

**CHALLENGES AFFECTING SACCOS IN THE
STRATEGIC PLANNING PROCESS: A SURVEY OF
SACCOS IN LAIKIPIA EAST DISTRICT**



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**A Research Thesis Submitted to the Kenya Methodist University in
Partial Fulfillment of the Requirement for Master of Business
Administration.**

May, 2011

ABSTRACT

While the field of strategic management has developed rapidly in recent past, no one has investigated the slow response by Saccos to adopt the modern management framework that has widely been adopted by other players in the competition. Hence this research investigated on challenges facing Saccos in the strategic planning process. The study focused on 26 Saccos in Laikipia East District. The district had a total of 31 active Saccos. It was only 5 Saccos that had a strategic plan in place. The financial sector in which the Saccos operate had been going through rapid changes. This was due to various diverse reasons. First, changes in Government and fiscal policies encouraged banks to concentrate more on retail business. Secondly the MFIs were licensed to do banking business under the recently enacted MFIs Act. Saccos too started to legally do banking under the new Saccos Act. Automation of services, continuous product development, research, customer focus, differentiation and downscaling of services by the main banks had been responsive and strategic. For Saccos to be able to align themselves to the competition they require to undertake strategic planning and strategic decision making. The general objective of the study therefore was to access factors affecting Saccos in undertaking strategic planning. The research assessed the possibility of Saccos operating business like corporate bodies not only to match but also to outmaneuver the competition. In carrying out research, 260 respondents were studied. A sample of 130 was selected using stratified sampling method. The researcher used open ended and closed questionnaires to gather data for a study that was both quantitative and qualitative. Inferential statistical methods were used to analyze and present data. Tables, charts and graphs were also used to present the data. It was concluded that the major challenges that Saccos face in the process of strategic planning are lack of the necessary skills, non participation by the lower management, poor organization structure, level of change management and the financial implications. With straining, these problems could be sorted out.