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STRATEGIC COMPETITIVE POSITIONING AND PERFORMANCE OF AGRICULTURAL COOPERATIVES IN KENYA

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ABSTRACT

The objective of this study was to investigate strategic competitive position and performance of agricultural cooperatives in Kenya. The target population was 80 agricultural cooperative societies in Embu, Tharaka Nithi and Meru Counties Kenya by 2018. The study used stratified sampling technique to select a total of 200 respondents from managers of the agricultural cooperatives. Questionnaires were administered randomly to the sample of 200 across the management of the cooperatives after a pilot study involving 25 managers in 10 sampled agricultural cooperatives by drop and pick method. The researcher used quantitative research design. Data was screened to identify any missing data and was further tested for reliability and validity. Data was analyzed and presented by use of SPSS. Pearson's Correlation analysis was used to explore the relationship among the variables. Reliability was tested using Cronbach's Alpha. The pilot study played a crucial role in refining the research instrument and ensuring its validity and reliability. Cronbach's alpha was utilized to assess both aspects, providing valuable insights into the consistency and accuracy of the data obtained. Normality was tested using Kurtosis, Skewness and Kolmogorov Smirnov (K-S) test. Multicollinearity was tested. Inferential statistical technique, the chi-square was used to make analysis of the factors under study. Computation was done, and presentation in form of graphs and tables. The findings revealed Strategic Competitive Positioning predicted performance of agricultural cooperatives in Kenya. The competitive positioning driver of the cooperatives was influenced substantially by Cost Leadership, Product Focus, and Differentiation, respectively in that order. The study further recommended that the agricultural cooperatives need to focus on product development and provide a broad range of products most of which should be better product than their competitors.

Key Words: *Cost Leadership, Product Focus, Differentiation, Strategic Competitive Positioning*

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INTRODUCTION

Firms are confronted by extremely challenging levels of uncertainty emanating from changes in technology, consumer demand, customer expectations, competition, regulations and globalization (Mwanzo, 2020). On account of the continued turbulent and extremely challenging business environment, the management of firms must find alternative ways of increasing the value of shareholder's investment and escalate wealth, (Jensen, 2017). The duty of management thus goes beyond prioritizing the midwifing of frameworks and blue prints that will go beyond results but also carry through achievements of the necessary targets (Maher & Anderson 2017). For any firm to circumference the competition successfully, it must vigorously align its operations to the uncertainty (Imbambi, 2018). This can be achieved through utilization of strategic management drivers.

Strategic positioning is the placing a business or a particular brand in the market place to the organizations best advantage (Porter 2001). It allows a firm to put the best use of its strengths that at the same time grants it a superior advantage over the competition. Indeed, the entire concept of strategic management revolves around positioning of a firm. The positioning of a business‟ services entails placing that service in the mind of the business market. The customer's mind might be complicated but it prefers to hold on to simple thoughts. As cited by Karyani (2018) Porter highlighted how low cost and product differentiation as capabilities the management can adopt to beat competition. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition.

A study on 65 Brazilian agricultural cooperatives from 2006 to 2016, showed that they increased their net working capital needs by 17% in the period in annualized terms, and that such needs were mostly funded by short-term debt. The results indicated that the robust growth in sales did not reflect an improvement of the financial sustainability of the sampled cooperatives. In 2016, 57% of the organizations showed a short-term capital structure considered inappropriate (high risk) in the Corporate Finance literature, while only 34% had a solid current accounts structure, (Bianchin, et al 2016).

In Africa more than 40% of people are members of a cooperative according to Kerre, (2016) while Wanyama *et al*, (2008) indicated that seven out of each 100 persons in Africa belong to a cooperative. They noted that agricultural cooperatives have enabled the poor be served better by the markets and this has led to sustainable economic growth. There existed over 22,385 credit unions existed in 25 African countries in 2013 with a total membership of 17 million individuals and 7.2 billion US $ in assets. Cooperatives greatly contributed to production of food, distribution and creating long-term food security. Cooperatives were acting as transmission belts to foster the elimination of child labor and forced labor, in particular in agriculture.

Kabue *et al* (2013) noted that co-operative societies had embraced strategic planning in Kenya with a 5-year timeline strategic plan implemented by majority of the co-operative societies where mission and vision statements were reviewed after 5 years. Cooperative's leadership through the board of directors established mission statement, development of the key strategies that contributed to the overall vision and established a vision and stated the benefits that stakeholders could expect. The cooperatives did monitoring and evaluation of achievements against set targets. Wanyama (2007) indicated that the growth of cooperative societies was on upward trend due to sector liberalization. Munkner, (2015) reported that from a sample of 220 cooperatives, when considering sustainability only 3.63% were sustainable, 35% cooperatives had an average sustainability score and 78% were considered not sustainable. The poor sustainability of agricultural cooperatives in Kenya was attributed to poor leadership, lack of managerial skills, stakeholder involvement and competitive environment. Many cooperative societies in Kenya had developed strategic plans which they were using. Others had rebranded themselves, opened the common bond to reach other market segments not reached before. Members of the cooperatives have taken up an active part in running of the cooperatives leading to follow up on the implementation of the strategic plans.

Statement of the Problem

Kenya's economy is the biggest and most varied across the East African countries, with agriculture providing livelihood to eighty percent of the population and contributing to over sixty-five percent of Kenya's foreign exchange and seventy-five percent of labor (KNBS, 2017). Within the agricultural sector, agricultural cooperatives play a great role; only thirty-seven percent are not involved in an activity with the cooperatives and slightly above eighty percent of the population earn their survival from income generating activities within the cooperatives. In addition, output in the agricultural sector has propelled the country for a long period of time. Kenya's Gross Domestic Product (GDP) increased by four point nine per cent in 2017 in relation to five point nine percent in the previous year. Within the same period coffee produced by cooperatives dropped to 26.5 thousand tonnes from 30.8 tonnes in 2015/16. Milk sold through the cooperatives reduced from 648.2 million litres in 2016 to 537 million litres in 2017. This saw the Gross Value Added reduce at a rate of one point six percent from Ksh. 893.3 billion in 2016 to Ksh. 879.6 billion in 2017. Moreover, the Gross Value Added declined at a rate of one point six percent from 2016. The country ended importing a substantial amount of sugar and maize to take care of the shortage. Cooperatives recorded a reduced share of sales translating to gross farm revenue of seventeen point seven in 2016 from nineteen point four percent in 2015(KNBS, 2017). From the Kenya's Economic Report (2018), the yield for cooperatives reduced by 16.3 percent in the 2016/2017 crop year. This was despite the number of agricultural cooperatives increasing from 4,988 in 2012 to 5,910 in 2017. Dairy cooperatives grew by eleven point four percent with sixty multi-produce cooperatives registered in 2017.

The previously vibrant agricultural cooperatives have progressively become inactive and underutilized due to financial misappropriation, bad governance, hiring and laying off of staff based on tribal lines and where leaders continued occupying offices after a new election occurred, illegal payments to committee members, unauthorized investments, political interference and weak Co-operative Act (Muthama, 2011), forcing some farmers to explore other options such as operate individually rather than in groups. Any development in the cooperative sector has a significant impact on welfare of the members and subsequently the development of the country (Ouma, 2011). The quest for food security and sustainable gains from small farm holdings then can be closely tied to the effectiveness of cooperatives. In an attempt to counter the ever changing economic environment, cooperatives must work hard to increase their performance by working to reduce cost, produce superior goods and craft innovative procedures propelling productivity, excellence and speed to market. The cooperatives must create efficient systems to counter events that are unpredictable and to bring to minimum the risks involved and thereafter sustain their operations. Through strategic management drivers, cooperatives could create innovative ideas hence generate products that are friendly to their customers, (Muogbo, 2013).

According to Muiga et al (2020) firms that embrace customer relationship management and use information technology were able to promote their efficiency and effectiveness. According to Nguyen (2019) by adopting appropriate business strategies organizations were able to increase their sales and revenue base. Koros *et al* (2018) added that focus on customer needs and investment in human capital had a positive performance improvement of airports in Kenya. While Odhon'g & Omolo (2015) argued that when an organization puts in place dependable, appropriate, and good quality labor, output increased. Many organizations indicated that management that had a long term focus led to most of them performing above expectations, (Otieno 2013). The survival of the agricultural cooperatives depends heavily on their ability to create unique products that are able to beat the competition. By utilizing strategic management drivers, agricultural cooperatives will be able to beat the competition and retract the steps back to the pinnacle of cooperatives a place currently occupied by SACCOs. This study assessed the influence of strategic competitive positioning on the performance of agricultural cooperatives in Kenya. Therefore, the study hypothesized that strategic competitive positioning would boost the performance of agricultural cooperatives in Kenya.

Objectives of the study

The objective of this study was to investigate the influence of strategic competitive positioning on the performance of agricultural cooperatives in Kenya. The study tested the following null hypothesis;

- $H_{0:}$ Strategic competitive Positioning focus has no significant effect on the performance of agricultural cooperatives in Kenya.

LITERATURE REVIEW

Theoretical Framework

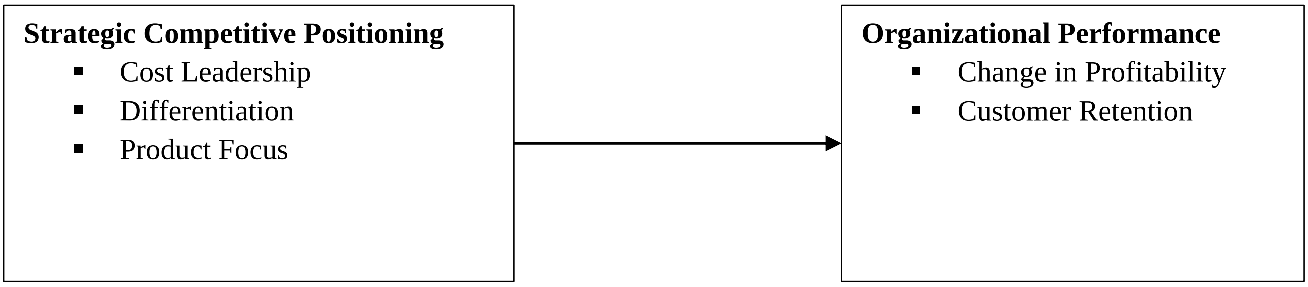
Competitive Advantage Theory

Competitive advantage is the ability gained through the attributes and resources to perform at a higher level than others in the same industry or market (Porter, 2004, Johnson et al., 2008). To gain competitive advantage the firm manipulates the various resources and capabilities over which it has direct control and these resources have the ability to generate competitive advantage. When a firm gets into its ownership or develops and a feature or mixture of attributes that make it perform better than its competitors then the firm is said to have competitive advantage. This theory supports strategic competitive positioning.

Ibrahim (2014) argued that the focus of firms was on being in a position to earn profits that were higher on return than its competitors in the industry. The firm that was able to employ mechanisms of generating the sustained above average returns was said to have attained competitive advantage. Competitive advantage is a key determinant of superior performance and its survival and prominent positioning in the market. Superior performance being the ultimate goal of a firm, competitive advantage became the foundation highlighting the significant importance to develop same (Hoskisson, 2015). Van Duren, (2005) viewed business strategy as the tools that manipulated the resources and created competitive advantage, hence, viable business strategy may not be adequate unless it possesses control over unique assets, resources and capabilities that have the ability to create such a unique advantage. Through strategic planning a firm is able to possess and create a feature or amalgamation of features that give it a chance to perform better than those selling with the same industry, then the firm possesses an advantage above those others. Examples of features that can create competitive advantage may include access to highly trained and skilled personnel, control over gold as an ingredient or source of cheaper labor. The above attributes then enable the firm to record higher performance than its competitors in the same industry or market (Johnson et al, 2008). Through possessing the attributes, the firm is able to get a significant position and control in the market. Since all firms desire to record excellent and better performance than its competitors then competitive advantage becomes the underlying basis highlighting the sufficient importance to ensure the development of the same (Hoskisson *et al*, 2015).

Firms that possess ability to consistently record profits that are way above the average for its other competing firms then are said to acquire an edge over their competitors. Business strategy is aimed at ensuring those profits above the competitors are earned by the firm in the present and future in the same market (Barney, 2006). According to Smit, (2010) those features are either focusing on cost or creating differentiation advantage. When a firm generates benefits that resemble the firms it's competing with but at a lower cost than other firms in the industry then it's said to possess cost advantage while a firm using differentiation advantage creates products that are unique and are perceived by the customers as offering them more value. The advantages that emanate from charging the lowest price or making different features are known as locational advantages and they describe situation of the firm in the industry as taking the best position in either cost or differentiation. For an agricultural cooperative to perform it must use one or more of the generic strategies otherwise its performance is bound to decline.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Strategic Competitive Positioning

Michael Porter defined a set of tactics containing three strategies that a firm can adopt so as to be able to perform better than its competitors. As cited by Karyani (2018) Porter highlighted how low cost and product differentiation as capabilities the management can adopt to beat competition. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. Asiedu, (2015) opined that the business should use Porter's Five Forces Model to determine an appropriate location and position and hence be productive. Bertozzi et al, (2017) noted that a firm needs to choose to adopt either a cost leadership strategy or a differentiation strategy to gain competitive income and be above its competitors.

Cost Leadership Strategy: A firm that engages a cost leadership strategy works round the clock ensure all departments move to diminishing expenses (Abdolshah, et al, 2018). Through cost leadership firms engage in vigorous cost reductions mechanisms through engaging in control of its overheads in all aspects of the organization. The firms struggle to charge the lowest costs in comparison to its competitors (Porter, 2008). For any firm to acquire low cost advantage then it must possess overall control over a bigger market share or other advantages such as favorable access to raw materials, having a high degree of capitalization (Porter 2008, Abdolshah, et al, 2018). A firm that is charging the least price in the market is able to sell more and gain a higher market share. A firm seeking to make the most out of this strategy must focus with dealing with the average customer. When a firm matches its resources to the goals it is able to realize their competencies and capabilities which cannot be copied by their competitors. To cut costs a firm can be able to marshal support from the shareholders by getting certified by third parties auditors and eventually winning the confidence of the customers. Firms that are able to develop and communicate goals that are in support of the firm's mission have ultimately greater chances of success. Through cost leadership the co-operative societies can be able to charge lowest price in the market and hence gain competitive advantage in the production process. The cooperatives can also gain cost leadership by upgrading the technological knowledge they use in production. Through producing goods in large quantities, use of relevant technology, firms are able to enjoy economies of scale and access discounted raw materials.

Differentiation Strategy: Dombrowski, et al (2018) argued that differentiation arises from the organization creating a product with higher quality and standards than the competitors. With a differentiation strategy, organizations focus their effort on particular segments of the market and mark up for the added unique value. Each day organizations must recognize the danger of having the competitive advantage diminish when a competitor creates products having similar features, (Porter, 2007). Firms that aim in using differentiation strategy eventually invest in hunting for better methods of production, training the personnel and creative product development team, highly motivated and skilled sales team with the ability to successfully communicate the perceived strengths of the product and a corporate reputation for quality and innovation.

Firms can invest in a variety of options including investing in improved quality products, technology and innovativeness, reliability, brand image, firm reputation, durability, and customer service, which must be difficult for rivals to imitate. Through investing in unique product features, brand image or where a firm ensures they retain the best name then they will reap in an area where the market is similar, (Brenes et al 2014). By use of aggressive marketing strategies, creation of better product image, better customer awareness, charging of lower prices, better customer service and high-quality goods, firms implement differentiation strategy. For differentiation to make sense overall, the business should ensure production of product features not easily copied by rivals (Dombrowski, et al 2018).

Product Focus: Porter (2001) explains that when a firm decides to concentrate on a particular market segment instead of dealing with the whole market, the firm is enjoying a focus strategy. This strategy first involves segmentation of the market followed by specialization on a certain segment that would help the firm achieve competitive advantage. Darrow et al, (2013) noted that firms can decide to either operate within a line of products, geographical markets or even a particular service line. A niche market has been used as one of the differentiation strategy as well as focus strategy. Small firms wishing to obtain a competitive advantage would apply low-cost focus strategy in their identified market niche or segment. Cost focus companies can be said to be the least cost producers in a market segment that they occupy. Firms have to think through the process before applying this strategy since cost focus is not achievable for industry relying on the economies of scale (Atikiya, 2015). According to Ndungu (2012) use of the focus strategy enables a firm to concentrate on a market suitable for the firm as opposed to larger, broader-line competitors. Kamau (2013) notes that when a firm undertakes this strategy it is able to concentrate on particular suitable markets with other markets, thus taking protection from the firms that are too big in size and may not be well placed to serve the niche market effectively. Firms using focus strategy avoid direct competition hence gaining major benefits as opposed to competition based on price. Olegube (2014) argues that through adoption of concentration on a specific market the firm is able to lay emphasis on activities that add value and thus leading to a reduction in average costs. Focus strategy works best when the market identified has a great potential to expand but at the same time has not attracted the attention of the main competitors (Atikiya, 2015) Focus strategy is seen as favorite and most efficient when the preferences of the customers have marked differences and when rival firms are not engaging in the same position (David, 2009). In case the market segment is very insignificant then growth of the firm will be on downward trend.

Measurement of performance

Performance denotes accomplishment of a task against the set standards. The performance of any organization can be deduced through the stock turnover, increase in number of customers, profitability, and market share. Organizations have to identify that aspect which will propel it to greater achievement of the set standards so as to survive the changing customer needs. Performance drivers are both tangible factors and intangible factors as intellectual property. The performance of a firm can be categorized as financial or business performance; financial performance is at the act of measuring the results of a firm's policies and operations in monetary terms (Mwangi, 2016). The financial perspective identifies the key financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow and working capital. Profitability is the ease with which a business generates income. Profitability is measured by net surplus. The main objective of a business is to make profits hence profitability is critical. Profitability is measured using return on assets, profit margin, market share, total asset turnover, gross profit and return on capital among other measures.

Profitability: Performance measurement is a tool to improve a firm's efficiency and effectiveness. Profitability is the ease with which a business generates income. Profitability is measured by net surplus. The main objective of a business is to make profits hence profitability is crucial. Profitability is measured using return on assets, profit margin, market share, total sales turnover, gross profit and return on capital among other measures. In cooperatives their investment is used to purchase goods and services which are sold for revenue. After payment of expenses, Percentage of net incomes is returned to shareholders are dividends while the balance is reinvested as retained earnings with the objective of increasing stock prices. In agricultural cooperatives members will make an initial investment which may be used to either purchase member output for resale at higher prices through a system of price supports or negotiate lower prices for services needed by members (Abraham,2013). Operating Profit Margin is meant to reflect the firm's cost efficiency. This will be calculated by dividing the total profits by the sales of the cooperative. The operating profit margin is used to determine the ability of the company to address its interest payments. Through OPM the management is able to conclude whether to deploy more leverage to enhance the return to its shareholders. Through operating profit comparison to interest payments financiers are able to determine the creditworthiness of a firm.

Rate of Return on Assets: Return on assets refers to a financial ratio that indicates how profitable a company is in relation to its assets. Return on assets is given by dividing the net profit by total assets. Rate of return on assets (ROA) shows how profitable a company's assets are in generating revenue. The higher the ratio, the greater the benefit earned. A higher ROA means a company is more efficient and productive at managing its balance sheet to generate profits while a lower ROA indicates there is room for improvement. Fwaya (2012) views performance as a formula for assessment of the functioning of the organization under certain parameters such as productivity, employee morale and effectiveness. Nzuve et al (2012) state that performance management and improvement is the heart of strategic management because a lot of strategic thinking is geared towards defining and measuring performance. Haron & Chellakumar, (2012) investigated the relative efficiency of the manufacturing companies using financial measures and came to the conclusion that the small sized manufacturing firms were the most efficient at eighty-five percentage closely followed in second place by large-size manufacturing companies (69 percent) and lastly by medium-sized manufacturing companies at 68 percent. This was a limited view since the performance of firms encompasses several different aspects.

Empirical Review

Uzel *et al* (2013) examined the effect of competitive strategic positioning on performance of hotels in Kenyan Coast. She concluded that there is a significant effect of strategic competitive positioning on organizational performance. Mwabota, (2013) examined the contributions of cost leadership and differentiation strategies on customer satisfaction in Mombasa Water Supply and Sanitation Company Kenya. The research noted that with efficient application of strategic management principles of cost leadership and differentiation, the desired customer satisfaction can be achieved and enhanced at the Mombasa Water and Sanitation Company.

METHODOLOGY

This research employed quantitative design in evaluating the strategic management drivers and performance of agricultural cooperatives in Kenya. There are over 80 agricultural cooperative societies in Embu, Tharaka Nithi and Meru Counties. The population of interest was 200 respondents from 80 of the agricultural cooperatives in the three counties, because three managers were randomly selected from the cooperatives as strategic issues were mostly handled by top management. The researcher used stratified random sampling technique. The researcher therefore chooses to have 3 managers from each of the cooperative to arrive at 200 respondents. The primary research data was collected using a semi-structured questionnaire. The secondary data collection used previously recorded data from literature reviews such as journals, articles, published theses and textbooks. Before collecting data, the researcher sought for an introductory letter from Jomo Kenyatta University of Agriculture and Technology. Cronbach's alpha was employed as a measure of reliability.

FINDINGS AND DISCUSSIONS

Descriptive Results

Strategic Competitive Positioning

The third objective of the study was to assess the cooperative societies' performance are influenced by Strategic Competitive Positioning in Kenya. This objective was determined by posing several statements related to Cost Leadership, Product Focus, and Differentiation, in the cooperatives. A five point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree and was analysed on the basis of the mean score and standard deviation. The closer the mean score on each item was to 5, the more the agreement concerning the statement. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement regarding the statement posed. The findings are presented in Table 1:

Table 1: ***Strategic Competitive Positioning***

Statement	SA (%)	D (%)	N (%)	D (%)	SD (%)	Mean	Std. Dev
We always offer a broad range of products	0	47.8	26.1	4.3	0	3.00	1.206
We focus on product design technique that economize on the cost of materials	0	65.2	13	0	21.7	3.22	1.242
We introduce better product than our competitors	13	39.1	21.7	4.3	21.7	3.09	1.379
We serve diverse market segment	30.4	39.1	4.3	4.3	21.7	3.52	1.534
We emphasize on marketing specialty product	30.4	39.1	4.3	4.3	21.7	3.52	1.534
We offer tailored products to meet customer needs	17.4	43.5	8.7	8.7	21.7	3.26	1.453
We always charge lower prices than our competitors	34.8	34.8	0	13	17.4	3.57	1.532
We heavily invest in sales promotion	30.4	43.5	0	4.5	21.7	3.57	1.532
We vigorously pursue cost reduction	43.5	34.8	0	0	21.7	3.78	1.565
Aggregate	22.68	42.51	8.67	5.28	21.22	3.39	

Table 1shows that there was uncertainty on whether the cooperatives always offer a broad range of products (mean = 3.00). However, there indications that most cooperatives focus on product design technique that economize on the cost of materials (mean = 3.22). There was also uncertainty on whether the cooperatives introduce better products than our competitors (mean = 3.09). There were indications that most cooperatives serve diverse a market segment (mean = 3.52), and that most emphasize on marketing specialty product (mean = 3.52). The cooperatives also offer tailored products to meet customer needs (mean = 3.43). Most respondents indicated that their cooperatives always charge lower prices than their competitors (mean = 3.57). Most cooperatives heavily invest in sales promotion (mean = 3.57). Further, most cooperatives vigorously pursue cost reduction (mean = 3.78). The aggregate mean, M = 3.39, also indicates that the respondents agreed that competitive positioning strategies influenced the performance of the agricultural cooperative. The competitive positioning driver of the cooperatives was influenced substantially by Cost Leadership, Product Focus, and Differentiation, in that order.

Measurement of Performance

The study also sought to assess the cooperative societies' performance in Kenya. This objective was determined by posing several statements related profitability and returns on assets in the cooperatives. A five point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree and was analysed on the basis of the mean score and standard deviation. The closer the mean score on each item was to 5, the more the agreement concerning the statement. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement regarding the statement posed. The findings are presented in Table 2:

Table 2: ***Measurement of Performance***

Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std. Dev
We recorded an improvement in profits	39.1	47.8	8.7	0	4.3	4.17	0.937
We recorded an improvement in quality of clientele served	17.4	56.2	17.4	0	8.7	3.74	1.054
We had a growth of repeat sales	21.7	52.2	17.4	0	8.7	3.78	1.085
Our cooperative had an increase in asset base	17.4	69.6	4.3	0	8.7	3.87	1.014
We recorded was a growth in net surplus	3.87	39.1	0	26.1	0	3.87	1.217
There was growth in total earnings in our cooperative	21.7	43.5	0	30.4	4.3	3.48	1.275
Aggregate	26.1	50.78	7.97	9.41	5.78	3.818	

The results in Table 2 indicated that most of the cooperative societies had recorded an improvement in profits in their operations (mean = 4.17). Most of the cooperatives had also recorded an improvement in quality of clientele served (mean = 3.74), and had a growth of repeat sales (mean = 3.78). The findings further indicate that most cooperatives had an increase in asset base (mean = 3.87), and also most of the cooperatives had recorded was a growth in net surplus (mean = 3.87). Most cooperative also indicated that they had recorded a growth in their total earnings (mean = 3.48). The aggregate mean, M = 3.818, also shows that there were indications of strong performance for the cooperatives. The strong performance was largely driven by profitability and sales growth while the returns on assets were also good.

Inferential Statistics

Correlation Analysis

In this subsection a summary of the correlation analyses was presented. It sought to determine the degree and strength of independent variable and association with the dependent variable. These results were summarized in Table 3.

Table 3: Correlation Analysis

		Strategic Competitive Positioning	**Performance**
Strategic Competitive Positioning	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	186	
Performance	Pearson Correlation	.220**	1
	Sig. (2-tailed)	0.003	
	N	186	186

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

* Correlation is significant at the 0.05 level (2-tailed).

The study sought to determine whether strategic competitive positioning significantly influenced performance of agricultural cooperatives in Kenya. The results in Table 3 showed that the relationship between the two variables was significant ($r = 0.220$, $p = 0.003 < 0.05$). The coefficient was less than 0.05 and positive which indicated that a weak relationship existed between the variables. Hence, strategic competitive positioning could be weakly associated with the performance of agricultural cooperatives in Kenya, meaning the cooperatives were not competitively positioned in the market.

Table 4: ***Linear Regression Results***

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	15.057	1.949		7.724	0.000
Strategic Competitive Positioning	0.123	0.054	0.378	2.278	0.088

a Dependent Variable: Performance

It can be deduced from the findings in Table 4 that Strategic Competitive Positioning predicted performance of agricultural cooperatives in Kenya (Strategic Competitive Positioning ($\beta = 0.378$, $p < 0.05$). This indicates that the dependent variable, that is, the performance of agricultural cooperatives in Kenya, would change by a corresponding number of standard deviations when the Strategic Competitive Positioning variable change by one standard deviation. The study therefore established that Strategic Competitive Positioning predicted performance of agricultural cooperatives in Kenya.

Hypothesis Testing

The results indicated that Strategic Competitive Positioning significantly influenced performance of agricultural cooperatives in Kenya ($\beta = 0.378$, $p < 0.05$). As a result, the null hypothesis was not accepted. The relationship was positive and moderate indicating that the performance of agricultural cooperatives could improve when they put more emphasis on Strategic Competitive Positioning.

CONCLUSIONS AND RECOMMENDATIONS

The results revealed that strategic competitive positioning significantly influenced performance of agricultural cooperatives in Kenya, however, the relationship between the variables was weak meaning the cooperatives were not competitively positioned in the market. There was uncertainty on whether the cooperatives always offer a broad range of products. However, there was indications that most cooperatives focused on product design technique that economize on the cost of materials. There was also uncertainty on whether the cooperatives introduced better products than their competitors. There were indications that most cooperatives serve diverse a market segment, and that most emphasize on marketing specialty product. The cooperatives also offered tailored products to meet customer needs. Most respondents indicated that their cooperatives always charge lower prices than their competitors. Most cooperatives heavily invested in sales promotion. Further, most cooperatives vigorously pursue cost reduction.

The study concluded that strategic competitive positioning significantly influenced performance of agricultural cooperatives in Kenya, however, the relationship between the variables was weak meaning the cooperatives were not competitively positioned in the market. Most cooperatives did not introduce better product than their competitors. The competitive positioning strategies influenced the performance of the agricultural cooperative. The competitive positioning driver of the cooperatives was influenced substantially by Cost Leadership, Product Focus, and Differentiation, respectively in that order.

The study recommended that the agricultural cooperatives need to focus on product development and provide a broad range of products most of which should be better product than their competitors.

Recommendations for Further Research

The study recommended that future research be carried out on the continuous improvement culture on the performance of agricultural cooperatives in Kenya. There is also need to establish how organizational flexibility improves innovation performance of the agricultural cooperatives in Kenya.

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