

**SUSTAINABLE COMPETITIVE ADVANTAGE AMONG SAVINGS
AND CREDIT CO-OPERATIVE SOCIETIES IN NAIROBI COUNTY**

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DECLARATION

This research project is the result of my independent study and has not been submitted for examination in any other university.

Signature

Date.....

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REG NO: D61/62641/ 2010

This research project has been submitted for examination with my approval as the University supervisor.

Signed.....

Date.....

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May God bless you all.

DEDICATION

I dedicate this research project to my daughters Julie and Maggy, sons Dennis and Steve and my dear wife Coleta for their support over the study period. May they go beyond where I have reached.

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENTS	iii
DEDICATION.....	iv
LIST OF TABLES	ix
LIST OF FIGURES	x
ABBREVIATIONS AND ACRONYMS.....	xi
ABSTRACT.....	xii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 The Concept of Sustainable Competitive Advantage	3
1.1.2 The SACCO Sub-Sector	4
1.2 Research Problem	6
1.3 Research Objective	8
1.4 Value of the Study	8
CHAPTER TWO: LITERATURE REVIEW	10
2.1 Introduction.....	10
2.2 Theoretical Foundations.....	10
2.3 Sustainable Competitive Advantage in Organizations	12
2.4 Sources of Competitive Advantage	14

CHAPTER THREE: RESEARCH METHODOLOGY	18
3.1 Introduction.....	18
3.2 Research Design.....	18
3.3 Population of the Study.....	18
3.4 Sample Design	19
3.5 Data Collection	19
3.6 Data Analysis	20
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	21
4.1 Introduction.....	21
4.2 Demographic Information.....	21
4.3 Factors that Influence Sustainable Competitive Advantage among SACCOs in Nairobi County.....	24
4.4 Discussion.....	37
4.4.1 Comparison with Theory	37
4.4.2 Comparison with other Empirical Studies	39
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ..	40
5.1 Introduction.....	40
5.2 Summary	40
5.3 Conclusion	42
5.4 Recommendations	43
5.5 Limitations of the Study.....	44
5.6 Suggestions for Further Study	45

REFERENCES.....	46
APPENDICES	50
Appendix 1: Questionnaire	i
Appendix II: List of Savings & Credit Co-operative Societies (SACCOs)	vi

LIST OF TABLES

Table 4.1 : Category of the SACCO	21
Table 4.2 : The Year of Registration.....	22
Table 4.3 : Sources of Sustainable Sompetitive Advantage	24
Table 4.4 : Competition from other Financial Institutions.....	27
Table 4.5 : Respondents' distribution by Products introduced into the Market	29

LIST OF FIGURES

Figure 4.1 : The total work force in the last tree years 22

Figure 4.2 : Customer/membership trends(Numbers) 23

ABBREVIATIONS AND ACRONYMS

BOSA	-	Back Office Service Activity
CA	-	Competitive Advantage
CEO	-	Chief Executive Officer
FOSA	-	Front Office Service Activity
MOCD&M	-	Ministry of Co-operative Development and Marketing
SACCOs	-	Savings and Credit Cooperative Societies
KUSCCO	-	Kenya Union of Savings and Credit Co-operatives
SASRA	-	SACCO Societies Regulatory Authority
SCA	-	Sustainable Competitive Advantage
SME	-	Small Micro Enterprise
WOCCU	-	World Council of Credit Unions

ABSTRACT

In the current competitive business environment, survival depends on the organizations' ability to effectively and efficiently utilize its internal resources while also continuously scanning the external environment to exploit the opportunities and minimize the threats. The interplay of both controllable and non controllable factors have a major influence on sustainable competitive advantage. This study aims at determining the factors influencing sustainable competitive advantage among SACCOs in Nairobi County. The primary data was collected using guided questionnaires with both closed and open ended questions. The secondary data was derived from financial statements, annual reports and relevant journals. These questionnaires were administered to the CEOs and departmental heads of selected SACCOs. The result was coded and analyzed using descriptive statistics. The findings indicated that even though there is intense competition within the financial sector, SACCOs can still have an edge over other competitors. This advantage can be sustained if they mobilize funds internally, improve on service delivery through adoption of modern technology, reduce costs of operation, employ competent staff, improve on governance and engage in aggressive marketing. Adherence to the regulatory requirements and prudential standards would instill confidence in the current and potential membership and project the right image. The study faced several challenges including time constraint, misunderstanding , misinterpreting some questions and fear by some CEOs of disclosing their strategies by responding to the questionnaires .The results of the study will assist the Government through the relevant ministries come up with policies that would facilitate a conducive environment for the promotion and growth of SACCOs. The Board of Directors and CEOs would have to design sustainable strategies that would make the SACCOs more competitive .The findings will provide knowledge on how organizations can create and benefit from competitive advantage and bring out the influence of organization's resources, capabilities, costs, differentiated products, services and other factors on sustainable competitive advantage .A similar study should be carried out on SACCOs outside Nairobi county so that the findings can be generalized for SACCOs in Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

A creative distinctive strategy that sets a company apart from rivals and yields a competitive advantage is a company's most reliable ticket for earning above average profits. If a company's competitive edge holds promise for being durable and sustainable (as opposed to just temporary) then so much the better for both strategy and the company's future profitability (Gamble, Strickland and Thompson, 2008).

Competitive advantage is at the head of any strategy and achieving it requires a firm to make a choice. This is the choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it. "Being all things to all people" is a recipe for strategic mediocrity and below average performance because it often means that the firm has no competitive advantage at all (Porter, 1998). A firm has a competitive advantage when it is able to create more economic value than rival firms. Economic value is the difference between the perceived benefits gained by a customer who purchases a firm's product or services and the full economic cost of the products or services (Barney, 2007). He goes further and adds that a firm's competitive advantage can either be temporary or sustained. A temporary competitive advantage is one that lasts for a very short period of time while a sustained competitive advantage can last longer.

One of the most eminent gurus of strategy, Michael Porter holds that a firm can remain competitive by having power over competitors (Clegg et al., 2011). He focuses on the competitive forces in the external environment using the five forces model and the use of the five generic strategies to achieving sustainable competitive advantage (Porter, 1998). According to him, apart from analyzing the industry, the firm has to manage the cost drivers/differentiation drivers so as to produce a cost advantage or a differentiation advantage.

Other scholars on strategy examine the relationship between organization resources, capabilities, core competencies and sustainable competitive advantage (Clegg et al., 2011). Competitive advantage is based on the ability to respond to evolving opportunities which depends on business processes or capabilities. The resource based approach is concerned with the nature of the firm's resources and how these resources are combined with capabilities to achieve sustainable competitive advantage (Hitt et al., 1997).

The primary purpose of strategic management is to guide the organization into achieving superior organizational performance as it develops sustainable competitive advantage (Clegg et al., 2011). SACCO managers and directors therefore have to continuously strategize on how to improve the organization's financial performance, strengthen the long-term competitive position and gain a competitive edge over rivals in the financial sector.

1.1.1 The concept of sustainable competitive advantage

A company achieves sustainable competitive advantage when an attractive number of buyers prefer the products or services over the offering of competitors and when the basis of this preference is durable. What makes a competitive advantage sustainable as opposed to temporary are actions and elements in the strategy that cause an attractive number of buyers to have a lasting preference for a company's products or services as compared to the offering of competitors (Porter,1998).

Sustainable competitive advantage is what allows a business or corporation to maintain and improve its competitive position in a market against competitors in the long term. Where a competitive advantage has been achieved, it will enable the organization to make economic rent which is a situation when the organization earns above market returns. It is a measure of economic power in terms of the rate of return over and above the average available in the market (Clegg et al., 2009).

Capon., (2008) identifies three distinct conditions that have to be met for sustainable competitive advantage to exist .Firstly customers must see a distinct difference between a company's product and service and those offered by competitors. Secondly there has to be a capability gap. This occurs when the activities which create the differentiated products or services and their delivery can easily be performed by the organization under consideration while competitors struggle to achieve the same differentiation. Lastly, the attributes and gap must both be enduring or sustainable.

Competitive advantage grows fundamentally out of the value a firm is able to create for its buyers. It may take the form of prices lower than the competitors for equivalent benefits or the provision of unique benefits that more than offset a premium price (Porter, 1998).

Sustainable competitive advantage is therefore the prolonged benefit of implementing some unique value creating strategy not simultaneously being implemented by any current or potential competitor along with the inability to duplicate the benefits of the strategy. It is different from competitive advantage in that competitive advantage is the position a firm attains that leads to above normal rents /superior financial performance and the processes and position that engender competitive advantage are not necessarily non-duplicable/inimitable. It is thus possible for some companies to temporarily make profits above cost of capital without sustainable competitive advantage, Competitive advantage becomes sustainable competitive advantage when all duplication efforts have ceased and rival firms have not been able to create the same value that the said firm is creating (Odwesso, 2011).

1.1.2 The SACCO Sub-Sector

SACCOs are governed by the Co-operative societies Act Cap.490 and the Co-operative society's rules. In 2008 the Government enacted the SACCO Act which was effected in 2010 with the gazettelement of the SACCO regulations. The SACCO society's regulatory authority was thus established with the mandate of licensing, regulating and supervising deposit taking SACCO societies. Under the current Government structure, the sector falls under the Ministry of industrialization and enterprise development.

The financial system in Kenya is one of the driving forces of economic development. It provides the important service of intermediation that largely enables surplus spending units to raise funds for investment and consumption.(MOCD and M,2012).

SACCOs in Kenya fall under 4 broad based categories namely Government based SACCOs comprising members from ministries and government agencies, public sector colleges, institutions and local authorities. Farmer based SACCOs comprising farmers in different agricultural activities. Private institution SACCOs made up of employees of private enterprises including NGOs and finally Community based SACCOs whose membership are drawn from local communities where they operate including SME traders and farmers ,transport and church based SACCOs (SASRA report, 2012).

With the total population of Kenya at approximately 38.6 million, it is estimated that 63% of Kenya's population participates directly or indirectly in co-operative based enterprises. The greatest contribution of co-operatives to Kenya's social and economic development is in the financial sector where SACCOs hold substantial deposits. It is estimated that the combined assets of SACCOs are worth approximately KES 210 billion (USD\$ 2.83 billion) out of which approximately KES 150 million (USD\$2 billion) are member deposits which consists of both shares and deposits. In 2010 the co-operative movement in Kenya realized a total turnover of KES 35.0 billion which is equivalent to US\$ 466 million (MOCD and M, 2012).

1.2 Research Problem

Increased globalization, liberalization of the markets, the proliferation of firms, wider access to information and the increased variety of innovative products and services available to the consumer among other factors have contributed immensely towards the highly competitive business environment. The challenge therefore is how to grow fast ahead of competition, grow in line with the industry or simply catch up or defend existing status.

Competitive advantage is the position that a firm occupies against competitors. Building competitive advantage (CA) means to take offensive or defensive actions towards a sustainable market position that successfully manages competitive forces while generating superior performance and returns (Porter, 1998). He suggested the five forces model to determine the attractiveness of an industry and construct a sustainable competitive position for the firm among competitors.

He further points out that unless the product or service offered can distinguish itself in some way from its competitors, there is a strong likelihood that the market place will view it as a commodity and so the same will tend to go to the cheapest supplier. It is therefore important to look for additional functionalities of a product that would bring sustainable competitive advantage.

The many institutions in the financial sector include the commercial banks, deposit taking microfinance institutions, the forex bureaus, the capital market, insurance providers, deposit taking SACCOs, credit only SACCOs, mobile phone service providers, Postbank, NSSF,

NHIF, credit only microfinance institutions, hire purchase companies, the Government of Kenya, informal groups, shopkeepers/merchants, employers and moneylenders/shylocks(FinAccess2013).

SACCOS represent a considerable part of the Kenya financial sector with respect to access, savings mobilization and wealth creation. Out of the total number of 5000 registered SACCOs in Kenya Nairobi County accounts for 1500 which is approximately 30% of the total (MOCD&M, 2012).

Several scholars have studied the concept of sustainable competitive advantage in different contexts. Odwesso (2008) examined the telephony industry in Kenya. Kasyoka (2011) studied the use of strategic positioning to achieve sustainable competitive advantage at Safaricom. Bogecho (2011) looked at the sources of competitive advantage among milk processing companies in Kenya. Mwaseru (2011) looked at strategies used by Diversy Eastern and Central Africa Ltd to create sustainable competitive advantage.

Odwesso (2011) in his study noted that mobile firms use cost based and differentiation approaches to help achieve sustainable competitive advantage. She identified some of the factors that contributed to competitive advantage as superior data base management and data processing capabilities, superior product and customer support, excellent management team, strong research and development capabilities and a strong marketing strategy amongst others.

A true sustainable competitive advantage is achieved based on how companies understand and meet customers' true needs probably better than the customers understand their own

needs themselves (Bogencho, 2011). He identified some of the sources of sustainable competitive advantage as access to working capital, strong brand name and reputation, strong research and development capabilities, continuous learning, effective leadership, low cost and high volume production amongst others.

The financial sector in Kenya is very competitive due to the many players in the market.. The competition for customers is not only from the banks, deposit taking microfinance institutions but also amongst the SACCOs themselves. Long term survival therefore calls for adoption of strategies that would make them achieve sustainable competitive advantage. Which are these factors that influence sustainable competitive advantage?

1.3 Research Objective

To determine the factors that influence sustainable competitive advantage among SACCOs in Nairobi County.

1.4 Value of the Study

It is hoped that the study will assist the Government through the relevant ministries come up with policies that would facilitate a conducive environment for the promotion and growth of SACCOs. The contribution of SACCOs to the economic development of the country in terms of savings mobilization is too great to be ignored.

The study will also assist the Board of Directors and CEOs design sustainable strategies that would make the SACCOs more competitive. This would not only look at the products and

services but also the design and delivery. There is need to examine the SACCO business model and sustainability in the current competitive environment.

The study will be a source of reference material for future researchers on other related topics .It will also help other academicians who undertake the same topics in their studies.

Lastly the findings will provide knowledge on how organizations can create and benefit from sustainable competitive advantage. It will also bring out the influence of organization's resources, capabilities, costs, differentiated products and services and other factors on sustainable competitive advantage.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the theoretical foundations, the concept of sustainable competitive advantage, the sources of competitive advantage and the factors that determine the sustainability of a firm's competitive advantage.

2.2 Theoretical Foundations

The concept of sustainable competitive advantage (SCA) has created the need for organizations to remain competitive and successful in the long run. In the recent years, the theory of sustainable competitive advantage (SCA) has emerged as one of the most promising theoretical frameworks in the management literature especially in the field of strategic management (Bogecho, 2011).

2.2.1 Resource Based Theory

Essentially competitive advantage comes from the organization's resources rather than the environment within which the company operates. Some of the resources must be able to promote a distinctive competitive advantage in the market place if the company is to deliver above average profits in the industry. The emphasis of the resource based view of strategy development is on the organization's own resources-its physical resources such as plant and machinery, its people resources such as its leadership and skills and above all the ways in which such resources interact in the organization (Lynch, 2009).

He goes further to say that it is the combination of resources that delivers competitive advantage because such combinations take years to develop and may be difficult for others to copy. The resource based view draws a distinction between the general resources that are available to any organization such as accounting skills and basic technology and those that are special and perhaps even unique to the organization.

The proponents of this theory argue that it is only those special resources that deliver sustainable competitive advantage. Firms should seek to develop inimitable resources over time. It is the possession of these alone that will help produce a meaningful and long term competitive advantage (Clegg et al., 2011). The way in which the tangible resources in the organization are deployed determines a company's competitive advantage.

2.2.2 Dynamic Capability Theory

Capabilities are the processes of a firm that are able to reconfigure resources to respond to the market place (Clegg et al.,2011).Market conditions are fast changing and constantly require new and different competencies. Capabilities represent the firm's capacity to deploy resources that have been properly integrated to achieve a desired state. They emerge over time through complex interactions between and amongst intangible resources (Hitt et al.,1997).

The authors further state that the primary base for a firm's capabilities is the skills and knowledge of the employees. The knowledge possessed by the firm's human capital is among the most significant of an organization's capabilities. The rate at which firms acquire

new knowledge and develop skills necessary to apply in the market is a key source of competitive advantage.

Dynamic capability refers to the organization's ability to change, innovate, to be flexible and to learn how to adapt to a rapidly changing environment. Example systems for new product development or procedures for agreement for capital expenditure, acquisitions or alliances by which new skills are learned by the organization and the way in which decisions get taken faster than usual when a fast response is required (Johnson, Scholes and Whittington, 2008).

Dynamic capability theory helps to understand how firms develop, refresh and renew important capabilities. This involves defining managerial traits, managerial systems and organizational designs that will keep the enterprise alert to the opportunities and threats, enable it to execute on new opportunities and constantly adjust to stay at the top.

If a firm is unable to adapt to changing circumstances over the long term it will become unprofitable (Augier and Teece, 2008). It is neither resources nor knowledge but intangible assets that matter most to companies. These include technological knowhow, intellectual property, business relationships, reputation and finally organization culture and values. (Teece, Picano and Sheun, 1997).

2.3 Sustainable Competitive Advantage in Organizations

According to Lynch (2009), Sustainable competitive advantage involves every aspect of the way an organization competes in the market place through pricing, distribution, customer value, manufacturing quality and product ranges. Analyzing competitors enables an

organization to develop a competitive advantage against them especially advantages that can be sustained over time. The real benefits come from advantages that competitors cannot easily imitate. Sustainable competitive advantage needs to be deeply embedded in the organization's resources, skills, culture and investment over time,

Sustainable competitive advantage is what allows a business or corporation to maintain and improve its competitive position in a market against competition in the long term (Clegg et al., 2011). A company achieves sustainable competitive advantage when an attractive number of buyers prefer the products or services over the offering of competitors and when the basis of this preference is durable (Porter, 1998).

Hitt et al., (1997) adds that it is only when competitors have tried without success to duplicate the benefits of a firm's strategy or when competitors lack the confidence to attempt imitation that sustainable competitive advantage is achieved. Competitive advantage grows out of the way firms conduct their activities, employ new procedures, new technologies or different inputs. The firm will sustain competitive advantage by performing the strategically important activities better than competitors (Clegg et al., 2011).

Porter (1985) suggested using value chain analysis to understand the role of capabilities that reside inside the firm. He argued that the value chain was a most useful tool for analyzing the added value of processes of production or delivery of services shifting attention towards internal activities and the question of how one creates a competitive advantage.

A competitive advantage grows out of the way a firm performs discrete activities for example concerning new ways to conduct activities, employing new procedures, new technologies or different inputs. The issue is to find out what each step in the process adds value to the products and services. The added value is the difference between the cost of production and the revenue realized in the market place. A firm sustains competitive advantage by performing the strategic important activities better than competitors (Clegg et al.2011).

The main basis of competitive advantage involve giving the buyers what they perceive as superior value compared to the offering of rival sellers .Superior value can mean a good product at a lower price, a superior product that is worth paying more for or best value offering that represents an attractive combination of prices, features, quality service and other appealing attributes. Delivering superior value –whatever form it takes nearly always requires performing value chain activities differently than rivals and building competencies and resource capabilities that are not readily matched (Arthur et al., 2007).

2.4 Sources of Competitive Advantage

Wheeten and Hunger (2009) have identified several sources of competitive advantage to enable a firm have an edge over rivals. The first is differentiation which refers to the development of unique features or attributes in a product or services that position it to appeal especially to a part of the total market for example branding. The development of low cost production enables the firm to compete against other companies either on the basis of lower prices or possibly on the basis of the same price as its competitors but with more services

being added. Some companies offer a high level of performance in terms of service and quality that simply cannot be matched.

The second is niche marketing or focus where a company selects a small market segment and concentrates all its efforts in achieving advantage in this segment. The business learns its target customers and their needs, special considerations they want accommodated and establish personal relationships in ways that differentiate the smaller firms or make it more valuable to target customers. With enhanced knowledge of its customers and intricacies of their operations the small focused company will build up organization knowledge about timing sensitive ways to work with a customer.

Thirdly, the combination of parts of the business such that the sum of them is worth more than the individual parts i.e. $2+2=5$ also referred to as synergy. This may occur because the parts share fixed overheads, transfer their technology or share the same sales force. The fourth is culture and leadership style of an organization which looks at the way an organization leads, trains and supports its staff. This will lead to innovative products, exceptional levels of service, and fast responses to new market developments and so on.

Fifth is human resource management through the development of self managed teams and decision making at the lowest level to increase responsiveness. It also involves reducing the levels of management thus cutting down on corporate overheads and having an integrated information system that reduces errors and administrative costs. The sixth is speed or rapid response to customer requests which involves providing current products quicker, accelerating new product developments or improvements, quickly adjusting production processes and making decisions quickly.

Companies that can rapidly adapt their products or services and do so in a way that benefits customers have a major competitive advantage over their rivals that cannot do this. The sources of speed based competitive advantage include customer responsiveness whereby quick responses with answers, information and solutions to mistakes build customer loyalty. Others include speed in delivery or distribution such that you get what you need when you need it and where you need it, having technical people in sales, customer service and corporation reputation for quality and leadership (Robinson and Pearce, 1997).

The capabilities and core competencies of the organization are also a source of competitive advantage (Johnson et al., 2008) .These are the skills and abilities to link activities or processes through which resources are deployed. They must relate to an activity or process that underpins the value in the product or service features as seen through the eyes of the customer or other powerful stakeholder. The competencies must lead to levels of performance that are significantly better than competitors and the competencies must be difficult for competitors to imitate.

2.4.1 Factors that determine the sustainability of A Firm's Competitive Advantage

If an organization seeks to build competitive advantage it must have capabilities that are of value to its customers. This might be achieved if a competitor possesses a unique rare capability that could take the form of a unique resource like a powerful brand, intellectual capital example talented individuals or organization knowledge which is the collective experience accumulated through systems, routines and activities of sharing across the organization. Organizations will not achieve competitive advantage through their physical

resources but through the way they do things and their accumulated experience (Johnson et al., 2008).

Clegg et al., (2011) identifies the four factors that determine the sustainability of a firm's competitive advantage. The first is durability which is the extent to which competition is long lasting example the firm's reputation. The second is transparency whereby if a set of resources and capabilities can be imitated in another context the source of competitive advantage can be rapidly diminished.

A strategist seeking to imitate a rival needs to work out how the competitive advantage is actually achieved. This can be difficult and is referred to as transparency problem. It necessitates trying to work out how to acquire and build the resources and capabilities required in order to imitate rivals.

The third is transferability which refers to the extent to which resources and capabilities can easily be transferred .Certain resources and capabilities are firm specific like geographical immobility. The last one is replicability such that when transferability of resources and capabilities prove difficult, firms may instead attempt to create their own.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of the research design ,the population of interest , the sample design, the data collection instruments and the data analysis techniques that were used to analyze the objective stated in chapter one of this study.

3.2 Research Design

The study employed the cross sectional survey research design. The survey methodology is used to investigate populations by selecting samples to analyze and discover occurrence.

It provides numeric description of some part of the population and also it describes and explains events as they are, as they were and as they will be. It is economical, there is rapid data collection and one is able to understand a population (Owen and Osu, 2011).Surveys provide quick inexpensive, efficient and accurate means of assessing information about the problem.

3.3 Population of the Study

The population consisted of 1500 active SACCOs registered by the commissioner for co-operative development and marketing and operating within Nairobi County. The statistics were got from the Ministry of Co-operative development and marketing which is currently a department within the ministry of industrialization and enterprise development.

The core business for the SACCOs is providing savings and credit services to their members. They have a variety of loan and savings products which are provided to the members and customers through the back office activities (BOSA) and the banking activities (FOSA).

3.4 Sample Design

The target population involved 150 active SACCOs in Nairobi County. These were selected randomly from the Government based, private institution based and the community based SACCOs.

The SACCOs are located in different parts of Nairobi with a majority found within the Central business district and industrial area thus accessibility and convenience was assured. The study targeted the small, medium and large SACCOs .SACCOs with assets over Kshs 4 billion are classified as Large, those with an asset base of between Kshs 1billion and 4 billion are classified as medium and those with an asset base below Kshs 1 billion are classified as small.(SASRA ,2012)

3.5 Data Collection

The study used primary and secondary data. The primary data was collected using the pre-designed questionnaires which was both closed with multiple choices and open ended to enable the respondents give additional information.

The secondary data was collected from published documents got from the relevant ministry and departments for example annual reports, audited accounts and journals.

The respondents were the chief executive officers and senior staff of the various SACCOs within Nairobi County.

3.6 Data Analysis

By using descriptive statistics, the raw data was summarized and the results interpreted in a brief and meaningful manner using tables and charts. Frequencies and percentages were used to describe the most prominent sources of sustainable competitive advantage as perceived by respondents.

Interpretation and analysis of the data was carried out using a statistical package for social scientist (SPSS) to ensure objectivity. From the analysis it was possible to make inferences about characteristics of the entire population. Descriptive statistics was effectively used by Bogencho (2011) in his study on sources of competitive advantage among milk processing companies in Kenya.

CHAPTER FOUR

DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study sought to determine the factors influencing sustainable competitive advantage among SACCOs within Nairobi County. The primary data was gathered from the predesigned questionnaires while the secondary data was got from annual reports financial statements and relevant journals .Of the 150 SACCOs targeted 75 responded representing a 50% response rate.

4.2 Demographic Information

The study sought information on various aspects of the organization and the respondents. This included the name of the SACCO, category, year of registration, number of branches, position of respondents, the total work force and customer/membership trend for the last three years

Table 4.1: Category of the SACCO

Category	frequency	%
Government/parastatal based	25	33
Private sector based	30	40
Community/ church/ trader based	10	13
Others	10	13

Source: author 2013

The findings in Table 4.1 indicate that the Government based SACCOs, though fewer in number have a strong membership base as compared to those in the other sectors.

Table 4.2 The year of registration

Years of registration	frequency	Percentage
1966-1976	30	40
1977-1988	10	13
1989-1990	10	13
1991-2002	5	7
2002-2012	20	27

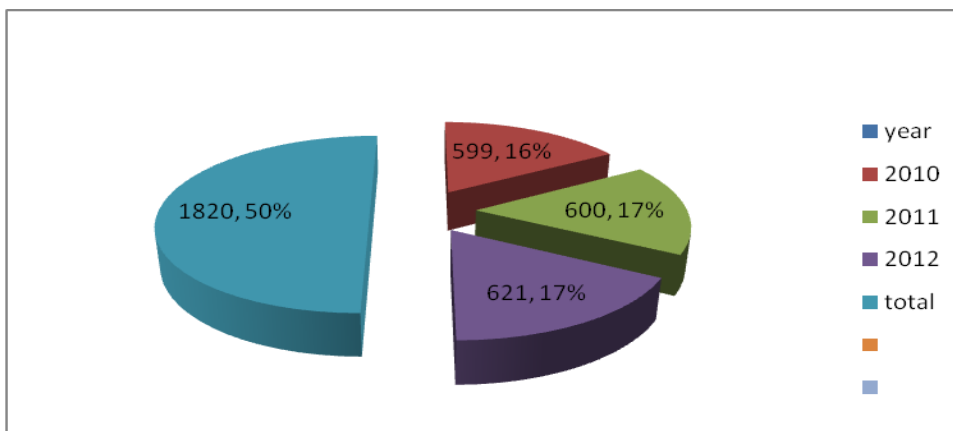
Source: author 2013

From Table 4.2 it can be concluded that most of the SACCOs have been in existence for over twenty years which means they have been able to withstand competition.

4.2.1 Workforce trend

The researcher sought to know the total work force in last three years. The findings are shown in Figure 4.1

Figure 4.1 The total work force in the last tree years



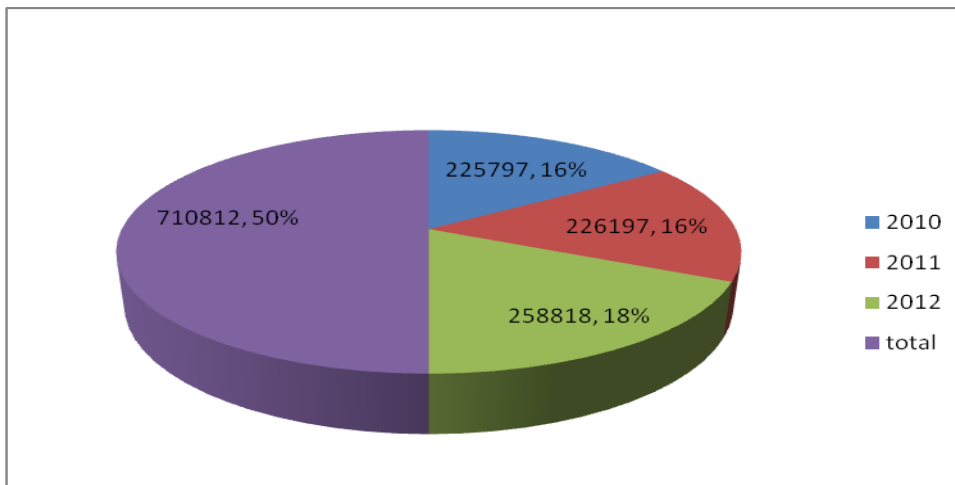
Source: author 2013

From the study findings in Figure 4.1, the work force was greatest in year 2012 with total number being 621 representing 17%.In the year 2011 the number was 600 ,and in year 2010 it was 16% with number being 599. This implies that the level of employment has been increasing though marginally.

4.2.2 Customer /membership trends (numbers)

The study sought to know the membership trends in the last three years and the findings is shown in Figure 4.2.

Figure 4.2 Customer/membership trends (Numbers



Source author 2013

From the research findings in Figure 4.2, customer numbers increased in the last three years. In the year 2010, membership was 16% which translates to 225,797 members. The year 2011 membership was still 16% but the numbers varied slightly to 226,197. In 2012 the membership increased to 258,818 representing 18%. This implies that the membership in the last three years has been on an upward trend. This further confirms why KUSCCO limited,

the umbrella body for SACCOs was awarded the 2013 winner of the world council of credit unions (WOCCU) outstanding membership growth award in recognition of the fact that SACCOS in Kenya have the highest growth rate worldwide.

(The SACCOSTAR, September, 2013).

4.3 Factors that influence sustainable competitive advantage among SACCOs within Nairobi County

The study sought to establish the sources of sustainable competitive advantage in the SACCOS and the findings are shown in Table 4.5.

Table 4.3 Sources of sustainable competitive advantage

	Mean	Std. Deviation
loans products	3.6800	1.14455
saving products	2.8800	1.36382
internal source of funds	4.2000	1.00000
interest rate on loans	3.9600	.67577
FOSA	3.8000	1.19024
closed common bond	3.2000	1.22474
open membership	3.7600	1.36260
Technology	3.4000	1.50000
Sacco name	2.8000	1.60728

skilled ,professional ,motivated and loyal staff	3.8800	.88129
organizational structure, and leadership	4.1600	1.02794
branch network	3.6800	1.40594
numerical strength	4.0400	.97809
Dividends	3.5600	1.15758
Training and development	3.5200	1.19443
service delivery	4.0000	1.00000
Interest rate on deposits	4.1200	.83267
members loyalty	4.1200	.92736
reputation	4.0800	.90921

Source: author 2013.

From Table 4.3, the majority of the respondents strongly agreed that the internal source of funds is the strongest determinant of sustainable competitive advantage (mean=4.200).

4.3.1 Internal source of funds

From the findings of the study, internally generated funds is the strongest factor influencing sustainable competitive advantage .Internal funds are generated from the members' savings .Some SACCOs peg a minimum figure per month though the individual saver is at liberty to increase according to his or her ability. The second option is whereby the monthly deduction

is based on a percentage of the basic salary. Though not very popular, it avails more savings since the high earners contribute more.

Other sources of internal funds include the statutory reserves, increasing the shareholding, capitalization of dividends and interest on deposits. Having savings products like fixed deposit accounts children and holiday accounts are good sources of internal funds. Generation of adequate internal funds ensures that the SACCO does not go for external borrowings whose interest rates are generally high as such the interest rates charged on loans are maintained at fairly low rates.

4.3.2 Competition from other financial institutions

SACCOs face competition from other financial providers including banks, microfinance institutions, investments clubs and even amongst the SACCOs themselves. The variety of products on offer with different interest rates and repayment terms has a major influence on patronage.

Table 4.4 Competition from other financial institutions

Competitor	Very strong	Strong	Weak	Very weak	No competition
Banks	20	35	10	5	5
Deposit taking micro finance institutions	10	20	30	10	5
Informal/ investment clubs	20	20	25	5	5
Other SACCOs	20	30	5	10	10

Source author 2013

Table 4.4, it indicates that there is strong competition from the banks followed by competition amongst the SACCOs themselves, the deposit taking microfinance institutions and lastly the informal/investment clubs .Banks are strong competitors due to their strong liquidity position, branch network and their lending conditions on personal loans. Whereas SACCOs insist on savings as a condition, banks require only the latest pay slip.

Competition amongst the SACCOs is also strong where there are several SACCOs in a sector. Example in the health sector there is Kenyatta matibabu for Kenyatta hospital employees, Afya SACCO for the ministry of health, Nairobi hospital SACCO for Nairobi hospital employees and KMA SACCO for doctors. Other private hospitals like MP Shah and Aga Khan also have own SACCOs. The same also applies for Elimu SACCO and Mwalimu SACCO in the education sector. The Kenya police SACCO and Harambee SACCO equally

compete for members of the defence forces, the regular and administration police and the civil service.

4.3.3 Products and services

The findings indicated that most of the SACCOS have a variety of products on offer .The products vary in terms of duration of payment and interest rate charged. The duration ranged from one month to 72 months while interest rates also differ depending on the loan duration.

The loan products with short payment periods of between one and six months attract higher interest payments of between 3% per month to 10% per month on a straight line basis. The loan products repayable between 12 and 72 months attracted interest rates of between 1% per month and 1.5 percent per month on a reducing balance basis. The loan products have been branded names e.g. vision, jijenge, chipukizi, super loans, silver, top up loans, karibu, emergency, school fees, scholar and others.

Some SACCOS also enable members acquire household items like water tanks or personal items like laptops, mobile phones by negotiating with suppliers and the member pays the SACCO by installments through the salary check-off system. To enable members acquire houses and plots, the findings revealed that Some SACCOs example Kimisitu ,Baozi, Chuna, KMA and others have formed investment companies or housing co-operatives as separate entities.

4.3.4 Introduction of new products

The study sought to establish the frequency of introducing new products into the market and the findings are as shown in Table 4.4.

Table 4.5 Respondents' distribution by products introduced into the market

	Frequency	Percent
Within the last three months	15	20.0
Within the last six months	30	40
Within last one year	20	30
None in the last three years	10	10
Total	75	100.0

Source: author 2013

According to Table 4.5, 40% of the products were introduced within the last 6 months 30% were introduced within the last one year , 20% percentage were introduced within last three months and only 10% were introduced into the market within last three years. This implies SACCOs are continuously responding to needs of their members by introducing new products.

4.3.5 Front Office Service Activity (FOSA)

This is an activity of a SACCO that is meant to provide banking services to the members. Through the FOSA, the members can access a variety of products and services including salary advances, cheque clearance facilities, savings, bankers cheques and other short and long term loan products. The existence of the FOSA has enabled members outside the common bond be account holders in the SACCO.

A majority of members of the SACCOs are usually restricted on the amount to be borrowed by the 2/3 rule. This means that in appraising a loan, a member should be left with at least one third of his or her salary after considering all the deductions. With the FOSAs, a member can still borrow using his/her account in the FOSA. All SACCOS with FOSAs are regulated by SASRA and this has instilled confidence in the account holders.

4.3.6 Organization structure and leadership

The organization structure of the SACCOS is such that the members are the owners, investors and the customers. They participate in the management of the SACCOS through the annual general meetings where they not only elect their leaders democratically but also pass major resolutions impacting on the SACCO operations.

The structure of the SACCOs also includes the supervisory committee who play an over sight role. The board is also made of several sub committees including administration and finance, executive , credit and audit. The number of sub-committees is dependent on the size and activities of the SACCO.

4.3.7 Service delivery

This is also a major source of sustainable competitive advantage since when members get their loans in time they tend to remain in the SACCO. Most of the SACCOS have tried to reduce the waiting period for loans by ensuring that the loan processing process is shortened as much as possible without compromising on the policies and laid down procedures.

Emergency loans and instant loans are processed as they are received while the longest waiting period is one month for most SACCOS especially for development or long term loans .Some SACCOS have made it possible for members to make their loan applications online and on successful appraisal the loans are deposited directly in their respective accounts either in the FOSA or their individual banks.

4.3.8 Interest rate on deposits and members loyalty

The interest on deposits is paid at the end of the financial year after approval by the members in the annual general/delegates meeting. The interest income is derived from the members' loans, fixed deposits, savings accounts, dividends from investments and the various commissions and fees charged for transactions with the members.

The rates vary between 3% to as high as 12%.The high interest rate payment influences member retention, encourages more savings and attracts new membership. Most SACCOs use the pro rata basis in computing the interest on the deposits. This ensures that there is fairness as payment is made in proportion to the savings made throughout the year. No member can therefore benefit by making lump sum deposits towards the end of the financial year.

4.3.9 Numerical strength, SACCO name and reputation

The big numbers enjoyed by some SACCOS is a strong source of sustainable competitive advantage. SACCO like Kenya Police and Harambee have more than 40,000 members. With good savings, this creates a good source of internal funds thus they are able to grant loans at very low interest rates.

To retain the membership and attract new ones, the SACCO has to strive to protect their name and reputation. This is done by ensuring that proper governance structures are in place and there is strict compliance with the laws and regulations governing the operations of SACCOs example the Co-operative societies Act and Rules, the Sacco Act and Regulations, the income tax Act and others.

4.3.10 Closed, Open Membership and branch network

Opening of the common bond and the non restrictions in operational areas means that SACCOs can now attract members from other institutions, companies and even SACCOs. Some SACCOs have opened membership to the family members and others outside the common bond of employment. Good examples are Stima, Safaricom, Kilele ,Chai, Waumini and others.

Opening branches after conducting feasibility studies has taken services closer to the membership and attracted more members. SACCOs like Mwalimu, Elimu , Sheria, Afya, Comoco have opened branches within Nairobi to serve the members more conveniently

4.3.11 Training and development

From the findings, most SACCOs have made adequate provisions for training and development. The training targets the board of directors, staff and general membership for short seminars and courses.

The main objective being to impart the required skills and knowledge on the staff, enhance the competencies of the Boards of Directors and also create awareness on the part of the general membership. The trainings are provided by KUSCCO LTD, The Co-operative bank of Kenya, The Co-operative University College, public and private universities and other private consulting firms.

4.3.12 Competitive forces

The respondents gave both positive and negative aspects of competitive forces. On the positive side, competitive forces have forced many SACCOs to change their business strategies to remain relevant. They have been forced to be innovative by diversifying the product range and coming up with products which are customized to meet their members' needs.

On the negative side there is loss of membership as members are attracted by banks and other SACCOs who have opened their common bond. This has tended to reduce cash flows to the SACCOs and loss of business since the monthly remittances is reduced leading to less loanable funds. Intense competition has increased the cost of marketing and public relations as SACCOs have resorted to advertising in both the print and electronic media to attract and retain membership.

4.3.13 Technological Changes

The findings also indicated both negative and positive aspects; on the positive side there is speed in the provision of services. It enables the SACCOs to enhance service delivery through timely and prompt response to customer needs and requirements.

Members can also make their loan applications online, access their money through VISA branded ATM cards and even get their loans through e-banking products like M-SACCO. A SACCO like Stima has also introduced cheque payment system. On the negative side, there is heavy capital outlay on the ideal software to be used which inhibits the small SACCOs. Technology has also created opportunities for fraudulent transactions by the some staff which has led to huge financial losses.

4.3.14 Political Environment

The finding also indicated both positive and negative aspects. On the negative side, unstable political environment is a threat to business development while a stable environment instills confidence in the membership since they feel their money is safe. The new government structure has led to the merger of some ministries and parastatals; this means that there is a possibility of loosing members to other SACCOs.

The devolved structure may lead to agitation for splits as some members may prefer to operate in SACCOs within their counties. The change of payroll controllers from the national to the county government may negatively affect remittance for countrywide SACCOs like Harambee, Kenya Police, Asili and others. Retrenchment may also negatively affect some SACCOs especially in the government sector since the number at the national level may be reduced in favour of the counties.

4. 3. 15 Regulatory Environment

The finding also indicated both positive and negative aspects. On the positive side, there is increased confidence in the SACCOs especially those with FOSAs. Enhanced supervision by SASRA has minimized abuse of office by the staff and Board of directors.

The governance of the SACCOs has also been improved since the regulator has set standards for the employment of CEOs, senior staff while the Board of directors is also subjected to fit and proper tests before assuming office. The enforcement of the minimum prudential standards on such aspects as capital adequacy, liquidity and asset liability management, shares, savings and deposits, credit management, risk classification of assets and provisioning, investments, has instilled more confidence in the membership of the SACCOs.

On the negative side, the findings indicate there is increased cost of operations as there are several levies and licenses which have to be paid to the regulator. For example, a SACCO with one branch pays an annual license fee of Kshs. 50, 000 and Kshs. 20, 000 for any additional branches.

4.3.16 Economic Environment

On the positive side, respondents indicated that growth in economy spurs economic activities as members will borrow more to engage in various income generation activities. The unpredictable economic environment has made SACCOs to be more prudent in their financial management as many have resorted to having fixed deposit accounts to assist in case of a rise in interest rates by the banks.

An inflationary economic environment makes members borrow loans for consumption rather than development. It also affects the SACCOs which have borrowed from the banks since the increased interest payment is a big cost as it reduces the available funds for loaning. The default rates is also high during such hard economic conditions as members are not able to service their loans comfortably. Unfavorable taxation policies like the imposition of excise duties on transactions have negative impacts on SACCOs as it increases the cost of operations.

4.3.17 Socio-Cultural Factors

The changes in membership composition in terms of age groups mean that the loan products have to be continuously updated. The youthful generation who are newly employed are keen to furnish their homes or go for the electronic equipments and vehicles.

The SACCOs in Nairobi have employed staff from different ethnic background while the leadership is also composed of people from different ethnic groups. This has projected a positive image of the SACCOs and attracted a wide membership. On the negative side, the SACCOs have not attracted membership from the Muslim faithful as they do not believe in interest.

4.3.18 Legal Factors

The enforcement of the Co-operative Societies Act, the SACCO Act, rules and regulations ensures members' funds are protected thus instilling confidence. The Co-operative societies Act and rules apply to all SACCOs while the SACCO Act and regulations are applicable to licensed SACCOs only and are enforced by the SACCO societies regulatory authority.

Some of the areas covered by the two Acts include rights and obligations of members, expected duties of the committees, properties and funds of the co-operative, settlement of disputes ,inquiries and inspections, minimum capital adequacy, financial performance reporting and credit management. On the negative side, quick decision making is hindered as some of the requirements of the Acts do not facilitate a conducive business environment. The operation of the two acts is also a hindrance to the smooth operations of the SACCOS as such there is need for harmonization.

4.4 Discussion

This section presents the discussion regarding the research findings including comparison with the two theories stated in chapter two guiding the study. These are; the resource based theory of strategy and the dynamic capability theory. The results are also compared with other empirical studies undertaken in the past.

4.4.1 Comparison with Theory

The resource based theory stress on the organization's resources rather than the environment it operates (Lynch, 2009).Both tangible and intangible resources are available in the SACCOS which if utilized well can enable them have competitive advantage.

From the findings, the SACCOS that have an edge over the competitors are the ones which use their own funds, have wide branch networks, offer a variety of products to their members. They have also employed professional staff and exploited their numerical strengths through savings mobilization.

The strong emphasis on training and development ensures that the people resources such as leadership and skills are enhanced .Most of the employees and the Boards of Directors attend short courses and seminars organized by other service providers both locally and internationally. They also participate in the in-house trainings organized by the SACCO.

Dynamic capability theory looks at the organization ability to change, innovate to be flexible and to learn how to adapt to a rapidly changing environment (Johnson, Scholes and Whittington, 2008). From the study, most of the SACCOs which are currently able to hold on to competition continuously introduce new products into the market and have designed systems and processes that have enabled them cope with the competitive environment. Some have entered into alliances with other organizations example the Co-operative bank has partnered with several SACCOs through the SACCO link where members are provided with ATM cards. Others have partnered with Safaricom to provide m-banking services through M-pesa.. A SACCO like Stima has introduced cheque payment system to their members to enhance their service delivery. The operations of most are fully automated for prompt and swift service.

In the past SACCOs were giving loans strictly based on savings with security provided through guarantorship by fellow members. This has changed as members can also get loans by providing collaterals like title deeds and share certificates. Though the standard savings period for one to get a loan is six months some SACCOs have reduced this to three months. SACCOs have also ensured that the managers are continuously trained by attending short and long term courses and seminars to enhance their competencies .The creation of strong marketing, business development, Information Technology and human resource departments

keep the enterprise alert to the opportunities and threats and enables it to execute on new opportunities and constantly adjust to stay at the top.

4.4.2 Comparison with other empirical studies

A strong marketing team and an excellent management team amongst others contribute to sustainable competitive advantage. Some of the SACCOs which are doing well in the market have employed not only competent marketing staff but also engaged professionals in the various departments. The findings are in line with Odwesso (2011) in her study on the concept of sustainable competitive advantage in the telephony industry.

She also noted that mobile firms use cost base approaches and differentiation approaches to help achieve sustainable competitive advantage. SACCOs also use these approaches in costing their loans products .There are different loan products of different payment durations attracting different interest rates .These products are also differentiated through different names like emergency, development loans, instant loans, school fees loans and others.

Bogecho (2011) in his study on the sources of competitive advantage among milk processing companies in Kenya also identified working capital, effective leadership and continuous learning as key factors influencing sustainable competitive advantage. This is also in line with the findings of this study. SACCOs which enjoy superior performance focus on internally generated funds , ensure competent and capable people are elected into leadership positions and the staff and Boards of Directors are sponsored for short , long term courses and seminars organized by other training providers like KUSCCO, the Co-operative bank of Kenya and others. The SACCOs also organize in-house training programs to address specific training needs.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the study. It explains the findings of the study as well as conclusions in relation to the objective of the study. Various recommendations are also presented.

5.2 Summary

The objective of the study was to determine the factors influencing sustainable competitive advantage among SACCOs in Nairobi County. To achieve this objective the CEOs and the departmental heads interviewed gave very valuable information.

There are both internal organizational and external environmental factors that influence sustainable competitive advantage. The sustainability of an organizations' competitive advantage therefore depends on how it is able to use the internal resources and adjust accordingly to meet the challenges posed by the external environment.

The study revealed that SACCOs not only face competition from the banks but also amongst the SACCOs themselves and also from the micro credit deposit taking institutions .The high liquidity in the banks and their loaning terms which do not require savings tends to attract membership from the SACCOs.

The study also revealed that the strongest source of competitive advantage is internal source of funds. With increased members' savings, SACCOs can be able to charge low interest rate on their loans. This can only be achieved if their operational costs are maintained at levels that do not eat into the revenues. Most of the SACCOs interviewed had adequate staff and had computerized their operations.

Having a variety of affordable products, introducing new ones and reviewing the existing ones would ensure the members' diverse financial needs are met. Enhancing service delivery through adoption of modern technology, continuous training of staff and developing the leadership qualities of the Boards of Directors will help in attracting new membership and retaining the existing ones.

The findings also indicated that SACCOs which have opened their common bonds and have FOSA enjoyed more superior financial performance. These two factors have enabled them attract a wider membership base. The regulator has also ensured that competent staffs are employed, competent leaders are elected and compliance standards are met.

Opening of branches and ensuring they are networked takes services closer to the consumers. Partnering with other organizations like Safaricom, the Co-operative Bank of Kenya, KUSCCO enables the SACCOs to provide more services efficiently to their members example use of ATM cards, M-banking services and access to cheap loans.

Achieving sustainable competitive advantage will also require SACCOs to continuously monitor the external environment to take advantage of the opportunities and minimize the threats. Developments in the political, economic, technological, legal and socio-cultural environments have major impacts on SACCO operations.

5.3 Conclusion

The dynamism in the operating environment calls upon all organizations to effectively and efficiently marshal their resources and provide products and service that appeal to the customers .Failure will not only lead to loss of revenue but eventual closure of business.

To achieve sustainable competitive advantage, SACCOs have developed a diversified range of affordable loan and savings products. They have enhanced their management systems by employing competent and professional staff ,adopted modern technology to enhance service delivery ,improved on governance and encouraged their members to save more as they also identify cheaper sources of loanable funds .

The findings also indicate that SACCOs face several challenges. These include the mismatch between savings and loan demands. The low savings leads to loan processing delays thus creating backlogs. The inability to generate adequate internal funds makes SACCOs resort to external loans which are very expensive.

Despite the challenges, SACCOs can effectively and efficiently utilize their internal organizational resources to achieve sustainable competitive advantage. Improved liquidity and reduced costs of operations will enable the SACCOs charge low interest on the loan products. Sound management practices, strong leadership and adherence to the laws and regulations will instill confidence and attract more members and enhance the image of the SACCOs.

5.4 Recommendations

For SACCOs to attract and retain membership they have to effectively mobilize savings from their members. Strategies should be adopted that encourage more savings including capitalization of dividends and interest on deposits which are paid to members annually and encouraging members to boost their shareholding in the SACCO.

Employment of competent and professional staff and adoption of modern technology would enhance service delivery. The leadership capacities should also be enhanced through intensive trainings. Instead of SACCOs competing against each other, they need to create partnerships and alliances through inter-lending and sharing of FOSAs.

The SACCOs need to continuously develop market driven products that are affordable. The lending terms should also be flexible to accommodate the diverse needs of the members and the dynamics in the environment. There is also the need for aggressive marketing by having strong marketing departments. Alternative sources of cheap funds should also be explored to supplement the members' savings.

SACCOs should also explore the possibilities of merging. This should not only apply to SACCOs within the same sector but also cases where the number of members is too small and uneconomical especially when the savings are not adequate enough to facilitate granting of loans.

The results of this study will assist the Government through the relevant ministries come up with policies that would facilitate a conducive environment for the promotion and growth of SACCOs. The Board of Directors and CEOs would have to design sustainable strategies that would make the SACCOs more competitive .The findings will provide knowledge on how organizations can create and benefit from competitive advantage and bring out the influence of organization's resources, capabilities, costs, differentiated products, services and other factors on sustainable competitive advantage.

There is need to examine the SACCO business model and its sustainability in the current competition business environment. The dynamism in the financial sector calls for flexibility and ability to respond swiftly to demands in the market. Finally one of the pillars of vision 2030 is to achieve middle income status. The SACCOs can play a major role in savings mobilization and ease access to credit.

5.5 Limitations of the Study

One of the limitations faced during the study was lack of cooperation by some of the CEOs. Some respondents' flatly refused to answer the questionnaires since they felt their strategies would be exposed. They had to be convinced that this was purely an academic exercise.

It was also expensive to distribute the questionnaires, make calls for follow up and collection. Some respondents also misunderstood the questions and gave irrelevant answers while others gave the questionnaires to junior officers.

5.6 Suggestions for Further Study

The study was only confined to SACCOs within Nairobi County. There is therefore need for further research on SACCOs outside Nairobi so that the findings can be generalized to apply to all SACCOs in Kenya.

Several factors were identified and mentioned as contributing towards achieving sustainable competitive advantage including regulations, FOSA, competition, service delivery and others. Each factor on its own can be a separate line for further research to provide deeper insight.

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APPENDIX 1

QUESTIONNAIRE

1 Name of the SACCO.....

2 Category of SACCO

- i) Government based
- ii) Private sector based
- iii) Community/Church/ trader based
- iv) Others

3 Year of registration.....

4 Position of respondent.....

5 Total workforce in the last three years

2010	2011	2012
-----	-----	-----

6 Customer /membership trend (Numbers)

2010	2011	2012
-----	-----	-----

7 How would you rate the following in terms of competition to your SACCO?

1. Very strong 2. Strong 3. Weak 4. Very weak 5.No competition

Kindly circle appropriately using the guide given.

A Banks	1	2	3	4	5
B Deposit taking micro finance institutions	1	2	3	4	5
C Informal/ Investment clubs	1	2	3	4	5
D Other SACCOs	1	2	3	4	5

8 Listed below are some sources of sustainable competitive advantage. To what extent do they influence sustainable competitive advantage in your SACCO?

Kindly circle appropriately using the guide given.

1. Not at all 2. To a less extent 3. To a moderate extent 4. To a large extent 5. To a very large extent.

i.	Loan products	1	2	3	4	5
ii.	Savings products	1	2	3	4	5
iii.	Internal source of funds	1	2	3	4	5
iv.	External source of funds	1	2	3	4	5
v.	Interest rate on loans	1	2	3	4	5
vi.	FOSA	1	2	3	4	5
vii.	BOSA	1	2	3	4	5
viii.	Closed common bond	1	2	3	4	5
ix.	Open membership	1	2	3	4	5
x.	Technology	1	2	3	4	5
xi.	SACCO name	1	2	3	4	5
xii.	Skilled, professional, motivated and loyal staff	1	2	3	4	5
xiii.	Organizational structure, and Leadership	1	2	3	4	5
xiv.	Branch network	1	2	3	4	5
xv.	Numerical strength	1	2	3	4	5
xvi.	Financial performance	1	2	3	4	5
xvii.	Training and development	1	2	3	4	5
xviii.	Service delivery	1	2	3	4	5
xix.	Cost of operations	1	2	3	4	5
xx.	Members' loyalty	1	2	3	4	5

Any other source not mentioned above?

9 When did your SACCO introduce a new product in to the market?

- i) Within last three months
- ii) Last six months
- iii) Last two years
- iv) Over three years ago

10. How would you rate your product performance?

- i) Very good
- ii) Good
- iii) Bad
- iv) Very bad

11. To what extent do the following pose threats/Opportunities to your SACCO in creating sustainable competitive advantage? Briefly explain

i) Competitive environment

.....

ii) Technological changes

.....

iii) The legal environment

.....

iv) Economic environment

v) Political environment

vi) Regulatory environment

vii) Socio-cultural environment

12 How would you rate the performance of your SACCO over the last 3 years?

- a. Very Good
- b. Good
- c. Fair
- d. Poor

i) What factors could have contributed to the above performance?

13. What percentage of your total budget is allocated to training and development?

- a) Less than 5 %
- b) 6%- 10%
- c) 11%- 20%
- d) 20-30%
- e) Over 31%

14 What are some of the challenges facing SACCOs generally in striving to create sustainable competitive advantage?

Thank you

**APPENDIX II: LIST OF SAVINGS & CREDIT CO-OPERATIVE
SOCIETIES (SACCOs)**

No.	NAME OF SACCO	CS/ NO.
1.	Action aid	3,429
2.	Amref	3,947
3.	Balozi	2,357
4.	Concorde	3,061
5.	Connection staff	5,466
6.	Consruction union	5,080
7.	Co-operative bank	4,217
8.	Dalabima	2,644
9.	Dhamini	4,331
10.	Equity bank	8,916
11.	Elimu	2,032
12.	Iberafrica	9,511
13.	Irrigation	2,761
14.	Jogoo	1,990
15.	Kanisa	3,530
16.	Kenchic	3,433
17.	Kencom	7,310
18.	Kencream	9,896
19.	Kenpipe	3,468
20.	Kenya re	2,552
21.	Kenyatta matibabu	9,202
22.	Kewisco	6,536
23.	Kilele	2,284
24.	Kimisitu	4,252
25.	Kingsize	2,671
26.	Krb	10,023
27.	Kumbu kumbu	2,355
28.	Kuscco	2,171
29.	Law society of kenya	4,676
30.	Mhasibu	4,627
31.	Mitungi	4,047
32.	Naciwasco	10,450
33.	Nafaka	2,747
34.	Nairobi hospital	2,442
35.	Naku	6,919
36.	Naserian	2,463
37.	Nimepata	3,681
38.	Nyati	2,736
39.	Oxford	4,840

40.	Post bank	3,440
41.	Regency	7,208
42.	Relief	6,681
43.	Safaricom	9,510
44.	Sauti	2,103
45.	Shujaa	3,136
46.	Tacsix	9,737
47.	Teal	9,228
48.	Topees	2,101
49.	Ubora	3,012
50.	Uchumi	2,237
51.	Uokoaji	6,846
52.	Ushuru	1,926
53.	Uutabibu	2,259
54.	Utafiti	2,959
55.	Communication	9,461
56.	Bunge	1,979
57.	Walokana multipurpose	8,540
58.	Orokise	8,999
59.	Finnlem	3,759
60.	Kenya bankers	2,299
61.	Kenya police	2,092
62.	Nassefu	6,070
63.	Waumini	3,302
64.	Ardhi	2,001
65.	Asili	2,077
66.	Chai	2,169
67.	Chuna	2,466
68.	Harambee	1,916
69.	Kenversity	2,483
70.	Lompasago	3,212
71.	Magereza	1,946
72.	Mwalimu national	2,265
73.	Mwito	3,047
74.	Naboka travellers	13,270
75.	Nacico	2,406
76.	Nation staff	2,386
77.	Njiwa	9,326
78.	Shirika	1,854
79.	Stima	2,207
80.	Teleposta	1,872
81.	Tembo	5,616
82.	Transcom	2,365
83.	Ufanisi	2,149
84.	Ufundi	2,085

85.	Ukulima	2,086
86.	Sheria	2,102
87.	Wanaanga	3,110
88.	Orthodox	10,120
89.	Kma	8,648
90.	Comoco	2,680
91.	Jamii	2,044
92.	Maisha bora	2,248
93.	Mater	2,809
94.	Reli	2,563
95.	Wanandege	2,700
96.	Blow	10,180
97.	Bloom	8,226
98.	Bins	6,258
99.	Biblia	2,475
100.	Bids	3,745
101.	Bhachu	5,686
102.	Bat	2,333
103.	Barnados	4,993
104.	Bacista	5,509
105.	Aps baraka	10,227
106.	Approtech	4,268
107.	Ami air	3,914
108.	Amafuco	9,404
109.	Allosca	6,533
110.	Akapulco	4,420
111.	Air link	4,908
112.	Air connection	7,605
113.	Amedo	8,478
114.	Accel	2,331
115.	2wk	9,603
116.	Bomas	7,733
117.	Bookstar	3,916
118.	Epza	650
119.	Exico	4,611
120.	Family	8,764
121.	Feed the children	10,244
122.	Fida	9,106
123.	Gertrudes	3,883
124.	Group 4 securities	8,199
125.	Hazina	1,991
126.	Helb	8,079
127.	Hema	2,685
128.	Hot point	10,112
129.	Intercon	1,942

130.	Kag	11,062
131.	Kemri	3,193
132.	Kemsa	11,152
133.	Easyco	11,198
134.	Devco	8,246
135.	Diemold	7,557
136.	Dodcon	3,870
137.	Emergency	7,000
138.	Dawa	11,179
139.	Crescent	5,653
140.	Com 21	11,088
141.	Colorpack	6088
142.	Cocotech	7,210
143.	CIC	6,557
144.	CFC life	7,723
145.	Carvic	3,233
146.	Cannon queens	3,436
147.	Camali	7,486
148.	Cal	4,124
149.	CCF	4,395
150.	Bunson	4,431
151.	Braemeg	5,315
152.	Broadcom	10,994
153.	Boskair	6,345
154.	Bob morgan	7,779

Source: Ministry of co-operative development and marketing, 2012(Currently a department in the ministry of industrialization and enterprise development)