

INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON RETENTION OF SACCO'S MEMBERS IN KENYA: A CASE STUDY OF COSMOPOLITAN SACCO LIMITED

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Abstract: In today's rapidly changing environment, strategic management practices on retention of Sacco's members is becoming more difficult because changes are occurring so fast that plans even those set for just months into the future may soon be obsolete. Hence this study aimed at determining the influence of strategic management practices on retention of Sacco's members in Kenya. With specific objectives focusing on to assess the influence of Product management practices on retention of Saccos members in Kenya. to assess the influence of Customer Care management practices on retention of Saccos members in Kenya. And finally to assess the influence of Organization Leadership capacity on retention of Saccos members in Kenya. The relevant theories which supported this study are resource-based view theory, Institutional Perspective theory and lastly agency theory which will all show how the variables link up with the mentioned theories. The target population of interest in this consisted of 413 respondents from registered cosmopolitan SACCO members and management which included Top management staff; middle made management staff and junior staff with a sample size of 124. Stratified random sampling was used because of the sampling frame produced a relative smaller error of estimation of data. The research instruments that used both online questionnaires form and printed questionnaires. Data was collected through the questionnaire whereby the researcher physically traveled to the Each Cosmopolitan Sacco Branch to administer the questionnaires to the employees of Cosmopolitan Sacco Branch. Data collected was analyzed using both descriptive and inferential statistical tools and SPSS version which was used to process the collected data and then presenting in the form of tables. This study concluded that product management practices significantly and positively influenced retention of Sacco's members in Kenya. The study further concluded that customer care management practices has a significant and a positive effect on the retention of Sacco's members in Kenya. The study finally concluded that organization leadership capacity had significant and a positive effect on the retention of Sacco's members in Kenya. This implies that the accomplishment of any Sacco is estimated by its productivity which relies upon the effectiveness of its administration. Administration can be characterized as an arrangement of exercises coordinated at the productive and compelling use of assets in quest for at least one targets. From the study, product management practices was found to have a huge impact on the Retention of Sacco's members. Therefore the study recommends that SACCO's should differentiate their items portfolio to enhance the competitiveness of those products. The study further recommends that SACCO's should comprehend and endeavor to meet and surpass present and future client needs and desires or expectations. This can be accomplished through open correspondence all through the association, checking consumer loyalty and coherently overseeing client connections. Finally, the study also recommend that SACCO's should create effective corporate administration and the by-laws to accommodate least capability models for both the board individuals and agents for proficient and sound administration which in turns will enhance retention of Sacco's members.

Keywords: Product management, Customer Care management management and Organization Leadership capacity.

1. INTRODUCTION

In today's rapidly changing environment, strategic management practices on retention among Sacco's individuals is winding up more troublesome in light of the fact that progressions are happening so quick that designs even those set for only months into the future may before long be outdated. Along these lines, a portion of the Sacco's is breaking shorter-

term designs that take into account fast reactions to client needs and demands (Cheruiyot, Kimeli, and Ogendero 2012). The objective is to be adaptable and receptive to the market (Mchugh, 2002).

Statement of the Problem:

According to Ademba, (2010) Kenyan Sacco industry is the biggest in Africa and the seventh around the world. This Sacco industry is a piece of the agreeable area in Kenya, which has affected on the lives of many burdened Kenyans throughout the years. With over Ksh 230 billion in resources and a reserve funds portfolio assessed at Ksh 190 billion, the SACCO development in Kenya comprises a critical extent of around 20% of the nation's investment funds (Makori et al. 2013). It's perfectly clear that SACCOs have progressively turned out to be essential parts of Kenya's economy and social improvement. Be that as it may, maintenance of their individuals is the most concerning issue upsetting SACCOs in Kenya (Chahayo et al. 2013). The SACCOs have deficient assets to have the capacity to meet individuals' prerequisites, i.e., their credit needs like new item improvement, client care administration and authoritative initiative limit that is corporate administration are left neglected and in this manner to a huge degree disheartens individuals. Furthermore, deficient capital bargains SACCOs' capacity to benefit advances from business banks, capacity to select qualified and skillful workers, and prompts loss of individuals, share esteem and absence of pad for facilitate misfortunes emerging from poor income administration and representative turnover in the companies (Mvula 2013). Different scientists in Kenya have investigated the elements of SACCOs in light of manageability, destitution lightening; asset preparation for venture and financial development and improvement among poor people. Be that as it may, little research has been embraced on the impacts of inside components on the execution of SACCOs. Locally, considers that have been directed on SACCOs include: Maingi (2014) assessed factors influencing money related execution of SACCOs in Kenya, yet the factors utilized were not comprehensive; Ondieki et al. (2011) surveyed the impacts of outside financing on money related exhibitions of SACCOs in Kisii Central however did not consider inward financing which is an indispensable piece of cash-flow to be assessed under this examination; Nkuru (2015) who assessed factors influencing development of SACCOs inside the Agricultural part in Kenya, an instance of Meru ranchers SACCOs was not ready to decide the impact of innovation on the execution of SACCOs which is one of the factors in this investigation. It is subsequently against this setting this investigation looked to decide the impact of key administration rehearses on maintenance of Saccos individuals in Kenya.

Objectives:

- i. To assess the influence of Product management practices on retention of Sacco's members in Kenya.
- ii. To determine the influence of Customer Care management practices on retention of Sacco's members in Kenya.
- iii. To examine the influence of Organization Leadership capacity on retention of Sacco's members in Kenya.

2. THEORETICAL REVIEW

Resource-Based View theory:

Resources of the right quality and quantity are significant for strategy implementation (Aosa, 1992, Machuki and Aosa, 2011). The resource-based view of the firm begins with the suspicion that the coveted result of administrative exertion inside the firm is a manageable upper hand (SCA). Accomplishing a SCA enables the firm to gain financial rents or better than expected returns. Thus, this spotlights consideration on how firms accomplish and maintain preferences..

Institutional Perspective theory:

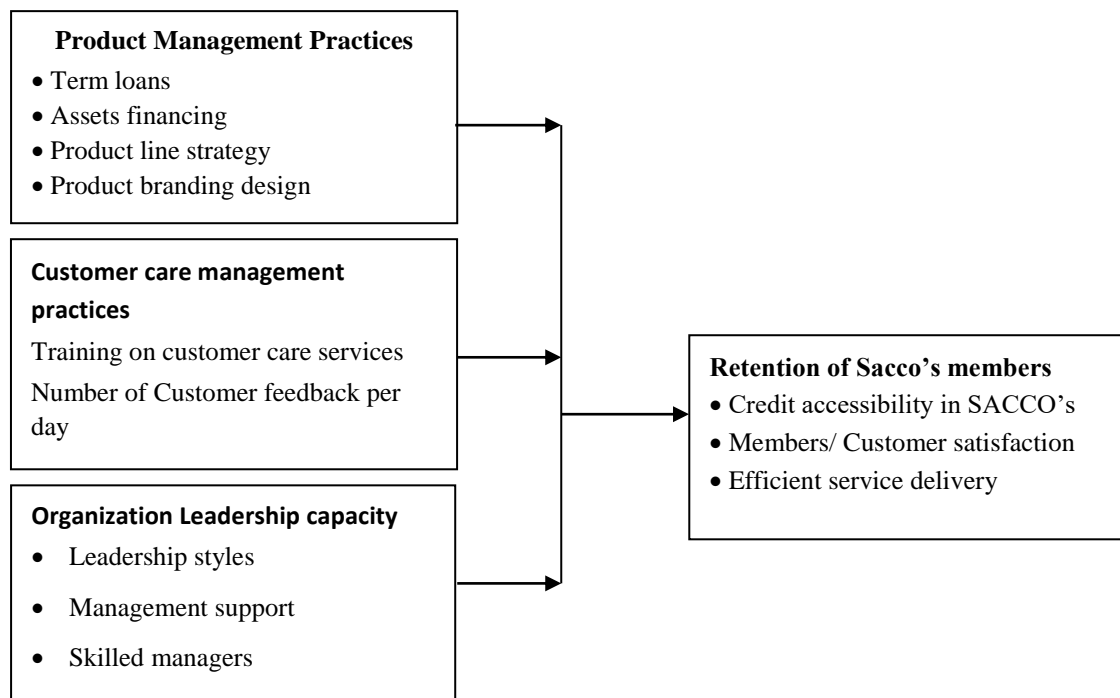
Institutional theory takes care of the more profound and stronger parts of social structure. It considers the procedures by which structures, including constructions; principles, standards, and schedules, end up built up as definitive rules for social conduct. It asks into how these components are made, diffused, embraced, and adjusted over space and time; and how they fall into decrease and neglect. In spite of the fact that the apparent subject is dependability and request in social life, understudies of foundations should perforce go to not simply to accord and similarity but rather to strife and change in social structures (Meyer and Rowan, 1991).

Agency Theory:

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 includes appointing some basic leadership specialist to the operator by the important (Jensen and Meckling, 1976). In the meantime, a specialist is a man utilized to bring his chief into a legally binding association

with an outsider and does not make an agreement all alone sake (Wright and Oakes, 2002). Organization Theory was coordinated at the individual exhibiting the office relationship. This is the place one gathering assigned work to another gathering who played out the obligation for the key (Eisenhardt, 1989).

Conceptual Framework:



Critique of the literature review

As much as this progression was an appreciated move in the advancement of an independent, self-guided and manageable agreeable development, cooperatives were not set up for the new period. The area was left without an administrative component to assume the job that the legislature had beforehand played. Subsequently, the prompt effect on cooperatives was for the most part negative. The recently obtained flexibility was perilously mishandled by chosen pioneers to the inconvenience of numerous helpful social orders. Instances of defilement; net blunder by authorities; robbery of agreeable assets; split of suitable cooperatives into little uneconomic units; inability to surrender individuals' stores to cooperatives (especially SACCOs) by businesses; Failure to hold decisions in cooperatives; bias in employing and expulsion of staff; refusal to abandon office subsequent to being appropriately voted out by helpful authorities; irreconcilable situation among helpful authorities; unlimited prosecutions; unapproved helpful ventures; and illicit installments to the administration boards were progressively announced in numerous cooperatives (Manyara, 2004)

The expanded notoriety in the managing an account industry has driven SACCO's to carry on more intensely. The SACCO's are rethinking their missions, opening up the basic cling to incorporate non-individuals, offering front office investment funds exercises (FOSA) and new items to address the differentiated needs of the participation. In any case, in a few territories, the presentation of new items or opening up of basic securities has not introduced the generous development of SACCO business as far as investment funds and credits. This advances the topic of whether the items and administrations on offer both in FOSA and BOSA activities enough location the requirements of individuals. An investigation authorized by the Swiss Cooperative Center and the Cooperative Bank of Kenya in 2005 under "Network Finance and Empowerment Project (COFEP)" uncovered that for some SACCOs in Kenya; Changes made on existing items are for the most part affected by the information of what contenders are doing and once in a while on methodical examination of necessities or market, prompting poor item administration rehearses; Their current items and administration conveyance components are as yet not appropriate for potential clients and new kinds of individuals in target networks.

As indicated by Manyara, (2004), couple of SACCOs have filtered their potential market in order to update, differentiate or enhance their items consistently; a significant number of the SACCOs do not have the learning and frameworks to make an interpretation of market knowledge to winning items and administrations calling for aptitudes in vital item administration.

Today, there is a requirement for SACCOs to progress past simply rolling out specially appointed improvements to their items utilizing the absolutely supply-driven methodology towards a more interest drove approach that thinks about a more extensive scope of fitting items, client care administrations, and hierarchical initiative, however it is additionally essential to understand that little ventures in advance can filter spare SACCOs significant measures of cash.

Research gaps

In Kenya, current literature on cooperatives is rare despite the fact that the government recognizes the sector as a significant contributor to national development (the Republic of Kenya, 1997a). Most of the literature dates back to the early 1990s (e.g., Hedlund, 1992; Hussi, 1993; Lindberg, 1993), with only a handful of works being written since the mid-1990s. Among the few recent studies, none takes a broad, comprehensive perspective of the cooperative movement in the country to give one an insight into what its status is in the overall development process. This includes comprehensive studies on membership retention strategies by SACCOS. What exists are isolated small studies focusing on specific sectors of the movement like dairy cooperatives (Staal 1997; Owango, 1998); savings and credit cooperatives (Evans, 2002); and agricultural marketing cooperatives (ICA, 2002). In the circumstances, the current overall state of the cooperative movement in Kenya is not well known to development scholars, commentators, and practitioners.

The policies aimed at making cooperatives autonomous, self-reliant, self-controlled and commercially viable institutions were formulated after liberations. The role of the government was redefined from one that sought to control cooperative development, to one that now seeks to regulate and facilitate their autonomy. The SACCO Societies Act of 2008 (the Republic of Kenya, 2008b) provides for the licensing, regulation, supervision and promotion of savings and credit cooperatives by the SACCO Societies Regulatory Authority. Qualified and competent staffs were hired by SACCO Board of directors to provide day to day execution of operational and regulatory policies. These were closely followed with investment in technology that enabled cost-effective and client-friendly services and products for SACCOs to remain competitive and retain members.

3. RESEARCH METHODOLOGY

The researcher will use descriptive research designs. The target population of this study consisted of 413 respondents. The study used stratified random sampling where the subjects are selected in such a way that the existing subgroups in the population are more or less reproduced in the sample. A sample of 185 respondents was used. Open and closed-ended questionnaires was prepared and administered for the officials and members respectively. The study relied on primary data using a questionnaire, which will be administered on the drop and pick from selected respondent in Sacco members and management. In this study, the quantitative data was collected and analyzed by calculating response rate with descriptive statistics such as mean, median, standard deviation and proportions using Statistical Package for Social Sciences (SPSS) version 24 and Microsoft Excel

Model:

Analysis of data used multiple regressions to test the research questions

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

Where,

Y = Retention of Sacco's members in Kenya.

X1 = Product management practices

X2 = Customer Care management practices

X3 = Organization Leadership capacity

β_0 = Constant Term

4. REGRESSION RESULTS

Significance of Independent Variables:

The results in Table 4.15 indicate that product management practices significantly and positively influenced retention of Sacco's members in Kenya. This implies that product range of SACCO's can only be conceivable if SACCO's will receive creative procedures, for example, item substitution, item repositioning, and conformance to an assortment of items that will add to the SACCO's gainfulness. Satisfactory access to credit in SACCO's administration work for keeping up the SACCO's wellbeing and soundness. Consequently, SACCO's should utilize the qualified and able staff who can recognize dangers related with constrained sorts of item.

Further, Customer Care management practices has a significant and a positive effect on the retention of Sacco's members in Kenya. This implies that effective Customer Care management practices will enhance the retention of Sacco's members in Kenya. Therefore, it is central for the customer care personnel from the Sacco's to welcome the client in light of the fact that the achievement, intensity, and survival of the Sacco's are nearly interwoven with consumer loyalty.

Organization Leadership capacity had significant and a positive effect on the retention of Sacco's members in Kenya. This implies that the accomplishment of any Sacco is estimated by its productivity which relies upon the effectiveness of its administration. Administration can be characterized as an arrangement of exercises coordinated at the productive and compelling use of assets in quest for at least one targets. The rest of the results have been summarized in the table below

Table 4.1: Significance of Independent Variables

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.016	.047		.000	.001
1 Product management	.650	.075	.575	8.719	.000
Customer Care	.462	.088	.505	5.259	.002
Organization Leadership capacity	.202	.092	.233	..200	.001

5. CONCLUSION

This study concluded that product management practices significantly and positively influenced retention of Sacco's members in Kenya. The study further concluded that customer care management practices has a significant and a positive effect on the retention of Sacco's members in Kenya. The study finally concluded that organization leadership capacity had significant and a positive effect on the retention of Sacco's members in Kenya.

6. RECOMMENDATIONS

The study recommends that SACCO's should differentiate their items portfolio to enhance the competitiveness of those products. The study also recommends that SACCO's should comprehend and endeavor to meet and surpass present and future client needs and desires or expectations. The study finally recommend that SACCO's should create effective corporate administration and the by-laws to accommodate least capability models for both the board individuals and agents for proficient and sound administration which in turns will enhance retention of Sacco's members.

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