Strategic Responses Adopted by Saccos to the Changing Operation Environment in the Kenyan Financial Sector. A Case of Nairobi Based Saccos with Front Office Service Activity

Author: Mwithiga, Rosaline Wambui

Abstract:

The alignment between strategy and environment lies at the centre of strategic management. Organizations are faced with turbulence and stiff competition in their external environment. Hence, they need to be conscious of the changes in the environment in which they operate and respond to various factors in the environment in order to remain relevant. Businesses are facing stiff competition today and they are going to curb this by continuously scanning the environment and delivering the greatest value to customers with the view that as the operating environment changes, a more pronounced transformation of the business landscape lies ahead. The purpose of the study was to investigate the strategic response adopted by SACCOS to the changing operating environment in the Kenyan financial sector. The literature covered is on strategy, organizations and their external environment, factors influencing the strategic responses and strategic responses to dynamic environment. The study used descriptive survey. The researcher examined a sample of staff drawn from the population of 273 managers in Nairobi Based SACCOS with front office service activities. A sample of 30% from within each group was taken using stratified random sampling. This generated a sample of 82 respondents for this study. The study used both primary and secondary data. It used primary data collected using questionnaires to carry out the study. After collecting data responses from the questionnaires, the researcher analysed the quantitative data using descriptive statistics by applying the Statistical Package for Social Sciences (SPSS. 17.0) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of tables, graphs, and in prose form. The study concludes that the Saccos use restructuring strategies most in responding to the changing operating environment most followed by Differentiation strategies, then diversification strategies while monitoring and evaluation strategies are the least used. The study recommends that the management should look for alternative sources of funding in order to overcome the challenges of finance related to restructuring strategy, economic recession and liquidity and solvency. The Saccos should also seek for ways of keeping overheads lower than others by use of knowledge from past experience. The Saccos should be focused in achieving the goals of growth and development that are important for the company such as survival in market, market diversification/differentiation, product development, market development, profitability and growth (gain in market share).