COMPETITIVE STRATEGIES ADOPTED BY SAVINGS AND CREDIT COOPERATIVES IN MOMBASA COUNTY IN KENYA

By

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DECLARATION

The research project is my own original work and has never been presented in any other University.

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This project has been submitted for examination with my approval as the University Supervisor

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DEDICATION

I dedicate this project to my loving wife Anne and my three loving children Lauryn, Allan and David and my octogenarian mother Deborah. They went through many inconveniences during this very long, taxing and challenging MBA journey.

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I thank the Almighty God for bringing me this far.

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May all of them live long enough to partake in any positive outcome that may arise as a result of this, and may they find in these pages - incidental and imperative though they are - something not quite unworthy of their generosity and their faith.

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LIST OF ACRONYMS/ABBREVIATIONS

BOSA	Back Office Service Activities
CA	Competitive Advantage
FOSA	Front Office Service Activities
IC	Intellectual Capital
ICRP	Intellectual Capital Realization process
IP	Intellectual Property
IMS	Information Management Systems
KUSCO	Kenya Union of Savings and Credit Cooperatives
RBV	Resource-based View
R&D	Research and Development
SACCO	Savings and Credit Co-operative
SASRA	Sacco Societies Regulatory Authority
VRIO	Value, Rarity, Imitability, Organization

ABSTRACT

According to Ansoff (1998), competitive strategy is the distinctive approach which a firm uses or intends to use to succeed in her market and adds that the formulation of competitive strategies includes consideration of strength, weaknesses, opportunities and threats while Porter (2007) sees strategy as the search for favourable competitive position in an industry, the fundamental arena in which competition occurs. He outlines competitive strategies that include cost leadership, differentiation and focus. Firms face a common environment and competitive advantage is gained by implementing appropriate competitive strategies.

This study sought to determine the Competitive Strategies adopted by Saccos in Mombasa County and the challenges faced thereon. It was a survey study that targeted sampled Saccos in the County. The study used both primary and secondary data and a response rate of 56% was achieved. Responses were tabulated and coded. Statistical Package for Social Sciences (SPSS) was utilized to analyse the variables. Tables, graphs and percentages w re used to summarize tne data. Descriptive Statistics was used to present the findings. Subsequently the data were translated into specific categories in line with the objectives of the study.

The researcher found out that Saccos in Mombasa County had competitive strategies albeit in a muddled form. The researcher observed for instance that many respondents favoured cost strategies but again would choose both cost and differentiation stratagems. Generally, majority of Saccos in Mombasa were between 31 and 50 years old, had between 501 to 1000 shareholders and few offered FOSA services. Their major goal was profit maximization. Most Saccos at 85% had mission/vision statements whose formulation was majorly done by directors and the staff. Focus on customers was also general and specific at the same time. Cost strategy was mostly practised through reduction of operation costs with a standard deviation of 1.09 while differentiation strategy was mostly in the form of engaging highly skilled staff with a standard deviation of 0.94. The researcher's findings also indicated that Government policies and resistance to change were the greatest challenges to strategy formulation and implementation. Other challenges faced were lack of financial resources and absence of good management to drive competitive strategies in the right direction.

The researcher therefore recommends that Saccos in Mombasa County need to up their game in strategy formulation and implementation and look beyond their ilk especially when crafting

competitive strategies. They could also merge in order to coopete to ward off threats from their more established common bigger rivals - commercial banks - whose loan arrangements are now almost as favourable as those of Saccos. They should also invest in good management and technology. In a nutshell, modern Saccos should not just think outside the box, but away from it.

For further research purposes, it is recommended that a study be carried out to determine the influence Sacco Societies Regulatory Authority (SASRA) has on the Sacco movement. It was created by an Act of Parliament with a view to immensely transforming Sacco operations in Kenya. SASRA was implemented on the duration of this study (17^{th} June, 2011) and its effects on the Sacco movement could not be immediately established.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Vision 2030's economic pillar for the country is to have a vibrant and globady competitive financial sector driving high levels of savings for Kenya's investment. Savings and Credit Cooperative Societies (Saccos) will continue to play a vital role towards the realization of this vision. Cooperatives have played an important economic role in market economies as indicated by their substantial levels of asset ownership, sales, and market share (Chaddad and Cook, 2004). For decades Kenya's cooperative sector has contributed immensely to the socioeconomic development of its members and the nation at large. The sector has impacted the lives of millions. The Sacco sub sector has witnessed rapid growth in the last few years at the rate of about 25% per annum and now boasts of a savings mobilization of Ksh. .180 billion and an asset base of 200 billion. The savings mobilized represent 31% of the national savings. Saccos have therefore played a key role in mobilization of financial recourses and will be a major player in realization of the national Vision 2030 (Dunda, 2010).

The cooperative sub sector occupies a strategic position in the socio-economic development of the country. The cooperative movement is a serious economic actor cutting across all sectors of the national economy namely, housing, agriculture, transport, marketing, savings and credit, insurance, micro financing, handicraft, jua kali, among others. The movement plays an important role in wealth creation, food security, and employment generation. Cooperatives have for a long time provided institutional infrastructure upon which both the poor and middle class have organized themselves socially, culturally, economically and politically. The cooperative movement contributes immensely towards the economic development of Kenya where there are approximately 12,000 registered cooperative societies with a membership of about 8 million. Worldwide, there are currently 750,000 cooperatives with 760 million members in more than 100 countries. Cooperatives operate in every industry including agriculture, childcare, energy, financial services, food retailing and distribution, healthcare, insurance, housing, purchasing, and shared services, and telecommunication, among others (McDaniel & Gitman, 2008)

This year (2011) and those to come is a defining era fo Saccos owing to effects generated'from the external environment. The government gazetted Sacco Societies Regulatory Authority (SASRA) on 18th June, 2010 - a body which was created by an Act ofparliament in 2008 and which came into effect on 17 June, 2011 ~~ with a view to immensely transforming Sacco operations in Kenya (Saccos Societies Act, 2010). The modern African city dweller has also become highly independent but Xolile (2004) observes that cooperatives are a possible way of strengthening traditional customs that are already declining, especially in urban areas. Sacco participation has a social function as well and therefore goes beyond the economic facade.

1.1.1 Competitive Strategies

According to Ansoff (1998), competitive strategy is the distinctive approach which a firm uses or intends to use to succeed in her market and adds that the formulation of competitive strategies include consideration of strength, weaknesses, opportunities and threats while Porter (2007) sees strategy as the search for favourable competitive position in an industry, the fundamental arena in which competition occurs. He outlines competitive strategies that include cost leadership, differentiation and focus. Firms face a common environment and competitive advantage is gained by implementing appropriate competitive strategies.

Pearce and Robinson (2007) on their part define competition as the state within a market setting where firms work and set strategies to gain advantage or greater success over each other. Competitors in an industry refer to firms which sell the same product or service. Mintzberg (1999) states that the essence of strategy formulation is coping with competition. This is achieved by exploiting superior resources and capabilities. Competitive strategies which emanate from strategic planning are not new management tools as their origins can be traced to the late 1950's and early 1960s (Thathi, 2008). Cole (2004) observes that the sole purpose of strategic planning is to enable the company gain as efficiently as possible, a sustainable edge over its competitors. Attaining and sustaining a competitive advantage is fundamental to strategy. In the resource-based view of the firm, 'competitive advantage lies "upstream" of the product markets and rests on the firm's idiosyncratic and difficult to-imitate resources (Afuah, 2002).

Thompson, Strickland and Gamble (2007) observe that a company's strategy is management's action plan for running the business and conducting operations. The crafting of strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations, and improving the company's financial and market performance. Thus a company's strategy is all about 'how': how management intends to grow the business, how it will build a loyal clientele and out compete rivals, how each functional piece of the business (research and development, supply chain activities, production, sales and marketing, distribution, finance, and human resources) will be operated and how performance will be boosted. A strategy stands a better chance of succeeding when it is predicated on business approaches and competitive moves aimed at (1) appealing to buyers in ways that set a company apart from rivals and (2) carving out its own market position. Simply copying what successful companies in the industry are doing and trying to mimic their market position rarely works. In companies with wide ranging operations, it's far more accurate to view strategy making as a collaborative or team effort involving managers (and sometimes key employees) down through the whole organizational hierarchy. Developing a strategic vision and mission, setting objectives, and crafting a strategy are basic direction-setting tasks. Together, they constitute a strategic plan for coping with industry and competitive conditions, the expected actions of industry's players, and the challenges and issues that stand as obstacles to the company's success (Thompson, Strickland and Gamble, 2007)

1.1.2 Saccos in Mombasa County

A Savings and Credit Co-operative (Sacco) is a type of co-operative whose objective is to pool savings for the members and in turn provide them with credit facilities. Other objectives of Saccos are to encourage thrift amongst the members and also to encourage them on the proper management of money and investments practices. Whereas in urban areas salary and wage earners have formed urban Saccos, in rural areas, farmers have formed Rural Saccos. There are also traders, transport, jua-kali and community based Saccos (Iriga, 2.009).

Cooperatives are not foreign to Africa. There existed in Africa, before the advent of colonialism, saving associations known by different names such as 'ekub' in Ethiopia, 'sanduk' in Sudan, 'esusu' in Nigeria and 'chilimba' in Zambia (Ongore, 2001). Co-operative principles are the guidelines and ground rules for all co-operative organisations. In the absence of these principles, no lasting Co-operative system is possible. The main principles of cooperation according to KUSCO website (www.kusco.com) are: Voluntary and open membership, Democratic Member Control, Member Economic Participation, Autonomy and Independence, Education, Training, and Participation.

Mombasa thrives in the cooperative movement sector activities. It has a total of 120 active Co-operative Societies. The total membership is 22,086 with a total turnover of Ksh. 423,563,420.00 and total share capital and deposit of ICsh. 35,909,834.00 and Ksh.2, 138,192,125.00, respectively (vide Appendix 2). The foregoing gives more reasons why it is an economic hub worth studying at this point in time.

Mathenge (2008) says that the institutional mission of the financial cooperatives is the provision of efficient, competitively priced financial products. Cooperative societies especially in the urban areas take deposits and provide loans based on savings in the back office or salary availability in the Front Office Activities (FOSA). Cooperative societies specialize in consumer savings and loans market and operate under a preferential but restricted legal status. The major source of revenue for the cooperative society is interest paid on loans.

Saccos are member-owned financial institutions that offer savings and credit services to their members. The majority of the urban based Saccos (such as those found in Mombasa County) draw their membership from salaried employees of the government, industries, government state owned corporations and the informal

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sector. They have a regular saving system through monthly salary deductions from employees, unlike the rural Saccos where the saving pattern is irregular and depends on earnings from the sale of the farmers' crop (Njanja and Pelissier, 2010).

1.2 Statement of the Problem

The business environment is highly turbulent and is characterized by effects of external factors (Political/legal, economic/demographic, socio-cultural, technological and globalization) as well as internal business factors such as management expertise, resources, individual uniqueness, among others There has also been a serious need for Saccos to upgrade their management capacity especially in areas of Information Technology, marketing and customer services. The ongoing retrenchment of staff in many business organisations, parastatals and government departments has resulted in an unexpected decrease of both members of Saccos and the capacity of these Saccos to raise or even retain member shares. Many Saccos do not have the management capacity to address such challenges adequately (Njanja and Pelissier, 2010).

The capital adequacy requirement for all cooperatives in Kenya represents tough rules that their competitors (especially mainstream banks) are already used to. For instance, they shall at all times maintain core capital of not less than ten million shillings; core capital of not less than ten percent of total assets; institutional capital of not less than eight percent of total assets; and core capital of not less than eight percent of total deposits. Every cooperative is also expected to have a three-year business plan and feasibility study, vision and mission, scope and nature of business operations, projected profitability to achieve the minimum prudential standards, control measures and monitoring procedures, institutional infrastructure, including adequate working space, a banking hall, strong room and safe; an information management system (IMS) capable of performing and accounting for all transactions and providing the minimum reports required by the Authority, which at the minimum should be able to provide an audit trial report, adequate security features, integration of the operations, capacity for future expansion, real time and relational data base management; and risk management policies and internal control systems (Kenya Saccos Societies Act, 2010)

Research based on Competitive Strategies has been lately done on many Kenyan economic sectors other than Saccos. For example, Oyoo (2002) looked at evaluation of financial performance of savings and credit cooperative societies before and after deregulation where he concluded that Saccos should look beyond the internal operations and develop strategies to strengthen their economic survival in the future. Ongore (2001) also concentrated on managerial response to deregulation of the Cooperatives. Njagu (2008) surveyed Corporate Governance Practices ir. Cooperative Sacco Societies in Nairobi while Mathenge (2.008) studied the response of Afya Cooperative Society to Non-Performing Loans.

Many other studies of similar nature had been carried out but none focused on competitive strategies adopted by Saccos in Mombasa County. This study therefore aimed to fill this void by setting out to explore competitive strategies adopted and to establish challenges faced by Saccos in Mombasa County. The study aimed to answer two research questions, namely: (i) what were the competitive strategies that were adopted by Saccos in Mombasa County? (ii)What challenges did Saccos in Mombasa County face in the process of implementing their competitive strategies'^

1.3 Research Objectives

The objectives of the study were:

i) To determine competitive strategies adopted by Saccos in Mombasa County.

ii) To establish challenges faced by Saccos when applying competitive strategies in Mombasa County.

1.4 Significance of the Study

The study will be of significance to Various groups that are involved or affected by Saccos in one way or the other. The Saccos under study will explore and implement various workable competitive strategies that will assist them gain competitive advantage over their rivals. They will specifically benefit from the recommendations that show the way forward in light of the new constitution, the new governmental regulations and current challenges faced in the Sacco sector. New Saccos (especially in the public transport industry where it is now mandatory to join at least a Sacco to continue operating) will have a head start of rivals in competition should they access this information.

And finally academicians and consultants in general and research students in particular will also make use of the findings here to fill information gap ana generate further knowledge regarding Saccos in Mombasa County. Owing to the fact that most studies on Saccos were done before the Saccos Act 2010, Vision 2030 Launch, Promulgation of the New Constitution (2010) and the 2007/2008 post-election violence, this research is timely and will provide an invaluable understanding of Sacco operations in the modern Kenya's Cooperative Movement, especially in Mombasa County.

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of Strategy

Strategy is the direction and scope of an organisation over the long term: ideally which matches its resources to its' changing environment and in particular its markets, customers or clients so as to meet stakeholder expectation (Johnson and Scholes, 1993). This definition, according to Thornbill (2000) recognizes internal (resource) as well as external (environmental) factors affecting organisations and the need for change as part of the process of strategic adaptation. Ansoff (1998) defines strategy as 'the positioning and relating of the organisation to its environment in a way which will assure its success.'

Robert (2008) on his part sees it as a plan for pursuing a mission and achieving objectives. Strategy defines an organization's aims and the way that it will achieve these. The principle is that managers who face any decision should choose the option that gives the greatest contribution to the strategy. And when managers throughout the organisation follow this thinking, they work consistently towards a common purpose, both supporting and enhancing the strategy (Waters, 2006). He argues that when managers design a strategy that sets an organisation moving in the right direction, they open the read to - but do not guarantee - future success; but if they move the organization in the wrong direction, it cannot possibly succeed and no amount of good middle and lower management will help.

Strategic management has a relatively short history (Waters, 2006). It has only really developed since the 1950s. The subject broadened under the influence of (Peter) Drucker (November 19 1909 - November 11, 2005) who at one time asked, 'What is our business now?' and the related question, 'What should it be in the future?' His conclusion was that companies need careful planning - certainly beyond simple budget manipulation - to move efficiently from their actual current positions to desired future ones. Wheelen and Hunger (2008) accentuate the importance of strategy when they write that research has revealed organisations which engage in strategic management generally outperform those that do not. Three most highly rated benefits of strategic management are clearer sense of strategic vision for the firm, sharper focus on what is strategically important and improved understanding of rapidly changing environment. One of the most widely shared and enduring assumptions in the strategy formulation literature is that the appropriateness of a firm's strategy can be defined in terms of its fit, match, or congruence with the environmental or organizational contingencies facing the firm (Zajac, Kraatz and Bresser, 2000).

Thompson, Strickland and Gamble (2007) advise that 'developing a strategic vision and mission, setting objectives, and crafting a strategy are basic direction-setting tasks. Together, they constitute a strategic plan for coping with industry and competitive conditions, the expected actions of industry's players, and the challenges and issues that stand as obstacles to the company's success. Companies that do regular strategy reviews and develop explicit strategic plans, the strategic plan usually ends up as a written document that is circulated to most managers and perhaps to selected employees. But according to Njagu (2008), a strategy may be good but if its implementation is poor, the strategy may not be achieved. The two extreme possible outcomes of a strategy process can either be success (good strategy formulation coupled with good strategy implementation) or failure (poor strategy formulation coupled with poor strategy implementation).

Understanding how firms differ is a central challenge for both the theory and the practice of strategic management (Nelson, 1991). In a dynamic economic and institutional setting, changes in the dominant competitive logic of firms is of particular interest (Prahalad and Hamel, 1994). Hence, a complete but parsimonious (economical) typology of the alternative forms of value creation is a prerequisite for expressing and exploring how firms differ in a competitive sense. The search for competitive advantage is often undertaken by large groups of managers drawn from many departments and organizational levels within the firm (Dennis, Nunamaker and Paranka, 1991).

2.2 Porter's Five Forces Model

Michael Porter's Competitive Forces Model (commonly referred to as Porter's Five Forces Model) is by far the most widely used framework for an assessment of the profit potential in the industry (Arons and Waalewijn, 2009). Industry is the group of firms producing products that are close substitutes for each other (Porter, 2004). Porter's Five Forces that drive industry competition are: 1) threat of entry of new competitors, 2) intensity of rivalry among existing competitors, 3) pressure from substitute products, 4) bargaining power of buyers and 5) bargaining power of suppliers (see fig. 2.1 below).

Figure 2.1: Porter's Five Forces Model

Threat of New
Entrants

Bargaining
Power of Supplier
Customers

Rivalry among
Existing Firms

Bargaining Power of
of Buyers

Threat of Substitute
Products or Services.

Source: Porter (1985)

Threats of entry depend on barriers to entry that are present coupled with the reaction from existing competitors that the entrant can expect. According to Porter (2004), barriers to entry take some six major forms: economies of scale (declines in unit costs of a product - or operation or function that goes into producing a product - as the absolute volume per period increases for the existing firms); produce differentiation (established firms have brand identification and customer loyalties which stem from past advertising, customer service, product differences, or simply being first into the industry); capital requirements (the need to invest large financial resources in order to compete creates a barrier to entry); switching costs (may include employee retaining costs, cost of new ancillary equipment, cost and time in testing or qualifying a new source, need for technical help as a result of reliance on seller engineering aid, product redesign, or even psychic costs of severing a relationship); access to distribution channels (existing competitors may have ties with channels based on long relationships, high-quality services or even exclusive relationships in which the channel is solely identified with a particular manufacturer); cost disadvantages independent of scale (such as propriety product technology, know-how, patents, favourable access to raw materials, favourable locations, government subsidies, learning/experience curves); government policy (can limit or even foreclose entry). Aggressiveness will depend mainly on factors like number of competitors, industry growth, high fixed costs, lack of differentiation, capacity augmented in large increments, diversity in type of competitors and strategic importance of the business unit (Swaan and Waalewijn, 1998)

Under Intensity of Rivalry among Existing Competitors, rivalry occurs because one or more competitors either feels the pressure or sees the opportunity to improve position. It takes the familiar form of jockeying for position - using tactics like price competition, advertising battles, product introductions, and increased customer service or warranties. Competitive moves by one firm have noticeable effects on its competitors and thus may incite retaliation or efforts to counter the move. Some forms of competition, notably price competition, are highly unstable and quite likely to leave the entire industry worse off from the standpoint of stability. Price cuts are easily matched by rivals, and once matched they lower revenues for all firms (Porter, 2004).

Rivalry manifests itself in the variety of options made available to constituents (Rindova and Fombrun, 1999). The choices that constituents make among competitive offerings measure the relative success of a firm's strategies and the degree to which it has gained advantage. Insofar as firms interact with the same constituents and vie for their attention, approval, and resources, they are each other's competitors. Heterogeneity among rivals implies that each firm faces a unique competitive set, despite overlapping market domains (Peteraf and Bergen, 2003).

Pressure from Substitute Products is a situation where substitutes limit the potential returns of an industry by placing a ceiling on the prices firms in the industry can profitably charge. Substitutes also reduce bonanza an industry can reap in boom times. Identifying substitute products is a matter of searching for other products that can perform the same function as the product of the industry (Porter, 2004). These are products or solutions that basically perform the same function but are often based on a different technology. Depending on the level of abstraction, nearly everything can be a substitution. In general the only factor that really matters is a shift in technology (Arons and Waalewijn, 2009). Position vis-a-vis substitute products may well be a matter of collective industry actions such as the one that exists between FOSAs and banks.

Through Bargaining Power of Buyers, buyers can force the competitors to lower their prices or force higher quality or better services. The major factors which determine the bargaining power are volume (relative to seller sales), whether the product represent a major fraction of the buyer's costs or purchases, differentiation or standard product, switching costs, buyer profitability (hence their price sensitivity), threat of backward integration, importance to the quality of the final product, and level of knowledge and information of the buyer of industry demand, actual market prices and supplier cost (Arons and Waalewijn, 2009; Porter, 2004).

In Bargaining Power of Suppliers, suppliers can exert their bargaining power over participants by threatening to raise prices or reduce the quality. A supplier group is powerful if it is more concentrated than the industry it sells to, or if the customer group is not important for the suppliers, the product is an important input to the buyer's business, or they have built up switching costs, or the supplier group poses a threat of forward integration. Swaan and Waalewijn (1998) conclude that Porter's Competitive Forces Model is a well-defined part of strategic analysis and planning and therefore there are several ways to represent the knowledge contained in this model.

2.3 Porter's Gencric Strategies

Lussier (2008) suggests that five strategies most commonly used by small business entrepreneurs are (1) creating a competitive advantage, (2) maintaining innovation, (3) lowering the costs of developing and/or maintaining one's venture, (4) defending an existing product/service and (5) creating a first-mover advantage. But Porter (2004) has three specific ways of coping with the five competitive forces; there are three potentially successful generic strategic approaches to outperforming other firms in an industry. These are: Overall cost leadership, Differentiation and Focus (see fig. 2.1 below)

Table 2.1: Generic Strategies

Competitive- Adva ncage

		Lover Cost	Differentiali on
o GO	Broad Target	1. Cost Leadership	2. Differentiation
O	Narrow Targ et	3a. C ast Focus	3b. Differentiation F or: us

Source: Porter (1985)

2.3.1 Cost Leadership

Cost leadership requires aggressive construction of efficient-scale facilities, vigorous pursuit of cost reduction from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like Research and Development (R&D, service, sales force, advertising and so on. Low cost relative to competitors becomes the theme running through the entire strategy, though quality, service, and other areas cannot be ignored. Having a low-cost position yields the firm above-average returns in its industry despite the presence of strong competitive forces. Its cost position gives the firm a defense against rivalry from competitors, because its lower costs mean that it can still earn returns after its competitors have competed away their profits through rivalry. Low-cost position usually places the firm in a favourable position vis-a-vis substitutes relative to its competition in the industry (Porter, 2004)

Low cost strategy enables firms to charge low prices to their customers. This strategy is applicable if the customers are price sensitive (Porter, 1998). Large-scale businesses offering standard products with relatively little differentiation aie usually associated with this strategy. The sources of cost advantage are diverse and depend on the formation of the industry. They may include searching of the economies of scale, better access to raw materials, proprietary technology and other

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factors. A low cost producer must take advantage of all sources of cost advantage (Porter, 2007).

2.3.2 Differentiation

A competitive advantage specifies how an organisation offers unique customer value. It answers the question: What makes us different from the Competition? Why should a person buy our products rather than the products of our competitors? A sustainable competitive advantage is not easily duplicated (Lussier, 2004). Competitive Advantage (CA) is gained by creating something that is perceived industry wide as being unique. Approaches to differentiating can take many forms: design or brand image, technology, features, customer service, dealer network among others.

Differentiation is a viable strategy for earning above average returns in an industry because it creates a defensible position for coping with the five competitive forces. It provides insulation against competitive rivalry because of brand loyalty by customers. The resulting customer loyalty and the need for a competitor to overcome uniqueness provide entry barriers. Achieving differentiation may sometimes preclude gaining a market share; it will imply a tradeoff with cost position if the activities in creating it are inherently costly, such as extensive research, product design, high quality materials, or intensive customer support (Porter, 2004). Some scholars argue that firms can follow both cost leadership and differentiation strategies simultaneously (Murray, 1988; Hill, 1988; Cronshaw et al, 1994). Firms that follow both strategies may either succeed or get stuck in the middle.

2.3.3 Focus Strategy

This is focusing on a particular buyer group, segment of the product line, or geographic market. The strategy lies on the premise that the firm is able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly. The firm achieves either differentiation from better meeting the needs of the particular target, or lower costs in serving this target, or both. Focus may also be used to select targets least vulnerable to substitutes or where the competitors are the weakest. The firm failing to create its own strategy in at least one of the three directions - a firm that is stuck in the middle - is in an extremely poor strategic position. The firm stuck in the middle is almost guaranteed low profitability (Porter, 2004)

Focusing on niche works for small companies that may not wish to capture the entire market, but focus effort on a single market segment. It is particularly attractive when there are a few barriers to the entry of major competitors and when the pioneer has only limited resources and competencies to defend any advantage it gains through early entry (Kotler, 2003). A focus niche may not be permanent because changes in customer tastes or technology can make it disappear unexpectedly. According to Thompson et al (2007) a focused low-cost strategy differs from low-cost provider by the size of the buyer group that an organization is selling to. A focused low-cost provider meets the needs of their customers in a narrow market niche whereas low-cost provider sells broadly to most customers.

2.4 Resource-based View Competitive Strategies

In recent years a model of how firms compete, which is unique to the field of strategic management, has begun to emerge. It is known as 'Resource-Based View[1] (Peteraf, 1993). Oliver (1997) argues that a firm's sustainable advantage depends on its ability to manage the institutional context of its resource decisions. A firm's institutional context includes its internal culture as well as broader influences from the state, society, and interfirm relations that define socially acceptable economic behavior. Resource-based theories emphasize the importance of the internal domain-firm-specific capabilities, knowledge, and assets in creating competitive advantage (Rindova and Fombrun, 1999). Firms endowed with resources are able to produce more economically and/or better satisfy customer wants. Resource-based view of strategic management (Amit and Shoemaker, 1993; Barney, 1986, 1991; Dierickx and Cool, 1989; Mahoney and Pandian, 1992; Wernerfelt, 1984) examines the resources and capabilities of firms that enable them to generate above-normal rates of return and a sustainable competitive advantage.

It may be understood most clearly by assuming that firms with superior resources have lower average costs than other firms. These firms are able to compete in the market-place and, at least, break even. A resource is anything which could be thought of as a strength or weakness of a given firm. More formally, a firm's resources at a given time could be defined as those (tangible and intangible) assets which are tied semi permanently to the firm (Caves, 1980). Examples of resources include brand names, in-house knowledge of technology, employment of skilled personnel, trade contacts, machinery, efficient procedures, capital. Wernerfelt (1984) observes that most products require the services of several resources and most resources can be used in several products. By specifying the size of the firm's activity in different product markets, it is possible to infer the minimum necessary resource commitments. This view suggests that an organization finds its strength in looking internally to define and develop core competencies and seek profitable opportunities consistent with these competencies (Isaac and Herreman , 2004). Organizational resources and competencies (Zajac, Kraatz and Bresser, 2000) add, can be critical contingencies for organizations contemplating strategic change.

Conversely, by specifying a resource profile for a firm, it is possible to find the optimal product-market activities. The traditional concept of strategy (Andrews, 1971) is phrased in terms of the resource position (strengths and weaknesses) of the firm, whereas most of our formal economic tools operate on the product-market side. The idea of looking at firms as a broader set of resources goes back to the seminal work of Penrose (1959), but, apart from Rubin (1973), has received relatively little formal attention. Other scholars think that RBV by companies joining hands. Mergers and acquisitions provide an opportunity to trade otherwise, non-marketable resources and to buy or sell resources in bundles (Wernerfelt, 1984).

Each individual in an organisation is a bundle of resources or competencies - strengths and qualities that, if correctly used, benefits the business. These resources can take many forms: some are technical - such as expertise in Value Added Tax on property transactions or auditing financial services companies; others may be less tangible, such as interpersonal skills or team building abilities. The optimum arises where resources are identified and utilized so that the practice gains a sustainable competitive advantage - a jump on rival firms that they cannot regain ground on. This is the crux of the resource-based view (RBV) of the firm (Andrews, 1971). Certain tacit, behavioral, imperfectly imitable features - such as open culture, employee empowerment, and executive commitment - can produce advantage (Powell, 1995).

2.5 Other Models

Beck (1998) introduced another approach to studying competitive strategies. He labeled his strategic types as Defender, Analyzer and Prospector. If the management chooses to pursue one of these strategies, and designs the organisation accordingly, then it may be a more effective competitor in its particular industry. On the other hand, if the management is slow to respond to opportunities and adopts the Reactor strategy, it is not likely to be an effective competitor within the industry in which it operates (Mwangi, 2008).

Value Chain Analysis is an alternative competitive model. Although Porter's industrial organization (five-force) competitive analysis framework (Porter, 1980) is challenged in resource-based critiques (Barney, 1991; Wernerfelt, 1984), the value chain maintains its central role as a framework for the analysis of firm-level competitive strengths and weaknesses. Value chain analysis is a method for decomposing the firm into strategically important activities and understanding their impact on cost and value. According to Porter (1985), the overall value-creating logic of the value chain with its generic categories of activities is valid in all industries. Stabell and Fjeldstad (1998) observe that the value chain is but one of three generic value configurations. They argue that based on Thompson's (1967) typology of long-linked, intensive and mediating technologies, the value chain models the activities of a long-linked technology. Value is created by mobilizing resources and activities to resolve a particular customer problem, and the value network models firms that create value by facilitating a network relationship between their customers using a mediating technology.

Intellectual Capital Realization Process (ICRP) is an alternative framework derived from RBV. They share a number of common characteristics in the quest to formulate organizational strategy. The ICRP, like the RBV (Barney, 1991), constitutes an inside-outside model for managerial use. Intellectual Property model concentrates on the mental side of the human resource. Both the RBV and ICRP approaches ultimately seek to rationally develop strategy for the organization, relying upon the inside-outside model. The ICRP assists managers in developing capabilities in areas where the greatest return occurs for the organization, as perceived by the Intellectual Capital (IC) bearers. It provides information that permits managers, to make intelligent investment decisions, especially regarding where to spend time and effort, with reference to gaps associated with the organization's IC and strategic direction. However, there exists a point of departure. While both the RBV and ICRP approaches attempt to appraise profitability and competitive advantage, the former approach considers both resources and capabilities to do this, whereas the latter approach concentrates on capabilities only. Isaac and Herreman (2004) observe that for many organizations working within knowledge-intensive industries, perhaps the most critical asset they possess never appears on the balance sheet, namely intellectual capital (IC). This intangible asset represents organizational processes, human know-how, and relationships that support or create wealth for the company. The future therefore lies in IC. " lhe asset base of companies competing for growth in the knowledge economy will continue to shift away from equipment, buildings, and other fixed assets to corporate knowledge assets" (Beck, 1998: p.181). To develop significant capabilities and competencies, organizations must become comfortable with investing in intellectual, relational and other resources, and not simply those resources normally appearing on the balance sheet.

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a practical context. He argues that a resource is valuable if, by using it, we gain in some way - increased revenue, reduced costs and more efficient completion of assignments would be examples of such gains. For example, having an office in a busy and thriving commercial district is valuable as it allows easy access to regular business opportunities. If a resource is valuable, but a significant number of competing practices also possess it, its value is reduced because it is likely that everyone who has it will use it. Intangible resources, such as knowledge, are usually harder to copy.

Jerker (2004) comes up with yet another angle to competition. The flow of resources is assumed to be random, and all firms are assumed to have the same probability of an increase of a given amount. Thus, no firm is, ex ante, more likely than others to increase the level or quality of its resources. Furthermore, all firms are assumed to start with the same initial level of resources. Luck, rather than systematic prior differences among firms could have generated its consistent performance record. Chance events can result in sustained inter-firm profitability differences (Feller, 1971).

2.6 Literature Review Summary

It is evident from the foregoing that the concepts related to competitive strategies occupy centre stage in modern Business Administration. Porter Micheal is the leading proponent of competitive strategy theories but other scholars such as Wernerfelt (Resource-based View), Barney (Intellectual Capital Realization Process), Andrews (Value, Rarity, Imitability, Organisation), Beck (Defender, Analyzer and Prospector) and Jerker (Random flow of resources) have also provided alternative lenses through which competition strategy concepts can be beheld. The researcher therefore intends to collect primary data from the field and use findings thereof to compare with the above mentioned secondary sources.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provided the procedures that the researcher used to collect and analyse data. The following areas are covered: research design, target population, data collection and data analysis.

3.2 The Research Design

The survey research design was adopted. The choice was necessitated by the descriptive nature of typically quantitative data to be collected which was to be cross sectional and therefore did not favour case study. It would also allow lor comparative analysis in order to obtain rational conclusions. An extension of the survey method Cooper and Schindler (2008) call a survey via personal interview (meaning a two way communication initiated by an interviewer to obtain information from a participant: face to face, phone or internet) was adopted.

3.3 Target Population

The researcher sampled 120 active cooperatives that were in Mombasa County. Tne population of interest (sampling unit) comprised active Saccos in Mombasa County as at March 2010 (vide Appendix 2). Probability sampling method where every item in the universe has a known chance, or probability, of being chosen (Boyd, Westfall and Stasch, 2004) was used

3.4 Data Collection

The study used both primary and secondary data. The former was obtained via the use of a structured open ended and closed questionnaires while the latter through records from the Provincial and District Cooperative Office(r)s plus other sources such as the internet and the media. The managers of Saccos or their assistants were the main respondents.

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The questionnaires were dropped and picked later, the reason being that the Sacco managers were busy especially during the day and that the. questionnaires were also detailed and therefore needed ':me and occasional consultations (of documents and junior employees) to be filled in accurately. Appointments were then made later with respondents where further clarifications were sought on unclear or glaringly inconsistent responses in the questionnaires.

3.5 Data Analysis

The process of data analysis involved various stages. The nature of the data was both qualitative and quantitative. Completed questionnaires were edited for completeness and consistency. The data were coded and checked for any errors and omissions. Responses from the questionnaires were tabulated and coded. Descriptive Statistics - which according to Cooper and Schindler (2008) means statistical measures used to depict the centre, spread and shape of distribution -- was used to present the findings. Statistical Package for Social Sciences (SPSS) wai, utilized to analyse the variables. Tables, graphs, mean and percentages were used to summarize the data. Subsequently the data were translated into specific categories in line with the objectives of the study guided by the questionnaire.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

4.1 Introduction

The chapter presents the analysis of the data collected through the questionnaires (vide Appendix 1). Analysis of general information about Saccos comes first followed by competitive strategies adopted by them and finally, the challenges experienced by the Saccos in implementing their strategies. The data was then analyzed using the SPSS and presented in forms of tables, pie-charts and bar graphs. Other information was interpreted using Likert-Scale on a scale of one to five and mean averages used to codify responses.

The aims of the study were to determine competitive strategies adopted by Saccos in Mombasa County in Kenya and to establish the challenges faced by them in implementing those competitive strategies. The explanation of the results was provided under each section and the results presented in forms of tables, graphs and charts. The study achieved a 56% response rate with thirty nine Saccos out of seventy targeted returning the completed questionnaires. The response rate was considered suitable for analysis. Some lower response rates have yielded valid results before. A case in point is discussed by Englun, Robert, and Dinsmore (2003) where a response rate of 20.4 percent was achieved with authentic results. Furthermore, probability sampling tends to elicit low response rates and nonresponse in general. However, their popularity, usefulness and continuous improvement cannot be denied (Bradburn, Sudman and Wansink, 2004)

4.2 Profile of Respondent Organizations

By specifying a resource profile for a firm, it is possible to find the optimal product-market activities (Andrews, 1971). The study sought information about respondents' organizations on aspects that were considered to be descriptive of the Saccos with respect to the subject of the study. The aspects were with respect to the Saccos' years in operation, number of employees and shareholders each Sacco had, whether they offered FOSA services plus the number or account holders and the main purpose of each organisation. Seeking this information was necessary to lay ground for understanding the challenges they faced in implementing their competitive strategies.

4.2.1 General Information on Saccos in Mombasa County in Kenya

This section presents basic information on Saccos in Mombasa County. The respondents were asked to say how long their Saccos had been in existence. Percentage mean on response for each batch was then calculated and results ranked in ascending order. Table 4.1 gives information on how long the Saccos under study have been operating.

Table 4.1 Information on Saccos' Longevity

Longevity	Between 1-10 years	Between 11- 20 years	Between 21-30 years	Between 31- 50 years	over 50 years	No respon se	Total
Frequency	2	6	11	19	0	1	39
Percent	5.12%	15.38%	28.2%	48.72%	0	2.56%	100
Rank	4	3	2	1	6	5	

Source: Research Data

The above results showed that most Saccos had been in existence for between 3 1 and 50 years represented by 48.7%. In other words, virtually all the Saccos under study represented by about 97.42% (5.12+15.38+28.2+48.72) were less than 50 years in age. The Sacco movement in Mombasa County was found to be about as old as strategic management itself and therefore was still growing. Waters (2006) says that strategic management has a short history, having really developed since the 1950's with Drucker. This implies that as management theories continue growing, so is strategy formulation and implementation efforts with Saccos.

4.2.2 The Number of Sacco Employees

The researcher sought to gather information on how many employees the Saccos under study had. Respondents were asked to tick one of the five choices represented in batches in the questionnaire. Frequencies were then calculated into percentages then ranked. See table 4.2 for the response pattern.

Table 4.2 Number of Employees

Employees	Frequency	Percent
Less than 5	7	18
Between 5-10	8	21
Between 11-30	10	26
Between 31-50	6	15
Over 50	7	18

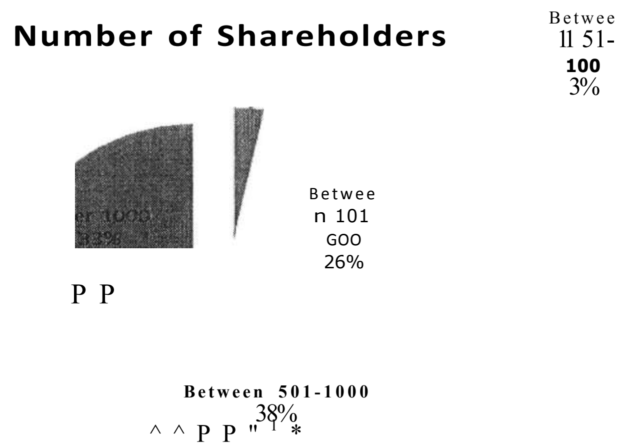
Source: Research Data

Most Saccos in Mombasa County in Kenya employed between 11 to 30 employees as represented by 26% of the response. It was only 18% of the Saccos that has 5 employees and below. Most Saccos in Mombasa as figure 4.1 below shows had 501 to 1000 shareholder members and this seemed to dictate the number of employees. One employee therefore could handle about 33 to 45 members on average. This is in line with observations by Dwyer (2002) who wrote that the number of employees an organisation can employ depends on operations levels of that firm. The results here show there is a positive relationship between number of employees and that of customers. The higher the number of customers to be served the more complex the operation levels. In other words, the more the customers the more employees needed to serve them.

4.2.3 Number of Shareholders

The respondents were asked how many shareholders their Sacco had. They were to choose one out of five batches of membership ranging from 50 to over 1000. The response frequencies were tallied and the results were as shown in the pie-chart (figure 4.1) below.

Figure 4.1 Number of Shareholders



Source: Research Data

Most Sacco membership in Mombasa County was between 501 to 1000. This was represented by 38%. This was in line with the previous findings which concluded that the Sacco movement was yet to reach its full potential (Mathenge, 2008). Saccos that have many members control more assets than those with fewer members and therefore have reached their acme.

4.2.4 FOSA Services

The objective of this question was to gauge the number of Saccos which had taken their competition to the doorstep of the mainstream banks by offering what the latter did. The respondents were asked to affirm or deny whether their Saccos offered FOSA services. The responses were tallied, the percentage mean calculated and ranked. See table 4.3 for the response.

Table 4.3 Saccos that offer FOSA Services

Saccos	Frequency	Percentage
Have FOSAs	8	20.51%
Don't have FOSAs	29	74.36%
No Response	2	5.13%

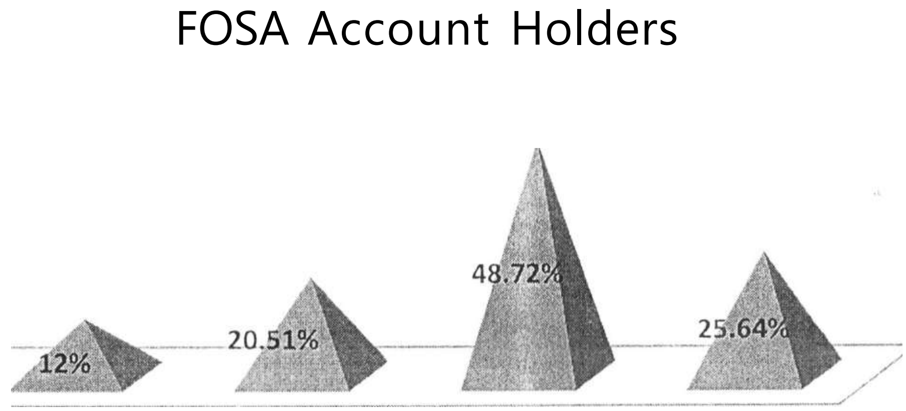
Source: Research Data

Most Saccos at 74.36 % did not offer FOSA services as can be seen in the above table. 21% of sampled Saccos rendered FOSA facilities. The results confirmed yet again what Mathenge (2008) found: Saccos were yet to fully mature. The researcher believed that the hallmark of real competition by Saccos was full bank-like FOSA adoption. Banks were observed to be ahead of Saccos and were even still adopting more innovative ways of competing; for instance, they now differentiate their service to cater for all cadres of customers (from low to high income groups) (Kuehner-Hebert, 2010). Saccos without FOSA services therefore risked losing member to their rivals.

4.2.5 FOSA Account Holders

The objective of this item was to gauge the level of attractiveness of these FOSA services to shareholders. Of the 20.51.36 % Saccos that offered FOSA services, they were asked to show how many account holders they had. They were given a range of options from less than 50 to over 1,000 accounts. The way they responded is shown in the bar chart (figure 4.2) below.

Figure 4.2 Account Holders



Source: Research Data

Observations made from the chart above was that for Saccos offering FOSA services, those that had FOSA accounts were more than 500 in majority of Saccos at 49%. The Sacco management in Mombasa County needed to popularize FOSA services to attract more account holders. Innovativeness was needed in the banking departments of Saccos (FOSAs) so as to compete effectively as Kuehner-Iiebert (2010) had observed.

4.2.6 Purpose of the Organisations (Saccos)

The projection of the item was to assess whether the Saccos under study had competition oriented major goals. Respondents were asked to choose the main purpose of their Saccos among the following alternatives: profit maximization, market leader, most innovative and creative, being productive through employees while satisfying customers and any other not provided in the list. The response frequencies were analysed and the results computed in percentages. The table below exhibits their response.

Table 4.4 Purposes of Saccos

Purpose	Profit Maximization	Market Leader	Creativity	Productivity
Frequency	29	3	2	5
Percentage	74.36%	7.70%	5.13%	12.82%

Source: Research Data

The biggest share was taken by profit maximization as the major goal of majority of Saccos at 74.36%. The least purpose was taken by creativity at 5.12%. This suggested that most respondent managers had rivals in mind. This was in line with observation made by Aquinas (2007) that profit rational utilisation of available resources to maximise the profit is the economic function of a manager. Most manager respondents were in the right direction, for, in essence, profit maximization goal makes managers to be alert of rivals' activities that could erode their profit margins.

4.3 Competitive Strategies Adopted

The major objective of the study was to determine competitive strategies adopted by Saccos in Mombasa County. Various questions were asked to get this information. The respondents were to apply a Lilcert-scale of 1 to 5 to rank the competitive strategies. In the given scale, 5 represented "very large extent" and 1 represented "not used at all." Other questions required the respondents to choose appropriate alternatives such as 'Yes' or 'No' or simply pick from lists of alternatives provided in the questionnaire.

There are three generic strategies open to a firm. These are cost leadership, differentiation and focus (Porter, 1985). It was essential to establish the importance each of the respondents placed on these options.

4.3.1 Ways of Competing with Others

The specific question's major objective was to elicit answers that would suggest that Saccos were aware of existence of rivalry. Porter (2007) sees strategy as the deliberate search for favourable competitive position in an industry, the fundamental arena in which competition occurs. Respondents were asked if their Saccos had established ways of competing with others. The percentage of the response frequency was computed, and then ranked as shown in the table 4.5.

Table 4.5 Established Ways of Competing with Others

Response	Frequency	Percentage
Yes	29	74
No	9	23
No Response	1	3
Total	39	100

Source: Research Data

74% of Saccos were aware of competition and therefore had ways of attempting to deal with it. Less than half of the respondents at 23% did not have established ways of dealing with competition. This meant there was conscious effort at installing competition structures on management part.

4.3.2 Mission/Vision Statements

The question was meant to test consistency of the previous question (4.3.1). Respondents were required here to indicate whether their Saccos had formal documented mission/vision statements. The percentage of the response frequency was computed, and then ranked as shown in the table 4.6.

Table 4.6 Saccos that have Mission/Vision Statements

Response	Frequency	Percent
Yes	33	84%
No	6	16%

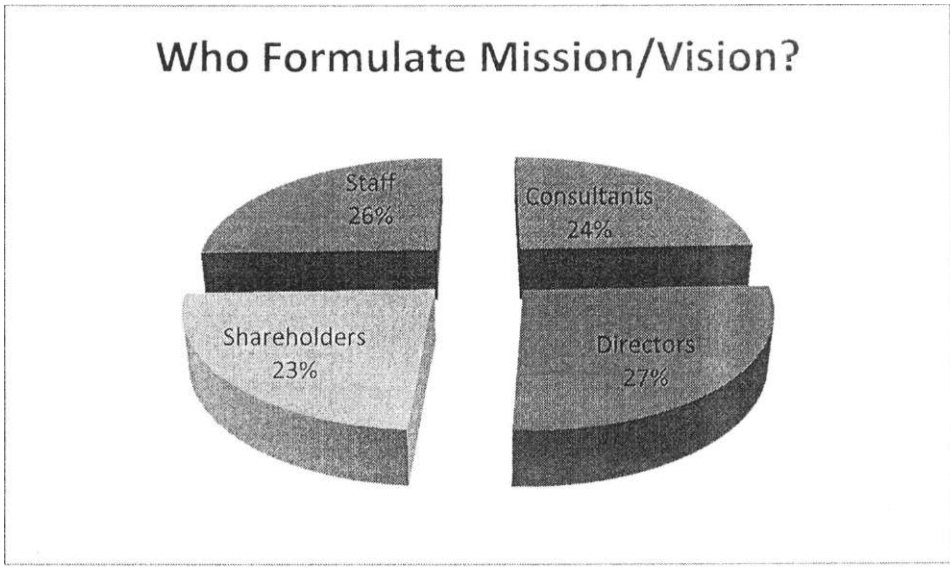
Source: Research Data

84% of Saccos in Mombasa County had formal documented mission/vision statements as is shown above. Only 16% didn't have them. Majority of the Saccos in Mombasa County appeared to conform to what Thompson, Strickland and Gamble (2007) had prescribed when they wrote that developing a strategic vision and mission, setting objectives, and crafting a strategy are basic direction-setting tasks. These results confirmed the awareness of competition asked earlier (4.3.1), where over 74% of Saccos affirmed that they had established ways of competing with others.

4.3.3 Mission/Vision Formulators

Mintzberg (1999) states that the essence of strategy formulation is coping with competition. The item sought information on who crafted strategies in Saccos in Mombasa County. The respondents were to pick those responsible for mission/vision formulation in their Saccos from a list provided in the questionnaire. These were: consultants, directors, shareholders, staff and others. Some selected more than one. Percentage of the response frequency was computed. See the pie chart below for their response statistics.

Figure 4.3 Those Involved in Formulation of Mission and Vision



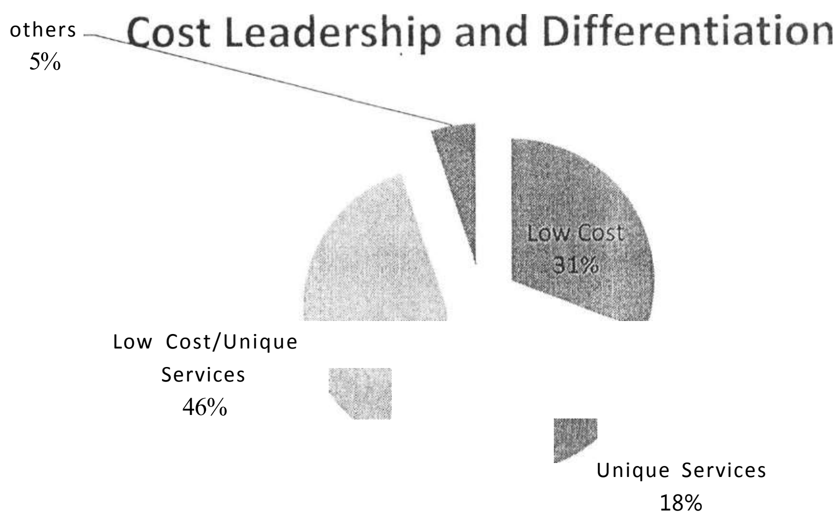
Source: Research Data

Saccos used a blend of formulators for their missions. The bar chart above suggests that directors at 27% percent led closely followed by staff (26%), consultants (24%) and shareholders at 23%. There seemed to be no one overriding way on who formulated the mission/vision statements in Saccos in Mombasa County. What mattered most was that there was strategy in place to give directions to the Saccos. Developing a strategic vision and mission, setting objectives, and crafting a strategy are basic direction-setting tasks (Thompson, Strickland and Gamble, 2007)

4.3.4 Competitive Strategies

The purpose of this item was to collect data on whether or not Saccos in Mombasa County were adopting competitive strategies that were grounded on Michael Porter's Generic Strategies (Porter, 1985). The respondents were asked to specify how they competed with others, either through cost leadership and differentiation. The third alternative was to test whether they pursued both strategies at ago (i.e. stuck in the middle). The frequencies of the responses were computed and the percentage for each presented as shown below (see Figure 4.4).

Figure 4.4 Cost Leadership and Differentiation



Source: Research Data

Between cost leadership and differentiation competition strategies, the former is preferred by most Saccos. Only 18% offered unique services against Low Cost's 31%. However, many are stuck in the middle at 46%. Firms that follow both strategies may either succeed or get stuck in the middle. According to some scholars, firms can still follow both cost leadership and differentiation strategies simultaneously (Murray, 1988; Hill, 1988; Cronshaw et al, 1994). But Porter (2004) believes that firms stuck in the middle are almost guaranteed low profitability. A study is required to ascertain Porter's assertion.

4.3.5 Focus Strategy

The question was intended to elicit responses on whether Saccos in Mombasa County engaged in narrow or wide foci in line with Porter's Focus model. Specifically, the researcher wanted to test Porter's 'stuck-in-the-middle' proposition. Respondents were asked to indicate their foci in terms of the clientele they attended to. The question asked whether they served specific clientele only, general customers or whether they targeted specific and general customers simultaneously. Table 4.7 shows the response.

Table 4.7 Focus Strategy

Foci	Frequency	Percent
Specific Clientele	2	5%
General customers	9	23%
Specific Clientele/ General Customers	28	72%

Source: Research Data

In the above table, 5% of respondents served specific clientele only, 21% served general customers while a 72% went for specific clientele as well as general customers. This showed that majority of Saccos were stuck in the middle and therefore according to Porter (2004) were assured of low profitability. The researcher felt that the relationship between stuck-in-the-middle phenomenon and low profitability should be investigated further.

4.3.6 Cost Focus

Low cost strategy enables firms to charge low prices to their customers. This strategy is applicable if the customers are price sensitive (Porter, 1998). This section sought additional information on specific ways in which Saccos further their cost strategies. Respondents were to indicate their rating on given statements by applying keys on a one to five Likert-Scale. 5 indicated 'very large extent' while 1 designated 'not at all'. The section was to be answered only by those who chose 'low cost' as their generic strategy (item 10 (i)) in the questionnaire (vide Appendix 1). Frequencies for each item as specified in the table 4.8 below were tallied, results tabulated and analysed. The mean for each variable was computed, grand mean calculated by dividing total mean by the number of variables. The standard deviation for each variable was then calculated.

Table 4.8 Cost Focus

Cost Focus Aspects	Mean score	Standard Deviation
Reducing Operating Costs	4.77	1.09
Defending our Existing Products	3.63	0.05
Outsourcing in order to Save	3.06	0.62
Intensive Staff Training	3.44	0.24
Avoiding Loss Making Areas	3.51	0.17
Searching for the Economies of Scale	3.69	0.01
Total Mean	22.1	
Grand Mean (total mean divided by number of variables (N=6)	3.68	

Source: Research Data

Majority of Saccos in Mombasa County appeared to focus on reduction of operation costs with a standard mean of 1.09. Searching for economies of scale was the least cost focus aspect with a standard deviation mean of 0.01. Outsourcing in order to save was the least cost cutting strategy. The above statistics showed that Saccos had their ways of reducing costs. According to Thompson et al (2007) focused low-cost providers meet the needs of their customers in a narrow market niche.

4.3.7 Differentiation Strategy

Differentiation is a viable strategy for earning above average returns in an industry because it creates a defensible position for coping with the five competitive forces (Porter, 2004). The researcher sought information on various aspects Saccos in Mombasa County in Kenya adopted to remain competitive in the lending industry. Respondents were to indicate their rating on given statements by applying keys on a one to five Likert-Scale. 5 indicated 'very large extent' while 1 designated 'not at all'. The section was to be answered only by those who chose 'low cost' as their generic strategy (item 10 (ii)) in the questionnaire (vide Appendix 1). Frequencies for each item as specified in the table below were tallied, results tabulated and analysed. The mean for each variable was computed, grand mean calculated by dividing total mean by the number of variables. The standard deviation for each variable was then calculated.

Table: 4.9 Differentiation Strategies

Differentiation Aspects	Mean Score	Standard Deviation
Engaging highly skilled staff	4.63	0.94
Maintaining innovation	3.96	0.27
Reducing rate of customer defection	3.58	0.11
Introducing unique products	3.38	0.31
E-business adoption	3.38	0.31
Outsourcing in order to access the best and then offer unique services	3.58	0.11
Leadership focusing on continuous improvement	3.71	0.02
Creating a first-mover advantage	3.00	0.69
Total Mean	29.52	
Grand Mean (total mean divided by number of variables (N=8)	3.69	

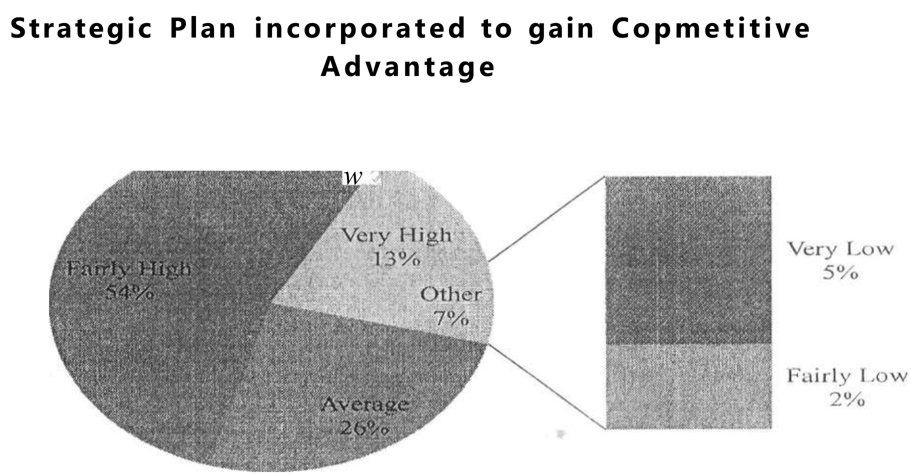
Source: Research Data

Highly skilled staff took the lead when it came to differentiation strategy application among Saccos in Mombasa County with a standard mean of 0.94. The least applied differentiation strategy with a standard deviation mean of 0.01 was unique product identification. Probably it was costly to introduce new services. Porter (2004) observes that achieving differentiation may sometimes imply a tradeoff with cost position if the activities creating it are inherently costly.

4.3.8 Incorporation of Competitive Strategies to gain Competitive Advantage

Competitive strategy refers to that part of a business strategy that deals with management's plan for competing successfully, how to build sustainable competitive advantage, how to outmaneuver rivals, how to defend itself against competitive pressure and how to strengthen a firm's position in the market (Dwyer, 2002). The researcher sought the extent to which organisations incorporated the use of competitive strategies as a way of gaining Competitive Advantage. Respondents were to choose one of the following alternatives: very high; fairly high; average; fairly low and very low. The percentages of the response frequencies were computed, and then presented as shown on the pie-chart below (see Figure 4.6).

Figure 4.6 Competitive Strategies



Source: Research Data

54% Saccos in Mombasa County as can be interpreted from the above figure incorporated the use of competitive strategies to gain competitive advantage. This result resonated with Porter (2007) who sees strategy as the search for favourable competitive position.

4.4 Challenges

The last objective of this study was to establish challenges faced by Saccos in Mombasa County as they try to outdo their rivals in order to gain competitive advantage. The researcher sought to receive information on whether factors such as financial constraints, management, stakeholders involvement, business location, culture, customer expectations, change, government policies *inter alia,* could hamper competitive strategies.

4.4.1 Availability of Financial Resources

Saccos have played a key role in mobilization of financial recourses and are expected to be major players in realization of the national Vision 2030 (Dunda, 2010). But do Saccos have adequate financial resources? The researcher sought to get answers to this phenomenon. Respondents were to indicate whether or not their Saccos had enough financial resources to implement their competitive strategies. Mean percentage of the response frequency was computed. Table 4.10 shows their response.

Table 4.10 Financial Resources Availability

Response	Frequency	Percentage
Yes	6	15.38%
No	31	79.49%
No Response	2	5.13%

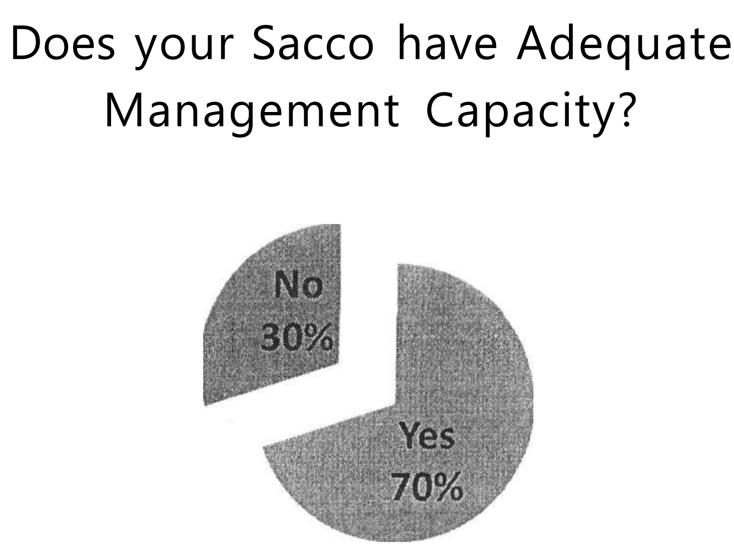
Source: Research Data

79.49% of the respondents indicated that they did not have enough financial resources to meet the cost of their competitive strategy activities. 15.38% had financial resources. Financial constraints seemed a major challenge when it came to implementing competitive strategies. This could be a threat to Vision 2030 attainment as observed by Dunda (2010).

4.4.2 Adequate Management Availability

Many Saccos do not have the management capacity to address their challenges adequately (Njanja and Pelissier, 2010). The researcher sought to extract from respondents information on the accuracy of this observation and on challenges related to adequate management capability to implement competitive strategies. Respondents were to indicate whether or not their Saccos had adequate management capacity to implement their competitive strategies. The percentages of the response frequency was computed and presented on the pie chart as shown in Figure 4.6 below.

Figure 4.6 Management Availabilit



Source: Research Data

Management availability was also a big challenge at about 70%. This would be another unfortunate challenge especially when coupled with resources inadequacy. Waters (2006) believes that if top management moves the organization in the wrong direction, it cannot possibly succeed and no amount of good middle and lower management will help. The researcher hoped that the advent of SASRA - a body created by an Act of Parliament with a view to immensely transforming Sacco operations in Kenya (Kenya Saccos Societies Act 2010) - would usher in professional leadership to spur growth in the cooperative movement in Mombasa county and Kenya as a whole.

4.4.3 Participation Level of Competitive Strategies Implementation

The researcher sought to get information related to the level of participation in implementing competitive strategies. Two alternatives were given: bottom-up or top-bottom. The frequencies were computed into percentage mean, then analysed. See table 4.10 below for the response pattern.

Table 4.11 Participation in Competitive Strategy Implementation

Direction	Frequency	Percent
Bottoms-up	29	74.36%
Top-bottom	9	23.08%
No Response	1	2.56%

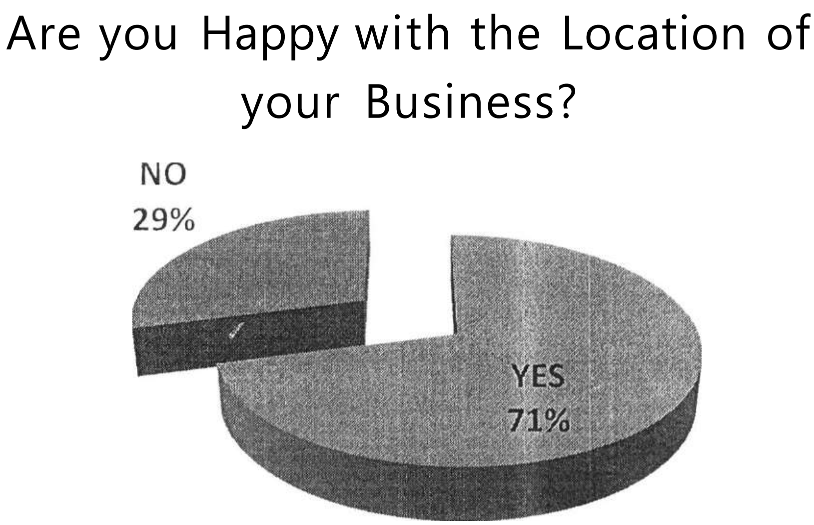
Source: Research Data

74% of the respondents selected bottom-up while 23% indicated top-bottom participation direction. The researcher felt that the bottoms-up approach was a move in the right direction because it conformed to modern best practices. One of the main principles of cooperation according to KUSCO is Member Economic Participation (www.kusco.com).

4.4.4 Business Location

The researcher sought information on whether location brought some challenge to their Saccos' quest for competition. They were to affirm or deny whether they were happy with their business locations. The frequency of the response was computed into percentage then presented on a pie chart. The figure below showed the response pattern.

Figure 4.7 Satisfactions with Business Location



Source: Research Data

71% of respondents were satisfied with their location while 29% expressed dissatisfaction. The researcher regarded location as a unique resource that was not easy to imitate. Resource-Based view of strategic management (Amit and Shoemaker, 1993; Barney, 1986, 1991; Dierickx and Cool, 1989; Mahoney and Pandian, 1992; Wernerlelt, 1984) examine the resources and capabilities of firms that enable them to generate above-normal rates of return and a sustainable competitive advantage. The researcher observed that most Saccos were near the base of the shareholders' employment and probably that was the reason for 71% approval of business location.

4.4.5 Implementation Challenges

Thompson, Strickland and Gamble (2007) observe that consciously developing strategies constitutes a plan for coping with challenges and issues that stand as obstacles to the company's success. Respondents were asked to apply a range of 1 to 5 on a Likert-scale specific implementation challenges. 5 stood for 'very high' while on the lower extreme continuum, 1 represented 'not at all'). Frequencies for each item as specified in the table below were tallied, results tabulated and analysed. The mean for each variable was computed, grand mean calculated by dividing total mean by the number of variables. The standard deviation for each variable was then considered. Statistics of their responses is summarized in table 4.12 below.

Table 4.12 Implementation Challenges

IMPLEMENTATION CHALLENGES	Mean	Standard Deviation
Leadership within the organisation	3.0	0.22
Implementation Time Frame	2.81	0.7
Resources Adequacy	3.92	0.7
Management Support	3.46	0.24
Technological Competence	3.46	0.24
Culture	2.5	0.72
Reward system	2.5	0.72
Constant changes in customer needs/demands	2.44	0.78
Shareholders' expectations	4.0	0.78
Resistance to change by stakeholders	4.22	1.0
Lack of relevant basic knowledge	3.84	0.62
Adequacy of Authority	2.64	0.58
Well defined Authority and Responsibilities	2.58	0.64
Reporting Relationships	2.61	0.61
Government policies	4.31	1.09
Total Mean	48.29	
Grand Mean (total mean divided by number of variables (N=15)	3.22	

Source: Research Data

Leadership within the organisation at a mean of 0.22 was the least challenge according to the above table. Government policies and resistance to change were the most implementation challenging factors with standard deviation means of 1.09

and 1 respectively. The challenges of this nature were compounded further for Saccos when the government gazetted Sacco Societies Regulatory Authority (SASRA) on 18th June, 2010 to regulate Sacco operations, especially those operating FOSA service (Kenya Saccos Societies Act, 2010). The researcher feels that some of the requirements by SASRA are too stringent and that a review is necessary so as to introduce only those conditions which can encourage the growth of Saccos.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The research objectives of the study were to determine competitive strategies adopted and to establish challenges faced by Saccos in the process of applying those strategies in Mombasa County. This chapter seeks to summarize findings and conclusions of the study, give recommendations arising thereof, offer suggestion for further research and briefly discuss limitations of the study.

5.2 Summary of Findings

Saccos in Mombasa County had competitive strategies albeit in a muddled form. The researcher observed for instance that many respondents favoured cost strategies but again would choose both cost and differentiation stratagems. Challenges were mainly to do with lack of financial resources and management factors. Generally, Saccos in Mombasa were between 31 and 50 years old, had between 501 to 1000 shareholders and didn't offer FOSA services. Their major goal was profit maximization.

Most Saccos (85% of them) had mission/vision statements whose formulation is majorly done by directors and the staff. Whereas most preferred cost approach at 31% to differentiation, they were stuck in the middle at 46%. Focus on customers was also general and specific at the same time. Cost strategy was mostly practised through reduction of operation costs with a standard mean of 1.09 while differentiation strategy was majorly in the form of engaging highly skilled staff with a standard deviation mean of 0.94. It is in line with observation by strategists such as Oliver (1997) who argues that a firm's sustainable advantage depends on its ability to manage the institutional context of its resource decisions.

Government policies were the greatest challenge to strategy formulation and implementation at 1.09 mean. The government gazetted Sacco Societies Regulatory Authority (SASRA) on 18th June, 2010 - a body which was created by an Act of parliament in 2008 and which came into effect on 17^{th} June, 2011 - with a view to immensely transforming Sacco operations (Kenya Saccos Societies Act, 2010). This as the researcher discovered made most Saccos to go back to the drawing board. SASRA requirements were eating into their capital thereby weakening their fighting ingredients. Lack of finance and management capability seem to be some of the main challenges facing Saccos as they attempt to compete effectively at 80% and 70%, respectively. Participation in crafting strategies was not a big challenge as 74% of the respondents selected bottom-up approach. Location was not a challenge; in fact 74% of the respondents did not mind where their offices were situated. The researcher established through observation that most Sacco offices were near their parent companies (main customers/shareholders) and therefore moving away from them did not make economic sense; it would mean running away from their main economic pillars.

5.3 Conclusions of the Study

From the foregoing, it is apparent that Saccos in Mombasa County should decide on what specific competitive strategy they want. They should also look for enough funding and visionary leaders in order to gain sustainable competitive advantage to deal with challenges caused by the external environment. Sacco leadership should engage the whole hierarchy of the government at the formulation stage so that the resulting regulatory aspects that bring challenges are minimized.

5.4 Recommendations

Saccos in Mombasa County need to up their game in strategy formulation and implementation and look beyond their ilk especially when crafting competitive strategies. They should realize that they don't only compete against each other, but also against other lenders such as banks, mobile phone companies (such as Safaricom's 'mpesa', airtel's 'airtel money', yu's 'yucash' and Orange's 'iko pesa/'orange money'), 'chamas' (informal groups pooling resources and lending the same to each other using agreed upon formulae) and even Shylocks (people who lend money at very high rates of interest). Saccos should merge in order to enrich their capital base and also coopete in order to ward off threats from their more established common bigger rivals - commercial banks - whose loan arrangements are now almost as favourable as those of Saccos. They should also run away from the 'common bond' mentality and go out there for customers the way banks are already doing.

They should also invest in good management and technology because the latter is the present and the future. As Njanja and Pelissier (2010) observe, there is a serious need for Saccos to upgrade their management capacity especially in areas of Information Technology, marketing' and customer services. The ongoing retrenchment of staff in many business organisations, parastatals and government departments has resulted in an unexpected decrease of both members of Saccos and the capacity of these Saccos to raise or even retain members. Many Saccos do not have the management capacity to address such challenges adequately. This study revealed that management capacity and technology were sources of challenges. In a nutshell, modern Saccos should not just think out of the box, but away from it.

5.5 Suggestions for Further Research

This study made some findings that have deep implications. For instance research is needed on the relationship between dual strategy Saccos (hybrid or stuclc-in-the -middle) and profitability; this is to test whether such strategy, of necessity, leads to erosion of profit in line with Porter's position that a firm stuck in the middle is almost guaranteed low profitability (Porter, 2004)

A study is also required to determine the change that Sacco Societies Regulatory Authority (SASRA) has brought to the Sacco movement. It is a body created by an Act of Parliament with a view to immensely transforming Sacco operations in Kenya. SASRA was implemented during this study (17^{th} June, 2011) and its effects on the Sacco movement could not be immediately established.

5.6 Limitations of the Study

The research was based in Mombasa County and there therefore could not be said to be representative of the entire Sacco fraternity in Kenya and beyond.

Response rate was not a hundred percent and some respondents did not answer all the items, in the questionnaire. This affected the desired level of accuracy and inclusiveness.

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APPENDICES

Appendix 1: Questionnaire

Part A: **General Information**

(The information required is for the purpose of research only and therefore do not reveal your identity or that of your Sacco)

I. For how long has your Sacco been in existence?

Between 1-10 years

Between 1 1-20 years

Between 21-30 years

Between 3 1-50 years

Over 50 years

2. I low many employees does your Sacco have?

- Less than 5
- Between 5 and 10
- Between 11 and 30
- Between 31 and 50
- Over 50

3. How many shareholders does your Sacco have?

- Less than 50
- Between 51-100
- Between 101-500
- Between 501-1000
- Over 1000 (

Does your Sacco offer FOSA services?

- Yes ()
- No ()

If your answer to 4 above is yes, how many hold accounts in your FOSA?

What is the main purpose of your organisation?

- Profit maximization
- To be market leader
- To be the most innovative and creative
- Be productive through employees while satisfying customers
- Other (kindly specify)

Part B: Competitive Strategies

7. Does your Sacco have established ways of competing with others?

- Yes ()
- No ( )

8. Does your Sacco have a formal documented mission/vision statement?

- Yes ()
- No ()

9. If your answer to question 8 above is yes, please indicate the people involved in formulating the mission/vision statement.

- Consultants ()
- Directors ()
- Shareholders ()
- Staff ()
- Others (kindly specify)

10. Which of the following best describes your ways of competing with others? (kindly tick only what applies)

i) We offer services at low cost compared to our rivals ()

ii) We provide unique services compared to our competitors ()

iii) We offer low cost as well as unique services ()

11. In our Sacco, we tailor our services to: (kindly tick only what applies)

i) Specific clientele only ( )

ii) General customers that may require our services ()

iii) We target specific clientele as well as general customers ()

12. (NB. Please answer this section only if you ticked question 10 (i) above)

The table below presents various cost related aspects Saccos can adopt to remain competitive in the market. Kindly indicate your rating on the statement by applying the following key: 5= Very Large Extent; 4= Large Extent; 3= Moderate Extent; 2 = Little Extent; 1= Not at all. (Tick only what applies to your Sacco)

Aspects	**5**	**4**	**3**	**2**	**1**
Reducing operating costs					
Defending our existing products					
Outsourcing in order to save					
Intensive staff training					
Avoiding loss making areas					
Utilizing both tangible and intangible resources effectively					
Searching for the economies of scale					

13. (NB. Please answer this section only if you ticked question 10 (ii) above)

The table below presents various differentiation related aspects Saccos can adopt to remain competitive in the market. Kindly indicate your rating on the statement by applying the following key: 5= Very Large Extent; 4= Large Extent; 3= Moderate Extent; 2 = Little Extent; 1= Not at all. (Tick only what applies to your Sacco)

Aspects	5	4	3	2	1
Engaging highly skilled staff					
Maintaining innovation					
Reducing rate of customer defection					
Introducing unique products					
E-business adoption					
Outsourcing in order to access the best and then offer unique services					
Quick delivery timelines					
Leadership focusing on continuous improvement					
Focusing on Continuous improvement					
Creating a first-mover advantage					

14. To what extent does the strategic plan of the organisation incorporate the use of competitive strategies as a way of gaining Competitive Advantage?

Very high ( )

Fairly high ()

Average ()

Fairly low ()

Very low ()

Part C: Challenges

15. Does your Sacco have enough financial resources to implement its competitive strategies?

- Yes ( ) No ( )

16. Does your firm have appropriate and adequate management to implement its competitive strategies?

- Yes ( ) No ( )

17. What was the level of participation in implementing competitive strategies?

- Bottom-up ()
- Top-bottom ()

1 8. Are you happy with the location of your business?

- Yes ( ) No ( )

«

19. To what extent were the following implementation challenges experienced? (Scale: 5=Very High; 4= High; 3 = Moderate; 2 = Little; 1= Not at all.)

IMPLEMENTATION CHALLENGES	**1**	**2**	**3**	**4**	**5**
Leadership within the organisation					
Implementation Time Frame					
Resources Adequacy					
Management Support					
Technological Competence					
Culture					
Reward system					
Constant changes in customer needs/demands					
Shareholders' expectations					
Resistance to change by stakeholders					
Lack of relevant basic knowledge					
Adequacy of Authority					
Well defined Authority and Responsibilities					
Reporting Relationships					
Government policies					

20. Please make any additional comments on your Sacco's competitive strategies in the space provided

Thank you for your time and cooperation in filling up this questionnaire.

END

Appendix 2: District Cooperative Officer's Letter

REPUBLIC OF KENYA

MINISTRY OF CO-OPERATIVE DEVELOPMENT AND MARKETING

DISTRICT CO-OPERATIVE OFFICE
P.O. BOX 83688 G.P.O, 80100
Binia Tower, 13^{lh} Floor
MOMBASA

Tel. / Fax: 041 2 31 83 27
Wireless: 020 8017680

Email: dcomsa@iconnect.co.ke

26th March, 2010

The District Commissioner
MOMBASA DISTRICT

RE: BRIEF REPORT ON CO-OPERATIVES IN MOMBASA DISTRICT.

Reference is made to your letter on the above mentioned subject.

1. Total number of registered Co-operative Societies - 219
2. Total number of Dormant Co-operative Societies - 98
3. Total number of Active Co-operative Societies - **120**

Total membership	**22,086**	
Total turnover	**Ksh. 423,563,420.00**	
Total Share capital	**Ksh. 35,909,834.00**	
Total Deposits	**Ksh.2,138,192,125.00**	

Thank you.
Levina Lenjo

District Co-operative Officer
MOMBASA DISTRICT

Appendix 3: Active Societies in Mombasa District - 2010

CS/NO	NAME OF THE SOCIETY	PHYSICAL ADDRESS
12172	Achievers Sacco	Ganjoni
11810	Aboo Sacco	Mama Ngina Drive-
12317	Abson Motors Sacco	Island
5374	Alumex Sacco	Shimanzi
9935	Alal Sacco	Maritime Hse
9634	African quest Sacco	Pali Hse-Nyerer Ave
11382	Aero Marine Sacco	Oshwal Hse.Moi Ave
10721	Alico Agents Sacco	Nssf Buldg
7330	Alarms Sacco	Ganjoni
11958	Amtemo Sacco	Sparki
2349	Bandari Sacco	KPA
4933	Bilal Sacco	Kibokoni
9137	Bagging sacco	Shimanzi
2584	Benz Sacco	DT Dobie
11436	Boss Freigtht Sacco	Behind Nakumat
4382	B.O.G Sacco	Island
2350	Brookie Sacco	EATTC Hse
11659	Brosis Sacco	Inchcape Hse
12410	Buzeki Sacco	Shimanzi
6804	CAM Sacco	GPO Bldn
7129	CDA Sacco	CDA MamaNgina drive
9519	Choice Sacco	Habour Hse
2162	Cotts Sacco	Shimanzi
6523	Coast Projects Sacco	Lasco Hall

CS/NO	NAME OF THE SOCIETY	PHYSICAL ADDRESS
7895	Chawia Mwatate Multipurpose Co-op.	Mombasa
9293	E.I.B Sacco	Jubilee Bldn
3303	EASCO Sacco	Shimanzi
2061	Extraco Sacco	Shimanzi
11582	Fulscale Sacco	GPO Bldg
7271	Gala Sacco	Shimanzi-
8974	Grain Millers Sacco	Kingorani
9898	Grain Bulk Sacco	Shimanzi
11210	Gulscar Sacco	Shimanzi
11832	GSO Sacco	GPO Bldg
7555	Hotel Saphire Sacco	Saphire hotel
3944	Interflow Sacco	Interfreight co.
7996	Inchcape Sacco	Inchape Use
9399	Idime Sacco	Ambalal Hse
7956	Imani Sacco	Lighthse for Christ
1834	Jitegemee Sacco	Kizingo
7420	JCC Sacco	JCC-Buxton
9409	Jongeto Sacco	Ambalal Hse
19	Jubilee Building Sacco	Khoja Flats
1931	Kachra Sacco	Cast blankets,makupa
10419	Kencent Sacco	GPO Bldg
4193	Kenkazi Sacco	Moi Ave
2575	Karatasi Sacco	Shimanzi
6624	Kivuko Sacco	Kenya Ferry
10818	KASA Sacco	Kenya Autospare,spaki

CS/NO	NAME OF THE SOCIETY	PHYSICAL ADDRESS
9547	Kaathai Multi-purpose Co-op	Ambalal Hse
9129	Madawa Sacco	Mewa Hospital
9493	Milly Workers Sacco	Milly glass,Liwaton
9607	Mission To Seamen Sacco	Missions to seamen,shimanzi
12108	Miemo Sacco	Mombasa
4645	Monflo Sacco	Florida hotelMama Ngina Drive
3418	Mawaidha Sacco	Liwatoni
1999	Macdal Sacco	Maritime Centre
8523	Mombasa Leaders Sacco	Moi Avenue
2693	Mzalendo Sacco	Msa Hosp
3994	Mospoc Sacco	Msa sports club
1817	Mwangaza Sacco	Amgeco liwatoni
2484	Mombasa Teachers Sacco	Of Jomo kenyata Ave
12208	Musol Sacco	Mombasa
1 1930	Mokima Sacco	Mombasa
1726	Mombasa port Sacco	Off Moi Ave
3933	Manufaa Sacco	Lasco Club
3070	Maridadi Sacco	Shimanzi
9779	Maersk Sacco	lnchape Hse
2596	Matunda Sacco	Moi Ave
11864	Mombasa Car Dealers Sacco	Mombasa
2717	Ngea Sacco	Cargill Shimanzi
3566	Ngomeni Sacco	Msa Club
6923	Ngea Multipurpose Co-op.	Cargill
8088	Oceana Sacco	Moi Ave

CS/NO	NAME OF THE SOCIETY	PHYSICAL ADDRESS
3121	Ocean Freighters Sacco	Moi Ave
10741	PCEA- Makupa Parish Sacco	Wogect Makande
2595	Poly Sacco	Msa poly
2141	PIPA Sacco	Shimanzi
3675	Precoba Sacco	Kwa Shibu Rd-
9474	P1L (MSA) Sacco	Inchcape Use
10824	Pambazuko Sacco	Shimanzi
11387	Polucon Sacco	Tudor
11310	Petrol Sacco	Ganjoni
1457	Port workers Consumer Sacco	KPA
5803	Retread Sacco	Ganjoni
9817	Reliance Sacco	Kwa shibu Rd
8694	Royal Court Sacco	Royal court hotel
11768	RVR Sacco	Railway Station
8187	Swifin Sacco	CannonTower
6192	Stacot Sacco	CannonTower
5473	Sentry Sacco	Nyali
3490	Sisi Kwa Sisi Sacco	Pandya Hospital
4815	Signon Sacco	Siginon co.Mbaraki
6252	Seco Sacco	Seco co. Mbarak
6550	Span Sacco	Moi Av.
7277	Safe freight Sacco	Shimanzi
10199	Spedag Sacco	Rah Hse
12126	Springtech Sacco	Shimanzi
3175	Socks Sacco	Kamyn co. liwatoni
6541	T.E.I Sacco	

CS/NO	NAME OF THE SOCIETY	PHYSICAL ADDRESS
4934	Tatizo Sacco	Liwatoni Rd-
10418	Tatama Sacco	M/Tayari
11251	Tecma Sacco	Hi-Teck college
11265	Taifa Bahari Sacco	Kingorani
2943	Uvumbuzi Sacco	Ctton Ind Shimanzi
11013	United Sports Club Sacco	Near serani secondary
12315	Utenzi Sacco	Majengo
5078	Vyakula Sacco	Island-Msa
3350	Washa Sacco	Agakhan Hospital
5535	Washonaji Sacco	Island-Msa
1 1309	Wee Sacco	Island-Msa
10413	Washauri Multipurpose Co-op.	Island-Msa
10728	Zoghori Sacco	Island-MSA

Appendix 4: Letter of Introduction

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IWRsmr OF NAIROBI

SwdLO^VEOA-S^V CAMPUS

Tdeplu.no: 020.20591S1 - I'.O. Box 9MW.S0I07
Telegrams: "Varsity", Nairobi Mombasa, Kenya
Telex: 22095 Var.tiiy

DATH: 16"'June 201!

TO .WHOM IT MAY CONCERN

The bearer of this letter, OW1NO **MESHACK** of Registration number D61/70298/2008 is a Muster of Business Administration (MBA) student of the University of Nairobi, Mombasa Campus.

He is required to submit as part of his coursework assessment a research prqjeel. report on a. management problem. We..would like the student to do his project, on real problems affecting firms'In Kenya. We would, therefore, appreciate if you assist him by allowing him to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed orgarlfzai'ion's VjiV'rcqliest.

Thank you.

UNIVERSITY OF NAIROBI
CO-ORDINATOR
16 JUN 2011
MOMBASA CAMPUS

CYRUS IItAYA *
CO ORDINATOR, MOMBASA CAMPUS