

**STRATEGIC RESPONSES OF SACCOS TO CHANGING
COMPETITIVE BUSINESS ENVIRONMENT: A STUDY OF
KUSSCO AFFILIATED SACCOS IN NAIROBI COUNTY**

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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than University of Nairobi for academic purpose.

Signed



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This project report has been presented for examination with my approval as the appointed supervisor.

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DEDICATION

This work is dedicated to my family for their encouragement and supports throughout the duration of the project especially my late father Edward Mbeche, my dear wife Irine Oiro and my daughter Isabel Mbeche.

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The Dalai Lama once wrote “He must have a pure, honest and warm-hearted motivation, and on top of that, determination, optimism, hope, and the ability not to be discouraged”. These words are a true reflection of my experience throughout this research project, an experience that would not have turned successful without the involvement of individuals whom I carry for, the utmost respect and consideration.

A warm “thank you” and appreciation goes to Professor Evans Aosa, my project supervisor, for his keen insight, guidance, and support, and for his valuable research experience that he did not hesitate in sharing it with me. I also thank my work colleagues for their continuous encouragement and help provided. Finally, I want to thank my friends and family members who had to see me in the ups and downs phases of my research project and instead of going away, they have supported and encouraged me to conduct and successfully complete this project.

ABSTRACT

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Strategy is therefore fundamental in the planning process since strategic decisions influence the way organization respond to their environment. This study sought to determine the strategic responses adopted by SACCOS in Kenya. The study objectives were to establish the strategic responses adopted by SACCOs in response to changing competitive business environment, to establish the challenges facing SACCOs in the implementation of the strategies and a supplementary aim of determining if SACCOs have control and feedback system to assess the effectiveness of the implementation of response strategies in competitive business environment of business.

This study adopted a descriptive survey design. The target population comprised of all the 1,000 registered SACCOs in Nairobi County Kenya a sample size of 100 of registered SACCOs was used for this study. The study collected both primary and secondary data. A semi-structured questionnaire was used to collect data. The Statistical Package for Social Sciences (SPSS) was used for analysis of data and for descriptive analysis, percentages and frequency distributions were used.

The findings indicate that the majority of the SACCOs were well established in Kenya and evaluated various strategies that were applied by the SACCOs. The findings indicated that communication strategies have a role to play in enhancing the competitive strategy implementation in the SACCOs. From the findings competition was rated the most serious challenge facing SACCOs in Kenya followed by challenges from the legal and regulatory environment. The study concluded that response strategies used in the SACCO industry are important in helping an organisation improve their performance and competitive edge. This study recommended that SACCOs should develop and improve on strategy support systems that are crucial and are the many routine activities that are performed in a company to keep it running smoothly.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 1993). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics; first it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly it is hard for competitors to imitate. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals.

The strategy of an organization involves matching its corporate objectives and its available resources. In this development of strategy, managers are concerned with reconciling the business the organization is in with the allocation of resources. This allocation process is concerned with the general purposes of an organization, whether it is part of the grand plan, the overall objectives or a 'strategy' designed to keep the organization in business (Hannagan, 2005).

1.1.1 The Environment and Strategy

All organizations are situated in an environment, be that, for example, business, government, educational, or voluntary service. In this environment are other organizations and people with whom transactions have to take place. These will include suppliers, clients or customers, and competitors. In addition, more general

aspects of the environment will have important effects, such as legal, technological, and ethical developments. Efficient organizations establish mechanisms that complement their market strategy. According Miles and Snow (2005), a business system is the aggregate of the relationships between all those institutions involved in business transactions. These include: providers and users of capital, customers and suppliers, competitors, firms in different sectors, and employers and employees. How all these do, or do not, interact makes up the system.

Strategy is therefore fundamental in the planning process since strategic decisions influence the way organization respond to their environment. Strategy can be said to be that unified comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of the environment and that is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization, (Gluek, 1984). Strategy is large scale, future-oriented plans for interacting with the competitive environment to optimize achievement of organizational objectives (Pearce and Robinson, 2002). Strategy also, selects the business the organization is to be in or is currently in, determines and reveals the organizational purpose in terms of long term objectives, action programs and resource allocation priorities. Strategy also attempts to achieve a long term sustainable advantage in each of the organization's business, by responding properly to the opportunities and threats in the organization's environment, and strengths and weaknesses of the organization. It is a coherent and integrative pattern of decisions and it engages all the hierarchical levels of the firm corporate, business and functional. Finally, strategy also defines the nature of the economic contributions it intends to make to its stakeholders (Hax and Majluf, 1991).

Organizations depend on the environment for survival. They scan the environment in effort to determine the trends and conditions that could eventually affect the industry and adapt to them (Thompson and Strickland, 1993). The organizations environment is dynamic and to operate effectively within it, organizations must be able to change in response. Responses can be both strategic and operational.

According to Johnson and Scholes (2001) strategic response is concerned with the overall purpose and scope of the business to meet stakeholder expectations. It guides strategic decision-making throughout the business. It focuses on changes in product or market domain or both. On the other hand, operational response is concerned with how each part of the business is organized to deliver the corporate and business-unit level strategic direction. Operational strategy therefore focuses on issues of resources, processes, and people and is largely concerned with strategy implementation issues.

1.1.2 Savings and Credit Co-operatives (SACCOs) in Kenya

The Cooperative movement in Kenya is an important player in the social economic development of this country. Cooperatives cut across all sectors of the economy and provide an important framework for mobilization of both human and capital resources. With a membership of over 8 million in 13,000 registered cooperative societies, the SACCOs sub sector, in particular, has mobilized over Kshs. 230 billion. The movement is independent and autonomous. However, the government, through the Ministry of Co-operative Development and Marketing has continued to play a key facilitative role in the activities of the movement .The ministry has been working on enabling the Co-operative sector to be vibrant , effective and globally competitive by forging close linkages between the co-operative movement and

government line ministries. As a result, co-operatives are now playing an important role in the achievement of Kenya vision 2030 and the millennium development goals (GoK, 2007).

It is worth noting that the United Nation General Assembly, as a clear affirmation that it supports co-operatives, declared the year 2012 as the International Year of Co-operatives. There is also a growing consensus among the international agencies about the importance of co-operatives. The government firmly believes that the *mwananchi-owned* and managed organizations are helping this country to revitalize the agricultural and financial sectors and the rural economy. In addition, an IMF survey in 2007 showed that “co-operative banks have become important parts of many financial systems with attendant potential financial stability issues”. It is clear that, while co-operatives may not be the solution to the Kenyans problems, they are certainly part of the solution. Kenyans are expected to embrace the culture of savings through SACCOs and to work together on the basis of the co-operative principles and goals. These values include; self help , self responsibility, democracy, equality , equity, solidarity and the ethical values of honesty, openness, social responsibility and caring for others.

Some of the measures the ministry has undertaken to create an enabling environment for co-operatives to prosper include; the establishment of the SACCO Societies Regulatory Authority (SASRA) to regulate the large financial SACCOs; the establishment of the Ethics Commission for Co-operative Societies (ECCOS) to address governance matters; working together with the co-operative movement to revitalize the Co-operative Alliance of Kenya (CAK), the apex body of co-

operatives, to enable it play a more critical role in modernization of the co-operative sector including participation in long term investments; review of policy in line with the new constitution and the revision of the Co-operative Development Policy and the Co-operative Societies Act CAP 490 and revitalizing key commodity co-operatives in areas such as dairy, coffee and horticulture. The government strategies to improve road transport include; self regulation requirement for PSV matatu vehicles through formation of SACCOs or companies. To this end, many matatu SACCOs have been promoted and over 500 registered by the ministry in the past few months. Besides enlisting co-operatives in the improvement of road safety , law and order and bringing sanity on our roads, the matatu SACCOs are also tapping into the economies of scale due to the co-operative business model to create wealth for its members (GoK, 2007).

1.2 Research Problem

The environment faced by an organization and its business units affects the strategy of the firm and the firm's performance. Environmental analysis is essential input to strategy development, helping the firm and its business units identify attractive opportunities and make decisions on how to compete. Ansoff and McDonnell (1990) noted a firm must change its strategic behaviors to ensure success in the changing business environment. To survive firms must respond with speed to a particular threat or opportunity that develops in the environment.

Co-operatives in Kenya have recently experienced a drastic change in business environment from a monopoly to liberalized markets, where they compete with the private sector. The traditional operating methods learned during the regulated

environment are no longer sufficient for successful competition. Although a need for change has been recognized in most cases, transformation of internal processes and organizational culture is slow and difficult. Some co-operatives still operate in the present market situation as if nothing had happened and continue their own government- and supplier-oriented cultures, which threaten their survival in the future. Only few co-operatives have been able to transform their processes to a more customer and shareholder-oriented direction. There is therefore need for them to adopt response strategies to this changing competitive business environment.

Firms constantly undertake offensive and defensive actions in pursuit of competitive advantage. It is widely recognized that a basic knowledge of competitive rivalry is of paramount importance to strategic management (Porter, 1980). Mudipo (2005) argues that Savings and Credit Co-operatives constitute a critical part of the financial system in Kenya. There is considerable heterogeneity in the sector which includes a large number of relatively small organizations and a small group of very large SACCOs. Over the last decade, accounting on the growing significance of the SACCOs as providers of financial services to their membership, there has been a diversification of the product offer. Of notable concern is the move among the larger SACCOs to offer similar services as offered by the commercial banks through Front Office Services (FOSA).

In Kenya a few studies have looked at strategic responses. Ndubi (2006) was close to the present study. He looked at strategic responses of SACCOs in Nairobi but restricted the study to the operating environment, while Isaboke (2001) investigated the strategic responses by major oil companies in Kenya to the threat of new entrants.

This study concentrated on the oil sector which is quite different from the financial sector of the economy. Oil business unlike finance requires highly specialized workers to operate the equipment and to make key drilling decisions. Omondi, (2004) looked at responses of mortgage companies in Kenya to threats of new entrants focusing on Saving & Loan (K) Limited. Mueke, (2005) analyzed strategic responses of international reproductive health NGOs to changes in the operating environment while Gicheha (2006) looked at strategic responses of construction firms to changes in the operating environment.

Despite all these studies, there is none that has studied the co-operative sector which forms the backbone of development towards the achievement of the millennium development goals. In this regard, this research attempted to answer the following questions: what are the strategic responses adopted by SACCOs in response to changing competitive business environment? And what are challenges facing SACCOs in the implementation of these strategies?

1.3 Research Objectives

- i. To establish the strategic responses adopted by SACCOs in response to changing competitive business environment.
- ii. To establish the challenges facing SACCOs in the implementation of the strategies.

1.4 Value of the Study

This study can be of importance to the following: to the management of the SACCOs, the study will be important in assisting the management in their pursuit to increase

profits of their societies through seeking profitable ways of investing their funds as a competitive strategy.

The study can also be important to decision makers in the Ministry of Co-operative Development and Marketing in helping to furnish decision makers in the co-operative sector with information that can enhance sound policy decisions that are geared toward increasing the profitability of this sector. Scholars wishing to carry out a further study in the sector can find the resource useful since little has been done on strategic responses adopted by SACCOS in response to changing competitive business environment in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews theoretical literature by looking at the concept of strategy and evaluates the environment and organization dependence. The chapter reviews strategic responses and concludes with the challenges of implementation of response strategies

2.2 The Concept of Strategy

There are several views on what strategy means. Typical definitions include: "Strategy is the skill in managing or planning". Mintzberg, and Quinn (1991), states that strategy is the primary means of reaching the focal objective. The focal objective is whatever objective is in mind at the moment. Strictly speaking, it is literally meaningless to talk about strategy without having an objective in mind. Viewed in this context strategy becomes an integral part of the ends and means hierarchy (Thorelli, 1977). There is a growing cognizance that in highly dynamic environments, traditional approaches to strategy development often do not lead to the intended results, and that organizations must move towards a more dynamic concept as the underlying conditions change before formulated strategies can be fully implemented. However, the way in which a dynamic approach to strategy development can be achieved is not clear.

According to Andrews (1971), strategy is a rational decision-making process by which the organization's resources are matched with opportunities arising from the competitive environment. Aldrich, (1979) states that the environment has a strong deterministic influence on the strategy-making processes in organizations. On the other hand, proponents of the resource-based view argue that it is not the environment

but the resources of the organization which form the foundation of firm strategy, Grant (1994). Despite the differences, all these frameworks have one thing in common which is that they all aim at maximizing the performance of an organization by improving its position in relation to other organizations operating in the same competitive environment.

Johnson and Scholes (2002) define strategy as the direction and scope of an organisation over the long-term, which achieves advantage for the organisation through its configuration of resources within a challenging environment with an aim to meet the needs of markets and to fulfill stakeholder expectations. Corporate strategy is concerned with the overall purpose and scope of the business to meet stakeholder expectations and is often stated explicitly in the organization's mission statement. Bryson, (2004) notes that today's environment has not only become increasingly competitive but uncertain, complex, interconnected and fast changing. Organizations are therefore required to think and plan in advance, yet be flexible enough to incorporate changes as they operate in the ever changing environment.

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson and Strickland, 1993). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. Prahalad and Hamel, (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics; first it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly it is hard for

competitors to imitate. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals.

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2.3 The Environment and Organization

Economic forces can have a profound influence on organizational behavior and performance. Economic growth, interest rates, the availability of credit, inflation rates, foreign exchange rates, and foreign trade balances are among the most critical economic factors. Economic growth can also have a large impact on consumer demand for products and services. According to Hill and Jones, (1998) every organisation exists within its own internal environment and is influenced by its external environment. The business environment is subject to many changes and the complexity of these environmental influences upon an organisation will vary significantly from case to case. It is therefore necessary for organisations to understand how the changes in the external environment might differentially affect them. Some organisations pass from decade to decade with little change in their

environments whilst others must cope with daily or hourly changes which must be addressed.

Organizations are dependent on the environment which is constantly changing .To adapt to the environment the organization must adopt significant changes and strategies geared towards serving changing the environment. Organizations must cope with and manage uncertainty created by changing environment to be effective. Uncertainty increases the risk of failure for organizational responses and makes it difficult to compute costs and probabilities associated with decision alternatives (Koberg and Ungson, 1987). Characteristics of the environmental domain that influence uncertainty are the extent to which the external domain is simple or complex and the extent to which events are stable or unstable (Dess and Beard ,1984). The patterns and events occurring across environmental sectors can be described along several dimensions, such as whether the environment is stable or unstable, homogeneous or heterogeneous, concentrated or dispersed, simple or complex; the extent of turbulence; and the amount of resources available to support the organization (Bluedorn, 1993). These dimensions boil down to two essential ways the environment influences organizations: the need for information about the environment and the need for resources from the environment. The environmental conditions of complexity and change create a greater need to gather information and to respond based on that information.

2.4 Strategic Responses

Ansoff and McDonnell (1990) note that strategic responses involve change in an organization's behavior. The responses may take different forms depending on the

organizations capability and the environment in which it operates. Thwaites and Glaites (1992) argue that for an organization to succeed in an industry, it must select the mode of strategic behavior that matches the level of environmental turbulence and develop a resource capability which complements the chosen mode. They identify three distinct modes of strategic behavior. The first mode is reactive and driven by the environment; the second mode is pre-emptive and seeks to anticipate future events and prepare them while the third mode is the most aggressive stance where organizations not only seek to identify future scenarios but also work to bring these about.

Abdullahi (2000) in his study of the strategic responses by Kenyan insurance companies following liberalization found out that although adverse economic reforms in Kenya had made the business environment turbulent, the insurance companies agreed that there was no need to respond to the changes. From his study it was very clear that the insurance companies were not properly prepared for any changes.

Isaboke (2001), found out that majority of major companies responded to the threat of new entrants by changing products and services offered, the market segment served and the technology used. In a study of the SACCOs in Kenya, Wairegi (2004) established that the industry had responded to changes in the environment through development of new distribution channels such as internet, investment in human resource development and computerization of the core business.

The above differences in strategic responses by companies that were studied can be explained by the observation made by Schendel and Hofer (1979) who point out that the different response, despite perception of the same challenges may be due to

differences in the firm's resources or capacities. Another possible reason for the difference in strategic responses that are found is the level of organizational slack. Slack is defined as the differences between the resources available to the organization and the total requirements of the members of the organizational coalition. The overall responsibility for effective strategic response belongs to the top management of the firm. Some of the response that firms have employed to respond to competitive forces such as threat of new entrants and new products include: generic strategies, product-market expansion, diversification, leadership and culture, grand strategies and information technology. These strategies are reviewed below.

2.4.1 Product-Market Expansion Strategy

Product-market expansion strategy as a response is a strategy that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. It should be centered on the concept that customer satisfaction is the main goal. Kotler (2003) argues that it is most effective when it is an integral part of corporate strategy. Ansoff (1957) proposed a useful framework for detecting new intensive growth strategies called "product-market expansion grid".

The company first considers whether it could gain more market share in its current market. This is known as market penetration strategy. The best way to achieve this is by gaining competitors' customers or attracting non-users of your products and convincing current clients to use more of the company's products or service. The next step is whether it can find or develop new markets for its current product; here an established product can be targeted to a different customer segment as a strategy to

earn more revenue. This is known as market development strategy (Ansoff 1957). It then considers new products of potential interest to current markets known as product development stage. Frequently, when a firm creates new products, it can gain new customers for these products. Product development can be a crucial business development strategy for firms to stay competitive. Finally, the business reviews opportunities to develop new products for new markets known as diversification strategy.

2.4.2 Diversification Strategy

This is a form of growth marketing strategy that seeks to increase profitability through greater sales volume obtained from new products and new markets. This is one of the four marketing strategies defined by Ansoff who pointed out that diversification stands apart from the other three strategies. Diversification growth strategy makes sense when good opportunities can be found outside the present business. Kotler (2003) states that a good opportunity is one in which the industry is highly attractive and the company has a mix of business strengths to be successful.

The company could seek concentric diversification for new products that have technological or marketing synergies with existing product lines. This will enable the company to leverage on its technical know-how to gain some advantage. The company can also pursue horizontal diversification where it searches for new products that could appeal to its current customers even though the new products are technologically unrelated to its current product line. Finally, the company might opt for conglomerate diversification where it seeks new businesses that have no relationship to its current technology, products or markets in order to improve the

profitability and flexibility of the company (Kotler, 2003). Diversification results in the company entering new markets where it had no presence before. It usually requires new skills, new techniques and new facilities. As a result it almost invariably leads to physical and organizational changes in the structure of the business which represent a distinct break with past business experience.

2.4.3 Grand Strategies

Firms may respond to increased to competition by entering new markets with similar products. These could be markets they are not currently serving or new geographical markets. Market entry strategies may include acquisitions, strategic alliances and joint ventures. Firms may also respond to competitive forces by developing new products. This will be aimed at reducing risks through diversification as a means of responding to competitive forces which could be related or unrelated. Related diversification can be further disintegrated to vertical or horizontal integration. Vertical integration refers to the integration of the adjacent (either forward or backward) activities in the value chain (Johnson and Scholes, 2002). Backward integration takes a firm closer to suppliers' thereby increasing dependability of the supply. Forward integration moves a business closer to customers. In the face of increased competition, this has the benefit of cost reduction, defensive market power and offensive market power.

On the other hand, horizontal integration refers to the development into activities that are competitive with/or directly complementary to the company's present activities (Johnson and Scholes, 2003). According to Pearce and Robinson (2003), the principle attractions of a horizontal integration grand strategy is that a firm is able to greatly expand its operations thereby achieving greater market share, improving economies of

scale and increasing the efficiency of capital use. Barnard (1938) recognized that firms on their own cannot create resources and capabilities needed to prosper and grow; they identified collaboration as a viable way of combining resources in business opportunities. Such collaborations can take the form of strategic alliances, franchising, mergers and acquisitions among others. As argued by Harrigan (1985), strategic alliances are more likely to succeed when players possess complementary assets and thus a firm seeks knowledge it considers lacking but vital for the fulfillment of its strategic objectives. A firm will furthermore need to possess knowledge base in the same area, since only such similarity will allow an understanding of the intricacies of the knowledge as well as of its applicability to the firm's unique circumstances. Schollei (1999) argues that in order to fortify a firm's position against predators from abroad, it is important to collaborate.

2.4.4 Information Technology Strategy

Hill (2003) refers to technological change which has made the globalization of markets and production a tangible reality. The internet and the associated World Wide Web are a source of phenomenal growth. Information processing capability can improve an organization's strategic capability. The use of ICT and technology has affected every aspect of business, transforming not only the way business is conducted but also creating new business sectors. Businesses have initiated strategies to meet the challenges of change. The use of websites has allowed companies to develop cheaper ways of reaching markets while enhancing the level of customer service.

Technology has been used extensively by many organizations to acquire a competitive advantage over competition. The organization needs to ensure that it chooses the right kind of technology for its given business environment. According to Johnson and Scholes (2003), what is key to technology strategy is innovation. Technology should be seen as a means of underpinning innovations. A firm's information technology knowledge is a necessary condition that enables the market driven firm to respond to the market and create/sustain competitive advantage.

2.5 Challenges of Implementation of Response Strategies

2.5.1 Structural Challenges

Organizational structure imposes certain boundaries of rationality, but is necessary due to the individual's limited cognitive capabilities (March and Simon, 1958). Changes in strategy often call for changes in the way an organisation is structured. This is because, when an organisation changes its strategy, the existing organizational structure may be ineffective (Wendy, 1997).

Miller and Colleagues (1988) points out that there is an intrinsic association between strategy making and structure. The structure of an organisation importantly influences the flow of information and the context and nature of human interaction. It channels collaboration, specifies modes of coordination, allocates power and responsibility, and prescribes levels of formality and complexity. The underlying argument that relates structural conditions to the strategic problem is the way an organisation perceives and processes information particularly strategic stimuli (Galbraith and Merrill, 1991). Chandler (1962) hypothesized that structure is determined by strategy, and

correspondingly that the successful implementation of a strategy can be aided by the adoption of an appropriate organizational structure.

2.5.2 Leadership Challenges

Leadership has a fundamental influence on the success of a strategy. Barnajee (1999) observes that the influence is in three major areas, that is, does the leader have a vision? That is, are the leaders of the organisation able to perceive quickly the trends? Does the leader have powers? That is, are the leaders of the organisation, through whatever devices they choose to use, able to translate strategic aspirations into operating realities? Do the leadership have the political astuteness necessary to neutralize the negative effects of conflicting internal interests and transform these sectional interests into a vector of coordination policies and activities that support the overall company? Leadership is the process of influencing others towards the achievement of organizational goals (Bartoi and Martin, 1991).

The leadership challenge is to galvanize commitment among people within an organisation as well as stakeholders outside the organisation to embrace change and implementation strategies intended to position the organisation to do so. Leaders galvanize commitment to embrace change through three interrelated activities, the activities being to clarify strategic intent, building an organisation, and shaping organizational culture (Pearce and Robinson, 2002).

2.5.3 Cultural Challenges

Culture means the powerful and complex set of values, traditions, and behavioural patterns that somehow bond together the people who comprise an organisation. The

culture of an organisation can have profound effects. As Ansoff (1957) points out, behaviour is not value free, that is, individuals show preferences for certain behaviour and may persist with it even if it leads to sub optimal results.

For a strategy to be successfully implemented, it requires an appropriate culture. When firms change strategies, and sometimes structures, they sometimes fail because the underlying values do not support the new approach (O'Reilly 1989). Strategists should, therefore, strive to preserve, emphasize, and build aspects of an existing culture that support proposed new strategies. Kazmi (2003) observes that culture may be a factor that drives strategy rather than the other way round.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of the research design, the population of interest, the population sample, data collection instruments, and the data analysis technique that were used to establish the strategic responses adopted by SACCO's in response to changing competitive business environment in Nairobi County-Kenya.

3.2 Research Design

The study employed a survey research design. A survey research is a process of collecting data in order to answer questions regarding the current status of the subjects in the study. According to Kothari (2004) the main purpose of the explanatory survey is formulating a problem for more precise investigation. Thus explanatory research has as its primary objective the development of insights into the problem. This method was preferred because it allows generalization of research findings. Surveys are particularly useful because they allow comparative analysis of the data obtained from the different firms.

The advantages of using a survey study are that it enabled an in depth understanding of the behavior patterns of the different units under study; it also facilitated intensive study of the various units. The survey study also enriched knowledge which otherwise had been generalized.

3.3 Population

There are 1,000 registered SACCOs in Nairobi County Kenya affiliated to Kenya Union of Savings and Credit Co-operative (KUSCCO Annual Report 2010). The population of interest was 1,000 registered SACCOs affiliated to KUSCCO.

3.4 Sampling

The sample for this study was selected using a random sampling design. A research sampling design is that part of the research plan that indicates how cases are to be selected for observation (Kothari, 2004). This was vital for this study because it was undertaken within a short time frame and the researcher intended to have a representative sample of 10% for the study.

In this study, the sampling frame included 1,000 registered SACCOs affiliated to KUSCCO; the study used the annual register to select randomly 100 SACCOs. A sample size of 100 of registered SACCOs was therefore be used for this study. This population was relevant in answering the research objectives.

3.5 Data Collection

Primary data was collected using self-administered drop and pick questionnaires which were distributed to the general managers, who were the respondents. The questionnaires were semi-structured having both open-ended and closed-ended questions. The closed-ended questions provided more structured responses to facilitate qualitative data analysis. The open-ended questions provided additional information that may not have been captured in the close-ended questions. The

questionnaire consisted of two parts. Part A sought data on the profile of the companies while part B focused on the strategic responses.

The study also used unstructured interview for collecting data and obtaining information. Conducting un-structured interview was preferred in this case because of its great flexibility of approach to questioning the respondents and obtaining more detailed information as well as seeking clarification in areas where the information given was unclear. In this method, the respondents were allowed the freedom to talk on whatever seems significant to them.

Secondary sources were used during the research development to provide quantitative and qualitative data about the research under study and also to supplement other methods of data collection. The researcher gained access to documentary secondary data and previous research findings by analyzing a variety of published information in order to get insight knowledge to the problem under study.

3.6 Data Analysis

The questionnaires were coded according to each variable of the study. Raw data was analyzed using the Statistical Package for Social Science (SPSS). This study used descriptive statistics. This study used descriptive analysis which is a process that involves transforming a mass of raw data into tables, charts, with frequency distribution and percentages which are a vital part of making sense of the data (Beri, 2007).

The data analysis involved descriptive statistics to determine frequency distribution for a demographic profile of respondents. The demographic data was tabulated using frequency and percentages. In addition, frequency distribution was used to describe the data of each variable. The analysed data was then presented in the form of tables and figures.

CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented in order of objectives i.e. to establish the strategic responses adopted by SACCOs in response to changing and competitive business environment, to establish the challenges facing SACCOs in the implementation of the strategies and a supplementary aim of determining if SACCOs have control and feedback system to assess the effectiveness of the implementation of response strategies in competitive business environment. The questionnaire was designed in line with the objectives of the study. The total number of questionnaires given out was 100 and 63 were completed and returned.

4.2 Response Rate

The response rate is expressed as the return rate calculated as a percentage of the total number of questionnaires that the researcher gave out. Out of the total 100 questionnaires the researcher administered, 63 were returned. The response rate was therefore 63%. This percentage is fairly representative. This is in agreement with Mugenda and Mugenda (2003) who stipulate that a response rate of 50% is adequate for analysis and reporting. A response rate of over 60% is therefore good and adequate to base conclusions.

Table 4.1: Response Rate

	Frequency	Percentage	Cumulative Percentage
valid			
Returned	63	63	63
Unreturned	37	37	100
Total	100	100	

According to table 4.1 the Response rate which is calculated as a percentage of the total number of questionnaires that the researcher gave out is 63%.

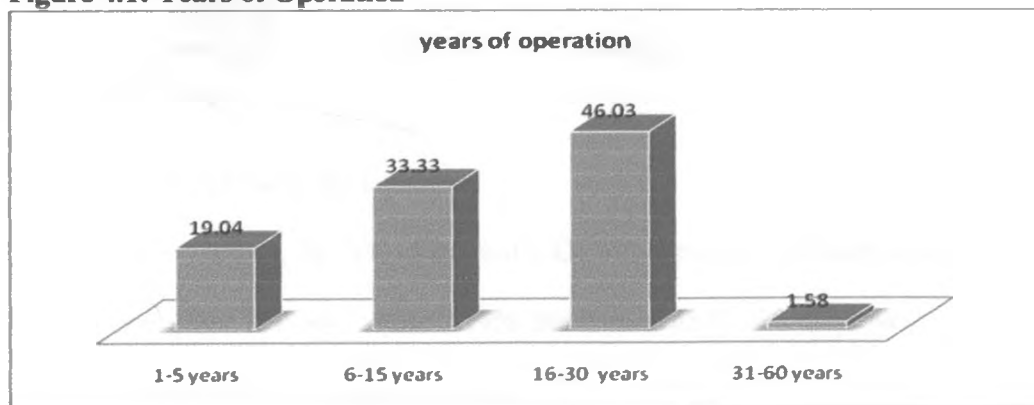
4.3 Demographic Characteristics

This section analyses the key characteristics of the respondent SACCOs and is intended to establish certain attributes like years of operation, ownership structure, and size in terms of number of employees. Frequency tables and percentages are extensively used. Graphs and tables are used to illustrate the data as given below.

4.3.1 Years of Operation

The years of operation are important. It enabled the study to establish the relationship between operational experience and experience in implementation of strategic responses to increasing competition.

Figure 4.1: Years of Operation



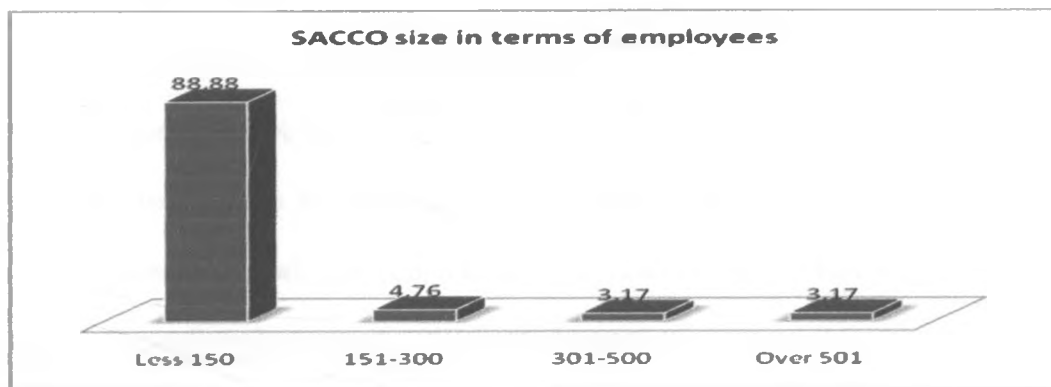
Source: Research Data 2011

From figure 4.1 the findings established that most the SACCOs had a relatively of long experience of operations in Kenya, 46.03% of the respondents indicated they had operated for between 16 to 31years, 33.33% of the SACCOs for 6-15 years and 19.04% between 1 to 5 years only 1.58% had operated over 31 years. From these study findings most of the SACCOs were therefore well established in Kenya and subsequently were well experienced in the area of strategy and strategic responses to increasing competition.

4.3.2 Size in Terms of Employees

The size of the SACCOs in terms of employees gave the study an overview of the growth and development of the SACCOs based on their employee establishment. This was to enable the researcher to determine if the employee growth was influenced by the growth strategy of the SACCOs.

Figure 4.2: SACCO Size in Terms of Employees



Source: Research Data 2011

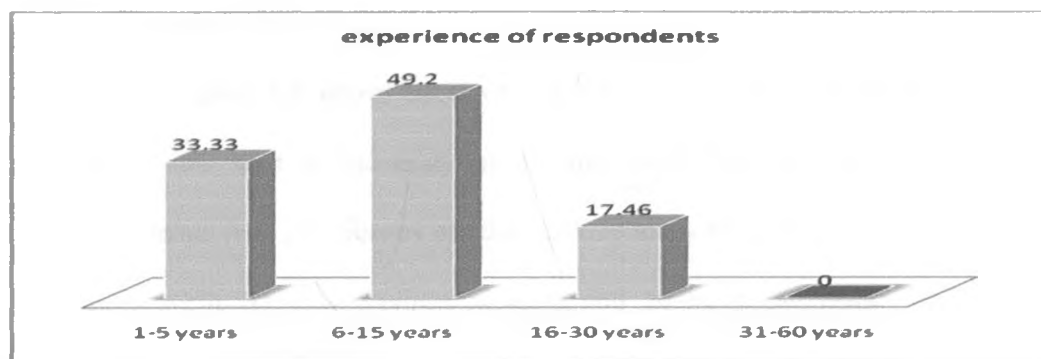
From figure 4.2 above, 88.88% of the SACCOs had between 1-150 employees, 4.76% had between over 151-300, while 3.17% had between 301-500 employees, Just 3%

had over 501 employees thereby indicating that the bulk of the SACCOs were small and medium sized companies.

4.3.3 Length of Service

This study set to find out the years of experience of the employees at the SACCOs. The purpose was to link the years of experience with job satisfaction to find out if the length of service was due to job satisfaction. The figure below illustrates the findings.

Figure 4.3: Length of Service



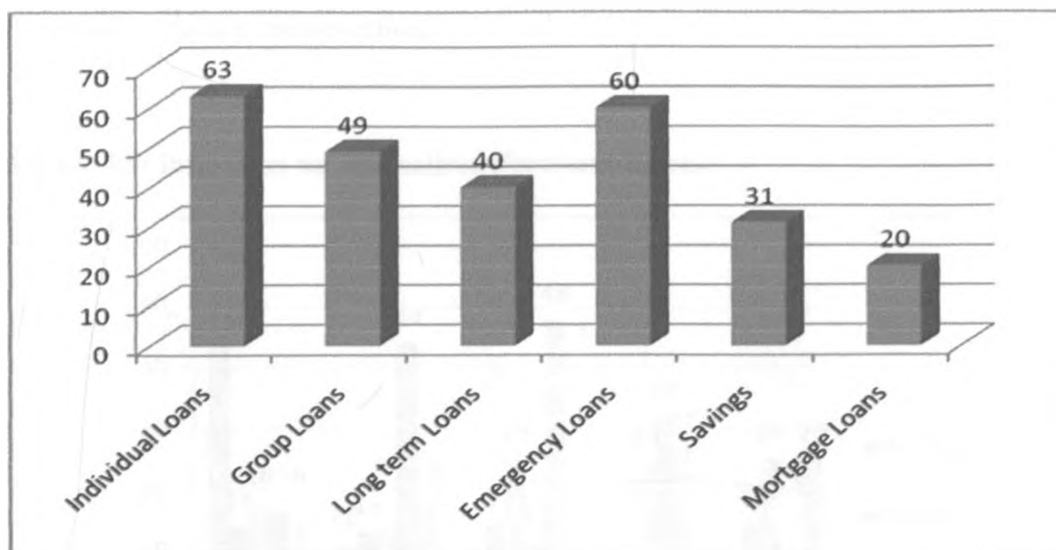
Source: Research Data 2011

According to figure 4.3 the majority of the employees 49.2% had worked for between 6 to 15 years. 33.33% had worked for between 1 to 5 years while those who had worked between 16 to 30 years were 17.46%. From these study findings, 66.66% of the employees had worked over 6 years and above and therefore the majority had the requisite experience to respond to the research questions.

4.3.4 Core SACCO Business Area

Respondents were required to indicate the various services that the SACCOs provided to their customers. The following services were listed.

Figure 4.4: Core Business Area



Source: Research Data 2011

According to table 4.4 above most of the SACCOs were involved provision of individual loans with a frequency of 63 and rated first, this was followed by emergency loans with a frequency of 60 and group loans 49 of them. 40 provided long term loans while 31 gave savings services and 20 mortgage loans. These study findings indicate that the SACCOs provided more or less the same services.

4.4 Strategy

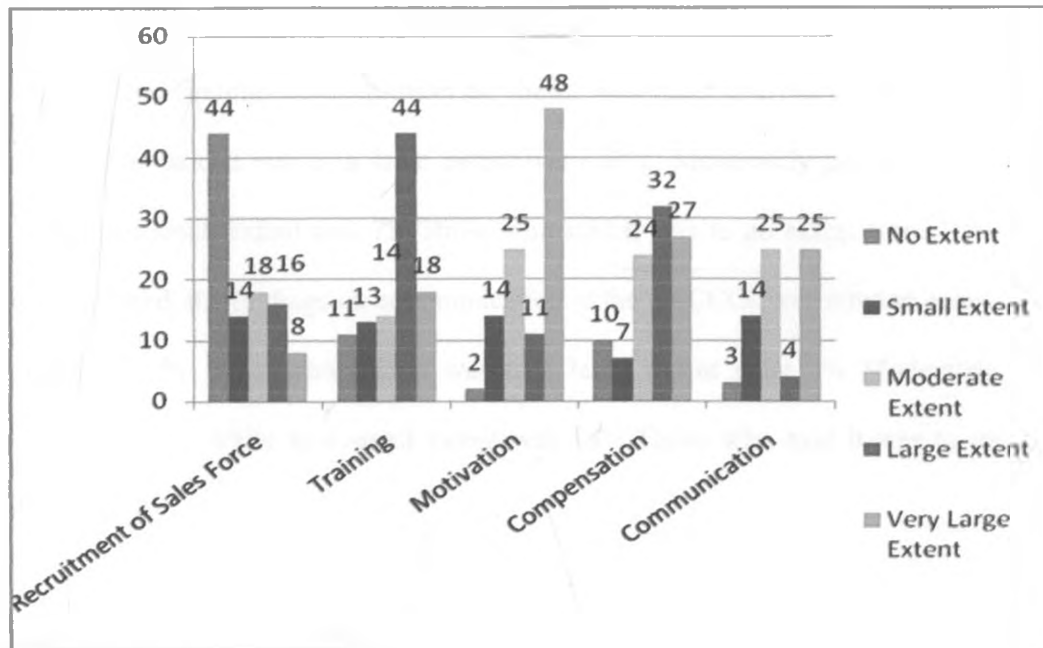
Organizations face various challenges and threats in their pursuit to implement strategies. There are elements of organizational operations that have a correlation with the strategies.

4.4.1 Influences on Annualized Premium Income

This study set to find out the effects of elements which influences annualized premium income. Using the scale where; 5 – To a very great extent, 4 – To a great extent, 3 – To a moderate extent, 2 – To a lesser extent, 1 – To no extent. The

respondents were required to rate: recruitment of sales force, training, motivation, compensation and communication.

Figure 4.5: Influences on Annualized Premium Income



Source: Research Data 2011

According to figure 4.5 all the elements except recruitment of sales force influenced annualized premium income. This was a confirmation that the elements were all important as strategies in the SACCOs. According to the findings on recruitment of staff was rated to a very large extent 8%, those who said it was to a large extent were 16%, moderately important was 18% while small extent was 14%. The majority 44% did not think recruitment of staff influenced annualized premium income.

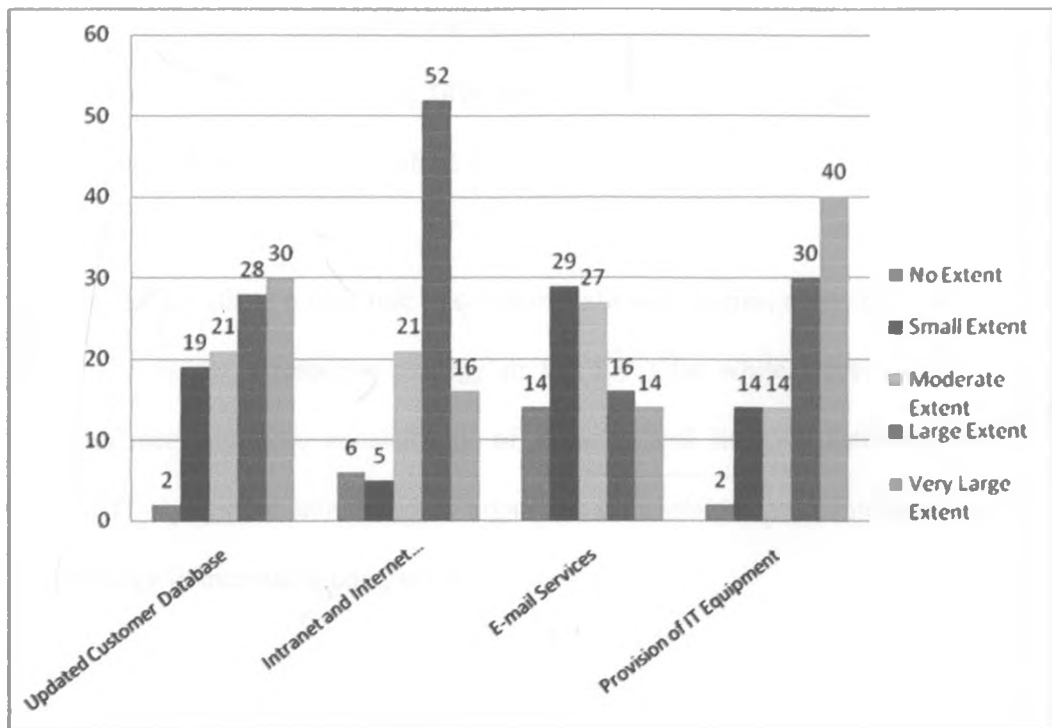
According to the findings training of staff was rated to a very large extent 18%, those who said it was to a large extent were 44% moderately important was 14% while to a small extent was 13%. Those who said it was to no extent were 11%. Also, the

respondents found motivation element to be important to annualized income. According to the findings motivation of staff was rated to a very large extent 48%, those who said it was to a large extent were 11%. Moderately important was 25% while to a small extent was 14%. Those who said it was to no extent were 2%.

According to the findings compensation of clients was rated to a very large extent 27%, those who said it was to a large extent were 32%, Moderately important was 24% while to a small extent was 7%. Those who said it was to no extent were 10%. On the other hand, the findings on communication in the SACCOs was rated to a very large extent 25 %, those who said it was to a large extent were 4% Moderately important was 25% while to a small extent was 14%. Those who said it was to no extent were 4%.

In overall, the findings established that training, motivation, compensation and communication as important strategies that influenced income and needed to be applied as response strategies to completion while the sales force strategy had the least impact on the annualized income of SACCOs and this not an important strategy. Also, the study set to find out the role of communication strategies in enhancing the competitive strategy implementation in the SACCOs. Using the scale where; 5 – To a very great extent, 4 – To a great extent, 3 – To a moderate extent, 2 – To a lesser extent, 1 – To no extent respondents were required to rate the role of the following communication variables; Accessibility of updated customer database, Accessibility of intranet and internet facilities, Accessibility of e- Mail services and Provision of IT equipment. The findings are presented on Figure 4.6.

Figure 4.6: Role of Communication Strategies



Source: Research Data 2011

According to Figure 4.6, the accessibility of updated customer database was rated to a very large extent 30%, those who said it was to a large extent were 28% making this element to be important at 58% rating, 21% said it was moderately so while 19% said it was to a small extent. Accessibility of intranet and internet facilities was rated to a very large extent 16 %, those who said it was to a large extent were 52% making this element to be important at 68% rating, 21% said it was moderately so while only 5% and 6% said it was to a small extent and no extent respectively.

As far as accessibility of e- mail services was concerned 14%, rated it to a very large extent those who said it was to a large extent were 16% making this element to be important at 30% rating, 27% said it was moderately so while 16% said it was to a

small extent and 14% to no extent. Provision of IT equipment was rated at a very large extent 40%, those who said it was to a large extent were 30% making this element to be important at 70% rating, 14% said it was moderately so while 14% said it was to small extent and 2% to no extent.

From the research findings on the role of communication strategies; accessibility of e-mail services was not a response strategy in the SACCOs while, accessibility of updated customer database, accessibility of intranet and internet facilities, and provision of IT equipment were rated as important elements of communication as a response strategy in increasing completion.

4.4.7 Customer Services Strategies

This study set to find out the extent to which customer service strategies enhance the competitive response of strategy implementation in the SACCOs. The variables to be measured were the following: effective, efficient and convenient service delivery, customer survey and feedback programs and product innovation and benefit enhancements.

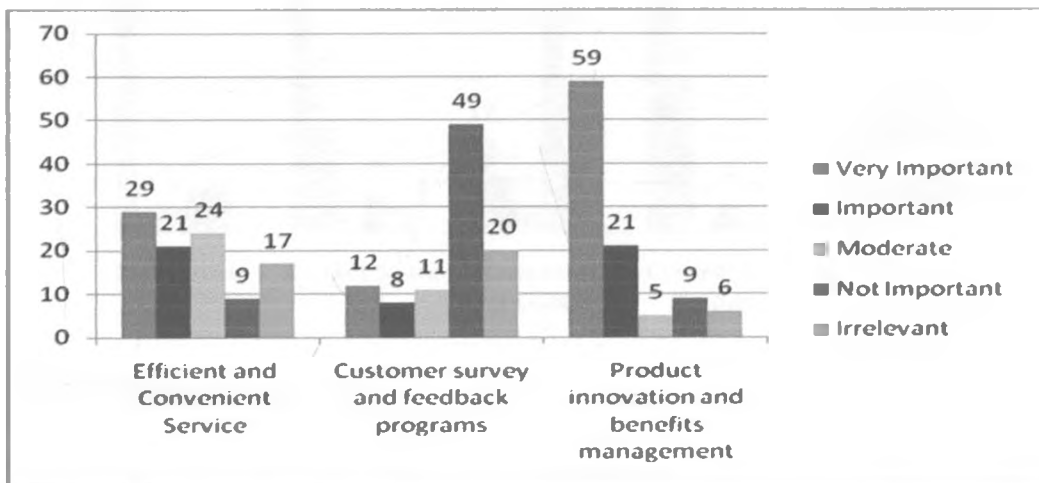
For effective, efficient and convenient service delivery, the respondents indicated the strategy of effective, efficient and convenient service delivery to be very important at 29%, those who said it was important were 21%. The element was moderately important at 24% while 9% said it was not important and 17% found it irrelevant.

As far as customer survey and feedback programs were concerned, the respondents also found the element to be very important at 12%; those who said it was important

were 8%. The element was moderately important at 11% while the majority 49% said it was not important and 20% found it irrelevant.

As for product innovation and benefit enhancements, the respondents found the element to be very important at 59%; those who said it was important were 21% making this element to be important at 70% rating. The element was moderately important at 5% while 9% said it was not important and 6% found it irrelevant.

Figure 4.7: Importance of Customer Services Strategies



Source: Research Data 2011

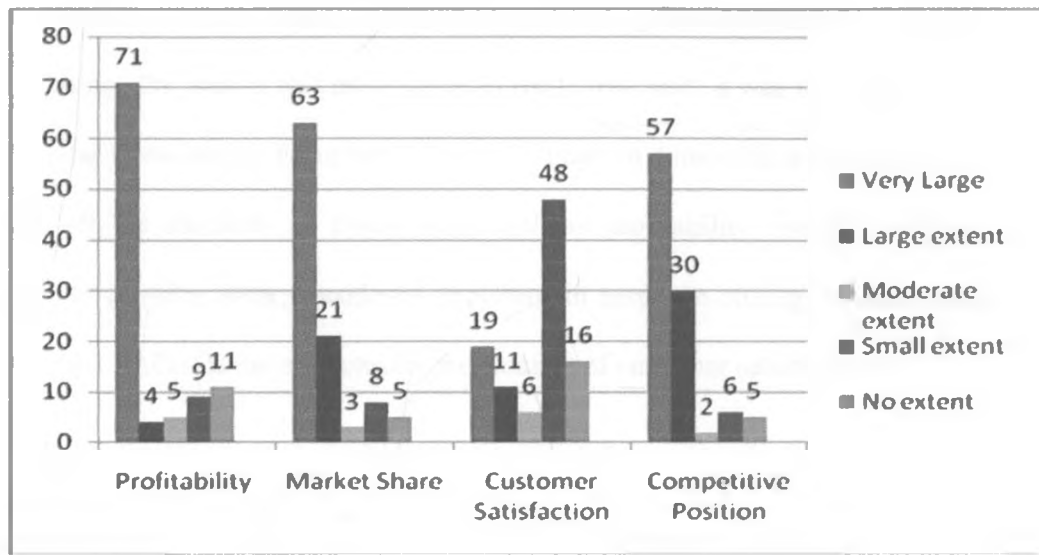
From the research findings on customer service strategies, only effective, efficient and convenient service delivery and product innovation and benefit enhancements were considered important in marketing strategy enhancement. The other strategy customer survey and feedback programs were not important as a strategy in the SACCOs.

4.5 Competition in the SACCO and Finance Sector of Industry

This study set to find out the extent to which competition in the SACCO and finance sector of industry affects the SACCOs. Using the scale where; 5 – To a very great

extent, 4 – To a great extent, 3 – To a moderate extent, 2 – To a lesser extent, 1 – To no extent respondents were required to rate the role of the following elements of competition: profitability; market share; customer satisfaction and competitive position.

Figure 4.8: Competition in the SACCO and Finance Sector of Industry



Source: Research Data 2011

According to table 4.8, profitability was rated at a very large extent 71%, those who said it was to a large extent were 4% making this element to be important at 4 % rating, 5% said it was moderately so while 9% said it was to a small extent and 11% said to no extent. Market share was rated at a very large extent 63%, those who said it was to a large extent were 21% making this element to be important at 84% rating, 3% said it was moderately so while 8% said it was to a small extent and 5% said to no extent.

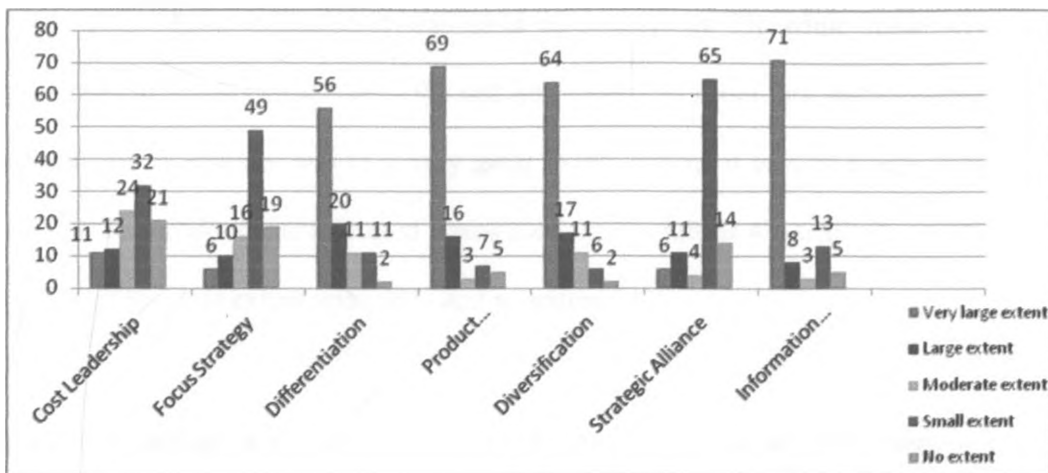
Customer satisfaction was rated at a very large extent 19%, those who said it was to a large extent were 11% making this element to be important at 30% rating, 6% said it was moderately so while 48% said it was to a small extent and another 16% said to no extent

From the study findings competitive position was rated at a very large extent 57%, those who said it was to a large extent were 30% making this element to be important at 87% rating, 2% said it was moderately so while 6% said it was to a small extent and 5% said to no extent. From the research findings on competition in the SACCOs industry all the elements of competition such as profitability, market share and competitive position were considered important in response strategy enhancement. However the SACCOs did not consider the element of customer satisfaction.

4.6 Response Strategies

This study set to find out the response strategies that the SACCOs used in response to the changing and competitive business environment. The variables measured were the following: cost leadership strategy, focus strategy, differentiation strategy, differentiation strategy, market development, product development, diversification, acquisitions, strategic alliances, joint ventures and information technology. Below is a summary of the findings.

Figure 4.9: Response Strategies



Source: Research data 2011

According to figure 4.9 above cost leadership strategy was used to a very great extent at 11%, it was to a very great extent at 12% .The respondents indicated it was used moderately at 24% while those who thought it was to a less extent were the majority 32% and no extent 21%. As far as focus strategy was concerned the strategy was used to a very great extent at 6%, it was to a very great extent at 10% .The respondents indicated it was used moderately at 16% while those who thought it was to a less extent were the majority 49% and no extent 19%.

According to the findings, differentiation strategy was used to a very great extent at 76%, it was to a great extent 20%. The respondents indicated it was used moderately at 11% while those who thought it was to a less extent were 11% and no extent 2%. As for product development, the strategy was to a very great extent at 69%, it was to a very great extent 16%. The respondents indicated it was used moderately at 3% while those who thought it was to a less extent were 7% and no extent 5%.

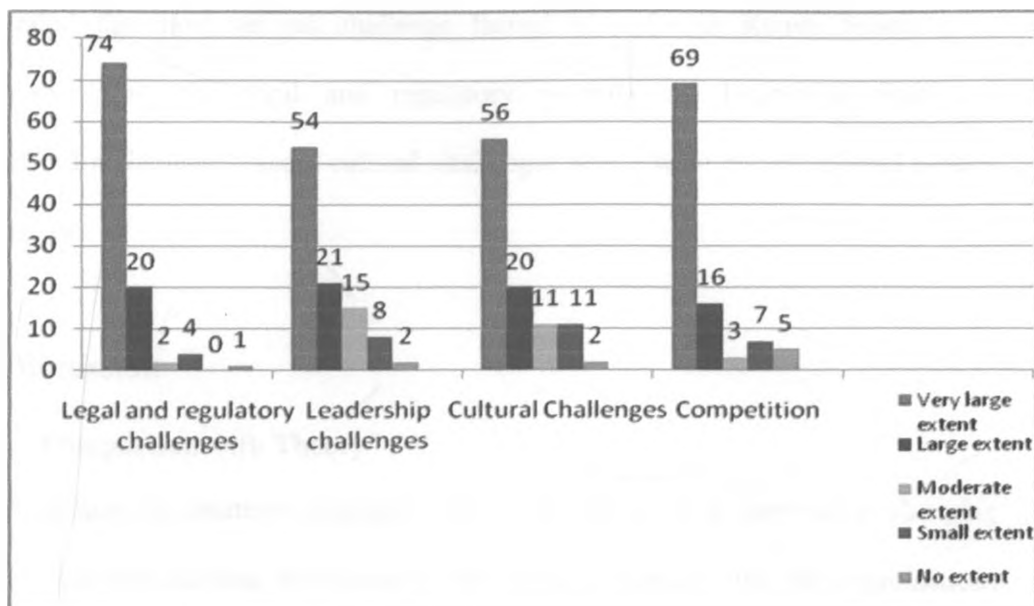
Diversification strategy was to a very great extent at 64%, it was to a very great extent 16% .The respondents indicated it was used moderately at 7% while those who thought it was to a less extent were 11% and no extent 2%. From this study findings Strategic alliances strategy was to a very great extent at 6%, it was to a very great extent 11% .The respondents indicated it was used moderately at 4% while those who thought it was to a less extent were 65% and no extent 14%.

Information technology was rated as follows to a very great extent at 71%, it was to a very great extent 8% .The respondents indicated it was used moderately at 3% while those who thought it was to a less extent were 13% and no extent 5%. The findings from this study indicate that the SACCOs used differentiation strategy, product development, diversification and information technology as response strategies however the SACCO societies did not use cost leadership strategy, focus strategy and strategic alliances as response strategies despite the fact that they are important strategies.

4.7 Challenges in the Implementation of the Response Strategies

This section analyses the key factors in the SACCOs which affect implementation of response strategies in the industry. The respondents were required to indicate the extent to which the SACCOs are facing the following challenges in the implementation of the response strategies. The challenges provided were legal and regulatory challenges, leadership challenges, cultural challenges and competition.

Figure 4.10: Challenges of Implementation of Response Strategies



Source: Research Data 2011

According to figure 10 challenges of implementing response strategy were rated as follows: the legal and regulatory challenges were rated to a very great extent at 74%; it was to a very great extent at 20%. The respondents indicated it affected implementation moderately at 2% while those who thought it were to a less extent 8%. Leadership was rated as affecting implementation to a very great extent at 54%, while those who thought it were to a great extent and moderately so were 2% each. 8% said it was to a less extent.

Cultural challenges affected the SACCOs to a very great extent at 56%, it was to a very great extent at 11%. The respondents indicated it affected implementation moderately at 2% while those who thought it was to a less extent and no extent were the majority 49% and 32% respectively. From the study findings, competition was rated to a very great extent at 69%; it was to a great extent at 16%. The respondents indicated it affected implementation moderately at 2% while those who thought it

were to a less extent and no extents were 12%. From these study findings, competition was rated the most serious challenge facing SACCOs in Kenya followed by challenges from the legal and regulatory environment. Leadership was also considered a challenge except cultural challenges which were not considered serious challenges.

4.8 Discussion

4.8.1 Comparison with Theory

In determining the strategic responses adopted by SACCOs in response to changing and competitive business environment, the findings revealed that the organizations aimed to achieve information technology (79%), differentiation strategy (76%), diversification strategy (71%) and the cost leadership strategy (23%) in the business environment which supports Grant (1994) views that it is not the environment but the resources of the organization which form the foundation of firm strategy. Ansoft and McDonald (1990) also noted that firms must change its strategic behaviours to ensure success in the changing business environment.

In establishing the challenges facing SACCOs in the implementation of the strategies the findings indicated that the leading challenges came from legal and regulatory challenges (94%) followed by competition (85%), cultural challenges (76%) and leadership challenges (75%). These findings supports Aldrich (1979) concept that the environment has a strong deterministic influence on the strategy-making processes in organizations all these frameworks have one thing in common which is that they all aim at maximizing the performance of an organization by improving its position in relation to other organizations operating in the same competitive environment.

4.8.2 Comparison with other Empirical Studies

On the strategic responses adopted by SACCOs in response to changing competitive business environment, the research findings showed that the accessibility of e- mail services was not important in the SACCOs while, accessibility of updated customer database, accessibility of intranet and internet facilities, and provision of IT equipment were rated as important elements of communication as a response strategy in increasing completion. Hill (2003) claims that technology can be a source phenomenal growth and this can improve the organization's capability in gaining a competitive edge. Ndubi (2006) also noted that technology is a significant factor in responding to the change in the business operating environment.

According to the research findings effective, efficient and convenient service delivery and product innovation and benefit enhancements are considered important in marketing strategy enhancement. The other strategy customer survey and feedback programs were not important as a strategy in the SACCOs. This is in contrast with Johnson and Scholes (2003) findings that knowing the customers' behaviour and preferences leads to optimal results. Also Isaboke (2001) and Omondi (2004) argued that effective and efficient service delivery is a key factor when a company is dealing with the threat of new entrants.

In establishing the challenges facing SACCOs in the implementation of the strategies, the findings showed that regulatory framework and competition was rated the most serious challenge facing SACCOs in Kenya. This was followed by cultural challenges (76%) and leadership challenges (75%). This indicates that an organization does not operate in vacuum. According to Hill and Jones (1998) every organisation exists

within its own internal environment and is influenced by its external environment. Therefore, knowledge of competitive rivalry is of paramount importance to strategic management (Porter, 1980).

The business environment is subject to many changes and the complexity of these environmental influences upon an organisation will vary significantly from case to case. It is therefore necessary for organisations to understand how the changes in the external environment might differentially affect them (Hill and Jones, 1998). Therefore, Muecke (2005) warns that failure to implement the strategic plan exposes the companies to environmental threats.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The main objectives of to establish the strategic responses adopted by SACCOs in response to changing and competitive business environment, to establish the challenges facing SACCOs in the implementation of the strategies and a supplementary aim of determining if SACCOs have control and feedback system to assess the effectiveness of the implementation of response strategies in competitive environment of business. This chapter contains a summary of the results as presented in the previous chapter and give conclusions and recommendations based on the findings of the study the chapter also provides the limitations of the study based on the analysis of the entire study and finally the study provides suggestions for further research.

5.2 Summary of Findings

5.2.1 Response Strategies

The findings indicate that the majority of the SACCOs were well established in Kenya. From these study findings most of the SACCOs were well experienced in the area of strategy and strategic responses to increasing competition. Most of the SACCOs had between 1-150 employees, thereby indicating that the bulk of the SACCOs were small and medium sized companies and the majority of the employees had worked over 6 years and above and therefore the majority had the requisite experience to respond to the research questions. Subsequently these findings indicate that the SACCOs provided more or less the same services.

This study evaluated various strategies that were applied by the SACCOs. From this study findings; training, motivation, compensation and communication were strategies that influenced income and needed to be applied as response strategies to completion. However, according to this study findings recruitment of sales force although a strategy has no impact on the annualized income of SACCOs and hence not important.

The study findings indicate that communication strategies have a role to play in enhancing the competitive strategy implementation in the SACCOs. From the research findings; accessibility of e- mail services was not a response strategy in the SACCOs while, accessibility of updated customer database, accessibility of intranet and internet facilities, and provision of IT equipment were rated as important elements of communication as a response strategy in increasing completion. According to the study findings, competition in the SACCO industry is not influenced by the desire for customer satisfaction.

The response strategies used in the SACCO industry were the following: cost leadership strategy, focus strategy, differentiation strategy, differentiation strategy, market development, product development, diversification, acquisitions, strategic alliances, joint ventures and information technology. Below is a summary of the findings. However the SACCOs did not use cost leadership strategy, focus strategy and strategic alliances as response strategies despite the fact that they are important strategies.

5.2.2 Challenges in the Implementation of the Response Strategies

The challenges faced in the implementation of the response strategies were legal and regulatory challenges, leadership challenges, cultural challenges and competition. However from these study findings, competition was rated the most serious challenge facing SACCOs in Kenya followed by challenges from the legal and regulatory environment. Leadership was also considered a challenge except cultural challenges which were not considered serious challenges.

5.3 Conclusion

The first conclusion of this study is that response strategies used in the SACCO industry are important in helping an organisation improve their performance and competitive edge. However, it seems like many SACCOs are not keen on adoption of these strategies. This means that the challenges of competition are not addressed by the various SACCOs in Kenya. It is important for an organization to scan the environment in order to identify the required strategies to be able to have a competitive edge.

According to these study findings, a relationship exists between response strategies and the competitiveness of a SACCO. Most of the respondents agreed that response strategies enhanced the profitability of the SACCO. Through implementation of the strategies, they can be able to meet new competitive challenges. This study concludes also that there are serious challenges to response strategies employed by SACCOs in Kenya.

5.4 Recommendations for Policy and Practice

This study recommends that SACCOs should develop and improve on Strategy support systems that are crucial and are the many routine activities that are performed in a company to keep it running smoothly. These activities act as and therefore need to be carried out efficiently to reinforce the implementation of response strategies in the event of stiff competition. Some of the key support systems are communication, product differentiation and strategic alliances which the SACCOs in Kenya should extensively employ to be able to meet the challenges of competition in the industry.

SACCOs in Kenya should embark on an elaborate SWOT analysis programme which will ensure that are able to deal with the competition other competitors in the industry pose. From these study findings, competition was rated the most serious challenge facing SACCOs in Kenya. The industry should impress on the government especially following the publication of the SACCO Act for the need to establish an enabling legal and regulatory environment that can encourage the SACCOs to compete favorably especially with the banks.

5.5 Limitations of the Study

These study findings were concluded on the basis of strategic responses to a changing environment in the SACCOs in Nairobi only. The findings can therefore not be generalized to all organizations. Another challenge faced was the administration of the questionnaires; most of the respondents were not comfortable with the questionnaires the argument being that they could breach confidentiality at a time when the sector competitors are coming up with new strategies to enhance profitability given that there is competition for customers in the industry.

5.6 Suggestions for Further Research

This study was carried out to establish the strategic responses adopted by SACCOs in response to changing and competitive business environment the researcher conducted a survey for 100 SACCOs only. A study on the entire Savings and credit industry is recommended.

Further research is recommended on the issue of strategy formulation, implementation and control on the industry. There is need to also carry out research to determine how well organizations in Kenya are prepared on the challenges of strategy implementation.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

To Whom It May Concern

Dear Sir/Madam,

I am a graduate student at the University of Nairobi pursuing a Masters in Business Administration .I have designed a questionnaire to gather information on the Strategic responses of SACCOS to changing and competitive business environment using the case of KUSSCO affiliated SACCOS in Nairobi County.

Please note that any information you give will be treated extremely confidential and at no instance will it be used for any other purpose other than for this project. Your assistance will be highly appreciated. I look forward to your prompt response.

Yours Faithfully,

Lwanga Mbeche Caroly

(Researcher)

APPENDIX II: QUESTIONNAIRE

Thank you for taking your time to assist in collection of the data which is essential for this study.

SECTION A: GENERAL INFORMATION

1. Name of SACCO _____
2. Year of establishment _____
3. Indicate below the best representation of your SACCO size in terms of employees
4. 1 to 50 50 – 150 150 – 250 above 250
5. How long has your SACCO been in operation? Please Tick as Appropriate.
1-5 6 – 15 16 – 30 31 – 60
6. For how long have you been in service of the SACCO? (Please tick as appropriate)
1-5 6 – 15 16 – 30 31 – 60
7. What is your core SACCO business area?
Individual loans ()
Group loans ()
Long term loans ()
Emergency loans ()
Savings ()
Mortgage loans ()

Part B: Strategy

1. Please indicate to what extent each of the enlisted elements influences annualized income of your SACCO. (Where 1-No extent, 2-Small extent, 3-Moderate extent, 4-Large extent, 5-Very Large extent)

	5	4	3	2	1
Recruitment of sales force	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motivation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compensation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Please indicate the extent to which the following communication strategies enhance the competitive strategy implementation in your SACCO?

(Where 1-No extent, 2-Small extent, 3-Moderate extent, 4-Large extent, 5-Very Large extent)

	5	4	3	2	1
Accessibility of updated customer database	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessibility of intranet and internet facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessibility of e- Mail services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provision of IT equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. To what extent are the following Customer services strategies important to your SACCO?

(Where 1-very important, 2-important, 3-Moderate, 4-not important, 5-irrelevant)

	5	4	3	2	1
Effective, efficient and convenient service delivery	[]	[]	[]	[]	[]
Customer survey and feedback programs	[]	[]	[]	[]	[]
Product innovation and benefit enhancements	[]	[]	[]	[]	[]

4. using the scale provided indicate the extent to which competition in the SACCO and finance sector of industry affects your SACCO in relation to the provided variables

KEY

5 – To a very great extent, 4 – To a great extent, 3 – To a moderate extent,
2 – To a lesser extent, 1 – To no extent

	5	4	3	2	1
Profitability	[]	[]	[]	[]	[]
Market share	[]	[]	[]	[]	[]
Customer					
Satisfaction	[]	[]	[]	[]	[]
Competitive					
Position	[]	[]	[]	[]	[]

5. Through which ways has your SACCO diversified its products as a response strategy to create competitive advantage? Please tick appropriately.

- Product innovation
- Technical superiority
- Product quality and reliability
- Comprehensive customer service
- Unique competitive capabilities

6. To what extent has your SACCO used the strategies below in response to the changing and competitive business environment? (Tick as appropriate)

	5	4	3	2	1
Cost Leadership strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Focus Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Differentiation strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market Penetration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market Development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product Development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Diversification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leadership and Culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Acquisitions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strategic alliances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint Ventures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Information technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others (Please specify).....					

7. Using the scale provided indicate the extent to which your Sacco is facing the following challenges in the implementation of the response strategies

KEY

5 – To a very great extent, 4 – To a great extent, 3 – To a moderate extent,

2 – To a lesser extent, 1 – To no extent

	5	4	3	2	1
Organizational Challenges	[]	[]	[]	[]	[]
Leadership Challenges	[]	[]	[]	[]	[]
Cultural Challenges	[]	[]	[]	[]	[]
Competition	[]	[]	[]	[]	[]

THANK YOU!