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COMPETITIVE STRATEGIES, BUSINESS

PERFORMANCE AND SUSTAINABILITY OF DGB

MICROFINANCE MYANMAR CO., LTD.

EAINT THET HTAR THU

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COMPETITIVE STRATEGIES, BUSINESS PERFORMANCE AND SUSTAINABILITY OF DGB MICROFINANCE MYANMAR CO., LTD.

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Supervised by: **Submitted by:**

Dr. Aye Thanda Soe   Ms. Eaint Thet Htar Thu
Professor   Roll No – 14
Department of Commerce   MBF (Day) 2th Batch
Yangon University of Economics   Yangon University of Economics

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ABSTRACT

This study aims to focus Porter's generic competitive strategies that describe how a company pursues a competitive advantage across its chosen market scope. The objectives of the study are to identify competitive strategies of DGB Microfinance Myanmar Co., Ltd., to examine the effect of strategies on business performance of company and to analyze the relationship between business performance and sustainability of company. The primary data was collected from 150 employees out of 300 employees (50% sample size) from the company. The questionnaires are structured with 5 points Likert scale. The descriptive and inferential analysis method are used. The study found that cost-leadership strategy has a positive and dominant effect on business performance of company. The focus strategy is also positively affecting on performance of business. However, the study found that differentiation strategy has no influence on performance of business. Therefore, the company can analyze and adopt the cost leadership strategies that can formulate and improve business performance in order to gain sustainable advantages in the industry. In accordance with findings, there is a positive relationship between business performance and sustainability of company. Hence, company can promote and enhance the performance which can gain and facilitate their ability to maintain the long-term sustainable company in terms of generic strategies.

ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

DTMFI	-	Deposit Taking Microfinance License.
FRD	-	Financial Regulatory Department.
MFIs	-	Microfinance Institutions.
MIS	-	Management Information System.
MMFA	-	Myanmar Microfinance Association.
MMSE	-	Myanmar Microfinance Supervisory Enterprise (MMSE).
NGOs	-	Non-Government Organizations.
PAR	-	Portfolio at Risk.
RBV	-	Resource-Based View Theory.
UNDP	-	United Nations Development Programme.

CHAPTER I
INTRODUCTION

Microfinance institutions have been developed since the late 1990s as a tool for economic growth to benefit low-income people (Bayeh Asnakew Kinde, 2012). Microfinance are the institutions that provide all types of financial intermediation services such as savings, loans, fund transfers, insurance and pension transfers to low-income households in both urban and rural areas (Otero, 1999). They can strengthen individuals financially and socially by creating self-confidence and financial sustainability. Since MFIs provide financial products to the poor who are high-risk borrowers, a low loan repayment rate also threatens their sustainability (Rosenberg, 2009). Many factors threaten the sustainability of MFIs in Myanmar. One of these is the intense competition triggered by the high growth rate with the bargaining power of existing competitors in red ocean market and formal banking institutions are key player in microfinance which threatens the survival and ultimately the impact of MFIs. As the business environment has become more complex, accompanied by increased competition, changes in lending methods and new regulatory requirements, there is unprecedented business failures in the MFI industry.

Competitive strategies are plans that include offensive or defensive actions to create a defensive position in the industry, used to beat competitors by gaining a competitive advantage. According to Johnson and Scholes (2005), competitive strategy is about the foundation in which a business unit can reach the competitive advantage in its market. A competitive advantage is essentially the search for a favorable competitive position in an industry and aims to establish a profitable and sustained position against the forces that determine industry competition (Porter, 1985). Competitive strategies are the core of any firm's success and therefore businesses must develop a plan that addresses ways to compete in their respective markets. (Ansoff, 1990).

The effective selection and implementation of competitive strategies ultimately leads to competitive advantages and therefore better performance of the company. This performance have to drive the business sustainability of the company. Kimotho (2012) describes performance as the result of all the operations and strategies of the organization. The concepts linking the company's competitive strategy to performance was introduced by Barney (2002). In microfinance, business sustainability refers to the

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long-term continuation of business after discontinuing of project activities (Ahlin & Lin, 2006). In order to keep afloat in this scenario, DGB Microfinance Myanmar Co., Ltd.. have to constantly review their competitive strategies by exploiting their mechanisms to keep ahead of competition from other financial providers to guarantee business sustainability in competitive market of MFIs industry in Myanmar. Therefore, this study investigates about their competitive strategies to maintain better performance and to drive business sustainability of DGB Microfinance Myanmar Co., Ltd..

1.1   Rationale of the Study

Microfinance institutions play a critical role in providing financial services to a large group of people who do not have access to traditional banking services. The sustainability of MFI is therefore crucial to poverty reduction (Robinson, 2003; CGAP, 2004; Hollis & Sweetman, 2007; Iezza, 2010; Guntz 2011; Tehulu, 2013). This is because sustainable MFIs can reach more poor people enabling them to continue to have access to financial services (Ek, 2011). MFIs contribute to the economic empowerment of the poor by providing financial services. On the other hand, unsustainable MFIs does not help the poor in the future because they are lost (Schreiner, 2000). However, there is a going concern about the sustainability of these institutions due to intense global competition.

There have been many studies on competitive strategies globally and locally with conflicting and inclusive results which leaving gaps that need to be filled. For instance, in previous studies it is clear that the competitive strategies have a significant positive effect on performance of MFI industry (Tomno, 2014). It is found that the competitive strategies have a significant positive effect on performance of Bumburi Cement Limited as a single firm (Naderiu, 2015). Moreover, the analysis on effect of competitive strategies on performance of single MFI is largely ignored. While the several previous studies have underlined the relationship between competitive strategies on performance as well as sustainability of organizations, the analysis of competitive strategies in Myanmar MFIs has been poorly investigated and the extent to which strategies affect the organizational performance and sustainability is still unknown.

According to membership list of Myanmar Microfinance Association (MMFA), round about 170 microfinance institutions including foreign and local companies is operating all over Myanmar. Among these, DGB Microfinance Myanmar is the shortest

business life and immediately after starting field operations, Pandemic (Covid 19) hits Myanmar. Hence, it is worth studying to review how DGB Microfinance Myanmar Co., Ltd. struggle in these difficult situations with their competitive strategies. Competitive strategies seek to enhance the quality of loan products and to maximize the business performance. By carrying out this study, it is sure that DGB Microfinance Myanmar Co., Ltd. knows whether their strategies are effective enough to compete the rivals in the industry. This research also investigates how the effect of the competitive strategies of DGB Microfinance Myanmar Co., Ltd. influences the business performance of company among all other competitors in microfinance industry of Myanmar. Next, the study seeks to analyze the business performance and how it effects on the business sustainability of DGB Microfinance Myanmar Co., Ltd..

1.2   Objectives of the Study

The objectives of the study are as follows;

1) To examine the competitive strategies of DGB Microfinance Myanmar Co., Ltd..

2) To investigate the effect of competitive strategies on business performance of DGB Microfinance Myanmar Co., Ltd..

3) To analyze the effect of business performance on sustainability of DGB Microfinance Myanmar Co., Ltd..

1.3   Method of Study

In this study, quantitative analysis method is practiced to examine the relationship between competitive strategies, organizational performance and business organizational of DGB Microfinance Myanmar Co., Ltd.. According to the Kothari (2004) descriptive studies describe the characteristics of an individual or group. This design was appropriate because the researcher is able to collect data economically by using questionnaires from the target population. Both primary data and secondary data is used. Primary data is collected from 150 employees out of 300 employees from head office and all branches by using simple random sampling method. Statistical Package for Social Sciences (SPSS) program is used to analyze. Pearson correlation coefficient is used to determine the relationship between variables. The questionnaire has 29 items to measure all the independent variables and dependent variables. Each item is measured on a five-point Likert scale and the scale range is 1 to 5 including: strongly

disagree, disagree, neutral, agree and strongly disagree. The target populations are from all level of management because they are involved in the crafting and implementing of strategies for their organization. Using a survey limit the collection of respondent's opinions and attitudes. Secondary Data is collected from previous research papers, journals, articles, and survey reports from internet websites. The method limits the generalization of research findings as it captures views that existed at a point in time. This method fits the study of this nature since the researchers looked at the effects of the independent variables (Porter Generic Strategies) on the dependent variables (organizational performance and business sustainability).

1.4   Scope and Limitations of the Study

The study focuses on the competitive strategies on business performance towards sustainability of DGB Microfinance Myanmar Co., Ltd.. And, it mainly emphasizes on three main competitive strategies: cost leadership strategy, focus strategy and differentiation strategy. The study only focuses with a view of investigating the effect of competitive strategies on business performance as a whole. The study examines whether DGB Microfinance Myanmar Co., Ltd. sustain enough in the future due to the effect of competitive strategies and business performance.

1.5   Organization of the Study

This research includes five chapters. Chapter one provides an introduction, rationale, objectives, scope and limitation, methods that were encountered during the study. Chapter two presents theoretical background on the theories underpinning the study, previous reviews of competitive strategies, business performance and sustainability of microfinance institutions and the conceptual framework of study. Chapter three presents three sections; history of MFIs industry in Myanmar, Profile of DGB Microfinance Myanmar Co., Ltd. and competitive strategies practices in DGB Microfinance Myanmar Co., Ltd.. Chapter four deals with research design, data analysis, interpretation and discussion. Finally, chapter five presents the summary, conclusions, the findings and discussions, suggestions and recommendations, limitations and needs for future research.

CHAPTER II
THORETICAL BACKGROUND

This chapter presents a review of theoretical background regarding competitive strategies, business performance and sustainability. This chapter is classified into theoretical and previous studies related to this study. In theoretical review, Porter's generic strategies with the purpose of discussing strategic typologies according to Michael Porter are presented. In previous studies, past studies to identify the knowledge gaps worth addressing are presented. This section includes the definitions of the variables used in the study framework, the review consisting of various sources of information, international and local, published and unpublished work and the documented case studies that have been carried out so far on Porter's generic strategies.

2.1   Porter's Generic Competitive Strategies Model

With the changing business environment, companies find it increasingly difficult to find industrial environments with good enough conditions that allow a rate of return above the competitive level. Competitive strategies provide a framework for examining firm's strategies and how they affect organizational performance. The firm's position in its industry determines whether the firm's profitability is above or below the industry average. The fundamental basis for long-term above-average profitability is sustainable competitive advantage. Michel Porter (1980) argued that competitive advantage derived from competitive strategy is the firm's ability to defeat competitors on the primary objective of profitability performance. Competitive strategy is a key area of strategy and as such must grow from a sophisticated understanding of the competition rules that determine the attractiveness of an industry. According to Porter (1980), an organization can outperform rivals if it can establish a difference because it can maintain and the essence of strategy is to choose an activity that is different from what rivals are doing. Porter's generic competitive strategies model describes generic strategies by which a firm may choose to engage in offensive or defensive actions against competition in any industry. These are cost leadership, differentiation and focus strategies. Porter (1980) argued that generic strategies can only lead to competitive advantage if they are sustainable. To do this, the firm must have barriers that prevent other firms from imitating the chosen strategy.

In cost leadership strategy, a firm strives to have the lowest costs in the industry and offers its products and services to a broad market at the lowest prices. When a company lowers its cost structure, it earns higher profits than its competitors due to lower production costs and is able to offer lower prices than its competition to compensate for the lower level (Porter, 1985). Cost leadership strategy, as indicated by Porter (1980, 1985) meant the strategy of trading with standard products together with aggressive pricing. As Porter (1985) proposes, cost leadership strategy is one of the most successful ways to achieve competitive advantage through the ability to reduce and control costs, both production and non-production costs.

Thompson and Strickland (2008) agree with Porter's view on cost leadership strategies and state that this strategy calls for being the low-cost producer in an industry for a given level of quality. Firms acquire cost advantages by improving processes efficiencies, accessing lower cost materials, making optimal outsourcing vertical integration decisions, emphasizing on forceful development of effective scale offices, energetic quest for cost reduction for a fact, shirking of negligible client records, cost minimization in ranges like innovative work (R&D) or avoiding some costs altogether. Use of technology, branch expansion, access of cheap funds, geographical advantages on branch expansion, economies of scale employing experienced and working toward minimizing or controlling administrative costs to realize their low-cost strategy that further translates to beating the targeted performance (Hansen et al., 2015). The sources of cost advantage are varied and depend on the structure of the industry. This strategy results in efficiency by producing standardized products while leveraging economies of scale and experience, the firm also strives to gain competitive advantage. Generally, for organizations to maintain cost advantages or establish the value chain to establish efficient ways to produce, promote, distribute and design the product, a firm can also gain a cost advantage (Porter, 1998).

Differentiation strategy also targets a broad market. The purpose of pursuing a differentiation strategy aims to offer unique products or services to customers in order to gain a price premium. This facilitates a firm erection of entry barriers and reduces buyers bargaining power through customer loyalty and price elasticity (Porter, 1980). This is the one way of creating a product or service that is considered unique across the industry. Whether there is product differentiation is always a question of customer perception, but companies can influence these perceptions through a variety of measures. Companies that utilize a differentiation strategy consider the market

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penetration as a first priority. Differentiation can be based on the design, brand image, proprietary technology, special features, dealers, a strong distributor network, superior customer service or other aspects that might be specific to one's industry (Tanwar, 2013). Uniqueness should also translate into industry-standard profit margins.

Chan, Glaser, Rahman and Smith (2012) argue that product differentiation in microfinance industry can be based on differences in the type of institution (firm charters), lending methodology employed, level of product customization, alternative distribution channels, degree of complexity when applying for a loan or advisory and support services. Consequently, the customer has a wide range of choice from the type of financial institution to the type of loan contract. This includes little or no collateral lending models, thus greatly differentiating the microfinance products and services. Rothschild (1984) contended that differentiation is often the secret to extending the life cycle of a business and making it more expensive to enter and follow. The risks associated with differentiation strategy include imitation by competitors and changing customer tastes and preferences and hence the shelf life of differentiation strategy is getting shorter and shorter.

A niche market has been used as one of the differentiation strategies as well as focus strategy. The niche can be defined by geographic uniqueness, by specialized requirements in using the product, or by special product attributes that appeal only to niche members. Porter (2001) described focus strategy as strategies that pursue specific market segments through overall cost leadership and differentiation as opposed to engaging in the whole market. The target audience selects a segment or group of segments in the industry and sets its strategy to serve them exclusively. The focus strategy has two variants; cost focus and differentiation focus. Cost focus exploits differences in cost behavior in some segments while differentiation focus exploits the special needs of buyers in certain segments (Motta,2004). According to Allen and Helms (2006), focus strategies may enable firms to utilize their specialized distinctive competence or set of assets to create new niches. However, Thompson and Strickland (2008) noted that the biggest disadvantage facing the focus strategy is the risk that the underlying market niche may gradually shift more toward characteristics of the broader market. A related risk is the potential for broad-line competitors to develop new technological innovations or product features that may redefine the buying preferences of the niche.

Porter (1980) argued that his generic strategies are not compatible to one another. A firm that strives to achieve an advantage in all aspects may achieve no advantage at all. For example, if a company differentiates itself by offering superior products, this advantage may erode as it tries to become a price leader. Therefore, according to Porter to be successful over a long term, a firm must select one and only of the three generic strategies. Otherwise with more than one, a firm risk being "stuck in the middle" and may not achieve competitive advantage. The companies that benefit from multiple strategies do so by creating separate business units for each strategy.

This model is relevant to this study because DGB Microfinance Myanmar Co., Ltd. needs to employ these generic strategies to achieve a competitive advantage in an industry that is becoming highly competitive. The pursuit of cost leadership structure effectively enables DGB Microfinance Myanmar Co., Ltd. to reduce all production costs, thus becoming the lowest cost provider, hence attracting more clients. A differentiation strategy enables DGB Microfinance Myanmar Co., Ltd. to offer unique products that customers need thus customers' loyalty that eventually drives market share. In a focus strategy, DGB Microfinance Myanmar Co., Ltd. can achieve a competitive advantage by concentrating on a particular geographical area, market segment or product line.

2.2   Resource-Based Theory

During the 1990s, the resource-based view (also known as the resource-advantage theory) of the firm became the dominant paradigm in strategic planning. Achieving a sustainable competitive advantage is at the heart of the literature on strategic planning and marketing. Competitive advantage is attained when a firm implements a value-creating strategy that is not being implemented by current or potential competitors (Barney, 1991). The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Rumelt, 1984). A resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such as their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier (Hooley and Greenley, 2005). RBV explains that a firm's sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, perfectly inimitable, non-tradeable and non-substitutable as well as firm-specific (by Finney et al. 2004). It also highlights the

fact that not all resources of a firm may contribute to a firm's sustainable competitive advantage. Varying performance between firms is a result of heterogeneity of and RBV is focused on the factors that cause these differences to prevail (Lopez, 2005).

RBV provides the understanding that certain unique existing resources result in superior performance and ultimately build a competitive advantage. The sustainability of such an advantage depends on the ability of competitors to imitate such resources. However, due to volatility of the contemporary markets, the company's current resources may not be sufficient to meet future market demands. It is necessary to improve and develop resources to meet market competition in the future. Finney et al. (2005) agreed, stating that the need to update resources is a major management task since all business environments reflect highly unpredictable market and environment conditions. The more difficult and expansive it is to imitate a firm's resource strength; the greater is its potential for a competitive value. For a resource to be able to give a firm a competitive advantage, the competitors should not have the same options.

This theory underpins this study because organizations cannot survive without resources, both tangible and intangible; because these are the things that provide a strong resource to complete. The organizations use their competencies derived from their resources to build their competitive advantages.

2.3 Business Performance and Measurements

Lusch and Laczniak (1989) defined business performance as the total economic result of the activities undertaken by an organization. Walker and Reukert (1989) found primary dimensions of business performance could be grouped into three categories of effectiveness, efficiency and adaptability. In many research situations, it is neither possible nor impossible to obtain a measure of organizational performance. Even if such measurements are available, they do not guarantee the accuracy of the performance measurements. While performance measurement may be more meaningful if researchers limit themselves to one industry, extending research to other industries are problematic. However, measuring the performance of a company is challenging.

The Balance Score Card: In Harvard Business Review article (Kaplan and Norton, 2010) the balance scorecard approach provides a clear prescription as to what companies should measure in order to balance the financial and non-financial prescriptive. It is a management system that enables organizations to clarify their vision

and strategy and translate then into action. It provides feedback around both the internal business processes and external results to continuously improve operational plans and results. The balance scorecard suggests that the organization can be view from four perspective namely learning & growth perspective, business perspective, customer perspective and financial perspective to develop metrics collect data and analyze it relative to each of these perspectives. The learning & growth perspective includes employees training and corporate cultural attitudes related to both individual and corporate self-improvement. The business process perspective refers to internal business. The customer perspective focus on customer needs and satisfaction. The financial perspective focuses on providing timely and accurate funding data.

Performance has been defined by Porter (1985) as a feature of an institution's capability to achieve its goals and objectives through efficient and effective use of the available resources. Performance is basically the achievement of a certain performance against a predetermined standards of completeness, efficiency, accuracy and cost effectiveness. Similarly, it implies the level at which a task is achieved. The criteria chosen for financial evaluation indicate how the finances of the business are classified into a series of categories: solvency, liquidity, profitability, financial efficiency and repayment capacity. It is worth noting that both the past and present financial data are not only the features that affect and institutions financial performance (Crane, 2010). The performance of MFIs is based on the quality and repeatability of their activities, employee turnover, customer loyalty, growth rate, customer service and overall profitability of the business.

2.4   Business Sustainability and Measurements

Sustainability means the ability of the MFI to continuously perform its activities and services in accordance with its objectives. Otherwise, it is defined as the capacity of a program to stay financially viable. It also refers to long term continuation of the company. Even the definition of sustainability has been given various interpretations. Aiming to achieve sustainability, MFIs seek to achieve economies to scale by shifting their efforts to better serve clients. Therefore, it is required to strike a balance between outreach and financial sustainability. The term outreach generally connotes two dimensions: depth and breadth of outreach. Depth of outreach is defined as access of credit disbursement to poor people, wherein the poorer the borrowers are the greater is the depth of outreach. Hulme and Musley (1996) asserted that the poor the supposed

MFI is no longer different from a bank. Breadth of outreach is measured by the number of people a MFI has extended credit to, or the number of borrowers over a specific period of time. It is generally assumed that the larger the number of borrowers the better the outreach. According to Logotri (2006), larger number of borrowers found to be the biggest sustainability factor. With the rapid growth of microcredit, breadth of outreach has also increased both at the industry level and also at the individual MFI level.

The major objective of MFIs is to provide banking and credit facilities to the poor and to micro-entrepreneurs who otherwise would lack access to financial services (Akintoye, 2007). However, lending to micro-entrepreneur is based on collateral-free payment agreements. Such transactions stress the company: if borrowers are unable to pay, the institution is involved in default, which ultimately adversely affects the company's capital. Such a risk is called the credit risk of the institutions.

Hence, another important feature of attaining sustainability of MFIs is which criteria in loan assessment are planned to reduce its credit risk and how much it can avoid. Credit risk is directly related to the portfolio of the organization and is one of the most significant risks from an MFI perspective. Credit risk is common risk for MFI. The risk is of greater significance for MFIs as it has to deal with a large number of clients with limited literacy. Although credit risk is inherent to all loan of the MFI, it materializes in the loans which start showing overdue. An amount is called 'overdue' if it is not received by the MFI on its scheduled time. Every loan that an MFI provides has a fixed schedule for repayment. This is called the Repayment schedule, which provides the schedule of payment and acts as the reference point for the MFIs to estimate their overdue. At the time of loan disbursement, every client is given a repayment schedule, which shows the amount to be paid in each installment and the date of payment. If the amount is not received on or before the scheduled date it is called overdue. If any loan has any amount over-due it is termed as a Delinquent loan or a case of delinquency. MFIs try to monitor their credit risk and want to measure the extent of credit risk, which is the risk on their portfolio. There are various indicators, which help in measuring the credit risk profile of an MFI. Of these indicators portfolio at risk or commonly known as PAR is considered to be the most effective and is now a very common indicator across MFIs. Apart from PAR, the Repayment rate and Arrear rate are other ratios, which also provide information about the portfolio quality of an MFI.

2.5   Previous Studies

This section presents an previous studies that have been conducted on the effect of the independent variables (competitive strategies) on the dependent variable (performance & sustainability of MFIs).

2.5.1   Competitive Strategies and Business Performance

The relationship between competitive strategies used by Bamburi Cement Limited and its performance (Naderitu, 2015) indicated that several competitive strategies are adopted by Bamburi Cement Limited in order to curb the high competition in the market. The objective of the study is to access the relationship between the competitive strategies used by Bamburi Cement Limited and its performance. The study used the structured questionnaires which are conducted by 20 respondents (30% sample size) including all the heads of departments and managers in the three branches; Mombasa, Athi River and corporate headquarters in Nairobi. The researcher found that three generic strategies have a positive significant relationship on the organizational performance.

Figure 2.1: The Relationship Between Competitive Strategies and Performance (A case study of Bamburi Cement Limited)
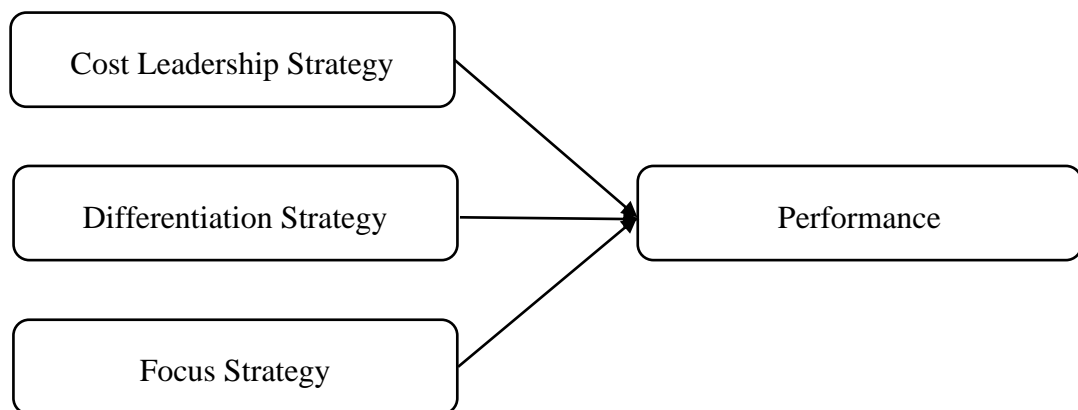
Source: Naderitu (2015)

This study found that focus strategy is highly utilized by the company. The focus strategy employed by the company includes targeting a specific market niche/segment, improving operational efficiency and controlling the quality of products. This study also found that the company utilized differentiation strategy as second priority. It includes providing specialty products/services, developing brand or company name and providing outstanding customer services.

Baraza (2017) conducted the analysis on effect of competitive strategies on performance of East Africa Breweries Limited in Kenya. The objective of this study is to determine the effect of competitive strategies on performance of manufacturing firms in Kenya. The study used the structure questionnaires which are conducted by 1553 respondents (83% sample size) including all employees from finance, human resource, marketing and production departments. The study found that competitive strategies had a moderate but positive relationship with performance which was statistically significant.

Figure 2.2: The Effects of Competitive Strategies on Performance of Manufacturing Firms in Kenya; A case study of East Africa Breweries Limited.
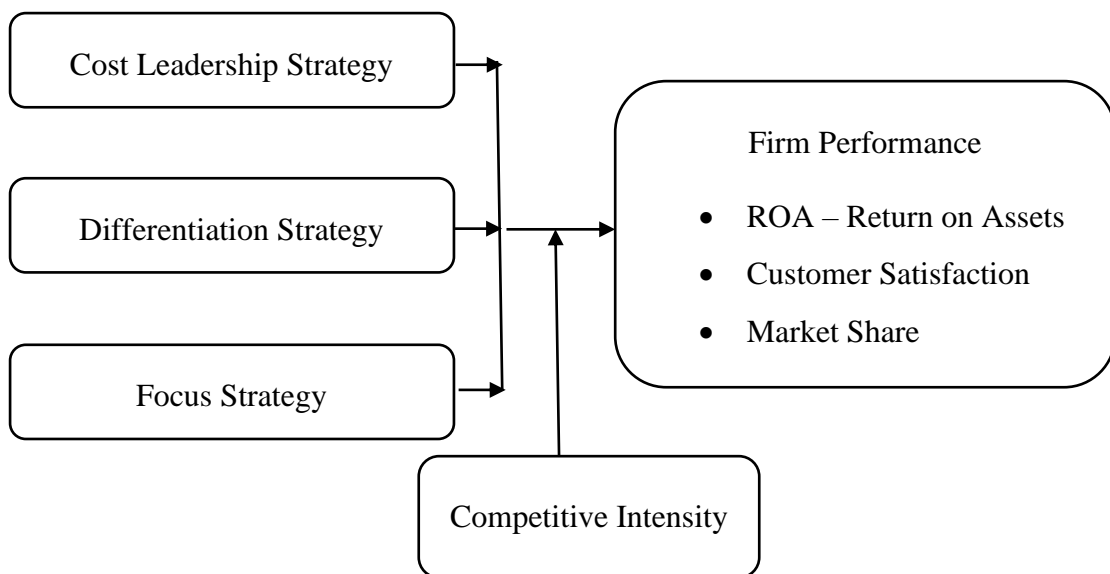
Source: Baraza (2017)

The study found that the application for differentiation strategy highly influences on the performance of the company. It includes offering unique products/services, creating and maintaining products/services with appealing features, researching to match products/services with customer needs, striving to lead the delivery system in the industry and keeping our customers always aware of our product/service attributes. The study concludes that focus strategy should be practiced as a manufacturing firm to high extent in order to enhance the competitive advantage. It can be able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well.

Tomno (2014) researched the relationship between competitive strategies and performance of microfinance institutions in Kenya. The study used the semi-structured questionnaires in such a manner as to elicit from the respondents the competitive

strategies adopted by the organization in the recent past and will distributed to the member firms of the Association of Microfinance Institutions (AMFI) including the senior managers of MFIs, such as Chief Executive Officers (CEO) and operations managers whose positions and roles gives them ability to respond effectively to the question.

Figure 2.3: **The Relationship Between Competitive Strategies and Performance of Microfinance Institutions in Kenya**
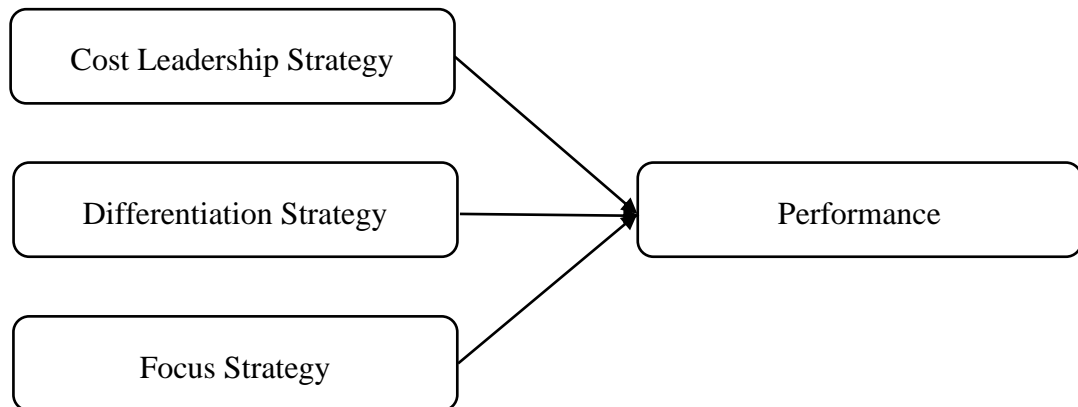
Source: Tomno (2014)

This study found that there was a positive relationship between cost leadership strategies and the performance of MFIs. The cost leadership strategies employed by MFIs include continuously searching for cost reduction without sacrificing quality and essential features of products and services, enhancement of process efficiencies, leveraging on IT to deliver value, charging a lower fee than competitors and maximizing on economies of scale. The MFIs only moderately offer products and services to a broader customer segment.

Ombati & Mutur (2017) analyzed that the effect of competitive strategy on performance of microfinance institutions in Kenya with a survey of microfinance institutions in KIsii Country. The general objective of the study is to evaluate the effects of competitive strategies on the performance of Microfinance Institutions in Kenya. The structured questionnaires are used and distributed to all employees of MFIs operating in Kisii Town. The sample size of the study is 65 respondents representing 50% of entire population. The study revealed that competitive strategies have positive and significant relationship on the organizational performance.

Figure 2.4: The Relationship Between Competitive Strategies on Performance of Microfinance Institutions in Kenya: A survey of microfinance institutions in Kisii Country

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┌─────────────────────────────┐
│   Differentiation Strategy  │
│                             │
│  • New Product Development  │
│  • Premium Pricing          │
└─────────────────────────────┘

┌─────────────────────────────┐              ┌─────────────────────────────┐
│   Cost Leadership Strategy  │ ──────────►  │     Performances of MFIs    │
│                             │              │                             │
│  • Efficiency               │              │  • Profitability            │
│  • Technological Competence │              │  • Liquidity                │
└─────────────────────────────┘              └─────────────────────────────┘

┌─────────────────────────────┐
│    Market Focus Strategy    │
│                             │
│  • Market Segmentation      │
│  • Market Knowledge         │
└─────────────────────────────┘
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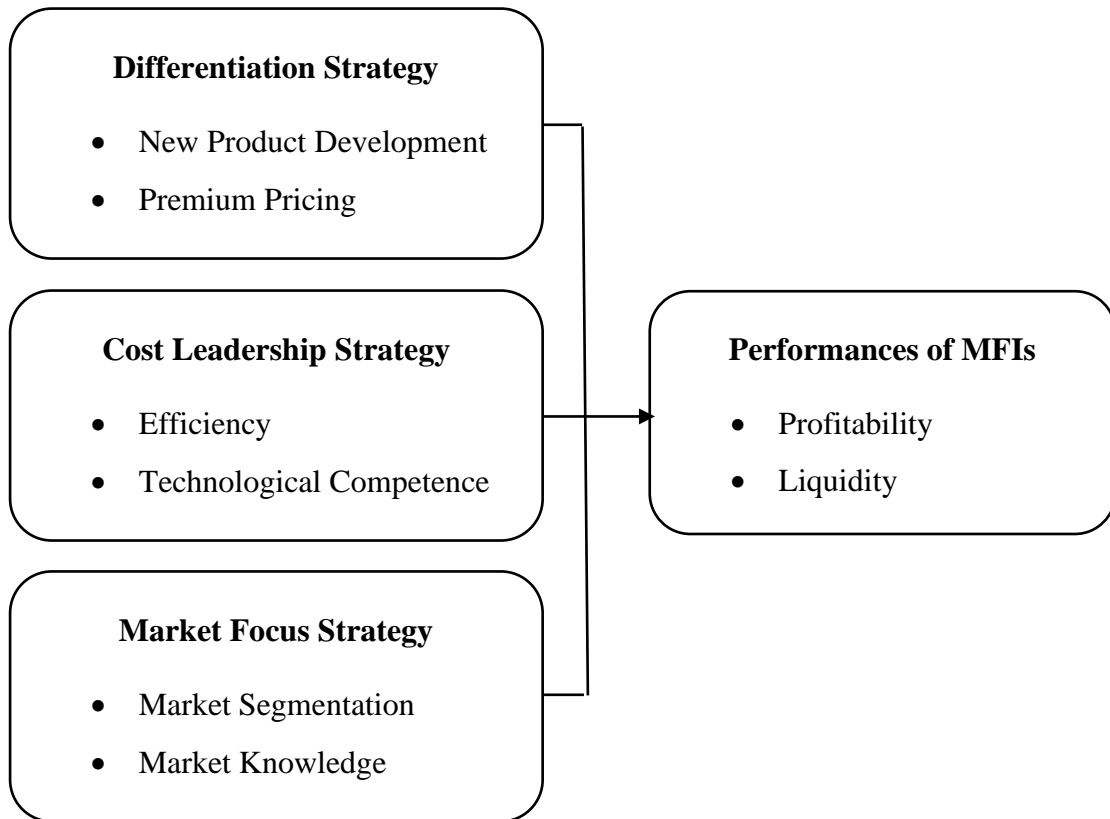
Source: Ombati & Mutur (2017)

This study concludes that the differentiation strategy is positively significant and influence on the performance of the Microfinance Institutions in Kenya. The study revealed that cost leadership strategy and focus strategy also have the positive significant to influence on the performance of Microfinance Institutions in Kenya but not of key importance to the industry's competitiveness.

2.5.2   Business Performance and Business Sustainability

Kinde (2012) conducted the research of Financial Sustainability of Microfinance Institutions (MFIs) in Ethiopia. The general objective of this study is to identify the factors affecting financial sustainability of MFIs. The structured questionnaires are used in this study. The sample size of this study is 53% of population which means 16 Ethiopian MFIs out of nearly 30 MFIs in the country.

Figure 2.5: Financial Sustainability of Microfinance Institutions (MFIs) in Ethiopia
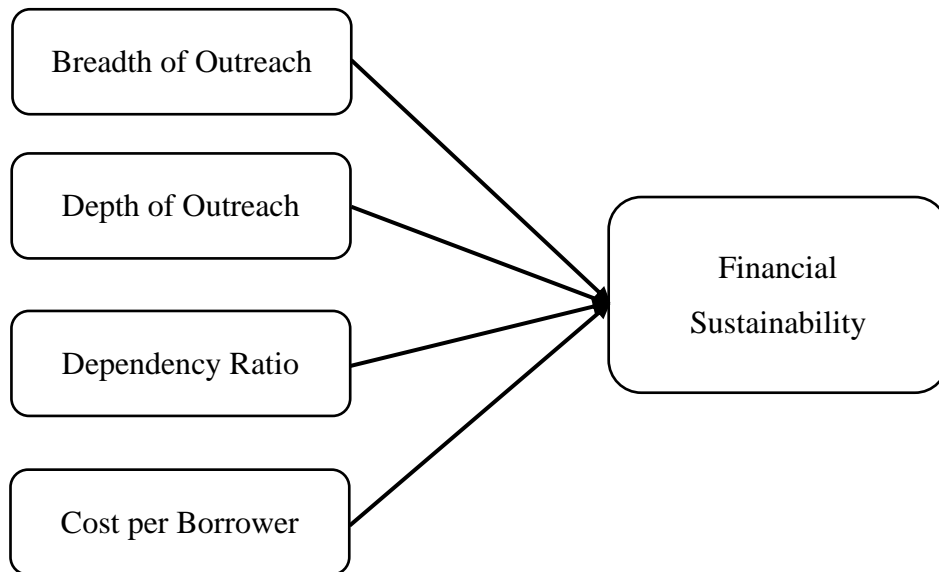
Source: Kinde (2012)

The study found that breadth of outreach, depth of outreach, dependency ratio and cost per borrower affected the financial sustainability of MFIs in Ethiopia. The author suggest that Ethiopian MFIs need to ensure their profitability growth to go in line with their objectives if the MFIs still have to make their initial mission sustain.

2.6   Conceptual Framework

The conceptual framework of this study is mainly based on the previous studies of Naderitu (2015), Tomno (2014), Source: Ombati & Mutur (2017) and Kinde (2012).

Figure (2.6)   Conceptual Framework of Study

        Competitive Strategies
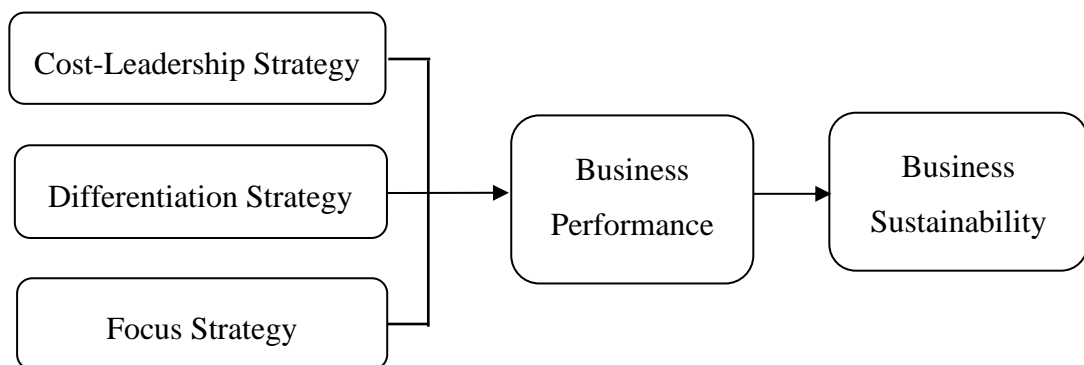
Source: Own Compilation (2022)

From the above conceptual framework, the independent variable is competitive strategies indicated by cost-leadership strategy, differentiation strategy and focus strategy. This study has adopted branch expansion, use of technology, geographical advantages, low interest rates, employee learning and growth as indicators of cost-leadership strategy, level of customization, degree of complexity, alternative distribution channels, advisory and support services, loan assessing methodology as indicators of differentiation strategy, specific market segment, specific products in market as indicators of focus strategy respectively. The dependent variables are organizational performance and business sustainability.

2.7 Definition of Key Terms

For the purpose of this study, the following words was be taken to mean:

Table (2.1)   Definition of Key Terms

No.	Variables	Working Definitions
1.	Cost-Leadership Strategy	The strategy for lowest costs in the industry and offering its products and services to a broad market at the lowest prices.
2.	Differentiation Strategy	The strategy which aims to offer unique products or services to customers in order to gain a price premium.
3.	Focus Strategy	The strategy which utilizes the specialized distinctive competence or set of assets to create new niches.
4.	Business Performance	The total economic result of the activities undertaken by an organization.
5.	Business Sustainability	The ability of DGB to continuously perform its activities and services in accordance with its objectives.

Source: Own Compilation (2022)

CHAPTER III
COMPETITIVE STRATEGIES OF DGB MICROFINANCE MYANMAR CO., LTD.

This chapter mainly presents competitive strategies of DGB Microfinance Myanmar Co., Ltd.. This chapter is classified into history of microfinance industry in Myanmar, profile of DGB Microfinance Myanmar Co., Ltd. and competitive strategies employed by company.

3.1 History of Microfinance Industry in Myanmar

The beginnings of Myanmar's microfinance sector can be traced back to the Mid-1990s, when the government allowed large international NGOs to start providing microfinance services. In 1997, the United Nations Development Programme (UNDP) began its "Sustainable Microfinance to Improve the Livelihoods of the Poor" project. The microfinance law was enacted in November 2011 and issued by the former Microfinance Supervisory Enterprise (MMSE), currently the Financial Regulatory Department (FRD) under the Ministry of Planning and Finance. By the encouragement of FRD, Myanmar Microfinance Association (MMFA) was incepted in 2013. All licensed Microfinance organizations are entitled as members to participate in this association. In 2016, MMFA prepared a first Microfinance Policy White Paper that reflected the voice of its members and was the basis for FRD reforms to the microfinance regulations. In this policy white paper, following directives are included;

- The scope of MFIs to undertake microfinance projects in rural and urban areas depends on their business model. Before amendment in 2016, they had to have at least 50% of their loan portfolio and members in rural areas.
- The ability to provide saving products/ services by applying for an official deposit taking license issued by the Microfinance Supervisory Committee Notification. So far 6 MFIs have the Deposit Taking Microfinance License (DTMFI).
- Compulsory savings may not exceed 5% of the size of a loan received.
- MFIs are permitted to borrow from local and foreign financial institutions.
- Collateral is still not allowed.
- The maximum loan amount was raised to 10 million kyats.

Currently, approximately 170 MFIs operate in Myanmar, serving more than 2 million clients and have a total loan portfolio of approximately Dollar 350 million. This sector includes several international non-government organizations (NGOs) and commercial MFIs, financial cooperatives that have re-licensed as MFIs, several local NGOs that provide microfinance and local commercial MFIs.

3.2   Profile of DGB Microfinance Myanmar Co., Ltd.

The study is mainly based on DGB Microfinance Myanmar Co., Ltd. which is a subsidiary of DGB Financial Group located in Daegu Region, Korea. It was incorporated under the Myanmar Companies Law 2017 on 13-Dec-2018 as a private company limited by shares, got "Temporary MFI License" on 30-July-2019 under the instructions of Financial Regulatory Department (FRD), Myanmar and started to give financial services in Myanmar. Therefore, its business life is almost 3 years. DGB Microfinance Myanmar Co., Ltd.. started its business operations in Bago Region since 1-August-2019. The main products offered by the company are loans, savings, social welfare programs and awareness training. The company got "Permanent MFI License" on 22-Oct-2021 under the instructions of Financial Regulatory Department (FRD), Myanmar.

Currently, DGB Microfinance Myanmar Co., Ltd. operates their business expansion in 23 branches which are located in four regions; Bago Region, Magway Region, Ayarwaddy Region, Sagaing Region and three states; Kayin State, Kachin State and Shan State. Its headquarter is located in Yangon. There are more than 200 employees and over 16,000 customers in DGB Microfinance Myanmar Co., Ltd.. Although the company has many loan products, the type of loan they provide depends on the geographical areas. In agricultural areas, agricultural loans; livestock loans in livestock-growing areas; enterprise loans in commercial areas are distributed. Various types of repayment services are also available depending on the type of loan and the type of business. When compared to the business life cycle, DGB Microfinance Myanmar is at the stage of introduction. Hence, it is important to identify the ability of the company to continuously perform its activities and services in accordance with its objectives.

The vision, mission and strategy of DGB Microfinance Myanmar are as follows:
Vision of DGB is
"Best Partner Building the Future Together."

Mission of DGB is

"Shaping Better Future" – DGB Seeks Sustainable Value of Finance.

Strategy of DGB is

"ACT Now, Beyond DGB."

3.3   Organization Structure of DGB Microfinance Myanmar Co., Ltd.

The following chart represents the organization structure of DGB which is organized by five departments: Operations, Finance, Audit & Compliance, HR & Admin, and IT Department.

Figure 3.1: Organization Structure of DGB Microfinance Myanmar Co., Ltd.
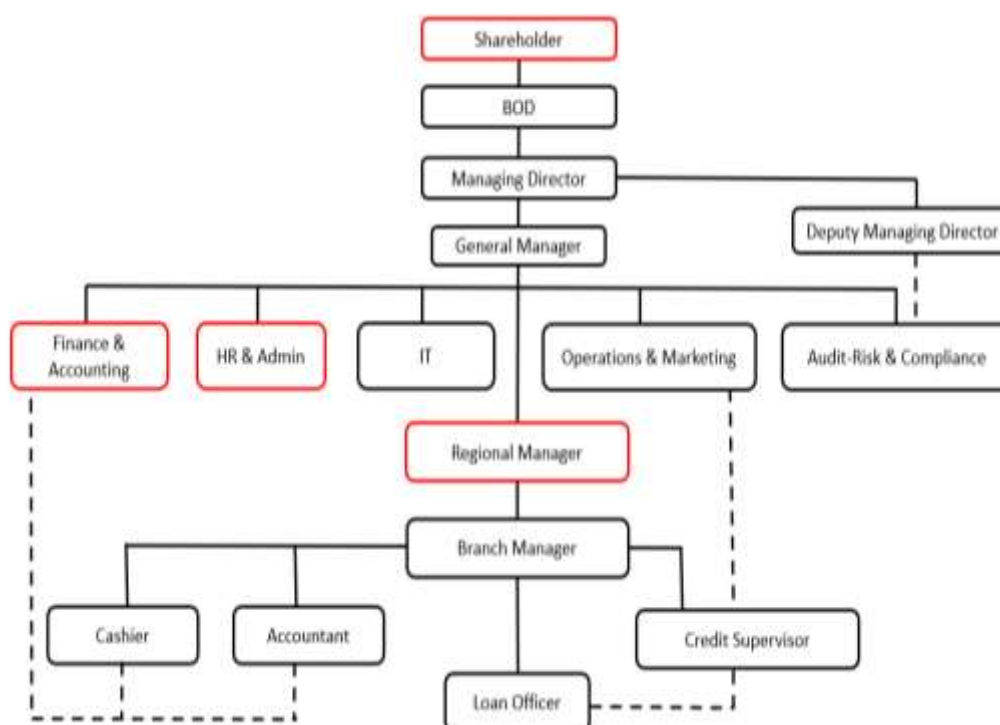
Source: Annual Report of DGB Microfinance Myanmar Co., Ltd. (2021)

In accordance with above figure, shareholder is the row that comes in first. The BOD has been chosen by shareholders. Both shareholder and BOD are from Korea. The managing director motivates and guides the company in effectively communicating and demonstrating its business principles. Further, the general manager is directly supervising all department and in charge of overseeing day-to-day operations. The back-office activities of business operations are managed and controlled by respective managers who are located in Yangon. The front-office activities of business are responsible from regional managers to loan officer who are located in respective branches.

3.4 Types of Loan Products

DGB Microfinance Myanmar Co., Ltd. has been currently providing the financial services to clients with premium services. DGB offers customers with a wide range of loan products. Various loan products offered by DGB with respective interest rate are as follows.

Table 3.1   Loan products with Respective Interest Rate of DGB

No.	Loan Type	Interest Rate (p.a)	Compulsory Saving	Service Charges	Social Welfare
Group Loan					
1.	Regular	28%	5%	1.5%	0.5%
2.	Extra	28%	5%	1.5%	0.5%
3.	Agriculture	28%	5%	1.5%	0.5%
4.	Education	24%	-	-	0.5%
5.	Health	24%	-	-	0.5%
Individual Loan					
6.	Enterprise	28%	3%	1.5%	0.5%
7.	Salary	28%	3%	1.5%	0.5%
8.	Housing	28%	3%	1.5%	0.5%
9.	Education	24%	-	-	0.5%
10.	Agriculture	28%	3%	1.5%	0.5%
11.	Salary DGB Staff	18%	3%	-	0.5%

Source: Annual Report of DGB (2021)

As may be seen in Table (3.1), the loan products offered by DGB is mainly divided by two main categories: Group Loan and Individual Loan. In group loan, minimum of 6 members to maximum of 10 members are allowed to be a group. However, only 1% of men are allowed to involve in one group. The first cycle of loan is determined as "Regular", the second cycle of loan even though first cycle outstanding left as "Extra" which is disbursed in difficult situations such as Pandemic for loyal customers. The type of loan offered to farmers are termed as "Agriculture". Additionally, "G. Loan – Education" is offered to the clients who want to borrow for their children to dedicate to basic education high school. Further, "Health" loan is intended to the clients who suffers poor health. Both the type of "Education" and "Health" loan are together termed as "Social Loan".

Individual loan is mainly intended to entrepreneurs and the staffs in private company or government. The loan product offered to entrepreneurs is termed as "Enterprise" and to staffs as "Staff". Additionally, "Housing" loan is provided to customers who want to build or repair their houses. Like as G. Loan – Agriculture, "I. Loan – Agriculture" is disbursed to farmers who own a wide field. As the last, "I. Loan – Salary DGB Staff" is modified specially for internal staff of company and the borrowable amount can be different according to the level of position. Nevertheless, the outstanding loan amount is needed to repay when the staff resigns.

3.5   Competitive Strategies Practices of Company

Shankar, Krishnamurthi and Carpenter (1998) identified two possible approaches to narrowing the gap between late followers and pioneers. The first relates to building competitiveness through lower prices and increased investment in marketing mix elements, while the second relates to investment in innovation and modification of competitive environment in order to create own pioneering advantages. Even DGB Microfinance Myanmar Co., Ltd. is a late follower in microfinance industry of Myanmar, it has used the second approach to gain its competitive advantages by creating modification strategies in the industry. The company is quickly gaining prominence through the industry as strategies innovation of the company which has appeared as one of the rated objectives among the other microfinances all over Myanmar. The following strategies play an important role to compete with other microfinance institutions.

3.5.1   Cost-leadership Strategy

The company conduct branch expansion as one of the competitive strategies to have lower costs in the industry by achieving economies of scales through expansion and offer its products and services to a broad market at the lowest price. By expanding branches, a greater array of financial products and services to meet various needs of the clients can be offered. The location of MFI branches that offer financial services is one of the important factors that determine customer's access to financial services. For instance, the location of Minhla Township and Okpho Township are not too far but separate branches are opened in both township in order to operate in an efficient and economically viable manners.

For the purpose of lower operational cost, the importance of using technology is essential. For instance, the massive and rapidly growing customer base of DGB Microfinance Myanmar Co., Ltd. is centered on its information technology system which consists of a strong core banking system and provides integrated MIS reporting. Even the expenditure is increased by purchasing more computer software, hardware and internet connectivity in DGB Microfinance Myanmar Co., Ltd., these offer a firm alternative but cheaper distribution channels hence the cost advantages. Furthermore, the roles of employee learning and growth is considered as one of the cost-leadership strategies by the company. According to the strategic cost management theory, the learning curve can be used to conduct cost reduction. The slope of the learning curve represents the rate in which learning translates into cost savings for the company. The sleeper the slope, the higher the cost savings per unit of output. The company provides and supports both internal and external trainings and enhances the individuals' continuous learning by supporting education loan and staff loans with lowest interest rates. The company's competitiveness is based on giving equal importance to services and prices below the competitors' and accompanied by high operational efficiency. On the basis of Porter's competitive strategy, the company derives its competitiveness from low operating costs.

Operational efficiency stems from taking the geographical advantages and low interest rates. As the suitable location of branches near clients who lives in rural areas implies that the rental costs of those offices are also low, the company opens the branch near the clients. This further translates into a cost leadership advantage. As all microfinance institutions in Myanmar must comply the regulations and directives instructed by Financial Regulatory Department, there is no microfinance institution that collects the interest rate more than 28% per annum which is the maximum interest rates set by FRD. Therefore, all microfinances in Myanmar collect the fixed interest rate of 28% per annum. However, DGB Microfinance Myanmar Co., Ltd. set the low interest rate for selected loan type such as staff loan for 18% per annum and social loan including education loan and healthcare loan for 24% per annum as advantage of cost leadership strategy.

3.5.2 Differentiation Strategy

The company offers the differentiation strategy in order to effectively compete with other MFIs. Since MFIs are the institutions that non-collaterally disburse to the clients, the degree of complexity when applying for a loan and the stages of loan

assessment methodology are normally high. Hence, most of the MFIs conduct numerous documentation and complex application form as evidence in order to reduce the default risk. But in DGB Microfinance Myanmar Co., Ltd., loan application form is simple with only 4 pages to fill and most identification evidences such as NRC copy, household copy, employment recommendation or proof of business ownership and two guarantors are only needed when applying for a loan. After completing the loan application process, loan assessment process is conducted within 10 working days in order to gain the competitive advantages than the competitors. Thus, not having level of complexity and prompt loan assessing methodology further translate into differentiation strategy of the company. As the microfinance sector become growing to red ocean market, customer royalty become the essential factors to maintain the competitive advantage in the market. Since the level of customization can enhance customer royalty, the company conducts the level of customization as one of differentiation strategy. For instance, if the clients have difficulties to repay the loan in time, the company negotiates with the client, reschedules and skips their repayment date for the customer orientation purpose. Therefore, this also adds to the differentiation strategy of the company.

Furthermore, the company engage in alternative distribution channels such as KBZ pay and wave pay in an effort to differentiate their products. DGB Microfinance Myanmar Co., Ltd. is currently collecting their repayments through KBZ pay and wave pay and the service fee charged by them is incurred by the company, not from the clients. This also encourages the competitive advantages of the company from the side of differentiation. According to Kaufuman (2007), it is not enough to avail funds to borrowers in low-income societies, it is also important to offer business training and other support services to ensure that the borrower benefited from the proper and prudent use of the fund. At the date of disbursement, the company conducts the awareness training for the use of loans efficiently and offers the business advisory services to the clients so that they are able to invest the borrowed money wisely. Therefore, this encourages the competitive advantages of the company by means of differentiation.

3.5.3 Focus Strategy

In order to implement defensive and offensive aspects of competitive strategy, the company is working towards focusing the specific market segment and products which are inclusive of cost-leadership and differentiation strategies. In the type of group

loan products, minimum of 10 clients can be collapsed as one group and in which minimum of 99% must be the women for the accuracy of repayment and the effective usage of loans. In the type of agriculture loan products, the company offers the superior service than other competitors by collecting both principal and interest when the loan matures. Hence, these can promote the competitive advantages of the company by means of focus strategies.

According to the nature of microfinance industry in Myanmar whereas competitiveness is becoming higher, strategies adopted by MFI institutions have a great extent to gain competitive advantage and achieve sustainability. Focusing on Myanmar microfinance institutions, it becomes apparent that the relative strength was driven by bargaining power of existing market leaders. Since DGB Microfinance Myanmar Co., Ltd. is still in the early stages of business life cycle despite experiencing significant growth, it may hope to get additional volumes in the absolute market size which may allow them to get a large enough share to survive. In order to gain competitive strategies and retain sustainable business, DGB Microfinance Myanmar Co., Ltd. adopts Porter's generic strategies. Therefore, these generic strategies are needed to identify in what extent they are involve in pursuing competitive advantage and business sustainability of DGB Microfinance Myanmar Co., Ltd.

CHAPTER IV

ANALYSIS ON COMPETITIVE STRATEGIES, BUSINESS PERFORMANCE AND BUSINESS SUSTAINABILITY

This chapter presents the analysis of competitive strategies on organizational performance and the relationship between organizational performance and business sustainability of DGB Microfinance Myanmar Co., Ltd.. This chapter includes research design, reliability analysis, demographic characteristics of respondents, employee perception of competitive strategies, organizational performance, business sustainability and relationship between variables.

4.1 Research Design

A research design is a structured research framework that helps the researcher plan and conduct the study. It spells out the strategies that the researcher adopts of develop information that is accurate, objective and interpretable. This study adopted a descriptive and inferential survey design to examine the relationship between competitive strategies, organizational performance and business organizational of DGB Microfinance Myanmar Co., Ltd. According to the Kothari (2004), descriptive studies describe the characteristics of an individual or group. The inferential statistics allow to make inferences about a population based on data that we gather from a sample. This design was appropriate as the researcher was able to collect data economically by using questionnaires from the target population. A structured questionnaire was distributed through google form, then the total number of 150 employees out of total 300 employees (50% sample size) filled the questionnaires in the survey. Statistical Package for Social Sciences (SPSS) was used to analyze. Pearson correlation coefficient was used to determine the relationship between variables. The questionnaire had 29 items to measure all the independent and dependent variables. A 5-point Likert scale has been used in three of those sections to measure credit management practices on bank performance.

- Average mean score between 1.00 and 1.80 Strongly disagree.
- Average means score between 1.81 and 2.60 Disagree.
- Average means score between 2.61 and 3.40 Neutral.
- Average means score between 3.41 and 4.20 Agree.

- Average mean score between 4.21 and 5.00 Strongly agree.

This design was fit the study of this nature since the researchers looked at the effects of independent variables (Porter's Generic Strategies) on the dependent variables (organizational performance and business sustainability).

4.2   Reliability Analysis

The study used the multiple-question Likert scale surveys. In order to test the reliability of the survey questionnaires, it is essential to measure Cronbach's Alpha test which is the measurement of reliability or internal consistency of how closely related a set of test items are as a group. A rule of thumb for interpreting alpha for Five-Likert Question is;

Table (4.1) Rules of Thumb for Alpha Result

Cronbach's Alpha Value	Internal Consistency
Above 0.9	Excellent
Between 0.9 & 0.8	Good
Between 0.8 & 0.7	Acceptable
Between 0.7 & 0.6	Questionable
Between 0.6 & 0.5	Poor
Below 0.5	Unacceptable

Source: Wikipedia

The value of Cronbach's Alpha ranges between zero and one. If alpha is high, this may mean redundant questions while a low value for alpha may mean that there aren't enough questions on the test. It is essential to measure the reliability of the questionnaires in which generic strategies, business performance and business sustainability was mentioned. The study therefore measured the Cronbach's Alpha test as follows.

Table (4.2) Results of Cronbach's Alpha Value

Scale	No. of Items	Cronbach's Alpha
Cost Leadership Strategy	5	0.750
Differentiation Strategy	5	0.728
Focus Strategy	5	0.738
Business Performance	7	0.802
Business Sustainability	7	0.776

Source: SPSS Results (2022)

As per DeVellis (2003), a score of more than 0.7 is usually acceptable. The results of the Cronbach's alpha value for all scales in this study were ranged between 0.747 to 0.833, the survey was very good internal consistency and reliability for the scale with this sample since all scale are greater 0.7.

4.3 Demographic Profile of Respondents

The demographic characteristics of 150 respondents from DGB Microfinance Myanmar Co., Ltd. are analyzed in this survey to identify competitive strategies, organizational performance and business sustainability of the company. The company was informed about the objective of the study and proposed to participate in this survey. This section includes profiles of the respondents such gender, age, educational level, working position, working experience and type of loan.

Table (4.3) Demographic Information of Respondents

Description		Frequency	Percentage
Gender	Male	77	51
	Female	73	49
Age (Years)	21-30	111	74
	31-40	34	23
	41-50	5	3
Education	Bachelor's Degree	134	89
	Diploma	9	6
	Master's Degree	7	5
Department	Operations	118	79
	Finance	22	16
	Audit & Compliance	4	2
	IT	2	1
	HR	4	2
Experience Years	1 – 2 years	116	78
	2 – 3 years	29	19
	3 years & above	5	3
Region of Branches	Yangon Region	19	13
	Bago Region	15	10
	Sagaing Region	7	5
	Magway Region	31	20
	Ayawaddy Region	18	12
	Kayin State	22	15
	Kachin State	18	12
	Shan State	20	13

Source: SPSS Results (2022)

Table (4.3) shows that the gender of the respondents in selected respondents; male 51.3% and female 48.7%. Thus, the male respondents are more dominance than the females. The 74%, 22.7% and 3.3% of respondents are within the age range of 21-30 years, 31-40 years and 41-50 years respectively. This indicates clearly that there is a skilled and mature workforce capable of including most of active and young entrepreneur to follow and upgrade the instructions from the above and to support

organizational performance. Education level of respondents are divided into 3 categories: Bachelor's degree, diploma and master degree. It is found that 89.3% of respondents are bachelor's degree holder, 6% of respondents are diploma holder and only 4.7% are hold of master degree. Thus, the majority percentage in bachelor's degree of education level indicates that the company more prefer to hire highly qualified people with technical skills to promote the organizational performance.

Further, the number of respondents by department are described to show that the respondents were competent and reliable employees who could provide accurate information on the targeted competitive strategies of DGB Microfinance Myanmar Co., Ltd. since they were from all level of management and from all aspect of functions. The majority 79% of respondents are from operations departments in fact they are mainly involved in strategy implementing of the company. Hence, this survey was enabled to competent and accurate the measurement of competitive strategies and other variables.

According to the result, 78% of the respondents have 1-2 years' experience, 19% have 2-3 years and 3% have more 3 years' experience. This is the sign of an experienced and highly skilled employee who can make informed decisions based on their accumulated experience and best practices. The number of respondents by region of branches in the selected respondents are also shown in Table (4.3). It found out that the majority 20% of respondents were from Ayarwaddy region. It seems to be that the company enhances the workforce in agriculture development sectors.

4.4 Employee Perceptions on Competitive Strategies of DGB Microfinance Myanmar Co., Ltd.

The conceptual model of the study was based on three independent variables namely cost-leadership strategies, differentiation strategy and focus strategy. The findings under this section seek to measure how each of the variable's effect on the business performance of DGB Microfinance Myanmar Co., Ltd. The objective of this study was to examine the competitive strategies on business performance of the company and to analyze the effect of business performance on sustainability of the company. Porter's generic competitive strategies model offers an evaluation framework to analyze the competitive strategies through cost-leadership strategy, differentiation strategy and focus strategy which are the key determinants of the competitive strategies of the company.

4.4.1 Cost-Leadership Strategy

Employee perceptions on cost-leadership strategy are tested with 5 dimensions: branch expansion, use of technology, geographical advantages, low interest rate, employee learning and growth and overall mean value is explored. The mean value of each statement of cost leadership strategy and overall mean value are presented in Table (4.4).

Table (4.4) Cost Leadership Strategy at DGB Microfinance Myanmar Co., Ltd.

No.	Statement	Mean	Std. Dev
1	Expansion of operational branches	3.81	0.68
2	Purchasing more computer hardware and software and increases the expenditure on internet connectivity	3.77	0.63
3	Investing the relevant training on employee learning and growth	4.07	0.69
4	Opening the branches located near the customers	3.74	0.88
5	Very favorable interest rates	3.83	0.73
Total Average Scores		**3.84**	

Source: SPSS Results (2022)

From the findings on Table (4.4), the respondents agreed that expansion of operational branches achieve economies of scale with mean score of 3.81. The respondents also agreed that purchasing more computer hardware and software and increasing the expenditure on internet connectivity gains lower operational costs with mean score of 3.77. Furthermore, with the mean score of 4.07, 3.74 & 3.83 respectively, DGB invests the relevant training on employee learning and growth, DGB opens the branches located near the customers and the interest rate of DGB are very favorable compared to other microfinance institutions. According to the perception of employee, the mean score of applying cost leadership strategy is 3.84. Therefore, DGB Microfinance Myanmar Co., Ltd. seems to be strongly practicing in cost leadership strategy.

4.4.2 Differentiation Strategy

The employee perception on differentiation strategy is tested with 5 dimensions: level of product customization, degree of complexity, alternative distribution channels, advisory and support services, loan assessing methodology. The explored mean values are clearly illustrated below as Table (4.5).

Table (4.5) Differentiation Strategy at DGB Microfinance Myanmar Co., Ltd.

No.	Statement	Mean	Std. Dev
1	Level of customization on loan products.	3.78	0.89
2	Not having the degree of complexity (stringent requirement) when applying for loans.	3.92	0.73
3	Engaging with money transfer service provider for disbursing the loans and collecting the repayment.	3.61	0.78
4	Offering the monetary advisory and support services to customers.	3.51	0.71
5	Loan assessment process is faster than others.	3.69	0.62
Total Average Scores		**3.70**	

Source: SPSS Results (2022)

From the findings on Table (4.5), the respondents agreed that DGB has the level of customization on loan products with mean score of 3.78. The respondents also agreed that DGB don't have the degree of complexity (stringent requirements) when applying for loans had the highest mean of 3.92. Additionally, the respondents agreed that DGB engages with distributive channel such KBZ pay, offers the monetary advisory and support services, has the loan assessment process faster than competitor to differentiate in the industry with mean score of 3.61, 3.51 and 3.69 respectively. The average score of 3.70 on differentiation strategy indicates that the company look to be highly practicing to differentiate from the insight of employees.

4.4.3 Focus Strategy

The employee perception on focus strategy is tested with 5 dimensions: specific clients, specific market segment, specific service and specific loan products. The descriptive status is clearly illustrated below as Table (4.6).

Table (4.6) Focus Strategy of DGB Microfinance Myanmar Co., Ltd.

No.	Statement	Mean	Std. Dev
1	Targeting the low-income earners.	2.71	0.96
2	Serving mainly on the women borrowers.	3.05	1.03
3	Offering the youth and healthy customers.	3.12	1.05
4	Providing loan products or services which are distinctly different from those of competitors.	3.40	0.93
5	Offering superior service than other competitors by collecting both principal and interest when the loan matures in the agricultural loan category.	3.78	0.98
Total Average Scores		**3.21**	

Source: SPSS Results (2022)

From the results on Table (4.6), the respondents agreed that DGB targets the low-income earners with the mean score of 2.71. The majority of respondents also agreed that DGB serves mainly on the women borrowers. Further, the respondents agreed that DGB offers mainly the youth and healthy borrowers, DGB provides loan products or services which are distinctly different from those of competitors and DGB offers superior services the other competitors on the collection of agriculture loan products with the mean score of 3.12, 3.4 and 3.78 respectively. In accordance with the employees' perceptions, DGB Microfinance Myanmar Co., Ltd. appears to be averagely practicing on focus strategy with average score of 3.21.

By summarizing all the generic competitive strategies' results is listed in Table (4.7) as below. Based on respondent's Five-Likert answers, mean score and standard deviation are mostly moderate but some are strong. Among them, the highest mean score is the most impressionable dimensions and this means that the respondents are more satisfied with this dimension than expected.

Table (4.7) Summary of Competitive Strategies Employed

Sr. No.	Statements	Mean
1	Cost-Leadership Strategy	3.84
2	Differentiation Strategy	3.70
3	Focus Strategy	3.21

Source: SPSS Results (2022)

From the findings of Table (4.7), the respondents' responses were averaged across five dimensions with the overall mean score of 3.42 whereas the respondent satisfaction for above statements is merely strong and fully powerful for the competitive strategies of the company. In the comparison of mean scores in independent variables from Table (4.7), it is found out that cost-leadership strategy was the highest mean score. This means that cost-leadership strategy is dominant in the company to achieve competitive advantage. From the result of overall score, employee agreed that DGB Microfinance Myanmar Co., Ltd. is exerting all generic competitive strategies to enhance business performance and to gain sustainability of the company.

4.5   Analysis on Competitive Strategies on Business Performance

The section includes measuring the respondents' perceptions on business performance, interpreting the relationship between competitive strategies and business performance and analyzing the influencing factor of competitive strategies on performance of the company.

4.5.1   Business Performance Measurements

In order to know the agreements level of the respondents on the strategy applied and indicate the company position on average relative to that of competitors for the past three years, business performance of the company was measured by seven statements. From the responses, mean and standard deviation were used for ease of interpretation and generalization of findings. The findings are clearly illustrated below as Table (4.8).

Table (4.8) Business Performance at DGB Microfinance Myanmar Co., Ltd.

No.	Statement	Mean	Std. Dev
1	Having improvement on internal process for increased efficiency.	3.89	0.66
2	Enhancing employees' talent and skills by offering internal trainings.	4.17	0.57
3	Reducing employee turnover due to satisfaction.	3.47	0.90
4	Improving brand recognition in the market.	3.99	0.68
5	Constantly increasing profits.	3.64	0.76
6	Substantially increasing in number of new customers.	3.85	0.73
7	Increasing in loan outstanding.	3.79	0.78
Total Mean Scores		**3.83**	

Source: SPSS Results (2022)

From the findings of Table (4.8), the perception of the respondents strongly agreed that DGB have improved the internal process for increased efficiency with the mean score of 3.89. The respondents also agreed that DGB enhances employees' talents and skills by offering internal trainings with majority mean value of 4.17. In contrast, the respondents agreed that the statement of reducing turnover rate due to employee satisfaction with the mean value of 3.47 which is the least score on business performance. Further, the respondents agreed that DGB improves brand recognition in the market, constantly increases profit, substantially increases in number of new customers and increases in loan outstanding with respective mean value of 3.99, 3.64, 3.85 and 3.79. According to the total average score of 3.83, employees perceived that DGB Microfinance Myanmar Co., Ltd. have high level of business perforamance.

4.5.2 Relationship Between Competitive Strategies and Business Performance

In this study, the relationship between the competitive strategies (cost-leadership strategy, differentiation strategy and focus strategy) and business performance have been surveyed to find out if it was linear or not. Therefore, the relationship of independent variables and dependent variable is measured via Pearson Correlation which is a statistical test that assesses the strength of the relationship between two numerical data variables (Saunders et atl., 2009). Table (4.9) shows the results of relationship between independent variables (competitive strategies) and dependent variables (business performance).

Table (4.9) Relationship between Competitive Strategies and Business Performance of DGB Microfinance Myanmar Co., Ltd..

No.	Competitive Strategies	Business Performance
1	Cost Leadership Strategy	0.550** .000
2	Differentiation Strategy	0.393** .000
3	Focus Strategy	0.347** .000

Source: SPSS Results (2022)

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

All of the independent variables had a positive and significant correlation relationship with P-values of 0.000. A correlation coefficient value ranging from 0.10 to 0.29 is considered weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.00 is considered strong. The significance level is 0.05 in the Pearson Correlation test, which means there is 95% of confidence level. Therefore, the hypotheses only can be accepted if the significant p-value is less than 0.05. According to the results from Table (4.9), the relationship analysis was conducted 95% confidence interval, hence it showed that there is a positive relationship between competitive strategies and business performance of the company. It can be clearly seen that the respondents believe that the application of competitive strategies has a relationship with financial and non-financial performance of the company. According to the result, the competitive strategies and business performance are interrelated each other.

4.5.3 Analysis on the Influencing Factor of Competitive Strategies on Business Performance

To analyze the influencing factor of competitive strategies on business performance, the multiple regression analysis is conducted and the results are shown in Table (4.10).

Table (4.10) Analyzing Influencing Factor of Competitive Strategies on Business Performance

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	1.187	0.303		3.914	.000	
Cost Leadership	0.472***	0.081	0.446	5.832	.000	1.310
Differentiation	0.104	0.074	0.113	1.406	.162	1.442
Focus	0.140**	0.063	0.165	2.225	.028	1.231
N	150					
Adjusted R^2	0.333					
Note: *** Significant at 1% level, ** Significant at 5% level.						

Source: SPSS Results (2022)

From the findings of Table (4.10), variance inflation factor (VIF) of 1.310 on cost-leadership, 1.442 on differentiation and 1.231 on focus strategy indicated that all independent variables were not influenced each other since there is not collinearity and is acceptable among all of independent variables if VIF value is less than 10. Among three variables, cost-leadership strategy is significant at 1% level with p-value of 0.000. The results indicated that cost-leadership strategy has a positive influence and dominant on the performance of the company. The p-value of focus strategy was 0.028 and consider to be significant at 5% level. The result indicated that focus strategy has a positive influence on the performance of the company. The p-value of differentiation strategy was 0.162 and consider not to be influenced. This indicated that there is no influence on business performance by differentiation strategy of the company.

Further, the magnitude of each coefficient indicates the amount of how much of the score of dependent variables will change if the score of an independent variable increases by 1 unit while other things remain unchanged. The cost-leadership strategy with standardized coefficients of 0.446 indicated that it has a positive influence and dominant effect on the business performance of the company according to the linear regression model analysis. This is explained as if there is an increase of one unit in cost-leadership strategy, business performance can be improved while holding the other constants. Consequently, the focus strategy with B value of 0.165 indicated that it has the second positive impact on the performance of the company. It also explains as if there is an increase of one unit in focus strategy, the performance of business increases while holding the other constants. In contrast, changing in differentiation strategy can cause any effect on the business performance of company. According to the performance regression model, adjusted R-squared value of 0.33 can explain that the accuracy percentage of the results is 33%.

4.6   Analysis on Business Performance on Sustainability

The section includes measuring the measurements of business sustainability, interpreting the relationship between business performance and sustainability and analyzing the effect of business performance on sustainability of the company.

4.6.1   Business Sustainability Measurements

From the responses, mean and standard deviation were used for ease of interpretation and generalization of findings. In order to measure the agreements level

of the respondents on business sustainability and indicate the ability of the company to continuously perform its activities and services in accordance with its objectives, business sustainability of the company was measured by seven statements. The findings are clearly illustrated below as Table (4.11).

Table (4.11) Business Sustainability at DGB Microfinance Myanmar Co., Ltd.

No.	Statement	Mean	Std. Dev
1	Consistently increasing the customers over years.	3.91	0.68
2	Low loan repayment default rate.	3.84	0.66
3	Having attractive lending methodology to current and new customers.	4.01	0.56
4	Increasing customer loyalty.	3.91	0.65
5	Reducing the risk of late or non-repayment in individual loan obligations by loan assessment criteria.	4.04	0.53
6	Well-designed borrower screening, careful loan structuring, close monitoring, clear collection procedures and active oversight by senior management to reduce the delinquency of loan portfolio.	4.05	0.46
7	Good portfolio reporting that accurately reflects the status and monthly trends in delinquency such as portfolio-at-risk aging schedule to effectively manage credit risk.	4.06	0.48
Total Average Scores		**3.98**	

Source: SPSS Results (2022)

From the results of Table (4.11), the perception of the respondents agreed that DGB consistently increases the customer over years with mean value of 3.91. Additionally, the perception of the respondents was also agreed that DGB has low loan repayment default rate with mean score of 3.84. The majority of respondents also agreed that DGB has an attractive lending methodology, increases customer loyalty, reduces the risk of late or non-repayment in individual loan obligations by loan assessment criteria, has well-designed internal control system and has accurate reporting system to effectively manage credit risk with the respective mean values of 4.01, 3.91, 4.04, 4.05 and 4.06. In accordance with the perception of employees, the

total average score of business sustainability is 3.98 which means that DGB Microfinance Myanmar Co., Ltd. has highly practicing on the sustainability of business.

4.6.2 Relationship Between Business Performance and Sustainability

In this study, the relationship between the business performance and sustainability have been surveyed to find out if it was linear or not. Table (4.12) shows the results of relationship between business performance and sustainability of the company.

Table (4.12) Relationship between Business Performance and Business Sustainability

	Business Performance
Sustainability	0.714** .000

Source: Survey Results (2022)

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

The performance of the company had a positive and significant correlation relationship with 1% significant level of correlation. According to the results from Table (4.11), the relationship analysis was conducted 95% confidence interval, hence it showed that there is a positive relationship between business performance and sustainability of the company. According to the result, the relationship between business performance and business sustainability is highly correlated.

4.6.3 Analysis the Effect of Business Performance and Sustainability

To analyze the effect of business performance on sustainability of the company, the multiple regression analysis is conducted and the results are shown in Table (4.13).

Table (4.13) Analyzing the Effect of Business Performance on Sustainability

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.855	0.172		10.77	.000
Performance	0.554***	0.045	0.714	12.42	.000
N	150				
R^2	0.51				
Note: *** Significant at 1% level, ** Significant at 5% level.					

Source: Survey Results (2022)

According to Table (4.13), p-value of business performance was 0.000 and consider to be significant at 1% level. The result indicated that business performance has a positive influence on the business sustainability of the company. Additionally, business performance of the company with B value of 0.554 indicated that it has a positive influence on the business sustainability of the company according to the linear regression model analysis. This can also be explained as the single improvement in effective application of business performance leads to increase in the business sustainability of the company while holding the other constants. According to the performance regression model, adjusted R-squared value of 0.51 can explain that the accuracy percentage of the results is 51%.

CHAPTER V
CONCLUSION

This study examined competitive strategies, business performance and business sustainability of DGB Microfinance Myanmar Co., Ltd. This chapter presents a summary of findings in chapter four. It involves findings and suggestions, suggestions and recommendation, needs for further study.

5.1 Findings and Discussions

The first objective of this study was to determine the competitive strategies on business performance of the company. Cost leadership strategy is seemed to be strongly practicing in DGB Microfinance Myanmar Co., Ltd. in accordance with the perception of employees. The study revealed that the cost leadership strategy is the best predictor of the company's business performance. The average score of differentiation strategy indicates that the company look to be positively exerting on differentiation strategy from the insight of employees. In accordance with the employees' perceptions, DGB Microfinance Myanmar Co., Ltd. appears to be averagely practicing on focus strategy. The study reveal that the employees are strongly agreed that DGB Microfinance Myanmar Co., Ltd. seems to be exerted all of generic competitive strategies including cost leadership strategy, differentiation and focus strategy to promote the business performance of company.

The second objective of this study was to investigate the effect of competitive strategies on business performance of DGB Microfinance Myanmar Co., Ltd. The multiple regression analysis points out that the competitive strategies influence on the business performance of DGB Microfinance Myanmar Co., Ltd. According to the survey result of the study, the null hypothesis was rejected, the results revealed that increasing in cost leadership strategy enhances business performance while others are constant. Enhancing employee learning and growth, favorable interest rates and expansion of operational branches are the key determinants of cost leadership strategy implied by the company to improve the business performance. The cost leadership strategy enables the company to achieve competitive advantage by offering a fair price for its products, hence eventually improving business performance due to increased customers.

From the findings of the results, the study found that increasing focus strategy leads to enhance business performance while others are constant. Specific loan products, specific service and specific market segment are the key factors of focus strategy to attain the business performance of the company. The focus strategy enables the company to retain market share and at the same time attract new customers, thus improving the performance of the business. According to the findings, the differentiation strategy has no influence on performance of the company. It meant that this strategy doesn't enable the company to retain the business performance of the company.

The third objective of the study is to analyze the effect of business performance on sustainability of DGB Microfinance Myanmar Co., Ltd. The multiple regression analysis points out that business performance is influenced on the sustainability of DGB Microfinance Myanmar Co., Ltd. The study established that business performance has a positive and significant influence on business sustainability of the company. It also revealed that improving business performance leads to enhance business sustainability. Improving internal process, providing internal training, increasing number of clients, loan outstanding and profits are the key determinants of business performance that can retain the business sustainability of the company.

It can be concluded from the results that DGB Microfinance Myanmar Co., Ltd. gains the competitive advantage in the market through cost leadership strategy and focus strategy, thus enhancing the business performance both financially and non-financially to attain the sustainability of company in the future. This will sure that loan outreach is high and credit risk is low. The company should take into account on how to create the differentiation strategy of providing superior services or premium loan products to clients.

5.2   Suggestions and Recommendations

The microfinance industry in Myanmar is fully governed by Financial Regulatory Department (FRD), thus microfinance institutions cannot put in place their unique strategies beyond the policy and directive of FRD. Furthermore, the microfinance industry in Myanmar became red ocean market segment and there was the bargaining power of existing competitors who own the large portion of market and clients. However, microfinance institutions should operate in stiff competition hence they must strive to attract and retain the target market.

Firstly, in order to enhance business performance and to achieve sustainability of the company, the company should adopt cost leadership strategy to be strengthened. From the findings of the study, DGB Microfinance Myanmar Co., Ltd. should explore and implement strategies that enable them to charge more fairly price than competitors to increase their customer base, hence enhance performance and gain sustainability of business. Therefore, DGB Microfinance Myanmar can improve their performance by cutting costs through increasing their scale of operations, expanding into related products/services and improving operational processes.

Second, this study recommends that the company should engage in higher level of competitive strategies that would ensure superior value and performance to enable it gain sustainable competitive advantage in the market. Even though the findings stated that differentiation strategy has no effect on business performance of company, it is still an important factor since it can create brand loyalty among customers. Therefore, the company should emphasize this strategy by offering an exceptional and premier customer service and invest in efficient, responsive and reliable delivery systems. If proper and indirect differentiated strategies such as reducing the interest rate for the repeated clients, emphasizing branch image as differentiation, building strong reputation, developing loan products with special features are looked into ways, the performance of company will improve better financial situations, more customer loyalty, better customer satisfaction, more credit risk coverages, thus leading to retain the sustainable success in the future.

Third, the study recommends that the company should continue and improve adoption the focus strategy to achieve the business sustainability. The study found that this strategy is the least competitive strategy to predict performance and sustainability of business, thus its implementation needs to be strengthened. According to the nature of industry, the company should focus on customer-oriented strategies instead of product-oriented strategies since the contemporary trend in the microfinance industry of Myanmar focuses essentially on the customer.

This study suggests that DGB Microfinance Myanmar Co., Ltd. should be aware of the implementing in equilibrium of competitive strategies and adopted the core competencies in order to maintain business performance and to enhance the sustainability of company. This study concludes that adopting strategies has a great degree to achieve the competitive advantage than the competitors, thus it may drive to improve business performance and to achieve the sustainability of company.

5.3   Needs for Further Study

This study only focuses to analyze three generic strategies; cost-leadership strategy, differentiation strategy and focus strategies in driving competitive advantages in the market. However, this study does not cover other factors that can influence on the competitive advantage of the company. More researches in this area are needed to validate the findings of the study. Hence, further researches should be undertaken to assess some of strategic approaches in the industry. Additionally, further research should also be conducted to analyze the role of competencies in business performance and to determine strategies influencing the sustainability of business.

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APPENDIX

SURVEY QUESTIONNAIRE
COMPETITIVE STRATEGIES, BUSINESS PERFORMANCE AND
SUSTAINABILITY OF DGB MICROFINANCE MYANMAR CO., LTD.

Introduction

This questionnaire seeks to collect data on competitive strategies, business performance and business sustainability of DGB Microfinance Myanmar Co., Ltd.. The data obtained will be used purely for academic purposes. Confidentiality is guaranteed. Kindly answer appropriately the questions provided below, by placing a tick in the given space. Do no indicate your name anywhere in the questionnaire. Your contribution must be appreciated and thank you in advance.

Part I: Respondent Profile

1. Your Gender (ကျား/မ); ☐ Male (ကျား) ☐ Female (မ) ☐ (အခြား)

2. Age bracket (အသက်အရွယ်အပိုင်းအခြား)

   ☐ 21-30 years ☐ 31-40years ☐ 41-50 years ☐ above 51 years

3. Educational Level (ပညာအရည်အချင်း)

   ☐ Bachelor ☐ Diploma ☐ Vocational ☐ Master & above

4. Please indicate your job position (လက်ရှိတာဝန်ထမ်းဆောင်နေသောရာထူးကို ဖော်ပြပါ)

   _____

5. Please indicate your branch name (လက်ရှိတာဝန်ထမ်းဆောင်နေသော ဌာနခွဲကိုဖော်ပြပါ)

   _____

6. Your working experience in years at DGB Microfinance Myanmar Co., Ltd..
   (DGB Microfinance Myanmar Co., Ltd. တွင် တာဝန်ထမ်းဆောင်ခဲ့သော လုပ်ငန်းအတွေ့အကြုံ)

   ☐ 1-2 years ☐ 2-3 years ☐ 3 years & above

7. Please indicate with a tick the type of products that are offered mainly in your branch.
   (If Head Quarter, please don't indicate this one)
   (ယခုတာဝန်ထမ်းဆောင်နေသော ဌာနခွဲတွင် အဓိကထားဆောင်ရွက်ပေးလျက်ရှိသော
   ချေးငွေအမျိုးအစားကို အမှတ်အသားဖြင့်ရွေးချယ်ပါ။
   ရုံးချုပ်ဝန်ထမ်းဖြစ်ပါက၍နေရာတွင် ဖြည့်စွက်ရန် မလိုအပ်ပါ။)

   i.   Individual loans (တစ်ဦးချင်းချေးငွေ) [ ]
   ii.   Group loans (အုပ်စုလိုက်ချေးငွေ) [ ]
   iii. Agricultural loans (စိုက်ပျိုးရေးချေးငွေ) [ ]
   iv.   Health loans (ကျန်းမာရေးချေးငွေ) [ ]
   v.   Housing loans (အိမ်ယာချေးငွေ) [ ]
   vi.   Salary loans (ဝန်ထမ်းချေးငွေ) [ ]

Please tick the level of agreement that matches your opinions.
(အောက်ဖော်ပြပါ မေးခွန်းများမှ သင်၏သဘောထားနှင့်ကိုက်ညီသည့်
သဘောတူညီမှုအဆင့်သတ်မှတ် ချက်အား ကျေးဇူးပြု၍ရွေးချယ်သတ်မှတ်ပေးပါ။)

(1) Strongly disagree   - လုံးဝသဘောမတူပါ။
(2) Disagree   - သဘောမတူပါ။
(3) Neutral   - ကြားနေ/သဘောတူညီချက် မပေးနိုင်ပါ။
(4) Agree   - သဘောတူပါသည်။
(5) Strongly agree   - လေးနက်စွာသဘောတူပါသည်။

Part II : Cost-leadership Strategy

No.	Statements	1	2	3	4	5
1	The company expands the operational branches to incur costs related to achieve economies of scale through expansion. (DGB သည် လုပ်ငန်းလည်ပတ်မှုတွင်ကျယ်စွာလုပ်ဆောင်နိုင်ပြီး ကုန်ကျ စရိတ်သက်သာစေရန်အလို့ငှာ ဌာနခွဲများကို တိုးချဲ့ပါသည်။)					
2	The company purchases more computer hardware and software and increases the expenditure on internet connectivity to gain lower operational costs. (DGB သည် Computer Hardware & Software များကို ပိုမိုဝယ်ယူပြီး လုပ်ငန်းလည်ပတ်မှု ကုန်ကျစရိတ်သက်သာရန်အတွက် Internet ချိတ်ဆက် မှုဆိုင်ရာ ရင်းနှီးမြှုပ်နှံမှုကို တိုးမြှင့်ခဲ့သည်။)					
3	The company allows and invests in the relevant training on employee learning and growth to achieve cost-leadership through the learning curve effect by investing in knowhow. (DGB သည် ဝန်ထမ်းများအတွက်လိုအပ်သော သင်တန်းများတွင် ရင်းနှီးမြှုပ်နှံ ပေးခြင်းဖြင့် ဝန်ထမ်းများ၏ စွမ်းဆောင်ရည်တိုးမြှင့်စေပြီး လုပ်ငန်းဆောင် တာများကို လျင်မြန်စွာလုပ်ဆောင်နိုင်စေသည်။)					
4	The company opens the branches located near the customers to achieve the cost-leadership through transportation charges reduction and the minimizing of office rental charges in rural areas. (သွားလာကုန်ကျစရိတ်လျှော့ချခြင်းနှင့် ကျေးလက်ဒေသတွင် ရုံးခန်းငှားခ များပိုမိုလျှော့နည်းခြင်းတို့ကြောင့် DGB သည် Customer များနှင့် အနီးစပ်ဆုံး နေရာများတွင်သာ Branch များကိုဖွင့်လှစ်ထားသည်။)					
5	The interest rates of the company are very favorable compared to other microfinance institutions. (DGB ၏ အတိုးနှုန်းများသည် အခြားသောငွေရေးကြေးရေး ကုမ္ပဏီ များနှင့်နှိုင်းယှဉ်ပါက Customer များအတွက်ပိုမိုသင့်လျှော်သောနှုန်းထား ဖြစ်သည်။)					

Part III : Differentiation Strategy

No.	Statements	1	2	3	4	5
1	The company has the level of customization on loan products. (DGB သည် customer များ အဆင်ပြေစေရန်အတွက် ချေးငွေအမျိုးအစား များကို Customer များစိတ်ကြိုက် ပြင်ဆင်ပေးလေ့ရှိသည်။)					
2	The company doesn't have the degree of complexity (stringent requirement) when applying for loans unlike the competitors. (DGB တွင် Customer များ ချေးငွေများလျှောက်ထားသောအခါ အခြားသော ပြိုင်ဖက်များထက် လွယ်ကူလျင်မြန်သည်။)					
3	The company engage with money transfer service provider such as KBZ quick pay for disbursing the loans and collecting the repayment. (DGB သည် ချေးငွေများထုတ်ချေးခြင်းနှင့် ပြန်ဆပ်ခြင်းအတွက် KBZ Quick pay ကဲ့သို့ ငွေလွှဲဝန်ဆောင်မှုများနှင့် ချိတ်ဆက်ဆောင်ရွက်သည်။)					
4	The company offer the monetary advisory and support services to customers. (DGB သည် Customer များအား ငွေကြေးပိုင်း ဆိုင်ရာအကြံပေးခြင်း များနှင့် ပံ့ပိုးကူညီခြင်း ဝန်ဆောင်မှုကို ပေးဆောင်သည်။)					
5	Loan assessment process is faster than others. (ချေးငွေအကဲဖြတ်ခြင်းလုပ်ငန်းစဉ်သည် အခြားသော MFI များထက် ပိုမို မြန်ဆန် သည်။)					

Part IV: Focus Strategy

No.	Statements	1	2	3	4	5
1	The company targets the low-income earners. (DGB သည် ဝင်ငွေနည်းသူများအား အဓိကထား၍ ချေးငွေများချပေးလေ့ ရှိသည်။)					
2	The company serves mainly on the women borrowers. (DGB သည် အဓိကအားဖြင့် အမျိုးသမီး customer များအား ဆောင်ရွက်ပေး သည်။)					
3	The company offers the youth and healthy customers. (DGBသည် ငယ်ရွယ်ကျန်းမာသော Customer များကိုသာ အဓိကထား ဆောင်ရွက်ပေးသည်။)					
4	The company provides loan products or services which are distinctly different from those of competitors. (DGB သည် ပြိုင်ဖက်ကုမ္ပဏီများနှင့် ကွဲပြားသော Loan products (သို့) ဝန်ဆောင်မှုများကိုသာ ပေးဆောင်သည်။)					
5.	The company offers the superior service than other competitors by collecting both principal and interest when the loan matures in the agricultural loan category. (DGB သည် စိုက်ပျိုးရေးချေးငွေအမျိုးအစားတွင် ချေးငွေသက်တမ်း ပြည့်သည့်အခါတွင်မှသာ တိုးရင်းပေါင်းပြန်ဆပ်ရခြင်းဖြင့် အခြားသော ပြိုင်ဖက်များထပ် သာလွန်သော ဝန်ဆောင်မှုကိုပေးဆောင်သည်။)					

Part IV: Business Performance

No.	Statements	1	2	3	4	5
1	DGB has improved internal process for increased efficiency. (DGB သည် စွမ်းဆောင်ရည်တိုးမြှင့်ရန် အတွက် လုပ်ငန်းတွင်း ဆောင်ရွက် မှုများကို မြှင့်တင်ထားသည်။)					
2	Internal training which provides by DGB can enhance employees' talent and skills. (DGB မှ ဝန်ထမ်းများသို့ ပြုလုပ်ပေး သော Training များသည် ဝန်ထမ်းများ၏ ကိုယ်ရည်ကိုယ်သွေး နှင့် စွမ်းဆောင်ရည် များကို တိုးတက်စေ သည်။)					
3	The employee turnover has reduced due to satisfaction. (ဝန်ထမ်းများ၏ စိတ်ကျေနပ်မှုများကြောင့် ဝန်ထမ်းထွက်နှုန်းနည်း ပါးသည်။)					
4	Brand recognition in the market has improved. (မြန်မာနိုင်ငံ MFI အခန်းကဏ္ဍတွင် DGB Microfinance သည် ထင်ရှား ကျော်ကြားလာခဲ့သည်။)					
5	DGB is currently recording constant increased profits. (DGB သည် လက်ရှိတွင် အဆက်မပြတ်တိုးပွားလာသော အမြတ်အစွန်းများ ရှိလာနေသည်။)					
6	There is substantial increase in number of new customers in DGB. (DGB တွင် Customer အသစ် အရေအတွက် များ သိသိသာသာ တိုးလာ သည်။)					
7	DGB has currently improved in loan outstanding. (DGB သည် လက်ရှိတွင်ထုတ်ချေးငွေပမာဏ များတိုးတက်များပြားလာ သည်။)					

Part V : Business Sustainability

No.	Statements	1	2	3	4	5
1	DGB customer base has consistently increased over years. (DGB customer အရေအတွက်များသည် နှစ်စဉ်အဆက်မပြတ် တိုးတက် လာသည်။)					
2	DGB has a low loan repayment default rate. (DGB တွင် ချေးငွေပြန်ဆပ်မှုများ ဆုံးရှုံးမှုနှန်း အလွန်နည်းပါးသည်။)					
3	DGB lending methodology is attractive to current and new customers. (DGB ၏ ချေးငွေထုတ်ချေးမှု နည်းစနစ်သည် လက်ရှိ customer များနှင့် customer အသစ်များအတွက် ဆွဲဆောင် မှုရှိပါသည်။)					
4	Customer loyalty has increased due to satisfaction. (Customer များ၏စိတ်ကျေနပ်မှုများကြောင့် Customer များ၏ သစ္စာရှိ မှုများတိုးတက်လာသည်။)					
5	DGB loan assessment criteria can reduce the risk of late or non-repayment in individual loan obligations. (DGB ချေးငွေအကဲဖြတ်မှုစံနှုန်းများသည် တစ်ဦးချင်းချေးငွေတာဝန် များတွင် နောက်ကျခြင်း သို့မဟုတ် ပြန်မဆပ်ခြင်း အန္တရာယ်ကို လျှော့ချ နိုင်သည်။)					
6	DGB has well-designed borrower screening, careful loan structuring, close monitoring, clear collection procedures and active oversight by senior management to reduce the delinquency of loan portfolio. (DGBတွင် ကောင်းမွန်သောပုံစံဖြင့် ချေးယူသူ စိစစ်ခြင်း၊ ချေးငွေဖွဲ့စည်းပုံ၊ အနီးကပ်စောင့်ကြည့်ခြင်း၊ ရှင်းလင်းစုဆောင်းခြင်းဆိုင်ရာလုပ်ထုံးလုပ်နည်း များနှင့် ချေးငွေအစုစု၏ ညံ့ဖျင်းမှုကိုလျှော့ချရန်အတွက် အကြီးတန်း စီမံခန့်ခွဲမှမှ တက်ကြွစွာ ကြီးကြပ်ဆောင်ရွက်ထားပါသည်။)					
7	DGB has a good portfolio reporting that accurately reflects the status and monthly trends in delinquency such as portfolio-at-risk aging schedule to effectively manage credit risk. (DGB တွင် ပြန်လည်ပေးဆပ်ငွေ နောက်ကျမှု နှင့် ပတ်သက်သော အခြေအနေများအား လစဉ် ကြည့်ရှုစစ်ဆေးနိုင်မည့် အစီရင်ခံစာများ (ဥပမာ - ချေးငွေဆိုင်ရာ risk ကို အကျိုးရှိရှိ စီမံနိုင်သော အစီရင်ခံစာများ ရှိသည်။)					

I sincerely appreciate the time you spared to complete this questionnaire.

Thank you.