

**STRATEGIES THAT SPUR GROWTH AT STIMA SACCO,
KENYA**

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DECLARATION

This research project is my original work and has not been presented for any award in any other University.

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DEDICATION

To my family and in particular my husband Patrick Gitonga for the support and encouragement, to my children Kendi and Makena for giving me the reason to study and work hard.

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The successful completion of this MBA program has been as a result of the support from God, His grace was sufficient all through, Glory and Honor to him.

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MAY THE ALMIGHTY GOD BLESS YOU ALL!

TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT.....	v
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Research Problem.....	9
1.3 Research Objective.....	11
1.4 Value of Study.....	11
CHAPTER TWO: LITERATURE REVIEW.....	13
2.1 Introduction	13
2.2 The Model of Competitive Advantage.....	13
2.3 Industry Competition.....	14
2.4 Product Development.....	17
2.5 Market Development.....	18
2.6 Outreach Performance.....	18
2.7 Product Development and Outreach Performance	19
2.8 Market Development and Outreach Performance	20
CHAPTER THREE: RESEARCH METHODOLOGY	21
3.1 Introduction	21
3.2 Research Design.....	21
3.3 Data Collection.....	21
3.5 Data Analysis	22

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSS.....	23
4.1 Introduction	23
4.2 General Information	23
4.3 Strategies Spurring Growth at Stima Sacco	24
4.4 Discussion of Results	27
CHAPTER FIVE SUMMARY, CONCLUSION AND	
RECOMMENDATIONS.....	30
5.1 Introduction	30
5.2 Summary of Findings	30
5.3 Conclusion.....	32
5.4 Recommendations	32
5.4.1 Policy Recommendations.....	32
5.4.2 Suggestions for Further Research	33
REFERENCES.....	34
APPENDDICES	39
Appendix I: Introduction Letter	39
Appendix II: Interview Guide	40
Appendix III: Knowledge Gap	47

ABSTRACT

The aim of this study was determine the strategies that spur growth in savings and credit cooperative societies (Sacco's). The specific objectives were to determine how market development spurs growth in Stima Sacco, Kenya; to establish how product development spurs growth in Stima Sacco, Kenya. This study adopted a case study design which was the most appropriate in the investigation of the strategies that spur growth in savings and credit cooperative societies (Sacco's). The study used a structured interview guide as primary data collection instrument. The interview guide was administered through personal interviews with senior employees of Stima SACCO. Secondary data was collected by use of desk search techniques from published reports and other relevant documents. Qualitative techniques were used to analyze the qualitative data. The study concludes that Stima Sacco has implemented some strategies to spur its growth of which the major ones included opening up of new branches within the country, aggressive marketing to counter competition, implementation of new forms of businesses apart from the core banking functions, being more proactive in the approach of issues, developing competitive products, branding the Sacco, improving efficiency of service delivery at the Sacco and addressing governance issues, forming alliances with other institutions and strategic plan review.. The researcher recommends that a study be done on Stima SACCO to establish whether the SACCO has adopted the recommended strategies and how they have impacted on the performance of the SACCO. Other areas of study that the researcher recommends are researching on the effects of the current SACCO business model vis-à-vis a more market driven model and the aspects of the micro-finance industry that the SACCO could adopt in spurring its growth.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategy implementation is an important topic in strategic management and in Organization Science. Both practical experience and academic research indicate that strategy implementation has a substantial impact on organizational performance (Nick, 2006). It is also crucial to organizational effectiveness (Cole, 2007), is critical to the functioning of an organization (Bruno, 2006) and is an essential factor in the formula for success of any business or organization. The successful implementation of strong and robust strategies will give any organization a significant competitive edge especially in industries where unique strategies are otherwise difficult to achieve.

Short periods of competitive advantage, punctuated by frequent disruptions, have replaced the long and stable periods of the past in which organizations could achieve a sustainable competitive advantage (Arthur, 2000). These environmental developments have resulted in strong pressures for frequent strategic change to maintain a 'fit' with these changing environments. In turbulent environments, the ability to implement new strategies quickly and effectively may well mean the difference between success and failure for an organization (Cole, 2007). Even slight delays can prove critical in highly competitive and dynamic environments (Grazia, 2006).

For years, microfinance has been receiving a great deal of positive publicity (Lieberman, Anderson, Grafe, Campbell, & Kopf, 2008). It has evolved as popular development aid tools and a major component of most financial systems in many less

developed countries (Bogner & Koivulehto, 2008). Worldwide, Microfinance Institutions (MFIs) have grown at a burgeoning pace. There is a growth in outreach in terms of borrowers, Gross Loan Portfolio (GLP) and total assets (Commonwealth Secretariat, 2007). Microfinance is the type of financial services offered to poor and low income clients, where the unit size of the transaction is usually small. It operates in poor areas, offering financial services to low-income people through MFIs (Li, 2010). Its aim is to serve individuals who would face difficulties to access finance from banks, thought not to need financial services, considered un-creditworthy or too costly to serve. It can be offered, often without collateral, to an individual or through group lending (Hien, 2008).

The demand for microfinance services has rarely been met by the formal financial sector (Delfiner & Peron, 2007). From millions of micro entrepreneurs around the world, there is a large need for microfinance services. The global microfinance market is now offering a variety of services such as deposit accounts, housing finance, insurance, and money transfers. Research indicates that MFIs need to go beyond offering traditional financial services such as credit (Campion, Ekka, & Wenner, 2010). They need to modify existing products to better fit microenterprise clients (Westley, 2006). For instance, it is observed that customers consider service, speed and agility a much more important issue than the cost of a microloan (Delfiner & Peron, 2007). In countries like India, Philippines, Sri Lanka, Thailand, and Vietnam, cooperatives constitute the major providers of microfinance service. The microfinance sector in Kenya is fast growing. There is a general increasing trends on both outreach and financial performance in the microfinance industry since 2002. Kenyans provide potential growth opportunity for the MFIs (Nyamsogoro, 2010).

Little research is done on the influence of intensive growth strategies (product development and market development) on outreach performance of Kenya-based SACCOs. This study therefore investigated whether there is a positive relationship between this growth and the growth strategies. The aim of this study was to find the contribution of intensive growth strategies on the outreach performance of SACCOs in Kenya. Two intensive growth strategies adopted by SACCOs namely; product development and market development are linked with the increased number of SACCOs' members.

1.1.1 Concept of Strategy

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 (Johnson & Scholes, 2002). A strategy is an executable plan of action that describes how an organization will achieve a stated mission. Organizations often formulate company, product and service strategies, and that drive operational, support and managerial processes. Strategy response concerns what a firm is doing in order to gain a sustainable competitive advantage.

A company' s strategy is management's game plan for growing the business, staking out a market position, attracting and pleasing customers, competing successfully, conducting operations, and achieving targeted objectives. A company' s strategy thus indicates the choices its managers have made about how to attract and please customers, how to respond to changing market conditions, how to compete successfully, how to grow the business, how to manage each functional piece of the business and develop needed capabilities, and how to achieve performance targets. It

puts the spotlight on the products/services, buyer segments, geographic areas, and business approaches management intends to emphasize.

Hitt et al., (1997) define a strategy as an integrated and coordinated set of commitments and action, designed to exploit core competences and gain a competitive advantage. By strategy, therefore, managers mean their large-scale, future oriented plans for interacting with the competitive environment to optimize achievement of organization objectives (Pearce & Robinson, 2003). Strategy sets out the mission of the company. A mission is a general expression of the overall purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization (Johnson & Scholes, 2002).

Quinn and Mintzberg (2003) identified strategy as the pattern or plan that integrates an organization major goals, policies and action sequences into a cohesive whole. A well formulated strategy helps to Marshall and allocates an organization's resources in a unique and viable posture based on its relative internal competences and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents. Mintzberg (2003) defines strategy as a plan, ploy, pattern, position and perspective. He looks at strategy as a plan or some sort of consciously intended course of action, a guideline to deal with a situation. Strategy as a ploy really is just a specific manoeuvre intended to outwit an opponent or competitor.

1.1.2 Growth Strategies

In the context of turbulent business environments today, many firms are focusing on ways to grow their businesses. For a business to perform it must grow and therefore most business people want to see growth in their firms. Growth is exciting and

fastpaced and for most businesses, is an indication of success. According to Barringer and Ireland (2008), the seven primary reasons why firms try to grow include the attainment of economies of scale which are generated when increasing production lowers the average cost of each unit of production, also to capture economies of scope whereby the firm deals with a range of products, to attain market leadership whereby the organizations want to be leaders in their markets. A business may decide to grow in order to execute a scalable business model where they ask how high in terms of growth can the business go. Another reason would be for the business to gain influence, power and survivability. It could also be the need to accommodate growth of key customers while at the same time being able to attract and retain talented employees.

Growing the business can also be taken to mean crafting and implementing strategies that will bring profit to the business, attracting and pleasing customers, competing successfully with other competitors in the industry, conducting operations and improving the companies financial and market performance (Thompson & Strickland, 2003). It is about claiming and maintaining a share of the market.

Porter (1980) observes that having a growth strategy enables a firm to achieve a profitable and sustainable position in its market of operation. There are many growth strategies that a firm can undertake to grow and expand its operations though it is important tonote that not every growth strategy is appropriate for every business. The key to finding the right growth strategy is properly matching it to your company and its specific market place considering that a wrong strategy can devastate the business (Ansoff, 1965). Some of these strategies include diversification, market development, and product development.

Growth presents challenges to the business owners, the employees and the organization. It requires change, and successful change is facilitated by developing attitudes, behaviors, and processes focusing on tasks and organizational processes that lead to a successful and mature organization. It may call for addition of finances into the processes. It is a multi-faceted phenomenon that is commonly associated with firm survival, achievement of business goals and success or the scaling up of activities (Storey, 1994). This therefore means that everybody in the organization should be involved in the growth process entirely to achieve over all positive results.

1.1.3 Sacco Societies

Iriga (2009) defines a cooperative as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and a democratically controlled enterprise. While the cooperative movement had proved to be a formidable vehicle for wealth creation among its members prior to, and after independence in Kenya, developments in the environment are posing a danger to sustainability. Financial co-operatives are formed by individual members with the primary purpose of pooling savings and lending to each other as per the registered bylaws (Kenya Sacco Societies Act, 2010).

In the early 1990s, Kenya experienced difficult economic times forcing commercial banks to demand higher minimum operating balances for individual accounts to sustain their businesses. This saw many middle and low income persons unable to operate bank accounts. Cooperatives became popular among employed persons who had been unable to maintain or operate bank accounts and they responded by introducing a Front Office Service Activity (FOSA) which offered quasi banking services at competitive rates. The sub sector comprises of large cooperatives, some of

which have a total asset base of over 15 billion Kenya shillings to the very small ones that have fewer than 10 million Kenya shillings in assets and are well spread across the country from the large cities to the rural Kenya.

1.1.4 Stima Sacco

Stima Sacco is a licensed Deposit Taking Sacco established in 1974 with the Sole objective of uplifting the members' social economic wellbeing. In April 2003 the Sacco responded to members banking needs by introducing the Front Office Service Activity (FOSA) to offer banking services to its members. To date the Sacco has five branches in Nairobi, Mombasa, Kisumu, Nakuru and Olkaria. The objective of establishing Stima Sacco was to enhance members' individual socio-economic status by way of mobilization of savings and affording them credit at fair and reasonable rates. The Society gives loans and advances of tenors ranging from one month to 60 months or such other tenor as may be determined by the BOD. The amount granted to any one individual ranges from 1000 to 10% of core capital or as may be determined by the board of directors from time to time.

From the audited accounts, the Society's assets stood at KSh 3.6 billion and KSh 4.5 billion in 2007 and 2008 respectively. The savings deposits rose to KSh2.78 billion in 2008 from KSh 2.47 billion in 2007. The shares deposits rose marginally from KSh 7.2 million in 2007 to KSh 7.6 million in 2008, underlining a small change in membership from 7,107 to 7,398 over the same period. The Society's membership is drawn from employees of Kenya Power & Lightning Company Limited, Kenya Electricity Generating Company Limited, Stima Sacco Employees, Electricity Regulatory Authority, Kenya Electrical Trade and Allied Workers Union and the retired staff of the above organizations. Stima SACCO is one of the first SACCOs

in the nation to offer ATM services to its members. Although Stima Sacco is currently a healthy, profitable financial institution with a membership of 7,398 by December 2008, there are growing concerns about its declining membership and what possible risks this situation portends to its future business and survival.

For over three decades, Stima Sacco has been able to maintain and attract new membership through natural affiliation, stemming from the common bond members. However, with increased competition from other financial service providers (both formal and informal) and other factors such as retrenchment, SACCO membership is beginning to decline and at best stagnate. Due to the ongoing liberalization of the financial sector and innovations in ICT that have led to reduction in transaction costs, banks are finding it easier to reach out to the traditional SACCO markets with greater efficiencies and more attractive products and services.

These challenges pose a major threat to Stima SACCO since the personal loan market segment to salaried employees under the common bond, forms the core market of the Society. The Society traditionally provided a loan product linked to three times a member's savings and which had to be guaranteed by other members such that the loan was fully secured by the co-guarantors' savings. This implies that Stima must adapt to changes in the environment and proactively strategize to retain and grow its market share in Kenya's financial landscape. The SACCO is exposed to both internal and external risks in serving the current market. The internal risks include traditional products that are supply-driven rather than market-led, institutional capacity to offer services efficiently and effectively. The external risks include competition, sophisticated and demanding customers. The SACCO recognizes these risks and is currently exploring alternative ways of stemming them, and this is stipulated in the

Sacco's strategic plan of 2006 – 2010. As one of its strategic growth options therefore, the society is exploring the possibility of opening up its common bond and serving new markets.

1.2 Research Problem

The environment in which organizations exist is that which is complex and very turbulent. For some organizations, the environment is more turbulent than for others. It is possible, though not easy, for organizations to turn strategies and plans into specific actions that are necessary to produce great business performance. Most organizations both in the private and public sectors know their businesses, and the strategies required for success. However, most of them struggle to translate the theory into action plans that will enable the strategy to be successfully implemented and sustained (Mwangi, 2011).

Factors affecting business enterprises performance have been a well researched area by scholars for many years. Previous research studies indicate that several factors influence business performance including among many others: their professional background, their entrepreneurship capabilities and preferences, cultural and religious beliefs, as well as the technology and micro –environment (Buttner, 2001, Makhbul, 2011). Viseras, Baines, and Sweeney (2005) group 36 key success factors into three research categories: people, organization, systems in the manufacturing environment. Wan Zahari, et al., (2010) found out that internal and external customers are essential to be the main contributing factors of organizational success. Upadhyay et al., (2010) while studying factors influencing ERP in Indian manufacturing organizations found out that the creation of a conducive organization structure, climate, effective communication it's a crucial factor of success. Wright (2003) indicated that strategic

planning determines where an organization is going over the next year or more, how it is going to get there and how it will know if it is there or not, moreover, the focus of a strategic plan is usually the entire organization in which the focus tends to be on a particular service or programme.

Gakenia (2008) did a study on strategy implementation in Kenya Commercial Bank. She concluded that there are three factors that have greatly influenced strategy implementation process at KCB. Njengah (2013) did a study on the factors affecting strategy implementation at insurance regulatory authority and concluded top management, organization structure influences the implementation on strategy due to communication and bureaucracy. Kabiru (2013) in his study on the influence of information technology on strategy implementation of the NGOs within the health sector in Nairobi County, concluded that IT enhanced strategy implementation within the health sector NGOs in Nairobi County to a very great extent, top management team typically leads to greater commitment to the firm's goals and strategies and manager's were committed to performance thus encouraging staffs support and guidance through encouragement of entrepreneurial attributes. Ngure (2013) in her study on the influence of leadership styles on strategy implementation at Co-Operative Bank of Kenya found out that that leadership styles are important in strategy implementation and organizations should pay attention to this and incorporate leadership styles as one of the strategies in ensuring strategy implementation.

From the foregoing discussion, it is clear that a gap exists on the strategies that spur growth in savings and credit cooperative societies (Sacco's). Given the importance of strategic management to both private and public sectors, and a Sacco's desire to grow and deliver quality services to the people, it is a topic that requires re-evaluation and

investigation. No study has been done per se on the strategies that spur growth in Stima Sacco. The research question for this study was: What are the strategies that spur growth at Stima Sacco, Kenya?

1.3 Research Objective

The overall objective of the study was to determine the strategies that spur growth in savings and credit cooperative societies (Sacco's).

The specific objectives were;

- i. To determine how market development spurs growth in Stima Sacco, Kenya.
- ii. To establish how product development spurs growth in Stima Sacco, Kenya.

1.4 Value of Study

The study results will provide the Sacco managers with an independent view of the strategies that spur growth in Sacco's. The administrators will use the document to establish system procedure, introduce the right information management system to facilitate strategy creation and implementation. It further will provide implementers with knowledge that will enable appropriate interventions that can be employed for attainment of a successful implementation of the strategy.

The findings of this study are expected to provide an insight into the state of competition in the industry and useful information that can influence policy of Stima Sacco to establish growth strategies that they can adopt to be ahead of others. The study will also be important to policy makers as the nature of the growth strategies used can influence regulatory action. The recommendations will be drawn to ensure healthy competition by making new rules and regulations or revising existing ones.

Although the study context is Stima Sacco, it is expected that the results may be generalized across the country and across industries.

Similarly, the study will add to the body of knowledge hence used by scholars, academicians and researchers as it will form a reference point in examining different aspects of strategic management. The study will also serve as a stimulus for carrying out further research in the same and related sectors so as to increase the existing body of knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature on the research topic. It also identifies the theories of marketing information systems, marketing of products and services, and effect of marketing information systems on marketing of mobile phone provider's products and services.

2.2 The Model of Competitive Advantage

When a firm applies strategies that cannot be duplicated or easily imitated by rivals, it is said to have a competitive advantage. This concept is achieved when there is value addition for customers (Papulova & Papulova, 2006) or if a business system creates superior value for buyers (Wit & Meyer, 2004). So, competitive advantage is achieved when a firm is able to increase economic value than its competitors (Rothaermel, 2008). Therefore, if a firm wants to achieve a position of competitive advantage, it must focus on cost and value. There is a relationship between competitive advantages and the resources firms hold and how they are managed. These resources must be managed to allow efficiency. The core of any competitive strategy is to derive customer satisfaction and the business will survive if the company gains an advantage (Papulova & Papulova, 2006).

The model of competitive advantage helps SACCOs to plan for effective utilization of its resources. For instance, SACCOs can institute various low cost strategies in raising awareness to the public about their products, and recruit more members and borrowers. The low cost services offered by SACCOs can also enable them to price

competitively. For instance, MFIs in Pakistan reported poor yield on GLP which was the result of poor pricing of their loans (Papulova & Papulova, 2006). On the other hand, a SACCO can use the competitive advantage model to offer its services differently from others and compete effectively. It may include the modifications on the existing loans such as time to process loans which is shorter than the time used by other SACCOs. These strategies can result into an increased number of savers, borrowers and members. The SACCOs can also concentrate on the segment which they can perform better. For instance, they may target farmers, micro and small businesspersons, and small scale miners and serve them better than serving the whole market which cannot easily be defined.

2.3 Industry Competition

In any industry there are many firms doing almost the same thing, providing similar products and services and serving the same customer. Within any market, there will be competition to satisfy the needs and wants of the participating customers at a profit. Wherever there is an opportunity, some will spot it and attempt to capitalize on it. The natural outcome of all these is competition. All companies operate in a “macro environment” shaped by influences emanating from the economy at large, population demographics, societal values and lifestyle, governmental legislation and regulation, technological factors, and closer to home, the industry and competitive arena in which the company operates. A company’s macro environment includes all relevant factors and influences outside the company’s boundaries; by relevant, it means important enough to have a bearing on the decisions the company ultimately makes about its direction, objectives, strategy, and business model. An industry’s economic traits and competitive conditions and how they are expected to change determine whether its future profit prospects will be poor, average, or excellent (Pearce & Robinson, 2002).

In a given industry, the five forces framework by Porter helps identify the sources of competition in an industry or sector. The five forces are the threat of entry, the threat of substitutes, competitive rivalry, buying power and Power of suppliers. Threat of entry will depend on the extent to which there are barriers to entry (Johnson & Scholes, 2002). These are factors that need to be overcome by new entrants if they are to compete successfully. Substitution reduces demand for a particular “class” of products as customers switch to the alternatives – even to the extent that this class of products or services becomes obsolete. This depends on whether a substitute provides a higher perceived benefit or value.

Competitive rivals are organizations with similar products and services aimed at the same customer group (Johnson & Scholes, 2002). Rivalry among existing competitors takes the familiar form of jockeying for position using tactics like price competition, product introduction and advertising. Suppliers can exert bargaining power on participants in an industry by raising prices or reducing the quality of purchased goods and services. Powerful suppliers thereby can squeeze profitability out of an industry unable to recover cost increases in its own prices (Pearce & Robinson, 2002). Powerful customers (Buyers) likewise can force down prices, demand higher quality or more services and play competitors off against each other – all at the expense of industry profits.

Any company must seek to understand the nature of its competitive environment if it is to be successful in achieving its objectives and in establishing appropriate strategies. If a company fully understands the nature of the Porter’s five forces, and particularly appreciates which one is the most important, it will be in a stronger position to defend itself against any threats and to influence the forces with its

strategy. The situation is fluid, and the nature and relative power of the forces will change. Consequently, the need to monitor and stay aware is continuous.

Some issues during the implementation of these Five Forces are crucially important for organizations to build long-term business strategy and sustaining competitive advantages rather than simply list the forces. Successful use of the Porter Model Analysis includes identifying the sources of competition, the strength and likelihood of that competition existing, and strategic recommendations for the action a company should take to in order to develop barriers to competition. The competitive forces reveal the drivers of industry competition. A company strategist who understands that competition extends well beyond existing rivals will detect wider competitive threats and be better equipped to address them. At the same time, thinking comprehensively about an industry's structure can uncover opportunities: differences in customers, suppliers, substitutes, potential entrants, and rivals that can become the basis for distinct strategies yielding superior performance. In a world of more open competition and relentless change, it is more important than ever to think structurally about competition (Porter, 1998).

Understanding industry structure is equally important for investors as for managers. The five competitive forces reveal whether an industry is truly attractive, and they help investors anticipate positive or negative shifts in industry structure before they are obvious. The five forces distinguish short-term blips from structural changes and allow investors to take advantage of undue pessimism or optimism. Those companies whose strategies have industry-transforming potential become far clearer. This deeper thinking about competition is a more powerful way to achieve genuine investment

success than the financial projections and trend extrapolation that dominate today's investment analysis (Porter, 1998).

Given the demands of today's competitive and dynamic environment, it is quite challenging to understand strategic issues facing organizations and develop the capability for long term organizational success. As powerful strategic management tools, Porter's Five Forces, Value Chain and Balanced Scorecard frameworks are linked and interacted each other in a wide circle of business in context. Porter's Five Forces and Value Chain both help strategic managers to make decision on the basis of organizational external environment and internal analysis. The two frameworks are especially valuable for managers to develop and implement long-term strategy for organizations so as to build and maintain competitive advantages in the long run. Balanced Scorecard can ensure and monitor the executions of strategy made by managers in a set of well-structured measures (Hamel & Prahalad, 1993).

However, beyond the linkage between them, these three respective frameworks do have their own particular emphasis which is applied in different directions among organizations. Porter's Five Forces mainly focuses on the industry structure analysis in the organizations external environment. It reveals the source of competition in an industry and external influence including the threats and opportunities of the industry that organization has to face to obtain competitive advantage.

2.4 Product Development

The firm implements product development when it creates new products or improves the present products to suit the current markets. For services, it is a strategy that introduces new services for current market segments (Bruhn & Georgi, 2006). We therefore define SACCOs' product development as frequent introduction of new types

of loans, flexibility in changing the types of loans depending on the circumstance, frequent reduction of time to process and deliver the loan to the borrowers, and frequent changing of loan requirements.

2.5 Market Development

This refers to seeking new customers for current products. This strategy is used when current products are sold in new markets. It is a strategy that utilizes present products. It may involve moving into new geographical markets or by moving into new market segments. For services, a firm follows market development strategy if it focuses on new markets with the existing services. Here, the firm strives for customer acquisition by offering its new services to market segments which were not its previous customers (Bruhn & Georgi, 2006). By encouraging members to increase their savings, it is assumed that, the SACCOs will increase their GLP which will eventually attract non members (prospective borrowers) to join the SACCOs.

2.6 Outreach Performance

Outreach is to extend microfinance services to the people who are underserved by financial institutions (Lafourcade, Isern, Mwangi, & Brown, 2005). It refers to provision of financial access to a large number of borrowers who had previously been denied such service (Rahman & Luo, 2010). It can be measured in terms of breadth; the number of clients both borrowers and savers (Barry & Tacneng, 2009). The number of active clients includes borrowers, depositors, and others who are currently accessing any financial services. Active clients are the ones having an outstanding loan balance with the MFI. They can also be the ones responsible for repaying any portion of the GLP (Frank, 2008). In this study, we define outreach performance as an increased number of SACCOs' members.

2.7 Product Development and Outreach Performance

Product development is needed to increase outreach (Lafourcade, Isern, Mwangi, & Brown, 2005). Developing new products is valuable for SACCOs since it increases revenues. Product development creates additional value and reduces transaction costs associated with accessing financial services (Amha, 2008). There is an impact created by product development on SACCOs' performance. Due to this impact, additional products are offered. These products include emergency loans, insurance, and training (Brau&Woller,2004). Product development can reduce lending costs and increase the demand for loans (Amha, 2008).

SACCOs can use this experience and that is why The International Bank for Reconstruction and Development [IBRD] (2004) proposes the need to think innovatively to increase rural outreach and to understand rural clients'needs, risks, and opportunities and develop specialized products. The role of product development can be seen in markets where varieties of services are preferred by poor people (Mulunga, 2010). These services include savings, insurance, and cash transfer depending on circumstances. While some microfinance service providers are very innovative in introducing new products, others are satisfied with a single product. Those who focus only on loans are less efficient and are less productive than their counterparts. They are also less operationally self-sufficient and thus, can be deduced that they are less sustainable (Barry & Tacneng, 2009). As the case in Asia and some parts of Africa, in Namibia for example, clients focus entails the provision of services that are needed by the microfinance clients (Mulunga, 2010). The same case is also happening in Ethiopia where the microfinance products lack diversification (Amha, 2000).They only depend on credit as their main financial product (Mulunga, 2010). The importance of product diversification is realized (Brau & Woller, 2004) and it has

led to higher number of borrowers and savers. Modification of the products is needed to increase outreach. Failure to do so can lead to inefficiencies and poor productivity (Barry & Tacneng, 2009).

2.8 Market Development and Outreach Performance

For the MFIs to ensure accessibility to the poor, they need to be located within reach. The positive impact of market development will be realized if clients with economic business ideas to borrow for income generating projects are targeted (Mulunga, 2010). Market awareness must be balanced with its ability to meet client needs. Focus can be placed on a particular customer base, building strong relationships with customers and secure the larger market share so that a new and loyal generation of clients can be realized as done by most Egyptian commercial banks. The same strategy is adopted in Philippines where SACCOs are trusted by thousands of low-income people by receiving their deposits.

SACCOs must compete. They can compete well by developing the market through diversifying into niche market that banks cannot reach. They can also actively pursue niche markets and do much more proactive marketing of services (IBRD, 2004). However, upon doing market development, there are some challenges associated with serving the poor such as the increasing need for capital and the need for suitable infrastructure in very poor areas. The promotion of the MFI and its products to new or prospective members or users such as the campaign to raise awareness, to encourage them to become members, to persuade new members to save their money and take loans, can attract and increase more new users of microfinance products (Matul, Szubert, Cohen, & McGuinness, 2006; Wright, Cracknell, Mutesasira, & Hudson, 2003).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is concerned with the various steps that were used to facilitate execution of the study to satisfy the study objectives. These steps are the research design, study Population/ location of the study, sample and sampling techniques, data collection, and data analysis.

3.2 Research Design

This study adopted a case study design which was the most appropriate in the investigation of the strategies that spur growth in savings and credit cooperative societies (Sacco's).It sought to investigate the strategies that spur growth in Stima SACCOs. Case study was chosen as it enables the researcher to have an in-depth understanding of the study. A case study design is most appropriate where a detailed analysis of a single unit of study is desired as it provides focused and detailed insight to phenomenon that may otherwise be unclear. This is advocated by Mugenda, and Mugenda, (2003) who acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of asocial unit, irrespective of what type of unit is under study. It is a method that drills down, rather than cast wide.

3.3 Data Collection

The study used a structured interview guide as primary data collection instrument. The interview guide was designed to give a brief introduction of the growth strategies

targeted. The interview guide had both close-ended and open-ended questions. The interview guide was administered through personal interviews with senior employees of Stima SACCO. These included the heads of various departments, specifically the General Manager, Head of Administration Department, Finance Manager, Head of finance and Accounting department, ICT Manager, Head of ICT Department, Banking Manager, Head of FOSA Department, Credit Manager, Head of Loans Department and Audit Manager Head of Internal audit Department. Secondary data was collected by use of desk search techniques from published reports and other relevant documents. It also included the firm's publications, journals and annual reports.

3.5 Data Analysis

Data that was collected through interview guide was purely qualitative. In order to make sense of the data collected, analysis of the information gathered was done. Qualitative techniques were used to analyze the qualitative data. Therefore, content analysis was used to analyze the qualitative data. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda & Mugenda, 1999). It involved observation and detailed description of phenomena that comprise the object of study. The researcher used the data with an aim of presenting the research findings in respect to the adopted strategic responses to changes in environment adopted by Stima SACCO.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents a detailed discussion of the research findings in an attempt to achieve the research objective. The overall objective of this study was to investigate the strategies that spur growth at Stima Sacco, Kenya. Content data analysis is carried out based on the objective of the study.

4.2 General Information

This chapter presents the findings of the study and the analysis of the data collected from questionnaire which was distributed to the heads of departments of Stima Sacco Society Ltd selected from various departments of the Sacco. The respondents to the interview guide were heads of departments (divisions) from ten departments. The departments were the General Manager, Head of Administration Department, Finance Manager, Head of finance and Accounting department, ICT Manager, Head of ICT Department, Banking Manager, Head of FOSA Department, Credit Manager, Head of Loans Department and Audit Manager Head of Internal audit Department. According to the data found, all the six heads of department projected in the previous chapter were interviewed which makes a response rate of 100 %. This was achieved after the researcher booked appointments with the heads of department despite their tight schedules and making phone calls to remind them of the interview. There was total co-operation during the interviews.

It was revealed from the study that most respondents had been working for Stima Sacco for more than fifteen years. This period was adequate enough for the

respondents to determine strategies adopted by the Sacco to spur its growth. All respondents held senior positions in the Sacco. The role in the organization was important so as to ascertain the respondents level of understanding to questions posed. The researcher found out that most respondents were well versed with the questions posed.

4.3 Strategies Spurring Growth at Stima Sacco

The respondents identified the following as the possible strategies that spur growth at Stima SACCO. 70% of the respondents said that development of good operational policies and product innovation and diversification are important strategies. Other strategies that were identified by 20% of the respondents were expanding the Sacco's target market, aggressive savings mobilization, reducing interest rates on loans to attract more clients, and creating awareness of existing products. The respondents also identified such other strategies for spurring growth as aggressive marketing of products and services, changing the Society's business model to become a more inclusive financial intermediary that is also market driven, entering into strategic partnerships and reviewing governance structures. Others were injection of new capital, entering into other forms of businesses apart from the core banking functions such as stock brokerage; mortgage sales, agency banking, and security services.

The respondents went further to suggest ways that Stima SACCO could employ to exploit the identified business opportunities. Those strategies suggested by 30% of the respondents were rebranding and repositioning the Society as a market driven financial intermediary and spreading its wings to serve a wider catchment area. 20% of the respondents suggested that the Society should optimize on the opportunity to lend more, sell more shares and develop more products and services targeting both

existing and new markets. Other strategies spurring growth were offering efficient operations, merging with other SACCOs and changing the Society's business model. The respondents also talked about benchmarking the SACCO with the other players within the wider financial services industry, mobilizing more deposits, conducting regular market research, embracing strategic alliances and partnerships, retaining more profits and embracing the best governance practices.

To the question on some of the features of environmental changes that Stima Sacco face in the running of its businesses the respondents said that the Sacco is facing legal changes related to the new Sacco Act which is coming up with prudential guidelines for the Saccos, technological changes such as more e-banking, competition from other financial institutions, high turnover of professional workers and increased customers' expectations.

The respondents further indicated that some of the strategies that Stima Sacco has implemented were creation of new departments to suit to the diversified customers needs, forming alliances with other institutions, update of the ICT system and strategic plan review. To the question on which organizational /departmental areas had grown more compared to the past in the past, the respondents said they had noticed highest growth in the branch network; followed by customer numbers; capital growth in net assets; profitability; technology; product offering and lastly human resources.

To the question on the effect of strategies on their areas of operation the respondents said that strategies have led to improved efficiency, introduction of more exciting products and services and better terms of services for employees. Respondents indicated that the government environment influence modern competitiveness of

firms their industry through legislation. The respondents said that the government has formulated new laws to strengthen the Sacco (New Sacco Act). Further the respondents said that in the recent past, the government has worked towards lowering interest rates among the Saccos. The banks responded by introducing personal loans for survival and thus intensified competition between Saccos and banks.

The respondents, on Stima Sacco's corporate level strategic responses to environmental changes, said that Stima Sacco respond by being more proactive in the approach of issues, developing competitive products, branding the Sacco, improving efficiency of service delivery at the Sacco, addressing governance issues, improving employees terms of service, creating new departments, changing of the Sacco business model through opening of the common bond and forming strategic alliances with other institutions. The respondents further stated the reasons for the Sacco diversification in response to changes in the environment as to enhance competitiveness, to reduce employees' turnover, to diversify risks and to enhance profitability.

To the question on the Business Level Responses to environmental changes adopted by the Stima Sacco, the respondents said that the business level responses adopted by Stima Sacco are intensified marketing of products, extending the Sacco common bond, improving efficiency through use of ICT systems, developing policies and procedures that would enhance efficiency and also product diversification.

To the question on the method(s) used to communicate and implement strategic responses in the Sacco, the respondents said the Sacco uses PowerPoint presentations on shareholders during meetings, budgetary allocation, quarterly monitoring and evaluation, Emails, use of posters and memos on the notice boards, SMS messaging,

Members education programme, Stima Sacco Newsletter and brochures. The interviewees further said that the strategies implemented by the Stima Sacco to spur growth successfully include change in business culture, forming alliances/ partnership with strategic partners, introduction of marketing section with vigorous marketing campaigns headed by a marketing officer, increased efficiency in loan processing, continuous rebranding and repackaging of products and product innovations including new products development.

To the question on which of the strategies mentioned the respondents viewed to be most effective in response to spur growth most of the respondents said that intensified marketing of the Sacco's products was the most competitive of the response strategy. According to some of the respondents offering market led products and services is also an effective strategy.

4.4 Discussion of Results

The result of this study are in support of Pearson and Robinson (2008) suggestion that other than managing the internal activities, the modern executive must also respond to the challenges posed by the firm's immediate and remote environment. It is evident from this study that Stima Sacco has had to respond to challenges in the environment and come up with strategies to be able to spur its growth. This study also supports the argument by Barney and Hesterly (2008) that any analysis of the threats and opportunities facing the firm must begin with an understanding of the general environment within which a firm operates. This general environment consists of six interrelated elements which are technological change, demographic trends, the economic climate, legal and political conditions and specific international events.

The study is also in line with the argument by Ansoff and Mc Donnell (1990) that a

firm's performance is optimized when aggressiveness of its strategic behaviour matches environmental turbulence, the second condition being that the responsiveness of the firm's capability matches the aggressiveness of its strategy and thirdly, that the component of the firm's capability support each other. This study has evidence that Stima Sacco has responded to the changes in the external environment with a force that is dependent on the strength of the change and its own capabilities.

According to Burnes (2000), an organization needs to develop competency by responding to customer's demand and becoming more innovative in their ways of approaching the changing environment. Developing additional products for an existing market is most appropriate where the strength of the business lies in its relationship with customers. This conforms with Ansoff's matrix with respect to developing new products. The Sacco applied these in its endeavor of credit provision to its members. This study also supports the argument by Hitt et al (1997) that a sustainable competitive advantage is achieved when a firm implements a value-creating strategy that is grounded in their own unique resources, capabilities and core competencies. These unique resources and capabilities of a firm's internal environment are the critical link to strategic competitiveness. They further argued that firms achieve strategic competitiveness and earn above average returns when unique competencies are leveraged effectively to take advantage of the opportunity of the external environment.

The results of this study can easily be compared with similar studies done to determine how different organizations have adopted strategies to spur growth in the environment in order to create a sustainable competitive advantage. These studies include those done by Dulo (2006) who studied the sources of competitive advantage

and performance of firms in the Kenya sugar industry, Mwanzumbo (2010) who studied strategies used by Diversy Eastern and Central Africa Limited to create sustainable competitive advantage, Ng'ang'a (2011) who studied strategic responses of Nestle Kenya Limited to the changing environment of food industry in Kenya and Anwech (2012) who studied competitive strategies adopted by Coca Cola Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The overall objective of this study was to determine the strategies that spur growth in savings and credit cooperative societies (Sacco's). This chapter covers summary of findings, conclusions, recommendations and recommendations for further studies.

5.2 Summary of Findings

The study found that there were some of the features of environmental changes that Stima Sacco face in the running its businesses. These features of environmental changes included legal changes related to the new Sacco Act with prudential guidelines for the Saccos, technological changes such as more e-banking, competition from other financial institutions, high turnover of professional workers and increased customers' expectations. The researcher also found that some of the strategies that Stima Sacco has implemented to spur growth included development of policies in line with the new law, and aggressive marketing to counter competition. Other strategies were such as creation of new departments to suit to the diversified customers needs, forming alliances with other institutions, and updating of the ICT.

The researcher also found that most growth had occurred in the branch network; followed by customer numbers; capital growth in net assets; profitability; technology; product offering and lastly human resources in the past ten years. The researcher further found the internal factors that contributed to the changes in working environment experienced included new staff, the financial status of the Sacco,

efficient management, high demand for loans, more products development, need to offer ICT related to products and services to member e.g. ATM, SMS query service.

On the effect of growth strategies, the study found that this was attained through introduction of more exciting products and services; reducing interest rates on loans to attract more clients; creating awareness of existing products; market penetration; diversification; mergers and agency banking. Further the researcher found that in the recent past, the government has worked towards lowering interest rates among the Saccos and in response the banks introduced personal loans for survival and thus intensifying competition between Saccos and banks. On Stima Sacco's corporate level strategies for growth, the study revealed that Stima Sacco responded by being more proactive in the approach of issues, developing competitive products, branding the Sacco, improving efficiency of service delivery at the Sacco and addressing governance issues. Other kinds of growth strategies included creating new departments, changing of the Sacco business model through opening of the common bond and forming strategic alliances with other institutions. The researcher also found that the reasons for the Sacco diversification were as to enhance competitiveness, to diversify risks and to enhance profitability.

The researcher also found that the Business Level growth adopted by the Stima Sacco include intensified marketing of products, extending the Sacco common bond, improving efficiency through use of ICT systems, developing policies and procedures that would enhance efficiency and also product diversification. The study found that those responsible for implementing the growth strategies at the Sacco included the General Manager, the Board of Directors, Departmental Heads, the Supervisors and Consultants where applicable. The researcher further found that the strategies

implemented by the Stima Sacco to react to competition successfully include change in business culture, forming alliances/partnership with strategic partners, introduction of marketing section with vigorous marketing campaigns headed by a marketing officer, continuous rebranding and repackaging of products and product innovations including new products development. One of the strategies was viewed to be most effective in spurring growth was intensified marketing of the Sacco's products.

5.3 Conclusion

From the study, the researcher concludes that Stima Sacco has implemented some strategies to spur its growth of which the major ones included opening up of new branches within the country, aggressive marketing to counter competition, implementation of new forms of businesses apart from the core banking functions, being more proactive in the approach of issues, developing competitive products, branding the Sacco, improving efficiency of service delivery at the Sacco and addressing governance issues, forming alliances with other institutions and strategic plan review. The study further concludes that strategic responses have led to improved efficiency, introduction of more exciting products and services and better terms of service for employees. It also concludes that intensified marketing of the Sacco's products was the strategy that most spurred its growth.

5.4 Recommendations

5.4.1 Policy Recommendations

From the discussions and conclusions in this chapter, the study recommends that although Stima Sacco has been successful in spurring growth, in order to remain competitive in the market, Stima Sacco should advertise itself and also conduct comprehensive market research in key potential areas where the FOSA could open up

branches. From the earlier findings, the study found that strategy will only make sense if the markets to which it relates are known; and pointed out that the nature of the environment in which the company operates needs to be understood. This therefore shows the importance of aggressive environmental scanning and adaptability of Stima Sacco for it to stay afloat. The study further recommends that the Sacco need to improve its communication with the members and to make improvement on service delivery in order for its products to fulfill its clients' needs.

The study recommends that Stima SACCO should turn its challenges into opportunities and exploit the opportunities to survive in this unfamiliar regulatory environment, hence register an unprecedented business growth. In doing so the SACCO needs to review its by-laws to widen its target market, merge with likeminded SACCOs, benchmark with other financial institutions, change its business model to become a more inclusive and market driven financial intermediary and serve the micro-finance market.

5.4.2 Suggestions for Further Research

Further research can be undertaken to establish whether Stima SACCO has adopted the recommended strategies and how they have impacted on the performance of the SACCO. This study can be replicated on other SACCOs to establish the strategies that spur growth and the opportunities available under the new regulatory environment.

A similar study can be done on micro-finance institutions that are operating under a new micro-finance law for purposes of benchmarking. Other areas of study that the researcher recommends are researching on the effects of the current SACCO business model vis-à-vis a more market driven model and the aspects of the micro-finance industry that the SACCO could adopt in spurring its growth.

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APPENDIX

Appendix I: Introduction Letter


UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE..... 30/09/2015

TO WHOM IT MAY CONCERN

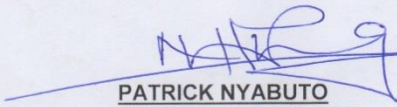
The bearer of this letter LILLY MUMBI MACHARIA
Registration No..... 061 / 60666 / 2013

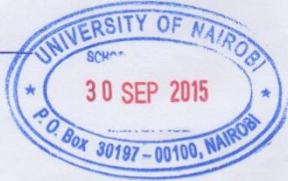
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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

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

Thank you.


PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS



Appendix II: Interview Guide

1. Please indicate your gender

2. What is your role in the organization?

Administrator Financial manager

Branch Manager

Other

3. What is the length of time you have worked with Stima Sacco?

1 -3 years 4 -6 years 7-9 years

10 -12 years Over 12 years

4. What is the range of services offered by Stima Sacco?

Core banking services Offering loans

Mortgage sales Stock brokerage

Any other.....

How would you measure the size of Stima Sacco?

Number of employees

Capital base

Customers' numbers

Branch network

PART B: STRATEGIES SPURRING GROWTH AT STIMA SACCO

5. Would you say that in the last ten (10) years there has been growth in Stima Sacco?

Yes No

6. If yes, which of the following areas would you say have grown more compared to the past?

- | | | | |
|------------------------------|--------------------------|------------------|--------------------------|
| Branch network | <input type="checkbox"/> | Customer numbers | <input type="checkbox"/> |
| Capital growth in net assets | <input type="checkbox"/> | Human resources | <input type="checkbox"/> |
| Technology | <input type="checkbox"/> | Profitability | <input type="checkbox"/> |
| Product offering | <input type="checkbox"/> | | |

7. Various strategies have been used to bring growth into Stima Sacco. Using a rating scale of 1-5 please indicate the strategies that could have been used by Stima Sacco to grow its portfolio:-where 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Product development					
Market penetration					
Diversification					
Market development					
Mergers and agency banking					

Any other.....

To what extent have the following product development strategies been used to boost growth in StimaSacco? Using a rating scale of 1 to 5 tick the appropriate statement:- where 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Product development strategies have been used to improve features of existing products					
New types of products have been designed					
Reducing interest rates on loans to attract more clients					
Creating awareness of existing products					

Any other.....

8. To what extent have the following Market penetration methods been used to boost growth in StimaSacco? Using a rating scale of 1 to 5 ticks the appropriate statement:-where 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Sending sales people out into the market to look for more business					
Increasing number of Sacco branches in various locations					
Creating segments of the market whereby particular products were designed for particular people only					

Any other.....
.....

9. Diversification is about entering into other forms of businesses apart from the core banking functions. Which of the following has Stima Sacco diversified into in order to boost growth? Using a rating scale of 1 to 5 tick the appropriate:- where 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Stock brokerage					
Mortgage sales					
Agency banking					
Security services					

Any other.....

10. Market development can be geographical or by targeting of new markets. Which of the following market developing strategies has Stima Sacco used in order to expand its businesses?Using a rating scale of 1 to 5 tick the appropriate:-where 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Opening up of new branches within the country					
Creating Segments of the market and products					
Use of relationship managers to manage the market					

Any other.....

11. Which of the following mergers and acquisition strategies has Stima Sacco used so as to boost growth of its operations?Using a rating scale of 1 to 5, tick the appropriate:-where 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Merging with another bank/ sacco					
Acquiring other new businesses					

Any other.....
.....
.....

12. The following factors may have influenced Stima Sacco to choose particular growth strategies and not others. Using a rating scale of 1 to 5 please choose those that suited Stima Sacco:-where 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Competition in the market: Do you feel that competition is a major threat to growth of Stima Sacco					
Political situation in the country: The current political situation has contributed to better strategies applied in looking for growth.					
Better performing economy:					

<p>The country of Kenya has in the last few years seen a better economy. Did this affect your growth strategies chosen?</p>					
<p>Technological factors: Improved technology has increased the chances of better and efficient services offered by Stima Sacco.</p>					
<p>Changes in senior management: Management changes in the bank has ensured better strategy implementation and hence increased growth.</p>					
<p>Resource capability: The resources available in the bank including ready capital to ensure growth has influenced growth strategies chosen.</p>					

Any other.....
.....
.....

Appendix III: Knowledge Gap

Author	Knowledge Gap
Muigai, S. M. (2013).	The study found out that Cadbury Kenya Limited had periodic strategic plans. The review period was found to be every 5 years. Strategies are normally developed by the global corporate company – Mondelez International, cascaded into a local strategy and implemented based on the local setup. The study established there had been many changes in the external environment variable though Cadbury Kenya Limited was able to respond to most of them. However, this study was about Cadbury Kenya Limited and not Stima Sacco
Achieng, S. B. (2013).	The study found out that major changes in the external environment facing the Sacco were competition in a liberalized economy and introduction of e-commerce, limited amount of credit a member could qualify for hence members sought for alternative financing source to get more credit and the mushrooming of other teachers saccos in the counties with the intention of ‘being associated’ with Mwalimu National Sacco. However, this study was about strategic responses to changes and not strategies that spur growth in Saccos.
Motari, T. (2011)	In his study on the responses of Safaricom Limited to increased competition in the mobile phone service industry found out that the greatest competitive factor affecting the firm’s performance was shown as the enforcement of the new regulation. These included licensing, subscriber registration, and mobile number portability. However, this study was about mobile phone service industry.
Mbui, J. K. (2010).	In his study on the business opportunities for Stima Sacco Society Limited in a new regulatory environment, concludes that the new regulatory environment provided more structured and clear guidelines on the operations of Stima SACCO. However, this study did not evaluate the strategies that spur growth in Stima Sacco.
Waweru, (2009).	Found out that strategic responses by Mwalimu Sacco Society Limited to challenges of competition were development of various loan products, technological changes, implementation of a five year strategic plan, implementation of ISO 9001:2008, buying off of the members’ loans from other financial institutions, aggressive marketing strategies, performance contracting and development of customer service charter. However, this study was about strategic responses to changes and not strategies that spur growth in Saccos.
Mutua, M. N. (2009)	Established that, Stima Sacco has implemented some strategies to counter the changes in its environment of which the major ones included development of policies in readiness to the new law, starting of a marketing section to counter competition, developing competitive products, branding the Sacco, forming alliances with other institutions and strategic plan review. However, this study was about strategic responses of Stima Sacco Society Ltd to changing environment, while this study will focus on the strategies that spur growth in Stima Sacco.

Wairegi, B. (2004)	In a study on the strategic response by life insurance companies in Kenya to changes in their environment, established that the insurance industry has responded to the external environmental changes through such initiatives as new product development, development of new distribution channels, diversification, organizational restructuring, investment in human resources, customer service improvements, adoption of information technology and lobbying the government through the association of Kenya Insurers (AKI). However, the study was done about the insurance companies and not the Saccos.
Mwarania, J. (2003)	Kenya Re has responded to changes in the environment in many ways. Great emphasis has been placed on local and international marketing function. There has been deliberate and focused staff training programmes developed. Retrenchments were done three times to rationalize staff. Investments were done in real estate to generate rental income and undeveloped land acquired for future speculative sale. Technology has been embraced including computerization and creation of a website. However, the study was done about Kenya Reinsurance company and not a Sacco.
Mugambi (2002)	Established that, as a result of the economy's progressive decline and liberalization, tourist hotels in Nairobi have responded by restructuring their marketing activities, cost management and outsourcing of non-care activities. However, this study was about the hospitality industry and not saccos.
Karanja, (2002)	In his study on competitive strategies of real estate firms found out that the most popular type of competitive strategy employed by realtors was on the basis of differentiation. The service nature of real estate industry leads to competition mainly based on giving a unique service over what others are providing. However, this study was about real estate firms.
Pearce and Robinson (2000)	Say that there is need to adopt new strategies that match the challenges from the environment. Reengineering, downsizing, self-management and outsourcing are some of the dominant strategies that have been used for restructuring in the 1990's. However, the study was carried out over two decades ago and the findings would require to be validated by conducting the current study.
Aosa, E. (1992)	Noted that the action of competitors have a direct impact on a firm's strategy. He further stated that strategy will only make sense if the markets to which it relates are known; and pointed out that the nature of the industry in which the company operates needs to be understood. The structure of an industry and trend in that industry will help the current and future attractiveness of that industry. However, the study was carried out over three decades ago and focused on large private manufacturing companies in Kenya not on Stimasacco.
Ansoff and McDonnell (1990)	Note that strategic responses involve changes in the firm's strategic behaviors to assure success in transforming future environment.

