

**ADOPTION OF MARKETING CONCEPT AND GROWTH OF
SAVINGS AND CREDIT COOPERATIVE SOCIETIES (SACCOs)
IN KENYA**

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DECLARATION

Student

This is my original work and has not been previously, in its entirety or in part, been presented to any other university for a degree award or anywhere else for academic purpose.

All references cited in the text have been duly acknowledged.

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DEDICATION

To my husband Maurice, and our sons Arnold and Clarke Olunja, with love and appreciation.

ABSTRACT

The study sought to examine the relationship between adoption of marketing concept and growth of SACCOs in Kenya. The study was guided by the following research objective: To establish the relationship between adoption of marketing concept and growth of SACCOs in Kenya. The study employed a descriptive research design. The study targeted 108 respondents, but only 86 of them responded. The study used primary data which was collected using semi-structured questionnaire. The collected data was entered into the computer using Statistical Package for Social Sciences (SPSS) where it was analyzed. Both quantitative and qualitative data was generated. Descriptive statistics was used to analyze quantitative data by using frequencies and percentages presented in tables, charts and graphs. Qualitative data from open ended questions was thematically presented in narrative form and tables. From the analysis, the following findings were made: most SACCOs use the regular communication to customers approach in satisfying the customers' orientation as compared to other strategies. Other key strategies used included regular identification of members'/customers' needs, aggressively creating awareness about products/services offered, creating customer value and charging affordable interest rates on products and services. Analysis of exogenous factors that affected market orientation was indicated as being significantly used by the SACCOs in improving market orientation and this is complemented by regular monitoring of competitors action and prompt mitigation of their effects. It was also indicated that marketing concepts adopted by the respective SACCOs did influence their growth to some extent. From the findings the following conclusions were made: based on the SACCO's satisfaction of customer orientation, it may be concluded that different SACCOs have different ways of satisfying the needs of their customers. However, the key issues raised include identifying customers' needs regularly, aligning their functions to customers' needs, satisfying the needs of their customers and offering a wide range of products/services that meet members/customer's needs. With these marketing strategies, SACCOs have been able to improve their overall growth. However, this growth though meeting customer needs is affected by to lack of proper training of staff members on customer service, poor facilities and lack of automation among others. To improve the market orientation among SACCOS, there are key practices applied. These include monitoring of all actions of competitors and promptly mitigating their effects, doing scientific analysis of all exogenous factors that may influence their marketing practices. The study recommended the following from the findings of the study: To increase the growth of SACCOs through the marketing concept there is need for an improvement in the customer communication, automation of various functions and services, training of staff on customer service, improvement of Sacco facilities and relocation of offices, providing more product/service offerings meeting current and future member needs and rebranding current products/services, setting up a research and planning department and investing in thorough market research. This will greatly improve the marketing concept which will in turn contribute in the growth of the SACCOs.

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ACRONYMS AND ABBREVIATIONS

AMA	American Marketing Association
CIM	Chartered Institute of Marketing
GOK	Government of Kenya
IMF	International Monetary Fund
SAP	Structural Adjustment Programme
SACCOs	Savings and Credit Cooperatives
SASRA	Sacco Societies Regulatory Authority
TSC	Teachers' Service Commission
WOCCU	World council of Credit Unions

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In the past, most firms viewed the global sector as closed. Each country or market was assumed to be isolated from others and firms did not consider global competition and exports. They operated in a more or less equilibrium state, with the supply and demand for their products being more or less equal. Competition was minimal and there was therefore no need for aggressive marketing. As a result of globalization, today's environment is very different. The managers have been forced to view the global sector as an open market where organizations buy and sell around the world and hence they must compete globally. Declining barriers have also opened great opportunities for managers who not only buy and sell goods and services but also buy resources and components globally leading to increased competition abroad as well as at home. Due to the cross border trade, the business environment is constantly changing. Gould (2006) and Lipton (2003) note that customer preferences and attitudes keep evolving and require managers to adapt rapidly. Further, reaching different target markets with culturally relevant propositions require that marketing be proactive and evolve as the market evolve. Marketing is crucial to organizational growth because it increases a company's profits and helps it reach its strategic goals (Boggs, 2004).

Before 1990, most organisations in Kenya were under the government where there was control in terms of operations and rules of entry. They therefore enjoyed monopoly of trade, hence facing no competition. Between 1989 and 1992, the Kenyan government was compelled by International Monetary Fund (IMF) and World Bank through the Structural Adjustment Programme (SAP) to introduce liberalization

which opened economy. All organizations whether large, medium, small or micro enterprises began to feel the effect of liberalization through continuous sales decline, changing buyer patterns and tastes, increased competition, increased marketing expenditure and slow market share growth. They responded by adopting various strategies like strategic planning, performance contracting, customer service charters and ISO certifications in order to stay afloat while others embraced marketing orientation as one of the ways of responding to this competition.

1.1.1 The Concept of Marketing Orientation

Marketing as a term, originally referred literally to going to a market to buy or sell goods or services (Chekitan & Schultz, 2005). The term has applied to the craft of linking the producers of a product or service with customers, both existing and potential (Chartered Institute of Marketing, 2009). However, throughout history, marketing definition and practice has changed considerably as consumer tastes are changing faster (Kotler & Kevin, 2009). Over time marketing has been viewed as an activity, as a set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (AMA, 2009). Generally, there are different definitions of marketing depending on the place, the organization, the orientation and the value attached to it.

The marketing orientation, as practiced today evolved from the production orientation through the product and the selling orientations (Kotler & Kevin, 2009). An orientation is a perception or attitude a firm holds towards its product or service, and essentially concerns consumers and end-users. There are five broad competing concepts or philosophical orientations from which organizations can operate their businesses: the production orientation, the product orientation, the selling orientation, the marketing orientation, and the holistic marketing concept (Adcock, Al Halborg &

Ross, 2001). Each of these emphasizes different aspects of market management and signifies broad orientations from which marketing orientation developed.

In the production orientation, which was popular in the 1950s, a firm specializes in producing as much as possible of a given product or services; by exploiting economies of scale until the minimum efficient scale is reached (Vikram, 2013). However, this has been found to be suitable only when a high demand for a product or service exists, and there is a good certainty that consumer tastes will not rapidly alter. The product orientation emphasizes concern for quality of products on the basis that as long as a product is of a high standard, people will buy and consume it. The product orientation was quickly overtaken by the selling orientation as quality came with high costs and customers could not always afford them. Selling orientation focuses on the selling or promotion of a particular product, without first determining consumer desires (Chekitan & Schultz, 2005). The focus here is on selling an already existing product, and using promotion techniques to attain the highest sales possible. However, the selling orientation, as indicated by most authors, is only suitable where a firm holds dead stock, or otherwise sells a product that is in high demand, with little likelihood of changes in consumer tastes that would diminish demand.

The marketing orientation, the most common orientation used in contemporary marketing, requires a firm to supply products to suit new consumer tastes (Vikram, 2013). Market research is employed to gauge consumer desires, then products are developed attuned to the revealed information. Promotion techniques are then utilized to ensure the market knows the product exists. In this consumer-driven approach, consumer wants are the drivers of all strategic marketing decisions, and no strategy is pursued until it passes the test of consumer research. Every aspect of a market

offering, including the nature of the product itself, must be driven by the needs of potential consumers (Kotler & Keller, 2012). This orientation though contemporary, has been embraced by most modern successful firms that are focused on long term profits. However, it is yet to be fully embraced by most Savings Credit and Cooperative (SACCOs) societies in Kenya.

The components that define a marketing orientated organization are customer orientation; competition orientation and inter-functional coordination. In this design, the most important focus is the customer and the desire for long-term profitability should only be achieved through realization of superior customer value, recognition that customers are the source of profit, and responding to customers' current and future needs (Chekitan & Schultz, 2005). The goal is to deliver to customers what they want and do it better than competitors. A company must strive to outperform its competitors by providing better products, better quality, and better price (Chartered Institute of Marketing, 2009); embrace change and understand its customers in order to succeed in the market; and understand that success must be through a firm's resources reaching for these common goals (AMA, 2009). The extent to which SACCOs in Kenya are thus guided by this concept has not been empirically investigated. As such the influence that market orientation could have on the growth of SACCOs is unknown.

1.1.2 The Concept of Adoption

Gould, 2006 defines adoption as the intention to continue full-scale use of an innovation or a new product. There are several models of product adoption. One model is that of the customer moving from cognitive state to emotional state and finally to the behavioral state (Roberts, 2004; Bloom & Gundlach, 2008). In another

model, Rogers (1998), describes the five-stage mental process that all prospective customers go through from learning of a new product to becoming loyal customers or rejecting it. First is the awareness stage where prospects come to know about a product but lack sufficient information about it (Boggs, 2004). According to Kotler and Armstrong (2006), awareness allows the customer to know that there is a product or a service that is available for him and will satisfy some of his unmet needs or the met needs in a better manner. This is then followed by the interest stage where they try to get more information. Next is the evaluation stage where prospects determine if the product is beneficial; and finally, trial stage where the first purchase is made to determine the worth of the product.

According to Kotler and Gary (2002), the customer takes a trial to understand whether the understanding he has about the product is correct or not. The prospects then go to the adoption stage where they decide to adopt the new product or rejection stage, where they look for something else. Adoption stage is the beginning of a long lasting relationship between the firm and the customer since a satisfied customer will continue using the product repeatedly; and since a brand trust is developed, the firm can then market its new or other products to this customer without much effort.

1.1.3 The Concept of Growth of Organizations

Growth refers to an increase in some quantity over time (Constable, 2003). Growth entails an increase in the quantity of resources and improvements in technology or in another way an increase in the value of goods and services produced by an organization (Ayres & Warr, 2002). Growth can be physical like growth in amount of money, or abstract like, a system becoming more complex or more mature. In this

study, growth of a SACCO defined by an increase Membership, Share Capital, Deposits, Turnover, Loans and Total Assets.

Organizational growth has been measured differently by different organizations, and there are many parameters a company may use to measure its growth. However, as Gould (2006) points out, since the ultimate goal of most companies is profitability; most companies measure their growth in terms of net profit, revenue, and other financial data. It has been assessed in terms of sales, number of employees, physical expansion, success of a product line, and increased market share (Kotler & Gary, 2002). However, it is generally gauged by how well a firm does relative to its set goals.

Organizations continue to use various strategies to achieve growth. Some of these include joint venture or alliance, licensing, divestment of older technology or products, external financing, new markets and development of new products. Organizations can acquire secure significant growth by tapping into new markets. Creating additional demand for a firm's product or service, especially in a market where competition has yet to fully develop, can spur phenomenal growth for a small company (Lipton, 2003), although as Roberts (2004) notes, the competitive vacuum will generally close very quickly in these instances, so creation of new products or services is a primary method by which companies grow. Indeed as Treen (2000) notes, new product development is the linchpin of most organizations' growth strategies.

SACCOs need to develop growth strategies and the first is being able to achieve market penetration. As Constable (2003) points out, the least risky growth strategy for any business is to simply sell more of its current product to its current customers.

However, there is also need for market development so that they can sell more of their current products to an adjacent market. According to Ayres and Warr (2010), it is very important to have and use alternative channels through pursuing customers in a different way such as, selling products online. Equally important is product development which involves developing new products to sell to existing customers as well as to new ones. A growing business normally develops new products for new customers as dictated by the market conditions.

1.1.4 Savings and Credit Co-operative Societies in Kenya

The SACCO sub-sector is part of the larger cooperative movement in Kenya. There are two broad categories of co-operative societies: financial co-operatives also referred to as SACCOs and non – financial co-operatives which include farm produce and other commodities, marketing, housing, transport and investment co-operatives. A savings and credit cooperative society is a member-owned financial institution that is democratically controlled by its members, and operated for the purpose of promoting thrift, providing credit, and other financial services to its members (MacPherson, 1999). As Fountain (2007) points out, the members have a common bond: they are either working for the same employer, or belong to the same church, labour union, social fraternity or are living or working in the same community. Membership is open to all who belong to the group, who agree to save their money together and to give loans to each other at reasonable rates of interest. According to WOCCU (2012), there were 52,945 SACCOs in 100 countries around the world in 2012 which collectively served 188 million members and oversaw US \$1.5 trillion in assets. Worldwide, they vary significantly in terms of total assets and average institution asset size, but the principles are similar.

According to Kabuga (2007), this movement came to Kenya in 1934 due to the concern that the average employer was exploiting the average worker and that a movement was needed to champion the case of the worker. Kenya today has 6,750 registered SACCOs which continue to play a key role in the development of our economy through the provision of financial access to many citizens who remain unbanked. As at December 2012, the total SACCO sub sector assets stood at Kshs. 293 billion, with a membership of 3 million, total deposits of Kshs. 213 billion and loans to members at Kshs. 221 billion (SASRA 2012). Currently, this sub sector has mobilized domestic savings to the tune of Ksh.400 billion, that is 33% of national savings and in fact, it is currently the leading source of the co-operative credit for socio-economic development in Kenya and contributes immensely to the mobilization of savings. However, despite the quantitative expansion in the last decades, the extent to which they have adopted marketing orientation is not clear. In fact it is doubted whether marketing orientation is one of the management philosophies of the modern Kenya SACCO.

1.2 Research Problem

Marketing is a significant determinant of the success of any organization selling goods and services to the public. Organizations that have effective marketing tend to have high performances and vice versa. However, it is not just marketing but the marketing orientation that is actually important. The marketing orientation requires, as a basic concern, that organizations determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors, but in ways that preserve or enhance the consumers' and the society's

well-being. Approached and practiced this way, marketing sidesteps the potential conflicts among consumer wants, consumer interests, and long-run societal welfare. This is why it is the most appropriate organizational philosophy in the present generation. While all modern and most profit driven organizations have adopted marketing orientation as a management strategy, the SACCOs in Kenya are yet to fully embrace it.

SACCOs in Kenya provide the institutional infrastructure upon which both the poor and the middle class people organize themselves socially, economically, culturally and politically. They are considered as one of the drivers to the achievement of Millennium Development Goals and Vision 2030. However, the amendment of the SACCO Act in 2004 and 2007, and the liberalization of the financial sector in 2006 exposed the co-operative sector, specifically the SACCO sub-sector, to increased competition for business and customers. This development has brought about an environment in which their survival depends on their ability to effectively compete in the market. Development of market driven products and ability to beat competition is now most crucial for their survival. According to Ouma (1990), the question of market driven products is the most critical for survival of SACCOs. Adoption of the marketing orientation should allow them to understand their customers, to better satisfy their needs and compete effectively in the market, and enhance the growth and development. The extent to which SACCOs in Kenya have adopted marketing orientation has not been empirically investigated. In fact there is no record of evidence of adoption of marketing orientation as an organizational philosophy by SACCOs, and neither the effect of the marketing in general on their growth.

Several studies have been undertaken on SACCOs. Mutura (2006) focused on factors influencing the effectiveness of guarantor ship in loan recovery on Mwalimu Sacco Society; Mbai (2007) concentrated on competitive strategies adopted by Mwalimu SACCO as a result of external environmental changes since 1997; Mathenge (2008) on responses of Afya Cooperative Society limited to non-performing loans; Waweru (2009) on strategic responses by Mwalimu SACCO to challenges of competition; Mutua (2009) on strategic responses of Stima Sacco society limited to changing environment; Kamau (2011) conducted an investigation of market segments of Mwalimu National Sacco members and their financial services requirement; Wanyoro (2011), focused on the effectiveness of marketing communication methods used by SACCOs while Kilonzi (2012) conducted a study on the impact of SACCO Societies Regulatory Authority (SASRA) regulations on the financial performance of SACCO's in Kenya.

All these studies on SACCOs have recognized that there are changes in the operating environments and there is need to take necessary actions to counter competition; however, to the best of my knowledge, none has focused on the relationship between adoption of marketing concept and growth. Since past studies have perennially ignored this subject, this particular study was therefore guided by the following research question: What is the relationship between adoption of marketing concept and growth of SACCOs in Kenya?

1.3 Research Objectives

The objective of this study was to:

- 1) Establish the relationship between adoption of marketing concept and growth of SACCOs in Kenya.

1.4 Hypothesis

The study tested the following hypothesis:

HO1: There is no significant relationship between adoption of marketing concept and growth of SACCOs in Kenya.

1.5 Justification of the Study

The findings of this study are useful to SACCOs and to all other financial institutions in the country since they can rely on them to improve the effectiveness of their marketing strategies and performances. This improved performance and that of the financial sector in general means better life for the whole society.

The study is also useful to the marketers and policy makers in this sub sector as they can cease to rely on theories or models whose findings did not originate from this industry or from Kenya, but base their marketing and management decisions on facts about marketing and SACCOs evidenced through research. The study has developed recommendations that are useful in developing the management and operational policies to increase benefits that accrue due to adoption of marketing concept and hence the growth and development of SACCOs in Kenya.

Lastly, the study forms a background for further studies and reference for other researchers and readers in general especially in the area of SACCO management and marketing in general. This is a scarcely studied area and so far, most of the principles on which they are managed are borrowed from other management theories. This study therefore forms a springboard for other studies because it provides information that is specific to SACCOs in Kenya. It therefore produces knowledge that has hitherto been unavailable.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents theories and concepts advanced by researchers on adoption, marketing concept, growth and the link between marketing concept and growth of organizations.

2.2 Theoretical Foundation of the study

Marketing is essentially an issue of management. Like all other management functions, marketing is subject to the general theories of management. This study will be based on the open systems theory of management, which postulates that organizations are open systems which engage in various modes of exchange with the environment (Cole, 2004). Systems theory emphasizes consideration of relationships between the organization and its environment as well as what goes on within the organization (Kinici & Kretner, 2002). This is essentially what marketing orientation postulates when it talks about customer orientation. According to the open systems theory, an organization maintains its energetic state because it is an open self organized system, that can take in the inputs of information and material energy it needs from the environment (Sasimo, 2002). The parts of the organization join and leave and engage in on-going exchanges with the organization depending on the bargains they can strike, and where all parts are continually motivated to produce and reproduce (Rue & Byars, 2000). A SACCO as an organization is an open system, because it has dynamic relationship connected to and interacting with its environments. It receives various inputs from the environment and converts them,

through a process, into outputs which it then exports to the society and this makes it a system.

The open systems approach views SACCOs as continually interacting with their environments in a state of dynamic equilibrium as they adapt to environmental changes (Senge, 1990). This study views a SACCO as an open system because apart from existing in the environment, it also engages in an ongoing exchange with the environment depending on the bargain it can strike. Further, it interacts with the environment to gather inputs, and return its outputs or products to the environment. This keeps it in a constant state of dynamic equilibrium as it adapts to environmental changes. And all parts of the SACCO are interrelated such that manipulating one variable impact on others; and synergy exists where the whole is greater than the sum of the parts. As adopted in this study, the systems theory holds that managerial factors, financial factors, environmental factors and personal factors are related and so form a system. Altering one of them will certainly affect other parts. This makes it a system.

The systems theory fits well with the marketing concept, because the normative philosophy that underlies modern marketing thought suggests that to be successful, firms should determine customers' needs and wants, and satisfy them more effectively than their competitors do. This link between an origination and its customers who are in the environment, borrows heavily from the systems view (Narver & Slater, 1990).

2.3 The Concept of Adoption

Adoption is the intention to continue to full-scale use of an innovation or a new product (Gould, 2006). Customers go through the stages from learning of a new

product to becoming loyal to it or rejecting it. It starts from the awareness stage to the interest stage then the evaluation stage and finally, trial stage where the first purchase is made. The prospects then go to the adoption or rejection stage where they decide to adopt it, or look for something else.

The adoption or acceptance of a new product or innovation can be described according to the demographic and psychological characteristics of defined adopter groups. The first group of people to use a new product is called "innovators," followed by "early adopters." The next are the "early and late majority", and the last group to eventually adopt a product is called "laggards" (Roberts, 2004). According to Adcock and Al Halborg (2001), the demographic and psychological or psychographic profiles of each adoption group differ and demand different marketing plans. The innovators generally have larger farms, are more educated, more prosperous and more risk-oriented; while early adopters are younger, more educated, tend to be community leaders and less prosperous (Bloom & Gundlach, 2008).

Chattanooga (2003), describes the early majority as more conservative but open to new ideas; active in community and have influence on their neighbors. Late majority on the other hand are older, less educated, conservative and less socially active while laggards are very conservative, have small farms and capital, are the oldest and the least educated (Crane, 2002). It must be understood, as Rayna and Striukova (2009) point out, that the choice of initial market segment is crucial for crossing the chasm, as adoption in this segment can lead to a cascade of adoption in the other segments. The initial market segment has, at the same time, to contain a large proportion of visionaries, to be small enough for adoption to be observed from within the segment and from other segment and be sufficiently connected with other segments (Crane,

2002). If this is the case, then it follows as Roberts (2004) points out that adoption in the first segment will progressively cascade into the adjacent segments, thereby triggering the adoption by the mass-market.

2.4 The Concept of Marketing Orientation

There must exist a philosophy to guide a company marketing and selling efforts (Adcock, Al Halborg & Ross, 2001), and to define the relative weights given to the interests of the organization, the customers, and society (Chekitan & Schultz, 2005). While interests often clash, an organization's marketing and selling activities should no doubt be carried out under a well thought-out philosophy of efficiency, effectiveness, and social responsibility. Over the years and in the course of development and practice of marketing, five philosophical orientations have guided and continue to guide organizational activities. These are the production concept or orientation; the product orientation; the selling orientation; the marketing orientation; and the societal orientation.

The marketing orientation, as practiced today evolved from the production orientation through the product and the selling orientations (Kotler & Kevin, 2009). The marketing concept, as a distinct aspect of the broad marketing, became prominent after World War II when the variety of products increased and hard selling no longer could be relied upon to generate sales (Kotler 2004). With increased discretionary income, customers became rather selective and began to buy only those products that precisely met their changing needs, some of which were not immediately very obvious. It became necessary to determine what customers want; how to develop it while they still want it; and how to keep the customers satisfied. Responses to these

questions evolve into the marketing concept which means focusing on customer needs before developing the product; aligning all functions of the company to focus on those needs and realizing a profit by successfully satisfying customer needs over the long-term (Chattanooga, 2003).

Focus changed from hard selling towards identification of customer needs, making decisions to fulfill those needs and maintaining long-term relations with customers by satisfying their ever changing needs. The orientation resulted in the setting up of separate marketing departments and a major emphasis in marketing as can be seen in many organizations that have structured themselves as marketing organizations where every employee contributes towards customer satisfaction whether or not he or she a marketing person (Hoeffler & Keller, 2002). Kotler (2004) regards marketing concept as a marketing philosophy that sees the consumer as the central focus of all the activities of an organization because no organization can survive without the continued patronage by its consumers. Marketing concept regards genuine concern for consumer welfare and the adequate fulfillment of his needs as the most dependent paths to the realization of an organization's short and long term goals.

The marketing concept is a business philosophy that challenges the initial three business orientations- production concept; the product concept and the selling concept. It emphasizes that the key to achieving organizational goals lies on a company being more effective than competitors in creating, delivering, and communicating customer value to its selected target customers (Sankar & Bhattacharya, 2001). It rests on the four pillars of target market, customer needs, integrated marketing and profitability. These are the determinants of marketing concept that have been adopted in this study. The marketing concept represents the

major change in today's company orientation that provides the foundation to achieve competitive advantage.

2.5 Marketing Mix

The development of marketing concept demanded and resulted in the development and use of different tools, generally as “the marketing mix” in order to get the desired response from the customers or best satisfy their needs (Sankar & Bhattacharya, 2001; Hoeffler & Keller, 2002). Marketing Mix is a combination of marketing tools that companies use to satisfy their target customers and achieve organizational goals. McCarthy (2008) classified all these marketing tools under product, price, place and promotion. These are the basic components of a marketing plan and are collectively called the 4 P's of marketing.

The common feature among all the four P's is that they are controllable, subject to internal and external constraints of marketing environment. Marketers, using different blends of these variables, can target different groups of customers having different needs (Adcock, Al Halborg & Ross, 2001). Product is the actual offering by the company to its targeted customers which also includes value added goods and services. Within the marketing concept, product decisions revolve around what to offer, brand name, packaging and quality (Kotler, 2000). They also include appearance, functionality, accessories, installation, after sale services and warranty (Chattanano, 2003).

Crane (2002), points out that price includes the pricing strategy of the company for its products, or generally, how much a customer should pay for a product. Pricing strategy not only relates to the profit margins but also helps in finding target

customers because pricing decisions also influence the choice of marketing channels. Using price as a weapon for rivals is as old as mankind, but it is also quite risky. Consumers are often sensitive to price, discounts and additional offers; but on the other hand, expensive products are considered to be of good quality.

Place or placement as an aspect of marketing concept includes not only the place where the product is found, but all those activities performed by the company to ensure the availability of the product to the targeted customers (Sankar & Bhattacharya, 2001). According to Hoeffler and Keller (2002), availability of the product at the right place, at the right time and in the right quantity is crucial in placement decisions. In the marketing concept, placement decisions involve placement, distribution channels and logistics, inventory. It also includes order processing, market coverage and selection of channel members. According to Chattanano (2003), promotion in the marketing concept is concerned with advertising, media types, message, and budgets. It also concerns sales promotion, personal selling, public relations, and direct marketing.

Marketing mix nevertheless has its limitations. First, it was more useful in early 1990's when production concept was in place and physical products were in larger proportion. Today, with latest marketing concepts, marketing environment has become more integrated. Therefore, in order to extend the usefulness of marketing mix, People, Physical Evidence and Process have been added to form the seven Ps. However, as Vikram (2013), and Kotler and Keller (2012), all concur, the foundation of Marketing Mix still stands on the basic 4Ps.

2.6 Organizational Growth

Growth refers to an increase in some quantity over time (Constable, 2003). It entails an increase in the quantity of resources and improvements in technology or in another way an increase in the value of goods and services produced by an organization (Ayres & Warr, 2002). Companies have to grow at least a little bit every year in order to accommodate the increased expenses that develop over time. Lipton (2003) points out that with the passage of time, salaries increase and the costs of employment benefits raise as well. Even if no other company expenses rise, these two cost areas usually increase over time. It is not always possible to pass along these increased costs to customers and clients in the form of higher prices. Consequently, growth must occur if the business wishes to keep up (Ken, 2001).

Organizational growth has the potential to provide small businesses with a myriad of benefits such as greater efficiencies from economies of scale, increased power, a greater ability to withstand market fluctuations, an increased survival rate, greater profits, and increased prestige for organizational members (Roberts, 2004). Organizational growth has been used as an indicator of effectiveness for small businesses and is a fundamental concern of many practicing managers (Boggs, 2004).

2.7 Strategies of Organizational Growth

Organizations grow in stages and there are many ways in which an organization can achieve growth. According to Bloom and Gundlach (2008), the joint venture/alliance is a growth strategy which is particularly effective for smaller firms with limited resources because it can help small businesses secure the resources they need to grapple with rapid changes in demand, supply, competition, and other factors. Joint

venture gives all companies involved; the flexibility to move on to different projects, or restructures agreements to continue working together. Adcock and Al Halborg (2001) also point out that joint ventures and other business alliances inject partners with new ideas, access to new technologies, new approaches, and new markets, and help the involved businesses to grow. Establishing joint ventures with overseas firms has been hailed as one of the most potentially rewarding ways for companies to expand their operations.

Chattanooga (2003), points that a firm may expand and grow by licensing its most advanced technology especially among firms with their own proprietary technologies because competitors will likely copy whatever a company develops at some point. Crane (2002), points out that licensing can be used to maximize the benefit that a firm can gain from its technology, and to gain the resource to fund future research and development efforts. Organizations can also grow through Sell-Off-Old-Winners model (Bloom & Gundlach, 2008). An organization can divest itself of mature "cash cow" operations to focus on new and innovative lines of products or services. Crane (2002) notes that a business can command top prices for such tried and true assets; or generally divestment of older technology or products. Markets that are not yet able to afford large quantities of state-of-the-art goods, but can still benefit from older models can buy such "cash cows".

Other growth avenues are new markets, development of new products and acquiring outside financing. Organizations can acquire secure significant growth by tapping into new markets. Creating additional demand for a firm's product or service, especially in a market where competition has yet to fully develop, can spur phenomenal growth for a small company (Lipton, 2003), although as Roberts (2004) notes, the competitive

vacuum will generally close very quickly in these instances and creation of new products or services is a primary method by which companies grow. Indeed as Treen (2000) notes, new product development is the linchpin of most organizations' growth strategies. Small companies can also grow by turning to outside financing sources to fund their expansion. Securing external financing has been used over time as a measure of organizational growth (Chattanooga, 2003).

2.8 Marketing Concept and Organization Growth Strategies

Initially, professional service firms hired marketing people but they are now increasingly seeking business development people (Ayres & Warr, 2002). This means that there is an avowed link between marketing and business development. Fountain (2007) links marketing concept to the different processes in business development in a professional firm and points out that whilst marketing concept consists of the elements: product, price, place, people, process, physical evidence and promotions, selling is but one tool in the armory of promotions along with advertising, public relations, sales promotion and direct marketing. Constable and Bob (2003) also point out that a marketer starved of direct client contact is operating at a severe disadvantage and unlikely to be able to provide an effective support for selling and client development activities. According to Treen (2000), marketing and selling activities are being devolved to the different departments and offices by the names such as business development manager with responsibility for marketing, selling and client development for an entire market. He argues that with a smaller market or service scope, it is possible for the marketer to provide support across all business development functions.

Kotler and Keller (2012), consider business development encompassing a number of techniques designed to grow an economic enterprise. According to Kotler and Armstrong (2006), such techniques include, but are not limited to, assessments of marketing opportunities and target markets, intelligence gathering on customers and competitors, generating leads for possible sales, follow-up sales activity, formal proposal writing and business model design. Kotler and Keller (2012) add that it involves evaluating a business and then realizing its full potential, using such tools as marketing, sales, information management and customer service. Thus for a sound company to be able to withstand competitors, business development must never stop, but is an ongoing process. This is why marketing is necessary.

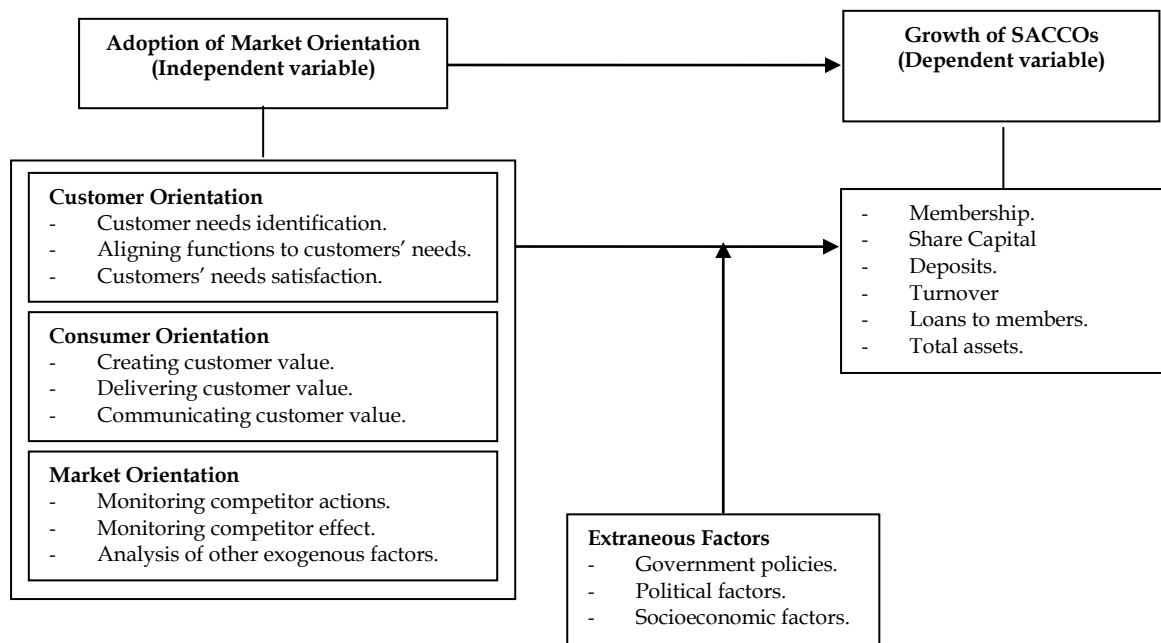
It is now universally accepted that successful business development requires a multi-disciplinary approach beyond just "a sale to a customer." Kotler and Kevin (2009) advise that a detailed strategy for growing the business in desirable ways is necessary, and often involve financial, legal and advertising skills. These require special marketing procedures. According to Vikram (1996), business development cannot be reduced to simple templates applicable to all or even most situations faced by real-world enterprises. He argues that creativity in meeting new and unforeseen challenges is necessary to keep an enterprise on a path of sustainable growth. This emphasizes the points made by all other authors indicated above that marketing concept and business growths are intertwined.

Kotler and Kevin (2009) are of the view that a business development strategy must seek to match marketing opportunities to the organization's resources -what it can do- and its objectives - what management wants to do. They support the views of Ansoff about the link between marketing and business growth which links market

development and product expansion strategies which are the domain of marketing. There is no doubt that organizations must find new attractive marketing opportunities to grow. They must be able to determine which marketing opportunity offers the most long-term success. This calls for an active marketing policy and practices to help an organization through the basic marketing opportunity assessment and other relevant market research activities specific to the four marketing growth strategies.

2.9 Conceptual Framework

Figure 2.1 Conceptual framework



This model summarizes the link between the adoption of marketing orientation and growth of SACCOs to be investigated.

Adapted from A general guide to writing research proposal and report. A handbook for beginning researchers (2nd ed.), by Oso, W. Y., & Onen, D. (2009), Nairobi; Kenya: Jomo Kenya Foundation.

This framework indicates that adoption of marketing concept influences the growth of SACCOs. Adoption of marketing concept has been conceptualized as customer orientation, consumer orientation and market orientation. Growth of SACCOs has been operationalized as membership, Share Capital, Deposits, Turnover, loans to members and Total Assets. It is therefore envisaged that if there is proper customer needs identification, alignment of functions to customers' needs, and customers' needs satisfaction; then in return, there will be, high membership, Share Capital, Deposits, Turnover, Loans to members and Total Assets. However, this relationship may be mitigated by politics, government policies, and certain socio-economic and even socio-cultural factors.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research design, target population, sample size and sampling techniques, data collection procedures as well as the data analysis techniques that were used in the study.

3.2 Research Design

This study adopted descriptive survey design. Cooper and Schindler (2003), support the descriptive design as it is concerned with finding out aspects of a phenomenon such as who, what, where, when and how. This design was adopted for this study as it would enable the researcher to describe the relationship between adoption of Marketing concept and Growth of SACCOs. This type of research design has been used by other researchers such as Odero (2009) and Gichungwa (2009). Survey approach is preferred since it minimizes bias and maximizes reliability as it aims to obtain complete and accurate information from different respondents (Kothari 2004).

3.3 Population of the study

The population of study comprised all the licensed Deposit Taking SACCOs. According to the SASRA website, they are 131 in total as at 24th April 2013. See Appendix III.

3.4 Sample Size and Sampling Techniques

The list of licensed Deposit Taking SACCOs in Appendix III was used as the sampling frame. Out of this, 108 SACCOs were selected using simple random sampling. This was determined at 95% level of confidence and 5.0% margin of error. (Appendix II). Purposive sampling technique was used to select one marketing officer or their equivalent in the 108 SACCOs.

3.5 Data Collection

The study used primary data which was collected using semi-structured questionnaire. The questionnaire consisted of 4 parts: Part A background information, Part B sought information on the extent of customer orientation, consumer orientation and market orientation, Part C the growth of each SACCO while Part D provided information on the extent to which marketing concept has influenced the rate of growth of your SACCOs. Data was collected from marketing officers or their equivalent in the SACCOs. The questionnaire was administered by the researcher with the help of a research assistant.

3.6 Data Analysis

Data was checked for completeness and accuracy before analysis. Quantitative data was analyzed through percentages and frequencies, and presented in tables, charts, graphs and figures. The percentage distribution technique was used to describe the background data of SACCOs and respondents. Qualitative data from open ended questions was thematically presented in narrative form and tables.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter contains data analysis, findings and interpretation of the results on the examination and clarification of the assumption that adoption of marketing concept influences the growth and development of SACCOS in Kenya. The data was analyzed with the help of a computer program, SPSS version 11.5. This enabled the research data to be presented in frequencies, percentages, tables and figures. The chapter is organized into the following sections: Response Rate and Interpretation of the Results.

4.2 Response Rate

This section presents a general overview of how the response rate was during the data collection process. During the data collection process, one hundred and eight questionnaires were distributed by the researcher to the respondents. However, only eighty six respondents returned the data collection instruments. The distribution of the response rate is as summarized by table 4.1.

Table 4.1: *Response Rate*

	Distributed Questionnaires	Received Questionnaires	Percentage Response
Respondents in SACCOS	108	86	79.6%

Source: Field Data

As shown in table 4.1 above, 79.6% of the total targeted respondents participated in the study. This is a representable percentage owing to the fact that it is not all of the respondents who are sampled in a given research happen to participate.

4.3 Background Information of the Respondents and the Organization

This section contains; level of education, length of service in the SACCO, availability of marketing department and period of setting up of the marketing department.

4.3.1 Distribution of the Respondents by the level of Education

The respondents were asked to indicate their level of education; the study provided them with the following options; primary, secondary, diploma, degree and masters.

Table 4.2 shows the distribution of their responses.

Table 4.2: *Distribution of the Students by their Level of Education*

Level of Education	Frequency (F)	Percentage (%)
Primary	2	2.3
Secondary	2	2.3
Diploma	54	62.8
Masters	2	2.3
Degree	26	30.2

Source: Field Data

A majority of the respondents (62.8%) who participated in the study indicated that they had diploma as their highest level of education. However, 30.2% of them indicated that they had acquired a degree whereas only 2.3% of them had masters.

This indicates that marketing staff in most SACCOs are mainly diploma or degree holders. This is an indication that most SACCOs have employed marketing managers who have had prior and extensive education in institutions of higher learning.

4.3.2 Distribution of the Respondents by Length of Service

The respondents were also asked to indicate the length of service in the SACCO. They were given the ranges between 2 years and below and 10 years and above. Table 4.3 shows the distribution of their responses

Table 4.3: *Length of service in the SACCO*

	Frequency (F)	Percentage (%)
Less than 2 years	72	83.7
2-4 years	6	7
5-7 years	8	9.3

Source: Field Data

An overwhelming majority of the respondents (83.7%) had been in the SACCO for less than 2 years. Just a small number of them (16.3%) had worked for more than 2 years. This is an indication that most SACCOs either have marketing staff who are still fresh graduates from universities and colleges hence no much work experience or have only recently set up marketing departments and recruited new staff to serve in these departments, thus showing that marketing orientation is a fairly new concept in the SACCO sector.

4.3.3 Responses as to whether there is a Marketing Department in the SACCO

The respondents were also asked whether there was a marketing department in the SACCO. They were expected to respond either ‘Yes’ or ‘No’. Table 4.4 shows the distribution of their responses.

Table 4.4: *Presence of a Marketing Department in the SACCO*

	Frequency (F)	Percentage (%)
Yes	84	98
No	2	2

Source: Field Data

An overwhelming majority of the respondents (98%) indicated that there was a marketing department in their SACCO, as compared to just 2 per cent who stated that there was no marketing department. Majority of the respondents indicated that the SACCO’s marketing departments were set up between 2010 and 2013. However, a few of them indicated that the SACCOs had been set in the year 2009. This is an indication that indeed SACCOs have in the past few years realized the importance of marketing and hence formulating marketing departments to coordinate all the marketing activities for the SACCO’s growth.

4.4 SACCO’s Satisfaction of the Status of Marketing Concept

The study sought to establish how various SACCOs satisfied the status of the marketing concept through customer, consumer and marketing orientation variables. The respondents were provided with the following statements and asked to either agree or disagree: We identify members’/customers’ needs regularly; We always seek

to align our functions to members'/customers' needs; We always seek satisfy the needs of our members/customers; we offer a wide range of products/services that meet members/customer's needs; The interest rates we charge on our products/services are affordable to our members/customers; we aggressively create awareness about our products/services; we always seek to create customer value; we always deliver the best value for customers; we regularly communicate to our customers; we regularly monitor all actions of our competitors; we always monitor and promptly mitigate the effect of our competitors; we always do a scientific analysis of all exogenous factors Table 4.5 shows the distribution of their responses.

Statements	Strongly Agree		Agree		NC		Disagree		Strongly Disagree		Mean	Std. Dev
	F	%	F	%	F	%	F	%	F	%		
We identify member's/customers' needs regularly	30	34.9	48	55.8	4	4.7	2	2.3	2	2.3	1.8140	.81906
We always seek to align our functions to members/customers needs	24	27.9	54	62.8	2	2.3	2	2.3	4	4.7	1.9302	.90477
We always seek satisfy the needs of our members/customers.	24	27.9	52	60.5	2	2.3	2	2.3	6	7.0	2.0000	1.0175
We offer a wide range of products/services that meet members/customer's needs	24	27.9	46	53.5	8	9.3	6	7.0	2	2.3	2.0233	.93276
The interest rates we charge on our products/services are affordable to our members/customers	20	23.3	50	58.1	2	2.3	10	11.6	4	4.7	2.1628	1.0612
We aggressively create awareness about our products/services.	16	18.6	52	60.5	4	4.7	8	9.3	6	7.0	2.2558	1.0867

We always seek to create customer value	16	18.6	56	65.1	2	2.3	4	4.7	8	9.3	2.2093	1.0967
We regularly communicate to our customers	14	16.3	52	60.5	8	9.3	2	2.3	10	12	2.3256	1.1422
We regularly monitor all actions of our competitors	20	23.3	52	60.5	-	-	6	7.0	8	9.3	2.1860	1.1531
We always monitor and promptly mitigate the effect of our competitors	14	16.3	56	65.1	4	4.7	4	4.7	8	9.3	2.2558	1.0867
We do analysis of all exogenous factors affecting market orientation	12	14.0	56	65.1	8	9.3	2	2.3	8	9.3	2.2791	1.0477

Source: Field Data

Slightly more than half of the respondents (55.8%) agreed that their SACCOs were identifying customer's needs regularly and therefore were able to satisfy the status of their customer orientation. Only a very small number of them (2.3%) strongly disagreed that their SACCOS were not identifying customer needs regularly hence did not satisfy customer orientation. This is in line with Gould (2006) and Lipton (2003) who note that customer preferences and attitudes keep changing and require managers to adapt rapidly.

Similarly a majority of the respondents (62.8%) agreed that that respective SACCOs sought to align their functions to customers' needs so as to satisfy the status of their customer orientation. Moreover, slightly more than a quarter of them (27.9%) strongly agreed with the later. Only a very small number of them (4.7 %) felt strongly that their SACCO did not seek to align their functions to the customer needs hence they did not satisfy their customer orientation. These findings validate Chattanano (2003), that marketing concept means focusing on customer needs before developing the

product; aligning all functions of the company to focus on those needs and realizing a profit by successfully satisfying customer needs over a long time.

Providing a wide range of products to meet customer needs was also a popular method for satisfying customer orientation with a majority of the respondents (53.5%) agreeing that their SACCOs were practicing it. On whether SACCOs provided interest rates that are affordable to the customers as a way of satisfying customer orientation, a majority of the respondents (58.1%) agreed that their SACCOs did. A few of them (11.6%) however indicated that their SACCOs did not and hence did not satisfy customer orientation. These findings are in agreement with Vikram (2013) who notes that contemporary marketing requires a firm to supply products to suit consumer tastes.

Majority of the respondents (60.5%) agreed that their SACCOs were aggressively creating awareness about their products thereby satisfying customer orientation. This compared to a small number of them (16.3%) who indicated that their SACCOs were not aggressively creating awareness about their products hence did not satisfy customer orientation. Communication with the customers was also considered by SACCOs as essential in the satisfaction of consumer orientation with a majority of the respondents (60.5%) agreeing that they practiced it.

Creating customer value is an effective method used by SACCOs to satisfy customer orientation as agreed by a majority of the respondents (65.1%). Further, a few of them (18.6%) also strongly agreed that SACCOs created customer value so as to satisfy their customer orientation.

A majority of the respondents (60.5%) agreed that their SACCOs regularly monitored all actions of their competitors so as to improve and satisfy their market orientation. A few of them (9.3%) however indicated strongly that their SACCOs did not regularly monitor all actions of their competitors and hence not satisfying market orientation. It was agreed by a majority of the respondents (65.1%) that SACCOs regularly monitored and promptly mitigated the effects of their competitors and hence satisfying their market orientation. On the other hand, a few of them (9.3%) strongly disagreed with the statement that SACCOs regularly monitored and promptly mitigated the effects of their competitors and hence not satisfying their market orientation. These findings concur with Sankar & Bhattacharya (2001), who emphasize that the key to achieving organizational goals lies on a company being more effective than competitors in creating, delivering and communicating customer value to its selected target customers.

A majority of the respondents (65.1%) agreed to the statement that SACCOs conducted a scientific analysis of all exogenous factors that was essential in improving market orientation. All the respondents were positive that the methods used by the respective SACCOs were able to satisfy the market orientation. This shows that the SACCOs were able to: monitor all actions of our competitors, monitor and promptly mitigate the effect of our competitors and always did a scientific analysis of all exogenous factors.

Based on the means and standard deviation, it may be concluded that most of the SACCOs use the regular communication to customers approach ($M=2.3256$, $SD=1.1422$) in satisfying the customers orientation as compared to regular identification of member's/customers' needs regularly ($M=1.8140$, $SD=.81906$).

Other key strategies used included aggressive awareness creation of SACCOs products/services (M=2.2558, SD=1.0867), creating of customer value (M=2.2093, SD=1.0967) and charging of affordable interest rates on products and services (M=2.1628, SD=1.0612). These findings are in line with Kotler (2004) who regards marketing concept as a marketing philosophy that sees the consumer as the central focus of all the activities of an organization because no organization can survive without the continued patronage by its consumers. Marketing concept regards genuine concern for consumer welfare and the adequate fulfillment of his needs as the most dependent paths to the realization of an organization's short and long term goals.

As shown by the table, the regular monitoring of competitors action in improving market orientation had a mean and standard deviation of (M=2.186, SD=1.1531) whereas monitoring and prompt mitigation of the effects of competitors had (M=2.256, SD=1.0867). However, the analysis of exogenous factors that affected market orientation (M=2.279, SD=1.0477) was indicated as being significantly used by the SACCOs in improving market orientation. In support with these findings, Kotler 2004) insisted that with increased discretionary income, customers became rather selective and begin to buy only those products that precisely met their changing needs, some of which were not immediately very obvious. It became necessary to determine what customers want; how to develop it while they still want it; and how to keep the customers satisfied.

Responses to these questions evolve into the marketing concept which means focusing on customer needs before developing the product; aligning all functions of the SACCO to focus on those needs and realizing a profit by successfully satisfying customer needs over the long-term (Chattanano, 2003). Therefore it is quite important

to establish the exact needs of their market so that they can effectively offer products and services that are more customers oriented to improve on sales.

4.5 The Extent to which Marketing Concept Influences the Growth of the SACCO

The study sought to examine the extent to which marketing concept influenced the rate of growth of their SACCO in the last five years. The respondents were provided with the following options: to a greater extent, to some extent and not at all. Table 4.6 shows the distribution of their responses.

Table 4.6		
<i>The extent to which marketing concept influences the growth of the SACCO</i>		
	Frequency	Percentage
To a greater extent	26	18.6
To some extent	56	76.7
Not at all	4	4.7

Source: Field Data

Majority of the respondents (76.7%) indicated that marketing concept that respective SACCOs adopted did influence their growth to some extent. This was further supported by 18.6% who indicated that the marketing concept adopted by SACCOs did influence their growth to a greater extent. However, 4.7% of them felt that marketing concept did not have an influence as such. The growth they felt could be attributed to other factors other than just the marketing concept. The findings from the majority of respondents agree with Kotler and Kevin (2009), who advise that a detailed procedure for growing a business require special marketing procedures.

4.6 Relationship between the Adoption of Marketing Concept and Growth of SACCOs

The study sought to establish the relationship between the adoption of marketing concept and growth of SACCOs in Kenya. The marketing concept used by SACCOs included customer orientation focusing on customer needs, consumer orientation focusing on customer value and market orientation focusing on competition. These were indicated by aligning their function to customer's needs, offering a wide range of products that meet customer's needs, charging affordable interest rates to the customers, creating customers' value and regularly communicating to the customers.

H01: There is no significant relationship between the adoption of marketing concept and growth of SACCOs Kenya.

Significance level is the probability value that forms the boundary between rejecting or not rejecting the null hypothesis (Ogula, 1998 p. 104). In this study, the researcher chose to use the significance level of 0.05 to test the hypotheses.

Decision Rule

If P value is greater than 0.05 do not reject the null hypothesis

If P value is less than or equal to 0.05, reject the null hypothesis

Table 4.7: ANOVA Results for significant relationship between adoption of market concepts and growth of SACCOs in Kenya

		Sum of Squares	Df	Mean Square	F	Sig.
Aligning their function to customer's needs	Between Groups	5.864	2	2.932	3.819	.026
	Within Groups	63.718	83	.768		
	Total	69.581	85			
Offering a wide range of products that meet customer's needs	Between Groups	5.923	2	2.962	3.613	.031
	Within Groups	68.030	83	.820		
	Total	73.953	85			
Charging affordable interest rates to the customers	Between Groups	9.299	2	4.649	4.465	.014
	Within Groups	86.422	83	1.041		
	Total	95.721	85			
Creating customers' value	Between Groups	7.931	2	3.966	3.490	.035
	Within Groups	94.301	83	1.136		
	Total	102.233	85			
Regularly communicating to the customers	Between Groups	11.853	2	5.927	4.967	.009
	Within Groups	99.030	83	1.193		
	Total	110.884	85			

		Sum of Squares	Df	Mean Square	F	Sig.
Aligning their function to customer's needs	Between Groups	5.864	2	2.932	3.819	.026
	Within Groups	63.718	83	.768		
	Total	69.581	85			
Offering a wide range of products that meet customer's needs	Between Groups	5.923	2	2.962	3.613	.031
	Within Groups	68.030	83	.820		
	Total	73.953	85			
Charging affordable interest rates to the customers	Between Groups	9.299	2	4.649	4.465	.014
	Within Groups	86.422	83	1.041		
	Total	95.721	85			
Creating customer value	Between Groups	7.931	2	3.966	3.490	.035
	Within Groups	94.301	83	1.136		
	Total	102.233	85			
Regularly Communicating to customers	Between Groups	11.853	2	5.927	4.967	.009
	Within Groups	99.030	83	1.193		
	Total	110.884	85			

**Significance level: .005*

Source: Research Data

Dependent Variable: SACCOs Business Growth, **Independent Variables:** Aligning of SACCOs function to customer's needs, Offering of products that meet customers

need, Affordable interest rates, Customer value creation and Customer communication

Since the obtained p values for the marketing concept used by SACCOS - aligning their function to customer's needs (0.026), offering a wide range of products that meet customer's needs (0.031), charging affordable interest rates to the customers (0.014), creating customers' value (0.035) and regularly communicating to the customers (0.009) - are less than the level of significance, the null hypothesis is rejected and concluded that there is a significant relationship between the adoption of marketing concept and growth of SACCOs in Kenya. This is in line with Liabotis (2007) who states that a customer focused business is able to experience growth as compared to business which focuses mostly on products and assets. He further points the qualities of a good customer oriented growth. Customer-focused growth strategy is based on the firm's existing customers. This strategy involves creating High Impact Value Propositions for new customer sub-segments. Underpinning this strategy is the willingness to view customers through a different set of lenses.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusions and recommendations of the study. The summary mainly contains the key findings. On the other hand, conclusions and recommendations are based on the research objectives and the key findings of the study respectively.

5.2 Summary

The study sought to examine the relationship between adoption of marketing concept and growth of SACCOs in Kenya. The study was guided by the following research objective: To establish the relationship between adoption of marketing concept and growth of SACCOs in Kenya. The study employed a descriptive research design. The study targeted 108 respondents, but only 86 of them responded. The study used primary data which was collected using semi-structured questionnaire whereby the collected data was entered into the computer using Statistical Package for Social Sciences (SPSS) where it was developed into a database and analyzed. Both quantitative and qualitative data was generated. Descriptive statistics was used to analyze quantitative data by using frequencies and percentages presented in tables, charts and graphs. Qualitative data from open ended questions was thematically presented in narrative form and tables. From the analysis, the findings stated below were made.

5.2.1 Ways in which respective SACCOs satisfied Marketing Concept

Slightly more than half of the respondents (55.8%) agreed that their SACCOs were identifying customers' needs regularly and therefore were able to satisfy the status of their customer orientation. Similarly a majority of the respondents (62.8%) agreed that that respective SACCOs sought to align their functions to customers' needs so as to satisfy the status of their customer orientation. On whether SACCOs provided interest rates that are affordable to the customers as a way of satisfying customer orientation, a majority of the respondents (58.1%) agreed that their SACCOs did.

Majority of the respondents (60.5%) agreed that their SACCOs were aggressively creating awareness about their products thereby satisfying customer orientation with a similar number of respondents (60.5%) agreeing that their SACCOs regularly monitored all actions of their competitors so as to improve and satisfy their market orientation. It was agreed by a majority of the respondents (65.1%) that SACCOs regularly monitored and promptly mitigated the effects of their competitors and hence satisfying their market orientation.

The analysis of exogenous factors that affected market orientation ($M=2.279$, $SD=1.0477$) is significantly used in improving market orientation. The key strategies used by SACCOs in improving the status of Customer Orientation included aggressively creating awareness about SACCO products/services ($M=2.2558$, $SD=1.0867$), creating of customer value ($M=2.2093$, $SD=1.0967$) and charging of affordable interest rates on products and services ($M=2.1628$, $SD=1.0612$).

5.2.2 The Extent to Which Marketing Concept Influences the Growth of the SACCOs

Majority of the respondents (76.7%) indicated that adoption of marketing concept did influence the growth of SACCOs to some extent. There was a significant relationship (sig 0.026) between SACCOs aligning their functions to customers' needs and growth in business. There is a significant relationship between the adoption of marketing concept and growth of SACCOs in Kenya.

5.3 Conclusions

From the findings and summary of this study, the study concludes that indeed the adoption of the marketing concept plays a significant influence on the overall growth of Savings and Credit Cooperative Societies.

Based on the SACCO's satisfaction of customer orientation, that study concludes that different SACCOs have different ways of satisfying the needs of their customers. However, the key ways of meeting customers' needs include identifying customers' needs regularly, aligning their functions to customers' needs, seeking to satisfy the needs of their customers, offering a wide range of products/services that meet members'/customers' needs, charging affordable interest rates on products/services and aggressively creating awareness about their products and services. With these marketing strategies, SACCOs have been able to improve their overall growth.

However, this growth though meeting customer needs is affected by lack of training among the staff members on the various approaches of meeting customers' needs.

As a way of satisfying consumer orientation, SACCOs engage in always seeking to create customer value, delivering best value for customers and regularly

communicating to their customers. Communication to customers should however be improved to ensure that the young members and potential members are not left behind. They should engage in use of new media, digital adverts and social media as these are the best ways to reach the younger generation.

To improve the market orientation among SACCOS, the key practices include monitoring all actions of competitors, monitoring and promptly mitigating the effect of competitors and doing scientific analysis of all exogenous factors that may influence their marketing practices.

It can also be concluded that there is a significant relationship between the adoption of marketing concept and growth of SACCOS in Kenya. The marketing concept as defined by the variables customer orientation, consumer orientation and market orientation has influence on the overall growth of the SACCOS.

5.4 Recommendations for Policy and Theory

From the findings, summary and conclusions the following recommendations were drawn:

To increase the growth of SACCOS through the marketing concept there is need for improvement in the customer communication. What SACCOS say to customers, how they deliver the information, and how they respond to customers is fraught with opportunities and perils. Getting it right is paramount to delivering quality service that customers expect and deserve, and it wields tremendous influence over wallet-share. To increase their growth and financial levels, SACCOS can further eliminate communication inefficiencies and reduce costs through a unified communications strategy. Aggressive marketing should be used to increase the overall growth. In this

case, more advertisement should be done to improve product/service uptake and increase the membership.

SACCOs also need to focus on a Research and Development Function and Market Research with the aim of always tracking the happenings in the market in terms of customer needs and competitor actions. This will ensure that customer needs are always satisfied and done so at an affordable cost.

Further, these institutions should come up with strategies which are aimed at driving the cost out of the business by automating processes across departments to simplify interactions, eliminate redundancies, reduce errors, and increase efficiencies. They should also apply technology in their day to day activities and thus reduce costs by providing reliable, intuitive online self-service options to their customers. Those already automated should embrace modern technology. There is need to do away with old and out dated computers and systems and instead replace them with the new versions for efficiency thus improving the accessibility of accounts by the customers.

The SACCOs also need to come up with a program which ensures that all its staff members have and continue to receive regular training on how to effectively handle their customers in the ever changing society. The staff members may frequently receive training through these programs on how they can attend to the needs of their customers not necessarily through physical assistance but also even through the use of IT facilities and internet. This may further be complimented by employing more trained and skilled personnel to help in meeting the work load demand.

For the overall growth of the SACCOs to be achieved, they need to improve their facilities to serve more people effectively and efficiently while at the same time

accommodating members of high social standing. Currently most SACCO facilities are old and outdated and should be replaced with modern ones that are relevant, in the modern society. Most of their offices are also small and located in dingy streets thus repelling members or potential members of high social standing.

SACCOs should increase and even improve on their product/service offerings to attract new members and to meet the needs and demands of their existing members for them to increase the overall growth. The quality of the services being offered should be standardized, more services should be added, products should be rebranded, bigger loans should be awarded to qualifying customers and the SACCOs should also try as much as possible to diversify on the products and services.

5.5 Limitations of the Study

According to Best and Kahn (1993), limitations are conditions beyond the control of the researcher that may place restriction on the conclusions of the study and their applications to other situations. One key limitation that was encountered in this study was reluctance and in some instance total failure by some of the respondents, to truly answer to the questions asked about the adoption of marketing concept and growth of Savings and Credit Cooperative Societies. Respondents in financial institutions many times tend to shy away from sharing their information for fear exposing themselves to competitors. However, this challenge was countered by clearly informing the respondents that both their names and those of their SACCOs would remain as anonymous and that the study was only for academic purposes.

5.6 Recommendations for Further Research

Further research studies need to be done on:

- Factors hindering effective adoption of marketing concepts in the financial institutions in Kenya.
- Strategies for improving the growth of Savings and Credit Cooperative Societies (SACCOs) in Kenya.

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APPENDICES

Appendix I: Questionnaire

Dear Respondent

I am Evelyn A. Olunja, a postgraduate student at School of Business, University of Nairobi. I am seeking information for a study being conducted for the award of a degree of Masters of Business Administration (MBA) of the University of Nairobi. The purpose of this study is to examine and clarify the assumption that adoption of marketing concept affects the growth and development of SACCOs in Nairobi County. Please note that this study is purely for academic purposes and NOTHING else. So do not fear to provide any relevant information. Your views as a staff of a SACCO in Nairobi Country are considered crucial and part and parcel of this study. Please complete, to the best of your ability, the questionnaires enclosed herein following the instructions given after each item, and return your completed questionnaire to the researcher or her assistant. Your cooperation will be highly appreciated and any information given will be strictly private and confidential.

Part A: Background Information

1. Provide the following information about yourself and/or your SACCO by (Please, tick (✓) the appropriate choice or filling in the blanks accordingly).
 - i. Your name (optional).....
 - ii. Name of the SACCO:
 - iii. Your position in the SACCO:
 - iv. Date of Registration of SACCO:
 - v. Location of SACCO:
 - vi. Your highest level of education.

Education	Primary	Secondary	Diploma	Degree	Masters	Other
Check One						

vii. Length of service in the SACCO.

Length of service (years)	less than 2	2-4	5-7	8-10	over 10
Check One					

viii. Is there a marketing department in this SACCO?

YES	NO	Not Sure	Other

ix. If yes, when was it set up?

Date Set Up	Before 2000	2000-2004	2005-2009	2010-2013

x. How many people are employed in the marketing Department in your SACCO?.....

Part B: Marketing Concept

1. Rate the status of customer orientation in your SACCO by agreeing or disagreeing with each of the statements indicated below by checking (√) strongly agree, agree, no comment, disagree or strongly disagree, depending on your rating of the statement.

Statement	SA	A	NC	D	SDA
1. We identify members'/customers' needs regularly.					
2. We always seek to align our functions to members'/customers' needs.					
3. We always seek satisfy the needs of our members/customers.					
4. We offer a wide range of products/services that meet members'/customers' needs.					
5. The interest rates we charge on our products/services are affordable to our members/customers.					
6. We aggressively create awareness about our products/services.					

Key: SA: Strongly Agree; A: Agree; NC: NO Comment; DA: Disagree; SDA: Strongly Disagree

Comment briefly on the status of customer orientation in your SACCO? How would you like it improved?

.....

.....

.....

.....

2. Rate the status of consumer orientation in your SACCO by agreeing or disagreeing with each of the statements indicated below by checking (√) strongly agree, agree, no comment, disagree or strongly disagree, depending on your rating of the statement.

Statement	SA	A	NC	D	SDA
1. We always seek to create customer value.					
2. We always deliver best value for customers.					
3. We regularly communicate to our customers.					

Key: SA: Strongly Agree; A: Agree; NC: NO Comment; DA: Disagree; SDA: Strongly Disagree

Comment briefly on the status of consumer orientation in your SACCO? How would like it improved?

.....

.....

.....

.....

3. Rate the status of market orientation in your SACCO by agreeing or disagreeing with each of the statements indicated below by checking (√) strongly agree, agree, no comment, disagree or strongly disagree, depending on your rating of the statement.

Statement	SA	A	NC	D	SDA
1. We regularly monitor all actions of our competitors.					
2. We always monitor and promptly mitigate the effect of our competitors					
3. We always do a scientific analysis of all exogenous factors.					

Key: SA: Strongly Agree; A: Agree; NC: NO Comment; DA: Disagree; SDA: Strongly Disagree

Comment briefly on the status of market orientation in your SACCO? How would like it improved?

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.....

Part C: Business Growth

1. Provide the following information about your SACCO as per annual Audited Accounts Reports from 2008.

	2008	2009	2010	2011	2012
1. Membership					
2. Share Capital					
3. Deposits					
4. Turnover					
5. Loans/Advances					
6. Total Assets					

Comment briefly on the status of overall growth of your SACCO? How would like it improved?

.....

.....

Part D: The Extent to which Marketing Concept Influences the Growth of SACCOs

1. Rate the extent to which marketing concept has influenced the rate of growth of your SACCO in the last five years by checking (✓) to a greater extent or to some extent or not at all.

To what extent has marketing concept influenced the growth of your SACCO in the last five years?

<i>To a greater extent</i>	<input type="checkbox"/>
<i>To some extent</i>	<input type="checkbox"/>
<i>Not at all</i>	<input type="checkbox"/>

Thank you for your cooperation.

Appendix II: Sample Size for Finite Populations

Population	Sample Size at Confidence = 95% Margin of Error - Percent				Sample Size at Confidence = 99% Margin of Error - Percent			
	5.0	3.5	2.5	1.0	5.0	3.5	2.5	1.0
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1,000	278	440	606	906	399	575	727	943
1,200	291	474	674	1067	427	636	827	1119
1,500	306	515	759	1297	460	712	959	1376
2,000	322	563	869	1655	498	808	1141	1785
2,500	333	597	952	1984	524	879	1288	2173
3,500	346	641	1068	2565	558	977	1510	2890
5,000	357	678	1176	3288	586	1066	1734	3842
7,500	365	710	1275	4211	610	1147	1960	5165
10,000	370	727	1332	4899	622	1193	2098	6239
25,000	378	760	1448	6939	646	1285	2399	9972
50,000	381	772	1491	8056	655	1318	2520	12455
75,000	382	776	1506	8514	658	1330	2563	13583
100,000	383	778	1513	8762	659	1336	2585	14227
250,000	384	782	1527	9248	662	1347	2626	15555
500,000	384	783	1532	9423	663	1350	2640	16055
1,000,000	384	783	1534	9512	663	1352	2647	16317
2,500,000	384	784	1536	9567	663	1353	2651	16478
10,000,000	384	784	1536	9594	663	1354	2653	16560
100,000,000	384	784	1537	9603	663	1354	2654	16584
300,000,000	384	784	1537	9603	663	1354	2654	16586

Note. The table is used to determine the sizes of randomly selected samples from finite populations at specified margins of errors and level of confidence. If a population size falls between two values, the higher sample is always selected.

Adapted from Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurements*, 30, 607-610.