

**EFFECT OF ORGANISATIONAL CAPABILITY ON
ORGANISATION GROWTH: THE CASE OF SAVINGS AND
CREDIT CO-OPERATIVE SOCIETIES (SACCOs)
IN NAIROBI NORTH, KENYA.**

BY

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ABSTRACT

Organisational Capability is a key component in the growth of any organisation. It is the surest way of expanding sales, assets, operations, creating new products, and improving productivity. Liberalisation of the Kenya financial sector in the mid-1990s resulted in several operational changes in the cooperative sector. This saw the introduction of new services by Cooperatives to their members including specialised financial services to members. There have been many other changes since then and it was against this background that this study was set to study the effect of Organisational Capability on the growth of SACCOs within Nairobi. SACCOs have been able to retain their membership and attract new members through natural affiliation, stemming from the common bond among members. With increased competition from other financial service providers, SACCOs are being forced to come up with strategies and products to assist them cope with such challenges. The study utilized the explanatory research design, which is based on previous research findings and theory as well as your own observations of the phenomenon. The purpose of this study was to assess whether there was a correlation between Organisational Capability and the growth of SACCOs. Several studies have explored the factors influencing growth of SACCOs. This study was limited to the following variables that influence the growth of SACCOs; Marketing, Market Linking, IT, Technology and Management Capabilities. The key findings as related to the study objectives revealed a strong positive correlation between Management Capability and growth followed by Technological Capability. The results also revealed a strong correlation between Marketing Capabilities and growth while the study found a fairly strong correlation between Market Linking Capabilities and IT Capabilities and growth. It was also clear from the results that the strategic capabilities model explains up to 99.2% of the variability in the dependent variable. The conclusion from the study is that Organisational Capability affect Organizational growth and for the growth of SACCOs to be realised, emphasis must be put on these Capabilities. In addition, the study recommended that research be replicated in a wider area like the whole of Nairobi to give clear indications of Organisational Capability on the growth of SACCOs.