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BLUE OCEAN STRATEGY ADOPTION AND PERFORMANCE OF PENSION SCHEMES IN KENYA

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ABSTRACT

Pension schemes have had several chances emerging as a result of dynamic business atmosphere which has greatly affected their performance. As a result, the firms are exploiting adoption of various strategies such as blue ocean. This study established the link between blue ocean strategy adoption and performance of pension schemes in Kenya focusing on cost management strategy, differentiation strategy, value innovation strategy and market development strategy. The study was anchored on disruptive innovation theory, dynamic capability theory and porter competitive strategy theory and adopted a descriptive survey design. The target population for the study was 147 respondents from the 49 pension schemes in Kenya comprising of Finance, Administration and Marketing managers. As structured questionnaire was used to collect quantitative primary data which was analyzed through descriptive, correlation and regression analysis. The study results established that adoption of market development strategy such as customer profiling, pricing and competitor profiling is associated with a significant improvement in performance of the pension schemes in Kenya.

It was also established that adoption of cost management strategy such as elimination of overlapping services, reduced over designing and lowering financial expenditures is associated with a significant improvement in performance of the pension schemes in Kenya. Further studies showed that adoption of differentiation strategy such as creation of new services, unique brand image and developing unique services is associated with a significant improvement in performance of the pension schemes in Kenya. Similarly, it was indicated that adoption of value innovation strategy improving existing services, refining existing services and adoption of technologies in service provision is associated with a significant improvement in performance of the pension schemes in Kenya. The study recommends that for the pension schemes to significantly improve their performance, they should enhance adoption of all the blue ocean strategies beyond the current level of adoption.

Key Words: C*ost Management Strategy, Differentiation Strategy, Value Innovation Strategy, Market Development Strategy, Kenya*

BACKGROUND OF THE STUDY

The business world is now very competitive. The decision makers of the business are changing their strategy to sustain in the competitive business world (Zolotova & Kharchenko, 2011). Previously, some popular strategic frameworks for the creation of new business models were developed. Firms engage in cut-throat competitions through costly practices aimed at outperforming competitors in the same space of operation resulting to poor performance (Muia, 2017). By this way, a new business model named “Blue Ocean Strategy (BOS)” was introduced by Kim and Mauborgne (2004) which rapidly gained worldwide publicity and acceptance. BOS is a concept that enables organizations think and create innovation in their business that can assist organization to the financial and economic sectors which is the main concern of the firm to generate sustainable profit. The BOS offers users a framework for creating uncontested market place and change the concentration from the current competition to the creation of innovative value and demand where the traditional Red Ocean Strategy accustomed to involve in competition (Kim & Mauborgne, 2014).

Following the Blue Ocean concept proposed in the book, several organizations in many sectors pursue this strategy for their business success. With the endless endeavors of Kim and Mauborgne, BOS, is a new strategy for achieving success through analyzing market to achieve goal got wide acceptance by many organizations. The blue ocean strategy focuses on creating a new industry or distinctive market segment that renders existing competitors largely irrelevant hence obtaining a dramatic and durable competitive advantage (Zolotova & Kharchenko, 2011). With greater competitive convergence among companies within most industry segments, a more sustainable strategy would be for firms to shift focus from benchmarking with the competition to creating new uncontested market space. The cornerstone of the blue ocean strategy is value innovation and cost management which is a systematic process of creating a quantum leap in value for both buyers and the company to the extent that existing competition becomes inconsequential (Mauborgne, 2011).

Mi (2015) postulated that firms can develop new growth opportunities by shifting focus from strategies aimed at outperforming or beating existing competition, to strategic moves of creating new uncontested market spaces with expansive boundaries and potential. Firms can further achieve this by analyzing the market and creating a new need, product, service well-adapted to the demand. BOS has gained reputation across the globe to local firms, In Kenya, Ogutu and Samuel (2011) indicated that among the Multi-National Corporations (MNCs) in Kenya, most used strategies to cope with competition in Kenya.

Evidence of the strategy was also witnessed the Airlines industry in Kenya (Mokaya *et al*, 2012). In the financial sector, Ogutu and Nyatichi (2012) similarly documented that Multinational Banks in Kenya normally adopt a broad differentiation strategy in order to maintain their competitive edge in the market. Similarly, Ngaruiya (2013) demonstrated that the Kenyan largest mobile service provider, Safaricom Limited, has also focused on value innovation based on the blue oceanic strategy, a related case with the MFIs according to Matheka (2016) and commercial banks according to Miano (2013) and Nyambane (2012). The pension schemes in Kenya currently experience a stiff competition from retirements funds and other investment firms. The coverage of these pension schemes is currently estimated at less than 15% of the total labor force. The NSSF has the highest membership proportion at about 67%, or about 800,000 members (Retirement Benefits Act (RBA), 2017). The civil service pension scheme follows at about 22%, and occupational retirement benefits schemes and individual retirement benefits schemes account for about 11% of total scheme membership in the country. Dues to the wide coverage, the pension schemes are facing cut throat competition that requires innovation and adoption of emerging strategies in order to survive.

STATEMENT OF THE PROBLEM

Over time, parties in Kenya's pension schemes have followed the principle of market niche by Porter to gain competitive advantage (Mwende, 2016). However, as the time passes market niche becomes a norm that do not lead to competitive advantage (Nyanjwa, 2016). In such situations, a fast follower strategy becomes non-operational and it becomes rare to develop a new growth engine (Kiptoon, 2014). Currently, pension schemes in Kenya are facing challenges of stiff competition because of an upsurge in the number of retirement benefit scheme fund players (Mino, 2013). Their returns are also lower compared to segregated schemes, at a basic average of 9.8% compared to fund players (OECD, 2017). This has led to a decline in their performance.

Empirical studies done in Kenya includes; Matheka (2016) sought to determine how blue oceanic strategies affected competitiveness of MFIs in Kenya. Ndungu (2014) sought to determine how blue ocean strategies affect performance of liaison group insurance brokers. Ngaruiya (2013) researched on value application based on the blue ocean strategies as Safaricom. Miano (2013) researched on factors determining the use of blue oceanic strategies among Kenya's commercial banks. Most of the studies done have been conducted in other sector of the economy other than the pension schemes. They have also failed to establish the relationship between blue ocean strategy adoption and performance, hence the research gap hence motivating this study.

OBJECTIVES OF THE STUDY

i. To determine the influence of market development strategy on performance of pension schemes in Kenya
ii. To establish the influence of differentiation strategy on performance of pension schemes in Kenya
iii. To assess the influence of value innovation strategy on performance of pension schemes in Kenya
iv. To determine the influence of cost management strategy on performance of pension schemes in Kenya

THEORETICAL REVIEW

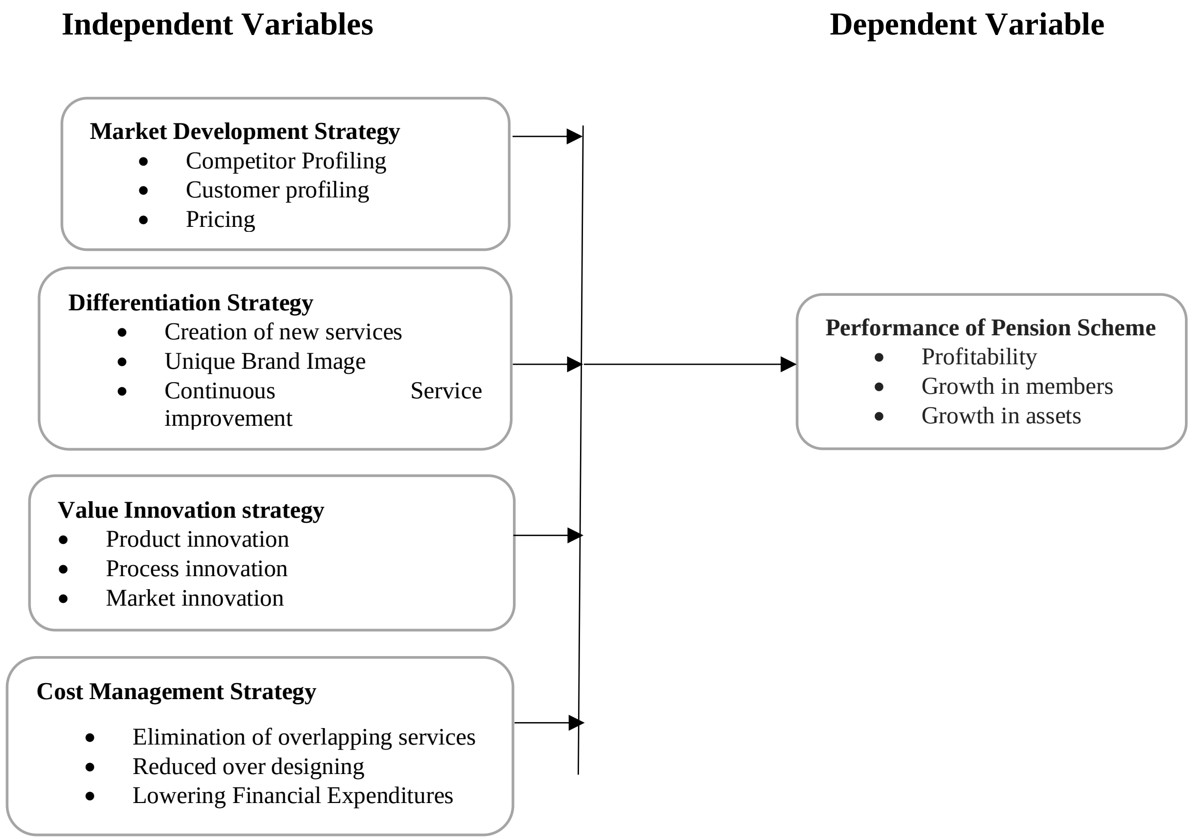
This study was anchored on dynamic capability theory, Porters competitive advantage theory and disruptive innovation theory. The Disruptive Innovation Theory propounded by Christensen (1990) describes a process by which a product or service initially takes root in simple applications at the bottom of a market typically by being less expensive and more accessible and then relentlessly moves upmarket, eventually displacing established competitors. Based on the theory, entrants target this ignored market segment and gain traction by meeting their needs at a reduced cost compared to what is offered by the incumbent. Incumbents don't respond to the new entrant, continuing to focus on their more profitable segments. Entrants eventually move upmarket by offering solutions that appeal to the incumbent's mainstream customers. Once the new entrant has begun to attract the incumbent business's mainstream customers and masse, disruption has occurred (Christensen, 1990).

The Porters Competitive Advantage Theory proposed by Porter (1980) on the other hand argues that a company must create clear goals, strategies, and operations to build sustainable competitive advantage. Porter outlined the three primary ways companies achieve a sustainable advantage as cost leadership, differentiation, and focus. Cost leadership means companies provide reasonable value at a lower price. Firms do this by continuously improving operational efficiency. Differentiation means companies deliver better benefits than anyone else. A firm can achieve differentiation by providing a unique or high-quality product. Another method is to deliver it faster. A third is to market in a way that reaches customers better. Companies typically achieve differentiation with innovation, quality, or customer service. Focus means the company's leaders understand and service their target market better than anyone else.

Dynamic Capability Theory proposed by Teece *et al.* (1997) dynamic capabilities as 'the ability to integrate, build, and reconfigure internal and external competencies to address rapidly-changing environments. The theory defines dynamic capabilities based on a firm's acquisition of valuable, rare, inimitable and non-substitutable (VRIN) resources. Dynamic capabilities are responsible for enabling organizations to integrate, marshal and reconfigure their resources and capabilities to adapt to rapidly changing environments. Thus, dynamic capabilities are processes that enable an organization to reconfigure its strategy and resources to achieve sustainable competitive advantages and superior performance in rapidly changing environments (Teece, 2007).

CONCEPTUAL FRAMEWORK

Figure 1: Conceptual Framework



EMPIRICAL REVIEW

Raddatz and Schmukler (2010) conducted a research study on pension funds and development of the capital market in Chile and revealed that even though pension funds contribute in development of some segments of the market, there are no consistent patterns with pension funds being initially expected to be dynamic and drive general development of the capital market. A study by Mbithi (2015) to evaluate market development strategy on Kenya's sugar sector performance showed that sales volume and overall turnover despite not being significant were influenced by company performance and the strategy of market development; on the other hand, expansion into new geographical areas significantly influences the volume of sales. In another study, Muga (2016) who researched on ways performance of multinational pharmaceutical companies in Kenya is affected by market development strategies showed that these companies were excellent in training their employees, growing sales, satisfying customers and in profitability.

A study by Adhiambo (2018) to determine how performance of pharmaceutical firms in Kenya was affected by differentiation strategy established that organizational performance and differentiation strategies were positively related. On the other hand, Nuru (2015) who focused on bottling companies in Mombasa showed that the differentiation strategies and company performance were positively related. Similarly, Atikiya, Mukulu, Kihoro and Waiganjo (2015) and Gorondutse and Hilman (2017) established that differentiation strategies were significant determinants of firm performance. Nandwa (2016) studied the impact innovation strategies had on financial performance of insurance companies in Eldoret and showed that innovation of products and its performance were significantly related. Karlsson and Tavassoli (2015) also showed that among Swedish firms, those companies selecting and affording the compacted strategies of innovation perform better in terms of productivity in comparison to those companies selecting no-innovation and those selecting simple innovations.

Similarly, Roongchirarote and Zhao (2017) as well as Atalaya, Anafarta and Sarvan (2013) provided evidence that product and process innovations significantly and positively affected organizational performance. In regard to cost management strategy, Kankam-Kwarteng, Osman and Donkor (2019) who conducted a study in Ghana showed that the strategy of low-cost and company performance was significantly and positively related. In Kenya, both Mohamed, Ndinya and Ogada (2018) and Marangu, Mwiti and Thoronjo (2017) established that the strategy of cost leadership was found to have some significant power over competitiveness of the organization and explains that the effect of strategy of low-cost leadership on competitiveness of the organization was significant.

RESEARCH METHODOLOGY

This study adopted a descriptive survey design. The target population were the 49 pension schemes in Kenya based on a report by the Kenya Revenue Benefits Authority (2020) from which the Administration, Finance and Marketing managers were targeted. The study conducted a census on all the pension schemes targeting 3 respondents from each scheme totaling to 147. The study collected primary data using a structured questionnaire designed in a Five-Point Likert Scale. The field data was checked for completeness, cleaned, coded and then analyzed using SPSS version 23. Data analysis was by use of descriptive statistics or inferential statistics. The study also conducted a correlation analysis to establish the strength of the relationship between the independent and the dependent variable.

Multiple regression was done to establish the relationship between blue ocean strategy adoption and performance of pension schemes in Kenya. The regression equation was: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$; Where: Y Performance, X_1 is Market Development Strategy, X_2 is Differentiation Strategy, X_3 is Value Innovation Strategy, X_4 is Cost Management Strategy, $\beta 0$ = is the constant term while the coefficients $\beta_i i = 1\ldots\ldots4$ were used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables X_1, X_2, X_3 and X_4 while ε is the error term which captures the unexplainable variations in the model.

RESEARCH FINDINGS AND DISCUSSIONS

After excluding the 14 respondents who participated in the pilot study, the study targeted 104 respondents specifically finance, marketing and administration managers. Therefore, a total of 104 questionnaires were issued out of which 76 responded which gave a response rate of 73%. According to Smith (2015) a response rate above 50% is satisfactory.

Descriptive Findings

The response delivered in a likert format is described by descriptive statistics as presented in this section. The standard deviations were used to show the variability in answers. On the other hand, the mean demonstrated the likert rating of the responses.

Description of Market Development Strategy among the Pension Schemes

The extent to which pension schemes have adopted market development strategies was examined by the study as indicated in Table 1. It was established that most pension schemes have profiled their customers and deliver according to their preferences (M = 4.11), have tailor-made services based on the distinct characteristics of the customers (M = 4.41), review pricing of their products to target a set of customers (M = 4.55) and also develop new market channels to meet target customers (M = 4.38).

It was also indicated that they provide promotions to attract new customers (M = 4.38), profile their competitors and aim to deliver above them (M = 4.64), provide special services which target special customers (M = 3.84) as well as profile their customers and deliver according to their preferences (M = 4.33). Overall, it was indicated that pension schemes have implemented market development strategy to a high extent (M = 4.33). The standard deviation was smaller than the mean to imply that the variation in the responses were very small. It shows that most of the respondents held related opinion.

Table 1 Description of Market Development Strategy among the Pension Schemes

Statement	Mean	Standard Deviation
The organization has profiled its customers and delivers according to their preferences	4.11	0.93
The organization has tailor-made services based on the distinct characteristics of the customers	4.41	0.68
The organization reviews pricing of its products to target a set of customers	4.55	0.72
The organization develops new market channels to meet target customers	4.38	0.78
The organization provides promotions to attract new customers	4.38	0.77
The organization has profiled its competitors and aims to deliver above them	4.64	0.58
Special services in the organization target special customers	3.84	1.10
Average	**4.33**	**0.79**

Description of Cost Management Strategy among the Pension Schemes

The extent to which pension schemes have adopted cost management strategy was examined by the study as indicated in Table 2. It was established that most pension schemes often eliminate overlapping services in order to manage costs (M = 4.26), conduct less over designing in order to reduce recurring costs (M = 4.39), always aims to lower its financial expenditures but maintain quality (M = 4.41) as well as continuously seeks to reduce prices without sacrificing its products' essential features or acceptable quality (M = 4.17).

In addition, the pension schemes' product lines and services are consistent and standardized (M = 4.24), embrace advanced technology in production hence lower costs (M = 4.39), have products targeting different customers (M = 4.24) as well as serve all types of customers in the market (M = 4.53). Overall, it was indicated that pension schemes have implemented cost management strategy to a high extent (M = 4.33). The standard deviation was smaller than the mean to imply that the variation in the responses were very small. It shows that most of the respondents held related opinion.

Table 2 Description of Cost Management Strategy among the Pension Schemes

Statement	Mean	Standard Deviation
The organization often eliminates overlapping services in order to manage costs	4.26	0.77
There is less over designing in order to reduce recurring costs	4.39	0.82
The organization always aims to lower its financial expenditures but maintain quality	4.41	0.79
The organization continuously seeks to reduce prices without sacrificing its products' essential features or acceptable quality	4.17	1.02
The organization product lines and services are consistent and standardized	4.24	0.99
The organization embraces advanced technology in production hence lower costs	4.39	0.77
The organization products target different customers	4.24	0.98
The organization is able to serve all types of customers in the market	4.53	0.72
Average	**4.33**	**0.86**

Description of Differentiation Strategy among the Pension Schemes

The study also established the extent to which pension schemes have adopted differentiation strategy as indicated in Table 3. The study findings indicated that most pension schemes focus on improving the elements of customer products (M = 3.68), develop new tailor-made services for its customers given their needs (M = 4.11) as well as aim to create buyer value so as to provide customers with more valuable services (M = 4.37).

The study results also demonstrated that the pension schemes products are unique in the market and not easily imitated (M = 4.09), seek to continuously improve its services to meet varied needs (M = 4.22) as well as aspire to create a unique brand image (M = 4.30). Overall, it was indicated that pension schemes have implemented differentiation strategy to a high extent (M = 4.13). The standard deviation was smaller than the mean to imply that the variation in the responses were very small. It shows that most of the respondents held related opinion.

Table 3 Description of Differentiation Strategy among the Pension Schemes

Statement	Mean	Standard Deviation
The organization focuses on improving the elements of customer products	3.68	1.36
The organization develops new tailor-made services for its customers given their needs	4.11	0.99
The organization aims to create buyer value so as to provide customers with more valuable services	4.37	0.69
The organization products are unique in the market and not easily imitated	4.09	1.01
The organization seeks to continuously improve its services to meet varied needs	4.22	0.86
The organization aspires to create a unique brand image	4.30	0.99
Average	**4.13**	**0.98**

Description of Value Innovation Strategy among the Pension Schemes

The study established the extent to which pension schemes have adopted value innovation strategy as indicated in Table 4. The study findings indicated that pension schemes in Kenya practice continuous investment in adoption of technology to deliver services (M = 4.41), continuously invest in research and development in order to improve service delivery (M = 4.33) and have also established online customer service systems (M = 4.45). In addition, they can access some of the organizational services online (M = 4.37), continuously improve the current services based on the customers preferences (M = 4.43) and well as continuously refining of the current services based on the customers preferences (M = 4.32). Overall, it was indicated that pension schemes have implemented value innovation strategy to a high extent (M = 4.38). The standard deviation was smaller than the mean to imply that the variation in the responses were very small. It shows that most of the respondents held related opinion.

Table 4 Description of Value Innovation Strategy among the Pension Schemes

Statement	Mean	Standard Deviation
There is continuous investment in adoption of technology to deliver services	4.41	0.79
There is continuous investment in research and development in order to improve service delivery	4.33	0.82
The organization has established online customer service systems	4.45	0.82
The organization can access some of the organizational services online.	4.37	0.76
There is continuous improvement of the current services based on the customers preferences	4.43	0.64
There is continuous refining of the current services based on the customers preferences	4.32	1.01
Average	**4.38**	**0.81**

Description of the performance of Pension Schemes

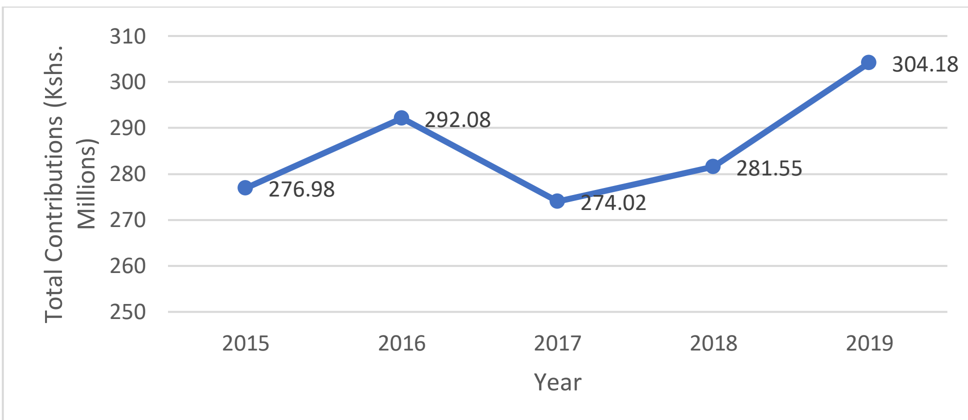
The respondents rated the performance of their firms as shown in Table 5. There was an agreement among the respondents that net income of the pension schemes in Kenya has improved (M = 4.16), gross profit has also improved (M = 4.46) and the number of members in the pension scheme have also increased (M = 4.41). It was also indicated that among the pension schemes, the customer base has improved (M = 4.49), there is growth in assets (M = 4.32) as well as acquisition of new assets (M = 4.63). Overall, there was an agreement that there has been an improvement in performance (M = 4.63).

Table 5 Description of performance of the Pension Schemes

Statement	Mean	Standard Deviation
The net income of the pension has improved	4.16	0.83
The gross profit of the pension has improved	4.46	0.50
The number of members in the pension scheme have increased	4.41	0.79
The customer base of the pension scheme has improved	4.49	0.70
There is growth in assets of the pension scheme	4.32	0.70
The pension has acquired new assets	4.63	0.59
Average	**4.41**	**0.68**

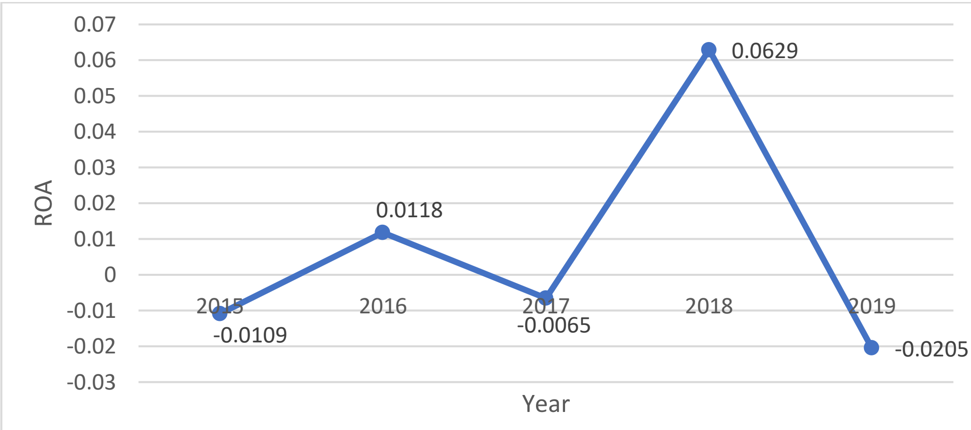
In addition to the description based on opinions, the trends in total member contributions (Kshs Millions) for the pension schemes were also established for the last 5 years. The average year contributions across the entire set of pension schemes were used to establish the trends in Figure 2. The results showed unsteady trends where the contributions were not steady, increasing and decreasing over the 5 years. However, after 2017, the increase in contributions were steady. This agrees with the likert scale responses that the schemes have demonstrated improved performance.

Figure 2 Total Member Contributions (Kshs Millions) (2015-2019)



In addition, the ROA were also obtained based on secondary data. The results in Figure 3 indicated that the performance of the schemes in terms of ROA was very poor (negative) in the year 2015 after which it slightly improved. However, in the year 2017, probably because it was an election year in Kenya, the returns on assets decreased steadily to negative. Generally, the ROA trends were unsteady.

Figure 3 ROA (2015-2019)



Correlation Analysis

The study used Pearson Correlation analysis to determine the relationship between blue ocean strategy and performance of pension schemes in Kenya. Table 6 gives the findings of the correlation analysis. It was demonstrated that adoption of market development strategy is associated with a significant improvement in performance of the pension schemes in Kenya ($r = 0.494$; P-value < 0.05). This implies that for the pension schemes to significantly improve their performance, they should enhance adoption of market development strategy. In their study, Raddatz and Schmukler (2010) similarly established that adoption of market development strategy had improved performance of pension schemes in Chile. The results further indicated that adoption of cost management strategy is associated with a significant improvement in performance of the pension schemes in Kenya ($r = 0.552$; P-value < 0.05). This implies that for the pension schemes to significantly improve their performance, they should also enhance adoption of cost management strategy. The findings are consistent with that of a study by Marangu, Mwiti and Thoronjo (2017) which established that cost leadership had some significant power over competitiveness of the organization and explains that the effect of strategy of low-cost leadership on competitiveness of the organization was significant.

The correlation results also showed that adoption of differentiation strategy is associated with a significant improvement in performance of the pension schemes in Kenya ($r = 0.424$; P-value < 0.05). This implies that for the pension schemes to significantly improve their performance, they should also enhance adoption of differentiation strategy. The findings are consistent with that of a study by Nuru (2015) which showed that increased company performance can be achieved through the adoption of differentiation strategy. Differentiation of products and services significantly enhanced performance. The results also showed that adoption of value innovation strategy is associated with a significant improvement in performance of the pension schemes in Kenya ($r = 0.455$; P-value < 0.05). This implies that adoption of value innovation strategy by the pension schemes can significantly improve their performance. In a related study, Nandwa (2016) indicated that innovation of products had a positive and significant influence on performance.

Table 6 Correlation Matrix

		Market Development	Cost Management	Differentiation	Value Innovation	Performance
Market Development Strategy	Pearson Correlation	1				
Cost Management Strategy	Pearson Correlation	.399**	1			
	Sig. (2-tailed)	0.000				
Differentiation Strategy	Pearson Correlation	.245*	0.145	1		
	Sig. (2-tailed)	0.033	0.211			
Value Innovation Strategy	Pearson Correlation	.321**	.273*	.321**	1	
	Sig. (2-tailed)	0.005	0.017	0.005		
Performance	Pearson Correlation	.494**	.552**	.424**	.455**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	76	76	76	76	76
** Correlation is significant at the 0.01 level (2-tailed).						
* Correlation is significant at the 0.05 level (2-tailed).						

Regression Analysis

The study adopted a multiple regression analysis to determine the relationship between the variables as well as achieve the research objectives after proof that one of the assumptions had been violated. The findings indicated the model summary, ANOVA and model coefficients as discussed below.

Model Summary

The results in Table 7 showed an R value of 0.716 which indicated that the joint association of all the four blue ocean strategies on performance was positive and strong. The results also suggested that up to 51.3% of the variation in performance of the schemes is attributed to blue ocean strategies namely value innovation, cost management, differentiation strategy and market development ($R^2 = 0.513$). Other factors account for the remaining percentage.

Table 7 Model Summary

R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
.716	0.513	0.485	0.3586
Predictors: (Constant), Value Innovation, Cost Management, Differentiation Strategy, Market Development			

ANOVA

The ANOVA results from the regression model was used to show whether the regression model was fit. As shown in Table 8, the value of F statistic was significant (Sig < 0.05). This implies that the regression model linking the study variables was fit.

Table 8 ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	9.614	4	2.404	18.687	.000
Residual	9.132	71	0.129		
Total	18.747	75			
Dependent Variable: performance					
Predictors: (Constant), Value Innovation, Cost Management, Differentiation Strategy, Market Development					

Model Coefficients

The model coefficients were used to show the magnitude and direction of the relationship between blue ocean strategy and performance. The results in Table 9 established that market development strategy had a positive and significant influence on performance of pension schemes in Kenya (β = 0.273; P-Value < 0.05). This implies that an improvement in adoption of this strategy can enhance performance of the pension schemes significantly. Similarly, Mbithi (2015) established that market development strategy had positive and significant influence on the Kenya's sugar sector performance. It was also indicated that cost management strategy had a positive and significant influence on performance of pension schemes in Kenya (β = 0.390; P-Value < 0.05). This implies that an improvement in adoption of cost management strategy can enhance performance of the pension schemes significantly. The study by Mohamed, Ndinya and Ogada (2018) similarly provided evidence that applying cost leadership strategies by MSMs led to cost reduction in operations, the production and profitability output increased.

In regard to differentiation strategy, the study revealed that differentiation strategy had a positive and significant influence on performance of pension schemes in Kenya (β = 0.252; P-Value < 0.05). This implies that an improvement in adoption of differentiation strategy can enhance performance of the pension schemes significantly. In their study, Adhiambo (2018) also showed that organizational performance and differentiation strategies were positively and significantly related. Lastly, it was shown that value innovation strategy had a positive and significant influence on performance of pension schemes in Kenya (β = 0.247; P-Value < 0.05). This implies that an improvement in adoption of value innovation strategy can enhance performance of the pension schemes significantly. A study by Karlsson and Tavassoli (2015) also established that innovation has a significant influence on firm's productivity.

Table 9 Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	-0.585	0.596		-0.982	0.330
Market Development Strategy	0.273	0.117	0.219	2.328	0.023
Cost Management Strategy	0.39	0.096	0.373	4.072	0.000
Differentiation Strategy	0.252	0.089	0.251	2.837	0.006
Value Innovation Strategy	0.247	0.112	0.202	2.201	0.031
Dependent Variable: Performance of Pension Schemes					

CONCLUSION

The study concludes that adoption of market development strategy such as customer profiling, pricing and competitor profiling is associated with a significant improvement in performance of the pension schemes in Kenya. Another conclusion is that adoption of cost management strategy such as elimination of overlapping services, reduced over designing and lowering financial expenditures is associated with a significant improvement in performance of the pension schemes in Kenya.

The study concludes that adoption of differentiation strategy such as creation of new services, unique brand image, developing unique services and continuous service improvement is associated with a significant improvement in performance of the pension schemes in Kenya. Furthermore, it was concluded that adoption of value innovation strategy product innovation, process innovation and market innovation is associated with a significant improvement in performance of the pension schemes in Kenya.

RECOMMENDATIONS

The study recommends that given that market development strategy is significant, then for the pension schemes to significantly improve their performance, they should enhance adoption of market development strategy. Some of these strategies involve customer profiling, pricing and competitor profiling. Another recommendation is that since cost management strategy is significant, for the pension schemes to significantly improve their performance, they should also enhance adoption of cost management strategy. Some of which are elimination of overlapping services, reduced over designing and lowering financial expenditures.

It can also be recommended given that differentiation is significant, for the pension schemes to significantly improve their performance, they should enhance adoption of differentiation strategy such as creation of new services, unique brand image, developing unique services and continuous service improvement. Furthermore, given that value innovation strategy is significant, pension schemes should enhance its adoption so as to significantly improve their performance.

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CONFLICT OF INTEREST

No potential conflict of interest has been recorded by the authors.

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