

**CORPORATE GROWTH STRATEGIES AND PERFORMANCE OF SACCOS IN  
KITUI COUNTY, KENYA**

**JUSTUS NZONZO MUTUA**

**D53/OL/CTY/32621/2016**

**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN  
PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF  
DEGREE IN MASTER OF BUSINESS ADMINISTRATION (STRATEGIC  
MANAGEMENT) OF KENYATTA UNIVERSITY**

**JANUARY, 2019**

## **DECLARATION**

I declare that this is my original project and has not been submitted to any university for examination and should not be published without the consent of the author or university

Signed: \_\_\_\_\_ Date \_\_\_\_\_

**JUSTUS NZONZO MUTUA**

**D53/OL/CTY/32621/2016**

The project have been submitted for examinatsion having been approved by my supervisor

Signed: \_\_\_\_\_ Date \_\_\_\_\_

**Dr. Elishiba Murigi**

**Department of Business Administration**

**Kenyatta University**

## **DEDICATION**

I dedicate the this project to my family for its love and support. May Go bless you all.

## **ACKNOWLEDGEMENT**

First , I acknowledge my Almighty God for the strength and power he has granted me towards accomlshment of the project. Gratitude to my able supervisor Dr. Elishiba Murigi who played a key role in supporting and giving me the required direrction to the project accomplishment. I cant forget my wife, friends an family members who always encouraged me and provided me with wonderful ideas to the accomplishment of the project.

## TABLE OF CONTENTS

DECLARATION .....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENT .....	iv
LIST OF TABLES .....	ix
LIST OF FIGURES .....	x
ABBREVIATIONS AND ACRONYMS .....	xi
OPERATIONAL DEFINITION TERMS .....	xii
ABSTRACT .....	xiii
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.1 Background of the Study .....	1
1.1.1 Corporate Growth Strategies .....	3
1.1.2 Performance .....	5
1.1.3 SACCOs in Kitui County .....	6
1.2 Statement of the Problem .....	7
1.3 Objectives of the Study .....	9
1.3.1 General Objective .....	9
1.3.2 Specific Objectives .....	9
1.4 Research Questions .....	10
1.5 Significance of the Study .....	10
1.6 Scope of the Study .....	11
1.7 Limitation of the Study .....	11

1.8 Organization of the study .....	12
CHAPTER TWO .....	13
LITERATURE REVIEW .....	13
2.1 Introduction.....	13
2.2 Theoretical Review .....	13
2.2.1 Stakeholder Theory .....	13
2.2.2 The Game Theory .....	14
2.2.3 Ansoff’s Product/Market growth Strategies .....	16
2.2.4 The Porters Generic Model of Competitive Advantage .....	18
2.3 Empirical Review.....	19
2.3.1 Cost Leadership Strategy and Performance .....	19
2.3.2 Product Innovation strategy and Performance .....	20
2.3.3 Market focus strategy and Performance.....	22
2.3.4 Product differentiation strategy and Performance .....	23
2.5 Conceptual Framework .....	27
CHAPTER THREE .....	29
RESEARCH METHODOLOGY .....	29
3.1 Introduction.....	29
3.2 Research Design .....	29
3.3 Target Population.....	29
3.4 Sampling Procedure .....	30
3.5 Data Collection Instrument .....	31
3.6 Data Collection Procedure .....	31

3.7 Validity and Reliability of the study.....	32
3.7.1 Reliability.....	32
3.7.2 Validity.....	32
3.8 Data Analysis and Presentation.....	33
3.9 Ethical Considerations .....	34
CHAPTER FOUR.....	35
RESEARCH FINDINGS AND DISCUSSION .....	35
4.1 Introduction.....	35
4.1.1 Response Rate .....	35
4.1.2 Test for Reliability .....	36
4.2 Demographic Background .....	37
4.2.1 Age of Respondents .....	37
4.2.2 Number of Years of Experience in the SACCO .....	38
4.2.3 SACCO Products .....	39
4.3 Descriptive Analysis Finding.....	40
4.3.1 Cost Leadership strategy and Performance.....	40
4.3.2 Product Innovation Strategy and performance .....	41
4.3.3 Market focus strategy and performance of SACCOs .....	43
4.3.4 Product differentiation strategy and Performance of SACCOs .....	44
4.3.5 Firm Performance .....	45
4.4 Inferential Statistics.....	47
4.4.1 Model Summary.....	47
4.4.2 ANOVA .....	48

4.4.3 Coefficients of Regression.....	48
CHAPTER FIVE .....	51
SUMMARY, CONCLUSION AND RECOMMENDATIONS .....	51
5.1 Introduction.....	51
5.2 Summary of the Findings .....	51
5.2.1 Cost Leadership Strategy and SACCO Performance .....	51
5.2.2 Product Innovation and SACCO Performance .....	52
5.2.3 Market Focus Strategy and SACCO Performance.....	52
5.2.4 Product differentiation strategy and SACCO Performance .....	53
5.3 Conclusions .....	53
5.4 Recommendations .....	54
5.5 Suggestions for Further Studies .....	55
REFERENCES .....	56
APPENDICES .....	68
Appendix I: Introduction Letter .....	68
Appendix II: Questionnaire.....	69
Appendix III: Time Plan “Month” .....	76
Appendix IV: Budget.....	77
Appendix V: Research Approval Letter.....	78
Appendix VI: Journal Article Publication Certificate .....	79

## LIST OF TABLES

Table 2.4 Summary of Literature Reviewed and Research Gaps .....	24
Table 3.1: Target Population.....	30
Table 3.2: Sample Size.....	31
Table 4.1: Reliability Test.....	36
Table 4.2 Cost Leadership Strategy .....	40
Table 4.3: Product Innovation Strategy .....	42
Table 4.4: Market Focus Strategy.....	43
Table 4.5: Product Differentiation Strategy.....	44
Table 4.6: Performance of SACCOs.....	46
Table 4.7: Model Summary .....	47
Table 4.8: ANOVA.....	48
Table 4.9: Coefficients of Regression.....	49

## LIST OF FIGURES

Figure 2.1: Conceptual Framework .....	28
Figure 4.1: Response Rate .....	36
Figure 4.2: Age of Respondent .....	37
Figure 4.3: Number of years SACCO s have operate .....	38
Figure 4.4: Corporate growth strategy applied .....	39

## **ABBREVIATIONS AND ACRONYMS**

<b>BOSA</b>	-Back Office Service Activity
<b>CBK</b>	-Central Bank of Kenya
<b>FOSA</b>	-Front Office Service Activity
<b>GDP</b>	-Gross Domestic Product
<b>KUSCCO</b>	-Kenya Union of Savings and Credit Cooperatives
<b>NPL</b>	-Non-Performing Loans
<b>SACCO</b>	-Savings and Credit Cooperative
<b>SASRA</b>	-SACCO Societies Regulatory Authority
<b>SPSS</b>	-Statistical Package for Social Sciences

## OPERATIONAL DEFINITION TERMS

<b>Corporate growth strategies</b>	Approaches a firm utilizes in expanding its business . Some of the key strategies include market expansion, differentiation and acquisition.
<b>Cost leadership strategy</b>	Having a competitive edge by embracing a lowest cost operation strategy
<b>Market focus strategy:</b>	an approach under which a firm deliberates its resources on expanding in a narrow market.
<b>Product innovation strategy:</b>	Making winning products that are in line with the changing needs of the target market.
<b>Performance</b>	Is a subjective measure of how well a firm raises its profitability and competitiveness through proper strategy selection and implementation.
<b>Product differentiation strategy</b>	A procedure of creating uniqueness within products making them more attractive.

## ABSTRACT

Increased competition in the Kenyan market has forced SACCOs to rethink their corporate growth strategies as a way of achieving improved performance. This research aimed at examining the impact of corporate growth strategies on the performance of SACCOs in Kitui County. The study was based on key specific objective involved with examining the impact of product innovation cost leadership, focus and product differentiation strategy on the performance of SACCOs in Kitui County. In support of the research are four key theories of Ansoff's product market growth approach, the game approach and stakeholder theory as well as the Porter's generic model. The study intended to utilize descriptive research technique while focusing on 3 SACCOs operating in Kitui County. The study selected 129 management staff participants from the three SACCOs with sample of 65 being considered as the target population. The study utilized self-administered questionnaires in collecting primary data which was analysed by descriptive statistics like percentages, standard deviations, and mean with the support of SPSS and presented via percentages, graphs, chart and tables. Pearson's Product Moment Correlation ( $r$ ) was derived to reflect on the strength of the connections. Adjusted  $R^2$  was also utilized in measuring the amount of variation in the dependent variable performance as explained by the independent variable. Academicians and researchers gained knowledge and ideas on loan recovery and strategic interventions and use the same to advance research in their fields of interest in researching more from the gaps identified in this study. It was established that corporate growth strategies selected which include cost leadership, product innovation, market focus and product differentiation significantly and positively influence the performance of SACCOs in Kitui County. The study concluded that the SACCOs to a significant extent embraced cost leadership strategy through embracing high levels of efficiency, technology, lean operations and optimizing on resource use in a diligent and transparent way. It was further concluded that the SACCOs applied product innovation strategy to a significant extent through creation of new products, improved service delivery, customizing products to market needs and coming up with new products. The study also concluded that the market focus strategy was applied to a moderate extent by the SACCOs to improve their performance and to a little extent applied the product diversification strategy by making their products unique, distinct and embracing quality. The study recommends that the SACCOs need to employ hybrid strategy which involves integration of the corporate growth strategies to achieve peak performance. Further studies should be carried out in other counties to validate findings from this study.

## **CHAPTER ONE**

### **INTRODUCTION**

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

Performance of the SACCOs across the globe has been an aspect of consideration in theory and practice given their centrality on economic growth. Although there are several SACCOs in East Africa and Africa at large, Kenya has been the context of interest in relation to SACCO performance given the country's receptability to growth of SACCOs. For SACCOs to achieve their growth prospects, Kuria (2011) emphasises the necessity of a clear growth strategy to guide their direction. Corporate strategy fundamentally reflects on a firm's direction and its entire managerial practices (Wheelen & Hunger, 2012). The company's managerial bodies play a key role towards enhancement of the organization's growth through enhanced cash flow practices and establishing a stable resource sharing and development structure. An organization corporate strategy would further reflect on the firm's efficient and effective distribution of resources and management of its stakeholders (Johnson & Scholes, 2010). The entire process is based on the efficiency in structuring the business's systems, enhanced decision making processes and enhanced organizational accountability and controls. Corporate strategy determines the major beneficiaries of the firms and how the purpose and priorities of the firm should be agreed on.

Corporate strategy is aimed at promoting effective usage resources in an organization and the larger economy, the strategy as well is meant to help in ensuring that the organization complies compliance with key set policies, and society outlooks, it as well offers organizational

managers with an oversight with the usage of the business 'assets. Corporate strategy as well plays a key role in reducing organization frauds and assist firms in attracting reduced investment costs by enhancing both at the local and the international investors' (Gregory, Johnson , 2011). According to Bertone and Cark (2009), an organization is accessible to four different generic approaches of innovativeness, cost leadership, focus strategy and differentiation strategy.

SACCOs are types of cooperatives with the objective of pooling saving from its members and in turn provides them with credit facilities (Lari, 2009). SACCOs as well have been embraced as they encourage thrift amongst its members as well as encouraging the on the effective management of money and offering them a clear direction towards efficient investment practices. Whereas in the urban centers working class individuals and wage earners have established urban SACCOS, rural based persons mostly the farmers have established Rural SACCOS(KUSCCO, 2006).. Besides, there do exist, other Jua-Kali traders SACCOS established based on the working fields of its members (KUSCCO, 2006. Of current SACCOS in Kenya have been highly recognized having been at the forefront of helping most SMEs investments , they have also been recognized having been the major saving channels for most persons having been identified as the surest way of breaking the vicious cycle of poverty and is fundamental to sustainable economic development ( Kuria, 2011).

Many a times it is not easy to appreciate the tremendous growth that most firms have undergone, instead, the immediate reaction is to assume that these firms are in their current state by default. The transformation of firms is a rigorous process which takes lots of strategies and adequately tested leadership and business acumen to deliver. It should not be taken for

granted therefore that the growth of firms to their peak is a walk in the park, but rather a well calculated and deliberate objective to deliver a desired outcome. Wright et al (1990) noted that Porter's model is a relationship between minimizing costs, differentiating products and market focus which then informs the choice of strategy that a firm pursues to achieve its market share position.

According to ICA (2004), a co-operative is defined as a group of individuals bound by social and economic goals via legitimately controlled and mutually owned firms. SACCOs in Kenya form a key segment of the financial sector which offers savings, credit and insurance service (Maina, 2013). Nyaga (2012) observed that 30% of all national savings in Kenya are held by SACCOs, Co-operative Bank, CIC Insurance and KUSCCO. It is no wonder that some of the SACCOs are bigger than some of our commercial banks.

### **1.1.1 Corporate Growth Strategies**

Growth strategies are action plans to allocate scarce resources to fulfil specific goals. It states how a firm will address its long-term goals. Competitive advantage can be realized through three distinct strategies, which will ultimately ensure the achievement of an above average industry performance. These generic strategies include differentiation, cost leadership and focus (Wright, 1987). Organizations must take a deliberate move to expand and grow to cover territories which were untapped before.

With the increased use of technology as well as the globalization, it has become apparent that organizations must act boldly to grow and meet the demanding needs of the market. When organizations make a conscious effort to grow, it requires a strategy to make this possible.

Some companies assume a concentration strategy while others assume a diversification strategy. Organizations choosing market concentration aim at achieving large market share while those focusing on diversification aim to gain a small market share but serve a special category of clientele (Frandsberg & Kjellman, 2004).

Wickham (1998) acknowledged that organizational growth means more than just an expansion in the size of the organization, but rather a dynamic process which involves development and change within the organization. It entails growth in various ways such as how the organization interacts with its environment and how it shields itself from the threats posed by the environment as well as take advantage of the opportunities brought about by the environment. It is important to note that organizational growth relates to the changes that take place in the organization's processes. This growth is also concerned with the changes that must take place in the leadership style as the business moves from being a small to a large organization and addresses how the organization will respond to changing conditions.

In the context of turbulent business environments today, many firms are focusing on ways to grow their businesses. For a business to perform it must grow and therefore most business people want to see growth in their firms. Growth is exciting and fastpaced and for most businesses, is an indication of success. According to Barringer and Ireland (2008), the seven primary reasons why firms try to grow include the attainment of economies of scale which are generated when increasing production lowers the average cost of each unit of production, also to capture economies of scope whereby the firm deals with a range of products, to attain market leadership whereby the organizations want to be leaders in their markets. A business may decide to grow in order to execute a scalable business model where they ask how high in terms

of growth can the business go. Another reason would be for the business to gain influence, power and survivability. It could also be the need to accommodate growth of key customers while at the same time being able to attract and retain talented employees.

Enhancing a business' growth can also be reflected as crafting and executing approaches meant to enhance profits, retain and attract clients and enhance a firm's general performance (Thompson & Strickland, 2003). It is about claiming and maintaining a share of the market. Porter (1980) observes that having a growth strategy enables a firm to achieve a profitable and sustainable position in its market of operation. There are many growth strategies that a firm can undertake to grow and expand its operations though it is crucial to understand that not every growth approach is effective for any organization. The path towards attaining effective organizational strategy is aligning the firm's market with key growth strategies (Ansoff, 1965). Some of these strategies include diversification, market development, and product development.

### **1.1.2 Performance**

The importance of performance as it affects corporate sustainability in today's business cannot be over emphasized. A firm's financial performance is a reflection of the extent to which its financial goals are accomplished. Financial performance will measure the results of a firm in monetary terms. Institutions put in place best financial and non financial structures in place to have competitive advantage over their competitors (Amalendu and Sri, 2011). It is from this competitive edge that an institution will enhance its financial performance through which an institution is able to meet its short term and long term obligation such as wealth creation to its

shareholders. Poor financial performance of an institution will affect the attraction of institution to would be investors which may lead it to insolvency and eventual collapse.

Stakeholders have varying decision to a firm's performance. A SACCO has shareholders, managers, creditors, tax authorities and other users who have interest in performance of a company. Shareholder investments with profit objectives. Thus, management plays a key role in determining a firm's performance. In examining a firm's performance, financial reports are applied where ratios are calculated to be used in determining its performance level. Some of the commonly used financial performance measures are profit after tax, ROA, ROE and earnings per share. SACCOs operate in a complicated business environment where key financial institutions such as banks are part of. For the SACCOs to be sustainable in the business they should attract core financiers. Besides, effective management is to contribute much towards the attainment of its objectives (Adebayo et al, 2011). Effective performance is thus life hood of a firm's success as it can pay the operational costs and have residue which is distributed to its shareholders from its profit. Analyst will measure the financial performance and other indicators that show the financial soundness of the business by use of financial records and reports.

### **1.1.3 SACCOs in Kitui County**

Kitui County has four operational SACCOs. However, as of 2017 only three that had met regulatory requirement, this includes Mwingi Teachers Sacco, Kitui Teachers Sacco and Best Rock Sacco. (SASRA, 2015). The situation implies there is a very small and insignificant percentage of Saccos that meet required qualifications and standards for registration. This calls for a need to examine efficiency of corporate strategies of SACCOs in Kitui. The cooperative

movement in Kenya is heavily influenced by SASRA regulations that came into force in 2010. To meet the stringiest requirement and survive, SACCOs had to meet different operational costs, and had to be more innovative, flexible and efficient.

In, Kenya a SACCO is a cooperative society, which is formed as an association of people who have voluntarily come together to achieve a common economic goals through a democratically controlled organization with equitable contribution to capital contribution and sharing of risk and benefit occurring from the business (Davis, 1999). As of 2010, Kenya had 6,007 recognized SACCOs with a membership total of 1,857,566 accounting to almost 4.8% population. Of the registered SACCOs during the period, only 2,959 being active with audited reports. Bides, on the active SACCOs only 218 would take deposits while , 2, 011 SACCOs were non deposit taking (Africa, 2012).

Based on the increased rate of growth, the Kenya's government commitment towards establishing SACCO legislation has implemented globally accepted financial performance and corporate standards and has begun supervision of SACCO. Furthermore, the SACCO's significance has been associated of the vision 2030 as one of the major saving and investment hub. As a result it is expected that with the implementation of new Sacco's regulations, key growth policies should be improved (Sacco Societies Regulatory Authority, 2010).

## **1.2 Statement of the Problem**

Organization exists in complicated and turbulent environment. For some of the companies, the environment has been more turbulent compared to its competitors. Although it's possible, for firms to turn its plan and strategies to actions for its success sometimes it become hard due to

some of the environmental factors that hinder their operational. Though some strive towards translating the theory into action plans that will allow the strategy to be successfully executed and sustained (Wangi, 2011).

An effectively structured system of corporate strategies stands to be one of the most effective strategies meant to be used in meeting a corporate's objectives (Kirkendal, 2009). Literature on the impacts of corporate approaches have expressed mixed outcomes. With researchers such as Cicotello and Grant (2012) and Walker (2011) disagreeing with the relationship. In relation to the process of corporate risk management strategy, Walker (2011) expressed that smaller funds portfolios are considered to be of risk compared to those with larger funds though expressed that the smaller funds would outperform the bigger funds though Malhotra and Mcleod (2009) would find a contrasting result on the same issue.

Factors that influence a business's performance has been widely studied by different authors over the years. Previous studies have indicated that multiple factors affect business performances including among others, cultural and religious beliefs, technological environment, and capabilities and preferences (Buttner, 2001, Makhbul, 2011). Viseras, Baines, and Sweeney (2005) categorized multiple (36) success determinants into three research categories: people, organization, systems in the manufacturing environment. Wan Zahari, et al., (2010) found out that internal and external customers are essential to be the main contributing factors of organizational success. Upadhyay et al., (2010) while studying factors influencing ERP in Indian manufacturing organizations found out that the creation of a conducive organization structure, climate, effective communication is a crucial factor of success. Wright (2003) indicated that strategic planning determines a firm's success and plan in future.

Gakenia (2008) conducted a research focusing on strategy execution in Kenya Commercial Bank. She concluded that strategy execution was affected by three major factors. Njengah (2013) did a similar research though focusing on insurance sectors and concluded top management, organization structure influences the implementation on strategy due to communication and bureaucracy. Kabiru (2013) in his study on the influence of information technology on strategy implementation of the NGOs within the health sector in Nairobi County, concluded that IT enhanced strategy implementation within the health sector NGOs in Nairobi County to a very great extent, top management team determines a firm's performance and manager's were committed to performance thus encouraging staffs support and guidance through encouragement of entrepreneurial attributes. The research therefore sought to establish the impact of corporate growth strategies on performance of SACCOs in Kitui County.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The research aimed at establishing the influence of corporate growth strategies on performance of SACCOs in Kitui County, Kenya.

#### **1.3.2 Specific Objectives**

The research was directed by the subsequent objectives

- i. To evaluate the impacts of cost leadership strategy on the performance of SACCOs in Kitui County.

- ii. To examine the effects of product innovation strategy on the performance of SACCOs in Kitui County.
- iii. To examine the influence of market focus strategy on the performance of SACCOs in KituiCounty.
- iv. To investigate the effect of product differentiation strategy on the performance of SACCOs in Kitui County, Kenya

#### **1.4 Research Questions**

The reserach was directed by the subsequent questions;

- i. How does cost leadership strategy impact performance of SACCOs in Kitui County.
- ii. What is the effect of product innovation strategy on the performance of SACCOs in Kitui County?
- iii. How does the market focus strategy affect the performance of SACCOs in KituiCounty?
- iv. How does product differentiation strategy influence the performance of SACCOs in Kitui County, Kenya?

#### **1.5 Significance of the Study**

Empirical evidence clearly shows that there are several studies focusing on corporate growth strategies and financial performance in effect to banks but there is scanty and few studies carried out in effect to SACCO's and hence the need for further investigation of the effect of the same on SACCOs. Therefore this study will be important to various stakeholders including the government, SACCOs.

To the Government, the findings are expected to be meaningful to policy-makers both in the concerned government agencies such as SASRA, Vision 2030 secretariat, and SACCOs, especially in consolidation of policy deliberations in the subsector. To academic and researchers, the study will add to the existing body of knowledge on corporate strategies and financial performance of SACCOs and therefore form a basis for further research.

To SACCOs Managements, the study is expected to be a springboard to efficiency in Sacco's management through adoption of its recommendations. Further, the findings would empower managers on existing corporate strategies in quest of enriching the SACCO movement in Kenya or any other field related to strategic management. To the economy, SACCOs are among the major contributors hence the application of this research finding will boost further their contribution to the economy.

### **1.6 Scope of the Study**

The study focussed on 3 operational Saccos in Kitui County, Kenya. The population consisted of management staff in the SACCOs. The research sought to examine the role of cot leadership strategy , market focus and product innovation and product differentiation strategy on the performance of the SACCOs. The research assessed the SACCOs performance focusing on 2013-2017. The research respondents were the 129 management employees among the SACCOs.

### **1.7 Limitation of the Study**

Some of the involved participants resisted to provide information for fear of being victimized. In avoidance of the limitation, the researchers introduced a letter from relevant entities such as

the institutions and assure them that the provided data was confidentially and is meant for academic purposes.

The researcher encountered key issues of eliciting data from the participants as they were needed was subject to areas of attitudes, that could not be correctly quantified and substantiated subjectively. However, the scholar inspired the participants to take part of the study without holding back any information as the questionnaires did not demand them to provide personal details such as names.

### **1.8 Organization of the study**

The project is grouped into five sections, with the first chapter consisting of the study background, purpose, objectives, questions, significance, limitation and statement of the problem and organization of the study. The second chapter entails the study literature review containing empirical and theoretical review and the conceptual structure. The third chapter entails the study's methodology which illustrated the research design, the instruments of data collection, target group, analysis and presentation, the validity and reliability of the study, sampling methods and size, and lastly ethical concerns of the research. The fourth chapter presents the data analysis findings and discussions while chapter five details a summary of study findings, conclusions and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The part entails the literature review on corporate growth approaches and their influence on Sacco's performance. It provides the information from past researchers who conducted research on the same topic of study. The section as well presents the theoretical and empirical review, the research gaps, the study's summary, and the conceptual structure.

#### **2.2 Theoretical Review**

The research was guided by the theories provided below

##### **2.2.1 Stakeholder Theory**

The model was developed by Freeman (1985). This model focuses on the association of the business and its external atmosphere. It as well focuses at how the links tends to impact the way a business operates. The model as well considered the firm's stakeholder as an individuals or a group of person that can influence the business's operations. For instance, customers, shareholders, government, staffs, NGO', and the society can influence the company's operation. Freeman (1985), one of the major pioneer of the model holds that the major aspects of the model is that firms managing their stakeholder association commendably will be more sustainable and have enhanced performance. than organization that do not.

Organization management's efficiency and only be first involving its stakeholders. This can be explained by three key ways of descriptive, instrumental and normative. From the normative perspective, an organization should consider all of the stakeholder's needs by specifically establishing a structure of CSR a way that appeals for cohesiveness from the stakeholders if its aims at attaining competitive advantages. As per the instrumental perspective, explains that an organization growth is largely based on its economic success, hence firms should always focus on lowering its product cost and diversifying its products. Under the descriptive perspective provides culture is highly determined by its stakeholders' values. Obscener, Schlegelmilch & Murphy (2013) asserts that the theory illustrates how an organization handles its stakeholders and thus is associated with CSR.

In contrast, Lee (2015) would argue that the model has no differences separating an organization's economic and social goals. Based on Mitchell and Keim (2010) study, it would be definite that the theory's key to the firm's success. The relevance of this theory to this study is that it will explain how to balance the interests of stakeholders of SACCOs in order to achieve the desired level of performance. Thus, the theory supports the variable of cost leadership approach hence encouraging SACCOs to embrace cost leadership strategy towards enhancing its their performance.

### **2.2.2 The Game Theory**

This model focuses on the process of competitive interactions. It all entails the making of decisions when two or more rivals are engaged under conditions of competition and conflict. Rather than making inferences from previous behaviors of the rivals the organizations sought to examine a competitor's best cost-effective counter approach to articulate the effective

defensive strategies. As stated by Gandoifo (2011), for organization to effectively enhance their performance, they must understand their game of operation as well as to the competitors' game. To effectively attain enhanced competitive advantages within the market, firms should embrace strategies of maximizing the utility function. Each of the organization is rational and be at a point of foreseeing the options of other organization thinking on what would be the rational choice it needs to undertake in case it was within the similar circumstance.

The model expresses the competitions involves just war between competitors of which it provides that the success of the war heavily relies on continues plan to fight and upstage the enemy (Mintzberget al, 2009). This demonstrates that an organization will always upstage rather attain market competitive upon responding to the competitors who always not tend to behave as expected. Burnes (2009) further provides that an organization can only attain its competitive advantages upon attaining more enhanced strategies of upstaging the competitors. This can be attained through various approaches such as enhanced investment in capacity and advertisement. However, is the strategies can be easily undone it impossible for the firm to gain its expected performance. However, it is perceived that most of the strategies utilized by an organization relies on its nature of operation and the way it perceives its competitors in regard to a specify situations. Thus, the approach incorporates the responsibilities of strategic signaling as one of the crucial mechanisms for intimidating competitors (Burnes, 2009). According to Gandoifo (2011), strategic battles are more probabllly be effective in circumstances there exists an even balance between the competitors in a specific industry compared in situations that are is only a single firm that contain substantial competitive advantage over its competitors.

This model is relevant to this study because it supports the variable differentiation approach by illustrating that via making the most effective decisions among competitors a differentiation approach can thus go a long way improving a firm's performance.

### **2.2.3 Ansoff's Product/Market growth Strategies**

Ansoff (1957) established Product Market Growth Matrix as one of the business marketing tool to enable various organizational markets to value different strategies of growing the business through existing or new products and also in currently available markets. The strategy contains four product combinations. The matrix aids organizations in deciding key decisions that can be undertaken given the present organizational performance. The key suggested approaches include; market development, penetration, diversification and product development.

Market penetration involves key efforts to enhance a firm's sales volume without necessarily shifting its original product marketing strategy. An organization seeks to enhance its performance either through enhancing sales volume to its current clients or through finding new clients for its current products and services. An organization first should consider its ability to gain a wider market share using its present products in their present customers (Kotler, 2010). On the other hand, penetration in the market takes place once a firm has managed to take its products to the market with the current products. The most effective strategy to attain this is by gaining the competitors' customers. Other ways include attracting non users of a product or by basically encouraging present clients to use more of the products, with advertising .

Thompson and Strickland (2015) on the other hand provides that market penetration aims at attaining for key goals of enhances market share for its existing goods, secure its market dominance, enhance its customer and sustaining its business operations. On the other hand, product development approach aims at retaining the current organizational mission and establishing goods containing new and unique features to help in enhancing the performance of the mission. An organization already having ready market for its current goods might be involved again in developing other goods with the objective of utilizing the existing market. However, the product or service should not be new as this may hinder the firm's operation and production strategies (Johnson and Scholes, 2015)

Pearce and Robinson (2010) assets that product development approach is basically grounded on the penetration of the current markets simply through incorporation of product differentiation into the current or emerging new goods with a definite link to the current product line. Once an organization developed new goods it attains new clients for such goods. Thus, the strategy of introducing new products can be one of the key strategies towards attaining business development objective.

Market development refers to an organizational strategy in which its tries to adapt its current product line to new missions, as s provided by Pearce and Robinson (2010). This theory is relevant to this study because it reflects on the organization strategy of selling of present products with merely cosmetic amendment to client in correlated marketing zones by aiding channels of distribution, hence, supporting the variable market focus strategy by demonstrating an organization established service can be targeted to fit different client segment , as a approach to earn more income for the organization.

#### **2.2.4 The Porters Generic Model of Competitive Advantage**

Porter's generic models focuses on five key forces which aids in in understanding an organization's positions which is considered profitable and less vulnerable to attack. Further, Porter (2008) argues that the presence of the five key strategies are meant to help attain a competitive advantage against its rivals. He provides four key strategy competitive forces which focus on the company's customers, rivals, suppliers and the organization at large. According to porter's analysis, for a firm to attain a high competitive edge, it should first understand its business operations. This involves understanding its business boundaries and setting key strategies towards attaining a more enhance competitive advantages. Business analysis should as well assess the weakness and strength of these competitive forces.

Porter (2008) concluded that the recognized five competitive strategies expressed by a firm are realistically attractive and provide a direction for investors in anticipating both negative and positive shifts within the industry framework way before they become common in the marketplace. Porter further provides that an organization's concern on its competitive strategy forms the strategic way through the firm can attain its growth and success. The model thus supports the product innovation approach as the five forces model will make SACCOs sensitive to the happenings within the banking sector and beyond. Porter's generic modelis relevant in this study because it intends to aid the SACCOs in adapting to changes ad developments in their product innovations as well as address issues to competition in order to succeed.

## **2.3 Empirical Review**

The empirical literature review section provides key studies accomplished by other authors covering a similar or related topic of study

### **2.3.1 Cost Leadership Strategy and Performance**

Cost leadership strategy involves provisions of products and services to customer with low level of disposable income (Muthiani, 2008). The model aids an organization in enhancing its product quality provisions a factors that creates higher financial performance for organizations. Through cost leadership strategy as well as provided a crucial strategy on enhanced low product cost having reduced the possible costs associated with production cost leading to relatively affordable processes. In support of the model is also Muasa's (2014) study that expressed out that for cost leadership approach to be effectively attained it must enforce technological enhancement, encourage employee morale and create positive relations with the stakeholders. This will concur with Kirimi's (2012) study which expressed out that people oriented capital contains a significant association with competitive advantage.

Lester (2009) argues that one of the major dimensions involving cost leadership approach is effectiveness the extent to which the firm's input per unit of output is relatively minimum. According to the approach, a firm's efficiency can be grouped into either cost, or asset parsimony. Cost efficiency measures the extent to which specific costs per unit of output are relatively low while asset parsimony measures similar concept but focuses on assets. The two categories capture an organization's cost leadership orientation. To the degree that organization following effective strategy succeed in deploying the minimum amount of

operating costs and assets required to attain the expected sales , they would be at appoint of enhancing their market sustainability.

Kaliappen and Hilman (2014) provides that the strategy is key to enhanced organizational performance as it enables firms to produce products at a relatively lower costs enhancing its profitability rate. A firm's cost leadership framework is always driven by its size, scale and its operational length. As also stated by Brooks (2013), lower costs of production enhances a firms' competitive advantages a factor that relatively sustains its business environment.

### **2.3.2 Product Innovation strategy and Performance**

Ngugi and Karina (2013) expressed that product innovations allows financial institutions to increase their services within the market thus creating competitive advantage for the organizations, market innovations allows the financial institutions to establish new markets thus increasing the competitive advantage, procedures innovations allows the management of bank's operations thus enhancing efficiency as technology innovations will enhance ease flow of information and quick delivery to the intended personnel.

Kamakai (2014) established the impact of product innovation on the performance of Kenya's banks. By the use of both primary and secondary data as well as descriptive statistics the research would conclude that product innovations affects client fulfillment and the image and reputation of the market. The key associated to product innovation and competitors consisted of wide network, location, the variety of products, product range, the institutor's reputation, the level of innovations, and customer service.

Von Hippel (2009) in his study established that innovation approach created by a high technology business may involve the application and investment in new techniques for instance ICT not previously applied by rivals. The benefit of such an approach is that it might be hard for other organizations to copy similar products. Besides, small organizations wishing to innovate new products are expected to face issues and hindrances due to inadequate modernized technology and financial, and human resources of developing a new product in the market.

Kulkarni (2009) states that a product life cycle under five key phases where at some of its phase various changes are to be made if not the product will be irrelevant. In his study, he provides that for organization to attain competitive advantage they must allocate more resources on its market research systems a factor of enhancing their productivity. Muyoka (2013) conducted a study on the association between financial innovation and the financial performance of Kenya's insurance firms. By the use of descriptive survey conducted on 47 insurance firms and utilizing both primary and secondary data covering the period between 201-2015. He could establish that Kenya's insurance firms have embraced product innovations strategies such as agri-insuarncce products and processes innovations like virtual marketing, telemarketing and office automations. Muthui (2013) conducted a study on the impacts of ICT on corporate strategy within Nyeri County's SACCOs and established that that technologies and innovations incentives impacts corporate strategy more, then technological changes while research and development is valued the least.

### **2.3.3 Market focus strategy and Performance**

Muriuki (2013) conducted a study focused on evaluating the strategies utilized by Kenya's banks in their retail banking. As expressed from the study it would be established that the banks embrace differentiation cost to cost leadership having accounted for 65% a 35% respectively. The major propose to why most of the institution would embrace focus strategy is due to their medium sized branch network that would only allow such a strategy.

Wanyonyi (2011) conducted a study on key competitive strategies embrace by Kenya's banks I retaining and attracting its corporate clients. The research would express the banks would adopt key approaches in its efforts to retain and attract corporate clients namely adaption strategies and competitive strategies.

Getembe (2012) focused on the association between competitive approaches and performance of chartered private university within Kenya. According to his findings, he would express that there existed a general positive association between the institution's performance and competitive strategies. This correlated to Naughton (2014) study , expressed that a focus strategy based on low cost relies on there being a buyer segment whose requirements are relatively les to fulfill compared to the rest of the market. Besides, focus strategy based on differentiation relies on there being a buyer segment with unique product requirement attributes. Under focus strategy an organization always targets a certain segment of the market. An organization will select to focus on a select customer group, product, service and geographical area.

Mcquarrie (2014) insisted that focus emphasizes at enhancing and expanding the market share via operating in a niche market or in overlooked or unattractive market and a market that clients large competitors. Such types of niche arise from multiple factors that include geography, buyer features and product specifications or needs. According to Porter (2008), effective focus approach depend on a firm's segments being large enough to attain effective growth potential however not a of major significance to other key rivals. Market penetration or market development is valued to be a crucial focus strategy. Both the large and mid-sized organization will tend to apply focused based approaches but only in conjunction with either cost leadership and differentiation strategies.

#### **2.3.4 Product differentiation strategy and Performance**

Muthuani (2015) analyzed product differentiations approaches embraced by the organizations in Kenya. In his study that applied descriptive statistics like percentages he expresses that Shell has adopted a wide based product differentiation approach those emphasizes on client's values. Private petroleum dealers and the National Oil embraced an approach with the objective of targeting price sensitive sectors of their clients (64% , Shell on quality (45%) , Independents in Price (46%) and Non fuel Offer (54.5%). All Kenya based oil firms ride in their brand name as one of their fundamental base of their strong foundation.

Awing (2011) did a research focusing on issues facing the execution of differentiation approaches in the running of Mumias Sugar Company and expressed that organization face core issues in the execution among them assets, values and state policies and regulations . According to Tuva's (2015) study focused on the impact of differentiations approach on the performance of water bottling forms within Mombasa County, Kenya. He established that's ,

there exists a positive relationship between differentiation approach and the organization's performance. Product differentiation approach would contribute much to the performance of the organization compared to service differentiation approach.

Rescott (2011) provided that differentiation approaches calls for the development of a services which provides unique features to the clients. It's would be reflected that with the presence of differentiation started, firms are expected to attain higher prices for their products a factor that enhances its competitive advantage as the product or service is in substitutable.

Hyatt (2011) argues that any strategy that an organization can adopt meant to add buyer value represent a potential basis for differentiation. Once the firm identifies a sustainable source of buyer value, it will create the value, developing attribute into its products at an acceptable cost. Lastly, Kosom (2011) conducted a study on competitive approaches used by the national oil corporation of Kenya. From the study's findings it would be expressed that organization apply low cost approaches, focus, differentiation and resource based strategy to effectively compete with other oil markets.

## 2.4 Summary of Literature Reviewed and Research Gaps

Table 2.1: Research Gaps

Author	Topic	Findings	Research gap
Muasa (2014)	Cost leadership strategy and sustainable competitive	To effectively enhance cost leadership within an organization, the organization should	The study focused on Naivas Supermarkets while the current study is on SACCOs.

	<p>advantage of Naivas supermarket limited in Kenya.</p>	<p>allocate more resources towards the strategy. Further the organization should enhance its technological usage, improved management with good relation with stakeholders.</p>	<p>-the study is based on one strategy(cost leadership strategy while the current study is on corporate strategies.</p>
<p>Kamaki (2014)</p>	<p>The influence of product innovation of the bank's</p>	<p>Product innovation affects on client fulfillment and enhances image reputation</p>	<p>The study focused on banks while the current is on SACCOs in Kitui County</p>
<p>Getembe (2012)</p>	<p>The connection amid competitive approaches and performance of</p>	<p>There is a positive and significant relationship between competitive strategies and performance</p>	<p>The study focused on competitive strategies on private universities while the current focuses on corporate</p>
<p>Muthiani (2015)</p>	<p>The product differentiation approach embraced by Kenya's oil firms</p>	<p>Product differentiation enhances a firm's competitiveness</p>	<p>The study singled out on one strategy as the significant one and left out the rest of the corporate strategies</p>
<p>Kamakai (2014)</p>	<p>Impact of product innovation on the</p>	<p>Product innovations affects client fulfillment</p>	<p>The study concentrated only on product innovation</p>

	performance of Kenya's banks.	and the image and reputation of the market.	in relation to bank performance.
Kulkarni (2009)	A terminal assessment of stages theory: theory the product life cycle	For organization to attain competitive advantage they must allocate more resources on its market research systems a factor of enhancing their productivity	The researcher only did a theory analysis and no primary study.
Muyoka (2013)	The association between financial innovation and the financial performance of Kenya's insurance firms.	Kenya's insurance firms have embraced product innovations strategies such as agri-insuarncce products and processes innovations like virtual marketing, telemarketing and office automations	The study concentrated only on product innovation in relation to bank performance.
Muthui (2013)	The impacts of ICT on corporate strategy within Nyeri County's SACCOs	Technologies and innovations incentives impacts corporate strategy more, then technological changes while research and	The study did not give attention to corporate growth strategies in a broader view.

		development is valued the least	
Awing (2011)	Challenges facing the implementation of differentiation Strategy in the operations of the Mumias Sugar company Limited.	The organization face core issues in the execution among them assets, values and state policies and regulations	The study was limited to only differentiation strategy while the current study seeks to address growth corporate growth strategies.

## 2.5 Conceptual Framework

A study conceptual structure presents the specific abstract block that represent an experientia aspect of a ystesm beig conceived in the study. It reflects on the study's key principles and ideas selected from various fields of enquiry and applied in structuring a succeeding presentation. The strcture also illustrate the key dependent and independent variables applied in the study.

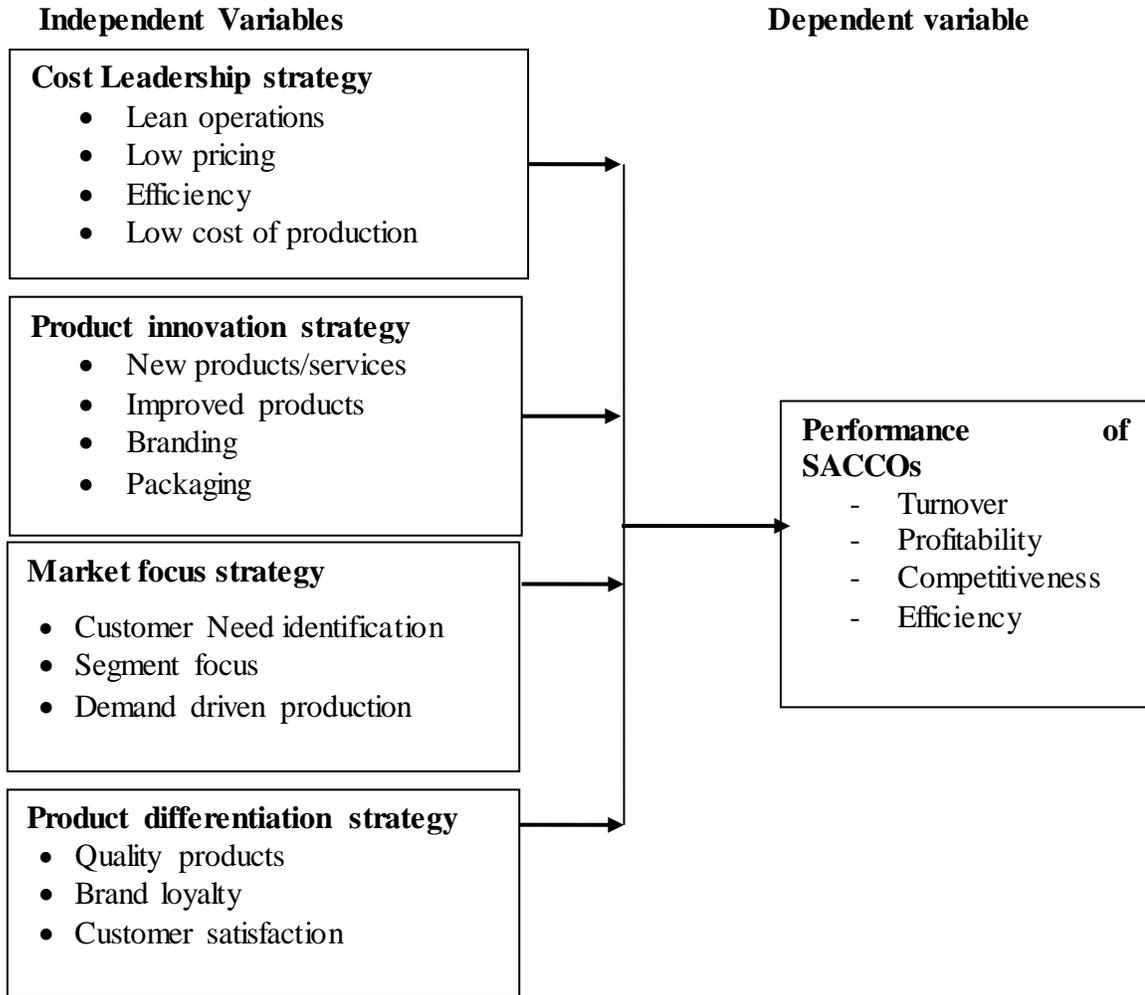


Figure 2.1: Conceptual Framework

*Source: Researcher (2019)*

The conceptual framework above depicts the relationship between the dependent and independent variables. It tentatively shows that corporate growth strategies influence performance of SACCOs.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The section covers the study's methodology study, illustrating the methods used in data collection, analysis and presentation. The section further provides key sampling size and techniques embraced by the study, the study's target population, research design and the ethical consideration associated with the study.

#### **3.2 Research Design**

Research design reflects on the fundamental structure providing the researchers' overviews addressing the key practices that will be executed to attain the research objectives. The research issue was studied by the use of descriptive technique. As narrated by Cooper & Chandler (2003), descriptive research is associated with evaluating, how, what and where of a phenomenon. The research thus, is capable of generalizing the findings to all enterprises. The research proposal focused on the role of corporate growth strategy on the performance of SACCOs in Kitui County.

#### **3.3 Target Population**

A population refers to group events, objectives, persons, or cases having a common observable feature (Mugenda & Mugenda, 2003). The study population involved the management staff of the registered three SACCOs operating in Kitui County. The staff in the three SACCOS were 129 according to KUSSCO (2017). The study target population was thus 129 participants.

**Table 3.1: Target Population**

<b>SACCO</b>	<b>Population</b>	<b>Percentage</b>
Kitui Teachers SACCO	41	31.78
Best Rocks SACCO	54	41.86
Mwingi Teachers SACCO	34	26.36
<b>Total</b>	<b>129</b>	<b>100</b>

*Source: KUSSCO, 2018*

### **3.4 Sampling Procedure**

The sampling methods offers a variety of techniques used in facilitating the reduction of the amount of data that needs to be gathered by valuing only key data from a sub-group rather than considering all of the possible elements. A simple random sampling method was used to select participants in this study. In simple random sampling, participants are picked without using any statistical criteria because the population is homogenous. The reason for using simple random sampling in this study was to minimize the chances of biasness in participant selection.

Mugenda and Mugenda (2003) assert that a population sample of 25-30 % is a good reflection of the study in drawing any research conclusions. Thus, the study utilized a sample size of 65 respondents from the entire population of 129 to finalize the study findings having attained the sample percentage of 50% of the study's target population.

**Table 3.2: Sample Size**

<b>SACCO</b>	<b>Population</b>	<b>Rate</b>	<b>Sample Size</b>
Kitui Teachers SACCO	41	0.5	21
Best Rocks SACCO	54	0.5	27
Mwingi Teachers SACCO	34	0.5	17
Total	129	<b>0.5</b>	<b>65</b>

*Source: Researcher (2018)*

### **3.5 Data Collection Instrument**

The research utilized semi structured survey questionnaires in gathering key information from the respondents. The questionnaires were administered to each of the participating respondents from the selected sample. The questions were effectively structured to address the research's key objectives and they were tested with a selected group of members for further improvement. The processes were accomplished to establish the accuracy and validity of the collected data towards attaining sustainable conclusions.

### **3.6 Data Collection Procedure**

The research utilized questionnaires in collecting data. The process was conducted keenly to ensure that the structured questionnaire met the research's objectives. The questionnaires were then presented in person to the respondents for a later pick.

### **3.7 Validity and Reliability of the study**

#### **3.7.1 Reliability**

To effectively examine the instrument's validity and reliability the author sought the support of specific experts within the field of study, mostly guidance from the supervisor and lecturers within the school of business. The process is meant to enhance the possible revision and modification of the entire research instruments where appropriate.

In support of the instrument's validity, Cronbach's Alpha based on internal consistency was used in measuring the coefficient of internal consistency and thus the reliability of the study instruments (George & Mallery, 2003). Using the technique, the study's reliability was valued on the coefficient level from the tool as the acceptable level stands at 0.70 or more (Hair, et al, 1998). Besides, construct validity method was utilized in testing the instrument's validity.

#### **3.7.2 Validity**

Validity measures extent to which specifies data attained from the instruments accurately represents the expected results. In the validation of the instrument's validity any collected is considered accurate and reliable (Mugenda and Mugenda, 2003). According to Yin (2003), the research's validity increased through various sources of evidence. Data was gathered from the management employees of the SACCOs, from which the validity of data and relevant results was confirmed.

### 3.8 Data Analysis and Presentation

Before data processing the gathered data was thoroughly edited to ensure its efficiency and consistency. Quantitative data gathered was evaluated using descriptive statistics using SPSS and be presented via means, frequencies, percentages and standard deviation. The provided information was displayed using bar, pie charts, prose-form and graphs. The process was accomplished by tallying up various study feedbacks while the response was computed and interpreted as per the set objectives and utilization of SPSS in communicating the findings. Besides, content analysis was used in testing data which is qualitative in nature. Besides, the study utilized multiple regressions analysis through the equation provided below;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y= Performance of SACCOs in Kitui County

$\beta_0$  - intercept coefficient

$\varepsilon_i$  - error term (extraneous variables)

$X_1$  – cost leadership strategy,  $X_2$ – product innovation strategy,  $X_3$ –market focus strategy,  $X_4$ – product differentiation strategy

$\beta_1, \beta_2,$  and  $\beta_3$  = regression coefficients

### **3.9 Ethical Considerations**

The researcher obtained permissions first from the participants allowing him to administer the questionnaires. For the unwilling respondents they were under no obligation to do so. However, the participants did not indicate their personal details and were assured of their data confidentiality and that the information was only to be used for academic purposes. Besides the research obtained an informed consent from the firms involved and institutions.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

The study chapter presents findings from the study (both descriptive and inferential statistics) based on data that was collected using structured questionnaires. The four main corporate growth strategies focused on include cost leadership strategy, product innovation strategy, market focus strategy and product differentiation strategy. The target population was the 129 management staff among the 3 SACCOs in Kitui. A sample of 65 respondents was taken for data collection.

##### **4.1.1 Response Rate**

The researcher prepared and administered questionnaires to a sample of 65 participants. Out of these, 60 successfully filled in and returned the questionnaires to the researcher. This means that the response rate was 92.31%, which was deemed sufficient to allow the researcher proceed to data analysis, consistent with the assertion by Mugenada and Mugenda (2003) that a response rate of 70% is sufficient for the research. The findings were as shown in Figure 4.1.

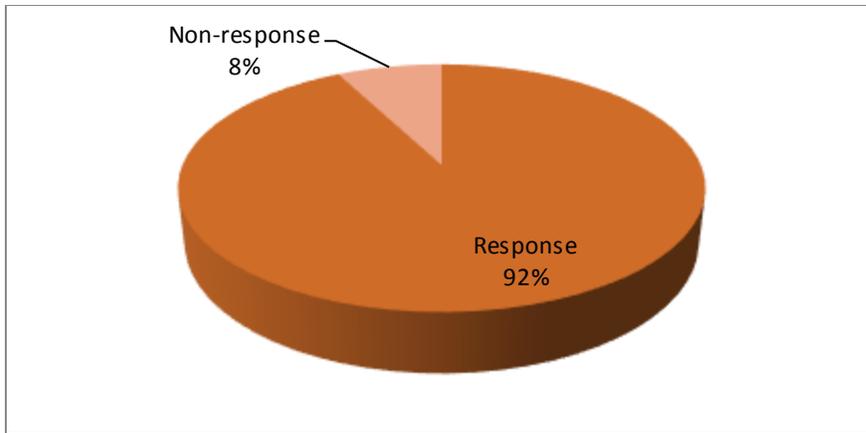


Figure 4.1: Response Rate

*Source: Field data, 2019*

#### 4.1.2 Test for Reliability

It was necessary to ascertain the extent to which research instruments were reliable to be used for data collection. Reliability is tested using Cronbach Alpha coefficient. Using Cronbach, it was found out that reliability of the questionnaires was satisfactory as shown in table 4.1 below.

**Table 4.1: Reliability Test**

Variable	Number of Items	Cronbach Alpha
Cost leadership strategy	5	0.875
Product innovation strategy	5	0.834
Market focus strategy	5	0.824
Product differentiation strategy	5	0.806
Average Cronbach Coefficient		0.8348

*Source: Field data (2019)*

All variables of the questionnaire attained an alpha value of more than 0.7, which is the recommended value for a reliable questionnaire (Cronbach, 1951). Cost leadership strategy had a Cronbach coefficient of 0.875; this was followed by both product innovation strategy (0.834), market focus strategy (0.824) and product differentiation strategy (0.806). The items scored an average Cronbach coefficient of 0.8348 (greater than 0.7), indicating that the research instruments were reliable for the study.

## 4.2 Demographic Background

The main characteristics analysed were age, operational years of the SACCO, products and services offered, number of employees, growth strategies and enterprise level of the SACCOs. The findings are presented in the following sections.

### 4.2.1 Age of Respondents

The study sought to establish age distribution of the respondents. The findings were as presented below;

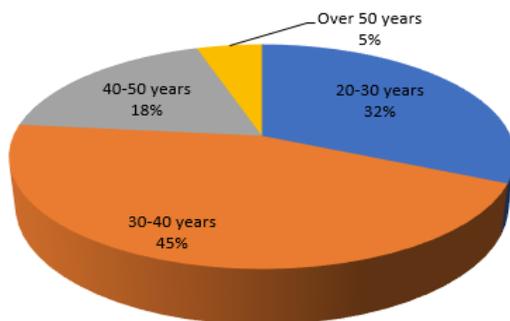


Figure 4.2: Age of Respondents

Source: Field data (2019)

It was established that 32% of the respondents were between the age of 20 and 30 years, 45% were between 30 and 40 years, 18% were between 40 and 50 years while 5% were above 50 years of age. This indicates that most of the respondents were above the age of 20 years indicating a mature and informed management among the SACCOs.

#### 4.2.2 Number of Years of Experience in the SACCO

The study sought to establish the number of years the SACCOs in Kitui County have been in operation. The findings were as presented in the chart below;

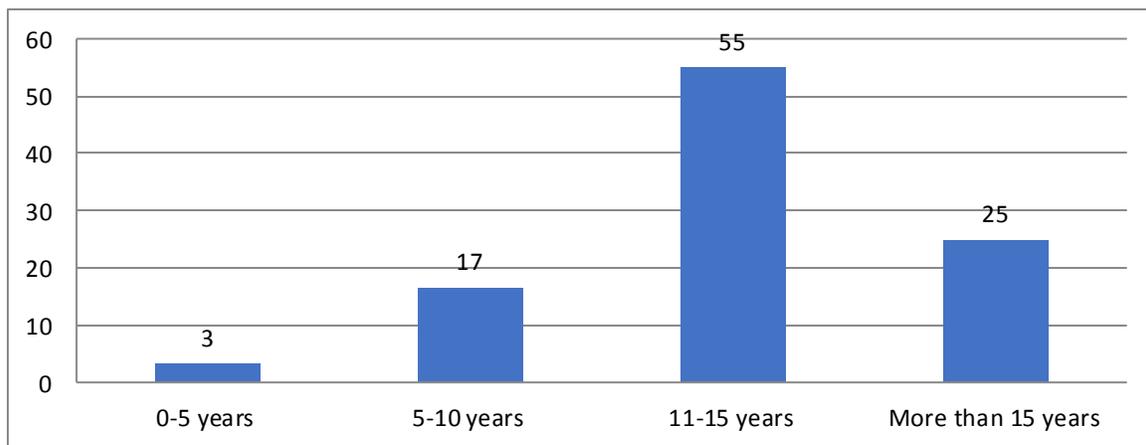


Figure 4.3: Number of years of experience in the SACCO

*Source: Field data (2019)*

The study established that 3% of the staff have been working in SACCCOs for less than 5 years, 17% of them had run for between 5 and 10 years, 55% of them had worked for a period of between 11 and 15 years while 25% of them had more than 15 years of experience working with the SACCOs. This indicates that most of the employees in SACCOs had more than 11 years of experience in the SACCOs. This shows that they had sufficient experience in strategy, marketing and corporate growth in their area of operation.

### 4.2.3 SACCO Products

The study established that the SACCOs dealt in loans, salary advances, FOSA and BOSA services, savings, asset custody and credit management. The SACCOs were medium in size and employed diverse corporate growth strategies in the scale presented in the pie chart below:

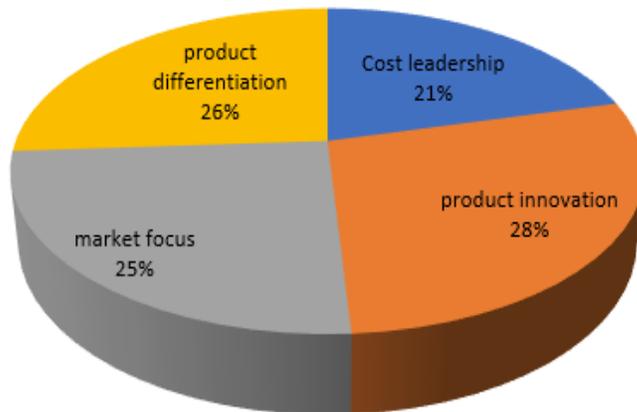


Figure 4.4: Corporate growth strategy applied

*Source: Field data (2019)*

It was established that the corporate growth strategies were applied to almost equal measure among the 3 SACCOs in Kitui County. 26% of the respondents indicated that their SACCOs applied product differentiation strategy to a significant extent, 21% of them indicated that cost leadership strategy was significantly applied, 28% indicated that product innovation strategy was dominant while 25% opined that market focus strategy was to a great extent applied by their SACCOs. This indicates that the selected corporate growth strategies were applied by the SACCOs under study.

### 4.3 Descriptive Analysis Findings

The study analyzed the extent to which the four corporate strategies were applied by the SACCOs in a bid to improve their performance on a 5-point likert scale using descriptive statistics. The findings were presented using means of the weights and standard deviations thereof as presented in the subsequent sections.

#### 4.3.1 Cost Leadership strategy and Performance

The study respondents were asked to indicate the degree to which they concurred with the provided sentiments associated to the adoption of cost leadership strategy in their SACCOs on a scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings were as presented in the table below;

**Table 4.2 Cost Leadership Strategy**

<b>Indicator</b>	<b>Mean</b>	<b>Std. Dev</b>
The SACCO embraces efficiency	3.51	0.901
The SACCO has embraced new technology to reduce the cost of production	3.67	0.837
The firm prioritizes lean operations	3.59	0.697
The SACCO products are the cheapest in the market	2.89	0.776
The SACCO resources are diligently and transparently utilized	3.42	0.864
Work force are hired on purpose	3.81	0.801
There is optimal use of resources	3.36	0.811

Source: Field data (2019)

The study respondents significantly agreed that the SACCOs embrace efficiency in their operations, the SACCOs have embraced new technology to reduce the cost of production, the firms prioritize on lean operations and that the SACCO workforce are hired on purpose as indicated by a mean of 3.51, 3.67, 3.59 and 3.81 respectively. The respondents were neutral or agreed to a moderate extent that the SACCO products are the cheapest in the market, the SACCOs' resources are diligently and transparently utilized and that there is optimal use of resources as indicated by a mean of 2.89, 3.42 and 3.36 respectively. This indicates that the SACCOs to a significant extent embraced cost leadership strategy through embracing high levels of efficiency, technology, lean operations and optimizing on resource use in a diligent and transparent way. Mause (2014) made similar observations in his study on cost leadership strategy and sustainable competitive advantage of Naivas supermarkets in Kenya where he established that the strategy works effectively with upcoming firms and to effectively embrace it within an organization there is need to allocate more resources towards and engage other players in the industry. Similar assertions were made by Kirimi (2012) and Lestor (2009) who identified that effectiveness as one of the major dimensions of cost leadership.

#### **4.3.2 Product Innovation Strategy and performance**

The respondents were further asked to indicate the extent to which they agreed with the following statements on the use of product innovation strategy in their SACCOs on a scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings were presented using means or averages and standard deviations to show the extent to which the indicators were employed among the firms as tabulated below;

**Table 4.3: Product Innovation Strategy**

<b>Indicator</b>	<b>Mean</b>	<b>Std. Dev</b>
The SACCO regularly comes up with new products	3.76	0.910
There is continuous improvement on service delivery	3.50	0.759
New technology is embraced in product innovation	3.62	0.831
Branding is done to suite market needs	3.75	0.697
Products are packaged in line with market demand	2.98	0.855
The SACCO has come up with new products	3.16	0.718

*Source: Field data, 2019*

The study established that to a significant the SACCOs regularly came up with new products, there is continuous improvement on service delivery, new technology is embraced in product innovation and branding is one to suite market needs as indicated by a mean of 3.76, 3.50, 3.62 and 3.75 respectively. The respondents to a moderate extent indicated that the products by the SACCOs are packaged in line with market demand and that the SACCO has come up with new products as indicated by a mean of 2.98 and 3.16 respectively. This indicates the SACCOs applied product innovation strategy to a significant extent through creation of new products, improved service delivery, customizing products to market needs and coming up with new products. Kamaki (2014) in his study on the influence of product innovation on the performance of banks in Kenya indicated that product innovation improves client fulfillment and enhances image reputation. On a similar note, Ngugi and Karina (2013) identified that product innovations are instrumental in allowing financial institutions to increase their market services within the market, thus, creating a competitive advantage as reflected in Porter's Five Forces model.

### 4.3.3 Market focus strategy and performance of SACCOs

The study further to establish the effect of market focus strategy on the performance of the SACCOs requested the respondents to indicate the degree to which they agreed with the following statements on the use of market focus strategy in their SACCO on a scale of 1-5 where Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings were as presented below;

**Table 4.4: Market Focus Strategy**

<b>Indicator</b>	<b>Mean</b>	<b>Std. Dev</b>
The SACCO products satisfy market needs	3.82	0.901
The SACCO services and products target a specific market segment	3.26	0.781
The firm has a good customer service	3.01	0.699
Products and services are demand driven	3.51	0.837
The firm responds to client requests in time	3.62	0.854
There is regular interaction between customers and SACCO management	3.34	0.824
Market needs assessments are regularly done to inform innovation	2.89	0.619

*Source: Field data (2019)*

The respondents agreed to a significant extent that the SACCO products satisfy market needs, products and services are demand driven and that the SACCOs respond to client requests in time as indicated by a mean of 3.82, 3.51 and 3.62 respectively. It was indicated that to a moderate extent the SACCO services and products target a specific market segment, the firms

have a good customer service, there is regular interaction between customers and SACCO management and that market needs assessments are regularly done to inform innovation as indicated by a mean of 3.26, 3.01, 3.34 and 2.89 respectively. This indicates that the market focus strategy was applied to a moderate extent by the SACCOs to improve their performance. They did this through having products that fit market needs, embracing good customer service, responding to client needs and complaints in time and regularly interacting with customers to understand market dynamics as also indicated by Getembe (2012), on his study, on the market focus strategy among learning institution he indicated that the institutions come up with courses that fit market needs, unique and satisfy needs of clients. Wanyonyi (2011) and Getembe (2012) also expressed the same assertions.

#### **4.3.4 Product differentiation strategy and Performance of SACCOs**

The respondents were asked to rate the extent to which they agreed with the following statements regarding the use of product differentiation strategy in their enterprise on a scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings were as presented in table 4.5 below;

**Table 4.5: Product Differentiation Strategy**

<b>Indicator</b>	<b>Mean</b>	<b>Std. Dev</b>
The firm has unique products	2.97	0.811
The enterprise offers quality products	3.42	0.771
The SACCO services are distinct and meet customer needs	3.26	0.689
The SACCO has gained brand loyalty	3.28	0.821

Clients prefer our products and services	3.42	0.833
Customer satisfaction has improved	3.09	0.910

*Source: Field data (2019)*

The study established that to a moderate extent the SACCOs in Kitui County have unique products, offer quality products, have distinct services that meet customer needs, have gained brand loyalty, clients prefer their products and services and that customer satisfaction has improved as indicated by a mean of 2.97, 3.42, 3.26, 3.28, 3.42 and 3.09 respectively. The respondents agreed that the SACCOs to a little extent applied the product diversification strategy by making their products unique, distinct and embracing quality. The study's findings are in tandem with those by Muthiani (2015) on his study on the product differentiation approaches embraced by Kenya oil firms where it was indicated that product differentiation strategy enhances a firm's competitiveness.

#### **4.3.5 Firm Performance**

The main objective of the study was to establish the performance of the SACCOs given the application of corporate growth strategies. The respondents were therefore asked to rate the following statements on performance of the SACCOs on a five point likert scale where Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings were as presented below.

**Table 4.6: Performance of SACCOs**

<b>Indicator</b>	<b>Mean</b>	<b>Std. Dev</b>
The volume of turnovers of the SACCO has increased with employment of corporate growth strategies	3.64	0.835
Customer's number has considerably grown	3.25	0.811
Customer service has improved corporate growth strategies	3.01	0.901
Current market share has increased	3.39	0.759
Profitability rate has improved	3.57	0.821
With corporate growth strategies our firm is highly competitive	3.51	0.718
Customer loyalty has improved	3.44	0.764
Our capacity to handle more clients has improved with corporate growth strategies	3.26	1.402

*Source: Field data (2019)*

The respondents agreed that the volume of turnovers of the SACCOs has increased with employment of corporate growth strategies, profitability rate has improved and that with corporate growth strategies the firms have become highly competitive as indicated by a mean of 3.64, 3.57 and 3.51 respectively. They were neutral or to a moderate extent that customer numbers have considerably grown with the employment of corporate growth strategies, customer service has improved with the strategies, current SACCO market share has increased, customer loyalty has improved and the capacity to handle more clients has improve with corporate growth strategies as indicated by a mean of 3.25, 3.01, 3.39, 3.44 and 3.26 respectively. The study therefore established that to a significant extent the SACCOs'

performance has improved with the employment of the selected corporate growth strategies as indicated by increased profitability, turnover, customer numbers and loyalty and capacity.

#### 4.4 Inferential Statistics

Inferential statistics were generated from the data in order to establish the effect of corporate growth strategies on the performance of SACCOs in Kitui County. The results from the analysis were presented in the following sections.

##### 4.4.1 Model Summary

A model summary showing the R-Square, adjusted R-Square and standard error of the mean were generated and presented using Table 4.7 below.

**Table 4.7: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.794 <sup>a</sup>	.754	.768	1.71552

*Source: Field data (2019)*

From the study, it was evident that coefficient of correlation (R) was 0.794. This indicates that there is a strong strong, positive correlation between the independent and dependent variables.. R<sup>2</sup> was found to be 0.768. This means that the independent variables including cost leadership strategy product innovation strategy, market focus strategy and product differentiation strategy explain 76.8% variability in the dependent variable. The residual of 23.2% variability can be explained by other factors other than the variables not in considered in this study.

#### 4.4.2 ANOVA

At 95% level of significance,  $F_{\text{Calculated}}$  and  $F_{\text{Critical}}$  were generated and presented using table 4.8 below.

**Table 4.8: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	791.345	10	79.135	10.9146	.000 <sup>b</sup>
Residual	362.521	50	7.2504		
Total	1153.866	60			

*Source: Field data (2019)*

From the study,  $F_{\text{Calculated}}$  was 10.9146 and  $F_{\text{Critical}}$  was 5.3416. It is evident that  $F_{\text{Calculated}}$  is greater than  $F_{\text{Critical}}$ , which affirms the significance of the regression model in explaining the relationship in this study. The p-value was 0.000 ( $p > 0.05$ ). This indicates that at least one independent variable significantly influenced performance of the SACCOs.

#### 4.4.3 Coefficients of Regression

The study used coefficient of regression to establish the individual influence of the variables to firm performance. The findings are indicated in Table 4.9.

**Table 4.9: Coefficients of Regression**

<b>Model</b>	<b>Unstandardized</b>		<b>Standardized</b>	<b>T</b>	<b>Sig.</b>
	<b>Coefficients</b>		<b>Coefficients</b>		
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
(Constant)	6.125	0.546		2.431	.000
Cost leadership strategy	0.748	.102	.051	8.255	.000
Product Innovation Strategy	0.653	.131	.012	9.010	.000
Market focus strategy	0.699	.144	.031	9.231	.000
Product differentiation strategy	0.784	.132	.021	10.318	.000

The resultant equation was

$$Y = 6.125 + 0.748X_1 + 0.653X_2 + 0.699X_3 + 0.784X_4$$

Where:  $X_1$  = cost leadership strategy

$X_2$  = Product innovation strategy

$X_3$  = market focus strategy

$X_4$  = product differentiation strategy

Findings from the study revealed that if all variables are held constant, performance of the SACCOs will be at 6.125. The coefficient of cost leadership was found to be 0.748. This means that if there is a unit increase in cost leadership strategy when all the other variables are held constant, SACCO performance would increase by 0.748. Similarly, a unit increase in product innovation strategy with other variables held constant could lead to a 0.653 increase in SACCO

performance. Furthermore, a unit increase in market focus strategy while holding other factors constant, SACCO performance would be at 0.699. finally, a unit increase in product differentiation strategy while other factors are held constant, firm performance would be at 0.784

Given that the p-values for all variables was 0.00 ( $p < 0.05$ ), it means that all dependent variables (cost leadership strategy, product innovation strategy, market focus strategy and product differentiation) have a significance influence on performance of the SACCOs in Kitui County. Findings from this are supported by Getembe (2012) and Wanyonyi (2011), who argued that corporate growth strategies are critical in helping firms to improve the levels of their competitiveness and hence improve performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This is the final chapter of this project, which presents summaries, conclusions, recommendations and suggests areas for future research. These elements are based on the results from this study.

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

The study sought to establish the effect of corporate growth strategies on the performance of SACCOs in Kitui County, Kenya. The selected corporate growth strategies were cost leadership strategy, product innovation strategy, market focus strategy and product differentiation strategy. The study used a sample of 65 respondents and achieved a response rate of 93.31%. Regression analysis revealed there is strong, positive correlation (0.794) between the dependent and independent variables. Moreover, the study revealed that independent variables are response for 76.8% variability in the dependent variable ( $R^2 = 0.768$ ).

##### **5.2.1 Cost Leadership Strategy and SACCO Performance**

The study established that cost leadership strategy had a positive influence on the performance of the selected SACCOs in Kitui County. It was established that the SACCOs embrace efficiency in their operations, the SACCOs have embraced new technology to reduce the cost of production, the firms prioritize on lean operations and that the SACCO workforce are hired on purpose. The respondents were neutral or agreed to a moderate extent that the SACCO

products are the cheapest in the market, the SACCOs' resources are diligently and transparently utilized and that there is optimal use of resources. This indicates that the SACCOs to a significant extent embraced cost leadership strategy through embracing high levels of efficiency, technology, lean operations and optimizing on resource use in a diligent and transparent way. The findings are supported by previous studies from a study by Kirimi (2012), Lestor (2009) and Kaliappen and Hilman (2014).

### **5.2.2 Product Innovation and SACCO Performance**

The study established that product innovation to a significant extent influenced the performance of SACCOs in Kitui County. The study established that to a significant extent the SACCOs regularly came up with new products, there is continuous improvement on service delivery, new technology is embraced in product innovation and branding is one to suite market needs. The respondents to a moderate extent indicated that the products by the SACCOs are packaged in line with market demand and that the SACCO has come up with new products. This indicates the SACCOs applied product innovation strategy to a significant extent through creation of new products, improved service delivery, customizing products to market needs and coming up with new products, consistent with the assertions by Ngugi and Karina (2013), Kamakai (2014), and Kulkarni (2009).

### **5.2.3 Market Focus Strategy and SACCO Performance**

The study indicated that market focus strategy as one of the key corporate growth strategies positively influenced performance of SACCOs. The study established that to a significant extent the SACCO products satisfy market needs, products and services are demand driven

and that the firms respond to client requests in time. It was indicated that to a moderate extent the SACCO services and products target a specific market segment, the firms have a good customer service, there is regular interaction between customers and SACCO management and that market needs assessments are regularly done to inform innovation. This indicates that the market focus strategy was applied to a moderate extent by the SACCOs to improve their performance. They did this through having products that fit market needs, embracing good customer service, responding to client needs and complaints in time and regularly interacting with customers to understand market dynamics. Similarly, market focus strategy was identified as a critical element of success by Muriuki (2013), Wanyonyi (2011), and Getembe (2012).

#### **5.2.4 Product differentiation strategy and SACCO Performance**

The study established that product differentiation strategy positively influenced performance of the SACCOs. The study established that to a moderate extent the SACCOs in Kitui County have unique products, offer quality products, have distinct services that meet customer needs, have gained brand loyalty, clients prefer their products and services and that customer satisfaction has improved. The respondents agreed that the SACCOs to a little extent applied the product diversification strategy by making their products unique, distinct and embracing quality. The importance of the product differentiation strategy is also emphasised by Muthuani (2015), Awing (2011), and Hyatt (2011).

### **5.3 Conclusions**

It was concluded that corporate growth strategies selected which include cost leadership, product innovation, market focus and product differentiation significantly and positively

influence the performance of SACCOs in Kitui County. The study concluded that the SACCOs to a significant extent embraced cost leadership strategy through embracing high levels of efficiency, technology, lean operations and optimizing on resource use in a diligent and transparent way.

It was further concluded that the SACCOs applied product innovation strategy to a significant extent through creation of new products, improved service delivery, customizing products to market needs and coming up with new products. The study also concluded that the market focus strategy was applied to a moderate extent by the SACCOs to improve their performance and to a little extent applied the product diversification strategy by making their products unique, distinct and embracing quality

#### **5.4 Recommendations**

The study recommends that the SACCOs need to employ hybrid strategy which involves integration of the corporate growth strategies to achieve peak performance. This hybrid strategy will involve a directed focus on several strategies in order to address a multiplicity of issues at the same time.

The study recommends that there is need for customer and management involvement in strategy development and implementation to achieve better results. When customers are involved, they air their views on how they could like to be served. This helped SACCOs to improve their services to meet the needs of customers. Satisfied customers are repeat purchasers and they can refer their friends and family. This eventually leads to improved performance.

The study recommends further that the SACCOs need to develop market driven products that are affordable, distinct and technology oriented. Affordability is critical in attracting many people to SACCOs. Distinctiveness enhances the uniqueness of products, hence, increasing the number of customers. Given the modern advancement in technology, SACCOs should adopt use of technologies as a way of attracting technology-savvy customers.

### **5.5 Suggestions for Further Studies**

The study was conducted on only four selected corporate growth strategies and how they affect firm performance, there is need therefore for further studies on other corporate growth strategies. The study context was SACCOs in Kitui County, there is need for further studies on other SACCOs in other counties and include other players in the financial services industry. The coefficient of adjusted determination  $R^2$  was 0.768; therefore, the residual of the study was 23.2.9% and can be explained by other factors beyond the scope of the current study that future scholars should focus on.

## REFERENCES

- Afram, P.D. (2011). *An evaluation of the competitive strategies in the banking industry in Ghana: A case study of Barclays Bank of Ghana Ltd.* Unpublished thesis, Kwame Nkrumah University of Science and Technology.
- Akinwale, A. & Abiola, A. (2015). *Grafting and Implementing Strategy*, 10th ed, New York: Irwin Mc-Graw Hill, Boston, USA
- Ambachtsheer, K. R (2011). The state of global pension fund governance today: Board competency still a problem. *Pensions Management Institute Journal*, 76(3), 501 -503.
- Amit, R. & Shoemaker, (2003). Strategic assets and organizational rent, *Strategic Management Journal*, 14, 1, 33–46.
- Ansoff, I. (1957). Strategies for Diversification. *Harvard Business Review* 35(2), 113-124.
- Awino, Z.B. (2011). *A Study of Challenges Facing the Implementation of Differentiation Strategy in the Operations of the Mumias Sugar company Limited.* (Unpublished MBA thesis university of Nairobi).
- Barney, J.B. (2012). *Gaining and sustaining competitive advantage*, 2nd edition. N.J: Prentice hall.
- Bertone, G. & Clark, M. (2009). The corporate identity management process revisited, *Journal of marketing management*, 19, 835-855. 48

Blumberg, B., Cooper, D., & Schindler, P. (2011). *Business Research Methods*. McGraw-Hill Education.

Brooks, M. R. (2013). International competitiveness: assessing and exploring competitive advantage by ocean container carriers, *Logistics and Transportation Review*, 23(3), 275-93.

Bryman, A. & Bell, E. (2011). *Business Research Methods*. New York: Oxford University Press

Burnes, B. (2009). *Managing Change* (5th ed). Harlow, England : Pearson Education Ltd.

Campbell, D. T., & Stanley, J. C. (2015). *Experimental and quasi-experimental designs for research*. Ravenio Books.

Carletti, E., & Hartmann, P. (2013). *Competition and stability: What's special about Banking Monetary history, exchanges rates and financial markets: Essays in honors of Charles Goodhart*, 2, 202-229.

Carman, J. M. (2010). Consumer perceptions of service quality: an assessment of the SERVQUAL dimensions, *Journal of Retailing*, 66 (3), 33-55

CfC Life Assurance Limited, (2013). CfC Life Assurance Limited, Website: <http://www.cfc-life-kenya.com/> accessed 21st June 2013.

Churchill, G. A. & Iacobucci, D. (2010). *Marketing Research: Methodological Foundations*, 9th Ed. USA: Thomson South-Western.

- Cicotello, L. & Grant, M. R. (2012). *Contemporary Strategy analysis; Concepts, Techniques, Applications* (3rd ed). 350 main street, maiden Massachusetts 02148, USA: Blackwell publishers inc.
- Clark, G. L., & Urwin, R. (2015). *Best-Practice Investment Management: Lessons for Asset Owners*. New York: Oxford, University press.
- Czepiel, J. A. (2010). Service encounters and service relationships: implications for research, *Journal of Business Research*, 20(5), 13-21
- Davis, E. P. 2015. *Pension Funds, Retirement-Income Security and Capital Markets, an International Perspective*. Oxford: Oxford University Press.
- Dawson, C. (2009). *Introduction to Research Methods*, 4th edition, Published by How to Books.
- Dovi, C. (2011). *Introducing Qualitative Research in Psychology*. Buckingham: open University press.
- Ethical Investment Research Services (2012). *Ethical Investment Research Services in UK*.
- Evans, C. (2013). *Managing for knowledge: hr's strategic role*, Butterworth-Heinemann, Amsterdam.
- Fiberesima, M.A. & Abdul, W.B. (2013). Service delivery satisfaction and willingness to pay taxes: citizen recognition of local government performance. *Public Productivity & Management Review*, 23(4) 48-67.

- Freeman, E., (1985). *Strategic Management: A stakeholder's approach*. Boston: Pitman.
- Gathoga, H. (2011). Competitive strategies by commercial banks in Kenya, *Unpublished MBA Project*, University of Nairobi.
- Getembe, C. (2012). Relationship between competitive strategies and performance of Chartered private universities in Kenya
- Grant, G. (1966). *Concepts in Management*. In Penguin books.
- Grant, R. (2010). The resource-based theory of competitive advantage: implications for strategy formulation, *California Management Review*, 33, 3,114-135.
- Gregory, D., Johnston, R., Pratt, G., Watts, M., &Whatmore, S. (Eds.). (2011). *The dictionary of human geography*. John Wiley & Sons.
- Gupta, V. (2015). Pension Risk: do Employees care? *SSRN Working Paper No. 933028*.
- Hill, C.W.L. & Jones, G.R. (2010). *Strategic Management: An Integrated Approach*. 9th Edition, South-Western Cengage Learning
- Hillman, A. J., &Keim, G. D. (2010). Shareholder value, stakeholder management, and social issues: what's the bottom line?..*Strategic management journal*, 22(2), 125-139.
- Howcroft, B. (2015). An Exposition of Consumer Behaviour in the Financial Services Industry.*The International Journal of Bank Marketing*

- Impavido, G., Musalem, A. R. & Tressel T. (2012). *Contractual Savings Institutions and Banks' Stability and Efficiency*. (World Bank Policy Research Paper 2751). Washington DC: The World Bank.
- Johnson, S. & Scholes, A. (2010). Financial Exclusion in Kenya: Examining the Changing Picture, 2011-2009. *Financial Inclusion in Kenya: Survey Results and Analysis from Financial Access 2009*.
- Joppe, M. (2009). The Research Process. *Journal of social sciences*, 2, 56.
- Kakwani, R., (2011). Stakeholder legitimacy. *Business Ethics Quarterly*, 13(1), 25-41.
- Kaliappen, N., & Hilman, H. (2014). Do Cost Leadership Strategy and Process Innovation Influence the Performance of Malaysia Hotel Industry?. *Asian Social Science*, 10(10), 134.
- Kamakia, S. (2014). Effect of product innovation on performance of commercial banks in Kenya. (unpublished MBA thesis, Kenyatta university).
- Keizi, R. & Barrientos, M. (2015). An empirical evaluation of innovation types and organizational and environmental characteristics: Towards a configuration framework, *Journal of Public Administration Research and Theory*, 18 (4), 591-615.
- Kemp, D & Patel F. (2009). *Economics and Management of Competitive Strategy*, World Scientific Press.

- Kenya Retirement Benefits Authority (2010). *Pensions annual Financial Report 2010*. Nairobi, Kenya.
- Kirkendall, B. (2009). Innovation and Strategy in the Australian Supermarket Industry: *Journal of Food Products Marketing*, Vol 7, No. 4,
- Kosom, P. J. (2011). *Competitive strategies employed by national oil Corporation of Kenya* (Doctoral dissertation, University of Nairobi).
- Kothari, C. R. (2004). *Research methodology: Methods and Techniques*. New Age International.
- Kotler P. (2010). *Marketing Management, 10th Ed. (the Millennium Ed.)* Prentice Hall: New Delhi, India.
- Kulkarni, J. B. (2009). A terminal assessment of stages theory: theory the product life cycle. *Entrepreneurship Theory and practice*, 34(2), 317-350.
- Lagat, C.K. (2011). Strategic responses to changes in external environment by supermarkets in Kenya. Unpublished MBA Thesis. Nairobi: University of Nairobi
- Lee, M. D. P. (2015). A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead. *International journal of management reviews*, 10(1), 53-73.

- Malhotra, W. P., & McLeod, R. E. (2013). Home country environments, corporate diversification strategies, and firm performance. *Academy of Management Journal*, 46, 27-45.
- McQuarrie, E. F. (2014). *Customer Visits: Building a better market focus*. Routledge.
- Miller, D. (2012). *Configuration of Strategy and Structure: Towards a Synthesis*. McMillan.
- Mintzberg, H., Quinn, J.B., & Ghoshal, S. (2009). *The strategy process*; Revised European Edition. Harlow, England: Pearson Education Ltd.
- Mitchell, D. (2010). *Pension reform and capital market development: 'feasibility' and 'impact' preconditions*. (World Bank Policy Research Working Paper 2414). Washington DC: The World Bank.
- Moriarty, G. & Zadorozny, L. (2015). *Topical matters in pension governance*. New York: Oxford, press
- Muasa, S.M. (2014). *Cost leadership strategy and sustainable competitive advantage of Naivas supermarket limited in Kenya*. (Unpublished MBA thesis university of Nairobi).
- Mugambi, S. (2011). Inside directors, board effectiveness, and shareholder wealth, *Journal of Financial Economics*, 44(2), 229-250.
- Mugenda, A. G. (2008). *Social Science Research: Theory and Principles*. Nairobi: Applied.
- Mugenda, O.M., & Mugenda, A.G. (2003). *Research Methods: Quantitative & Qualitative Approaches*. Acts Press. Nairobi. Kenya.

- Mulgan, S. & Albury, A. (2013). *Strategic Management in Global Industries*.
- Muriuki, J. M. (2013). *Effect of technology adoption on agency banking among commercial banks in Kenya* (Doctoral dissertation, University of Nairobi).
- Muthiani, C. N. (2015). Product differentiation strategies adopted by oil companies in Kenya. (Unpublished MBA thesis university of Nairobi).
- Muthui, A. N. (2013). *Effects of Information And Communication Technology (ICT) on corporate strategy (A survey of SACCOs in Nyeri County)* (Doctoral dissertation, university of Nairobi).
- Muyoka, J. E. (2013). Relationship between financial innovations and financial performance of insurance companies in Kenya. (unpublished MBA thesis, University of Nairobi).
- National Fraud Authority. (2012). *Annual Fraud Indicator*. Retrieved on 11th Oct. 2012 from <http://www.bakertilly.co.uk/SiteCollectionDocuments/Pensions/Pensions%20Fraud%20risk%20survey%202012.pdf>.
- Naughton, B. (2014). After the Third Plenum: Economic Reform Revival Moves toward Implementation. *China Leadership Monitor*, 43 (1), 23-36.
- Ngetich, C. (2012). *Determinants of the growth of individual pension schemes in Kenya*. Unpublished MBA Project, University of Nairobi.

- Ngugi, K. & Karina, B. (2013). Effect of Innovation Strategy on performance of Commercial Banks in Kenya, *International Journal of Social Sciences and Entrepreneurship*, 1(3), 158-170.
- Njuguna, A. G., & Arnolds, C. (2012). Determinants of Pension Fund Efficiency in Kenya: An Exploratory Study. *African and Asian Studies*, 11(1-2), 182-218.
- Nyakichi, V. (2009). *Competitive Strategies adopted by Multinational banks in Kenya* (Unpublished MBA Project, School of Business, University of Nairobi).
- Öberseder, M., Schlegelmilch, B. B., & Murphy, P. E. (2013). CSR practices and consumer perceptions. *Journal of Business Research*, 66(10), 1839-1851.
- Oluoch, M. A. (2013). The Determinants of Performance of Pension Funds in Kenya.
- Onabanjo, V. (2010). Local government investment outreach and sustainability of microfinance institutions: A case study of BURO, Bangladesh. *The Journal of Social, Political, and Economic Studies*, 34,318-346.
- Onyango, M. A. (2011). *Strategic Responses of Kenya Commercial bank to mobile money transfer services in Kenya* (Unpublished MBA Project). School of Business, University of Nairobi, Kenya.
- Organisation for Economic Co-operation and Development (2015). *OECD Environmental Outlook to 2030*. Organisation for Economic Co-operation and Development.
- Orodho, T. (2010). *Statistic and applied mathematics*. New Deli: Sage publications.

- Palepu, K. & Healy P. (2015). *Business analysis and valuation: Using financial statements*, 4th ed. Mason, OH: Thomson South-western.
- Pearce, J. A. & Robinson, R. B. (2010). *Strategic management; formulation, Implementation and Control*, (10th ed). New York, NY, 10020, USA: McGraw- Hill.
- Pole, C. & Lampard, R. (2010). *Practical Social Investigation. Qualitative and Quantitative Methods in Social Research*. Harlow: Prentice-Hall.
- Porter M. E. (2008b). *On Competition, Updated and Expanded Version*. Harvard Business School Press; Boston, USA.
- Porter, M. (1996). What is Strategy? *Harvard Business Review*, Nov-Dec pp. 61 to 78.
- Porter, M. (2008a). The five competitive forces that shape strategy; *Harvard Business Review*, January pp. 78 to 93.
- Porter, M. (2012). *On Competition*, Boston: Harvard Business School Press; Boston, USA.
- Porter, M. E. (1980). *Competitive Strategy; Techniques for Analyzing Industries and Competitors*. New York, NY 10020: Free press, a division of Macmillan Inc.
- Porter, M. E. (2008). *Competitive strategy: Techniques for analyzing industries and competitors*. Simon and Schuster.
- Republic of Kenya (2009). *National Council for Law Reporting*. Nairobi: Government Printers
- Republic of Kenya (2010). *Treasury Circular No.18/2010*. Nairobi: Government Printers

- Saunders, M., Thornhill, A. & Lewis, P. (2009). *Research Methods for Business students*. (5th ed.). Harlow: Financial Time prentice-Hall.
- Schilling, M. A., & Hill, C. W. (2012). Managing the new product development process: Strategic imperatives. *The Academy of Management Executive*, 12(3), 67-81.
- Somekh, B., & Lewin, C. (2011). *Theory and methods in social research*. Sage.
- Stewart, F. (2010). Pension Funds' Risk-Management Framework: Regulation and Supervisory Oversight. *OECD Working Papers on Insurance and Private Pensions* (No. 40).
- Sundeeep, K. (2015). The Impact of Product Portfolio and Innovation Strategy on Financial Performance, *Center of Innovation Management Studies*
- Thompson, A.A & Strickland, A. J. III. (2015). Strategic management: Concepts and cases (13th ed.). New Delhi: Tata McGraw-Hill Publishing company Ltd.
- Tuva, J. N. (2015). *The influence of differentiation strategy on performance of water bottling companies in Mombasa county, Kenya*. (unpublished MBA thesis, University of Nairobi).
- Varian, L.(2013). *Corporate Financial Reporting in India Corporate Financial Reporting*. Penguin books.
- Von Hippel, E. (2009). *Democratizing Innovation*. Cambridge, MA: MIT Press

Walker, R. M. (2011). An empirical evaluation of innovation types and organizational and environmental characteristics: Towards a configuration framework, *Journal of Public Administration Research and Theory*, 18 (4), 591-615.

Wanyonyi, C.W. (2011). *Competitive strategies adopted by Kenyan commercial banks to attract and retain corporate customers*. (unpublished MBA thesis, University of Nairobi).

Watson, T. (2011). *Global Pensions Asset Study*. Retrieved April, 18, 2014.

Wheelen, T.L., & Hunger, D.J. (2012). *Strategic Management and Business Policy: Toward Global Sustainability*, 13th ed. Pearson Education Inc.

## APPENDICES

### **Appendix I: Introduction Letter**

Justus Mutua

Kenyatta University,

P.O. Box 702 – 60100,

NAIROBI.

#### **RE: Request to fill in the Questionnaire**

Dear Respondent,

Am a Kenyatta University student conducting a studyh on the impact of corporate growth startegies on the performance of SACCOs in Kitui county.

You a group of selecte participanst to take part in the questionnaire process, the process is to take just less than 20 min . Please I request you that you dedicate few minuts and feel free to answer thed question and I guarantee you that the information provided will be only used for academic purposes.

Thank you.

Yours faithfully,

Justus Mutua

## **Apendix II: Questionnaire**

Am a Kenyatta University student conducting a research on “Corporate growth strategies and performance of SACCOs in Kitui County, Kenya”. Please feel free to answer each questions by ticking appropriately.

Feel free to tik where appropriate

### **SECTION A: PERSONAL DETAILS**

1. One Age::

20yrs – 30 yrs ( )

30yrs -40 yrs ( )

40-50yrs ( )

50+ yrs ( )

2. Opertaional years within the Sacco?

0-5 yrs ( )

5-10yrs ( )

11-15yrs( )

More than 15 yrs ( )

3. What some of the products and services offered ?

.....

4. How many employees does your SACCO have?

5. your SACCO's growth strategy?

Cost leadership

Product innovation

Market focus

Product differentiation

Other (specify)

6. Enterprise level?

Small and upcoming

Medium

Established and large

Other (specify)

**SECTION B: Cost Leadership strategy and Performance**

6. Feel free to specify the degree to which you personally concur to the provided sentiments associated to the adoption of cost leadership strategy in your SACCO on a scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

<b>Indicator</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
The SACCO embraces efficiency					
The SACCO has embraced new technology to reduce the cost of production					
The firm prioritizes lean operations					
The SACCO products are the cheapest in the market					
The SACCO resources are diligently and transparently utilized					
Work force are hired on purpose					
There is optimal use of resources					

**SECTION C: Product Innovation Strategy and performance**

7. Feel free to specify the degree to which you personally concur to the provided sentiments associated to the use of product innovation strategy in your firm on a scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

<b>Indicator</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
The SACCO regularly comes up with new products					
There is continuous improvement on service delivery					
New technology is embraced in product innovation					
Branding is done to suite market needs					
Products are packaged in line with market demand					
The SACCO has come up with new products					

**SECTION D: Market focus strategy and performance of SACCOs**

8. Feel free to specify the degree to which you personally concur to the provided sentiments associated to the use of market focus strategy in your enterprise. Where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

Indicator	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The SACCO products satisfy market needs					
The SACCO services and products target a specific market segment					
The firm has a good customer service					
Products and services are demand driven					
The firm responds to client requests in time					
There is regular interaction between customers and SACCO management					
Market needs assessments are regularly done to inform innovation					

**SECTION E: Product differentiation strategy and Performance of SACCOs**

7. Feel free to specify the degree to which you personally concur to the provided sentiments associated to the use of product differentiation strategy in your enterprise on a scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

<b>Indicator</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
The firm has unique products					
The enterprise offers quality products					
The SACCO services are distinct and meet customer needs					
The SACCO has gained brand loyalty					
Clients prefer our products and services					
Customer satisfaction has improved					

**SECTION F: Firm Performance**

8. Feel free to specify the degree to which you personally concur to the provided sentiments associated to the performance of your enterprise on a scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

Indicator	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The volume of turnovers of the SACCO has increased with employment of corporate growth strategies					
Customer's number has considerably grown					
Customer service has improved corporate growth strategies					
Current market share has increased					
Profitability rate has improved					
With corporate growth strategies our firm is highly competitive					
Customer loyalty has improved					
Our capacity to handle more clients has improved with corporate growth strategies					

**Appendix III: Time Plan “Month”**

<b>ACTIVITIES</b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>3<sup>rd</sup></b>	<b>4<sup>th</sup></b>	<b>5<sup>th</sup></b>	<b>6<sup>th</sup></b>
Proposal Formulation						
Project preparation,						
Project editing and supervisor approval						
Project editing and department approval						
Data gathering & sampling						
Data analysis						
Presentation and submission						

**Appendix IV: Budget**

<b>NO</b>	<b>ITEMS</b>	<b>(KSHS)</b>
1	Stationery	3,000
2	Transport s	10,000
3	Pritnting	10,000
4	Photocopying	10,000
5	Data Analysis	20,000
6	Sub – Total	53,000
7	Miscellaneous (10%)	5300
		<b>58,300</b>

## Appendix V: Research Approval Letter



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 3<sup>rd</sup> July, 2019

TO: Justus Nzorzo Mutua  
C/o Business Administration Dept.

REF: D53/OL/CTY/32621/2016

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 26<sup>th</sup> June, 2019 approved your Research Project Proposal for the M.B.A Degree Entitled, "Corporate growth strategies on performance of Sacco in Kitui County, Kenya".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

JACKSON LUVUSI  
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration Department.

Supervisors:

1. Dr. Elishiba Muriigi  
C/o Department of Business Administration  
Kenyatta University

J/L

**Appendix VI: Journal Article Publication Certificate**

