STRATEGY, COMPETITIVE ADVANTAGE AND PERFORMANCE OF FINANCIAL INSTITUTIONS THAT OFFER MOBILE LOANS SERVICES IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented or submitted for purposes of a degree or examination in any other university or college.

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This research project has been submitted for examination with my approval as university supervisor.

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DEDICATION

This study is dedicated to my family: My Dad, Mr George Nene, my Mum Alice Njoki, my siblings Maureen Muthoni and Eric Nene for the love, prayers, constant reminder to work hard and the sacrifices they have made to see me finish my Masters Program. May God bless you.

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ABSTRACT

The aim of this study was to establish the strategies employed by the financial institutions offering mobile loans services and its influence on the performance. The Target population was 15 financial institutions in Kenya. The study used a census because of the relatively low population size of the targeted respondents. All the 15 respondents participated in the study, Out of the 15 respondents, 10 respondents completed and returned the questionnaires, translating to 66.67% response rate. A structured questionnaire was used as an instrument for data collection. Both descriptive and inferential statistics were used to analyse the data. Descriptive statistics such as frequencies, means, percentages and standard deviations were used. Inferential statistics such as regression and correlation analysis was used to analyse the relationship between the study variables. The analysed data was presented in form of frequency tables and pie charts. The study found out that strategies adopted in the financial institutions are essential in the performance of the financial institutions offering mobile loans services. The strategies that were adopted in the financial institutions offering mobile loans services were innovation strategies, product value strategies, cost and differentiation strategies. It was established that financial institutions offering mobile loans institutions have been able to adopt the strategies at a relatively large extent in their operation but in several ways that has enhanced their performance, through reduction of the costs of operations, enhancement of profitability, competitiveness and sustainability in the industry. The study further found out that through the strategies the firms have been able to attain customer growth, increased profitability, expansion of the market share and increase in customer satisfaction levels. The study recommends that the financial institutions offering mobile loans services should regularly evaluate their external environment in order to ensure the appropriate strategies are adopted in the organization. It was finally recommended that another study to be done on the related study, should investigate how organizational factors influence the strategies which was not the concern of this study and the need to distinguish the characteristics of the firms such as total assets, market share and organizational structure in order to look on how different groups adopt different strategies in the market.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Due to the dynamic business environment, firms are emphasized to develop strategies that will enable them to be sustainable in the competitive environment while meeting and exceeding the demand of the customers (Tufano, 2002). There is need for the firm to develop strategies that will enable them gain a competitive advantage over other rivals in the industry. The enhancement of the competitive advantage enables the firm to create a unique edge in the marketplace hence high overall performance. The firms should strive to ensure that the strategies implemented in the firm should enable the organization to gain a competitive edge which will enhance the performance of the firm (Aduda & Kingoo, 2012).

According to Resource Based View Theory, resources determine firm's performance. These resources aim at developing capabilities for the firm which ultimately give the firm a competitive edge over other firms. The Dynamic capabilities theory on the other hand, aims at creating customer capture methods and wealth enhancement. Efficient structure theory argues that, a company that uses its resources efficiently is likely to earn higher profits than its competitors.

According to Draghi (2009), regulation frameworks should not prevent the development of new products and services in the financial institutions, for it will improve the product choices for customers and leads to accessibility of credit services. The regulations will ensure a conducive competitive environment that is essential to the financial industry's contribution to economic growth and development. Most financial institutions have identified the opportunity of the mobile phone financial services in order expand their services to both the unbanked and banked customers, which has led to the accessibility of loans, ability to make savings, direct payments hence increasing the economic opportunity in the financial institutions. According to Kimenyi & Ndung'u (2009), mobile banking is an innovative and effective approach to be accessed by millions of customers especially to those who cannot get access to banking halls. Mobile banking refers to use of the smartphones to perform banking tasks and this gives the privileges of anywhere and anytime banking.

Mobile transactions refer to the use of mobile electronic gadgets to offer banking services (Brown, Douglas, Zaheeda &Stroebel, 2003). Customers can use the mobile phones or personal Digital Assistant (PDA) to withdraw or deposit money in the financial institutions, request for loans, check account balances, request for transactions statements, make purchases of goods and services and transfer funds (Porteous, 2006). The innovative approach of the use of mobile transactions is being used in the financial institutions today to enhance sustainability and competitiveness of the organization in the industry (Oluoch, 2012).

Mobile phones transactions had led to the new paradigm of operation in the financial institutions that is the development of the strategies that aims at lowering the transaction cost and access by many customers (Oluoch, 2012). Mobile transactions services provide the platform of efficiency of accessibility of the financial services such as request for loans, making deposits and withdrawals and making payments. It has also lead to convinience and reduction of cost to the customers who had already accessed the financial institutions (Porteous, 2006). This has led to a very high competition in the financial institutions offering mobile loan services, thus the need to have the competitive strategies that will enhance growth and sustainability in the industry.

1.1.1 Concept of Strategy

Strategy is an action plan that a company puts in place in order to achieve long term organizational goals. A strategy is deemed competitive if it is a long-term action plan that a company can adopt in order to attain a competitive advantage over other firms in the competitive marketplace, after a comprehensive analysis of its strength and weaknesses. The strategy involves the plans that can be implemented in order to withstand the competitive environmental pressure, attain a large customer base and maintains the firms' position in the market. (Martin, 2014).

Strategy establishes a sustainable and competitive position of the organization. Thompson et al, 2008, emphasizes that the main purpose of competitive strategy is to becoming a leading company over the rivals companies by being effective and efficient and meeting customers' needs. Adoption of winning strategy is essential in achieving a competitive advantage, for it makes the firm grow fundamentally in value creation and meets customers demand that exceed the organizational costs. Competitive Advantage results from matching core competencies to the opportunities.

The main role of a strategy on a firm is to provide direction that will enable the organization to achieve its long term objectives while meeting the demand of their customers and at the same time mitigating the risks and threats and taking advantage of the opportunities in the environment (Pearce and Robinson, 2007). A firms' strategy helps to align the operations of the organization to the dynamic operating environment.

According to Jauch and Glueck (1984) strategy is a comprehensive plan that strike a balance between the firms' opportunities to the threats that are experienced by the firm in the environment and the plan is put in place to enhance the achievements of those goals.

1.1.2 Competitive Advantage

The justification of the implementation of the strategic management practices in the organization is to ensure the sustainability of the business operations in a ever changing business environment. The strategies that enable the continuity of the business operations should be grounded on sustainable competitive advantage (Porter, 1985). To enhance competitive advantage, the firms need to develop practices that it will allow them to perform better more than the competitors in that particular industry. According to Scholes and Wittington (2006) competitive advantage can be viewed as the ability of the firm to gain a competitive edge over its rivals within a particular business environment. Porter (2008) established that the goal of competitive strategy for a firm in a given industry is to ensure a desirable market position against competitors and prospective entrants or being able to influence other competitors in that environment.

It is essential for the firm to develop a competitive edge against the competitors but it must consider and comprehensively understand the five forces that shape the competitive industry as it was defined by Porter (1980). According to Porter (1996) there is need for the competitive advantage be based on its uniqueness in the industry, that it will deliberately vary its actions in order to enhance a distinctive combination of value, thus the firm will have a upper hand over its rivals in the competitive industry hence it will be able to obtain an above average returns in the long term basis. The common way for the firm to enhance its competitive advantage is to manage is to have unique products and services, cost leadership and to attain a high customer satisfaction levels over their competitors in the competitive industry.

1.1.3 Performance

Performance of a firm is a relevant construct in the field of strategic management. It has been defined as a measure of how a firm puts well into use its investments to generate revenue. It is also known as financial health or financial stability. Some of the common measures of financial stability include; Profit Margin, Return on Equity, Return on Investments, Sales Growth, Liquidity Ratio, Capital Adequacy.

Most scholars in Strategic Management have been studying Financial Performance, since it impacts the financial health and the ultimate survival of the organization. A firm with high performance shows how effective and efficient the Management is in using the firms' resources. Decision makers evaluate how firms perform financially by reviewing the effect the policies, operations and strategies of the business have on the overall financial stability of the organization. In Financial Management strategies are measured in monetary terms.

Strategy involves organization of the firms' resources in order to achieve its long term objectives. The goal of any firm is to survive in the long run while it makes profits. This shows how strategy becomes a critical aspect in achieving company goals. Strategy therefore influences competitive advantage which in turn influences performance. However, although strategies can be seen as necessary for good performance, they will not suffice alone (Andrew et.al, 2012). Strategy formulation and Strategy content may necessarily not have an obvious effect on company objectives, there could be other factors that may affect or influence the company's long term goals. Stakeholders, external and internal may come into play in the linkage between strategies and performance.

Financial performance can also be viewed from a shareholders perspective. It reviews how much better the shareholder is doing since the start of the business. Ratios can be derived from Profit and Loss, Balance Sheet or using prices at the stock Market (Berger and Patti, 2002). Most operators in the market industry would use ratios to asses' performance. These operators use large data that is compressed into small indicators of performance. Indicators may also include non-financial elements that are intangible but of critical importance.

Gross profit is one of the most commonly used measure of the economic profitability of an organization. High sales and low costs of production make a firm seem to be profitable than any of its other competitors. The Return on Investment is quite an important ratio, it measures how a company is using its investment to generate more profit. The higher the ratio, means the firm is performing much better in generating sales.

1.1.4 Financial Institutions offering mobile loan services in Kenya

Mobile banking is the use of mobile gadgets to perform transaction linking to the account of customers **(**Muisyo, Alala and Musiega, 2014). It is also referred to as the use of telecommunication devices in the provision of financial services. The financial services include deposits and withdrawal of cash, request for loans, making payments, request for accounts statements and access to customized information. Mobile transactions services is one of the innovative application in the financial institutions through Information Communication and Technology (ICT) which has experienced an explosive growth in countries like Philippines, Kenya and South Africa. In Kenya, Safaricom and Airtel have ventured in the mobile financial services, which have led them to establish their own financial services in order to be competitive in the market (Abunyang, 2007). Mobile phone users use the mobile phone transaction applications to make a deposit, withdrawals of funds from commercial banks, pay bills and transfer funds.

The mobile transaction services have been used as a way of competition to increase deposits and offer loans to customers without necessarily visiting the financial service providers' stations. The mobile financial services have also managed to increase the customer base by reaching to people who did not have bank accounts (Kimenyi & Ndung'u, 2009). These financial services are offered in real time hence providing financial services in a convenient and efficient way. With the introduction of new products within financial institutions, customers are able to register for accounts without necessarily visiting the institutions, make request for loans and payments of loans often with minimal charges without collateral or guarantors. Use of mobile phones in Kenya has greatly increased from the year 2000 when it was at 15% as per the Telecommunication statistics to the current mobile penetration in 2017, which is at 90% of the Kenyan population. This means making the mobile phone a banking tool would greatly increase the access of funds to even people in the rural areas. Some of the Financial Institutions that are offering mobile loan services in Kenya include; Commercial Bank of Africa (M-Shwari), Kenya Commercial Bank (KCB M-Pesa), SAIDA , MUSONI and MICRO MOBILE.

1.2 Research Problem

Strategies enable a company to acquire an exclusive position in an industry that assures profitability and sustainability (Porter, 1980). This concept applies to all set of firms and helps an organization to focus scarce resources to the benefit of firms' functions in a competitive environment. Financial Institutions therefore should place key considerations to strategies that allow them to have a competitive advantage over the other industry players. Strategies helps the companies develop competitive advantage. Competitive advantage is what ultimately influences the performance of the organization.

Low-income earners are in most cases not considered as viable customers by financial institutions. In order for these people to be viewed as viable customers, new ways of serving them need to be explored. According to (Andrew, 2009), development of new technology platforms for access of loans will therefore serve as an answer to the said problem. Middle income earners have also in the recent past experienced monetary problems especially in the instance that their income is not sufficient to take care of their daily needs. In such cases, they are able to make savings through their mobile phones and in case they want to supplement their income, start or improve their businesses; they are able to get this financing through mobile loans.

Financial Institutions that offer mobile loans such as KCB and CBA have collaborated with Safaricom and have managed to attract a large number of customers in Kenya. Currently KCB has given up to 6.7 billion loans through the KCB M-Pesa. Mshwari on the other hand has hit 10 million accounts advancing 29 billion loans. With the growth currently being experienced in the mobile financing, several studies have been done on this particular area.

Obado (2005) in his study on Kenya Sugar Manufacturing firms, he found out that all the firms in the sugar industry implemented the cost leadership strategies in their value chain activities. The firms also adopted the differentiation strategies in their distribution networks, branding and customer services and the focus strategy was implemented on a small extent. Theuri (2003) in his study on the fast food outlets in Kenya, he found out that the competitive strategies' implemented in the fast food outlets revolved around cost, differentiation and focus. The fast food outlets who served the same target markets needed to ensure high quality in their products and customer service and emphasize in marketing activities strategies were also in existence. Ndubai (2003) in his study on the competitive strategy adopted in the pharmaceutical industry, he found out that strategies containing the issue of location, cost and the use of innovation made the firms gain a competitive edge of its rivals.

In view of these preceding studies, companies have adopted competitive strategies in running their business activities, this however does not mean that the strategies they have adopted are the only strategies that financial institutions have employed. During this study, the researcher will explore strategies employed by financial institutions offering mobile loan services in order to remain competitive in the market. What is the relationship between Strategy and Performance of financial institutions offering mobile loans in Kenya?

1.3 Research Objectives

The objectives of the study will be;

i. To establish the strategies employed by financial institutions offering mobile loan services in Kenya.

ii. To establish the influence of the strategies on performance of Financial institutions offering mobile loan services in Kenya.

1.4 Value of the Study

The financial institutions in Kenya will benefit from the research study, for it will provide a clear understanding of the competitive strategies to be adopted in order to gain competitive advantage in the mobile loan services. This will also help in coming up with policies and procedures in order to enhance efficiency and effectiveness of the mobile loan transactions.

To the scholars and researchers, the research, will add value to the existing body of knowledge on strategy, competitive advantage and performance of the financial institutions for it will provide strategies if implemented in the mobile loan services will enhance competitive advantage in the market and in overall the firms' performance.

The findings will also be useful to the customers' for instance the population at large in giving them insight on what institutions to get loans from to better their standards of living and at the same time learn how to make Returns on Investments with the loans given.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter examines the theoretical framework on which competitive strategies are based, literature on the strategy, competitive advantage and firms' performance and a review of empirical studies on the competitive strategies and performance.

2.2 Theoretical Foundation

Several theories offer insights into the rationale underlying the competitive strategies on financial institutions. The research study is anchored towards the Resource-Based View theory, Dynamic Capabilities theory and Efficiency Structure Theory.

2.2.1 The Resource-Based View Theory

The Resource-based View theory (RBV) is a strategic management theory that focuses on the firms' heterogenetic resources and capabilities (Nicolai, 1998). The theory holds that resources are the determinants of the firms' performance, and can distinguish one firm to another. It recognizes that resources are vital in developing inherent capabilities and enhances competitive advantage over other firms.

Resource based view theory of the firm also extends to the development of strategies and functions within a firm that cannot be replicated by other firms (Gimeno, 1999). This ensures a company has unique resources that other competitors find it difficult to copy, hence making a firm to gain a strong competitive position in an industry over a period.

2.2.2 Dynamic Capabilities Theory

Dynamic capabilities theory entails the creation of customer capture methods and wealth enhancement by companies that predominantly operate in a changing technological, legal and economic environment, (Teece, 2011). The theory offers a wide comprehensive overview of how an organization can develop its path dependency, innovation and knowledge development through its assets. It extends the RBV on how the firms' resources and capabilities can be sustained and redeveloped in a dynamic environment.

Dynamic capabilities theory assumes various concepts to the firm overall competitive strategy. The capabilities include the incorporation of various segments in the organization to achieve a common goal, creation of new resources to enhance existing functions in the firm and reconfiguring the operations to adapt to the changes in the environment (Teece, 2011)

2.2.3 Efficiency Structure Theory

Efficiency Structure Theory shows that organizations that are earning higher profit margins perform better because their efficiency is higher. Organizational Efficiency is defined as how well an organization is able to implement its plans using the least possible resources.ES theory explores that market concentration comes from competition. Organizations that have adopted low cost structures increase profits by price reduction of their goods, this in turn increases market share.

The ES theory has two approaches: Scale Efficiency hypothesis and X- Efficiency hypothesis. Scale Efficiency hypothesis emphasizes that large organizations can get lower unit cost and higher profit margins through economies of scale as opposed to using varying production technologies and management tactics. This means that large organizations are likely to get higher market share which manifests in higher market concentration hence increased profitability. X Efficiency hypothesis emphasizes that, firms that are more efficient have higher profits since they have lower costs.

2.3 Strategy in Organizations

Strategy concept can be seen as a multidimensional practice; thus different people define it differently. Some elements of strategy can be applied universally while others are dependent on the structure and nature of the firm (Hax & Majlufi, 1996). According to Andrew, (2008) strategy is defined as a pattern of the purpose, objectives, goals and essential policies and plans for achieving the purpose of the firm, which enables the firm to know what exactly the organization is pursuing and the contribution to shareholders, employees and community at large.

Strategy is a game changer, the management has to position the organization in its industry in order to compete successfully, satisfy its customers and achieve overall performance in the firm (Thompson & Strickland, 1998). It involves selecting among the alternatives thus the firm must be aware of the level of the competition in the industry in order to position itself successfully. Strategy is essential in order for the organization to obtain a sustainable match between external environment and their internal capabilities. Thus, the role of strategy does not only respond to the external threats and opportunities in the external environment but it enables the firm to be sustainable and being able to meet the demands of the customers. Strategy is a vital tool to the firms' success and makes the firm competitive in the industry (Muriuki, 2005).

A firms' competitive strategy entails firms' approaches and initiatives to exceed and meet the expectation of the customers while being competitive in the market place. This enables the firms to be differentiated in the industry thus making the firm a leader over its rivals in the market (Thompson & Strickland, 2003). Competitive strategy entails how an organization is able to compete successfully in a given industry (Grants, 2008). An industry provides a clear competitive ground thus; firms should implement competitive strategies in order to obtain a competitive advantage in the industry. According to Tang and Bauer, 2005, the firm that is capable to implement management style that seeks sustainable ground by being the leader in the competitive environment with more effective strategies is able to achieve dominance in the competitive industry.

2.4 Competitive Advantage in Organizations

Cost leadership strategy aims at gaining a competitive advantage by reducing the economic cost lower than the cost of its competitors (Barney, 1997). Cost leadership requires a comprehensive cost reduction mechanism being deployed in the firms' functions for instance overheads controls, reduction of marginal costs and cost minimizations in functions such as marketing activities functions like advertising. Low cost is the emphasize through the entire strategy but not ignoring the quality of the services and products (Porter, 1998). Differentiation strategy involves providing unique products and services to the customers that are perceived industry-wide (Porter, 1998). A firm thus designs to appeal to customers with a special sensitivity for a particular product attribute, which helps to build customer loyalty.

Market focus strategy attempts to attend to the need of a particular segment whether anchored in a low-cost base or differentiation (Pearce & Robinson, 1997). It focuses on a narrow strategic target that provides more efficiently and more effectively than competitors who are competing more broadly. This ensures the firm achieves either low cost leadership or differentiation or both in the industry. Firms using the focus strategy are willing to service a certain geographical area; satisfy the needs of the customers with more tailored and unique products and services. The firm that attains this strategy can be able to sustain itself in a competitive environment while enhancing its performance. The strategy can also be used to identify the target customers that are least vulnerable to substitute products or where there is least competition in the market.

To portray alternative corporate growth strategies, Igor Ansoff presented a matrix that focused on the firms' presents and potential products and markets. The strategy focuses on the ways to enhance the existing products and new products, and in existing markets and new markets. Ansoff matrix provides four different growth strategies which is the market penetration strategies which focuses to achieve the growth of the existing products in the present market segments, market development strategy which focuses on developing the new markets with the existing products, product development strategies which the firms develop new products targeting both the existing and new market segments and diversification strategies where the organization will diversify into new businesses ventures by developing new products for new markets (Porter, 1996).

2.5 Performance in Organizations

Having a unique strategy that sets a firm above other competitors in the industry and gains a competitive advantage is a reliable tag for experiencing high performance in the firm. Without having a strategy in a competitive industry risks the sustainability of the firm, for there is a high chance for the firm to be kicked-out of the industry due to low operational and financial performance (Thompson et al., 2007). The strategies implemented in the firm affects the performance of the firm (Mutuku, 2005). According to Hunger & Wheelen, 2005, long-term performance of the firm is being determined by the strategies of the firm.

Performance of the firm is usually measured using the standards of the strategic objectives in the industry. Organizational performance depends on the objectives goals that they need to accomplish in the firm and these objectives and goals are usually established in the strategy formulation stage of the strategic management process. The objectives can be in a form of increase in market share, profitability and cost reduction among others (Thompson et al., 2007). According to Thompson et al., 2007, financial performance and strategic performance are two unique performance yardstick for the firm, for it indicates the sustainability of the firms in the industry and competitive viability.

Most studies on the competitive strategies and organizational performance uses various financial and non-financial success measures. Researchers use financial measures of organizational performance such as profitability of the firm (Saunders & Wong, 1985, Lynch & Ilooeiy, 2005, Baker et al., 2008), turnover rate (Frazier & Howell, 1983), inventory turnover rate (Frazier & Howell, 1983) and non-financial measures such as sustainability (Saunders & Wong, 1985) and innovativeness (Goldsmith & Clutter, 1984). Rate of return on investment (ROI), rate of return on Equity (ROE) and Earning per Share (EPS) are commonly used measure of firms' performance. According to Manyuru, 2005, turnover rate, net profit and market share price are the most considered measure of performance.

2.6 Strategy, Competitive Advantage and Performance

A strategy of the firm enables the firm to gain a competitive advantage and directs the firms' resources to the growth of the firm. The main rationale of the firm to develop the strategies is to enhances the approach of the organization in the competitive environment, thus it enables the firm to assess the market needs, understand the behaviour of the buyers in the market, have a comprehensive analysis of the firms' capability and advocating for the growth of the firms' performance through creating a unique position for the main in order to obtain a competitive advantage in a competitive industry (Pearce and Robinson, 2000)

The strategies adopted in the firm enables the management to focus on the analyses, decision and organization of the organization in order to create and sustain the competitive advantage (Dess, Lumpkin & Eisner, 2008). By creating the competitive advantage that are unique and valuable in the marketplace and imitable, the firms can easily dedicate the performance in the competitive industry, hence the firm will gain higher returns which will eventually influence its overall performance.

According to Barney (1991) the competitive advantage that will influence the performance will only be sustained when other rivals in the industry are not able to duplicate the firm's strategy. Thus the sustained competitive advantage will only exist when efforts to replicate it by the rivals in the industry fails, and it is in this reason the firms are putting a lot of efforts to develop strategies that are difficult to imitate in order to gain a competitive advantage and also to enhance the performance of the firm. The strategy to gain a competitive advantage will be based on the attractiveness of the industry which will ensure a sustainable inherent profitability and the overall performance of the firm in the competitive industry (Porter, 1985).

2.7 Empirical Studies and Research Gaps

Obado (2005) in his study on Kenya Sugar Manufacturing firms, he found out that all the firms in the sugar industry implemented the cost leadership strategies in their value chain activities. The firms also adopted the differentiation strategies in their distribution networks, branding and customer services and the focus strategy was implemented on a small extent. Theuri (2003) in his study on the fast food outlets in Kenya where he found out that the competitive strategies' implemented in the fast food outlets revolved around cost, differentiation and focus. The fast food outlets who served the same target markets needed to ensure high quality in their products and customer service and emphasize in marketing activities strategies were also in existence

Ndubai (2003) in his study on the competitive strategy adopted in the pharmaceutical industry where he found that strategies containing the issue of location, cost and the use of innovation made the firms gain a competitive edge of its rivals, He recognized the existence of unethical competition which lead to undercutting of the prices in the pharmaceutical industry.

The degree and nature of the competition in an industry lies on five forces according to Porter, 1998. That is the threats of new entrants, threat of substitute products, bargaining power of buyers, bargaining power of supplies and rivalry between suppliers. According to Tearce & Robinson, 2002, the overall strength of these five sources determines the sustainability and profitability of the firm in the industry.

The competitive strategies on the mobile loans institutions have its basis on the cost, differentiation and focus, and the linkages between the strategies create a high operational performance and financial performance in the firm. These competitive strategies have been found to have an effect in creating a competitive advantage and have an impact on firms' performance. However, there is limited study to the best knowledge of the researcher on the competitive strategies and performance of the mobile loans institution in Kenya, thus this necessitates for the study.

2.8 Summary of the Literature Review and Research Gaps

Author of study	Focus of Study	Methodology	Findings	Knowledge Gaps
Ndubai (2003)	Influence of competitive strategies in the Pharmaceutical Industry	The data was collected from pharmaceutical organizations by use of semi-structured questionnaires on the selected firms.	Firms that had implemented the cost leadership, focus strategy and product leadership gain a competitive advantage over other firms in the industry	The study focused on pharmaceutical Industry
Theuri (2003)	Competitive strategy on the fast food outlets in	The data was collected using structured questionnaire and the	Competitive strategies' implemented in the fast food outlets revolved	The study focused on the fast food outlets in Nairobi, Kenya

Author of study	Focus of Study	Methodology	Findings	Knowledge Gaps
	Nairobi, Kenya	data was analyzed using non-parametric approaches.	around cost, differentiation and focus. The fast food outlets who served the same target markets needed to ensure high quality in their products and customer service	
Obado (2005)	Competitive strategy on the Kenya Sugar Manufacturing firms	The study collected primary data using a semi structured questionnaire to collect	Sugar industry implemented the cost leadership, differentiation and focus	The study focused on the Kenya Sugar Manufacturing firms

Author of study	Focus of Study	Methodology	Findings	Knowledge Gaps
		data.	strategies in their value chain activities in order to gain a competitive advantage in the industry	
Tearce and Robinson (2002)	Influence of competitive strategies on the sustainability and profitability of the firms in United Kingdom	Simple stratified random sampling was used to identify the strategies and self-administered questionnaires were used to collect data.	The study concluded that competitive strategies are essential in the sustainability of the firm and influence the profitability of the firm as well	The industries were different from the mobile loans institutions and focused only on the five forces of Michael porters strategy

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was employed in seeking answers to the research questions. It addresses the research design that was adopted in carrying out the study, the population, sampling techniques used, data collection and data analysis tools used.

3.2 Research Design

According to Kothari, 2004, research design involves selection, research sites and data collection procedures in answering the research questions of the study. It is framework within which the research is conducted and involves the guide for collection of data and the analysis of data (Mcmillan and Scumaker, 2001**).**

This study adopted a cross sectional survey research design, which involved observation and description of the subject of a study without manipulation of any kind (Kothari, 2004). The research design was appropriate for the study for it facilitated the gathering of information, summarizing and presenting it for the purpose of clarification on the strategy, competitive advantage and performance of the mobile loan institutions. Surveys are mostly used to describe characteristics of large populations. Similarly, high reliability of data is easily obtained because subjects are given standardized questions which ensure the subjectivity of the observer is greatly reduced (Mugenda and Mugenda, 1999).

3.3 Population

Polit and Hungler (1999) define a population as the totality of all subjects that conform to set of specifications, comprising the entire group of persons that is of interest to the researcher and to whom the research results can be generalized.

The population of this research study was financial institutions offering mobile loan services. According to Central Bank of Kenya, there are 15 financial institutions in Kenya that have mobile loan services fully operational in their organization. The study used census.

3.4 Data Collection

The study used primary data. The primary data was collected using a structured questionnaire. This data was collected from business development, information technology and finance managers or their equivalents since they are deemed to be well versed with mobile loans services, and have a good understanding of issues related to strategies adopted in the financial institutions offering mobile loans services. Thus, the researcher targeted to administer two questionnaires in each firm of study. The questionnaires were physically administered to the respondents using the drop and pick later method.

The questionnaire comprised of three sections to ensure quality of responses. Section A collected data on demographic characteristics of respondents. Section B collected data on competitive strategies adopted in the financial institutions offering mobile loans services. Section C collected data on the relationship between strategy, competitive advantage and performance of financial institutions offering mobile loans services. The questionnaire had structured questions that were answered using Likert type scale where respondents were required to indicate their views on a scale of 1 to 5.

3.5 Data Analysis

The data pertaining to competitive strategies being qualitative was coded using the numeric scales that were used by the respondents in responding to the questions posed in the questionnaire. This transformed the data into a quantitative form that permitted analysis using quantitative methods. Descriptive statistics including measures of central tendency and dispersion were employed in the analysis. These were the mean and the standard deviation, and they assisted in exploring the underlying features in this data. Correlation was used to show the relationship between the variables. Quantitative Reports showing percentages and tabulations were also used.

Frequencies were adopted in examining the features underlying the data on demographic characteristics of the respondents, which stem from the fact that such data was categorical. Research findings were presented using tables and graphs so as to facilitate comparisons.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the research data, results of its analysis and their presentation. This chapter also discusses the data in the context of the insights from the theoretical and empirical literature. This chapter also provides patterns on how the strategies in the financial institutions offering mobile loan services in Kenya have been adopted, and the insights therefore provides a good basis for drawing clear conclusions and recommending actionable plans that these organizations could use to gain competitive advantage which will eventually influence their performance.

4.2 Demographic Data

The researcher administered 15 questionnaires in the targeted respondents, and out of the 15 respondents, 10 respondents completed and returned the questionnaires, translating to a response rate of 66.67%; the researcher deemed this response rate is satisfactorily considering Kothari's (2004) suggestion that, for survey findings to be reliable, researcher need a response rate of at least 60 %. The researcher sought to establish the period over which the respondents had worked at their organizations, and table 4.1 below shows the findings. In which it is apparent that most of the respondents (50%) had worked at their organization for the period between 6 to 10 years, while 30 % of the respondents had worked in their organization for between 11 to 15 years. Therefore, most of the respondents had the work experience required to understand the issues of the strategies being implemented in the organization that the researcher was investigating.

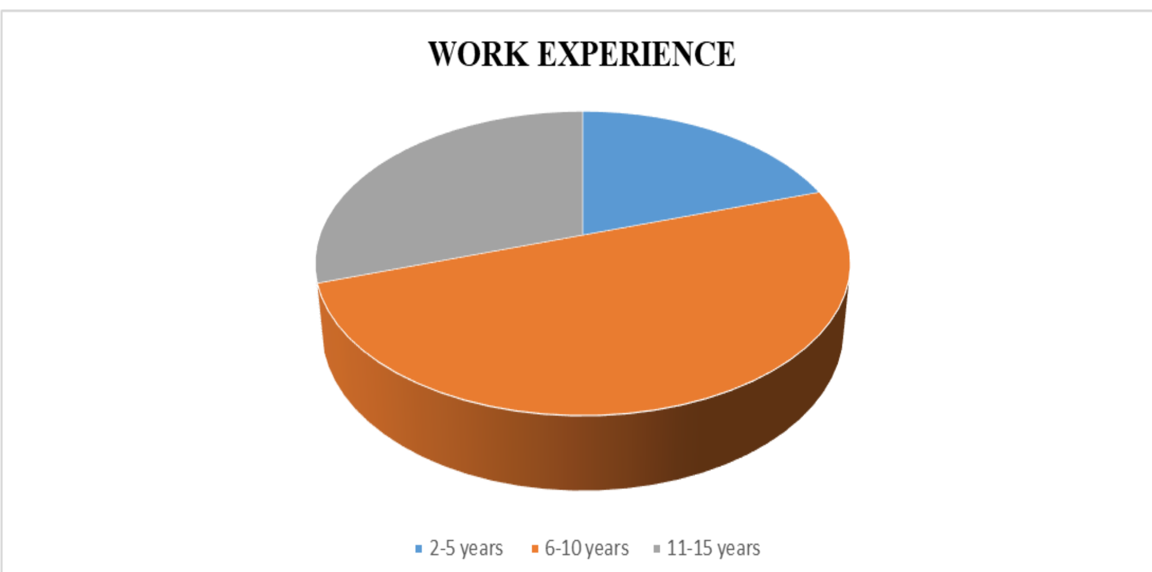
Table 4.1: Respondents' Work Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2-5years	2	20.0	20.0	20.0
	6-10 years	5	50.0	50.0	70.0
	11-15 years	3	30.0	30.0	100.0
	Total	10	100.0	100.0	

Source: Research Data (2017)

Most of the respondents (50%) had worked at their financial institutions offering mobile loans institutions between 6 and 10 years, and this group of the respondents was followed closely by the respondents who had been in the organization for more than 11 years. The least among the respondents had served in the organization for less than 5 years which represented 20% of the respondents. Figure 4.1 below further demonstrates the findings.

Figure 4.1: Work Experience



Source: Research Data (2017)

The researcher also sought to know the positions that the respondents held in their firms. Table 4.2 below shows the findings.

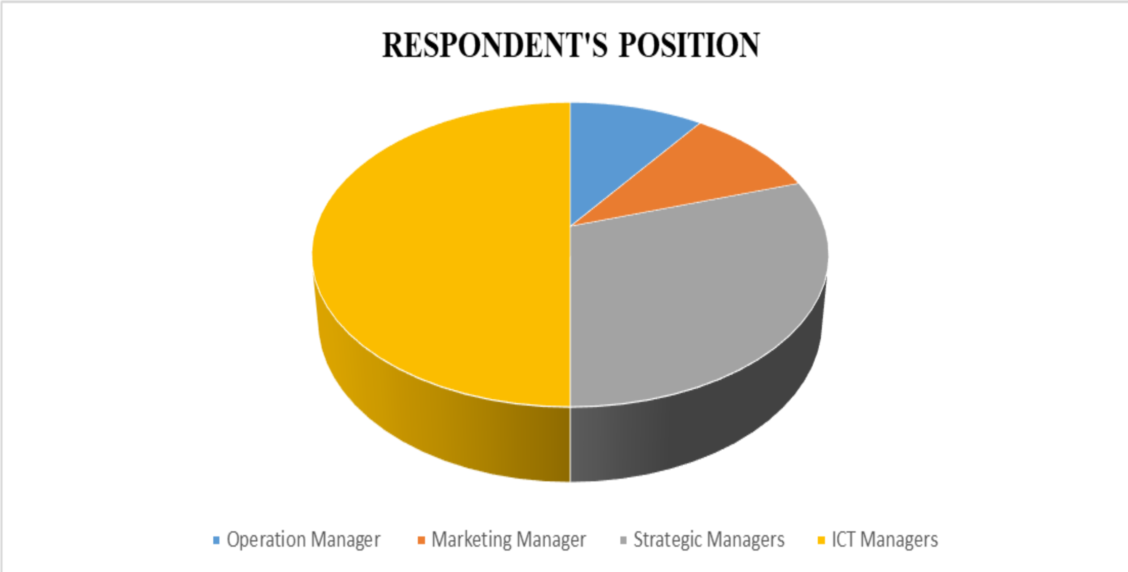
Table 4:2: Respondents' Work Position

Current position	**N**	**%age**
Operation Manager	1	10
Marketing Manager	1	10
Strategic Manager	3	30
ICT Manager	5	50
Total	10	100

Source: Research Data (2017)

Most of the respondents (50%) were ICT Managers, while 30 % were strategic managers. Few of the respondents were marketing managers and operation managers constituting of 20 % representing 10 % each of the respondents. The findings showcased that the ICT managers were the one responsible on the strategies being implemented in the firm regarding the mobile loans services of the firm, representing 50% of the respondents, followed closely by the strategic managers representing 30% of the respondents. Figure 4.2 below further shows the findings on the positions that the respondents held.

Figure 4.2: Respondents' Work Position



Source: Research Data (2017)

Ownership Structure of the Company

The researcher sought to know the ownership structure of the organization of the respondents, and table 4.3 shows the findings. The results showcased that most of the respondents (70%) work in the locally owned organization, while the 20 % work in the locally owned organization but with government participation and 10 % of the organization is foreign owned. Therefore, most of the organizations offering the mobile loans services in the financial institution are locally owned but 20% of the organization have government participation in their operations.

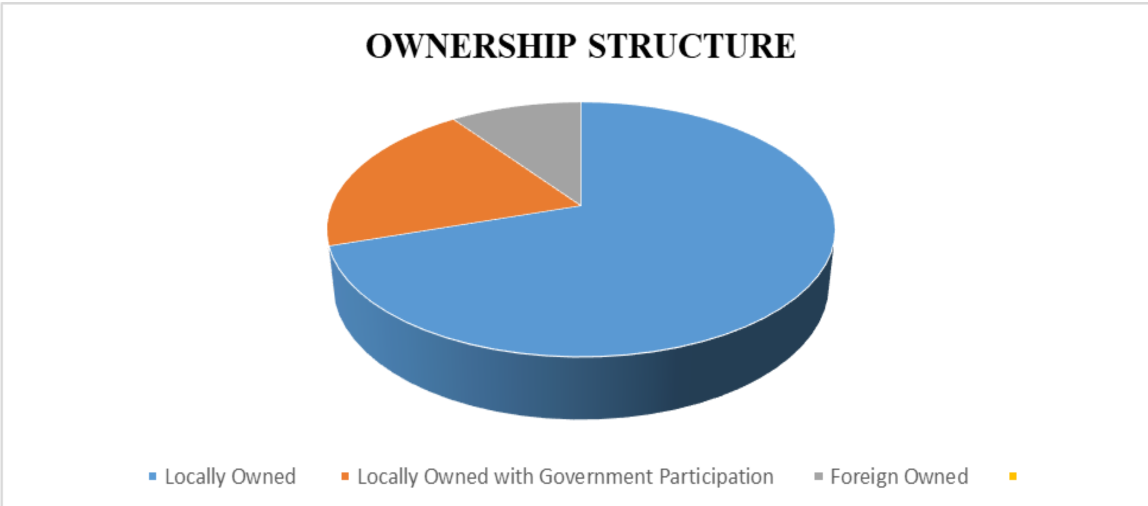
Table 4.3: Ownership Structure of the Company

		Frequency	Percent	Valid Percent	Cumulative Percentage
Valid	Locally Owned	7	70.0	70.0	70.0
	Locally Owned with government participation	2	20.0	20.0	90.0
	Foreign Owned	1	10.0	10.0	100.0
	Total	10	100.0	100.0	

Source: Research Data (2017)

Most of the respondents (50%) had worked at their financial institutions offering mobile loans institutions between 6 and 10 years, and this group of the respondents was followed closely by the respondents who had been in the organization for more than 11 years. The least among the respondents had served in the organization for less than 5 years which represented 20% of the respondents. Figure 4.3 below further demonstrates the findings.

Figure 4.3: Ownership Structure



Source: Research Data (2017)

The respondents were asked if the institutions had the vision and mission statements. The findings established that all the organization had the vision and mission statements, although the findings showcased that 70 % of the respondents involved the owners in the development of the strategies, 80% of the respondents involved the management and the owners, the respondents (50%) also established that employees are involved in the development of the strategies in the organization. This indicated that the management and the owners are key in the formulation of the strategies' in the organization which represents 70% and 80 % respectively.

4.3. Strategies employed in Financial Institutions Offering Mobile Loans Services

The researcher sought to know how the participants' organizations had implemented costs strategy into their operations of the firm. The respondents were asked to indicate to which extent they agreed with the statement being posed, on a 5-Likert scale, on how their organization could implement the cost strategy into the strategy in order to gain the competitive advantage. The table 4.4 below shows the findings. As table 4.4 shows the results, it is very clear that the respondents largely agrees that the cost strategy largely involves continuing product development, effective marketing and advertising campaigns and ensuring a wide range of products are being offered in the organization, and this is consistent with Tang and Bauer (2005), postulation indicating that in order to achieve competitive advantage through cost strategy, organization should involve development of products through innovations, increasing the wide range of products and ensuring effectiveness in the marketing practices.

Table 4.4: Cost Strategies

Description	**Mean**	**Std. Dev.**
The company has a product development and innovation plan	4.23	0.0120
The company has an effective advertising and marketing campaigns strategy	3.91	0.1360
There is high customer services and support on the mobile loan services	3.85	0.4333
The company focuses on the specific market segments in order to deliberate on the cost of the services	3.85	0.6720
The organization offers strategic alliances and partnership to the service providers to cut down the cost of the services	3.69	0.0973
The company ensures continuous brand development of the services	3.64	0.2240
There is a very high brand recognition from the customers	3.84	0.0800
Our clients are satisfied with the cost of our services	4.08	0.2693
There is an increase in the customers' demands on the loans services	4.12	0.0667
We provide a wide range of services to our clients at an affordable price	4.03	0.1367

Source: Research Data (2017)

Note: A scale of 1 to 5 was used, where 1=not at all, 2=very little, 3=to some extent, 4=to a great extent and 5=to a very large extent. A mean of 1 on the scale meant that the cost strategies are not used in the organization, while a mean of 5 meant the cost strategies are used to a great extent. The standard deviation shows the variations of the set of data values. When the standard deviation is close to 0, it means that the data points are close to the mean.

The findings in table 4.3 suggest that the cost strategy has been implemented in the organization. The strategy includes the advertising and marketing campaign that increases the number of the customers in the organization. The research data is consistent with the (Murphy's (2010) efficient structure theory that recognizes that the market concentration comes from competition , thus the organization need to adopt low cost structures that will enable the organization to increase their financial performance and overall performance of the organization in which it occurs into two phases that is scale efficiency hypothesis and X-efficiency hypothesis in which it considers that large organizations can get lower unit costs and higher financial performance margin through economic of scale as opposed to the technologies and management tactics. It was evident that the large organizations enjoyed higher market share which manifested to achievement of higher competitive advantage which directly lead to higher performance. The cost strategy helps the organization sustain its competitive advantage and achieve its corporate goals. If an organization has not implemented the cost strategy, they lose their competitiveness and, ultimately they will go out of the business. The respondents were also asked to use a 5-point Likert Scale indicate how they agreed with statements describing what they thought of the product-value strategy. The following table shows the descriptive statistics of their responses.

Table 4.5: Product Value Strategy

Description	Mean	Std. Dev.
We provide our customers with a wide range of product range extension	4.07	0.0880
We ensure there is available resources and infrastructure for our customers that guarantee high value for the services	4.01	0.2347
The organization ensures improved process of the process	3.96	0.0960
The customers are provided with all the information that we are offering in the organization	3.85	0.0093
The organization ensures there is adoption of new technology due to the changes in the technological environment	3.80	0.1547
Customers inputs regarding the services are considered during the strategic planning	3.69	0.2840
There is high level of customer service and support of the services being offered in the firm	3.64	0.0480
In case of a system breakdown, our customers have a product replacement	3.59	0.5907
There is high innovation process in the organization	4.23	0.2373
The value to our customers are the core to the business operations	4.17	0.1120

Source: Research Data (2017)

Note: A scale of 1 to 5 was used, where 1=not at all, 2=very little, 3=to some extent, 4=to a great extent and 5=to a very large extent. A mean of 1 on the Likert scale means that the product value strategies are not used in the organization, while a mean of 5 means the product value strategies are used to a great extent. The standard deviation shows the variations of the set of data values. When the standard deviation is close to 0 it means that the data points are close to the mean.

From the findings, it is apparent that the respondents largely agrees that the product value strategy has entailed improvement of the business process that creates the value to the customers and facilitating high customer service through incorporating the input of the customers in the products offered in the organization. Indeed, it is consistent with Dess, Lumpkin and Eisner (2008) arguments that the product value in the marketplace creates a competitive advantage that it is unique that ensures the organization sustains higher returns which will eventually enhances the overall performance of the organization. It is evident that the financial institutions offering the mobile loans services once they understand the product value strategy influencing their competitive advantage, they can take actionable plans to ensure they deliver value to their customers.

4.4 Impact of Strategies on Performance

The respondents were also asked to use a 5-point Likert scale to indicate the impact of strategies on the competitive advantage which will influence the overall performance of the firm. The following table shows the descriptive statistics of their responses.

Table 4.6: Impact of Strategies on Performance

Impact	Mean	Std. Dev.
My company has experienced client growth	4.04	0.71
My company's market share has improved	3.96	0.34
There has been market innovation strategies in my company	3.78	0.69
My company's profitability has been on the rise	3.62	0.72
My company is highly competitive	3.93	0.26
My company has developed new products	3.84	0.28

Source: Research Data (2017)

Note: A scale of 1 to 5 was used, where 1=not at all, 2=very little, 3=to some extent, 4=to a great extent and 5=to a very large extent. A mean of 1 on the Likert scale means that the impact of strategies on performance is negligible, while a mean of 5 means the strategies have a huge impact on performance. The standard deviation shows the variations of the set of data values. When the standard deviation is close to 0, it means that the data points are close to the mean.

The findings suggest that strategies that have been implemented in the organization have been beneficial to the competitive advantage and the performance of the financial institutions which offer mobile loans services in terms of client growth, improvement in market share, market innovation, increased profitability, improved competitiveness, and new product development. According to Ketchen and Palmer (1999), poorly performing companies will always apply threat rigidity by bringing changes in their products and services based on their historical performance rather than innovations and marketing adjustments as applied by highly performing companies. Thus, without adopting the strategies that are appropriate to gain the firm a competitive advantage can be disastrous for the firms and they can easily be kicked out of the business. From the findings, it is clear that the financial institutions offering the mobile loans services have been keen to adopt strategies that will enable them gain a competitive advantage and improve their financial and operational performance.

In order to establish the relationship between strategies and the performance of these financial institutions offering mobile loans services, a composite index of organizational performance was regressed on the indices of cost strategies and product-value strategies. Correlation analysis was done in order to examine the extent of the relationship between key variables of the study. The following table shows the correlation matrix.

Table 4.7: Correlation Matrix

	Organizational Performance	**Cost Strategies Index**	**Product-Value Strategies Index**
Performance	1	0.53	0.47
Cost Strategies index		1	0.51
Product-Value Strategies index			1

Source: Research Data (2017)

As table 4.7 above shows, there is a positive and moderate correlation between performance and the cost strategies index (Pearson coefficient = 0.53), performance and the product-value strategies index, too, correlate positively (Pearson coefficient = 0.47). The cost strategies index and the product-value strategies index also correlate positively (Pearson coefficient = 0.51), meaning organizations that have implemented product-value strategies have also attained moderate cost strategies.

4.5 Discussion of the Findings

The sections provides a comprehensive discussion on the findings with comparison with the theories and other studies as addressed in chapter two on the competitive strategy adopted in the organization.

4.5.1 Comparison with the theories

The research study was anchored toward the resource based theory, dynamic capabilities theory and efficiency structure theory which formed the basis of the research study. As per the findings in the research it is apparent that the research supports the resource based theory addressing the competitive strategies that the organization have adopted in form of information technology, that helps the organization to gain the competitive advantage over other companies in the industry. The ownership of these resources which are in form of the competitive strategies influence the organizational performance as stipulated by (Nicolai, 1998). Dynamic capabilities theory entailed the creation of customer capture methods and wealth enhancement by companies that predominantly operate in a changing technological, legal and economic environment, (Teece, 2011), and the findings clearly showed that the competitive strategies have impacted on the customer satisfaction levels. Lastly, the findings also supports the Efficiency structure theory in that it recognizes the efficiency of the organization is achieved through the competitive strategies in order to influence performance.

4.5.2 Comparison with Other Studies

The findings have shown that using the competitive strategies helps companies gain a competitive advantage through increase in the customer base, improved market share and increase in the profitability of the firm. Andrew, (2008) recognized that the competitive strategies which influence the performance of the firm through an increase in the customer base comes from providing products and services to the customers that are valuable to the customers. To provide valuable services and products, the organization should understand the need of the customers and the environment under which there are operating hence provide services and products according to customers preferences. When the organizations achieves a high customer base, the increase in the market shares automatically increases, which will influence the organization to earn higher revenues and reduction in operating costs. And with increase in the financial revenue and lower operating costs, the organization can easily adopt and implement other strategies in the organization such as innovation strategies that are valuable to the customers. As discussed by Barney (1991) the competitive advantage that will influence the performance will only be sustained when other rivals in the industry are not able to duplicate the firm's strategy. Thus the sustained competitive advantage will only exist when efforts to replicate it by the rivals in the industry fails, and it is in this reason the firms are putting a lot of efforts to develop strategies that are difficult to imitate in order to gain a competitive advantage and also to enhance the performance of the firm. Ultimately, continuous improvement of the market strategies and innovation strategies makes a firm to be competitive which will improve its operational efficiency and profitability of the firm, thus enhancing the performance of the firm. The bottom line is that appropriate implementation of the strategies in the firm enable the firm gain a competitive advantage and which will ultimately affect the overall performance of the firm.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the findings and draws clear and necessary conclusions of the study. The findings provides a valuable insights on how the financial institutions that provides the mobile loans services can adopt the appropriate strategies in order to gain a competitive advantage which will eventually influence the overall performance of the firm. This chapter will then provide recommendation of the study, limitations of the study and suggests areas for further research.

5.2 Summary of the Findings

The analysis of the data shows the competitive strategies through differentiation, cost advantages, focus strategy and product value strategy led to the sustainability and higher performance levels in the organization.

5.2.1 Strategies adopted by financial institutions offering mobile loan services

From the findings, it is apparent that the financial institutions offering the mobile loan services have implemented different strategies including the winning strategy which has made the firms to grow fundamentally in creating value to the customers and meet customers demand that exceeds the firms costs, focus strategies which has enabled the firms to gain competitive advantage by focusing on a specific market segments and operations thus creating a competitive advantage that matches the core competencies and the opportunities in the industry. The cost leadership strategies enables the firm to have a lower cost of operation through efficiency of their operations in order to create prices that are lower than those of the competitors.

All the strategies implemented have helped the financial institutions offering the mobile loans services to have a direction in which it will enable them to achieve their long term objectives while meeting the demand of their customers and at the same time reducing the risks and threats from the market environment and taking advantage of the innovation environment in line with the mobile money transfer and transactions.

5.2.2 Influence of Strategies on Performance of financial institutions offering mobile loans in Kenya

From the findings, it is apparent that the strategies implemented in the organization contributes to the competitive advantage which will eventually affects the overall performance of the financial institutions which provides the mobile loans services to the customers. The strategies which included innovation strategies, cost leadership strategies, focus strategies and differentiation strategies. The aforementioned strategies have been steered in order to enhance the competitive edge of the firms and to improve the overall performance of the organization. The strategies which focuses on attracting, increasing and retaining the customer base, reducing the cost of the operations and improving the financial and operational performance of the financial institutions offering the mobile loans services. The innovation strategies have been implemented in the financial institutions in order for the firms to be at par with the dynamic environment on which they operate.

Through the strategies implemented in the organization, the financial institutions offering the mobile loans have been able to increase their market share, expand their customer base, implement the market trend innovations, increase their profitability and reduce their cost of operations, and all these beneficial paradigms shows the value of adoption of the appropriate strategies in order to gain the competitive advantage in the dynamic industry of mobile loans services.

5.3 Conclusion

The strategies implemented have an influence in the competitive advantage of the financial institutions offering the mobile loans services which ultimately affects the performance of the organization. The product-value strategies, cost-leadership strategies, marketing activities strategies, differentiation strategies and focus strategies have had an impact on the competitive advantage of the organization. Often, these strategies have led in the increase in the market share, reduction of the operation costs, expansion of the customer base and increase in profitability of the organization. The strategies shows how the financial institutions operates in a highly competitive and dynamic environment, in which they need to be checking their strategies as often as possible in order to gain a competitive advantage which will ultimately affects their performance.

As the finding of the research has shown, the strategies implemented in the organization have an impact in the operation, competitive advantage and the performance of the financial institutions offering the mobile loans services. For instance, the innovation strategies have enabled the firms to be at par with the dynamic technological environment, thus being able to reach to more customers conveniently at lower costs, which will make the firm to gain a competitive advantage over other competitors who have not implemented that kind of technology. Marketing activities strategies which has enabled the organization to reach to more clients, both the existing and the prospects, and this has made the organization to custom-make their mobile loans services so that are appealing to their customers, cost leadership strategies has enabled the firms to offer the prices of their services to the customers at the best price possible in order to gain a competitive edge through the cost of their services. All the strategies implemented in the organization have enabled the firms to gain a competitive advantage, increase their market share and increase their profitability.

5.4 Recommendations

The financial institutions offering the mobile loans services in Kenya should regularly evaluate their performance upon the strategies implemented in the organization in order to determine the impact of their strategies to the competitive advantage and ultimately the performance of the organization. Considering the industry under which the financial institutions offering the mobile loans services operates, it is imperative that the firms should understand the technological environment and its dynamics and evaluating their impact on the operations and performance of the firms, for it will be able to determine the appropriate strategies to be adopted in the organization that it will enable the firm to gain a competitive advantage over other rivals in the industry and to improve their performance.

If the financial institutions decide to implement strategies without understanding them very well, they might end up losing customers and other essential resources in the organization. For instance, implementation of the cost leadership strategies will require the financial institution to understand the cost structures of different financial entities first in order to implement this kind of the strategies in the organization. The financial institutions offering the mobile loans services in Kenya, should vigorously evaluate their performance, for it can be able to indicate the appropriate strategies to be implemented in the organization in order to gain a competitive edge in the competitive industry.

Therefore, if the financial institutions offering the mobile loans services want to gain the competitive advantage and improve on the efficiency of their operations, they have to invest in the evaluation of their performance in order to gauge which strategies are appropriate for their firm.

5.5 Limitations of the Study

This study did not consider other variables that determine the implementation of the strategies in the organization. For instance large financial organization that have more resources than the small financial institutions and this means that the strategies applied might be different depending on whether the organization has more or less resources. For instance, if there is a new legal framework, a large financial organization can respond by lobbying government officials to have that legislation rescinded. The large organization has the resources and the influence to lobby for a change in legislation. A small financial institution, on the other hand, will respond to the new legislation by divesting from the segment of its business that the new legislation affects. The small organization lacks the influence to lobby for legislative changes, and this is apparent in how it responds to new legislation. Understanding how organizational antecedents affect strategies to be implemented in the institutions which will help provide important insights.

5.6 Suggestions for Further Research

A study should be conducted to investigate how organizational factors influence the implementation of the strategies in the financial institutions offering the mobile loans services. The study should group the firms according to some of their distinguishing characteristics such as total assets, market share and the organizational structure. Once the firms have been grouped according to their characteristics, the research should look at how the firms in each group have implemented their strategies to gain a competitive advantage and how these strategies influence their performance. If there are differences in how the firms in various groups adopt the strategies, it will important to have a concrete insight on the appropriate strategies to be adopted by each organization depending on the category of the firm which will enable the firms to gain a competitive advantage and influence their performance.

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APPENDICES

Appendix I: Research Questionnaire

The structured questionnaire presented is exclusively for data collection on the competitive strategies commonly used by Mobile Loans Institutions in Kenya. Data collected shall be treated with utmost confidentiality and the general purpose is for academic continuance.

SECTION A: DEMOGRAPHIC INFORMATION

Please tick ☑ where appropriate

1. Name of the Organization………………………………………………………
2. Position Held:

Operation Manager ☐ Marketing Manager ☐ ICT Manager ☐

Others ☐

3. How long have you worked in this position

Below 2 years ☐ Between 2-5 years ☐ Between 6-10 years ☐

Between 11-15 years ☐ Between 16-20 years ☐ Above 20 years ☐

4. What is your Education level

Secondary ☐ College Diploma ☐ University Degree ☐ Graduate ☐

Degree ☐

Other (Specify)

5. How long has the organization been in operation

Please tick ☑ where appropriate

Below 5 years ☐ Between 6-10 years ☐ Between 11-15 years ☐

Between 16-20 years ☐ Between 21-25 years ☐ Above 25 years ☐

6. Gender

Male ☐ Female ☐

7. Ownership structure of the company

Locally owned but with government participation ☐

Locally owned ☐

Foreign owed ☐

SECTION B: Strategies adopted by the financial institutions offering mobile loan services

8. Does your institution have a;

a.) Vision Statement Yes ( ) No ( )

b.) Mission Statement Yes ( ) No ( )

9. If yes (above) who were involved in the development of strategies in the institution? Please tick the statement(s) that apply to your institution

a.) Owner (s) ( )

b.) The Management and owner(s) ( )

c.) Employees ( )

d.) Others (Specify)……………………………….

SECTION B: STRATEGIES

Cost Strategy

10. Do you customers ask for reduction of the interest on loans? Yes ( ) No ( )

11. To what extent do you use the following as a means of attracting and retaining customers

Using a scale of 1 to 5, where 1=not at all, 2=very little, 3=to some extent, 4=to a great extent and 5=to a very large extent, please indicate by ticking ☑

No		1	2	3	4	5
1	The company has a product development and innovation					
2	The company has an effective advertising and marketing campaigns strategy					
3	There is high customer services and supports on the mobile loan services					
4	The company focuses on the specific market segments in order to deliberate on the cost of the services					
5	The organization offers strategic alliances and partnership to the service providers to cut down the cost of the services					
6	The company ensures continuous brand development of the services					
7	There is a very high brand recognition from the customers					
8	Our clients are satisfied with the cost of our services					
9	There is an increase in the customers' demands on the loans services					
10	We provide a wide range of services to our clients at an affordable prices					

Others? Please Specify

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Product Value Strategy

3. Do you strive to create a unique image of your institution to your clients? Yes ( ) No ( )
4. To what extent are the following factors used as a way of distinguish your institution from others? Using a scale of 1 to 5, where 1=not at all, 2=very little, 3=to some extent, 4=to a great extent and 5=to a very large extent, please indicate by ticking ☑

No		1	2	3	4	5
1	We provide our customers with a wide range of product range extension					
2	We ensure there is available resources and infrastructure for our customers that guarantee high value for the services					
3	The organization ensures improved process of the process					
4	The customers are provided by all the information that we are offering in the organization					
5	The organization ensures there is adoption of new technology due to the changes in the technological environment					
6	Customers inputs regarding the services are considered during the strategic planning					
7	There is high level of customer service and support of the services being offered in the firm					
8	In case of a system breakdown, our customers have a product replacement					
9	There is high innovation process in the organization					
10	The value to our customers are the core to the business operations					

SECTION C: PERFORMANCE

Using a scale of 1 to 5, where 1=not at all, 2=very little, 3=to some extent, 4=to a great extent and 5=to a very large extent. Please indicate by ticking ☑ the range where your institution falls.

No	**Description**	1	2	3	4	5
1	We have experienced client growth					
2	We have improved the market share					
3	There is increased market innovation in the company					
4	There increased high profitability in the company					
5	Our services are highly competitive in the industry					
6	We have improved new developed products					

Thank you for your contribution

Appendix II: Letter of introduction

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P.O. Box 30197
Nairobi, Kenya

DATE 23/10/2017

TO WHOM IT MAY CONCERN

The bearer of this letter CAROLINE WANJIKU NJWANGI

Registration No. D61/77152/2015

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
23 OCT 2017
P.O. Box 30197 – 00100, NAIROBI

PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

Appendix III: Financial institutions offering mobile loan services in Kenya

1) Kenya Commercial Bank

2) Co-operative Bank

3) Commercial Bank of Africa

4) Equity Bank

5) Airtel

6) Safaricom

7) Saida

8) Micro Mobile

9) Zidisha

10) Avl Capital

11) Inventure Captial

12) Kiva

13) Paddy Micro

14) Musoni

15) Branch