

**STRATEGIC RESPONSES BY HARAMBEE SACCO TO THE  
CHANGING OPERATING ENVIRONMENT**

BY

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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN  
PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE  
AWARD OF THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF  
NAIROBI**

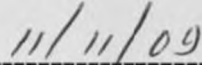
OCTOBER 2009

## DECLARATION

This project is my original work and has not been submitted for a degree in any other University



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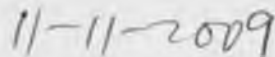


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**Date**

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



FOR **Dr. J.M. Munyoki**



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**Date**

## DEDICATION

This project is dedicated to my wife Rukia, our two children Mercy and the late Cassey, my parents and my brother and sisters whose encouragement and support has been the cornerstone in my quest for academic excellence.

## **ACKNOWLEDGMENTS**

My special thanks go to my supervisor, Dr. J.M Munyoki, without whose guidance, support and constant advice, this work would not have been a success.

Other members of the academic staff of the School of Business deserve commendations for their contributions in shaping the original proposal. I thank you all for your support and advice.

My gratitude also goes to the MBA colleagues for their valuable suggestions and support throughout the study period. In particular many thanks go to Nicholas Mulila, James Mutisya and Peter Mwongela. I am indebted to the managers of Harambee SACCO, without whose response this study would not have been a success.

Last but not least, my special gratitude goes to my wife Rukia who stood by me all these years, your persistence and patience has been rewarded. Family members who gave me a lot of support and encouragement throughout my MBA study program. My Dad and Mum for their nagging, my brother Nicholas who came to my rescue, my sisters Susan and Josephine who have all touched my life in a special way. It was always enriching and stimulating to have them around as I studied and did the project.

## **ABSTRACT**

This study was designed to determine environmental changes that face Harambee SACCO and to identify the responses adopted by the society to deal with the changes in the operating environment.

The study was carried out using a case study design. Data was collected using a semi-structured questionnaire which was administered using drop and pick method. Several personal visits to the premises were held to prompt the respondents to respond. The respondents were 6 managers in the Society. Secondary data was used to corroborate the data from the primary sources.

The study found out that the Society faces a lot of challenges from economic, regulatory, competitive and technological factors. The most prevalent challenges came from the competitive and technological environments. The Society has responded to the challenge posed by competition through product diversification. To deal with the technological challenges, the Society has introduced new systems and automated its operations. Technical staff has also been hired to enable the Society venture into highly technical businesses. These findings have implications for the Society and the policy makers in the cooperative industry.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the study

#### 1.1.1 Strategic response and operating environment

Strategy can be seen as the matching of the resources and activities of an organization to the environment in which it operates (Johnson and Scholes, 2002). According to Chandler (1962), strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations. Strategy answers the fundamental questions of where are we now; where do we want to go; and how do we get there? Response strategies are concerned with decisions and actions meant to mitigate against business environmental turbulence with a view to achieving business objectives and purpose.

Strategic responses aim at achieving strategic fit. They aim at achieving the correct positioning of the organization, which determines the extent to which it meets clearly identified market needs. An example of strategic response is when a small business tries to find a particular niche in the market in order to avoid competition from the established firms. Another form of strategic response is when an organization intensifies mechanization of the operations to reduce reliance on labour thereby overcoming problems associated with industrial disputes.

Strategic response is meant to safeguard an organization from impact of both present and foreseeable future environmental changes, and strategic response is therefore environmental driven. Strategic response, like strategic decision, is concerned with the scope of an organization's activities. This includes products range, the number of activities to be carried out and geographical coverage e.t.c. For an organization to continue to achieve their goals and overcome the operating environmental turbulence it must be constantly scanning the operating environment and developing response strategies aimed at overcoming any adverse effects of such turbulence.

It will be therefore necessary to examine strategies adopted by Harambee Sacco to respond to changing operating environment in Kenya. By understanding these changes in operating environment, firms in the cooperative societies may be able to design strategies that will grow and expand the cooperative society in the country given its contribution to economic growth.

The operating environment is where organizations are networked through economic links and other relationships with a series of other organizations and not just other producers but also relationships with suppliers, customers, consumers, trade associations and regulatory bodies. This network is called the operating environment or organizational fields and they are important because they constrain, guide, even dictate economic decisions and priorities such as resource deployment.

The operating environment has been characterized as complex, dynamic, multi-faceted and having far reaching impact (Kazmi, 2002). Fundamental changes are occurring whereby the world economies are witnessing forces of globalization and liberalization of trade. The phenomenon of globalization, according to Hammond and Grosse (2003) refers to the fact that people around the world are becoming more and more knowledgeable about each other. Increased trade liberalization reduces country based trade barriers, thus increasing the opportunity for cross border entry (Ellis and Williams, 1995). With new entrants and others adopting new technologies and more efficient business operations systems, competition has intensified pressuring organizations to internalize and or globalize.

Organizations such as business firms are environment serving. They are in constant two-way interaction with the environment. They are dependent on the environment for resources to which they add value and deliver back to the environment in the form of goods and services (Ansoff, 1980). As such changes in the environment attract responses from the organizations that are operating within that environment. Change is normally not welcome and organizations will try to control it, absorb it, or minimize it (Ansoff, 1980).



With turbulent operating environment an organization must keep on making adjustments to their operational processes so as to maintain strategic fit. The object is to effect adequate strategic responses in order to maximize the efficiency of the firm's resource conversion process and hence maximize returns from operations. The major response areas are resource allocation (budgeting) among functional areas and product lines, scheduling of operations, supervision of performance and applying control actions. The key decisions involve pricing, establishing marketing strategy, setting production schedules and inventory levels and deciding on relative expenditures in support of research and development, marketing and operations (Johnson and Scholes, 2002).

Strategic responses impose requirements such as price-cost decisions, timing of output to meet demand, responsiveness to changes in customer needs and technological and process characteristics. The administrative structure of an organization must provide the climate for meeting rapid operational responses to environmental change. For example, an environment which is characterized by frequent and unpredictable demand fluctuations requires that marketing and manufacturing be closely linked organizationally for rapid response. Similarly an environment which is highly technical requires that the research and development work in close cooperation with sales personnel. This therefore implies that "structure follows strategy". The environment determines the strategic responses of the firm, which in turn determine the structure of authority, responsibility, work flows and information flows within the firm.

### **1.1.2 Cooperative Societies (SACCOS) in Kenya**

A cooperative society can be defined as an association of persons who have voluntarily joined together to achieve a common end through formation of democratically controlled organization, making equitable contribution to the capital required, and accepting a fair share of the risks and benefits from the undertaking in which they actively participate (Kimuyu,2002).

Cooperatives are based on the values of self help and self responsibility, democracy, equality, equity and solidarity. Cooperative members believe in the ethical value of honesty, openness, social responsibility and caring for others.

According to Ouma (1990), thrift and savings cooperatives were first initiated in Kenya in 1950s and a few cooperatives were then formed. Most of these cooperatives failed because of lack of better methods and management. However since the introduction of savings and credit cooperatives based on employment as a common bond and following the check off system, these cooperatives have made a breakthrough and have succeeded in a big way. Members of SACCOs have been able to mobilize personal savings totaling to billion of shillings. A very big portion of this amount is in circulation among the members in form of loans. Members have used these loans for productive purpose i.e acquiring farms, plots, grade cattle, farm machinery or for provident purposes, paying school fees, buying cars, bicycles, weddings and household items.

SACCOs respond to people's needs for food production, housing, education, small enterprises, transport, Medicare, clothing and expenses in marriage, birth and death (Mudibo, Daily Nation, May 23<sup>rd</sup> 2003). Kimuyu (2002) acknowledges that the cooperative principles are the guidelines by which these values are put into practice.

SACCOS operate under seven principles which are voluntary and open membership without artificial undue restrictions; democratic administration and control based on one member one vote irrespective of shares held by the individual members; members financial participation(cooperatives provide education and training for their members, elected representatives, managers and employees so that they can contribute effectively to their development); autonomy and independence(Members contribute to and democratically control, the capital of their cooperative); cooperation among cooperatives (cooperative serve their members most effectively and strengthen the cooperative movement by working together with other cooperatives at local, national, regional and international levels); and concern for the community ( cooperatives work for the sustainable development of their communities through policies approved by their members).

### **1.1.3 Harambee SACCO**

Harambee Co-operative Savings and Credit Society was started in 1969 as a welfare (Merry-go-round) organization drawing its membership from amongst support staff in the Office of President (Harambee House).

It was formally registered as a Co-operative Savings and Credit Society in February 1970 drawing its membership from within the Office of the President, Ministry of Labour, Foreign Affairs, Local Government, Department of Kenya Police, and Department of Defence (Annual Report and Financial Statements 2007).

The composition of the Office of the President has changed a great deal since the society was formed and today members include those from the Provisional Administration, Directorate of Personnel Management, Public Service Commission, State Houses and Lodges, the Government Press, Immigration, Parastatal, National Youth Services, Lands & Settlement, Human Resources, Tourism, Trade and Industry, amongst others (Annual Report and Financial Statements 2007).

Since its inception, Harambee SACCO has grown to become one of the biggest savings and credit societies in Kenya, with a membership of about 89,484 members, a share capital of Kshs.7 billion and it currently has assets worth Kshs. 9.8billion (Annual Report and Financial Statements 2007) thus making the researcher interested in picking it as a case study to determine the strategic responses it is adapting as a result of changes in operating environment in Kenya.

## **1.2 Statement of the problem**

The environment has witnessed significant changes over time. Major factors bringing about these changes include economic liberalization, globalization and technological advancements among others. Guaranteed business opportunities that were offered to organizations where the government had interests are no longer tenable with the onset of liberalization and the emergency of highly discerning customers. Such business opportunities have to be competitively won. Due to these changes the operating environment in Kenyan has become very competitive and challenging.

The cooperative industry in Kenya has not been spared these emerging changes. Cooperative societies that previously focused on major customers from within the government and other corporate bodies are now competing with the small micro finance enterprises and even the mainstream commercial banks for the opportunities available from small business enterprises, individual savers and borrowers. For cooperatives to survive given their weak administrative structures and orientation towards business it is imperative to devise strategies that are able to respond to these changes and create a competitive edge.

A number of studies have been done in Kenya on the relationship between strategy and external environment (Bett 1995, Njau 2000, Kandie 2001, Isaboke 2001). These studies have given insight into the challenges and responses of some Kenyan organizations to changing environmental conditions mainly focusing on increased competition. They have broadly delved into three elements of strategic management namely strategy analysis, strategy choice and implementations. The latter element (strategy implementation) would normally entail some form of change, be it in the form of organizations equity structure, management or scope of products.

Mbai (2006) researched on competitive strategies adopted by Mwalimu SACCO as a result of external environmental changes since 1997. The study found that the firm does not have a clear cut strategic response approach and recommended that further research to

be contacted targeting many firms entering the Cooperative Sector at the onset of liberalization and those that are still operational. This, he argues, would give insights on what makes some firms succeed while others fail given the same environmental conditions that they all operate in. It is on the basis of the environmental changes enumerated above coupled with this recommendation by the researcher and the time factor from when the study was done to date that this study is being conducted. Harambee SACCO is chosen due to its size and rapid expansion countrywide. The study was seeking to answer the following research questions;

- a) What are challenges that Harambee SACCO has encountered as a result of changes in the operating environment?
- b) What are the strategic responses that Harambee SACCO has put in place to counter the changes they face in the operating environment?

### **1.3 Research objectives**

This study had the following objectives;

- i) To identify the challenges encountered by Harambee SACCO as result of changes in operating environment.
- ii) To identify the strategic responses adopted by Harambee SACCO, in response to change in operating environment.

### **1.4 Importance of the study**

Findings of this study may be useful to the following groups

Harambee SACCO – they may be able to understand challenges faced and help them fill the gap of lacking information of the strategies being undertaken by the Harambee SACCO in order to remain sustainable in the new environment. They may also learn how to handle the challenges. The findings may also be used to grow and expand the Cooperative societies in Kenya.

The Government – It may help the government understand the challenges facing the cooperative societies and come up with policies that facilitate easy operation.

Researchers and academicians – The study may contribute to a body of knowledge on the cooperative societies in Kenya. It may also provide a basis upon which other related studies can be done.

### **1.5 Summary**

This chapter has introduced the research problem of strategic responses to changes in operating environment, which is an assessment of how changes in the operating environment have impacted on the operations of Harambee SACCO and the strategic responses applied by the society in dealing with any challenges posed by these changes. The research has been justified, and on the basis of these foundations a detailed description of the research, findings and conclusions now follow.

## **CHAPTER TWO LITERATURE REVIEW**

### **2.1 Introduction**

This literature review explores the three dominant themes of the research questions: the concept of strategy, the operating environment and its impact on organizations, and strategic responses and how they are applied by organizations in dealing with challenges posed by changes in the operating environment.

### **2.2 The Concept of Strategy**

Strategy can be defined as the establishment of the long-term goals and objectives of an organization, including the taking of actions and allocating of resources for achieving these goals (Chandler, 1962). Due to the scarcity of resources, the strategy that is chosen should be one that optimizes these resources in the pursuit of the organizational goals and objectives. According to Andrews (1971), strategy is a pattern of objectives, purposes, or goals and the major policies and plans for achieving these goals stated in such a way to define what business the company is in or to be in and the kind of company it is or is to be. Strategy therefore, not only focuses on the goals and objectives of organizations and the means of achieving them, but also gives an indication of the nature of the company and its business both in the present and in the long-run.

Quinn (1980) identifies strategy as a plan that puts together an organizations major goals, policies and actions sequences. Well-formulated strategies enable an organization marshal and allocate its resources on the basis of its relative internal competencies and limitations, expected changes in the environment, and contingent actions by competitors. Strategy can be seen as the matching of the resources and activities of an organization to the environment in which it operates (Johnson and Scholes, 2002). According to Chandler (1962), strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations. Strategy answers the fundamental questions of where are we now; where do we want to go; and how do we get there? Response strategies are concerned with decisions and actions meant

to mitigate against business environmental turbulence with a view to achieving business objectives and purpose.

The concept of business strategy can be traced way far back in history to many situations, including the context of war (Prahalad and Hamel 1994; Schendel and Hoffer schendel 1979). Strategy in war is obviously important, given the decisive role it plays in shaping the outcomes of battle. As Bourgeois (1980, pp 25-39) put it “strategy... (gives) an aim to the whole.... (It) maps out the plan of the war and to the aforesaid aim it affixes the series of arts which led to (the object of war)”. This quotation echoes the central purpose of strategy- to provide the blue print by which the end can be attained under condition of direct combat. This is true whether the “war” is actual military conflict or market competition.

Porter (1980) States that strategy is basically about competition and the means by which an organization tries to gain a competitive advantage. According to Ohmae (1983), the only purpose of strategic planning is to empower an organization to efficiently gain a sustainable competitive edge over its competitors. Therefore, corporate strategy implies an attempt to change in the most efficient way, a company’s strength relative to that of its competitors.

Johnson and Scholes (1999) noted that strategy is the long-term direction and scope of an organization that facilitates the achievements of advantage for the organization, through the mode of arrangement of resources within a changing environment. This would enable the organization to meet the need of markets and to fulfill stakeholder expectations. Thus strategy is viewed as the matching of the activities of an organization to which the environment operates.

Just as the significance of strategy rises with the threat of war, so too does the import of business strategy when rivalry intensifies. From the middle ages through the 19<sup>th</sup> century, small entrepreneurs or loosely organized craft guilds comprised most business entities. Their attention was more directed to keeping outsiders from entering their territories than



to gaining advantage over nearby rivals. For the most part, they were too small to influence the behavior of other local businesses.

When large often monopolistic enterprises emerged, their focus tended to center on global threats and how the levers of governmental and military power might be used to further business objectives. With the industrial and political revolutions of the late 19<sup>th</sup> century through the early twentieth century, the markets in the western world underwent significant changes in both structure and behavior. Modern transportation, manufacturing techniques, and various mechanical and electronic inventions all led to the formation of very many large business organizations and the evolution of increasingly aggressive market. Large, vertically integrated, conglomerate firms emerged, as did many small and medium sized businesses.

Strategy needs to be well defined since it would determine and communicate the direction in which the organization will move, and the level of performance it will achieve. Therefore, as strategy requires careful development and should not just be a product of the intuition of organizations managers. Price has always been a central focus of competition, although as firms got larger and larger, fears of competition-driven downward spiraling prices led many rivals to seek other non-price ways by which to compete (Abdullahi 2000, Mbai 2006). Out of this bog of combative posturing and maneuvering among powerful rivals came the modern form of competitive strategy. Economist attempted to express the visible hand in a variety of ways, most prominently in the formulations of oligopolistic and monopolistic competitive market models (Coase 1937; Pentrose 1959; Shumpeter 1942).

Unfortunately, this model tended toward abstraction and public policy application and shed limited light on the problem of deciding business strategy. Interestingly, though the concept and techniques of strategy analysis were fairly well established by the latter half of the 1900s, not until the 1980s (see Porter 1980 for example) were the models and concepts and economics translated in terms that made them easily accessible to strategy analysis. Strategy thus became a primary concern for business managers at that time in history when competitors gained sufficient market power to be capable of affecting the

prospects of their rivals, which, for the most part, occurred well within the twentieth century. The true importance of strategy then is observed during conditions of combat and competitive threat within markets. Although strategy is certainly applicable when threats emanate from the more general environment, strategy analysts earn their stripes in circumstances in which rivals contest head to head. This is the fertile ground of strategy, the point counterpoint of market competition.

Strategic thinking and analysis require a clear understanding of the concept of strategy. However, such a simple truth has not always been appreciated in the field of strategy. Few would question the centrality of the concept of strategy to market competition today. Yet, the “continual and pointless redefinition of the concepts” reflects an ongoing frustration many have with the seeming aimlessness with which the concept has been defined over the years. Diversity of views on the definition of strategy has evolved over the past years, ranging in terminology from “policies” to “patterns”. Faced with this uncertainty of concept, Mintzberg (1994) offered not one but five conceptual equivalence of strategy, perhaps, hoping that in so doing he could at least encircle the elusive concept; plan (a guide or cause of action in to the future), ploy (a specific maneuver intended to outwit an opponent or competitor), perspective (an organization’s way of doing things), and pattern (consistency in behavior over time).

According to Andrews (1971) strategy is a pattern of objectives, purposes, or goals and the major policies and plans for achieving these goals stated in such a way to define what business the company is in or to be in and the kind of company it is or is to be. Strategy, therefore, not only focuses on the goals and objectives of organizations and the means of achieving them, but also gives an indication of the nature of the company and its business both in the present and in the long-run.

Quinn (1980) identifies strategy as a plan that puts together an organizations major goals, policies and actions sequences. A well-formulated strategy enables an organization marshal and allocates its resources in a unique way on a basis of its relative internal

competencies and limitations, expected changes in the environment, and contingent actions by competitors.

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Johnson and Scholes (1997) notes that strategy is the long-term direction and scope of an organization that facilitates the achievements of advantage for the organization, through the mode of arrangement of resources within a changing environment. This would enable the organization to meet the need of markets and to fulfill stakeholder expectations. Thus strategy is viewed as the matching of the activities of an organization to which the environment operates.

According to Pearce and Robinson (1997) strategy can be seen either as the building of defenses against competitive forces, or as the finding of positions in the industry where competitive forces are weakest. Grant (2000) adds that the abilities to identify and occupy attractive segments of an industry are critical to the success of an organization. Hill and Jones (2001) conclude that the strategies in organization have a major impact in its performance relative to its peers.

Strategy needs to be well defined since it would determine and communicate the direction in which the organization will move, and the level of performance it will achieve. Therefore, as strategy requires careful development and should not just be a product of the intuition of organizations managers.

### 2.3 Operating environment

This is where organizations are networked through economic links and other relationships with a series of other organizations and not just other producers like the important relationship with suppliers, distributors, trade associations or regulatory bodies. This network is called the operating environment or organizational fields and they are important because they constrain, guide, even dictate economic decisions and priorities such as resource deployment. They also affect the organizations legitimacy, how well the organization understands its customers' needs and how well it is able to meet those needs determines its success or failure. Therefore understanding the markets, market segments, differences and similarities between groups of customers and users is important (Johnson and Scholes, 1990).

One can therefore conclusively define the firm's environment as that where both the external and the internal forces play a role in the organizations decision making. The external environment is made up of the political, social, economic, technological and environmental concerns whereas the internal is made up of the industry and the stakeholders. All these affect the decisions made by an organization and affects how an organization reacts within the industry. Organizations which respond to the environment when making decisions will ultimately succeed.

Porter (1985) observes that for firms to be able to retain competitive advantage, they need to examine their operating environment both internal and external and respond accordingly. Ansoff and McDonnell (1990) also point out that the match between its strategic responsiveness and strategic aggressiveness and how these are matched to level environmental turbulence determine the success of every organization. This is because each level of environmental turbulence has different characteristics, requires different strategies and requires different firm capabilities. Therefore, each level of environmental turbulence requires a matching strategy and the strategy has to be matched by appropriate organization capability for survival, growth and development. To be successful overtime, an organization must be in tune with its operating environment. There must be strategic fit between what the firm needs and what the environment can provide.

Organizations face many challenges among them being past and future economies that can affect the fortunes and strategy of the firm. The stage of the business cycle of a company which can be the depression, recession, recovery or prosperity stage also affects (Bett 1995, Kandie 2001). Inflationary or deflationary trends affect the prices of goods and services. Recession leads to unemployment, which leads to lower sales of discretionary goods. If monetary policy is tightened, funds needed for plant additions maybe too costly or unavailable. Tax policies reduce the attractiveness of investment in the industry or reduce after tax income of consumers leading to lower spending. Inflation has led cost cutting, quality control, product diversification and better debt management. Strategies must determine what economic factors are most important to their business and attempt to predict the changes which are likely in these conditions (Juach and Glueck 1988).

Anasff and McDonnel (1990) state that changes in the organizations behaviours are necessary if success in the transformation of the future environment is to be assured. They noted that such changes, which touch on the organizations strategy and capability, would need to be systematically identified through the strategic diagnosis approach. This approach is derived from the strategic success hypothesis, which states that a firm's performance potential is optimum when the aggressiveness of the firm's strategic behaviour matches the turbulence of its environment; the responsiveness of the firm's capability are supportive of one another. When any one of these three aspects are lacking, then the firm's performance potential will be less than optimum. The real-time response is the specific action that is chosen and implemented in order to realign the organizations strategic aggressiveness to the environmental turbulence.

As the organization's environment changes, it is necessary that the firm continuously adapt its activities and internal configurations to reflect the new external situation. Porter (1991) explains the concept of dynamic strategic fit. He states that firm creates and sustains competitive advantage because of the capacity to continuously improve, innovate and upgrade their competitive advantages over time. Upgrading is the process of shifting

advantages throughout the value chain to more sophisticated types and employing higher levels of skill and technology.

According to Grant (2000) a successful strategy is consistency with the organizations goals and values, external environment, resources and capabilities, and organizational systems. This indicates the fact that the organization depends on the environment for its survival and the responses to the environmental situation will determine its performance. Thus when there are changes in the environment, the organizations capabilities and strategy would have to be changed in order to ensure a continued strategic fit.

Organizations such as business firms are environment serving. They are in constant two-way interaction with the environment. They are dependent on the environment for resources to which they add value and deliver back to the environment in the form of goods and services (Ansoff, 1980). As such changes in the environment attract response from the organizations that are operating within that environment. Change is normally not welcome and organizations will try to control it, absorb it, or minimize it (Ansoff, 1980).

Climatic and ecological concerns are threats from unforeseen weather changes which influences some firms whose products are seasonal (Kombo 1997). Social factors are also part of the environment which focuses on values and attitudes of people, customers, employees which can affect strategy. Whellen and Hunger (1995) argues that increased education has led to new attitudes of employees on the hours they wish to work, supervisory style, expectations and due to many people moving, the organization cannot ignore the cultural values.

Changing technology that might affect the firm's raw materials, operations, products and services can offer opportunities for improving goal achievements and threaten the existence of a firm. An example of computers, lasers, industrial robots, and computer controlled machines. Technical changes affect the product and services, lifecycle and its demand (Byars, 1991).

The government also affects how a business operates; the laws and regulations change the operations of a business daily and the government philosophies about the relationship with a business change over time. Actions by the government affect strategic choices of a business (Garland 1986). He adds that government can increase opportunities and threats or both, for example the government can be a large purchaser of goods and services, it can protect home producers from “unfair” foreign competition. The government can influence other environmental sectors like the social economic conditions through fiscal policy, zoning and other regulations. It can thwart or promote innovation and technology; it affects supplies of labour and materials, especially supplies of capital (Garland 1986).

#### **2.4 Strategic responses**

Strategic responses are concerned with reacting to threat to the long term direction of an organization by changes in the operating environment. They are meant to cushion the firm against any threats emanating from the environment. Ansoff (1980) asserts that when a firm fails to respond to a threat, the losses that result continue to accumulate. According to Ansoff and McDonnell (1990) strategic responses involve changes in the firm’s strategic behaviors to assure success in transforming future environment. Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm’s objectives. Therefore it is a reaction to what is happening in the economic environment of organizations.

Organizations have found themselves in a position where they not only have to address environmental changes but to anticipate them. Liberalization and globalization has opened up the markets to environmental forces. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies (Pearce and Robinson, 2005). The days when firms could simply wait for clients to beat a path to their door are long gone. Organizations must realize that their services and products, regardless of how good they are, simply do not sell themselves (Kotler, 2000).

Rapid technological change has created a new business environment where innovation has become a top competitive strategy (Mbai 2006). According to Ansoff and McDonnell(1990), increased competition has created a fundamental shift in the economic environment where no organization can hope to stay afloat if it fails to come up with proper strategic responses. Terminologies such as retrenchment, mergers, rightsizing and cost reduction have become routine for survival means.

Thompson (1997) defines strategy adaptations as changes that take place overtime to the strategies and objectives of an organization. Such change can be gradual or evolutionary, or more dramatic, even revolutionary. Anasoff and Mcdonnel (1990) note the strategic responses involve changes to the organization's strategic behaviour. Such responses may take many forms depending on the organization's capability and the environment in which it operates.

Strategic response is about restructuring by adopting new strategies that match the challenges from the environment. Some of the strategies that have been used for restructuring are re-engineering, downsizing, self-management and out sourcing. According to Ansoff and McDonnel (1990), the management system used by a firm is a determining component of the firm's responsiveness to environmental changes because it determines the way that management perceives the environment, diagnosis its impact on the firm, decides what to do and implements the decisions. The strength of a firm's strategic responses capabilities is determined by flexibility in market, production and competition. Market flexibility deals with organizations ability to have a high market share. Production flexibility arises from a firm spreading it's value creation activities in those markets where it has a major market share, while competitive flexibility of an organization arises from it's ability to coordinate it's competitive moves.

Ansoff and McDonell (1990) noted that strategic responses involve changes in the firm's strategic behaviours to assure success in transforming future environment. They further state that successful environment serving organizations are open systems in that continued organizational survival depends on its ability to secure rewards from its



environment which replenishes the resources consumed in the conversion process and also ensures social legitimacy. They continue to argue that a major escalation of environmental turbulence in the 90's has meant a change from a familiar world of marketing and production to an unfamiliar world of new technologies, new competitors, new consumer's attitudes and new dimensions of social control and above all unprecedented questioning of firm's role in society.

Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations. Well-developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive edge. These strategic responses include restructuring, marketing, information technology, and culture change.

#### **2.4.1 Restructuring**

Wilson and Rosenfeld (1990) define organization structure as the established pattern of relationships between component parts of an organization outlining communication, control and authority patterns. Thus structure distinguishes the parts of the organization and delineates the relationship between them.

With regards to the number of levels in the structure of the organization, often referred to as the scalar chain, Drucker (1989) suggests that these should be as few as possible. Too many levels bring difficulties in the understanding of objectives and communicating both up and down the hierarchy.

One of the major activities of restructuring is business process reengineering. Hammer (1996 p191) notes that the 'companies can dramatically improve their efficiency and quality by focusing on customers and the processes that create value for them. Processes have come to be more important than their products and in fact defining the market places

in which the companies compete. Outsourcing for instance, would enable an organization to concentrate on its core businesses, while benefiting from the cost efficiencies of those companies that specialize on the outsourced activity. Firms can design their strategies based on their processes, for instance, through intensification where processes are mapped and improved to enhance customer service, or through extension where strong processes are mapped and improved to enhance customer service, or through extension where strong processes enable entry to new markets.

According to Quinn (1982) enterprises generally obtain strategic advantage by focusing on the smallest activity or cost units that can be efficiently replicate. Cost-cutting efforts will lead to dramatically lower overhead costs and part of this savings can then passed to the customer in terms of lower prices.

Reichheld (1996) suggests that by searching for the root causes of customer departures, companies with the desire and capacity to learn can identify business practices that need fixing and sometimes, can win the customer back and re-establish the relationship firmly. Thompson (1997) states that radical business process reengineering implies that a firm completely rethinks how certain task are carried out and searches for new ways through which performance may be improved. It leads to breaking down functional and individual job boundaries as the process do not have to coincide with the existing departmental structures. Grundy (1995), however, cautions that speeding activities up without detriment to quality, and without increasing costs, demands more effective learning and feedback in the management process. Accelerating process, with continual and open learning, avoids costly errors.

Senior (1997) notes that there are various catalysts for organizational change such as restructuring. These may include the purchase of a new IT equipment or system, business process reengineering through process intensification/extension, the redesign of group jobs, staff right sizing and subsequent staff cutbacks, as well as staff redundancies.

### **2.4.2 Marketing**

Kotler and Armstrong (1999) define marketing as a social and managerial process. It is the process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. Basically it's all about satisfying customer needs and wants.

Kotler (2000) observes that marketing helps to define the business mission as well as analyzing the environmental, competitive, and business situations. It therefore plays a major role in the organization's strategic planning process. The strategic planning responses are based on the marketing mix elements of product price distribution and promotion.

According to Thompson and Strickland (1993) environmental scanning enables managers to identify potential developments that could have an important impact on industry conditions leading to the emergency of opportunities and threats. This will help the managers to develop appropriate strategies given the industries competitive situation.

A number of strategic marketing variables may be manipulated in response to changing competitive situation. These include adjusting of target markets, diversification developing new products, distribution changes, and making price cuts (Business Trend Review 1992). Other marketing variables that comprise the firm's response to a changing competitive situation include the advertising and establishment of relationship marketing.

### **2.4.3 Information technology (IT)**

According to Porter (1985) technological change, especially IT, is amongst the most important forces that can alter the rules of competition. This is because most activities of an organization generate and utilize information. Porter and Millar (1985) contend that IT can also create new businesses from within a company's existing activities. McFarland et al (1983) contribute that IT offers a scope of product differentiation that enables the company to effectively service the needs of its market niche.

Luftman (1996) adds that the way a firm views its businesses, customers and competition is critical to successfully aligning its business and IT strategy. IT is used to automate processes and to augment the skills of the organization's staff.

Rayport and Sviokla (1995) state that the competition is defined along two dimensions; the physical world of resources and a virtual world of information. Information supports and enhances every activity in the organization, and it can itself be a source of added value and hence, competitive advantage, provide organizations are able to draw that value.

Gilbert (1995) notes that strategically successful organizations obtain market feedback continuously and rapidly, adapt to the feedback ahead of their rivals. They exploit the potential of strategic as well as competitive and operating information systems. Some of the information technology variables that can influence a firm's responses to competition include the usage of real-time systems, extent of interconnectivity of distribution channels as well as the efficiency of the telecommunication systems.

#### **2.4.4 Culture change**

Brown (1998 p9) defines organization culture as 'the pattern of beliefs, values, and learned ways of coping with experience that have developed during the course of an organization's history and which tend to be manifested in its material arrangements and in the behaviours of its members'. Thus, an appropriate and cohesive culture can be a source of competitive advantage. This is because it promotes consistency, co-ordination and control, and reduces uncertainty while enhancing motivation and organizational effectiveness, all of which facilitate the chances of being successful in the market place. Therefore cooperate culture identity, for the marketer, is a strategic tool that is used to manipulate consumer perceptions of an organization and its products/services.

According to Thompson (1997) the potential for changing the culture of an organization is affected by the strength and history of the existing culture, how well the culture is understood the personality and beliefs of a strategic leader, and the extend of strategic

need. The culture of the organization would need to be changed when it does not fit well with the requirements of the environment or the organization's resources, the company is not performing well and needs major strategic changes, or the company is growing rapidly in a changing environment and needs to adapt.

Kotler (1996) notes that firms with an adaptive culture are awesome competitive machines. They produce superb products and services faster and better, even when they have fewer resources or less market share. Hamel and Prahalad (1989) add that companies that have risen to a global leadership began with strategic intents that were disproportional to their resources and capabilities. Sadler (1988) concludes that successful organizations must be able not only to deliver a high level of customer-service, but also manage cultural change.

Culture change and cooperate learning are interdependent. The rate of organizational learning is dependent on culture, while the rate and content of organizational learning fundamentally influence the firm's culture. Thus, culture change is a process of relearning. Other indicators of cultural shifts include changes in architectural design and branding of corporate buildings, the change in organizational logo, and nature of internal communication as well as staff dress codes.

Strategic responses to a changing competitive environment, therefore, entail substantial changes to an organization's long-term behavior. This adaptation may be gradual or revolutionary depending on the nature and circumstances facing the organization.

## **CHAPTER THREE RESEARCH METHODOLOGY**

### **3.1 Research design**

The research was conducted using a case study design. The method was appropriate as it involved an in- depth understanding of the strategic responses of Harambee SACCO to changing operating environment and enabled the researcher to get a deeper understanding. The case study was also appropriate as it involved a careful and complete observation of the challenges and strategic responses by Harambe SACCO to the changing operating environment. The design was valuable for an in-depth contextual analysis. This method was successfully used by Karuri (2006), Muturi (2003), Adoyo (2006), Bett (1995), Kombo (1997), Njau (2000), and Kandie (2001).

### **3.2 Data collection**

The study used both Primary and Secondary data. Structured interview guide consisting of open ended questions was used. Pertinent data was collected from the top management of the Harambee SACCO at the headquarters. The people interviewed were the head of marketing, head of operations, head of human resource, head of finance and the head of administration.

The open-ended interview guide enabled the respondents to give as much information as possible without any form of limitation. The researcher also designed the interview guide on the basis of the objective of the research and the study's literature review. The primary data was supplemented by secondary data from the existing records of Harambee SACCO such as the annual reports and financial statements and the Harambee SACCO staff newsletter.

### 3.3 Data analysis

The nature of data collected was qualitative. Data was analyzed using the contextual analysis. The questionnaire was edited for completeness and consistency and coded to classify responses into meaningful categories to enable data to be analyzed. The data was analyzed by looking at the challenges faced and strategic responses applied. The result was tabulated for ease of comparison and interpretation of findings.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATIONS

#### 4.1 Introduction

This chapter contains research findings, analysis and presentation of data obtained from the respondents. The data is summarized and presented as a feedback report from the respondents on each of the variables in question. The data was derived from the respondent residing from the Head Office.

Six (6) questionnaires were distributed out of which five (5) responded by completing and returning the questionnaires, giving a response rate of 83%.

#### 4.2 Demographic attributes of the Respondents

The data was collected using both closed and open ended questionnaire to gather general information about the respondents. This was analyzed through frequencies and percentages.

##### 4.2.1 Gender Distribution of the Respondents

The respondents were asked to indicate their gender .The results are shown in Table 4.1

**Table 4.1: Gender Distribution of the Respondents**

Level of Distribution	Frequency	Percent
Male	4	66.7
Female	1	16.7
Missing	1	16.7
Total	6	100.0

Table 4.1 show that 66.7% of the respondents were Male while 16.7% were Female. This indicates that the respondents were dominated by male employees. This study was not



able to establish the reasons for this gender disparity. Perhaps this could be attributed to the fact that male employees dominate this cooperative.

#### 4.2.2 Age Distribution of the Respondents

The respondents were asked to indicate their age. The distribution is summarized in Table 4.2

**Table 4.2: Age Distribution of the respondents**

Age distribution	Frequency	percent
25-35 years	1	20.0
36-45 years	2	40.0
Above 45 years	2	40.0
<b>Total</b>	<b>5</b>	<b>100.0</b>

According to the findings in Table 4.2 above, 20% of the respondents were aged 25-35 years, 40% of the respondents were aged 36-45 years, while 40% of the respondents were aged above 45 years giving an indication that most of the respondents are under the categories of experienced employees (above 36 years which represents 80% of the respondents) .

#### 4.2.3 Professional Qualifications of respondents

The respondents were asked to indicate their professional qualifications. The distribution is presented in Table 4.3

**Table 4.3: professional qualification of respondents**

	Number of respondents	Percentage
CPA (K)	1	20
CPA (various stages)	1	20
Lawyer/cps	1	20
HRD/HRM	2	40

On professional qualification of the respondents, the study found out that 20% of the respondents were CPA (K) holders, 20% percent were at various stages of CPA, 20% were Lawyers/CPS while 33.3% were HRD/HRM.

#### 4.2.4 Academic qualification of respondents

The respondents were asked to indicate their academic qualification. The distribution is contained in Table 4.4

**Table 4.3: Level of education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percent</b>
<b>O Level</b>	<b>1</b>	<b>20</b>
<b>A' Level</b>	<b>1</b>	<b>20</b>
<b>Graduate</b>	<b>1</b>	<b>20</b>
<b>Masters</b>	<b>2</b>	<b>40</b>
<b>Total</b>	<b>5</b>	<b>100.0</b>

The researcher also sought to know the academic qualification of respondents. From the analysis, it was found that 20% of the respondents had graduate degrees while 40% had masters. A' Level graduates were 20% of the respondents while 20% had O level certificate. The high level of employee education imply high expectations in terms of career progression among employees and also that the cooperative has resourced highly educated staff to compete favorably in the market.

### 4.3 Challenges due to changes in the Operating Environment and Strategic Responses by Harambee SACCO

#### 4.3.1 Challenges due to Changes in the operating Environment

The interviewers were asked about changes in the external environment and how they impacted on Harambee SACCO. From the responses, the interviewees were unanimous on the changes and the challenges they posed to the operations of the society. 100% of

the respondents cited technological changes and the importance of technology in customer service as one of the major challenges. The level of technological sophistication increases on a daily basis. As more customers join the cooperative society, so does the need to maintain high quality services. This has meant that Harambee SACCO has no choice but to invest heavily in technology to keep up with the changes and to remain competitive in the market.

Competition from commercial banks was also cited by 100% of the respondents as a major challenge. Banks had introduced new products especially non-guaranteed loans and were targeting to buy off SACCO loans hence posing stiff competition. Customers' exposure to the global cooperative societies was also identified by 80% of the respondents as a change in the external environment that affects the operation of Harambee SACCO. As a result being spoilt for choice, customers were demanding more innovative products. The respondents were 100% in agreement on the impact caused by the down turn on the economy, which has resulted in redundancies and high inflation rate that has affected the cost of product rollout and loan defaults.

Another change that 60% of the respondents identified as affecting their operations concerns the regulatory environment. The regulations promulgated by Central Bank of Kenya (CBK) have been posing a major challenge to the cooperative especially in their desire to offer banking and services with the most recent being the guideline on minimum operating capital of ksh 1 billion by any financial institution.

100% of the respondents identified the threat of entry into the market by Police SACCO, Mwalimu SACCO and many other civil servants organized SACCOS as a key challenge. Previously the Harambee SACCO enjoyed monopoly of having all the civil servants join the SACCO. The liberalization of the cooperative movement led to the entry of many players offering attractive products and services hence shift of customer loyalty. Most competing SACCOS have continued to change their strategy by introducing new products that are more appealing to consumers, therefore encroaching into what was dominantly for Harambee SACCO.

### **4.3.2 Strategic responses to the challenges posed by changes in the operating environment**

The respondents identified the areas in which poor technology had specifically taken toll on the Society. The study however found out that the ICT department was dogged by various challenges including having to continuously train the staff on the use of modern technology, constantly upgrading the systems to meet user needs and the ability to maintain the network infrastructure and secure it from any external threat. They identified the following response strategies to these technological challenges:

**.Automation of operations:** According to 100% of the respondents, the society has responded to the above challenges by automating all the operations which has enabled them to produce regular, timely and accurate performance reports, online budget control, e-commerce, and equipping staff with necessary ICT skills.

**Introduction of systems specific applications:** 80% of the respondents said the society has also responded to the challenges by setting up strategies to aid in system specific applications and disaster recovery and business continuity planning. For system specific applications, the society has placed computer systems that process business data in specific areas such as Remas. The Remas system has replaced the old system and improvements are continually being made. The finance department has also installed one financial system to replace Informix data base applications and COBOL programming language that processes all the information.

**Use of technical staff:** The society also invested in personnel with the correct skills to manage the ICT department according to 100% of the respondents.

The respondents agreed that performance had improved as a direct result of the technological strategies employed by the society. The study revealed that technology enhancements had subsequently revolutionized the way the society carried out its operations affecting all the divisions and departments in the organization. More

specifically, the study revealed that the accounting division was the most affected as all the operations in the department have been automated.

100% of the respondents identified the products below which the society has developed in response to the challenges brought about by increased competition:

**Front Office Services Activity (FOSA):** This is a form of banking services where members of Harambee SACCO can open savings accounts and enjoy services such as encashment of cheques, and issue of bankers' cheques among others. Members are also entitled to certain benefits such as salary payments which are payable immediately upon receipt of the salary cheque, and are, advance receipts within 24 hours, payments for emergency loans , operate member savings accounts, and has 24 hours ATM service.

**Development loan:** This was a product developed where one could get three times shares held less any outstanding loan. In essence it was a facility for topping up existing loan to counter banks that were buying off members loans.

**School/college fees loan:** This is a product where no supporting documentation is required, and the cheques are issued in the member's name.

**Emergency loan:** There is a maximum ceiling of Kenya shillings 50,000 and no supporting documents are required while the loan is processed on the same day.

To further enhance its competitive advantage, 80% of the respondents also identified that the society has made customer service a critical component in the performance evaluation criteria. The society's aim has been to serve customers with flexibility and convenience. The FOSA opening hours in Nairobi has been extended from 9a.m to 4pm. The society is working on moving FOSA to a more spacious and modern facility to avoid overcrowding. The society has also successfully launched new integrated computer system and introduced a new file- less loan processing system which has made processing of loans not only faster but also efficient and customer friendly.

To counter the effect of economic meltdown, 100% of the respondents revealed that the society had harmonized its operations and carried out a redundancy exercise which reduced staff costs by 26%. The society further opened up new branches in 2008 in Kisumu, Nakuru and Eldoret and started aggressive marketing campaigns for new members. The society also reviewed its dividend payout policy to be in line with the expected cash flow. The society has responded to the regulatory challenges by lobbying the relevant government ministries' through the ministry of Cooperative.

The study further revealed that the society has developed and implemented a five-year strategic plan for the period 2008-2013. This was indicated by 100% of the respondents. This is meant to ensure that the society is well placed to deal with any challenges and take advantage of any opportunities within the operating environment. The implementation of the strategic plan was also accompanied by performance contracting in order to ensure delivery of services.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the conclusions and recommendations of the study. The conclusions are on the basis of the objectives this study was set to achieve.

#### **5.2 Summary and conclusions**

This study was designed with the purpose of identifying the changes in operating environment which have had an impact on the operations of Harambee SACCO and the strategic responses adopted by the SACCO to deal with these challenges. From the interviews that were done with the managers in various departments of the Society with the aid of an interview guide, the study found out that the Society was facing threats from the external environment as a whole and that competition was the biggest challenge facing the Society. Other challenges included technological changes, regulatory environment, economic meltdown and increasing costs of doing business.

The study found out that the challenges the society is facing as a result of competition revolved around the need for product diversification to meet various customer needs, quality of services offered and the cost of these services. The study established that the society has reacted to the challenges brought about by competition by developing and implementing innovative products which have seen it achieve growth in surplus and capitalization. This also concurs with the review of Ansoff, (1980) and Porter, (1985) who cites that organizations are faced with steep challenges and organizations need to put early measures in place to counter such challenges.

The society has also dealt with technological challenges by implementing integrated systems which have enhanced efficiency and customer service. This has been coupled with employment of technically qualified personnel and the implementation of performance contracting. It has introduced staff retention programs by offering car loan and house loans to reverse the exodus of staff to other better paying firms in the industry

This is in accordance with, Ansoff and McDonnell (1990) who argues that the match between its strategic responsiveness and strategic aggressiveness and how these are matched to level environmental turbulence determine the success of every organization. Johnson and Scholes, (2002), Portar (1998), Porter (1985) and Ansoff, (1980) all argues that, the Organizations react to threats by adopting strategies that are aimed at improving the effectiveness of basic operations within the Society such as production, marketing, materials management, research and development and human resources. Their review concurs with this research hence giving it relevance and reliability of the research document.

The study also established that 56.6% of the respondents did not actively participate in the formulation of response strategies to be adopted by the Society, but were involved in the implementation of the Society's strategic plan. The decision making task in respect to strategy formulation was mainly undertaken by top managers and communicated to other employees in management positions for implementation. A majority of 30% answered that they would appreciate and be more proactive in the implementation of the response strategies if they were involved in the formulation of such strategies.

The study also established that a majority of the managers (66.7%) concur that Society adopts reactive response strategies to changes in the external environment rather than being proactive in the development of such response strategies. However with the development of the strategic plan the society has put mechanisms in place to ensure that it continually scans the operating environment and predicts any changes that will likely impact on its operations.

### **5.3 Limitation of the study**

The limitation that may be linked to the study can first and foremost said to be that it concentrated on the Head Office and ignored the branches. This was mainly because the target group is based at the head office. The research thus can be enriched by getting views from the branch heads who are also responsible for the implementation of the strategic plan that concern their branches which are important revenue generating centers.



Furthermore, the research embraced the top management of the society, it could be enriched by embracing a bigger number of respondents ranging from the very lower cadres to the top most, and maybe this would have broadened the ideas got from the personal interviews of this top management.

#### **5.4 Recommendations for policy makers of the Society**

The findings of the study show that there are several environmental challenges that are facing the Society. The Society has put up various strategies to counter the waves especially those posed by competition in the industry. The study recommends that managers be on the look out for any possible factors that have an impact on the operations of the business and respond appropriately. So far, the response strategies have been fairly successful but more needs to be done so that the society is always prepared for these turbulences. It should be noted that the competitors are not happy to be at the positions they are currently holding in the industry. Thus, the Society's managers should be on the lookout to maintain their position in the market lest the competitors outperform them. More especially to accelerate the pace of moving FOSA to all major towns to enable members access the services faster and cheaply. The Society need also to enter into partnership with other strong institutions to compete favorably and improve the services.

#### **5.5 Suggestions for further research**

This study concentrated on the response strategies that the Society had adopted to counter the changes in the external environment especially from competition. One major strategy that the Society has employed and found useful is marketing. A lot of resources in terms of human and capital have been employed to promote the products of the Society. The cost of marketing has been increasing over the years. More research needs to be done to determine what effect the increased marketing campaigns have had on the performance of the Society versus the other strategies adopted.

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## APPENDICES:

### APPENDIX I: LETTER OF INTRODUCTION

Dear Respondent,

**REF: THE STRATEGIC RESPONSES OF SACCOS TO CHANGING OPERATING ENVIRONMENT: THE CASE STUDY OF HARAMBEE SACCO**

The above-mentioned research refers.

I am a student pursuing a postgraduate degree at the school of business, university of Nairobi, currently in research year. As part of the degree programme, it is prudent for me to undertake a research on ‘*Strategic Responses of SACCOS to Changing Operating Environment: The Case Study of Harambee SACCO*’.

This is therefore to request your assistance in gathering the associated data by allowing the researcher to interview you using the attached interview guide questions. Your experience and knowledge in the Harambee SACCO organization will assist the researcher in analyzing the successes of the Saccos.

Please be assured that the knowledge gathered shall be held in the highest level of confidentiality and for the above mentioned purposes only.

I will much appreciate it if am allowed to interview you so as to meet the deadline put by the University to finish the research writing.

Yours faithfully,

Thank you very much.

**Jackson Mutua (Researcher)**

University of Nairobi

P.O Box 30197

Nairobi.

Tel:

Email:

**Dr. J. M Munyoki (Supervisor)**

University of Nairobi

P.O Box 30197

Nairobi.

Tel:



## APPENDIX; II

### INTERVIEW GUIDE

#### Part A: General Information

1. What is your gender?

Male [ ]

Female [ ]

2. What is your age?

Below 25 [ ]

25-35 [ ]

36-45 [ ]

Above 45 [ ]

3. What is your professional qualification? Please tick appropriately.

FCII [ ]

ACII [ ]

ACII (1-9 papers) [ ]

Actuarial [ ]

CPA (k) [ ]

CPA (various stages)[ ]

Lawyer /CPS [ ]

MISK [ ]

ICPS [ ]

HRD/HRM [ ]

Others [ ]

4. What is your highest academic qualification?

- A' Level                    [   ]
- Graduate                    [   ]
- Masters                    [   ]
- O'Level                    [   ]
- Primary level            [   ]

**Section B; Operating Environment Challenges and Strategic Responses by Harambee Sacco**

1. List the changes in the environment that have had major impact on the operations of Harambee SACCO

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2. What challenges have these changes posed to Harambee SACCO?

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3. Indicate the strategies that were adopted to respond to the challenges?

Briefly explain.

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4. Which responses were successful? Indicate briefly why.

- Strategic level strategies            (   ) .....
- Corporate level strategies            (   ) .....
- Business level strategies            (   ) .....

5. What challenges did Harambee SACCO face in trying to implement the strategic responses?

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6. How have the challenges identified in 5 above been addressed?

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7. Is there a documented strategic plan for Harambee SACCO?

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Thank you for your time.