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RELATIONSHIP BETWEEN OWNERSHIP CHARACTERISTICS & STRATEGIC BEHAVIOUR OF FIRMS: EVIDENCE FROM COOPERATIVE ENTERPRISES IN KENYA

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ABSTRACT

While 'ownership characteristics' has been recognized as an important determinant of firm performance, its influence on strategic behaviour of firms has received insufficient attention. To address this gap, this paper investigated the relationship between firm ownership characteristics and Miles and Snow typology of strategic orientation and hypothesised that firm ownership could influence strategic behaviour of firms. Data was collected using a questionnaire on a sample of 100 deposit taking savings and credit cooperatives in Kenya. The deposit taking SACCOs in Kenya were appropriate because they encompass almost all sectors of the economy and cooperative business activities. They are also the most common types of cooperatives, and are ranked first in Africa and seventh worldwide. To evaluate the fit of the Miles and Snow model to the data on ownership characteristics a confirmatory factor analysis (CFA) was used. Factor analysis detected significant inter-correlation between Analyzer measures and the defender measures. Therefore, Principle Component Analysis loaded Analyzer / defender variables on a distinct factor to produce a three-factor model, which is consistent with past studies. The study gave additional evidence in support of the enduring value of the Miles and Snow typology in predicting strategic behaviour of firms. It also revealed that ownership characteristics could have powerful effects on firm strategic decisions and consequently could significantly influence performance. This informs that to understand strategic behaviour of firms, it is necessary first to understand the ownership characteristics. Most importantly, the study found that cooperative enterprises adopts more of the defender/Analyzer behaviour with correlation coefficient of 0.5937, followed by prospector and reactor with 0.322 and 0.1736 respectively. This is inconsistent with both the theory and previous research findings in industries outside of co-operatives, which indicate prospector to have strongest significant relationship with firm performance followed by defender/Analyzer and reactor behaviours. The inconsistency calls for further research.

Key Words: Prospector, Defender, Analyzer, Reactor and Ownership characteristics, cooperative enterprise.

INTRODUCTION

Various studies recognize firm characteristics as important determinants of competitive behaviour of enterprises (Vroom and McCann, 2010). A study by Goranova, Alessandri, Brandes, and Dharwadkar (2007) highlights the importance of ownership in a variety of corporate-level firm decisions. There is also consensus on the influence of ownership characteristics on firm performance. Nevertheless, there is scanty evidence on ownership influence on strategic behaviour. Authors simply assume that a relationship between firm ownership and performance imply a similar correlation with strategic behaviour. According Vroom and McCann (2010) the gap require to be examined given that scholars stretching back to Adam Smith (1776) and Berle and Means (1932) have noted that ownership can exert a powerful effect on firm strategic decisions. Likewise, much of the agency theory and property rights theory literature supports this by contending that alignment of claimants' rights and control rights lead owners to take advantage of profitable opportunities (Hansmann & Pargendler, 2014; Dalton, Daily, Certo and Roengpitya, 2003). Further, Chaddad and Cook (2004) suggests that the ownership of the firm may moderate relationships between competitive behaviours and performance. Then, the primary research aim was to empirically investigate relationships between firm ownership and strategic behaviour.

Firm ownership relates to the objectives of owners, which in turn determine the strategic orientation of competitive behaviours of a firm. Conventionally, firm owners set objectives to gain superior performance and adopt strategic behaviours to ensure the objectives are achieved. By doing this, it can be implied that ownership influence strategic behaviour of firms. It can thus assert that the rational decisions made are influenced by the objectives of owners. Nevertheless, because the objectives of firm decision makers are typically not measurable, this study infer those objectives via the actions taken by the firm.

Several studies has investigated the link between ownership characteristics and firm performance (Dalton, Daily, Certo, and Roengpitya, 2003). While most studies focus on capital investor ownership, this study focuses on member-ownership. This research enriches literature since few other authors analyse and evaluate the operations of firms when noneconomic elements are included (Mazzarol et al., 2011; Levi and Davis, 2008). Specifically, the study empirically investigated relationship between of cooperative ownership characteristics and prospector, defender, analyser and reactor strategies. To understand ownership and strategic behaviour link, the paper explores characteristics of both cooperative ownership and Miles and Snow typology of strategic behaviours and their correlations. The article first examines firm ownership and strategic behaviour in general. The paper then discussed the four Miles and Snow strategic behaviours of firms and behaviour of cooperative enterprises due ownership characteristics. Subsequently, the article develops and tests hypotheses about how the behaviour of cooperatives relate to the four Miles and Snow strategic behaviours.

FIRM OWNERSHIP

Firm ownership refers to the ultimate and exclusive right conferred by a lawful claim or title. It is the right to control and appropriate the firm's residual earnings (Hansmann & Pargendler, 2014. This section, briefly reviews general ownership of firms, identify the characteristics common to organizations and examine cooperative ownership characteristics and their consequences on strategic behaviour of cooperative enterprises. Strategy researchers' belief firm ownership is a source of competitive advantages because it influences strategic behaviour of owners (Moore, 2005). The authors (e.g. Chaddad and Cook, 2004; Chaddad and Iliopoulos, 2013; Wheleen et al., 2008) argue that a firm's ownership and culture tend to reflect the kind of strategies it follows and that is why firms in the same industry tend to be strong rivals than competitors in a different industry.

Ownership of any enterprise generally yields the right to a certain degree of control of that enterprise and is linked to residual claimant rights (Birchall, 2011; Birchall and Simmons, 2004) that affect a firm's innovation, productivity, product quality and financial decisions (Bena and Xu, 2014). Studies by Matthews (2007) and Staatz (1989) identify four characteristics of firm ownership that are present in every organization, namely; residual claims rights, residual control rights, mobility of rights, and ownership horizon of residual claims. According to the authors, Residual claimant and residual rights of control are the most important rights that define firm ownership (Matthews, 2007). Residual rights of control are the rights to make any decision regarding use of an asset, while residual claims are the rights to the net income generated by the firm. This supports the property rights theory that residual claimants are the "owners" of the firm (Al-Matari, Al-Swidi and Fadzil, 2013). Chaddad and Iliopoulos, 2013 goes further and argue that the degree of alignment between residual control rights and residual claimant rights influence the behaviour of firm owners. Supporting the opinion, Hansmann & Pargendler (2014) posit that if those who control the firm are entitled to its net earnings, they have incentives to maximize those earnings by managing the firm efficiently. Indeed, cooperative member rights to own the firm, control and appropriate benefits motivate them to patronize the enterprise (Chaddad and Cook, 2004).

Matthews (2007) also explain that mobility of rights relate to transferability and redeem ability of shares and refer to the ease with which an individual can dispense of property rights associated with the organization. While transferability identifies the simplicity with which a current owner can transfer all or a portion of his ownership rights to another individual; redeem ability defines the ease with which a current owner can cash in her existing ownership rights by selling them back to the organization. Additionally, the ownership horizon pertains to the length of time an individual's ownership rights remain valid. In which regard, ownership confers a residual claim on the firm's earnings, not in perpetuity, but only as long as the shareholder maintains membership.

The four firm ownership characteristics though present in every enterprise are manifested differently in different forms of organizations (Matthews, 2007); that is why Vroom and

McCann (2010) in an empirical analyses found that competitive behaviours differ across ownership structures. In support Peng et al. (2004), in their study found that state owned firms, tend to adopt defender strategies, private owned firms, prospector strategies and collectively owned firms such as cooperatives tend to adopt analyser strategies. In particular, ownership characteristic of investor owned firms are different to member owned enterprises such as cooperatives (Mazzarol et al., 2011). Mazzarol et al. (2012) clarify that in a co-operative, a group of people act together to meet their common needs and aspirations, share ownership and make decisions democratically. As such, ownership characteristics can help to predict strategic behaviour of the cooperative firms (Lund, 2013).

STRATEGIC BEHAVIOUR

Strategic firm behaviour is a continuous holistic pattern of ideas, beliefs and values, embodied in the firm characteristics (Gnjidic, 2014). Strategic behaviour represents actions undertaken by the firm to enhance its relative competitive position and is a central concern to corporate strategy. Firm strategic behaviour thus provides a foundation for an organisation to achieve superior performance (Porter, 2004; 2008). In this case understanding strategic behaviour is important in establishing the appropriate strategies to use and a firm strategic positioning (Wheleen et al., 2008). Researchers typically use Strategic behaviours to examine relationships between strategy and firm performance, with most reporting a positive relationship (Dogan and Ozdemirci, 2012). For example, studies by Grinstein (2008); Shin and Aiken (2012) found a direct relationship between Strategic orientation and firm performance. Other studies such as Zhou and Li (2007) researched the factors that affect forming of strategic orientation and found organizational factors such as organizational structure, organizational culture and leadership as key determinants.

According to Dabija and Abrudan (2008), firm strategic behaviour is exhibited when a firm show a 'competitive behaviour' after realizing a 'competitive strategy' with respect to strategic decisions. Thus of the two most prominent typologies, Miles and Snow typology can defined as strategic orientation of 'competitive behaviour' to realize 'competitive strategies', while Porter's typology are more of 'competitive strategies'.

A review of the literature about organizational strategy and firm performance demonstrate that most authors use the typology of Miles and Snow or Porter's model of generic strategies (Gibcus & Kemp, 2003). Snow and Miles (1987) suggest that a strong and consistent strategic behaviour helps to outperform firms that do not hold on to clear strategy (Gibcus & Kemp, 2003). Other scholars, for example Gnjidic (2014); Chaddad and Cook (2004); Chaddad and Iliopoulos (2013) (Hakonsson et al., 2012) argue that Miles and Snow strategic behaviours can enable a firm adapt to its competitive environment successfully. This study contributes to the literature by recognizing ownership as an important determinant of competitive behaviour and for this reason, the paper concentrate on testing relationship between cooperative firm ownership and Miles and Snow strategies.

Miles and Snow strategic behaviour

Diverse empirical studies that have applied Miles and Snow's model identify it as having good prediction strengths (Gimenez, 1999). Miles and Snow's (1978) classify firms into four theoretical categories of strategic behaviour as a defender, prospector, analyzer or reactor organisations. Several authors have proposed Miles and Snow's model as relevant for the analysis of small firms' strategic behaviour (Dabija and Abrudan, 2008). The four types of strategies defined by Miles and Snow have received numerous confirmations by empirical studies in firm settings (Gnjidic, 2014; Staatz, 1989).

Prospector: A Prospector strategy continually searches for market opportunities and takes an aggressive approach to innovation (Miles and Snow, 1978; Hakonsson et al., 2012). According to Karl (2011) Prospector organizations focus on exploiting new product and market opportunities. These organizations thrive in changing business environments that have an element of unpredictability, and succeed by constantly examining the market in a quest for new opportunities. Moreover, prospector organizations have broad product or service lines and often promote creativity over efficiency. Consequently, prospector companies prioritize new product and service development and innovation to meet new and changing customer needs and demands and to create new demands (Wheleen et al., 2008). Further Prospector organizations are decentralized, employ generalists (not specialists), have few levels of management, and encouraging collaboration among different departments and units (Karl, 2011).

Defender: Defenders focus on a narrow product market domain (Miles and Snow, 1978; Gnjidic, 2014) and emphasize process innovation. To remain competitive, a Defender strategy require detailed and focused information to enable continuous refinement (rather than innovation) of current products and production methods (Hakonsson et al., 2012). According to Karl (2011) Defender organizations focus on how to maintain a stable share of the market, and hence they function best in stable environments. These organizations achieve success by specializing in particular areas and using established and standardized technical processes to maintain low costs (Wheleen et al., 2008). Defender organizations require centralization, formal procedures, and discrete functions to ensure efficiency. In addition, because their environments change slowly, defender organizations can rely on long-term planning. Thus, defender organizations employ different strategies: in stable markets efficiency strategies and innovation in variable markets (Wheleen et al., 2008)

Analyzer: An Analyzer strategy adopts a dual focus, refining existing products while experimenting with the discovery of new products (Miles and Snow, 1978; Jansen et al., 2009; Hakonsson et al., 2012). According to Karl (2011) Analyser organizations focus on how to maintain their existing markets, how to find and exploit new markets and product opportunities. These organizations face problem of maintaining the efficiency of established products or services, while remaining flexible enough to pursue new business activities (Wheleen et al., 2008). Consequently, they seek technical efficiency to maintain low costs, but they also emphasize new product and service development to remain competitive when the market changes.

Reactor: A Reactor strategy makes adjustments when forced by an urgent need or problem but lacks an intentional strategy toward innovation. The Reactor is generally not a viable strategy (Miles and Snow, 1978; Hakonsson et al., 2012). According to Wheleen et al. (2008), Reactor organizations lack a consistent strategy-structure-culture relationship, and are not prepared for changes they face in their business environments. Their new product or service development fluctuates in response to the way managers perceive environment. In addition, Reactor organizations do not make long-term plans, because they see the environment as changing too quickly for them to be of any use, and they possess unclear chains of command (Karl, 2011).

Miles and Snow argued that companies develop their adaptive strategies based on their perception of their environments. Hence, as seen above, the different strategic behaviours view their environments in different ways, causing them to adopt different strategies. Because of their adaptive strategies, prospector organizations are the most adaptive type of firm, followed by analyzers, defenders with reactors the least adaptive type (Andriopolous and Lewis, 2010). On the reliability and validity of the Miles and Snow typology, Karl (2011) and Moore (2005) indicate that the strategic behaviours and its predictions generally are accurate applicable. In addition, the typology has contributed to the understanding of organizational competitive behaviour in a variety of settings. As a demonstration for its applicability, Peng, Tan, and Tong (2004) suggest that the type of firm ownership can help predict competitive behaviour of a firm. Specifically, state owned firms tend to adopt defender strategies, private owned firms, prospector strategies and collectively owned firms such as cooperatives tend to adopt analyser strategies. Drawing on the theory and empirical findings the relationship between ownership characteristics and strategic behaviours of cooperatives was investigated empirically.

COOPERATIVE OWNERSHIP AND STRATEGIC BEHAVIOR

Cooperatives are unique economic enterprises that are not driven by investment return (Mazzarol et al., 2011; Levi and Davis, 2008). They are designed to provide members with social and cultural as well as economic benefits. The nature of ownership and governance structure enables cooperatives to treat business profitability as the output rather than the objective. This allows cooperatives to invest in and engage in a range of pursuits to benefit their members over a longer period without having to worry about earning immediate returns for investors (Lund, 2013). Cooperatives also offer indirect economic benefits that are generally far more significant, such as better product pricing and convenient product access. On risk and reward, Cooperatives do not promise unlimited rates of return in exchange for the risk of ownership (Mazzarol et al., 2011). Instead, cooperatives offer their members the advantages of a democratically governed enterprise.

Cooperatives are autonomous associations of persons united voluntarily to meet their common economic, social cultural needs and aspirations through jointly owned and democratically controlled enterprises (ICA, 2013). Staatz (1989) suggest that three characteristics that are common to most cooperatives. According to Mathews (2007), the characteristics are used to define cooperatives revolve around ownership and include:

User-Owned: The members own the enterprise by providing equity capital and supplying inputs. They are also the main customers of the enterprise.

User-Benefited: The benefits a member receives from committing capital to a cooperative are tied largely to patronage.

User-Controlled: The formal governance of the firm by the member owners is structured democratically. Annual general meeting of all members is the supreme organ, followed by the board and the supervisory committee.

Each of these three characteristics influence actions of members that in turn determine the strategic behaviour of firms as explained below.

User-Owned: Behaviour due members being major users of the firm's services

Product Pricing: One of the most important consequences of cooperative members being users of the firm's services is that members become vitally interested in the firm's pricing of individual goods and services, not simply in its overall financial performance.

i) Greater loyalty of patrons: a co-operative being a coalition of members with common interests (Mazzarol et al., 2012), facilitate a strong sense of common purpose amongst members (Mazzarol et al., 2011), that significantly enable cooperatives to access resource inputs through members in a way that is not possible for other firms. According to Nunez et al. (2004) and Mazzarol et al. (2011) the Ownership enable cooperatives to rely upon the common purpose and loyalty of their membership when faced with external threats and economic pressures. Supporting the assertion, Mora and Menozzi (2005) in a study of response by Italian CO-OP Italia to the Mad Cow disease crisis, found that the ability for the cooperative to apply adequate enforcements of 'certified beef' requirements was enhanced by the loyalty of members.

ii) Risk averse: Cooperative investment represents members' financial commitment to a particular line of business rather than a diversification of their portfolios (Lund, 2013). The immobility of cooperative capital makes it difficult to spread the risks by diversifying into unrelated activities. Thus, management prefer more conservative business strategies. In addition, Cooperatives tend to be risk-averse because members are the financiers and users, which mean that they accumulate the risks associated with both of these functions (Chaddad and Cook, 2004).

iii) Free rider: The fact that benefits generally are available to all who join the cooperative, not just those who incur the costs of establishing the firm may reduce individual incentives to patronize a cooperative (Mazzarol et al., 2011; Mazzarol, 2009).

User-Benefited: Behaviour due to the return on investment being gained through patronage

The benefits a member receives from committing capital to a cooperative are largely tied to patronage. This is mainly because first, the cooperative pays a limited dividend on equity capital, second net margins are distributed among members in proportion to their patronage and third cooperative shares do not appreciate because there is no secondary market for it.

i) Tendency to underfinance the cooperative: Members view value of their investment in the cooperative on how productivity accrues to them through patronage. This makes the members to increase patronage relative to their investment. If left unchecked, this incentive lead to underfinancing of the cooperative because Members contribute only enough capital to gain the right to patronize the cooperative and then expand their patronage as long as it is profitable to do so.

ii) The lack of a secondary market for cooperative shares: As a result of the illiquidity of cooperative shares, members in cooperatives are forced to obtain most of their ownership benefits through current patronage. Thus, members pressure the cooperative to increase current earnings at the expense of future earnings. Members may also pressure the management to enter into price wars with competitors, even if such competition impairs the long-term viability of the cooperative.

iii) The nature of ownership in a cooperative: Cooperative shares confers a residual claim on the firm's earnings, not in perpetuity, but only as long as the member maintains patronage.

User-Controlled: Behaviour Due to Democratic Control

Democratic control of cooperatives has two aspects: limits on voting equity (or limits on shares ownership) and restrictions on non-members serving as board of directors.

i) Limits on voting on the basis of equity ownership: Voting power is not proportional to equity investment. The limitation on "voting one's equity" may be in the form of one-member/one-vote rule, or voting may be proportional to patronage or shares ownership but subject to some limit such as restricting any one member from having more than 5 percent of the total votes (RoK, 2008). Allocating voting power in a cooperative on a basis other than equity ownership prevents the concentration of control of the organization in the hands of those who contribute the bulk of the capital. The one-man one vote criterion may make a majority of members, who may contribute only a small part of the patronage of the organization to impose policies that exploit the minority of large patrons which may discourage investments in the cooperative. The diffusion political control may also lead to the possibility of low quality of decision making by the board of directors.

ii) Limits on non-members serving on the board of directors: In an effort to ensure "member control," the endowment of control rights is restricted in the bylaw to members who are not employees of the cooperative (Matthews, 2007). In such a scenario, the members intensely influence issues such as price setting (Staatz,

1989). Since Members in a cooperative are interested in many facets of the firm's performance beyond just net margins, it leads to greater direct monitoring of managerial behaviour by the board.

MEASUREMENT OF VARIABLES

Strategic behaviour items adapted from Bustamam (2013) and Sollosy (2013). Respondents were asked a series of questions about knowledge and perceptions on the ownership characteristics and strategic behaviours of their organizations. The respondents were also requested to indicate their position in the Sacco, the type and size of cooperative organization. The questions considered the eleven-item scale that considers dimensions proposed in the Miles and Snow (1978) typology, namely products-market domain, success posture, surveillance, growth, technological goal, technological breadth, technological buffers, dominant, planning, structure and control. Then each of the four strategic behaviours (prospector, defender, analyzer and reactor) was measured by eleven item response, one for each dimension. Measures of ownership characteristics were developed from Staatz (1989) and Mathews (2007). Respondents were required to state the level of agreement to twelve statements relating user-owner, user-benefited and user-control of cooperative firms.

METHODOLOGY

Research Design

An explanatory research design was used to establish relationships between ownership and strategic behaviour of cooperatives. The design flexibility and adaptability enabled exploration and description of the variables (Saunders et al., 2012). The research adopted a cross-sectional sample survey, in which questionnaires were used to collect quantitative data for analysis using correlational analysis and confirmatory factor analysis (CFA) (Cooper & Shindler, 2011).

Sample distribution and Sample Respondents

The target population was 215 deposit taking SACCOs in Kenya because they comprise an important and vibrant segment of SACCOs. SACCOs in Kenya also encompass almost all sectors of the economy and cooperative business activities. They are also the most common types of cooperatives with 7942 of the registered 15964 cooperatives being SACCOs (KNBS, 2014). In addition, performance of Kenyan SACCOs are ranked first in Africa and seventh worldwide, which justify choice of SACCOs as a suitable population of study on performance of cooperatives. A list all the 215 registered deposit taking SACCOs, was obtained from SASRA Supervisory Report 2014. The SACCOs were then be grouped into five ownership categories.

Category of SACCOs	# of SACCOs	Formula	Sample Size (#)	Sample %
Teacher based	45	45(100/215)	21	46.5
Government based	41	41(100/215)	19	46.5
Farmers based	73	73(100/215)	34	46.5
Private institutions based	24	24(100/215)	11	46.5
Community based	32	32(100/215)	15	46.5
Totals	**215**		**100**	46.5

The study sample comprised of 100 employees from the 100 sampled SACCOs. Employees were appropriate respondents in the study because they are the legally recognized individuals involved in actual management of SACCOs. Employees are also informed specialists who have ideas and experience on operations and performance. According to the SACCO Regulations (SASRA, 2010:64), employees are "responsible for the day to day running of the matters of the SACCO". In view of this, employees would provide valid and reliable data (Saunders et al., 2012) on ownership and strategic behaviour of cooperatives.

Pilot test

A trial survey will be conducted on 10 SACCOs, a 10% of the 100 SACCOs to be surveyed. The pilot sample size will be based on arguments by Hertzog (2008) that if the pilot study is not aimed at providing statistical estimates for the full study, a 10% of the final study sample size is sufficient. The decision to take a 10% will also be guided by cost and time constraints as well as dispersion and low variability of cooperatives in Kenya. Pre-test respondents were asked to simply complete the questionnaire. Then each respondent was interviewed on the clarity of each question. The measures that required revision were amended accordingly. After three total iterations, the questionnaire was administered to the subjects.

Data collection

The SASRA Supervisory Department provided email addresses through which copies of questionnaire together with instructions on how to fill them were distributed to the 100 sampled SACCOs. The SACCOs were then requested to return the questionnaires while submitting weekly regulatory returns.

DATA ANALYSIS

The collected data were cleaned, coded and analysed using the Statistical Package for Social Sciences (SPSS). To bring out the quantitative meaning of the data (Swift and Piff 2005), relationships and predictions among variables were determined using correlations and regression techniques (Mugenda and Mugenda, 2003, p. 132). A descriptive analysis

was used to analyse the responses and Pearson Product Moment Correlation Coefficient used to determine the relationship between the dependent and independent variables. A correlation analyses was carried out at a 0.05 level of significance. A firm was classified as adopting a particular behaviour reflected by the highest mean of its responses. In the descriptive statistics, mean scores and standard deviations were used, while in inferential statistics; correlation analysis was used. To improve on validity, respondent characteristics were built into the research process. This was done because although a true relationship existed between ownership characteristics and the strategic behaviours of Saccos, respondent characteristics may magnify true effects.

Response Rate

Out of the 100 questionnaires issued, 94 were returned of which six respondents were eliminated because they had less than the required 1 year of employment in their Saccos. This resulted in a net sample of 88 or an 88 percent response rate. Further, the researcher analyzed the respondents' distribution per Sacco and per department to establish whether the Sacco size, the respondents' job positions or years of service had any significance effect on the response rate. Cronbach's alpha computed on responses was 0.79, which is considered sufficient (Sekaran & Bourgie, 2009) as is an indication that there was no significant difference between the numbers of responses received from each Sacco when compared to the percentage of questionnaires issued initially. The data was also examined to determine if Sacco size had a significant impact on the reported strategic behaviours measures. The Saccos were sorted into two groups by size (less than Kshs 100 million and more than Kshs 500 million Total assets) and the performance ratings for each of the size groups were tested using ANOVA. This test indicated that size effects were not significant within the sample (F-ratio was less than F-limit).

The job title was used to test respondent bias by calculating the response to a question by identifying whether the person completing the questionnaire was the Chief Executive Officers, Human Resource Managers, Finance Managers, Internal Auditors, Tellers, ICT Managers, Clerks, Cashiers, Marketing Officers and Credit Officers. The distribution of responses indicated that pass-on respondent bias was minimal. On the respondent years of service, the study established that the range was between 3 years and 26 years, with a mean of 8 years and that the respondents Saccos had been implementing strategic plans for an average of five years. This shows that the majority of the respondents had stayed long enough in their respective Saccos to provide credible information on the subject of study.

Factor Analysis

Due to the systematic interdependence of variables, factor analysis was conducted to detect relationships or commonality between variables and classify variables into correlations that enabled extraction of the right number of factors and variables for further analysis. Factor analysis helped to group response items into factors based on their factor loadings or correlations between a variable and the factor. Factors emerged where there were high correlations within a group of variables /items. Then, the researcher estimated the proportion of variance that each item has in common with other factors, before using

Kaiser Normalization Criterion, which allowed for the extraction of components that have an Eigen value greater than 1. The principal component analysis helped to extract four factors. Ownership characteristics, Prospector and Reactor behaviours remained as they were, while Defender and Analyzer behaviours were loaded into one distinct variable.

The initial component matrix was rotated using Varimax (Variance Maximization) with Kaiser Normalization. This assisted the researcher to identify what variables fall under each of the 4 major extracted factors. Each of the 56 questionnaire items was looked at and placed to one of the 4 factors depending on the percentage of variability it explained the total variability of each factor. A variable was said to belong to a factor to which it explains more variation than any other factor.

Pearson Correlation Coefficient Analysis

The Pearson product-moment correlation coefficient was used to measure strength and the direction of relationship between ownership characteristics measures and strategic behaviours as indicated in the tables below. The bigger the correlation coefficient, the stronger is the association between two variables. Pearson Correlation Coefficient found a significant relationship between ownership characteristics and the strategic behaviours of Saccos. The study found defender/Analyzer behaviour to have the strongest positive correlation with ownership characteristics at 0.5937 Pearson's correlation coefficient, followed by prospector and reactor with 0.322 and 0.1736 respectively. The positive relationship was found to be statistically significant with a P value of 0.03, 0.046 and 0.023 for defender/analyzer, prospector and reactor respectively, which is less than 0.05. These findings imply that cooperative adopt more of defender/Analyzer strategic behaviours than prospector and reactor behaviours.

On defender/analyzer strategic behaviours, community based Saccos had the highest correlation of 0.781 followed by government based, teacher based, farmers based and private institutions based Saccos at 0.76, 0.62, 0.581 and 0.579 respectively. This is consistent with Peng et al. (2004) who assert that collectively owned firms tend to adopt defender strategies.
Prospector strategic behaviour correlation with ownership characteristics raged from 0.26 to 0.38, reactor from 0.097 to 0.29 while defender/analyzer raged from 0.47 to 0.781.

The analysis also revealed that user-benefited characteristic had the highest weighted average correlation with strategic behaviours at 0.4097 followed by user owned and user controlled with 0.3535 and 0.3243 respectively. The finding imply that benefits expected or actually provided by a cooperative significantly influence the strategic behaviour of the firm. This means cooperatives must endeavour to provide adequate benefits to perform well. Correspondingly user benefited characteristic had the highest correlation in all Sacco categories except in farmers based Saccos which had user owned as the highest correlation. This implies that strategic behaviour of farmer based Saccos are influenced more by User-owner interests than accruing user-benefits or user-control interests. Correlation coefficients are as shown in the tables below.

Correlation coefficients matrix

	Ownership Characteristics	Defender/ Analyzer	Prospector	Reactor
Ownership Characteristics	1			
Defender/Analyzer	0.5937 * 0.03	1		
Prospector	0.3220 *0.046	0.1666 *0.047	1	
Reactor	0.1736 *0.023	0.3906 *0.032	0.1570 *0.27	1

Pearson's Correlation coefficients tables

Teacher based Saccos			
Strategic Behaviours	**Sacco Ownership Characteristics**		
	User owned	**User benefited**	**User controlled**
Prospector	0.28	0.37	0.312
Defender/ Analyzer	0.5511	0.62	0.61
Reactor	0.238	0.1858	0.097
TOTAL	**1.0691**	**1.1758**	**1.019**

Government based Saccos			
Strategic Behaviours	**Sacco Ownership Characteristics**		
	User owned	**User**	**User**
Prospector	0.26	0.38	0.31
Defender/ Analyzer	0.489	0.76	0.54
Reactor	0.21	0.19	0.113
TOTAL	**0.959**	**1.33**	**0.963**

Farmers based Saccos			
Strategic Behaviours	**Sacco Ownership Characteristics**		
	User owned	**User benefited**	**User controlled**
Prospector	0.37	0.26	0.33
Defender/ Analyzer	0.724	0.581	0.47
Reactor	0.23	0.198	0.1
TOTAL	**1.324**	**1.039**	**0.9**

Private institutions based Saccos			
Strategic Behaviours	Sacco Ownership Characteristics		
	User owned	User benefited	User controlled
Prospector	0.29	0.38	0.29
Defender/ Analyzer	0.56	0.579	0.64
Reactor	0.1	0.29	0.13
TOTAL	**0.95**	**1.249**	**1.06**

Community based Saccos			
Strategic Behaviours	Sacco Ownership Characteristics		
	User owned	User benefited	User controlled
Prospector	0.28	0.36	0.33
Defender/ Analyzer	0.521	0.781	0.479
Reactor	0.199	0.21	0.113
TOTAL	**1**	**1.351**	**0.922**

Weighted average	0.3535	0.4097	0.3243

CONCLUSIONS

Both the overall model fit, data analysis and interpretation suggests that the Miles and Snow framework is effective in explaining strategic types within cooperatives. The Confirmatory factor analysis proved to be an important tool for identifying strategic types using multi-item measures, particularly in exposing autocorrelation within the framework (e.g. the analyzer and defender type). Further, the finding confirms that firm ownership characteristics can help predict strategic behaviour of a firm. These results were consistent with both the theory and previous research in industries outside of co-operatives. In addition to yielding significant estimates in the proposed directions, the magnitudes of the hypothesis effects were also consistent with the theory.

On the reliability and validity of the Miles and Snow typology, the study corroborates Karl (2011) and Moore (2005) findings that the strategic behaviours and its predictions generally are accurate applicable in all organizations. Moreover, the study has enriched the understanding of strategic behaviour in cooperatives, by confirming Peng, Tan, and Tong (2004) suggestion that collectively owned firms such as cooperatives tend to adopt analyser strategies, in addition to demonstrating empirically that cooperatives adopt a combination of analyzer and defender strategies.

RECOMMENDATIONS

Based on the findings that firm ownership characteristics can help predict strategic behaviour of a firm, the study recommends that management of co-operatives need to align the ownership in ways that could influence the strategic behaviour of firms. This could largely improve their performance and competitiveness. In addition, the study findings that cooperative enterprises adopts more of the defender/Analyzer behaviour followed by prospector and reactor respectively, is inconsistent with both the theory and previous research findings in industries outside of co-operatives, which indicate prospector to have strongest significant relationship with firm performance followed by defender/Analyzer and reactor behaviours. The inconsistency calls for further research.

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