

**INFLUENCE OF PRODUCT STRATEGY ON PERFORMANCE OF  
SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN KENYA: A CASE  
OF AZIMA SACCO**

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**DECLARATION**

I declare that this applied research project is my original work and has not been submitted to any other college or university for academic credit.

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**SUPERVISOR'S DECLARATION**

This applied research is submitted for examination with my approval as the University Supervisor.

Name of Supervisor: **Dr Lucy M. Kinyua**

Signature..........Date 29/07/2020

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NAIROBI, KENYA**

## **DEDICATION**

This project is dedicated to my parents Mr. and Mrs. Gitau, My husband Mr. Bernard Githumu and my child Ethan, brothers and sisters for their financial and moral support.

## **ACKNOWLEDGEMENT**

I would like to take this opportunity to thank God for granting me this opportunity. My acknowledgement goes to my supervisor Dr Lucy Kinyua for her immense academic support and guidance. My acknowledgement also goes to my friends and classmates for their academic support.

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### ABSTRACT

Increased non-performing loans and the availability of substandard products among SACCOs in Kenya has been a major challenge facing these cooperatives. The current study aimed at determining the influence of product pricing, product delivery, product quality and product design on performance of SACCOs in Kenya. The study was grounded on resource-based theory and stakeholders' theory that portrays the need to focus on stakeholders' needs when coming up with product strategy. The study used descriptive research design. The target population comprised of top, middle and lower-level management of Azima SACCO hence a target population of 56 respondents. The study adopted census technique hence studying the entire population. Data was collected using questionnaire. The data was analysed through descriptive and inferential statistics. The study observed ethical considerations such as privacy, full acknowledgement of sources of literature and ensuring full consideration of research legal process. In research findings, 44 respondents agreed with the statement product pricing influences performance of SACCOs in Kenya, 40 respondents agreed that product delivery influences performance of SACCOs in Kenya, 39 respondents agreed product quality influences performance of SACCOs in Kenya and 37 respondents agreed product design influences performance of SACCOs in Kenya. Inferential statistics similarly identified that at Sig  $p \leq 0.05$ , there is relationship between product pricing and performance of SACCOs in Kenya, product delivery and performance of SACCOs in Kenya, product quality and performance of SACCOs in Kenya and product design and performance of SACCOs in Kenya. The researcher recommended that SACCOs should be price leaders, product delivery platforms such as technology-based are free from fraudulent activities, products and services offered are of top quality and SACCOs should invest heavily in research and development to create unique products and service designs. In relation to areas of further research, the researcher recommended that future studies should consider expanding their scope and focus on other product strategies which have influence of organizational performance.

## DEFINITION OF TERMS

**Competitive pricing** is the ability to implement a strategic pricing approach for the purpose of encouraging purchase of goods and services.

**Economic Development** is the state by which a nation improves the social wellbeing and economy of the people.

**Globalization** is the process by which business operate in more than one county or companies' products and services being sold across the world.

**Performance** is the state of accomplishing stated or given objective.

**Product delivery** is the process by which an organization integrates various strategies such as modern technology to enhance acceptance and value of products and services in the market.

**Product Design** is the process of creating a new product or re-engineering existing products to produce quite relevant product with aim of enhancing purchase and demand.

**Product planning** is the process of identifying market needs of a product. This enhances decision making in terms of pricing, promotion and distribution.

**Product pricing** is a value attached to a product with respect to quality, cost, organizational needs and goals.

**Product Quality** is the ability of a product to poses desirable features and characteristics that are in relation to customer wants and needs.

**Product strategy** is the entire road map of a product. Product roadmap, on the other hand, is composed of elements such as product quality, positioning, branding, features and product design.

**ABBREVIATIONS/ACRONYMS**

**SACCOs** Savings and Credit Cooperative Organizations

**SASRA** Sacco Society Regulation Authority

**SPSS** Statistical Programme for Social Science

**USA** United States of America

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction**

This chapter comprised on background information in relation to product strategy and performance of SACCOs, statement of problem, objectives of the study, research questions, significance, scope, limitations, delimitations and finally conceptual framework.

#### **1.2 Background of Study**

The change in global context of product strategy because of globalization, technology change and competitiveness in the financial sector has contributed to increased need for organizations to adopt different product strategies in order to remain competitive. Due to this reason, this research sought to identify the influence of product strategy on performance of SACCOs in Kenya. The factors to which the study intended to focus on are: - product pricing, product delivery, product quality and product design. The dependent variable is performance of SACCOs in Kenya.

Baker and Hart (2017) stated that product strategy defines the entire road map of a product. Product roadmap, on the other hand, is composed of elements such as product quality, positioning, branding, features, and product design. Product strategy stands quite significant towards organizational performance since it defines the directions to which the organization wants to pursue. Effective product strategy also enhances the ability and agility of stakeholders to participate in financing and direct contribution towards organizational performance.

Mitelman (2016) stated that the need for a modern product strategy was witnessed as early as 1960s. Primarily, businesses were run by expertise and managed by specialists with no room for strategic management. Increased competition within manufacturing sector gave birth to strategic management, which later contributed adoption of various organizational strategies towards ensuring success in the sale and production of customer oriented products. Other factors such as globalization of products, changes in customer taste and preferences, increased spending pattern and demographic trends have been among challenges that fuelled growth and development of product strategy.

A study conducted by cooper (2014) on effects of product bundling and the burden of monopoly indicated that, failure to enhance effective product strategy, and adoption of product bundling has been one of the challenges to which global manufacturers faced in the 1970s as a result of failed realization of changing demographics and customer needs hence affecting performance of most producing companies in USA. Product strategy has grown over year to modern perfect competition where product differentiation, packaging and adoption of various product strategies such as pricing and quality determine the future of an organization.

One of the major problem in organizations globally in the 21<sup>st</sup> century has been poor product planning (Kumar, 2014). Majority of the organizations have failed to identify market requirement for their products because of technology change that has been a major influence on product development and product strategy. The study also identified that 25% of the banks had weakness in integrated product planning hence having diminished performance. Product planning is the initial stage of product strategy and the need for integrated decision-making is quite significant towards the success of a product in the

market. This involves managing the product throughout using various strategies such as product improvement, product design strategies, pricing and product design.

Increased level of competition among Chinese markets has resulted in eminent challenges in product strategy. Companies have been entangled with challenges to remain competitive because of technology spread. Of recent, pricing in the Chinese market is not a measure of quality and quality is not a measure of price value. This clearly indicates that management of innovation and competitive technologies remains the only significant mechanism for organizations to stay competitive in the market. Once a new product is launched, it only takes less than a month before a duplicate and cheap product serving the same purpose is launched hence affecting initial company sales and performance (Matsuno, & Mentzer, 2013).

Information technology growth in the Indian markets has brought more challenges than resolutions. Companies in the services industry have been forced to invest heavily in research and development because of the increase in resemblance among services and products offered by different companies (Naqvi, 2016). Indian companies have also been forced to adopt geographical strategies such as transfer of services and sale of products to different markets such as Africa and the Middle East where the market is not quite competitive. Increased level of mergers and acquisition among the Indian service industry has been an indication of advanced techniques to get services competitive in highly competitive market.

Prudent product strategy remains a common challenge among non- bank financial institutions and banking institutions in Africa (Beyene, 2016). For instance, the ability to differentiate a bank and a SACCOs is quite impossible without a background check the

nature of registration remains a common challenge. Non-banking financial institutions in Africa are struggling with performance because most of the services provided have been fully integrated into the banking institutions. Similarly, SACCOs are no longer being relevant as they were in two decades ago because banking institutions have integrated most of the services such as soft/microloans, minor saving account and education loans in their service.

In Ghana, the market shares of non-banking financial institutions such as microfinance institutions, lending institutions and saving cooperatives has dropped with 11% of the initial market share (Hitt, 2015). This has been due to implementation of low value-creating strategy and increased provision of various services among the financial institutions. Non-banking financial institutions have been option for low-income earners for decades while of recent, financial institutions have tried to accommodate different category of income earners with different services hence rendering non-financial institutions less significant.

Makori, *et al.* (2015) indicated that the SACCO industry has become quite significant towards the Kenyan economy. It is estimated that SACCOs contribute to at least 20% of the country's savings and that at least 60% of account holders prefer to use SACCOs as means of saving and investment as compared to banks and other financial institutions. Performance of SACCO has been fuelled by customer attractive services, accessibility, low-security requirements and ability to accommodate those who are not under payslip. However, because of recent regulations in Kenya financial sector, financial institutions such as banks have been empowered with more responsibilities than non-

banking financial institutions and this has encouraged the ability of banks to tap into non-banking financial institutions services.

Deposit-taking institutions have been increasingly providing financial support to account holders and non-account holders with minimal security hence resulting in poor financial performance as a result of increased default (Mombo, 2013). The study further pointed out that out of every 10 loans provided; there is likelihood that 30% of the customers will default because of inability to match product planning and performance. Majority of the defaults have been associated with increased interest rates (poor pricing) and poor product design, resulting from lack of sufficient research and development.

Rumba (2008) study on the influence of technology change on adoption of product strategy found out that not only banking institutions are facing global challenges in relation to global competition but also SACCOs offering banking services have been encountered by global competition in relation to nature of products, terms and conditions, price wars and unfair competition. International SACCOs and international banking institutions were considered to offer cheaper rates than local banks and SACCOs hence resulting to decreased demand for local services.

Kiura (2015) conducted a study on market and product development strategies used in response to environmental changes faced by savings and credit cooperative societies in Nyeri County and found out that at least 42% of the SACCOs in Nyeri have failed to attain competitive advantage due to limited strategic approach on demographic changes. The study found out that Savings, Credit Cooperative Organizations (SACCOs) in Nyeri County relies heavily on farmers, and they have not seen any need to improve on their product strategy or even monitor demographic changes such as nature of customers they

are dealing with, income and education status. The population is becoming educated and need for better services are growing after every 8 months hence the need for product development strategies.

A study conducted by Okumu and Oguiyi (2016) indicated that 63% of the business and small enterprises in Kenya are majorly depending or depended on SACCOs in one way or the other for loans, financial advisory and partnership. SACCOs have contributed a lot to economic development that banks could have done. Some of the strong banks such as Family bank and Equity bank started as SACCOs and they are currently contributing not only to economic development but also to economic growth. The study clearly indicated that SACCOs have potentially performed not only towards enhancing their financial or organizational performance but also economic development.

### **1.2.1 Azima Savings and Credit Cooperative Organization**

Azima Saving and Credit Cooperative Society, formerly known as Kenya Cannery was officially established in 1966 with registration and renewal being done in 1987 under the Societies Act Cap 490. Azima SACCO Members were majorly employees from Delmonte Kenya until the SACCO developed its products and adopted new strategies towards facilitating common bond to the public. Azima SACCO is currently running with over 10,000 members. Azima SACCO Vision is to be the leading SACCO in providing competitive financial products and services in Kenya. The mission of the SACCO is to mobilize resources from members and offer competitive financial solutions through effective management. Growth of Azima SACCO has been influenced by its ability to offer not only SACCO related products but also bank-related products such as M-banking, fixed deposits, ordinary saving account, holiday account, education account, micro-financing,

ATM services, salary advancing and re-financing, super loans and junior account. Azima SACCO success has been influenced by product strategy and enhanced services (Azima Savings and Credit Cooperative Organization, 2018).

### **1.3 Statement of Problem**

Saving and Credit Cooperative Societies like many other business entities in Kenya are faced with challenges in their quest towards growth and performance. According to SASRA report (2017), 64% of the targeted SACCOs were found to lack prudent product strategy such as lack of competitive products in the market, unstandardized features among services provided and low quality products that contributed to diminished turnover and low return on investment among SACCOs. Okumu and Oguyi (2016) pointed out that the trend of non- performing products among financial institutions has undermined the future of SACCOs globally. Makori et al (2015) identified that out of 7,000 registered SACCOs in Kenya, only 2,280 (32.5%) were effectively operational while a total of 1,500 (21.4%) have completely gone out of business due to insufficient technological development, inability to meet customer expectations in relation to product development and limited-service development. In relation to the current studies, SACCOs are dismally failing to address their core purpose as they rush to offer wide range of products and services without strategic approach. This study clearly addressed this problem through the identification of the influence of product strategy on performance of SACCOs in Kenya.

### **1.4 Purpose of the Study**

The purpose of the current is to bring into enhance performance of Savings and Credit Cooperatives Societies in Kenya through addressing the influence of product strategy.

## **1.5 Objectives of the Study**

This section of the study addresses general and specific objectives.

### **1.5.1 General Objective**

The general objective of this study was to determine the influence of product strategy on performance of SACCOs in Kenya.

### **1.5.2 Specific Objectives**

The study fulfilled the following specific objectives

- (i). To examine the influence of product pricing on performance of SACCOs in Kenya.
- (ii). To determine the influence of product delivery on performance of SACCOs in Kenya.
- (iii). To find out the influence of product quality on performance of SACCOs in Kenya.
- (iv). To determine the influence of product design on performance of SACCOs in Kenya.

## **1.6 Research Questions**

This study answered the following research questions

- (i). What is the influence of product pricing on performance of SACCOs in Kenya?
- (ii). What is the influence of product delivery on performance of SACCOs in Kenya?
- (iii). What is the influence of product quality on performance of SACCOs in Kenya?
- (iv). What is the influence of product design on performance of SACCOs in Kenya?

## **1.7 Significance of the Study**

The prevailing study on the influence of product strategy on performance of SACCOs in Kenya is significance to SASRA Kenya towards effective regulation of

products offered by SACCOs and monitoring performance of SACCOs in relation to product strategy.

The study is significant to the private sector such as corporates since it provides sufficient literature in relation to product strategy and organizational performance. The study also addresses how corporates can enhance different product strategies and how they can use these strategies to enhance organizational performance in consideration that many corporations lack competitive products and services in the market.

The prevailing study is also significant to SACCOs in Kenya since the study provides detailed and sufficient information in relation to product strategy. This study benefits SACCOs that are struggling with product strategy and financial performance. The study also provides detailed information on how SACCOs in Kenya can use different product strategies to be able to withstand strong competition in the market.

The study specifically is significant to Azima SACCO since the initial intended purpose of the study was to help Azima SACCO towards product strategy such as offering effective and high return products to customers and ensuring that customers are satisfied with the services and products offered hence making Azima SACCO the best choice in the market.

The study is significant to future researchers since it provides sufficient literature in relation to influence of product strategy on performance of SACCOs in Kenya. Future researchers will rely on the study since it contributes to the wider field of literature and research in general.

### **1.7 Scope of the Study**

Influence of product strategy on performance of SACCOs study was conducted in Kiambu County, Thika Sub-County where Azima SACCO head office is located. The reason why the researcher focused on Azima SACCO is that provided the SACCO has struggled towards performance, it's come back has been of significance to the SACCOs society in Kenya with relevant strategies which needed to communicated to other SACCOs and how to enhance their growth too. Similarly, focus on Azima SACCO only has been attributed by factors such as confidentiality among other SACCOs and organizational regulations barring employees from sharing strategic information to the public. The study was conducted in the month of June 2019 and included respondents from the strategic level of management because these were the only respondents with the ability to provide strategic information in relation to product strategy within the organization.

### **1.9 Delimitations of the study**

Features or aspects that describe the boundaries to which the study is bound measure delimitation. This involves the ability of the study to focus on the given study limits (Bryson, 2005).

The study focused on four factors influencing product strategy on performance of SACCOs in Kenya, which involve product pricing, product design, product quality and product, design.

There was efficiency in data collection because the researcher had a full access to the target population, being an employee of AZIMA SACCO. Respondents were similarly positive to the study because it enhanced their capability of understanding product pricing and performance.

The study target population comprised of respondents in the management department and key stakeholders. This ensured that information from the management point and the stakeholders' point of view was presented under minimal bias.

### **1.10 Limitations of the Study**

Limitations are factors or aspects that have a negative effect on a study (Mugenda & Mugenda, 2008). The first limitation for this study was information access- Azima SACCO has strict regulations on the nature of information employees are entitled to public access. The study overcame this limitation through ensuring that the management of Azima SACCO was aware that the study was purely academic and not intended to violate organizations rules and regulations. The second limitation was biased information. In a few cases, employees were biased with information. The study overcame this limitation through proper scrutiny of information before analysis to determine distribution of skewness. The third limitation of the study was confidentiality. Some employees were not willing to provide information due to fear that their privacy might be at risk. The study overcame this limitation by ensuring that personal identity remained private to the SACCO and even to the researcher and any other individual.

### **1.11 Assumptions of the Study**

The study assumed that respondents willing participated in the study under minimal influence. The respondents were truthful to the information provided hence being useful towards decision-making and that the respondents had minimal bias towards the information being provided hence becoming a true representation of the study phenomenon.

## **1.12 Theoretical Review**

A theoretical review represents philosophies in relation to product strategy. This can be either a theory or a model that clearly addresses the foundation of a phenomenon (Kothari, 2012). The theories that the study will focus on are- The resource-based theory of strategic management and stakeholders' theory of strategic management.

### **1.12.1 Resource-Based Theory of Strategic Management**

Barney introduced resource-based theory of strategic management or rather resource-based view in 1991. The theory has been in the core front towards provision of relevant information in relation to strategic management and how managers can use strategic resources towards performance and attainment of competitive advantage. According to Barney (1991) a strategic resource is an asset that is difficult to imitate, much valuable than normal resources, rare to find within the same industry or among competitors and non-substitutable. Similarly, product strategy relies heavily on how an organization utilizes its strategic resources and the relationship between ability of the management to influence strategic management of resources (Hooley, Greenly, Faby & Cadogan, 2011).

According to Lee (2013) companies, or rather competitors find it hard to copy difficult to imitate products or services. In relation to organizational success, companies find it hard to imitate products because of lack of technical know-how, management capacities and lack of specific resources to deliver the same product as the initial manufacturer. This capability grants room for management of a company to target a specific and unique market with new product design, and much more advanced products than competitors. In relation to the current study, it is clear that adoption of strategies that

are difficult to imitate helps organizations in general to wit a unique product delivery method, quality products and similarly customer attractive product design.

Hooley, Broderick and Moller (2008) pointed out that in resource-based view, strategies or rather organizations use strategies that best exploits organizations internal resources and strengths. Best and effective use of internal resources such as effective use of employees to improve on product strategy improves the ability of an organization to perform beyond competitors through adoption of products and services which are non-substitutable and rare among competitors. In relation to the current study, performance of products and services provided by SACCOs in Kenya solely depends the ability of the products to offer unique benefit and provide satisfaction to the customer in relation to pricing, delivery, design and quality.

Resources based theory has been quite significant in relation to the current study towards stipulating how organizations can rely on strategic resources to enhance product strategy and performance. Effective use of strategic resources results to quality and effective delivery of customer-focused products and services hence contributing to inflow of customers and performance of an organization.

### **1.12.2 Stakeholder Theory of Strategic Management**

According to Freeman (2004) stakeholders includes all or any group that can be affected or may influence the success of the firm in achieving its organizational objectives. Stakeholders may include the customers, suppliers, media, employees, government, competitors, among other external environments. Traditional stakeholder view only prioritized the interests of the owners as the only paramount duty of business managers. This has changed over time hence bringing about a new face of stakeholders' theory. The

integrated strategic approach of stakeholders has taken over the old model of stakeholders and introduced the need for organizations to put customers need, suppliers, employees and management in the core front line.

Karanja and Munene (2015) noted that product innovation such as product replacement or even product repositioning is paramount for SACCOs in realizing their organizational objective and in most cases, product innovativeness has been associated with the need to fulfil stakeholders needs such as customers taste and preferences, customer wants and needs. Profit, corporate social responsibility, and employee's training and development represent different stakeholders' interest, of which stakeholder theory proposes that it is the duty of an organization or management to ensure that different stakeholders' needs are met and fulfilled.

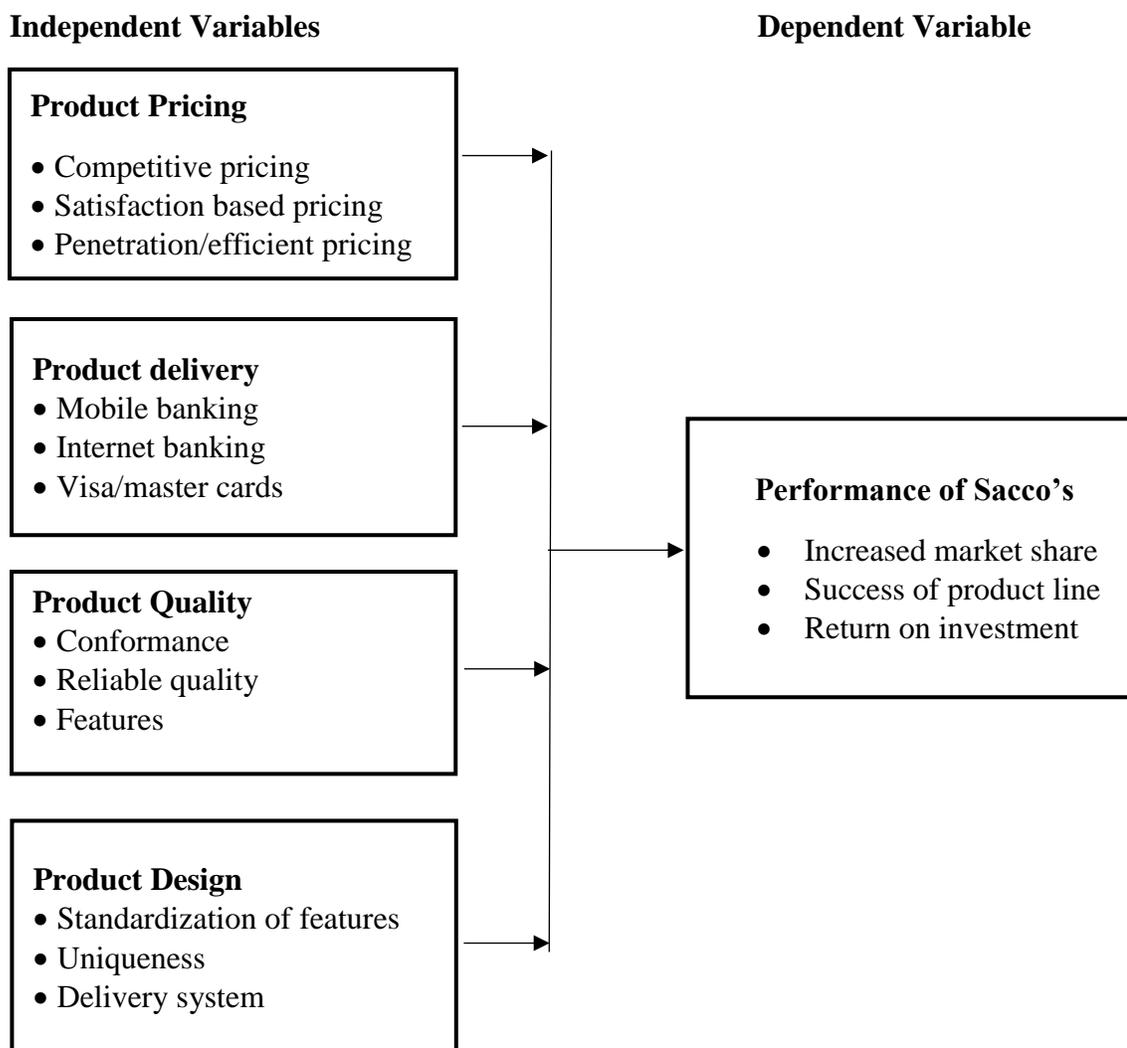
A study conducted by Mwangi (2015) on the performance of Unaitas SACCO records a significant role played by the external environment in influencing the performance of the firm. Stakeholders' theory states that the integral function of firms is creating value for stakeholders. In the application of the theory, stakeholders play an important role in the success of any business organization. Top managers of SACCOs play an important role in aligning the interest of stakeholders and other stakeholders as both paramount to the success of the organizational performance.

In relation to the prevailing study, it is clear that the needs of stakeholders come before the needs of the organization because stakeholders are more than just partners of the organization but are important resources. For instances, the need for employees' satisfaction is quite important towards ensuring that employees are at their self-actualization level which ensures delivery with minimal supervision. Other stakeholders

such as customers are quite important because they are daily concerned with ensuring that organizations products and services meet their needs towards future purchase.

### **1.13 Conceptual Framework**

Mugenda and Mugenda (2008) stated that a conceptual framework makes distinction between two variables, which are independent, and dependent variable. Independent variable cause or influences change on another variable (dependent variable) while dependent variables have no control over independent variables. This definitely indicates that there is defined relationship between independent and dependent variable. The independent variables under study were product pricing, product delivery, product quality and product design while the dependent variable was performance of SACCOs as indicated in figure 1.1



**Figure 1.1 Conceptual Framework**

**Source: Author (2019)**

Product pricing is a product strategy where products are priced differently in consideration of cost incurred prior to production, resources utilised and labour with aim of earning an additional return from the price set (Dawes, 2018). In strategic management, organizations use competing pricing strategy, satisfaction based pricing strategy and penetration or efficient pricing to attract customers the relationship between pricing

strategy and performance is that pricing is quite important because it communicates product or services quality which is quite important to customers who prefer quality. Similarly, setting low price increases market share because customers will be willing to purchase products and services at any low price hence resulting in organizational performance.

Product delivery addresses a plan adopted by an organization to ensure products or service provision is in line with the current technological trend in the market and how the product is projected to solve technology-related constraints (Beyene, 2016). For instance, product delivery in financial services includes delivery in terms of mobile banking which refers to use of smartphones and cellular devices to complete transaction conveniently. Product delivery can also be addressed in relation to internet banking which involves carrying out transaction through the internet. Other forms of product delivery include use of Visa or Master card. The relationship between adoption of technology compatible services is that they enhance efficiency in provision of services hence reduction of cost of operation that results in improved return on investment.

Product quality addresses the ability of a product to poses desirable features and characteristics that are in relation to customer wants and needs (McNabb, 2008). A product is determined to be quality if it possesses desirable features. The relationship between product quality and performance is that quality results to the attraction of customers hence resulting in the success of specific product line in the market.

Product design is quite a wide area of study that focuses on the ability to creating new products and re-engineering the existing ones towards the delivery of a much customer appealing product and services (Dawes, 2018). Product design also addresses the delivery

design. The relationship between product design and performance is that a new product design addresses challenges of existing product hence resulting in enhanced customer purchase and return on investment.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter clearly outlines literature in relation to the influence of product strategy on performance of SACCOs in Kenya. The chapter is made up of different sections namely; theoretical review, empirical review, summary and knowledge gap.

#### **2.2 Review of Literature**

Review of literature is a way of gaining knowledge through addressing and acknowledging existing study literature, experiments and observations (Kothari, 2012). Review of literature of the current study will focus on product pricing and performance, product design and performance, product quality and performance and product design and performance.

##### **2.2.1 Product Pricing and Performance**

Studies conducted by Langat (2016) on the influence of pricing strategy on organizational performance through the use of qualitative research design in Kenya indicated that the profit margin of the company increased as the firm price tagged its products at penetrating prices. According to the study, the respondents in Langat's research concurred by agreeing on the positive correlation between pricing strategies employed by the company and the overall performance of the company. Other factors considered in this study included the ability of a company to offer competitive pricing with respect to psychological pricing which enhances customer attraction hence leading to increased purchase of services and products. The study, however, did not provide statistical evidence on how product pricing affects performance of organizations.

Likewise, a study conducted by Ovenden (2005) on factors enhancing customer satisfaction on pricing in the United Kingdom identified that price was considered as a factor that enhances customer satisfaction. In addition, the study noted that customers value the services rendered by their SACCOs based on the price charged for the service or product, therefore, agreeing that product price is a significant factor in determining the level of customer satisfaction. Furthermore, the researcher echoed that the company managers employ attractive pricing/ satisfaction based pricing strategies towards customers' retention. The findings of the study did not clearly relate how satisfaction based pricing results to return on investment of an organization but generally identified that attractive pricing results to increase in customer purchase of products and services.

According to a research conducted by Ngure, Kimani and Kariuki (2017) on product innovations and financial performance of savings and credit co-operatives societies in Kirinyaga County, through the use of quantitative research design, identified that a significant percentage of about 75% of the Kenyan population derive their livelihoods in terms of financial assistance from SACCOs, representing a ready market for the sector that has been fully influenced by pricing strategy of their products. Most of the SACCOs adopt penetrating pricing strategy that is aimed at attracting new entries. In addition, pricing strategies dictate the degree of organizational performance across the sector. It is quite clear that customers are going for pocket-friendly products, services that result to increased number of customers, and in return, results to growth in market share. The study was purely descriptive and did not provide statistical details to proof relationship between adoption of penetration pricing strategy and return on investment.

A study carried out by Muteke (2015) on the relationship between financial innovation and financial performance among Savings and Credit Co-operative Societies in Mombasa County Kenya, through adoption of survey research design indicated that products and services offered by co-operatives such as SACCOs are integral and play a significant role in enhancing the economic welfare of the majority of Kenyan taxpayers who in turn facilitate economic development of the country. In addition, Muteke argues that since a majority of the low class and middle-class citizens comprises of co-operatives who take a larger percentage of the population, products and services offered at affordable prices for example loans at affordable interest rate impacts long-term growth of the Co-operatives and enhance both short-term and long-term organizational performance. The current study did not specifically focus on any pricing strategy but generally addressed how pricing strategy shapes the future of the organization in terms of market share and enhanced customer access.

### **2.2.2 Product delivery and Performance**

In relation to the study conducted by Ngure, Kimani and Kariuki (2017) on product innovations and financial performance of Savings and Credit Co-operatives Societies in Kirinyaga County Kenya, delivery of products in relation to innovation and modern technology in the financial sector has recorded high performance since the introduction of banking technologies back in 2008. The research further highlighted that SACCOs can improve their market competitiveness by enhancing product innovations example developing mobile apps and adoption of mobile banking that facilitate easy access to services by customers. The study further indicates that product delivery services have been a major focus in the current generation with majority of the SACCOs customer being the

youth who subscribe majority of the products offered hence contributing to organizational performance. The study however provided very limited evidence on relationship between easy access of services offered by SACCOs and performance of SACCOs.

A study conducted by Mwangi (2015) on factors influencing performance of SACCOs in Kenya, through the use of descriptive research design identified that innovations for example online banking/ internet banking, loan accessing platforms are the driving force in the finance industry. It is quite clear that cooperatives such as SACCOs are employing technology-enhanced services such as e-websites to enhance customer satisfaction by comparing different products available therefore helping customers make an informed decision. This has considered being a major driving force on the success of SACCOs in Kenya. Other services such as debits and credit cards enhance ease access to service anywhere at any time by the customer. SACCOs opt to employ product innovation to ease the process and access of the service by customers hence contributing to organizational performance. The findings of the study did not clearly address how financial institutions can use internet banking towards organizational performance.

Grundiche (2004) addressed marketing strategy and plans an organizational perspective in United States and concurred that the business environment is ever-changing characterized by stiff competition. The tastes and preferences of customers are ever-changing. Investing in research and development is paramount for the survival of SACCOs since it will enhance adoption of reliable technology equipping the company with the ability to develop products and services that are satisfying to the changing customer needs. The study is supported by research conducted by Muteke, (2015) who indicate that people are going for technology-related products and services which are cost-friendly and enhance

efficiency such as adoption of Master card and Visa cards which allows customers to access organizations services conveniently and at low cost. On contrary, the findings of the study did not address the cost of adoption of new technology and its impact on financial performance of SACCOs.

Mbaabu (2013) study on influence of strategy and technology on performance of deposit taking Savings and Credit Societies in Kenya identified that the business environment is dynamic and uncertain due to market forces such as the advanced and ever-changing market environment. The study further stated that the rate by which technology is employed in SACCOs and other co-operatives is low with ignorance and costs as the main contributing factors. Momanyi (2017) noted that the financial sector is more competitive and co-operatives have to keep at par with the banks who employ research and development to attain a competitive edge in the market. Osoro (2015) identified that banking sector is the leading sector in the employment of advanced technology example paperless automatic cheque and Visa cards which enhances efficiency and effectiveness hence resulting in performance. The finding, however, did not address how the use of technology compatible strategies in SACCOs contribute to addressing current challenges prudent financial management.

### **2.2.3 Product Quality and Performance**

A study conducted by Iruguthu (2014) on factors that influence customer satisfaction in Savings and Credit Cooperatives (SACCOS) In Kenya through the use of descriptive research design stated that product quality has been one of the most significant strategies used by organizations in the current generation towards delivering standard products to the changing needs of customers. According to Develtere and Pollet (2009)

when customers perceive a product or service being special, valuable or both then a positive relationship with the firm is developed which can enhance customer loyalty and customer referrals. SACCOs for decades have majorly focused only on pulling resources for customers and offering them cheap loans. In the current generation, customers are looking for more such as reliable quality of every service or product provided by an organization. The findings of the study, however, did not provide clear evidence on how product quality through enhanced services contributes to organizational performance.

A study conducted by Nilsson, Johnson, and Gustafsson (2001) on the impact of quality practices on customer satisfaction and business results: product versus service organizations through the use of qualitative research design in United States pointed out that Co-operatives that are member-based face stiff competition from the banking sector and to outshine the banking sector, firms have to embrace technology to create quality-based products with advanced features. Features such as mobile apps that are user-friendly, not affected by geographical location of the customer hence enabling the firm to attract new customers and enhance its financial performance. Furthermore, studies identified that marketing researchers have put a lot of emphasis on quality practices since quality enhances reliability hence resulting to increased need for customers to adopt such products hence resulting to enhanced impact on organizational performance. The findings of the study did not provide recommendations on specified strategy in which organization should focus on towards performance.

Likewise, Atiyah (2016) study on product's quality and its impact on customer satisfaction a field study in diwaniyah dairy factory in India indicated that product quality is an important product strategy due to its influencing effects on increasing customer

loyalty with enhanced customer satisfaction. The study further indicates that product quality by organizations leads to satisfaction or complacency that contributes to customer loyalty thus enhancing finance performance of a firm. In most cases, quality comes with selected market group with specified features such as it has been witnessed with the motor vehicle industry for instance, with some cars such as Mercedes Benz and Cadillac being produced to suit customised customer needs. The findings of the study failed to address how specified features in a product results to performance of organizations since the study focused deeply on how product quality results to customer attraction.

Research by Nilsson (2001) on the impact of quality practices on customer satisfaction and business results: product versus service organizations in UK argued that there exists a positive correlation between a large customer database and organizational performance. Research by Brady and Chronin (2001) shows that customer's perceived product or service quality enhances the firm's financial and overall performance. Similarly, Atiyah (2016) study noted that customers attach a mark to a firm's products and services based on product and service quality they have experienced. Reed (2000) concurs that organization with quality product and services are much likely preferred by customers' example SACCOs that offer loan products that take less time to be processed often-record larger customer databases. The studies, however, failed to address customer preference in enhancing product quality hence failing to address effectively the influence of product quality on performance.

#### **2.2.4 Product Design and Performance**

Luchs and Swan (2011) study on emergency of product design as a field of marketing enquiry in United Kingdom through the adoption of descriptive research design

stated that the concept of product design in the current generation has become quite significant towards performance of an organization in general. Companies are currently using product design strategies to distinguish them from perfect competition and oligopoly competitors. For instance, in the case of SACCOs some have designed their services to suit various customer needs. For instance, Unitas focuses not only on short term loans but have also focused on long-term loans for less cost as compared to other financial institutions such as banks hence resulting in organizational performance. The findings of the study did not address specific product design and how it contributes to performance of an organization but generalised its view on product design as a strategy.

Maghimbi (2010) addressed the reborn of regional cooperatives union, a perspective of the local governance in Tanzania and noted that people create bonds with products they possess and thus reflecting the significant branding or product design plays in enhancing organizational performance. Branding firm's products and service to attain the characteristic of uniqueness in the market help the organization stand out and sell their products. Co-operatives such as SACCOs while designing their products and services consider the ability to bring about uniqueness and quality that the customers want. The study also indicated that product design includes adding additional features or recreating new product to suit the current needs that result in organizational performance. The findings of the study did not provide clear evidence on how uniqueness of a product results to performance of an organization.

Membe and Doriza (2012) conducted a study on product standardization and adoption of international marketing, a case of McDonalds identified that standardization of product and services across all SACCOs branches facilitates product awareness by the

existing customers and attracts new customers in the process. Kotler (1996) stated that product standardization helps customers in making informed purchases decision. Products offered by cooperatives that are unique with standardizing features impacts organizational performance through large customer database recording sales that generate revenue for the company. A study conducted by Lamprey (2017) highlights that products; loans products that are cost-effective are positively correlated with organizational performance. Mwangi (2015) indicates that member-based cooperatives include the larger percentage of low and middle-class citizens who reflect the ready market for SACCOs with affordable cost-effective products. The findings of the study did not address challenges of standardised features across all products, services, and how these challenges affect return on investment.

Membe and Doriza (2012b) concurred with Kotler (1996) study and identified that Standard products that are cost-friendly enhance financial performance of cooperatives. Cooperatives encounter stiff competition from banking institutions due provision of similar products and services. Product designing has been associated with ability to bring about uniqueness through bringing out a gap between banking services and SACCOs services which can be easily identified and relied upon preferred customers hence resulting to organizational performance. On contrary, literature of the reported study did not address the concept of product design to its satisfactory with various features being ignored towards addressing organizational performance.

### **2.2.5 Performance of Savings and Credit Cooperative Organizations**

Richard (2009) stated that performance is a broad term that encompasses financial performance, product market performance and shareholders returns. The success of an organization is generally dependent on nature of the three aspects of performance. If an

organization, for instance, does not meet its financial objectives, there is a likelihood that its financial performance is poor and vice versa. Product market performance focuses on the ability of the organization to deliver and sell products to the customers successfully. An improved product market performance results to creation of product line. Similarly, shareholders return determines the measure of performance of stock at different time (Upadhaya, Munir & Blount, 2014).

Farris at al. (2009) identified that increase in market share is one of the most significant strategies or an organization to gain performance. Increases market share ensures that an organization sale more than the competitors. This clearly indicates that with increased market share, there is likelihood of an organization to have better returns on investment. The Market share of SACCOs in Kenya has grown in the recent years it SACCOs occupying a total of 24% of financial service provides.

Chen (2007) stated that product line is a group of related products offered by an organization. The concept of product line is based on the idea of offering wide variety of products and services to customers and diversification. For instance, customers might consider going for overdraft instead of SACCO loans due to factors such as interest rate, duration and application process. SACCOs in Kenya have potentially embraced various products with aim of beating intense competitiveness in the financial sector. Some of the products offered include; - emergency loans, school loans, periodic loans, salary advance, saving account, investment partnership, ATM services, personal loans and business loans among others.

Return on investment, on the other hand, is the ratio between net profit and cost of investment (Joshua, 2005). Performance is determined if an organization produces positive

return on investment. A negative return on investment is an indication that an organization is operating on a loss. Some of the factors that can result in negative return on investment include; limited same of organizations products and services, increased current and fixed expenditure and poor product strategies such as pricing and technology incompatibility.

### **2.3 Summary of Review of Literature and Research Gap(s)**

Literature review discussed above indicates that product pricing, product design; product quality and product design affects the performance of SACCOs. Literature review noted that the integration of the four factors is paramount in enhancing maximum organizational performance. These factors are interlinked together for the overall performance of the organization. The study identified measures such as increased market share, the success of product line and return on investment as major indicators of organizational performance. In addition, the study noted that customer satisfaction, quality of service, and technological advanced mobile apps as the most indicators of improved SACCOs operation performance that enhances long-term growth of SACCOs. Furthermore, customer-focused advanced innovations such as loan products, provision of investment consultation, investment partnership and bank-related services have been among the major product strategies offered by SACCOs in Kenya towards enhanced organizational performance.

The current study identified extensive studies on the role of product pricing on performance of co-operatives, role of product design on performance of SACCOs, role of product quality on performance of SACCOs and role of product design on organizational performance. However, the study noted that there are limited studies to elaborate the relationship between product strategy as an independent variable and performance as

dependent variable. The researcher also identified that there is limited statistical evidence to relate the influence of product strategy on performance of SACCOs. This research, therefore, sought to fill the gap by establishing influence of product strategy on performance of SACCOs in Kenya.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter presents methods and procedures used in the study on identifying influence of product strategy on performance of SACCOs in Kenya. The chapter contains aspects such as research design, research site and rationale, target population, sampling procedures, methods of data collection procedures, research instrument and ethical consideration.

#### **3.2 Research Design**

Kothari (2010) defines research design as a strategy which researcher uses to bring together different components of a study in a coherent and logical manner with the aim of addressing the stated research problem. In the prevailing study, the researcher adopted descriptive research design that is a scientific method involving observing and describing the behaviour of a subject without influencing it in any way. McNabb (2008) recommended on the need to adopt descriptive research design because in descriptive research design, the researcher has minimal influence on the study population and this can result to reliable information hence resulting to analysable data. Another benefit associated with adoption of descriptive research design is the ability to accommodate huge amount of data compared to other techniques such qualitative, correlational and experimental designs.

#### **3.3 Research Site**

According to Dawson (2002) study rationale is the location or area to which the study will be conducted. The prevailing study was conducted in Thika, Kiambu County where the researcher focused on identifying influence of product strategy on performance

of Azima SACCO. The reason why the study focused on Azima SACCO is because Azima SACCO is one of the most growing SACCOs in Kenya in relation to its product strategy and concentration in one SACCO brings a clear and detailed analysis of how her product strategy contributes to performance. Similarly, SACCOs in Kenya are quite sensitive with information in relation to products strategy with most of the SACCOs declining to participate in the study.

### **3.4 Target Population**

Mugend and Mugenda (2003) stated that target population is a specific group relevant to a particular study. The target population for the prevailing study was Azima SACCO while the study population comprised of top management, middle-level management and lower-level management of SACCO. Azima SACCO is made up of 8 top officials, 14 middle managers and 34 lower-level managers or rather supervisors who are involved in daily running of the organization (Azima, 2018). The reason why the current study targeted target top, middle and lower-level management is that product strategy is only practised at the management level and from the point of view; the management is part of the core shareholders and stakeholders of Azima SACCO. This made a good blend to look at issues with respect to shareholder view, customer view and management view. The study target population was made of 56 respondents in total.

### **3.5 Study Sample**

This section of the study presents sampling procedures and specific study sample size.

### 3.5.1 Sampling Procedures

Due to the nature of the study and the number of the target respondents, the study-adopted census, which is a strategy, adopted towards ensuring that all the targeted respondents were featured in the study. The study aimed at maximizing response through ensuring that not only top management provided information, but also middle-level management and lower-level management participated in giving their own views in relation to influence of product strategy on performance of SACCOs in Kenya.

### 3.5.2 Study Sample Size

The sample size of the study comprises of 56 respondents, which is a representation of the target population because the study adopted census method. The sample size is presented in table 3.1 of the study.

**Table 3.1 Study Sample Size**

<b>POPULATION</b>	<b>TOTAL</b>
Top management	8
Middle level management	14
Lower level management	34
<b>Totals</b>	<b>56</b>

**Source:** (Azima SACCO, 2018)

### 3.6 Data Collection

This section addresses data collection instrument, pilot testing of research, instrument reliability, instrument validity and data collection procedures.

### **3.6.1 Data Collection Instrument**

Research instrument is defined as the measurement tool that the researcher uses to obtain data from the study population (Kothari, 2012). The prevailing adopted semi-structured questionnaires. The semi-structured questionnaire comprised of both open-ended and closed-ended questions, which granted the respondents the right to express their opinion and limited opinion respectively. Mugenda and Mugenda (2008) state that questionnaires are cost-effective, they are practical and enhance user anonymity that enhances the ability of the respondents to provide response based on their own understanding. Development of questionnaire was conducted in six parts where the first part of the questionnaire addressed biographic data, the second part addressed the first objective of the study, the third part addressed the second objective, the fourth part addressed the third objective, the fifth part focused on the fourth objective while the sixth part addressed the independent variable of the study. Part one of the study was set to test descriptive statistics while part two to six focused on descriptive and inferential statistics.

### **3.6.2 Pilot Testing of Research Instrument**

The aim of conducting a pilot study was to ensure that the proposed research instrument addresses what it is supposed to address. Mugenda and Mugenda (2008) proposed that a researcher can choose to operate with sample respondents retrieved from the targeted group or a different environment. The study randomly selected a total of 10 respondents from a different SACCO to guide in conducting the pilot study.

### **3.6.3 Instrument Reliability**

Reliability measures research internal consistency; internal consistency is a measure of reliability that gives an estimate of the equivalence of set of items from the

same test (Mugenda & Mugenda, 2012). An example is a set of questions aimed at identifying influence of product strategy on performance of SACCOs in Kenya. Internal consistency of reliability assumes that items used to measure the same construct should correlate. The most preferred method for testing internal consistency is Cronbach Alpha. In the prevailing study, the researcher used Cronbach alpha where reliability coefficient for all variables of the study was above 0.7 hence a clear indication that the research instrument was consistent enough to determine influence of product strategy on performance of SACCOs in Kenya.

#### **3.6.4 Instrument Validity**

Validity is a measure that determines whether the study instrument measures what it purports to measure (Schwarz, 2009). It is quite often that an instrument can be reliable and invalid at the same time. Instrument validity proceeds when instrument reliability has been confirmed. The prevailing study focused on content validity, which involved identifying whether the content of the study instrument measures what it is supposed to measure. In determination of content validity, expertise judgement was involved and this included the use of university supervisors' towards scrutinizing the instrument.

#### **3.6.5 Data Collection Procedures**

Mugenda and Mugenda (2012) state that data collection procedures involve a process, which a researcher uses towards ensuring that effective collection of the required information has been enhanced. After approval of the questionnaire, the researcher handed over approved questionnaires to the target population. This was after the researcher had sought self-consent from the respondents towards participation in the study. The researcher explained vividly the significance of the study to the respondents. Drop and pick procedure

was used where the researcher allowed a period of one week for the selected respondents to fill based on their satisfaction.

### 3.7 Data Processing and Analysis

The process of data analysis involves gathering scattered information, compiling the information and examining the compiled information to produce desired data that can be easily understood. Data analysis was conducted using descriptive and inferential techniques. In descriptive statistics, the researcher focused on the presentation of percentages in nature of response and descriptive information in nature of frequency. Other measures of descriptive statistics involved means and standard deviation that were accompanied by appropriate descriptions. In inferential statistics, the study focused on correlation analysis and linear regression towards addressing relationship between variables where relationship was determined using Sig  $P < 0.05$ . Linear regression was addressed through a linear regression equation; -

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Y=Performance of SACCOs in Kenya

a=Constant Coefficient

$\beta$ = Beta of Respective Variables

$X_1$ =Product Pricing

$X_2$ = Technology Compliance

$X_3$ = Product Quality

$X_4$ = Product Design.

### **3.8 Legal and Ethical Considerations**

Throughout the study, the researcher observed ethical considerations such as ensuring that all respondents had equal chances to participate in the study. The researcher also ensured possession of data collection permit before conducting any study, from the University administration and NACOSTI. This was accompanied by seeking respondents consent and seeking permission from Azima SACCO. The researcher observed accountability hence avoiding reformulation of data and plagiarism.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND PRESENTATION OF FINDINGS**

#### **4.1 Introduction**

The purpose of this chapter is to present data and interpret the findings of the study. Data analysis and interpretation are in relation to the objectives of the study. The main purpose of the study was to determine the influence of product strategy on performance of saving and credit cooperative society in Kenya. The study analysis descriptive and inferential statistics.

#### **4.2 Characteristics of Respondents**

Response rate presents the number of respondents who participated in the study against the proposed number. From the findings out of targeted respondents, 89% of them participated while 11% of the targeted sample size did not participate. The lower level management had a response rate of 30 (54%), middle-level management had a response rate of 12 (21%) while top management had response of 8 (14%). Resulting to a response rate of 50 (89%) while those who did not participate were 6 (11%). Mugenda and Mugenda (2012) pointed out that a response rate beyond 50% is sufficient for data analysis.

#### **4.3 Reliability Analysis**

Just as proposed in chapter 3 of the study, the reliability test determines internal consistency of the analysed data. The study adopted Cronbach alpha as presented in table 4.1 of the study.

**Table 4.1 Reliability Analysis**

<b>Item</b>	<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on Standardized Items</b>
Product pricing	.739	.725
Product delivery	.801	.752
Product quality	.783	.746
Product design	.985	.982

Findings stipulated that after testing the four variables of the study, it was identified product pricing had a standardized reliability index of 0.725, product delivery had a standardized index of 0.752, product quality had a standardized index of 0.746 while product design had a standardized reliability index of 0.982. This was a clear indication that all variables were reliable hence paving way for more data analysis.

#### **4.4 Background Information**

This section presents the demographic characteristics of the respondents such as gender, age and education level.

##### **4.4.1 Gender**

The study depicted that 27 (54%) of the respondents were male while 23 (46%) of the respondents were female employees. According to the findings, female employees were more than the male employees.

#### 4.4.2 Age Group

This section sought to determine respondents' age group. The findings are presented in table 4.2 of the study.

**Table 4.1 Age Group**

<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
26-30 years old	15	30.0
31-35 years old	8	16.0
36-40 years old	6	12.0
41 and above	21	42.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

Results identified that respondents age distribution was recorded as the following; 15 (30%) respondents were aged between 26-30 years old, 8 (16%) respondents were aged between 31-35 years old, 6 (12%) respondents were aged between 36-40 years old, 21 (42%) respondents were aged above 41 years old. This clearly indicated that majority of the respondents were female aged above 41 years.

#### 4.4.3 Education Level

The current section addresses respondents' education level. The findings are presented in table 4.3 of the study

**Table 4.2 Education Level**

<b>Category</b>	<b>Frequency</b>	<b>Percent</b>
Undergraduates	29	58.0
Graduate	18	36.0
Others	3	6.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

Results in table 4.3 of the study stipulated that 29 (58%) respondents were undergraduates while 18 (36%) respondents were graduates. Findings identified that 3 (6%) represented others such as diploma and postgraduates.

#### **4.5 Product Pricing and Performance**

This section presents results in line with the first objective of the study, which was to determine the influence of product pricing on performance. The study used Likert, mean and standard deviation to determine the level of respondents' agreement with proposed statements. The levels of measure were that 1=Strongly disagreed, 2=Disagree, 3=undecided, 4=Agree and 5=Strongly Agree. Mean was used to measure central tendency while standard deviation (Stdv) was used to determine the direction of the data or how the data deviated from the mean. The findings on influence of product pricing on performance of Saving and Credit Cooperative Society in Kenya is presented in table 4.4 of the study.

**Table 4.3 Product Pricing and Performance**

<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Stdv</b>
Azima SACCO has adopted competitive pricing strategy.		4%	58%	38%		4.30	0.67
The SACCO loan interest is offered on reducing balance to ensure customer satisfaction.				34%	66%	4.66	0.47
Through penetrative pricing, Azima SACCO has enhanced effective sale of products and services				24%	76%	4.76	0.43
Azima SACCO has cheap rates for customers who access loans with the SACCO		4%	42%	54%		4.46	0.70
Products produced in Azima SACCO are developed from customers need perspective.		12%	6%	82%		3.70	0.67
Mean Weighted average						4.37	0.58

According to the findings in the first statement of table 4.4, findings identified that a total of 96% respondents agreed with the statement which stated Azima SACCO has adopted competitive pricing strategy while only 4% of the respondents disagreed with the statement. Findings identified that the data had mean and standard deviation of 4.30 and 0.67 respectively where a very high mean denoted very high level of agreement with the statement while very low standard deviation was an indication that the data had minimal deviation from the mean.

In the second statement, respondents fully agreed with the statement that the SACCO loan interest is offered on reducing balance to ensure customer satisfaction. The data had a mean and standard deviation of 4.66 and 0.47 respectively where very high mean denoted full agreement with the statement while low standard deviation was an indication of low deviation of data.

In the third statement of table 4.4, the study identified that respondents fully agreed with the statement that through penetration pricing, Azima SACCO has enhanced effective sale of products and services. The data had mean and standard deviation of 4.76 and 0.43 respectively where a very high mean denoted very high rate of respondents' agreement with the statement while very low standard deviation denoted minimal data deviation.

In relation to results in the fourth statement of table 4.4, findings clearly identified that a total of 96% respondents agreed with the statement that Azima SACCO has cheap rates for customers who access loans with the SACCO while only 4% of the respondents disputed with the statement. The data had a mean and standard deviation of 4.46 and 0.70 respectively where high mean denoted high level of respondents' agreement while low standard deviation showed that the data slightly deviated from the mean.

Findings in the fifth statement identified that a total of 82% respondents agreed with the statement that products produced by Azima SACCO are developed from customers need perspective while only 12% of the respondents disagreed with the statement. The findings denoted that 6% of the respondents were undecided. The data had

a mean and standard deviation of 3.70 and 0.67 respectively. High mean denoted high level of respondents' agreement with the statement.

In an overall observation on statements meant to determine the influence of product pricing on performance of SACCOs in Kenya, the findings produced weighted mean average of 4.37 and weighted standard deviation of 0.67. This was a clear indication that high number of respondents agreed with the statements compared to the level of disagreement. This was an implication that product pricing has a major influence on performance of SACCOs in Kenya.

#### **4.6 Product Delivery and Performance**

This section presents findings in relation to the second objective of the study, which was meant to examine the influence of product delivery on performance of Saving and Credit Cooperative Society in Kenya. The study adopted Likert, mean and standard deviation to determine the level of respondents' agreement with proposed statements. The levels of measure were that 1=Strongly disagreed, 2=Disagree, 3= undecided, 4=Agree and 5=Strongly Agree. The study used Mean to measure central tendency while standard deviation (Stdv) was used to determine how the data deviated from the mean. The findings of objective two of the study are presented in table 4.5

**Table 4.4 Product Delivery and Performance**

<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Stdv</b>
Azima SACCO has adopted e-banking towards offering their products and services.	4%	4%	6%	28%	58%	4.32	1.03
E-banking has enhanced Products and services accessibility at Azima SACCO.	5%	5%		36%	54%	4.22	1.13
High rate of mobile banking use to access services has been greatly experienced at Azima SACCO.	4%	6%		26%	64%	4.40	1.04
Azima SACCO has adopted internet-banking services to spur efficiency and performance.	10%	12%	12%	34%	32%	3.66	1.31
There is high rate registration and use of Visa cards in Azima SACCO	14%	26%	14%	28%	18%	3.10	1.35
Mean Weighted average						3.94	1.17

Results in the first statement of table 4.5 of the study identified that a total of 86% respondents agreed with the statement that Azima SACCO has adopted e-banking towards offering their products and services while 8% of the respondents disagreed with the statement. Findings denoted that only 6% of the respondents were undecided. The data had

mean and standard deviation of 4.32 and 1.03 respectively. High mean was an indication that the high number of respondents agreed with the statement.

Findings in the second statement of table 4.5 of the study identified that 90% of the respondents agreed and that e-banking has enhanced products and service accessibility at Azima SACCO while a total of 10% of the respondents disagreed with the statement. The data produced mean and standard deviation of 4.22 and 1.13 respectively. High mean meant that high level of respondents agreed with the statement while moderate standard deviation was an indication that the data deviated at a low rate from the mean.

According to results in the third statement of table 4.5, results stipulated that 90% of the respondents agreed with the statement that high rate of mobile banking use to access services has been greatly experienced in Azima SACCO while 10% of the respondents disagreed with the statement. The data produced mean and standard deviation of 4.40 and 1.04 respectively where a very high mean was an indication that high number of respondents agreed with the statement while low standard deviation denoted low deviation of data from the mean.

In relation to results in the fourth statement, it was identified that a total of 66% respondents acknowledged that Azima SACCO had adopted internet-banking services to spur efficiency and performance while 22% of the respondents disagreed with the statement. The findings pointed out that only 12% of the respondents were undecided with the statement. The data had mean and standard deviation of 3.66 and 1.31 respectively. High mean demoted high level of respondents' agreement with the statement while high standard deviation indicated high distribution of data.

Findings in the fifth statement pointed out that 46% of the respondents agreed with the statement that there is high rate of registration and use of Visa cards in Azima SACCO while 40% of the respondents disagreed with the statement. The results identified that 14% of the respondents were undecided. The data had mean and standard deviation of 3.10 and 1.35 respectively where moderate mean was an indication of moderate distribution of data among the measures of response.

Overall results on the influence of product delivery on performance of SACCOs in Kenya identified that results had a weighted average mean of 3.94 and a standard deviation of 1.17 respectively. High mean indicated high level of respondents agreed with the statements while moderate standard deviation indicated the data lowly deviated from the mean. This was an implication that product delivery has influence on performance of SACCOs in Kenya.

#### **4.7 Product Quality and Performance**

This section presents results in relation to the third objective of the study, which was meant to determine the influence of product quality on performance of SACCOs in Kenya. According to the Likert scale used, the study levels of measurement for the variables were set where 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4=Agree and 5 = Strongly Agree. The higher the mean, the more the respondents agreed with the statement while the lower the standard deviation, the closer the data is to the mean hence high level of agreement with the statements. The findings of the study are presented in Table 4.6.

**Table 4.5 Product Quality and Performance**

<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Stdv</b>
Products and services offered by Azima SACCO are competitive compared to competitors products	14%	6%		54%	26%	3.72	1.30
Azima SACCO products and services meet stated and implied needs by customers	6%		14%	52%	34%	4.02	0.82
The Azima products and services are of added value such as mobile banking	10%			36%	54%	4.24	1.18
Services offered by Azima SACCO are of conformance to standards set by SASRA	8%	12%		40%	40%	3.92	1.27
Azima SACCO offers products and services which are of reliable quality.	20%			48%	32%	3.72	1.44
Mean Weighted average						3.92	1.20

In relation to the results in the first statement of table 4.6, findings identified that a total of 80% respondents agreed with the statement which stated that products and services offered by Azima SACCO are competitive while only 20% respondents disagreed with the statement. Findings recognised that the data had mean and standard deviation of 3.72 and

1.30 respectively. High mean denoted high level of respondents' agreement with the statement while high standard deviation indicated that data deviated from the mean.

In the second statement of table 4.6, the researcher identified that 86% respondents agreed with the statement that Azima SACCO products and services meet stated and implied needs by customers while 6% of the respondents disagreed with the statement. The findings similarly noted that a total of 14% of respondents were undecided. The data had mean and standard deviation of 4.02 and 0.82 respectively where a very high mean was an indication that majority of the respondents agreed with the statement and low standard deviation denoted low data deviation from the mean.

Results in the third statement stipulated that 90% respondents agreed with the statement that Azima SACCO products and services are of added value such as mobile banking while a total of 10% respondents disagreed with the statement. The results had mean and standard deviation of 4.24 and 1.18 respectively. A very high mean was an indication that high number of respondents agreed with the statement while low standard deviation denoted low deviation of data from the mean.

In relation to results in the fourth statement, findings identified that 80% respondents agreed that services offered by Azima SACCO are of conformance to standards set by SASRA while 20% of respondents disagreed with the statement. The data had mean and standard deviation of 3.92 and 1.27 respectively where high mean denoted high level of agreement with the statement while high standard deviation indicated that data deviated from the mean.

In the fifth statement, it was identified that a total of 80% of the respondents agreed that Azima SACCO offers products and services which are of reliable quality while 20%

respondents disagreed with the statement. The findings of the study had mean and standard deviation of 3.72 and 1.44 respectively. A high mean denoted that high number of respondents agreed with the statement while high standard deviation indicated that data deviated from the mean.

Overall weighted mean average results identified that that respondents majorly agreed with the statement on product quality because the data had high mean of 3.92 and low moderate standard deviation of 1.20 which indicated moderate deviation of data from the mean. The results on mean average implied that product quality has an influence on performance SACCOs in Kenya.

#### **4.8 Product Design and Performance**

Section 4.8 addresses results in relation to the last objective of the study, which was meant to find out the influence of product design on performance of SACCOs in Kenya. According to the Likert scale used, the study levels of measurement for the variables were set where 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4=Agree and 5 = Strongly Agree. The higher the mean, the more the respondents agreed with the statement while the lower the standard deviation, the closer the data is to the mean hence high level of agreement with the statements. Results are presented in table 4.7.

**Table 4.6 Product Design and Performance**

<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Stdv</b>
Azima SACCO has designed its products to meet customer satisfaction.		20%		42%	38%	3.98	1.09
Azima products and services are unique compared to competitors products and services	10%	10%	12%	50%	18%	3.56	1.19
Azima SACCO has efficient and effective product delivery system		14%	16%	58%	12%	3.68	0.86
There is a need to redesign Azima SACCO products and services		16%	18%	38%	28%	3.78	1.03
Azima products and services are designed with unique features.		14%	22%	46%	18%	3.68	0.93
Mean Weighted average						3.74	1.02

Results in the first statement of table 4.7 identified that a total of 80% respondents agreed with the statement that Azima SACCO has designed her products to meet customer satisfaction while only 20% respondents disagreed with the statement. Finding pointed out that the data had mean and standard deviation of 3.98 and 1.09 respectively where high mean denoted high level of respondents' agreement with the statement while moderate standard deviation denoted that data moderately deviated from the mean.

Results in the second statement of table 4.7 of the study identified that a total of 68% of the respondents agreed that Azima SACCO products and services are unique compared to competitors products and services while a total of 20% respondents disagreed with the statement. According to the results, 12% of the respondents were undecided. The data had mean and standard deviation of 3.56 and 1.19 respectively where high mean indicated a high level of respondents agreed with the statement while moderate standard deviation indicated that the data had minimal deviation from the mean.

In the third statement if table 4.7, results stipulated that 70% of the respondents agreed with the statement that Azima SACCO has efficient and effective product delivery system while 14% of the respondents disagreed with the statement. Findings identified that 16% of the respondents were undecided while the data had mean and standard deviation of 3.68 and 0.86 respectively. High mean was an indication that majority of the respondents were in agreement with the statement while low standard deviation indicated that the data was close to the mean hence minimal deviation.

In the fourth statement, results pointed out that 66% of the respondents agreed with the statement that there is need to redesign Azima SACCO products and services while 16% of the respondents disagreed with the statement. Findings identified that a total of 18% respondents were undecided with the statement. The data had mean and standard deviation of 3.78 and 1.03 respectively. High mean denoted that a high number of respondents agreed with the statement while moderate standard deviation was an indication that the data had moderate deviation from the mean.

In relation to results in the last statement of table 4.7, it was identified that a total of 64% respondents agreed that Azima products and services are designed with unique

features while a total of 14% respondents disagreed with the statement. Findings stipulated that the data had mean and standard deviation of 3.68 and 0.93 respectively. High mean indicated that quite a large number of respondents agreed with the statement while low standard deviation was an indication that the data was close to the mean.

In the determination of the mean weighted average on the statements which were meant to determine the influence of product design, the findings identified that the study produced average mean and standard deviation of 3.74 and 1.02 respectively. High mean denoted high level of respondents' agreement with the statements while moderate standard deviation denoted normal data deviation from the mean. The findings were clear implication that product design has an influence on performance of SACCOs in Kenya.

#### **4.9 Performance of Azima SACCO**

The purpose of this section is to present results in relation to the performance of Azima SACCO. According to the Likert scale used, the study levels of measurement for the variables were set where 1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4=Agree and 5 = Strongly Agree. The study used Mean to measure central tendency while standard deviation (Stdv) was used to determine how the data deviated from the mean.

**Table 4.7 Performance of Azima SACCO**

<b>Opinion</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Stdv</b>
Azima SACCO has grown in terms of increased market share		12%	10%	36%	42%	4.10	0.97
There is a success of product line in Azima SACCO		2%	6%	54%	34%	4.24	0.65
Azima SACCO has witnessed growth on investment			6%	50%	44%	4.38	0.60
The number of customers in Azima SACCO grows day by day hence resulting in increased demand for products		6%	12%	44%	38%	4.14	0.85
Mean Weighted average						4.22	0.76

In relation to the first statement of table 4.8, results identified that 78% respondents agreed with the statement that Azima SACCO has grown in terms of increased market share while 12% respondents disagreed with the statement. Finding pointed out that 10% respondents were undecided with the statement. The data had a very high mean and low standard deviation of 4.10 and 0.97 respectively. This was a clear indication that respondents agreed with the statement.

In the second statement, findings pointed out that 84% respondents agreed with the statement that there is a success in product line in Azima SACCO while 2% and 6% respondent disagreed and were neutral respectively. The data had a very high mean and

standard deviation of 4.24 and 0.65 respectively. A high mean and low standard deviation indicated very high level of respondents' agreement with the statement. In the third statement, findings stipulated that 94% respondents agreed with the statement that Azima SACCO has witnessed growth in investment while 6% respondents were undecided. The data had mean and standard deviation of 4.38 and 0.60 respectively. A Very high mean indicated that high number of respondents agreed with the statement.

Results in the last statement of table 4.9 recognised that a total of 82% respondents agreed with the statement that the number of customers in Azima SACCO grows day by day hence resulting to increased demand of products while 6% and 12% respondents disagreed and were neutral with the statement respectively. It was identified that the data had mean and standard deviation of 4.14 and 0.85 respectively where a very high mean and very low standard deviation denoted a very high level of respondents' agreement with the statement.

Overall results on weighted mean average denoted that the data had a very high mean and very low standard deviation of 4.22 and 0.76 respectively. A very high mean was a clear indication that very high number of respondents were in agreement with the statements on performance of Azima SACCO.

#### **4.10 Correlation Analysis**

Correlation relation analysis was used as part of inferential statistics to determine the relationship between variables. In reference to chapter three of the study, the study adopted Pearson correlation where relationship was determined through identification on whether  $\text{Sig. } P < 0.05$ . The findings are presented in table 4.9 of the study.

**Table 4.8 Correlation Analysis**

		Performanc e of SACCOs	Produc t pricing	Product delivery	Product quality	Produc t design
Performanc e of SACCOs	Pearson Correlatio n Sig. (2- tailed)	1				
Product Pricing	Pearson Correlatio n Sig. (2- tailed)	.594**	1			
Product delivery	Pearson Correlatio n Sig. (2- tailed)	.723**	.757**	1		
Product quality	Pearson Correlatio n Sig. (2- tailed)	.629**	.854**	.692**	1	
Product design	Pearson Correlatio n Sig. (2- tailed)	.784**	.852**	.769**	.947**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 4.9 presents the nature of the relationship between variables through identification of the significance level of the study. The findings of the study identified that at Sig.  $P < 0.05$  ( $r = .594^{**}$ ) there is relationship between product pricing and performance of SACCOs. In relation to the second variable, the study similarly denoted that product delivery had Sig.  $P < 0.05$  ( $.723^{**}$ ) with performance of SACCOs hence a clear indication of

a stronger relationship than that of product pricing. In the third variable, the study denoted that product quality had a Sig.  $P < 0.05$  ( $r = .629^{**}$ ) which indicated existence of relationship but with a lower strength than that of product delivery. Findings in the fourth variable indicated that product design had a relationship coefficient of Sig.  $P < 0.05$  ( $r = .784^{**}$ ). The last variable of the study recorded the strongest relationship among all variables. The findings of the study meant that for effective performance of SACCOs in Kenya, products strategies such as product pricing, product delivery, product quality and product design must be effectively implemented.

#### 4.11 Regression Analysis

Regression analysis determines the association among variables. This clearly means that the section addresses combined effect of product pricing, product delivery, product quality and product design on performance of SACCOs. The combined effect will be determined through Model Summary table, ANOVA and Coefficients.

**Table 4.9 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.875 <sup>a</sup>	.766	.745	.30411

a. Predictors: (Constant), product pricing, product delivery, product quality, product design

b. Dependent Variable: Performance of SACCOs

Results in table 4.10 of the study presents level of deviation of variation between combined independent variables and dependent variable. Variation is denoted through the

identification of the level of adjusted R square. A high adjusted R square is an indication of high deviation of variation hence relationship among variables while a low adjusted R Square indicates low deviation among variables hence low relationship. According to the findings of the study, the study adjusted R square was 0.745 which was an indication that there was a very high variation (75%) between combined independent variables and dependent variables. These findings meant that there is relationship between independent variables and dependent variable.

**Table 4.10 ANOVA**

		ANOVA				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.618	4	3.405	36.812	.000 <sup>b</sup>
	Residual	4.162	45	.092		
	Total	17.780	49			

a. Dependent Variable: Performance of SACCOs

b. Predictors: (Constant), product pricing, product delivery, product quality, product design

ANOVA is used to determine association among variables through comparison of group of independent variables as identified in figure 4.1 against one dependent variable. Relationship is determined if Sig. < 0.05. According to the findings, the study identified that the data had Sig. <0.05 which meant that there is a relationship between grouped

independent variables (product pricing, product delivery, product quality, product design) with performance of SACCOs.

**Table 4.11 Coefficients**

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (Constant)	3.132	.759		4.126	.000
Product pricing	.297	.216	.213	1.375	.017
Product delivery	.151	.071	.264	2.133	.038
Product quality	.422	.113	.918	3.742	.004
Product design	.896	.142	1.631	6.289	.001

a. Dependent Variable: Performance of SACCOs

Table 4.12 of the study represents regression analysis model, which is used to determine the relationship between a response variable or rather dependent variables, and predictor variable, which in this case are referred to as independent variables. The findings are pegged on linear regression equation which is represented by  $Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$ . Y in this cases represents the independent variable of the study, a, represents the constant variable (3.132) while  $B_{1,2,3,4}$  represents the beta coefficients (B) of the variables under study (product pricing, product delivery, product quality and product design). By replacing the respective letters with values, the regression equation is presented as follows.

$$Y = 3.132 + 0.213X_1 + 0.264X_2 + 0.918X_3 + 1.631X_4$$

In relation to the above regression equation, the values represent unit of change imposed by each independent variable with respect to constant unit on dependent variable. Based on the findings, the independent variables had positive influence on dependent variable. In relation to the first independent variable, the study denoted that Performance of SACCOs (Y) was influenced by  $= 3.132+0.213X_1$ . This indicates that performance of SACCOs was influenced by 0.213 units of product pricing. Results on the influence of product delivery identified that performance of SACCOs (Y) was influenced by  $= 3.132+0.264X_2$ . These findings translated that performance of SACCOs was influenced by 0.264 units of products delivery.

In relation to results in the third variable, the study identified that performance of SACCOs (Y) was influenced by  $= 3.132+0.918X_3$ . This findings clearly indicated that performance of SACCOs was influenced by 0.918 units of product quality. Results in the fourth objective of the study clearly portrayed that Performance of SACCOs (Y) was influenced by  $= 3.132+1.631X_4$ . These findings denoted performance of SACCOs was influenced by 1.631 units of product design. Overall results identified that the independent variables had Sig.  $P<0.05$  which was a clear prove of existence of relationship among variables.

## CHAPTER FIVE

### DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

#### 5.1 Introduction

The purpose of this chapter is to present a clear summary of findings, discussion, conclusion and recommendations. Summary was conducted in relation to major findings that reflects the specific objectives of the study while discussion was conducted in reference to other findings established in literature review hence quoting level of agreement or disagreement with the current study. Conclusion was carried out in line with the variables of the study while recommendations focused on areas of improvement towards enhancing the performance of Saving and Credit Cooperative Societies in Kenya.

Based on customer perspective concept. Findings in inferential statistics identified that there is significant relationship between product pricing and performance of Saving and Credit Cooperative Societies in Kenya.

In relation to the findings in the second objective of the study which was meant to determine the influence of product delivery on the performance of Saving and Credit Cooperative Societies, the study identified that product delivery has served significance support towards performance of Saving and Credit Cooperative Societies in Kenya. The use of e-banking in Saving and Credit Cooperative Societies has resulted in efficiency and cost-effectiveness in services delivery which has resulted in customer attraction and accessibility among different groups of customers. Adoption of mobile banking has similarly been an effective tool to measure product delivery among Saving and Credit Cooperative Societies in Kenya. To spur efficiency, Saving and Credit Cooperative Societies have adopted internet banking and use of VISA/Master cards hence resulting to

access to services anywhere anytime. Inferential statistics with no doubt identified that there is significant relationship between product delivery and performance of Saving and Credit Cooperative Societies in Kenya.

In the third objective of the study which was to determine the influence of product quality on the performance of Saving and Credit Cooperative Societies in Kenya, findings stipulated that products offered by Saving and Credit Cooperative Societies in Kenya are somehow competitive compared to those offered by other financial institutions in Kenya. Findings similarly added that customers find Saving and Credit Cooperative Societies products more appealing to their needs and are of added value hence proving to provide benefits beyond expectations. The findings of the study in reference to Azima Saving and Credit Cooperative Society identified that the products are in conformance with standards set by Sacco Society Regulation Authority (SASRA). Respondents similarly identified that products offered by Azima Saving and Credit Cooperative Society are of reliable quality hence customer satisfaction. In relation to determination of relationship between product quality and performance of Saving and Credit Cooperative Societies in Kenya, it was identified that there is significant relationship between product quality and performance of Saving and Credit Cooperative Societies in Kenya.

In the last objective of the study which was meant to determine the influence of product design on the performance of Saving and Credit Cooperative Societies in Kenya, findings identified that product design affects performance of Saving and Credit Cooperative Societies in Kenya. Respondents agreed with the statement that Saving and Credit Cooperative Societies in Kenya design their products to meet customer satisfaction. Respondents similarly agreed that products in Saving and Credit Cooperative Societies

such as Azima Saving and Credit Cooperative Society are unique compared to those of competitors in terms of design and features. However, respondents added that there is need to resign different products and services offered by Saving and Credit Cooperative Societies with added unique features to regain more competitiveness and attract a huge market share in the market. Findings in inferential statistics identified that there is a significant relationship between product design and performance of Saving and Credit Cooperative Societies in Kenya.

## **5.2 Discussions**

### **5.2.1 Product Pricing and Performance of SACCOs**

In reference to the first variable of the study, findings identified that product pricing is quite a significant product strategy towards performance of Saving and Credit Cooperative Societies. Adoption of competitive products and service pricing among Saving and Credit Cooperative Societies has resulted in growth in customer base among Saving and Credit Cooperative Societies in Kenya. Similarly, pricing of loans such as offering loans on reducing balance has attracted low-income earners in relation to giving them opportunity to pay bank loan in small units hence resulting in customer satisfaction. Penetration pricing strategy among Saving and Credit Cooperative Societies in Kenya especially Azima Saving and Credit Cooperative Society has resulted in enhanced sale of products and services. The ability of Saving and Credit Cooperative Societies to offer products and services at a cheap rate has also resulted in growth in customer base and customer satisfaction.

The findings entirely identified that there is a relationship between product pricing and performance of Saving and Credit Cooperative Societies in Kenya. These findings

were in agreement with studies conducted by (Muteke, 2015; Ngure; Kariuki, 2017) who argued that since co-operatives are majorly composed of low class and middle-class citizens' represents majority of the population, product pricing determines the ability of customers to purchase certain services or product from a Saving and Credit Cooperative Society. For instance, application of penetration pricing strategy among different products create the need and ability of customers to purchase or rather subscribe without breaking their bank accounts.

In relation to the resource based theory, the nature of pricing, methods of pricing and the strategy is a strategic resource which Saving and Credit Cooperative Societies use as means to attracting customers and retaining customers. The study opinion is that pricing should be conducted with aim of stakeholders' attraction, retention and communication of quality of services provided.

### **5.2.2 Product Delivery and Performance of SACCOs**

In relation to the second variable of the study, findings identified that of recent, product delivery has been one of the most significant platforms that banks use towards to enhance product strategy and performance. The use of e-banking among Saving and Credit Cooperative Societies in Kenya has resulted in easy access to services and has enhanced efficiency in product delivery hence resulting in productivity. The use of mobile banking services among Saving and Credit Cooperative Societies in Kenya has not only resulted to efficiency but has resulted to cost-saving which is quite significant towards performance of Saving and Credit Cooperative Societies in Kenya. Respondents agreed with the statement that the use of internet banking among Saving and Credit Cooperative Societies customers in Kenya has resulted in effective access to services and growth in the entire

industry. However, the study respondents identified that challenges with e-banking security and mobile banking have resulted in increased fraudulent activities, which affects effective implementation of modern product delivery strategies.

Findings identified the existence of significant relationship between product delivery and performance of Saving and Credit Cooperative Societies in Kenya. The study findings concurred with a studies conducted by (Grundiche, 2004; Muteke, 2015; Momanyi, 2017; Osoro, 2015, Mwangi, 2015) who identified that Savings and Credit Cooperatives are employing technology-based product delivery services such as e-websites to enhance customer satisfaction by comparing different products available therefore helping customers make an informed decision. This has considered being a major driving force on success of SACCOs in Kenya.

In relating the findings of the study to stakeholder theory, the delivery of the product and services acts as means communicating company offering to stakeholders. In this case, it is the study opinion that Savings and Credit Cooperatives should consider strategic delivery of products to stakeholders towards encouraging them to keep subscribing to their offerings hence resulting to productivity and performance.

### **5.2.3 Product Quality and Performance of SACCOs**

In the third variable, findings identified that product and service quality has a significant influence on performance among SACCOs in Kenya. Results identified that competitiveness among Savings and Credit Cooperative Organizations in Kenya is based on the quality of products offered in the market. A quality product is considered to results in customer loyalty and enhanced purchase hence resulting in financial growth. Results identified that respondents agreed with the statement offered by Azima Savings and Credit

Cooperative Organization meets customer demands and expectation hence making Azima Savings and Credit Cooperative Organization a choice of the customers. The ability of SACCOs in Kenya to offer products and services in relation to standards set by Sacco Society Regulation Authority (SASRA) has a significant influence on product and service quality hence resulting to success in product line and return on investment.

Findings meant to determine the relationship between product quality and performance of SACCOs in Kenya identified that there is significant relationship between product quality and performance of SACCOs in Kenya. These findings were in agreement with studies conducted by (Nilsson, 2001; Chronin, 2001; Iruguthu, 2014; Atiyah, 2016) who indicated that product quality is an important product strategy due to its influencing effects on customer satisfaction and loyalty. Similarly, product quality creates quite a reputable brand image in the market that is self-selling hence resulting in growth in market share.

The relationship between product quality and resource based theory is that quality is a factor in strategic resources hence the need of organizations to focus on quality as a product strategy. The study opinion is that Savings and Credit Cooperatives should focus on ensuring that their products are distinguished from those of the competitors through focusing on unique features and the quality in relation to durability and reliability.

#### **5.2.4 Product design and Performance of SACCOs**

The last variable of the study addresses discussion of findings in relation to the influence of product design on performance of SACCOs in Kenya. In relation to the findings, findings identified that Savings and Credit Cooperative Organizations, for instance, Azima designs products with respect to customers' expectations. This is enhanced

through conducting proper research and development on what the market wants. Savings and Credit Cooperative Organizations designs products with aim of enhancing uniqueness and ability of customers to recognize and adopt products and services because of their unique features. Similarly, according to the findings, Azima Savings and Credit Cooperative Organization has efficiency and effective product delivery system which results in organizational performance. In relation to the fact that design has resulted in performance, findings acknowledged the need to encourage more creativity in product and services design to keep the industry competitive and well performing.

Findings identified that there is a significant relationship between product design and performance of Savings and Credit Cooperative Organizations in Kenya. The findings of the study were in agreement with a studies conducted by (Maghimbi, 2010; Luchs and Swan, 2011; Membe and Doriza, 2012; Lamptey, 2017; Mwangi; 2015) who identified that the concept of product design in the current generation has become quite significant towards performance of an organization in general. Companies are currently using product design strategies to distinguish them from perfect competition and oligopoly competitors, create positive image and encourage customer adoption hence resulting in growth in market share.

A unique product designed to address current customer problems is a strategic resource of Savings and Credit Cooperatives. In this case, the relationship between product design and resource based theory is that resource based theory addresses how a strategic resource such as unique and design can be effectively used towards performance. The study opinion is that Savings and Credit Cooperatives should ensure their products are designed for the purpose of encouraging purchase and return on investment.

### **5.3 Summary of Major Findings**

Findings in reference to the first objective of the study identified that respondents agreed with the statement that Saving and Credit Cooperative Societies in Kenya have adopted competitive pricing strategy which has resulted to customer attraction hence increased sale of products and services. The findings also denoted that Saving and Credit Cooperative Societies offer loans in reducing balance to ensure customer satisfaction ease the way of doing business. Respondents also identified that Saving and Credit Cooperative Societies adopt penetrative pricing strategy when selling products to customers in most instances with cheap rates.

### **5.4 Conclusion**

In the first objective, the study concluded that product pricing has a significant influence on return on investment. The use of competitive pricing strategy in Azima Savings and Credit Cooperative Organization has resulted in success in product line hence resulting in organizational performance. The ability of Savings and Credit Cooperative Organizations in Kenya to offer cheap products and services has resulted in enhanced ability to outpace competitors in the market such as famous financial institutions in terms of market share. Ideally, there is significant relationship between product pricing and performance of Savings and Credit Cooperative Organizations in Kenya.

In the second objective of the study, the researcher concluded that product delivery just like product pricing serves significance influence on performance of Savings and Credit Cooperative Organizations in Kenya. The use of e-platforms to deliver products and services among Savings and Credit Cooperative Organizations in Kenya has resulted in an enhanced benefit such as cost-saving, effective service delivery and reliability. Although

respondents in Azima Savings and Credit Cooperative Organization were concerned about insecurity cases associated with e-platforms, internet banking and mobile banking has served them better than any other platform. The findings similarly concluded that there is positive relationship between product delivery and performance of Savings and Credit Cooperative Organizations in Kenya.

In the third objective of the study, the study concluded that although Azima Savings and Credit Cooperative Organization products are not the most competitive among Savings and Credit Cooperative Organizations, their products are of the required standard according to Sacco Societies Regulatory Authority. Through product and services quality, Savings and Credit Cooperative Organizations in Kenya have been able to accumulate mass of customers over a very short period. Similarly, findings concluded that product quality has positive relationship with performance of Savings and Credit Cooperative Organizations in Kenya.

In the last objective of the study, findings concluded that product design has a significant effect on performance of Savings and Credit Cooperative Organizations in Kenya. Design of products and services with standardised features results to customer attraction that in turn generates product and service trial. Azima Savings and Credit Cooperative Organization relies heavily on research and development towards designing products that meet customer expectations. The study also concluded that there is a significant relationship between product design and performance of Savings and Credit Cooperative Organizations in Kenya.

## 5.5 Recommendations

The researcher recommended that Savings and Credit Cooperative Organizations in Kenya should be price leaders in the market. This simply means that to beat the current stiff competition with financial institutions should consider dominating the industry with the lowest price as possible hence meeting customer expectations. Random discounting on services accessed and negotiation on terms of agreement can lead to competitiveness in the market.

The researcher recommends that considering security has been a significant threat in products and services delivery among Savings and Credit Cooperative Organizations in Kenya, customers should be educated on the effective use of e-platforms in relation to security sensitization through formal and informal techniques. This will result in improved customer confidence in e-banking and enhanced access to services.

In relation to the fact that Savings and Credit Cooperative Organizations in Kenya are offering almost similar products, quality of the products or services enhanced should be the distinguishing feature that Savings and Credit Cooperative Organizations in Kenya should focus on. Products should be in conformance with customers' expectation and should serve the stated need with no doubt.

Lastly, the researcher recommends that Savings and Credit Cooperative Organizations in Kenya should invest in research and development towards designing and creating new products. This should be aimed at breaking the current boredom of having similar products across all Savings and Credit Cooperative Organizations in Kenya. Customer is always encouraged to try new products in the certainty of added value and benefit associated with the products.

## **5.6 Areas for Further Studies**

The current study focused only on four product strategies as outlined by different authors and researchers in strategic management. The focus is quite small for a broad area of strategic management to conclude that these are the only available strategies. Future studies should consider expanding their scope and focus on other product strategies which have influence of organizational performance.

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**APPENDICES****APPENDIX I: QUESTIONNAIRE**

**INSTRUCTION: Please answer all the questions honestly and comprehensively by putting a tick (✓) or numbers in the appropriate box.**

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NB: The information you provide is purely academic

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**Section 1: General Information**

1. Gender

Male

Female

2. State your age under the following age category

20-25 years old

26-30 years old

31-35 years old

36-40 years old

41 and above

3. State your education level

Primary

Secondary

Graduate

Post graduate

## SECTION 2: INFORMATION ON INDEPENDENT AND DEPENDENT VARIABLES

This section presents questions with respect to research variables and objectives where 1=Strongly disagreed, 2=Disagree, 3= undecided, 4=Agree and 5=Strongly Agree.

**INSTRUCTION: Please answer all the questions honestly and comprehensively by putting a tick (√) in the appropriate box.**

### A. Statements on product pricing

Opinion	SD	D	N	A	SA
4. Azima SACCO has adopted competitive pricing strategy .					
5. The SACCO loans interest is offered on reducing balance to ensure customer satisfaction.					
6. Through penetrative pricing, Azima SACCO has enhanced effective sale of products and services					
7. Azima SACCO has cheap rates for customers who access loans with the SACCO					
8. Product produced in Azima SACCO are developed from customers need perspective.					

## B. Statements on product delivery

**INSTRUCTION: Please answer all the questions honestly and comprehensively by putting a tick (√) in the appropriate box.**

1=Strongly disagreed, 2=Disagree, 3= undecided, 4=Agree and 5=Strongly Agree.

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
9. Azima SACCO has adopted E-banking towards offering their products and services.					
10. E- banking has enhanced Products and services accessibility at Azima SACCO.					
11. High rate of mobile banking use to access services has been greatly experienced at Azima SACCO.					
12. Azima SACCO has adopted internet banking services to spur efficiency and performance.					
13. There is high rate registration and use of Visa cards in Azima SACCO					

### C. Statements on product quality

**INSTRUCTION: Please answer all the questions honestly and comprehensively by putting a tick (√) in the appropriate box.**

1=Strongly disagreed, 2=Disagree, 3= undecided, 4=Agree and 5=Strongly Agree.

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
14. Products and services offered by Azima SACCO are competitive compared to competitors products					
15. Azima SACCO products and services meet stated and implied needs by customers					
16. The Azima products and services are of added value such as mobile banking					
17. Services offered by Azima SACCO are of conformance to standards set by SASRA					
18. Azima SACCO offers products and services which are of reliable quality.					

#### D. Statements on product design

**INSTRUCTION: Please answer all the questions honestly and comprehensively by putting a tick (√) in the appropriate box.**

1=Strongly disagreed, 2=Disagree, 3= undecided, 4=Agree and 5=Strongly Agree.

Opinion	SD	D	N	A	SA
19. Azima SACCO has designed its products to meet customer satisfaction.					
20. Azima products and services are unique compared to competitors products and services					
21. Azima SACCO have efficient and effective product delivery system					
22. There is need to redesign Azima SACCO products and services					
23. Azima products and services are designed with unique features.					

### E. Statements on Performance of SACCOs

**INSTRUCTION: Please answer all the questions honestly and comprehensively by putting a tick (√) in the appropriate box.**

1=Strongly disagreed, 2=Disagree, 3= undecided, 4=Agree and 5=Strongly Agree.

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
24. Azima SACCO has grown in terms of increased market share					
25. There is success of product line in Azima SACCO					
26. Azima SACCO has witnessed growth on investment					
27. The number of customers in Azima SACCO grows day by day hence resulting to increased demand of products					

**APPENDIX II: LETTER OF REQUEST FROM AFRICA NAZARENE  
UNIVERSITY**

**APPENDIX III: LETTER OF AUTHORITY FROM NACOSTI**

**APPENDIX IV: NACOSTI RESEARCH PERMIT**