

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

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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

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DECLARATION

THE EFFECT OF ACQUISITION STRATEGY ON SACCO PERFORMANCE IN
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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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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

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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 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.

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