OPERATIONS STRATEGY AND FIRM-LEVEL COMPETITIVENESS AMONG SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES IN NAIROBI COUNTY, KENYA

BY

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DECLARATION

I declare that this project is my original work and has never been presented in any other learning institution for an award of any Diploma or Degree program

Signed: …………………………   Date: …………………………

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D61/70594/2008

This project has been submitted with my authority as the university supervisor.

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DEDICATION

This research project report is dedicated to my beloved wife, Jacklyne and children, Zion Keren, Deborah Salem, Zadok Abraham and Zedek Israel, the most special people in my life. Their love and moral support enabled me to achieve all this.

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ABSTRACT

As organizations are forced to respond effectively and efficiently to changing business environment, then the big challenge that may face them is gaining and developing the competitive advantage. Operations strategies lie at the core of developing and maintaining competitive advantage. The aim of the study was to determine the relationship between operations strategy and firm-level competitiveness. A survey design was used in the study. Self-administered questionnaires were used to collect data from a sample of 86 respondents drawn from 43 SACCOs in Nairobi County. Data was analyzed using IBM SPSS 21. Descriptive statistics were used to determine the frequency of responses, while bivariate correlations were used to determine the relationship between operations strategy (conformance quality, cost efficiency, delivery dependability, flexible responsiveness, new product development, new product introduction) and firm-level competitiveness (quality, cost, delivery, flexibility). The descriptive statistics show that Majority of the SACCOs had implemented the operations strategies and that over the 2010-2012 period, Majority of the SACCOs had introduced new products/services, logistics/delivery/and distribution methods, as well as supporting activities for processes, such as maintenance systems or operations, accounting, or computing. Bivariate correlations showed that conformance quality (CQ); as an operations strategy developed and implemented by SACCOs, has a positive and significant correlation with quality. CQ is also positively but insignificantly correlated with cost, delivery and flexibility. Cost efficiency (CE) is positively and significantly correlated with quality and flexibility. The correlation with cost and delivery is not significant. Delivery dependability (DD) is positively and significantly correlated with flexibility, but relationships with quality, cost, and delivery are not significant. Finally, flexible responsiveness (FR) is positively and significantly correlated with quality and flexibility, but correlation with cost and delivery are not significant. These results show that quality and flexibility are therefore central to achieving competitive advantage. By developing and implementing various operations strategies, SACCOs have been able to achieve consistent growth, defend their market share, and continue to develop their competitive advantage. In the end they are able to maintain profitability and operational efficiency. The success of SACCOs in Nairobi, with regard to the positive link between operations strategy and competitiveness, offers a learning experience for other SACCOs in the country.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

ATM	Automated Teller Machines
CAD	Computer-aided Design
CAM	Computer-aided Manufacturing
CMS	Cost Management Systems
ERP	Enterprise Resource Planning
FOSA	Front Office Saving Activity
GDP	Gross Domestic Product
HRM	Human Resource Management
IBM	International Business Machines
ICT	Information Communication Technology
KES	Kenya Shillings
OM	Operations Management
SACCOs	Savings and Credit Societies
SASRA	SACCO Societies Regulatory Authority
SPSS	Statistical Package for Social Sciences
USD	United States Dollars

CHAPTER ONE: INTRODUCTION

1.1.   Background of the Study

To maintain a competitive position in the marketplace, a firm must have a long-range plan. Operations strategy is a long range plan for the operations function that specifies the design and use of resources to support the business strategy. Johnston et al (2008) defines strategy as "the direction and scope of an organization over the long term; ideally, which matches its resources to its changing environment, and in particular its markets, customers or clients so as to meet stakeholder expectations." Operations strategy is therefore the total pattern of decisions shaping the long term capabilities of operations and their contribution to overall strategy by reconciling market requirements with operation resources (Slack & Lewis, 2011).

When operations strategy is formulated from the market-based view, the firm must identify where they want to compete and the nature of the competition in the industry. Competitiveness is measured by the ability of the organization to stay in business and to protect the organization's investments, to earn a return on those investments, and to ensure jobs for the future (Wayne et al, 1996). Operations strategy enables firms to adapt and obtain competitive advantages in the current business context. Operation strategy satisfies market requirements; measured by competitive factors, by setting appropriate performance objectives for operations (Wright et al, 1994).

1.1.1. Operations Strategy

Wick Skinner of the Harvard Business School, who is often referred to as the grandfather of operations strategy, was the first to recognize the importance of operations strategy.

He suggested that companies develop an operations strategy that would complement the existing marketing and finance strategies. In one of his early articles on the subject, Skinner referred to manufacturing as the missing link in corporate strategy (Skinner, 1969). Intensified competition in a number of global recently has triggered renewed interest in the operations function and the contribution it can make to a company's overall competitiveness. There is a growing recognition that any organization's success in the long term needs operations-based objectives. Studies have shown that there is a positive relationship between a formulated operations strategy and higher business performance, with respect to firm-level competitiveness (Brown, 2002). In this respect, firm level competitiveness is the ability to compete and prosper in the marketplace. It is a measure of productivity or the efficiency and effectiveness of converting natural resources into useful products and services.

Clearly, operation strategies must reflect both demand trends and competitive concerns. Competitiveness can be achieved through operations strategies that create a strategic advantage by making things better, right, fast, on time, cheaply, and flexibly (Li et al., 2006). Porter (1985) delineated units of competitive advantage to aid in the development and configuration of operation strategies. The creation of economic value, which is the gap between price and cost to produce, determines whether the business will survive or fail. Therefore, sustainable competitive advantage can only be achieved by operating at lower cost and commanding a premium price through differentiation, or doing both. Cost and price advantages can be realized through operational effectiveness and strategic positioning. Simply improving operational effectiveness does not provide competitive advantage; rather it can only be done by achieving and sustaining higher levels of

operational effectiveness than competitors. However, since best practice trends can be copied and replicated by competitors it is harder to sustain hence strategic positioning which involves the highly integrated configuration of a tailored value chain; a series of primary activities required to produce and deliver a product or service (Bosibori, 2012).

1.1.2. Competitiveness

One of the primary goals of organizations in a free enterprise system is to be competitive. Although the measures of competitiveness may appear different for manufacturing and service organizations or for government and religious organizations, in order to be competitive, any organization must provide products and services for which customers or clients are willing to pay a fair return or price, (Wayne &Stephan, 1996). Competitiveness is measured by the ability of the organization to stay in business and to protect the organization's investments, to earn a return on those investments, and to ensure jobs for the future. (Wayne et al, 1996)

To adapt and obtain competitive advantages in the current business context, companies must implement processes of efficiency improvement (Wright et al, 1994). A key factor in the success of world-class organizations is their ability to integrate activities to telling effect in the three areas of their marketplace, their operations and their culture. Sustained competitiveness leads from the holistic management of all three (Smith, 1995). The "hypercompetitive environment" within which businesses are now operating demands that organizations look for ways to continually improve their competitiveness if they are to remain viable and successful. (Pamela Mathews, 2006).

1.1.3. Operations Strategy and Competitiveness

Drawing from the demand of strategic positioning as core driver of competitiveness, contemporary strategic debates offer two alternative perspectives concerning strategy formulation. Operations strategy can be conceptualized from the perspective of a resource-based or market-based view. From the resource-based viewpoint, the operations strategy comprises of core, competencies, capabilities, and processes; resources; technology; and tactical activities (Lowson, 2002). The nature and complexity of formal and informal processes and tangible and intangible resources are central to the resource-based view of strategy; it is externally unobservable (within firm) factors that are at least important as observable industry market (between firms) factors in determining competitive advantage. It has been found that not all companies pursue strategy in accordance with pure market-based approach and it has been found that competitiveness is not just a matter of simply improving performance along specific competitive dimensions in response to market needs, but incorporates the development of capabilities that provide specific operating advantages. Thus, resource based view of strategy is that operations takes a more active role in providing long term competitive advantage (James, 2011).

Operations strategy can also be formulated from the market-based view. Ideally, this view of strategy formulation argues that it is not just the industry that is important, but where the organization wants to compete and the nature of the competition. This perspective represents the resources, competencies, and capabilities as outlined in the resource-based view. However, their strategic nature and inherent competitive advantage differs in the unique way they are customized. There are a number of market driving

forces that influence the nature of the operations strategy. According to Hammer and Stanton (2004), the mechanisms of operations strategy can be influenced by product (product group) demand behavior, structure of the supply network, and performance metrics within the supply system. These influences configure each operation strategy and determine, to a large degree, the unique fusion of building blocks.

James (2011) notes that the generic strategy adopted will offer an organization three ways of coping with these forces and achieving sustainable cost advantage: cost leadership, differentiation, and focus. However, what makes the development of operation strategy particularly challenging is that not only should the resource-based and market based views of strategy be considered at a point in time, but the changing characteristics of markets and the need to develop operations capabilities over time means a dynamic as well as a static view of strategy is required.

Operations strategies are developed from competitive priorities of an organization, which include low cost, high quality, fast delivery, flexibility, and service (Skinner, 1974; Ward et al. 1998). These strategies also depend on order qualifiers and winners, which relate to requirements for success in the market place. Core capabilities are the means by which competitive priorities are achieved. Consequently, core capabilities must align directly with competitive priorities (Hayes et al. 2005). To avoid confusing core capabilities with competitive priorities, we label the capability dimensions as follow: conformance quality, cost efficiency, delivery dependability, flexible responsiveness, new product development and new product introduction (Noble 1995; Ward et al. 1995; Vickery et al. 1997; Ward et al. 1998; Ward and Duray 2000).

1.2 Savings and Credit Co-operative Societies (SACCOS)

According to Frans A.J. Ruffini et al (2000), production organizations have always had to deal with many different changes in, or coming from, their environment. Examples illustrating this for the past couple of decades include: new methods for and approaches to product design (e.g. design for assembly, component standardization, end item diversification); ever-tougher market demands (e.g. quality, speed, diversity); the development of new technologies (e.g. new manufacturing and assembly techniques, factory automation, information and communication technology, CAD/CAM, ERP); new forms of organisation (e.g. matrix organisation, teamwork, networks).

Operations management (OM) has historically been associated with physical production in a factory environment. More recently, however, it has become increasingly apparent that the techniques and concepts are also applicable to service organizations and all types of production (or productive) activity. OM is mainly concerned about the managing of production resources critical to strategic growth and competitiveness of a company or organization. It entails the design, operation, control, and updating of systems responsible for the productive use of human resources, equipment, and facilities in the development of a product or a service (Chase *et al*., 2001).

The financial services sector is one of the most dominant sectors of the economy and constitutes a significant proportion of the GDP of both developing and developed countries (Harker & Zenios, 1998). With increasing liberalization of the Kenyan economy, SACCOs have grown to occupy a significant portion of the financial industry. By definition, a co-operative society is an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly owned and

democratically controlled enterprise or business (PROCAUSER Africa, 2012). Co-operatives are divided into two broad categories. There are the financial co-operatives (Savings & Credit Co-operative Societies – SACCOs) and the non-financial co-operatives (including farm produce and other commodities co-operatives, housing, transport, and investment co-operatives). In Kenya, the general objective of these organizations is to protect the economic interests and general welfare of members in accordance with cooperative values and principles. The justification for co-operatives arises from their potential in maximization of profits, harnessing various skills with members, enhancing advocacy and bargaining power, boosting social capital, promoting investment, providing educational opportunities, improving market access and contributing to poverty reduction (Ngaira, 2012).

SACCOs have witnessed significant growth over the past few years compared to other co-operatives in the country. This growth is partly attributable to the establishment of the SACCO Societies Act of 2008 that placed licensing, supervision, and deposit taking under the umbrella of the SACCO Societies Regulatory Authority (SASRA). These prudential regulations have played a major role in stimulating growth and development in the SACCO sector. SACCOs play an important role in increasing financial access in the country. Currently, the penetration of banking services, especially among the rural population, is very law. Almost all the existing banks are concentrated in urban centers and districts with good infrastructure. Ideally, the poor infrastructure in much of the rural areas makes the cost of banking high and may predispose banks to poor returns (PROCASUR Africa, 2012). According to the Financial Access Study (2012), there is a widespread agreement among stakeholders that there is a serious problem of constrained

access to financial services among lower income and rural households and smaller scale enterprise. Nonetheless, financial exclusion, that is people without access to any form of financial services, has fallen from 38.4% to 32.7% of the population (SASRA, 2011).

According to the Financial Access Study in Kenya conducted by the Financial Sector Deepening Trust and Central Bank of Kenya in 2009, SACCOs have recorded an impressive growth from 1970s and by the end of 2011, the active SACCOS were serving about 4.5 million members. They had mobilized deposits and share capital amounting to USD 2.25 billion (KES 189 billion) and loans to members amounting to USD 2.25 billion (KES 189 billion). The total assets and deposits of the SACCOs stood at USD 2.95 billion (KES 248 billion) and USD 2.1 billion (KES 180 billion) by close of 2011. At the end of 2011, Kenya's financial co-operatives accounted for 60 per cent of the 14,126 registered cooperatives, forming the most active segment of the country's co-operative. However, only half (4,062) of the registered financial co-operatives were active as at end of 2011, with 3,887 of the 4,062 being SACCOs while the rest were housing and investment cooperatives (Walubengo, 2012).

With specificity of the role of SACCOs in increasing financial access, financial SACCOs constitute 45% of the number of co-operatives in Kenya and have risen to become a major player in the financial market. The financial SACCOs sub-sector can further be subdivided into deposit taking SACCOs commonly referred to as FOSA operating SACCOs and non-deposit taking SACCOs. Based on December 2010 statistics, there were a total of 6,007 registered SACCOs in Kenya. Of these, 2959 were active meaning that their annual accounts were audited and the audits registered by the commissioner for the cooperatives. Of these active SACCOs, 218 were deposit taking (SACCOs operating

FOSAs) while the remaining 2,011 were non-deposit taking (non-FOSA operating SACCOs). The total membership of SACCOs as at December 2010 was 1,857,566; accounting for 4.8% of the total population of Kenya (PROCASUR Africa, 2012). This study concentrates on deposit taking (FOSA operating SACCOs).

1.3 Statement of the Problem

The turbulent start of the 21st century brought new challenges for firms, industries, and countries. According to Ajitabh and Momaya (2003), survival and success in these times demand new perspectives on strategy and competitiveness. Expanding global competition, rapidly changing markets and technology, and increasing complexity and uncertainty are creating new competitive environments which demands high quality and reliability, timely delivery, enhanced customer service, rapid new product introduction, flexible systems, and efficient capital deployment, and cost reduction, to effectively compete in the market. As organizations are forced to respond effectively and efficiently to changing business environment, then the big challenge that may face them is gaining and developing the competitive advantage (Awward, 2008).

In a recent Financial Access Study in Kenya conducted by the Financial Sector Deepening Trust and Central Bank of Kenya in 2009, the SACCOs loss of customers is attributed to the competition from banks through proactive outreach by offering easy access transaction accounts as well as consumer loans. These have been further compounded by the fact that quite a number of SACCOs have a long string of pending loan applications from members. Some SACCOs pay out little or no dividends/interests on members' savings. Some others still have a low loan multiplier and/or limited concurrent loans compared to some well performing counterparts which has even started

9

ATM services for FOSA customers and manages to advance more than three times the members' deposits and can give up to four concurrent loans without closing any applications for the year and gives loans almost immediately it is applied for by the member. Another study by Mwaura (2005) established that SACCOs are also losing customers to banks due to the unavailability of much needed cash to lend, when it is required. This therefore causes a mismatch in the availability of funds and the demand for loans.

Ideally, SACCOs in Kenya have been forced to contend with competitive pressures arising from fundamental changes in the business environment. They have been forced to implement adjustments in products, process, promotion, distribution, costs structures, market research, staff development and market predisposition as well as resource mobilization and lending methods in an attempt to cope with competition from cheap bank loans and substitute micro-finance funds. All these are issues and the ability of SACCO to meet competitive pressures largely depends on the formulation of an appropriate operations strategy.

There are various studies that have conducted on various factors affecting SACCOs ability to remain competitive and profitable. Opondo (2009) conducted a study on the response of SACCOs to external environment. The findings of the study revealed that challenges posed by competitive environment were felt by the SACCOs on a very high extent. Majority of the SACCOs concentrated on operational issues at the expense of strategic ones. The study concludes that SACCOs should constantly scan the environment to help them come up with flexible strategies for future development. Onunga (2011) in his study on determinants of financial risk faced by SACCOs in Kenya concluded that

credit risks and liquidity risks were determinants of financial risks. The study also revealed that fixed asset level, debt ratio/leverage and dividend influenced the liquidity risks where governance cost and Debt ratio/leverage negatively influences the liquidity risks.

Other recent studies in Kenya among SACCOs have focused on; Loan processing and operations (Korir, 2008), Response of SACCOs to financial competition (Mwangi, 2008), Strategic planning practices among SACCOs (Nguta, 2009), Adoption of branding by SACCOs (Mwiti, 2009), Risk management practices in SACCOs (Okello, 2010), Determinants of performance in SACCOs (Kamau, 2010), Financial challenges facing SACCOs (Okundi, 2011), Impact of SACCO Regulatory Authority guidelines (Ngaira, 2011), Role of SACCOs in rural financing (Karimi, 2011) and Causes of financial distress (Ndirangu, 2011).

To the best of the researcher's knowledge, no studies have been done on operations strategy and firm-level competitiveness among SACCOs in Nairobi County. The study will investigate operations strategy and firm-level competitiveness in the SACCO industry.

The research questions of the study included: what is the extent of cost reduction operation strategy formulation in SACCOs in Nairobi County, what is the extent of innovation operation strategy formulation in SACCOs in Nairobi County and what is the relationship between operation strategy and firm-level competitiveness among SACCOs in Nairobi County.

1.4   Objectives of the Study

   i.   Determine the extent of cost reduction operation strategy formulation in SACCOs in Nairobi County.

   ii. Determine the extent of innovation operation strategy formulation in SACCOs in Nairobi County.

   iii. Relationship between operation strategy and firm-level competitiveness among SACCOs in Nairobi County.

1.5   Value of the Study

The study will be useful for the formulation of government policy, particularly the department of Co-operative Development and Marketing. It will bring to light issues concerning operation strategies and how legislations can be structured to improve the overall sustainability of the SACCO industry.

The study will also be useful to students, educators, and researchers. The study will also be useful to those who may use the findings presented as reference material as grounding for further research. The final report will be available in selected libraries and can guide further research on strategy and competitiveness.

This study is aimed at developing an understanding of the impact of operation strategy and firm competitiveness among SACCOs in Nairobi County. The study is aimed at benefiting the management teams because these are the people entrusted by the members to take care of their interests in SACCOs. The link between operations strategy and firm-level competitiveness will advise on strategies that can be adopted to enhance competitive advantage and consequently, high profitability.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

The literature review surveys past studies that have been done on operations strategy and competitiveness and established the theoretical foundations of the issues to be investigated by this study. The literature review mainly captures the relationship between operations strategies: cost reduction and innovation strategy and how they are linked to competitive priorities: cost, quality, delivery, and flexibility.

2.2. Operations Strategy and Firm-Level Competitiveness

Today's organizations have to deal with dynamic and uncertain environments. Success demands that organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding and actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers. To succeed long term, organizations must compete effectively and out-perform their rivals in a dynamic environment. This can only be accomplished when organizations find suitable ways for creating and adding value for their customers (Pearson, 1990).

2.3. Operations Strategy

Every organization must develop a strategy. Essentially, a business strategy is all about gaining competitive advantage with the long term goal of asset growth rather than short term corporate profitability. Business strategy must exist to ensure that organizational resources are allocated more effectively, particularly with regard to major resource

allocation decisions. In this regard, business strategy is therefore best conceived not in terms of the 'bottom line' but is more identified in operational terms as it sets the direction of the business and achieves concentration and consistency of effort (Ward and Duray 2000).

Operations strategy is an important segment of business strategy. An organization's operations strategy provides an overarching framework for determining how it prioritizes and utilizes its resources to gain a competitive advantage in the market-place. Today's operations managers face many new challenges with respect to strategy issues, from developing effective strategies to properly implementing them throughout the organization.

It involves the development of a long term plan that guides the utilization of major resources of the firm to achieve a high degree of compatibility between resources and the firm's long-term corporate strategy. It addresses very broad questions about how these major resources should be configured to achieve the desired corporate objectives. There are various external factors that influence operations strategy decisions, the main one being an increase in competition being driven by globalization and technological advancements. As such, operations managers must consistently develop new ways of achieving faster delivery times, more variety, high quality, and low material costs, in less available time in order to compete effectively. In doing this, managers must realize that competitors can copy successful operation strategies and implement them at a faster rate hence neutralizing to some degree their competitive advantage. This forces managers to be consistently on the lookout for better strategies that differentiates them from their competitors.

According to Mintzberg (1978), operations strategy is defined as a "pattern of decisions" in allocating resources across operational decision areas. Resources can be tangible or intangible inputs needed for the value creation process and are not necessarily limited to equipment, skills of employees, and technology (Hayes et al., 2005). Further, the extended resource-based view argues that while resources are necessary, they are not sufficient to create heterogeneous sustainable competitive advantage across firms and times because they can easily be obtained by competitors through development, acquisition, among other means (Grant, 1991; Ghosh & John, 1999).

For this reason, capabilities defined as "the capacity for a team of resources to perform" productive tasks or activities (Grant 1991, p. 119), are viewed as the main source of competitive advantage. Hayes et al (2005) note that these capabilities are interwoven in the behaviors of people and operating processes within a firm. They are often complex, dynamic and firm-specific in nature. This implies that creating capabilities requires coordination between people and other resources through organized, repetitive actions such as practices and routines governing the flows of materials and information throughout the value creation process (Grant, 1991). Core capabilities are the means by which competitive priorities are achieved. Consequently, core capabilities must align directly with competitive priorities.

It is on this basis that scholars have argued that a firm's capabilities should be measured by a "bundle of routines" or practices. Therefore in this study, the operations strategy of the deposit taking SACCOs will be understood as a pattern of decisions on the selection and development of capabilities through a variety of strategic choices regarding

operational practices and processes designed to manage the flows of materials and information.

Since operations strategy is a functional strategy, its role is to support a company's competitive priorities as dimensions of advantage relative to its competitors. There is a broad agreement in literature that the operations-oriented competitive priorities are cost, quality, delivery, flexibility and innovation (Miller and Roth 1994; Ward et al. 1995; Vickery et al. 1997; Ward et al. 1998). These priorities can be supported by different capabilities and each capability can be developed through the adoption of single or multiple practices and processes. On the other hand, there are capabilities that considered complementary and must therefore be developed cumulatively or simultaneously such as conformance quality, cost efficiency, and delivery dependability in order to achieve competitive advantage (Ferdows and De Meyer 1990; Noble 1995).

There are six dimensions of capability that can support the competitive priorities mentioned. These capability dimensions are conformance quality, cost efficiency, delivery dependability, flexible responsiveness, new product development and new product introduction (Vickery et al. 1997; Ittner and Larcker 1997; Ward et al. 1998; Ward and Duray 2000). Again, these capabilities can be grouped into two operation strategies: cost reduction and innovation. Even though this categorization may seem overly simplistic, it is informed by the fact that firms have a behavioral tendency to allocate resources for exploitation and exploration (Benner & Tushman, 2003) on one hand or improvement and innovation (Peng et al., 2008) on the other hand.

2.3.1. Cost Reduction Operations Strategy

Cost reduction strategy can be defined as a strategy that focuses on cost savings through internal efficiency and manifests through the three capability dimensions: conformance quality, delivery dependability, and cost efficiency (Noble 1995). To understand the strategy, the particulars of the capability dimensions must also be fully understood.

In this regard, cost efficiency refers to the ability to lower production costs through efficient operations and process management. Conformance quality refers to the ability to make products with consistent quality that meet agreed-upon performance standards. Delivery dependability refers to the ability to deliver on time in the right amount and product mix as specified by customers (Womack et al., 1990). There are various management practices that can be adopted to achieve cost reductions. The most common management practices are lean production, six sigma, and quick response manufacturing among others.

2.3.2. Innovation Operations Strategy

By definition, innovation strategy refers to a strategy that emphasizes on assisting customers through flexible operations and concurrent product/process development. It manifests itself through the nurturing of three other capabilities: flexible responsiveness, new product development and new product introduction (Hayes et al., 2005). To understand innovation strategy, the capabilities that constitute it must also be fully understood.

Flexible responsiveness refers to the ability to modify products and associated processes for non-routine demands. New product development refers to the ability to develop new

products with enhanced styling, features and performance for ease of manufacturing. New product introduction refers to the ability to rapidly introduce new products into full scale production (Hayes et al., 2005).

There are various tools that can be exploited to enhance innovation in the firm. It can be facilitated through internal practices that promote flexibility such as training of employees and effectively integrating various functional expertises within and across firms (Hall, 1987). On the other hand, new product development can be developed by creating cross-functional teams and concurrent product/process development. It can also be efficiently introduced at desired quality and time to the market through flexible operating capabilities (Hayes et al., 2005).

2.4.   Firm Level Competitiveness

The current competitive environment brings many challenges to firms. The high level of competition demands new perspectives on competitiveness. In fact, survival in the current market increasingly depends on a firms' competitive advantage. Many researchers have described competitiveness as a multidimensional and relative concept. There are many theories about competitiveness in the fields of strategy, operations and resource-based view (Barney, 2001). Most companies are organized on functional lines such as marketing, finance, operations, and have narrow views about their contribution to the competitiveness of the whole organization. Competitiveness comes through an integrated effort across different functions and hence, has close linkage with strategy process.

By definition, firm level competitiveness refers to the ability of firm to design, produce and or market products superior to those offered by competitors, considering the price

and non-price qualities. (D' Cruz, 1992).Competitiveness processes are those processes, which help identify the importance and current performance of core processes such as strategic management processes, human resources processes, operations management processes and technology management processes.

Essentially, competitiveness involves a combination of assets and processes, where assets are inherited (natural resources) or created (infrastructure) and processes transform assets to achieve economic gains from sales to customers. Outcomes can be achieved through competitive potentials through the competitiveness process (Buckley et al, 1991). However, there are authors who view competitiveness with the competency approach. Here, there is an emphasis on the role of factors internal to the firms such as firm strategy, structures, competencies, capabilities to innovate, and other tangible and intangible resources for their competitive success. This is the view favored in the resource-based approach towards competitiveness (Barney, 2001).

Thus, the ability to develop and deploy capabilities and talents far more effectively than competitors can help in achieving world-class competitiveness (Smith, 1995). To provide customers with greater value and satisfaction than their competitors, firms must be operationally efficient, cost effective, and quality conscious (Ambastha & Momaya, 2004).

The more organizations respond effectively and efficiently to the changes in the business environment, they more they develop a competitive advantage. By definition, competitive advantage is the extent to which an organization is able to create a defensible position over its competitors (Tracey et al., 1999). Empirical studies show that capabilities can

allow an organization to shape its competitive advantage and differentiate itself from its competitors (Li et al., 2006). Creating a competitive advantage requires determining the factors that put a firm in a better position in comparison to what competitors do have in the marketplace. These factors are what are known as competitive priorities.

2.4.1. Competitive Priorities

Identifying competitive priorities is considered a key element of operations strategy. Since Skinner's (1969) early writings in the field of operations management, a common thread in operations strategy research has been the need for identifying among and achieving one or more core capabilities. With regard to competitiveness, these core capabilities are referred to as competitive priorities. Although there are semantic differences, there is broad agreement that the basic competitive priorities are low cost, quality, time, and flexibility (Wheelwright, 1984; Fine & Hax, 1985). In a major review of operations strategy literature, a fifth competitive strategy: innovativeness was added (Ward et al., 1998).

2.4.1.1. Cost

With regard to cost, although all firms are concerned to some degree with it; most firms do not compete solely or even on this basis. Costs may include direct (production) costs, productivity, capacity utilization, and inventory reduction.

According to Porter (1980), competitive advantage can be achieved by adopting one or more of the following generic competitive strategies. The first is through cost leadership strategy, where a firm's products or services are of low cost relative to competitors, related and standardized products, economies of scales, internally focused, structured organization and responsibilities, with intense supervision of labor. Porter suggests that

an overall cost leadership strategy requires intense supervision of labor, tight cost control, frequent and detailed control reports and structured organization and responsibility. Another strategy is differentiation strategy which is described in terms of product uniqueness, emphasis on marketing and research, flexible structure. Finally, focus strategy implies emphasis on a narrow strategic target (buyer group, product line or geographic market) through differentiation, low cost or both.

The main argument behind cost leadership strategy to competitive advantage is the fact that competitive advantage can be divided into two basic types: lower cost than rivals, or the ability to differentiate and command a premium price that exceeds the extra cost of doing so (Porter, 1991).

2.4.1.2. Quality

On the other hand, quality encompasses production processes and marketing functions. According to pioneering works of authors such as Garvin (1987), the dimensions of quality can be summarized by an eight-dimensional framework: performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. In traditional observance of quality control emphasis is placed on the conformance dimension of quality. Therefore, while each of the other dimensions may be possible drivers of competitiveness, they require more interfunctional coordination among different business units in the firm than do conformance quality.

Quality is a core weapon of competition in the marketplace. Quality engenders competitive advantage by proving products that meet or exceed customer needs and expectations (Lee and Zhou, 2008). Quality is clearly viewed as a main source of competitive advantage through meeting the customer requirements. There are many

scholars that have linked quality to competitive strategy. Parajogo (2007) considers quality as a strategic performance as a reflection of a competitive strategy of the firms. He supports the notion that quality has gone through an evolution process, from an operational level to a strategic level. Thus, quality should be adopted as a strategic goal in organizations.

Porter (1980) argues that organizations compete on quality can adopt differentiation strategy and position their products based on several attributes leading to a premium price. Therefore, quality helps organizations enhance their competitiveness and leads to customer loyalty through meeting customer's expectations. This conclusion leads organization to view quality as a very competitive weapon that should be adopted as a competitive strategy playing a major role in creating, sustaining, and maintaining the competitive advantage of a given firm.

2.4.1.3. Delivery

Delivery is a competitive priority where the customers are interested in satisfying their needs and wants in the right quantity at the right time. Delivery time is concerned with the ability to deliver according to the promised schedule. In this case, the business may not have the least cost or the highest quality product, but they are able to compete on the basis of reliably delivering products when they promise even if the delivery date is in the future. In some cases, delivery reliability may not be adequate. Customers may demand delivery speed (Ward et al., 1998).

Thus, according to Kumar (2004), "delivery of the required function means ensuring that the right product (meeting the requirements of quality, reliability and maintainability) is delivered in the right quantity, at the right time, in the right place, from the right source (a

vendor who is reliable and will meet commitments in a timely fashion), with the right service (both before and after sale), and, finally, at the right price" (p.310).

2.4.1.4. Flexibility

Flexibility focuses on product mix, volume, changeover, and modification (Ward et al., 1998). Flexibility is therefore concerned with how a firm can deploy and/or re-deploy resources in response to changes in contractual agreements that are primarily initiated by customers. As such, a firm may design or plan, change volumes, and modify product varieties to meet the demands of customers (Boyer and Lewis, 2002).

A firm must be flexible in order to cope with uncertainty. It must be able to respond effectively and efficiently to changing circumstances. According to Nakane & Hall (1991) flexibility is a quick respond to change production volume, change product mix, customize product, introduce new products, and adopt technology. Upton (1994) on the other hand understands flexibility as the ability to change or react with little penalty in time, effort, cost, or performance. These two definitions show that firms must be able to cope with uncertainty at the lowest cost and that efficiency and effectiveness should be the basic criteria for performance measurement, especially with regard to the utilization of organizational resources.

According to Mandelbaum (1978), flexibility can be classified into action flexibility (the capacity to take new action to meet new circumstances) and state flexibility (the capacity to take new action to meet new circumstances). On the contrary Sethi & Sethi (1990) developed a different classification that categorized flexibility into job flexibility (the ability of the system to cope with changes in jobs to be processed in the system) and machine flexibility (the ability of the system to cope with changes and disturbances at the

machine and work stations). Other classifications in literature are product, volume, mix, machine, labour, market, and process flexibility (Zhang et al., 2002, Das, 2001).

2.5. Conceptual Framework

The following conceptual framework represents the relationship between operations strategy and competitiveness variables. The framework will guide the operationalization of independent and dependent variables in the study.
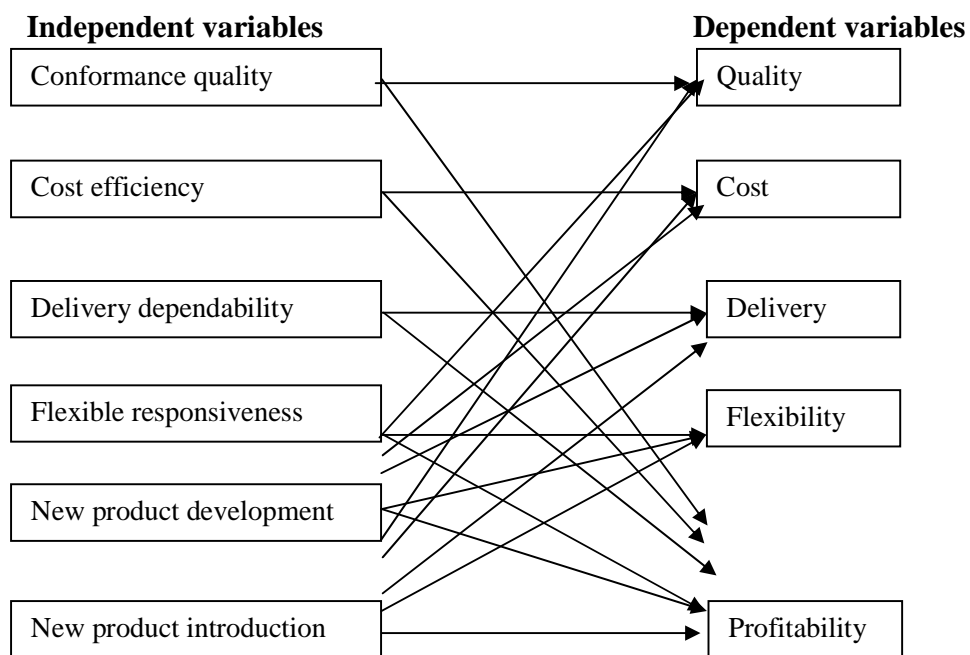
Source: Author (2013).

Operations strategy is a functional strategy that enables a company to attain its competitive priorities. Operations strategies are often oriented towards competitive priorities which are cost, quality, delivery, flexibility and innovation. The conceptual framework links the six dimensions of operations strategy: conformance quality, cost efficiency, delivery dependability, flexible responsiveness, new product development and new product introduction, to competitive priorities (quality, cost, delivery, flexibility) and firm profitability.

24

CHAPTER THREE: RESEARCH METHODOLOGY

3.1.   Introduction

This chapter presents the research methodology that was used in conducting the study. It discusses the research design, target population, data collection procedures and instrument, determination of reliability and validity as well as data analysis techniques.

3.2.   Research Design

The researcher adopted a survey design. According to Mugenda and Mugenda (2003), survey research is an attempt to collect data from members of the population in order to determine the current status of that population with respect to one or many variables. The survey employed quantitative methods. The aim of the study was to examine the relationship between operations strategy and firm-level competitiveness among SACCOs in Nairobi County.

3.3.   Target Population

The study area was Nairobi County and the unit of analysis was the various SACCOs operating in the said region. There are 1,325 SACCOs in Nairobi County, out of which only 43 operate FOSAs (SASRA, 2011). The target population for this study would be the deposit taking SACCOs operating FOSAs in Nairobi County. Target population is defined as "population from which we would want to collect data if we were conducting a complete census rather than a sample survey (Greenm, Camilli & Elmore, 2006).

There are 43 SACCOs with FOSAs in Nairobi County (SASRA, 2011). All the 43 SACCOs participated in the study. A total of two respondents were drawn from every SACCO, yielding a total of 86 respondents. Respondents were drawn from Top Management and included the Chief Executive Officers/Deputy Chief Executive Officers, Finance Managers/Chief Accountants, Operations Managers (or equivalent) in SACCO Societies.

3.4. Data Collection

Data was collected through both secondary and primary methods. Questionnaires were the main data collection tools. The questionnaire was administered to the 86 respondents drawn from the 43 SACCOs in Nairobi County. The instrument contained variables for operations strategy and firm-level competitiveness.

A 5-point Likert-type scale was used to grade responses because it permitted the measurement of relativeness of different aspects of the study on a single scale (Kothari, 2004). The questionnaire contained 3 sections: Section A sought data on general information; section B sought data on the operations strategy whereas section C sought data on the firm-level competitiveness. All the responses falling in different categories in the questionnaire were categorized according to the variables under investigation. Secondary data was obtained from journals, books and other resource materials on operation strategy SACCOs. Review of related studies was also done to compare relevant information as regards the study.

3.5.   Data Analysis

The data collected was summarized and screened to identify missing information and improper responses. Data was input into SPSS software for purposes of analysis. Quantitative data was coded and analyzed using descriptive statistics including measures of central tendency and measures of variability and presented using charts, tables and narratives.

Regression was used to determine the relationship between operations strategy variables and firm-level competitiveness variables. A standard linear regression model will be used in the study: given as $Z = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e$. Where z = firm-level competitiveness, a = z intercept, where x is zero, and b_1, b_2, b_3, and b_4 are regression weights attached to the variables.

The variables x_1, x_2, x_3, and x_4 are conformance quality, cost efficiency, delivery dependability, and flexible responsiveness respectively.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1. Introduction

This chapter provides the analysis of data, presentation, and interpretation of the results of the data collected from the field. The presentation of the data aligns with the objectives of the study.

4.2. General Information

This section will present and justify the response rate and provide statistics for the biographic profiles of the respondents who participated in the study.

4.2.1. Response Rate

A total of 86 questionnaires were distributed to all the 43 SACCOs in Nairobi County. A total of 77 were completed and returned. This represents a response rate if 89.5%. There are various researchers that have stated various response rates for survey. However, the general consensus is that 50% is usually considered adequate for analysis and reporting, 60% is considered good, and 70% or more is considered very good (Rubin & Babbie, 2011). Therefore, at 89.5%, the response rate was very good and appropriate for analysis and reporting. Data was analyzed using IBM SPSS 21 for descriptive and inferential statistics.

4.2.2. Gender

Majority of the respondents were male, representing 72.7%. Females accounted for 27.3% of the sample. The pie chart below shows a breakdown of gender distribution.
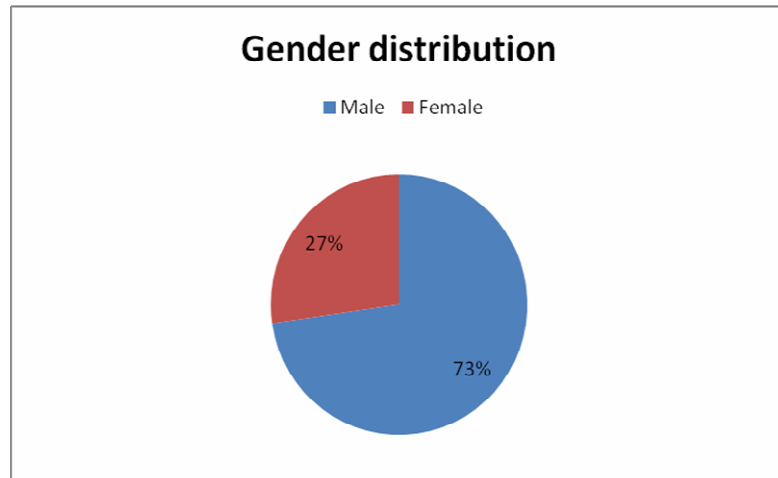
Figure 4.1: Gender distribution

4.2.3. Age

Majority of the employees who participated in the study were aged between 31-40 years and represented 51.9% of the sample. 26% were aged between 41-50 years, 16.9% were aged between 21-30 years and only a small number (5.2%) were aged over 50 years.
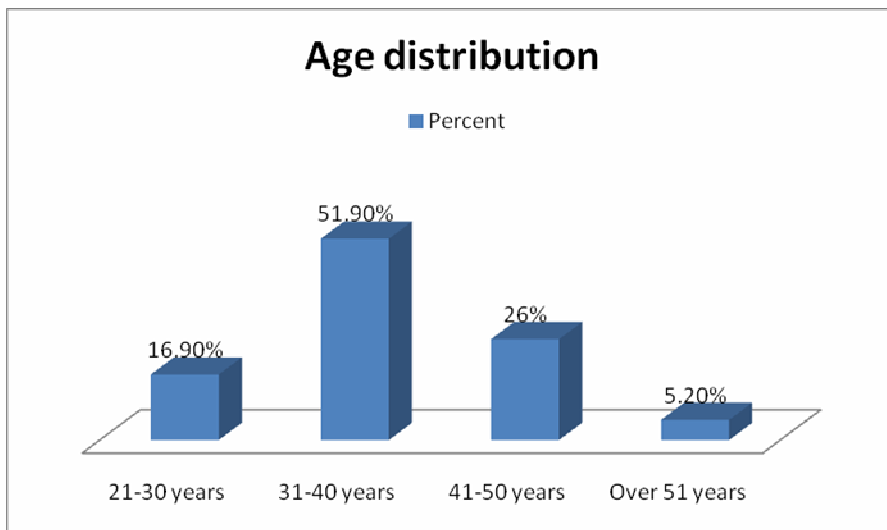
Figure 4.2: Age distribution

4.2.4. Duration in the SACCO Industry

Respondents were asked to state how long they have been in the SACCO industry. Majority had been in the industry for more than three years (75.3%). Those who had been in the industry between 1-3 years were 18.2%, while those with less than a year old in the industry were the minority (6.5%).
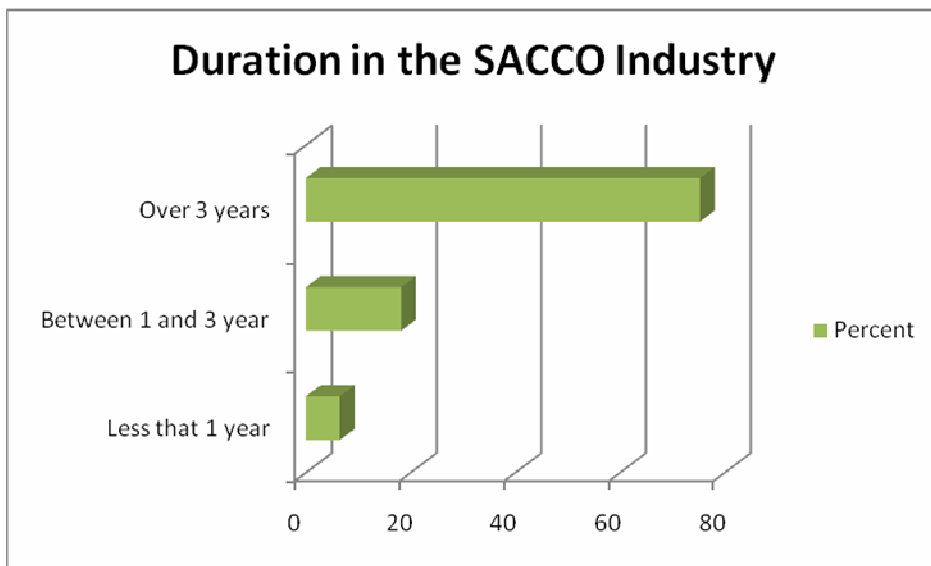
Figure 4.3: Duration in the SACCO Industry

4.2.5. Duration working with the current SACCO Society

Of those surveyed, 51.9% had worked with their current SACCO for more than three years, 31.2% between one and three years and 16.9% had worked for less than one year with their current SACCO.
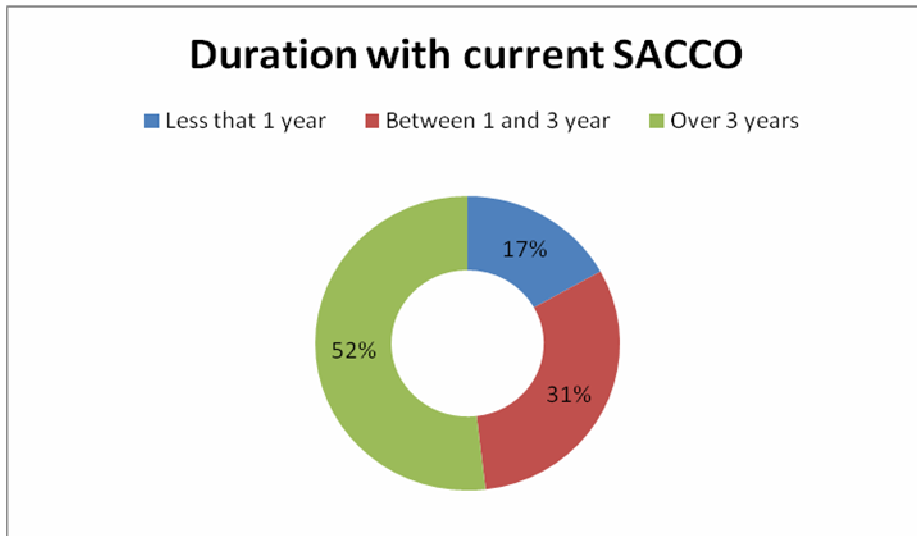
Figure 4.4: Duration with current SACCO

4.2.6. Level of Education

The researcher was also interested in the level of education of the respondents who participated in the study. As the findings show, Majority of them were degree holders (44.2%), 35.1% had a Masters Degree and 2.6% had PhD. The lowest level of education recorded was a Certificate/Diploma with 18.2% score.
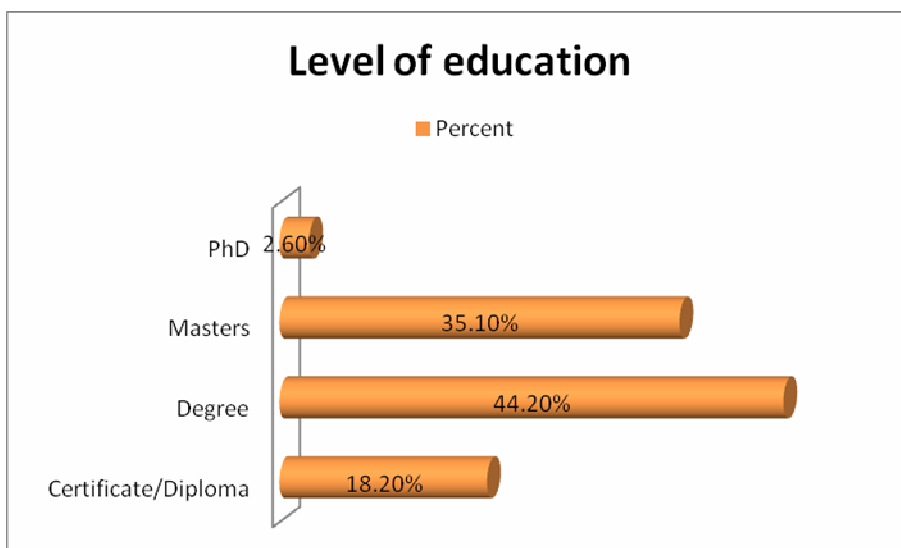
Figure 4.5: Level of education

4.2.7. Job Title

According to the findings, 24.7% were CEOs, 11.7% were Finance Managers, 10.4% were Operations Managers, and 53.2% held other titles. Majority of the respondents who indicated that they held titles other than the aforementioned were General Managers or Assistant Operations Manager/Finance Manager/CEO.
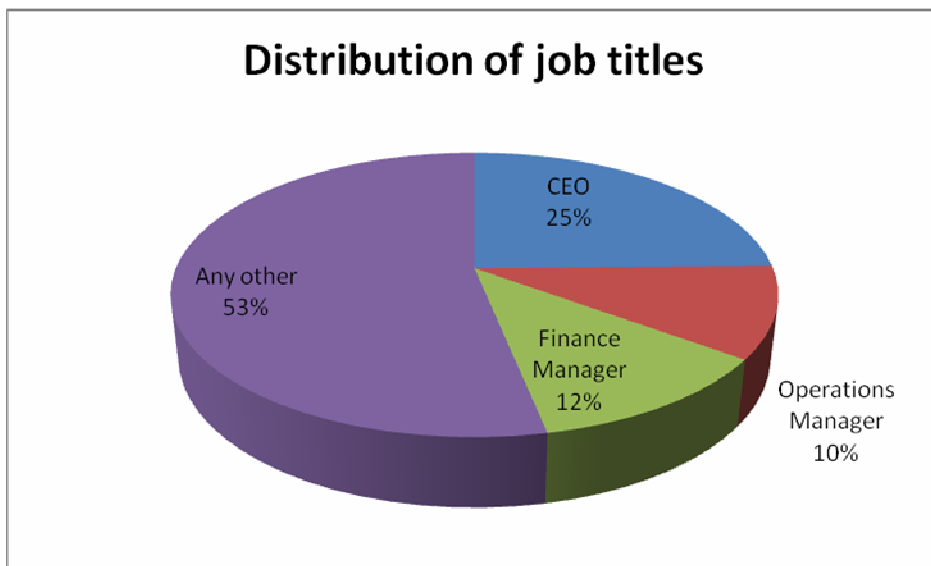
Figure 4.6: Job Titles

4.3.   Operations Strategy

Operations strategy was divided into six variables: conformance quality, cost efficiency, delivery dependability, flexible responsiveness, new product development, and new product introduction. Each of these variables was tested independently and the findings presented.

4.3.1. Conformance Quality

The respondents were asked a set of questions to find information on the best strategies that their SACCOs were using with respect to conforming with a set of quality standards that they had established in order to maintain their competitiveness in the financial services market. Generally, the findings show a higher level of agreement with the selected indicators. Means above 2.5 show a high level of agreement.

According to the results of the study, Majority of the employees in these SACCOs were highly specialized (3.68) and as many were university graduates (3.29). Training was given crucial importance in the firm's budgets (3.88), service delivery activities are performed in a pre-established and fixed place (3.91), system efficiency goals are have priority when designing service delivery process (3.95), service delivery activities are performed where it is more convenient for the customer (3.77), customer satisfaction goals have priority when designing service delivery process (4.43), all incidents not prevented in the work procedures must be communicated to a superior for resolution (4.00), there is a procedures book, which is known by all workers (3.69), decisions about Information Technologies adoption are done on the basis of service customization (4.12).

However, there was a low level of agreement with the statement that most work procedures in the SACCOs are pre-established and cannot be modified (2.83). This shows a high level of flexibility in the design of roles and responsibilities of personnel. From the ranking of the means there is tremendous focus on ensuring that customer satisfaction goals have priority when designing the service delivery process.

Table 4.1: Conformance Quality

	Mean	Std. Deviation
Personnel are highly specialized.	3.68	.715
More than half of our personnel are university graduates.	3.29	1.145
Training is given a crucial importance in the firm's budgets.	3.88	1.026
Service delivery activities are performed in a pre-established and fixed place.	3.91	.861
System efficiency goals are have priority when designing service delivery process.	3.95	.857
Service delivery activities are performed where it is more convenient for the customer.	3.77	1.037
Most work procedures are pre-established and cannot be modified.	2.83	1.093
Customer satisfaction goals have priority when designing service delivery process.	4.43	.696
All incidents not prevented in the work procedures must be communicated to a superior for resolution.	4.00	.795
There is a procedures book, which is known by all workers.	3.69	1.055
Decisions about Information Technologies adoption are done on the basis of service customization.	4.12	.843

4.3.2. Cost Efficiency

The researcher was interested in examining the cost efficiency measures that had been taken by SACCOs operating in Nairobi County. This is because cost efficiency is a key determinant of the cost of doing business and by extension the SACCOs ability to remain competitive in the financial services industry. A clear majority was established if the sum of responses indicating a 'large extent' and 'very large extent' passed 50%, or mean 2.5, which is the average.

The findings show a high level of agreement with all the indicators of cost efficiency. The respondents agreed that production resources can move to those places where service is delivered (3.42) and that resources for service delivery are located in order to optimise customer satisfaction and final service delivery (3.82). There respondents also agreed that every worker is assigned to an exclusive task (3.91). The respondents stated that the acquisition of Information Technologies in their SACCOs is oriented towards costs reduction (3.66) and that decisions about Information Technologies adoption are done on the basis of tasks improvements from the worker point of view (3.95), and finally that acquisition of Information Technologies in their SACCOs is oriented towards customer satisfaction (3.97). The highest level of agreement was with the idea that production resources in their SACCOs can move to those places where service is delivered (4.32).

Table 4.2: Cost Efficiency

	Mean	Std. Deviation
Production resources can move to those places where service is delivered	3.42	.898
Resources for service delivery are located in order to optimise customer satisfaction and final service delivery	3.82	.948
Every worker is assigned to an exclusive task	3.91	.836
Acquisition of Information Technologies is oriented towards costs reduction	3.66	1.040
Decisions about Information Technologies adoption are done on the basis of tasks improvements from the worker point of view	3.95	.978
Acquisition of Information Technologies is oriented towards customer satisfaction	3.97	.848
Production resources can move to those places where service is delivered	4.32	.787

4.3.3. Delivery Dependability

The ability of a SACCO to deliver its services reliably and dependably influences how far it can remain competitive in the market. The study was interested in examining the opinions of SACCO managers on the measures they have taken to ensure that the delivery of their services is dependable.

A total of seven indicators were tested. The respondents agreed that the service delivery system in their SACCOs is designed so there is one or a few ways to perform every task (3.51). They further agree that variability is continually decreased along the service delivery process large (3.61) and that most service delivery activities are oriented towards service customization (3.96).

The SACCOs surveyed also unanimously stated that they offer a wide range of different services (4.18), these services are customized (3.92) and that they continually offer new services to their customers (3.77). The findings reveal that SACCOS emphasize mostly on offering a wide range of services. They were also particular that these services delivered only satisfied one or a small customer segment (2.58).

Table 4.3: Delivery dependability

	Mean	Std. Deviation
Service delivery system is designed so there is one or a few ways to perform every task.	3.51	.805
Variability is continually decreased along the service delivery process	3.61	.891
Most service delivery activities are oriented towards service customization.	3.96	.733
The firm offers a wide range of different services	4.18	.807
All offered services are customized.	3.92	.870
New services are continually offered to customers.	3.77	1.025
Services are delivered to satisfy one or few small customer segments.	2.58	1.291

4.3.4. Flexible Responsiveness

The researcher was also interested in establishing the level of flexibility and responsiveness in attaining competitive advantage. The findings of the study were largely positive. For instance, the SACCOs agreed that they constantly develop new procedures for customer delivery (3.71), that new services are continually developed (3.78) and that customer opinions are indeed considered when designing new services (4.00). Further, the SACCOs confirm that they have an exclusive team for service design and development (3.00). Since all the means are above the average; 2.5, SACCOs have a strategy for high level of flexible responsiveness.

Table 4.4: Flexible responsiveness

	Mean	Std. Deviation
New procedures for service delivery are continually developed.	3.71	.841
New services are continually developed.	3.78	.853
Customer opinions are indeed considered when designing new services.	4.00	1.000
There is an exclusive team for service design and development	3.00	1.203

4.3.5. New product/service development

The study assessed specific objectives that are related to new product/service development in the SACCOs in Nairobi County. Respondents were asked to state whether the management takes these objectives into operations strategy that guides the development of new products and services.

The findings show that Majority of the SACCOs have taken into account all the objectives. This included reduced time to respond to customer or supplier needs (4.29),

improved ability to develop new products or services (4.08), improved quality of your goods or services (4.34), reduced costs per unit output (4.14), improved communication/information sharing within your enterprise (4.14) and improved communication/information sharing with other enterprises or institutions (3.61).

Table 4.5: New product /service development

Objectives	Mean	Std. Deviation
Reduced time to respond to customer or supplier needs	4.29	.686
Improved ability to develop new products or services	4.08	.739
Improved quality of your goods or services	4.34	.700
Reduced costs per unit output	4.14	.806
Improved communication/information sharing within your enterprise	4.14	.838
Improved communication/information sharing with other enterprises or institutions	3.61	1.028

In the same vein, respondents were asked whether during the three years 2010-2012, their SACCO cooperated on any innovation activities with other enterprises or institutions. This question was important because innovation co-operation which is understood as the active participation with other enterprises or non-commercial institutions on innovation activities is common among firms, either for commercial or non-commercial purposes.

To this question, the respondents stated that 76.5% had participated in such innovation co-operation agreements, and only 23.4% had not participated in such arrangements.

Table 4.6: Innovation Co-operation

	Frequency	Percent
Yes	59	76.5
No	18	23.4
Total	77	100

Of the SACCOs that had engaged in this kind of co-operation, the study sought to establish the type of co-operating partner. Majority of the SACCOs had innovation co-operation arrangements with their suppliers of equipment, materials, components, or software (76.6%), with clients and customers (74%), with other enterprises within the entrepreneurial group, which in this case is other players in the financial services industry, as well as consultants and private Research & Development institutes (68.8%).

There were very few SACCOs (39%) that had innovation co-operation with governments/public research institutes (49.4%), competitors or other SACCOs (39%), or universities (23.4%).

Table 4.7: Type of Co-operation Partner

	YES	NO
Other enterprises within your entrepreneurial group	74%	26%
Suppliers of equipment, materials, components, or software	76.6%	23.4%
Clients or customers	74%	26%
Competitors or other enterprises in your sector	39%	61%
Consultants, commercial labs or private R&D institutes	68.8%	31.2%
Universities or other higher education institutions	23.4%	76.6%
Governments or public research institutes	49.4%	50.6%

4.3.6. New product introduction

Asked whether their SACCOs had introduced any new or significantly improved product/services in the market between 2010 and 2012, almost all the respondents answered in the affirmative (98.7%), with only one respondent answering in the negative (1.3%).

Table 4.8: New product introduction

	Frequency	Percent
Yes	76	98.7
No	1	1.3
Total	77	100

In the same vein, the respondents were asked whether their product/ service innovations during the three years 2010-2012 were new to your market; in other words, whether their SACCOs had introduced new or significantly improved good or service onto your market before your competitors. To this question, 74% confirmed while 26% denied. In essence, 74% of the SACCOs had introduced their products/services before competitors, while 26% of the SACCOs had introduced their products/services after competitors over the same period.

Table 4.9: New product introduced before/after competitors

	Frequency	Percent
Yes	57	74.0
No	20	26.0
Total	77	100

For the years 2010 to 2012, 79.2% of the stated that their SACCO had introduced new or significantly improved logistics, delivery or distribution methods, while 20.8% had not.

Table 4.10: New logistics, delivery, or distribution methods

	Frequency	Percent
Yes	61	79.2
No	16	20.8
Total	77	100

Again, 96.1% of the respondents stated that their SACCOs had introduced new or significantly improved supporting activities for processes, such as maintenance systems or operations, accounting, or computing.

Table 4.11: New supporting activities

	Frequency	Percent
Yes	74	96.1
No	3	3.9
Total	77	100

4.4.   Firm-Level Competitiveness

4.4.1. Competitive Strategy

Respondents were asked to state the main competitive strategy that their SACCO uses. Majority of the SACCOs competed mainly in product/services (37.7%) and product delivery (32.5%). 14.3% competed on the basis of price, while 13.0% competed on quality. A minority 2.6% stated that their SACCO uses no competitive strategy.

Table 4.12: Main competition strategy

	Frequency	Percent
No competition method	1	2.6
Competition in price	11	14.3
Competition mainly in quality	10	13.0
Competition mainly in product/services	29	37.7
Competition in service delivery	25	32.5
Total	77	100.0

4.4.2. Competitive Priorities

Having assessed the firm's operations strategy, the research sought to assess the respondents' perception of the ability of their SACCOs to achieve competitive priorities. The table below shows the responses pertaining to how far the SACCOs have achieved their competitive priorities.

Table 4.13: Competitive priorities

		Mean	Standard deviation
Cost	Increase capacity utilization	4.05	.887
	Reduce production costs	3.81	1.214
	Increase labour productivity	3.75	1.060
	Average	**3.87**	**1.06**
Quality	Provide high-performance products/services	4.14	.983
	Offer consistent, reliable quality	4.16	.974
	Improve conformance to design specifications	3.88	.888
	Average	**4.06**	**0.948**
Delivery	Provide fast deliveries	4.27	.968
	Meet delivery promises	4.30	1.040
	Improve conformance lead time	4.04	1.044
	Average	**4.20**	**1.017**
Flexibility	Make rapid design changes	3.34	1.008
	Adjust capacity quickly	3.42	1.005
	Offer a large number of product features	3.62	.987
	Offer rapid volume changes	3.18	1.048
	Offer a large degree of product variability	3.49	1.034
	Adjust product mix	3.71	1.050
	Average	**3.71**	**1.022**

4.5. Relationship between Operations Strategy and Firm-level Competitiveness

For inferential statistics, linear regression was used to determine the relationship between operations strategy variables and firm-level competitiveness variables. A standard linear regression model was used in the study: $Z = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e$. Where z = firm-level competitiveness, a = z intercept, where x is zero; b_1, b_2, b_3, and b_4 are regression weights attached to the variables and x_1, x_2, x_3, and x_4 are the operations strategy variables

4.5.1. Conformance Quality and Quality

Conformance quality (CQ) refers to the ability to make products with consistent quality that meet agreed-upon performance standards. The study was interested in determining if there is a significant relationship between CQ and quality.

H_0: $\beta = 0$, CQ is not significantly related to the level of service/product quality in the SACCOS

H_1: $\beta \neq 0$, CQ is significantly related to the level of service/product quality in the SACCOS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.951[a]	.905	.874	5.63371

a. Predictors: (Constant), Quality

The coefficient of determination is 0.905, which shows that about 90.5% of the variation in the quality can be explained by the level of conformance to quality standards. The regression equation appears to be very useful in making predictions since the value of r^2 is close to 1.

The findings show that the F = 28.658, t-statistic = 5.353, and p-value = 0.013

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	909.570	1	909.570	28.658	.013[b]
	Residual	95.216	3	31.739		
	Total	1004.786	4			

a. Dependent Variable: CQ

b. Predictors: (Constant), Quality

The results show that conformance quality (CQ); as an operations strategy developed and implemented by SACCOs, has a positive and significant correlation with quality (r=0.951, p value = 0.013, at α 0.05 level). Since p=0.013, we reject the null hypothesis.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.917	3.754		1.576	.213
	Quality	.746	.139	.951	5.353	.013

a. Dependent Variable: CQ

Conformance quality is also positively but insignificantly correlated with cost; a competitive priority ($r = 0.847$, p value = 0.070), delivery ($r = 0.792$, p value = 0.110) and flexibility ($r = 0.859$, p value = 0.062) (see Bivariate Correlations Appendix 1).

4.5.2. Cost Efficiency and Cost

Cost efficiency refers to the ability to lower production costs through efficient operations and process management. The regression analysis will establish if there is a significant relationship between CE and cost.

H_0: $\beta = 0$, CE is not significantly related to the cost of services/products provided by the SACCOS

H_1: $\beta \neq 0$, CE is significantly related to the cost of services/products provided by the SACCOS

Model Summary

Mode 1	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.719[a]	.517	.356	13.14410

 a. Predictors: (Constant), Cost

According to the computations, the coefficient of determination is 0.517, which shows that about 51.7% of the variation in the cost can be explained by the cost efficiency measures implemented by the SACCO. The regression equation appears to be of average usefulness in making predictions since the value of r^2 is not very close to 1.

From the findings, F = 3.211, t = 1.792, and p value = 0.171

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	554.720	1	554.720	3.211	.171[b]
	Residual	518.302	3	172.767		
	Total	1073.021	4			

a. Dependent Variable: CE

b. Predictors: (Constant), Cost

The results show that there is a positive relationship between CE and the cost of products and services provided by the SACCOS. However, this relationship is not significant ($r = 0.719$, p value =0.171). Therefore, we accept the null hypothesis.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.970	9.321		.748	.509
	Cost	.719	.401	.719	1.792	.171

a. Dependent Variable: CE

While cost efficiency is positively but not significantly correlated with cost, the findings show that CE is positively and significantly correlated with quality ($r = 0.893$, p value = 0.041, at α 0.05) and flexibility ($r = 0.947$, p value = 0.015, at α 0.05). However, it is also correlated with delivery ($r = 0.654$, p value = 0.231), however the relationship is not significant (See Bivariate Correlations Appendix 1).

4.5.3. Delivery Dependability and Delivery

Delivery dependability refers to the ability to deliver on time in the right amount and product mix as specified by customers. To establish the relationship between the two variables, the following hypothesis was developed:

H_0: $\beta=0$, DP is not significantly related to the rate of delivery of services/products provided by the SACCOS

H_1: $\beta\neq0$, DP is significantly related to the rate of delivery of services/products provided by the SACCOS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.592[a]	.350	.134	13.93238

a. Predictors: (Constant), Delivery

From the model summary, r^2 is 0.350, which shows that about 35.0% of the variation in the rate of delivery quality can be explained by delivery dependability measures put in place by the SACCOS. The regression equation is not very useful in making predictions since the value of r^2 is not close to 1.

The findings show that the F-statistic is 1.617, t-statistic is 1.271 and p-value is 0.293

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	313.818	1	313.818	1.617	.293[b]
	Residual	582.333	3	194.111		
	Total	896.151	4			

a. Dependent Variable: DD

b. Predictors: (Constant), Delivery

The results show the delivery dependability is positively correlated with delivery ($r = 0.592$, p value = 0.293), but the correlation is not significant. Therefore, we accept the null hypothesis.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.844	8.886		1.333	.275
	Delivery	.416	.328	.592	1.271	.293

a. Dependent Variable: DD

Bivariate correlations show that delivery dependability is positively and significantly correlated with flexibility ($r = 0.996$, p value = 0.008 at α 0.01). It is also positively correlated with quality ($r = 0.852$, p value = 0.067), cost ($r = 0.661$, p value 0.225), and delivery ($r = 0.592$, p value = 0.293), but these correlations are not significant (See Bivariate Correlations Appendix 1).

4.5.4. Flexible Responsiveness and Flexibility

Flexible responsiveness refers to the ability to modify products and associated processes for non-routine demands. To establish the relationship between the two variables, the following hypothesis was developed:

H_0: $\beta=0$, FR is not significantly related to the flexibility of delivering services/products to meet non-routine demands

H_1: $\beta\neq0$, FR is significantly related to the flexibility of delivering of services/products to meet non-routine demands

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimat
1	.908[a]	.824	.766	6.55617

a. Predictors: (Constant), Flexibility

The coefficient of determination is 0.824, which shows that about 82.4% of the variation in flexibility can be explained by the ability of SACCOs to put in place measures that can allow them to respond to non-routine demand in a timely manner. The regression equation appears to be very useful in making predictions since the value of r^2 is close to 1.

The findings show that the F = 42.983, t-statistic = 3.752, and p-value = 0.033

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	605.102	1	605.102	14.078	.033[b]
	Residual	128.950	3	42.983		
	Total	734.052	4			

a. Dependent Variable: FR
b. Predictors: (Constant), Flexibility

Flexible Responsiveness (FR) is positively and significantly correlated with and Flexibility ($r= 0.908$, p value $= 0.033$, at α 0.05). Therefore, we reject the null hypothesis.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.704	5.265		.704	.532
	Flexibility	.848	.226	.908	3.752	.033

a. Dependent Variable: FR

Flexible responsiveness is positively and significantly correlated with Quality ($r = 0.926$, p value 0.024, at α 0.05). However, it insignificantly correlated with cost ($r = 0.784$, p value $= 0.117$) and delivery ($r = 0.719$, p value $= 0.171$) (See Bivariate Correlations Appendix 1).

CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter provides the findings of the study, conclusions, and recommendations arising from those findings of the study.

5.2. Summary of Findings

The study used a survey design to investigate the research questions. A total of 86 respondents were drawn from a census of 43 SACCO Societies in Nairobi. Data was collected using self-administered questionnaires. All completed questionnaires proceeded to data analysis. A total of 77 questionnaires were returned. This represents a response rate of 89.5% which is sufficiently high to yield the results sought. Data was analyzed using IBM SPSS Version 21 for descriptive and inferential statistics.

Of those surveyed, 72.7% were men and 27.3% were women. 51.9% were aged 31-40 years, 26% were aged between 41-50 years, 16.9% were aged between 21-30 years and only a small number (5.2%) were aged over 50 years. Majority had been in the industry (75.3%) and current SACCO Society (51.9%). A large proportion of the respondents also had a Degree and higher levels of education. Further, 24.7% of the respondents were CEOs, 11.7% were Finance Managers, 10.4% were Operations Managers, and 53.2% were either General Managers or Assistant Operations Manager/Finance Manager/CEO.

The study was interested in determining the relationship between operations strategy and firm-level competitiveness. There were a total of six operations strategy variables:

conformance quality, cost efficiency, delivery dependability, flexible responsiveness, new product development, and new product introduction.

Conformance quality refers to the ability to make products with consistent quality that meet agreed-upon performance standards. The findings show that Majority of the respondents conform to quality standards to a large extent. Cost efficiency refers to the ability to lower production costs through efficient operations and process management. The findings show that Majority of the SACCOs had instituted cost efficiency measures to a large degree. Delivery dependability refers to the ability to deliver on time in the right amount and product mix as specified by customers. The findings show that the SACCOs had put in place operation strategies to deliver its services reliably and dependably. Flexible responsiveness refers to the ability to modify products and associated processes for non-routine demands. The results indicate that SACCOs have a strategy for high level of flexible responsiveness among the SACCOs surveyed.

Innovation strategy refers to a strategy that emphasizes on assisting customers through flexible operations and concurrent product/process development. It manifests itself through the nurturing of three other capabilities: flexible responsiveness, new product development and new product introduction.

New product development refers to the ability to develop new products with enhanced styling, features and performance for ease of manufacturing. New product introduction refers to the ability to rapidly introduce new products into full scale production. With regard to the indicators of successful new product/service development, 43.77% of the SACCOs have taken these objectives to consideration to a large extent, 35.32% to a very

large extent and 17.62% to some extent. Only 0.93% gave these objectives little consideration and just 1% did not take them into consideration. Finally, Majority of the SACCOs had introduced new products/services, logistics/delivery/and distribution methods, as well as supporting activities for processes, such as maintenance systems or operations, accounting, or computing. On firm level competitiveness, the results show that products/services is the main competitive strategy used by SACCO Societies.

Bivariate correlation studies show that there is a positive and significant relationship between conformance quality and quality, and insignificant relationship with cost, delivery, and flexibility. The results also indicate that cost efficiency is significantly related to quality and flexibility, while the correlation with cost and delivery is not significant. There is a positive and significant relationship between delivery dependability and flexibility. The correlation with the other competitive priorities is insignificant. Finally, flexible responsiveness is correlated to quality and flexibility, and insignificantly correlated with cost and delivery.

These results show that quality and flexibility are therefore central to achieving competitive advantage. The results do not show comparatively high levels of significance for cost and delivery. This difference may be explained by Boyer & Lewis (2002) who established that firms do have trade-offs in operations strategy and that perceived differences in the level of emphasis on competitive priorities vary from one industry to the other.

The research proves that service operations strategy has a significant positive and direct effect on competitive priorities. The results establish not only the existence of strong

links between service operations strategy and flexibility but also the magnitude of the impact of every operations strategy dimension on every competitive dimension. Nonetheless, the generalization of these findings to other service industries cannot be guaranteed without cautiousness even though the robust statistical results for this relationship suggest the findings are quite reliable. Such conclusions have also been reached by researchers such as Chase (2001) and Bosibori (2012).

5.3. Conclusions

As the business environment changes, SACCOs are forced to respond effectively and efficiently in order to gain and develop competitive advantage. Competitive priorities are a key decision variable for operations managers and researchers. Competitive priorities denote a strategic emphasis on developing certain firm capabilities that may enhance organizational position in the marketplace. Such emphasis may guide decisions regarding the production process, capacity, technology, planning, and control. The senior management of the SACCO Societies are responsible for making these decisions and by extension can influence operations strategy. With increasing competition, SACCOs must develop operations strategies that can enable them achieve competitive priorities.

The study confirms that there exists a positive relationship between operations strategy and firm-level competitiveness. The findings also show that SACCOs have put in place cost reduction and innovation strategies to enable them achieve competitive advantage in a dynamic and rapidly growing Kenyan financial market. This was evident in all the operations strategy variables analyzed: conformance quality, cost efficiency, delivery dependability, flexible responsiveness, new product development, and new product introduction. While the main competitive strategy used by SACCO Societies in Nairobi

County, the Managers perception show that they are achieving their competitive priorities.

5.4. Recommendations

The findings of this research suggest linking operations strategy to competitive advantage is the master key for a firm to survive in the dynamic and highly competitive environment. The positive and significant relationships between conformance quality (CQ) and quality, cost efficiency (CE) and quality and flexibility, delivery dependability (DD) and flexibility, and flexible responsiveness with quality (FR) shows the importance of quality and flexibility in achieving competitive advantage in SACCOs. This shows that operations strategy should place an emphasis on the competitive priorities such as quality, cost, flexibility, and delivery to achieve, develop, and maintain the competitive advantage.

Another critical element of operations strategy involves translating competitive priorities into operational capabilities. Once managers have chosen their firm's priorities or goals, they must carefully match their operating decisions to develop appropriate capabilities. While trade-offs may exist among physical, technological, and management realities, SACCOs will not be successful unless appropriate operating decisions are made. The findings show positive but insignificant relationships between operation strategies and some competitive priorities, for instance between conformance quality and cost, delivery, and flexibility. There is also an insignificant relationship between cost efficiency with cost and delivery. Another positive but insignificant relationship is between delivery dependability and quality, cost, and delivery. Finally, the last one is between flexible responsiveness, cost and delivery. These relationships should be the basis of trade-off

decisions, especially concerning where the SACCOs need to invest more. In other words, the presence of insignificant relationships shows that there are areas in operations strategy that SACCOs need to put more emphasis on. Thus, careful choice of competitive priorities is a critical, but not sufficient step, in the process of developing and implementing a successful operations strategy and that competitive advantage cannot be achieved if certain components of operations strategy have not been improved.

5.5. Limitations of the Study

The study concentrates on operations strategy and competitiveness and infers that a favourable trade-off between operations strategy and competitive priorities leads to profitability, despite the fact that it does not compute for the levels of profitability in the SACCOs. Therefore, it is important that the management of the SACCOs should take into account all decisions that may enhance the position of the financial institution rather than singularly focusing on operations strategy.

The time period captured in the study is short. Only data for three years (2010-2012) were utilized. While there were no cases of missing data from the sample and that all data collected was used in the analysis, the limited period of time can potentially affect the interpretation of findings. Again, there are innovative systems that take longer than three years to be fully implemented. In such cases, it is likely that the impact of their full integration has not been captured.

5.6. Suggestions for Further Study

There are certain limitations of this study that can be solved by further research. It is worth mentioning that the research has not taken into consideration the effect of the

moderating and intervening variables (such as company size, business unit, organizational structure, and many others) on the relationships between the operations strategy and firm-level competitiveness. Further, the sample was limited to SACCO Societies within Nairobi County.

While these limitations do not affect the accuracy of the findings or the value of this research, other researchers can include intervening variables in future studies, with specific regard to the role these intervening variables (such as company size, business unit, or organizational structure) play in mediating the relationship between operations strategy and competitiveness. Further studies can also expand the sample to include SACCO Societies from other regions of Kenya.

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APPENDICES

Appendix 1: Letter of Introduction

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162 Telegrams: "Varsity", Nairobi Telex: 22095 Varsity	P.O. Box 30197 Nairobi, Kenya

DATE 9/9/2013

TO WHOM IT MAY CONCERN

The bearer of this letter SOLOMON ANGUTSA ATSIAYA

Registration No. D61 70594 2008

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

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

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

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

65

Appendix II: Bivariate Correlations

		CQ	CE	DD	FR	Quality	Cost	Delivery	Flexibility
CQ	Pearson Correlation	1	.977*	.957*	.990*	.951*	.847	.792	.859
	Sig. (2-tailed)		.004	.011	.001	.013	.070	.110	.062
	N	5	5	5	5	5	5	5	5
CE	Pearson Correlation	.977*	1	.996*	.988*	.893*	.719	.654	.947*
	Sig. (2-tailed)	.004		.000	.002	.041	.171	.231	.015
	N	5	5	5	5	5	5	5	5
DD	Pearson Correlation	.957*	.996*	1	.973*	.852	.661	.592	.966**
	Sig. (2-tailed)	.011	.000		.005	.067	.225	.293	.008
	N	5	5	5	5	5	5	5	5
FR	Pearson Correlation	.990*	.988*	.973*	1	.926*	.784	.719	.908*
	Sig. (2-tailed)	.001	.002	.005		.024	.117	.171	.033
	N	5	5	5	5	5	5	5	5
Quality	Pearson Correlation	.951*	.893*	.852	.926*	1	.931*	.903*	.724
	Sig. (2-tailed)	.013	.041	.067	.024		.022	.036	.166
	N	5	5	5	5	5	5	5	5

Cost	Pearson Correlation	.847	.719	.661	.784	.931*	1	.994**	.463
	Sig. (2-tailed)	.070	.171	.225	.117	.022		.001	.432
	N	5	5	5	5	5	5	5	5
Delivery	Pearson Correlation	.792	.654	.592	.719	.903*	.994*	1	.382
	Sig. (2-tailed)	.110	.231	.293	.171	.036	.001		.526
	N	5	5	5	5	5	5	5	5
Flexibility	Pearson Correlation	.859	.947*	.966*	.908*	.724	.463	.382	1
	Sig. (2-tailed)	.062	.015	.008	.033	.166	.432	.526	
	N	5	5	5	5	5	5	5	5

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

*. Correlation is significant at the 0.05 level (2-tailed).

Appendix III: SURVEY INSTRUMENT

A survey on operations strategy and firm-level competitiveness among SACCOs in Nairobi County.

This questionnaire seeks to examine operations strategy and firm-level competitiveness among SACCOs in Nairobi County. The study will come up with recommendations to enhance the management practices of SACCOs and services provided by SACCOs. You have been selected to participate in this study as a representative of your SACCOs. Kindly answer the questions honestly. The information gathered in this research will be treated with outmost confidentiality and will be strictly used for the academic paper.

PART A: GENERAL INFORMATION

1. Name   of   the   SACCO

   _____

2. Gender: Male   [ ]   Female   [ ]

3. For how long have you served in the SACCO Industry?

   Less than 1 year   (   )   Between 1- 3 years (   ) Over 3 years   (   )

4. How long have you worked for this SACCO?

    Less than 1 year (   )   Between 1- 3 years (   ) Over 3 years   (   )

5. What is your age?

    Under 20 years old   [ ]   21- 30 years old   [ ] 31-40 years old [ ]

   41-50 years old   [ ]   Over 51 years old   [ ]

6. Level of Education

   Secondary   [ ]   Certificate/Diploma [ ]   Degree   [ ]

   Masters   [ ]   PhD   [ ]

7.   What is your current job title?

   CEO   [ ]   Operations Manager [ ]   Finance Manager   [ ]

   Any other   [ ] (Please specify)……………………………..

PART B: OPERATIONS STRATEGY

B1: Cost Reduction Strategy

B1 (A): Which statements best describes your SACCOs strategies with respect to conformance to quality standards set in order to remain competitive in the market?

	Not at all	Small extent	Some extent	Large extent	Very large extent
a) Personnel are highly specialized.					
b) More than half of our personnel are university graduates.					
c) Training is given a crucial importance in the firm's budgets.					
d) Service delivery activities are performed in a pre-established and fixed place.					
e) System efficiency goals are have priority when designing service delivery process.					
f) Service delivery activities are performed where it is more convenient for the customer.					
g) Most work procedures are pre-established and cannot be modified.					
h) Customer satisfaction goals have priority when designing service delivery process.					
i) All incidents not prevented in the					

	Not at all	Small extent	Some extent	Large extent	Very large extent
work procedures must be communicated to a superior for resolution.					
j) There is an operational manual which is known by all workers.					
k) Decisions about Information Technologies adoption are done on the basis of service customization.					

B1 (B): How do the following statements describe the cost efficiency measures taken by

your SACCO in order to remain competitive in the market?

	Not at all	Small extent	Some extent	Large extent	Very large extent
a) Production resources can move to those places where service is delivered					
b) Resources for service delivery are located in order to optimize customer satisfaction and final service delivery					
c) Resources for service delivery are located in order to optimize space and maximize efficiency.					
d) Every worker is assigned to an exclusive task					
e) Acquisition of Information Technologies is oriented towards costs reduction					
f) Decisions about Information					

Technologies adoption are done on the basis of tasks improvements from the worker point of view					
g) Acquisition of Information Technologies is oriented towards customer satisfaction					

B1(C): Has your SACCO implemented the following delivery dependability measures to gain remain competitive in the market?

	Not at all	Small extent	Some extent	Large extent	Very large extent
Service delivery system is designed so there is one or a few ways to perform every task.					
Variability is continually decreased along the service delivery process					
Most service delivery activities are oriented towards service customization.					
The firm offers a wide range of different services					
All offered services are customized.					
New services are continually introduced to customers.					
Services are delivered to satisfy one or few small customer segments.					

B2: Innovation Strategy

B2 (A): What is your level of agreement with the level of product design and

development in your SACCOs operations strategy?

	Not at all	Small extent	Some extent	Large extent	Very large extent
a) New procedures for service delivery are continually developed.					
b) New services are continually developed.					
c) Customer opinions are indeed considered when designing new services.					
d) There is an exclusive team for service design and development					

B2 (B): New product/service innovation

i.   How important are each of the following innovation objectives important to your

enterprise?

Objectives	Not relevant	Low	Medium	High	Very High
a) Reduced time to respond to customer or supplier needs					
b) Improved ability to develop new products or services					
c) Improved quality of your goods or services					
d) Reduced costs per unit output					
e) Improved communication/information sharing within your enterprise					
f) Improved communication/information sharing with other enterprises or institutions					

ii.   During the three years 2010-2012, did your SACCO cooperate on any of your

innovation activities with other enterprises or institutions? (Innovation co-

operation is active participation with other enterprises or non-commercial

institutions on innovation activities. Both partners do not need to commercially

benefit.)

Yes   [ ]   No   [ ]

iii.　Please indicate the type of co-operation partner? (You can mark more than one)

	YES	NO
a) Other SACCOs		
b) Suppliers of equipment, materials, components, or software		
c) Clients or customers		
d) Competitors or other enterprises in your sector		
e) Consultants or private research and development institutes		
f) Universities or other higher education institutions		
g) Governments or public research institutes		

B2 (C): New product/service introduction

i.　During the years 2010 to 2012, did your SACCO introduce new or significantly

improved product/services?

Yes　　　　[ ]　　　　No　　　　[ ]

ii.　Were any of your product/service innovations introduced during the three years

2010-2012 new to your market? (Your SACCO introduced new or

significantly improved good or service onto your market before your

competitors (it may have already been available in the markets)

Yes　　　　[ ]　　　　No　　　　[ ]

iii.　Were any of your product/service innovations introduced during the three years

2010-2012 Only new to your firm? (Your SACCO introduced a new

significantly improved good or service that was already available from your

competitors in your market)

Yes　　　　[ ]　　　　No　　　　[ ]

iv. During the years 2010 to 2012, did your SACCO introduce new or significantly

improved methods of developing products/services?

Yes   [ ]   No   [ ]

v. During the years 2010 to 2012, did your SACCO introduce new or significantly

improved logistics, delivery or distribution methods for your inputs, goods, or

services?

Yes   [ ]   No   [ ]

vi. During the years 2010 to 2012, did your SACCO introduce new or significantly

improved supporting activities for your processes, such as maintenance

systems or operations, accounting, or computing?

Yes   [ ]   No   [ ]

PART C: FIRM-LEVEL COMPETITIVENESS

i. What is the main competition method of the enterprise?

No competition method   [ ]

Competition in price   [ ]

Competition mainly in quality   [ ]

Competition mainly in product/service varieties   [ ]

Competition mainly in service delivery   [ ]

ii. What is your agreement with the statement as regards the SACCOs ability to achieve the following competitive priorities?

		Not at all	Small extent	Some extent	Large extent	Very Large extent
Cost	Increase capacity utilization					
	Reduce production costs					
	Increase labour productivity					
Quality	Provide high-performance products/services					
	Offer consistent, reliable quality					
	Improve conformance to design specifications					
Delivery	Provide fast deliveries					
	Meet delivery promises					
	Improve conformance lead time					
Flexibility	Make rapid design changes					
	Adjust capacity quickly					
	Offer a large number of product features					
	Offer rapid volume changes					
	Offer a large degree of product variability					
	Adjust product mix					

THANK YOU FOR PARTICIPATING IN THE SURVEY!

APPENDIX IV: POPULATION

SACCO	Total Assets
1. LENGA TUMAINI	15,110,058
2. NEST	19,102,820
3. ORTHODOX	57,719,000
4. UFANISI	110,781,135
5. ACO	180,454,559
6. KINGDOM	195,387,000
7. NAFAKA SACCO	258,741,271
8. UKRISTO NA UFANISI	263,553,477
9. TRANSCOM	469,334,375
10. TEMBO	493,418,164
11. COMOCO	520,221,440
12. RELI	544,226,323
13. ELIMU	603,421,868
14. MWITO	616,755,316
15. UFUNDI	669,244,737
16. NATION STAFF	677,144,172
17. WANAANGA	812,605,416
18. NAKU	899,600,028
19. SAFARICOM	958,130,542
20. KENVERSITY	958,898,999
21. ARDHI	985,605,796
22. NASSEFU	1,026,686,232
23. KENPIPE SACCO	1,134,770,226
24. WANANDEGE	1,206,286,516
25. ASILI	1,219,588,295
26. CHAI(KTDA)	1,267,422,971
27. JAMII	1,271,286,978
28. MAISHA BORA	1,305,417,747

29. WAUMINI	1,386,326,947
30. TELEPOSTA	1,493,162,523
31. CHUNA	1,536,791,659
32. SHERIA SACCO	1,634,614,030
33. HAZINA SACCO	2,010,281,730
34. NACICO	2,343,434,526
35. MAGEREZA	3,350,874,448
36. KENYA BANKERS	4,287,259,898
37. UKULIMA	5,080,073,524
38. UNITED NATIONS	5,610,570,727
39. STIMA	7,703,900,792
40. KENYA POLICE	7,862,320,203
41. AFYA	10,248,782,459
42. HARAMBEE SACCO	15,909,438,522
43. MWALIMU	19,305,419,928

Source; SASRA (2011)