THE EFFECT OF ACQUISITION STRATEGY ON SACCO PERFORMANCE IN KENYA: A CASE OF MWALIMU NATIONAL SACCO

by

Michael Kung'a

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APPROVAL

THE EFFECT OF ACQUISITION STRATEGY ON SACCO PERFORMANCE IN KENYA: A CASE OF MWALIMU NATIONAL SACCO.

by

Michael Kung'a
15-0309

In accordance with Daystar University policies, this thesis proposal is accepted in partial fulfillment of requirements for the Master of Business Administration degree.

` Date

_____ _____
Joshua Okeyo, MBA,
1st Supervisor

_____ _____
Dancan Irungu, PhD,
2nd Supervisor

_____ _____
Joseph Munyao, PhD,
HOD, Commerce Department

_____ _____
Evans Amata, PhD,
Dean, School of Business and Economics

DECLARATION

THE EFFECT OF ACQUISITION STRATEGY ON SACCO PERFORMANCE IN KENYA: A CASE OF MWALIMU NATIONAL SACCO.

I declare that this is my original work and has not been submitted to any other college or university for academic credit.

Signed: _____ Date:_____

Michael Kung'a
15-0309

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It is with the earnest senses of gratefulness to the Almighty Lord who has given me strength and ability to complete this thesis successfully. I am grateful to God for bestowing me with intellectual abilities, strength, health, patience, knowledge, wisdom and life. I am also thankful to all members of my family for their immeasurable support throughout my academic journey. I also would like to extend my special appreciation to my thesis supervisors Mr. Joshua Okeyo and Dr. Dancan Irungu, who modeled the work, gave positive criticism and guided me throughout the process of writing of this thesis. I also extend my gratitude to the fraternity of Daystar University for their support throughout my learning process. Also, I extend my thanks to my employer for giving me the opportunity to pursue my postgraduate studies. To my fellow students, young and old, I say thank you.

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LIST OF ACRONYMS AND ABBREVIATIONS

ECB – Equatorial Commercial Bank

NACOSTI – National Commission for Science Technology and Innovation

ROSCA – Rotating Savings and Credit associations

SACCO– Savings and Credit Cooperative Societies

SPSS – Statistical Package for the Social Sciences

ABSTRACT

Several firms have often sought to acquire other firms as a means of gaining competitive advantage. However, the acquisition strategy is not always successful as research evidence shows. Mwalimu Sacco recently acquired the Equatorial Commercial Bank through stakes in June 2014 and subsequently rebranded it to Spire Bank. However, the effect of this acquisition strategy has not been examined for its effects on the Sacco's organizational performance. The purpose of this study, therefore, was to assess the effects of acquisition strategy on Sacco performance in Kenya with the case of Mwalimu National Sacco. The study was guided by the following objectives: to determine effects of pre-acquisition factors necessitating acquisition of of the Equatorial Bank by Mwalimu Sacco; the effect of performance measures of acquisition adopted by Mwalimu Sacco; and to establish the effect of the acquisition on organizational performance at Mwalimu National Sacco. The study adopted a descriptive research design and drew responses from a total of 73 respondents who were issued with questionnaires. The study established that Mwalimu National Sacco was able to gain market power, enhance innovation, minimize product development risks, reshape their competitive environment, receive financing solutions through growth of assets and customer base, and were also able to revitalize the company through knowledge and skills necessary for survival in the long term. The study recommends that organizations seeking to participate in acquisitions should employ focused leaders who can follow through the change process from start to finish and are capable of creating and communicating an organizational culture. This study was poised to have significance in three main sectors: scholarship, Sacco management and policy making organs by adding new perspectives of effects of acquisitions on non-formal financial institutions.

DEDICATION

I dedicate this work to my family who have supported me through this academic journey.

CHAPTER ONE
INTRODUCTION AND BACKGROUND TO THE STUDY
Introduction

The changing nature of the business and new forms of competition have created new opportunities and threats for modern firms. Increased competition from rapidly changing global markets has led to a situation where most companies find it difficult to move on their own. This has forced many modern-day organizations to adopt a variety of business reform strategies. One of the strategies many companies use to gain competitive advantage is acquisition (Mishra & Chandra, 2012).

More than ever before, many skills, abilities, technologies and resources that are critical to the company's current and future success are found outside the company's boundaries and without the direct control of management. Likewise, managers must think beyond these limits that their firms continue to be profitable and competitive. Therefore, the relationship that normally gives a company these skills outside of its tangible and intangible assets is now important (Mboroto, 2013); and the identification and use of these resources and skills generated beyond the boundaries of the company should ensure the survival and growth of organizations.

Organizational performance is used to measure the overall financial and non-financial well-being over a period of time and can be used to compare similar firms across the same industry or to compare industries or sectors collectively. Organizational success is measured by the many indicators of both quality and quantity. These include financial performance, meeting customer needs, building quality products and services, promoting creativity and creativity and gaining employee commitment. The success of an organization in these areas determines its results (Austin, 2013).

Background of the Study

The fundamental objective of acquisitions is to provide strong company capability of meeting customer satisfaction, to reduce fierce market competition, to acquire new technological developments that will enhance organizational performance and enhance firm profitability (Nima, 2015). Acquisitions have become a common occurrence in global markets today. According to Delloitte Trends Annual Report (2016), 2015 marked the busiest year for acquisitions with US companies announcing $2.1 trillion against a global volume which had increased to $4.7 trillion from $3.4 trillion in 2014. This was made possible by increased investment opportunities and business environment. In well developed economies and markets like United States of America and United Kingdom, mergers and acquisitions have become very popular. One of the most notable acquisition in recent past is that of Microsoft where it acquired Linkedin for $196 per share in an all cash transaction worth $26.2 billion. Linkedin is one of the most valued professional networks (Ngahu, 2017).

In Africa, multinational companies such as Barclays Bank of Africa acquired 63.3% stake in First Assurance for a cost of $2.2 billion shillings whereas Pharmaceutical drug maker GlaxoWelcome merged with Smithkline Beecham to form Glaxosmithkline. In Kenya, CFC bank merged with Stanbic Bank to form CFC-Stanbic. Britam Insurance Limited acquired Real Insurance Company. The company has since changed its name to Britam General Insurance Company Limited (Ngahu, 2017).

The size of the acquisitions and their importance to the purchaser's future financial performance make merger analysis a crucial capital budgeting topic. Poorly thought-out acquisitions can plague a firm for many years to come, while successful acquisitions can bring in significant returns to the acquiring company's stockholders. A study of acquisitions globally established that majority of acquisitions do not better stockholder worth of the acquiring

company. Instead, for a good number of cases, it actually diminishes the value of stockholding of the acquiring company (Ryan, 2007). This study sought to establish the effects of acquisitions on SACCO performance in Kenya with the case of Mwalimu Sacco.

Acquisitions

Acquisitions are the company's reconstruction activities carried out with the aim of improving the recovery of firms or increasing the efficiency of their operations. Typically, purchased firms operate in the same industry or under the same conditions and market structures (Franke, 2005). Discovery is viewed differently than merged. Integration is defined as the process by which two or more business functions are merged into one entity with the same management and ownership. Legally, a merger is the merging of two or more businesses into one business (Cartwright & Schoenberg, 2006).

Acquisition, on the other hand, is considered a business combination in which one company assumes the management and operations of another existing company and that the agreement is successful, skills and knowledge must be transferred to cost-effectiveness, collaboration and efficiency (Krug & William, 2009). Detection occurs in three important ways: horizontal acquisition, direct acquisition and combined acquisition. A horizontal acquisition method occurs in firms operating in the same industry; competitors often offer similar goods or services (Martin, 2015). Direct acquisitions occur between business entities that produce completely different goods or services that are included in the process of producing another product (David, 2009). Combination discovery occurs between firms that produce unrelated products (Halpern, 1983).

Hitt, Harrison and Ireland (2009) developed the main motivations for adoption. These were: market empowerment, innovation, reduction of product development risk, increased efficiency in capital product economy, restructuring the business' competitive environment,

providing short-term financial solutions, revitalizing the company with the knowledge and skills needed for longevity, and benefiting from synergies.

Acquisitions bring about significant changes in the organization and it is important that well-structured processes and procedures are developed and implemented in their implementation. The gold rule is that companies should follow a purchase only if they are building a price (Jain & Raorane, 2011). Acquisition is fruitful when it comes to combining operational, financial and administrative means (Ismail, Abdou & Annis, 2014), and therefore, improved performance.

Organizational Performance

According to Richard, Devinney, Yip, and Johnson (2009), organizational performance includes three specific categories of outcomes namely: financial performance (profit, asset recovery, return on investment); product market performance (sales, market share); and shareholder restitution (total number of shareholders, economic value added). In addition, Busse and Keohane (2009) agreed that organizational performance is measured using both financial and market methods, including return on investment, market share, sales profit line, market share growth, sales growth, and overall competitiveness.

The performance of the organization is measured in terms of financial performance. Higher financial performance is a way to satisfy investors and can be represented by profit, growth and market value (Besanko & Wayne, 2000; Kojima, 2011). Profit measures a company's ability to generate returns (Borenstein, 2008). Growth reflects the company's ability to increase its size (Whetten, 1987). The market value represents an external environment test and the company's performance expectations for the future (Santos & Brito, 2012).

Customers expect firms to provide them with goods and services that meet their expectations. Customer satisfaction increases the willingness to pay and therefore the amount

created by the company (Runyon, Colman, & Pittenberg, 2006). Customer satisfaction is one of the most difficult things to achieve. This aspect of the market is diverse and should be approached tactically. Different customers with different needs access within the market consume products and expect to experience similar results. Therefore, customer satisfaction is an important driver of market share of the firm which is an important metric of firm performance.

An assessment of an organization's performance and how capable it is in achieving its goals can also be based on an examination of the deliberate involvement of various resources such as human labor, buildings, investments, properties and financial resources it employs so as to achieve set targets as it seeks to perform satisfactorily and outperform competitors (Delaney & Huselid, 1996).

Acquisitions and Organization Performance

According to Picardo (2019), an acquisition can have a profound effect on an organizations prospect and long-term outlook. Essentially, acquisition occurs when a company decides of buying another company and folds it into its operations. The bigger company does not emerge, but the smaller company is the one which is acquired and some of its assets become part of the larger company. Acquisitions are mostly done for economic purposes such as gaining competitive advantage, diversifications of products or services, cutting costs and replacing leadership (Young, 2013).

Most of the times acquisitions make companies expand their production capacity due to the increase of new production units. Acquisitions cause the performance of existing units which are geographically proximate to the acquired unit to decrease. On the other hand, the performance of existing units which have common characteristics to the acquired ones increases (Cartwright & Cooper, 2012).

In other instances, however, active market for corporate control is one of the catalysts for the occurrence of acquisitions. Some acquisitions are influenced by manager's desire for prestige, power, or the gratification of personal zeal. As such, if management is left unchecked, they will maximize their own personal benefits at the detriment of the stockholder's wealth maximization and as a result, without adequate internal controls in place, management will engage in cosmetic project which do not necessarily add value to the firm. Other reasons for acquisitions are defensive acquisitions in which firms that risk being acquired will engage in worthless merger activity such that it becomes bigger and thus avoid being acquired. This process may be self-reinforcing and could trigger merger waves. One company move makes another one in the same industry more susceptible or vulnerable as a target and because managers want to keep their jobs then they will also engage in some merger to improve their firms standing in the market and avoid being acquired (Ryan, 2007).

SACCOs in Kenya

Diversity in the provision of natural resources in line with the implementation of internationally accepted development policies has contributed to social and economic divisions between countries. This is reflected in the availability of a source of income, income and low income Todaro as (cited in Mutura, 2006). Countries have therefore implemented and implemented a number of strategies that increase the quantity and breadth of goods and services that will meet the infinite need and that the quality of life of the people and the economy of the country has improved as a result. One of the strategies used is the creation of financial services to promote business growth and economic growth (Atieno, 2001).

Financial services are available to formal, informal and formal providers. These financial services providers are commercial banks, non-banking institutions, microfinance institutions, lenders, friends and relatives. The Savings and Credit Coalition (ROSCA) and Savings and

Credit Cooperative (SACCOs) are some of the best examples of small financial institutions (Atieno, 2001).

Co-operatives have long provided institutional infrastructure where the poor and middle class are socially, economically, culturally and politically organized. It is estimated that the co-operative sector supports 42-48% of Kenya's economy. Perhaps in recognition of this, SACCOs have been identified as one of the drivers of the Strategic Development Goals (SDGs) and Kenya Vision 2030 to create a strong and competitive global economy in Kenya that will create jobs and promote high levels of savings in support of Kenya's investment needs (Kenya Vision 2030).

A co-operative society can be defined as a group of people who volunteer to come together to achieve the same goals by building a democratic organization that makes an equal contribution to the required capital and receives an equal share of the risks and benefits of doing what they participate. Co-operatives are based on the principles of self-reliance, commitment, democracy, equality, equality and solidarity. According to the culture of their founders, members of a union believe in the principle of honesty, openness, social cohesion and caring for others (Wamuyu, quoted in Mutura, 2006).

SACCOs play an important role in economic development in the form of integrating savings and housing and mortgage loans, personal expenses and capital development. This has led to an increase in the standard of living of their members (Mutura, 2006).

Mwalimu SACCO

Mwalimu National Saving and Credit Cooperative Society Limited (SACCO) was started in 1974. It has 86,567 members drawn from Mwalimu National Sacco Society staff, TSC Secretariat, TSC Secondary School Teachers, TSC Lecturers, TSC Primary School Teachers, and members' spouses in formal employment. It is licensed and regulated by the regulator of

all SACCOs in Kenya, SACCO Societies Regulatory Authority (SASRA) (Mwalimu Sacco, 2019).

Since its incorporation, Mwalimu Sacco has achieved significant growth. The SACCO was the largest amongst all SACCOs in Kenya as of December 2013 in terms of the value of assets, then valued at Kshs. 24.5billion. Mwalimu SACCO continues to pursue strategies aimed at furthering its growth despite its significant financial achievements. In 2013, Mwalimu SACCO launched a housing scheme in Nairobi, Kenya's capital city. The houses were to be sold to its members at prices that would be regarded as discounted considering the market value of housing in the city. As of the date when this research is being conducted, the organization has constructed houses in the Nairobi metropolitan and sold to Mwalimu Sacco members at discounted prices is ongoing.

Throughout the period in which the SACCO has reached financial development milestones, it has also changed its physical location and rebranded to Mwalimu National. Since its incorporation, the SACCO was situated in Development House. In 1984, it moved to Mwalimu Cooperative House along Tom Mboya Street in Nairobi's Central Business District. After 34 years, the SACCO relocated to Upper Hill. Currently, it is in Mwalimu Towers which is fully owned by the SACCO. The SACCO has branches in various towns across Kenya in Nairobi, Kisumu, Eldoret, Nyeri, Kisii, Webuye, Mombasa, Kitui, Meru, Kapenguria and Nakuru.

Equatorial Commercial Bank Limited (ECB) is a commercial bank controlled by Central Bank of Kenya which was first established as a Financial Company in 1983 and began operating as a full-fledged commercial bank in 1995. In June 2010 Equatorial Commercial Bank merged with Southern Credit Banking Corporation, forming a new expanded bank under the Equatorial Commercial Bank brand. The merger gave the ECB the critical weight to

continue growing in a strong and competitive market environment. However, in June 2014, Mwalimu National SACCO acquired 75% stake in Equatorial Commercial Bank. In 2016 the ECB re-changed and changed its name to Spire Bank (Spire Bank, 2019). The impact of this adoption on the operational nature of Mwalimu National SACCO, however, was not yet established which created the current need study.

Statement of the Problem

SACCOs, like commercial banks in Kenya, play a pivotal role in Kenya's economic development by offering financial services to members to improve their economic welfare. Though the primary objective of SACCOs is to maximize the economic welfare of members, it is also part of their objectives to maximize profitability. As such, they undertake several strategies to help maximize profitability (Mutura, 2006). Some of these strategies involve acquisition of assets and even businesses as in the case of Mwalimu SACCO acquisition of Equatorial Commercial Bank as part of its growth strategy.

Studies suggest that acquisitions can be profitable and instrumental for the growth of the organizations if well thought out and executed rightly in the long term (Jain & Raorane, 2011; Picardo, 2019). Studies also suggest that poorly-thought out acquisitions can plague a firm over a period of several years (Ryan, 2007). Further, according to Ryan (2007) most acquisitions do not often result in value creation and, in fact, actually diminishes the value of stockholding of the acquiring firm. This implies that the failure rate of acquisitions is high.

Though several scholars have assessed the effect of acquisitions on the financial performance of institutions such as commercial banks (Gwaya & Mungai, 2015), petroleum firms (Oguku & Mouni, 2017) and insurance firms (Ngahu, 2016; Kainika, 2017; Mwanza, 2016) in Kenya; evidently few scholars have assessed the effect of acquisitions on the organizational performance of SACCOs. It is in this regard that this research attempted to

uncover the implications of acquisitions on the performance of SACCOs in the Kenyan market. Considering the integral role played by SACCOs in Kenya's economic growth and development, it was important to understand the efficacy of the strategies undertaken by SACCOs to enhance their performance such as acquisitions.

Provide a one paragraph which shows the research gap, some studies that shows then relationship between acquisitions and performance

Purpose of the Study

The purpose of this study was to assess the effects of acquisitions on SACCO performance in Kenya with the case of Mwalimu Sacco.

Objectives of the Study

1. To determine the effects of pre-acquisition factors necessitating acquisition of ECB by Mwalimu SACCO.
2. To determine the effect of performance measures of acquisition adopted by Mwalimu Sacco
3. To establish the effect of acquisition of ECB on organizational performance at Mwalimu Sacco

Research Questions

1. What were the effects of pre-acquisition factors necessitating the acquisition of ECB by Mwalimu SACCO?
2. What are the effects of performance measures of acquisition on Mwalimu Sacco?
3. What is the effect of the acquisition of ECB on organizational performance at Mwalimu Sacco?

Justification of the Study

This study is important and timely as it sealed an existing gap in literature on the effects of acquisitions on organization performance in Kenya. Though there are relatively low numbers of acquisitions in the Kenyan context compared to other developed countries in the West, the trend of acquisitions shows signs of increasing and, hence, understanding their effect of organizational performance is important in company decision making. According to Mungwana (as cited in Mutura, 2006) savings and credit co-operative societies have had the most viable impact on the lives of many Kenyans. SACCO societies play an important role in economic development by way of mobilizing savings and giving loans for financing real estate, member's personal expenses and human capital development. This has led to uplifting the living standards of their members.

SACCOs are also an important pillar for Kenya's economic development as outlined in Kenya Vision 2030. They serve as an integral part of microfinance as they provide savings and credit facilities to the low income and poor households. It is thus imperative to carry out this study as it will provide valuable information on the effect of acquisitions on the performance of SACCOs with a view to enlighten potential and existing SACCO members, the decision making faculties at SACCOs, as well as the government and the general public.

Significance of the Study

The study is expected to be important in three main areas: bursaries, SACCO administration and government policy-making structures. For academia and the research community, this study is expected to contribute to the strategic management literature by adding new ideas for the results of acquisitions in illegal financial institutions and will recommend its findings for future research.

In addition, this study will provide important information to SACCOs on how to manage and plan strategies to improve performance. The study also aims to assist government agencies and policy makers in regulating SACCOs.

Assumptions of the Study

The study was guided by the following assumptions:

1. That acquisition has a direct proportionality effect to performance.
2. That the net profit realized by the acquired company is recorded in Mwalimu Sacco's financial books.
3. That the acquisition process is fully supported and endorsed by all Mwalimu Sacco shareholders.

Scope of the Study

The proposed study aimed at assessing the effects of acquisition strategy on SACCO performance in Kenya focusing on the case of Mwalimu Sacco. The study was be carried out by drawing respondents from the Mwalimu Sacco headquarters located in Nairobi, as this is the region where the core functional teams for the SACCO are located. The study also drew responses from respondents of Spire Bank, whose offices are also headquartered in Nairobi. A total of 73 respondents were issued with questionnaires, 52 from Mwalimu Sacco and 21 from Spire Bank. The study was conducted for a period of two months between September and October in the year 2020.

Limitations and Delimitations of the Study

The researcher anticipated some limitations, but classification methods will be used. Limitations are defined as those structural features or performance that may influence the findings and interpretation of a study (Price & Murnan, 2004). The researcher was expected

the presence of uncooperative and distrustful participants and travel restrictions related to the COVID epidemic to limit meeting the threshold for obtaining detailed information from target organizations. However, to address this limitation, the researcher opted to convincingly introduce the study and demonstrate its importance while build relationships with organizations so as to secure their cooperation in carrying out of the study. The researcher also reassured respondents about the confidentiality of information collected by the study. In addition, the researcher showed them the research authorization letter from the University confirming that the data collected was meant for educational purposes only.

Definition of Terms

To facilitate the understanding of this subject, the following key words are explained:

1. *Acquisition*: Acquisition is the company's reconstruction activities that are carried out with the aim of improving the repatriation of firms or increasing the efficiency of their operations (Franks, 2005)
2. *Cooperative Society*: A voluntary association of individuals to achieve a common objective (Wamuyu, 1998)
3. *Growth strategy*: A strategy that is intended to win a larger market share is termed as a business growth strategy (Khan, 2015)
4. *Organizational performance:* A review of the performance of a company in comparison set to goals and objectives including analysis of financial performance, market place performance and shareholder wealth (Melville, Kraemer & Gurbaxani, 2004)
5. *Performance*: the outcome of effort focused by a person of a group of individuals in an organization so as to achieve strategic objectives (Delaney & Huselid, 1996)
6. *Strategy*: direction or scope of a firm over the long term which achieves advantage for the firm through its configuration of resources within a challenging environment and is geared

towards meeting the needs of the market and fulfilling stakeholder expectation (Johnson & Scholes, 2002).

Summary

This chapter described the key issues in the research, explains the origins of the research, introduces the problem and purpose of the proposed study, found objectives and research questions, attempts to substantiate the research, and explains the possible limitations and their classification and detailed terms as used in this study. The second chapter discusses the ideas that informed the study and provided strong evidence for the information gaps the research seeks to close.

CHAPTER TWO
LITERATURE REVIEW

Introduction

This chapter presents a review of the text. It deals with general literature, theoretical framework and art texts. The researcher then discusses the conceptual framework in which the relationship between independent, dependent and interactive variables is explored. The chapter closes with a summary of the chapter.

Theoretical Framework

The concept contains concepts that reflect the underlying relationship. Theoretical functions that define visual behavior, contribute to its comprehension and help predict future performance. It provides a common language that forms the framework for object analysis (Koskela and Howell, 2002).

This study will use three theories to study the research problem: Resource Based View theory, Resource Dependency theory, and Higgins 8-S Model Theory.

Resource Based View theory

The resource-based view theory was developed by Barney (1986). This theory claims that organizational resources are key indicators of performance. This claim works, however, under two main assumptions. The first one is about uniqueness of resources in an industry or sector of a given market. The second assumption is that this uniqueness of resources from one organization to another may persevere through time since resources used for the implementation of a strategy in one organization might not be transferable to another organization due to incompatibility. The uniqueness of each resource gives the organization a competitive advantage over the other organizations.

According to Barney (1986) uniqueness of a resource is not enough to provide sustainable competitive advantage; the resource has to be valuable as well, rare, inimitable and non-substitutable in order to be a source of sustainable competitive advantage. This theory, therefore, emphasizes on the fact that an organization has to create unique, valuable, rare, and hard to imitate or substitute resources in order to create a sustainable competitive advantage and increase performance. It is this uniqueness and its ability to create competitive advantage and value that informs the rationale behind acquisitions of firms.

This theory was, therefore, be used to explain the urge that informed Mwalimu Sacco management to acquire a unique resource to heighten its market dominance. Evidently, Mwalimu Sacco seeks to further leverage on the unique capabilities of its newly acquired resource to increase its competitive advantage and resource value. Mwalimu SACCO is considered the only SACCO in Kenya to have ever acquired a bank and diversified its business from a risk averse business model to high risk business model. This theory is therefore suitable to inform this study.

Resource Dependency Theory

Resource dependence theory states that power is derived from the management of resources that are considered to be the best in an organization. The concept of resource dependence came from open-minded system thinking as those organizations have different levels of dependence on the external environment, especially for the resources they need to use. Thus, this poses a problem for the organization that deals with uncertainty in access to resources and raises the issue of the company's dependence on the environment for critical resources (Pfeffer & Salancik, 2010).

Hillman, Withers and Collins (2014) argued that uncertainty in the external management of these resources can reduce management monitoring and, consequently, impede the

achievement of organizational goals and ultimately threaten the existence of a highly focused organization. In the face of a costly situation of this nature, management actively directs the organization to control external dependence for profit (Akben-Selcuk & Altiok-Yilmaz, 2014).

Davis and Cobb (2010) have found that resource-dependent theory assumes that organizations must work in partnership with external environmental actors to obtain needed resources. Where there is a lack of resources, insufficient information about the necessary resources or instability of the required resources, organizations will build working relationships with external actors to increase supply, increase information about resource quality or reduce quality instability or resource allocation (Davis & Cobb, 2010).

The concept of resource dependence can be summarized into a broader perspective on structure and management which means that companies agree or respond to the environment (Pfeffer & Salancik, 2010). The resource dependence theory states that organizations have certain resources but few organizations are independent of these resources, therefore, they must rely on others to obtain valuable inputs. Lack of one or more basic resource tools or skills is seen as the ability to drive collaboration and a way to reduce uncertainty and manage this dependence (Chen, 2013). Given that resource mobilization and reducing dependence are some of the reasons why firms want to engage in procurement, this view is important in the current study as the study sought to assess the effects of acquisitions on SACCO operations.

Higgins 8-S Model of Strategy Execution

This model is based on McKinsey Seven 'S's, first introduced to us in 1982 by Peter and Waterman (1982). The McKinsey 7-S framework is a value-based management system that outlines how one can effectively organize an institution through the management of seven factors that determine how an organization operates. The main focus behind the McKinsey model is a shared value, which emphasizes the beliefs and attitudes of the organization. In

addition, the model proposes seven co-operative elements: three complex 'S' - strategy, structure, systems; and four soft ‘S’ - shared prices, skills, style and staff. Heavy ‘S’ are more easily caught, easily defined and easily influenced than ‘S’ (Peter & Waterman, 1982).

McKinsey summed up this with seven key areas named for Ss, which include: Strategy - strategies for the company's complex resource allocation, over time, achieving environmental objectives, competition, customers; Structure - the way in which organizational units relate to whether they are integrated, functional divisions (up and down), shared, individual, or network; Plan - procedures, procedures and practices that indicate how important the work is to be done e.g. financial systems, performance appraisal systems, information systems; Employees - numbers and types of employees within the organization; Shared Values - organizational style; Style - leadership and style management, how managers influence subordinates to achieve organizational goals; and skills - different skills of employees or the organization as a whole (Higgins, 2005; Rapert, Velliquette, & Garretson, 2002).

The Higgins 8S Model differs from the original McKinsey 7S Model in two main ways: First, resources have replaced skills as the 'S' context. The McKinsey 7S model did not have an 'S' dedicated to resources, other than an 'S' for employees. An organization cannot be strategically successful without marketing additional resources such as money, information, technology and time. Second, an eighth ‘S’ has been added, Strategic Performance, which will provide focus and closure of the organization. Adding Strategic Performance as a S-status helps those using the strategy to focus on what’s important, outcomes. This ‘S’ can be used in many ways from setting strategic objectives to measuring outcomes (Higgins, 2005). The eight ‘S’ content must all be aligned so that the strategy works in full. Figure 1 conveys this alignment with the arrows. Organizational arrows should all point in the same direction, that is, they should all be aligned.

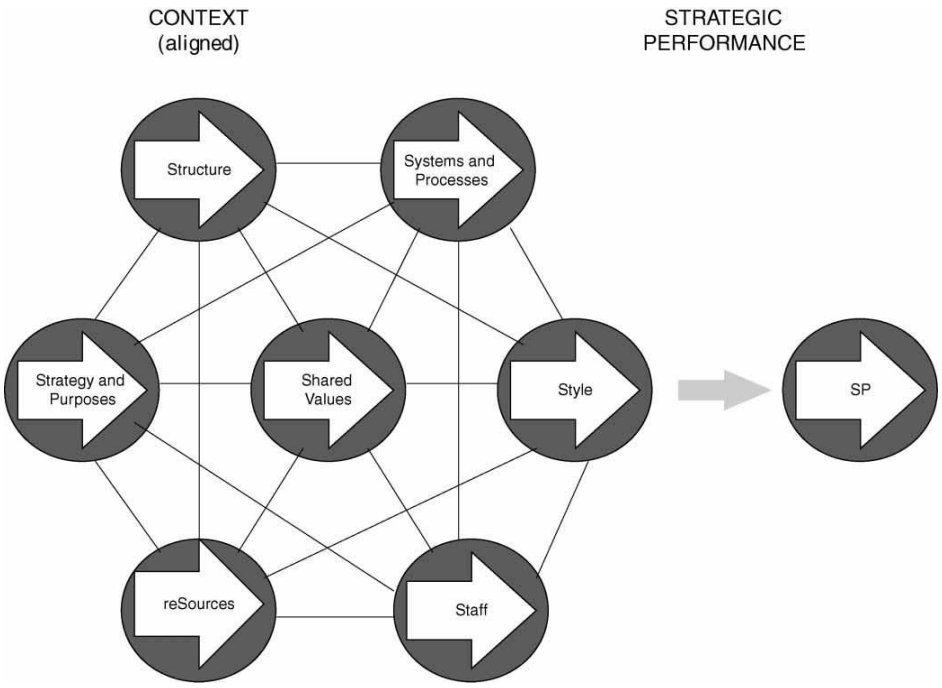

Figure 2:1: Higgin's 8S Aligned towards Strategic Performance

Source: Higgins (2005)

The framework exhibits key strengths that are pertinent to the present study. It is used in this study as a diagnostic tool for understanding the acquisition process that took place at Mwalimu Sacco.

General Literature Review

SACCOs

SACCO or a co-savings and credit union is a voluntary organization with the same cultural and economic need for a co-operative and democratically owned enterprise. The central idea of a cohesive society is the consolidation of scarce resources and the elimination of intermediaries to achieve a common goal (Green, Janmaat & Han, 2009).

Acquisitions

As the working environment changes, firms realize that they do not have the strength to compete effectively and live with the limited time they have to develop such strengths and abilities. This knowledge is often accompanied by the fact that opportunities present themselves only for a limited time waiting for aggressive parties to take advantage of them. Therefore, with

such a view, organizations evaluate identified firms with appropriate skills and operational capabilities and acquire them (Hernandez & Juan, 2010).

Growth strategy can be defined as a strategy used to increase the market share of a given business organization (Khan, 2015). Adoption is a carefully planned growth strategy to achieve a collaborative outcome. The co-operative outcome of the acquisition includes: a scale economy with high output, avoiding duplication of resources and personnel services and a strong financial base. Economic benefits as a reason to pursue mergers or acquisitions include increased revenue, reduced costs and growth Akinsulire, Amedu (as cited in Ogada, Achoki & Njuguna, 2016).

Some of the reasons for merging and acquisition are buying a company with competent management; improve earnings per share, introduce new ideas for better prospects and shareholder wealth development, gain access to financial markets, eliminate duplicate and competitive areas, protect scarce resources, separate products or markets or complete product range, greater asset support; and improving corporate economic growth (Akinsulire, 2012; Amedu, 2014). Acquisitions can help companies improve their skills in the short term (Lynch & Lind, 2002).

Acquisitions are strategic decisions taken to increase firm growth by improving their manufacturing and marketing operations, empowerment, reduce competition, enter new markets, market power, idle expenditure, utilize other firm assets that do not change easily, risk sharing, cost savings, customer service quality, and be the best player. As the working environment changes, firms realize that they do not have the strength to compete effectively and live with the limited time they have to develop such strengths and abilities. This knowledge is often accompanied by the fact that opportunities present themselves only for a limited time waiting for aggressive parties to take advantage of them. Therefore, with such a view,

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Horizontal acquisitions are between two firms in the same industry. Such firms operate in a similar business line and are in search of ways to maintain competitive authority (King et. al,

2004). Vertical acquisition represents an amalgamation between firms where supplier buyer correlation may be existent. Firms take up strategic collusion with their suppliers motivated by the desire to decrease costs or ensure continuous raw material supply (Samuels, 2005). Conglomerate acquisition occurs amongst firms within different business lines and diverse industrial sectors colluding for strategic gains (Siegel & Simons, 2007).

Resources

It is a resource or supply where a profit is generated and there is a specific use. The object becomes a resource over time and improves technology. Frequently, resources, power, services, personnel, information, or other assets are converted to profit and in this process may be used or made unavailable. Other benefits derived from resource utilization may include increased wealth, system efficiency, or improved well-being (Miller & Spoolman, 2011). Resources are categorized according to their availability, use and distribution. The study focused on economic resources. Economic resources are factors used in the production of goods or the provision of services. In other words, it is input that is used to create things or to help you provide services. Economic resources can be divided into human resources, such as labor and management, and non-human resources, such as land, capital, financial resources, and technology (Grimimsley, 2018).

Leadership and Managerial Expertise

Accepting change does not mean agreeing with it but understanding it and being willing to follow it (McKinsey, 2006). The mobilization and support of senior staff / leaders is essential to the successful implementation of change (Kotter, 1996). A strong directing alliance begins with a strong person / position. Otherwise, change is not possible. The more people in power believe in a new ideology the more likely they are to succeed.

Healthy support from senior management requires establishing relationships with key stakeholders and senior management, responsible for sending resources to more productive areas and sponsoring support (Zachary & Johnson, 2003). Professionalism is the ability to perform a task or task successfully through production skills, experience and skills (Alfayo, Malonya & Misiega, 2015). Managerial expertise is a key factor that upon acquisition of a new business there is a fully empowered and knowledgeable managerial staff that can drive the whole process. Despite the two organizations being financial institutions, it is prudent to note that they operate under different financial and regulatory space.

Organizational culture & Institutionalization of Strategy

Institutionalization of strategy happens when the culture of an organization becomes well known and established. This means that the culture is well understood by both the employees and the people outside the organization. According to Katanga (2016) "culture is how organizations do things". Organizational culture ranges from beliefs, customs, written and unwritten rules that have been developed over a period of time. Organizational culture is created and communicated to the other employees by the leaders in an organization. Organizational culture determines the kind of leadership the organization is going to have.

The culture of an organization determines the way employees interact in the workplace. A good culture should motivate the employees towards achieving the company's objectives and set goals. The culture of an organization leads to healthy competition in the workplace. This makes employees to work hard in their places of work to gain recognition and awards. Every organization has a different culture, and this differentiates organizations from one another. The culture of each organization creates a brand image for every organization.

Organizational culture also leads to equity in an organization. This means that all employees are treated equally without any favor or neglect and this makes them motivated to give their best in the places of work. It also unites employees who are from different backgrounds and makes them to learn the cultures of different tribes and how to handle each other (Cadden et al., 2013). For an organizational culture to be well established, your core cultural statement should be embedded in the operational mission statement. After you have the cultural statement in your mission then you can emphasize it with adjective, nouns or words that reflect the core cultural statement.

Leaders of the organization should lead by example by practicing the core cultural statement. For other employees of the organization to be able to own the organizational culture then the leaders should act and behave in a way that shows that they live the culture (Iyamu, 2009). In this study, this indicator was assessed using the 8S Model for strategy implementation, scrutinizing against each of the 8Ss.

Sacco Organizational Performance

Organizational performance is one of the most important key indicators of how efficient and effective a strategy is, but it is important to note that it is a multidimensional concept (Verweire & Berghe, 2004). It is multidimensional because it can be measured in financial terms (e.g., risk calculation, profit, market value, return on investment); in operational terms (e.g. efficiency, effectiveness, total output, timeframe, quality), in marketing terms (e.g. customer satisfaction, customer base, retained earnings, etc.) and many more.

Performance management is critical when it comes to managing a business because it allows the stakeholders to know the status of the business; however, most stakeholders focus more on performance management, ignoring strategies that can assist in boosting the performance of the business. Failure to consider growth strategies can be fatal for the small and

medium enterprises since they have been mostly successful in increasing organizational performance, especially in highly competitive markets (Roberts, 2007).

To measure the performance of a Sacco, one must consider indicators that shall be used. This study adopted asset base, loan portfolio, dividend share, and customer base as indicators of performance of Saccos in Kenya.

Asset Base

Asset basis refers to the underlying assets that provide a company value, investment or loan. Asset base not fixed. It will inform or decrease in terms of market potential or increase or decrease as the company sells or acquires new assets (Kenton, 2018).

Loan Positions

A loan is a pre-payment method offered to a customer under certain conditions (Mutura, 2006). Loan positions are a major asset to banks and other lending institutions. The value of a loan portfolio depends not only on the interest rates earned on the loan, but also on the quality or probability that interest and principal interest will be paid. The lifeblood of each lending institution is its own loan portfolio, and the success of the institution depends on how that portfolio is managed - a loan made, or purchased, and held to repay (Luenberger, 1993).

Customer Base

Customer base is an important indicator of how well an organization is doing. A sizeable customer base will drive revenues to the organization. Customer base refers to the total number of customers who constitute an organization's clientele (Wearne & Morrison, 2013). By gathering information on the customer base, the researcher would be able to tell how good the performance of the Sacco was and how efficient the growth strategies adopted were.

Dividend Shares

SACCOs were established in order to promote thrift, provide sources of credit at a fair rate of interest, and pay members a dividend in return for their funds invested. Dividends should be

paid in order to attract more savings to enable it accomplish its major goal, to offer loans (Obuon, 1988). To attract and retain members, SACCOs usually pay dividends from the profits made. Dividends are either paid out or capitalized depending on member's wishes through their elected representatives or directly in the case of smaller SACCOs (Ongore, 2001).

Empirical Literature Review

In a study by Baldwin (1998), it was found that participating companies in buying and consolidating improved their negotiating power to suppliers and thus forced the supplier to supply inputs, goods and services to a combined company at a reasonable cost. Due to the high prices charged by customers and the relatively inexpensive inputs, consortium firms are able to make extraordinary profits which is why they are so successful.

Zahid (2014) noted that companies are involved in purchasing to create a highly competitive, cost-effective company and hold a large market share both domestically and domestically. Ugwuanyi (2015) identified the desire to increase shareholder wealth as the main reason for acquisition. Sudarsanam (2015), argued that the attainment of a level economy, increasing a person's share of the market and income, achieving efficiency and achieving geographical diversity and products as factors that support purchasing. Other identified objectives include financing, collaboration, the need to acquire new technical skills, cost reduction, better utilization of existing resources, tax benefits and risk reduction (Mulwa, 2015; Onotu & Yahaya, 2016).

Mishra and Chandra (2012) identified communication, staff retention and cultural challenges associated with erroneous motives in their formation as some of the problems facing procurement practice. On the other hand, Bruner (2014) highlighted language barriers, disruptive business continuity, complex legal requirements, staff motivation issues, strong struggles and unrealistic goals as some of the challenges facing adoption implementation. Other

problems associated with adoption initiatives include lack of planning strategies, inadequate due diligence in the proposed meeting / acquisition, merger challenges, legal concerns and lack of clear goals for merger / acquisition (Akben-Selcuk & Altiok-Yilmaz, 2014).

Nouwen (2012) studied a sample of 492 friendly combinations using the Capital Asset Pricing Model (CAPM) for the calculation of unconventional stock acquisition of shareholders. His study showed a three-year poor performance of 9.85% of the total sample, indicating the over-performance of overtime to acquire shareholders. He added that this could also indicate that the average share price was not included under the merger notice. However, he warns against interpreting the results as previous studies have suggested otherwise.

Agrawal et al (1992) studied the performance of acquirer firms after merger. Their study derived that stockholders of acquirers incur a major loss of up to 10 per cent in a period of five years after the merger. Pitcher (1987) issued a strict warning that the cost of inefficient implementation of mergers and acquisitions will be realized in lost talent, lost productivity and loss of competitive position as a result of distracted employees and consequently the company's operation will suffer. The acquisition process undergoes three major phases that include the pre-acquisition phase, acquisition and the post-acquisition phase that directly impact the operation cost, organizations culture, and employee motivation.

Poposki (2007) conducted research on merger activity in the insurance industry in European Union and US markets and concluded insurance industry consolidations were largely motivated by economic viability of the projects and mainly resulted in a higher efficient industry. The Boston Consulting Group (BCG)conducted research on over 4000 firms that had merged in 2007 across North America, Europe and Asia Pacific and found out that although acquisition destroy value on average, they can also generate substantial value. They further note that

industries are consolidating more rapidly making even the biggest players prey and private equity becoming more aggressive.

Ingham, Kiran, and Lovestam (1992) have studied the relationship between meeting and solid profit by examining 146 top UK companies. Research has shown that it is the expected reward of increased profits that has led to the take-off market. Based on the findings, management strongly believes that their cash-strapped work has been strengthening the performance of their company. The presented evidence has shown that the integration of small acquisitions into an existing organizational structure can be achieved without the serious problems of losing control and subsequent decline in performance that has plagued large purchases.

Kithitu et al. (2012) in their study of business integration implications for the financial performance of banking firms in the Kenyan market surveyed 20 banks that were consolidated or acquired between 1997 and 2010. Bank of Kenya employment reports as well as reports from the Capital Markets Authority and the Nairobi Stock Exchange. The study concluded that consolidation within the Kenyan banking industry during the period under review led to a positive impact on the three measures: Reimbursement, Reimbursement and Earnings per allocation.

Andre et al. (2004) studied the long-term effectiveness of the Canadian 267 integration and acquisition that occurred between 1980 and 2000 using a variety of calendar time methods for indeterminate and external cases. Their results suggested that Canadian healers had done very badly in the three years after the event. Further analysis has shown that their results are consistent with the additions and ideas of the payment method, i.e. the gifted recipients and equally funded deals are not performing well. Andre et al. (2004) also found that cross-border deals do not perform well over time.

Similarly, in a study analyzing the effects of employee engagement and recruitment in India, Vijaywargia (2016) sought to examine the impact of job satisfaction and job satisfaction findings and their psychological and behavioral impact. The study sampled 6 companies that bought between 2005 and 2014. Using primary and secondary data, this study used chi-square tests using SPSS analysis analysis variables. The results of the study found unsatisfactory levels of job security and motivation as well as psychological factors among employees who worked for post-purchase purchases. Studies have noted that while purchases are considered tools to grow business in today's global markets, they have a low success rate, perhaps because of their focus on financial and legal issues rather than on human resources.

Barasa (2008) conducted a study on the effect of declaring consolidation and acquisition of stock prices quoted on the NSE. The study was conducted on 11 companies that made mergers during 1997-2006. It has been found that the announcement of the merger does not affect the share price of NSE companies quoted.

Njangiru (2015) conducted a survey of commercial banks in Kenya. The study tested the merger banks of the Kenyan market for 2000 to 2014 to determine the effect of business integration on the financial performance of banks. The survey was a census of all 14 joint ventures or acquisitions in a timely manner. Questionnaires used for data collection and both open and closed queries and analyzed using SPSS. The study concluded that mergers and acquisitions have improved the number of owners of mergers / acquisitions in the Kenyan market.

Farah (2015), in his study on the effect of merging and acquisition of financial performance on banking institutions in Kenyan markets, concluded that mergers and acquisitions lead to increased financial performance in companies. He also advised that managers should take advantage of the benefits of mergers and acquisitions even though they are aware that proper

analysis needs to be done in a targeted company to ensure value addition after consolidation and / or acquisition.

Clearly, few scholars have studied the effect of SACCO's performance in Kenya. It is for this reason that this study attempted to obtain the results of the acquisition of SACCOs in the Kenyan market. Given the important role that SACCOs have played in Kenya's economic growth and development, it was important to understand the effectiveness of SACCOs' strategies to improve their performance.

Conceptual Framework

According to Labaree (2013), the conceptual framework represents a model for visualizing the relationship between variables in research. The conceptual framework delves into the research process. This study attempted to evaluate the effects of acquisition on the performance of Saccos. Figure 2 shows the variables used in the study.

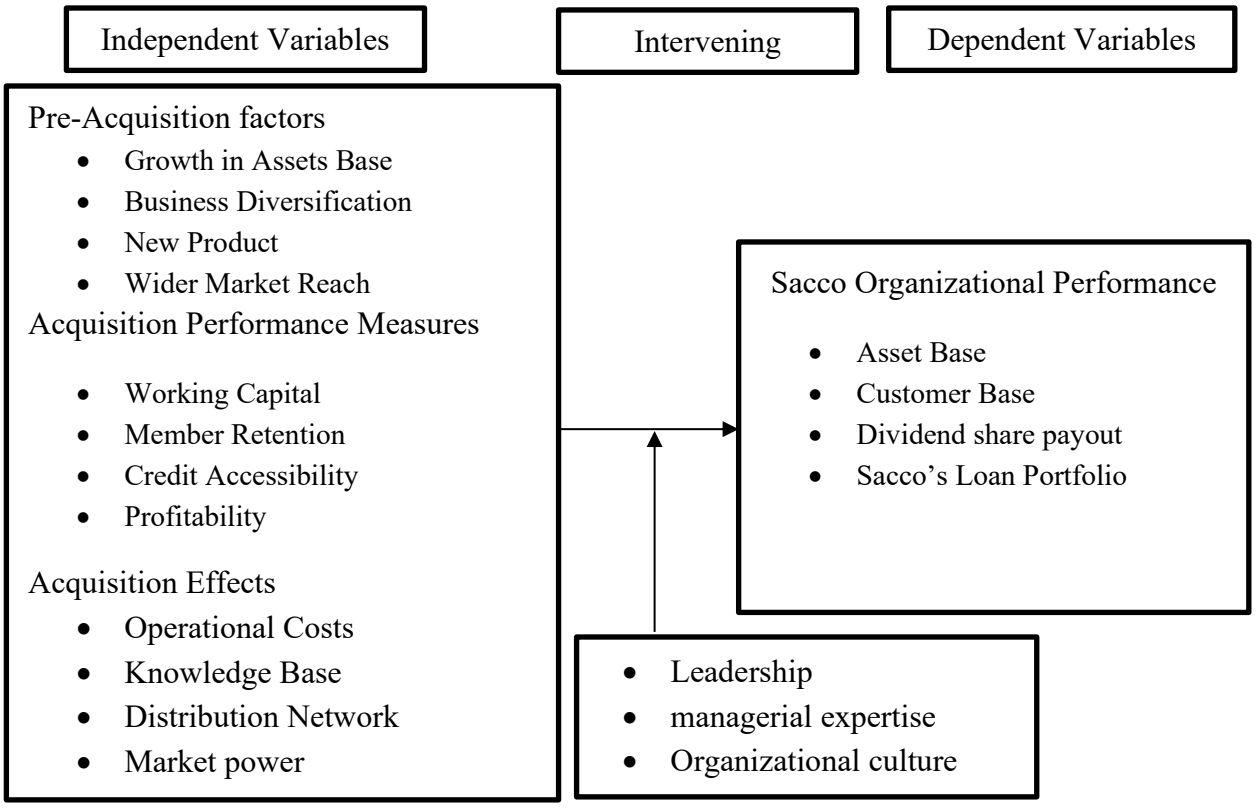

Figure 2:1: Conceptual Framework
Source Author (2019)

Discussion

The conceptual framework in Figure 2 illustrates the dynamics of the study. The three main variables presented are independent, interdependent and interdependent variables. Indicators of used acquisitions vary independently while organizational performance is a dependent variable. As established in the general literature by several scholars, the indicators of an acquisition are strategy and the resources (Baldwin, 1998; Sudarsanam, 2015; Zahid, 2014).

Further, the indicators of organizational performance of SACCOs are asset base, loan base, dividend shares and the loan portfolio (Luenberger, 1993; Kenton, 2018; Ongoro, 2001; Wearne & Morrison, 2013). The framework also provides for intervening variables which are constraining factors that limit the effect of the identified acquisition indicators on organizational performance of SACCOs. This variable was the leadership of the organization and its managerial expertise (Kotter, 1996; Alfayo et al., 2015).

Summary

This chapter reviewed existing literature on the problem of research and included sections that included research flexibility, dynamic literature review, a conceptual framework highlighting confidence, independence and interactive flexibility and a summary of the chapter. The third chapter discusses the research methodology that includes population, sample, data collection instruments and ethical considerations.

CHAPTER THREE
RESEARCH METHODS

Introduction

This chapter discusses how the study deals with data. The chapter describes the composition of the study, demographics, target population, sample strategies, data collection tools, data collection processes, forethought, data analysis and ethical considerations.

Research Design

The research design is defined as a complete strategy that the researcher chooses to integrate the various components of the research in a consistent and logical way (Mugenda & Mugenda, 2003). The role of research design guides the whole study to achieve research objectives and to ensure that solutions are provided to research questions. The study chose the descriptive case study design. Descriptive design can be quantitative or qualitative in nature. It is a type of research project related to the discovery of facts by focusing on a well-defined learning environment or small size. Descriptive design examines an object or situation in its present state and then continues to try to define it. It is about giving meaning to the characteristics of certain people or groups (Mugenda & Mugenda, 2003). This study adopted a descriptive research design as it was sufficient to make detailed information regarding the results of the acquisition of Spire Bank by Mwalimu SACCO.

This study also used Mwalimu Sacco as a case study to assist with in-depth analysis. Case study is a powerful investigation that aims to examine a modern phenomenon in a real-time context. The case study approach was an appropriate approach because it allowed the researcher to obtain sufficient information about the context of the case through a complete description, analysis and interpretation of the study material (Creswell, 2003). Case studies are a good way to find out the results of the findings in Mwalimu Sacco's performance.

Population

According to Mugenda and Mugenda (2003), the number of people in a study refers to a group of people, something, or things in which the results should be common. The population in this study was Mwalimu Sacco employees across Kenya who after the acquisition currently total 497 employees across the country (Mwalimu Sacco, 2019; Spire Bank, 2019).

Target Population

Individuals are not responsible for the collection of people or objects for purposes or the focus of scientific research and to establish the basis for research on which data is collected (Mugenda & Mugenda, 2003). The target population was, therefore, the 250 Mwalimu Sacco employees based at the Nairobi headquarters. These targeted candidates were selected as the largest number in the 47 county governments in Kenya.

Table 3.1: Target Population Distribution of Respondents from Mwalimu Sacco in Nairobi Headquarters Offices

Department	Population
WSF	33
Finance and Strategy	48
Marketing	41
Records	29
Customer Care	47
BOSA	35
Administration	45
Auditing	6
Legal	2
Insurance Brokerage	31
Operations	10
ICT	13
HR	5
Total	250

Source: Mwalimu Sacco (2019)

Sample Size

Sampling is the process of selecting a representative clause of all people to obtain information about the state of interest (Mugenda & Mugenda, 2003). The basic idea of

sampling is that by selecting some of the factors from the population, the researcher can draw conclusions about the general population (Kothari, 2004).

According to Mugenda and Mugenda (2003), sample size between 10% and 30% in descriptive studies is good for analysis. The study used 21% of the population as sample size. The researcher sampled the respondents indiscriminately from the following departments at Mwalimu Sacco to create a representative sample: Front office service Activities (FOSA), finance and strategy, marketing, records, customer care, BOSA-back office service, bookkeeping, and legal. In addition, respondents were randomly sampled compared to the eight Spire Bank departments in Nairobi.

Table 3.2: Sample Size of Respondents from Mwalimu Sacco in Nairobi County

Department	Population
FOSA	6
Finance and Strategy	10
Marketing	7
Records	5
Customer Care	9
BOSA	7
Administration	10
Auditing	4
Legal	2
Insurance Brokerage	5
Operations	3
ICT	3
HR	2
Total	52

Sampling Technique

Sample techniques refer to the process of selecting the appropriate segment of the community in which features can be identified as a true public display (Kothari, 2004). There are two ways to do this. The person submits samples of opportunities where the probability of the choice of each respondent is confirmed. Some feature specimens that are not possible when the probability of choice is unknown. Sample possibilities have sub-categories such as random sample, random sample, random sample, multiple categories, examples of multi-stage sampling

and collection sample. Opportunity sampling has sub-categories such as simplification of samples, purposeful sampling and ice drilling (Polit, Beck, & Hungler, 2001).

This study used random sampling, sampling methodology, selection of a research sample. A randomized controlled trial helps to reduce the likelihood of discrimination in the selection of cases to be included in the sample. Since the selected units were selected using the required methods, a sample that represents the largest number of subjects was obtained by ensuring that the fibers are not over-represented. This helped the researcher to compare the threads and make valid conclusions and statistics from the data collected about the population from the sample (Glass & Hopkins, 1984).

Data Collection Tools

Kothari (2004) confirms that the research tool is focused on specific objectives to provide information to answer research questions or to test research ideas for acceptance or rejection. This study used primary and secondary data. Data was collected through questionnaires. According to Mugenda and Mugenda (2003), the advantages of the questionnaire are that: data can be retrieved from larger samples; there is no room for bias because it is provided in paper form; the secret is kept; and save time. Questionnaires will allow the researcher to collect open-ended responses to create themes or patterns in the subject.

Data Collection Procedures

A set of objective-based questions was prepared and formatted into a questionnaire. The questionnaire contains closed-ended questions - which ensures that the answers provided are relevant and forms a clear dimension in which the respondents should be analyzed; and open-ended questions that go unanswered. The open-ended questionnaire serves to provide an indication of participants' responses (Mugenda & Mugenda, 2003).

Pre-testing

Kothari (2004) argues that when compiling a questionnaire, his pretense is required before it can actually be used. Hypocrisy helps to identify the strengths and weaknesses found in the questionnaire by empowering the researcher to identify the following: incorrect words in questionnaires; errors in questions relating to their order, composition and instructions; and problems caused by the failure of respondents or refusal to answer certain questions. The data collection tools were tested in advance to determine their reliability. A total of 10 questions will be given to the staff of the Sacco and Bank in three randomly selected branches and their answers were based on the findings of the study. The responses determined whether the list of questions was appropriate in dealing with the material. The main purpose of the selection was to improve the quality of the information obtained.

Reliability and Validity

According to Ogula (1998), reliability refers to the level at which a research tool produces consistent measures every time it is given to the same people. Mugenda and Mugenda (2003) observed that if a researcher performs a test on a double subject and obtains the same score in the second treatment as the first test, then there is a higher reliability of the tool used. If the ratio is used frequently with the same people and the test is reliable, it means that the points may be almost the same.

To establish the reliability of the research equipment, the researcher will perform a pilot test. The reliability of the instruments will be calculated using the Cronbach alpha test with the help of SPSS and the value should fall within the acceptable range of 0.6-0.9 (George & Mallery, 2003).

Validity refers to the degree to which a research tool is measuring what it is designed to measure. There is content (facial function and sample), composition and speculation (Ogula,

1998). To ensure the instrument is valid, content validity will be used. Two experts in the field of research will be considered to determine the validity of this tool. After the questionnaire has been compiled, the researcher will review each statement with the help of an expert and evaluate how closely the material relates to the topic at hand. Where there is agreement between the experts, the statement will be deemed to be valid. Modifications will be made to the tool based on expert perceptions.

Data Analysis

Data analysis is a process of testing, cleaning, modifying, and modeling for the purpose of obtaining useful information, suggesting conclusions and supporting decision-making (Kroon & Karp, 2013). Measurement data were analyzed using the Statistical Package for Social Sciences software version 24 (SPSS v. 24). The study used descriptive statistics. The data was presented in the wave tables and interpreted by percentage usage, denoting the general deviation of the ad and discussed.

Ethical Considerations

Ethics is defined as a branch of philosophy that deals with human behavior and serves as a guide for human behavior (Mugenda & Mugenda, 2003). The researcher received an introductory letter from the University used to assure respondents and authorities that the data collected was intended for academic purposes only. In addition, the researcher also obtained ethical approval from the Daystar University Ethical Research Board (DU-ERB) before proceeding with obtaining research approval from the National Commission for Technology and Science (NACOSTI).

Respondents were also invited to sign a consent form before start of research after disclosing to them the purpose and nature of the study, the benefits and risks and their rights of participation and withdrawal from the study. The researcher also ensured anonymity and

confidentiality by requiring that during the filling of the questionnaire, the respondents do not disclose their real identities such that their responses could not be in any way traced back to them individually. The completed questionnaires and processed data from the study has also been kept safely under the researcher's sole custody and will not be shared without the full consent of the researcher, the researcher's department at the university and the organizations from which they were abstracted. Subsequently, the information obtained has been kept private and not sold to the firm's competitors nor its contents availed for other studies without consent.

Summary

This chapter discussed the research process that was used. The study adopted a descriptive research design. The target respondents were employees from Mwalimu Sacco and Spire Bank in Nairobi County. Key data was collected using questionnaires. Data was set to highlight themes. Throughout the process, ethical considerations were followed. Respondents were invited to sign a consent form before the start of the study.

CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Introduction

This chapter presents the findings and discussion of the findings of this study on the findings of SACCO's performance in Kenya in the case of Mwalimu National Sacco. Results are summarized by frequencies, methods, standard deviations and percentages and presented in tables. The survey was conducted by drawing respondents from Mwalimu Sacco's headquarters in Nairobi, as this was the district where the Sacco's top teams were based. The study also found answers from Spire Bank respondents, their offices and headquartered in Nairobi. A total of 73 respondents were given a questionnaire, 52 from the Sacco and 21 from the Bank wings of Mwalimu Sacco. The study was conducted over a two-month period between December 2020 and January 2021.

Measurement data were analyzed using the Statistical Package for Social Sciences software version 24 (SPSS v.24). The findings are presented in the following sections: demographic data; assessment of the need to do something identified by Mwalimu Sacco; an assessment of Sacco's operational measures; and an examination of the relationship between the acquisition and operation of Sacco.

Analysis and Interpretation

Response Rate

Data collection was conducted between December 2020 and January 2021. The study selected a total of 73 respondents and distributed 73 questions; 52 went to Rev. Sacco and 21 went to Spire Bank. Of these, fifty (50) questionnaires were duly returned by respondents; 30 from the Sacco and 20 from the Bank wing. This translated to a response rate of 68.5%. According to Mugenda and Mugenda (2003), the response rate of more than 50% was sufficient to be analyzed and take into account. The response rate was very important as it indicates that

there are enough people. Table 4.1 shows a summary the questionnaire response rate by institution.

Table 4.1: Response Rate of Respondents

Institution	Total Number Distributed Frequency	Total Number of Responses Frequency	. Percentage %
Sacco	52	30	58%
Bank	21	20	95%
Total	73	50	68.5%

In addition, Table 4.1 shows that almost all respondents of the Bank (95%) responded while in the Sacco, only 58% responded.

Demographic Data

The study sought to capture the number of respondents based on their gender, age, years of service organization, and level of education.

Gender

The study sought to determine the gender of respondents. Table 4.2 shows the distribution of the respondents by gender.

Table 4.2: Respondents by Gender

Gender		Frequency	Percentage %
Female	Total	22	44.0%
	Sacco	10	33.3%
	Bank	12	60.0%
Male	Total	28	56.0%
	Sacco	20	66.7%
	Bank	8	40.0%

The findings shown in Table 4.2 indicate that 44.0% (22) of the respondents were female whereas 56.0% (28) of the respondents were male. This finding suggests that overall the organizations had fair representation of both genders. Additionally, the findings indicated that in Spire Bank there was higher female representation (60.0%) compared to males (40.0%) whereas the converse was true for Mwalimu Sacco where females constituted 33.3% of the population compared to male (66.7%).

Age

The research sought to determine the age of the study respondents. Table 4.3 shows the distribution of the respondents by age.

Table 4.3: Respondents by Age

Age	Sacco		Bank		Total	
	Frequency	%	Frequency	%	Frequency	%
18- 25 Years	6	20.0	6	30.0	12	24.0
26- 35 Years	9	63.3	11	55.0	30	60.0
36- 45 Years	3	10.0	2	10.0	5	10.0
46 Years and Above	2	6.7	1	5.0	3	6.0
Total	30	100.0	20	100.0	50	100.0

The findings in Table 4.3 established that the range of ages of the majority 60.0% (30) of the study respondents was between 26 and 35 years, whereas 24.0% (20) of the study respondents between 18 and 25 years, 10.0% (5) of the respondents were between 36 and 45 years, whereas 6.0 (3) of the respondents were above 46 years. This finding suggested that the study findings were not biased in terms of age as the age groupings of study respondents were well represented. Additionally, it was evident from the study findings that Spire Bank had a relatively younger target population than Mwalimu Sacco.

Respondents by Years in Organization

The study sought to establish the number of years the respondents had worked in their organization. Table 4.4 shows the distribution of the respondents by work experience in their organization.

Table 4.4: Respondents by Years in Organization

Years in Organization	Sacco		Bank		Total	
	Frequency	%	Frequency	%	Frequency	%
Below 2 years	11	36.7	5	25.0	16	32.0
3-10 years	14	46.7	10	50.0	24	48.0
11- 20 Years	4	13.3	5	25.0	9	18.0
Over 20 years	1	3.3	0	0.0	1	2.0
Total	30	100.0	20	100.0	50	100.0

From Table 4.4, it was revealed that overall, majority 48.0% (24) of the respondents had worked for their organization for between three and ten years (3-10 years), 32.0% (16) of the study respondents had worked for their organization for less than 2 years, 18.0% (9) of the respondents had worked for their organization for between 11 years and 20 years, 2.0% (1) of the respondents had worked for their organization for over 20 years. Since the respondents had the required experience to fill the questionnaire, the study findings were deemed valid.

Respondents by Education Level

The survey sought to establish the education level of respondents. Table 4.5 shows the distribution of the respondents by level of education.

Table 4.5: Respondents by Highest Level of Education Attained

Highest Level Attained	Sacco		Bank		Total	
	Frequency	%	Frequency	%	Frequency	%
Secondary	1	3.3	0	0.0	1	2.0
Diploma	5	16.7	6	30.0	11	22.0
Degree	22	73.3	12	60.0	34	68.0
Postgraduate	2	6.7	2	10.0	4	8.0
Total	30	100.0	20	100.0	50	100.0

It is based on the findings in Table 4.5 that the majority of 68.0% (34) respondents had a level of education, while 22.0% (11) respondents had a diploma level, 8.0% (4) of the student respondents with a postgraduate degree and 2.0% (1) of respondents with a high degree. These findings suggest that the majority of respondents had the right education to enable them to perform their duties effectively and as a result can be expected to respond appropriately to the issues under investigation in the study.

According to Abere and Muturi (2015), the background factors of respondents such as gender, age, educational levels and job experience are important in determining whether

respondents were selected from a reliable and representative sample to achieve research expertise.

Effects of pre-acquisition factors necessitating acquisition by Mwalimu SACCO

The study sought to determine the effects of pre-acquisition factors necessitating acquisition of ECB by Mwalimu SACCO. Table 4.6 below shows their responses.

Table 4.6: Effects of Pre-Acquisition Factors Necessitating Acquisition of ECB

Statement	Organization	1 SA	2 A	3 N	4 D	5 SD	Mean S.D
The Information Technology advancement after acquisition has enhanced organization performance.	Total	50.0	34.0	12.0	2.0	2.0	1.72 .904
	Sacco	43.3	33.3	20.0	0.0	3.3	1.87 .973
	Bank	60.0	35.0	0.0	5.0	0.0	1.5 .761
Transaction cost reduction of has improved organization expenditure.	Total	24.0	60.0	10.0	6.0	0.0	1.98 .769
which support organizational productivity	Sacco	10.0	70.0	10.0	10.0	0.0	2.20 .761
	Bank	45.0	45.0	10.0	0.0	0.0	1.65 .671
Synchronization of leadership between the two organizations has enhanced organization performance.	Total	24.0	50.0	22.0	2.0	2.0	2.08 .853
	Sacco	23.3	53.3	20.0	3.3	0.0	2.03 .765
	Bank	25.0	45.0	25.0	0.0	5.0	2.15 .988
Increased legal boundaries of business operation has improved organization performance.	Total	26.0	52.0	18.0	2.0	0.0	1.94 .740
	Sacco	20.0	53.3	23.3	3.3	0.0	2.10 .759
	Bank	40.0	50.0	10.0	0.0	0.0	1.70 .657
The widened business scope has improved organization performance.	Total	30.0	54.0	8.0	8.0	0.0	1.94 .943
	Sacco	26.7	46.7	13.3	13.3	0.0	2.13 .973
	Bank	35.0	65.0	0.0	0.0	0.0	1.65 .489
Market penetration strategy of new product introduced to an existing market has impacted the organization performance	Total	34.0	52.0	8.0	4.0	0.0	1.82 .755
	Sacco	33.3	46.7	13.3	3.3	0.0	1.86 .789

	Bank	22.6	38.7	0.0	3.2	0.0	1.75 .716
Centralization of key organization transaction has improved terms of service that supports organizational productivity.	Total	36.0	46.0	14.0	4.0	0.0	1.85 .808
	Sacco	33.3	50.0	10.0	6.7	0.0	1.90 .845
	Bank	25.8	25.8	12.9	0.0	0.0	1.40 .503
Newly acquired human capital with new skills and diversity have improved the organization efficiency and effectiveness that supports productivity.	Total	42.0	42.0	14.0	2.0	0.0	1.76 .771
	Sacco	30.0	43.3	23.3	3.3	0.0	2.00 .830
	Bank	38.7	25.8	0.0	0.0	0.0	1.80 .768
Organization re branding process due to acquisition to reach a wider market supports organization performance	Total	18.0	58.0	20.0	4.0	0.0	2.10 .735
	Sacco	23.3	53.3	20.0	3.3	0.0	2.03 .765
	Bank	6.5	41.9	12.9	3.2	0.0	2.20 .696
Acquisition has enhanced sufficient financial resource to better organization performance.	Total	38.0	42.0	18.0	2.0	0.0	1.84 .792
	Sacco	30.0	40.0	26.7	2.3	0.0	2.03 .850
	Bank	32.3	29.0	3.2	0.0	0.0	1.55 .605
Integration of the organization culture has improved the organization efficiency	Total	36.0	58.0	6.0	0.0	0.0	1.70 .580
	Sacco	33.3	60.0	6.7	0.0	0.0	1.73 .583
	Bank	25.8	35.5	3.2	0.0	0.0	1.65 .587

Summary of Key Findings

1. Business growth: Majority of respondents (96.0%) agreed that growth in assets base had increased the organization value and ability to increase its investments and productivity. In addition to this high loan limits attracted more lending resulting to increased profitability with a greater percentage of respondents agreeing.
2. Efficiency and effectiveness: Due to the mandate limitation prescribed by the Sacco society regulatory authority, the acquisition has improved the firm's operational efficiency and allowed their organization to serve customers better by broadening its boundaries of operations from the 80.0% of respondents who agreed.

3. Business diversification: Majority of respondents (90.0%) agreed that business diversification after acquisition had increased the organization products and market; and a greater number of respondents (76.0%) agreed that organization rebranding process due to acquisition to reach a wider market supported organization performance.
4. Cost effectiveness: Majority of the respondents (84.0%) agreed that transaction cost reduction had improved organization expenditure which supported organizational productivity and (82.0%) agreed that centralization of key organization transaction had improved terms of service that supported organizational productivity.
5. Enhancement of information technology: Majority of the respondents (84.0%) agreed that the information technology advancement after acquisition had enhanced organization performance.
6. Access to products and services: A majority of respondents 86.0% agreed that Mwalimu SACCO has no middlemen. This finding is suitable as it aligns with the ideal for Saccos posited by (Hans, 2006) who argued that the main idea behind a cooperative society is the pooling of scarce resources and eliminating middlemen to achieve a common goal. The study findings are therefore valid.

The findings were in line with Nima (2015) which stated that the main purpose of the acquisition was to provide strong company skills to meet customer satisfaction, reduce intense market competition, achieve new technological advances that would improve organizational performance and promote strong profits. According to Mboroto (2013), acquisition allows managers to acquire skills, skills, expertise and resources that are essential to the success of the current and future corporate company located outside the company's borders and this is exactly what Spire Bank sought from the Mwalimu National Sacco.

The findings also reveal that the major indicators posed to measure the performance levels within the organization are on a steady growth curve. Growth in assets base has increased the organization value and ability to increase its investments and productivity 96% of respondents agree, Increased member admission has provided ready market that supports organization performance 94% of respondents agree, High rate of member retention translates to reduced deposits withdrawal that supports organizational performance, agreed by 90% of respondents, High rates of dividend interest rate promotes increase deposits that allow increase investments agreed upon by 90% of re and Credit accessibility is open to all members that results to increase profitability agreed upon by 90% of respondents.

Summary

This chapter has addressed the analysis and presentation of data that was collected from Mwalimu Sacco's Bank and Sacco wing. The chapter also included interpretation of the findings based on the objectives of the study. Chapter five presents discussions, conclusions and recommendations of this study

CHAPTER FIVE
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The chapter presents the discussion of the findings of the study while linking the objectives with the literature review, ultimately giving conclusions and recommendations.

Discussion of Key Findings

The objectives of the study were: to determine what necessitated acquisition at Mwalimu Sacco; to determine the measures of performance at Mwalimu Sacco; and to establish the relationship between acquisition and organizational performance at Mwalimu Sacco.

Objective 1: To determine the effects of pre-acquisition factors necessitating acquisition of ECB by Mwalimu Sacco

It was observed that a majority (80.0%) indicated that acquisition had enhanced sufficient financial resource to better organization performance; a majority of respondents (96.0%) agreed that growth in assets base had increased the organization value and ability to increase its investments and productivity; a majority of respondents (90.0%) agreed that business diversification after acquisition had increased the organization products and market; a majority of respondents (86.0%) agreed that market penetration strategy of new product introduced to an existing market had impacted the organization performance; a majority of respondents (84.0%) agreed that transaction cost reduction had improved organization expenditure which supported organizational productivity; a majority of respondents (82.0%) agreed that centralization of key organization transaction had improved terms of service that supported organizational productivity; a majority of respondents (84.0%) advanced that newly acquired human capital with new skills and diversity had improved the organization efficiency and effectiveness that supported productivity; a greater number of respondents (76.0%) agreed that organization rebranding process due to acquisition to reach a wider market supported

organization performance; and a majority of respondents (84.0%) agreed that the information technology advancement after acquisition had enhanced organization performance.

The findings agreed with Nima (2015) who posited that the fundamental objective of acquisitions is to provide strong company capability of meeting customer satisfaction, to reduce fierce market competition, to acquire new technological developments that will enhance organizational performance and enhance firm profitability. According to Mboroto (2013), acquisitions allow managers to acquire skills, capacities, technologies and resources that are essential to a firm's current and future prosperity which are found outside the firm's boundaries and this is essentially what Mwalimu Sacco and Spire Bank aimed at achieving following this acquisition.

Furthermore, most respondents (74.0%) agreed that synchronization of leadership between the two organizations had enhanced organization performance and a majority of respondents 94.0% indicated that integration of the organization culture had improved the organization efficiency. According to Iyamu (2009), leaders of the organization should lead by example by practicing the core cultural statement. For other employees of the organization to be able to own the organizational culture, the leaders should act and behave in a way that shows that they live the culture. Leaders in an organization create and communicate to the other employees the organizational culture (Katanga, 2016). Their coalition and support were the essential elements of successful change implementation (Kotter, 1996) especially during the implementation of an acquisition.

Objective 2: To determine the effect of performance measures of acquisition adopted by Mwalimu Sacco

It was established that a majority of respondents (80.0%) concurred that the acquisition increased their firm's working capital; a majority of respondents (80.0%) agreed that the

acquisition changed their firm's portfolio of business; a majority of respondents (90.0%) indicated that the acquisition broadened their firm's asset base; a majority of respondents (80.0%) agreed that the acquisition broadened Mwalimu Sacco's loan portfolio; a majority of respondents (86.0%) agreed the acquisition broadened their firm's customer base; a majority of respondents (90.0%) agreed that reduced member withdrawal had ensured retained deposits that supported organization performance; a greater percentage of respondents (96.0%) concurred that high rate of member retention translated to reduced deposits withdrawal that supported organizational performance; a majority of respondents (90.0%) agreed that credit accessibility being open to all members resulted to increased profitability; and a greater percentage of respondents (96.0%) agreed that high loan limits attracted more lending resulting to increased profitability.

Moreover, a majority of respondents (94.0%) agreed that increased member admission had provided ready market that supported organization performance; a majority of respondents (96.0%) indicated that lower loan interest rates provided access to more credit that supported profitability; a majority of respondents (84.0%) agreed that shortened turnaround time for internal processes was satisfactory to members thus enhanced organization productivity; a majority of respondents (94.0%) concurred that timely declaration of dividends ensured timely repayments that supported organizational performance; a majority of respondents (90.0%) noted that high rate of dividends capitalization provided growth in deposits that enhanced organizational performance; a majority of respondents (90.0%) high rates of dividend interest rate promoted increased deposits that allowed increase investments and a majority of respondents (80.0%) agreed that the acquisition has improved the firm's operational efficiency and allowed their organization to serve customers better.

From the findings of this study, checking against the measures of Sacco performance identified by this scholar and utilized for this study (Luenberger, 1993; Kenton, 2018; Ongoro, 2001; Wearne & Morrison, 2013), it is deducible that Mwalimu Sacco is performing well as it is experiencing growth in asset base, loan portfolio, customer base and dividend shares as informed by a majority of respondents. The findings also indicate successful acquisition as they in alignment with Akinsulire (2014) and Amedu (2014) who argue that greater earnings per share, enhanced shareholders' wealth, access to the financial market, diversification into other products or markets, greater asset backing; and enhance economy of scale and corporate growth, are certain indicators of a successfully acquired and acquiring organization.

Objective 3: To establish the effect of acquisition of ECB on organizational performance at Mwalimu Sacco

The study determined that a greater number of respondents (78.0%) agreed that the acquisition decision had resulted in greater profitability for their firm; a greater percentage of respondents (78.0%) agreed that the acquisition had greatly reduced their firm's costs; a majority of respondents (84.0%) agreed that the acquisition had improved their staffing competencies; a majority of respondents (80.0%) agreed that the acquisition had enhanced their competitive advantage; a majority of respondents (82.0%) agreed that the acquisition had broadened their firm's knowledge base; a majority of respondents (78.0%) concurred that the acquisition had broadened their firm's distribution network; a majority of respondents (84.0%) agreed that the acquisition had allowed the firm to gain capabilities they did not possess; a majority of respondents 82.0% agreed that the acquisition had improved their firm's market power and market position; a majority of respondents (74.0%) agreed the acquisition had allowed their firm to revitalize; a majority of respondents (80.0%) agreed that the acquisition

had allowed the firm's to innovate; and a majority of respondents (84.0%) agreed that the acquisition had allowed their firm to diversify risks.

The findings were in agreement with Pike and Neale (2009), Heyner (2007), and Mintzberg and Quinn (1991) who established motivations for acquisitions as maximization of the firm's growth by enhancing their production and marketing operations, reducing competition, entering new markets, market power, utilizing the other firms assets that are not easily replaceable, diversifying risk, cost savings, customer service quality, and to become leading players. Similarly, the acquisition process and eventual performance of the acquisition by Mwalimu Sacco can be termed as successful as it aligns with the key targets following an acquisition that were advanced by Hitt, Harrison and Ireland (2009). Mwalimu Sacco and Spire Bank were able to gain market power, enhance innovation, minimize product development risks, reshape their competitive environment, receive financing solutions through growth of assets and customer base, and were also able to revitalize the company through knowledge and skills necessary for survival in the long term.

Moreover, the findings suggest that Mwalimu Sacco and Spire Bank are performing well as organizations. According to Krug and William (2009), for an acquisition to be successful, capabilities and knowledge must be transferred for cost effectiveness, synergy and efficiency which is what the findings indicate happened. The findings also indicate that the organizations have experienced profitability, growth and market value as they have increased ability to generate returns, increased ability to increase its size and have grown in market expectation of the firm's future performance, well in alignment with the indicators of growth in performance outlined by Besanko and Wayne (2000) and Kojima (2011). As the acquisition has also allowed to serve customers better, the organizations are performing well as organization performance

is also measured qualitatively through customer satisfaction (Venkatraman & Ramanujam, 1986).

Conclusion

In conclusion, the study establishes that the motivation behind the acquisition of ECB by Mwalimu Sacco consistent with other acquisition trends had been to increase its asset base and diversify its product portfolio, hence, reducing the operational risks. Other motivations were to deepen the Saccos market penetration into the financial sector. The results of the acquisition had been organization rebranding for the ECB ro Spire bank, a centralized decision structure and the attendant reduction in transaction costs. The acquisition had also resulted in changes in performance in terms of increased firm's working capital, increased firm's asset base and a broadened Sacco's loan portfolio. Others included increased customer base, reduced member withdrawal, and ability to raise loan limits loan limits. The study, therefore, establishes that the acquisition could offer greater benefit for the smaller acquired organization, that is, the acquisition of ECB by Mwalimu Sacco.

The benefits acquisitions offer a maximization of the firm's growth by enhancing production and marketing operations, reducing competition, entering new markets, market power, utilizing the other firms assets that are not easily replaceable, diversifying risk, cost savings, customer service quality, and to become leading players. The acquisition of ECB has fostered growth of Mwalimu Sacco and ECB as Spire Bank, enabling greater geographical reach to customers for the Sacco and growth in customer base for Spire Bank. The acquisition of a bank by a Sacco therefore can offer additional benefit to both parties.

Recommendations

This study recommended the following:

The acquisition of ECB by Mwalimu Sacco and subsequent rebranding to Spire Bank had resulted to a centralized decision making structure. While this is important under the current circumstances, the acquisition is not an exactly horizontal one and the centralized decision making could have future performance implications of the acquisition. The study, therefore, recommends that the Sacco give the bank more autonomy in decision making so as to enable it to operate fully as a bank so as to compete effectively with other banks.

The findings also revealed that the acquisition had resulted in some considerable change in the organization performance of the Sacco and the bank. The study, therefore, recommends that the Sacco should focus on creating shareholder value mostly through improving the performance of its assets and its dividend policy decisions. The Sacco should also focus on increasing employee retention and competency to enhance its performance.

Finally, the findings revealed that the acquisition had led to improved organization performance of both firms. In line with this, the study recommends that owing to the competitiveness in the financial industry in the country, the Sacco and its bank should focus on improving their business processes and integrating them where possible so as to provide seamless services to their members. This could lead to growth of the Bank.

Recommendations for Further Research

The following areas of further research are proposed:

Future comparative studies should be done on the effect of strategic leadership on organizations that have undergone acquisition. There is also need to carry out studies on the effect of managerial experience on the financial performance of Saccos in Kenya and on organizations that have undergone acquisition. Lastly, future studies should be done on the effect of organizational culture on the organizational performance of Saccos in Kenya and on organizations that have undergone mergers and acquisitions.

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APPENDICES

Appendix A: Letter of Introduction

This research thesis is being conducted by Michael Kunga, a post-graduate student at Daystar University, School of Business and Economics. This research is purely for academic purposes in pursuit of the award of a Master of Business Administration Degree.
You are warmly invited to participate in this research. Below you will find information which aims to clearly explain to you about this research, its procedure and aims.

Purpose
The purpose of this research is to examine the effects of acquisitions on organizational performance in Kenya.

Procedures
During the research, selected participants will be engaged in completing a questionnaire.

Privacy, Confidentiality and Disclosure Information
During the research process, any obtained information will be subjected to high levels of confidentiality, unless otherwise as may be required by law. Information shall be stored anonymously and can only be attributed with consent.

Consent
If you consent to participate in this research, please sign in the space provided below and proceed to fill out the questionnaire. Completing the questionnaire will be regarded as evidence of your consent.

I (insert signature)_____ of (insert organization name) _____agree to give consent to participate in this study and have material published on this topic on this date (insert date) _____.

Thank you.

Appendix B: Questionnaire for Respondents

SECTION A: Demography

1. Gender

a. Female [ ] b. Male [ ]

2. Age

a. 18- 25 Years [ ] b. 26- 35 Years [ ] c. 36- 45 Years d. 46 Years and Above [ ]

3. How many years have you been working in this organization?

a. Below 2 years [ ] b. 3-10 years [ ] c. 11- 20 Years [ ] d. Over 20 years [ ]

4. Highest Level of Education attained:

a. Secondary [ ] b. Diploma [ ] c. Degree [ ] d. Postgraduate [ ] e. Others (specify) _____

SECTION B: Need to undertake an acquisition by Mwalimu SACCO

Please indicate the extent of your agreement or disagreement with the following statements. Please read each of the statements and then tick that which reflects your opinion (Key: SA= Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree)

	Statement	1 SA	2 A	3 N	4 D	5 SD
5	The Information Technology advancement after acquisition has enhanced organization performance.					
6	Transaction cost reduction of has improved organization expenditure which support organizational productivity.					
7	Synchronization of leadership between the two organizations has enhanced organization performance.					
8	Increased legal boundaries of business operation has improved organization performance.					
9	The widened business scope has improved organization performance.					
10	Market penetration strategy of new product introduced to an existing market has impacted the organization performance					
11	Centralization of key organization transaction has improved terms of service that supports organizational productivity.					

12	Newly acquired human capital with new skills and diversity have improved the organization efficiency and effectiveness that supports productivity.					
13	Organization re branding process due to acquisition to reach a wider market supports organization performance					
14	Acquisition has enhanced sufficient financial resource to better organization performance.					
15	Integration of the organization culture has improved the organization efficiency					

SECTION C: Measures of SACCO Performance

Please indicate the extent of your agreement or disagreement with the following statements. Please read each of the statements and then tick that which reflects your opinion (Key: SA= Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree)

	Statement	1 SA	2 A	3 N	4 D	5 SD
16	Growth in assets base has increased the organization value and ability to increase its investments and productivity.					
17	Business diversification after acquisition has increased the organization products and market					
18	Increased member admission has provided ready market that supports organization performance					
19	Reduce member withdrawal has ensured retained deposits that supports organization performance.					
20	High rate of member retention translates to reduced deposits withdrawal that supports organizational performance.					
21	Credit accessibility is open to all members that results to increase profitability					
22	High loan limits attract more lending resulting to increased profitability					
23	Lower loan interest rates provides ability to access more credit that supports profitability					

24	Shortened turnaround time for internal processes is satisfactory to members enhancing organization productivity.					
25	Timely declaration of dividends ensures timely repayment that supports organizational performance					
26	High rate of dividends capitalization provides growth in deposits that enhance organizational performance					
27	High rates of dividend interest rate promotes increase deposits that allow increase investments					

SECTION D: Relationship between Acquisition and Organizational performance.

Please indicate the extent of your agreement or disagreement with the following statements. Please read each of the statements and then tick that which reflects your opinion (Key: SA= Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree)

	Statement	1 SA	2 A	3 N	4 D	5 SD
28	The acquisition has improved the firm's operational efficiency and allowed us to serve customers better					
29	The acquisition changed the firm's portfolio of business					
30	The acquisition broadened the firm's asset base					
31	The acquisition broadened the firm's loan portfolio					
32	The acquisition increased the firm's working capital					
33	The acquisition increased the firm's share capital					
34	The acquisition broadened the firm's customer base					
35	The acquisition decision has resulted in greater profitability					
36	The acquisition has greatly reduced our costs					
37	The acquisition has improved our staffing competencies					
38	The acquisition has enhanced our competitive advantage					

39	The acquisition broadened the firm's knowledge base					
40	The acquisition has broadened our distribution network					
41	The acquisition has allowed us to gain capabilities we did not possess.					
42	The acquisition has improved our market power and market position					
43	The acquisition has allowed us to revitalize the company					
44	The acquisition has allowed us to innovate					
45	The acquisition has allowed us to diversify risks					
46	Mwalimu SACCO has no middlemen					

47. Overall, the acquisition Process was a success? YES or NO? Please explain your answer

_____
_____
_____
_____

Thank you for your time

Appendix C: Ethical Clearance

VERDICT – PASS

Daystar University Ethics Review Board

Our Ref: **DU-ERB/19/10/2020/000464**

Date: 19th October 2020

To: Michael Enock Kung'a

Dear Michael,

RE: THE EFFECT OF ACQUISITION ON SACCO PERFORMANCE IN KENYA: A CASE OF MWALIMU NATIONAL SACCO

Reference is made to your ERB application reference no. 091020-01 dated 9th October 2020 in which you requested for ethical approval of your proposal by Daystar University Ethics Review Board.

We are pleased to inform you that Daystar University Ethics Review Board has reviewed and approved your above research proposal. Your application approval number is **DU-ERB-000464.** The approval period for the research is between ***19th October 2020 to 18th October 2021*** after which the ethical approval lapses. Should you wish to continue with the research after the lapse you will be required to apply for an extension from DU-ERB at half the review charges.

This approval is subject to compliance with the following requirements.

i. Only approved documents including (informed consents, study instruments, MTA) will be used.
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by Daystar University Ethics Review Board.
iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to Daystar University Ethics Review Board within 72 hours of notification.
iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to Daystar University Ethics Review Board within 72 hours.
v. Clearance for export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of a signed one page executive summary report and a closure report within 90 days upon completion of the study to Daystar University Ethics Review Board via email [duerb@daystar.ac.ke].

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://oris.nacosti.go.ke and other clearances needed.

Yours sincerely,

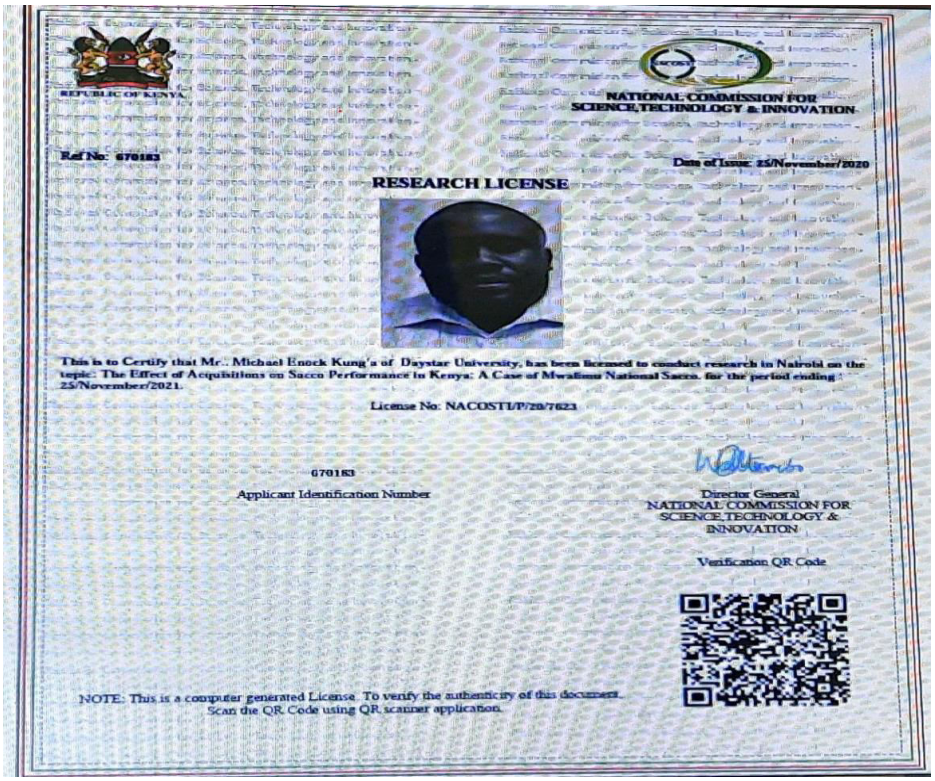
Sr. Prof. A. L. **Lando** PhD
Chair, Daystar University Ethics Review Board

Encl. Review Report

DAYSTAR UNIVERSITY
ETHICS REVIEW BOARD
19 OCT 2020
P. O. Box 44400 – 00100, NAIROBI

P.O. Box 44400 Tel: (020) 2723002/3/4 Fax: (020) 2728338, Nairobi or P.O. Box 436, Tel: (045) 22601/2/3 Fax: (045) 22420 Athi River
E-mail: daystar@maf.or.ke Website: www.daystaruniversity.net

APPENDIX D: Research Permit



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NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 670183

Date of Issue: 25/November/2020

RESEARCH LICENSE

This is to Certify that Mr.: Michael Enock Kung'a of Daystar University, has been licensed to conduct research in Nairobi on the topic: The Effect of Acquisitions on Sacco Performance in Kenya: A Case of Mwalimu National Sacco. for the period ending : 25/November/2021.

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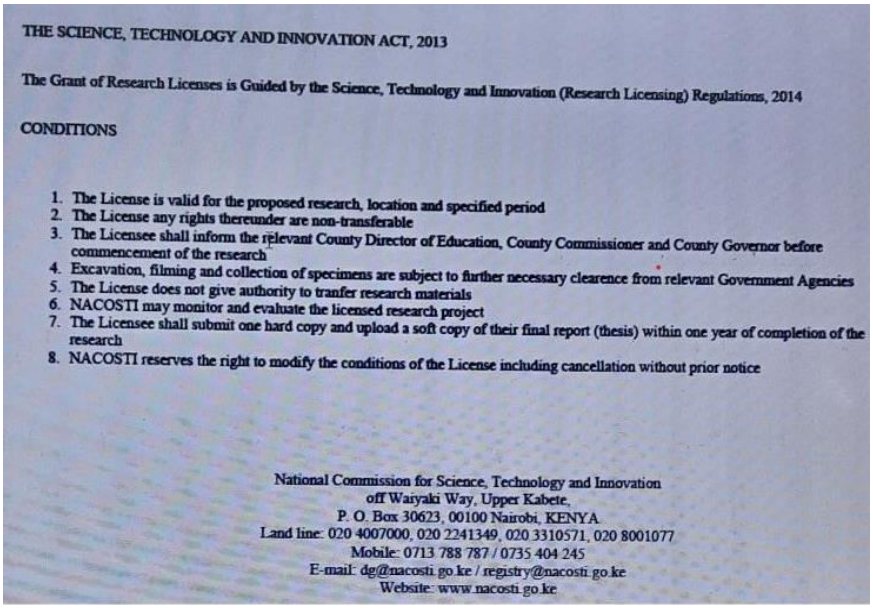

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Mobile: 0713 788 787 / 0735 404 245
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