

**EFFECT OF DEPOSIT MOBILIZATION STRATEGIES  
ON THE PERFORMANCE OF DEPOSIT TAKING  
SAVINGS AND CREDIT COOPERATIVE SOCIETIES  
IN KENYA**

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**Effect of Deposit Mobilization Strategies on the Performance of  
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of Philosophy in Business Administration (Strategic Management) in  
the Jomo Kenyatta University Of Agriculture and Technology**

**2018**

**DECLARATION**

This thesis is my original work and has not been presented for a degree to any other University.

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## **DEDICATION**

I dedicate this thesis to the following four categories of people who have meant and continue to mean so much to me. First and foremost to the very many cooperative and especially Sacco sub sector members, leaders and professionals with whom I have worked with in my two decades of service to the movement in Kenya, the rest of Africa and the international development educators(DEs) club.

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## **ABBREVIATIONS AND ACRONYMS**

<b>ACCOSCA</b>	African Confederation of Savings and Credit Associations
<b>ANOVA</b>	Analysis of Variance
<b>BG</b>	Brown Governance
<b>CAK</b>	Cooperative Alliance of Kenya
<b>CAMEL</b>	Capital Adequacy, Asset Quality, Management Efficiency, Earnings Ability and Liquidity
<b>CBD</b>	Central Business District
<b>CBK</b>	Central Bank of Kenya
<b>CEO</b>	Chief Executive Officer
<b>CFS</b>	Customer Focus Strategy
<b>CU</b>	Credit Union
<b>DGF</b>	Deposit Guarantee Fund
<b>DTS</b>	Deposit Taking Sacco
<b>FOSA</b>	Front Office Services Activity
<b>FSS</b>	Financial Self Sufficiency
<b>GDP</b>	Gross Domestic Product
<b>GOEs</b>	Government Owned enterprises
<b>GOK</b>	Government of Kenya
<b>HHI</b>	Hirschman Herfindahl

<b>HRM</b>	Human Resource Management
<b>ICT</b>	Information Communication and Technology
<b>ILO</b>	International Labor Organization
<b>KNFCU</b>	Kenya National Federation of Cooperative Unions
<b>KUSCCO</b>	Kenya Union of Savings and Credit Cooperatives
<b>MFIs</b>	Micro-Finance Institutions
<b>MIX</b>	SACCOs Information Exchange
<b>M-PESA</b>	Mobile Money transfer through phones
<b>MS</b>	Marketing Strategy
<b>PDS</b>	Product Development Strategy
<b>PEARLS</b>	Protection, Effective Financial Structure, Asset Quality, Rates of Return, Liquidity, and Signs of Growth
<b>RBT</b>	Resource Based Theory
<b>ROA</b>	Return on Assets
<b>SACCOs</b>	Savings and Credit Cooperative Societies
<b>SASRA</b>	SACCO Societies Regulatory Authority
<b>SDGs</b>	Sustainable Development Goals
<b>SMEs</b>	Small and Micro enterprises
<b>TAS</b>	Technological Adoption Strategy
<b>TPB</b>	Theory of Planed Behavior

<b>TRA</b>	Theory of Reasoned Action
<b>UK</b>	United Kingdom
<b>US</b>	United States
<b>USD</b>	United States Dollar
<b>WOCCU</b>	World Council of Credit Unions

## DEFINITION OF TERMS

**Customer Focus Strategy:-** is the orientation of an organization toward serving its customers' needs. Having a customer focus strategy is usually a strong contributor to the overall success of a business and involves ensuring that all aspects of the company put its customers' satisfaction first (Nwite, 2011).

**Deposit Mobilization Strategies:-**Refers to ways in which financial institutions collect funds from their members (Mohan, 2012). Deposit mobilization strategies are an indispensable act to increase the sources of funds for the SACCOs to serve members effectively.

**Firm characteristics:-** They capture the unique firm attributes such as leverage, liquidity, size; age and diversification which influence the variation in strategies and performance outcomes across industries and firms. The dominance of firm characteristics suggests heterogeneity because of barriers to imitation (Yazdanfar, 2013).

**Marketing Strategy:-** is a process or model to allow a company or organization to focus limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage (Muluneh, 2012).

**Performance:-** refers to the total social-economic outcomes resulting from the interaction of an organization's components in the course of operations (Abu-Jarad, Yusof & Nikbin, 2010)

**Product Development Strategy-** is the process of bringing a new innovation to consumers from concept to testing through distribution. When existing business revenue platforms have plateaued, it is time to look at new growth strategies. New product development strategies look at improving existing products to invigorate an existing market or create new products that the market seeks (Haeussler, Patzelt & Zahra, 2012).

**Technological Adoption Strategy-**is the overall plan which consists of objective(s), principles and tactics relating to use of the technologies within a particular organization (Munyoroku, 2014).

## **ABSTRACT**

Savings and Credit Co-operative Societies (SACCOs) in Kenya have been studied over the years with the objective of maximizing members' wealth. Similar with other investment options, wealth maximization and member deposits mobilization strategies have been critical objectives for all SACCOs' investment avenues from a wide range of investment alternatives. Studies have indicated that despite SACCOs having been in existence since their inception in the 1960s, lack of sufficient wealth creation has made it difficult for them to absorb their operational overheads, ensure sufficient credit to members on a timely basis, finance capital projects and reduce delinquency thereby threatening their sustainability. This has led to the losses being absorbed by member's savings and or deposits hence loss in members' investments. The study sought to establish the effects of deposit mobilization strategies on the performance of savings and credit cooperative societies in Kenya. The specific objectives were to establish the effect of product development strategy, marketing strategy, technological adoption strategy, and customer focus strategy on the performance of savings and credit cooperative societies in Kenya. The research also looked at the moderating effect of firm characteristics on Sacco performance. The study was guided by the following theories; contingency theory, product life cycle theory, resource-based theory, diffusion of innovations theory and the dynamic capabilities theory. Previous studies relating to each of the study variables was also reviewed and research gaps identified. Further, a conceptual framework indicated the study variables and their measurements. A descriptive research design was employed. The sampling frame of the study was derived from the database of SASRA which regulates and licenses SACCOs in Kenya. The population of the study was the 181 deposit taking Saccos (DTS) operating in Kenya as at the time of the study. Census approach was adopted since the target population was small. Therefore, the target population of the study was 181 Saccos. The number of respondents was 181 CEOs, who are in charge of strategies. A questionnaire was used to gather primary data. Data collected was sorted, coded and input into the statistical package for social sciences (SPSS) version 21.0 for production of graphs, tables, descriptive statistics and inferential statistics.

The study found out that product development strategy and performance of Saccos are positively and significantly related ( $\beta = 0.379$ ,  $p = 0.012$ ), marketing strategy and performance of Saccos are positively and significantly related ( $\beta = 0.288$ ,  $p = 0.004$ ), It was further revealed that technological adoption strategy and performance of Saccos are positively and significantly related ( $\beta = 0.464$ ,  $p = 0.001$ ), and that customer focus strategy and performance of Saccos are positively and significantly related ( $\beta = 0.521$ ,  $p = 0.000$ ). Based on the findings, the study recommended the need of Saccos to maintain high product quality and that the firms should continuously develop new products so as to meet their growing customers' demand. Also, Saccos should adopt the use of modern technology in marketing their product and services including mobile marketing to improve on their performance. Further, the firms should invest in technological advancement by equipping their staff with technical skills and also providing them with the necessary facilities. In addition, the firms should develop a friendly customer-management relationship and adjust their pricing to ensure that they charge their customers reasonable charges.

## **CHAPTER ONE**

### **INTRODUCTION**

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

In today's society, cooperative financial institutions hold a considerable market share, with the IMF estimating that across all banking sector assets in developed countries, the market share of cooperative finance was equivalent to 14 percent in 2004 (Birchall, 2013). Previous research on cooperative finance during crisis indicates that they tended to fare better than investor-owned savings and loans institutions, as they pursue more conservative investment policies. For instance, analysis from the IMF indicates that cooperative banks in developed countries tend to be more stable than commercial banks, especially during financial crisis, as their investment patterns tend to be less speculative and returns are therefore less volatile (Birchall, 2013).

The growth of any economy depends on capital accumulation, which in turn depends on investment and an equivalent amount of savings to match it. There are two key issues for developing countries. First, is how to stimulate investment and second is to increase the level of savings to fund increased investment (Kavulya, 2018).

Deposits mobilization should be backed by adequate institutional capital which ensures permanency, provide cushion to absorb losses and impairment of members' savings (Singh, 2016). The institutional capital, which comprises the core capital and less share capital, is mainly accumulated from appropriation of the surpluses. Therefore, SACCOs should strive to maximize on the earnings to build the institutional capital (Ombado, 2010).

This institutional capital ensures the permanence and growth of the SACCOs even in turbulent economic times (Singh, 2016). In fact, it helps the SACCOs to grow and, remain economically and financially viable (Kavulya, 2018). Such growth is enhanced by effective financial practices.

Accordingly, the financial practice team identifies the most appropriate methods and structure of financing the SACCOs' assets. Such a structure should be in a position to optimize surpluses (Singh, 2016). More so, prudent funds allocation strategies is an important financial practice function in any SACCO society. This aspect usually involves decisions to commit the SACCOs' funds to planned investment options. SACCOs need to make decisions to invest their funds more efficiently in anticipation of expected flow of benefits in the long run. Such investment decisions generally include expansion, acquisition, modernization and replacement of long-term assets (Poterba, Rauh, Venti, & Wise, 2010). Thus, the SACCOs' value is deemed to increase where the investments are profitable and add to the wealth in the long run. This situation is obtained where the SACCO involves itself with investments that yield benefits greater than the opportunity cost of capital.

### **1.1.1 Deposit Mobilization Strategies**

Financial institutions mobilize deposits by investing in various financial markets. Basically deposit mobilization is related to the creation of credits. According to Poterba et al. (2010) in Sacco sector, deposit mobilization is a scheme intended to encourage customers to deposit more cash with the Sacco and this money in turn will be used by the Sacco to disburse more loans and generate additional revenue for them.

Those SACCOs lacking effective savings mobilization strategies are unable to increase their outreach to a significant number of clients on a regional or national scale (Mbaabu, 2013). In addition, few SACCOs that do not mobilize savings have attained full financial self-sufficiency, independently covering their expenses for operations, loan loss, cost of funds and inflation with their revenues. Throughout the world, credit unions have often experienced that exclusively offering credit services can lead to undue dependency on external sources of financing. This dependency can cause the MFIs to concentrate on the demands of the donors rather than on the demands of potential clients, especially potential savings clients.

Mohan (2012) argues that deposit mobilization strategies are one of the important functions of any SACCO business. It is an important source of working capital for the SACCO. Deposit mobilization strategies is an indispensable act or to increase the sources of the SACCOs to serve effectively. Mobilization of deposit plays an important role in providing satisfactory service to different sectors of the economy. The success of the SACCOs greatly lies on the deposit mobilization.

The success of the SACCOs greatly lies on the deposit mobilization. Performances of the SACCO depend on deposits, as the deposits are normally considered as a cost effective source of working fund. There are different types of deposits, with different maturity pattern carrying different rates of interests. Deposit mobilization strategies are dependent on the cost of deposits. Mobilization of deposits for a SACCO is as essential as oxygen for human being. To enhance profitability, SACCOs take steps to minimize the expenditure and are forced to mobilize low cost deposits (Sylvester, 2010).

According to Dupas, Green, Keats and Robinson (2012), to mobilize more deposits, financial institutions offer a range of savings products that are tailored to their particular clientele. They offer the widest variety of specialized savings products, so that their customers have a choice between immediately accessible, liquid products, or semi-liquid accounts or time deposits with accordingly higher interest rates. Simple and clear design of basic savings products enables depositors to easily select the product that best suits their needs. The simple and transparent design of the savings products also enables staff to administer them with ease, reducing administrative costs.

### **1.1.2 Firm Characteristic**

Certain firm characteristics are associated with firm financial performance such as firm size (Dogan, 2013), leverage (Dogan, 2013), firm age (Yazdanfar, 2013), liquidity (Dogan, 2013), board size (Vafeas, 1999) and many more others. Some point of view argues that it is actually firm characteristics that highly influence performance (Galbreath & Galvins, 2008) whereas others argue that industry characteristics are the ones influencing firm performance.

One of the firm characteristic that is constantly associated to firm performance is firm size commonly measured by either natural logarithm of assets, or sales or employees. Larger firms are associated with having more diversification capabilities, ability to exploit economies of scale and scope and also being highly formalized in terms of procedures. These features are all geared towards making the operations effective so as to enable the firm generate superior performance (Greve, 2008). However, it is argued that firm size can lead to inferior performance due to formalized procedures and market inefficiencies. Larger firms can also attract exemplary human resources that will significantly contribute to the firm performance.

### **1.1.3 Sacco Performance**

SACCOs are required to file audited financial statements every fiscal year and although SACCOs comply with this requirement, financial statements have shortcomings including non-availability on regular basis. To promote financial transparency, SACCOs should provide timely financial updates and external auditors are evaluated every three to five years using competitive bidding process. Going concern is general accounting assumption and economic entities are assumed to continue operating in the foreseeable future. It's on this basis that financial statements are prepared and auditors express opinion (Wood & Sangster, 2009).

Regular financial review of SACCOs according to (SASRA, 2014) is paramount and crucial as they are integral part of Kenya's finance system that includes the banking sector, Insurance industry and Retirement Benefit Institutions. Basel principle 13 (Supervision, 2013) provides for disclosure of information about the bank to manage public perception of the organization and its soundness.

SASRA in 2012 adopted the CAMELS performance rating framework to assess the financial soundness of Saccos focusing on prudential standards. The adoption and implementation of CAMELS performance evaluation tool ensures objectivity and standardization in monitoring of the financial soundness and stability of individual Saccos.

The effectiveness of this system is yet to be ascertained and challenges have been noted with the system. World Council of Credit Unions (WOCCU) developed the PEARLS monitoring system. This is a toolkit, a series of ratios consolidated into an evaluation program that is capable of measuring the individual components and the system as a whole.

Largely, there had been gradual but stable growth in the number and membership of deposit taking SACCOs in Kenya. From a membership of 992,844 in 2006, membership has grown to 2,644,205 in 2016 and is expected to continue growing as more and more Kenyans join SACCOs. In the same vein, there has been growth in the number of SACCOs in the country since 2006 with about 6,700 registered Saccos by the Commissioner for Cooperatives.

The growth in membership can therefore be attributed to aggressive efforts by existing Saccos to recruit new members (Mbaabu, 2013). The financial performance of deposit taking Saccos has been on the rise since 2006. For example, from a total asset base of Kshs 105 billion in 2006 to Kshs 255 billion in 2013. Over the same period, loans/advances have grown from 68 billion to 193 billion, deposits have grown from Kshs 51 billion to Kshs 179 billion, while turnover has grown from Kshs 12 billion to Kshs 35 billion in 2013 (Mbaabu, 2013).

The financial sector plays an important role in spurring economic growth in Kenya. According to a report by financial Sector Regulators Forum (2014) the banking subsector by aggregate assets accounted for 160 percent of the country's GDP. Pension subsector accounted for 41 percent, Insurance subsector 20 percent while SACCO subsector accounted for 17 percent of GDP. Capital Markets gauged by market capitalization accounted for 114 percent of GDP in 2013. Additionally, According to SASRA (2014) SACCO membership arose to 3.3 Million in 2013 while savings in SACCOs accounted for 48.55percent of gross national savings. The same report shows that by December 2013, there were about 1,995 active Sacco's out of which 135 are licensed as Deposit Taking SACCOs.

#### **1.1.4 Global Perspective of Performance of Deposit-Taking SACCOs**

According to the WOCCU Statistical Report (2015) there are 101 countries with credit unions, 56,000 total credit unions and 200 million members. The deposits and shares stood at USD 1.2 trillion, loans at USD 1 trillion, while assets and reserves were USD 1.6 trillion and 0.1 trillion respectively. According to WOCCU report (2014) the credit union movement is momentous in 100 countries, where more than 56,000 unions have nearly 200 million members. The movement has US\$ 1,563 billion in assets and more than 1,000 billion in loans. Some of the largest banks in the world, including Dutch Rabobank, Credit Agricole and Credit Mutuel in France, and DG Bank in Germany are cooperatives. The UK has now has over 5900 cooperative enterprises, compared to 4800 three years ago. They range from the mighty Co-operative Group, with £15bn turnover in food retailing, travel, pharmacy, banking and funeral care, to small co-ops of freelancers, taxi drivers, pubs and football clubs (WOCCU, 2014).

According to Fulponi (2010), in Switzerland, the largest retailer and private employer, is a cooperative. In Japan 9 million family farmers are members of cooperatives. Cooperatives are by their nature and principles socially inclusive and potent tools for empowerment of vulnerable groups. Indigenous people in remote rural areas, refugees, migrants, rural women, unemployed persons, the elderly and persons with disabilities have all founded cooperatives to improve their condition (Ibid, 2010). Worldwide, Cooperatives respond to demographic dissimilarities across countries. In ageing societies like those of Europe and Japan, health care cooperatives are playing an increasing role in providing health and other services for the elderly.

Cooperatives worldwide are also providing young people with jobs and skills for creating their own enterprises, address young people's concerns for democracy, autonomy, independence, social and environmental responsibility, and ethical business practices (ILO, 2014). In Spain for instance, worker cooperatives have seen an increase of 7.5 per cent with nearly 13,000 newly created jobs during the course of the last quarter of 2017. In some countries, governments are promoting cooperatives for unemployed youth as in Panama and Morocco where entrepreneurship programmes provide specific support for cooperative start-ups. In many developing countries, cooperatives are also major instruments for those working in the informal economy by providing access to production inputs, product markets, build self-confidence, and achieve self-organization and collective voice.

Cooperatives also help millions of workers in urban and rural areas connect with Global Value Chains. Most importantly, they involve millions of small producers at one end, and millions of ordinary consumers on the other. In Ethiopia cooperatives represent over 22,000 small coffee growers. In Japan there are, well over 1,200 fishermen's cooperatives. Cooperatives are at the forefront of the fair trade movement. Cooperatives are also uniquely positioned to contribute to the green economy. In many countries renewable energy cooperatives are taking an increasing slice of the energy market. Today, as the world looks for more stable and sustainable business models, and more responsible and principled governance than the irresponsible capitalism often seen and that contributed to the financial crisis, interest in cooperatives, employee-owned business, mutual organizations and other diverse forms of ownership is growing (Fulponi, 2010).

According to ILO (2014), Europe, for instance, 4,000 local cooperative banks serve more than 176 million customers, 50 million of whom are members. While European cooperative banks have 21 per cent of the market share, they only accounted for 7 per cent of all the European banking industry's write-offs and losses during the recent financial crisis mainly due to their limited exposure to US subprime mortgages and fewer investment banking activities. The experience of Argentina with its multiple crises has seen the growth of enterprises that have been converted into cooperatives, a phenomenon with over a decade of experience.

Similar initiatives have been taken in other countries in Latin America. In the past one decade, United Steel Worker Union in the USA is examining the possibility of SME conversions into worker cooperatives as a means of reviving local economies and maintaining and creating new jobs.

### **1.1.5 Regional Perspective of Performance of Deposit-Taking SACCOs**

Co-operatives are not new in the African continent. Before colonialism, there were various types of savings associations by different names across Africa. For example, in Sudan, the savings associations were called ‘Sanduk’, in Nigeria they were called ‘esusu’, in Zambia they were called ‘chilimba’, and in Ethiopia they were called ‘ekub’ among others (Develtere, Pollet & Wanyama, 2009).

There were very few instances where co-operatives existed as private business enterprises that were primarily driven by the interests of their members. Co-operatives served as instruments for implementing government socio-economic policies. State control stifled the performance of co-operatives and their potential contribution to development could only be realized if they operated according to market principles (Wanyama, 2011).

Though different forms of co-operative associations can be traced to pre-colonial Africa, due to globalization, the origins of the current models of co-operative societies can be traced to the colonial epoch. The co-operative development in Africa has generally undergone two distinct stages. The first phase was the era of state control, and the second phase was that of liberalization. During the era of state control, co-operatives were run through government policy and directives as opposed to the common interests and motivation of the people (Khambule, 2015). Co-operatives were either agents of the state, clients of the state or semi-public agencies.

The liberalization of African economies in the 1990s, gave the co-operative movement the incentive to transform and give co-operators a chance to become the real owners of the cooperative businesses and turn around the dwindling performance of co-operatives. In many parts of Africa, governments liberalized the co-operative sector by introducing policies and legislations that facilitated the creation of commercially autonomous and member-based cooperative organizations that would be democratically and professionally managed, self-controlled and self-reliant. It is from these developments that co-operatives started making important contributions in employment creation, social protection, voice and representation and, ultimately, poverty reduction (Khambule, 2015).

#### **1.1.6 Deposit -Taking SACCOS in Kenya**

The SACCO sub-sector is part of the larger cooperative movement in Kenya. There are two broad categories of co-operatives: Financial co-operatives (Savings & Credit Co-operative Societies- SACCOS) and Non-financial Cooperatives (includes farm produce and other commodities marketing cooperatives, housing, transport and investment co-operatives). In the recent past Savings and Credit Co-operatives (SACCOS) have witnessed faster growth than other co-operatives (Birchall & Ketilson, 2009). The establishment of SACCO Societies Act 2008 places the licensing, supervision and regulation of deposit taking under the armipit of the SACCO Societies Regulatory Authority (SASRA). Through this new legal framework, prudential regulations have been introduced to guide SACCO's growth and development (Birchall & Ketilson, 2009).

The SACCO sub sector comprises both deposit taking and non-deposit taking SACCOS. Deposits taking SACCOS are licensed and regulated by SASRA while non-deposit taking SACCOS are supervised by the Commissioner for Cooperatives. SASRA licenses SACCOS that have been duly registered under the Cooperative Societies Act CAP 490 (SASRA, 2012). As at 31st December 2012, the total number of deposit taking SACCOS was 215 of which 124 had been licensed. The remaining 91 SACCOS were at different levels of compliance with the provisions of the law.

All deposit taking SACCOs were in operation prior to establishment of SASRA in 2009 and have applied to be considered for licensing as undertaking deposit taking SACCOs business. They are spread across the various counties in the country and are categorized as follows: Government based SACCOs (87); Farmers based 4 SACCOs (74); Private institutions based SACCOs (24); and, Community based SACCOs (30), (SASRA, 2012). According to records of the Ministry of Co-operative Development and Marketing (2011), in the banking sector there are seven registered and active SACCOs. The SACCOs are; Kencom SACCO Ltd, Co-operative Bank SACCO, Equity Bank SACCO, Family Bank SACCO, Nyumba SACCO, Kenya Bankers SACCO and Postbank SACCO.

The largest of the seven in terms of membership and asset size is the Kenya Bankers SACCO due to its age and the fact that it was registered as the first SACCO for the employees of the banks that were in existence at its formation and its neutral placement as a SACCO that is not affiliated to any of the existing banks in Kenya. Kenya Bankers SACCO draws its members from across all banks while the other six SACCO mainly have members from the banks where their members are employed and domiciled. The Co-operative movement in Kenya is an important player in the social economic development of this country. Cooperatives cut across all sectors of the economy and provide an important framework for mobilization of both human and capital resources (Ministry of Co-operative Development and Marketing, 2008).

Some of the measures the Ministry has undertaken to create an enabling environment for co-operatives to prosper include; the establishment of the SACCO Societies Regulatory Authority (SASRA) to regulate the large financial SACCOs and the establishment of the Ethics Commission for Cooperative Societies (ECCOS) to address governance matters. The SACCO Societies Act, 2008 and SACCO Societies (Deposit-Taking SACCO Business) Regulations, 2010 provide legal, regulatory and supervisory framework commensurate to the risks in deposit taking business conducted by SACCO Societies. SACCO societies serve largely the personal loans market lending on a guarantee system, with credit risk perceived to remain high and hence posing the greatest risk to the SACCO movement (SASRA, 2012).

The SACCO Societies Act, 2008 establishes a deposit guarantee fund (DGF) which shall provide protection to members deposits up to Ksh.100,000 per member (the same protection accorded depositors with banking institutions licensed under the Banking Act). The priority of SASRA is on 215 deposit taking SACCO societies (FOSAs), which control more than 67% of deposits and total assets in the SACCO industry. SACCOs further comprise both deposit and non-deposit taking. Deposit Taking SACCO (D.T SACCO) is that SACCO operating a front office savings activity (FOSA). FOSA activity is a quasi-banking activity undertaken by licensed SACCOs (SASRA, 2012).

## **1.2 Statement of the Problem**

It is estimated that about 80% of the Kenyan population derives their income either directly or indirectly through SACCO initiatives. Further, an estimated 24.6 million people (63%) participate either directly or indirectly in SACCO enterprises (Adam, Collier & Ndungu, 2011). The government has made a significant initiative to support the co-operative movement through legislation so as to achieve the Sustainable Development Goals (SDGs) and vision 2030 objectives of increasing financial inclusion. Over time, SACCOs have been trying to address members' demands by mobilizing funds and granting credit to members. However, they have not been able to grow their wealth sufficiently through accumulation of enough institutional capital to finance non-withdrawable capital funded assets, provide cushion to absorb losses and impairment of members' deposits (GOK, 2011).

The World Council of Credit Unions (WOCCU) in 2008 showed that 38.3% of Kenyans are not included in financial services sector. All these indicate low levels of deposits mobilization strategies and investments in Kenya. The problem of low deposits and investment came at a time when African Confederation of Co-operative Savings and Credit Association (ACCOSCA) classified SACCOs as vehicles for economic growth (Onchangwa, Ongoncho, Onchonga & Njeri, 2013). Besides, the government of Kenya recognizes cooperatives as the major contributor to national development (GOK, 2011).

Report by SASRA (2014) identified several challenges that limit SACCOs from accumulating adequate funds. These include; strict requirements/bureaucracy at 33%, inadequate government support at 29% and legal restrictions/SASRA regulations at 21%, default risks/poor repayment at 51%, inadequate funds to lend at 38% and securing loans (guarantors/collateral at 23%) and lack of proper legal framework at 23%. Further, due to the high failure of SACCOs, it is estimated that less than 50% of the target SACCO enterprises are unable to meet their strategic objectives (SASRA, 2013). This is an indication of poor performance by the SACCOs, which can be attributed to ineffective funds mobilization strategies. According to Sylvester (2010), success of financial institutions depends on their ability to mobilize resources. This prompted the current study to focus on deposit mobilization strategies including product development; marketing, technological and customer focus strategies.

Notably, most of the literature reviewed linking deposit mobilization strategies to organization performance are drawn from developed countries context like the USA, China and Sweden. These studies revealed contextual gaps since they were conducted in other countries and hence could not be generalized to the Kenyan context. Other studies revealed conceptual gaps since they did not focus on variables used in this study. Further, some studies indicated methodological gaps since they adopted different research methods from the ones used in this study. The current study sought to address the existing research gaps by establishing the effect of deposit mobilization strategies on the performance of deposit taking savings and credit cooperative societies in Kenya.

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

#### **1.3.1 General Objective**

The main objective of this study was to establish the effects of deposit mobilization strategies on the performance of deposit taking savings and credit cooperative societies in Kenya.

### **1.3.2 Specific Objectives**

The specific objectives of this study were;

1. To examine the effect of product development strategy on the Performance of deposit taking SACCOs in Kenya.
2. To determine the effect of marketing strategy on the performance of deposits taking SACCOs in Kenya.
3. To assess the effect of the technological adoption strategy on the Performance of deposits taking SACCOs in Kenya.
4. To examine the effect of customer focus strategy on the Performance of deposit taking SACCOs in Kenya.
5. To find out the moderating effect of firm characteristics on the relationship between deposit mobilization strategies and Performance of deposit taking SACCOs in Kenya.

### **1.4 Research Hypotheses**

**H<sub>01</sub>:** Product development strategy does not have any significant effect on the Performance of SACCOs in Kenya.

**H<sub>02</sub>:** Marketing strategy does not have any significant effect on Performance of SACCOs in Kenya.

**H<sub>03</sub>:** Technological adoption Strategy does not have any significant effect on Performance of SACCOs in Kenya.

**H<sub>04</sub>:** Customer Focus strategy does not have any significant effect on Performance of SACCOs in Kenya.

**H<sub>05</sub>:** There is no significant moderating effect of firm characteristics on relationship between Deposit mobilization strategies and Performance of SACCOs in Kenya.

## **1.5 Significance of the Study**

This study provides information on the deposit mobilization strategies on the performance of savings and credit cooperative societies in Kenya. The findings allow policy makers to make informed decisions on policy reforms, regulations and legislations which will ensure high performance of SACCOs in Kenya. The study goes a long way in mainstreaming Sacco sector to position itself within the policy formulation framework in the financial services sector as well as provide information on add-on strategies for effective performance of the country's economy.

This study is useful to scholars, academicians and future researchers as they can use the findings as point of reference. The findings add value to the existing body of knowledge on the deposits mobilization and overall performance of SACCOs in Kenya. The study provides information on the effect of saving mobilization strategies on the performance of deposit taking saving and credit cooperative societies in Kenya. This study is also useful to scholars in bridging the gap in knowledge and identifying areas for further research and adding to the pool of knowledge as to how best to employ strategies to improve SACCO performance.

The study provides invaluable insights to Strategic business leaders and policy makers in properly targeting the pillars of effective SACCO stewardship owing to their significant contributions to the sector. SACCO Sector in general and practitioners in particular would likely be activated by the findings to invest their utmost creative abilities in developing strategies to manage and improve SACCOs' performance in Kenya. The study is also important because it brings together information about the performance of the SACCO sector and how management can implement, monitor and evaluate efforts and contribution of their strategic options/choices.

## **1.6 Scope of the Study**

The study focused on the effects of deposits mobilization strategies on the performance of savings and credit cooperative societies in Kenya. Specifically the study looked at the effect of Product Development strategy, Marketing Strategy, technological adoption Strategy, and Customer Focus strategy on Sacco performance. The study was conducted across Kenya. The study targeted 181 authorized deposit taking SACCOs in Kenya that have been in existence for at least the last 5 years.

## **1.7 Limitations of the Study**

In the course of the study, one of the key challenges that the study encountered was limited availability of information and literature. However, the challenge was overcome by conducting extensive and detailed research from various sources such as Kenyan journals, websites, and face-to-face interactions. During the course of the study, a continuous, detailed and scrupulous research was carried out.

The study was also restricted in terms of content since it only analyzed four deposit mobilization strategies, while there could be other strategies that SACCOs use to mobilize resources. However, the exclusion of other strategies creates an opportunity for other studies to extend a similar study, but focusing on other strategies.

The SACCO confidentiality policy restricted most of the respondents from answering some questions in the questionnaire. This would have been considered to be against the confidentiality policy to expose the organization's confidential matters. The researcher mitigated this limitation by presenting an introduction letter obtained from the university to the respective SACCO management to avoid suspicion and enable the management to disclose much of the information that was sought by the study on the effects of deposit mobilization strategies on the performance of deposit taking savings and credit cooperative societies in Kenya.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter looks at literature that has been reviewed and continued to be reviewed for the purposes of the study. This chapter attempts to gain an in-depth view into what is already known in connection with the research topic being studied. The chapter covers the theoretical review, the conceptual framework, review of existing literature in accordance with the study variables and empirical studies carried out in the past and in accordance with the variables presented in the research model, critique, and summary and research gaps.

#### **2.2 Theoretical Review**

According to Johnson and Christensen (2008), a theory is a set of assumptions, propositions, or accepted facts that attempts to provide a plausible or rational explanation of cause-and-effect (causal) relationships among a group of observed phenomenon. A theoretical framework on the other hand is a group of related ideas that provides guidance to a research project or business endeavor. In this section, the focus is on the effects of deposit mobilization strategies on the performance of savings and credit cooperative societies in Kenya. Theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge, within the limits of the critical bounding assumptions.

The theoretical framework is the structure that can hold or support a theory of a research study. There are several theories advanced by different scholars that can be applied to explain the effect of deposit mobilization strategies on the performance of deposit taking savings and credit cooperative societies in Kenya. This study is hinged on the following theories; contingency theory, product life cycle theory, resource-based view, diffusion of innovations theory and the dynamic capabilities theory. The theories are discussed below.

### **2.2.1 Contingency Theory**

Contingency theory is an approach to the study of organizational behavior in which explanations are given as to how contingent factors such as technology, culture and the external environment influence the design and function of organizations. The assumption underlying contingency theory is that no single type of organizational structure is equally applicable to all organizations. Rather, organizational effectiveness is dependent on a fit or match between the type of technology, environmental volatility, the size of the organization, the features of the organizational structure and its information system. Contingency theories were developed from the sociological functionalist theories of organization structure such as the structural approaches to organizational studies by Tolbert and Zucker (1999). These studies postulated that organizational structure was contingent on contextual factors such as technology, dimensions of task environment and organizational size.

However, some challenges lead to innovations in theory. Other challenges are accompanied by innovations in method. Both these theoretical and methodological innovations constitute opportunities for the contingency theory of organizational structure. In turn, they can feed into the study of organizational design. Contingency theory therefore will be well suited to classify product diversification strategies applied deposit taking Saccos to increase customer base and to capture the diversification strategies which are characteristic to the e-mobile phone telecommunication companies' services markets (Wambari, 2009). This was the main anchoring theory of the study supporting the various study variables including product development; marketing, technological and customer focus strategies.

### **2.2.2 The Product Life Cycle Theory**

Product Life Cycle Theory was developed by Raymond Vernon in 1960s and explains the introduction, growth, maturity, and decline stages of the products. The process of innovation and diffusion of a new product causes an industry growth to follow an S-shaped curve (Wit & Meyer, 2004). It is a graph showing time against sales from introduction to decline (Wheelen & Hunger, 2006).

The service product lifecycle stages comprise of service innovation, service modification, differentiation of services and elimination of services (Bruhn & Georgi, 2006). In the introduction phase, the firm's objective is to establish the brand in the market (Cravens, 2000) that is why this stage comprises of high production and marketing costs, and low profits (Peter & Donnelly, 1998).

In the growth stage, there is an increased profit which has a positive relationship with sales (Peter & Donnelly, 1998). Profit growth is fostered by swift market acceptance (Jobber, 1998) as many buyers rush into the market (Wit & Meyer, 2004). Immaturity stage and because of competition, profits for the initiating firm do not keep speed with sales as the product matures (Wit & Meyer, 2004). The firm may be forced to initiate both product development and market development (Peter & Donnelly, 1998; Jobber, 1998). During the decline phase, sales decline, and the firm decides whether to drop the product, change the product, change its use and develop markets or not (Peter & Donnelly, 1998).

The SACCOs' products can also pass various stages of the PLC. For instance, in the introduction stage, heavy promotions and campaigns are required to raise awareness on the SACCOs, types of loans and their benefits, how to become a member, a borrower; and the importance of saving. These campaigns play a vital role in increasing the number of members, borrowers and savings. In the growth stage, the SACCOs' sales and profit increase. This is due to the fact that the savers, borrowers and the public in general have 'accepted' the services which were/are not fully provided by some SACCOs. The profit gained plays a vital role in sustaining the SACCOs' operations. At maturity stage, the SACCOs are not usually experiencing the rapid sales as witnessed during the growth stage. Reasons may be many including the competition. At this stage, the need to modify the services such as the existing loans is required (Cravens, 2000).

At the decline phase, the level of savings from members, the trend of borrowing, profits and sales turn down. Here, the marketing expenditures in the campaigns to raise awareness on the SACCOs and their products and heavy costs during recruitment of more members and borrowers are cut down sharply. However, strategies to modify the services provided by the SACCOs may be adopted to prevent the SACCOs from falling. For example, SACCOs have reacted to the threat posed by commercial banks by opening Front Office Service Activities (FOSAs), for provision of a wide range of products and services to their members (Noyer, 2007). Some SACCO FOSAs have even opened and extended membership to non-SACCO members to ensure improved performance. This theory supports the variable product development strategy.

### **2.2.3 Resource-Based Theory**

This theory recognizes the importance of a firm's internal organizational resources as determinants of the firm's strategies and performance (Wernerfelt, 1984). Grant (2009) defines the term internal organizational resources as all assets, capabilities, organizational processes, firm attributes, information, knowledge, that are controlled by a firm and that enable it to envision and implement strategies to improve its efficiency and effectiveness. Although the RBT recognizes that a firm's physical resources are important determinants of performance, it places primary emphasis on the intangible skills and organizational resources of the firm (Collis, 2009). Some intangibles resources of the firm are the market-assets such as customer satisfaction and brand equity.

The resource-based theory of the firm (RBT) is an influential theoretical framework for understanding how strategies implementation within firms is achieved and how that advantage might be sustained over time (Teece, Pisano & Shuen, 2010). This perspective focuses on the internal organization of firms, and so is a complement to the traditional emphasis of strategies on industry structure and strategic positioning within that structure as the determinants of strategies implementation (Henderson & Cockburn, 2009).

In particular, RBT assumes that firms can be conceptualized as bundles of resources that those resources are heterogeneously distributed across firms, and that resource differences persist over time (Amit & Schoemaker, 2011). Strategies in high-velocity markets are about creating a series of unpredictable advantages through product development and loosely structured organizational approaches. This theory supports the variable marketing strategy.

#### **2.2.4 Diffusion of Innovations Theory**

Diffusion of innovations is a theory postulated by Rogers (1962) has been used since the 1950s to describe the innovation-decision process. According to the innovation-decision process, an individual or decision making unit passes from first the knowledge of an innovation, then to forming an attitude toward the innovation to a decision to adopt or reject to implementation of the new idea and to confirmation of this decision. Diffusion of innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures. Rogers (2003), argues that diffusion is the process by which an innovation is communicated through certain channels over time among the participants in a social system. The origins of the diffusion of innovations theory are varied and span multiple disciplines.

This theory supports the variable technology adoption strategy. This theory is related to the study as it presents the process of newness and implementation of innovation. Deposits mobilization is a new model of approaching savers through marketing and financial inclusion and come up with new techniques which were not been used by traditional banking, it is perceived and communicated through channels and the social system facilitates its adoption. In mobilization of deposits new innovation has to be applied and make convincing the savers to make deposits.

### **2.2.5 Dynamic Capabilities Theory**

The Dynamic Capabilities theory postulated by Teece, Pisano and Shuen (1997) strengthens the RBV, it emphasis on how combinations of resources and competences can be developed, deployed and protected. The factors that determine the essence of a firm's dynamic capabilities are the organizational processes where capabilities are embedded, the positions the firms have gained (e.g. assets endowment) and the evolutionary paths adopted and inherited. Based on this perspective, the marketing factors that determine the competitive advantage are marketing efficiency resulting from the marketing organizational process and the endowments of market assets that has generated such as customer satisfaction and brand equity, i.e. marketing positions.

Dynamic capabilities theory examines how firms integrate, build, and reconfigure their internal and external firm-specific competencies into new competencies that match their turbulent environment (Teece et al., 1997). The theory assumes that firms with greater dynamic capabilities will outperform firms with smaller dynamic capabilities. The aim of the theory is to understand how firms use dynamic capabilities to create and sustain a strategies implementation over other firms by responding to and creating environmental changes (Teece, 2007). This theory supports the variable customer focus strategy.

### **2.3 Conceptual Framework**

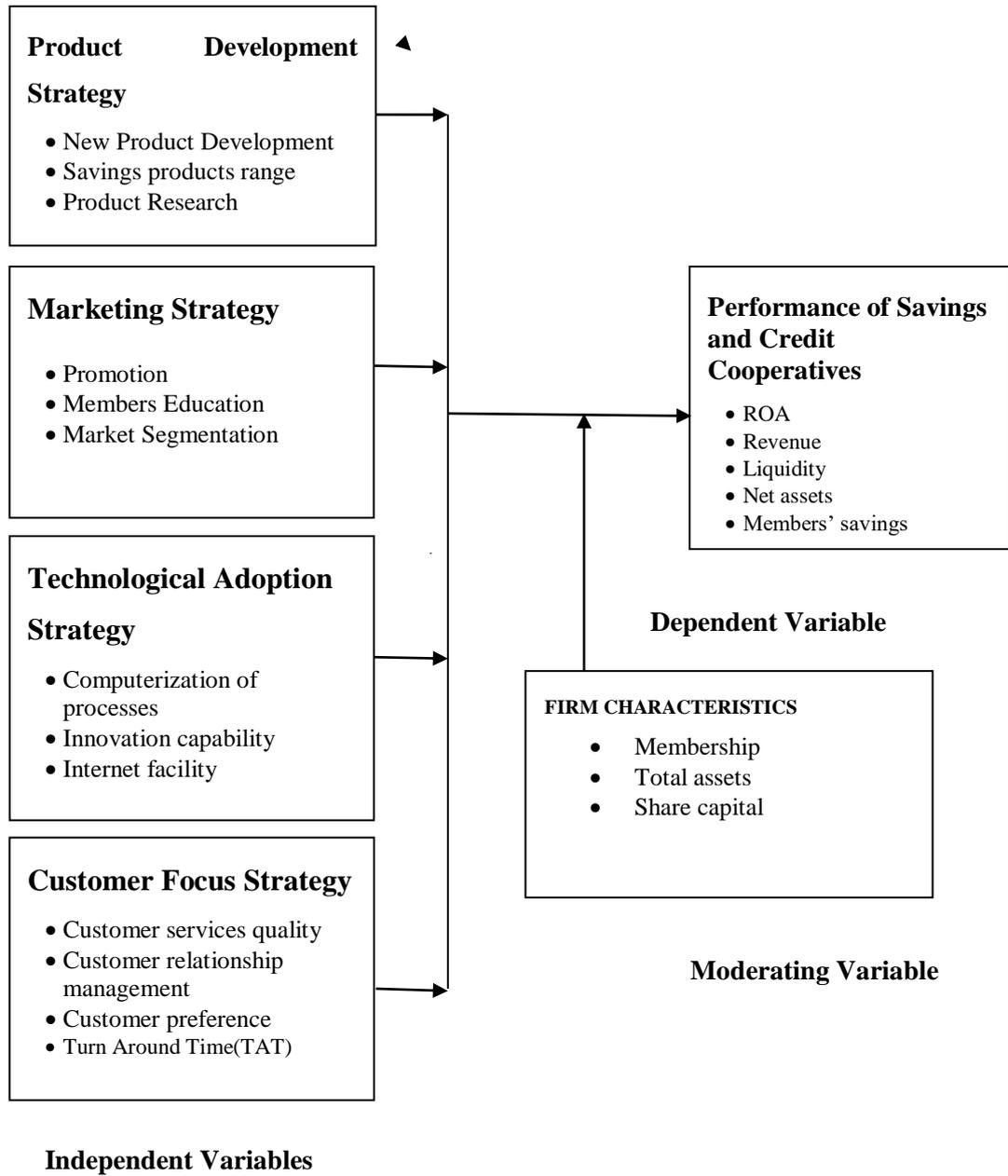
A conceptual framework considers the theoretical and conceptual issues surrounding research work and forms a coherent and consistent foundation that will underpin the identification and development of existing variables. A conceptual framework is a model presents the aspects under consideration in independent and dependent variables. It also shows the relationship between the various variables. The Conceptual framework includes the independent variables (Product Development strategy, Marketing Strategy, Technological Adoption strategy and Customer Focus strategy) and the dependent variable which is performance of SACCOS.

According to Mohan (2012), mobilization of deposits is one of the important strategies a business can adopt in the financial sector. It is an important source of working fund for the SACCOs. Deposit mobilization is an indispensable act or to increase the sources of the SACCOs to serve effectively. Mobilization of deposit plays an important role in providing satisfactory service to different sectors of the economy. The success of the SACCOs greatly lies on the deposit mobilization. The success of the SACCOs greatly lies on the deposit mobilization. Performances of the SACCOs depend on deposits, as the deposits are normally considered as a cost effective source of working fund. There are different types of deposits, with different maturity pattern carrying different rates of interests. Deposit mobilization is depending on the cost of deposits. Mobilization of deposits for a SACCOs is as essential as oxygen for human being. To enhance profitability, SACCOs take steps to minimize the expenditure and are forced to mobilize low cost deposits (Sylvester, 2010). The conceptual framework is as shown in figure 2.1.

**Deposit**

**Mobilization**

**Strategies**



**Figure 2.1: Conceptual Framework**

### **2.3.1 Product Development Strategy**

Effective product development rests on a product's design's ability to create a positive product experience (Haeussler, Patzelt & Zahra, 2012). Product innovations performance has been seen as an important driver for firm growth particularly the combination of product and processes innovations significantly improving firm growth (Goedhuys & Veugelers, 2008). The researchers' further point out that product innovation translates into superior sales growth rates and access to finance. Haeussler, Patzelt & Zahra (2012) concluded that new product development is important for new firm's successful performance though they also attest that developing new products is costly and time consuming with at times uncertain outcomes.

Product development is needed to increase outreach (Lafourcade, Isern, Mwangi, & Brown, 2011). Developing new products is valuable for SACCOs since it increases revenues. Product development creates additional value and reduces transaction costs associated with accessing financial services (Amha, 2008). According to Mulunga, (2010), product development may include loan application time, criteria to access loan, and improvement on interest rate. A continuum of savings products can be developed, ranging from passbook accounts, which offer complete liquidity and lower returns, to long-term accounts with restricted liquidity and high returns. Savings products are also built by tailoring them to respond to the demands of particular market niches (Mudaki, 2011). In this study, product development strategy was measured in terms of new product development, savings product range and product research.

### **2.3.2 Marketing Strategy**

Marketing strategies are crucial for the success of deposit mobilization. Market studies are important for developing new savings products. Market research includes analysis of potential customers. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategies, defining how the organizations will successfully engage customers, prospects, and competitors in the market arena of corporate strategies, corporate missions, and corporate goals. As the customer constitutes the source of a company's revenue, marketing strategy is closely linked with sales (Madura, 2011).

Smith (2016) argued that there are four different ways in which marketing strategies can enhance companies' value creation and that way increase performance. First, marketing can speed up cash flows through reducing customer risk and building strategic alliances. Second, marketing can increase cash flows through innovation and differentiation. Third, marketing can build assets like brand equity. Fourth, marketing can reduce risks in for example helping to increase customer retention. It is assumed that at least some of these issues are such that marketing and sales can affect them jointly. After all, marketing and sales are jointly responsible for generating revenue and profit for an organization. In this study, marketing strategy was measured in terms of promotion, members' education and market segmentation.

### **2.3.3 Technological Adoption Strategy**

Technology has become an intrinsic part of financial institutions, making it easier and cheaper to develop and deliver financial services. As a consequence of the highly technological environment developed around the world in the Saccos, the expansion of distribution channels for financial services relies on a very complex network of partnerships. Similarly, in developing countries, only part of the population has access to basic financial services, such as deposit accounts (Claessens, 2010).

There is a tremendous opportunity for technology to connect lower-income citizens at reduced costs and bring millions of consumers to the formal financial marketplace through electronic channels. With the incorporation of innovation and technology, many aspects of banking has been automated and improved. Through innovation, customers have seen easy and accessible means of banking and have to a greater extent helped Saccos reach out to many of the unbanked population. With the support of technology, tedious processes of banking have been reduced and services have improved (Valacich & Schneider, 2012). In this study, technology adoption strategy was measured in terms of computerization of processes, innovation capability and internet facility.

#### **2.3.4 Customer Focus Strategy**

Customer focus is defined as an interaction between an organization and a customer as perceived through a customer's conscious and subconscious mind (Shaw, 2010). It is a blend of an organization's rational performance, the senses stimulated and emotions evoked, and intuitively measured against customer expectations across all moments of contact. Customer experience strategy is a plan that guides the activities and resource allocation needed to deliver an experience that meets or exceeds customer expectations.

According to Richardson (2010) every company provides a customer experience regardless of whether it is created consciously. That experience may be good, bad or indifferent, but the very fact that the company has customers, the company interacts with those customers in some manner, and provide them products and services, means that they have an experience with it and its brand. Allen (2010), warn that the larger the company's market share, the greater the risk it will take its customers for granted. In this study customer focus strategy was measured in terms of customer services quality, customer relationship management and pricing.

### **2.3.5 Firm Characteristics**

Firm characteristics include size, age and ownership. The size reflects how large an enterprise is in infrastructure and employment terms. Usman and Zahid (2011) found that enterprise size significantly linked to better business performance. Larger enterprises were found to have higher level of success. Firm size has also been shown to be related to industry-sunk costs, concentration, vertical integration, and overall profitability (Goddard et al., 2012).

Certain firm characteristics are associated with firm financial performance such as firm size (Dogan, 2013), leverage (Dogan, 2013), firm age (Yazdanfar, 2013), liquidity (Dogan, 2013), board size (Banchuenvijit, 2012) and many more others. One of the arguments held is that firm characteristics highly influence performance (Galbreath & Galvins, 2008) whereas others argue that industry characteristics are the ones influencing firm performance (Islam, Khan, Obaidullah & Alam, 2011). One of the firm characteristic that is constantly associated to firm performance is firm size commonly measured by either natural logarithm of assets, or sales or employees. In this study, firm characteristics were measured in terms of membership, total assets and share capital.

### **2.3.6 Performance of Savings and Credit Cooperatives**

Performance measures are quantitative or qualitative ways to characterize and define performance. They provide a tool for organizations to manage progress towards achieving predetermined goals, defining key indicators of organizational performance and Customer satisfaction (Mudaki, 2011). Performance Measurement is the process of assessing the progress made towards achieving the predetermined performance goals. It is essential to measure strategic practices in terms of outcomes. These outcomes vary along a continuum of categories such as: financial measures (Return on Asset, Return on Equity, turnover, Profitability).

Enterprise performance refers to the total social-economic outcomes resulting from the interaction of an organization's components in the course of operations (Abu-Jarad, Yusof & Nikbin, 2010). It is the most important goal and a key measure of output but defining, measuring and its source has been contentious among researchers. However, writers acknowledge that organizational performance is the ability of an organization to achieve its goals and objectives (Mudaki, 2011) such as high sales turnover, returns on equity and returns on assets (Mudaki, Wanjere, Ochieng & Odera, 2012). Therefore, performance of Saccos can be a good indicator of effects of Porter's generic competitive strategies.

Neely (2011) observes that financial performance measures mainly serve three purposes. Firstly, they serve as a tool of financial management, secondly they serve as major objectives of business e.g. to have a 40% ROA and lastly they serve as a mechanism for motivation and control within an organization. Many researchers have used different financial performance measures. According to Parast and Fini (2010), the best indicator of financial performance is profitability. In this study, performance was measured in terms of profitability, revenue and net assets.

## **2.4 Empirical Review**

This section reviews studies previously done on effects of deposit mobilization strategies on the performance of firms. Empirical literature review is a directed search of published work which includes books and periodicals. It is a comprehensive survey of previous inquiries related to the research questions (Carpini, Cook & Jacobs, 2014). Literature review allows researchers to place the research work into an intellectual and enables researcher declare why research matters.

### **2.4.1 Product Development Strategy and Organizational Performance**

Ngure, Kimani and Kariuki (2017) conducted a study on the effect of product innovations on financial performance of SACCOs in Kenya. The study adopted cross sectional descriptive survey research design. Stratified simple random sampling technique was used to obtain the sample size of fifty two SACCOs for the study. Primary data was collected using self-administered questionnaires while secondary data was obtained from audited financial statements. Primary and secondary data was analyzed using SPSS. The findings of the study revealed that product innovations were positively correlated to financial performance.

Andrea and Pamela (2014) study explored the relationship between new product development strategy implementation and performance. The study found that there was a significant relationship between new product development (NPD) strategy implementation and new venture performance. Even though this study portrayed a direct relationship, product development strategy and firm performance may not have a straight forward relationship.

Kafigi (2015) did a study on intensive growth strategies and outreach performance of Tanzania-based savings and credit cooperative societies. Specifically, the study investigated the contribution of both product development and market development on outreach performance. The study adopted a cross-sectional survey design and multistage probability sampling technique, which enabled the participation of 167 key SACCOs' managers (loan officers) from three zones of Tanzania whose views were collected through questionnaires. The study findings revealed that both product and market development had a significant contribution towards outreach performance. Based on the results, the study recommended that SACCOs need to design growth strategies which suit the needs of their clients and their characteristics.

Jeje (2014) conducted a study on the contribution of both product development and market development on outreach performance (increased number of SACCOs' members). Through a multiple regression analysis, the study tested seven hypotheses which were geared towards finding the contribution of both product development and market development on outreach performance. A cross-sectional survey design and multistage probability sampling technique enabled the participation of 167 key SACCOs' managers (loan officers) from three zones of Tanzania whose views were collected through questionnaires. The study revealed that the significant contribution of both product development and market development on outreach performance. The study recommended that SACCOs need to design growth strategies which suit the needs of their clients and their characteristics.

Udegbe (2014) conducted a study on new product development process and its impact on business performance in Nigeria. The research sample consists of 180 Nigerian manufacturing industries. The sample in this study were designed using convenience sampling method, 2 copies of the questionnaire were administered in each of the 180 manufacturing industries that served as sample. Out of the total sample of 360, 230 useable questionnaires were returned representing a response rate of 63.89%. Data were analyzed with the use of statistical methods such as factor analysis, correlation analysis and reliability analysis. Validity and reliability test indicated that all variables were valid and reliable. Based on the data analysis, the findings observed that although some of the results correspond to the previous findings. However, it is found that culture, strategy and the ability of the personnel affect not only the NPD business plan but also the business performance.

According to Alabdulkarim (2012) in a study of 200 new business products success and failure introduced by some 100 companies revealed major factors that differentiate winners from losers. These factors were, superiority of the new product, strong market orientation and marketing proficiency, and superior technological and production capabilities. Superiority of the product refers to other competing products in terms of better meeting products in terms of better meeting customer's needs, unique features not found in competitive offering, high quality, innovativeness and lower cost to customers.

Koks and Kilika (2016) who sought to find out the impact of new product development on organizational performance found that four types of new product development factors, namely firm image, brand strength, product innovativeness and product quality are positively related to new product performance. The study conceptualized four factors in a product development i.e. firm image, brand strength, product innovativeness and product quality which are aspects surrounding already existing product development. However the aspects of NPD strategy were not included in this study.

Nwokah, Ugoji and Ofoegbu (2009) examined the relationship between product development and corporate performance the Nigerian brewing industry. The study adopted a descriptive research design. The study findings revealed among other things that product development facets of product quality and product lines/ product mix were positively and significantly correlated with the corporate performance facets of profitability, sales volume and customer loyalty. The study concluded that a positive and significant relationship exists between product quality product lines/product mix and profitability, sales volume and customer loyalty. The study suggested the need to maintain high product quality and that the breweries should continuously develop new market segments and develop appropriate product accordingly.

#### **2.4.2 Marketing Strategy and Organizational Performance**

Akinyele (2011) study evaluated the impact of strategic marketing on firms' performance of the Nigerian oil and gas industry. The study adopted a survey research methodology. The overall results suggest that strategic marketing is a driver of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets.

Kamaamia (2015) study investigated the effect of marketing strategies on organizational performance at Mediamax Network Limited. The study found that marketing strategies have an impact on organizational performance. Media firms have adopted the marketing mix to help them gain improved firm performance and there is need for these firms to adopt the right marketing mix strategies in their operation. The study recommended that the media-max network limited need to tailor make marketing strategies in line with the trendy marketing mix model to boost organizational recital.

Onyango (2016) study sought to determine the extent of adoption of digital marketing and its influence on the performance of cut flowers exporting firms in Kenya. The study conducted a qualitative and quantitative research using semi-structured interviews targeting 30 cut flowers exporting firms in Kenya. The findings reveal that Digital Marketing has an incredible impact across all elements of firms' performance. In particular, digital marketing significantly improved revenue, improved market share, and increased profitability. The study recommended that for cut flower firms to remain competitive and maintain their position in the market, they should use digital marketing strategies.

Makena (2014) conducted a study on effect of rebranding strategy on performance of SACCOs in Meru County, Kenya. According to the results obtained SACCOs rebrand for various reasons including: to improve competitiveness, improve diversity and SACCO's relevance. Re-branded SACCOs in Meru county noted rebranding had been necessitated by SASRA regulations that required all deposit-taking SACCOs to have a core capital of not less than 10 million shillings; which forced SACCOs to find alternative ways of expanding the common bond, respondents from rebranded SACCOs felt that branding can have an effect on brand equity greatly by improving brand loyalty, customer attitude, and perception of quality and brand awareness.

Jaakkola, Möller, Parvinen, Evanschitzky and Mühlbacher, (2010) modeled the effects of marketing strategies on three measures of firm performance: competitive advantage, marketing performance and financial performance. They found that market orientation has low impact on financial performance. It is debatable whether the metrics for performance and marketing strategies adopted by manufacturing and product based firms are appropriate in the ICF context. For example, ICFs in Nigeria are inept managerially, making it difficult to keep track of the accounting metrics on which studies on firms from other industries often rely.

Chukwema (2013) conducted a study on the influence of marketing strategies on the performance levels of ICFs in South-South Nigeria. Kruskal-Wallis H test of difference in the opinions of the different firm groups showed that a significant difference exists in the frequency of use of the marketing strategies by the different firm groups. A significant difference ( $p=0.013$ ) exists in the frequency of use of the marketing strategies by average performers (mean rank = 57.84) and high performers (mean rank=78.03).

In a study focused on construction professionals, Ojo (2011) found out that the most frequently used marketing strategy to be professional-client relationship and the least used to be promotion. This study will differ from Ojo (2011) in being focused on construction firms rather than construction professionals. By examining the firm and not just the professional, the present study seeks to reveal how marketing decisions impact on the aggregate economic unit. Firm-level studies of marketing contribute in forming and reinforcing marketing capabilities within organizations, which is critical to the performance of ICFs.

Adewale et al. (2013) studied the influence of six (6) marketing strategies on business performance of small and medium enterprises (SMEs). The study found that besides product the other marketing strategy variables namely promotion, place, price, packaging and after sells service have significant effects on firm performance. The present study furthers existing knowledge in this area by not focusing on the 4Ps marketing strategies, being construction industry-specific and being based in a developing economy.

Dzisi and Ofori (2015) investigated the effect of marketing strategies on the performance of SMEs in Ghana in terms of their profitability, brand awareness and market share. The overall results of this study suggest that strategic marketing are drivers of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets. Results of the study also reveal that the SMEs in Ghana mostly use traditional form of marketing to reach potential customers and also to entrench their brands.

Njeri, Ouma and Odhuno (2015) investigated the marketing strategies and competitiveness of four and five star hotels in Kenya. A comprehensive view of the marketing strategies of the hotels was provided by mapping out the place, product, pricing, people and promotion strategies. Clear links were also established between these strategies and the hotels' competitiveness.

Kiprotich (2012) did a study on effects of 4ps marketing mix on sales performance of automotive fuels of selected service stations in Nakuru town. The research employed the research design called questionnaire design. The oil marketers' performance is significantly influenced by the 4 ps. Each of the elements however carries a unique contribution to sales performance of automotive fuels in the selected stations in Nakuru town.

Mokaya (2012) looked at the effect of market positioning on organizational performance in the airlines industry in Kenya; case of Kenya airways. They used the research design called explanatory design. The study found that within the general segmentation targeting-positioning Framework in a company and positioning plays a pivotal role in marketing strategy, since it links market analysis, segment analysis and competitive analysis to internal corporate analysis. The measures of performance that affect marketing positioning strategies at the company include employee turnover, increase in assets, increase in products, increase in revenue/profitability.

### **2.4.3 Technological Adoption Strategy and Organizational Performance**

Karlsson and Tavassoli (2015) paper analyzes the effect of various innovation strategies of firms on their future performance, captured by labour productivity in Sweden. The study focused on four variables including process, product, marketing, and organizational innovation strategies. The study findings revealed that those firms that choose and afford to have a complex innovation strategy are better off in terms of their future productivity in compare with both those firms that choose not to innovative and those firms that choose simple innovation strategies. Moreover, not all types of complex innovation strategies affect the future productivity significantly; rather, there are only few of them. This necessitates a purposeful choice of innovation strategy for firms.

Ahoya (2015) examined the influence of Information Communication Technology Innovations on financial performance of Kenya Commercial Bank Ltd. The specific objectives of the study included technology innovations, product innovations, market innovation and process innovation. The study adopted a descriptive research design. The results of the study established that technology innovations, process innovations and market innovations had a positive and significant effect on performance of Kenya Commercial Bank Ltd. Further, product innovation was found to have a positive influence on performance of Kenya commercial Bank Ltd.

Mutegi (2018) assessed the role of innovation strategy on insurance penetration in Kenya. The study reviewed four variables namely product innovation strategy, market innovation strategy, technological innovation strategy, and scenario plan strategy. This study employed a descriptive research design. Results of the study indicated that all the respondents were of the opinion that technological innovations and process innovation contribute to Insurance Penetration in Kenya. The study also concluded that all the independent variables contribute significantly to insurance penetration.

Terziovski and Guerrero (2014) conducted a study on the influence of innovation on performance. While innovation was represented by innovative design solution, innovative project practices and advanced technology utilization, organizational performance was represented by project and business performance. The results revealed that principally innovation is significantly positive in influencing organizational performance. Nevertheless, innovative design solution and advanced technology dimensions were insignificant in influencing project performance and business performance respectively.

Banson, Sey and Sakoe (2015) examined the role mobile deposits play in deposit mobilization with the high rate of mobile phone penetration in Ghana. The study used stratified, convenience and purposeful techniques to arrive at the sample size and descriptive statistics for the presentation and analysis of findings. The study findings reveal that mobile deposit as a way of deposit mobilization through mobile banking has proven to be very effective means of mobilizing deposit compared to the traditional way of deposit mobilization.

Karanja (2014) conducted a study on the effects of innovation strategies on performance of commercial banks. The study adopted descriptive research design for it portrays an accurate profile of situations. The study carried out a census. The study found that adoption of innovation strategies influenced the profitability of commercial banks in Kenya to a very great extent. The study concludes that innovation strategies are indispensable to bank's future growth and sustainability. Commercial banks with serious innovation strategies, improved their profitability. The study recommended that for all the commercial banks to earn more profit, they should embrace the adoption of innovative strategies, strive to ensure product range extension, product replacement, product improvement, product repositioning and new product introduction to enable them to be more productive, to grow faster, to invest more and also to earn more profit in the short run and also in the long run.

Gakure and Ngumi (2013) did a study on whether bank innovations influence profitability of commercial banks in Kenya and concluded that bank innovations had a statistically significant influence on bank profitability. This means that the combined effect of the bank innovations in this research is statistically significant in explaining the profits of commercial banks in Kenya. Banks in Kenya have achieved more than a decade of boosting their earning capability and controlling costs through adoption of innovations like the mobile banking, internet banking and recently the agency banking.

#### **2.4.4 Customer Focus Strategy and Organizational Performance**

Chao and Shih (2016) explored the influence of Customer service-focused HRM systems on firm performance in service industry in Taiwan. Internally, the research examine employee competency as the ‘black box’ between services focused HRM systems and firm performance. Externally, the research examines the effect of the interplay of a service-focused strategy and service-focused HRM systems in predicting firm performance. The results reveal that customer service-focused employee competency transmitted 53% of the effect of customer service-focused HRM systems on firm performance. In addition, when a firm implements a less service-focused business strategy, service-focused HRM systems leads to significant improvement in firm performance. Implications for research are discussed.

Thenya (2016) examined the relationship Between Customer Retention Strategies and Organisational Performance at Barclays Bank of Kenya Limited. The study adopted a case study design. The study established that there was a positive relationship between customer relationship marketing and market share growth explained by customer relationship marketing. The study also concludes that there was positive, moderate relationship between customer communication and market share growth. The study recommended that customer retention strategies should be enhanced in commercial banks in order to increase market share growth. It is also recommended that commercial banks should expand their market share through customer relationship marketing and customer communication.

Barrett (2015) conducted a study to establish the level of impact of customer quality focus practices and operational performance in the improvement of services among Kenyan government owned entities (GOEs). This study was a descriptive survey design. The study concluded that the management of Kenyan government owned entities (GOEs) clearly communicates its goals and strategies to its employees. It is the role of management to create a vision of customer service and to communicate it clearly and repeatedly throughout the organization and, in particular, with the customer service representatives. Managers must impact that, buy in, and serve as big mirrors reflecting the customer service quality they expect. In relation to operational performance, there was an increase during the 2011-2014 period in relation to various aspects of the organization as a result of the quality measures such as; customer satisfaction, employee involvement in answering customer complaints, range of services, cost saving, capacity utilization, lead time, return on investment as well as information technology.

Waititu (2014) conducted a study on the assessment of customer centric strategy on the performance of commercial banks in Kenya. The study adopted a descriptive research design. The study determined that customer centric strategy creates trust between the organizations and customers and this trust built in customers' leads to continued patronage between them and the organizations. This study recommends the adoption of competitive intelligence practices in the banks.

#### **2.4.5 Deposit Mobilization Strategies and organizational Performance**

Deposits are an indispensable tool commercial banks use to enhance its profitability through advancing deposits mobilized to its customers in form of loans which make in return interest to commercial banks. Tuyishime, Memba and Mbera (2015) study established the effects of deposit mobilization on the bank financial performance of commercial banks in Rwanda. The findings indicated that a positive change in deposits interest rate affects the level of deposits received and later on the profitability of the bank. However, the study focused on commercial banks, thus presenting a contextual gap.

Kazi (2012) in his study observed that deposit mobilization is a scheme intended to encourage customers to deposit more cash with the bank and this money in turn will be used by the bank to disburse more loans and generate additional revenue for them. The main business for banks is accepting deposits and granting loans. The more the loans the banks disburse the more profit they make. Also, banks do not have a lot of their own money to give as loans. They depend on customer deposits to generate funds for granting loans to other customers. However, the study concentrated on banks and not SACCOs.

Pesa and Muturi (2015) assessed the factors affecting deposit mobilization by bank agents in Kenya, a case of National Bank of Kenya, Kisii County. Specific objectives were to establish the extent to which fraud, customer satisfaction and branch network affect deposit mobilization of bank agents. The study employed a case study design. The study findings revealed that agent transaction influences deposit mobilization by bank agents in Kenya to a great extent, requirements for cash deposits are made in national bank of Kenya branch thus influencing deposit mobilization by bank agents in Kenya negatively.

Laura, Alfred and Sylvia (2011) noted that to mobilize more deposits, financial institutions offer a range of savings products that are tailored to their particular clientele. They offer the widest variety of specialized savings products, so that their customers have a choice between immediately accessible, liquid products, or semi-liquid accounts or time deposits with accordingly higher interest rates. Simple and clear design of basic savings products enables depositors to easily select the product that best suits their needs.

Rajeshwari (2014) study analyzed the socio-economic impact of bank deposits. Deposit mobilization is an integral part of banking activity. Mobilization of savings through intensive deposit collection has been regarded as the major task of banking in India today. As such deposit mobilization is one of the basic innovations in current Indian Banking activity. The results showed that, there has been a remarkable growth in mobilization of all kinds of deposits in Union Bank of India.

Woldemichael (2010) study shed a light on the main challenges and opportunities of the Ethiopian Sacco industry with respect to deposit mobilization performance. The study analyzed the effect of ownership structure, source of fund structure and regulatory environment on deposit mobilization performance of the industry. The study findings revealed that due to lack of saving mobilization the industry is highly dependent on cheap and subsidized source of funds from both international NGOs and national Government; which put the long term sustainability of the institutions in question. Moreover, lack of strong management information system and liquidity management opportunities worsens the situation.

#### **2.4.6 Deposit Mobilization Strategies, Firm Characteristics and Organizational Performance**

Muriuki (2010) did a study on factors affecting Sacco performance in Meru South district: a case of Tharaka Nithi Teachers Sacco. The broad objective of the study was to investigate the effects of management variables on SACCO's performance in the TNT SACCO. Descriptive research design was used in this study. The results showed that governance has enormous effects on the performance of the SACCO. Further, the results indicated that the aspects of education and training play a major role on influencing governance structures. However, the study did not focus on the deposit mobilization as a predictor of performance.

Cheruiyot, Kimeli and Ogendo (2012) study examined the effect of savings and credit co-operative society's strategies on members' deposit mobilization and used family size, attitude, and income level as intervening factors. The study findings revealed that training requirement had an average positive influence on saving mobilization, while investment opportunities and intervening variables had a strong positive influence on saving mobilization. The most significant factors were investment opportunities, and intervening variables at 99% confidence level. It was therefore concluded that cooperative strategies partially affected members' deposit mobilization.

Audu, Oghoyone, and Gulani (2015) examined the impact of target deposit mobilization on the banking industry: a study of selected banks in Maiduguri Metropolis. The study found that deposit mobilization practice of “target deposit” given to bank staff has several social and financial implications for the banks and their marketers. While “target deposit” has resulted to increase in size of deposit of banks and financial gain and promotion of marketers, the negative impact as exemplified in unethical practices and the health implication of marketers chasing deposits leaves much to be desired. The study only focused on the “target deposit” but not on the strategies.

Venkateshan (2012) did a study entitled an empirical approach to deposit mobilization of commercial banks in Tamil Nadu. The researcher made an attempt to study the trend and growth in deposit mobilization of Scheduled Commercial Banks in Tamil Nadu during the period from 1999-2000 to 2008-2009. The Compound Growth Rate (CGR) and Linear Growth Rate (LGR) were calculated from using simple regression analysis. The study found that, there has been a remarkable growth in mobilization of all kinds of deposits in Scheduled Commercial Banks in Tamil Nadu on the whole.

Mahfoudh (2013) conducted a study on effect of selected firm characteristics namely firm size, leverage, firm age, liquidity, and board size on firm financial performance as measured by return on assets. The study used correlational research design. The study evidenced that the only variables that were statistically significant were liquidity and board size and the other three variables that were not statistically significant were namely firm size, leverage and firm age. Though firm size, leverage, firm age, and liquidity were positively related to firm financial performance and board size was the only variable that was negatively related to firm financial performance.

A study conducted by Yermack (2011) investigating the relationship between board size and financial performance was using a sample of 452 large US industrial corporations. He found an inverse relationship between firm performance as measured by Tobin Q and board size. He found that smaller were boards were effective compared to larger board. Amongst other independent variables that were regressed using multi variate regression against Tobin Q was firm size and was found to be positively correlated to firm performance.

Nunes, Serrasqueiro and Sequeira (2009) in their study investigating 75 Portuguese service oriented companies (375 observations) to see the effect of firm size on profitability and introducing several control variables in the study such as growth, debt (leverage), liquidity and asset structure (tangibility) was using both static panel models and dynamic estimators. They found positive and statistically significant relations between the size and performance of the firms as a result of the study using the data belonging the years 1999-2003. As for the control variables, they found a positive effect of growth and liquidity on profitability but a negative effect of firm leverage and asset structure (tangibility) on firm profitability as measured by ROA.

Dogan (2013) investigated the effect of firm size on firm profitability of 200 companies listed at the Istanbul Stock Exchange using data from the year 2008 to 2011 by using multi variate regression model. He introduced other control variables in his study such as liquidity which was measured by total current assets over total current liabilities, leverage measured as total debt over total liabilities as well as firm age measured by number of years in operations. Dogan (2013) found that firm size and liquidity was positively related to profitability as measured by ROA and leverage and firm age were negatively related to profitability measured by ROA.

A study conducted by Yazdanfar (2013) investigating profitability determinants among micro firm using Swedish data of a sample of 12,530 micro firms from four different industries namely healthcare, transport, metal and retail trade industries having approximately 87,000 observations from data collected from the year 2006 to 2007 found that there was a positive and significant relationship between firm growth, firm size, lagged profitability and productivity to firm profitability measured by ROA.

There have been many studies on the relationship between firm characteristics and financial performance on banks and none on the life insurance industry in Kenya. Alp et al. (2010) examined the impact of firm level characteristics on US bank net interest margin. The results showed that bank interest margin positively related with leverage, opportunity cost, and default risk and management efficiency. Neeley and Wheelock (2010) explored the determinants of profitability of commercial banks and found that profitability positively related with changes in per capita income. Asimakopoulou, Samitas and Papadogonas (2009), illustrated that firms profitability is positively affected by size, sales growth and investment while leverage and current assets negatively related with profitability.

Lee (2009) in his study to investigate effect of size of firm performance dubbed “does size matter in firm performance: evidence from US public firms” found firm size to be a key determinant in explaining profitability of 7,158 US publicly held companies in US stock exchanges using data of over 20 years period between 1987 and 2006. The researcher used panel data and run a multi variate regression of firm size amongst other control variables against firm performance as measured net income plus advertising expenses over total assets.

## **2.5 Critique of Related Literature**

Jeje (2014) conducted a study on the contribution of both product development and market development on outreach performance (increased number of SACCOs' members). Despite the fact that this study focused on product development and how it affects performance of firms, the study was conducted in Tanzania.

Similarly, Udegbe (2014) conducted a study on new product development process and its impact on business performance in Nigeria. Further, Koks and Kilika (2016) examined the impact of product development on organizational performance. These studies are similar in that they all analyzed the impact of product development on organization performance; however, none of them was conducted in Kenya. Therefore, it would be impractical to generalize their findings to the Kenyan context.

Ahoya (2015) examined the influence of Information Communication Technology Innovations on financial performance of Kenya Commercial Bank Ltd. Mutegi (2018) assessed the role of innovation strategy on insurance penetration in Kenya. The two studies are similar in that they both adopted a descriptive research design. However, the two studies differ in that first one focused on commercial banks while the second one focused on insurance firms. Further, none of the two studies focused on SACCOs as was the case in this current study.

Thenya (2016) study examined the relationship between Customer Retention Strategies and Organisational Performance at Barclays Bank of Kenya Limited. Similarly, Waititu (2014) conducted a study on the assessment of customer centric strategy on the performance of commercial banks in Kenya. Both studies are similar in that they both examined how customer focus strategies influence performance of banks in Kenya. However, the studies did not focus on impact of customer focus strategies on performance of SACCOs as was the case in this current study.

Banson, Sey and Sakoe (2015) examined the role of mobile deposits on deposit mobilization. This was prompted by the high rate of mobile phone penetration in Ghana. The findings showed that mobile deposit as a way of deposit mobilization through mobile banking has proven to be very effective means of mobilizing deposit apart from the traditional usual way of deposit mobilization. However, the study had a narrow focus on the mobile banking which is one aspect of the technological innovation discussed in the current study.

## **2.6 Summary of Literature Reviewed**

The study reviewed several theories including contingency theory, product life cycle theory, diffusion of innovations theory, resource-based view (RBV) theory and the dynamic capabilities theory. These theories were found applicable to the research as they provided a background on the variables supporting performance of Saccos. In addition, these theories supported the conceptual framework which is the core basis and fundamental base for this research. Thus the study contributed to strategic theories on the importance of the hypothesis postulated and tested on product development strategy, marketing strategy, technological adoption strategy, customer focus strategy and firm characteristics on performance.

Empirical review was conducted where past studies both global and local were reviewed in line with the following criteria; title, scope, methodology, findings and recommendations resulting into a critique. It is from these critiques that the research gaps were identified. The gaps identified were conceptual, contextual and methodological in nature. The chapter also outlined the conceptual framework of the study, which reflects the various variables under study.

The variables included the independent variables (product development, marketing, technology and customer focus strategies), moderating variable (firm characteristics) and the dependent variable (Sacco performance).

## **2.7 Research Gaps**

The study identified several research gaps from empirical literature including contextual, conceptual and methodological gaps. For contextual gap, most studies done on deposit mobilization strategies and firm performance were carried out in other countries. For example, Nwokah, Ugoji and Ofoegbu (2009) examined the relationship between product development and corporate performance of the Nigerian brewing industry. Dzisi and Ofosu (2015) examined the effect of marketing strategies on the performance of SMEs in Ghana. Karlsson and Tavassoli (2015) analyzed the effect of various innovation strategies of firms on their future performance, captured by labour productivity in Sweden.

Further, local studies concentrated on other sectors, thus presenting contextual gaps. For example, Pesa and Muturi (2015) assessed the factors affecting deposit mobilization in the banking sector. Onyango's (2016) study sought to determine the extent of adoption of digital marketing and its influence on the performance of cut flowers exporting firms in Kenya. Mutegi (2018) assessed the role of innovation strategy on insurance penetration in Kenya. These studies presented contextual gaps since they focused on other sectors such as banking, horticulture, manufacturing and insurance. However, the current study focused on savings and credit cooperative societies.

In addition, several studies revealed conceptual gaps since they did not address the objectives of the current study. For example, Nwokah, Ugoji and Ofoegbu (2009) only focused on one deposit mobilization strategy. Woldemichael (2010) did not focus on the main deposit mobilization strategies including product, marketing, technological and customer focus strategies. The current study addressed this gap by focusing on product development; marketing, technological and customer focus strategies and how they influence performance of SACCOs.

Lastly, methodological gap was evident in several studies. For example, Kafigi (2015) used a multistage probability sampling technique whereas the current study adopted a census approach. Pesa and Muturi (2015) study adopted a case study design while the current study was a survey. Dzisi and Ofori (2015) used a sample of the target population whereas the current study adopted a census approach. The current study employed a cross-sectional survey with a descriptive research design. Table 2.1 shows a summary of the empirical literature and the identified knowledge gaps.

**Table 2.1: Summary of Empirical Literature and Knowledge Gaps**

<b>Author/Year</b>	<b>Focus of Study</b>	<b>Methodology</b>	<b>Knowledge Gaps</b>	<b>Focus of Current Study</b>
Ngure, Kimani and Kariuki (2017)	The effect of product innovations on financial performance of SACCOs in Kenya.	The study adopted cross sectional descriptive survey research design	This study presented a scope gap as it focused on Kirinyaga County only. Focusing on a smaller area may not result to conclusive results	The current study focused on the whole of Kenya
Jeje (2014)	The contribution of both product development and market development on outreach performance (increased number of SACCOs' members).	A cross-sectional survey design and multistage probability sampling technique	The study however presented a contextual gap as it was located in Tanzania. Though they are in the same region, Kenya and Tanzania still have some significant economic differences that may limit the complete adoption of the findings.	The current study was carried in Kenya.
Udegbe (2014)	A study on new product development process and its impact on business performance in Nigeria.	The sample in this study were designed using convenience sampling method	The study however presented a contextual gap as it was located in Nigeria. Generalizing the results may not give a true reflection of the Kenyan case.	The current study was carried out in Kenya
Jaakkola, Möller, Parvinen,	a study on strategic marketing and business performance the	Using SEM	The study presented a methodological gap since it used SEM analysis. Use of	The current study used

Evanschitzky and Mühlbacher, (2010)	study was conducted in three European 'engineering countries'.	analysis	different analysis methods may yield varying results.	regression analysis
Machoki (2014)	A study on effect of rebranding strategy on performance of SACCOs in Meru County, Kenya.	The study used descriptive research design	The study presented a contextual gap as it focused on Saccos in Meru county. Focusing on a smaller area may not result to conclusive results	The current study focused on the whole of Kenya
Nwokah, Ugoji and Ofoegbu (2009)	The relationship between product development and corporate performance the Nigerian brewing industry.	The study adopted a descriptive research design.	The study presented a contextual gap since it was conducted in Nigeria. Generalizing the results may not give a true reflection of the Kenyan case	The current study was conducted in Kenya and focused on four deposit mobilization strategies
Woldemichael (2010)	The study shed a light on the main challenges and opportunities of the Ethiopian Sacco industry with respect to deposit mobilization performance	The study adopted a descriptive research design.	The study presented a conceptual gap since it did not focus on the main deposit mobilization strategies including product, marketing, technological and customer focus strategies.	The current study a focused on product, marketing, technological and customer focus strategies.
Pesa and Muturi (2015)	Assessed the factors affecting deposit mobilization by bank agents in Kenya, a case of National Bank of Kenya, Kisii County.	The study employed a case study design	There existed a methodological gap since the study was a case study. Use of different analysis methods may yield varying results.	The current study was a survey.

Akinyele (2011)	Study evaluated the impact of strategic marketing on firms' performance of the Nigerian oil and gas industry.	The study adopted a survey research methodology	The study presents a contextual gap since it was conducted in Nigeria and focused on oil and gas industry.	The current study was done in Kenya and focused on financial sector
Dzisi and Ofofu (2015)	Examined the effect of marketing strategies on the performance of SMEs in Ghana in terms of their profitability, brand awareness and market share.	Data was collected through a survey research methodology.	The study presented a contextual gap since it was conducted in Ghana. Generalizing the results may not give a true reflection of the Kenyan case	The current study was done in Kenya
Onyango (2016)	Study sought to determine the extent of adoption of digital marketing and its influence on the performance of cut flowers exporting firms in Kenya.	The study conducted a qualitative and quantitative research	The study reveals a contextual gap since it focused on cut flower firms.	The current study focused on SACCOs
Kamaamia (2015)	Study investigated the effect of marketing strategies on organizational performance at Mediamax Network Limited	The study employed a descriptive research design.	The study presented a contextual gap since it focused on media firms	The current study focused on Saccos
Banson, Sey and Sakoe (2015)	Examined the role mobile deposits play in deposit mobilization with the high rate of mobile phone penetration in Ghana.	The study employed a descriptive research design.	The study presented a contextual gap since it was conducted in Ghana.	The current study was done in Kenya

Mutegi (2018)	Assessed the role of innovation strategy on insurance penetration in Kenya	This study employed a descriptive research design.	The study revealed a contextual gap since it focused on insurance firms hence it may be difficult to generalize the findings to Saccos	The current study concentrated on Saccos
Thenya (2016)	Examined the relationship Between Customer Retention Strategies and Organizational Performance at Barclays Bank of Kenya Limited.	The study adopted a case study design.	The study presented contextual gap since it focused on banks. Additionally, there existed a methodological gap since the study was a case study	The current study adopted a survey design.
Cheruiyot, Kimeli and Ogendo (2012)	Study examined the effect of savings and credit co-operative society's strategies on members' deposit mobilization and used family size, attitude, and income level as intervening factors.	The study adopted a descriptive research design	The study presented a conceptual gap since it only focused on training requirement and investment opportunities as the savings and credit co-operative society's strategies and intervening variables.	The current study a focused on product, marketing, technological and customer focus strategies.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the methodology and approaches which were used in the study. It describes the research philosophy/paradigm, research design, study population, sampling frame, sample size determination and sampling technique, data collection instruments, data collection procedure and pilot testing. It also describes the data collected and method of analysis. The statistical measurement model used in the analysis and tests for hypotheses are also described in this chapter.

#### **3.2 Research Philosophy**

Research philosophy relates to the development of knowledge and the nature of that knowledge (Saunders, Lewis & Thornhill, 2009.) The question of what is, or should be regarded as acceptable knowledge in a discipline was the main focus of epistemology, or the study of how knowledge develops. Epistemology is categorized as descriptive where one can describe the philosophical position than can be discerned in research. According to Goldkuhl, (2012), there are three epistemological positions including realism, interpretivism and positivism.

This study adopted a positivist research paradigm which is an epistemological position. Positivism is sometimes referred to as 'scientific method' or 'science research', and is based on the rationalistic, empiricist philosophy that originated with Aristotle, Francis Bacon, John Locke, August Comte, and Emmanuel Kant (Denzin & Giardina, 2016). Positivism is an epistemology that advocates the application of the methods of the natural sciences to the study of social reality and beyond. It is characterized by a belief in theory before research and statistical justification of conclusions from empirically testable hypothesis, the core of tenets of social science (Denzin & Giardina, 2016).

### **3.3 Research Design**

Research design is used both for the overall research methodology process and also, more specifically, for the research design structure (Newing, 2011). The latter is to do with how the data collection is structured. Yang and Miller (2008) states that the phrase “research design” denotes both a process and a product aimed at facilitating the construction of sound arguments. Lavrakas (2008) says a research design is a general plan or strategies for conducting a research study to examine specific testable research questions of interest.

The study was a cross-sectional survey with a descriptive research design. Creswell (2008) stated that the descriptive method of research is to gather information about the present existing condition. The emphasis was on describing rather than on judging or interpreting. The descriptive approach is quick and practical in terms of the financial aspect.

This design was appropriate because it is considered suitable for gathering information and generating appropriate conclusions with respect to the research questions (Creswell, 2008). It is one of the most widely used non-experimental research designs across disciplines to collect large amounts of survey data from a representative sample from the targeted population. The design is considered suitable since it provides insights into the research problem by describing the variables of interest.

### **3.4 Target Population of the Study**

Population refers to all the elements that meet the criteria for inclusion in a study (Gall, Gall & Borg, 2007). There are two types of population, that is the target and the accessible populations. Target population consists of all members of a real or hypothetical set of people events or objects from which a researcher wishes to generalize the results of their research while accessible population consists of all the individuals who realistically could be included in the sample (Gall, Gall & Borg, 2007).

The target population of this study was the 181 authorized deposit taking SACCOs in Kenya that have been in existence for at least the last 5 years (SASRA 2014). The Saccos which have been there for 5 years are considered to have adequate knowledge and have deposit mobilization strategies in place. The study targeted Chief Executive Officers (CEOs) from all the deposit taking SACCOS.

### **3.5 Sample Size and Sampling Technique**

A sample in a survey research context is a subset of elements drawn from a larger population (Lavrakas, 2008). A sample is also described as a collection of units chosen from the universe to represent it. The study employed a census approach since the target population was small.

Mandl and Dorr (2007) applied census method in studying firms' profitability. Census eliminates sampling error and provides data on all the individuals in the population (Mandl & Dorr, 2007). The number of respondents was 181 CEOs, one from each of the deposit taking SACCOS. The choice of the CEOs as the unit of observation was justifiable since they had adequate information regarding deposit mobilization strategies adopted by their organizations.

### **3.6 Data Collection Instruments**

The study used questionnaires as the main data collection instrument that contained both open and closed ended questions. Questionnaires were preferred because they are effective data collection instruments that allow respondents to give much of their opinions pertaining to the research problem (Cappa, Petrowski & Njelesani, 2015). According to Hulland, Baumgartner and Smith (2018) information obtained from questionnaires is free from bias and researchers' influence and thus accurate and valid data were gathered. The preference for the questionnaire was based on the premise that it gave respondents freedom to express their views or opinions more objectively.

Primary data was collected through administering of questionnaires to the selected respondents who were CEOs of the SACCOs or their equivalent. The first part (section A) of the questionnaire addressed the respondent's general information while section B addressed the study objectives. The researcher employed the help of two research assistants who were taken through thorough training before commencing the data collection exercise. The study used the drop and pick later method to administer the questionnaires to the target respondents.

### **3.7 Pilot Testing**

The purpose of the pilot testing was to establish the validity and reliability of the research instruments and hence enhance face validity. Before actual data collection, a pilot study was done. The study piloted 9 SACCOs and distributed 18 questionnaires (10%) of the sample population, which were administered to CEOs from the selected SACCOs in Nairobi County. The results of the pilot study were used to refine the measuring instruments by removing redundancies and inconsistencies in the instruments after testing its validity. Sufficient proof of content and criterion-related validity was established on the basis of the literature review and discussion with key informants in the SACCO subsector in Kenya. The reasons behind pre-testing was to assess the clarity of the instrument items so that those items found to be inadequate in measuring the variables was either discarded or modified to improve the quality of the research instrument thus increasing its validity.

The questionnaire was also validated by discussing it with two experts in the field of research whose views were incorporated to enhance content and construct validity of the questionnaire. The procedures used in pre-testing the questionnaire are identical to those that were used during the actual study or data collection, and that the number in the pre-test should be small, about 1% to 10% of the target population (Hazzi & Maldaon, 2015). This study used 5% of the total population to conduct the pilot test. This translated to nine (9) deposit taking Saccos in Kenya.

### **3.7.1 Validity of the Research Instruments**

According to Borg and Gall (2007), validity is the degree to which a test measures what it is intended to measure. There are three types of validity, these are content-related, criterion-related and construct validity. For a data collection instrument to be considered valid, the content selected and included must be relevant to the need or gap established. Before the actual study, the instrument was discussed with supervisors. The feedback from the supervisors and the experts helped in modifying the instrument. Validity is used to check whether questionnaire is measuring what it purports to measure (Bryman & Cramer, 2012).

The study used both construct and content validity. For construct validity, the questionnaire was divided into several sections to ensure that each section assesses information for a specific objective, and also ensure that the same closely ties to the conceptual framework for the study. To ensure content validity, the questionnaire was subjected to thorough examination by two independent strategy experts, who were randomly selected among the respondents in the pilot. The questionnaire was then revised to incorporate the feedback provided.

### **3.7.2 Reliability of the Research Instruments**

Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. In short, it is the probability of your measurement. A measure is considered reliable if the same test given twice is similar. It is important to remember that reliability is not measured, it is estimated. According to George and Mallery (2011) Cronbach Alpha value greater than 0.7 is regarded as satisfactory for reliability assessment.

Reliability does not, however, imply validity because while a scale may be measuring something consistently, it may not necessarily be what it is supposed to be measuring. This study adopted the internal consistency method to estimate test reliability. The first was a measure of Composite Reliability. This test assessed internal consistency and thus is analogous to coefficient alpha that is cronbach alpha (Jenkins, 2006). It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951). The recommended value of 0.7 was used as a cut-off of reliabilities.

### **3.8 Diagnostic Tests**

Diagnostic tests were conducted in this study to ensure data was well distributed. The study tested for validity, reliability, normality, multicollinearity, heteroscedasticity and autocorrelation. Normality is important in knowing the shape of the distribution and helps to predict dependent variables scores (Kothari, 2012).

#### **3.8.1 Multicollinearity Test**

According to Field (2009), multi-collinearity refers to the presence of correlations between the predictor variables. In severe cases of perfect correlations between predictor variables, multi-collinearity can imply that a unique least squares solution to a regression analysis cannot be computed (Field, 2009). Multi-collinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors.

Multicollinearity in the study was tested using Variance Inflation Factor (VIF) which was calculated using SPSS. The rule of the thumb is that a VIF for all the independent variables is less than 3 ( $VIF \leq 3$ ) indicate no Multicollinearity. On the other hand, a VIF of more than 10 ( $VIF \geq 10$ ) indicates a problem of Multicollinearity.

### **3.8.2 Normality Test**

The study sought to assess the normality of data of the sample taken in respect of the various variables in the study. Sekaran and Bougie (2011) indicated that normal distribution is not skewed and formalizes these ideas by testing whether the coefficient of skewness and noted that if the residuals are normally distributed, the histogram should be bell shaped. The purpose of normality test was to assess whether the sample was obtained from a normally distributed population.

Condition for normality is required for one to fit a linear regression model and data that is not normally distributed consequently does not qualify for linear regression analysis (Sekaran & Bougie, 2011). The graphical representation was used to test the normality of the residuals. The graphical method was used since it is easy to read and interpret.

### **3.8.3 Heteroscedasticity Test**

Heteroscedasticity means a situation in which the variance of the dependent variable varies across the data, as opposed to a situation where Ordinary Least Squares, OLS, makes the assumption that  $V(\epsilon_j) = \sigma^2$  for all  $j$ , meaning that the variance of the error term is constant (homoscedastic). Heteroscedasticity complicates analysis because many methods in regression analysis are based on an assumption of equal variance (Anselin & Florax, 2012).

Breush-pagan/Cook-Weisberg Test was used to test for heteroskedasticity. The null hypothesis in the test is that error terms have a constant variance (i.e. should be Homoscedastic). Heteroskedasticity occurs when error terms affect the individual independent variables and sometimes even the dependent variable (Anselin & Florax, 2012). The implication of the results, therefore, is that the error term does not affect the independent variables and the dependent variable. In other words, the error terms are homoscedastic, implying that they do not affect the individual variables in the model.

### 3.8.4 Autocorrelation Test

Autocorrelation refers to the correlation of a time series with its own past and future values (Box & Jenkins, 1976). The autocorrelation function can be used to detect non-randomness in data and also to identify an appropriate time series model if the data are not random. Autocorrelation is essentially a correlation coefficient, but instead of correlation being between two different variables, the correlation is between two values of the same variable at times  $X_i$  and  $X_{i+k}$ .

Autocorrelation (sometimes called serial correlation) occurs when one of the Gauss-Markov assumptions fails and the error terms are correlated.

That is;  $\text{COV}(u_t, u_{t+1}) \neq 0$ .

This can be due to a variety of problems, but the main cause is when an important variable has been omitted from the regression. In the presence of autocorrelation the estimator is no longer BLUE, as the estimator is not the best. In this study, Durbin-Watson test for autocorrelation was conducted. The Durbin Watson test reports a test statistics, with a value from 0 to 4, where: 2 denotes no autocorrelation;  $0 < 2 < 2$  denotes a positive autocorrelation; while  $> 2$  denotes a negative autocorrelation. The decision rule is that test statistic values in the range of 1.5 to 2.5 are relatively normal. Values outside this range could be cause for concern (Field, 2009).

### 3.9 Data Analysis

Data processing entails editing, classification and tabulation of data collected so that they are amenable to analysis (Ott & Longnecker, 2015). Analysis refers to the computation of certain measures along with searching for pattern of relationship that exist among data groups. Editing involves a careful scrutiny of the completed questionnaires/schedules to assure data collected is accurate, consistent and uniformly entered.

Further, coding refers to the process of assigning numerals or other symbols to answer question received so that response can be put into a limited number or categories or classes; and tabulation is the process of summarizing raw data and displaying the same in compact form for further analysis (Ott & Longnecker, 2015).

The study employed descriptive analysis technique on the collected data. The study used SPSS (v.21) in the analysis. Data was presented by use of graphs and tables and qualitative information presented in prose-form. Percentages, means and standard deviations were calculated to help in describing the data. Performance of Deposit taking Saccos was regressed against four variables. Content analysis was also used to address the qualitative information. As one of today's most extensively employed analytical tools, content analysis has been used fruitfully in a wide variety of research applications in information and library science.

The study preferred qualitative content analysis since it addressed some of the weaknesses of the quantitative approach. Furthermore, in line with Hsieh and Shannon (2008), qualitative content analysis is preferred as it allows researchers to understand social reality in a subjective but scientific manner. The qualitative responses were analyzed along some pre-determined themes.

### **3.10 Statistical Model and Hypothesis Testing**

The quantitative data was also analyzed by use of multiple regression analysis. Multiple regression analysis was used to establish the relationship between the dependent and independent variables. Multiple regressions were used because it is the procedure that uses two or more independent variables to predict a dependent variable.

The regression model used in the study took the form below:

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

Where;

Y = the dependent variable (Performance of Saccos)

$X_1$ = Product development strategy

$X_2$ = Marketing strategy

$X_3$ = Technological adoption strategy

$X_4$ = Customer focus strategy

$\beta_0$  = Constant Term

$\beta_1, \beta_2, \beta_3$  and  $\beta_4$ , = Are constants regression coefficients representing the condition of the independent variables to the dependent variables (Beta coefficients).

$\varepsilon$  = (Extraneous) Error term explaining the variability of performance as a result of other factors not accounted for.

The moderating variable in this research study was firm characteristics. Testing for moderation was done following adopted model similar to that used by Ongore and Kusa (2013).

$$Y = \beta_0 + \beta_1 X_1.M + \beta_2 X_2.M + \beta_3 X_3.M + \beta_4 X_4.M + \beta_5 X_5.M + \varepsilon$$

*Where:*

M = Moderator (Firm characteristics)

$X_1.M$ =Product development strategy\*firm characteristics

$X_2.M$ =Marketing strategy\*firm characteristics

$X_3.M$ =Technological adoption strategy\*firm characteristics

$X_4.M$ =Customer focus strategy\*firm characteristics

$\varepsilon$  = Error term which is normally distributed with a mean and variance of zero.

**Table 3.1: Operationalization of the Research Variables**

	<b>Variables</b>	<b>Operational Indicators</b>	<b>Supporting Literature</b>
<b>X<sub>1</sub></b>	<b>Product Development Strategy</b>	• New Product Development	Bauld & McGuinness, (2006)
		• Savings products range	Cummings & Qiao, (2003).
		• Packaged/customized accounts	Osei-Owusu and Gyapong, (2013);
<b>X<sub>2</sub></b>	<b>Marketing Strategy</b>	• Product Research	World Bank, (2010);
		• Promotion	Hyytinen, (2005);
		• Members Education	Ruggeri, (2004);
<b>X<sub>3</sub></b>	<b>Technological Adoption Strategy</b>	• Sales leadership	Obanda, (2012)
		• Market Segmentation	
		• Computerization of processes	Zubic and Sims, (2011);
		• Innovation capability	Kagan, (2005);
		• Internet facility	Okahalam, (2004);
		• ATMs	Hui <i>et al.</i> ,(2011);
<b>X<sub>4</sub></b>	<b>Customer Focus strategy</b>	• Robust website	Sutinen and Kagan, (1999);
		• Mobile banking facilities	Memba, Gakure and Karanja, (2012);
		• Customer services quality	Kiama, (2014), Mapesa and Kibua, (2006);
		• Opening hours	Thibodeau,(2007); Kilungu,
		• Customer relationship management	(2014)
		• Customer preference	Sparrow, (2000); Gunninghan
<b>X<sub>5</sub></b>	<b>Firm Characteristics</b>	• Turnaround time	Kaplan and Norton (1992)
		• Firm size	Ameywa, Mensah and Osei - Tutu, (2012);
		• Age	Kinyanjui, (2012);
<b>Y</b>	<b>Organizational Performance</b>	• Profitability	Humphires and Wilding, (2004);
		• Revenue	Hubbard, (2009) :
		• Liquidity	Imperto, (2005
		• Net assets	Nwabuor, (2005);
		• Members' savings	Oloko and Okibo, (2014)
		• Growth Rate	Pandey,(1999);

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

The study sought to establish the effects of deposit mobilization strategies on the performance of deposit taking savings and credit cooperative societies in Kenya. The specific objectives of the study were; to examine the effect of product development strategy on the Performance of SACCOs in Kenya; to determine the effect of marketing strategy on the performance of SACCOs in Kenya; to assess the effect of the technological adoption strategy on the Performance of SACCOs in Kenya; to examine the effect of customer focus strategy on the Performance of SACCOs in Kenya; and to explore the effect of firm characteristics on the relationship between deposit mobilization strategy and Performance of SACCOs in Kenya. This chapter presents the results of analysis of data collected from the field through open ended and close ended questionnaires and document analysis. To achieve the objectives of the study, data was collected from 181 CEOs who were in charge of strategies as key informants.

#### **4.2 Response Rate**

Out of the 181 questionnaires administered, 138 questionnaires were filled and returned. This gave a response rate of 76% as shown in Table 4.1. A response rate of 50% is adequate, 60% is good and 70% and above is very good (Hardigan, Popovici & Carvajal, 2016).

Therefore, 76% response rate in this study was adequate for analysis. According to Hardigan, Popovici and Carvajal (2016) a return rate of 50% is acceptable to analyze and publish, 60% is good and above 70% is rated very good. The high response rate was as a result of the researcher contacting the respondents through email and telephone calls before the exercise of data collection and requesting them to complete the questionnaires.

**Table 4.1: Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Returned	138	76%
Unreturned	43	24%
<b>Total</b>	<b>181</b>	<b>100</b>

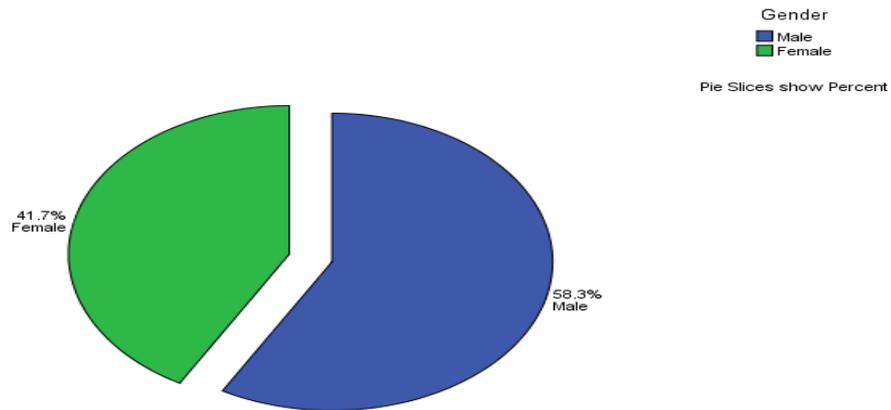
### **4.3 Demographic Characteristics**

This section analyzes the demographic characteristics of the respondents. The section presents the descriptions of the respondents in terms of gender, age, marital status and level of academic education. The results are presented using frequency charts and tables.

#### **4.3.1 Gender of the respondents**

The respondents were asked to indicate their gender. Results in figure 4.1 revealed that majority of the respondents (58.3%) were male while 41.7% of the respondents were female. The gender composition could have an impact on firms' performance as suggested by Pfeife and Wagner (2012), who associated productivity with sex of the employees.

The study concluded that there was male dominance in the management of the Saccos. However, the gender composition in the Saccos met the minimum constitutional threshold of 1/3.



**Figure 4.1: Gender of respondents**

### **4.3.2 Age of the Respondents**

The respondents were asked to indicate their age bracket. Results presented in table 4.2 revealed that 44.6% of the respondents indicated 41-50 years, 20.7% indicated 31-40 years, 19.4% indicated over 50 years, 12% indicated 21-30 years while 3.3% indicated below 21 years. The results imply that majority of the respondents were between the age of 31 and 50 years. This implies that the management of the Saccos is headed by relatively young and energetic individuals. This is likely to have a significant impact on the organizations' ability to adopt effective deposit mobilization strategies. The study findings are supported by that of Pfeife and Wagner (2012) who argued that there is a negative effect of age on firms' profitability. The study concluded that older employees are likely to be less productive compared to young employees.

**Table 4.2: Age of Respondent**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Below 21 years	5	3.3%
21-30 years	17	12.0%
31-40 years	29	20.7%
41-50 years	61	44.6%
Over 50 years	26	19.4%
<b>Total</b>	<b>138</b>	<b>100</b>

### 4.3.3 Highest Level of Academic Qualification

The respondents were asked to indicate their highest level of academic qualification. Results presented in table 4.3 indicated that majority (58.7%) of the respondents had attained masters' level, 39.3% had attained graduate level, and 1.2% had attained college level while only 0.8% had attained doctorate level. The results imply that majority of the respondents have attained sufficient education level to be able to handle managerial positions. Faith (2014) noted that academic qualification has a positive relationship with employee performance. The study concluded that the respondents had the potential to enhance deposit mobilization within Saccos.

**Table 4.3: Highest Level of Academic Qualifications**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
College	2	1.2%
Graduate	54	39.3%
Masters	81	58.7%
Doctorate	1	0.8%
<b>Total</b>	<b>138</b>	<b>100</b>

#### 4.4 Diagnostic Tests

Prior to running a regression model, several diagnostic tests were conducted. The tests included reliability test, multicollinearity test, normality test, test for heteroscedasticity and test for autocorrelation. This is usually performed to avoid spurious regression results from being obtained.

##### 4.4.1 Reliability Test for Pilot Study

Reliability of an instrument refers to its ability to produce consistent and stable measurements. Bagozzi (1994) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The most common reliability coefficient is the Cronbach's alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test - internal coherence of data.

The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test. To ensure the reliability of the instrument, Cronbach's Alpha was used to test the reliability of the proposed constructs. All constructs depicted that the value of Cronbach's Alpha were above the suggested value of 0.7 thus the study was reliable (Nunnally & Bernstein, 2004). On the basis of reliability test, it was supposed that the scales used in the study were reliable to capture the constructs. Table 4.4 shows the reliability of the constructs.

**Table 4.4: Reliability Test of Pilot Study**

<b>Variable</b>	<b>No. of Items</b>	<b>Cronbach's Alpha</b>	<b>Comment</b>
Performance of Saccos	10	0.802	Accepted
Product Development strategy	14	0.802	Accepted
Marketing Strategy	8	0.942	Accepted
Technological Innovations strategy	9	0.852	Accepted
Customer Focus strategy	8	0.864	Accepted
Firm Characteristics	5	0.732	Accepted

#### 4.4.2 Multicollinearity Test

According to William *et al.* (2013), multi-collinearity refers to the presence of correlations between the predictor variables. In severe cases of perfect correlations between predictor variables, multi-collinearity can imply that a unique least squares solution to a regression analysis cannot be computed (Field, 2009). Multi-collinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors.

In this study, Multicollinearity was tested using Variance Inflation Factor (VIF). The rule of thumb is that a VIF of less than 3 ( $VIF \leq 3$ ) indicate no Multicollinearity while a VIF of more than 10 ( $VIF \geq 10$ ) indicates a problem of Multicollinearity. Preliminary results indicated that there was no multi-collinearity between the independent variables. This was supported by a VIF of less than 3 ( $VIF \leq 3$ ) for all the independent variables.

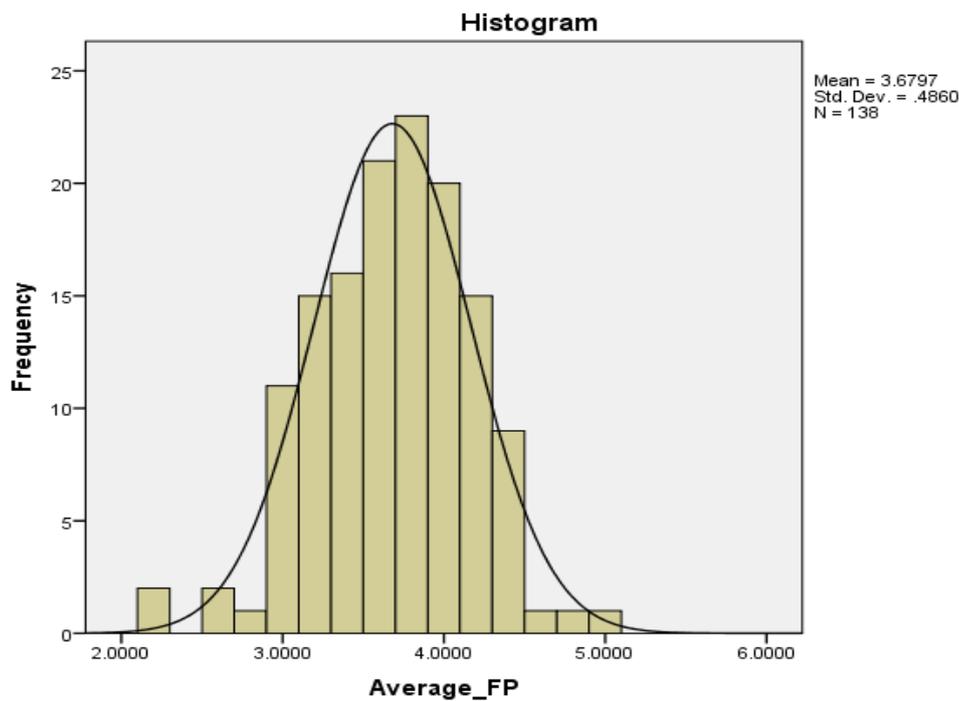
The implication of these results is that the association among the independent variables (i.e. product development strategy, market strategy, technological innovation strategy, customer focus strategy and firm characteristics) is not very high to warrant dropping some of them. If two independent variables are highly correlated, then, there is no need of having both of them in the model. Instead, one of the variables should be dropped since it is redundant. However, in this study, there is no redundancy since the independent variables are not highly correlated. Therefore, none of the independent variables was dropped. The results are shown in table 4.5.

**Table 4.5: Multi-Collinearity Test using Variance Inflation Factor**

<b>Variables</b>	<b>VIF</b>
Product Development Strategy	1.068
Marketing Strategy	1.050
Technological Innovations strategy	1.041
Customer Focus strategy	1.056
Firm Characteristics	1.044

### 4.4.3 Normality Test

The graphical representation was used to test the normality of the residuals. Figure 4.2 shows that the data is normally distributed. The result shows a normal curve implying that the data represented under the curve is normally distributed. The implication of these results is that the data represented by the normal distribution curve does not have outliers. This means that the observations are not far from the mean.



**Figure 4.2: Graphical representation Normality of Residuals**

Further, normality of the residuals was tested using Smirnov-Kolmogorov and Shapiro-Wilk. The Kolmogorov-Smirnov test was considered since the number of observations was greater than 100. Results presented in Table 4.6 revealed that the data is normally distributed as supported by a p value of 0.101 which greater than the conventional p value of 0.05. Thus, the null hypothesis that data set is not normally distributed was rejected.

**Table 4.6: Kolmogorov-Smirnov and Shapiro-Wilk Tests**

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Performance	0.105	138	0.101	0.976	138	0.015

a Lilliefors Significance Correction

#### 4.4.4 Heteroscedasticity Test

Breusch-pagan/Cook-Weisberg Test was used to test for heteroscedasticity. The null hypothesis in the test is that error terms have a constant variance (i.e. should be Homoscedastic). The results in the Table 4.7 indicate that the error terms are Homoscedastic, given that the p-value is greater than the 0.05 (0.15).

**Table 4.7: Heteroscedasticity Test**

#### Breusch-Pagan/Cook-Weisberg test for heteroscedasticity

H0: Constant Variance

chi2 (1) = 3.71

Prob>chi2 = 0.150

#### 4.4.5 Autocorrelation Test

To establish whether or not the residual are serially correlated, Durbin-Watson test for autocorrelation was conducted. The Durbin Watson test reports a test statistics, with a value from 0 to 4, where: 2 denotes no autocorrelation; 0 to 2<2 denotes a positive autocorrelation; while >2 denotes a negative autocorrelation. The decision rule is that test statistic values in the range of 1.5 to 2.5 are relatively normal. Values outside this range could be cause for concern (Field, 2009). The results are as indicated in Table 4.8. Therefore the null hypothesis of no autocorrelation is accepted and that residuals are not auto correlated (Durbin- Watson statistic value=2.35).

**Table 4.8: Autocorrelation Test**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.380a	0.145	0.112	0.45794	2.35

a. Predictors: (Constant),FC, CF, MS, TI, PDS

b. Dependent Variable: Financial performance

## **4.5 Descriptive Analysis of the Study Variables**

### **4.5.1 Product Development Strategy**

The first objective of the study was to examine the effect of product development strategy on the Performance of SACCOs in Kenya. The respondents were asked to respond to statements on product development strategy. The responses were rated on a five likert scale.

Descriptive statistics such as percentage, mean and standard deviation were jointly used to summarize the responses as presented in Table 4.9. Results revealed that majority of the respondents who were 80.6% (62%+18.6%) agreed that the Sacco offers wide range of services than competitors. 72% agreed that the Sacco does a lot of research to be able to develop our products. 75.2% agreed that the Sacco regularly evaluates its current products and systematically studies potential new products. Further, 82.7% of the respondents agreed that the Saccos had been using customized accounts. 87.6% agreed that the Sacco continually monitored and evaluated their product portfolio in order to identify potential new products to offer and current new products to curtail or drop. In addition, 62% of the respondents agreed that the Sacco occasionally evaluated their current products and studied potential new products.

The overall mean of the responses was 4.03 which indicated that majority of the respondents agreed to the statement of the questionnaire. Additionally, the standard deviation of 0.87 indicated that the responses were varied. The results herein implied that Saccos are keen on improving their product development strategies.

The findings concur with that of Nwokah, Ugoji and Ofoegbu (2009), who concluded that a positive and significant relationship exists between product quality, product lines/product mix and profitability, sales volume and customer loyalty. Similarly, Kafigi (2015) revealed that product development has a significant contribution towards performance.

**Table 4.9: Product Development Strategy**

	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>M</b>	<b>Std. Dev</b>
The Sacco offers wide range of services than competitors	0.0%	0.0%	19.4%	62.0%	18.6%	4.0	0.6
The Sacco does a lot of research to be able to develop our products	0.0%	7.4%	19.8%	36.8%	36.0%	4.0	0.9
The Sacco regularly evaluates its current products and systematically studies potential new products.	0.0%	0.0%	24.8%	55.4%	19.8%	4.0	0.7
The Sacco have been using customized accounts	0.0%	2.5%	14.9%	46.3%	36.4%	4.2	0.8
The Sacco continually monitors and evaluate our product portfolio in order to identify potential new products to offer and current new products to curtail or drop	0.0%	0.0%	12.4%	48.8%	38.8%	4.3	0.7
The Sacco regularly evaluates its current products and systematically studies potential new products	0.0%	9.1%	8.7%	30.2%	52.1%	4.3	1.0
The Sacco occasionally evaluates its current products and studies potential new products	16.9%	10.7%	10.3%	24.8%	37.2%	3.6	1.5
<b>Average</b>						<b>4.03</b>	<b>0.87</b>

Further, the respondents were asked to indicate the number of times they have carried out product research in the last 2 years. Results presented in table 4.10 indicated that 43.8% of the respondents had conducted product research for more than two times in the last 2 years, 38% twice, 12.4% once while 5.8% of the respondents had never conducted product research in the last 2 years. Firms which have undertaken product research have information on how to improve their products in order to meet the market demand.

**Table 4.10: Marketing Research by the Sacco**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Never	8	5.8
Once	17	12.4
Twice	53	38.0
more than two times	60	43.8
<b>Total</b>	<b>138</b>	<b>100.0</b>

In addition, the respondents were asked whether there is a formal systematic procedure for evaluating potential new products. Results presented in table 4.11 revealed that majority (65.7%) of the respondents said yes while 34.3% said no. This implies that most of the Saccos have a formal systematic procedure for evaluating potential new products.

**Table 4.11: Systematic Procedure**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Yes	91	65.7
No	47	34.3
<b>Total</b>	<b>138</b>	<b>100.0</b>

Finally, the respondents were required to indicate the extent to which they consider product research to be important in making decisions on the following aspects. The responses were rated on a five likert scale as presented in Table 4.12. In terms of product design, 42.1% of the respondents indicated that product research was fairly important. In terms of Product prices, 43.8% of the respondents indicated that product research was important. In terms of Product Distribution, 71.9% of the respondents indicated that product research was important. In terms of Types of promotion, 44.2% of the respondents indicated that product research was important.

In terms of Competitor Surveys, 43% of the respondents indicated that product research was important. In terms of Post purchase Satisfaction, 44.6% of the respondents indicated that product research was important. Lastly, in terms of market potential studies, 30.2% of the respondents indicated that product research was fairly important. The overall mean of the responses was 3.62 which indicated that majority of the respondents considered product research to be important in making decisions on the mentioned aspects. Additionally, the standard deviation of 0.97 indicated that the responses were varied.

**Table 4.12: Product Research**

	Totally Unimportant	Unimportant	Fairly Important	Important	Very Important	M	SD
Product Design	7.4%	7.4%	42.1%	33.1%	9.9%	3.3	1.0
Product prices	0.0%	22.3%	13.2%	43.8%	20.7%	3.6	1.0
Product Distribution	0.0%	0.0%	21.9%	71.9%	6.2%	3.8	0.5
Types of promotion	0.0%	2.5%	19.8%	44.2%	33.5%	4.1	0.8
Competitor Surveys	0.0%	0.0%	32.6%	43.0%	24.4%	3.9	0.8
Post purchase Satisfaction	21.5%	11.2%	5.4%	44.6%	17.4%	3.3	1.4
Market potential studies	8.7%	19.0%	30.2%	19.8%	22.3%	3.3	1.3
<b>Average</b>						<b>3.6</b>	<b>1.0</b>

#### **4.5.2 Marketing Strategy**

The second objective of the study was to determine the effect of marketing strategy on the performance of SACCOs in Kenya. The respondents were asked to respond to statements on marketing strategy. The responses were rated on a five likert scale.

Descriptive statistics such as percentage, mean and standard deviation were jointly used to summarize the responses as presented in Table 4.13. Results revealed that majority of the respondents who were 52.9% (23.9%+29.0%) agreed with the statement that promotion-techniques are used to create a positive image of a seller's product in the minds of potential buyers. 56.6% agreed that market segmentation improves membership base. In addition, 67.4% of the respondents agreed that the SACCO conducts two member education programme each year on financial management and new products knowledge. Lastly, 59.4% agreed that sales leadership affects performance of the Saccos.

The overall mean of the responses was 3.7 which indicated that majority of the respondents agreed to the statement of the questionnaire. Additionally, the standard deviation of 1.1 indicated that the responses were varied. The results herein implied that Saccos have adopted various marketing strategy. The findings agree with that of Akinyele (2011) who suggested that strategic marketing is a driver of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets.

**Table 4.13: Marketing Strategy**

	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>M</b>	<b>S.D</b>
Promotion-techniques are used to create a positive image of a seller's product in the minds of potential buyers	0.0%	23.2%	23.9%	23.9%	29.0%	3.6	1.1
Market Segmentation improves our membership base	0.0%	23.9%	19.6%	23.9%	32.6%	3.7	1.2
The SACCO conducts two member education programme each year on financial management and new products knowledge	0.0%	14.5%	18.1%	26.8%	40.6%	3.9	1.1
Sales leadership affects performance of the Sacco	0.0%	17.4%	23.2%	27.5%	31.9%	3.7	1.1
<b>Average</b>						<b>3.7</b>	<b>1.1</b>

Further, the respondents were asked whether the Sacco has implemented the marketing strategies. Results presented in table 4.14 revealed that majority (57.4%) of the respondents said yes while 36% said no. The findings agree with that of Kamaamia (2015) who found that marketing strategies impact on organizational performance.

**Table 4.14: Marketing Strategy Implementation**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Yes	79	57.4
No	59	36.0
<b>Total</b>	<b>138</b>	<b>100.0</b>

In addition, the respondents were asked whether there was need for the Saccos to change their marketing strategies. Results presented in table 4.15 revealed that majority (65.3%) of the respondents said no while 34.7% said yes. This means that most of the Saccos are confident about the marketing strategies they have implemented.

**Table 4.15: Need for Change of Marketing Strategies**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Yes	48	34.7
No	90	65.3
<b>Total</b>	<b>138</b>	<b>100.0</b>

The respondents were asked to rate the contribution of various marketing strategies to improved Sacco membership base. Results were presented in table 4.16. Majority of the respondents who were 53.4% rated definitely true that the use of advertising has improved organization's membership base. 56.6% rated definitely true that market segmentation has improved organization's membership base. 55.40% rated definitely true that sales promotion has improved organization's membership base. Further, 52.9% rated definitely true that members' education has improved organization's membership base. Lastly, 58.3% rated definitely true that sales leadership has improved organization's membership base. The results implied that the mentioned marketing strategies have improved the Saccos' membership base.

**Table 4.16: Sacco Membership Base**

	<b>Definitely false</b>	<b>Probably false</b>	<b>Not sure</b>	<b>True</b>	<b>Definitely true</b>	<b>Mean</b>	<b>SD</b>
Use of advertising	0.0%	7.0%	7.9%	31.4%	53.7%	4.3	0.9
Market Segmentation	0.0%	6.2%	7.0%	30.2%	56.6%	4.3	0.9
Sales promotion	0.0%	6.2%	7.4%	31.0%	55.4%	4.4	0.9
Members education	0.0%	7.4%	8.7%	31.0%	52.9%	4.3	0.9
Sales leadership	0.0%	7.9%	6.6%	27.3%	58.3%	4.4	0.9

Finally, the respondents were asked to indicate the extent with which they use the following forms of marketing capabilities. Results were rated as follows; 1= very great extent 2 = Great extent 3 = Moderate extent 4 = Extent 5 = little extent. Results in Table 4.16 revealed that on use of marketing management, 32.6% rated very great extent, 29.7% to a great extent, 20.3% extent while 17.4% moderate extent. On use of pricing management, 29% of the respondents indicated moderate extent, 27.5% to a great extent, 22.5% to an extent while 21% to a very great extent. On the use of Promotions management, 26.8% of the respondents noted to an extent, 25.4% to a moderate extent, 24.6% to a great extent while 23.2% noted to a very great extent. On the use of channel management, 34.1% indicated to a great extent, 24.6% to an extent, 22.5% to a moderate extent while 18.8% indicated to a very great extent. The results imply that Saccos use various forms of marketing capabilities.

**Table 4.17: Forms of Marketing Capabilities**

	<b>Very great extent</b>	<b>To a great extent</b>	<b>Moderate extent</b>	<b>Extent</b>
Marketing				
Management	32.6%	29.7%	17.4%	20.3%
Pricing management	21.0%	27.5%	29.0%	22.5%
Promotions				
management	23.2%	24.6%	25.4%	26.8%
Channel management	18.8%	34.1%	22.5%	24.6%

#### **4.5.3 Technological Adoption Strategy**

The third objective of the study was to assess the effect of the technological adoption strategy on the Performance of SACCOs in Kenya. The respondents were asked to respond to statements on technological adoption strategy. The responses were rated on a five likert scale.

Descriptive statistics such as percentage, mean and standard deviation were jointly used to summarize the responses as presented in Table 4.18. Results revealed that majority of the respondents who were 60.9% (41.3%+19.6%) agreed with the statement that technological innovations attract interest from members to generate revenue streams and the sale of related products and services. 58% agreed that technological innovations lead to more satisfied members hence higher economic returns.

In addition, 60% agreed that technological banking solutions offer reduced member support costs as well as revenue growth. 60.9% agreed that innovative, personalized mobile services also assist Saccos to attract and retain members. In addition, 60.9% of the respondents agreed that technology adoption should be a top priority for Sacco management. 58% agreed that reports produced by our information systems are accurate and reliable. 62.3% agreed that computerization has improved loans disbursement and recovery while 66% agreed that members' issues and statement requests are responded to promptly. The overall mean of the responses was 3.7 which indicated that majority of the respondents agreed to the statement of the questionnaire.

Additionally, the standard deviation of 1.1 indicated that the responses were varied. The results herein implied that Saccos recognize the role of technological adoption in enhancing performance. The findings agrees with that of Karlsson and Tavassoli (2015) who revealed that those firms that choose and afford to have a complex innovation strategy are better off in terms of their future productivity in compare with both those firms that choose not to innovative and those firms that choose simple innovation strategies.

**Table 4.18: Technological Adoption Strategy**

	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>M</b>	<b>Std. Dev</b>
Technological innovations attract interest from members to generate revenue streams and the sale of related products and services	0.7%	16.7%	21.7%	41.3%	19.6%	3.6	1.0
Technological innovations lead to more satisfied members hence higher economic returns	3.6%	18.1%	20.3%	25.4%	32.6%	3.7	1.2
Technological banking solutions offer reduced member support costs as well as revenue growth	1.4%	16.7%	18.8%	35.5%	27.5%	3.7	1.1
Innovative, personalized mobile services also assist Saccos to attract and retain members	2.2%	15.9%	21.0%	16.7%	44.2%	3.9	1.2
Technology adoption should be a top priority for Sacco management	1.4%	17.4%	20.3%	29.7%	31.2%	3.7	1.1
Reports produced by our information systems are accurate and reliable	2.9%	19.6%	19.6%	32.6%	25.4%	3.6	1.2
Computerization has improved loans disbursement and recovery	1.4%	16.7%	19.6%	38.4%	23.9%	3.7	1.1
Members issues and statement requests are responded to promptly	0.7%	16.7%	16.7%	29.0%	37.0%	3.9	1.1
<b>Average</b>						<b>3.7</b>	<b>1.1</b>

Further, the respondents were asked to indicate the extent to which various technological innovations adopted by the Sacco affect its performance. Results presented in Table 4.19 revealed that 39.9% of the respondents rated the effect of technological innovations on performance to a very great extent, 30.4% to a great extent and 29.7% to a moderate extent. This implies that technological innovations adopted by the Saccos influences their performance.

**Table 4.19: Effect of Technological Innovations**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Very great extent	41	29.7
To a great extent	42	30.4
Moderate extent	55	39.9
<b>Total</b>	<b>138</b>	<b>100</b>

#### **4.5.4 Customer Focus Strategy**

The fourth objective of the study was to examine the effect of customer focus strategy on the Performance of SACCOs in Kenya. The respondents were asked to respond to statements on customer focus strategy. The responses were rated on a five likert scale.

Descriptive statistics such as percentage, mean and standard deviation were jointly used to summarize the responses as presented in Table 4.20. Results revealed that majority of the respondents who were 54.4% (31.9%+22.5%) agreed with the statement that the SACCO has adopted a good pricing strategy for all their products. 53.7% agreed that our Sacco uses technology to increase efficiency and improve quality of service offered to members. 46.4% agreed that our Sacco offers services that match the taste of members' changing lifestyles.

Further, 52.9% agreed that member relationship management is an embedded culture of the Sacco. 56.5% agreed that the opening hours of our Sacco are favorable to our members while 57.2% agreed that turnaround time is favorable to our members. The overall mean of the responses was 3.5 which indicated that majority of the respondents agreed to the statement of the questionnaire. Additionally, the standard deviation of 1.1 indicated that the responses were varied. The results herein implied that Saccos have invested in meeting their customers' needs. The findings agree with that of Thenya (2016) who established that there was a significant relationship between customer relationship marketing and market share growth explained by customer relationship marketing.

**Table 4.20: Customer Focus Strategy**

	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>M</b>	<b>S.D</b>
SACCO has adopted a good pricing strategy for all their products	3.6%	20.3%	21.7%	31.9%	22.5%	3.5	1.2
Our Sacco uses technology to increase efficiency and improve quality of service offered to members.	2.2%	24.6%	19.6%	22.5%	31.2%	3.6	1.2
Our Sacco offers services that match the taste of members' changing lifestyles.	2.2%	26.8%	24.6%	26.8%	19.6%	3.4	1.1
Member relationship management is an embedded culture of the Sacco	2.9%	22.5%	21.7%	30.4%	22.5%	3.5	1.2
The opening hours of our Sacco are favorable to our members	2.9%	20.3%	20.3%	34.8%	21.7%	3.5	1.1
Turnaround time is favorable to our members	2.2%	14.5%	26.1%	36.2%	21.0%	3.6	1.0
<b>Average</b>						<b>3.5</b>	<b>1.1</b>

Further, the respondents were asked to indicate the extent to which various Customer focus strategies adopted by the Sacco affect its performance. Results presented in Table 4.21 showed that 37.7% of the respondents indicated very great extent, 26.8% indicated moderate extent, and 21.7% indicated great extent while 13.8% indicated no extent. The findings agree with that of Thenya (2016) who established that there was a significant relationship between customer relationship marketing and market share growth explained by customer relationship marketing.

**Table 4.21: Effect of Customer Focus Strategies on Performance**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
very great extent	52	37.7
To a great extent	30	21.7
moderate extent	37	26.8
no extent	19	13.8
<b>Total</b>	<b>138</b>	<b>100</b>

In addition, the respondents were requested to give a description of their members in terms of the following aspects. Results in Table 4.22 revealed that 36.2% of the respondents indicated that more members keep joining, 26.8% described their members as old and permanent, 14.5% noted that their members keep dropping out and new ones joining, 13% indicated that their member keep dropping out while 9.4% of the respondents were not sure. This implies that majority of the Sacco members are both old and permanent and joining.

**Table 4.22: Description of Members**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Old and permanent	37	26.8
Keep dropping out and new ones joining	20	14.5
Keep dropping out	18	13
More joining	50	36.2
Not sure	13	9.4
<b>Total</b>	<b>138</b>	<b>100</b>

#### **4.5.5 Firm Characteristics**

The fifth objective of the study was to find out the moderating effect of firm characteristics on the relationship between deposit mobilization strategy and Performance of SACCOs in Kenya. The respondents were asked to respond to statements on firm characteristics. The responses were rated on a five likert scale.

Descriptive statistics such as percentage, mean and standard deviation were jointly used to summarize the responses as presented in Table 4.23. Results revealed that majority of the respondents who were 53.6% (23.9%+29.7%) agreed with the statement that it is vital to have a policy that specifies the rate of earnings to be paid as dividends. 52.9% agreed that the dividend payout policy is related to the firm's growth level. Further, 58.7% of the respondents agreed that the investors' reaction depend on the percentage of dividend declared. In addition, 60% agreed that dividend declaration leads to stock price changes.

The overall mean of the responses was 3.6 which indicated that majority of the respondents agreed to the statement of the questionnaire. Additionally, the standard deviation of 1.1 indicated that the responses were varied. The results herein implied that firms' characteristics influence performance.

The study findings concur with that of Cheruiyot, Kimeli and Ogendo (2012) who examined the effect of savings and credit co-operative society's strategies on members' deposit mobilization and used family size, attitude, and income level as intervening factors. The moderating variables were found to have a significant effect on the relationship between savings and credit co-operative society's strategies and members' deposit mobilization.

**Table 4.23: Firm Characteristics**

	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>M</b>	<b>S.D</b>
Is it vital to have a policy that specifies the rate of earnings to be paid as dividends	0.0%	25.4%	21.0%	23.9%	29.7%	3.6	1.2
Is your dividend payout policy related to the firm's growth level	0.0%	21.0%	26.1%	24.6%	28.3%	3.6	1.1
Does the investors' reaction depend on the percentage of dividend declared	0.0%	18.1%	23.2%	31.9%	26.8%	3.7	1.1
Dividend declaration leads to stock price changes	0.0%	21.7%	18.8%	37.0%	22.5%	3.6	1.1
<b>Average</b>						<b>3.6</b>	<b>1.1</b>

Further, the respondents were asked to indicate how often their organization gives dividends to members. Results presented in Table 4.24 showed that Majority of the respondents who were 58.7% indicated annually while 41.3% indicated twice a year. This implies that most of the Saccos give dividends to their members annually. This could have an effect on members' commitment to the organization.

**Table 4.24: Dividend Payout**

	<b>Frequency</b>	<b>Percent</b>
Annually	81	58.7
Twice a year	57	41.3
<b>Total</b>	<b>138</b>	<b>100</b>

#### **4.5.6 Performance of Saccos in Kenya**

The dependent variable in this study was the performance of Saccos in Kenya. Using a five-point likert scale, the study sought to know respondents' level of agreement on various statements relating to the performance of Saccos. The responses were rated on a five likert scale.

Descriptive statistics such as percentage, mean and standard deviation were jointly used to summarize the responses as presented in Table 4.25. Majority of the respondents who were 55.1% (26.10+29.00) agreed with the statement that the organization has experienced an improvement in profitability. 52.9% agreed that the organization has experienced an improvement in total assets/base assets. 63.9% agreed that the organization has experienced an improvement in member satisfaction.

Further, 61.6% of the respondents agreed that the organization has experienced an improvement in market share. Lastly, 63.3% agreed that the organization has experienced an improvement in members saving. The overall mean of the responses was 3.68 which indicated that majority of the respondents agreed to the statement of the questionnaire. Additionally, the standard deviation of 1.09 indicated that the responses were varied. The results herein implied that deposit mobilization strategies influence firm performance.

**Table 4.25: Performance of SACCOs**

	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>	<b>M</b>	<b>S.D</b>
The organization has experienced an improvement in profitability	0.0 %	17.4%	27.5%	26.1%	29.0%	3.7	1.1
The organization has experienced an improvement in total assets/base assets	0.0 %	31.2%	15.9%	23.2%	29.7%	3.5	1.2
The organization has experienced an improvement in member satisfaction	0.0 %	15.9%	26.1%	30.4%	27.5%	3.7	1.0
The organization has experienced an improvement in market share	0.0 %	17.4%	21.0%	41.3%	20.3%	3.6	1.0
The organization has experienced an improvement in members saving	0.0 %	15.2%	21.0%	24.6%	39.1%	3.9	1.1
<b>Average</b>						<b>3.7</b>	<b>1.1</b>

Further, the respondents were asked to rate the following performance indicators in their organization. Results presented in Table 4.26 revealed that 31.9% of the respondents rated member satisfaction above 80%, 32.6% rated deposits/savings between 61-80%, 33.3% rated total revenue above 80%, 35.5% rated profitability rate above 80% while 30.4% rated growth rate between 61-80%. The results implied that majority of the performance indicators were rated above 80%.

**Table 4.26: Performance Indicators**

	<b>Below 20%</b>	<b>21-40%</b>	<b>41-60%</b>	<b>61-80%</b>	<b>Above 80%</b>
Members Satisfaction	6.5	28.3	17.4	15.9	31.9
Deposits/savings	5.8	18.1	24.6	32.6	18.8
Total Revenue	0.7	22.5	28.3	15.2	33.3
Profitability rate	1.4	22.5	17.4	23.2	35.5
Growth rate	2.9	23.9	17.4	30.4	25.4

#### **4.6 Factor Analysis for Independent and Dependent Variables**

Factor analysis was used to summarize data to be more manageable without losing any important information and therefore making it easier to test hypothesis (Field, 2009). According to Kaiser (1974), factor loading values that are greater than 0.4 should be accepted and values below 0.4 should lead to collection of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. The study therefore used sub constructs with values of 0.4 and above and dropped those with the values below 0.4.

##### **4.6.1 Factor Analysis for Product Development Strategy**

Results presented in Table 4.27 shows the set of sub variables under the variable product development strategy that had factor loadings. All the sub variables had values more than 0.4 and therefore they were accepted.

**Table 4.27: Factor loading for the Variable Product Development Strategy**

<b>Sub-Constructs</b>	<b>Factor Loadings</b>
Market potential studies	0.9
Post purchase Satisfaction	0.8
The Sacco regularly evaluates its current products and systematically studies potential new products	0.8
The Sacco occasionally evaluates its current products and studies potential new products	0.8
Product Design	0.7
The Sacco does a lot of research to be able to develop our products	0.7
The Sacco continually monitors and evaluate our product portfolio in order to identify potential new products to offer and current new products to curtail or drop	0.6
The Sacco have been using customized accounts	0.6
Product prices	0.6
The Sacco regularly evaluates its current products and systematically studies potential new products.	0.6
Competitor Surveys	0.6
Types of promotion	0.6
Product Distribution	0.6
The Sacco offers wide range of services than competitors	0.5

#### **4.6.2 Factor Analysis for Marketing Strategy**

Results presented in Table 4.28 shows the set of sub variables under the variable marketing strategy that had factor loadings. All the sub variables had values more than 0.4 and therefore they were accepted.

**Table 4.28: Factor loading for the Variable Marketing Strategy**

<b>Sub-Constructs</b>	<b>Factor Loadings</b>
Promotion-techniques are used to create a positive image of a seller's product in the minds of potential buyers	0.5
Market Segmentation improves our membership base	0.6
The SACCO conducts two member education programme each year on financial management and new products knowledge	0.6
Sales leadership affects performance of the Sacco	0.5
Marketing Management	0.8
Pricing management	0.5
Promotions management	0.4
Channel management	0.6

#### 4.6.3 Factor Analysis on Technological Adoption Strategy

Results presented in Table 4.29 shows the set of sub variables under the variable technological adoption strategy that had factor loadings. All the sub variables except one had values more than 0.4 and therefore they were accepted.

**Table 4.29: Factor loading for the Variable Technological Adoption Strategy**

<b>Sub-Constructs</b>	<b>Factor Loading</b>
Technological innovations attract interest from members to generate revenue streams and the sale of related products and services	0.5
Technological innovations lead to more satisfied members hence higher economic returns	0.2
Technological banking solutions offer reduced member support costs as well as revenue growth	0.5
Innovative, personalized mobile services also assist Saccos to attract and retain members	0.5
Technology adoption should be a top priority for Sacco management	0.4
Reports produced by our information systems are accurate and reliable	0.5
Computerization has improved loans disbursement and recovery	0.7
Members issues and statement requests are responded to promptly	0.5

#### 4.6.4 Factor Analysis on Customer Focus Strategy

Results presented in Table 4.30 shows the set of sub variables under the variable customer focus strategy that had factor loadings. All the sub variables had values more than 0.4 and therefore they were accepted.

**Table 4.30: Factor loading for the Variable Customer Focus Strategy**

<b>Sub-Constructs</b>	<b>Factor Loading</b>
SACCO has adopted a good pricing strategy for all their products	0.7
Our Sacco uses technology to increase efficiency and improve quality of service offered to members.	0.7
Our Sacco offers services that match the taste of members' changing lifestyles.	0.7
Member relationship management is an embedded culture of the Sacco	0.8
The opening hours of our Sacco are favorable to our members	0.6
Turnaround time is favorable to our members	0.4

#### 4.6.5 Factor Analysis on Firm Characteristics

Results presented in Table 4.31 shows the set of sub variables under the variable firm characteristics that had factor loadings. All the sub variables had values more than 0.4 and therefore they were accepted.

**Table 4.31: Factor loading for the Variable Firm Characteristics**

<b>Sub-Constructs</b>	<b>Factor Loading</b>
Is it vital to have a policy that specifies the rate of earnings to be paid as dividends	0.5
Is your dividend payout policy related to the firm's growth level	0.4
Does the investors' reaction depend on the percentage of dividend declared	0.7
Dividend declaration leads to stock price changes	0.7

#### 4.6.6 Factor Analysis on Performance of Saccos

Results presented in Table 4.32 shows the set of sub variables under the variable performance that had factor loadings. All the sub variables had values more than 0.4 and therefore they were accepted.

**Table 4.32: Factor loading for the Variable Performance**

<b>Sub-Constructs</b>	<b>Factor Loading</b>
The organization has experienced an improvement in profitability	0.6
The organization has experienced an improvement in total assets/base assets	0.6
The organization has experienced an improvement in member satisfaction	0.8
The organization has experienced an improvement in market share	0.7
The organization has experienced an improvement in members saving	0.8

#### 4.7 Inferential Analysis

##### 4.7.1 Correlation Analysis

Correlation refers to the strength of an association between two variables. A strong or high correlation means that two or more variables have a strong relationship with each other while a weak or low, correlation means that the variables are hardly related. Correlation coefficient can range from -1.00 to +1.00. The value of -1.00 represents a perfect negative correlation while a value of +1.00 represents a perfect positive correlation. A value of 0.00 means that there is no correlation between variables being tested. The most widely used types of correlation coefficient is the Pearson Correlation. This analysis assumes that the two variables being analyzed are measured on at least interval scales.

#### 4.7.1.1 Correlation Analysis between Product Development Strategy and Performance of Saccos

Results in Table 4.33 indicate the correlation analysis between product development strategy and performance of Saccos. The correlation results revealed that there was a positive and a significant association between product development strategy and performance of Saccos ( $r=0.774$ ,  $p=0.000$ ). This implies that product development strategy and performance of Saccos change in the same direction. The findings concur with that of Nwokah, Ugoji and Ofoegbu (2009), who concluded that a positive and significant relationship exists between product quality product lines/product mix and profitability, sales volume and customer loyalty. Similarly, Kafigi (2015) revealed that product development has a significant contribution towards performance.

**Table 4.33: Correlation Matrix**

		Performance	Product Development Strategy
Performance	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Product Development Strategy	Pearson Correlation	.774**	1.000
	Sig. (2-tailed)	0.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

#### 4.7.1.2 Correlation Analysis between Marketing Strategy and Performance of Saccos

Results in table 4.34 indicate the correlation analysis between Marketing strategy and performance of Saccos. The correlation results revealed that there was a positive and a significant association between Marketing strategy and performance of Saccos ( $r=0.719$ ,  $p=0.000$ ). This implies that Marketing strategy and performance of Saccos change in the same direction.

The findings mirror those of Onyango (2016) who found that Digital Marketing has an incredible impact across all elements of firms' performance. In particular, digital marketing significantly improved revenue, improved market share, and increased profitability. Additionally, Kamaamia (2015) found that marketing strategies have an impact on organizational performance.

**Table 4.34: Correlation Matrix**

		Performance	Marketing Strategy
Performance	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Marketing Strategy	Pearson Correlation	.719**	1.000
	Sig. (2-tailed)	0.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

#### **4.7.1.3 Correlation Analysis between Technological Adoption Strategy and Performance of Saccos**

Results in table 4.35 indicate the correlation analysis between technological adoption strategy and performance of Saccos. The correlation results revealed that there was a positive and a significant association between technological adoption strategy and performance of Saccos ( $r=0.788$ ,  $p=0.000$ ). This implies that technological adoption strategy and performance of Saccos change in the same direction.

The findings agree with those of Banson, Sey and Sakoe (2015) who found that mobile deposit as a way of deposit mobilization through mobile banking has proven to be very effective means of mobilizing deposit compared to the traditional way of deposit mobilization.

**Table 4.35: Correlation Matrix**

		Performance	Marketing Strategy
Performance	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Technological adoption	Pearson Correlation	.788**	1.000
	Sig. (2-tailed)	0.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

#### 4.7.1.4 Correlation Analysis between Customer Focus Strategy and Performance of Saccos

Results in table 4.36 indicate the correlation analysis between customer focus strategy and performance of Saccos. The correlation results revealed that there was a positive and a significant association between customer focus strategy and performance of Saccos ( $r=0.815$ ,  $p=0.000$ ). This implies that customer focus strategy and performance of Saccos change in the same direction. The findings agree with that of Chao and Shih (2016) who revealed that customer service-focused employee competency transmitted 53% of the effect of customer service-focused HRM systems on firm performance. Additionally, Kumar, Venkatesan and Reinartz (2008) observed that adopting a customer-focused sales campaign can significantly increase firm profits and return on investment.

**Table 4.36: Correlation Matrix**

		Performance	Marketing Strategy
Performance	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Marketing Strategy	Pearson Correlation	.815**	1.000
	Sig. (2-tailed)	0.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

## **4.7.2 Regression Analysis**

Regression analysis is a statistical tool for the investigation of the relationship between variables. Usually, researcher seeks to maintain the causal effect of one variable upon another. Regression analysis allows you to model, examine and explore spatial relationship, and can help explain the factors behind observed spatial patterns. Regression analysis is also used for prediction.

### **4.7.2.1 Relationship between Product Development Strategy and Performance of Saccos**

The results presented in table 4.37 present the regression model used in explaining the study phenomena. The findings reveal that new product development, savings products range and market research explained 45% of performance of Saccos in Kenya. This was supported by coefficient of determination also known as the R square of 45%. This means that product development strategy constructs explain 32% of total variations in the dependent variable.

Further, results indicate that the overall model was statistically significant as supported by a p value of 0.000. This implies that new product development, savings products range and market research are good predictors of performance of Saccos. This was supported by the reported f statistic (15.602) which is greater than the critical value of (3.8415). The results were further supported by a reported p value (0.000) which was less than the conventional probability of 0.05. The results imply that the model linking product development strategy sub-constructs to performance is statistically significant.

In addition, the results indicate a positive and significant relationship between new product development and firm performance as supported by a p value of 0.000 and a beta coefficient of (0.326). Further, results reveal a positive and significant relationship between savings products range and firm performance as supported by a p value of 0.000 and a beta coefficient of (0.246). Lastly, results show a positive and significant relationship between product research and firm performance as supported by a p value of 0.000 and a beta coefficient of (0.436).

**Table 4.37: Regression Model**

<b>ROA</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>t</b>	<b>P&gt; z </b>
New product development	.326	.073	4.456	0.000
Savings products range	.246	.092	2.677	0.000
Product research	.436	.074	5.926	0.001
Cons	1.501	.374	4.011	0.000
R <sup>2</sup>	0.45			
F-statistics	15.602			
P value	0.000			

The specific model was;

$$\text{Organizational Performance} = 1.501 + 0.326 \text{ New Product Development} + 0.246 \text{ Savings products Range} + 0.436 \text{ Product Research}$$

Based on the beta coefficients, it is possible to rank the constructs as to which best explains the performance of Saccos in Kenya. From the results in Table 4.16, market research ( $\beta=0.436$ ) best explains performance, followed by New product development ( $\beta=0.326$ ) and then Savings products range ( $\beta=0.246$ ).

### **Relationship between Joint Product Development Strategy Sub-Constructs and Performance of Saccos**

The results presented in Table 4.38 present the fitness of model used of the regression model in explaining the study phenomena. The findings reveal that jointly, product development strategy constructs explained 60% of the performance of Saccos in Kenya. This means product development strategy explain 60% of the total variations in the dependent variable (Performance of Saccos).

**Table 4.38: Model Fitness**

<b>Indicator</b>	<b>Coefficient</b>
R	0.774
R Square	<b>0.600</b>
Adjusted R Square	0.597
Std. Error of the Estimate	0.3086738

Table 4.39 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. This was supported by the reported F statistic (203.666) which is greater than the critical value of (3.8415). The results were further supported by a reported p value (0.000) which was less than the conventional probability of 0.05. The results imply that the model linking product development strategy to performance is statistically significant.

**Table 4.39: Analysis of Variance**

<b>Indicator</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	19.405	1	19.405	203.666	.000 <sup>b</sup>
Residual	12.958	136	.095		
Total	32.363	137			

The table 4.40 presents the regression of coefficients results. The findings show that there is a positive and significant relationship between product development strategy and performance of Saccos in Kenya as supported by a p value of 0.000 and a beta coefficient of (1.126). This implies that an increase in product development strategy by a unit will improve the performance of deposit taking Saccos by 1.126 units. The findings agree with that of Nwokah, Ugoji and Ofoegbu (2009), who concluded that a positive and significant relationship exists between product quality product lines/product mix and profitability, sales volume and customer loyalty. Similarly, Kafigi (2015) revealed that product development has a significant contribution towards performance.

**Table 4.40: Regression of Coefficients**

	<b>B</b>	<b>Std. Error</b>	<b>t</b>	<b>Sig.</b>
(Constant)	-.861	.319	-2.696	.008
Product Development Strategy	1.126	.079	14.271	.000

The specific model;

$$Y = \beta_0 + \beta_1 X_1 + e$$

$$\text{Organizational Performance} = -0.861 + 1.126 \text{Product Development Strategy}$$

#### **4.7.2.2 Relationship between Marketing Strategy and Performance of Saccos**

The results presented in table 4.41 present the regression model used in explaining the study phenomena. The findings reveal that promotion, member education and market segmentation explained 46.8% of performance of Saccos in Kenya. This was supported by coefficient of determination also known as the R square of 46.8%. This means that marketing strategy constructs explain 46.8% of total variations in the dependent variable.

Further, results indicate that the overall model was statistically significant as supported by a p value of 0.000. This implies promotion, member education and market segmentation are good predictor of performance of Saccos. This was supported by the reported F statistic (39.352) which is greater than the critical value of (3.8415). The results were further supported by a reported p value (0.000) which was less than the conventional probability of 0.05. The results imply that the model linking marketing strategy sub constructs to performance is statistically significant.

In addition, the results indicated a positive and significant relationship between promotion and firm performance as supported by a p value of 0.015 and a beta coefficient of (0.126). Further, results revealed a positive and significant relationship between member education and firm performance as supported by a p value of 0.005 and a beta coefficient of (0.391). Lastly, results showed a positive and significant relationship between market segmentation and firm performance as supported by a p value of 0.000 and a beta coefficient of (0.212).

**Table 4.41: Regression Model**

<b>ROA</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>t</b>	<b>P&gt; z </b>
Promotion	.126	.047	2.817	.015
Members Education	.391	.067	5.796	.005
Market Segmentation	.212	.050	4.253	.000
Cons	2.423	.137	17.700	.000
R <sup>2</sup>	0.468			
F-statistics	39.352			
P value	0.000			

The specific model was;

$$\text{Organizational Performance} = 2.423 + 0.126 \text{ Promotion} + 0.391 \text{ Members Education} + 0.212 \text{ Market Segmentation}$$

Based on the beta coefficients, it is possible to rank the constructs as to which best explains the performance of Saccos in Kenya. From the results in Table 4.25, member education ( $\beta=0.391$ ) best explains performance, followed by market segmentation ( $\beta=0.212$ ) and then promotion ( $\beta=0.126$ )

### **Relationship between Joint Marketing Strategy and Performance of Saccos**

The results presented in table 4.42 present the fitness of model used of the regression model in explaining the study phenomena. The findings reveal that, marketing strategy constructs explained 51.7% of the performance of Saccos in Kenya. This means marketing strategy explain 51.7% of the total variations in the dependent variable (Performance of Saccos).

**Table 4.42: Model Fitness**

<b>Indicator</b>	<b>Coefficient</b>
R	0.719
R Square	<b>0.517</b>
Adjusted R Square	0.513
Std. Error of the Estimate	0.3390411

Table 4.43 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. This was supported by the reported F statistic (145.544) which is greater than the critical value of (3.8415). The results were further supported by a reported p value (0.000) which was less than the conventional probability of 0.05. The results imply that the model linking marketing strategy to performance is statistically significant.

**Table 4.43: Analysis of Variance**

<b>Indicator</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	16.730	1	16.730	145.544	.000 <sup>b</sup>
Residual	15.633	136	.115		
Total	32.363	137			

The table 4.44 presents the regression of coefficients results. The findings show that there is a positive and significant relationship between marketing strategy and performance of Saccos in Kenya as supported by a p value of 0.000 and a beta coefficient of (0.636). This implies that an increase in marketing strategy by a unit will improve the performance of deposit taking Saccos by 0.636 units.

The findings mirror those of Onyango (2016) who found that Digital Marketing has an incredible impact across all elements of firms' performance. In particular, digital marketing significantly improved revenue, improved market share, and increased profitability. Additionally, Kamaamia (2015) found that marketing strategies have an impact on organizational performance.

**Table 4.44: Regression of Coefficients**

	<b>B</b>	<b>Std. Error</b>	<b>t</b>	<b>Sig.</b>
(Constant)	1.307	.199	6.576	.000
Marketing Strategy	.636	.053	12.064	.000

The specific model;

$$Y = \beta_0 + \beta_1 X_2 + e$$

$$\text{Organizational Performance} = 1.307 + 0.636 \text{Marketing Strategy}$$

#### **4.7.2.3 Relationship between Technological Adoption Strategy and Performance of Saccos**

The results presented in table 4.45 present the regression model used in explaining the study phenomena. The findings reveal that computerization of processes; innovation capability and internet facility explained 55.8% of performance of Saccos in Kenya. This was supported by coefficient of determination also known as the R square of 55.8%. This means that technological adoption strategy constructs explain 55.8% of total variations in the dependent variable.

Further, results indicate that the overall model was statistically significant as supported by a p value of 0.000. This implies computerization of processes; innovation capability and internet facility are good predictors of performance of Saccos. This was supported by the reported F statistic (56.429) which is greater than the critical value of (3.8415). The results were further supported by a reported p value (0.000) which was less than the conventional probability of 0.05. The results imply that the model linking technological adoption strategy sub constructs to performance is statistically significant.

In addition, the results indicated a positive and significant relationship between computerization of processes and firm performance as supported by a p value of 0.011 and a beta coefficient of (0.133). Further, results revealed a positive and significant relationship between innovation capability and firm performance as supported by a p value of 0.000 and a beta coefficient of (0.209). Lastly, results showed a positive and significant relationship between internet facility and firm performance as supported by a p value of 0.035 and a beta coefficient of (0.111).

**Table 4.45: Regression Model**

<b>ROA</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>t</b>	<b>P&gt; z </b>
Computerization of processes	.133	.051	2.589	.011
Innovation capability	.209	.040	5.248	.000
Internet facility	.111	.082	1.340	.035
Cons	2.477	.112	22.073	.000
R <sup>2</sup>	0.558			
F-statistics	56.429			
P value	0.000			

The specific model was;

$$\text{Organizational Performance} = 2.477 + 0.133 \text{ Computerization of processes} + 0.209 \text{ Innovation capability} + 0.111 \text{ Internet facility}$$

Based on the beta coefficients, it is possible to rank the constructs as to which best explains the performance of Saccos in Kenya. From the results in Table 4.35, innovation capability ( $\beta=0.209$ ) best explains performance, followed by computerization of processes ( $\beta=0.133$ ) and then internet facility ( $\beta=0.111$ ).

### **Relationship between Joint Technological Adoption Strategy Sub-Constructs and Performance of Saccos**

The results presented in table 4.46 present the fitness of model used of the regression model in explaining the study phenomena. The findings reveal that, technological adoption strategy sub-constructs explained 62.1% of the performance of Saccos in Kenya. This means technological adoption strategy explains 62.1% of the total variations in the dependent variable (Performance of Saccos).

**Table 4.46: Model Fitness**

<b>Indicator</b>	<b>Coefficient</b>
R	0.788
R Square	<b>0.621</b>
Adjusted R Square	0.618
Std. Error of the Estimate	0.3003608

Table 4.47 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. This was supported by the reported F statistic (222.728) which is greater than the critical value of (3.8415). The results were further supported by a reported p value (0.000) which was less than the conventional probability of 0.05. The results imply that the model linking technological adoption to performance is statistically significant.

**Table 4.47: Analysis of Variance**

<b>Indicator</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	20.094	1	20.094	222.728	.000 <sup>b</sup>
Residual	12.269	136	.090		
Total	32.363	137			

The table 4.48 presents the regression of coefficients results. The findings show that there is a positive and significant relationship between technological adoption strategy and performance of Saccos in Kenya as supported by a p value of 0.000 and a beta coefficient of (0.896). This implies that an increase in technological adoption strategy by a unit will improve the performance of deposit taking Saccos by 0.896 units. The findings agree with those of Ahoya (2015) who established that technology innovations, process innovations and market innovations had a positive and significant effect on performance of Kenya Commercial Bank Ltd.

**Table 4.48: Regression of Coefficients**

	<b>B</b>	<b>Std. Error</b>	<b>t</b>	<b>Sig.</b>
(Constant)	.361	.224	1.614	.109
Technological adoption Strategy	.896	.060	14.924	.000

The specific model;

$$Y = \beta_0 + \beta_1 X_3 + e$$

$$\text{Organizational Performance} = 0.361 + 0.896 \text{ Technological Adoption Strategy}$$

#### **4.7.2.4 Relationship between Customer Focus Strategy and Performance of Saccos**

The results presented in table 4.49 present the regression model used in explaining the study phenomena. The findings reveal that customer services quality, customer relationship management and pricing explained 62.5% of performance of Saccos in Kenya. This was supported by coefficient of determination also known as the R square of 62.5%. This means that customer focus strategy constructs explain 62.5% of total variations in the dependent variable.

Further, results indicate that the overall model was statistically significant as supported by a p value of 0.000. This implies customer services quality, customer relationship management and pricing are good predictors of performance of Saccos. This was supported by the reported F statistic (74.417) which is greater than the critical value of (3.8415). The results were further supported by a reported p value (0.000) which was less than the conventional probability of 0.05. The results imply that the model linking customer focus strategy sub constructs to performance is statistically significant

In addition, the results indicated a positive and significant relationship between customer services quality and firm performance as supported by a p value of 0.001 and a beta coefficient of (0.429). Further, results revealed a positive and significant relationship between customer relationship management and firm performance as supported by a p value of 0.000 and a beta coefficient of (0.223). Lastly, results showed a positive and significant relationship between customer preference and firm performance as supported by a p value of 0.000 and a beta coefficient of (0.152).

**Table 4.49: Regression Model**

<b>ROA</b>	<b>Coef.</b>	<b>Std. Err</b>	<b>t</b>	<b>P&gt; z </b>
Customer services quality	.429	.056	7.712	.001
Customer relationship management	.223	.037	6.066	.000
Customer preference	.152	.033	4.605	.000
Cons	2.477	.088	28.158	.000
R <sup>2</sup>	0.625			
F-statistics	74.417			
P value	0.000			

The specific model was;

$$\text{Organizational Performance} = 2.477 + 0.429 \text{ Customer services quality} + 0.223 \text{ Customer relationship management} + 0.152 \text{ Customer Preference}$$

Based on the beta coefficients, it is possible to rank the constructs as to which best explains the performance of Saccos in Kenya. From the results in Table 4.44, customer service quality ( $\beta=0.429$ ) best explains performance, followed by customer relationship management ( $\beta=0.223$ ) and then customer preference ( $\beta=0.152$ ).

### **Relationship between Joint Customer Focus Strategy Sub-Constructs and Performance of Saccos**

The results presented in table 50 present the fitness of model used of the regression model in explaining the study phenomena. The findings reveal that, customer focus strategy sub-constructs explained 66.4% of the performance of Saccos in Kenya. This means customer focus strategy explain 66.4% of the total variations in the dependent variable (Performance of Saccos).

**Table 4.50: Model Fitness**

<b>Indicator</b>	<b>Coefficient</b>
R	0.815
R Square	<b>0.664</b>
Adjusted R Square	0.661
Std. Error of the Estimate	0.2828624

Table 4.51 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. This was supported by the reported F statistic (268.484) which is greater than the critical value of (3.8415). The results were further supported by a reported p value (0.000) which was less than the conventional probability of 0.05. The results imply that the model linking customer focus strategy to performance is statistically significant

**Table 4.51: Analysis of Variance**

<b>Indicator</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	21.482	1	21.482	268.484	.000 <sup>b</sup>
Residual	10.882	136	.080		
Total	32.363	137			

The table 4.52 presents the regression of coefficients results. The findings show that there is a positive and significant relationship between customer focus strategy and performance of Saccos in Kenya as supported by a p value of 0.000 and a beta coefficient of (0.760). This implies that an increase in customer focus strategy by a unit will improve the performance of deposit taking Saccos by 0.760 units.

The findings agree with that of Chao and Shih (2016) who revealed that customer service-focused employee competency transmitted 53% of the effect of customer service-focused HRM systems on firm performance. Additionally, Kumar, Venkatesan and Reinartz (2008) observed that adopting a customer-focused sales campaign can significantly increase firm profits and return on investment.

**Table 4.52: Regression of Coefficients**

	<b>B</b>	<b>Std. Error</b>	<b>t</b>	<b>Sig.</b>
(Constant)	1.023	.164	6.243	.000
Customer Focus Strategy	.760	.046	16.385	.000

The specific model;

$$Y = \beta_0 + \beta_1 X_4 + e$$

$$\text{Organizational Performance} = 1.023 + 0.760 \text{Customer Focus Strategy}$$

## 4.8 Firm Characteristics, Deposit Mobilization Strategy and Performance of SACCOs

### 4.8.1 Moderation effect of Membership on the Relationship between Deposit Mobilization Strategies and Performance of SACCOs

Results in Table 4.53 reveal that membership has a significant moderating effect on the relationship product development strategy, technology adoption strategy, customer focus strategy and performance of SACCOs as supported by interaction term p value<0.05. However, the moderating effect of membership on the relationship between marketing strategy and performance of SACCOs was found to be insignificant. This means that membership does not moderate the influence of marketing strategy on performance of SACCOs.

**Table 4.53: Moderation effect of Membership on the Relationship between Deposit Mobilization Strategies and Performance of SACCOs**

	<b>Model 1(PDS)</b>	<b>Model 2(MS)</b>	<b>Model 3(TAS)</b>	<b>Model 4(CFS)</b>
(Constant)	2.132(0.000)	4.920(0.001)	2.896(0.000)	3.745(0.000)
$\beta_1$	0.715(0.001)	-0.215(0.077)	-0.413(0.120)	-0.359(0.246)
$\beta_2$	0.645(0.000)	-0.541(0.628)	-0.4.26(0.986)	-0.349(0.046)
$\beta_3$	0.238( <b>0.003</b> )	0.528( <b>0.064</b> )	0.361( <b>0.001</b> )	0.468( <b>0.004</b> )

### 4.8.2 Moderation effect of Total Assets on the Relationship between Deposit Mobilization Strategies and Performance of SACCOs

Results in Table 4.54 reveal that total assets have a significant moderating effect on the relationship product development strategy, technology adoption strategy, customer focus strategy and performance of SACCOs as supported by interaction term p value<0.05. However, the moderating effect of total assets on the relationship between marketing strategy and performance of SACCOs was found to be insignificant. This means that total assets do not moderate the influence of marketing strategy on performance of SACCOs.

**Table 4.54: Moderation effect of Total Assets on the Relationship between Deposit Mobilization Strategies and Performance of SACCOs**

	<b>Model 1(PDS)</b>	<b>Model 2(MS)</b>	<b>Model 3(TAS)</b>	<b>Model 4(CFS)</b>
(Constant)	4.216(0.000)	4.214(0.000)	3.241(0.001)	3.652(0.000)
$\beta_1$	0.678(0.000)	-0.346(0.069)	-0.422(0.316)	-0.416(0.326)
$\beta_2$	0.595(0.005)	-0.641(0.715)	-0.634(0.815)	-0.439(0.035)
$\beta_3$	0.311( <b>0.001</b> )	0.612( <b>0.075</b> )	0.471( <b>0.001</b> )	0.482( <b>0.001</b> )

#### **4.8.3 Moderation effect of Share Capital on the Relationship between Deposit Mobilization Strategies and Performance of SACCOs**

Results in Table 4.55 reveal that share capital has a significant moderating effect on the relationship product development strategy, technology adoption strategy, customer focus strategy and performance of SACCOs as supported by interaction term p value<0.05. However, the moderating effect of share capital on the relationship between marketing strategy and performance of SACCOs was found to be insignificant. This means that share capital does not moderate the influence of marketing strategy on performance of SACCOs.

**Table 4.55: Moderation effect of Share Capital on the Relationship between Deposit Mobilization Strategies and Performance of SACCOs**

	<b>Model 1(PDS)</b>	<b>Model 2(MS)</b>	<b>Model 3(TAS)</b>	<b>Model 4(CFS)</b>
(Constant)	1.357(0.000)	4.392(0.000)	3.513(0.001)	3.132(0.000)
$\beta_1$	0.715(0.000)	-0.215(0.165)	-0.411(0.316)	-0.358(0.231)
$\beta_2$	0.462(0.001)	-0.416(0.623)	-0.742(0.815)	-0.427(0.021)
$\beta_3$	0.382( <b>0.000</b> )	0.842( <b>0.124</b> )	0.315( <b>0.000</b> )	0.469( <b>0.001</b> )

#### 4.8.4 Moderation effect of Firm Characteristics on the Relationship between Deposit Mobilization Strategies and Performance of SACCOs

Results in Table 4.56 reveal that firm characteristics has a significant moderating effect on the relationship product development strategy, technology adoption strategy, customer focus strategy and performance of SACCOs as supported by interaction term p value<0.05. However, the moderating effect of firm characteristics on the relationship between marketing strategy and performance of SACCOs was found to be insignificant. This means that firm characteristics do not moderate the influence of marketing strategy on performance of SACCOs.

**Table 4.56: Moderation effect of Firm Characteristics on the Relationship between Deposit Mobilization Strategies and Performance of SACCOs**

	<b>Model 1(PDS)</b>	<b>Model 2(MS)</b>	<b>Model 3(TAS)</b>	<b>Model 4(CFS)</b>
(Constant)	5.343(0.000)	3.290(0.000)	3.728(0.000)	3.568(0.000)
β1	0.822(0.018)	-0.412(0.057)	-0.458(0.090)	-0.286(0.147)
β2	0.957(0.025)	-0.061(0.828)	-0.352(1.94)	-0.439(0.057)
β3	0.346( <b>0.001</b> )	0.156( <b>0.17</b> )	0.214( <b>0.002</b> )	0.209( <b>0.000</b> )

$$\text{Overall model 1: } Y = 5.343 + 0.822X_1 + 0.957X_2 + 0.346X_1 * X_2$$

Where;

X1 = Product Development Strategy

X2 = Firm Characteristics

X1.X2 =Interaction term

$$\text{Overall model 2: } Y = 3.290 - 0.412X_1 - 0.061X_2 + 0.156X_1 * X_2$$

Where;

X1 = Marketing Strategy

X2 = Firm Characteristics

X1.X2 = Interaction term

Overall model 3:  $Y = 3.728 - 0.458X_1 - 0.352X_2 + 0.214X_1 * X_2$

Where;

X1 = Technological adoption strategy

X2 = Firm Characteristics

X1.X2 = Interaction term

Overall model 4:  $Y = 3.568 - 0.286X_1 - 0.439X_2 + 0.209X_1 * X_2$

Where;

X1 = Customer Focus Strategy

X2 = Firm Characteristics

X1.X2 = Interaction term

#### **4.9 Hypotheses Testing**

The hypothesis was tested by using the ordinary least square regression. The acceptance/rejection criteria was that, if the calculated t statistic was greater than the critical t statistics (1.96), the  $H_0$  is rejected but if it less than 1.96, the  $H_0$  fails to be rejected.

#### **4.9.1 Product Development Strategy on Performance of SACCOs in Kenya**

**H<sub>01</sub>:** Product development strategy does not have any significant effect on the Performance of SACCOs in Kenya.

The null hypothesis was that Product development strategy does not have any significant effect on the Performance of SACCOs in Kenya. The coefficient of regression results in Table 4.40 shows that the calculated t statistic (14.271) is greater than the critical t statistics (1.96). The null hypothesis was rejected hence Product development strategy has a significant effect on the Performance of SACCOs.

#### **4.9.2 Marketing Strategy on Performance of SACCOs in Kenya**

**H<sub>02</sub>:** Marketing strategy does not have any significant effect on Performance of SACCOs in Kenya.

The null hypothesis was that marketing strategy does not have any significant effect on the Performance of SACCOs in Kenya. The coefficient of regression results in Table 4.44 indicates that the calculated t statistic (12.064) is greater than the critical t statistics (1.96). This indicated that the null hypothesis was rejected hence marketing strategy has a significant effect on the Performance of SACCOs.

#### **4.9.3 Technological adoption Strategy on Performance of SACCOs in Kenya**

**H<sub>03</sub>:** Technological adoption Strategy does not have any significant effect on Performance of SACCOs in Kenya.

The null hypothesis was that technological adoption strategy does not have any significant effect on the Performance of SACCOs in Kenya. The regression of coefficient results in Table 4.48 shows that the calculated t statistic (14.924) was greater than the critical t statistics (1.96). This indicated that the null hypothesis was rejected hence technological adoption strategy has a significant effect on the Performance of SACCOs.

#### **4.9.4 Customer Focus Strategy on Performance of SACCOs in Kenya**

**H<sub>04</sub>:** Customer Focus strategy does not have any significant effect on Performance of SACCOs in Kenya.

The null hypothesis was that customer focus strategy does not have any significant effect on the Performance of SACCOs in Kenya. The regression of coefficient results in Table 4.52 shows that the calculated t statistic (16.385) is greater than the critical t statistics (1.96). This indicated that the null hypothesis was rejected hence customer focus strategy has a significant effect on the Performance of SACCOs.

#### **4.9.5 Firm Characteristics on Performance of SACCOs in Kenya**

**H<sub>05</sub>:** There is no significant moderating effect of firm characteristics on relationship between Deposit mobilization strategies and Performance of SACCOs in Kenya.

Results in Table 4.56 reveal that firm characteristics has a significant moderating effect on the relationship product development strategy, technology adoption strategy, customer focus strategy and performance of SACCOs as supported by interaction term p value < 0.05. However, the moderating effect of firm characteristics on the relationship between marketing strategy and performance of SACCOs was found to be insignificant. This means that firm characteristics do not moderate the influence of marketing strategy on performance of SACCOs. Therefore, the null hypothesis no significant moderating effect of firm characteristics on relationship between Deposit mobilization strategies and Performance of SACCOs in Kenya was rejected, except for the case of marketing strategy.

#### 4.10 Overall Correlation Analysis

The overall correlation analysis results in table 4.57 reveal a positive and strong significant association between product development strategy and firm performance ( $r=0.774$ ,  $p=0.000$ ). The results also indicate a positive and strong significant association between marketing strategy and firm performance ( $r=0.719$ ,  $p=0.000$ ). Further, results reveal a positive and strong significant association between Technological adoption strategy and firm performance ( $r=0.788$ ,  $p=0.000$ ). Finally, the findings indicate a positive and strong significant association between customer focus strategy and firm performance ( $r=0.815$ ,  $p=0.000$ ).

The study findings are consistent with the work of Nwokah, Ugoji and Ofoegbu (2009), who established that a positive and significant correlation exists between product quality product lines/product mix and profitability, sales volume and customer loyalty. Kamaamia (2015) and Banson, Sey and Sakoe (2015) also supported the significant impact of deposit mobilization strategies on firm performance.

**Table 4.57: Overall Correlation Results**

		Firm Performance	PDS	MS	TAS	CFS
Firm Performance	Pearson Correlation	1.000				
	Sig. (2-tailed)					
PDS	Pearson Correlation	.774**	1.000			
	Sig. (2-tailed)	0.000				
MS	Pearson Correlation	.719**	.755**	1.000		
	Sig. (2-tailed)	0.000	0.000			
TAS	Pearson Correlation	.788**	.797**	.703**	1.000	
	Sig. (2-tailed)	0.000	0.000	0.000		
CFS	Pearson Correlation	.815**	.762**	.811**	.787**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

#### 4.11 Multivariate Regression Analysis without Moderation

The results presented in table 4.58 present the fitness of model used of the regression model in explaining the study phenomena. Product development strategy, marketing strategy, technological adoption strategy and customer focus strategy were found to be good predictors of performance of Saccos in Kenya. This is supported by coefficient of determination also known as the R square of 74.4%. This means that product development strategy, marketing strategy, technological adoption strategy and customer focus strategy explain 74.4% of the variations in the dependent variable which is performance of Saccos in Kenya. This results further means that the model applied to link the relationship of the variables was satisfactory.

**Table 4.58: Model Fitness**

Variables	Coefficients
R	0.863
R Square	0.744
Adjusted R Square	0.737
Std. Error of the Estimate	0.2492615

In statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non-significant.

Table 4.59 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of firm performance. This was supported by the reported F statistic (96.971) which is greater than the critical value of (2.3719). The results were further supported by a reported p value (0.000) which was less than the conventional probability of 0.05. The results imply that the model linking deposit mobilization strategies to performance is statistically significant.

**Table 4.59: Analysis of Variance**

	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	24.100	4	6.025	96.971	.000 <sup>b</sup>
Residual	8.263	133	.062		
Total	32.363	137			

Multiple regression results in table 4.60 shows that product development strategy and performance of Saccos are positively and significantly related ( $\beta=0.379$ ,  $p=0.012$ ). The results also indicate that marketing strategy and performance of Saccos are positively and significantly related ( $\beta =0.288$ ,  $p=0.004$ ). It was further revealed that technological adoption strategy and performance of Saccos are positively and significantly related ( $\beta =0.464$ ,  $p=0.001$ ). Lastly, the results showed that customer focus strategy and performance of Saccos are positively and significantly related ( $\beta =0.521$ ,  $p=0.000$ ).

The study findings agree with that of Nwokah, Ugoji and Ofoegbu (2009) who examined the relationship between product development and corporate performance the Nigerian brewing industry. Their research concluded that a positive and significant relationship exists between product quality product lines/product mix and profitability, sales volume and customer loyalty. Ngure, Kimani and Kariuki (2017) conducted a study on the effect of product innovations on financial performance of SACCOs in Kenya and revealed that product innovations were positively correlated to financial performance.

Further, the findings concur with of the Onyango (2016) who examined the extent of adoption of digital marketing and its influence on the performance of cut flowers exporting firms in Kenya and revealed that Digital Marketing has an incredible impact across all elements of firms' performance. Similarly, Karlsson and Tavassoli (2015) paper analyzed the effect of various innovation strategies of firms on their future performance, captured by labour productivity in Sweden.

It was established that those firms that choose and afford to have a complex innovation strategy are better off in terms of their future productivity in compare with both those firms that choose not to innovative and those firms that choose simple innovation strategies. Additionally, Kumar, Venkatesan and Reinartz (2008) evaluated the performance implications of adopting a customer-focused sales campaign in United States and found that adopting a customer-focused sales campaign can significantly increase firm profits and return on investment.

The results imply that when product development strategy increases by 1 unit, performance of SACCOs will increase by 0.379 units. Further, an increase in marketing strategy by 1 unit would increase performance of SACCOs by 0.288 units. In addition, an increase in technological adoption strategy by 1 unit would increase performance of SACCOs by 0.464 units. Lastly, an increase in customer focus strategy by 1 unit would increase customer focus strategy by 0.521 units. The implication is that when any of the deposit mobilization strategies increases or improves by a unit, performance of SACCOs is likely to improve as per the respective units as stated above.

**Table 4.60: Multiple Regression**

	<b>β</b>	<b>Std. Error</b>	<b>t</b>	<b>sig</b>
(Constant)	-.316	.297	-1.064	.289
Product development strategy	.379	.150	2.534	.012
Marketing strategy	.288	.099	2.908	.004
Technological adoption strategy	.464	.141	3.291	.001
Customer focus strategy	.521	.072	7.220	.000

Thus, the model without moderation was;

$$Performance\ of\ SACCOs = -0.316 + 0.379X_1 + 0.288X_2 + 0.464X_3 + 0.521X_4$$

Where,

X<sub>1</sub> = Product development strategy

X<sub>2</sub>= Marketing strategy

X<sub>3</sub>= Technological adoption strategy

X<sub>4</sub>= Customer focus strategy

#### **4.12 Multivariate Regression Analysis with Moderation**

Results in table 4.61, shows the moderating effect of firm characteristics on the relationship between deposit mobilization strategies and performance of Saccos in Kenya. The regression after moderation (Ongore & Kusa, 2013) was conducted and yielded the following model fitness statistics. The R<sup>2</sup> was 0.759, which implies that 76% of the variations in performance of Saccos (Y) was explained by the variations in the independent variables (X<sub>1</sub>.M, X<sub>2</sub>.M, X<sub>3</sub>.M and X<sub>4</sub>.M). A comparison between the R<sup>2</sup> without moderation and R<sup>2</sup> with moderation revealed that the R<sup>2</sup> improved from 74% to 76%.

The study findings agree with that of Cheruiyot, Kimeli and Ogendo (2012) examined the effect of savings and credit co-operative society's strategies on members' deposit mobilization and used family size, attitude, and income level as intervening factors. Their study found that training requirement had an average positive influence on saving mobilization, while investment opportunities and intervening variables had a strong positive influence on saving mobilization.

Further, Mahfoudh (2013) conducted a study on effect of selected firm characteristics namely firm size, leverage, firm age, liquidity, and board size on firm financial performance as measured by return on asset and found that liquidity and board size were statistically significant in influencing firm performance. In addition, Majumdar (2007) investigated the impact of firm size and firm age on firm level productivity and profitability and found that firm size had positive effect on profitability. The findings imply that firm characteristics including membership, total assets and share capital moderate the relationship between deposit mobilization strategies and performance of Saccos.

**Table 4.61: Moderating Effect of Firm Characteristics**

	<b>B</b>	<b>Std. Error</b>	<b>t</b>	<b>Sig.</b>
(Constant)	2.180	.119	18.311	.000
X <sub>1</sub> .M	.087	.074	1.173	<b>.003</b>
X <sub>2</sub> .M	-.105	.034	-3.112	<b>.057</b>
X <sub>3</sub> .M	.103	.044	2.355	<b>.020</b>
X <sub>4</sub> .M	.112	.024	4.704	<b>.000</b>
R <sup>2</sup>	0.759			
Adjusted R <sup>2</sup>	0.751			
F statistics	104.572			
P value	0.000			

The optimal model with moderation was;

$$Y = \beta_0 + M (\beta_1 X_1 + \beta_3 X_3 + \beta_4 X_4) + e$$

$$Firm\ Performance = 2.180 + 0.087(X_1.M) + 0.103(X_3.M) + 0.112(X_4.M)$$

Where,

Y= Firm Performance

X<sub>1</sub>.M=Product development strategy\*firm characteristics

X<sub>3</sub>.M=Technological adoption strategy\*firm characteristics

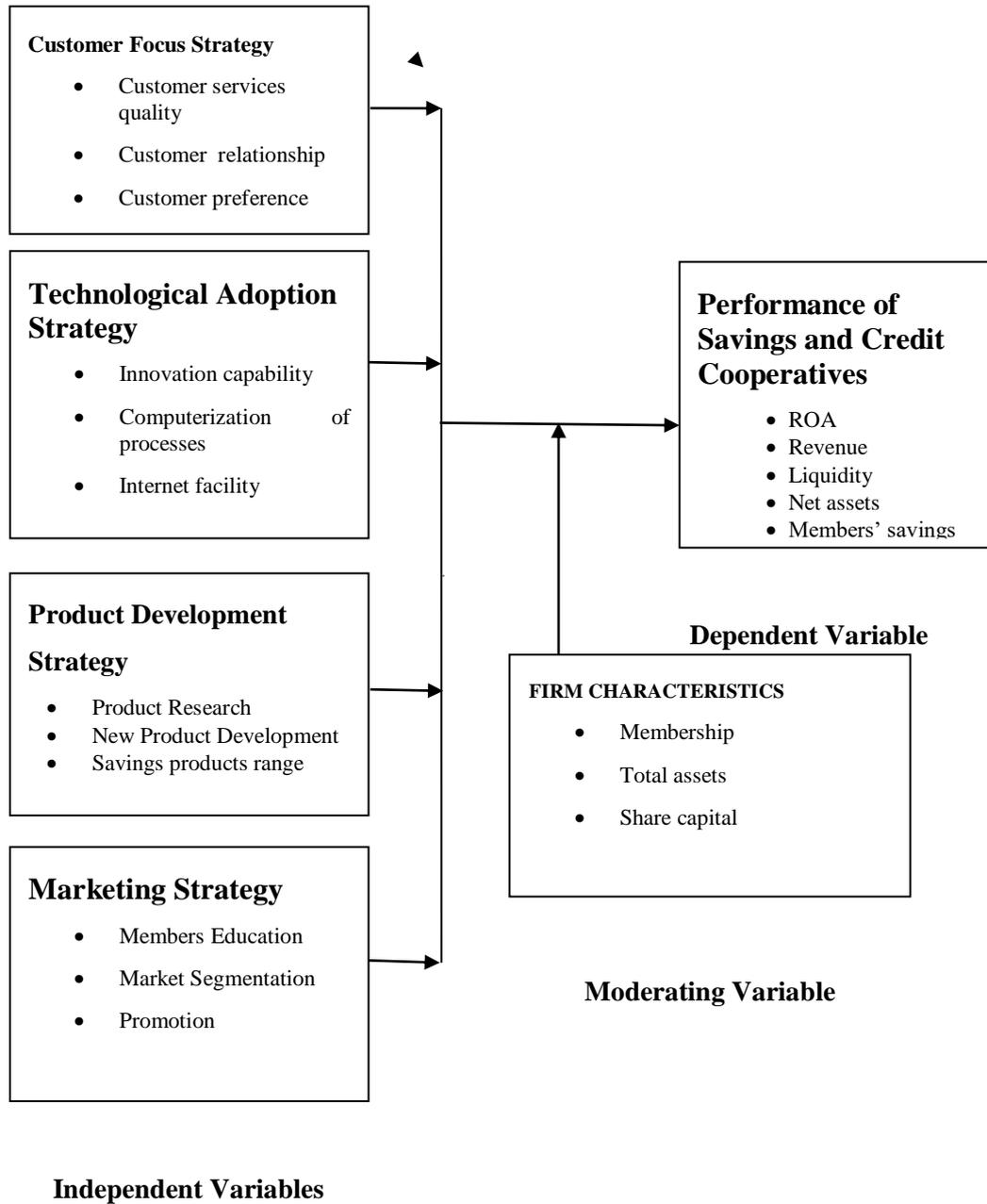
X<sub>4</sub>.M=Customer focus strategy\*firm characteristics

#### **4.13 Revised Conceptual Framework**

Based on the results in Table 4.60 a revised conceptual framework was derived. In the revised conceptual framework, only the significant variables are included (Sommerville, Jones & Milner-Gulland, 2009). Results in Table 4.60 were arrived at through running multiple regressions. No variable was dropped since all the variables were significant.

The variables were arranged in order of significances as follows; customer focus strategy, technological innovation strategy, product development strategy and marketing strategy. Further, the sub-constructs in each of the independent variables were aligned in order of their significance. That is, how best each of the sub-constructs explains performance of the Saccos.

## Deposit Mobilization Strategies



**Figure 4.3: Revised Conceptual Framework**

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

This chapter presents a summary of the major findings of this study. It sets out the relevant conclusions and makes recommendations for practice and suggestions for further research based on the findings of the study. The study sought to examine the effect of deposit mobilization strategies on the performance of deposit taking savings and credit cooperative societies in Kenya.

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

This section summarizes the findings obtained in chapter four in line with the study objectives.

##### **5.2.1 Effect of Product Development Strategy on Performance of Saccos**

The first objective of the study was to examine the effect of product development strategy on the Performance of SACCOs in Kenya. Results revealed that the Sacco offers wide range of services. Also, the organizations carry out a lot of research to be able to develop our products. Further, the organizations regularly evaluate their current products and systematically studies potential new products. In addition, the firms continually monitor and evaluate their product portfolio in order to identify potential new products to offer and current new products to curtail or drop. Based on the beta coefficients, market research was ranked first, new product development second and savings products range third. This implied that market research best explains firm performance, followed by new product development and lastly savings products range.

Correlation analysis showed that product development strategy and performance of Saccos are positively and significantly associated. Regression analysis indicated that product development strategy has a positive and significant effect on performance of Saccos in Kenya. The hypotheses results indicated that there is a significant relationship between product development strategy and performance of Saccos in Kenya.

### **5.2.2 Effect of Marketing Strategy on Performance of Saccos**

The second objective of the study was to determine the effect of marketing strategy on the performance of SACCOs in Kenya. Results revealed that Saccos use promotion-techniques to create a positive image of their product in the mind of potential buyers. Also, market segmentation improves membership base and that the firms conducts two member education programme each year on financial management and new products knowledge. In addition, it was noted that the sales leadership affects performance of the Saccos. Based on the beta coefficients, member education was ranked first, market segmentation second and promotion third. This implied that member education best explains firm performance, followed by market segmentation and lastly promotion.

Correlation analysis showed that marketing strategy and performance of Saccos are positively and significantly associated. Regression analysis indicated that marketing strategy has a positive and significant effect on performance of Saccos in Kenya. The hypotheses results indicated that there is a significant relationship between marketing strategy and performance of Saccos in Kenya.

### **5.2.3 Effect of Technological Adoption Strategy on Performance of Saccos**

The third objective of the study was to assess the effect of the technological adoption strategy on the Performance of SACCOs in Kenya. Results revealed that technological innovations attract interest from members to generate revenue streams and the sale of related products and services. Also, technological innovations lead to more satisfied members hence higher economic returns. Further, technological banking solutions offer reduced member support costs as well as revenue growth.

Additionally, innovative, personalized mobile services assist Saccos to attract and retain members and that technology adoption should be a top priority for Sacco management. Based on the beta coefficients, innovation capability was ranked first, computerization of processes second and internet facility third. This implied that innovation capability best explains firm performance, followed by computerization of processes and lastly internet facility.

Correlation analysis showed that technological adoption strategy and performance of Saccos are positively and significantly associated. Regression analysis indicated that technological adoption strategy has a positive and significant effect on performance of Saccos in Kenya. The hypotheses results indicated that there is a significant relationship between technological adoption strategy and performance of Saccos in Kenya.

#### **5.2.4 Effect of Customer Focus Strategy on Performance of Saccos**

The fourth objective of the study was to examine the effect of customer focus strategy on the Performance of SACCOs in Kenya. Results revealed that the SACCOs have adopted a good pricing strategy for all their products. Also, the firms use technology to increase efficiency and improve quality of service offered to members. Further, member relationship management is an embedded culture of the Sacco. In addition, it was noted that the opening hours of our Sacco are favorable to our members and that turnaround time is favorable to the members. Based on the beta coefficients, customer service quality was ranked first, customer relationship management second and pricing third. This implied that customer service quality best explains firm performance, followed by customer relationship management and lastly pricing.

Correlation analysis showed that customer focus strategy and performance of Saccos are positively and significantly associated. Regression analysis indicated that customer focus strategy has a positive and significant effect on performance of Saccos in Kenya. The hypotheses results indicated that there is a significant relationship between customer focus strategy and performance of Saccos in Kenya.

### **5.2.5 Moderating Effect of Firm Characteristics on the relationship between deposit mobilization strategy and Performance of SACCOs**

The fifth objective of the study was to find out the moderating effect of firm characteristics on the relationship between deposit mobilization strategy and Performance of SACCOs in Kenya. Results revealed that it is vital to have a policy that specifies the rate of earnings to be paid as dividends. Also, the dividend payout policy is related to the firm's growth level. Further, the investors' reaction depends on the percentage of dividend declared and that dividend declaration leads to stock price changes.

Further, results revealed that the interaction between the independent variables except marketing strategy and moderating variable (firm characteristics) was statistically significant therefore firm characteristics moderates the relationship between deposit mobilization strategies except marketing strategy and performance of deposit taking Saccos. Since the calculated p value of the interaction is  $0.000 < 0.05$ , the null hypothesis was rejected and thus firm characteristics had a significant moderating effect on performance of Saccos in Kenya.

## **5.3 Conclusion**

### **5.3.1 Effect of Product Development Strategy on Performance of Saccos**

Based on the findings above, the study concluded that product development strategy affects the performance of Saccos in Kenya. This can be explained by the regression results which showed that the effect was positive and also showed the magnitude by which product development strategy influenced the performance of Saccos. The univariate regression results showed an increase in product development strategy by 1 unit would increase performance of Saccos by 1.126 units.

Further, the overall regression results indicated that an increase in product development strategy by 1 unit would increase performance of Saccos by 0.379 units. This shows that the individual influence of product development strategy on the performance of Saccos is more than the corporate influence (all the deposit mobilization strategies). This is an indication that the presence of other deposit mobilization strategies reduces the effect of product development strategy.

### **5.3.2 Effect of Marketing Strategy on Performance of Saccos**

Based on the findings, the study concluded that marketing strategy affects the performance of Saccos in Kenya. This can be explained by the regression results which showed that the effect was positive and also showed the magnitude by which marketing strategy influenced the performance of Saccos. The univariate regression results showed that an increase in marketing strategy by 1 unit would increase performance of Saccos by 0.636 units.

Further, the overall regression results revealed that an increase in marketing strategy by 1 unit would increase performance of Saccos by 0.288 units. This shows that the individual influence of marketing strategy on the performance of Saccos is more than the corporate influence (all the deposit mobilization strategies). This is an indication that the presence of other deposit mobilization strategies reduces the effect of marketing strategy.

### **5.3.3 Effect of Technological Adoption Strategy on Performance of Saccos**

Based on the findings, the study concluded that technological adoption strategy affects the performance of Saccos in Kenya. This can be explained by the regression results which showed that the effect was positive and also showed the magnitude by which technological adoption strategy influenced the performance of Saccos. The univariate regression results showed that an increase in technological adoption strategy by 1 unit would increase performance of Saccos by 0.896 units.

Further, the overall regression results revealed that an increase in technological adoption strategy by 1 unit would increase performance of Saccos by 0.464 units. This shows that the individual influence of technological adoption strategy on the performance of Saccos is more than the corporate influence (all the deposit mobilization strategies). This is an indication that the presence of other deposit mobilization strategies reduces the effect of technological adoption strategy.

#### **5.3.4 Effect of Customer Focus Strategy on Performance of Saccos**

Based on the findings, the study concluded that customer focus strategy affects the performance of Saccos in Kenya. This can be explained by the regression results which showed that the effect was positive and also showed the magnitude by which customer focus strategy influenced the performance of Saccos. The univariate regression results showed that an increase in customer focus strategy by 1 unit would increase performance of Saccos by 0.760 units.

Further, the overall regression results revealed that an increase in customer focus strategy by 1 unit would increase performance of Saccos by 0.521 units. This shows that the individual influence of customer focus strategy on the performance of Saccos is more than the corporate influence (all the deposit mobilization strategies). This is an indication that the presence of other deposit mobilization strategies reduces the effect of customer focus strategy.

## **5.4 Recommendations**

The study recommendations are in line with the objectives, findings and conclusions of the study.

### **5.4.1 Effect of Product Development Strategy on Performance of Saccos**

Based on the findings, the study recommended that Saccos need to strengthen their product development strategies. In particular, the management of the firms should ensure that they maintain high product quality. Further, they should continuously develop new products so as to meet their growing customers' demand. In addition, the management of the Saccos should conduct thorough product research. This will ensure that the firms meet the needs of their current and potential clients.

### **5.4.2 Effect of Marketing Strategy on Performance of Saccos**

It was recommended that Saccos should adopt the use of modern technology in marketing their product and services including mobile marketing to improve on their performance. The study also recommended that for Saccos to remain competitive and maintain their position in the market, they should use digital marketing strategies. Further, the firms need to tailor make marketing strategies in line with the trendy marketing mix model to boost organizational performance.

### **5.4.3 Effect of Technological Adoption Strategy on Performance of Saccos**

From the study findings, it was recommended that Saccos should lay out procedures and strategies such as product innovation, market innovation, technological innovation and process innovation so as to enhance their penetration in the market. Further, the study recommended the need for the firms to invest in technological advancement by equipping their staff with technical skills and also providing them with the necessary facilities.

#### **5.4.4 Effect of Customer Focus Strategy on Performance of Saccos**

The study recommended that Saccos should ensure that they provide quality services to customers. This will create customer confidence in the firms' ability to deliver. Further, it was recommended that the firms should develop a friendly customer-management relationship. In addition, the firms should adjust their pricing to ensure that they charge their customers reasonable charges.

#### **5.5 Areas for Further Study**

The study sought to establish the effects of deposit mobilization strategies on the performance of deposit taking savings and credit cooperative societies. Further studies could therefore focus on deposit mobilization strategies in other financial institutions such as insurance, MFIs and commercial banks. In particular, further studies should look into the effect of product development strategy, marketing strategy, technological strategy and customer focus strategy on performance in the insurance firms, MFIs and commercial banks. This would facilitate comparison of the findings with those of the current study. Future researchers could also consider introducing different variables other than firm characteristics in testing for moderation effect. Some of these variables could be environment factors, regulation frameworks, firms size and organization culture.

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## SECTION TWO: STUDY VARIABLES

### Product Development Strategy

1) The questions in this section are about the effect of product development strategy on performance of Saccos.

Use the scale below

Where **5**: Strongly Agree; **4**: Agree; **3**: Neutral; **2**: Disagree; **1**: Strongly Disagree

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
The Sacco offers wide range of services than competitors					
The Sacco does a lot of research to be able to develop our products					
The Sacco regularly evaluates its current products and systematically studies potential new products.					
The Sacco has been using customized accounts					
The Sacco continually monitors and evaluate our product portfolio in order to identify potential new products to offer and current new products to curtail or drop					
The Sacco regularly evaluates its current products and systematically studies potential new products					
The Sacco occasionally evaluates its current products and studies potential new products					

How many times have you carried out product research in the last 2 years?

(Please tick as appropriate)

Never ( )

Once ( )

Twice ( )

More than Two times ( )

3) Is there a formal systematic procedure for evaluating potential new products?

Yes ( ) No ( )

4) To what extent do you consider product research to be important in making decisions on the following aspects?

Use the scale below

Where **5** - Very important, **4**- Important, **3**- Fairly important, **2**- Unimportant, **1**- Totally Unimportant

Statement	Very Important	Important	Fairly important	Unimportant	Totally Unimportant
	5	4	3	2	1
Product Design					
Product prices					
Product Distribution					
Types of promotion					
Competitor					

Statement	Very Important	Important	Fairly important	Unimportant	Totally Unimportant
	5	4	3	2	1
Surveys					
Post purchase Satisfaction					
Market potential studies					

**Marketing Strategy**

1. Do you think the Sacco has implemented marketing strategies?

Yes ( ) No ( )

2. If yes in the question above, in respect of strategies that the Sacco has implemented, do you think there is need to change?

Yes ( ) No ( )

3. If yes, what do you think is the reason for failure?

.....

.....

.....

.....

.....

.....

4. How true can you attribute the improvement in the Sacco membership base to the strategies below?

Use the scale below

Where **1**= definitely, **2** = probably false, **3** = Not Sure, **4** = True **5** = definitely true

Strategy	Definitely false	Probably false	Not sure	True	Definitely true
	1	2	3	4	5
Marketing Strategy					
Market Segmentation					
Sales promotion					
Members education					
Sales leadership					

5. The questions in this section are about effect of marketing strategies on performance of Saccos

Where **5**: Strongly Agree; **4**: Agree; **3**: Neutral; **2**: Disagree; **1**: Strongly Disagree

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Promotion-techniques are used to create a positive image of a seller's product in the minds of Potential buyers					
Market Segmentation improves our membership base					
The organization conducts two education programme for the members each year on financial management and new products knowledge					
Sales leadership affects performance of the Sacco					

6. To what extent does your Sacco use the following forms of marketing capabilities?

Use the scale below;

Where 1= very great extent 2 = Great extent 3 = Moderate extent 4 = Extent 5 = little extent

Statement	Very great extent	To a great extent	Moderate extent	Extent	little extent
	1	2	3	4	5
Marketing Management					
Pricing management					
Promotions management					
Channel management					

### **Technological Innovation Strategy**

1. To what extent do the various technological innovations adopted by the Sacco affect its performance?

To a very great extent ( )

To a great extent ( )

To a moderate extent ( )

To no extent ( )

To a little extent ( )

2. What is your level of agreement with the following statements about the effects of technological innovations on the Performance of Saccos?

Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agreed.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Technological innovations attract interest from members to generate revenue streams and the sale of related products and services					
Technological innovations lead To more satisfied members hence higher economic returns					
Technological banking solutions offer reduced member support costs as well as revenue growth					
Innovative, personalized mobile services also assist Saccos to attract and retain members					

5. To what extent do you agree with the following statements?

Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Technology adoption should be a top priority for Sacco management					
Reports produced by the Sacco's information system are accurate and reliable					
Computerization has improved loans disbursement and recovery					
Members' issues and statement requests are responded to promptly					

### Customer Focus Strategy

1. To what extent does the various Member focus strategy adopted by the Sacco affect its performance?

To a very great extent ( )

To a great extent ( )

To a moderate extent ( )

To no extent ( )

2. How would you describe your members?

Old and permanent ( )

Keep dropping out and new ones joining ( )

Keep dropping out ( )

More joining ( )

Not sure ( )

4. The questions in this section are about effect of member focus strategy on performance of Saccos

Where **5**: Strongly Agree; **4**: Agree; **3**: Neutral; **2**: Disagree; **1**: Strongly Disagree

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Sacco has adopted a good pricing strategy for all its products					
Our Sacco uses technology to increase efficiency and improve quality of service offered to members.					
Our Sacco offers services that match the taste of members' changing lifestyles.					
Member relationship management is an embedded culture of the Sacco					
The opening hours of our Sacco are favorable to our members					
Turnaround time is favorable to our members					

## **Firm Characteristics**

How often do you give dividends to members?

Not at all

Annually

Twice a year

Quarterly

When the Sacco makes a profit

1. Is it vital to have a policy that specifies the rate of earnings to be paid as dividends?

Strongly disagree  Disagree  Neutral

Agree  strongly agree

2. Is your dividend payout policy related to the firm's growth level?

Strongly disagree  Disagree  Neither Agree nor disagree

Agree  strongly agree

4. Does the investors' reaction depend on the percentage of dividend declared?

Strongly disagree  Disagree  Neither Agree nor disagree

Agree  strongly agree

5. Dividend declaration leads to stock price changes

Strongly disagree  Disagree  Neither Agree nor disagree  Agree   
strongly agree

## Performance of Savings and Credit Cooperatives

2. How would you rate the following performance indicators in your Sacco?

Below % 20 21-40 41-60 61-80 Above 805

Indicator	Below 20%	21–40%	41-60%	61- 80 %	Above 80%
Members Satisfaction					
Deposits/savings					
Total Revenue					
Profitability rate					
Growth rate					

4. To what extent do you agree with the following statement?

Use the scale below

Where **5**: Strongly Agree; **4**: Agree; **3**: Neutral; **2**: Disagree; **1**: Strongly Disagree

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
The organization has experienced an improvement in profitability					
The organization has experienced an improvement in total assets/base assets					
The organization has experienced an improvement in member satisfaction					
The organization has experienced an improvement in market share					
The organization has experienced an improvement in members saving					

## Appendix II: List of Saccos

	<b>List of Deposit Taking Saccos in Kenya</b>
1	MUDETE TEA GROWERS SACCO SOCIETY LTD
2	YETU SACCO SOCIETY LTD
3	AGRO-CHEM SACCO SOCIETY LTD
4	AIRPORTS SACCO SOCIETY LTD
5	CAPITAL SACCO SOCIETY LTD
6	DHABITI SACCO SOCIETY LTD
7	DIMKES SACCO SOCIETY LTD
8	ECO-PILLAR SACCO SOCIETY LTD
9	EGERTON SACCO SOCIETY LTD
10	FORTUNE SACCO SOCIETY LTD
11	GUSII MWALIMU SACCO SOCIETY LTD
12	IG SACCO SOCIETY LTD
13	IMARIKA SACCO SOCIETY LTD
14	KATHERA RURAL SACCO SOCIETY LTD
15	KENPIPE SACCO SOCIETY LTD
16	KENYA ACHIEVAS SACCO SOCIETY LTD
17	KENYA BANKERS SACCO SOCIETY LTD
18	KENYA MIDLAND SACCO SOCIETY LTD
19	KIMBILIO DAIMA SACCO SOCIETY LTD
20	KIPSIGIS EDIS SACCO SOCIETY LTD
21	KOLENGE TEA SACCO SOCIETY LTD
22	KORU SACCO SOCIETY LTD
23	LAINISHA SACCO SOCIETY LTD
24	LENGO SACCO SOCIETY LTD
25	METROPOLITAN NATIONAL SACCO SOCIETY LTD
26	MMH SACCO SOCIETY LTD
27	NG'ARISHA SACCO SOCIETY LTD
28	OLLIN SACCO SOCIETY LTD
29	PATNAS SACCO SOCIETY LTD
30	PRIME TIME SACCO
31	RACHUONYO TEACHERS SACCO SOCIETY LTD
32	SHIRIKA SACCO SOCIETY LTD
33	SIRAJI SACCO SOCIETY LTD
34	SOLUTION SACCO SOCIETY LTD
35	SOUTHERN STAR SACCO SOCIETY LTD
36	SUKARI SACCO SOCIETY LTD
37	TAI SACCO SOCIETY LTD
38	TRANSCOUNTIES SACCO SOCIETY LTD
39	UFANISI SACCO SOCIETY LTD
40	UKRISTO NA UFANISI WA ANGLICANA SACCO SOCIETY LTD

41	UKULIMA SACO SOCIETY LTD
42	UNI-COUNTY SACCO SOCIETY LTD
43	UNISON SACCO SOCIETY LTD
44	WAKULIMA COMMERCIAL SACCO SOCIETY LTD
45	WANANCHI SACCO SOCIETY LTD
46	WASHA SACCO SOCIETY LTD
47	WEVARSITY SACCO SOCIETY LTD
48	2NK SACCO SOCIETY LTD
49	AFYA SACCO SOCIETY LTD
50	AINABKOI SACCO SOCIETY LTD
51	ALL CHURCHES SACCO SOCIETY LTD
52	AMICA SACCO SOCIETY LTD
53	ARDHI SACCO SOCIETY LTD
54	ASILI SACCO SOCIETY LTD
55	AZIMA SACCO SOCIETY LTD
56	BANDARI SACCO SOCIETY LTD
57	BARAKA SACCO SOCIETY LTD
58	BARATON UNIVERSITY SACCO SOCIETY LTD
59	BIASHARA SACCO SOCIETY LTD
60	BIASHARA TOSHA SACCO SOCIETY LTD
61	BI-HIGH SACCO SOCIETY LTD
62	BINGWA SACCO SOCIETY LTD
63	BORESHA SACCO SOCIETY LTD
64	CENTENARY SACCO SOCIETY LTD
65	CHAI SACCO SOCIETY LTD
66	CHUNA SACCO SOCIETY LTD
67	COMOCO SACCO SOCIETY LTD
68	COSMOPOLITAN SACCO SOCIETY LTD
69	COUNTY SACCO SOCIETY LTD
70	DAIMA SACCO SOCIETY LTD
71	DUMISHA SACCO SOCIETY LTD
72	ELGON TEACHERS SACCO SOCIETY LTD
73	ELIMU SACCO SOCIETY LTD
74	ENEA SACCO SOCIETY LTD
75	FARIDI SACCO SOCIETY LTD
76	FARIJI SACCO SOCIETY LTD
77	FUNDILIMA SACCO SOCIETY LTD
78	GITHUNGURI DAIRY & COMMUNITY SACCO SOCIETY LTD
79	GOOD FAITH SACCO SOCIETY LTD
80	GOOD HOPE SACCO SOCIETY LTD
81	GOODWAY SACCO SOCIETY LTD
82	HARAMBEE SACCO SOCIETY LTD
83	HAZINA SACCO SOCIETY LTD

84	ILKISONKO SACCO SOCIETY LTD
85	IMARISHA SACCO SOCIETY LTD
86	IMENTI SACCO SOCIETY LTD
87	JACARANDA SACCO SOCIETY LTD
88	JAMII SACCO SOCIETY LTD
89	JITEGEMEE SACCO SOCIETY LTD
90	JOINAS SACCO SOCIETY LTD
91	JUMUIKA SACCO SOCIETY LTD
92	K – PILLAR SACCO SOCIETY LTD
93	K – UNITY SACCO SOCIETY LTD
94	KAIMOSI SACCO SOCIETY LTD
95	KENVERSITY SACCO SOCIETY LTD
96	KENYA HIGHLANDS SACCO SOCIETY LTD
97	KENYA POLICE SACCO SOCIETY LTD
98	KINGDOM SACCO SOCIETY LTD
99	KITE SACCO SOCIETY LTD
100	KITUI TEACHERS SACCO SOCIETY LTD
101	KMFRI SACCO SOCIETY LTD
102	KWETU SACCO SOCIETY LTD
103	LAMU TEACHERS SACCO SOCIETY LTD
104	MAFANIKIO SACCO SOCIETY LTD
105	MAGADI SACCO SOCIETY LTD
106	MAGEREZA SACCO SOCIETY LTD
107	MAISHA BORA SACCO SOCIETY LTD
108	MENTOR SACCO SOCIETY LTD
109	MILIKI SACCO SOCIETY LTD
110	MOMBASA PORT SACCO SOCIETY LTD
111	MUKI SACCO SOCIETY LTD
112	MWALIMU NATIONAL SACCO SOCIETY LTD
113	MWIETHERI SACCO SOCIETY LTD
114	MWINGI MWALIMU SACCO SOCIETY LTD
115	MWITO SACCO SOCIETY LTD
116	NACICO SACCO SOCIETY LTD
117	NAFAKA SACCO SOCIETY LTD
118	NANDI FARMERS SACCO SOCIETY LTD
119	NATION SACCO SOCIETY LTD
120	NAWIRI SACCO SOCIETY LTD
121	NDEGE CHAI SACCO SOCIETY LTD
122	NDOSHA SACCO SOCIETY LTD.
123	NEW FORTIS SACCO SOCIETY LTD
124	NOBLE SACCO SOCIETY LTD
125	NRS SACCO SOCIETY LTD
126	NSSF SACCO SOCIETY LTD

127	NUFAIKA SACCO SOCIETY LTD
128	NYALA VISION SACCO SOCIETY LTD
129	NYAMBENE ARIMI SACCO SOCIETY LTD
130	NYAMIRA TEA FARMERS SACCO SOCIETY LTD
131	NYATI SACCO SOCIETY LTD
132	ORIENT SACCO SOCIETY LTD
133	PUAN SACCO SOCIETY LTD
134	QWETU SACCO SOCIETY LTD
135	RANS – ELITE COUNTY SACCO SOCIETY LTD
136	SAFARICOM SACCO SOCIETY LTD
137	SHERIA SACCO SOCIETY LTD
138	SHOPPERS SACCO SOCIETY LTD
139	SIMBA CHAI SACCO SOCIETY LTD
140	SKYLINE SACCO SOCIETY LTD
141	SMART CHAMPIONS SACCO SOCIETY
142	SMART LIFE SACCO SOCIETY LTD
143	SOTICO SACCO SOCIETY LTD
144	STAKE KENYA SACCO SOCIETY LTD
145	STIMA SACCO SOCIETY LTD
146	SUBA TEACHERS SACCO SOCIETY
147	SUPA SACCO SOCIETY LTD
148	TABASAMU SACCO SOCIETY LTD
149	TAIFA SACCO SOCIETY LTD
150	TAQWA SACCO SOCIETY LTD
151	TARAJI SACCO SOCIETY LTD
152	TELEPOST SACCO SOCIETY LTD
153	TEMBO SACCO SOCIETY LTD
154	TENHOS SACCO SOCIETY LTD
155	THAMANI SACCO SOCIETY LTD
156	TIMES U SACCO SOCIETY LTD
157	TOWER SACCO SOCIETY LTD
158	TRANS NATION SACCO SOCIETY LTD
159	TRANSNATIONAL TIMES SACCO SOCIETY LTD
160	UNAITAS SACCO SOCIETY LTD
161	UNITED NATIONS SACCO SOCIETY LTD
162	UNIVERSAL TRADERS SACCO SOCIETY LTD
163	VIHIGA COUNTY FARMERS SACCO SOCIETY LTD
164	VIKTAS SACCO SOCIETY LTD
165	VISION AFRICA SACCO SOCIETY LTD
166	VISION POINT SACCO SOCIETY LTD
167	WAKENYA PAMOJA SACCO SOCIETY LTD
168	WANA – ANGA SACCO SOCIETY LTD
169	WANANDEGE SACCO SOCIETY LTD

170	WAUMINI SACCO SOCIETY LTD
171	WINAS SACCO SOCIETY LTD
172	JITEGEMEE SACCO SOCIETY LTD
173	KENYA MIDLAND SACCO SOCIETY LTD
174	MOI UNIVERSITY SACCO SOCIETY LTD
175	ORIENT SACCO SOCIETY LIMITED
176	NECO SACCO SOCIETY LTD
177	RACHUONYO TEACHERS SACCO SOCIETY LTD
178	TELEPOST SACCO SOCIETY LTD
179	UCHONGAJI SACCO SOCIETY LTD
180	JJENGE SACCO SOCIETY LTD (UNDER STATUTORY
181	BANANA HILL SACCO SOCIETY LIMITED