

**FACTORS INFLUENCING STRATEGIC RESPONSES TO  
EXTERNAL ENVIRONMENT BY DEPOSIT TAKING SACCOS  
IN NAIROBI COUNTY: A STUDY OF UNAITAS SACCO**

**BY**

**SALAT KHALIF ABDOW**

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## DECLARATION

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

Sign \_\_\_\_\_

Date \_\_\_\_\_

**Name: Salat Khalif Abdow**

**REG NO: D61/77424/2015**

### **Declaration by the Supervisor**

This research project has been submitted for presentation with my approval as the University Supervisor.

Sign: \_\_\_\_\_

Date \_\_\_\_\_

Name: Dr. Kennedy Ogollah

School of Business

University of Nairobi

## **DEDICATION**

This research project is dedicated to my entire family for their support, encouragement and patience during the entire period of my study and continued prayers towards successful completion of this course. May God bless you.

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I would also like to express my sincere thanks to my supervisor Dr Kennedy Ogollah (PhD) for offering guidance and support. Thank you for your time and availability.

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## ABSTRACT

Strategic response involves changes in the firm's strategic behaviors to ensure success in transforming future environment. Organizations exist as open systems and hence they are in continuous interaction with the dynamic environment in which they operate. The general business environment has become more volatile, unpredictable and very competitive since the turn of the millennium. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies. The main objective of this study was to determine the factors influencing strategic responses to external environment by deposit taking SACCOS in Nairobi County: a study of Unaitas Sacco. The study was governed by two theories; resource based theory and institutional theory. The research adopted case study research design. The target population of the study was 11 directors and 600 employees of Unaitas Sacco. The sample size consisted of 61 (10% of the target population) directors and employees of Unaitas Sacco. Stratified random sampling was used in the study to select the one director and the 60 employees of Unaitas Sacco. The study used primary data. The data collection instruments that were used in this study were the interview guide and questionnaire. The qualitative analysis was done using content analysis. Quantitative data analysis employed descriptive statistics and factor analysis. Descriptive statistics included frequencies, percentages, means and standard deviation. Results were presented in form of tables and charts. Particular statistics in factor analysis was scale plot and commonalities. Based on the findings the study concluded that reference to past strategy organization external dependence, consideration of level of risk and Organizational Culture greatly influences the choice of strategic response. In addition managerial competence, organizational structure and control processes, time available and availability of resources also greatly influence the choice of strategic response. The study recommends that Unaitas to invest more in the latest technology and start agency banking as a strategy of expanding its market share and product differentiation.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Strategic responses are the group of actions and decisions which leads to the formulation and execution of plans that help in achievement of objectives of firms. It therefore reacts to the happenings of a given environment of any organization. In the view of business environment becoming competitive, complex and turbulent, they respond to match with the environment (Njuguna, 2014). On the other hand external Environment can be considered as conditions of market, political issues and economic within national and local levels, aspects of demographic, among many forces coming from outside business environment that have an effect on the general success of that business (Ansoff, 2011). Therefore, strategy is vital to the adaptation of the changing business environment. According to Fahey and Narayanan (2006) businesses that learn to live with environmental uncertainty and incorporate it within their decision making processes are likely to succeed in the long run.

This study was anchored on the broad theoretical perspectives of the resource based Theory (RBT) theory and institutional theory. Resource based theory is considered relevant to this study since organizations require resources so that they can implement strategic responses. According to institutional theory competitive pressures of institutions apply tough impact, the managers' strategic decisions are both conformed to forces of institution, leading to legitimacy and isomorphism, as well as segregation, based on the firm's resource-based view, heterogeneity of resources increases the possibility of creating a competitive advantage (DiMaggio & Powell, 1991).

Saccos are facing environmental challenges. According to Kaburi (2013) environmental conditions currently facing Saccos are different from the past decades. They have experienced tremendous technological changes, economic instability, cut throat competition, rapid sociological changes and governmental policies. These changes in the business environment determine the success and profitability of Saccos. Unaitas Sacco like many other Saccos has been experiencing turbulence in its business environment. To respond to the strong wind of change, the Sacco needs to devise ways to cope with the changeability and predictability of its business environment (Kaburi, 2013). According to Lwanga (2011) response strategies used in Sacco industry are important in helping an organization improve in performance and competitive edge. Some of the strategic responses by Saccos to changes in the environment include related and unrelated diversification, divesture, restructuring and rightsizing, Staff training and development, competitive appointment of senior staff, outsourcing some services, aggressive product promotion, internationalization, embracing technology, among others. There is therefore the need of new strategies that match the challenges from the environment and thus the current study sought to determine the factors influencing strategic responses to external environment by Unaitas Sacco.

### **1.1.1 Strategic Response**

Njuguna (2014) define Strategic responses as the group of actions and decisions which leads to the formulation and execution of plans that help in achievement of firms objectives. Strategic response is thus a reaction to what is happening or expected to happen in the environment. Strategic responses involve changes to the organizational strategic behavior. Uncertainty responses is caused by environmental change of the organizations tend to establish most flexible structures.

Strategic responses are mainly concerned with survival of a firm in the face of turbulent environment (Bateman & Snell, 2014). According to Kaburi (2013) there is need to adopt new strategies that match the challenges from the environment. The system of management applied in firms is a component that determines the responsiveness of a firm to changes in environment since it is used to determine the way that management diagnosis their impact on the firm, perceives the environment, decides what to do and execute the decisions.

The survival of a firm is dependent on the strategic responses to environmental changes. There are two levels of strategic responses which include corporate and business responses (Mburu, 2009). The corporate level strategy deals with overall scope and purpose of the organization and ensures the stakeholder expectations are met. It enables the business decide which business lines to concentration through diversification integration, divestiture and portfolio management. The business level strategy determines and defines how the organization competes in its market and how long-range objectives will be achieved. This can either be through existing or new products and markets. It involves employing modern strategies in dynamic business atmosphere or expanding as well as an organization taking advantage of its competences (Mukiri, 2012). It can also be achieved through meeting the expectation that come around through regulations and governmental models of work, key stakeholder, ethical consideration and culture.

### **1.1.2 External Environment**

The external environment is anchored in the environment dependence framework whose key proposition is that organizations are environment dependent and environment serving (Ansoff, 2011). This framework is premised on the open systems theory (Burns, 2013) and the Industrial Organization (IO) economics theory.

Organizations exist as open systems and hence they are in continuous interaction with the dynamic environment in which they operate. Firms depend on the environment for the required resource inputs and a profitable market for their goods and services. All organizations lend themselves to this environment which is highly dynamic, chaotic, turbulent and unpredictable. Consequently, the ever changing environment continually presents opportunities and challenges (Mintzberg, 2007).

The external environment is classified into the macro environment and the industry. Factors of macro environment are externally controllable forces which influence how business operations. These are majorly out of business' control, and usually needs operation changes, marketing, production, as well as proper management. On the other hand environment of industry is the general regulatory, economic, political and social changes which influence every member in market of industries in a related way which cannot steadily be affected by marketing. The industrial environment felt by a trade involve aspects like economic cycles, lifestyle shifts, as well as demographics (Mintzberg, 2007).

However, the organizations' environment has been experiencing rapid through various aspects affecting firms. The overall environment of business is more dynamic, changeable and with stiff competition from the millennium turn. Adaptation of ever changing competitive environment is a wakeup call on companies to give their marketing strategies a different thought (Njuguna, 2014). A firm's external environment comprises of the following aspects; product substitutes, the intensity of rivalry, threat of new entrants, buyers, as well as suppliers. These factors have a direct influence on competitive actions and responsiveness of a firm. The communication within the mention five aspects is determined by potentiality of industry to make profit.

The characteristics of environment are dynamic, complex, multi-facet and have impacts which are far reaching (Kazmi 2002). As a result, of these characteristics, the environment is composed of various factors, events, conditions and influence which interact with each other to create an entirely new set of influences leading to constant environmental change in its shape and character.

### **1.1.3 Unaitas SACCO Society Limited**

Unaitas Sacco Society Limited was registered and licensed in 1993 as a savings and credit society under the name Murangá Sacco. Its registered office is in Murangá town. The main objective of this Sacco the need to make available tea farmers with the major goal of combining resources to create a strong credit base and use it for lending to members at low interest rate. The society was steered and promoted by the members of Kenya Tea Development Agency (KTDA), mainly consisting of the tea factory directors, tea board members and tea officers. The Sacco later adopted the name Muramati Sacco in 2007 when administrative areas of operation expanded beyond Murangá to Maragua and Thika districts (Unaitas, 2015).

The Sacco started serving a wide range of clients including tea growers, medium size entrepreneurs and salaried employees. In line with its growth and expansion strategy, Muramati SACCO rebranded to Unaitas SACCO in 2012. Unaitas Sacco started with membership of 200. Currently the membership is above 85000 and the branches have grown in numbers to 15. Unaitas mobilized its initial capital from its 4000 members who contributed the Sacco shares from their tea proceeds through the check off system. As the capital base expanded, the Sacco started front office services in 1997 and offered savings and credit products that could compete effectively with other mainstream financial institutions (Unaitas, 2015).

These positive developments have been realized because of professional approach to business, efficiency and embracing the latest technology. The business environment has not been stable for Unaitas Sacco because of high competition, changing demands from customers, technological advancement, political and legal changes. Unaitas Sacco has been competing with established banks for customers. Apart from banks Unaitas competes with other Saccos thus making the competition stiff. To remain relevant in the financial sector, Unaitas Sacco had to position itself in the market in order to have an edge over the rest. The Sacco has done this through marketing and promotion, public relations department, diversification of its products, expansion through opening new branches, rebranding, having easy access to loans and selling shares (Unaitas, 2015).

The technology has been advancing and the Sacco had to move with the time. It did this through computerizing its operations, opening a website and having electronic money transactions through visa Automated Teller Machines (ATMs) and m-sacco services. Unaitas Sacco has also been affected by political and legal changes in its business environment. These changes are strong and the Sacco cannot do a thing about them, it can only comply. Some of these changes are the Sacco ACT of 2008 and SASRA (Unaitas, 2015).

## **1.2 Research Problem**

Strategic responses are the group of actions and decisions which leads to the formulation and execution of plans that help in achievement of objectives of firms. It therefore reacts to the happenings of a given environment of any organization (Njuguna, 2014). According to Ansoff (2011) strategic response involves changes in the firm's strategic behaviors to ensure success in transforming future business environment.



The increasingly competitive environment poses challenges to organization with the last decade seeing a lot of changes in the economy of Kenya. Most of these changes have had mainly to do with liberalization, globalization, technological advancement and a more enlightened consumer. Organizations in general have to interact with their external environment as this is where they get their inputs and release their outputs after transformation (Mukiri, 2012). Consequently, they have to design strategies that allow for effective interaction with their external environment for the benefit of the organization. The strategic response to the organizations changes in the external environment may determine whether an organization survives. The external environment has a stake in the behavior and performance of an organization.

According to Kaburi (2013) environmental conditions currently facing Saccos are different from those of past decades. They have experienced tremendous technological changes, economic instability, cut throat competition, rapid sociological changes and governmental policies. These changes in the business environment determine the success and profitability of Saccos. Unaitas Sacco like many other Saccos has been experiencing turbulence changes in its business environment. These changes are strong and the Sacco cannot do a thing about them, it can only comply and thus to respond to the strong wind of change, the Sacco needs to devise ways to cope with the changeability and predictability of its business environment. There is therefore the need to study on factors influencing strategic responses to external environment by Unaitas Sacco.

Kinyanjui (2012) conducted a study on strategic responses to environmental challenges facing Asili Sacco limited. The study used descriptive research design but failed to use factor analysis. This presented a methodological gap. The current study used a case study research design and factor analysis.

Apondi (2012) conducted a study on strategic responses by private hospitals in Nairobi to changes in external environment. The study employed a cross-section research design thus presenting a methodological gap. The current study used a case study research design and factor analysis. Mwithiga (2013) strategic responses adopted by Saccos to the changing operation environment in the Kenyan financial sector: a case of Nairobi based Saccos with Front Office Service Activity. This study focused on Nairobi based Saccos with Front Office Service Activity thus presenting a scope gap. The current study focused on Unaitas Sacco. The current study sought to answer the question what are the factors influencing strategic responses to external environment by deposit taking Saccos in Nairobi County: a study of Unaitas?

### **1.3 Objective of the Study**

The objective of the study was to determine the factors influencing strategic responses to external environment by deposit taking SACCOS in Nairobi County: a study of Unaitas Sacco.

### **1.4 Value of the Study**

The policy makers together with law regulators are able to utilize the findings of this study to outline the policies on factors influencing external strategic responses to environment by deposit taking Saccos. They are also in position to apply these findings in the formulation of policies viable in addressing factors influencing strategic responses to external environment by deposit taking Saccos. This can be done in relation to regulation of the factors which pose as a threat to development and operations of Saccos.

From a theory point of view, the study came up with a framework of factors influencing strategic responses to external environment by deposit taking Saccos.

Such a framework will be available for future theory building and empirical testing. In particular, the applicability of various theories discussed in literature will be tested in this study.

The study will provide additional information into the already existing body of literature regarding the strategic responses by deposit taking Saccos to changes in external environment. By linking environment and strategic response the study seeks to demonstrate how organizations react to changes in the business external environment. The results given by the study has contributed in enrichment of the available literature and therefore will benefit both academicians and researchers whose interest is on exploration of further examination, thus providing foundation for further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discussed the most recent literature relating to the study variables. The theoretical and empirical literature related to the variables upon which the study questions are founded is also presented. Finally a summary of the literature review which supports the gaps being addressed by the study.

#### **2.2 Theoretical Foundations of the Study**

A framework of theories can be described as a group of interconnected concepts. It gives guidance to determine what things to measure, and what statistical relationships to look for (Defee, Randal, Thomasd & Williams, 2010). This study was guided by resource based theory and institutional theory.

##### **2.2.1 Resource Based Theory**

Penrose developed the Resource Based Theory (RBT) in year 1959 and recommended companies as groups of both human and physical resources combined in structure of organizations. RBT assumes that firms are bundles of resources (Werner felt, 1984). Olavarrieta (1996) observed that firm resources include the inputs which enable operations of firms as well as implementation of their strategies. According to this theory there are different classifications of resources. The summary of these factor are as follows: Input factors – this refers to common resources acquired from existing market. Input factors are related to logistics that include raw aspects like warehouse racking, forklift trucks, inventory as well as material packaging while raw skills is comprised of things like driving skills, picking skills, skills of computer operation and loading skills.

Barney (1991) observed that RBT strategic resources are specific resources of a firm which are imperfectly imitable, scarce and valuable and are able to generate rents. The importance of these resources is realized in inception and execution of strategies which can help in performance improvement, market opportunities exploitation or threats impending neutralization (Barney, 1995). They offer a provision of contribution with inconsistencies to value that is perceived by customers (Day, 1994). The resource-based theory (RBT) of an organization has a provision to justify the significance of resources as well as effectiveness of HRM in order to maintain competition sustainability (Barney & Wright, 1997; Wright, Dunford, & Snell, 2001). In particular, the RBT emphasizes the role of HR practices in influencing the human capital within organizations in a way that may lead to organizational success. Building upon the RBT, the nature of the relationship between strategic responses and external environment has become the focus of the strategic implementation field (Boselie *et al.*, 2005). This theory was therefore relevant to this study since firms require resources to be able to implement strategies. These resources are inputs and they allow the firm to work and to implement its strategies.

### **2.2.2 Institutional Theory**

Institutional theory was founded by DiMaggio and Powell (1991). This theory possesses rigid origins of sociology, its arguments is based on the idea that firms are rewarded socially through legitimate resources, as well as their market survival (DiMaggio & Powell, 1991). This is an implication that the transfer of contextual ceremonies, symbols and values of the structures, practices as well as strategies of any given firm (Zucker, 1987).

Most institutions are vulnerable to coerciveness as well as normative forces in obtaining of the stakeholders' social support. In practice, institutional theory competitive pressures of institutions apply tough impact, the managers' strategic decisions are both conformed to forces of institution, leading to legitimacy and isomorphism, as well as segregation, based on the firm's resource-based view, possibility of creating a competitive advantage is increased by resources' heterogeneity as well capabilities.

DiMaggio and Powell (1991) refer to institutional environments to the requirement of acceptance and conformity which enable institutions to become prisoners of the institutional isomorphism. This theory was therefore deemed relevant to this study since it puts to consideration the whole procedure of firm's structures like routines, schemes of work, norms, as well as rules which are put in place by authority in social behavior guidelines.

### **2.3 Strategic Response and External Environment**

Kaburi (2013) conducted a study on strategic responses to the changes in the business environment by Unaitas Sacco society ltd, Kenya. The study adopted a content analysis method to analyze the data collected. The study found that Unaitas was affected by new technologies, high expectations from their clients, increased Government of Kenya supervision, weather fluctuations and increased competition. Unaitas responded by designing strategies to remain relevant, have a competitive edge and increase its market share. Some of the strategies that the Sacco devised are; marketing and advertisements, diversification, rebranding and partnership. Other strategies are; differentiation, cost leadership and diversification. The study recommended Unaitas to invest more in the latest technology and start agency banking as a strategy of expanding its market share and product differentiation.

Mwithiga (2013) conducted a study on strategic responses adopted by Saccos to the Changing Operation Environment in the Kenyan Financial Sector. The study used both primary and secondary data. It used primary data collected using questionnaires to carry out the study. The study concluded that the Saccos use restructuring strategies most in responding to the changing operating environment most followed by Differentiation strategies, then diversification strategies while monitoring and evaluation strategies are the least used. The study recommends that the management should look for alternative sources of funding in order to overcome the challenges of finance related to restructuring strategy, economic recession and liquidity and solvency. The Saccos should also seek for ways of keeping overheads lower than others by use of knowledge from past experience. This study was conducted in Saccos with Front Office thus presenting a scope gap. The current study focused on Unaitas Sacco.

Were (2007) conducted a survey of factors influencing strategic responses by state corporations to changes in the environment. The findings of the study revealed that a number of factors are perceived as affecting strategic responses by State Corporations to changes in their environment. On average, factors that highly influence strategic responses are organization's mission, Organizational structure and control processes, and availability of resources, consecutively. Those that least influence strategic responses are internal politics, influence of the CEO and competitors' actions and reactions. Majority of state corporations were almost unanimous on the extent to which organizational structure and control processes, organizational culture, and consideration of the level of risk influence their strategic responses. On the other hand, there was a very high level of dispersion on the extent to which competitors' actions and reactions and influence of the CEO, affected by the strategic responses.

The factors that were rated as being very significant in influencing strategic responses by state corporations to changes in the environment are organizational structure and control processes, and availability of resources. Reference to past strategy and degree of the firm's external dependence were rated as insignificant factors. All the other factors - were rated as significant in influencing strategic responses by state corporations to changes in the environment.

Mwangi (2014) conducted a study on strategic responses by Kenya national commission on human rights (KNCHR) to changes in the external environment. A case study approach was used, where face to face interviews were undertaken with eight respondents using an interview guide. The study found that KNCHR had experienced key changes in its macro environment touching on political, economic, socio-cultural, environmental and legal factors. This led to internal changes which largely impacted on KNCHR's structure, systems and processes. One of the key external changes is the new legislative frameworks such as the Constitution (2010) that led to creation of Article 59 Commissions. This resulted to increased competition, increased rivalry among the three commissions, funding constraints, high staff turnover among others. Further, the study found that in response to these changes, KNCHR had to adopt key strategic responses such as competitive, restructuring, organizational leadership, culture change and information technologies to survive. In conclusion the study established that an organization whether in public or private sector must constantly adjust to its environment so as to create a strategic fit for survival.

Muthaura (2011) found that major specific threats affecting stockbrokers include stiff competition for the few customers participating in the sector, CMA regulations, and negative publicity of stockbrokers due to poor corporate governance in the sector.



Change in technology was another major challenge. On strategic responses applied to counter environmental threats, findings indicated that technological adoption, improving customer service and aligning with the demands of the regulators were the major responses. The following recommendations are made. First, CMA should introduce effective reforms incorporating views of all the stakeholders. Secondly, the political environment should be stabilized to attract foreign investors. Thirdly, NSE should put measures in place to ensure that the current trading system which runs through a wide area network is expanded to cover other major towns in Kenya. Lastly, the study recommends to all stockbrokers to curb insider trading, fraud and unauthorized trading in their companies.

Mukiri (2012) conducted a study on strategic responses by East African Breweries Limited to changes in the external environment. The study adopted a case study design. The researcher used content analysis to analyze the data through describing phenomena, classifying it and seeing how the concepts interconnect as was indicated by the respondents. The study findings indicated that EABL units have adopted two types of responses namely anticipatory approach which are driven by research on consumer and market trends and respective responses designed in order to maintain competitive advantage and stay ahead of the consumers and reactive approach which are driven by events happening in the market place that require responses ranging from competitor activities and changes in regulatory environment. The study therefore concludes that EABL continuously reviews/scans its environment and responds to the changes in the external environment based on potential impact of each change.

Mugweru (2008) conducted a study on strategic responses of Barclays bank of Kenya limited to challenges in the external environment. The findings of the research indicated that different strategies had been adopted by Barclays Bank of Kenya.

The main factors were development of market, ICT, refocusing, man power and development of products, advertisement and promotion as well as pricing. Banks experiences various challenges that come along with technology advancement, changes in macro-economic environment like inflation rates as well as liberalization of the banking industry. Recommendation made by this study was that there was need for Barclays Bank to maintain being proactive apart from reactive so as to cope with the current dynamic business environment. The study focused on Barclays Bank of Kenya Limited thus presenting a scope gap. The current study focused on Unaitas Sacco.

#### **2.4 Summary of the Literature**

Kaburi (2013) conducted a study on strategic responses to the changes in the business environment by Unaitas Sacco society ltd, Kenya. Primary and secondary data were gathered for the study. The study adopted content analysis to analyze data but failed to use factor analysis. This presented a methodological gap. The current study used case study and factor analysis.

Mwithiga (2013) conducted a study on strategic responses adopted by Saccos to the Changing Operation Environment in the Kenyan Financial Sector: a case of Nairobi based Saccos with Front Office Service Activity. This study was conducted in Saccos with Front Office thus presenting a scope gap. The current study focused on Unaitas Sacco. Apondi (2012) conducted a study on strategic responses by private hospitals in Nairobi to changes in external environment. The study used cross sectional research design and failed to use factor analysis thus presenting a methodological gap. The current study used case study research design and factor analysis.

Mukiri (2012) conducted a study on strategic responses by East African Breweries Limited to changes in the external environment. The study focused on EABL thus presenting a scope gap. The current study focused on Unaitas Sacco. In addition the study used case study research design but failed to use factor analysis thus presenting a methodological gap. The current study used case study research design and factor analysis.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter addressed the research methodology that was employed in the study. This includes research design and target population. The chapter also included the sample size and sampling techniques, data collection instrument and data analysis techniques.

#### **3.2 Research Design**

Research design can be referred to as a plan which gives guidance on any given research and aids in data collection, analysis as well as interpretation of observations. It can also be used by researchers as a blueprint which helps one to make decision on methods and tools to use in collection of information as well as its evaluation, so as to be able to answer the questions guiding the research (Mugenda & Mugenda, 2003). Orodho and Kombo (2002) defined it as a model used in collecting and analyzing data based on the research question.

This study adopted a case study since the unit of analysis is biased to one organization that is Unaitas Sacco. It was done at the Unaitas Saccoto determine factors influencing strategic responses to external environment by deposit taking Saccos in Nairobi County. The design is considered suitable as it allowed an in-depth study of the factors influencing strategic responses to external environment by deposit taking Saccos in Nairobi County. According to Yin (1984), a case study necessitates holistic and meaningful characteristics in any given investigation of happenings of real life. It involves a careful and complete observation of social units.

### 3.3 Target Population

Target population is a distinct group of individuals, events, elements, services, things or households under investigation (Ngechu, 2004). Population includes all aspects that qualify to be included in a study. Therefore, a whole given group of people, objects or events with a common observable characteristic is referred to as population (Mugenda and Mugenda, 2003).

There are 11 directors in Unaitas Sacco and approximately 600 employees in Unaitas Sacco. The target population of the study was therefore all the 11 directors and 300 employees of Unaitas Sacco. The respondents interviewed were the board chairman.

**Table 3.1: Population**

<b>Directors and employees</b>	<b>Population</b>	<b>Percentage</b>
Directors	11	1.80%
Employees	600	98.19%
<b>Total</b>	<b>611</b>	<b>100%</b>

### 3.4 Sample Size and Sampling Technique

Sampling involves the selection of units which can be individuals, businesses or organizations from the population available and available to enable the generalization of findings of the target population (Orodho, 2009). A sample is a subset of a population (Kothari, 2004). According to Saunders *et al.*, 2007 a sample is part of the entire population selected for study to obtain information on the whole, set of human respondents from the population.

Kothari (2004) and Mugenda and Mugenda (2003) observed that 10% of a large population is adequate for the study. The sample size therefore consisted of 61 directors and employees of Unaitas Sacco. Stratified random sampling was used in the study to select the one director and the 60 employees of Unaitas Sacco.

**Table 3.2: Sample**

<b>Directors and employees</b>	<b>Population</b>	<b>Percentage</b>	<b>Sample</b>
Directors	11	1.80%	1
Employees	600	98.19%	60
<b>Total</b>	<b>611</b>	<b>100%</b>	<b>61</b>

### **3.5 Data Collection Instrument**

The study used primary data. This type of data is original information collected or obtained from a first-hand experience. Primary data can be received first hand from instruments such as interviews where a person collecting the data sits face to face with the respondent. The data collection instruments that were used in this study were the interview guide and questionnaire. They vary from highly scripted to relatively loose and help to know what to ask about and in what sequence.

An in-depth interview allows more interaction between interviewer and interviewee. There is a need for researchers to consider this method more oftenly because it gives deeper information qualitatively, proper representation, ensures statistical efficiency, as well as value. A questionnaire is comprised of a line of precise questions which can be asked orally or in written form (Newing, 2011). The questionnaire of this study included two parts: the first part is the demographic characteristics of respondents or the general information while the other part comprises of questions focusing on the study variables.

### **3.6 Data Analysis**

The raw data obtained from the questionnaire was coded, scrutinized and then organized and edited to enhance accuracy and hasten analysis using statistical package for social sciences (SPSS) to produce graphs and tables. The analysis of the information gathered from the respondents through the interview guide was done by use of a qualitative method. Analysis of qualitative data presents statements which are usually based on themes or categories of related data. The qualitative analysis was adopted in this study because the researcher was able to describe, interpret and also criticize the subject of the research since it was difficult to do so numerically.

The study applied content analysis in the analysis of qualitative data. Content analysis assists in description qualitative data systematically based on the composition of the materials and objects of the study (Hsieh & Shannon, 2005). This analysis can be done through description of objects observed. The themes that were used in the analysis were informed by the variables identified in literature. Quantitative analysis was also conducted. Specifically descriptive statistics and factor analysis was employed. This particular statistics in factor analysis is scale plot and commonalities.

## CHAPTER FOUR

### DATA ANALYSIS, FINDINGS AND DISCUSSIONS

#### 4.0 Introduction

The composition of this chapter includes data output presentation and interpretation of the findings. The findings were tabulated through frequency tables and presented diagrammatically. The arranged of data analyzed was in line to themes with a reflection of the objectives of the study.

#### 4.1 Response Rate

The researcher administered 61 questionnaires to the directors and employees of Unaitas Sacco were 61. The results were as shown in Table 4.1.

**Table 4.1: Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Returned	55	90.16%
Unreturned	6	9.84%
<b>Total</b>	<b>61</b>	<b>100%</b>

**Source: Research Data (2016)**

A total of 56 questionnaires were properly filled and returned. This represented an overall successful response rate of 95% as shown on Table 4.1. Kothari (2004) recommends that a response rate of above 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of above 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on these assertions from renowned scholars, 95% response rate is very good for the study. Thus the response rate of 95% under this study was very good for study.

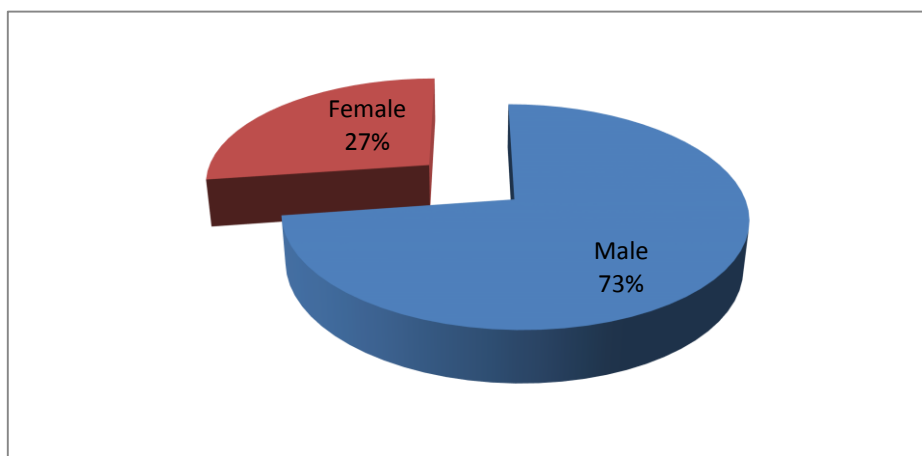


## 4.2 Demographic Characteristics

The demographic section comprised of information describing the essential respondents' characteristics like gender, age, education level as well as years of investment in the Unaitas Sacco.

### 4.2.1 Gender of the respondents

The results on respondents' gender are as indicated in Figure 4.1.



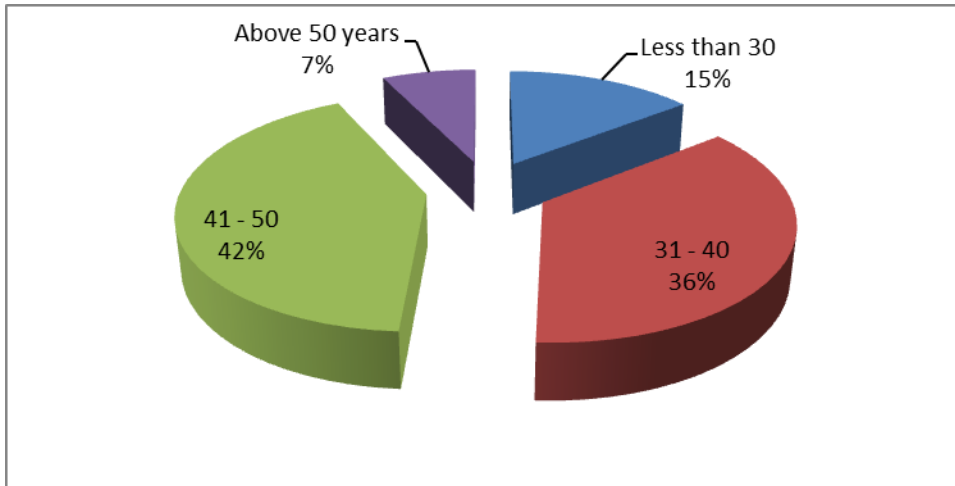
**Source: Research Data (2016)**

**Figure 4.1: Gender of the Respondents**

Majority of the respondents who were 73% indicated that they were male while only 27% indicated that they were females. This implies that most of the employees and directors of Unaitas are men.

### 4.2.2 Age of the Respondents

The respondents were further asked to indicate their age. The results were indicated in Figure 4.2.



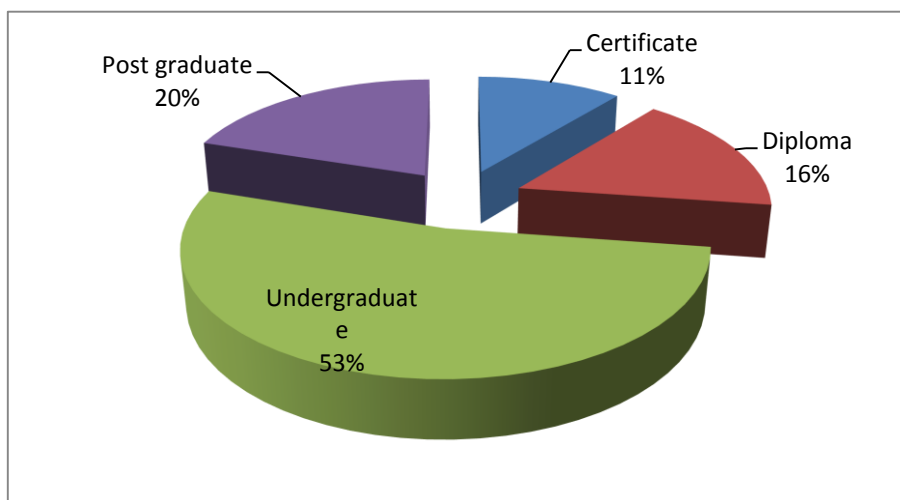
**Source: Research Data (2016)**

**Figure 4.2: Age of the Respondents**

The results indicated that 42% were between 41 – 50 years, 36% were between 31 – 40 years, 15% were less than 30 years while only 7% were above 50 years. This implies that most of the employees and directors of Unaitas are middle aged people.

#### **4.2.3 Level of Education**

The respondents were further asked to indicate their highest level of education. The results were indicated in Figure 4.3



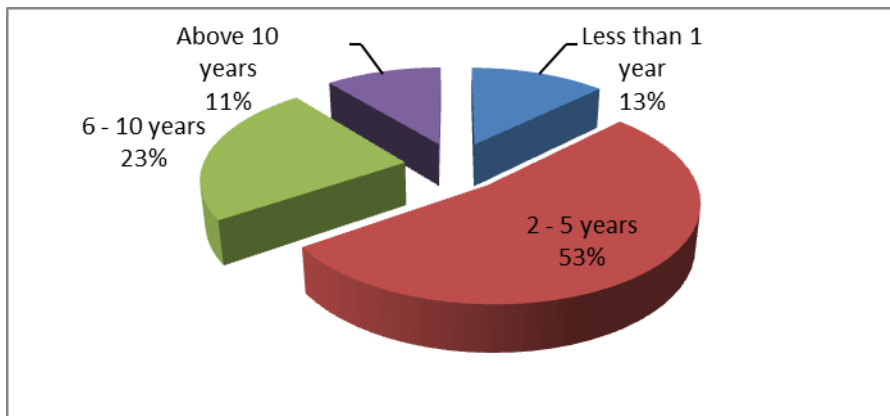
**Source: Research Data (2016)**

### Figure 4.3: Level of Education

Majority of the respondents who were 53% indicated that they were undergraduate, 20% indicated post graduate, 16% indicated diploma while only 11% indicated certificate. This implies that most of the employees and directors of Unaitas are trained enough to handle management positions.

### 4.2.4 Duration worked in Unaitas

The respondents were further asked to indicate the number of years they have worked in Unaitas. The results were indicated in Figure 4.4



Source: Research Data (2016)

### Figure 4.4: Duration worked in Unaitas

Majority of the respondents who were 53% indicated that they had worked for between 2 – 5 years, 23% had worked for 6 – 10 years, 13% had worked for less than 1 year, while only 11% had worked for above 10 years. This implies that most of the employees and directors of Unaitas had worked in the Sacco for a long time and therefore had good Knowledge about Unaitas.

### 4.3 Descriptive Statistics

Respondents were asked to indicate to what extent the various factors influenced choice of strategic responses. Results are presented in Table 4.2.

**Table 4.2: Factors influencing choice of strategic responses**

<b>Statement</b>	<b>Not at all</b>	<b>To less extent</b>	<b>Moderate Extent</b>	<b>To a great extent</b>	<b>To a very great extent</b>	<b>Mean</b>	<b>Std. Dev</b>
Reference to past strategy	5.50%	18.20%	14.50%	43.60%	18.20%	3.51	1.15
Degree of the organization External Dependence	1.80%	14.50%	7.30%	47.30%	29.10%	3.87	1.05
Consideration of the level of risk	1.80%	10.90%	14.50%	49.10%	23.60%	3.85	0.91
Organizational Culture	9.10%	9.10%	5.50%	49.10%	27.30%	3.76	1.21
Managerial competence	3.60%	18.20%	1.80%	41.80%	34.50%	3.85	1.19
Organizational structure and control processes	5.50%	3.60%	10.90%	45.50%	34.50%	4	1.05
The time available for decision making	3.60%	9.10%	21.80%	45.50%	20.00%	3.59	0.78
Availability of resources	3.60%	3.60%	9.10%	61.80%	21.80%	3.95	0.89
<b>Total</b>						<b>3.86</b>	<b>1.03</b>

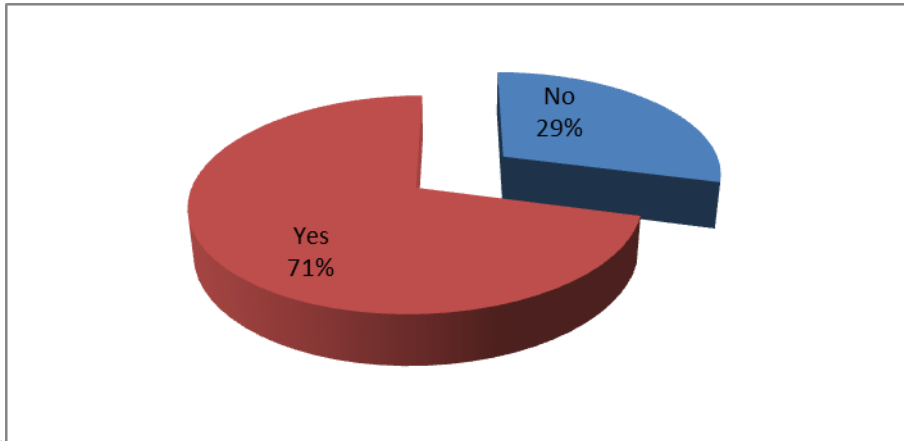
**Source: Research Data (2016)**

The results in Table 4.2 revealed that majority of the respondents who were 61.8% indicated that reference to past strategy influenced their choice of strategic response to a great extent. The results further indicated that majority of the respondents who were 76.4% indicated that degree of the organization external dependence influenced their choice of strategic response to a great extent. The results further indicated that majority of the respondents who were 72.7% indicated that consideration of level of risk influenced their choice of strategic response to a great extent.

The results further revealed that majority of the respondents who were 76.4% indicated that Organizational Culture influenced their choice of strategic response to a great extent. The results further revealed that majority of the respondents who were 76.3% indicated that managerial competence influenced their choice of strategic response to a great extent. The results further revealed that majority of the respondents who were 80.0% indicated that organizational structure and control processes influenced their choice of strategic response to a great extent. The results further showed that majority of the respondents who were 65.5% indicated that the time available for decision making influenced their choice of strategic response to a great extent. The results further revealed that majority of the respondents who were 83.6% indicated that availability of resources influenced their choice of strategic response to a great extent.

On an average likert scale the responses had an overall mean of 3.86 which indicated that the respondents indicated that the factors influenced choice of strategic response to a great extent. The standard deviation of 1.03 indicates that the responses were varied

The respondents were further asked to indicate whether Unaitas Sacco adopt differentiation strategies to cope with the external environment. Results are presented in Figure 4.5.

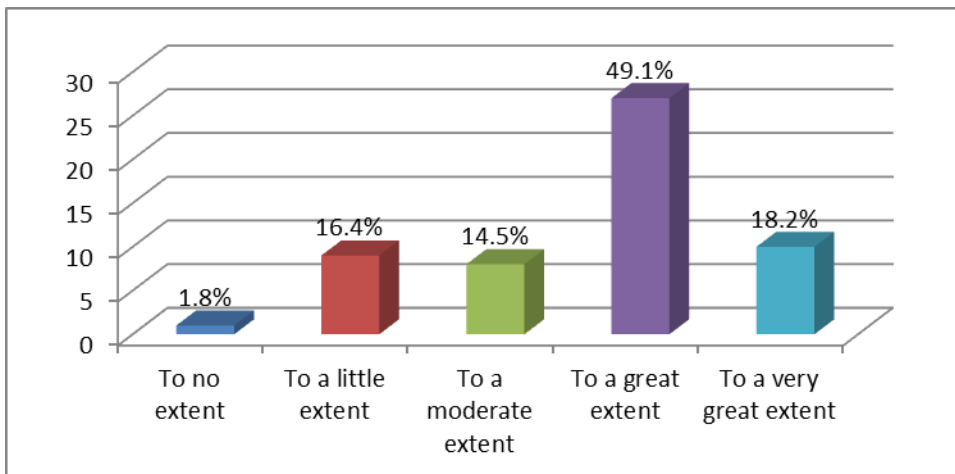


Source: Research Data (2016)

**Figure 4.5: Differentiation Strategies**

Majority of the respondents who were 71% indicated yes while only 29% indicated no. This implies that Unaitas Sacco adopt differentiation strategies to cope with the external environment.

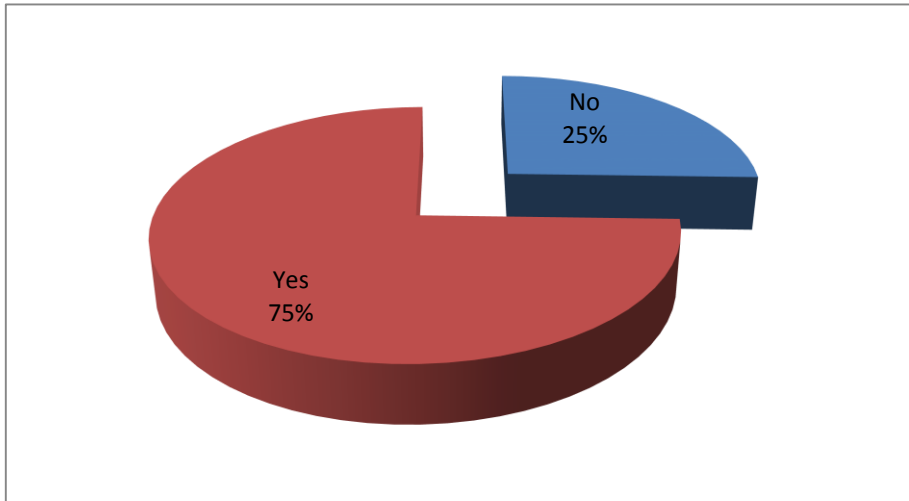
The respondents who indicated yes they were further asked to what extent Unaitas Sacco apply differentiation strategies as a competitive strategy. Figure 4.6 show the responses.



Source: Research Data (2016)

#### **Figure 4.6: Extent of Differentiation Strategies**

The respondents were further asked to indicate whether Unaitas Sacco adopts monitoring and evaluation strategies. Figure 4.6 indicate the responses.

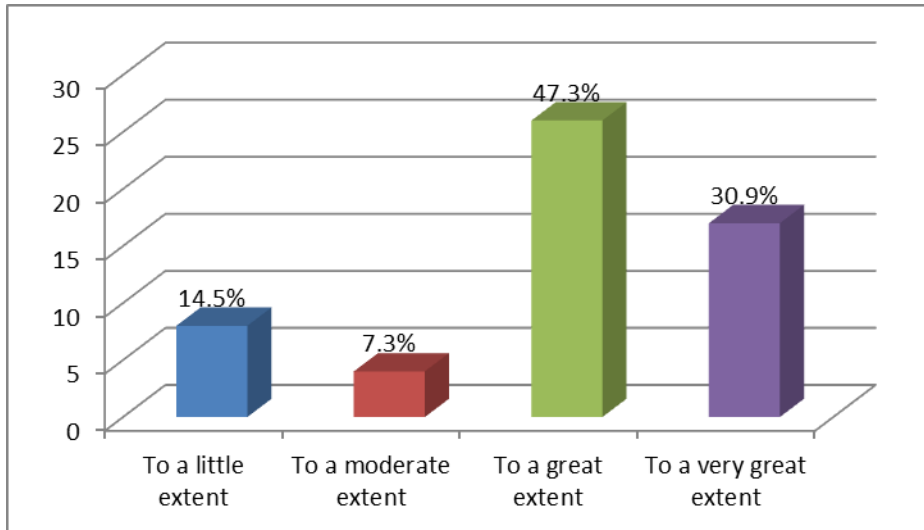


**Source: Research Data (2016)**

#### **Figure 4.7: Adoption of Monitoring and Evaluation Strategies**

Majority of the respondents who were 75% indicated yes while only 25% indicated no.

The respondents who indicated yes were asked to indicate to what extent Unaitas Sacco use monitoring and evaluation strategic responses in the changing external environment. The results are shown in Figure 4.8.



**Source: Research Data (2016)**

**Figure 4.8: Extent of Adoption of Monitoring and Evaluation Strategies**

The results revealed that 47.3% indicated that Unaitas Sacco use monitoring and evaluation strategic responses in the changing external environment to a great extent, 30.9% to a less extent, 14.5% to a little extent while only 7.3% indicated to a little extent.

The respondents were further asked to indicate to what extent the monitoring and evaluation strategies involve the following factors in responding to the changing external environment. The results are presented in Table 4.3.



**Table 4.3: Factors influencing monitoring and evaluation strategies**

<b>Statement</b>	<b>Not at all</b>	<b>To less extent</b>	<b>Moderate Extent</b>	<b>To a great extent</b>	<b>To a very great extent</b>	<b>Mean</b>	<b>Std. Dev</b>
Regular tracking of implementation through planning and reporting schedules	3.60%	10.00%	5.50%	51.80%	29.10%	4.13	0.81
Long-term monitoring of environmental and socioeconomic parameters	1.80%	1.80%	7.30%	56.40%	32.70%	4.16	0.78
Identify problems in planning and implementation	3.60%	1.80%	9.10%	60.00%	25.50%	4.02	0.87
Assessing management success	1.80%	10.00%	5.50%	50.00%	32.70%	4.22	0.71
Make adjustments so that the management is more likely to make a difference	10.0%	5.00%	10.90%	40.90%	33.20%	4.27	0.65
<b>Total</b>						<b>4.16</b>	<b>0.76</b>

**Source: Research Data (2016)**

The results revealed that majority of the respondents who were 80.9% (51.8% +29.1%) indicated that they involve regular tracking of implementation through planning and reporting schedules to a great extent. The results further revealed that majority of the respondents who were 89.1% indicated that they involve long-term monitoring of environmental and socioeconomic parameters to a great extent. The results further showed that majority of the respondents who were 85.5% indicated that they involve identify problems in planning and implementation to a great extent. The results further revealed that 82.70% of the respondents indicated that they assess management success to a great extent.

The results further revealed that majority of the respondents who were 74.10% of the respondents indicated that they make adjustments so that the management is more likely to make a difference. On an average likert scale the responses had an overall mean of 4.16 which indicated that the respondents indicated that the factors influenced monitoring and evaluation strategies to a great extent. The standard deviation of 0.78 indicates that the responses were not varied.

#### 4.4 Factor Analysis

Factor analysis was also conducted so as to removes redundancy or duplication from a set of correlated variables if they happen to exist

##### 4.4.1 Kaiser-Meyer-Olkin Measure of Sampling Adequacy

KMO test was first performed. Interpretive adjectives for the Kaiser-Meyer-Olkin Measure of Sampling Adequacy are: in the 0.90 as marvelous, in the 0.80's as meritorious, in the 0.70's as middling, in the 0.60's as mediocre, in the 0.50's as miserable, and below 0.50 as unacceptable. The value of the KMO Measure of Sampling Adequacy for this set of variables was 0.774, which would be labeled as 'middling'. Since the KMO Measure of Sampling Adequacy met the minimum criteria, and therefore we did not have a problem that requires the study to examine the Anti-Image Correlation Matrix.

**Table 4.4: Kaiser-Meyer-Olkin Measure of Sampling Adequacy**

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>		<b>0.774</b>
Bartlett's Test of Sphericity	Approx. Chi-Square	185.705
	df	28
	Sig.	0

**Source: Research Data (2016)**

#### 4.4.2 Communalities

When factor analysis on the factors no factor was dropped from further analysis because all the variables had a loading that was above 0.4. This was illustrated in Table 4.5.

**Table 4.5: Communalities**

<b>Communalities</b>	<b>Initial</b>	<b>Extraction</b>
Reference to past strategy	1	0.622
Degree of the organization External Dependence	1	0.733
Consideration of the level of risk	1	0.815
Organizational Culture	1	0.622
Managerial competence	1	0.722
Organizational structure and control processes	1	0.46
The time available for decision making	1	0.697
Availability of resources	1	0.724

**Source: Research Data (2016)**

#### 4.4.3 Total variance explained

Rotation Sums of Squared Loadings values in this panel of the table 4.6 represent the distribution of the variance after the varimax rotation. Varimax rotation tries to maximize the variance of each of the factors, so the total amount of variance accounted for was redistributed over the two extracted factors.

This means that the two extracted factors out of the eight components explained 67.418% of the total variations.

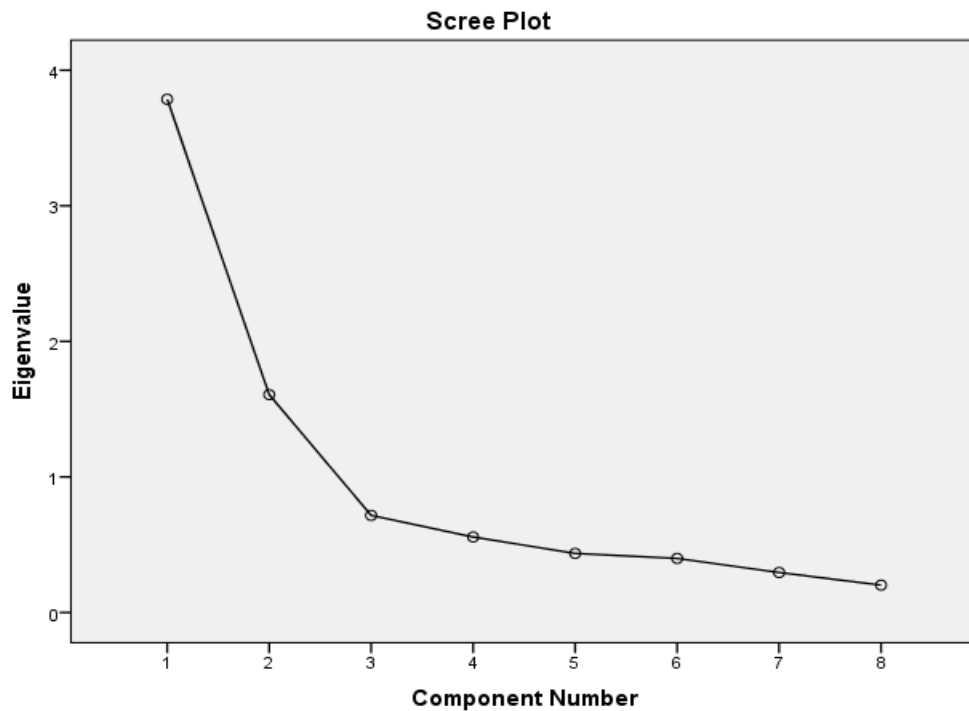
**Table 4.6: Total variance explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.786	47.323	47.323	3.786	47.323	47.323
2	1.608	20.095	67.418	1.608	20.095	67.418
3	0.716	8.956	76.373			
4	0.557	6.96	83.334			
5	0.436	5.451	88.785			
6	0.399	4.992	93.777			
7	0.295	3.692	97.469			
8	0.202	2.531	100			

Extraction Method: Principal Component Analysis.

**Source: Research Data (2016)**

The scree plot graphs the eigenvalue against the factor number. From the second factor on, the line is almost flat, meaning the each successive factor is accounting for smaller and smaller amounts of the total variance



**Source: Research Data (2016)**

## Figure 4.9: Scree Plot

### 4.4.4 Component Matrix before rotation

Table 4.7 below shows the component matrix before rotation.

**Table 4.7: Component Matrix before Rotation**

	<b>1</b>	<b>2</b>
Reference to past strategy	0.849	0.016
Degree of the organization External Dependence	-0.078	0.852
Consideration of the level of risk	0.202	0.88
Organizational Culture	0.78	0.113
Managerial competence	0.849	0.016
Organizational structure and control processes	0.651	-0.189
The time available for decision making	0.804	-0.226
Availability of resources	0.847	0.082

**Source: Research Data (2016)**

### 4.4.5 Rotated Component Matrix

Table 4.8 contains the rotated factor loadings (factor pattern matrix), which represent both how the variables are weighted for each factor but also the correlation between the variables and the factor. The columns under this heading are the rotated factors that have been extracted. Two factors were extracted. These were renamed as shown in the last column guided by the values shaded.

**Table 4.8: Rotated Component Matrix**

<b>Factor</b>	<b>1</b>	<b>2</b>	<b>New Classification</b>
Reference to past strategy	0.849	0.016	Internal factor
The time available for decision making	0.847	0.082	Internal factor
Availability of Resources	0.804	-0.226	Internal factor
Organizational Culture	0.788	0.028	Internal factor
Managerial competence	0.78	0.113	Internal factor
Organizational structure and control processes	0.651	-0.189	Internal factor
Degree of the organization External Dependence	0.202	0.88	External factor
Consideration of the level of risk	-0.078	0.852	External factor

**Source: Research Data (2016)**

#### **4.5 Content Analysis**

The respondent was asked to respond to the question on whether Unaitas has been influenced by changes in its business environment. The respondent said yes. The respondent explained that they have been greatly affected by changes in technology. This was supported by the following responses:

*Respondent 'yes. new technology have greatly affected us'*

The respondent was asked to respond on the question of whether the Government of Kenya play any role in operations such as registration and regulation. The respondent said yes. The respondent said that the Government of Kenya plays a role in the Unaitas operations due to the taxes that they charge. This was supported by the following responses:

*Respondent 'yes. taxes affect our operations'*

The respondent was asked to respond to the question on whether entrance of new Saccos in the market poses threats to existence and profitability of Unaitas. The respondent said yes.

The respondent further said that entrance of new Saccos for example Kenya highlands Sacco which has been having been giving low interest to customers. This was supported by the following responses:

*‘Respondent ‘yes some Sacco’s like Kenya highlands Sacco have been posing a threat by giving low interest rates to customers’*

The respondent was also asked to indicate how they compete with other Saccos for market share. The respondent indicated that they have adopted competitive strategies as a way of gaining competitive advantage in the industry

*Respondent ‘we have adopted competitive strategies as a way of gaining competitive advantage in the industry’*

The respondent was also asked to state the strategies they have adopted in response to competition from other Saccos. The respondent indicated that they have adopted product differentiation strategies, cost strategies and focus strategies.

*Respondents ‘we have adopted product differentiation strategies, cost strategies and focus strategies.’*

#### **4.6. Discussions**

From the results the study found that majority of the respondents indicated that reference to past strategy influenced their choice of strategic response to a great extent. The results further indicated that majority of the respondents indicated that degree of the organization external dependence influenced their choice of strategic response to a great extent.

The results further indicated that majority of the respondents indicated that consideration of level of risk influenced their choice of strategic response to a great extent. The results further revealed that majority of the respondents indicated that Organizational Culture influenced their choice of strategic response to a great extent. These results agree with that of Were (2007) who found that organizational culture, and consideration of the level of risk influence their strategic responses.

The results further revealed that majority of the respondents indicated that managerial competence influenced their choice of strategic response to a great extent. The results further revealed that majority of the respondents indicated that organizational structure and control processes influenced their choice of strategic response to a great extent. The results further showed that majority of the respondents indicated that the time available for decision making influenced their choice of strategic response to a great extent. The results further revealed that majority of the respondents indicated that availability of resources influenced their choice of strategic response to a great extent. These findings agree with that of Mwithiga (2013) who argued that management should look for alternative sources of funding in order to overcome the challenges of finance related to restructuring strategy, economic recession and liquidity and solvency.

The results further revealed that majority of the respondents indicated that they involve regular tracking of implementation through planning and reporting schedules to a great extent. The results further revealed that majority of the respondents indicated that they involve long-term monitoring of environmental and socioeconomic parameters to a great extent. These findings agree with that of Mwithiga (2013) who concluded that that the Saccos greatly use monitoring and evaluation strategies.



The results further showed that majority of the respondents indicated that they involve identifying problems in planning and implementation to a great extent. The results further revealed that majority of the respondents indicated that they assess management success to a great extent. The results further revealed that majority of the respondents of the respondents indicated that they make adjustments so that the management is more likely to make a difference.

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

This chapter addresses the summary of the findings based on the research objectives. The chapter also addresses conclusions which were also made in line with research objective. The study also made recommendations in line with theory, practice and policy.

#### **5.2 Summary of Findings**

From the results the study found that reference to past strategy influenced the choice of strategic response to a great extent. In addition the study found that organization external dependence influenced the choice of strategic response to a great extent. The study further found that consideration of level of risk influenced the choice of strategic response to a great extent. These findings agree with that of Were (2007) who found that organizational culture, and consideration of the level of risk influence their strategic responses. Organizational Culture and managerial competence were also found to influence the choice of strategic response to a great extent. These findings agree with that of Were (2007) who found that organizational culture, and consideration of the level of risk influence their strategic responses.

In addition organizational structure and control processes also influenced the choice of strategic response to a great extent. These findings agree with that of Were (2007) who found that factors that highly influence strategic responses are organization's mission, Organizational structure and control processes, and availability of resources, consecutively. Time available for decision making was also found to influence the choice of strategic response to a great extent.

Lastly the study found that availability of resources also influenced the choice of strategic response to a great extent. These findings agree with that of Mwithiga (2013) who argued that management should look for alternative sources of funding in order to overcome the challenges of finance related to restructuring strategy, economic recession and liquidity and solvency.

The study also found that involving regular tracking of implementation through planning and reporting schedules to a great extent. The study further found that most firms involve long-term monitoring of environmental and socio economic parameters a to a great extent. These findings agree with that of Mwithiga (2013) who concluded that that the Saccos greatly use monitoring and evaluation strategies. The study also found that firms identify problems in planning and implementation to a great extent. In addition most firms assess management success to a great extent. Lastly the study found that most firms make adjustments so that the management is more likely to make a difference.

### **5.3 Conclusions**

The study concluded that reference to past strategy organization external dependence, consideration of level of risk and Organizational Culture greatly influences the choice of strategic response. In addition managerial competence, organizational structure and control processes, time available and availability of resources also greatly influence the choice of strategic response. The study also concludes that Unaitas Sacco continuously reviews/scans its environment and responds to the changes in the external environment based on potential impact of each change. The Sacco has devised ways to cope with the changeability and predictability of its business environment. This has enhanced the performance of the Sacco and hence the profitability.

#### **5.4 Recommendations**

The study recommended Unaitas to invest more in the latest technology. It should also start agency banking. This will act as a strategy of expanding its market share, product differentiation and diversification.

The study also recommends that the management of Unaitas Sacco should ensure that the employees are competent so as to cope with the competitive environment. In addition Unaitas Sacco should adopt product differentiation strategies, cost strategies and focus strategies so as to cope with the competitive environment. The study also recommends that the management of Unaitas Sacco should look for alternative sources of funding in order to overcome the challenges of finance related to restructuring strategy, economic recession and liquidity and solvency.

The study recommends that Unaitas Sacco should adopt collaboration and strategic alliances with other Saccos, competitive action to introduce new products and services among other measures to mitigate the challenges from the external environment. It should design strategies to remain relevant, have a competitive edge and therefore increase its market share. This will create a strategic fit for survival.

#### **5.5 Limitation of the Study**

The researcher encountered problems with respondents unwilling to promptly complete the questionnaire. This delayed data analysis. Even though an introduction letter was attached, a lot of time was taken convincing the respondents that the study was purely for academic purposes.

## **5.6 Areas for Further Studies**

The study sought to determine the factors influencing strategic responses to external environment by deposit taking SACCOS in Nairobi County: a study of Unaitas Sacco. This called for the analysis Unaitas Sacco only, thus area for further studies could consider other Saccos in Kenya for purpose of making a comparison of the findings with those of the current study.

## **5.7 Implication on Policy, Theory and Practice**

The findings of the study are anchored on a number of theories which include resource based Theory (RBT) theory and institutional theory. The RBV provides the setting within which the value-adding internal resources can be manipulated and relationships that are established can be analyzed so that they are managed in a manner that leads to superior performance in Unaitas Sacco. The study would also contribute to the understanding of the variables that impact on external environment while bringing out the fact that the variables in the study are by no means exhaustive and an examination of other internal resources should continue.

It is recommended that deposit taking Saccos should emphasize on appropriate strategic responses that best fit the requirement of the organization and this can contribute to improvement in their performance. Specifically, the following micro level practices should be emphasized; managerial competence, control processes and reference to past strategies. In addition the resources are the most important strategic responses that an organization should manage. Therefore organizations must invest appropriate levels of resource so as to cope with the external environment.

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## APPENDICES

### Appendix I: Introduction Letter

Dear Participants,

I am a master student at University of Nairobi undertaking a research project on ‘**Factors influencing strategic responses to external environment by deposit taking SACCOS in Nairobi County: a study of Unaitas Sacco.**’ Kindly fill up this information and return. Any information obtained for this purpose will be kept strictly confidential and will only be used for academic purpose. Your cooperation will be highly appreciated in this regard.

Thank You!

Yours truly: **Salat Khalif**

## **Appendix II: Questionnaire**

This questionnaire is divided into two sections that should take only a few moments of your time to complete. Please respond by ticking the appropriate box or filling in your answers in the blank spaces provided. This is an academic exercise and all information collected from respondents will be treated with at strict confidentiality.

Thank you very much for your cooperation

### **SECTIONA: DEMOGRAPHIC INFORMATION**

1. Gender of respondents

Male

Female

2. How old are you? (Years)

Less than 30:

31-40:

41-50:

Above 50:

3. What is your highest level of education?

Certificate

Diploma

Undergraduate

Post graduate

4. How long have you worked with Unaitas Sacco?



b) If yes to the above question to what extent do Unaitas Sacco apply differentiation strategies as a competitive strategy?

To a very great extent ( )                      To a great extent ( )

To a moderate extent ( ) To a little extent ( )

To no extent ( )

3.a) Does Unaitas Sacco adopt monitoring and evaluation strategies?

Yes ( )                      No ( )

b) If yes to the above question to what extent does Unaitas Sacco use monitoring and evaluation strategic responses in the changing external environment?

To a very great extent ( )                      To a great extent ( )

To a moderate extent ( ) To a little extent ( )

To no extent ( )

4. To what extent do the monitoring and evaluation strategies involve the following factors in responding to the changing external environment?

Use a scale of 1-5 where **5**= To a very great extent, **4**= To a great extent, **3**= Moderate Extent, **2**= To less Extent, **1**= Not at all

Statement	Not at all	To less Extent	Moderate extent	To a great extent	To a very great extent
	1	2	3	4	5
Regular tracking of implementation through planning and reporting schedules					
Long-term monitoring of environmental and socioeconomic parameters					
Identify problems in planning and implementation					
Assessing management success					
Make adjustments so that the management is more likely to make a difference					

### **Appendix III: Interview Guide**

1. Has Unaitas been influenced by changes in its business environment? Explain?
2. Does the Government of Kenya play any role in your operations such as registration and regulation?
3. Does entrance of new Saccos in the market pose threats to existence and profitability of Unaitas?
4. How do you compete with other Saccos for market share?
5. What strategies have you adopted in response to competition from other Saccos?
6. Does the Government of Kenya play any role in your operations such as registration and regulation?