INFLUENCE OF OPERATIONAL STRATEGIES ON FINANCIAL PERORMANCE OF SACCOS IN KENYA. A CASE OF ACUMEN SACCO, KAJIADO COUNTY.

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An Applied Research Project Submitted In Partial Fulfillment Of The Requirements For The Award Of Master Of Business Administration Degree In The School Of Business, MBA Department Of Africa Nazarene University

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DECLARATION

I declare that this research project is my original work and that it has not been presented to any other University for academic purpose.



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SUPERVISOR'S DECLARATION

This applied research project is submitted for examination with my approval as the University Supervisor.



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DEDICATION

This research project is dedicated to my lovely family. My beloved husband Martin Mugaya Ndegeyo, my son Msingo and my daughters Migaliza and Nadine whose support cannot be over emphasized. Fellow students for their support and encouragement for undertaking the research project. Much dedication goes to the Almighty God who provided me with all I required, most of all good health and the gift of life. Special thanks to my family for remaining supportive at every stage.

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ABSTRACT

Financial performance is a subject largely discussed by economists and financial experts. There is power in understanding the financial performance in a given sector through effective operational strategies. The researcher conducted a study on the influence of operational strategies on financial performance of SACCOS in Kenya, case of acumen Sacco, Kajiado county with study objectives on market penetration, product proposition, customer retention and execution of corporate objectives. The research study examined theories such as institutional perspective theory, agency theory and Taylors' motivation theory to validate the finding of the study. The study had a target population of 500 and a sample size of 83. The study engaged descriptive research design and methodology techniques that enhanced data collection procedures and analysis for effective and reliable findings. Data was collected through a structured questionnaire in Acumen Saccos, Kajiado County. The respondents were expected to provide relevant and useful information based on the research questions. It is through such information that informed decisions from the findings were made and recommendations deduced. The data gathered was analyzed using the Statistical Package for Social Sciences (SPSS) version 25. Descriptive statistics such as; frequencies, percentages, mean and standard deviation was conducted. In addition, inferential statistics such as correlation statistics, regression analysis was used to test the relationship between the dependent and independent variables. A pilot study was done at 10% of the respondents to ensure reliability and validity of the findings. The researcher utilized a quantitative approach to analyze data. The output was presented in table form, explained and summarized in percentages, frequencies, descriptive statistics and Pearson correlation coefficient. Recommendations were made to the stakeholders such as management of saccos, SACCO members, SACCO investors, Government policy makers and future academic researchers to understand the influence of operational strategies on financial performance of saccos in Kenya in order to make informed decisions. Other studies were suggested to be conducted in other counties using different variables in areas of further studies to compare findings. The study revealed that the most significant relationship was between customer retention and financial performance with a coefficient value of 0.992 (at significant level of 0.05). Market penetration showed significant relation with product proposition with a coefficient value of 0.982 (at significant level of 0.05). A significant relationship existed between corporate objectives and market penetration with a coefficient value of 0.824 (at significant level of 0.05). A significant relationship existed between financial performance and market penetration with a coefficient value of 0.898 (at significant level of 0.05). It was noted that the hypothesis on there is no significant relationship between market penetration and financial performance of SACCOS in Kenya was accepted by the respondents at 99.2% at a significant level of 0.05. The hypothesis on there is no significant relationship between product proposition and financial performance of SACCOS in Kenya and there is no significant relationship between the influence of customer retention and financial performance of SACCOS in Kenya was accepted by the respondents at 98.2% at a significant level of 0.05. The hypothesis on there is no significant relationship between corporate objectives and financial performance of SACCOS in Kenya was rejected by the respondents by the respondents at 0.824 at a significant level of 0.05.

DEFINITION OF TERMS

Market Penetration: - Refers to the methods of increasing the market share of and existing product or promoting a new product.

Product Proposition: - Refers to the process of defining what a Sacco want to achieve and how it plans to get there. It is the entire road map of a product. Product roadmap, on the other hand, is composed of elements such as product quality, positioning, branding, features and product design.

Customer Retention: - Refers to the ability of a company or product to retain its customers over some specified period.

Corporate Objectives: - Refers to a clearly defined, long-term vision that organizations set, seeking to create corporate value and motivate the workforce to implement the proper actions to achieve customer satisfaction.

LIST OF ABBREVIATIONS

NACOSTI	National Commission for Science, Technology and Innovation
SASRA	Sacco Society Regulation Authority
SPSS	Statistical Package for the Social Sciences
IMF	International Monetary Fund
SACCOS	Savings and Credit Cooperative Societies
ACCOSSCA	Africa Confederation of Cooperative Society Savings and Credit Association
KUSCCO	Kenya Union of Savings and Credit Cooperatives
BOSA	Back Office Service Activities
USA	United States of America
FOSA	Front Office Service Activities

CHAPTER ONE
INTRODUCTION AND BACKGROUNG OF THE STUDY

1.1 Introduction

This chapter focused on the background of the study, statement of the problem, objectives of the study, research hypothesis, and significance of the study, scope of the study, limitations and delimitations of the study. The chapter outlined a conceptual framework showing the relationship between the independent and dependent variables of the study.

1.2 Background of the Study

In the modern business environment characterized by heightened competition, business organizations are forced to employ strategies that give them an upper hand above their competitors. Thus, the firms have become aggressive and more dynamic in identifying and implementing strategies that guarantee survival through superior performance. Therefore, operational strategies become a key ingredient for all business organizations that want to survive in this kind of business environment. Operational strategy is a function that enables organizations to achieve their goals through efficient acquisition and utilization of resources (Chase et al., 2017).

In earlier decades, the term ‘‘Operations Strategy’’ referred primarily to manufacturing production. However, over the period of time the field has expanded to include service systems as well, since operations permeate every functional area of the organization ranging from marketing, accounting, purchasing/ logistics, information management to engineering and human resources. Emphasizing this shift, Chopra et al. (2016) define the area of operational strategy as the design and management of transformation processes that create value for society. In fact, this shift makes the limits of operational strategy field blurred (Hayes, 2016). However, operational strategy is crucial to any organization because only through successful management of people, capital and materials that an organization can meet its goals.

With the increasing competition in the global manufacturing industry, many businesses have adopted the use of operational strategies which has been, over the years, a bridge towards a business’s success as well as the economic growth of a nation. It involves the

absolute control of the use of resources and other raw materials and turning them into more valuable products (Armstrong, 2017). Businesses have, ever since, benefited from the use of the developments associated with the concept which has, consequently, seen great economic growth rates in many countries. This concept began way back as manufacturing management in Kenya after which it developed into operational strategy following the advancements of technological knowhow. The main idea of the concept, both traditional and advanced, was to promote the achievement of production goals within companies with as minimal struggle as possible (Branch, 2016).

1.2.1 Financial Performance of SACCOS in Kenya

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period (Armstrong, 2017). Savings and Credit Cooperative Societies (SACCOs) play an essential role in economic development as part of the financial system. In Kenya, 63% of population benefit from SACCOs. SACCOs are now a vital instrument embraced by Kenyan Government towards increasing financial inclusion especially now that financial transactions are tending towards a cashless economy. In light of this, various scholars have conducted studies on financial performance within the SACCO movement and using various indicators. This study used the indicators of size of membership, financial liquidity, capital adequacy and loan processing time to determine the financial performance of saccos in Kenya.

A study by Kivuvo and Olweny (2014), noted that capacity to generate revenue influences the performance of a SACCO. This capacity is largely determined by the number of members that belongs to a SACCO. When other factors are constant, the higher the number, the higher the amount of revenue. Therefore, membership size of SACCOs determines its financial performance (Bwana and Mwakujonga, 2018). Poor financial service delivery leads to decline in membership. Even the potential members lose hope in SACCO thus the common requirements cannot be fulfilled. The level of income also determines the membership size. Saccos ought to take initiatives of properly educating the members on how they can do business and improve their income. Sensitivity to cost of funds obtained by SACCO members determines their future

requests for the same. If they are unfavorable, then such members are likely to withdraw their membership. Financial institutions such as SACCOs need proper supervision through the government intervention. To have confidence in the same, members' needs assurance in terms of protection of their savings (Becker and Gerhart, 2016). Bad financial performance can be as a result of lack of appropriate supervision of SACCOs. They are left to engage in financial malpractices that lead to wastage of members funds. The books of accounts are not audited as required. Misuse of money leaves little for Saccos businesses and loans to members (Musafiri-Papias and Ganesan, 2019).

SACCOs in Kenya are struggling to provide financial services to members. For instance, they are finding it difficult to issue the amount of loans as requested by the members (Agumba, 2018). This means that the amount of funds at their disposal is insufficient implying poor financial performance. Revenue earnings by SACCOs depend on the activities they undertake with the members savings. Good performance can be supported by prudential investments by Savings and Credit Cooperative Societies (Wanyama, 2019). However, SACCOs in Kenya are not investing sufficiently for better returns. Most of them make uninformed decisions that lead to loss of member's money. Management competence is an issue of major concern. It guides financial management and determines financial performance for SACCOs. On contrary, there have been cases of money lost from this organization (Mudibo, 2015).

Muriuki (2016), noted that members want SACCOS to safeguard their money and provide them with the most important services; the loans. Meet the amounts of loans sought by members. Some lose hope after failing to acquire loans despite saving with Saccos. In some instances, SACCOs may fail to follow due process in giving loans to members. This leads to major cases of default hence losses. If few members take huge part of the savings and fail to repay, then other members cannot access the same facilities (Cuevas and fisher, 2016). Lack of appropriate appraisal on loans has contributed to undesirable financial performance. Unwanted performance can also be attributed to lack of involvement of all the members whose input is significant in the running of the institution. Most Kenyan SACCOs are associated with poor financial management that leads to inappropriate business and investing decisions. As such, they generate little

income and miss the opportunities of building wealth. Most of them are undercapitalized and lacks efficiency (Davis, 2016).

1.3 Operational Strategies

Operational strategy is a set of systems which an organization has put in place to develop, protect and leverage on its unique resources and advantages. Operations strategies differ between organizations owing to the uniqueness of the resources and advantages. Development of operations systems requires creativity, innovation, insight and experience on how to combine the diverse resources to define an operation strategy that isn't imitable (Hill, 2017). The uniqueness of the operations strategy developed by an organization confers an advantage to it over the competitors. Chase et al. (2016) observes the resources include land and buildings, fixed and moving machines and equipment, tools, raw materials and other current assets which are largely classified as the structural component of operations. Advantages includes organizational knowledge, managerial competencies, supply chain relations and networks, loyalty, technology applications, co-ordinations process and jobs design and the synergy arising from the integration of all which are classified as the process competent of operations (Leong et al., 2015).

Competitive strategy and resources-based views form the basic foundations towards formulation of operations strategy. Competitive strategy focuses on how an organization formulates and implements a business strategy that accords it a competitive advantage in the external business environment (Partha et al., 2016). Business competitive strategies can be classified as defender, prospector, analyzer and reaction (Miles and Snow, 2018). The first three competitive strategies focus on cost, and efficiency of operations and the last one being a strategic failure. Bowman and Faulkner (2017) argue that competitive strategies are a hybrid of the three approaches and have a focus on price leadership, efficiency and differentiation. Competitive strategy approach holds that operations strategies adopted by an organization are supportive to the business strategy. Organizations adopting competitive approach have their strategies aiming at seamless operations, efficiency, cost reduction and customer in differentiation of outputs (Sohrab et al., 2016).

Resource based view is an internal analytical process that focuses on organizations capabilities of the opinion of that organizations capabilities and resources should be optimally utilized through strategic operation activities to develop a sustainable competitive advantage for the organization. Stephane (2019) states that resource-based view is inwardly looking whereby the primary goal of a strategy is to develop and leverage resources through operation innovations anchored within business processes and organizational routines. Grant (2015) proposes a five-step process in developing operational strategy using the resource-based view. At first there is an extensive analysis of the operating capabilities existing within the organization. Management then selects a few core capabilities according to their superior returns' potential or "rent generating capacity". The selected capabilities are further analyzed through extensive "market tests" to ensure that they can provide effective and sustainable competitive advantage. Finally, business diversification and capability development strategies are formulated to ensure operations are rebuilt according to the strengths–opportunities relationship identified through strategic analysis. Identification of the core competencies is a difficult thing in practice and requires a consensus between team members, innovative thinking and high proficiency and skills between the team players (McGrath et al., 2016). Resource based view implies that the operations manager becomes the centrally placed person in developing appropriate operation strategies that shall gain competitive advantage (Hamel et al., 2015)

1.3.1 Market Penetration

Market penetration is a measure of how much a product or service is being used by customers compared to the total estimated market for that product or service. Market penetration can also be used in developing strategies employed to increase the market share of a particular product or service (Pearson, 2016). Firms need to be competitive to serve chosen segments effectively in a meaningful and sustainable manner through development of appropriate marketing strategies. A successful marketing strategy must tell an organization where they would want to be on a long-term basis that is why it is often said that marketing strategy is a continuous process (Ambler, 2016). Pearce and Robinson (2015) observed that to be successful at market penetration a business must be aware of what has made the product a success in the first place. This can be done through

attracting customers who have not yet become regular users, attacking competitors' sales and increasing consumption amongst existing users perhaps by reducing the price or offering promotions.

Market penetration is used by firms seeking to achieve growth with existing products in their current market segments with the aiming of increasing its market share. Market Penetration is a growth strategy that involves selling more of your current products or services to your current target market (Robertson, 2018). Luo and Zhao (2016) argue that as soon as a company enters a new market, it strives for market penetration. The main objective behind the market penetration strategy is to launch a product, enter the market as swiftly as possible and finally, capture a sizeable market share. Therefore, it can be argued that market penetration is used as a measure to know whether a product is doing well in the market or not. Market penetration strategy is construed in this study to include price adjustment, distribution channel and branding strategy.

1.3.2 Product Proposition

Product proposition is the process of defining what to achieve and how to get there. It helps to understand the context of the market to operate in and guide the large themes of work that helps to accomplish goals and objectives (Gardeklint, 2015). An operational strategy around product development aims to develop compelling products and services that resonate with a firm's customers (Berrian, 2016). This strategy goes beyond developing and delivering new products. Baker and Hart (2017) stated that product strategy defines the entire road map of a product. Product roadmap, on the other hand, is composed of elements such as product quality, positioning, branding, features, and product design. Product strategy stands quite significant towards organizational performance since it defines the directions to which the organization wants to pursue. Effective product strategy also enhances the ability and agility of stakeholders to participate in financing and direct contribution towards organizational performance (Evans, 2016).

Product proposition focuses on the needs of the current customers and the wider customer markets. In product and service development, a firm remains in its present markets but develops new products for these markets. They view that new products are helpful to the financial health of firms (Merrien, 2016). Innovative new products when first introduced

face limited direct competition and as a result, allow relatively high profits to firms. Over time, these high profits are likely to disappear because of imitation and competition, but firms that keep on introducing innovative new products may be able to have high profitability for a sustained period. Performance in a development project and services is determined by a firm's product strategy and by its capabilities in overall process and organization (Buttle, 2015).

1.3.3 Customer Retention

Customer retention refers to the ideas and strategies that an organization implements to keep their customers stay with their brand. The key goal behind having a successful client retention plan is to help businesses to retain customers and how they contribute to the growth of the business (Hollensen and Strickcan, 2018). According to Ahmad and Buttle (2016), customer retention is the maintenance of continuous trading relationships with customers over the long term. In an increasingly dynamic and information-driven environment, the quest by business leaders and management researchers for performance measures which reflect competitive productivity strategies such as customer retention strategies have been adopted to enhance performance.

Ahmad and Buttle (2016) perceive customer retention the continual upholding of made relationship during trade for a long period of time. Kenyan businesses pose that, when customer retention level is low, it as an indication of high defection level. This can be expressed by evaluating how many clients a business has as its financial year ends usually stated in terms of percent (%) to show clients active throughout the year (Dawkins and Reichheld, 2015). The objectives of customer retention strategies are to maintain a company's customers and to keep hold of the revenue contribution. In other words, keeping of already existing clients from opting for rival brands (Kobia, 2015).

Strategy refers to the structure that defines a company's culture and decisions as per (Ganesh, 2016). This ultimately, depicts the criteria used in selecting products (or services) and the markets in which to offer these. The strategy to use involves matching available resources with the corporate objective. The resource allocation process is concerned with the general goals of any progressive organization, designed to keep the clients in business (Storey, 2017). A good customer retention strategy encourages and

rewards long term association with clients rather than blocking the firm relationship with its customers. Some positive customer retention strategies may involve; creating customer delight, creating social and structural bonds, adding of value that customer desires, and engaging with. It is extremely important in for managed customer to be understood, and at all times resources that keep their customers are satisfied must be deployed to maintain their retention (Meyer and Rowan, 2017).

1.3.4 Execution of Corporate Objectives.

A corporate objectives entails a clearly defined, long-term vision that organizations set, seeking to create corporate value and motivate the workforce to implement the proper actions to achieve customer satisfaction. In addition, corporate objective strategy is a continuous process that requires a constant effort to engage investors in trusting the company with their money, thereby increasing the company's equity (Kellen, 2016). Organizations that manage to deliver customer value unfailingly are those that revisit their corporate objective strategy regularly to improve areas that may not deliver the aimed results. Corporate objective strategy is hierarchically the highest strategic plan of the organization which defines the business goals, corporate goals and ways of their achieving within strategic management (Beyern, 2017).

The role of corporate objectives is to ensure that the value of the enterprise as a whole is more than the sum of its parts. Corporate objectives strategy is an ongoing process-particularly given today's volatile competitive environments. Consistently delivering value creation that outpaces peers demands that organizations enhance their capabilities and regularly revisit their strategies (Pollet, 2015). Corporate objectives strategy is aimed at promoting effective usage resources in an organization and the larger economy, the strategy as well is meant to help in ensuring that the organization complies compliance with key set policies, and society outlooks, it as well offers organizational managers with an oversight with the usage of the business 'assets. Corporate strategy as well plays a key role in reducing organization frauds and assist firms in attracting reduced investment costs by enhancing both at the local and the international investors' (Gregory and Johnson, 2016).

1.4 Profile of Acumen SACCO

Acumen savings and credit cooperative society Ltd is a licensed deposit taking society regulated by SASRA operating under license SS/0191/21. The society was registered on 5th March, 2008 under registration number CS/NO.11671 to cater for the financial needs of its members. The society has grown both in membership and assets currently standing at about 1,869 and Ksh 313 million respectively. The SACCO undertakes two types of activities: Back office service activities (BOSA), which offers savings and loans and front office service activities (FOSA), which offers banking facilities to members. The main objective of the Sacco is to mobilize savings in order to promote the welfare and economic interest of members. The savings help the Sacco to build a base where members can easily obtain affordable credit. The vision of the Sacco is to be the financial services partner of choice for the members as well as to empower the members economically through savings mobilization, provision of affordable, innovative and accessible financial services as the SACCO mission (Kenya Union of Saving and Credit Co-operatives, 2016). The acumen SACCO in Kajiado county branch is mandated to offer comparable services to the members of Kajiado county and her surroundings. It is located in Ongata Rongai, Kajiado county.

1.5 Statement of the Problem

Financial performance is a subjective measure of how well a SACCO can use assets from its primary mode of business and generate revenues. For SACCOs to thrive, the discussion of financial performance becomes intimate. The dilemma of assessing financial performance of SACCOs relies largely on market penetration, product, customer retention, and corporate objectives. Financial performance of SACCOs in Kenya has been a myth. SACCOs have been establishing and generating prominent financial proposals in strategic plans which have remained in limbo. The SACCO strategic plans have not been blending operational strategies hence the struggle on financial performance. Financial performance of SACCOS is determined by size of membership, financial liquidity, capital adequacy and loan processing time. SACCOS have not been able to create a balance in these determinants in order to achieve financial performance. The number of people registering to become members of particular saccos have been deteriorating over time. It is one thing to start a Sacco and another to maintain

its financial performance. The rate at which members withdraw from membership by day is alarming. It is important to note that there's at least 15% members dropping out of membership from saccos daily in Kenya.

SACCOs face numerous challenges that hinder the exploitation of their full potential of financial performance. A study by Kyeha (2019) revealed that quite a number of SACCOs in Kenya have a long string of pending loan applications from the members; some pay little or no dividends/interest on members savings. Others have low multiplier factor or limited concurrent loans compared to some well performing counter parts. As compared to other financial institutions some of the SACCOs have their members and FOSA clients queue for long hours to receive their services because of the services not computerized leading to a number of complaints from these clients and some are rudely answered due to poor public relations from staff.

Njomo and Margaret (2016) study investigated the influence of Strategies for market penetration and organizational development: a case of soft drink. The stratified random sampling technique was used. The research randomly chose a sample of 160 soft drink businesses. Data was collected and analyzed using both descriptive and inferential statistical tools. Correlation analysis was used to identify the authority and direction of the two variables linear relationship. The findings showed a connection between penetration policies and organizational development. Pricing strategy for penetration was negative and has no powerful effect on development of organization. Maina (2018) in a study on competitive strategies and performance of deposit taking SACCOs in Murang'a County established that cost leadership greatly influenced the performance of SACCOS. The study shows that the SACCO products are designed to attract and meet the specific needs of diverse social classes. Furthermore, discriminating of prices of products is adopted to meet the demands of customers. This study examined the effect of competitive strategies on performance of SACCOs in Murang'a County. It is for this reason that the study is designed to determine the influence of operational strategies under the variables of market penetration, product, customer retention, and corporate objectives on financial performance of saccos in Kenya. A case of acumen Sacco, Kajiado County.

1.6 Objectives of the Study

1.6.1 General Objectives of the Study

The overall objective of the study is to examine the influence of Operational Strategies on financial performance of SACCOs in Kenya. A case of Acumen SACCO, Kajiado County.

1.6.2 Specific Objectives of the Study

To achieve the general objective, the researcher applied the following specific objectives:

i. To determine the influence of market penetration on financial performance of SACCOS in Kenya.
ii. To investigate the influence of product proposition on financial performance of SACCOS in Kenya.
iii. To assess the influence of customer retention on financial performance of SACCOS in Kenya.
iv. To establish the influence of corporate objectives on financial performance of SACCOS in Kenya.

1.7 Research hypothesis

The study looked at the following hypothesis:

H_{o1}. There is no significant relationship between market penetration and financial performance of SACCOS in Kenya.

H_{o2}. There is no significant relationship between product proposition and financial performance of SACCOS in Kenya.

H_{o3}. There is no significant relationship between the influence of customer retention and financial performance of SACCOS in Kenya.

H_{o4}. There is no significant relationship between corporate objectives and financial performance of SACCOS in Kenya.

1.8 Significance of the Study

Findings of the study are significant to the management of SACCOS. The management can be able to appreciate how financial performance can be influenced by the variables of market penetration, product proposition, customer retention, and corporate objective. The findings and conclusions of the study can help members understand strategies to be taken to improve financial performance of the various SACCOS. This will ensure that the

members become more informed and participate in health savings contributions for the wellbeing and growth of SACCOS.

Government policy makers can use findings and conclusions of the study to establish and implement policies that protect and support the existence and growth of SACCOS in building of the economy. Future researchers can find this study significant in expanding the body of knowledge by conducting similar research with different variables in similar setting to compare and contrast the findings.

1.9 Scope of the Study

The study focused on the influence of operational strategies on financial performance of SACCOs in Kenya. The study was conducted at the acumen Sacco in Kajiado county branch. Data was collected using structured questionnaire and analysis of the same was done. The findings of the study determined the influence of financial performance of SACCOS in Kenya.

1.10 Limitations of the Study

The researcher faced a challenge of language barrier. The research questions were set in English and research terminologies used where necessary. Respondents were expected to respond in English and were not fully understanding the meaning or language of research terms used. The researcher employed research assistants for interpretation of research language used to the respondents.

The researcher encountered constraint of time management. Research work requires a lot of time from the beginning to the end. The researcher being a wife, mother, employee as well as a student faced a constraint of insufficient time. To overcome the time management constraint, the researcher created a time schedule to ensure appropriate time allocation. The researcher encountered financial constraint. Finances are required throughout the research writing process for data collection, printing, binding, proofreading and travelling. Being a student, wife, mother with several other responsibilities, the finances were a challenge. To counter this challenge, the researcher created a budget to account for every penny spent.

Respondents had a challenge of filling and returning questionnaires instantly. The researcher allowed them some ample time to finish and collected the filled questionnaires at a later date that was agreed upon.

1.11 Delimitations of the Study

The study was confined to Kajiado County, Acumen Sacco. The variables of the study were market penetration strategy, product proposition, customer retention strategy and corporate objectives strategy. The study target population was 500 derived from the Sacco membership and management. The study used a sample size of 83 respondents. The findings of the study were used for academic purpose only. The topic of the study was to investigate the influence of operational strategies on financial performance of saccos in Kenya with a distinct case of acumen Sacco in Kajiado county.

1.12 Theoretical Framework

A theoretical framework is a collection of interrelated concepts. It guides research to determine what things to measure, and what statistical relationships to look for (Chand, 2018). Sherestha and Upendra, (2015) stated that theoretical framework is the foundation on which the whole research project is established. They argued that theoretical framework is a logically explained, defined and developed network of relations among the variables in the problem situation and documented through such procedures as literature review, observations and interviews. A good research should be grounded in theory (Mendoza, 2017). This research was based on three theories: Institutional perspective theory, Agency theory and Taylor's motivational theory.

1.12.1 Institutional Perspective Theory

Institutional perspective theory was postulated by Meyer and Rowan in 1991. The theory attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemas; rules, norms, and routines, become established as authoritative guidelines for social behavior. It enquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse (Anagnostopoulos et al., 2016). Although the ostensible subject is stability and order in social life, students of institutions must perforce attend not just to consensus and conformity but to conflict and change in social structures (Meyer and Rowan, 2017)

The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations.

This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (McAdam and Scott, 2014). The environment is conceptualized as the organizational field, represented by institutions that may include regulatory structures, governmental agencies, courts, professionals, professional norms, interest groups, public opinion, laws, rules, and social values. Institutional theory assumes that an organization conforms to its environment to enhance financial performance. There are, however, some fundamental aspects of organizational environments and activities not fully addressed by institutional theory that make the approach problematic for fully understanding organizations and their environment: the organization being dependent on external resources and the organization's ability to adapt to or even change its environment (McAdam and Scott, 2014). The institutional perspective theory was relevant to the study variables on market penetration strategy and product strategy in determining the influence of financial performance of SACCOS in Kenya.

The major criticisms of institutional theory have been its assumptions of organizational passivity and its failure to address strategic behavior and the exercise of influence in its conceptions of institutionalization. Given agency theory's focus on the methods and benefits of noncompliance in response to external demands, this theory provides a particularly appropriate basis of comparison for revealing institutional theory's delimiting assumptions, identifying the full repertoire of alternative strategies available to organizations that confront institutional demands and expectations and determining the factors that predict when organizations resist or conform to institutional pressures (Honohor and Simmons, 2017).

1.12.2 Agency Theory

Agency theory was first introduced by Stephen Ross and Barry Mitnick in 1973. In the Agency Theory a contractual relationship is entered by two persons that are the principal and the agent so as to perform some service. This involves delegating some decision-making authority to the agent by the principal (Jensen and Meckling, 2016). At the same time an agent is a person employed for the purpose of bringing his principal into a contractual relationship with a third party and does not make a contract on his own behalf

(Wright and Oakes, 2015). Agency Theory was directed at the person presenting the agency relationship. This is where one party delegated work to another party who performed the duty on behalf of the principal (Jensen and Meckling, 2016). This person was authorized to perform legal acts within his competence and not on his own behalf but for the principal. A growing view in the modern literature recognized however that the two were strange bed fellows.

A SACCOS broker is an agent employed to buy and sell on behalf of another. However, in performing his role, he owes a duty to his principal. The level of care expected is varied; a higher level of care will be expected from a professional broker than from a part-time SACCOS agent (Wright and Oakes, 2015). According to the English and American law the liability of a principle for his agent torts in the ordinary course of his employment depended upon the existence of a master- servant relationship. The master was vicariously liable for his servant tortuous conduct committed within the course of employment (Yin, 2017). There were cases where an agency relationship arose when an individual group called principal hired someone called an agent to perform some service, where the principal delegated decision- making power to the agent. This kind of relation included those between stock holders and managers and between stockholders and debt holder. This theory is relevant to this study since it informs the organization structure/governance on the influence of customer retention strategy on financial performance of SACCOS in Kenya. The criticism of the agency theory is that the control mechanism suggested on the basis of agency theory are not only expensive but also economically ineffective, because mechanisms protecting shareholders' interests may interfere with realization of strategic decisions, and restrict collective actions of the Sacco (Jensen and Meckling, 2016). The researcher collaborated the agency theory with Taylor's motivational theory to yield effective and reliable results.

1.12.3 Taylor's Motivational Theory

This theory was published by Frederick Taylor in 1911. According to Taylor's research, people worked purely for money. In the early years of the car assembly industry work on a production line was based on producing quantity and was repetitive. Workers were paid 'piece rate', that is, paid for every item produced. This approach of paying workers by results was good for the business. The outcome was greater production but gave little

opportunity, encouragement or time for employees to think for themselves or be creative in what they did. This limited people's development and their use within the company (Koontz and Weihnrich, 2017).

This theory is relevant to the topic under the study since it considers the influence of customer retention strategy and corporate objectives strategy on financial performance. Employees are more motivated if they feel content in their work. This often happens when their employer creates a good working environment where employees feel valued, generally through increased rewards and communication and being asked for their opinions, and value add. Customer retention is also likely to be higher if the organization invests in its staff through remuneration, training and development. This in turn enhances their knowledge, skills and their sense of job satisfaction. This theory is relevant to this study since it focuses on key way of retaining customers for greater heights of financial performance. The criticism of the theory is that although production is increased, it creates very monotonous jobs containing no autonomy. It was conceived to benefit both worker and company, but the reality is that it benefits the company far more than the worker. This theory aided more findings regarding the corporate objectives' strategy.

1.13 Conceptual Framework

A conceptual framework is a plain structure that comprises definite abstract blocks that symbolizes the observational, experimental, and systematic examination aspects of a process or scheme being envisaged (Mugenda and Mugenda, 2013). The conceptual framework is the basis or groundwork brought together to steer the study. This is the logical structure of ideas put together for the purpose of organizing and providing direction on the dependent and independent variables of the study. It provides an explicit explanation why the problem under study exists by showing how the variables relate to each other. The following is a graphical presentation that shows the input and output of the variables of the study.

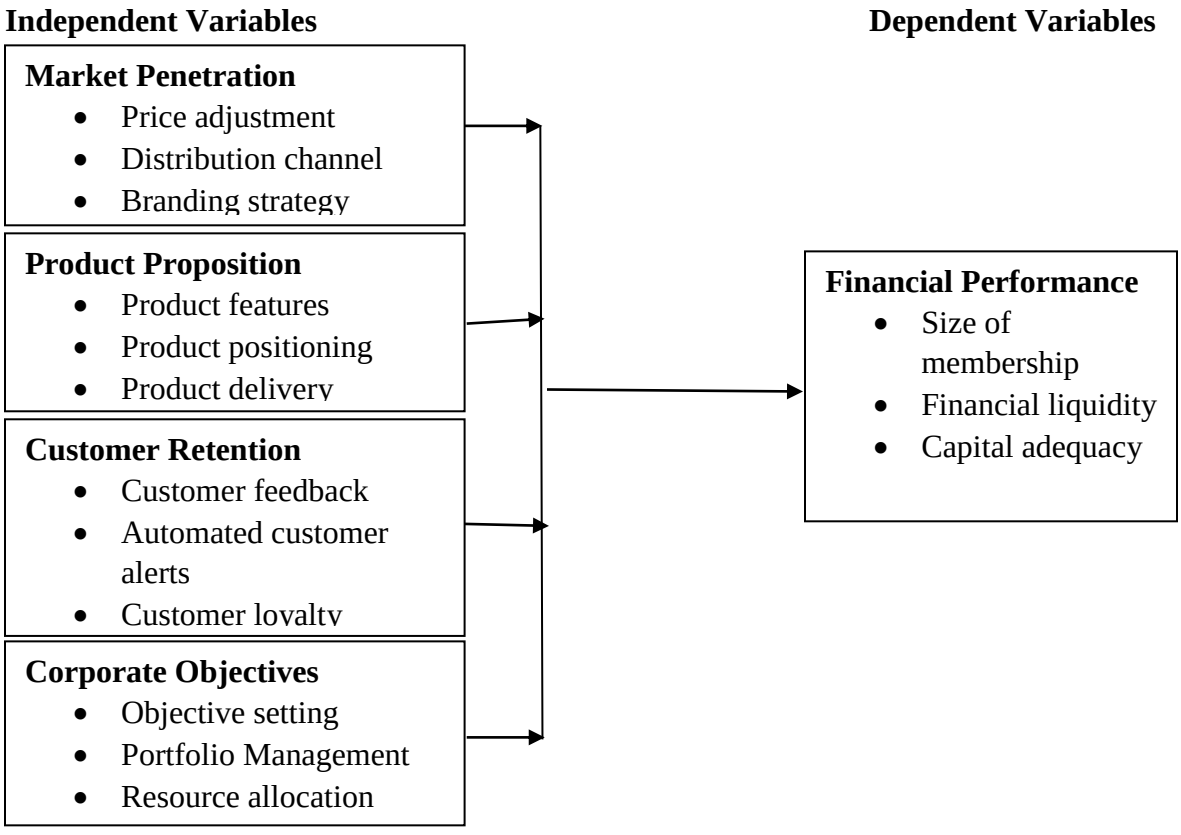


Figure 1.1 Conceptual Framework

Source: Researcher (2022)

As shown in figure 1.1 above, the independent variables have an influence on the dependent variables. The financial performance of saccos in Kenya is strongly

determined by size of membership, financial liquidity, capital adequacy and loan processing terms. Saccos thrive by making sure there's a strong base of membership who actively participate in the core business of savings, depositing, loan application as well as lending. Saccos ensures that there's financial liquidity and capital adequacy for members to access at any given time. It is important to note that creating a strong base of membership is one thing, maintaining the membership is another. Saccos therefore strive to serve and maintain their membership loyalty by sustaining financial performance. Loan processing time is an indicator that determines the sustainability and growth of membership. Saccos strive to reduce the time taken for loan processing in order to maintain a strong base of their members. Effective operational strategies enable saccos to remain afloat in-service delivery for financial performance.

Market penetration Strategy is an effective variable for determining financial performance of saccos in Kenya. The indicators of market penetration include price adjustment, distribution channels, and branding strategy. Due to a competitive market environment, saccos must be flexible in prices of goods and services. The prices must be adjustable depending with the needs, tastes and preferences of clients in given time period. The channels of distribution of saccos must be made accessible and friendly to the clients. This determines the booming of saccos in the market. Branding of products is an important aspect of performance of saccos in the market. Creativity and innovation blended with technology has increased the demand for unique and attractive branding of items. Saccos financial performance can be tested by the usage of the branding strategy.

Product proposition is a determinant of financial performance of saccos in operational strategies. Product proposition inculcates product features, product positioning, and product delivery. Saccos presents strong tools of performance by taking pride of the product in the market. The usage and acceptability of the product in its different features by members entails an effective financial performance. The positioning and placing of the product in the market is an indication of a successful operational strategy of the saccos. Client's identification of a product by a saccos in the market create a competitive advantage over other entities. Product positioning by saccos in the market is key. Product

delivery to clients in different regions is necessary. Saccos implementing product delivery in the market are rest assured of financial performance.

Customer retention strategy is a variable determining financial performance of saccos in Kenya. Saccos take note of making and retaining customers in order to create an enabling environment for effective financial performance. Customer retention strategy is seen through the indicators of customer feedback, automated customer alerts, and customer loyalty. Saccos receiving feedback from customers enhance customer care services. Feedback is important since it helps to reflect and improve on services delivery and general performance. Loyalty of customers is largely measured by services such as the automated customer alerts. Communicated is key to any organizational success. Operational strategies and other fundamental services channeled through the automated customer alerts builds the morale and trust of members to saccos hence growth in financial performance.

Corporate Objectives Strategy is an effective variable that determines financial performance of saccos in Kenya. The variable is achieved through the indicators of objective setting, portfolio management and resource allocation. For financial performance to be achieved, the setting of the objectives must be aligned with the corporate vision and mission statement. The setting of objectives is key for operational strategies for Sacco performance. Portfolio management determines the success of saccos financial performance. The appropriate allocation of resources by saccos entails effective financial performance. Saccos invest in resources in bid to succeed in the market. Resource allocation by saccos is therefore very fundamental for operational strategies on financial performance of saccos in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presented introduction, theoretical review and empirical review. Herein, detailed literature was reviewed in line with the study objectives. Lastly, summary of the reviewed literature and the emanating knowledge gap was presented.

2.2 Empirical Literature Review

The empirical literature review section presented the reviewed literature linked to the problem and objectives of the study. This section was categorized according to each specific objective in order to ensure reliability to the study problem. Empirical review gave an outline of the other researchers who did studies related to the subject stating what they observed and concluded so as to identify the gap left unstudied so as to be covered by this current study. Empirical review is the assessment using observed evidence. It is a way of gaining knowledge by means of direct and indirect experience (Mugenda and Mugenda, 2013). The researcher reviewed the ultimate objectives/variables to this study.

2.2.1 Influence of Market Penetration on financial performance of SACCOS in Kenya.

The researcher extracted the influence of market penetration strategy through the indicators of price adjustment, distribution channel and branding strategy to determine financial performance of saccos in Kenya. In competitive markets, a firm has to constantly adapt, update its offering and improve its market share to maintain or improve its position. Market penetration is used by firms seeking to achieve growth with existing products in their current market segments with the aim of increasing its market share. Market Penetration is a growth strategy that involves selling more of your current products or services to your current target market (Robertson, 2013). Mutua (2018) conducted a study on growth strategies and performance of insurance firms in Kenya. The study found out that market penetration was the most adopted growth strategy in the insurance industry. Majority of the respondents (68.8%) indicated that their firms employed this strategy to a great extent. The market penetration strategies adopted by the firms included lowering prices of products, embracing technologies such as online access of services and securing dominance of growth markets.

Mwangi (2018) investigated the effect of growth strategies on the performance of selected milk processing companies in Kenya. The study established that there is a positive and significant correlation between market penetration strategy and performance of these companies. The strategies that these companies favored include offering better quality products/services; promotion of their brands; offering lower prices and increasing distribution channels. This study was limited to milk processing companies and not the entire agriculture industry. The variables used to investigate growth strategies were market penetration, market expansion, mergers and acquisition; which combined both internal and external growth strategies.

Numa (2013) conducted a study on the relationship between strategies and business growth in the banking industry in Kenya, a case of Co-operative Bank of Kenya. The study found out that the Co-operative Bank used market penetration strategies for business growth. The Bank used pricing strategies such as using low margins on high volumes of sales to a great extent to increase revenue collection base. Branch expansion strategies were also significantly adopted to enlarge the market share. This study was a case study, which limits the generalization of the findings. Luo and Zhao (2014) argue that as soon as a company enters a new market, it strives for market penetration. The main objective behind the market penetration strategy is to launch a product, enter the market as swiftly as possible and finally, capture a sizeable market share. Therefore, it can be argued that market penetration is used as a measure to know whether a product is doing well in the market or not. Market penetration strategy is construed in this study to include pricing, distribution, and branding strategy.

Pricing strategy refers to the method by which a business calculates how much it will charge for a product or service. It is based not only on the cost of the product, but also on profit margin and a holistic view of the market and future viability (Gaudillat and Quelin, 2013). Pricing strategy is beneficial in terms of diverse purchasing behavior of various customers. Dudu and Agwu (2014) observe that pricing strategy enables to differentiate a product or service from another one of similar characteristics. Pricing decisions derive from the underlying objectives and best-suited strategies. The elements of pricing objective include profit maximization, revenue maximization, quality leadership, quantity

maximization and survival. Mahendra (2013) observe that distribution strategies play a crucial role in the launch of new products to the market and in the growth of market share in an organization. Distribution is crucial in the eventual acceptance and sales of a new product in the market as it determines the availability of the new product to customers. According to Khandelwal (2013) distribution strategies have a far-reaching effect in an organization because changing them is both resource and time demanding and hence firms have to take great care in designing their distribution systems during the launch of products.

2.2.2 Influence of Product Proposition on financial performance of SACCOS in Kenya.

Extensive studies have been undertaken on product proposition pegged on product features, product positioning, and product delivery. The change in global context of product strategy because of globalization, technological change and competitiveness in the financial sector has contributed to increased need for organizations to adopt different product propositions in order to remain competitive. Baker and Hart (2017) stated that product proposition defines the entire road map of a product. The Product roadmap is composed of elements such as product quality, positioning, branding, features, and product design. Product strategy stands quite significant towards organizational performance since it defines the directions to which the organization wants to pursue. Effective product strategy also enhances the ability and agility of stakeholders to participate in financing and direct contribution towards organizational performance.

Mitelman (2016) stated that the need for a modern product proposition was witnessed as early as 1960s. Primarily, businesses were run by expertise and managed by specialists with no room for strategic management. Increased competition within manufacturing sector gave birth to strategic management, which later contributed adoption of various organizational strategies towards ensuring success in the sale and production of customer-oriented products. Other factors such as globalization of products, changes in customer taste and preferences, increased spending pattern and demographic trends have been among challenges that fueled growth and development of product strategy.

A study conducted by cooper (2014) on effects of product bundling and the burden of monopoly indicated that, failure to enhance effective product proposition, and adoption of product bundling has been one of the challenges to which global manufacturers faced in the 1970s as a result of failed realization of changing demographics and customer needs hence affecting performance of most producing companies in USA. Product strategy has grown over year to modern perfect competition where product differentiation, packaging and adoption of various product strategies such as pricing and quality determine the future of an organization.

Kiura (2015) conducted a study on market and product development strategies used in response to environmental changes faced by savings and credit cooperative societies in Nyeri County and found out that at least 42% of the SACCOs in Nyeri have failed to attain competitive advantage due to limited strategic approach on demographic changes. The study found out that Savings, Credit Cooperative Organizations (SACCOs) in Nyeri County relies heavily on farmers, and they have not seen any need to improve on their product strategy or even monitor demographic changes such as nature of customers they are dealing with, income and education status. The population is becoming educated and need for better services are growing after every 8 months hence the need for product development strategies.

A study conducted by Iruguthu (2014) on factors that influence customer satisfaction in Savings and Credit Cooperatives (SACCOS) in Kenya through the use of descriptive research design stated that product strategy has been one of the most significant strategies used by organizations in the current generation towards delivering standard products to the changing needs of customers. According to Develtere and Pollet (2009) when customers perceive a product or service being special, valuable or both then a positive relationship with the firm is developed which can enhance customer loyalty and customer referrals. SACCOs for decades have majorly focused only on pulling resources for customers and offering them cheap loans. In the current generation, customers are looking for more such as reliable quality of every service or product provided by an organization.

A study carried out by Muteke (2019) on the relationship between financial innovation and financial performance among Savings and Credit Co-operative Societies in Mombasa County Kenya, through adoption of survey research design indicated that products and services offered by co-operatives such as SACCOs are integral and play a significant role in enhancing the economic welfare of the majority of Kenyan taxpayers who in turn facilitate economic development of the country. In addition, Muteke argues that since a majority of the low class and middle-class citizens comprises of co-operatives who take a larger percentage of the population, products and services offered at affordable prices for example loans at affordable interest rate impacts long-term growth of the Cooperatives and enhance both short-term and long-term organizational performance.

Product delivery addresses a plan adopted by an organization to ensure products or service provision is in line with the current technological trend in the market and how the product is projected to solve technology-related constraints (Beyene, 2016). For instance, product delivery in financial services includes delivery in terms of mobile banking which refers to use of smartphones and cellular devices to complete transaction conveniently. Product delivery can also be addressed in relation to internet banking which involves carrying out transaction through the internet. Other forms of product delivery include use of Visa or Master card. The relationship between adoption of technology compatible services is that they enhance efficiency in provision of services hence reduction of cost of operation that results in improved return on investment.

2.2.3 Influence of Customer Retention on financial performance of SACCOS in Kenya.

The researcher established to understand the influence of customer retention strategy on financial performance of saccos in Kenya through the indicators of customer feedback, automated customer alerts and customer loyalty. Ahmad and Buttle (2016) perceive customer retention the continual upholding of made relationship during trade for a long period of time. Magson (2018) argues that customer satisfaction leads to loyalty and favorable talks about the company since its products meet their expectation. This helps maintain the customers increasing the probability of repurchasing, marketing or advocating of the purchased item to their associates/ acquaintances, who then are drifted

from thinking about rival brands and further become loyal customers. Filip and Anghel (2019), studied customers' loyalty level in Romanian firms positioned as retailors in the banking sector and find out what influences clients to act in relation to institutions of banking with an inclusion of retention of customer reasons. It was observer that remaining of customers in the Romanian bank was influenced by their attitudes, inertia and motivations that customers considered favorable and positive.

Wangari (2015), conducted a study on Customer Retention by Barclays Bank of Kenya Limited. The study found out that the Banks uses the following retention practices; offering assistances to customers in regards to the bank products, answering queries from customers, handling customers‟ complaints, offering guidance on channels to use for their banking needs, educating on the banks existing products, offering products that were affordable and easily accessible to customers and how to make payments and transfers from one branch to another. Rootman, Tait and Sharp (2017) conducted a study on Canada and United Kingdom banks. The study sought to observe how bank retention of customer is realties to marketing. From the research, the researchers found out that relationship between marketing and customer retention are influenced by six banking service delivery variables. Among them, the one considered the most fundamental was banking fees.

According to Mascareigne (2019) factors that can cause retention of customers include; creation of client satisfaction and trustworthiness, involving of buyers, create barriers to choosing, effective communication. Quality service, proper pricing and developing several options for retaining customers are other factors that need attention especially in sector involving advertisement. From the study, it was found out that entities used highly customized strategies to specific customer retention. The companies lacked guiding basic or standardized procedures for retaining clients.

2.2.4 Influence of Corporate Objectives on financial performance of SACCOS in Kenya.

The researcher sought to understand the influence of corporate objectives strategy on financial performance of saccos in Kenya by taking into consideration the indicators of objective setting, portfolio management, and resource allocation. A corporate objective

strategy entails a clearly defined, long-term vision that organizations set, seeking to create corporate value and motivate the workforce to implement the proper actions to achieve customer satisfaction. In addition, corporate objectives strategy is a continuous process that requires a constant effort to engage investors in trusting the company with their money, thereby increasing the company's equity. Organizations that manage to deliver customer value unfailingly are those that revisit their corporate objectives strategy regularly to improve areas that may not deliver the aimed results. Corporate objectives strategy is hierarchically the highest strategic plan of the organization, which defines the business goals, corporate goals and ways of their achieving within strategic plan.

According to a study by Weigh (2019), a viable corporate objectives strategy defines the scope of a company's business and the portfolio of products it must offer. In turn, this definition guides a company's allocation of resources, with the aim of building and maintaining a competitive advantage by developing or acquiring essential skills. These capabilities are functionally-based and emerge from a firm's expertise and excellence in different areas. When the firm possesses such skills, it can build a strong market position.

A Corporate objectives strategy is aimed at promoting effective usage resources in an organization and the larger economy, the strategy as well is meant to help in ensuring that the organization complies compliance with key set policies and society outlooks. It as well offers organizational managers with an oversight with the usage of the business 'assets. A Corporate objectives strategy plays a key role in reducing organization frauds and assist firms in attracting reduced investment costs by enhancing both at the local and the international investors' (Gregory and Johnson, 2016). According to Bertone and Cark (2019), an organization is accessible to four different generic approaches of innovativeness, cost leadership, focus strategy and differentiation strategy.

An effectively structured systems of corporate strategies stands to be one of the most effective strategy meant to be used in meeting a corporate's objectives strategy (Kirkendal, 2019). In relation to the process of corporate risk management strategy, Walker (2016) expressed that smaller funds' portfolios are considered to be of risky compared to those with larger funds though expressed that the smaller funds would outperform the bigger funds. Gakenia (2018) conducted a research focusing on strategy

execution in Kenya Commercial Bank. The researcher concluded that strategy execution was affected by corporate strategic related factors. Njengah (2013) did a similar research though focusing on insurance sectors and concluded top management, organization structure influences the implementation on strategy due to communication and bureaucracy. Kabiru (2017) in his study on the influence of information technology on strategy implementation of the NGOs within the health sector in Nairobi County, concluded that IT enhanced strategy implementation within the health sector NGOs in Nairobi County to a very great extent, top management team determines a firm's performance and managers were committed to performance thus encouraging staffs support and guidance through encouragement of entrepreneurial attributes. The research therefore sought to establish the impact of corporate objectives strategies on performance of SACCOs in Kitui County.

Financial performance has been described by Penman and Penman (2017) as the extent to which an organization achieves its corporate objectives over a specified period of time and is often presented in terms of overall returns or losses during that particular period. Bourne, Franco, and Wilkes (2013) have presented financial performance measurement as the process of measuring the results of a firm's activities, strategies, policies, processes, and operations in monetary terms. According to Marr (2015), the evaluation of the financial performance condition allows decision-makers to critic the results of the enterprise or strategies in corporate objective monetary terms.

2.3 Summary of Reviewed Literature

This section of the chapter covered the theoretical literature and empirical reviews. The bond between the theories guiding the study (dependent and independent variables) was explored. The empirical literature review was revised based on the study objectives in relation to other existing studies. Numerous studies have been undertaken by other researchers and have been compared and contrasted to make an informed decision on the subject matter of this study. A careful search for the study and knowledge gap was identified. The knowledge gap was identified after a thorough critique of other existing studies and gap presented.

2.4 Knowledge Gap

Studies have provided insights regarding the influence of operational strategies on the financial performance of SACCOS in Kenya. The various studies have revealed various findings and conclusions of study given the variables used. A study by Mutua (2018) for example conducted a study on growth strategies and performance of insurance firms in Kenya. The study found out that market penetration was the most adopted growth strategy in the insurance industry. Majority of the respondents (68.8%) indicated that their firms employed this strategy to a great extent. The market penetration strategies adopted by the firms included lowering prices of products, embracing technologies such as online access of services and securing dominance of growth markets.

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of these companies. The strategies that these companies favored include offering better quality products/services; promotion of their brands; offering lower prices and increasing distribution channels. This study was limited to milk processing companies and not the entire agriculture industry. The variables used to investigate growth strategies were market penetration, market expansion, mergers and acquisition; which combined both internal and external growth strategies.

A study carried out by Muteke (2019) on the relationship between financial innovation and financial performance among Savings and Credit Co-operative Societies in Mombasa County Kenya, through adoption of survey research design indicated that products and services offered by co-operatives such as SACCOs are integral and play a significant role in enhancing the economic welfare of the majority of Kenyan taxpayers who in turn facilitate economic development of the country. In addition, Muteke argues that since a majority of the low class and middle-class citizens comprises of co-operatives who take a larger percentage of the population, products and services offered at affordable prices for example loans at affordable interest rate impacts long-term growth of the Cooperatives and enhance both short-term and long-term organizational performance.

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The findings of the various studies above are paramount but have not revealed the influence of operational strategies on financial performance of SACCOS in Kenya. The

variables used by the researchers are different from this study. There was therefore sufficient evidence to undertake the study on the influence of operational strategies on financial performance of SACCOS in Kenya with a distinct case of Kajiado county. The variables of the study included; market penetration, product proposition, customer retention, and corporate objectives. Therefore, there existed a knowledge gap since the variables of this study have not been undertaken.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter discussed the methods to be used in undertaking the study. It contained research design, target population, sample size and sampling procedure. It also contained research instruments, data collection procedures and data analysis used.

3.2 Research Design

The study adopted descriptive research design to accurately portray the respondents in the various strata in the target population. The purpose of descriptive research design was to determine and report accurate statistical information about aspects of financial performance of SACCOS in Kenya. Research design is a systematic model that enables the researcher to draw conclusions concerning casual relationships amongst the variables under investigation (Kothari, 2018). Further, descriptive design can be used to collect information about people's attitudes, opinions or habits. The design was used to allow researcher gather, present and interpret information for this research.

3.3 Research Site and Rationale

The study was conducted to determine the influence of operational strategies on financial performance of SACCOS in Kenya. Data collection was conducted in Kajiado County. The findings of the study were used to determine the influence of market penetration strategy, product proposition, customer retention strategy and corporate objectives strategy on financial performance of SACCOS in Kenya. Informed decisions and conclusive remarks were made based on the verifiable and provable findings.

3.4 Target Population

McLead, (2014) defined target population as the entire group of individuals or objects to which researchers are interested in generalizing the conclusions. The target population usually has varying characteristics and it is also known as the theoretical population. The target population of the study involved the registered members, staff members and SACCO investors. There were 500 registered members, staff members and SACCO investors of the Acumen SACCOS in Kajiado county branch. The study target population therefore involved the 500 registered members and staff members. This study target population operate under similar conditions and was easily accessible and easy to collect data and analyze.

Table 3.1 Target Population

	Grouping	Target Population	Valid Percent	Cumulative Percent
Valid	Staff Members	30	6.0	6.0
	Registered Members	390	78.0	78.0
	SACCO Investors	80	16.0	16.0
	Total	**500**	**100.0**	**100.0**

Source: Researcher (2022)

3.5 Study Sample

The researcher used a smaller set of data to choose or select from the larger population through the use of stratified random sampling procedure.

3.5.1 Sampling Procedure

The study used stratified random sampling procedure. In this sampling technique, the population was divided into smaller groups known as strata. The strata comprised of the staff members, registered SACCO members and SACCO investors of the acumen SACCOS. In addition, the respondents were randomly sampled from each stratum. The stratum reduced the amount of tension and suspense of respondents towards the study

hence provided honesty and reliable information. Orodho, (2014) noted that stratified random sampling method involves dividing research population into homogenous sub group and then taking the simple random sample in each sub group. Orodho continued to say that the sample is selected in such a way that certain sub groups in the population are represented in the sub group in proportions to their number in population.

3.5.2 Study Sample Size

The study adopted (Nassiumas, 2014) formula to calculate the size of the sample as illustrated below;

$$n = \frac{NC^2}{C^2 + (N-1)\,e2}$$

C= Coefficient variation (0.5)

N= Total number of populations

e= is the level of precision (0.05)

n =Sample Size

$$n = \frac{500*0.5^2}{0.5^2 + (500-1) * 0.05^2} = {}^{125}/_{1.4975}$$

$({}^{125}/_{1.4975}) = 83$

n = 83

n= Sample Size

Sample Size = 83

Table 3.2 Sample Size of Acumen Saccos in Kajiado County

	Grouping	Target Population	Sample Size	Valid Percent (%)	Cumulative Percent (%)
Valid	Staff Members.	30	5	6.0	6.0
	Registered members of acumen saccos	390	65	78.0	84.0
	SACCO Investors	80	13	16.0	**100.0**
	Total	**500**	**83.0**	**100.0**	

Source: Researcher (2022)

3.6 Data Collection

Data collection is the process of gathering and measuring information on targeted variables in an established system, which then enables one to answer relevant questions and evaluate outcomes.

3.6.1 Data Collection Instrument

Data was collected from acumen saccos in Kajiado county branch. Staff members, registered SACCO members and SACCO investors were issued with structured questionnaires to enhance the process of data collection. The structured questionnaires

were subdivided into six main sections. Section one was a collection of demographic information of the respondents. The rest of the sections collected data based on the independent and dependent variables of the study. Questionnaire as a method of data collection was preferred over the other methods due to its flexibility and easy to administer to the respondents.

3.6.2 Pilot Testing of Research Instruments

Pilot study was conducted to determine the feasibility of conducting a large-scale study. The pilot study helped to inform the researcher on the strength or weakness of the study. The prior testing was established to assist in determining accuracy, clarity and suitability of the research instrument. This involved 50 respondents (10% of the target population) who filled the questionnaires and its accuracy was tested. The 50 respondents were not involved in the final study to ensure non-compromise of the research data. The respondents helped to estimate the time needed to fill the questionnaires and identify errors to be corrected. Pilot of research instruments was done one week before actual data collection exercise and helped the researcher to make informed decision on what works and what doesn't. Research assistants were engaged to carry out the exercise. Since the research site for the actual study was Kajiado County, the pilot study was conducted in Nairobi County. This helped the researcher to avoid sampling the same respondents in piloting the main study. The exercise involved 3 staff members, 39 registered SACCO members and 8 SACCO investors responding to the questionnaires for the pilot study.

3.6.3 Instruments Validity

Mugenda and Mugenda (2013) showed that validity is the degree through which results obtained from data analysis represent the phenomenon under study. To ensure validity of the study, the researcher conducted a pilot study through issuing a 10% of questionnaires to the study target population, other than the actual sampled respondents to allow for projection of the outcome of the study. This exercise was conducted one week before the actual sampled respondents and research assistants were engaged in the exercise.

3.6.4 Instruments Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials. Reliability of the instrument was improved through revision of the questionnaires that were used in the prior testing on the 50 selected respondents

that were not included in the final study. Mugenda and Mugenda (2013) pointed out that reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials. The data obtained from the pilot study was used to ascertain the appropriateness and relevance of the questionnaire to the study. For effectiveness and efficiency, the exercise was conducted one week before the actual data collection and research assistants were engaged to carry out this activity.

3.6.5 Data Collection Procedures

The researcher obtained a research authorization letter from Africa Nazarene University. Thereafter, research permit was obtained from the National Commission for Science, Technology and Innovation (NACOSTI). Research assistants were engaged in administering questionnaires to the respondents.

3.7 Data Analysis and Presentation

Data analysis began upon inspection of data collected to identify spelling errors, wrong responses and blank spaces left by the respondents. The data collected was coded and analyzed mainly by the use of descriptive analysis and inferential statistics to test relationship between dependent and independent variables through means of SPSS version 25 program and presented using tables from frequencies and percentages of responses.

Quantitative analysis was used and involve statistical analysis and interpretation of data by use of inferential statistics that rely on numerical values, which was computed. Data was coded and frequency tables produced as well as other analysis processes with the help of SPSS version 25 computer program. This produced quantitative data values that interpreted for meaning qualitatively and quantitatively. The data was synthesized into coherent description of what was found out. Correlation analysis was run and correlation coefficients (R) values was provided for understanding of the relationship that existed between the variables concerned. Qualitative analysis was used to deduce meaning from written literature by the respondents.

3.8 Ethical Consideration

Informed consent was sought before administering the questionnaire and interviews scheduled. Confidentiality and privacy were observed by not having had to identify information on the questionnaire and allowed the respondents to fill the questionnaire in privacy. The study protected and kept information confidential and, before revealing any information, the consent of the respondent was sought first.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter discussed the major findings of the research project. The researcher applied a quantitative approach to analyze data. The output was presented in table form, explained and summarized in percentages, frequencies, descriptive statistics and Pearson correlation coefficient. The researcher used quantitative type of data for the findings of the study. The researcher checked for any data entry errors to ensure validity and reliability.

4.2 Reliability Results

The researcher established to ascertain the reliability of the research instrument. The results are as shown in table 4.1

Table 4.1 Reliability Results

Variable	N of Items	Cronbach's Alpha
Market Penetration Strategy	3	.726
Product Proposition	3	.702
Customer Retention Strategy	3	.712
Corporate Objectives Strategy	3	.708
Financial Performance	3	.732

Source: Researcher (2022)

The researcher analyzed 68 questionnaires that were successfully filled and returned by the respondents. A general accepted rule is that alpha coefficient values of 0.6-0.7 indicates an acceptable level of reliability, and 0.8 or greater a very good level. However, values higher than 0.95 are not necessarily good, since they might be an indication of redundance (Hulin and Netemeyer, 2018). Cooper and Schindler, (2017) indicated that the alpha coefficient values were described as excellent (0.93–0.94), strong (0.91–0.93), reliable (0.84–0.90), robust (0.81), fairly high (0.76–0.95), high (0.73–0.95), good (0.71–0.91), relatively high (0.70–0.77), slightly low (0.68), reasonable (0.67–0.87), adequate (0.64–0.85), moderate (0.61–0.65), and satisfactory (0.58–0.97). From the table above it was observed that the individual Cronbach's alpha coefficients for each variable individually ranged from 0.702 to 0.732 revealing the high degree of reliability. Since all the reliability results exceeded 0.70 threshold, the internal consistency reliability of the measures used for the study was considered very reliable to sufficiently measure the study variables.

4.3 Response Rate

The researcher established to get the response rate of the respondents. The results are as shown in table 4.2 below.

Table 4.2 Response Rate

	Grouping	Frequency	Valid Percent	Cumulative Percent
Valid	Response	68	81.9	81.9
	Non-Response	15	18.1	**100.0**
	Total	**83**	**100.0**	

Source: Researcher (2022)

The researcher made 83 questionnaires for distribution to the respondents. Table 4.2 above, the response rate obtained from the respondents was 68 which represented 81.9%. Fifteen (15) out of 83 respondents did not respond to the questionnaires which represented 18.1%. Generally, response rate at 81.9% was sufficient for the study. Netemeyer, (2018) indicated that a response rate above 60% was believed to be sufficient

for analysis and therefore a response rate of 81.9% was considered to be very good for this study. The researcher therefore used the 68-response rate for data analysis of the study.

4.4 Characteristics of Respondents

This section entails the gender, age, time worked in acumen saccos, and academic qualifications of the respondents. The characteristics of the respondents are important in making the findings reliable and authentic.

4.4.1 Gender of Respondents

The researcher needed to establish the gender of the respondents. The results are as shown in table 4.3 below.

Table 4.3 Gender of Respondents

Grouping		Frequency	Valid Percent	Cumulative Percent
Valid	Male	28	41.2	41.2
	Female	40	58.8	**100.0**
	Total	**68**	**100.0**	

Source: Researcher (2022)

Table 4.3 above indicated that the number of males who responded to the questionnaires was 28 which was a representation of 41.2% and that of the females who responded to the questionnaires was 40 which was a representation of 58.8%. The number of female respondents were more than the number of the male respondents. This showed that majority of the respondents who work in acumen saccos and participated in the study were females.

4.4.2 Age of the Respondents

The researcher needed to establish the age of the respondents. The results are as shown in table 4.4 below.

Table 4.4 Age of the Respondents

		Frequency	Valid Percent	Cumulative Percent
Valid	below 25	4	5.88	5.88
	25-30	10	14.71	20.59
	31-35	12	17.65	38.24
	36-40	20	29.41	67.65
	41-45	11	16.18	63.83
	46-50	8	11.76	95.59
	51-55	2	2.94	98.53
	above 55	1	1.47	**100.00**
	Total	**68**	**100.00**	

Source: Researcher (2022)

Table 4.4 above, 5.88% of the respondents were below 25 years, Age between 25-30 years were 14.71%. Age between 31-35 years were 17.65%. 29.41% of the respondents were age between 36-40 years. Age between 41-45 years of the respondents were 16.18%. 11.76% of the respondents were age between 46-50 years. Age between 51-55 years of the respondents were 2.94%. Respondents above 55 years were 1.47%. This was an indication that the respondents were mature enough to provide relevant and reliable information regarding the questionnaires. Majority of the respondents were age between 36-40 years representing 29.41% of the total filled and returned questionnaires.

4.4.3 Time worked for acumen saccos in Kajiado County

The researcher established to determine how long the respondent worked for acumen saccos in Kajiado County. The results are as shown in table 4.5 below.

Table 4.5 Time worked for acumen saccos in Kajiado County

		Frequency	Valid Percent	Cumulative Percent
Valid	Below 2 year	3	4.41	4.41
	2-3	11	16.18	20.59
	4-5	16	23.54	44.13
	6-7	23	33.82	77.95
	8-9	7	10.29	88.24
	10-11	4	5.88	94.12
	12-13	2	2.94	97.06
	above 14	2	2.94	**100.00**
	Total	**68**	**100.00**	

Source: Researcher (2022)

According to table 4.5 above, 4.41% of the respondents worked for acumen saccos in Kajiado County for below 2 years, 16.18% worked for between 2-3 years, 23.54% worked for between 4-5 years, 33.82% worked for between 6-7 years, 10.29% were between 8-9 years, 5.88% were between 10-11 years, while 2.94% were between 12-13 years. There were 2.94% of the respondents who worked for acumen saccos in Kajiado County for over 14 years. This was an indication that the respondents understood acumen saccos better and provided relevant and reliable information. Majority of the respondents worked for acumen saccos between 6-7 years representing 33.82%.

4.4.4 Academic Qualification

The researcher established to determine the highest academic qualifications of the respondents. The results are as shown in table 4.6 below.

Table 4.6 Academic Qualification

Qualification		Frequency	Valid Percent	Cumulative Percent
Valid	KCPE	3	4.41	4.41
	KCSE	8	11.76	16.17
	Diploma	18	26.48	42.65
	Degree	32	47.06	89.71
	Master Degree	5	7.35	97.06
	PhD	1	1.47	98.53
	None	1	1.47	**100.00**
	Total	**68**	**100.00**	

Source: Researcher (2022)

According to table 4.6 above, 4.41% of the respondents were KCPE holders, 11.76% were KCSE holders, 26.48% were Diploma holders, 47.06% were degree holders, 7.35% were Master degree holders while 1.47% were PhD holders. There were 1.47% of the respondents who had none of the stated academic qualifications. The majority of the respondents were degree holders with 47.06%.

4.4.5 Influence of Market Penetration on Financial Performance of Saccos

The researcher was determined to get answers on the understanding of the respondents regarding the influence of market penetration as a variable affecting financial performance of saccos in Kenya, Kajiado County. The responses from the respondents were logged on a five-point Likert scale anchored by Strongly Disagree (1), Disagree (2),

Neutral (3), Agree (4) and Strongly Agree (5). Table 4.7 displays the responses to statements on influence of market penetration.

Table 4.7 Market Penetration

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	**Mean**	**Std. Deviation**
Acumen saccos in Kajiado county considers price adjustment of products for market penetration.	1(1.4)	7(11.0)	4(5.6)	20(29.2)	36(52.8)	4.2083	1.06066
Distribution channels for products and services are easily accessible to all acumen saccos members.	3(4.2)	6(8.3)	3(4.2)	22(31.9)	34(51.4)	4.1806	1.11742
Acumen Sacco has achieved the usage of branding strategy in order to remain afloat in the market.	5(6.9)	6(8.3)	2(2.8)	24(36.1)	31(45.9)	4.0556	1.20899
Composite Mean and Standard						**4.1482**	**1.12902**

Deviation

Source: Researcher (2022)

In table 4.7 above, the numbers outside the brackets represents the number of respondents while the numbers inside the brackets represents the percentage of the respondents. The researcher generated three statements to measure the influence of market penetration on financial performance of saccos in Kenya, Kajiado County. 12.4% of the respondents disagreed with the statement position that Acumen saccos in Kajiado county considers price adjustment of products for market penetration. This was a representation of 1.4% strongly disagreeing while 11.0% disagreed. 5.6% of the respondents were neutral to the statement position. Respondents at 82% agreed with the statement position that Acumen saccos in Kajiado county considers price adjustment of products for market penetration. This represented 29.2% of the respondents agreeing while 52.8% strongly agreed. The statement position had a mean score value of 4.2083 and a standard deviation of 1.06066. This was an indication that the statement position that Acumen saccos in Kajiado county considers price adjustment of products for market penetration was agreed by the respondents and was true. 12.5% respondents disagreed with statement position that distribution channels for products and services are easily accessible to all acumen saccos members. This represented 4.2% of the respondents strongly disagreeing while 8.3% disagreed. 4.2% of the respondents were neutral to the statement position. 83.3% respondents agreed with the statement position that distribution channels for products and services are easily accessible to all acumen saccos members. This was a representation of 31.9% of the respondents agreeing while 51.4% strongly agreeing. The statement position had a mean score of 4.1806 and a standard deviation of 1.11742 indicating that the respondents largely agreed with the statement position that distribution channels for products and services are easily accessible to all acumen saccos members and was true.

15.2% respondents disagreed with the statement position that Acumen Sacco has achieved the usage of branding strategy in order to remain afloat in the market. This represented 6.9% strongly disagreeing while 8.3% disagreed. 2.8% respondents were neutral to the statement position. 82% respondents agreed with the statement position that

Acumen Sacco has achieved the usage of branding strategy in order to remain afloat in the market. This represented 36.1% agreeing while 45.9% strongly agreed. The statement position had a mean score of 4.0556 and a standard deviation of 1.20899 indicating that the statement position was agreed by the respondents and that the Acumen Sacco has achieved the usage of branding strategy in order to remain afloat in the market and was true. There was a composite mean value of 4.1482 and a standard deviation of 1.12902 of the market penetration strategy for the study objective. This indicated that the market penetration strategy is a key variable in enhancing financial performance of Acumen saccos in Kenya. The findings of market penetration related with the institutional perspective theory which is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (McAdam and Scott, 2014).

4.4.6 Influence of Product Proposition on Financial Performance of Saccos

The researcher was determined to get answers on the understanding of the respondents regarding the influence of product proposition as a research objective affecting financial performance of Acumen Saccos in Kenya. The responses from the respondents were logged on a five-point Likert scale anchored by Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5). Table 4.8 displays the responses to statements on influence of product proposition.

Table 4.8 Product Proposition

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	**Mean**	**Std. Deviation**
Acumen saccos' product features are meeting the taste and preference of its customers.	20(29.2)	27(40.3)	4(5.6)	15(22.2)	2(2.8)	2.2917	1.19196
Due to the stiff competition in the market, the product positioning of acumen Sacco is strategic.	24(34.7)	26(38.9)	3(4.2)	5(6.9)	10(15.3)	2.2917	1.40860
Members of acumen Sacco take pride of the effective product delivery services.	14(20.8)	28(40.3)	3(4.2)	9(13.9)	14(20.8)	2.7361	1.47259
Composite Mean and Standard Deviation						**2.440**	**1.35772**

Source: Researcher (2022)

In table 4.8 above, the numbers outside the brackets represents the number of respondents while the numbers inside the brackets represents the percentage of the respondents. The researcher generated three statements to measure the influence of product proposition on financial performance of saccos in Kenya, Kajiado County. There were 69.5% respondents who disagreed with the statement position that Acumen saccos' product features are meeting the taste and preference of its customers. This represented 29.2% strongly disagreeing while 40.3% disagreed. 5.6% respondents were neutral to the statement position. 25% respondents agreed to the statement position that Acumen saccos' product features are meeting the taste and preference of its customers. This was a representation of 22.2% agreeing while 2.8% strongly agreed. The statement position had a mean score value of 2.2917 and standard deviation of 1.19196 indicating that the statement position was not agreed by the respondent and that the Acumen saccos' product features are not meeting the taste and preference of its customers.

73.6% respondents disagreed with the statement position that due to the stiff competition in the market, the product positioning of acumen Sacco is strategic. This represented 34.7% strongly disagreeing while 38.9% disagreed. 4.2% respondents were neutral to the statement position. 22.2% respondents agreed with the statement position that due to the stiff competition in the market, the product positioning of acumen Sacco is strategic. This represented 6.9% agreeing while 15.3% strongly agreed. The statement position had a mean score value of 2.2917 and a standard deviation of 1.40860 indicating that the statement position was not agreed by the respondents and that due to the stiff competition in the market, the product positioning of acumen Sacco is not strategic.

61.1% respondents disagreed with the statement position that members of acumen Sacco take pride of the effective product delivery services. This represented 20.8% strongly disagreed and 40.3% disagreeing. 4.2% respondents were neutral. 34.7% respondents agreed with the statement position that members of acumen Sacco take pride of the effective product delivery services. This represented 13.9% agreeing while 20.8% strongly agreed. The statement position had a mean score value of 2.7361 and a standard deviation of 1.47259 indicating that the respondents did not agree with the statement

position that members of acumen Sacco take pride of the effective product delivery services. Product proposition study objective had a composite mean value of 2.440 and a standard deviation of 1.35772 indicating that acumen saccos need to improve on product proposition in order to be competitive in the market.

The findings of product proposition related with the institutional perspective theory which is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (McAdam and Scott, 2014). Institutional theory assumes that an organization conforms to its environment to enhance financial performance.

4.4.7 Influence of Customer Retention on Financial Performance of Saccos

The researcher needed to get answers on the understanding of the respondents regarding the influence of customer retention as a research objective affecting financial performance of Acumen Saccos in Kenya. The responses from the respondents were logged on a five-point Likert scale anchored by Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5). Table 4.9 displays the responses to statements on influence of customer retention.

Table 4.9 Customer Retention

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	**Mean**	**Std. Deviation**
Handling of customer feedback determines the success or failure of acumen Sacco in Kajiado county.	5(6.9)	4(5.6)	5(6.9)	21(31.9)	33(48.6)	4.0972	1.18868
Automated customer alerts boost the trust of members in the Sacco operations.	7(9.7)	3(4.2)	5(6.9)	20(30.6)	33(48.6)	4.0417	1.27199
Transparency and accountability in service delivery enhances customer loyalty in acumen Sacco.	4(5.6)	6(8.3)	4(5.6)	26(38.9)	28(41.7)	4.0278	1.15029
Composite Mean and Standard Deviation						**4.0556**	**1.20365**

Source: Researcher (2022)

In table 4.9 above, the numbers outside the brackets represents the number of respondents while the numbers inside the brackets represents the percentage of the respondents. The researcher generated three statements to measure the influence of customer retention on financial performance of saccos in Kenya, Kajiado County. 12.5% respondents disagreed with the statement position that handling of customer feedback determines the success or failure of acumen Sacco in Kajiado county. This represented 6.9% strongly disagreeing and 5.6% disagreeing. 6.9% respondents were neutral to the statement position. 80.5% respondents agreed with the statement position that handling of customer feedback determines the success or failure of acumen Sacco in Kajiado county. This represented 31.9% agreeing and 48.6% strongly agreeing. The statement position had a mean score value of 4.0972 and a standard deviation of 1.18868 indicating that the statement position was largely agreed by the respondents and that the handling of customer feedback determines the success or failure of acumen Sacco in Kajiado county is true.

13.9% respondents disagreed with the statement position that automated customer alerts boost the trust of members in the Sacco operations representing 9.7% strongly disagreeing and 4.2% disagreeing. 6.9% respondents were neutral to the statement position. 79.2% respondents agreed with the statement position that automated customer alerts boost the trust of members in the Sacco operations. This represented 30.6% agreeing and 48.6% strongly agreeing. The statement position had a mean score value of 4.0417 and a standard deviation of 1.27199. This indicated that the respondents agreed with the statement position and it is true that the automated customer alerts boost the trust of members in the Sacco operations.

13.9% respondents disagreed with the statement position that transparency and accountability in service delivery enhances customer loyalty in acumen Sacco. This represented 5.6% strongly disagree and 8.3% disagreeing. 5.6% respondents were neutral to the statement position. 80.6% agreed with the statement position that transparency and accountability in service delivery enhances customer loyalty in acumen Sacco. This represented 38.9% agreeing and 41.7% strongly agreeing. The statement position had a mean score value of 4.0278 and a standard deviation of 1.15029 indicating that the respondents agreed largely with the statement position and that transparency and accountability in service delivery enhances customer loyalty in acumen Sacco is true.

Customer retention objective of the study had a composite mean of 4.0556 and a standard deviation of 1.20365 indicating that saccos' financial performance depends largely on customer retention.

The findings of customer retention related with the Agency Theory, a contractual relationship is entered by two persons that are the principal and the agent so as to perform some service. This involves delegating some decision-making authority to the agent by the principal (Jensen and Meckling, 2016).

4.4.8 Influence of Corporate Objectives on Financial Performance of Saccos

The researcher needed to get answers on the understanding of the respondents regarding the influence of corporate objectives as a research objective affecting financial performance of Acumen Saccos in Kenya. The responses from the respondents were logged on a five-point Likert scale anchored by Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5). Table 4.10 displays the responses to statements on influence of corporate objectives.

Table 4.10 Corporate Objectives

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	**Mean**	**Std. Deviation**
Effective objective setting determines financial performance of the Sacco.	27(40.3)	20(29.2)	1(1.4)	17(25)	3(4.2)	2.2361	1.32679
Portfolio management is fundamental in Sacco realization of goals and objectives.	13(19.4)	45(66.7)	1(1.4)	6(8.3)	3(4.2)	2.1111	0.95763
Proper resource allocation is essential for achieving financial performance of the Sacco.	23(33.3)	20(30.6)	2(2.8)	9(12.5)	14(20.8)	2.5694	1.56391
Composite Mean and Standard Deviation						**2.3055**	**1.28278**

Source: Researcher (2022)

In table 4.10 above, the numbers outside the brackets represents the number of respondents while the numbers inside the brackets represents the percentage of the respondents. The researcher generated three statements to measure the influence of corporate objectives on financial performance of saccos in Kenya, Kajiado County.

69.5% respondents disagreed with the statement position that effective objective setting determines financial performance of the Sacco. This represented 40.3% strongly disagree and 29.2% disagreeing. 1.4% respondents were neutral to the statement position. 29.2% respondents agreed with the statement position that effective objective setting determines financial performance of the Sacco. This represented 25% agreeing and 4.2% strongly agree. The statement position had a mean score value of 2.2361 and a standard deviation of 1.32679. This is an indication that the respondents did not agree with the statement position that effective objective setting determines financial performance of the Sacco.

86.1% respondents disagreed with the statement position that portfolio management is fundamental in Sacco realization of goals and objectives. This represented 19.4% strongly disagree and 66.7% disagree. 1.4% respondents were neutral to the statement position. 12.5% respondents agreed with the statement position that portfolio management is fundamental in Sacco realization of goals and objectives. This represented 8.3% agreeing and 4.2% strongly agreeing. The statement position had a mean score value of 2.1111 and a standard deviation of 0.95763 indicating that the statement position was not agreed by the respondents.

63.9% respondents disagreed with the statement position that proper resource allocation is essential for achieving financial performance of the Sacco. This represented 33.3% strongly disagreeing and 30.6% disagreeing. 2.8% respondents were neutral to the statement position. 33.3% respondents agreed with the statement position that proper resource allocation is essential for achieving financial performance of the Sacco. This represented 12.5% agreeing and 20.8% strongly disagreed. The statement position had a mean score value of 2.5694 and a standard deviation of 1.56391. This indicated that respondents did not agree with the statement position. The corporate objectives variable had a composite mean score value of 2.3055 and a standard deviation of 1.28278. This indicated that the Acumen saccos should improve on corporate objectives in order to realize financial performance in Kenya.

The findings of corporate objectives related with the Taylor's Motivational Theory. According to Taylor's research, people worked purely for money. This approach of paying workers by results was good for the business. The outcome was greater production but gave little opportunity, encouragement or time for employees to think for

themselves or be creative in what they did. This limited people's development and their use within the company.

4.4.9 Influence of Financial Performance of Saccos

The researcher needed to get answers on the understanding of the respondents regarding the influence of financial performance of Acumen Saccos in Kenya. The responses from the respondents were logged on a five-point Likert scale anchored by Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5). Table 4.11 displays the responses to statements on influence of financial performance of saccos.

Table 4.11 Financial Performance of Sacco

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	**Mean**	**Std. Deviation**
Size of membership is key to financial performance of SACCOS in Kajiado county.	3(4.2)	8(11.1)	4(5.6)	20(30.6)	33(48.6)	4.0833	1.17185
Financial liquidity determines stability of financial performance of SACCOS in Kajiado County.	2(2.8)	8(11.1)	4(5.6)	23(34.7)	31(45.8)	4.0972	1.10262
Capital adequacy of SACCOS is the umbrella of financial performance.	7(9.7)	1(1.4)	4(5.6)	21(31.9)	35(51.4)	4.1389	1.22538
Composite Mean and Standard Deviation						**4.1065**	**1.16662**

Source: Researcher (2022)

In table 4.11 above, the numbers outside the brackets represents the number of respondents while the numbers inside the brackets represents the percentage of the respondents. The researcher generated three statements to measure the influence of financial performance of saccos in Kenya, Kajiado County. 15.3% respondents disagreed

with the statement position that size of membership is key to financial performance of SACCOS in Kajiado county. This represented 4.2% strongly disagree and 11.1% disagreeing. 5.6% respondents were neutral to the statement position. 79.2% respondents agreed with the statement position that size of membership is key to financial performance of SACCOS in Kajiado county representing 30.6% agreeing and 48.6% strongly disagreeing. The statement position had a mean score value of 4.0833 and a standard deviation of 1.17185. This was an indication that the statement position that size of membership is key to financial performance of SACCOS in Kajiado county was true and largely agreed by the respondents.

13.9% respondents disagreed with the statement position that financial liquidity determines stability of financial performance of SACCOS in Kajiado County. This represented 2.8% strongly disagreeing and 11.1% disagreeing. 5.6% respondents were neutral to the statement position. 80.5% respondents agreed with the statement position that financial liquidity determines stability of financial performance of SACCOS in Kajiado County. This was a representation of 34.7% agreeing and 45.8% strongly agreeing. The statement position had a mean score value of 4.0972 and a standard deviation of 1.10262 indicating that the statement position financial liquidity determines stability of financial performance of SACCOS in Kajiado County is true and was largely agreed by the respondents.

11.1% respondents disagreed with the statement position that capital adequacy of SACCOS is the umbrella of financial performance. This represented 9.7% strongly disagreed and 1.4% disagreeing. 5.6% respondents were neutral to the statement position. 83.3% respondents agreed with the statement position that capital adequacy of SACCOS is the umbrella of financial performance. This represented 31.9% agreeing and 51.4% strongly agreeing. The statement position had a mean score value of 4.1389 and a standard deviation of 1.22538. This indicated that the statement position capital adequacy of SACCOS is the umbrella of financial performance was true and largely agreed by the respondents. Financial performance objective had a composite mean score value of 4.1065 and a standard deviation of 1.16662 indicating that financial performance is a powerful tool for growth and sustainability of saccos in Kenya.

The findings of financial performance related with the Taylor's Motivational Theory. According to Taylor's research, people worked purely for money. This approach of paying workers by results was good for the business. The outcome was greater production and effective work done by employees.

4.5 Correlation Analysis

The results on correlation statistics were summarized and presented in table 4.12

Table 4.12 Variables Correlation Matrix

		Market Penetration	Product proposition	Customer Retention	Corporate Objectives	Financial Performance
Market Penetration	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	72				
Product Proposition	Pearson Correlation	0.000	1			
	Sig. (2-tailed)	0.982				
	N	68	68			
Customer Retention	Pearson Correlation	0.000	0.000	1		
	Sig. (2-tailed)	0.382	0.746			
	N	68	68	68		
Corporate Objectives	Pearson Correlation	0.000	0.000	0.000	1	
	Sig. (2-tailed)	0.824	0.462	0.790		
	N	68	68	68	68	
Financial Performance	Pearson Correlation	0.000	0.000	0.000	0.000	1
	Sig. (2-tailed)	0.898	0.620	0.992	0.524	
	N	68	68	68	68	68

***Correlation is significant at the 0.05 level (2-tailed)

Source: Researcher (2022)

Table 4.12 above shows the most significant relationship was between customer retention and financial performance with a coefficient value of 0.992 (at significant level of 0.05). Market penetration showed significant relation with product proposition with a coefficient value of 0.982 (at significant level of 0.05). A significant relationship existed between corporate objectives and market penetration with a coefficient value of 0.824 (at significant level of 0.05). A significant relationship existed between financial performance and market penetration with a coefficient value of 0.898 (at significant level of 0.05).

The study revealed that the hypothesis on there is no significant relationship between market penetration and financial performance of SACCOS in Kenya was accepted by the respondents at 99.2% at a significant level of 0.05. The hypothesis on there is no significant relationship between product proposition and financial performance of SACCOS in Kenya and there is no significant relationship between the influence of customer retention and financial performance of SACCOS in Kenya was accepted by the respondents at 98.2% at a significant level of 0.05. The hypothesis on there is no significant relationship between corporate objectives and financial performance of SACCOS in Kenya was rejected by the respondents by the respondents at 0.824 at a significant level of 0.05.

4.6 Regression Analysis

The study conducted a multiple regression analysis to test the influence among predictor variables. The research used statistical package for social sciences (SPSS Version 25) to code, enter and compute the measurements of the multiple regressions as shown in table 4.13 below.

Table 4.13 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.962	.790	.728	.98640

a. Predictors: (Constant), Market Penetration, Product Proposition, Customer Retention, Corporate Objectives.

Source: Researcher (2022)

In the table 4.13 above, the R-Square (coefficient of determination) is a commonly used statistic to evaluate model's goodness of fit. The adjusted R^2, also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. According to the study results, combined variables had a strong relationship with financial performance, R^2 (0.790); p <0.05. Adjusted R squared of 0.728 indicates that variability in influence of operational strategies on financial performance is attributed to variability in market penetration, product proposition, customer retention and corporate objectives.

Table 4.14 ANOVA Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	94.829	4	54.083	83.621	.000
	Residual	82.932	420	.634		
	Total	177.761	416			

a. Dependent Variable: Financial Performance.

b. Predictors: (Constant), Market Penetration, Product Proposition, Customer Retention, Corporate Objectives.

Source: Researcher (2022)

Table 4.14 above, the probability value of 0.000 indicates that the regression relationship was highly significant in predicting how market penetration, product proposition, customer retention and corporate objectives contributed to financial performance of Acumen saccos in Kenya. The F calculated at 5% level of significance was 83.621 since F calculated is greater than the F critical, this indicated that the overall model was significant to the study.

Table 4.15 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	6.873	.762		9.972	.003
	Market Penetration.	.989	.433	.481	4.932	.007
	Product Proposition.	.863	.482	.490	3.962	.009
	Customer Retention.	.992	.351	.398	6.920	.006
	Corporate Objectives.	.846	.492	.460	4.626	.004

a. Dependent Variable: Financial Performance

Source: Researcher (2022)

In the table 4.15 above illustrates that when all variables were combined, the relationship between market penetration and financial performance, r (0.989); p <0.05, indicating that financial performance is determined by market penetration at 98.9% of the study objectives, the relationship between product proposition and financial performance, r (0.863); p <0.05, indicating that financial performance is determined by product proposition at 86.3% of the study objectives, the relationship between customer retention and financial performance, r (0.992); p <0.05, indicating that financial performance is determined by customer retention at 99.2% of the study objectives, the relationship between corporate objectives and financial performance, r (0.846); p<0.05, indicating that

financial performance is determined by corporate objectives at 84.6% of the study objectives. This was an indication that all the variables were statistically important for the study. Each variable contributed to a positive relationship at a significant level in the study findings.

CHAPTER FIVE: SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter discussed a summary of the results of the study, conclusions and recommendations based on the findings. The researcher was determined to examine the influence of operational strategies on financial performance of saccos in Kenya, case study of Acumen saccos, Kajiado County. The researcher was able to determine the contribution of market penetration, product proposition, customer retention and corporate objectives on financial performance of saccos in Kenya.

5.2 Discussion

Operational strategy is a set of systems which an organization has put in place to develop, protect and leverage on its unique resources and advantages. Operations strategies differ between organizations owing to the uniqueness of the resources and advantages. Development of operations systems requires creativity, innovation, insight and experience on how to combine the diverse resources to define an operation strategy that isn't imitable (Hill, 2017). The researcher was able to establish the influence of operational strategies on financial performance by collecting data from the respondents through structured questionnaires. The structured questionnaires were subdivided into six main sections. Section one was a collection of demographic information of the respondents. The rest of the sections collected data based on the independent and dependent variables of the study. Questionnaire as a method of data collection was preferred over the other methods due to its flexibility and easy to administer to the respondents. The respondents were responding to statements positions designed from the

key indicators of the independent variables of the study. The study revealed that market penetration, product proposition, customer retention and corporate objectives have influence and contribution towards the financial performance of saccos in Kenya.

5.2.1 There is no significant relationship between market penetration and financial performance of SACCOS in Kenya.

Market penetration showed significant relation with product proposition with a coefficient value of 0.982 (at significant level of 0.05). Market Penetration is a growth strategy that involves selling more of your current products or services to your current target market (Robertson, 2013). Mutua (2018) conducted a study on growth strategies and performance of insurance firms in Kenya. The study found out that market penetration was the most adopted growth strategy in the insurance industry. Majority of the respondents (68.8%) indicated that their firms employed this strategy to a great extent. The market penetration strategies adopted by the firms included lowering prices of products, embracing technologies such as online access of services and securing dominance of growth markets.

Mwangi (2018) investigated the effect of growth strategies on the performance of selected milk processing companies in Kenya. The study established that there is a positive and significant correlation between market penetration strategy and performance of these companies. The strategies that these companies favored include offering better quality products/services; promotion of their brands; offering lower prices and increasing distribution channels. This study was limited to milk processing companies and not the entire agriculture industry. The variables used to investigate growth strategies were market penetration, market expansion, mergers and acquisition; which combined both internal and external growth strategies.

Numa (2013) conducted a study on the relationship between strategies and business growth in the banking industry in Kenya, a case of Co-operative Bank of Kenya. The study found out that the Co-operative Bank used market penetration strategies for business growth. The Bank used pricing strategies such as using low margins on high volumes of sales to a great extent to increase revenue collection base. Branch expansion strategies were also significantly adopted to enlarge the market share. This study was a case study, which limits the generalization of the findings. Luo and Zhao (2014) argue

that as soon as a company enters a new market, it strives for market penetration. The main objective behind the market penetration strategy is to launch a product, enter the market as swiftly as possible and finally, capture a sizeable market share. Therefore, it can be argued that market penetration is used as a measure to know whether a product is doing well in the market or not. Market penetration strategy is construed in this study to include pricing, distribution, and branding strategy.

The researcher observed that market penetration was a major contributing objective to the financial performance of saccos in Kenya. The findings were consistent with institutional theory which attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemas; rules, norms, and routines, become established as authoritative guidelines for social behavior. It enquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse (Anagnostopoulos et al., 2016). Although the ostensible subject is stability and order in social life, students of institutions must perforce attend not just to consensus and conformity but to conflict and change in social structures (Meyer and Rowan, 2017). The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations.

5.2.2 There is no significant relationship between product proposition and financial performance of SACCOS in Kenya.

Product proposition showed a significant relationship with financial performance, r (0.863); $p < 0.05$. Baker and Hart (2017) stated that product proposition defines the entire road map of a product. The Product roadmap is composed of elements such as product quality, positioning, branding, features, and product design. Product strategy stands quite significant towards organizational performance since it defines the directions to which the organization wants to pursue. Effective product strategy also enhances the ability and agility of stakeholders to participate in financing and direct contribution towards organizational performance. Mitelman (2016) stated that the need for a modern product proposition was witnessed as early as 1960s. Primarily, businesses were run by expertise

and managed by specialists with no room for strategic management. Increased competition within manufacturing sector gave birth to strategic management, which later contributed adoption of various organizational strategies towards ensuring success in the sale and production of customer-oriented products. Other factors such as globalization of products, changes in customer taste and preferences, increased spending pattern and demographic trends have been among challenges that fueled growth and development of product strategy.

A study conducted by cooper (2014) on effects of product bundling and the burden of monopoly indicated that, failure to enhance effective product proposition, and adoption of product bundling has been one of the challenges to which global manufacturers faced in the 1970s as a result of failed realization of changing demographics and customer needs hence affecting performance of most producing companies in USA. Product strategy has grown over year to modern perfect competition where product differentiation, packaging and adoption of various product strategies such as pricing and quality determine the future of an organization.

Kiura (2015) conducted a study on market and product development strategies used in response to environmental changes faced by savings and credit cooperative societies in Nyeri County and found out that at least 42% of the SACCOs in Nyeri have failed to attain competitive advantage due to limited strategic approach on demographic changes. The study found out that Savings, Credit Cooperative Organizations (SACCOs) in Nyeri County relies heavily on farmers, and they have not seen any need to improve on their product strategy or even monitor demographic changes such as nature of customers they are dealing with, income and education status. The population is becoming educated and need for better services are growing after every 8 months hence the need for product development strategies.

A study conducted by Iruguthu (2014) on factors that influence customer satisfaction in Savings and Credit Cooperatives (SACCOS) in Kenya through the use of descriptive research design stated that product strategy has been one of the most significant strategies used by organizations in the current generation towards delivering standard products to the changing needs of customers. According to Develtere and Pollet (2009) when

customers perceive a product or service being special, valuable or both then a positive relationship with the firm is developed which can enhance customer loyalty and customer referrals. SACCOs for decades have majorly focused only on pulling resources for customers and offering them cheap loans. In the current generation, customers are looking for more such as reliable quality of every service or product provided by an organization.

The researcher observed that product proposition had a major contribution towards financial performance of saccos in Kenya. The findings were consistent with the agency theory which believes a product was directed at the person presenting the agency relationship. This is where one party delegated work to another party who performed the duty on behalf of the principal (Jensen and Meckling, 2016). This person was authorized to perform legal acts within his competence and not on his own behalf but for the principal. A growing view in the modern literature recognized however that the two were strange bed fellows. A SACCOS broker is an agent employed to buy and sell on behalf of another. However, in performing his role, he owes a duty to his principal. The level of care expected is varied; a higher level of care will be expected from a professional broker than from a part-time SACCOS agent (Wright and Oakes, 2015).

5.2.3 There is no significant relationship between the influence of customer retention and financial performance of SACCOS in Kenya.

Customer retention showed a significant relationship with financial performance with a coefficient value of 0.992 (at significant level of 0.05). Ahmad and Buttle (2016) perceive customer retention the continual upholding of made relationship during trade for a long period of time. Magson (2018) argues that customer satisfaction leads to loyalty and favorable talks about the company since its products meet their expectation. This helps maintain the customers increasing the probability of repurchasing, marketing or advocating of the purchased item to their associates/ acquaintances, who then are drifted from thinking about rival brands and further become loyal customers. Filip and Anghel (2019), studied customers' loyalty level in Romanian firms positioned as retailors in the banking sector and find out what influences clients to act in relation to institutions of banking with an inclusion of retention of customer reasons. It was observer that

remaining of customers in the Romanian bank was influenced by their attitudes, inertia and motivations that customers considered favorable and positive.

Wangari (2015), conducted a study on Customer Retention by Barclays Bank of Kenya Limited. The study found out that the Banks uses the following retention practices; offering assistances to customers in regards to the bank products, answering queries from customers, handling customers‟ complaints, offering guidance on channels to use for their banking needs, educating on the banks existing products, offering products that were affordable and easily accessible to customers and how to make payments and transfers from one branch to another. Rootman, Tait and Sharp (2017) conducted a study on Canada and United Kingdom banks. The study sought to observe how bank retention of customer is realties to marketing. From the research, the researchers found out that relationship between marketing and customer retention are influenced by six banking service delivery variables. Among them, the one considered the most fundamental was banking fees.

According to Mascareigne (2019) factors that can cause retention of customers include; creation of client satisfaction and trustworthiness, involving of buyers, create barriers to choosing, effective communication. Quality service, proper pricing and developing several options for retaining customers are other factors that need attention especially in sector involving advertisement. From the study, it was found out that entities used highly customized strategies to specific customer retention. The companies lacked guiding basic or standardized procedures for retaining clients. The researcher observed that customer retention objective determines financial performance of saccos in Kenya. The findings were consistent with the Taylor's motivational theory which believes that people worked purely for money. In the early years of the car assembly industry work on a production line was based on producing quantity and was repetitive. Workers were paid 'piece rate', that is, paid for every item produced. This approach of paying workers by results was good for the business. The outcome was greater production but gave little opportunity, encouragement or time for employees to think for themselves or be creative in what they did. This limited people's development and their use within the company.

5.2.4 There is no significant relationship between corporate objectives and financial performance of SACCOS in Kenya.

A significant relationship existed between corporate objectives and market penetration with a coefficient value of 0.824 (at significant level of 0.05). A corporate objective strategy entails a clearly defined, long-term vision that organizations set, seeking to create corporate value and motivate the workforce to implement the proper actions to achieve customer satisfaction. In addition, corporate objectives strategy is a continuous process that requires a constant effort to engage investors in trusting the company with their money, thereby increasing the company's equity. Organizations that manage to deliver customer value unfailingly are those that revisit their corporate objectives strategy regularly to improve areas that may not deliver the aimed results. Corporate objectives strategy is hierarchically the highest strategic plan of the organization, which defines the business goals, corporate goals and ways of their achieving within strategic plan (Wellington, 2018).

According to a study by Weigh (2019), a viable corporate objectives strategy defines the scope of a company's business and the portfolio of products it must offer. In turn, this definition guides a company's allocation of resources, with the aim of building and maintaining a competitive advantage by developing or acquiring essential skills. These capabilities are functionally-based and emerge from a firm's expertise and excellence in different areas. When the firm possesses such skills, it can build a strong market position.

A Corporate objectives strategy is aimed at promoting effective usage resources in an organization and the larger economy, the strategy as well is meant to help in ensuring that the organization complies compliance with key set policies and society outlooks. It as well offers organizational managers with an oversight with the usage of the business 'assets. A Corporate objectives strategy plays a key role in reducing organization frauds and assist firms in attracting reduced investment costs by enhancing both at the local and the international investors' (Gregory and Johnson, 2016). According to Bertone and Cark (2019), an organization is accessible to four different generic approaches of innovativeness, cost leadership, focus strategy and differentiation strategy. An effectively structured system of corporate strategies stands to be one of the most effective strategy meant to be used in meeting a corporate's objectives strategy (Kirkendal, 2019). In

relation to the process of corporate risk management strategy, Walker (2016) expressed that smaller funds' portfolios are considered to be of risky compared to those with larger funds though expressed that the smaller funds would outperform the bigger funds.

Gakenia (2018) conducted a research focusing on strategy execution in Kenya Commercial Bank. The researcher concluded that strategy execution was affected by corporate strategic related factors. Njengah (2013) did a similar research though focusing on insurance sectors and concluded top management, organization structure influences the implementation on strategy due to communication and bureaucracy. Kabiru (2017) in his study on the influence of information technology on strategy implementation of the NGOs within the health sector in Nairobi County, concluded that IT enhanced strategy implementation within the health sector NGOs in Nairobi County to a very great extent, top management team determines a firm's performance and managers were committed to performance thus encouraging staffs support and guidance through encouragement of entrepreneurial attributes. The research therefore sought to establish the impact of corporate objectives strategies on performance of SACCOs in Kitui County.

The researcher observed that corporate objectives contributed to the financial performance of saccos in Kenya. The findings were consistent with institutional theory which attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemas; rules, norms, and routines, become established as authoritative guidelines for social behavior. It enquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse (Anagnostopoulos et al., 2016). Although the ostensible subject is stability and order in social life, students of institutions must perforce attend not just to consensus and conformity but to conflict and change in social structures (Meyer and Rowan, 2017). The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations.

5.3 Summary of Major Findings.

The researcher prepared 83 questionnaires for distribution to the respondents. The response rate obtained from the respondents was 68 which represented 81.9%. Fifteen (15) out of 83 respondents did not respond to the questionnaires which represented 18.1%. Generally, response rate at 81.9% was sufficient for the study. The study found that gender of the respondents was well distributed with female being the majority followed by the male respondents. Majority of the respondents were age between 36-40 years indicating that they were mature enough to provide honesty and reliable information. Also, the majority of the respondents had worked for acumen saccos between 6-7 years indicating that they had enough experience regarding the subject matter. The majority of the respondents were degree holders indicating that their level of understanding was high. Data was collected at Acumen saccos in Kajiado County.

The results of the study were recorded on a five-point Likert scale anchored on Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5). Statistically, the study indicated that there existed a significant relationship between customer retention and financial performance with a coefficient value of 0.992 (at significant level of 0.05). Market penetration showed significant relation with product proposition with a coefficient value of 0.982 (at significant level of 0.05). A significant relationship existed between corporate objectives and market penetration with a coefficient value of 0.824 (at significant level of 0.05). A significant relationship existed between financial performance and market penetration with a coefficient value of 0.898 (at significant level of 0.05). According to the study results, combined variables had a strong relationship with financial performance, R^2 (0.790); $p < 0.05$. Adjusted R squared of 0.728 indicated that variability in influence of operational strategies on financial performance is attributed to variability in market penetration, product proposition, customer retention and corporate objectives.

5.4 Conclusions

The results from the study concluded that the most significant relationship was between customer retention and financial performance with a coefficient value of 0.992 (at significant level of 0.05). Market penetration showed significant relation with product proposition with a coefficient value of 0.982 (at significant level of 0.05). A significant relationship existed between corporate objectives and market penetration with a

coefficient value of 0.824 (at significant level of 0.05). A significant relationship existed between financial performance and market penetration with a coefficient value of 0.898 (at significant level of 0.05). When all variables were combined, the relationship between market penetration and financial performance, r (0.989); p <0.05, the relationship between product proposition and financial performance, r (0.863); p <0.05, the relationship between customer retention and financial performance, r (0.992); p <0.05, the relationship between corporate objectives and financial performance, r (0.846); p<0.05. This was an indication that all the variables were statistically significant for the study.

5.5 Recommendations

According to the study results, combined variables had a strong relationship with financial performance, R^2 (0.790); p <0.05. Adjusted R squared of 0.728 indicates that variability in influence of operational strategies on financial performance is attributed to variability in market penetration, product proposition, customer retention and corporate objectives. The subject on influence of operational strategies on financial performance of saccos in Kenya must therefore be well understood by all stakeholders. The management of saccos must understand the key factors that influence financial performance. The study has provided relevant and reliable findings useful for effective strategic plans. SACCO members should involve themselves with all financial activities affecting saccos operations in order to make informed decisions regarding financial performance. SACCO investors are key players of saccos financial performance and should therefore understand the apparatus of saccos' financial performance. Government policy makers should understand the key indicators to implement in order to create a favorable working environment for saccos in Kenya. The policy makers should create policies that protect and support growth of saccos in Kenya. Future academic researchers are recommended to use the findings of the study to compare and contrast with their academic work in order to contribute to the body of knowledge. The study probability value of 0.000 indicated that the regression relationship was highly significant in predicting how market penetration, product proposition, customer retention and corporate objectives contributed to financial performance of Acumen saccos in Kenya. The F calculated at 5% level of significance was 83.621 since F calculated is greater than the F critical, this indicated that the overall

model was significant to the study. The recommendations are therefore authentic and valid.

5.6 Areas of Further Research

Other studies should be conducted to investigate the influence of operational strategies on financial performance of saccos in Kenya. It is important to conduct such studies in other counties as opposed to Kajiado county in order to compare and contrast the study findings. Researchers should use different variables of the study to help in making informed decisions regarding the influence of operational strategies on financial performance of saccos in Kenya.

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APPENDICES

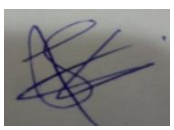
APPENDIX 1: LETTER OF INTRODUCTION

Dear Respondent,

My name is Janet Wawire. I am a graduate student at Africa Nazarene University currently undertaking an academic research proposal on *Influence of operational strategies on the financial performance of SACCOS in Kenya, a case of acumen SACCOS in Kajiado County.* This research is a requirement for the award of Master of Business Administration of Africa Nazarene University, School of Business.

I am requesting you to participate in the data collection process by filling out the questionnaires provided. The data collected will be used for academic purposes only and no violation of such data will be witnessed. Your identity and responses will be treated with a lot of confidentiality. Kindly provide as honest and correct answers as possible that will help the researcher make informed decision during data analysis. This process of filling the questionnaire will take about 8 minutes of your time. Please do not write your name on the questionnaire. Kindly follow instructions provided for each section.

Thank you so much for your participation.

Signature  (Researcher)…….. Janet Wawire……

Date…03/05/2022……...

APPENDIX II: QUESTIONNAIRE

Instructions: Please answer the questions by putting a tick [✔] in appropriate boxes. Please tick one box.

Section A: Demographic Information

1 Gender

Male [ ] Female [ ]

2 Age in years

25 and below [ ] 25-30 [ ] 31-35 [ ] 36-40 [ ]

41-45 [ ] 46-50 [ ] 51-55 [ ] Over 55 [ ]

3 How long have you worked in acumen saccos in Kajiado County?

Below 2 years [ ] 2-3 years [ ] 4-5 years [ ] 6-7 years [ ]

8-9 years [ ] 10-11 years [ ] 12-13 years [ ] Over 14 years [ ]

4 What is your highest academic qualification?

KCPE [ ] KCSE [ ] Diploma [ ] Degree [ ]

Master degree [ ] PhD [ ] None [ ]

Others, please specify……

Section B: Market Penetration

To what extent do you agree with the following statements? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

	Rating				
Statement	1	2	3	4	5
Acumen saccos in Kajiado county considers price adjustment of products for market penetration.					

Distribution channels for products and services are easily accessible to all acumen saccos members.					
Acumen Sacco has achieved the usage of branding strategy in order to remain afloat in the market.					

Section C: Product Proposition

To what extent do you agree with the following statements? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

	Rating				
Statement	1	2	3	4	5
Acumen saccos' product features are meeting the taste and preference of its customers.					
Due to the stiff competition in the market, the product positioning of acumen Sacco is strategic.					
Members of acumen Sacco take pride of the effective product delivery services.					

Section D: Customer Retention

To what extent do you agree with the following statements? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

	Rating				
Statement	1	2	3	4	5
Handling of customer feedback determines the success or failure of acumen Sacco in Kajiado county.					
Automated customer alerts boost the trust of members in the Sacco operations.					

Transparency and accountability in service delivery enhances customer loyalty in acumen Sacco.					

Section E: Corporate Objectives

To what extent do you agree with the following statements? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

	Rating				
Statement	1	2	3	4	5
Effective objective setting determines financial performance of the Sacco.					
Portfolio management is fundamental in Sacco realization of goals and objectives.					
Proper resource allocation is essential for achieving financial performance of the Sacco.					

Section F: Financial Performance of SACCOS.

To what extent do you agree with the following statements? Rate in a scale of 1 to 5 (1 Strongly disagree, 2 Disagree, 3 Neutral, 4 Agree, 5 Strongly Agree)

	Rating				
Statement	1	2	3	4	5
Size of membership is key to financial performance of SACCOS in Kajiado county.					
Financial liquidity determines stability of financial performance of SACCOS in Kajiado County.					
Capital adequacy of SACCOS is the umbrella of financial performance.					

*****THANKYOU FOR PARTICIPATING*****

APPENDIX III: RESEARCH PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **889358**

Date of Issue: **04/April/2022**

RESEARCH LICENSE



This is to Certify that Ms.. Janet Wawire Wawire of Africa Nazarene University, has been licensed to conduct research in Kajiado on the topic: Influence of operational strategies on financial performance of SACCOS in Kenya.A case of Acumen SACCO for the period ending : 04/April/2023.

License No: **NACOSTI/P/22/16639**

889358

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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APPENDIX IV: ANU RESEARCH APPROVAL LETTER

18th, January 2022

E-mail: researchwriting.mba.anu@gmail.com

Tel. 0202711213

Our Ref: 13S03EMBA011
The Director.
National Commission for Science,
Technology and Innovation (NACOSTI),
P. O. Box 30623, 00100
Nairobi. Kenya
Dear Sir/Madam:

RE: RESEARCH AUTHORIZATION FOR: JANET WAWIRE

Ms. Wawire is a postgraduate student of Africa Nazarene University in the Master of Business Administration (MBA) program.

In order to complete her program, Miss. Wawire is conducting a research entitled: "**Influence of Operational Strategies on Financial Performance of Saccos in Kenya: A Case of Acumen Sacco, Kajiado County".**

Any assistance offered to her will be highly appreciated.

Yours Faithfully,

For DR. Kimani Gichuhi,
MBA, Coordinator,
School of Business,
Africa Nazarene University.

APPENDIX V: MAP OF STUDY AREA

