# OPERATIONS STRATEGIES AND COMPETITIVENESS OF KENYAN COOPERATIVE SECTOR

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# DECLARATION

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

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This research project has been submitted for examination with my approval as the candidate's supervisor.

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## DEDICATION

Dedication to my late parents, my dear wife – Christine, my children – Jamal, Roy, Maya and Hakeem, relatives, and friends –They all gave me inspiration, support and encouragements in pursuing this project.

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## ABSTRACT

Organizations are operating in unpredictable environment forcing firms to develop strategies that can be able to enhance their competitiveness. Every business needs to be focused on strategic planning in their operations management. Effective operations strategies lead to productive competitive organizations, and primarily aim at improving competitiveness. Operations strategy ensures that an organization uses its resources effectively thus attainting its goals. Many organizations have not yet been able to apply their operations to acquire competitiveness. The main challenge has been their inability to operationalize their operations strategy. Giving of loans in Kenya has been made much easier by the cooperative movement. This sector has a high level of competition as there are many SACCOS and they all compete to ensure they provide quality products and services to their members who are also their main customers and shareholders. The current study aimed to determine operations strategies employed by cooperative sector. The study was anchored on Resource-Based Theory and Theory of Competitive Advantage. The study used descriptive research approach. The objective populace of this examination was 64 licensed SACCOs by SASRA and operates within Nairobi metropolitan. Purposive random sampling technique was adopted to sample either operation or strategic staff in each company. The examination embraced essential information where information was gathered utilizing a poll. The information contained in the study was both quantitative and qualitative in nature. Quantitative information was presented in diagrams, tables and charts. Relapse examination was additionally led to build up the connection among reliant and autonomous factors. The study established that organization considers the capital to devote to particular businesses and in order for an organization to increase its total shareholder's return requires Sacco's to align its business, financial and investor strategies. The study also found that implementation of enterprise competition strategy is based on the exploitation of volume and scale. In line with the study results, the results illustrates that organizations should screen the earth in which they are operating in order to come up with imitable operation strategies that can enhance their competitiveness. Likewise, the study recommends that management staff should work closely with the marketing staff so as to ensure sharing of information within the environment in regard to customers preferences. This will help them to develop strategies that are in line with the products and services they offer which will eventually enhance organization strategies and competitiveness.

## LIST OF ABBREVIATION

| | |
|---|---|
| **ACCOSCA** | African Confederation of Cooperatives Savings and Credit Associations |
| **CAK** | Cooperative Alliance of Kenya |
| **CIC** | Cooperative Insurance Company |
| **CSA** | Cooperative Society Act |
| **FOSA** | Front Office Savings |
| **GDP** | Gross Domestic Product |
| **ICT** | Information, Communication and Technology |
| **KUSCCO** | Kenya Union of Saving and Credit Cooperatives |
| **RBV** | Resource Based View |
| **SACCA** | Saving and Credit Association of Africa |
| **SACCOs** | Saving and Credit Cooperatives |
| **SASRA** | Sacco Societies Regulatory Authority |
| **SSA** | Sub-Saharan Africa |
| **WOCCU** | World Council of Credit Unions |

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# CHAPTER ONE

# INTRODUCTION

## 1.1 Background to the Study

Environment in which business are operating in nowadays is challenging, thus business must create strategies in order to gain competitiveness beyond its known scope. Without the competitive edge, no economic unit can survive (Amaoko&Acquaah, 2008). To measure whether the organization is doing well in the market, organization should embrace competitiveness. To meet this competitive challenge, every business needs to be focused on strategic planning in their operations management-what is known as 'Operations Strategy'. Effective operations strategies lead to productive, competitive organizations, and primarily aim at improving competitiveness (Stonebraker& Leong, 1994).

Organization competitiveness is when an organization satisfies its customers with quality products and at a lower cost compared to its competitors. This step is very essential for every organization as it is able to satisfy its customers and also earn more profits for itself. Globally, competition has been experienced in all aspects of businesses. Most especially on recent times, competition has grown at very high levels. Stalk *et al* (1992) argues that competition has grown immensely as years pass by due to the level of innovation and technology that is being experienced.

Due to the changes being experienced in markets and the high level of competitiveness today, organizations are being advised to ensure that they create conducive environments for business and mostly ensure that they implement strategies that will be effective to keep up with the growing level of competiveness (Dubai, 2003). This should apply to the Cooperative Societies as they also face the same challenges as all other businesses. Mobilization of financial resources is greatly influenced by SACCOs and therefore will contribute majorly in ensuring the success of Vision 2030 (Dunda, 2010). This is because the cooperative sector is very essential for the growth and development of every country.

### 1.1.1 Concept of Operation Strategy

Operations strategy entails how decisions in an organization are formulated, reformed and deployed in the use of resources. The main role played by these decisions is to ensure that competitiveness is supported and embraced effectively. Application of decisions in an organization involves the work shifts to be done, what machinery to use, reporting structures to use and the kind of information to be used. The decisions made in a company and how they are applied work collectively to ensure that the companies' objectives are attained and thus its effective operations strategy. The use of decisions and the resources available, play vital role ensuring that the firm gains its strategic advantage. It is therefore important to conclude that strategy adopted by organization in their operations process assumes an extraordinary job in guaranteeing the long haul survival of an association.

In the organization the operations strategic plan is depended upon as the basis for operational planning of facilities and operational planning for the use of these facilities. Therefore, it is important to note that operational planning should not be done in vacuum. For the success of an organization the operation managers must make choices in the areas of facilities, limit, decision of process, vertical reconciliation, activities coordination and tasks interface with different capacities. The tasks methodology must be lined up with the organization's business procedure to empower the organization to accomplish its long haul plan (Chase, Aquilano& Jacob 2001).

According to Gupta (2001) operations strategies are the strategies that work together to ensure that quality; process, capacity and facility are developed and strengthened in an organization. Operations strategy ensures that an organization uses its resources effectively thus attainting its goals. Competitive strategy is ensured by how resources are used therefore effective planning and application of policies is essential. Competitive strategy is driven by operations strategy (Hayes & Pisano, 1996). Great opportunities are experienced in areas where operations strategy has been successfully implemented.

### 1.1.2 Competitiveness

Competitiveness is achieved where an organization satisfies its customers with quality products and at a lower cost compared to its competitors (Stevenson, 2009). When more economic value is created by organizations more than its competitors is what Barney (2008) defines as competitiveness. The ability of an organization to be able to acquire great profits results from competition which is also responsible in reduction of competitiveness, therefore, it is clear that competitiveness is not permanent (Barney, 2008). An organization is said to be competitive when it is able to acquire high levels of profits more than its competitors. It is therefore advisable for organizations to ensure that they are able to sustain a great level of competitiveness (Stalk, 1988).

The main importance of developing competitive business strategy in an organization is to create and achieve competitiveness than their competitors (Hitt*et al*., 2011). Competitive business strategy is achieved through creating a conducive environment for its customers and delivering quality products that eventually results to gaining of high profits. Therefore while creating a business strategy, an organization has to focus on different environmental dimensions. These dimensions are; discovering of new opportunities, diversion of threats that may occur in future, overcoming of weaknesses, ensuring that current strengths are maintained and application of new strengths. For a long term success of every organization, they have to be ready to deal with the changing strategic environmental factors (Pitt, 2000).

A company ensures that its competiveness is met by creating unique strategies that are not known or not being implemented by its competitors at that given time Barney (1991). This is achieved by the organization being able to implement its unique strategies and attaining results without its competitors implementing or not being aware of it thus cannot duplicate it (Barney, 1991). Barney continues to argue that an organization has to continue maintaining its competitiveness by creating new methods every now then that add value to its business thus keeping its competitors on toes and therefore gaining of higher profits (Barney, 1991).

### 1.1.3 Operation Strategies and Competitiveness

Operation strategies involved the step followed to come up with imitable design and specification of a given product or services as well as the production criteria, and infrastructures required to reinforce the process such as inventory, and the location of the business. These strategies align the goals of different units of the organization such as marketing and production which should be aligned to the main objectives of the organization.

Operation strategies that the organization proposes must be able to win the customers preferences for the product or services. They must be able overcome the strategies that are adopted by the competitors for the organization to be able to gain competitive advantages. Customers are more concerned with the price of the commodity, quality of the good and the ability for the customers to afford the product, this being the main operation strategies that consumers consider most. Price is related to the operation strategies since the cost of production determine the price of the good or services. However, organizations strives to reduce the production cost in order to reduce the price of a given commodity or services.

Organizations adopt competitive operation strategies for the need to improve their operation process and ensuring that the operation of the firm is effective and meet the consumers demand in the market. Most companies engage in benchmarking process to learn from other companies the key and critical achievement attained by the competitors and they absorb the positive aspects. Delivery reliability, timely delivery, product development, product scope, cost of production are some of the key opartaion aspects that organization in the same sector tries to improve on to attain competitive advantage among the competitors.

For an organization to be seen as world class, it must see that the ability to fight in the business focus depends upon building up a tasks technique lined up with the mission of serving the client. The focused elements of activities are cost, item quality and dependability, conveyance speed, conveyance unwavering quality, adjusting to ask for change, flexibility, and new thing introduction speed. Essential to undertakings strategy is the possibility of exercises focus and trade-offs.

The interface among promoting and activities is important to furnish a business with a comprehension of its business sectors from the two viewpoints. Activities procedure must be connected vertically to the client and on a level plane to different parts of the undertaking. Productivity is a key aspect of operation. Productivity mean considering all the process required in operation process to achieve the intended end result of the operation. these aspects indicates the appropriate measure adopted by the organization and how the help the organization to attain the set goals (Narayana, 2014)

Every firm's performance is controlled and achieved by how operations strategy is implemented to ensure competitive strategy (Oltra&Flor, 2010). Long term competiveness in a company is ensured by competitive strategy through the operations strategy support (Hayes & Wheelwright, 1984). Therefore the company's strategy is comprehensively integrated by its operations strategy. The long term plans and policies of a company are controlled by how operations strategy is formulated through the help of an organization's focused methodology (Krajewski, *et al*., 2012). Organizations success in its performance and gaining of profits is comprehensively controlled by its operations (Heizer and Render, 2009). Operations and functions ensure successful control of markets, finances and human resource and without them its results to failure.

The connection of operations strategy and competitive strategy is decided by first understanding how they influence each other and how they relate before implementing them in an organization (Corbett & Wassenhove, 2011). The future success of a company depends on how effective its strategies are. Operational strategy is responsible for the direction that the company is heading thus ensuring that strategic competitiveness is created along the way. Operations strategy therefore controls the whole operations of competitive advantage that result from economics that create growth, earnings and valuation.

The strategies that are used to strengthen operations strategy therefore create flexibility which is then accountable for the sustainability of competitive advantages (Amit & Schoemaker, 1993). Competitors are kept on toes by an organization being able to control its operation managers who are key in ensuring continuous competitiveness and thus competitors are not able to duplicate them. Operations strategy main role then is to ensure that they control management as they are responsible for sustaining competitive strengths of the company. The resource-based view explains how competitive advantages are sustained by operations through control of management and use of resources. There are three levels that increase potential to offering of sustained advantages according to Collis (1994).

### 1.1.4 Cooperative Sectors in Kenya

In Kenya, cooperative societies are categorized into three clusters; their structural organization, the purposes of their business and their legal and regulatory frameworks. The structural organization entails how the cooperative enterprises corporate with the Kenyan Co-operative Societies Act and how they offer their services and memberships. Their legal and regulatory frameworks are the rules and regulations that they use to govern, manage and supervise the co-operative enterprises. The CSA regime is applied on all cooperatives societies apart from deposit-taking SACCOs which subject to the SSA regime. The SSA regime deals with prudential regulation and that makes it applicable to the deposit-taking SACCOs only. The CSA is involved in the general process of registration; constitution process and supervisory statute are also applicable making it essential for all cooperative enterprises. These clustering cooperatives are all controlled by specific goals and objectives set. SACCOs play a vital and simple role in provision and delivery of its services compared in the banking world as they have ensured easier processes for its customers.

Cooperative movement in Kenya is vibrant, dynamic and the strongest in Africa. They assume an exceptionally fundamental role in the development of the Kenyan economy as they control about 43% of the Kenya's GDP (gross domestic product) with an employment capacity of about 300,000 employees. SACCOs are responsible for more than Kshs 230 billion as savings. Both deposits and savings have been commanded at a 67% and 62% of Kenya' total assets in the cooperative movement. The Kenyan social and economic development is highly contributed by financial industry whereby SACCOs, cooperative societies, Cooperative Bank and Cooperative Insurance Company (CIC) and KUSCCO are responsible for 31% growth of Kenya's gross national savings (Chaddad& Michael, 2004).

There has been rapid growth of cooperative societies in Kenya with societies and unions increasing with 7.3% from 13,256 out of 2010 to 14,228 during the years 2011. In 2016, Kenya brags around 15,000 enrolled cooperatives with 12 million individuals. Through these movements, at least 320,000 job opportunities have been created and 1.5 million individuals have occupied with little scale and casual endeavor subsidized by agreeable credits. The helpful development is organized into private and public enterprises that provide services and production entities McDaniel & Gitman, 2008). Agricultural, marketing, fishing, storage, banking, credit, housing, transport and agro-processing, segments have been enhanced incredibly since 1908 when cooperatives were framed in Kenya.. Other sectors that have also been impacted by formation of cooperative societies are Information, Communication and Technology (ICT) who are responsible for improvement in innovation and technology.

## 1.2 Research Problem

Nowadays, the applications of operation strategy concepts into business operations have been insufficient (Hayes & Pisano, 2013). Many organizations have not yet been able to apply their operations to acquire competitiveness. The main challenge has been their inability to operationalize their operations strategy (Hum &Leow, 2011). An organization must first ensure that it makes changes in its management team to ensure that corporate strategy is effectively set. Competitiveness can be achieved if organizations set strategies that are effective to adopt the environmental changes so as to enlarge their competitive dimensions. A long term achievement of an organization can be attained by implementation of applicable measures that ensure operations strategy are implemented through the support of competitive advantage (Hayes & Pisano, 2011).

Giving of loans in Kenya has been made much easier by the cooperative movement. This sector has a high level of competition as there are many SACCOS and they all compete to ensure they provide quality products and services to their consumers. There services can be improved by ensuring that they align their operation strategies through embracing new requirements and situations effectively (Okello, 2006). They therefore need to ensure they take up the process of refocusing and re-assessing their capacities to improve their finances for continuous growth and improvement of the economy.

In Kenya, Owino (2011) did a study on competitive strategies employed by SACCOs in Mombasa County and his study established that cost strategy was mostly practiced through reduction of operation costs and that absence of good management to drive competitive strategies in the right direction was a major challenge. Makokha (2013) did a study on role of SACCOs in embracing insurance uptake in Kenya. Matu (2013) did a study on factors influencing achievement of competitiveness by the savings and credit cooperative societies in Kenya; while Kariuki, Karimi and Mutembei (2013) an analysis of factors influencing competitiveness in selected savings and credit cooperative societies in Nairobi North District. Despite the immense literature on competitive advantage, limited study has been conducted on influence of operation strategies on competitiveness in cooperative societies. The study consider along these lines tried to answer the accompanying exploration questions, what are operation strategies adopted by cooperative societies in Kenya? What are competitive advantages realized through operation strategy adopted by cooperative societies in Kenya?

**1.3 Objectives of the Study**

The following objectives were used in this study:

i. To determine operations strategies adopted by cooperative sector in Kenya.
ii. To establish relationship between the operations strategies and competitiveness of Kenyan cooperative sector.

## 1.4 Value of the Study

The result of this study may help cooperative societies and financial industry in general to come up with operation strategies that will enhance competitiveness which will help them to outdo competitors. The findings will also provide recommendation on how firms can use operation strategies to gain competitive advantage. Organization will also understand how value-driven operations strategy, cost driven operation strategies, service driven operations strategy and location of the business enhances organization competitive advantage.

Policy makers will also be able to understand how operation strategies enhances organization competitive advantage and be able to come up with policies that are aligned to the organization operation processes particularly in cooperative societies. SASRA being the regulator of SACCOS in Kenya, will finding the study findings crucial as they will be able to adopt the study findings to enhances innovative strategies among the SACCOs so as to enhance competitive environment in the sectors.

The scholar and researchers who wish to advance their academic background in operation will find the study finding crucial since they will use it as a reference to develop their literature and to conduct further research that the study suggest to be done. The finding will help the researchers to link the study findings with theory taught and the practices in the sector.

The recommendation provided by the study will enable the cooperative sectors to review their operation process and adopt those recommendations with aim of improving their operations as well as to enhance their competitive advantage.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

The literature looks at past studies that have been conducted on operation strategies on competitiveness and establishing the theoretical foundation of the issues to be investigated by this study. The literature review mainly captures the relationship between operations strategies and how they influence competition among companies such as cost, quality, delivery, and flexibility.

## 2.2 Theoretical Framework

### 2.2.1 The Resource-Based Theory

This is a strategic management theory whose aim is to find out the capabilities and the resources that a firm has that will enable it have a competitive advantage over the rivals in the business. It was advocated for by Wernerfelt in the 1980s (Wernerfelt, 1984). Since then it has been widely used in making analysis of an organization's competitiveness in the market.

A basic assumption of the RBV is, organizations compete based on the resources that they have together with their capabilities (Peteraf & Bergen, 2003). Resources are not homogenously distributed among the firms that are competing in the market and are not perfectly mobile also (Barney, 1991). RBV is known to be the start of an organization's competitive advantage over other organizations, he also explains that, some of the factors that aid sustained competitiveness of an organization are; uniqueness of the products, imperfect mobility of resources and heterogeneity of the resources.

Peteraf (1993), points out the four conditions that underlie a sustainable competition which include: superior assets or heterogeneity in an industry, competition among to rivals and flawed asset portability.

Walker (2004) pointed that firm must continually evaluate its resources, capabilities, competence, and culture among other internal variables. These two sets of factors are the building blocks of two main aspects of strategic analysis; external and internal analysis respectively. Barney and Hesterly (2008) firm should conduct internal and external analysis to assess firm's capabilities to identify qualities and shortcomings in its assets, tasks and exercises. The prime objective of carrying out an internal analysis is to enable a firm to understand how best to deploy its resources, given its external and internal situation.

In a study carried out by Capon (2008), he points out that gaining and retaining or improving competitive advantage requires a firm to carry out different activities. They are required arrange the resources and systems so that they may reduce their overall cost or add the most value for least cost. The bigger categories of an organization's capabilities include the owning of resources such as; physical resources, human resources and financial resource. Whatever the definition, resources are seen as assets and capability, or as a function or process facilitating the competitiveness of the assets.

In relation to this study, the resource-based theory classifies an organization as a specifically unique combination of competencies and other aspects that boost the performance of a firm. The specific mix of assets may typically include the physical resources for instance; facilities and finances, organizational capabilities for instance human capital and corporate structure. It also includes intangible resources like; reputation and recognition of brand. When all these are brought together, the resources control the organization's performance and form the starting point of the company's competitive advantages. An organization's Resource Based theory is given a view on why organizations do not do well in some markets. With respect to this theory, some organizations will be able to add value to their products while others are not able, this leads to the success of others while others fail.

### 2.2.2 The Theory of Competitive Advantage

This theory was advocated for by Michael Porter in 1985, it suggests that different countries and even business entities should adopt the policies that will create a high value of goods and thus can be sold at higher prices in the market. Porter (1985) argues that the focus of all national strategies should be toward the growth of productivity. For a country to have a competitive advantage the cost of labor should be low or can be acquired cheaply, he also argues that it is not a must that a country has sufficient natural resources for it to do well economically. He also argues that it is required for a firm to possess a competitive strategy so as they may retain a profitable and a sustainable state in the business.

Adopting a good competitive strategy has been known to lead to competitive advantage of a firm. In a study by Capon (2008), it was found out that attaining, maintaining competitive advantage needs the commitment of a firm in terms of not only their resources but also the activities that they carry out; they need to be organized in a way that they increase the chances of profitability. An organization can acquire Competitive advantage if it acquires or comes up with some set of qualities or executes some practices that will enable it to outdo its competitors. The managers of different institutions over the years have been thinking on the competitive strategies to adopt so that they can improve their performance in the market.

The theory of competitive advantage give a clear understanding that a firm gain its competitive advantage over its competitors when it is in a position to attract and retain customers in the long-term and also compete favorably in the market. To achieve this, there are some critical factors that determine sustainable industrial growth for instance; suppliers who are specialized, reliable service providers and also other organizations that you can associate with.

### 2.3 Operations Strategies

Companies or organization making products or offering services and delivering value, whether it for profit or not for profit rely on a handful of processes to ensure their products are properly made and delivered timely. Each process acts as an operation for the entity. Operations are very essential to a company. That's the reason as to why managers are appealed by operations. Companies develop operational strategies so as to take a gander at and complete incredible and capable structure for using resources, staff and the work method (Kipyegon, 2009). Administration situated associations in like manner use essential operational procedures to interface long and fleeting corporate decision and transient corporate decisions and make an amazing supervisory team.

Business methodology is best considered not as far as the 'reality' but rather is increasingly distinguished in operational terms as it sets the heading of the business and accomplishes fixation and consistency of endeavors (Porter, 1985). The four most important aspects of operations structure to be considered in operations strategy which include; capacity that the operations should be capable of, locations the entity operates in and the process (Khalid, 2004). Technology is going to leverage to achieve the operations. Operational procedures will in general be centered on enhancing effectiveness, profitability, quality and overseeing hazard. The following are examples of operational strategies. A persuading design regarding operational techniques gives an amazing substantiation and accords validity to the money related and business targets built up in a field-tested strategy. Organization that aims to be successful aligns it strategies with the organization goals (Bauer &Colgan, 2001).

One of the considerations in operation strategy is organizational competencies. Designing an effective operations strategy around competency priorities is essential in focusing on how to be unique in its offering of products and how it plans to ensure that its competitive edge is offered different form its competitors (Dubai, 2003). Most of the companies only focus on traditional dimensions of cost, quality, flexibility and service but a company can focus on much more that these four. An example is focusing more on durability and reliability of its products (Kipyegon, 2009).

Value-Driven Operations Strategy: Aligning of factors that involve businesses, finances and investor strategies increases shareholder returns in high levels. Changes and focus should be more on past and previous performance, the amount to invest and devote shareholders value and to convince their target investors for future growth (Kotler&Gertner, 2002). The most affected industries are those that deal with technology. There have been daily developments in the financial sector that are essential to meet shareholder expectations. Many challenges are experienced but the end results to addition of value. Value is thus essential and technology companies need to create it. Value is usually eroded by deployment of poor capital and investment decisions. On the other hand it is created by financial, investor and portfolio strategies (Duysters&Hagedoorn, 2000).

Cost driven operation strategies: These are created by ensuring that products and services are provided with a mindset to receive higher profits but at lower costs compared to their rivals. There are products that are basic to consumers and they purchase them strictly on their price without considering their brand. Strategies on cost reduction can be achieved by use of available resources and implementation of effective strategies (Hatten, 2008).

Customers' services and the service of products are the main drivers of operations strategy. Loyal customers are gained through provision of quality customer services based on their efforts. Quality customer services include offering speedy services to the customers thus saving their time. Another service could ensure that services are delivered in time and are also easy to access. The traditional method of providing services by price cutting does not commonly apply today (Duysters&Hagedoorn, 2000). Nowadays organizations think beyond price cutting and implement much better strategies that appeal to their customers. For example improving customer retention tools, offering easy research tools and effective initiatives keep the customers happy and satisfied thus attracting more. This is only achieved by a committed and cooperative team in the organization.

The achievement or failure of a firm relies upon where it is found. A business should be located where customers can easily access and there is security. The physical place where the business is located, stating where other branches are located and giving explanations why they are located at that specific place are important aspects to include in an operation strategy. Other factors to include are the offices actual sizes, where production, sales and storage take place, the available space, fittings and required renovations (Kiptugen, 2003). Another factor to consider is drawing of the equipment and facilities found or needed in the business.

Personnel found in a business play a vital role its success. The personnel are made up of the management team, employees and staff. Before hiring personnel it is essential to first enquire the kind of skills they possess and thus will be able to know what exactly they are expected to do. The management and human resource team are responsible to ensure that that the employees' hired are comfortable and feel part of the organization. Changes that occur form time in to time in the company need to be communicated to the employees in time. Employees are responsible for the excellent ideas communicated, innovations and inspirations that are experienced in an organization (Lorenzoni & Lipparini, 1999). It is in this way essential to guarantee that they include employees in decision making to provide the business with the new competitive edge that the business has been looking for.

### 2.4 Organizations Competitive Advantage

Understanding of competitors and marketing strategies is key in ensuring the success of an organization. Cost and differentiation advantage are the main factors that are responsible in achieving of advantage. Competition with rivals is attained by businesses through offering of products at a lower cost or by providing products with high levels of differentiation. Efficiency in a business is essential in determining its level of competition acting as a drive for high profits. Efficiency also controls how the competitive process will succeed (Hitt& Ireland, 1985). Managers and workers are controlled by personal motivations, strategic orientations and habits. Transformation of organizational routines is difficult. Variation of performance is another aspect that should be considered in the running of every business. Behaviors are then expected to vary in different ranges. Some behaviors are controlled by the pressures experienced from competition. These pressures should thus be analyzed from both managers and employees and how they react to them. Sustainable advantage is achieved through three main was according to Porter. He researched companies and came up with cost leadership, differentiation and focus as the determinants of sustainable advantage (Porter, 1980).

Providing valuable products to customers at a lower cost than others means that you have cost leadership competitiveness. This is achieved by continuous improvement of operational efficiency. This results to less payment of workers. Less payment of workers by organizations is compensated through stock options, benefits or promotional opportunities. Unskilled labor mostly suffers the underpayment. The continuous growth of companies results to their growths which helps them to stock in bulk or buy using economies of scale. Cost leadership is well illustrated by Walmart and Costco. Sometimes workers are paid less that the cost of living they experience. Underpayment of workers results to advantage being threatened. Most of the companies that are able to buy their products through economies of scale are the only ones that practice cost leadership strategy. They only acquire little profits but are able to sell in large amounts (Khalid, 2004). This makes the company well known for low cost products which its rivals are not able to keep up with. Small businesses thus are not able to apply this strategy as it only requires a business to be able to purchase through economies of scale.

Some firms' competitiveness is differentiation. Better benefits are thus delivered to their customers. Providing unique and high quality products to its customers helps in achievement of an organization's differentiation. Fast delivery is also another method to achieve differentiation. The third method is ensuring that markets are delivered in better way the rivals. Prices are changed by companies through the strategy of differentiation. This results to higher profits margins. Generally differentiation is achieved through innovation, quality and customer service. Innovation involves the provision and meeting of the same needs but in a different way. Apple Company is one that utilizes this strategy effectively. Its iPod was innovated in a way that one is able to control how music is played in your own way. Differentiation strategy generally involves provision of unique products and services. Differentiation strategy puts a company in a unique position as it is able to offer products that are not offered by other companies (Banerjee, 2003). These products are achieved through efforts by companies to research more and develop. The challenges faced by companies that rely upon differentiation is imitation of its products which may ruin them.

### 2.5 Operation Strategies and Organization Competitive Advantage

Competitive advantage is all about how operation strategy is implemented. Point of strategies in each organization is to guarantee that assets are allotted and used in the best way possible. The importance of implementing of strategies in businesses has been outlined many studies and literature carried out. Strategies are appropriate for businesses to adapt to the rapid changes that are occurring every day due to changes in innovation, technology and the environment. Despite this need, there are various challenges that expected in adoption of strategies in all aspects of business (Khalid, 2004).

Market place effectiveness of an organization in offering of its products and services are the ones that determine its competitiveness. Competitiveness is greatly impacted by an organization's level of operations. The long term success of an organization is identified by five factors that were identified by Porter in 1998. The factors offered businesses a platform to analyze their rivals and therefore be able to lay the appropriate strategies on them. This gave managers an opportunity to implement effective strategies (Porter, 1998).

Creating value to customers is how a company is bale to create its competitiveness. Low cost production is responsible for the successful implementation of cost leadership strategy. Economics of scale, proprietary technology and cheap raw material factors are the principle determinants of a company's cost favorable position. Giving one of a kind and astounding items to its clients helps in accomplishment of an organization differentiation. Competitiveness is determined by how the management decides to improve its efficiency (Porter, 1980). Planning, entrepreneurial and adaptive modes are the factors that define business strategies (Henry Mintzberg, 2012). The size, period of existence and the power of decisions made in an organization are the factors that contribute to choosing of strategies. Providing unique and high quality products to its customers that are not being provided by others serves the purpose of differentiation strategy. It is in this manner essential to take note of that methodologies center around creation and arrangement of separation items (Khalid, 2004).

Operations and production management has become complex in the present business condition because of globalization and rivalry. Firms must invest in the best available technology to facilitate decision making in production and operational management. This speeds up decision making which is key in the current environment where organization that survive are those who respond quickly and in the right direction to the changing business environment. The decisions on what actions to take and what strategies to adopt are highly based on the organization's ability to collect and analyze the correct type and amount of information available and predict their competition actions (Khalid, 2004). Competiveness in organizations is therefore improved by operation strategies through creating strategies that are enable production and provision of unique products, improvement of response and strong cost leadership. It is therefore clear to note that improvements in production and operational processes result to gaining of competitive edge and satisfaction of customers (Kipyegon, 2009). Improvements on the internal and operational processes in an organization, being responsive and flexible to the environment and ensuring that customers are satisfied ensures the long term success of every business.

## 2.6 Conceptual Framework

In a research, conceptual framework is a diagrammatic representation that shows the link between the dependent and independent variable. It also shows the indicators that are used to measure a given variable as used in the study. In this investigation, the needy variable is competitive advantage while the dependent variables are value driven, cost driven, service driven and location of the business

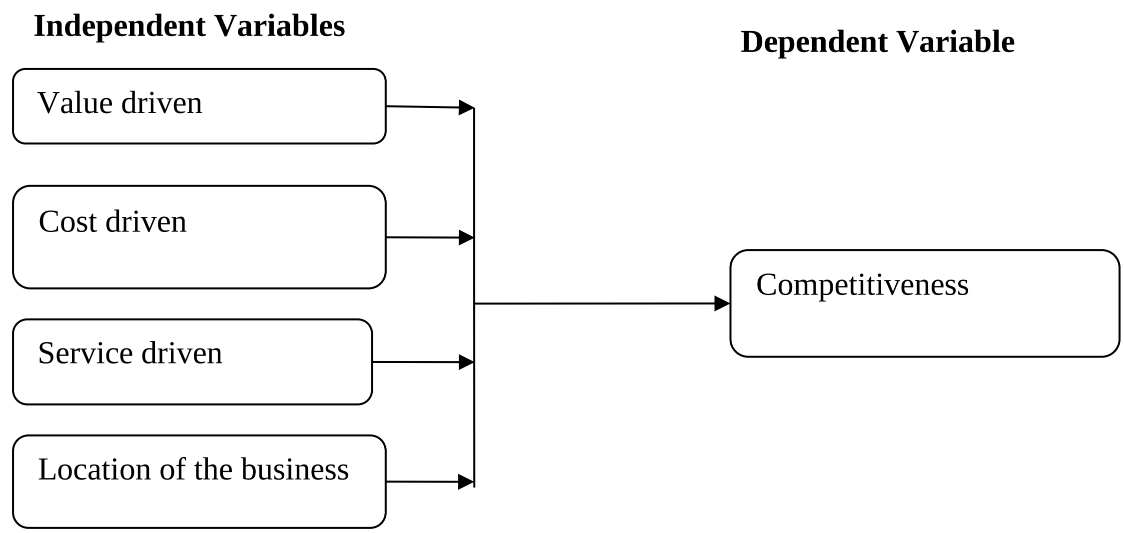


**Figure 2.1: Operations Strategies and Organization Competitiveness**

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

The section contains study approaches utilized in conducting this study. Additionally, it details the population, data gathering, research design, and data analysis.

## 3.2 Research Design

Orodho (2002) defined research design as the structure, strategy and the plan of conducting survey which aims to answer the study questions and control of variance. On other hand, research design was termed as the arrangement of conditions that allows data collection and its presentation presented in sequential manner so as to achieve its intended purpose (Kothari, 2004). The problem posed in this investigate was best examined utilizing the expressive research plan. As indicated by Cooper and Schindler (2003) a graphic report is about discovering the what, where and how of a marvel. This investigation along these lines had the capacity to sum up the discoveries to every one of the offices in the organization involved in operation strategies and how they influence organization effectiveness.

## 3.3 Population

Target populace as portrayed by Borg and Crall (2009) is a far reaching game plan of examination of all people from certified or hypothetical course of action of people, events or questions which an inspector wishes to entirety up the result. The objective populace of this examination was 64 licensed SACCOs by SASRA and operates within Nairobi. Mugenda and Mugenda (2003) stated that the objective populace ought to have some detectable attributes, to which the analyst expects to sum up the consequences of the investigation. From the 64 SACCOs operating within Nairobi, the study targeted one respondent in each organization either in operation department and strategic department. The study adopted purposive sampling technique to sample the respondents. This sample is chosen since they are responsible for the day today operations of the SACCO and they are in better position to provide information pertaining to how operation strategies enhance organization effectiveness.

### 3.4 Data Collection

The investigation utilized a survey to gather primary information for conducting this research which contained both open and close ended queries that intends to indicate the relationship between the study variables. The questionnaire was designed from a review of previous studies in line with study objective. The data was gathered from the respondents which was quantitative in nature and where it contained close ended questions though few qualitative queries were employed to offer the sample populace a chance to give their opinions and views.

The questions were basic such that the respondent comprehended them. The information instrument secured the four research targets while it was sub-divided into two regions. The essential territory of the review asked general information about the respondents, while the accompanying zones attempted to answer the four destinations. The scientist drew in two research collaborator to help in appropriation of the polls, the respondent were given time to fill the questionnaire either as research assistant wait or pick later. The questionnaires were then checked for credibility and used to validate the information from primary data. Since the target population of this study is small and manageable the study did not conduct any sampling thus census was used. The study targetedstaffs,one respondent in each organization either in top or middle level management.

### 3.5 Data Analysis

Data analysis involves structuring, bringing orderand decoding of the data collected. According to KomboandTromp (2006), data analysis involves scrutinizing data collected so as to add or deduct some parts. To ensure uniformity, accuracy and completeness of the data collected, the information was edited and systematically arranged to allow tallying and coding of the data before the final analysis is conducted (Cooper &Schindler, 2006).

The completed questionnaires were coded, entered into SPSS Version 22 and the responses tabulated. The data contained both quantitative and qualitative in nature. Quantitative data illustrated in diagrams, tables and pie-graphs. Measures of central tendencies and dispersion like means and standard deviations were used to show the outcomes. Qualitative data will be categorized in thematic form while the findings were interpreted statements. The study used inferential statistics to build up the connection between free factors (Operations Strategies) and dependent variable (organization competitiveness). The study employed Spearman correlation to establish this relationship. Spearman's correlation is preferred because it is used to evaluate monotonic relationship between ordinal variables.

Specifically, the study used regression to shows the interlink between the variables;

$OS = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$

Where,

OS – operation strategies

$\beta 0$- Constant

$X_1$- Value-Driven operation strategies

$X_2$- Cost driven operation strategies

$X_3$- Service driven operation strategies

$X_4$– Location of the business

$\beta_1 - \beta 4$= Measure of sensitivity of variable $X_i$ to changes in OS

$\epsilon$= Error term

The regression model was used since it allows the researcher to test for independent factors that may clarify diverse things about dependent variable. In other words, it gives room to test the independent variable that has a great impact to the dependent variable as compared to others.

## CHAPTER FOUR

## DATA ANALYSIS AND INTERPRETATION OF FINDINGS

### 4.1 Introduction

This chapter discusses the interpretation and presentation of the findings. The purpose of the study was to analyze relationship between operations strategies and competitiveness of Kenyan Cooperative Sector. The researcher made use of frequency tables and figures to show information. The finding was expected on noting the examination's exploration questions. Information corrected was ordered and reports were delivered in type of tables and figures and subjective investigation done in writing.

### 4.2 Response Rate

The study targeted a sample of 64 respondnets. However, out of 64 questionnaires distributed 52 respondents completely filled in and returned the questionnaires, this represented 81% response rate. This is a reliable response rate for analysis as Mugenda and Mugenda (2003) showed that 50% of response rate is sufficient for analysis and presentation of the data, 60% is reliable and 70% of response rate and more is great. However, 19% of the respondent were hesitant to react to fill the questionnaires.This was because of reasons like the respondents were not accessible to fill them in at the required time and even after subsequent follow-ups there were no positive reactions from them.

**Table 4.1Response Rate**

| **Response** | **Frequency** | **Percentage (%)** |
|---|---|---|
| Filled in questionnaires | 52 | 81 |
| Non response | 12 | 19 |
| **Total** | **64** | **100** |

Source: Research Findings (2018)

## 4.3 General Characteristic of Respondent

The study aimed to establish the general information about the respondnet. The study used this information to base the study finding on the experience of the respondents and familiarity of the respondent to the information that the study sought.

### 4.3.1 Respondents Department of Working

Table 4.2 indicates departments in which respondents were working at in their respective organizations. Most (44%) of the respondents were working at operation department, 29% were serving at strategic department while 27% of the respondents were credit department. This implies that all departments that were targeted by the study were involved and that the findings are not biased.

**Table 4.2Respondents Department of Working**

| | **Frequency** | **Percent** |
|---|---|---|
| Operation department | 23 | 44 |
| Strategic department | 15 | 29 |
| Credit department | 14 | 27 |
| **Total** | **52** | **100** |

### 4.3.3 Position held by the Respondents

The study aimed to research position held by the respondents inside their area of expertise. From the findings (4%) of the respondents were CEOs, (40%) of the respondents were managers, 25% were departmental heads, 7% were supervisors while 12% were assistant managers and technical personnel as shown in each case. Holbrough (2008) recommended that ranks or position one held in the workplace leads to easier application and operation practices that leads to better perfomance of the organization towards achieving organizational goals and objectives.

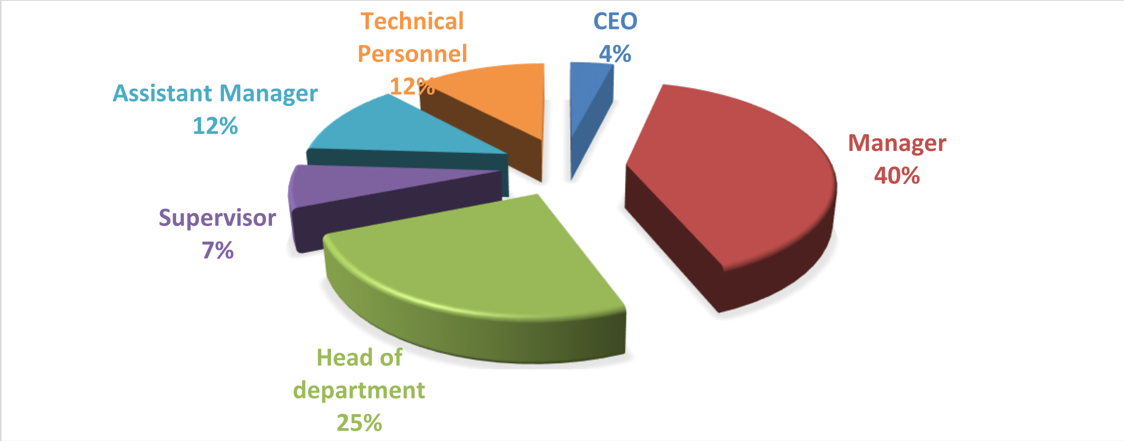


**Figure 4.1Position held by the Respondents**

### 4.3.4 Working Duration

Table 4.3 illustrates working term of the respondents in their particular association. From the discoveries most (17%) had been in the organization for more than 16 years, (35%) for a period of 11-15 years, 27% had worked for more than 6-10 years, while the rest 21% worked for a period of more than 1-5 years. This suggests the larger piece of the respondents of this examination had worked for an abundant time inside the relationship thusly they were familiar of the information that the examination searched for identifying with the organization.

**Table 4.3Working Duration**

| | **Frequency** | **Percent** |
|---|---|---|
| 1- 5 years | 11 | 21 |
| 6 – 10years | 14 | 27 |
| 11 – 15 years | 18 | 35 |
| Above 16 years | 9 | 17 |
| **Total** | **52** | **100** |

### 4.3.5 Level of Education

The researcher was also inquisitive to determine the highest level of academic qualification that the respondent held. Figure 4…. shows the findings of the result, most (44%) of the respondents were undergraduate, 39% were post graduate while 17% were certificate holders. Perrett (2003) pointed that scholastic capability of the staff in an association upgrades their capacity to deal with their assignments and furthermore to see any interesting working recipe in work put. This delineates the majority of the staffs working at helpful area are educated consequently they are proficient to embrace any operational system that the association plan with a point of enhancing business performance as well as mitigating occurrence of risk.

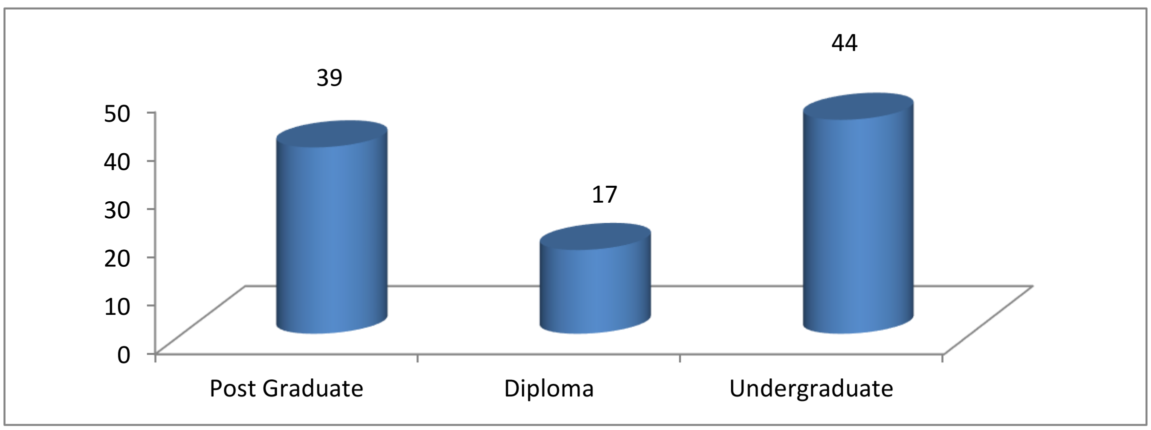


**Figure 4.2Level of Education**

### 4.3.6 Adoption of Operations Strategies

The study further aimed to investigate whether organizations have adopted operations strategies to enhance their competitive advantage. According to the findings, some respondents alleged that their organizations have embraced the tasks techniques to upgrade upper hand. The finding of this investigation consented Carey (2001) that the money related division is the most unpredictable in the current budgetary emergency. Exercises inside the money related segment are presented to countless. Thus, activity techniques are more vital in the budgetary area than in some other parts.

### 4.3.7 Duration of Practicing Operation Strategies

The study aimed to investigate the duration at which the organization had practiced operation strategies. From the findings, 13% had practiced for more than 10 years,44% of the respondents pointed out that the organization had been exercising operation strategies for a period of 7-10 years, 33% indicated that their organization had practiced operation strategies for a period of more than 4-6years, while 10% indicated that the organization had practiced operation strategies for a period of 1-3 years.

**Table 4.4Duration of Practicing Operation Strategies**

| | **Frequency** | **Percent** |
|---|---|---|
| 1-3 years | 5 | 10 |
| 4-6 years | 17 | 33 |
| 7-10 years | 23 | 44 |
| Above 10 years | 7 | 13 |
| **Total** | **52** | **100.0** |

## 4.4 Operation Strategies and Competitiveness in Cooperative Sector

### 4.4.1 Value-Driven Operations Strategy

The findings as presented in table below shows the respondent level of agreement. From the study, the vast majority of the respondent concurred that there is requirement for association to think about how much cash-flow to give to specific organizations, how much incentive to come back to investors, and how to interest their objective speculator bunches as demonstrated by a mean of 4.19, respondents likewise concurred that associations need to make advanced exchange offs with respect to the amount to put resources into future versus current execution as portrayed by mean of 3.73. With the end goal for association to expand its aggregate investor return expects organizations to adjust its business, monetary and speculator techniques as shown by mean of 3.67, respondents likewise concurred that the development of natural income is moderate, money adjusts are truly vast and getting bigger though it represent opportunities to create value as shown by mean score of 3.62.

**Table 4.5 Value-Driven Operations Strategy**

| | Mean | STDev |
|---|---|---|
| In order for our organization to increase its total shareholder return requires companies to align its business, financial and investor strategies | 3.67 | 1.382 |
| Organizations need to make sophisticated trade-offs regarding how much to invest in future versus current performance | 3.73 | 0.843 |
| There is need for organization to consider how much capital to devote to particular businesses, how much value to return to shareholders, and how to appeal to their target investor groups | 4.19 | 0.627 |
| The growth of organic revenue is moderate, cash balances are historically large and getting larger though it represent opportunities to create value | 3.62 | 0.820 |

### 4.4.2 Cost Driven Operation Strategies

The researchers asked for the respondent to demonstrate their dimension of concession to the announcement identifying with cost driven operation strategies and their influence on competitive advantage in cooperative movements in Kenya. Organization designs a cost driven activities system focusing more on providing a product more cost-efficient than their rivals as agrees by most of the respondents (M=4.27), respondents also agreed that implementation of enterprise competition strategy is based on the exploitation of volume and scale, market share advantage, or cost-efficiency throughout the value chain as (M=4.04). Respondent agreed that organization base the cost of an item on the expenses of generation as opposed to outer factors, for example, rivalry or the financial condition (M=3.98). Maybe a couple of the respondents were unbiased that firms pay attention to franchise in the market place because of the difficulty of developing protectable competitive positions as depicted by mean score of 3.38.

**Table 4.6Cost Driven Operation Strategies**

| | Mean | STDev |
|---|---|---|
| Our organization designs a cost driven tasks system concentrating more on giving an item more cost-productive than our adversaries | 4.27 | 0.244 |
| Our organization base the cost of an item on the expenses of generation as opposed to outer factors, for example, rivalry or the financial condition. | 3.98 | 1.000 |
| Implementation of enterprise competition strategy is based on the exploitation of volume and scale, market share advantage, or cost-efficiency throughout the value chain | 4.04 | 0.559 |
| Our firm pays attention to franchise in the market place because of the difficulty of developing protectable competitive positions. | 3.38 | 1.105 |

### 4.4.3 Service Driven Operations Strategy

The analyst asked for the respondents to show their dimension of concession to the announcements identifying with how service driven operations strategy influence organization competitive advantages. The majority of the respondents concurred that organizations must think past numbers and imagine their long haul development technique with the client at the focal point of the activity (M=4.44), respondent additionally concurred that firm gives a specialty in quality client administration and gain a dedicated client base for its endeavors and that firm has invested more on research and initiatives that aims to retain the customer by keeping existing customer happy and satisfied (M=4.10) in each case. Further respondents agreed that organization has built up an administration driven tasks procedure fixated on client benefit, item benefit or both and that firm guarantees the customers of a quick conveyance of item or a strategically placed drive-through for simple access as outlined by mean score of 3.96 for each situation, few of the respondents were impartial that have created fast to diminish the time clients spend holding up in line as (M=3.15).

**Table 4.7 Service Driven Operations Strategy**

| | **Mean** | **STDev** |
|---|---|---|
| Our organization has developed an service driven tasks procedure based on client benefit, item benefit or both | 3.96 | 0.989 |
| Our firm provides a specialty in quality client administration and gain a reliable client base for its endeavors | 4.10 | 0.869 |
| We have developed fast self-administered check to diminish the time clients spend holding up in line | 3.15 | 1.289 |
| Our firm assures the clients of a rapid delivery of product or a conveniently located drive-through for easy access | 3.96 | 0.740 |
| Organizations must think past numbers and imagine their long haul development methodology with the client at the focal point of the activity | 4.44 | 0.725 |
| Our firm has invested more on research and initiatives that aims to retain the customer by keeping existing customer happy and satisfied | 4.10 | 0.774 |

### 4.4.4 Location of the Business

Table 4.16 summarizes respondents' level of agreement on influence of location of the business on enhancing organization competitive advantage. Most of the respondents agreed that an organization's area system should suit with, and be a bit of, its as a rule corporate system (Mean 4.35), respondent in like manner agreed that geographic expansion should offer access to another market and to additional benefits as seemed mean score of 4.21, region procedure is a course of action for gaining the perfect region for an association by separating association needs and targets, and checking for territories with commitments that are great with these necessities (M= 4.13), respondent further agreed that fundamental bit of working up a zone strategy is making sense of what an association will expect of its regions as depicted by mean score of 4.01. On the other hand respondents agreed that association rate each site with an impetus from the range subject to the costs and favorable circumstances offered bythe elective areas as shown by mean score of 3.87.

**Table 4.8Location of the Business**

| | **Mean** | **STDev** |
|---|---|---|
| Geographic development ought to give access to a crisp market and to extra assets. | 4.21 | 0.148 |
| An organization's territory framework should change with, and be a bit of, its when all is said in done corporate strategy. | 4.35 | 0.590 |
| Location often expects an imperative occupation in an association's advantage and overall accomplishment. | 4.21 | 0.696 |
| A location strategy is an arrangement for getting the ideal area for an organization by distinguishing organization needs and targets, and looking for areas with contributions that are perfect with these necessities and goals | 4.13 | 0.658 |

| | | |
|---|---|---|
| The initial piece of building up an area procedure is figuring out what an organization will expect of its areas. | 4.01 | 0.934 |
| Our company rate each site with an incentive from the range dependent on the expenses and advantages offered by the elective areas | 3.87 | 0.768 |

### 4.5 Organization Competitiveness

Table 4.17 summarizes respondents' level of agreement on how operation strategies influence organization competitive advantage. Most of the respondents agreed that quality and process have greatly improved (mean of 4.35 and 4.25). Respondents also pointed that reliability and dependability have improved (M= 4.12 and 4.02). Costs, delivery, innovativeness and flexibility have enhanced as (M= 3.94, 3.79, 3.69 and 3.59) respectively.

**Table 4.9OrganizationCompetitiveness**

| | **Mean** | **STDev** |
|---|---|---|
| Quality | 4.35 | 0.738 |
| Process | 4.25 | 0.519 |
| Innovativeness | 3.69 | 0.643 |
| Delivery | 3.79 | 0.750 |
| Flexibility | 3.59 | 0.897 |
| Reliability | 4.12 | 0.505 |
| Dependability | 4.02 | 0.671 |
| Costs | 3.94 | 1.037 |

## 4.6 Inferential Analysis

### 4.6.1 Coefficient of Correlation

To measure the relationship between the investigation factors and their discoveries the analyst utilized the Karl Pearson's relationship (r). From the discoveries, plainly there was a positive relationship between organization competitiveness andvalue driven strategies (CV=0.523). It was additionally evident that there was a positive relationship between association intensity and cost driven systems with a (CV=0.614), there was likewise a positive relationship between association aggressiveness and administration driven procedures (CV=0.746) and a positive connection between organization competitiveness andlocation of the businesswith a (CV=0.521). This shows that there was a positive correlation between organization competitiveness and value driven strategies, cost driven strategies, service driven strategies and location of the business.

**Table 4.10Coefficient of Correlation**

| | | **Organization Competitiveness** | **Value driven strategies** | **Cost driven strategies** | **Service driven strategies** | **Location of the business** |
|---|---|---|---|---|---|---|
| **Organization Competitiveness** | Pearson Correlation | **1** | | | | |
| | Sig. (2-tailed) | | | | | |
| **Value driven strategies** | Pearson Correlation | .523 | 1 | | | |
| | Sig. (2-tailed) | .0032 | | | | |
| **Cost driven strategies** | Pearson Correlation | .6140 | .3421 | 1 | | |
| | Sig. (2-tailed) | .0021 | .0014 | | | |
| **Service driven strategies** | Pearson Correlation | .7460 | .1240 | .0621 | 1 | |
| | Sig. (2-tailed) | .0043 | .0120 | .0043 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Location of the business** | Pearson Correlation | .5210 | .3420 | .0000 | .1660 | 1 |
| | Sig. (2-tailed) | .0172 | .0031 | 1.000 | .0031 | |

### 4.6.2 Coefficient of Determination

Coefficient of Determination indicates the degree to which changes in the needy variable can be clarified by the adjustment in the free factors or the level of variety in the reliant variable (organization competitiveness) that is explained by all the four independent variables (value driven strategies, cost driven strategies, service driven strategies and location of the business).

The independent variables that were studied, contributes 83.4% to theorganization competitiveness as represented by the adjusted $R^2$. This therefore means that other operation strategies not studied in this research contribute 16.6% of the organization competitiveness. Therefore, further research should be conducted to investigate the other operation strategies(16.6%) that influence organization competitiveness.

**Table 4.11Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.913 | 0.834 | 0.751 | 0.4538 |

### 4.6.3 Multiple Regression

Multiple regression analysis was conducted as to determine the relationship between organization competitiveness and the study variables. According to the SPSS produced table 4.19, the equation

($\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4+\varepsilon}$) becomes:

$Y= 1.308+ 0.558X_1+ 0.785X_2+ 0.620X_3+0.731X_4$

The regression equation above has established that taking all factors into account (value driven strategies, cost driven strategies, service driven strategies and location of the business) constant at zero, organization competitiveness will be 1.308. The findings demonstrates that taking all other free factors at zero, a unit increment in esteem driven methodologies will prompt a 0.558 increment association aggressiveness; a unit increment in cost driven procedures will prompt a 0.731 increment of association intensity; a unit increment in administration driven systems will prompt a 0.785 increment in association intensity and a unit increment in area of the business will prompt a 0.620 increment in association intensity. This induces service driven strategies contribute most to organization competitiveness followed by cost driven strategies then value driven strategies while location of the business contributed the little to organization competitiveness.

**Table 4.12Regression Coefficients**

| | **Unstandardized Coefficients** | | **Standardized Coefficients** | | |
|---|---|---|---|---|---|
| **Model** | **B** | **Std. Error** | **Beta** | **t** | **Sig.** |
| (Constant) | 1.308 | 1.342 | | 1.623 | 0.357 |
| **Information Technology** | 0.558 | 0.310 | 0.172 | 4.342 | .0276 |
| **Top Management Commitment** | 0.731 | 0.156 | 0.210 | 3.532 | .0285 |
| **Communication of strategic plan** | 0.785 | 0.322 | 0.067 | 3.542 | .0202 |
| **Staffs Training** | 0.620 | 0.245 | 0.148 | 3.458 | .0249 |

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

This chapter depicts the summary of the data findings on the relationship between operations strategies and competitiveness of Kenyan Cooperative Sector, the conclusions and recommendations are drawn there to. The chapter is therefore structured into summary of findings, conclusions, recommendations and area for further research.

## 5.2 Summary

The objectives of this study were to ascertain relationship between value driven strategies, cost driven strategies, service driven strategies, and location of the business and organization competitiveness.

From the findings, the study found that there is need for organizations to consider how much cash-flow to give to specific organizations, how much incentive to come back to investors, and how to speak to their objective financial specialist gatherings. Further the study found that organizations need to make modern exchange offs with respect to the amount to put resources into future versus current execution. Also, the investigation built up that all together for the association to build its aggregate investors' arrival, it expects organizations to adjust its business, money related and financial specialist systems.

To the cost driven operation strategies, the study found that organization designs a cost driven tasks methodology concentrating more on giving an item more cost-proficient than their opponents. The study also found that implementation of enterprise competitive strategy isbased on the exploitation of volume and scale, market share advantage, or cost-efficiency throughout the value chain. Finally, the study found that organizations base the cost of an item on the expenses of generation instead of outside elements, for example, rivalry or the monetary condition.

On service driven operations strategy, the study established that organizations must think beyond numbers and envision their whole deal advancement framework with the customer at the point of convergence of the activity. Most firms give a specialty in quality client administration and gain an unwavering client base for its endeavors. Such firms have invested more on research and initiatives that aims to retain the customer by keeping existing customers happy and satisfied. Most organizations have developed service driven tasks system focused on client benefit, item benefit or both and that organizations guarantee the customers of a quick conveyance of items or a strategically placed drive-through for simple access.

As for the business location, the study established that most companies conform to location strategy, and is part of the overall firm strategy. Geographic development ought to give access to a crisp market and to extra assets. Area procedure is a game plan for gaining the perfect region for an association by perceiving association needs and objectives, and chasing down territories with commitments that are great with these necessities and destinations. Introductory piece of building up an area technique is figuring out what an organization will expect of its areas.

## 5.3 Conclusions

Based on finding, the study concludes that:-

The study concludes that there is need for organization to consider how much money to commit to specific organizations, how much incentive to come back to investors, and how to speak to their objective financial specialist gatherings. Further the study concludes that organizations need to make complex exchange offs with respect to the amount to put resources into future versus current execution. Also, the investigation presumes that all together for an association to expand its aggregate investor return, it expects organizations to adjust to its business, budgetary and speculator systems.

As to cost driven operation strategies, the study concludes that organizations design a cost driven activities procedure concentrating more on giving an item more cost-proficient than their opponents. The study also concludes that implementation of enterprise competition strategy is based on the exploitation of volume and scale, market share advantage, or cost-efficiency throughout the value chain. Finally, the study concludes that organizations decide the price of the product based on the cost of the production of the good and services as well as considering the competitors price of the similar good or services.

On service driven operations strategy, the study concludes that organizations must think beyond numbers and imagine their long haul development procedure with the client at the focal point of the activity. Most firms give a specialty in quality client administration and gain a dedicated client base for its endeavors and that firm has invested more on research and initiatives that aims to retain the customer by keeping existing customer happy and satisfied. Most organizations have developed an administration driven activities methodology fixated on client benefit, item benefit or both and that firm assures the clients of a rapid delivery of product or a conveniently located drive-through for easy access.

## 5.4 Recommendation for Policy and Practice

Based on the survey results, the accompanying proposals were made:

The study recommends that since the business environment in which the business operates is always changing, a company must develop a strategy that constantly scans for trends and changing patterns in the environment. These ought to incorporate changes in client needs and desires, and manners by which contenders are meeting those desires. The investigation likewise prescribes that tasks administrators must work intimately with advertising so as to comprehend the aggressive circumstance in the organization's market before they can figure out which focused needs are essential.

To build up an aggressive cost driven methodology, the tasks work must concentrate fundamentally on cutting expenses in the framework [lean production], for instance, costs of work, materials, and workplaces. Sacco's that fight reliant on cost, consider their assignments structure circumspectly to get rid of all waste. They may offer extra planning to delegates to expand their productivity and limit scrap. Also, they may put assets in order to extend benefit. All around, Sacco's that fight reliant on cost offer a confined extent of things and thing incorporates, contemplate little customization, and have an exercises methodology that is expected to be as capable as could be permitted.

Rivalry and economic situations in the business control the overall idea of the activities procedure, which give the premise to deciding the association's technique. A cautious examination of market portions and the capacity of the contenders to address the issues of these sections will decide the best heading for centering an association's endeavors. In doing as such, focused needs ought to be built up in the different zones of an association. These will enable the chiefs to recognize their capacities or abilities, which will arm the association with the aggressive edge.

Objectives and policies that are consistent with operating principles of cooperative societies and the overall strategy should be formulated, communicated and recognized throughout the organization. Operations managers and the management team in all parts of the company must formulate plans and make decision within the context of the corporate strategy and policies if they are to achieve a unified effort towards corporate objectives. Strategies and tactics for the functional areas must be formulated to be consistent with operating principles, objectives and strategy.

## 5.6 Area for Further Study

The study recommends that a study be done on the role of operations strategies on organization performance with focus to commercial banks in order to depict real situations across the sector. The study recommends that as research to be done on challenges that affect internal implementation of operations strategies in both public and private sectors.

Finally it’s highly recommended for a study to be done on the challenges of mergers within the cooperative sector in Africa and how the same would impact on return on investment to shareholders and efficiency in operations.

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# APPENDICES

## APPENDIX I: Introductory Letter

Dear Sir/Madam,

**<u>REF: REQUEST TO CARRY OUT DATA COLLECTION.</u>**

I am a student at University of Nairobi pursuing a Master's degree in Business Administration. As a requirement in fulfillment of this degree, am carrying out a study on the '**OPERATION STRATEGIES AND COMPETITIVENESS IN COOPERATIVE SECTOR IN KENYA**.'

You have been chosen as you are well positioned to provide reliable information that will enable the study achieve its objectives. I intend to research the above though the use of questionnaires.

Any assistance accorded to me in my noble cause and information given shall be treated as confidential and will be used purely for the purpose of this research and a final copy of the document shall be availed to you upon request. Your cooperation will be highly appreciated and thank you in anticipation.

Yours Faithfully,

**Osman Khatolwa**

**APPENDIX II: Questionnaire**

**Section A: General Information**

1. Kindly, indicate the name of your organization (optional).

   ………………………………………………………………………………

2. Which department are you working in?

   Operation department [ ] Strategic department [ ]

   Credit department [ ]

3. Indicate the position that you hold in the department.

   Manager [ ] Unit Head officer [ ]

   Supervisor [ ] Departmental Head [ ]

   Assistant Manager [ ] Technical personnel [ ]

   Any other (specify)…………………………………………………………..………

4. How long have you worked in this organization?

   1- 5 years [ ] 11 – 15 [ ]

   6 – 10years [ ] Above 16 years [ ]

5. What is your highest level of education?

   Post Graduate [ ] Diploma [ ]

   Undergraduate [ ] Certificate [ ]

   Any other (specify)……………………………………………………………………

6. Has your organization employed any operation strategies to enhance its competitive advantage?

   Yes [ ] No [ ]

7. For how long have your organization practiced operation strategies?

   1-3 years [ ]    7-10 years [ ]

   4-6 years [ ]    Above 10 years [ ]

8. What are the expectations from operations strategies on enhancing competitiveness of in your firm (Indicate all that apply)

   Reduce financial losses [ ]    Improve resources allocation [ ]

   Improve decision making [ ]    Improve communication [ ]

**SECTION B: Operation Strategies and Competitiveness in Cooperative Sector**

1. Kindly rate the extent to which the following aspects of operation strategies enhance organization competitiveness? Use a scale of 1-5 where 5= Very great extent, 4= Great extent, 3 = Moderate extent, 2= Little extent and 1= No extent

| **Value-Driven Operations Strategy** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| In order for our organization to build its aggregate investor return expects organizations to adjust its business, budgetary and financial specialist techniques | | | | | |
| Organizations need to make complex exchange offs with respect to the amount to put resources into future versus current execution | | | | | |
| There is need for organization to consider how much capital to devote to particular businesses, how much value to return to shareholders, and how to appeal to their target investor groups | | | | | |
| The development of natural income is moderate, money adjusts are generally vast and getting bigger however it speak to chances to make | | | | | |

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| esteem | | | | | |
| Well designed and integrated financial investment and portfolio strategies can enable sustained value creation | | | | | |
| **Cost driven operation strategies** | **1** | **2** | **3** | **4** | **5** |
| Our organization plans a cost driven activities technique concentrating more on giving an item more cost-proficient than our adversaries | | | | | |
| Our organization base the price of a product on the costs of production rather than external factors such as competition or the economic environment. | | | | | |
| Implementation of enterprise competition strategy is based on the exploitation of volume and scale, market share advantage, or cost-efficiency throughout the value chain | | | | | |
| Our firm pays attention to franchise in the market place because of the difficulty of developing protectable competitive positions. | | | | | |
| **Service driven operations strategy** | **1** | **2** | **3** | **4** | **5** |
| Our organization has developed an service driven activities methodology based on client benefit, item benefit or both | | | | | |
| Our firm provides a niche in quality client administration and gain a devoted client base for its endeavors | | | | | |
| we have developed fast self-checkout registers to diminish the time clients spend holding up in line | | | | | |
| Our firm assures the clients of a fast conveyance of item or a strategically placed drive-through for simple access | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Organizations must think past numbers and imagine their long haul development procedure with the client at the focal point of the task | | | | | |
| Our firm has invested more on research and initiatives that aims to retain the customer by keeping existing customer happy and satisfied | | | | | |
| **Location of the business** | **1** | **2** | **3** | **4** | **5** |
| Geographic expansion should provide access to a fresh market and to additional resources. | | | | | |
| An organization's location selection procedure ought to accommodate with, and be a piece of, its in general corporate technique. | | | | | |
| Location often plays a significant role in a company's profit and overall success. | | | | | |
| A location strategy is a plan for obtaining the optimal location for a company by identifying company needs and objectives, and searching for locations with offerings that are compatible with these needs and objectives | | | | | |
| The initial part of developing a location strategy is determining what a company will require of its locations. | | | | | |
| Our company rate each site with an incentive from the range dependent on the expenses and advantages offered by the elective areas | | | | | |

2. How would you rate the following attributes of organization effectiveness in the last 3 years? Use a scale of 1-5 where 1 is greatly decreased, 5 greatly improved.

| | Very poor | Poor | Average | Improved | Greatly improved |
|---|---|---|---|---|---|
| Quality | | | | | |
| Process | | | | | |
| Innovativeness | | | | | |
| Delivery | | | | | |
| Flexibility | | | | | |
| Reliability | | | | | |
| Dependability | | | | | |
| Costs | | | | | |

**Thank you for your participation**