ORGANIZATION RESOURCES AND COMPETITIVE ADVANTAGE OF SACCOS IN NYERI COUNTY, KENYA.

LEONARD MWANGI MACHIRA

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS, KENYATTA UNIVERSITY, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTERS OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT OPTION) OF KENYATTA UNIVERSITY

MAY, 2017
DECLARATION

This project is my original work and has not been submitted for a degree or any other award in any other university. No part of this research proposal should be reproduced without authority of the author and Kenyatta University.

Signature: ____________________ Date: ______________________________
Leonard Mwangi Machira

D53/NYI/PT/28213/2014

This research project has been submitted with my approval as the university supervisor.

Signature: ____________________ Date: ______________________________
Dr. Annah Muchemi
Lecturer: Department of Business Administration
School of Business
Kenyatta University
DEDICATION

I dedicate this project to my family.
ACKNOWLEDGMENT

I am thankful to the Almighty God for the gift of life and good health. I appreciate Kenyatta University for giving me the opportunity to further my studies. I am grateful to all the lecturers who taught me throughout the course. I am especially indebted to Dr. Ann Muchemi who guided me in the writing of this project. I am also thankful to my classmates and colleagues at work for their positive criticism. I appreciate my family for their encouragement and moral support. May God Bless you all.
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OPERATIONAL DEFINITION OF TERMS

**Competitive advantage** refers to the success of a SACCO relative to competitors in terms of number of members, number of branches and members’ deposits.

**Deposit taking SACCO** refers to a SACCO that operates like banks in terms of account management and front office services activity (FOSA).

**Financial resources** refers to the funds available to a SACCO for spending in the form of cash, liquid securities and credit lines.

**Human resources** refer to the knowledge, skills and motivation of people employed by a SACCO.

**ICT resources** refer to uses of digital technology that exist to SACCOs use information.

**Organization resource** refers to all the assets that are available to a SACCO for use during the production process. This study focused on ICT, financial, human and physical resources.

**Physical resources** refers to the plant, machinery, equipment, production technology and capacity of a SACCO.
# Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
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<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>RBV</td>
<td>Resource Based View</td>
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<tr>
<td>SACCO</td>
<td>Savings and Credit Cooperative Societies</td>
</tr>
<tr>
<td>SASRA</td>
<td>SACCO Societies Regulatory Authority</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
</tr>
<tr>
<td>VRIN</td>
<td>Valuable, Rare, Inimitable and Non-Substitutable</td>
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<tr>
<td>NACOSTI</td>
<td>National Commission for Science, Technology and Innovation</td>
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ABSTRACT

The financial sector in Kenya is very competitive due to the many players in the market. The competition for customers is not only from the banks, deposit taking microfinance institutions but also amongst the SACCOs themselves. Like any other business organizations SACCOs need to create value for their clients in order to gain competitive advantage and thus ensure survival and profitability. Certain types of resources owned and controlled by SACCO have the potential and promise to generate competitive advantage, which eventually leads to superior organizational performance. The purpose of this study was to investigate the effects of organization resources on competitive advantage of SACCOs in Nyeri County. The objectives of the study were to determine the effect of ICT resources on the competitive advantage, investigate the effect of financial resources on the competitive advantage, examine the effect of human resources on the competitive advantage and determine the effect of physical resources on the competitive advantage. The study used the descriptive survey research design. This study targeted all deposit taking SACCOs in Nyeri County. SACCO managers and departmental heads were the respondents in the study. A census of all the 14 SACCOs was conducted. Purposive sampling was used to select individuals to participate in the study. From each SACCO the manager, heads of accounts, marketing, finance and credit and ICT departments were selected to give the study a sample of 56 respondents. The study used the questionnaires to collect data. Descriptive statistics (frequencies and percentages) were used to organize data. Regression analysis was used to establish relationships between variables. Statistical Package for Social Sciences version 21 for Windows was used to enter, store and analyze data. The results from the data analysis were presented using tables of frequencies and percentage. The study found that majority of SACCOs had ICT policy. All SACCOs’ employees were computer literate, computers were connected to the internet and a network for sharing resources was present. All the SACCOs in the study had a capital base of over 250 million Kenya shillings. Access to bank loans for SACCOs was high. Credit policy is followed when the customers are being advanced credit. All SACCOs in the study had between 101 and 250 employees. Most of the SACCO employees were diploma holders. Majority of respondents agreed that their SACCO had buildings, cars and land for offices that were used to serve customers more efficiently. Other physical resources owned by SACCOs included Auto teller machines (ATMs) and computer hardware. ICT resources (p=0.001), Financial resources (p=0.000) and human resources (p=0.000) were statistically significant at 95% confidence level. The R² value of 0.842 indicated that 84.2% of competitive advantage of SACCOs can be explained by organizational resources. The findings showed that financial resources (β =0.727) were the most important resource held by a SACCO. The study concluded that organization resources positively affect competitive advantage of SACCOs. The study concludes that the most important resources for a SACCO are financial resources followed by human resources and ICT resources in that order. The study recommended that SACCOs should embrace ICT innovation further and adopt such concepts as point of sale and widen their ATM points. It was also recommended that on top of hiring high qualified employees, SACCOs should seek to enhance their employee quality by introducing training programs using various approaches to increase employee output.
CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Strategy alludes to top administration's arrangements to create and support a competitive advantage: a state whereby an association's fruitful methodologies can't be effectively copied by its rivals so that the association's main goal is satisfied (Cockburn, Henderson & Stern, 2000). Strategic management also refers to the procedure by which the controlling individuals from an association imagine its future and build up the fundamental methods and operations to accomplish that future (Goodstein, Nolan & Pfeiffer, 1992) A sustained or sustainable competitive advantage happens when a firm executes a quality making strategy of which different organizations can't copy the advantages or discover it too unreasonable to start.

The competitive advantage of firms is seen as resting on distinctive processes (ways of coordinating and combining), shaped by the firm's (specific) asset positions (such as the firm's portfolio of difficult-to-trade knowledge assets and complementary assets), and the evolution path(s) it has adopted or inherited. Resource-based view (RBV) theory posits tangible organizational resources are vital for superior business performance and sustainable competitive advantage (Galbreath, 2004). Lippman and Rumelt (2003) assert firms’ financial or physical assets can generate high value for competitive advantage with minimal threat from replication. This chapter presents the background of the study, statement of the problem research objectives and research questions. The significance of the study, scope of the study, limitations and delimitations are also presented.
1.1.1 Competitive Advantage

Competitive advantage of a SACCO involves gaining superior performance over competing SACCOs and commercial banks with regard to the design and delivery of the product or service. Porter (1980) explains that competitive advantage exists when the firm can convey the same advantages as contenders, however at a lower cost or convey advantages that surpass those of contending items. Kigan (2001) describes competitive advantage as the measure of expanding the engaging quality of the organization's in correlation with rivals as far as client recommendations.

Rose, Abdullah and Ismad (2010) indicate that a company is said to have a competitive advantage when it is implementing a value engendering strategy not simultaneously being implemented by any current or potential competitors. Sultan (2007) adds that from an entrepreneurial point of view an aggressive firm needs to make due in the business sector at present and the days to come and to accomplish piece of the pie and benefit. Papulova and Papulova (2006) indicate that real competitive advantage implies organizations can fulfill client needs more viably than their rivals. It is accomplished if and when genuine worth is included for clients.

According to Ong and Ismail (2008), the idea of competitive advantage is mainly to quantify firm’s prosperity relative to competitors. The relative prosperity could be quantified by economic value that firm able to engender. According to Peteraf and Barney (2003) this economic value refers to distinctions between perceived benefits of purchasers and economic cost of enterprise through provision of goods and accommodations. Since competitive advantage is fixating on explicating relative prosperity of the firm thus firm does not require to be the best player in the industry in order to achieve competitive advantage. A resource-based view suggests that a
sustainable competitive advantage can only be created by intangible sources such as responsiveness to consumer needs and preferences, quality and image (Hunt, 1995). Barney (1991) adds that cost efficiency remains a fundamental condition for the making of benefit however supposed non cost or elusive components are those that increase the value of an item.

Competitive success can be measured by both target criteria which incorporates rate of profitability, piece of the overall industry, benefit and deals income and subjective criteria upgraded notoriety with clients, suppliers and contenders and enhance nature of conveyed administrations (Sultan, 2007). Competitiveness can be measured quantitatively by profit, ability to raise capital and cash flow in terms of liquidity status (Feurer & Chaharbaghi, 1994). Competitive advantage can also be measured by cost, quality, delivery dependability, flexibility and innovation (Soliman, 1998).

1.1.2 Concept of Organizational Resources

According to Barney (1991), a firm's resources include all assets, capabilities, organizational processes, firm’s attributes, information, erudition controlled by a firm that enables the firm to conceive and implement strategies to amend its efficiency and efficacy. Penrose (1995) adds that the resources of the firm include land, equipment, labor from top managers and employees’ capabilities and cognizance and capital in which these categories may be subdivided as far as it is utilizable for the quandary at hand.

According to Barney (1997) organizational resources can be classified into physical, financial, human and organizational resources. Michalisin, Robert and Douglas (1997) classify a firm's resources as either tangible or intangible resources. According to Cater (2005) physical and financial resources seem to be more pertinent in immensely
colossal firms, whereas human and organizational resources along with most capabilities and erudition are believed to be more pertinent in minute firms and firms mostly owned by managers.

Hansen (2013) defines human resources as the pool of human capital under the company's control in an immediate vocation relationship. Financial resources are depicted as the association's capacity to access outer funds and to apportion its inside monetary assets keeping in mind the end goal to boost the arrival on speculative execution (Ainuddin, Beamish, Hulland & Rouse., 2007). Firms gain competitive advantage when they can access internal and external financing in equities, bonds and equity-financed capital. Financial industry reforms benefit large private and government-owned firms (Fonseka, Yang & Tian, 2013). Vorasubin and Chareonngam (2007) demonstrate that access to debt financing is a vital source of financial capital. Moreover, Firms with better access to bank financing expect much lower loan costs under better terms.

According to Ainuddin et al. (2007) physical resources such as the plant, machinery, equipment, production technology and capacity contribute emphatically towards authoritative upper hand and in the end result in predominant hierarchical execution. Grant (1995) indicates that physical resources are recorded in the company's money related articulations but such explanations depend on book values which can't mirror the benefits market quality and in this way may distort the genuine worth of assets. The adoption of (ICT) resource, use of financial service, human resource and physical resource in SACCOs is a breakthrough to competitive advantage. Innovation can give upper hand in the event that it has an essential part in deciding an association’s relative cost position or accomplishment in separation (Porter, 1985).
1.1.3 Organizational Resources and Competitive Advantage

Certain types of resources owned and controlled by SACCO have the potential and guarantee to produce upper hand, which in the long run prompts unrivaled authoritative execution (Sirmon, Hitt & Ireland, 2007). The resources of the SACCO refer to all the assets, capabilities, organizational processes, firm attributes, information and knowledge, which are controlled by the SACCO that enable them to conceive and implement strategies that improve efficiency and effectiveness (Inmyxai & Takahashi, 2010).

According to Otieno (2010) a SACCO has to optimally utilize its internal resources and capabilities to exploit external opportunities in order to gain sustainable competitive advantage. Barney (1991) recommends that to have competitive advantage, a company's asset must be important as in it misuses opportunities as well as kills dangers in a company's domain. The asset must be uncommon among a company's present and potential rivalry, must be incompletely imitable and there can't be deliberately identical substitutes for this asset. Cater (2005) found that fundamental characteristics such as sector, size, age, type and nationality of ownership and sales markets have little influence on the sources and forms of competitive advantage albeit some statistically consequential differences especially with regard to a firms’ size, type of ownership and sales markets do subsist.

1.1.4 SACCOs in Nyeri County

Savings and Credit Co-operative Societies (SACCOs) are Co-operative Societies registered and operating under the SACCOs Act (Republic of Kenya, 2008). They generally undertake savings and credit functions. A Co-operative Societies is an association of persons who have come together with a common purpose of pooling their resource for mutual economic and social benefit (Wamburu, 2011).
Nyeri County in central Kenya is one of the 47 Counties in Kenya created after the promulgation of the New Constitution in August 2010. Nyeri County is largely an agricultural economy with 53% of the residents in agricultural production. Tea, coffee and dairy farming are the major activities (County government of Nyeri, 2015). Nyeri County has a host of cooperative societies including SACCOs. Currently there are 14 deposit taking SACCO in the county (SASRA, 2014). The most notable SACCOs in the area include Nyeri teachers SACCO, Taifa SACCO and Biashara SACCO. Others include Bingwa, ENEA, Baraka, Wananchi, Mwalimu, Afya, Nyala vision, NECCO and Wakulima.

According to Muthui (2011) Nyeri teachers SACCO was growing in terms of membership, the employees performance was rated highly in the latest survey, employees were delegated duties by their seniors and they were found to be motivated and reliable. Muthui (2013) analysed the effects of ICT on corporate strategy among SACCOs in Nyeri County. The study found that among the four factors, innovation and technology incentives influence corporate strategy most, followed by technological change while research and development offered the least influence on corporate strategy. Kimani (2014) studied the budgetary processes in SACCOs in Nyeri County and found that finance and administration departments participated in budgetary control processes. However, there was no coordination of the Sacco’s strategies and budget in a single, integrated process, characterized by continuous feedback.

1.2 Statement of the Problem

The financial sector in Kenya is very competitive due to the many players in the market. The competition for customers is not only from the banks, deposit taking microfinance institutions but also amongst the SACCOs themselves (Okelo, 2014). According to Njuguna (2015) SACCOS are now facing serious problems in regard to
competition amongst themselves and against banks and other money lenders. Auka and Mwangi (2013) report that financial institutions are currently offering products and services to lure SACCO individuals to change from SACCOs to their organizations. This situation has started off solid rivalry for clients amongst SACCOs and other money related organizations. While most individuals have stayed faithful to their SACCOs and just look for budgetary items from them, a few individuals settle on money related items offered by other monetary Institutions.

Various studies have been conducted to investigate the competitive advantage of SACCOs and its predictors. Kimani (2007) found out that the greatest source of competitiveness for transport savings and credit co-operative societies was the concentration on core business namely savings and loans scheme. Maina (2008) found that there was need among SACCOs to re-engineer business processes such as marketing, new product development, technology adoption and market development for competitive advantage. Similarly, Matu (2013) found that the correlation between stakeholder management and ability to create competitive edge was positive and significant indicating that effective stakeholder management enables the SACCO to create a competitive edge. Kinyuira (2014) also found that SACCOs that pursue generic strategies can achieve superior performance compared to those that do not. However, empirical studies on organisational resources and competitive advantage among SACCOs are scarce.

Like any other business, organizations SACCOs need to create value for their clients in order to gain competitive advantage and thus ensure survival and profitability. Thus, SACCOs must be able to leverage resources into all the markets in which those resources contribute to competitive advantage and achieve superior performance. This study was therefore necessary to investigate the effects of organization resources on
competitive advantage. This study was necessary because organization resources can generate high value for competitive advantage with minimal threat from replication.

1.3 General Objective

The purpose of this study was to investigate the effect of organization resources on competitive advantage of SACCOs in Nyeri County.

1.3.1 Specific Objectives

(i) To determine the effect of ICT resources on the competitive advantage of SACCOs in Nyeri County.

(ii) To investigate the effect of financial resources on the competitive advantage of SACCOs in Nyeri County.

(iii) To examine the effect of human resources on the competitive advantage of SACCOs in Nyeri County.

(iv) To determine the effect of physical resources on the competitive advantage of SACCOs in Nyeri County.

1.4 Hypotheses

H01 There is no significant relationship between ICT resources and competitive advantage among SACCOs in Nyeri County

H02 There is no significant relationship between financial resources and the competitive advantage among SACCOs in Nyeri County

H03 There is no significant relationship between human resources and the competitive advantage among SACCOs in Nyeri County

H04 There is no significant relationship between physical resources and the competitive advantage among SACCOs in Nyeri County
1.5 Significance of the Study

SACCO managers will benefit from the findings of this study in that they will realize the importance of the organization’s resources on the competitive advantage of SACCOs. Departmental heads of SACCOs such as IT managers and Human resource managers may benefit from the findings by coming up with innovative strategies to bring out competitive advantage from the resources within their department. Regulatory bodies such as SASRA may use the findings of this study to train and advice SACCOs on how to enhance their competitive advantage and hence improve performance through better management of their resources. This findings will add to the body of knowledge on organizational resources which may be used as reference material in future studies.

1.6 Scope of the Study

The purpose of this study was to investigate the effects of organization resources on competitive advantage of SACCOs in Nyeri County. Specifically, the study sought to find out how ICT, financial resources affect competitive advantages of SACCOs. The study was carried out among deposit taking SACCOs in Nyeri County. SACCO managers and departmental heads were the respondents in the study. Data was collected using self-administered questionnaires. The study was conducted between August and October, 2016.

1.7 Limitations of the Study

Geographically, the study was limited to Nyeri County which has a small number of SACCOs compared to the total number of SACCOs in Kenya. Some respondents opted not to participate in the study in fear that the information they give may be against company policy. Some SACCOs were not willing to release some information about their financial performance due to its sensitivity.
1.8 Organization of the Study

This project comprises of five chapters. Chapter one seeks to introduce the problem under investigation by giving a brief background, stating the problem, identifying its objectives and guiding questions, giving limitation and delimitation of the study, and describing the organization of the study. The second chapter provides the literature review related to competitive advantage and the four study variables. The summary of literature review, theoretical and conceptual framework of the study is also presented in this chapter. The third chapter deals with research methodology which will comprise of research design, target population, procedure, research instrument, instrument validity and reliability, data collection and analysis. The findings are presented in chapter four while chapter five presents a summary for the study, conclusion and recommendations.
CHAPTER TWO

INTRODUCTION

2.1 Introduction

This chapter presents the review of literature. It includes the theoretical review, empirical review, summary and conceptual framework. The purpose of the review of literature is to describe work done on organizational resources and competitive advantage, to evaluate this work, to identify areas of controversy in the literature and to formulate questions that need to be addressed further.

2.2 Theoretical Review

The study is anchored in the resource based view, institutional and the slack resources theories.

2.2.1 Resource Based View

The resource based view (RBV) is credited to the works of Wernerfelt (1984), Prahalad and Hamel (1990) and Barney (1991). In a nutshell, the resource based theory is a view that a firm could be seen as a bundle of resources and that these could be drivers of strategy. The theory assumes that resources are heterogeneously distributed across firms and that it can be difficult to imitate or substitute these resources (Barney, 1991).

The resource based view (RBV) of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to engender competitive advantage, which eventually leads to superior organizational performance (Ainuddin et al., 2007). RBV theory can avail firms in culling key resources and formulating the strategy for deploying these resources to gain competitive advantage. In this way the resource based view is relevant to this study that seeks to investigate
the effects of organization resources on competitive advantage of SACCOs in Nyeri County.

Thus using the above theory, the researcher sought to establish resources within SACCOs which can enable them effectively and efficiently achieve the goals and objectives set in their missions and vision and relating to gaining of the competitive advantage over other SACCO. Ong and Ismail (2008) affirm that scholars in resource-based view acknowledge that sustainable competitive advantage can only be achieved through building a co-specialised ICT competence between the human factors and ICT facilities in the firm.

### 2.2.2 Institutional Theory

The institutional theory is credited to the works of Meyer and Rowan (1977). Institutional theorists assert that the institutional environment can vigorously influence the development of formal structures in an organization, often more profoundly than market pressures. Scott (2001) argues that institutional theory fills a gap in that much of that environment consists of social and cultural forces related information. Under institutional theory, organizations are seen to be more than production systems, they are also social and cultural systems. Meyer and Höllerer (2014) indicate that institutional theory, over time, has begun to substitute what was originally its independent variable – institutions – for its dependent variable – organizations. That is, it now focuses far too heavily on explicating institutions and institutional processes, rather than how organizations work.

Brunton, Ahlstrom and Li (2010) indicate that institutional theory gives a hypothetical lens through which analysts can recognize and look at impacts that advance survival and authenticity of authoritative works on, including elements, for example, society, social environment, direction, custom and history, and in addition monetary
impetuses, whilst recognizing that assets are additionally critical. Institutional theory suggests that all organizations must garner legitimacy from external constituents in order to increment their resources and survival capabilities (Scott, 1998).

The current study sought to investigate the effects of organization resources on competitive advantage of SACCOs in Nyeri County. The institutional theory is therefore relevant in this study because it posits that organizations compete for resources. The institutional theory indicates that these resources combined with political power and institutional legitimacy lead to enhanced performance.

2.2.3 Slack Resources

The slack resources theory is credited to Cyert and March (1963). According to Bourgeois (1981) slack resources is that pad of genuine or potential assets which permits an association to adjust effectively to inside weights for conformity or to outer weights for change in strategy, and also to start changes by and by as for the outside environment. Sharfman, Wolf, Chase & Tansik, (1988) indicate that for a resource to be deemed slack, it must be identifiable to administrators and slack resources must be accessible and deployable by managers. Singh (1986) makes a distinction between absorbed and unabsorbed slack. The former indicates excess overheads, which could be cut in organizations, and the latter indicates —excess, uncommitted liquid resources, which could be better utilized.

According to Hansen (2013) a firm can invigorate its competitive advantage in turbulent and unsettled markets through building and enhancing its dynamic capabilities that enables it to acclimate its resource base to comply with incipient demands in its environment. Slack resources play a key role in this adaptation process by broadening the range of strategic options that a firm has in any given change of
environmental circumstance. Wang (2013) showed slack assets and internationalization to be two exceedingly persuasive variables that shape firms' development execution. Specifically, a straight and positive relationship was found between slack asset, high and low attentiveness and development execution. The capacity of viable associations to advance has been ascribed to authoritative slack assets. Development requires asset’s and is vital to competitive advantage.

George (2005) defined slack as possibly utilizable assets that can be redirected or redeployed for the accomplishment of hierarchical objectives. Slack resources are recognized to be those extra abilities and resources of the association that are variable reclaimable for re-sending. The slack resources theory is therefore relevant to this study which seeks to investigate the effects of organization resources on competitive advantage of SACCOs in Nyeri County.

2.3 Empirical Review

This section presents findings of past studies on organizational resources and competitive advantage. The purpose of the empirical review is to establish what has already been done and therefore identify gaps to be filled by the current study.

2.3.1 ICT Resources and Competitive Advantage

An investigation by Adeniran and Johnston (2016), sought to establish the influence of ICT utilization and dynamic capabilities on the competitive advantage of South African SMEs. The findings showed that all the dynamic capacities trait detecting, absorptive, versatile, inventive, organizing and integrative abilities and behavioral creativity had sways on upper hand and that dynamic abilities are fit for affecting SMEs' important, uncommon, supreme and non-substitutable (VRIN) assets to accomplish competitive advantage. Dent and Powell (2007) conducted an empirical
test of the performance effects of IT investment in the manufacturing sector. Six years of historical data on IT investment and performance were collected for 33 valve manufacturing firms. The study found that ICT alone has not engendered sustainable performance advantages, while some firms have gained competitive advantages by utilizing these technologies with complementary human and organizational resources.

Aslizadeh (2014) conducted a study to find out how to use information technology to create a sustainable competitive advantage in Golestan food companies. The study established a huge relationship between the employments of data innovation in firms and competitive advantage in them. A similar study by Mihalic and Buhalis (2013) studied the information and communication technology (ICT) in a small hotel sector in Slovenia at a point in time when the transition towards a full market economy was coming to the end and competitiveness and ICT implementation was gaining on importance. The study found that ICT accordingly doesn't specifically build the company's gainfulness, yet there is a circuitous positive effect of variable ICT on an association's money related execution that rises through different aggressiveness components, for example, separation, quality or picture, which helps firms to stay focused on the tourism markets.

Cakmak and Tas (2012) undertook a field survey of a large number of contractor firms in Turkey to determine the current extent of IT usage and highlight the importance of the use of IT at strategic level which plays an effective role on providing competitive advantage. The survey found that in spite of the fact that organizations which contend in development industry need to utilize IT at key level keeping in mind the end goal to increase upper hand, there was very little proof that the organizations picked up aggressiveness by utilizing IT. An investigation by Chae, Koh and Prybutok (2014) sought to examine the relationship of organizational use of
big data and competitive advantage in Japanese private companies. The study found that ICT ability did not add to firm execution and might serve as a notice of such a marvel.

Almjali (2014) conducted a qualitative study to explore the factors which influence the implementation of IT and its impact on possessing sustainable competitive advantage in Jordanian firms. The study found that IT usage achievement and IT administrative asset are the most vital components which are illustrative of the gap amongst administrators and ICT use and its impact on maintainable upper hand. The absence of these variables frustrates associations from accomplishment profits by their interest in IT. A study by Apulu and Latham (2011) sought to deepen the understanding on the impact of implementing ICT in organizations using two companies in Nigeria as case study examples. The study found that the usage and powerful utilization of ICT in associations achieves upper hand. The utilization of ICT greatly affects authoritative execution as it gives a stage to development in numerous organizations.

A study by Keah (2014) sought to establish the effect of ICT adoption, size and product diversification on the financial performance of SACCOs in Nairobi, Kenya. The study found that increase in ICT adoption leads to an increase in SACCOs financial performance. Adoption of ICT results to the improvement in payments, processing or reduction in service time due to the new ways to deliver financial services electronically to customers. Besides, Size of the SACCOs has positive effect on the financial performance as large SACCOs generate superior performance due to their diversified capabilities and ability to exploit economies of scale fully. Otieno (2010) carried out a comprehensive evaluation of the response of Kenyan commercial banks to the adoption of ICT strategy in enhancing competitive advantage. The study found
that ICT has been use to a very large extent as a strategy for enhancing competitive advantage. According to his study, competitive advantage was achieved through improved customer services, facilitated accurate records, ensures convenient business hour, prompt and fair attention, and enhances faster services thanks to ICT capabilities. The point of departure however was that his study was carried out in commercial banks. This study therefore seeks to determine the effect of ICT resources on the competitive advantage of SACCOs in Nyeri County.

2.3.2 Financial Resources and Competitive Advantage

A study by Wang (2010) compared the financial ability condition and the evolution tendency in the listed companies in Jiangsu so as to make the objective judgment on the financial ability of listed companies. It was found that a firm that can raise inward supports appreciates competitive advantage by lessening financing expenses and self-financing profoundly productive speculations. Morgan, Kaleka and Katsikeas (2004) empirically assessed the predicted relationships between available resources and capabilities, competitive strategy decisions, and competitive intensity using survey data from 287 export ventures. It was established that financial resources for example, trade out hand, bank stores or reserve funds and monetary capital clarify the level of upper hand and execution. Clarke (2002) endeavored to develop an approach enabling senior executives to evaluate a company's global mobility and so provides management with a tool to develop and hone this key, hitherto virtually ignored, element of competitive success. The study found that aggressive portability originates from having the capacity to raise subsidizes rapidly and all around, by knowing when to strip and at what cost and which chances to grasp.

Validus (2016) assessed financial risk management as a source of competitive advantage. The study established that price volatility and instability increment in
business sectors, for example, remote trade and wares, a solid monetary danger administration capacity can progressively turn into a wellspring of competitive advantage in its own particular right. A study by Uzzi and Gillapsi (2002) explored the types of resources and competencies available through bank–firm relationships and derived hypotheses about how embedded bank–firm relationships affect the strategy of small- to medium-sized firms. The study found that firms with better access to bank financing are better ready to oversee exchange credit and will probably pick up preferred standpoint from early installment rebates and stay away from late installment punishments. In another study, Wiklund and Shepherd (2005) assessed entrepreneurial orientation and small business performance in Swedish SMEs. It was found that financial resources appear to have an awesome significance to little firms and they have likewise found that entrepreneurial and learning procedures require extensive budgetary assets to have achievement.

Bell (1997) conducted an empirical study into the export problems of small computer software firms in Finland, Ireland and Norway. It was found that budgetary imperatives, for example, send out financing assets, money variances and postponements in installments, can diminish worldwide capacities of little imaginative firms. Fonseka et al. (2013) carried out a study to investigate whether access to different financial capital sources offers competitive advantages in China's highly regulated market. They found that amount financed by equity and internally generated funds are related positively (p <0.001) to competitive advantage. All external sources of financial capital amount financed by equity, and bank loan (excluding amount financed by bonds) are related positively (p <0.001) to sustained competitive advantage.
A study by Filser, Eggers, Kraus and Málkovics (2010) investigated the impact of financial resource availability on entrepreneurial orientation (EO), customer orientation (CO) and on growth in small and medium sized enterprises (SME) in Austria and Hungary. It was found that while financial resource availability fosters customer orientation in Hungary, there is no effect identified with regard to financial resource availability and customer orientation in Austria. The effect of customer orientation on firm growth showed negative effects in both of the analyzed countries.

A study by Gaya et al. (2013) examined the role of both resource- and activity-based views of a firm in creating a sustainable competitive advantage in the motor service industry in Kenya. It was found that the presence of financial resources, through Tsusho Capital, created sustained advantage, by offering car purchase loans to the car buyers, especially individuals and small micro-enterprises that do not normally qualify for loans from commercial banks.

Mutunga et al. (2014)’s study sought to establish the resources do firms in the food and beverage manufacturing sector of Kenya use for sustainable competitive advantage. It was found that with budgetary assets, there was sign of some commitment to Sustainable upper hand yet a few firms showed no advantage or to next to no degree suggesting that monetary assets are not a basic driver of aggressiveness and fluctuates with firms. This study seeks to investigate the effect of financial resources on the competitive advantage of SACCOs in Nyeri County.

2.3.3 Human Resources and Competitive Advantage

A study by Munshi (2003) explored the relationship between competitive advantage and the effective management of human resources in dealerships operating in the motor manufacturing sector within South Africa. The study found that there was a distinct link between the two. Gaya, Struwig and Smith (2013) in their study of a
consistently high performing firm in the motor service industry in Kenya found that human resources practices made a wellspring of maintained competitive advantage through expanded and self-overseeing efficiency which is a piece of the aggregate quality administration idea model. Similarly, Commey (2008) assessed the sustainable competitive advantage of selected hotels in Kumasi using the generic functions of human resource management model. The study revealed that generic function of HRM was of great importance to the hotels in Kumasi and that by training and developing the right employees, labour turnover in the industry can be minimised since the trained and developed employees become much loyal to the company.

Waiganjo, Mukulu and Kahiri (2012) examined the extent to which strategic human resource management influences firm performance from various critical perspectives. The study of Kenya’s Corporate Organizations established that efficacious human resource management strategy systematically organizes all individual human resource management measures to directly influence employee posture and deportment in a way that leads business to achieve its competitive strategy. A study by Amarakoon, Weerawardena and Verreynne (2014) on large scale manufacturing and service firms in Australia found that HR innovation drive (direct impact) and facilitates (indirect impact) firm level transformations, leading to competitive advantage.

Findings of Hester (2014) on not for profit organizations also suited to extend the thought that SHRM is an important resource and may influence authoritative execution. Streamlining preparing exercises and minimizing representatives' plan to leave the association gave off an impression of being great presages of performance. Wickramaratne (2009) study of garment manufacturing firms registered under the Board of Investment of Sri Lanka found that there was a strong positive correlation between HRM and competitive advantage. Further, the relationship was significant.
Jardon and Gonzalez-Loureiro (2012) found that human capital is source of competitive advantage but it possibly does not directly affect to performance. It needs to associate with other elements in core competencies. Chow, Huang and Liu (2008) research into business firms in Guangzhou, South China established that not just focused methodologies are essentially identified with impact on HR designs. The outcomes additionally indicated huge association impacts between HR setups and business technique in their impact on benefit and deals development. A study by Master, Benabou and Tabeti (2013) established that there was a significant relationship between the human resources behavior and developing a competitive advantage. However, there was a weak correlation between the component of strategic human resource management and competitive advantage.

Challis, Samson and Lawson (2005) found that organizational and human resource practices also explain significant additional variance in both employee and manufacturing performance. A similar study by Ayse (2010) sought to explore the found that human resource management does not have any statistically significant effect on a firm’s financial performance. The effect of human resource management on financial performance was overshadowed by marketing. The current study seeks to examine the effect of human resources on the competitive advantage of SACCOs in Nyeri County.

2.3.3 Physical Resources and Competitive Advantage

A study by Mutunga, Minja and Gachanja (2014) found that physical resources were not viewed as basic to firm accomplishment, there was sign of some commitment to Sustainable upper hand yet a few firms demonstrated no advantage or to almost no degree. Inmyxai and Takahashi (2010) found that physical innovation of firms is just emphatically identified with the execution of female-headed firms, however it is
unimportant for male headed firms. A study by Ombaka, Awino, Machuki and Wainaina (2015) reported statistically paramount influence of tangible resources on premium, internal business processes, environment aspect and CSR. Statistically not paramount results were observed for profit, customer perspective and learning and magnification. This denoted that, tangible resources significantly influence premium but do not significantly influence profit.

A study by Anton (2011) found that there is a positive connection between physical assets and upper hand yet the way of an organizations physical assets, for example, the age, condition and area of every asset will decide the value of such assets. Piercy et al. (1998), research established that predominant physical assets as best in class innovation, present day gear and access to important wellsprings of supply can guarantee a speedier and more dependable generation and conveyance of sent out merchandise. Irungu and Ndegwa (2014) found that physical resources also considered important to performance of small businesses.

Rongwei, Zhang and Yan (2011) found that physical resources have more significance to profitability and growth. Simoes (2012) found that holding money related and excessive physical assets, for example, present day innovation gear and particular access to profitable wellsprings of supply, appears to be prompting the foundation of a positional cost advantage in the fare markets. The study seeks to establish determine the effect of physical resources on the competitive advantage of SACCOs in Nyeri County.

2.4 Summary of Literature and Research Gaps
The resource based view and slack resources both indicate that the presence and usage of resources can predict a firm’s competitive advantage, growth and profitability.
Reviewed literature also introduced organization resources. In particular, extensive literature was reviewed on ICT, financial, human and physical resources. Past studies were reviewed to find out how each of the said resources affects competitive advantage.

In reviewing past studies, it was evident that research on organization resources has concentrated on manufacturing firms and companies in the construction industry. Published information on organizational resources and competitive advantage in financial institutions such as SACCOs is scanty and fragmented. Existing studies in SACCOs such as Keah (2014) have focused on financial performance and ignored competitive advantage. Further, inconsistencies exist in available studies for example, whereas Fonseka et al. (2013) finds a significant relationship between financial performance and competitive advantage, Filser et al. (2010) finds no such relationship. It is also worth noting that an overwhelming number of studies on organizational resources and competitive advantage have been carried out in Europe and North America. The findings of such studies may not be wholly generalizable in the Kenyan Context due to the variations in regulations, political dispensation and economic development. To fill these gaps therefore, the current study aimed to investigate the effects of organization resources on competitive advantage of SACCOs in Nyeri County.
2.5 Conceptual Framework

Figure 2.1 shows the conceptual framework of the study. The conceptual framework shows the variables in the study. Organizational resources namely ICT, financial, human and physical resources are the independent variables. Competitive advantage is the dependent variable of the study. In this study, competitive advantage refers to

Source: Researcher (2016)
the success of a SACCO relative to competitors in terms of number of active members, number of operational branches and amount of members’ deposits.

ICT resources refer to uses of digital technology that exist to SACCOs use information. ICT resources will be assessed by presence of ICT policy, computer literacy of staff, availability of internet connectivity and innovative services offered through internet. Presence of an institutional website will also be assessed. Financial resources refer to the funds available to a SACCO for spending in the form of cash, liquid securities and credit lines. Financial resources available to participating SACCOs will be assessed using working capital sources, capital base (liquidity) and access to bank Loans for SACCOs.

In this study, human resources refer to the knowledge, skills and motivation of people employed by a SACCO. Human resource capabilities of SACCOs in the study will be established by assessing motivation of staff, performance management practices and HR innovation. Physical resources refer to plant, machinery, equipment, production technology and capacity of a SACCO. Physical resource capabilities of SACCOs will be established by establishing the strategic location of the SACCO, buildings and equipment owned by the SACCOs.

The study found that that the most important resources for a SACCO are financial resources followed by human resources and ICT resources in that order. Financial resources were found to be the most important of the organizational resources as they enabled SACCOs to expand, hire the best employees, and adopt the latest technology which enables them to have an upper hand over their competitors ICT resources enhanced competitive advantage owing to the many benefits that computer technology offer to a business. Human resources were found to be the second most
important resource because it is the resource that operates and manages the other resources.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents the research methodology. It details how the study was carried out. It consists of research design, target population, procedure, research instrument, instrument validity and reliability, data collection and analysis.

3.2 Research Design
Research design is the plan that describes how, when and where data are to be collected and analyzed (Breakwell, Hammon, Fife-Schaw & Smith, 2007). The study used the descriptive survey research design. Descriptive research includes gathering information that portray occasions and afterward arranges, classifies, delineates and depicts the information accumulation (Bryman, 2012). According to Burns (2010), descriptive research is utilized to acquire data concerning the present status of the marvels to portray what exists regarding variables or conditions in a circumstance. This research design was preferred because it can include multiple variables for analysis, is cost effective and enables the study to be carried out in a relatively short time.

3.3 Target Population
The target population is the whole accumulation of respondents that meet the assigned arrangement of criteria (Creswell, 2005). This study targeted all deposit taking SACCOs in Nyeri County. There were 14 deposit taking SACCOs in Nyeri County (SASRA, 2014). Members of the top-level management were targeted. Specifically, SACCO managers and departmental heads were the respondents in the study. SACCO managers and departmental heads were targeted because they form the top level
management of any SACCO and are therefore privy to information on organizational resources.

**Table 3.1 Target Population**

<table>
<thead>
<tr>
<th>SACCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nyeri Teachers SACCO (New Fortis)</td>
</tr>
<tr>
<td>Bingwa SACCO</td>
</tr>
<tr>
<td>ENEA SACCO</td>
</tr>
<tr>
<td>Baraka SACCO</td>
</tr>
<tr>
<td>Wananchi SACCO</td>
</tr>
<tr>
<td>Biashara SACCO</td>
</tr>
<tr>
<td>Mwalimu SACCO</td>
</tr>
<tr>
<td>Taifa SACCO</td>
</tr>
<tr>
<td>Afya SACCO</td>
</tr>
<tr>
<td>Nyala Vision SACCO</td>
</tr>
<tr>
<td>NECCO FOSA</td>
</tr>
<tr>
<td>Wakulima SACCO</td>
</tr>
<tr>
<td>2NK Sacco</td>
</tr>
<tr>
<td>Ngao yetu SACCO</td>
</tr>
</tbody>
</table>

Source: SASRA (2017)

3.4 Sampling Technique

Sampling involves selecting a reasonable example or an agent part of a populace with the end goal of deciding parameters or qualities of the entire populace (Bailey, 2011). A census of all the 14 SACCOs were conducted. Purposive sampling was used to select individuals to participate in the study. According to Burns (2010), purposive sampling is when a researcher chooses specific people within the population to use for the study; the idea is to concentrate on people with particular characteristics who will better be able to assist with the research. In this study, from each SACCO the manager, heads of accounts, marketing, finance, credit and ICT departments were selected. Therefore from each SACCO, there were 6 participants in the study to give the study a sample of 84 respondents.

3.5 Research Instrument

The study used the questionnaires to collect data. A questionnaire is a research instrument comprising of a progression of inquiries and different prompts with the
end goal of social affair data from respondents (Dawson, 2009). Questionnaires were preferred since they are easy to administer, gives the respondent enough time to think properly about the content and they are also free from the researcher bias (Cochran, 1999).

The researcher developed the questionnaires. The questionnaires were semi-structured containing both closed and some open questions to enable the respondents provide more information. Closed questions were in form of 5 point likert scale. Likert scale was preferred because it is the most universal method for survey collection, therefore they are easily understood (Shaughnessy et al., 2002). In addition, likert scale accommodates neutral or undecided response and enables computation of overall scores. The questionnaire contained six sections namely socio demographic data, ICT resources, financial resources, human resources, physical resources and competitive advantage.

3.6 Data Collection Procedure

The researcher contacted the managers of the participating SACCOs to inform them of the study. On the set date, the researcher delivered the questionnaires to the SACCO premises. The drop off pick up method was used. The hand conveyance of self-controlled surveys was introduced as an option for decreasing non scope mistake connected with the mail strategy at lower cost than eye to eye interviews. The respondents were given one week to fill the questionnaires. The respondents were given this time because the sampled respondents are busy people on account of their being departmental heads. On an agreed date the researcher collected the questionnaires. Secondary data was collected on the dependent variable, that is, competitive advantage as measured by return on Assets and profit before tax. This
information was sourced from the participating SACCO’s financial reports which are found in the SACCO’s website or magazine.

3.7 Validity and Reliability of the Research Instrument

3.7.1 Validity

Validity has to do with whether the instrument is measuring what it is intended to measure it is the degree to which a questionnaire reflects reality (Cohen & Manion, 2000). Criterion validity, content validity and criterion validity were ensured for the data collection instrument. Criterion validity measures how well one measure predicts an outcome for another measure (Creswell, 2005). To ensure criterion validity, the researcher identified the indicators of the study variables from earlier studies to ensure that data collected is comparable with past findings. Content validity addresses the match between test questions and the content or subject area they are intended to assess (Leedy & Ormrod, 2005). The researcher had the supervisor review the questionnaires in order to ascertain content validity. Content validity addresses the match between test questions and the content or subject area they are intended to assess (Denzin & Lincoln, 2008). A statistician also reviewed the questionnaires to advice on whether the questions formulated will yield valid data to establish construct validity.

3.7.2 Reliability

Reliability refers to consistency and repeatability of the measurement (Dawson, 2009). An estimation is said to be solid or steady if the estimation can deliver comparable results if utilized again as a part of comparable circumstances (Blaxter et al., 2006). To ensure reliability of the questionnaire, a pretest was conducted. A pretest is a mock study with the aim of assessing the suitability of the questionnaire. Orodho (2005) recommends that the sample used in the pretest should be equal to
10% of the sample to be used in the main study. Therefore the pretests involved 12 respondents drawn from 2 SACCOs in Laikipia County. The data from the two SACCOs were correlated to test for internal consistency. The researcher used the Cronbach’s alpha to determine the reliability of the instrument.

3.8 Data Analysis and Presentation
Data analysis is the process of transforming raw data into usable information (Claire et al., 2006). The researcher organized the data to ensure that the raw data was edited to free them from inconsistencies. Descriptive methods (frequencies & percentages,) were used to organize data. Regression analysis was also conducted. The purpose of regression analysis was to decide the factual hugeness of the endeavored forecast and decide the quality of relationship between single ward variable and the different autonomous variables. The regression model is presented below

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where:

\( Y \) = Competitive advantage

\( \beta_0 \) = Constant

\( B_1 - \beta_4 \) = Co-efficient

\( X_1 \) = ICT resources

\( X_2 \) = Financial Resources

\( X_3 \) = Human resources

\( X_4 \) = Physical resources

\( \epsilon \) = error term
Statistical Package for Social Sciences version 21 for Windows was used to enter, store and analyze data. The results from the data analysis was presented using tables of frequencies and percentages.

3.9 Ethical Considerations

According to Collins and Hussey (2003), ethics are the norms or standards for conduct that distinguish between right and wrong. In this study the following ethical considerations were made, authorization of the study, voluntary participation informed consent and confidentiality of participants. Authorization and clearance of the study was sought from the school of business, Kenyatta University. Permission to conduct the study was also sought from the operations manager of each of the participating SACCOs. Participation in the study was solely voluntary; respondents had the option to pull out of the study at any time. All respondents were required to provide informed consent before being interviewed. Confidentiality of participants was ensured by not requiring respondents to indicate their names on the questionnaires. Data was stored in a password protected computer.
CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of the study. The findings are presented in the form of tables and figures. The findings are presented in two sections: descriptive statistics and inferential statistics. The findings are presented in the order of study objectives.

The researcher distributed questionnaires to a sample of 84 SACCO managers, heads of accounts, marketing, finance, credit and ICT departments. A total of 79 questionnaires were returned. This represents a response rate of 94%. Mugenda and Mugenda (2010) indicate that a response rate of 70% and above is acceptable.

4.2 Reliability results

Table 4.1 shows the Cronbach’s alpha for scale reliability obtained for our sample. Reliability from the sample showed a reasonable level of reliability (>0.70) as recommended by Burns (2010).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT Resources</td>
<td>0.737</td>
</tr>
<tr>
<td>Financial resources</td>
<td>0.843</td>
</tr>
<tr>
<td>Human Resources</td>
<td>0.701</td>
</tr>
<tr>
<td>Physical resources</td>
<td>0.763</td>
</tr>
<tr>
<td>Competitive advantage</td>
<td>0.755</td>
</tr>
</tbody>
</table>

Source: Field data (2016)

4.3 Respondents Socio-Demographic Profile

Socio-demographic information of respondents was collected. This comprised of the gender, age, level of education and working experience. The findings are presented in this section.
4.3.1 Distribution of Respondents by Gender

Findings in Figure 4.1 show that majority (63%) of respondents were female. The findings therefore suggest that there was a gender disparity among top level employees in SACCOs in Nyeri where males were underrepresented.

![Figure 4.1 Respondents’ Gender](image)

Source: Field data (2016)

4.3.2 Distribution of Respondents by Age

Findings in Table 4.2 show that 30% of the respondents were aged between 32 and 34 while 27% were age above 35 years. The findings therefore show that majority of the participants in the study were youth since 73% of them were below 35 years.

<table>
<thead>
<tr>
<th>Table 4.2 Respondents’ Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age (years)</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>18-21</td>
</tr>
<tr>
<td>22-26</td>
</tr>
<tr>
<td>27-31</td>
</tr>
<tr>
<td>32-34</td>
</tr>
<tr>
<td>Above 35</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Field data (2016)
4.3.3 Distribution of Respondents by Level of Education

Majority (81%) of respondents had acquired a bachelor’s degree while 11% had acquired a college diploma. The findings show that respondents in the study had a high level of education since all (n=79) had acquired higher education. The findings therefore suggest that the respondents in the study were educated enough to enable them respond to the questions and provide reliable information on organizational resources.

![Figure 4.2 Respondents’ Level of Education](image)

Source: Field data (2016)
4.3.4 Respondents’ Working Experience

Findings in Table 4.3 show that 43% of the respondents had a working experience of between 6 and 10 years while those who had a working experience of between 11 and 15 years were 11%. The findings therefore show that majority of the respondents had an adequate working experience to enable them provide reliable information regarding organizational resources in the SACCO.

<table>
<thead>
<tr>
<th>Experience (years)</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>30</td>
<td>38%</td>
</tr>
<tr>
<td>6-10</td>
<td>34</td>
<td>43%</td>
</tr>
<tr>
<td>11-15</td>
<td>9</td>
<td>11%</td>
</tr>
<tr>
<td>Over 20</td>
<td>6</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field data (2016)

4.4 Descriptive analysis

This section presents the findings of the five study variables in descriptive form (frequencies and percentages).

4.4.1 ICT Resources

The study sought to find out about ICT resources in the participating SACCO. This was achieved by asking respondents questions about ICT practices in the organization such as ICT policy, computer literacy, internet connectivity, websites and innovation. The findings would enable the study determine the effect of ICT resources on the competitive advantage of SACCOs in Nyeri County. The findings are presented in Table 4.4
Table 4.4 ICT Resources

<table>
<thead>
<tr>
<th>Description</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The SACCO has an ICT policy which guides the use of IT in this SACCO.</td>
<td>43%</td>
<td>53%</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Majority of employees are able to use computers in their operations.</td>
<td>53%</td>
<td>47%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The computers are connected to a network for sharing of resources</td>
<td>73%</td>
<td>27%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is an internet connection in the computer network</td>
<td>73%</td>
<td>27%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The SACCO has a website</td>
<td>63%</td>
<td>29%</td>
<td>8%</td>
<td></td>
<td>15%</td>
</tr>
<tr>
<td>Advertisements are posted on the company websites</td>
<td>8%</td>
<td>53%</td>
<td>9%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Financial performance information is posted on the website</td>
<td>38%</td>
<td>20%</td>
<td>23%</td>
<td></td>
<td>19%</td>
</tr>
<tr>
<td>The SACCO continuously embraces IT innovations in its operations</td>
<td>30%</td>
<td>54%</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field data (2016)

An overwhelming number (96%) of respondents indicated that their SACCO had an ICT policy which guided the use of IT in this SACCO. All (100%) respondents agreed that majority of employees were able to use computers in their operations. All (100%) respondents also agreed that the computers were connected to a network for sharing of resources. In addition, all (100%) respondents indicated that there was an internet connection in the computer network.

Majority (92%) of the respondents indicated that their SACCO had a website. Majority (61%) of the respondents indicated that advertisements were posted on the company websites. Majority (58%) also indicated that financial performance information was posted on the website. Majority (84%) also indicated that the SACCO continuously embraced IT innovations in its operations.
The findings therefore show that all SACCOs had adopted ICT as a resource in pursuit of competitive advantage. This was shown by the presence of ICT policy in every SACCO, internet connection and presence of an organizational website. The findings are therefore in agreement with Otieno (2010), Cakmak and Tas (2012), Aslizadeh (2014) and Keah (2014) who found that organisations all over the world had adopted ICT as a resource to enhance their performance.

4.4.2 Financial Resources

The study sought to establish the financial resources among the participating SACCOs. This was done by asking the respondents to provide information on among things working capital sources, capital base (liquidity) and access to bank Loans. The findings would enable the study investigate the effect of financial resources on the competitive advantage of SACCOs in Nyeri County.

4.4.2.1 Sources Of Capital For SACCOs

For majority (65%) of SACCOs in the study, interest paid on loans was the main source of capital. This shows that the interest charged on loans and the number of performing loans were an important element for SACCOs competitive advantage. The findings are in agreement with Fonseka et al. (2013) who found that interest charged on borrowed funds was the main avenue for revenue for most institutions in the financial market.
4.4.2.2 SACCOs’ Capital Base
All (n=79) the respondents in the study indicated that their SACCO had a capital base of over 250 million Kenya shillings. This shows that SACCOs in Nyeri County had a sufficient capital base. This finding is consistent with SASRA (2014) who found that the growth momentum ensured that the Kenyan Sacco sub-sector remained the largest and most vibrant Cooperative Financial Institution in Africa,

4.4.2.3 SACCOs Liquidity
Findings in Figure 4.4 show that 38% had a liquidity ratio of between 61 and 80 percent while 23% had a liquidity ratio of between 40 and 60 percent. The findings indicate that majority of SACCOs were in good financial health since they were above the 15% threshold recommended by SASRA.
4.4.2.4 Access to Bank Loans

Majority (73%) of the respondents indicated that access to bank loans for SACCOs was high. This may be attributed to the high capital base and high liquidity (Figure 4.4) which ensured that SACCOs were seen as low credit risk by commercial banks.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>30</td>
<td>38%</td>
</tr>
<tr>
<td>High</td>
<td>28</td>
<td>35%</td>
</tr>
<tr>
<td>Moderate</td>
<td>21</td>
<td>27%</td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field data (2016)
4.4.2.5 SACCO Financial Management Practices

Financial management practices were assessed in terms of borrowing, profitability and credit risk management.

Table 4.6 SACCO Financial Management Practices

<table>
<thead>
<tr>
<th>Description</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The SACCO takes loans to fund its activities</td>
<td></td>
<td>4%</td>
<td>51%</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>The SACCO makes careful evaluations when deciding sources of funds</td>
<td>51%</td>
<td>49%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability is a determinant of the source of funds in this SACCO</td>
<td>16%</td>
<td>55%</td>
<td>16%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>Credit policy is followed when the customers are being advanced credit.</td>
<td>61%</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field data (2016)

An overwhelming number of respondents disagreed that their SACCO takes loans to fund its operations. This is in contrast to Ndeiege et al. (2013) who found that external sources funds are becoming central part of the SACCOs loan portfolio as compared to internal sources of funds. All (100%) respondents agreed that The SACCO makes careful evaluations when deciding sources of funds. Majority (71%) of respondents indicated that profitability is a determinant of the source of funds in their SACCO. All (100%) respondents in the study agreed that credit policy is followed when the customers are being advanced credit. This is consistent with Lagat et al. (2013) who found that majority of the Sacco’s have largely adopted risk management practices as a means of managing their portfolio.

4.4.3 Human Resources

The study sought to find out about the human resources in the SACCOs in the study. This was achieved by assessing the number and qualification of employees,
motivation, performance management and HR innovation. The findings would enable the study examine the effect of human resources on the competitive advantage of SACCOs in Nyeri County.

4.4.3.1 Number of Employees
Majority (84%) of the SACCOs had between 101 and 250 employees as indicated in Figure 4.5 the high number of employees may be attributed to the growth of SACCOs where SACCOs are getting more customers and opening more branches therefore requiring more human resources in its operations.

![Figure 4.5 Number of Employees](source: Field data (2016))

4.4.3.2 Qualification of SACCO Employees
Majority of the respondents (80%) indicated that most of the SACCO employees were diploma holders. The findings further show that all the SACCOs employed employees with higher education thereby enhancing the quality of human resources in the institutions. Otieno, (2010), Njuguna, (2015) and Ngugi (2014) also found that employees in SACCOs were highly educated with majority of them having acquired a diploma in a related field.
<table>
<thead>
<tr>
<th>Qualification</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>9</td>
<td>12%</td>
</tr>
<tr>
<td>Diploma</td>
<td>60</td>
<td>80%</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>6</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Field data (2016)

### 4.4.3.3 Motivation of Employees

All (100%) respondents in the study agreed that the human resource department provides motivation to the employees. This shows that the SACCOs recognized the importance of human resources and strived to improve their output through motivation.

![Motivation of Employees](image)

**Figure 4.6 Motivation of Employees**
Source: Field data (2016)
4.4.3.4 Performance Management
All (100%) respondents in the study indicate that the HR department measures performance of every employee. Ndegwa (2013) who found that that SACCOs did not have a performance management system and that all employees were encouraged to draw their personal development plans.

![Figure 4.7 Performance management](image)

Source: Field data (2016)

4.4.4 Physical Resources
The study sought to assess the physical resources held by SACCOs and how they were managed. The findings would enable the determination the effect of physical resources on the competitive advantage of SACCOs in Nyeri County.

<table>
<thead>
<tr>
<th>Table 4.8 Physical Resources in SACCOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>The SACCO is strategically located in an area where it is accessible by customers</td>
</tr>
<tr>
<td>The SACCO has Buildings for offices that are used to</td>
</tr>
</tbody>
</table>
serve customers more efficiently

<table>
<thead>
<tr>
<th>The SACCO owns cars</th>
<th>68%</th>
<th>32%</th>
</tr>
</thead>
<tbody>
<tr>
<td>which are used for marketing SACCO products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The SACCO owns land</td>
<td>46%</td>
<td>20%</td>
</tr>
<tr>
<td>which may be sold to provide additional funds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field data (2016)

All (100%) respondents indicated that their SACCO was strategically located in an area where it is accessible by customers. Majority (82%) agreed that their SACCO had buildings for offices that were used to serve customers more efficiently. All (100%) respondents indicated that their SACCO owned cars which were used for marketing SACCO products. Majority (66%) of the respondents indicate that the SACCO owns land which may be sold to provide additional funds. Other physical resources owned by SACCOs included Auto teller machines (ATMs) and computer hardware.

### 4.4.5 Strategies to Improve SACCO Competitiveness

The respondents in the study were asked to recommend ways in which their SACCOs could enhance their competitive advantage.
Findings in Figure 4.8 show that 48% of the respondents recommended more marketing, 42% recommended greater adoption of ICT.

**4.4.6 Competitive Advantage of SACCOs**

Competitive advantage of SACCOs was assessed through profit made and return on assets made by participating SACCOs in the fiscal year preceding the study.

**4.4.6.1 SACCOs Profit**

Profit made by participating SACCOs was assessed by noting the profit before tax in the previous fiscal year.
The findings show that majority (62%) of SACCOs made between KES 31M and KES 45M in pretax profit. The findings also show that 2% of the participating SACCOs made over KES 46M in profit. This shows that the participating SACCOs were in a highly competitive environment.

4.4.6.2 Return on Assets
Competitive advantage of SACCOs was also assessed by noting the return on assets.

**Table 4.9 Return on Assets**

<table>
<thead>
<tr>
<th>ROA (%)</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>5</td>
<td>36</td>
</tr>
<tr>
<td>2.1-3</td>
<td>8</td>
<td>57</td>
</tr>
<tr>
<td>Over 3</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2016)

Majority of SACCOs had an ROA of between 2% and 3%. This shows that the average ROA was low for SACCOs in the study. This means that SACCOs’ management was not very efficient at using their assets to generate earnings.

4.5 Regression Analysis
This section presents the findings from inferential analysis of the data. The purpose of the inferential statistics was to quantify the effect of organization resources on competitive advantage of SACCOs in Nyeri County. To achieve this, the researcher
carried out a linear regression analysis of variables. The analysis was carried out in SPSS at 95% confidence. The findings also enabled solving of the hypothesis.

4.5.1 Model Summary

Table 4.10 shows the multiple linear regression model summary and overall fit statistics. The $R^2$ value indicates how much of the total variation in competitive advantage can be explained by organizational resources. The $R^2$ value of 0.842 indicates that 84.2% of competitive advantage of SACCOs can be explained by organizational resources. This shows that organizational resources are critical and influence competitive advantage to a very large extent. This finding is therefore in agreement with Sirmonn et al. (2007), Inmyxai and Takahashi (2010) and Otieno (2010) who in similar studies found that there was a strong correlation between organizational resources and competitive advantage.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.918</td>
<td>.842</td>
<td>.834</td>
<td>.445</td>
</tr>
</tbody>
</table>

Source: Field data (2016)

4.5.2 ANOVA Output

Table 4.11 shows the ANOVA table which presents the F-test which has the null hypothesis that there is no linear relationship between the variables. The table indicates that the F value (98.926) is statistically significant (p=0.000) at 95% confidence level. The findings therefore show that the regression model predicts the dependent variable significantly well. In other words, the regression model is valid and can be used in predicting competitive advantage of SACCOs. This finding is therefore consistent with the resource based view (RBV) of the firm which predicts
that certain types of resources owned and controlled by firms have the potential and
promise to engender competitive advantage, which eventually leads to superior
organizational performance (Ainuddin et al., 2007).

Table 4.11 ANOVA Output

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>78.252</td>
<td>4</td>
<td>19.563</td>
<td>98.926</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>14.634</td>
<td>74</td>
<td>.198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92.886</td>
<td>78</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field data (2016)

4.5.3 Regression Coefficients

Table 4.12 presents the coefficients and significance which indicate the extent to
which the value of each independent variable contributes to the value of the
competitive advantage.

Table 4.12 Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.149</td>
<td>.172</td>
<td>.869</td>
<td>.387</td>
</tr>
<tr>
<td>ICT Resources</td>
<td>.402</td>
<td>.111</td>
<td>.433</td>
<td>3.624.001</td>
</tr>
<tr>
<td>Financial resources</td>
<td>.727</td>
<td>.186</td>
<td>.296</td>
<td>3.911.000</td>
</tr>
<tr>
<td>Human Resources</td>
<td>.497</td>
<td>.131</td>
<td>.498</td>
<td>3.790.000</td>
</tr>
<tr>
<td>Physical resources</td>
<td>.043</td>
<td>.041</td>
<td>.061</td>
<td>1.048.298</td>
</tr>
</tbody>
</table>

Source: Field data (2016)

The Unstandardized coefficients (B) are the regression coefficients. The coefficients
tell us how much competitive advantage goes up, on average, given that the
independent variable goes up one unit. The Unstandardized coefficients can be
substituted into the model to give us the new model.

\[ Y = 0.402 X_1 + 0.727 X_2 + 0.497 X_3 + 0.445 \]
Where: $Y =$ Competitive advantage, $\beta_1 - \beta_4 =$ Co-efficient, $X_1 =$ ICT resources, $X_2 =$ Financial Resources, $X_3 =$ Human resources and $X_4 =$ Physical resources

The new model tells shows that the constant is 0.149 which is the expected value of the competitive advantage when the values of the independent variables equal zero. This means that without organizational resources, competitive advantage would be 15%. This shows that organizational resources are critical to the SACCOs’ competitiveness.

This is consistent with Otieno (2010) who found that a SACCO has to optimally utilize its internal resources and capabilities to exploit external opportunities in order to gain sustainable competitive advantage.

The findings show the contribution of each variable to competitive advantage. The findings show that financial resources has a coefficient of 0.727. This means that a unit change in financial resources would result in a 72.7% change in the competitive advantage of a SACCO. It shows that financial resources are the most important resource held by a SACCO. This is in agreement with Gaya et al. (2013) who found that presence of financial resources, through created sustained advantage. The findings are also in agreement with Rongwei et al. (2011) who found that physical resources have more significance to profitability and growth.

The new model also shows that all variables are preceded by a plus sign indicating that all variables contribute positively to competitive advantage. This means that organizational resources result in increased competitive advantage of a SACCO. This is in agreement with Inmyxai and Takahashi (2010) who found that the resources of the SACCO enable them to conceive and implement strategies that improve efficiency and effectiveness.
### 4.5.3.1 ICT Resources and Competitive Advantage

The findings show that an R value of 0.561 was found in the regression between ICT resources and competitive advantage. This means that there is a moderate positive relationship between ICT resources and competitive advantage. This means that an enhancement of a SACCO’s ICT capabilities would result in a moderate increase in the SACCOs competitive. The findings also show an R square value of 0.314 which indicates that 31.4% of the competiveness of SACCOs can be attributed to ICT resources. Findings in Table 4.13 show that ICT resources (p=0.001) was statistically significant at 95% confidence level. This shows that there as a significant relationship between a SACCOs’ ICT resources and its competitive advantage.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.708</td>
</tr>
<tr>
<td></td>
<td>Internet</td>
<td>.700</td>
</tr>
</tbody>
</table>

R=0.561, R²=0.314, F=49.03, P=0.001

Source: Field data (2016)

The study therefore rejects the first null hypothesis and concludes that there is a significant relationship between ICT resources and competitive advantage among SACCOs in Nyeri County. ICT plays a vital role in enhancing competiveness of SACCOs through components such as cost reduction, cheaper distribution channels, and reduction in supply time, good customer services, production innovation and entering new markets. The findings are therefore in agreement with those of Apulu and Latham (2011), Almjali (2014), Aslizadeh (2014) and Adeniran and Johnston (2016) who had similar findings. However, the finding is in contrast to those of Dent and Powell (2007), Chae et al. (2014) who found that ICT alone did not engender
sustainable performance advantages. The point of departure is that these studies were not conducted in SACCOs nor in financial institutions of any kind.

4.5.3.2 Financial Resources and Competitive Advantage
Regression analysis between financial resources and competitive advantage gave an R value of 0.791 and an R Square value of 0.626. The R value indicates that financial resources had a strong positive relationship with competitive advantage of SACCOs. In other words, an increase in financial resources would result to an increase in competitive advantage. The R square value indicates that 62.6% of the competitive advantage of SACCOs can be attributed to financial resources. The findings also show that financial resources were statistically significant (p=0.000) at 95% confidence level.

Table 4.14 Regression of financial resources and competitive advantage

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.586</td>
<td>.072</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Financial Resources</td>
<td>.317</td>
<td>.024</td>
</tr>
</tbody>
</table>

R=0.791, R^2 = 0.626, F=178.83, P=0.00
Source: Field data (2016)

This means that SACCOs’ financial resources had a significant relationship with competitive advantage. The study therefore rejects the second null hypothesis and concludes that there is a significant relationship between financial resources and the competitive advantage among SACCOs in Nyeri County. This may be attributed to the fact that A sacco that has great financial strength is able to implement better competitive strategies by hiring the best skill and employing the best technology to encourage to have an edge over their competitors. The finding is consistent with
findings of Wang (2010), Fonseka et al. (2013) and Validus (2016) who also found financial resources to be statistically significant.

4.5.3.3 Human Resources and Competitive Advantage
Regression analysis between human resources and competitive advantage of SACCOs showed an R value of 0.644 and an R Square value of 0.414. The R value signifies that there was a strong positive relationship between human resources and competitive advantage of SACCOs. An increase in the quality of human resources would see an increase in the competitive advantage of SACCO and vice versa. The R Square value signifies that 41.4% of the competitive advantage of SACCOs can be attributed to human resources. The findings also show that human resources (p=0.000) were statistically significant at 95% confidence level. There is therefore a significant relationship between human resources and competitive advantage.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>(Constant) .760</td>
<td>.104</td>
<td>7.306</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Human Resources .546</td>
<td>.065</td>
<td>.644</td>
<td>8.368</td>
</tr>
</tbody>
</table>

R=0.644, R²= 0.414, F=70.03, P=0.00

Source: Field data (2016)

The study therefore rejects the third null hypothesis and concludes that there is a significant relationship between human resources and the competitive advantage among SACCOs in Nyeri County. Employees as a form of human capital have knowledge, skills, and abilities that can be applied to their work to generate value for the SACCO. The management of the human resources has a major impact on the competitiveness of a SACCO. Wickramaratne (2009), Jardon and Gonzalez-Loureiro
(2012), Gaya et al. (2013) and Waiganjo et al. (2012) also found that human resources had a relationship with competitive advantage.

4.5.3.4 Physical Resources and Competitive Advantage
The findings show that regression analysis between physical resources and competitive advantage resulted in an R value of 0.111. This signifies that there was a weak positive relationship between physical resources and competitive advantage. An increase in physical resources would enhance competitiveness of a SACCO but to a very small extent. The R Square value of 0.012 indicates that only 1.2% of a SACCO’s competitiveness can be attributed to physical resources. The findings indicate that physical resources (p=0.271) were not statistically significant at 95% confidence level. This means that there was no statically significant relationship between physical resources and competitive advantage.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>(Constant)</td>
<td>2.874</td>
<td>.098</td>
<td>29.469</td>
</tr>
<tr>
<td></td>
<td>Physical resources</td>
<td>.056</td>
<td>.051</td>
<td>.111</td>
</tr>
</tbody>
</table>

R=0.111, R²=0.012, F=1.224, P=0.271
Source: Field data (2016)

The study therefore rejects the fourth null hypothesis and concludes that significant relationship between physical resources and the competitive advantage among SACCOs in Nyeri County. This may be attributed to the fact that physical resources by themselves cannot be a source of competitive advantage unless used to enhance one or more of the other resources such as financial or human resources. This finding is in agreement with those of Inmyxai and Takahashi (2010), Mutunga et al. (2014)
and Wainaina (2015) who found that physical resources were not viewed as basic to firm accomplishment, there was sign of some commitment to Sustainable upper hand yet a few firms demonstrated no advantage or to almost no degree The findings are however in contrast with those of Anton (2011), Rongwei, et al. (2011) and Irungu and Ndegwa (2014) who found a statistically significant relationship.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This section presents a summary of the major findings of the study as well as the conclusions made from them. The section also presents recommendations made by the researcher as well as suggestions for future studies.

5.2 Summary of the Study
Certain types of resources owned and controlled by a firm have the potential and guarantee to produce upper hand, which in the long run prompts unrivaled authoritative execution. SACCOs must be able to leverage resources into all the markets in which those resources contribute to competitive advantage and achieve superior performance. The purpose of this study was to investigate the effect of organization resources on competitive advantage of SACCOs in Nyeri County. Specifically, the study sought to determine the effect of ICT, Financial, human and physical resources on the competitive advantage of SACCOs in Nyeri County. The study was anchored in the resource based view, institutional and the slack resources theories. The study used the descriptive survey research design. This study targeted all deposit taking SACCOs in Nyeri County. SACCO managers and departmental heads were the respondents in the study. A census of all the 14 SACCOs was conducted. From each SACCO, 6 participants were purposely sampled to give the study a sample of 84 respondents. The study used questionnaires to collect data. Descriptive statistics (frequencies & percentages) were used to analyze data. Regression analysis was also conducted. Statistical Package for Social Sciences version 21 for Windows was used
to enter, store and analyze data. The results from the data analysis were presented using tables of frequencies and percentages.

5.2.1 ICT Resources and Competitive Advantage

The study sought to determine the effect of ICT resources on the competitive advantage of SACCOs in Nyeri County. The study found that an overwhelming number of SACCOs had an ICT policy which guided the use of IT in this SACCO. All respondents agreed that majority of employees were able to use computers in their operations. All respondents also agreed that the computers were connected to a network for sharing of resources. In addition, all respondents indicated that there was an internet connection in the computer network. Majority of the respondents indicated that their SACCO had a website, advertisements were posted on the company websites, financial performance information was posted on the website and that the SACCO continuously embraced IT innovations in its operations.

ICT resources (p=0.001) was statistically significant at 95% confidence level. The study found that there a moderate positive relationship between ICT resources and competitive advantage. Specifically, it was found that 31.4% of the competitiveness of SACCOs can be attributed to ICT resources. The findings indicated that a unit change in ICT resources would result to a 40.2% increase in competitive advantage of SACCOs.

5.2.2 Financial Resources and Competitive Advantage

Interest paid on loans was the main source of capital. All respondents in the study indicated that their SACCO had a capital base of over 250 million Kenya shillings. 38% of the SACCOs had a liquidity ratio of between 61 and 80 percent while 23% had a liquidity ratio of between 40 and 60 percent. An overwhelming number of
respondents disagreed that their SACCO takes loans to fund its operations. Majority of the respondents indicated that access to bank loans for SACCOs was high. All respondents agreed that the SACCO makes careful evaluations when deciding sources of funds. All respondents in the study agreed that credit policy is followed when the customers are being advanced credit.

Financial resources had a strong positive relationship with competitive advantage of SACCOs. Financial resources were statistically significant (p=0.000) at 95% confidence level. It was found that 62.6% of the competitive advantage of SACCOs can be attributed to financial resources. The findings indicated that a unit change in financial resources would result in a 72.7% change in the competitive advantage of a SACCO. It shows that financial resources are the most important resource held by a SACCO.

5.2.3 Human Resources and Competitive Advantage

Majority (84%) of the SACCOs had between 101 and 250 employees. Majority of the employees were diploma holders. 43% of the respondents had a working experience of between 6 and 10 years while those who had a working experience of between 11 and 15 years were 11%. All respondents in the study agreed that the human resource department provides motivation to the employees. All respondents in the study indicated that the HR department measures performance of every employee.

There was a strong positive relationship between human resources and competitive advantage of SACCOs. Human resources (p=0.000) were statistically significant at 95% confidence level. The findings indicated that 41.4% of the competitive advantage of SACCOs can be attributed to human resources. A unit change in human resources would result in a 49.7% increase in the competitive advantage of SACCOs.
5.2.4 Physical Resources and Competitive Advantage

All respondents indicated that their SACCO was strategically located in an area where it is accessible by customers. Majority agreed that their SACCO had buildings for offices that were used to serve customers more efficiently. All respondents indicated that their SACCO owned cars which were used for marketing SACCO products. Majority of the respondents indicate that the SACCO owns land which may be sold to provide additional funds. Other physical resources owned by SACCOs included Automatic Teller machines (ATMs) and computer hardware.

There was a weak positive relationship between physical resources and competitive advantage. Physical resources (p=0.271) were not statistically significant at 95% confidence level. The R Square value of 0.012 indicates that only 1.2% of a SACCO’s competitiveness can be attributed to physical resources. A unit change in physical resources would result in a 4.3% increase in SACCO competitiveness which meant that physical resources had the least influence on competitive advantage among the four variables in the study.

5.2.5 Organizational Resources and Competitive Advantage

The R$^2$ value of 0.842 indicated that 84.2% of competitive advantage of SACCOs can be explained by organizational resources. The regression model predicted the dependent variable significantly well (p=0.000). The findings showed that financial resources had a coefficient of 0.727. This meant that a unit change in financial resources would result in a 72.7% change in the competitive advantage of a SACCO. It showed that financial resources are the most important resource held by a SACCO.
5.3 Conclusion

The study concludes that organization resources positively affect competitive advantage of SACCOs. The study concludes that the most important resources for a SACCO are financial resources followed by human resources and ICT resources in that order. ICT resources enhance competitive advantage owing to the many benefits that computer technology offer to a business. ICT is used as a business tool to reduce costs, create stronger links with customers, innovate and facilitate market niche. Financial resources were found to be the most important of the organizational resources. Financial resources enable SACCOs to expand, hire the best employees, and adopt the latest technology which enables them to have an upper hand over their competitors.

Human resources were found to be the second most important resource. Human resources enhance competitive advantage because it is the resource that operates and manages the other resources. In this study, SACCOs were found to have highly qualified and skilled employees. This meant that these employees were able to manage other resources and get the best out of them thereby resulting in competitive advantage. Physical resources were found to enhance competitive advantage but only to a very small extent. This may be attributed to the fact that physical resources cannot work in isolation and are not a source of competitive advantage in and by itself unless combined with other resources especially human and financial resources.

5.4 Recommendations

SACCOs should embrace ICT innovation further and adopt such concepts as point of sale and widen their ATM points. All SACCOs should post their financial information on their website as required by SASRA. SACCOs should diversify their investment
portfolio to such things as securities to enhance their income and avoid over reliance on interest in face of stiff competition.

On top of hiring high qualified employees SACCOs should seek to enhance their employee quality by introducing training programs using various approaches to increase employee output. SACCOs should invest in those physical resources that enhance competitiveness and should concentrate on the resources that complement other resources especially ICT and human resources.

5.5 Suggestions for Further Study

The current study was limited to SACCOs. A similar study should be conducted on other financial institutions such as banks and insurance companies to better understand the effect of organization resources on competitive advantage of SACCOs in Nyeri County. This study was further limited to deposit taking SACCOs; future studies should focus on non-deposit taking or a combination of the two to get a deeper understanding of the relationship between organizational resources and competitive advantage. SACCO customers were not involved in the study. Customers’ views of SACCOs should be considered in future studies to enhance the understanding of competitiveness of the SACCOs from the experiences of customers. A similar study should also be conducted in other towns and countries.
REFERENCES


Fonseka, M. M., Yang, X., & Tian, G.-l. (2013). Does Accessibility To Different Sources Of Financial Capital Affect Competitive Advantage And Sustained


Okelo, M. O. (2014). *Sustainable competitive advantage among savings and credit co-operative societies in Nairobi County.* Nairobi: University of Nairobi.


Wang, C. (2010). Empirical analysis of financial ability of listed companies which have completed ownership reform in Jiangsu China.


APPENDICES

Appendix I: Questionnaire

The purpose of this questionnaire is to collect data to investigate the effects of organization resources on competitive advantage of SACCOs in Nyeri County. Indicate your response by ticking alongside the provided box or writing down in the space provided. To maintain confidentiality do not indicate your name or that of your SACCO.

I: Socio-demographic data

1. What is your gender?
   - Male
   - Female

2. How old are you?
   - 18-21 Years
   - 22-26 Years
   - 27-31 Years
   - 32-34 Years
   - 35 and Above

3. What is your highest level of education?
   - Certificate
   - Diploma
   - Bachelor’s degree
   - Postgraduate degree

4. How long have you worked for this SACCO?
   ……………….years

II: ICT resources

Respond by ticking against your choice.

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>The SACCO has an ICT policy which guides the use of IT in this SACCO.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Majority of employees are able to use computers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
in their operations.

7 The computers are connected to a network for sharing of resources

8 There is an internet connection in the computer network

9 The SACCO has a website

10 Advertisements are posted on the company websites

11 Financial performance information is posted on the website

12 The SACCO continuously embraces IT innovations in its operations

13 The SACCO has an ICT policy which guides the use of IT in this SACCO.

III: Financial resources

14. What are the main sources of capital for this SACCO?

☐ Member’s deposits

☐ Interest paid on loans

☐ Borrowing

☐ Others (please specify)…………………………………………

15. What is the capital base of the SACCO?

☐ KES 1M – KES 50M

☐ KES 51M – KES 100M

☐ KES 101M – KES 250M
16. What is the liquidity ratio of this SACCO for the last financial year?

- 1% - 20%
- 21% - 40%
- 40% -60%
- 61% - 80%
- Over 80%

17. How would you rate access to bank loans for the SACCO?

- Very high
- High
- Moderate
- Low
- Very low

**IV: Human resources**

18. How many employees does this SACCO have?

- 1-50
- 51-100
- 101-250
- Over 250

19. What is the qualification of majority of employees?
☐ Certificate
☐ Diploma
☐ Bachelor’s degree
☐ Postgraduate degree

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>The SACCO takes loans to fund its activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>The SACCO makes careful evaluations when deciding sources of funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Profitability is a determinant of the source of funds in this SACCO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Credit policy is followed when the customers are being advanced credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>The human resource department provides motivation to the employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>The HR department measures performance of every employee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**IV: Physical resources**

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>The SACCO is strategically located in an area where it is accessible by customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>The SACCO has Buildings for offices that are used to serve customers more efficiently</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>The SACCO owns cars which are use for marketing SACCO products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
30. What other physical resources does the SACCO have that enable to serve customers more efficiently?

..............................................................................................................................

31. What would you recommend for the SACCO to improve its performance and competitive advantage?

..............................................................................................................................
Appendix II: Transmittal letter

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D55/NYI/PT/28213/2014

DATE: 9th September, 2016

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR LEONARD MWANGI MACHIRA — REG. NO.
D55/NYI/PT/28213/2014

I write to introduce Mr. Leonard Mwangi Machira who is a Postgraduate Student of this University. He is registered for M.B.A degree programme in the Department of Business Administration.

Mr. Machira intends to conduct research for a M.B.A Project Proposal entitled, “Organization Resources and Competitive Advantage of Success in Nyeri County, Kenya.”

Any assistance given will be highly appreciated.

Yours faithfully,

MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL

3/04/16
Appendix III: Research Permit

![Research Permit Document]

**NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION**

Telephone: +254-20-2213471, 2241549, 3310597, 2215420
Fax: +254-20-318245, 318249
Email: dp@nacostu.go.ke
Website: www.nacostu.go.ke
when replying please quote:

Ref No.

NACOSTU/P/16/66994/13996 26th October, 2016

Leonard Mwangi Machira
Kenyatta University
P.O. Box 43844-00100
NAIROBI

**RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on “Organization resources and competitive advantage of SACCOs in Nyeri County, Kenya,” I am pleased to inform you that you have been authorized to undertake research in Nyeri County for the period ending 24th October, 2017.

You are advised to report to the County Commissioner and the County Director of Education, Nyeri County before embarking on the research project.

On completion of the research, you are expected to submit two hard copies and one soft copy in pdf of the research report/thesis to our office.

Boniface Wanyama
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nyeri County.

The County Director of Education
Nyeri County.