indicators of performance namely; turnover, share capital, total assets and total deposits for duration of 5 years (2009-2013). The percentage increase was computed for each individual SACCO. The SACCOs turnover figures for 2009 and 2013 covering a period of 5 years is shown in Table 4.2.

Table 4. 2 Percentage Change in Turnover

			increase of	
	Turnover in millions	Turnover in Millions	% change in Turnover	
SACCOs	2009	2013		
1	277	946	669	71
2	209	843	634	75
3	216	785	569	72
4	197	678	481	71
5	184	578	394	68
6	105	438	333	76
7	98	276	178	64
8	87	178	91	51
9	68	143	75	52
10	67	132	65	49

The results indicate that all the ten SACCOs had a positive change in turnover in the five years period. Two of the ten SACCOs had a 71% increase in turnover between 2009 and 2013 while the least improved SACCOs had 49%. It follows therefore the ten deposit taking SACCOs in Muranga had increase of between 71-49% in turnover a indicator of improved performance for duration covering 2009-2013.

The second indicator for performance was the share capital. This the capital contributed by shareholders. The results are shown in Table 4.3

Table 4. 3 Percentage Change in Share Capital

SACCOs	Share capital in millions		increase of CS in Millions	% change in CS
	2009	2013		
1	107	693	586	85
2	102	503	401	80
3	98	407	309	76
4	96	398	302	76
5	94	308	214	69
6	91	290	199	69
7	89	276	187	68
8	87	178	91	51
9	68	143	75	52
10	67	132	65	49

The results indicate that between years 2009-2013, the ten participating SACCOs had an increase in share capital of between 85-49%. This is an indication that the SACCOs have been able to attract and retain more shareholders to increase their capital. This an indication of improved performance for the duration covered.

The third indicator of performance was total assets of the SACCOs. Increase in accumulation of both fixed and variable assets is a good indicator of performance. The results are shown in Table 4.4

Table 4. 4 Percentage Change in Assets

SACCOs	Total assets		increase of Assets	% change
	2009	2013	in Millions	in Assets
1	1,525	5,424	3899	72
2	1,356	4,655	3299	71
3	1,216	3,785	2569	68
4	1,197	3,678	2481	67
5	1,184	3,578	2394	67
6	1,105	2,738	1633	60
7	1,098	2,276	1178	52
8	1,087	1,978	891	45
9	1,068	1,743	675	39
10	1,067	1,632	565	35

The findings indicate that all the SACCOs had a positive change in the total assets during the period under consideration. The SACCOs had an increase of total assets of between 72-35%. This implies that SACCOs in Muranga County had improved performance between years 2009-2013.

The fourth key indicator of performance for the SACCOs was total deposit. The total deposit is the total amount the SACCOs have been able to attract as deposit annually.

The results are as indicated in Table 4.5

Table 4. 5 Total Deposit

SACCOs	Total Deposit in		increase of Deposit in Millions	% change in Deposit
	Millions			
	2009	2013		
1	1,067	3,699	2632	71
2	1,056	3,455	2399	69
3	1,016	3,085	2069	67
4	1,007	2,678	1671	62
5	989	1,988	999	50
6	905	1,783	878	49
7	879	1,656	777	47
8	796	1,478	682	46
9	703	1,243	540	43
10	675	1,002	327	33

The findings indicate that between years 2009 and 2013, SACCOs in Muranga County had an increase of between 33-71% in total deposit. Non of the participating SACCOs had a negative change or indicated no change. It implies therefore that SACCOs in the county were able to attract new customers who deposited and the existing one increased the amount they deposit. This is a key indicator that SACCOs in the county recorded an improved performance over the period under consideration.

4.3 Low Cost leadership and Performance of the SACCOs

The first objective of the study was to assess the effects of low cost strategies on the performance of SACCOs in Muranga County. The respondents were requested to

indicate the extent to which they have implemented various low cost strategies. The results are shown in Figure 4.3.

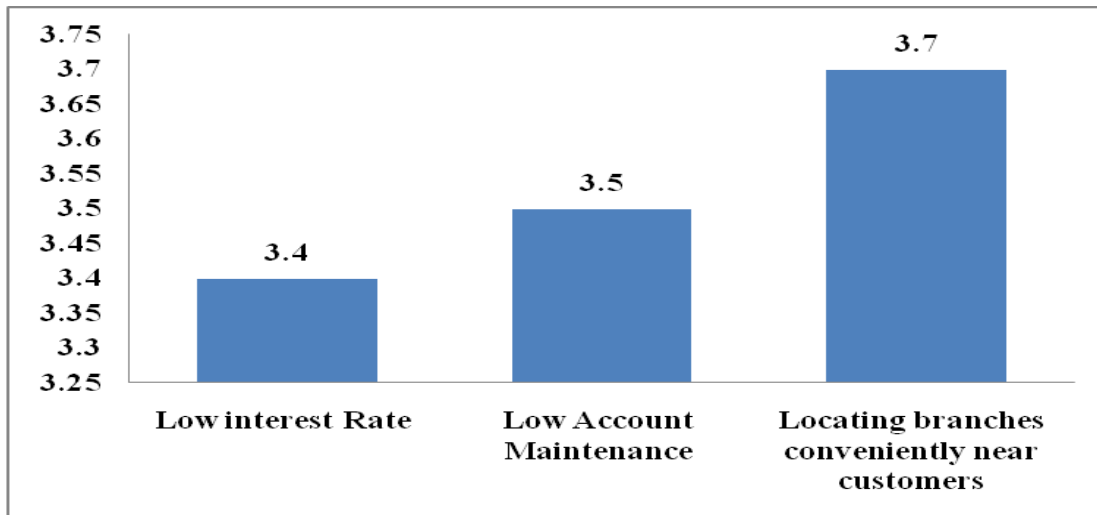


Figure 4. 3 Extent of Implementing Low Cost Strategies

The findings reveal that locating of the branches conveniently near the customers was one of the low cost strategies that have been implemented by the Saccos. This item had the highest mean score of 3.9. Low account maintenance charges was the second most used strategies with a mean score of 3.5 while low interest rate was the least with a mean score of 3.4. It follows therefore that majority of SACCOS in Muranga County locate their branches near the customers as a low cost strategies.

The study also sought to investigate the effects of each of the low cost strategies on the performance of SACCO. The results were as shown in Table 4.6

Table 4. 6 The Effect of Low Costs Strategies on Performance of SACCOs

Low Cost Strategies	Not all		To a less extent		To some extent		To a great extent		To a very great extent	
	Count	%	Count	%	Count	%	Count	%	Count	%
	Low interest rate	0	0	5	5	5	5	40	41	48
Low account maintenance charges	0	0	2	2	5	5	30	31	61	62
Branches located conveniently near customers	0	0	0	0	2	2	6	6	90	92

The findings reveals that 92% of the respondents indicated that locating the branches conveniently near the customers have positively affected the performance of SACCOs to a very great extent. Low account maintenance charges were indicated by 62% of the respondents as positively affecting the performance of the SACCOs to a great very. However, none of the respondents indicated that low interest, low account maintenance and location of branches as having no effect to performance. It follows therefore that SACCOs in Muranga County combine the three low cost strategies to influence performance positively.

4.4 Differentiation Strategies and Saccos Performance

The second objective of the study was establishing the effects of differentiation on the performance of SACCOs. The respondents were required to indicate the extent to which they have implemented differentiation strategies namely; offering of variety of

products, branding the SACCOs, establishing ownership structures geared towards creating loyalty and customer driven products and service. The results are shown in Figure 4.4.

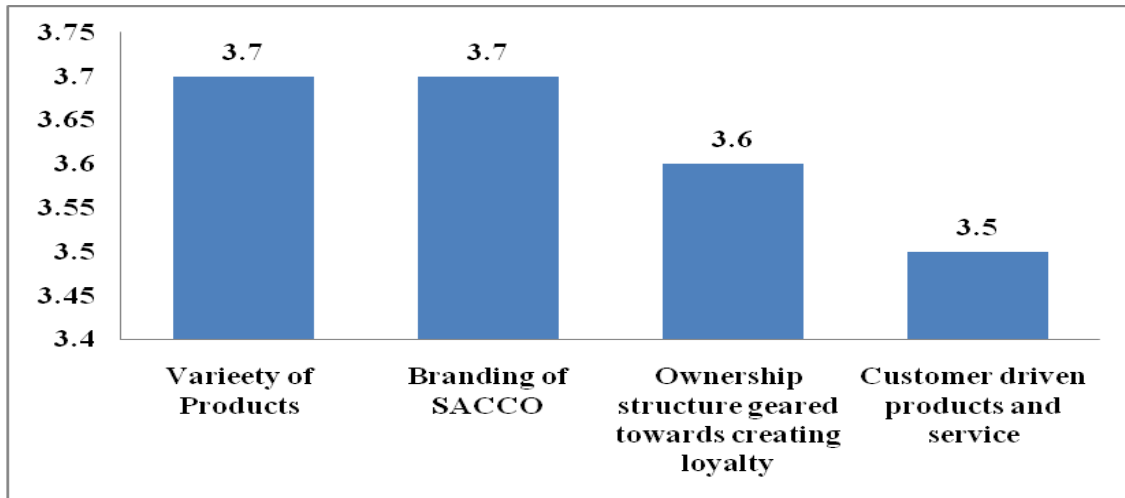


Figure 4. 4 Implementation of Differentiation Strategies

The findings reveal that offering of variety of products and branding of the SACCOs are the commonly used differentiation strategies used by the SACCOs in Muranga County. These two items had a mean score of 3.7 each. Ownership structure geared towards creating loyalty was the second most important differentiation strategies used by the Saccos with a mean score of 3.6 while customer driven products and services was the least used differentiation strategy used y SACCOs. It follows therefore that customer driven products and services was the least used differentiation strategy used y SACCOs..

Table 4. 7 Effect of Differentiation Strategies

Differentiation Strategy	Not all		To a less extent		To some extent		To a great extent		To a very great extent	
	Coun	%	Coun	%	Coun	%	Coun	%	Count	%
Variety of products offered	0	0	0	0	0	0	40	1	58	9
Branding of the SACCO	0	0	0	0	0	0	31	2	67	8
Ownership Structure geared towards creating loyalty	0	0	0	0	4	4	39	0	55	6
Customer driven products and service	0	0	0	0	10	0	34	5	54	5

The findings reveals that 68% of the respondents indicated that branding of SACCOs have a positive effect on the performance of SACCOs to a very great extent. Further, 59% of the respondents indicated that offering of variety of products have a positive effect to a very great extent on the performance of SACCOs in Muranga County. Similarly, 55% of the respondents reported that customers driven products to a great extent have a positive effect on the performance of the SACCOs in Muranga. It follows

therefore that the SACCOs in Muranga County use a combination of differentiation strategies to influence performance.

4.5 Focus Differentiation and SACCOs Performance

The third objective of the study was to analyze the effects of focus strategies on the performance of SACCOs. The respondents were requested to indicate to what extent the SACCOs in Muranga County have implemented focus differentiation strategies. The results are indicated in Figure 4.5



Figure 4. 5 Focus differentiation Implementation

The findings indicate that a branch being conveniently located is the commonly used focus differentiation strategy. This item had a mean score of 3.7. The SACCOs also use market segmentation as a focus differentiation strategy though at a lesser extent than branches being located conveniently. However, price discrimination is the least used strategy as far as focus differentiation. It follows therefore that majority of the SACCOs in Muranga County use a combination of market segmentation and conveniently locating the branches as focus differentiation.

The study also sought to investigate the effect of focus differentiation strategy. The results are indicated in Table 4.8

Table 4. 8 Effect of Focus Differentiation Strategy

Focus Differentiation Strategy	Not all		To a less extent		To some extent		To a great extent		To a very great extent	
	Count	%	Count	%	Count	%	Count	%	Count	%
Market segmentation	50	51	30	31	10	10	8	8	0	0
Discriminate price	90	92	5	5	3	3	0	0	0	0
Branches Conveniently Located	0	0	0	0	0	0	2	2	95	97

The findings show that 90% of the respondents do not consider price discrimination as having any effect on the performance of SACCOs. The findings also indicate that 50% do not consider market segmentation as having any effect on the performance of the SACCOs. However, 97% consider branches being located conveniently as having effect on performance to a great very extent. It follows therefore that SACCOs in Muranga sparingly use focus differentiation.

4.6 Hybrid strategies

The fourth objective of the study was to evaluate the effect of Hybrid strategies on the performance of SACCOs. The respondents were required to indicate whether they combine both low cost and differentiation strategy. As shown in Figure 4.6 the respondents indicated that the SACCOs use both differentiation and low cost strategies equally, both had a mean score of 2.9. This implies that SACCOs have to combine differentiation and low cost strategies to enhance performance.

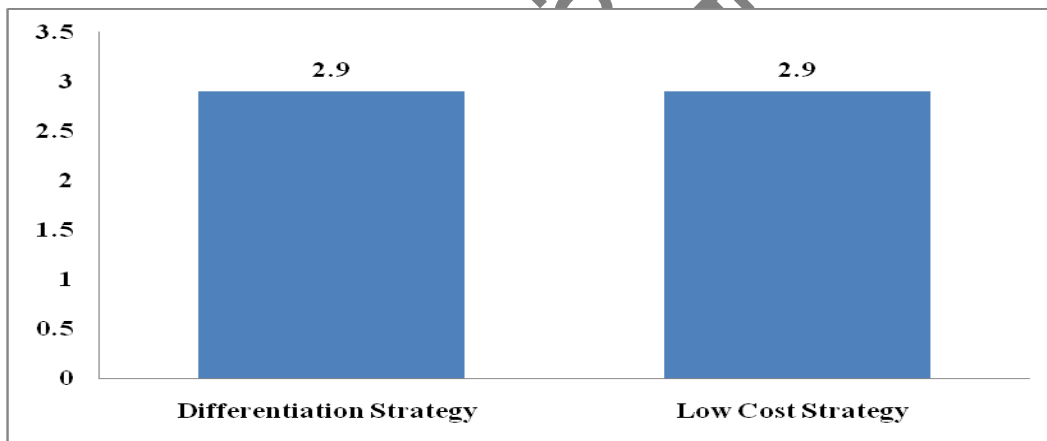


Figure 4. 6 Implementation of Hybrid Differentiation

The effect of hybrid strategy on SACCOs as shown in Table 4.5 indicate that 95% of the respondents reported that hybrid strategies positively impacted on the SACCOs

performance to a great extent. Only 3% indicated that the hybrid affected performance to a great extent. It follows therefore that majority of SACCOS in Muranga County use both low cost and differentiation to influence performance.

Table 4. 9 Hybrid Strategies

Strategies	To a very			
	To a great Extent		great extent	
	Frequency	%	Frequency	%
Combining the low cost strategies and				
Differentiation	3	3	95	97

4.7 Regression Model

To establish the effect of low cost, differentiation, focus and hybrid strategies on the performance of SACCOS in Muranga County a regression model was computed. The mean score of the usage of each strategy by the SACCOS was computed and regressed with performance.

Variation

4.7.1 The Model summary

The R square shows that the proportion variation of performance contributed by the independent variables. The result (Table 4.6) shows that 94.3% of the variation of the Saccos performance can be explained by buisness strategies namely, the cost leadership, differentiation, focus and hybrid strategies.

The adjusted R Measures the proportion of the variance in the SACCOS performance that was explained by variations in the independent variables. In this case the adjusted

R Square shows that 94.3% of the variance in Sacco's performance was explained by the cost leadership, differentiation, focus and hybrid strategies.

Table 4. 10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.972 ^a	.945	.943	.91853

a. Predictors: (Constant), Cost leadership strategies , Focus differentiation strategies , Differentiation strategies , Hybrid strategies

Table 4.11 presents the Analysis Of Variance (ANOVA), which provides the F test indicating whether the model is statistically significant. With a significant level of less than 0.05 the equation is significant, in this case the value is 0.000 and thus the model is statistically significant.

The result of the F test implies that cost leadership, focus differentiation, differentiation and hybrid strategy have a significant association with performance of the SACCOs. It follows therefore that variation in performance of the SACCOs can be explained by adoption of competitive strategies.

Table 4. 11 Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1376.598	4	344.150	407.905	.000 ^a
	Residual	80.152	95	.844		
	Total	1456.750	99			

a. Predictors: (Constant), Cost leadership strategies , Focus differentiation strategies , Differentiation strategies , Hybrid strategies

4.7.2 Regression coefficient for the general model

The study sought to come up with a regression model for the effect of competitive strategies on performance used by the SACCOs in Muranga County. Table 4.8. shows β which is the coefficient for the explanatory variables.

Table 4. 12 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.905	1.284		.832	.000
	Hybrid strategies	.635	.639	.376	.122	.000
	Focus differentiation strategies	.390	.183	.137	2.138	.035
	Differentiation strategies	.503	.150	.196	3.361	.001
	Cost leadership strategies	.476	.247	.668	10.019	.000

Substituting the β in the equation $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$ the regression model for the study was as follows:

$$Y = 0.905 + 0.503 X_1 + 0.390 X_2 + 0.476 X_3 + 0.635 X_4 + 0.284$$

Where

Y= SACCOs Performance

β_0 = Autonomous factors

X_1 = Differentiation business strategy

X_2 = Focus business strategy

X_3 = Cost business leadership

X_4 = Hybrid business strategy

From the equation hybrid business strategy had a coefficient of .635 and a significant level of 0.000. Since the significant level is less than 0.05, the effect of hybrid strategies on performance as indicated by β can be asserted as true with a 95% level of confidence. It follows therefore that for a unit change in hybrid business strategies adopted by SACCOs there is a corresponding change in performance by .0635.

The results are supported by various studies which show that low costs and differentiation can be compatible approaches in dealing with competitive forces (Beal and Yasai-Ardekani, 2012; Hall, 2013; Hill, 2009). These “hybrid” strategies are the ones which combine low costs and differentiation elements (Gopalakrishna and Subramanian, 2012; Proff, 2011). Thus, the implementation of a combination of competitive strategy results in multiple sources of competitive advantage for SACCOs which positively influence their performance.

Likewise differentiation strategies had a coefficient of 0.503 a significant level of 0.001. Since the significant level is less than 0.05 the effect of differentiation strategies on performance as indicated by β can be asserted as true with a 95% level of confidence. A unit changes in differentiation strategies therefore a corresponding change in performance of .0503. The finding corresponds with Beal and Yasai-Ardekani (2000) that differentiation strategy improves performance especially in developing economy environment through simultaneously creating customer loyalty by generating differences in product image through intensive marketing and image management creating products that are innovative.

The cost leadership strategy had a coefficient of 0.476 and a significant level of 0.000 which implies that the effect of cost leadership strategies on performance as indicated by β can be asserted as true with a 95% level of confidence. A unit change in cost leadership strategies results in change in performance by 0.476.

Focus differentiation had a coefficient of .390 and a significant level of 0.035. A unit change in focus differentiation would therefore result to change in performance by 0.035. In comparison hybrid strategies had the most effect on performance based on the value of the coefficient of .635 followed by differentiation, cost and the least was focus differentiation. The weak effect of focus differentiation on SACCOs performance negates earlier findings. According to Davis (1992) focus differentiation is the most suitable for relatively small firms, the findings reveal that despite some SACCOs being small entities they have not been using focus strategy to a large extent as compared to cost, differentiation and hybrid strategies. According to Bowman (1997) company pursuing a focused differentiation strategy aims to offer higher perceived value at a substantial price premium. However, SACCOs targets low income earners who may not be willing to pay a premium price for focused differentiated products and services.

CHAPTER FIVE
SUMMARY OF FINDINGS CONCLUSIONS AND
RECOMMENDATION

5.1 Introduction

This chapter presents the summary of the findings; it also presents conclusions drawn from the findings and make recommendations on further research.

5.2 Summary of findings

5.2.1 Low cost Strategies

The study found out that SACCOs apply low cost strategies to influence their performance. The specific low cost strategies implemented by the SACCOs were; locating of the branches conveniently near the customers, low account maintenance charges and low interest rate. Among these strategies locating of the branches near the customers was leading in terms implementation, followed by low account maintenance charges and the least was low interest rate.

As for the effect of these strategies on the performance of the SACCOs, the study found out that locating the branches near the customers had the biggest impact followed low account maintenance charges and the least was low interest rate. Overall low cost strategies were the third most important competitive strategies compared to differentiation, focus differentiation and hybrid strategies.

5.2.2 Differentiation Strategies

The study found that SACCOS apply differentiation strategies to influence their performance. The specific differentiation strategies used were; Offering of variety of products, branding the SACCOs, establishing ownership structures geared towards creating loyalty and customer driven products and service. However, offering of variety of products and branding of the SACCOs were the commonly used differentiation strategies used by the SACCOs.

As for the effect of differentiation on the performance, the study found out that branding of SACCOs had the biggest positive impact on the performance of the SACCOs. Offering of variety of products was the second while customers driven products was the third in terms of positively influencing the SACCOs performance. Overall differentiation strategies were the second most important strategies as far as performance of SACCOs was concerned.

5.2.3 Focus Differentiation

The study found out that SACCOs rarely use focus differentiation strategies. However, when used, branch being conveniently located was the commonly used focus strategy while market segmentation was the second and price discrimination the least.

The findings also revealed that even when focus differentiation strategies is used the effect on the performance is minimal. Specifically price discrimination and market segmentation did not have any effect on the performance of the SACCOs. However branches being located conveniently had positive effect on performance to a great very extent. Compared to differentiation, low cost and hybrid strategies, focus strategies had the least impact on the performance of SACCOs.

5.2.4 Hybrid strategies

The findings revealed that SACCOs use hybrid strategies to influence the performance. The SACCOs combine both low cost and differentiation strategies equally. The effect of the hybrid strategies was found to positively influence performance of the SACCOs. Overall the hybrid strategies had the highest positive impact on the performance of SACCOs.

5.3 Conclusion

The study concludes that cost strategy, differentiation, focus differentiation and hybrid strategies have positive effects on the performance of the SACCOs. However, the magnitude of the effects differs between the variables. Hybrid strategies have a greater effect on the performance as compared to cost strategy, differentiation, focus differentiation. Focus strategies had the least effect on performance. It follows therefore that combining both cost and differentiation strategy is the most ideal strategic position for the SACCOs. On differentiation, branding and rebranding of SACCOS is critical in differentiating themselves from the rest of financial services provider through giving messages that are consistent with their target market needs. On cost leadership strategies, location of the branches near the market is essential to reduce time and cost

used by the customers to access the SACCOs services. Overall SACCOs uniquely mix a range of low cost and differentiation strategies to attract customers, offer customer friendly services and maintain customer loyalty. This positively impact on their overall performance.

5.4 Recommendations

Given the findings the study recommends that SACCOs to consider application of focus differentiation more vigorously to ensure that they enhance their performance. Focus differentiation which was found to be used rarely by the SACCOs can aid the institutions in curving a niche market within the financial market which can greatly improve on performance given the premium price associated with the strategy.

While hybrid and differentiation strategies are widely used by the SACCOs the study recommends inclusion of more differentiation strategies to enhance performance. As per the findings branding and offering of a variety of products were the commonly used. For instance use of technology to device products that are unique to SACCOs can improve on performance.

5.4.1 Recommendation for further research

The study recommends further research in strategies used by SACCOs to gain sustainable competitive advantage. While performance can indicate competitiveness, sustained performance by SACCOs can only be achieved through gaining competitive advantage over and above other financial institutions.

REFERENCES

- Alchian, Armen A. & Harold Demsetz. 1972. "Production, Information Costs, and Economic Organization," *American Economic Review* 62: 772-795.
- Allen R.S & Helms M.M . (2006). Linking strategies practises and organisational performance to Porters generic strategies, . *Business Process Management* 12(4) , 433-454
- Ansoff, H. I. (2009), *Corporate Strategy*, McGraw-Hill, New York.
- Barney, J.B. (1919) "Firm resources and sustained competitive advantage," *Journal of Management*, vol.17(1), pp. 99-120,
- Barney, J.B. (1997) *Gaining and sustaining competitive advantage*. Addison-Wesley Publishing Company
- Beal, R.M. & Yasai-Ardekani, M. (2000). Performance Implication of Aligning CEO Functional Experiences with Competitive Strategies. *Journal of Management* 26, 733-762.
- Beard, D. and Dess, G., (2012), Dimensions of organizational task environments. *Administrative Science Quarterly*, 29(6), p. 52-73.

- Bowman, C. and Faulkner, D. (1997), "*Competitive and Corporate Strategy*", Irwin, London.
- Chowdury, Shamsud D. 2002. Turnarounds: A Stage Theory Perspective. *Canadian Journal of Administrative Science*, 19(3), 249-266
- Cochran, W. G. (1963) *Sampling Techniques*, London: John Wiley and Sons
- De Mello, L. (2011). Does Fiscal Decentralization Strengthen Social Capital? Cross-Country Evidence and the Esprienc of Brazil and Indonesia.*Environment & Planning C: Government & Policy*. 29(34), pp 89-89
- Dean, J.W. & Evans, J.R. (1994).*Management Organization and Strategy.Total Quality*. West Publishing Co, St. (4), pp. 94-104,
- Dess G.G. & Davis P.S . (1984). Porters generic strategies as determinants of strategic group membership and organisational performance. . *Academy of management journal*, 27(2) , pp.476-488.
- Dess G.G. & Davis P.S . (1984). Porters generic strategies as determinants of strategic group membership and organisational performance. . *Academy of management journal*, 27(2) , pp.476-48
- Dess, G., & Beard, D. (1984), Dimensions of organizational task environments. *Administrative*
- Dixon, R. Leather, P. Lawrence, C. Beale, D & Cox, T.(1998). 'Exposure to occupational violence and the buffering effects of intra-organizational support'. *Work and Stress*, 12, 161-178.
- Elahi and Dehdashti (2011), *Classification of Researches and Evolving a Consolidation Typology of Management Studies*. London. The Center for Innovations in Business and Management Practice.
- Fahy, J., (2000) "The resource-based view of the firm: some stumbling-blocks on the road to understanding sustainable competitive advantage,"*Journal of European Industrial Training*, vol. 24
- Fleming, N.D. and Mills, C. (1992). Not another inventory: A catalyst for reflection. To From To *Improve the Academy*, 11, 137
- Frambach, Ruud T., Jaideep, Prabhu, Theo M.M. and Verhallen. (2003). The Influence of Business Strategy on New Product Activity: The Role of Market Orientation. *International Journal of Research in Marketing*, Vol.20 (4), 377-97.

- Gopalakrishna P & Subramanian R. 2001. Revisiting the pure versus hybrid dilemma: Porter's generic strategies in a developing economy. *Journal of Global Marketing* 15 (2): 61-79.
- Hall, T. (1980). *Strategic management: Competitiveness and globalization*. West Publishing Company.
- Hill, C. (1988), *Differentiation versus low cost or differentiation and low cost: a contingency framework*, *Academy of Management Review*, Vol. 13 No.3, pp. 401-12.
- Hofer, C. 1983. Know-how and asset accumulation and dynamic capabilities accumulation: The case of R&D. *Strategic Management Journal* 18:339-360.
- Hussey, J (1997) *Business Research: A Practical Guide for Undergraduate and Postgraduate Students*. Basingstoke. Macmillan Business
- Jensen, M.C. & Murphy, K. (1990), "CEO incentives: it's not how much you pay but how", *Journal of Applied Corporate Finance*, Vol. 3 No.3, pp.36-49.
- Kim E, Nam D and Stimpert JL. 2004. The applicability of Porter's generic strategies in the digital age: assumptions, conjectures, and suggestions. *Journal of Management* 30(5): 569-589.
- Kim, W.C., Lim P.S. (1989). Global diversification strategy and corporate profit performance. *Strategic Management Journal*, 10(1), pp 45-57.
- Kuria, N. (2012). *Co-operative in Social Development*. Nairobi: CIC insurance Group Ltd.
- Kvale, S. (1996). *An introduction to qualitative research interviewing*. London: SAGE publishers LTD.
- Lewis, K. (1984). *Quality in question curriculum: Issues in curriculum and development*. London: Routledge.
- Miller, A., & Dess, G.G. (1993), *Assessing Porter's (1980) model in terms of its generalizability, accuracy and simplicity*, *Journal of Management Studies*, Vol. 30No.4, pp.554-85.
- Miller, D. (1992), *The generic strategy trap*, *Journal of Management Studies*, No. January/February, pp.37-41.
- Mugenda, O.M and Mugenda. A.G (1999). *Research methods. quantitative and qualitative approaches*. . Nairobi, Kenya: ACTS Press

- Mwiti , D. (2019). Saccos re-branding in Bid to Grow membership. *Buisness Daily* . Nairobi: Nation Media Group.
- Ndii, D. (2010). What is Happening in Africa. *Economics Foresight* , pp.14-67.
- Orodho, J. A. (2009). *Element of Education and Social Sciences Reserach Methods* . Maseno: Kanezja Publisher.
- Otim R (2005), *Key Performance Indicator Benchmarks For Mfis/Saccos In Uganda*. Kampala: USAID
- Otim, P. (2005). *Evaluation of Financial perfomance of Commercial Banks in Kenya: Local Versus Foreign Banks*. Nairobi: University of Nairobi
- Parthasarthy, T. (2007)). Relating Porter's buisness strategies to enviroment and structure. *Academic Management Journal* 31 , pp.280-308.
- Pearce, J. A. & Robinson, R.B. (1997) *Strategic management: Formulation, Implementation and Control*.6th Edition, Irwin McGraw Hill.
- Phillips, M., Lukas B and Ferrel O.C. (1983). The effects of market orientation on product innovation . *Journal for Academic Marketing Science* 28(2) , pp.239-247.
- Porter, M. (1985). *Competitive Advantage Creating and Sustaining Superior Perfomance*. New York: Free Press.
- Porter, M. (1990). *Competitive Advantage of Nations* . New York: Free Press.
- Porter, M.E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. Free Press.
- PROCASUR. (2012). *In pursuit of Ideas To develop savings and Credit Cooperatives*. Nairobi: PROCASUR AfRICA.
- Proff H. 2000. Hybrid strategies as a strategic challenge.The case of the German automotive industry.*Omega, The International Journal of Management Science*. 28: 541-553.
- Sashi CM & Stern LW.(1995). Product Differentiation and Market Performance in Producer good Industries.*J Bus Res*, 333,115-27.
- SASRA, (2011). *Sacco Supervision Report 2011(Deposit Taking Saccos)*. Nairobi: SASRA

Tzafrir, S. (1999). The effect of human resource management practices on the perceptions of organizational and market performance of the firm. *Human Resource Management*, 38(3), 185-199.

World Council For Credit Union. (2006). *Statistical Report*. Nairobi: WOCCU.

Yamane, T. (1967). *Statistics: An Introductory Analysis*, 2nd Edition, New York: Harper and Row.

APPENDIX II QUESTIONNAIRE FOR MANAGER

The researcher is carrying out a study focused on assessing the Impact of competitive Strategies adopted by the SACCOs on performance in Kenya-Muranga County as partial fulfillment for award of A Master's Degree in Business Administration Dedan Kimathi University of Technology. This study is purely for academic purpose and all correspondence will be treated with utmost confidentiality. In this questionnaire various value scales have been indicated for you to select. Please respond to the questions by marking what you consider to be the appropriate answer, or filling the blanks where necessary. Choose only one answer to each question. Thank you very much for your cooperation.

1. For how long have the SACCOs been operating?

1. < 10 years
2. 10-20 years
3. > 20 years

2. Gender of the respondents

- 1. Male
- 2. Female

3. Indicate your positions

- 1. Chief Executives
- 2. Branch Manager
- 3. Directors

Section Two

Performance

4. Please indicate membership of the SACCO for the last three years.

- 2011.....
- 2012.....
- 2013.....

5. Please indicate the income of the SACCO for the last three years

- 2011.....
- 2012.....
- 2013.....

Cost leadership strategies

6. To what extent have you implemented low interest rate?

- i. Not implemented []
- ii. Partially implemented []

- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

7. To what extent have you implemented low account maintenance charges?

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

8. To what extent have you implemented locating branches conveniently near customers?

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

9. To what extent have you implemented variety of products offering?

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

10. To what extent have you implemented branding of the SAACCO ?

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

b) Please indicate how each of the following strategies have contributed performance of the SACCO

Cost leadership	Not at all	To a less extent	to some extent	to a great extent	To a very great extent
Low interest late					
Low account maintenance charges					
Branches located conveniently near customers					
Offers a variety of products					
Builds the brand image of the SAACCO					

Section Three Differentiation

11. To what extent have you implemented low variety of products offered

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

12. To what extent have you implemented branding of the SACCO

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

13. To what extent have you implemented ownership Structure geared towards creating loyalty?

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

14. To what extent have you implemented customer driven products and service?

- i. Not implemented
- ii. Partially implemented

- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

b) Please indicate how each of the following strategies have contributed performance of the SACCO

Differentiation Strategies	Not at all	To a less extent	to some extent	to a great extent	To a very great extent
Variety of products offered					
Branding of the SACCO					
Ownership Structure geared towards creating loyalty					
Customer Service					

15. To what extent have you implemented market segmentation?

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

16. To what extent have you implemented discriminate price according?

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

17. To what extent have you implemented branches Conveniently Located?

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

b) Please indicate how each of the following strategies have contributed performance of the SACCO

Focus differentiation

Focus Differentiation	Not at all	To a less extent	to some extent	to a great extent	To a very great extent
Market segmented					
Discriminate Price according					
Branches Conveniently Located					

18. To what extent have you implemented integration of differentiation and low cost strategies?

- i. Not implemented
- ii. Partially implemented
- iii. Somehow implemented
- iv. Implemented
- v. Fully Implemented

b) Please indicate how each of the following strategies have contributed performance of the SACCO

Hybrid Strategies

Hybrid strategies	Not at all	To a less extent	to some extent	to a great extent	To a very great extent
Integration of differentiation and Low cost strategies					