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DIVERSIFICATION AS A BUSINESS GROWTH AND SUSTAINABILITY STRATEGY IN GAINING COMPETITIVE ADVANTAGE

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ABSTRACT

Diversification is Strategic action aimed at creating value for the organization. SACCO'S have created value through diversification by spreading core competencies that are generating competitive advantage in one business to other businesses. The financial advantages of diversification include; capital allocation efficiency, risk reduction and tax advantages. This paper analysis how diversification can enhance growth, sustainability and competitiveness as a strategy to remain competitive, The Saccos being key players in the financial sector have adopted diversification in terms of human resources, venturing in new markets, re-branding of their existing products, and improvement on loan portfolio quality as well as installation of modern technology. The conclusion is that, through diversification many Saccos have managed to acquire a national identity, hence increasing their market share, capital and customer base, raise the liquidity levels as well as upgrading the personnel skills to remain competitiveness. The major recommendation is that the Saccos need to provide more competitive financial products and services, concentrate more on creating awareness of their services and as well consider widen their market scope through research and innovation to avoid customer desertion and to remain competitive.

KEYWORDS

Competitiveness, Diversification, Business Sustainability and Growth, Competitive Advantage, Strategy and SACCO's as the Business Enterprises.

INTRODUCTION

The Commercial Banks and Micro-finance institutions are threatening the survival of Saccos by denying them of their market share and offering attractive packages. In the past, most SACCOs have been content to continue serving a narrowly defined client base with an equally limited range of products. However; most Saccos are now awakening to the realities of changing circumstances. The traditional niche market of SACCO's is invaded by a rapidly growing number of micro finance institutions and by mainstream banks going down market. The said institutions bring with them increased competition, new and more efficient technologies, wide range of attractive products and an overall focus on customer satisfaction. Consequently, this exposes the Saccos to diverse challenges in their course of business; key among them being increasing competition in the financial sector wherein the formal banks and micro-finance institutions are increasingly venturing into the Saccos traditional markets; adoption of new technology which is a requirement in the modern approach to business; Low liquidity levels which ushers in financial hindrances; unskilled manpower resulting to poor customer service hence eroding the Saccos customer base and market share; very high loan default rates culminating in poor loan portfolio.

The SACCO's are responding through development of new products, re-branding the existing ones, venturing into new markets, and adoption of the new technology and upgrading of the personnel skills through training and recruitment of qualified managerial personnel. The Saccos must be more attuned to their shareholders changing needs and to competitive environment, which is likely to be offering alternatives. This further calls for Saccos to understand and respond to their clients evolving demands for financial services or face customers desertion to more-responsive market -driven competitors.

SUSTAINABLE COMPETITIVE ADVANTAGE

Organizations can use their resources to create and sustain a competitive advantage that is to provide greater value for customers than competitors can. A competitive advantage becomes sustainable when other companies cannot duplicate the benefits it provides and have. To compete effectively and achieve the sustainable competitive advantage, the organization need to employ the porter's generic strategies namely; the cost leadership strategy, differentiation strategy and focus strategy.

Cost leadership strategy

This strategy emphasizes on organizational efficiency so that the overall cost of providing products and services are lower than those of competitors. This low-cost approach entails careful attention to minimizing cost in every aspect of the business. For effectiveness of this strategy, a business must be a cost leader. The management should as well consider making at least those products or services that are very important to customers depending on their desired needs. The rural Saccos tariffs are low and friendly as compared to the competitors. This results to the customers and members preference to the Saccos.

Differentiation Strategy

This Strategy attempts to develop products and services that are viewed as unique in the industry. Differentiation allows the business to charge premiums or prices above average profits. Differentiation takes many forms such as design or brand image, technology, and customer care. Due to changes in customer tastes and needs, businesses following differentiation strategy must carefully assess the customers' shifting requirements. This strategy is more relevant to the current study since the Saccos regularly repackage the existing products; adopt new technology as well as employing qualified personnel to suit the customers changing tastes and needs.

Focus Strategy

This Strategy entails specializing by establishing a position of overall cost leadership, differentiation or both; but only within a particular portion or segment of an entire market. The rationale is that by specialization, the organization can serve the market segment more effectively than can competitors who cover the entire market. The business segment may be a particular group of customers, a specific geographic area, or a certain part of the product or service line. The SACCOs main focus is on the low-income earners who occupy the biggest business share as compared to other economic classes.

Source: Michael E. Porter, Competitive Strategy, (New York: Free Press, 1980)

SUSTAINABLE COMPETITIVE DIVERSIFICATION STRATEGIES ADOPTED BY SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES

Saccos are taken to mean the Savings and Credit Co-operative Societies which command a substantial portion of the membership of the co-operative movement which was incepted way back in 1884 in a small city called Rochdale in Manchester England during the industrial revolution. In Kenya, the movement traces its roots to the period immediately after the country's independence. The movement has grown to an extent of becoming a shining example of how common people can come together; pool their financial resources and assist each other with small loans, which transform their lives positively. To date, the co-operative movement commands a substantial portion of the Nation's wealth. There is about eleven thousand (11,000) Co-operative societies in Kenya with a membership of 5.7 million drawn from both rural and urban Saccos. (Economic Survey, 2007). The rural Saccos' were basically agri-based while the urban Saccos' only used to render the 'Back-Office' services until in recent years when they diversified to Front-Office operations. The government promotes the movement and as a result, they demonstrate their capacity in poverty reduction by promoting equity and providing opportunities for the members to improve their lives.

Saccos use their resources to create and sustain a competitive advantage by providing greater value for customers than competitors. A competitive advantage becomes sustainable when other companies cannot duplicate the benefits it provides and have. To compete effectively and achieve the sustainable competitive advantage, the Saccos employ the porter's generic strategies namely; the cost leadership strategy, differentiation strategy and focus strategy. The Saccos offer fast and affordable services concentrating more on the low-income earners.

CONCEPTUAL MODELS IN DIVERSIFICATION STRATEGIES

Diversification is a risk reduction strategy that involves adding products, services, location, customers and markets to a company portfolio. Saccos are no longer operating from their traditional markets rather they are undertaking market diversification strategies in order to expand the market share, clientele base as well as liquidity levels. The Saccos have ventured into new markets through borderless operational areas, adopted new technology, and disengagement from the common bonds as well as engaging professional at the top managerial levels. This has made the Saccos to compete effectively with the competitors who offer similar products and Services. Through diversification the Saccos have managed to adapt to competitive modern business model approach leading to innovativeness and inventiveness. The notable approaches include; entering new markets, Re-Branding of the Existing Products, Development of New Products, Adoption of Technology, Personnel development, Improved Loan Portfolio and Customer Satisfaction. The Saccos no longer operate within limited boundaries and certain common bonds of membership. This makes it possible for them to extend services to several markets without limitations as well as branch networks as their competitors. The new markets increase the clientele base as well. The Saccos have access to the government support funds as some of the mainstream banks; which they Saccos use to advance the respective enterprises. The said funds have improved the Saccos liquidity levels and profitability in terms of interest income as well as the corporate image. The Saccos have created other new markets in the rural areas where they take services closer to their members making the Saccos retain their customers and be well positioned as compared to the competitors who are not in a position to provide the same. The Saccos have diversified their businesses and markets depending on the economic activity undertaken by their members. As a result, there is an increase in market share and the customer base, which translates to high productivity and profitability as well.

In response to the changing needs and demand, the Saccos have modified the already existing products and services to make them more appealing to cope with their shareholders changing needs as well as match the competitors who are likely to offer alternatives. This Saccos as a result have managed to retain their customers and increase the customer loyalty. The Saccos are keen to redesign the existing products giving the same a new lease of life through new features which include opening/ minimum saving balances, withdrawal terms, loan restructuring and waiting time, collaterals or guarantees. The pricing aspect has been taken care of by the Saccos through customer friendly tariffs such as transaction costs, interest rates and maintenance fees. New products development calls for enhanced research. This is achieved through senior brainstorming sessions and environmental scanning by the marketing department. The SACCOS are segmenting the various clients to assess their distinct financial needs, in order to respond appropriately by developing suitable products for the specific need. They also embark on promotions to create awareness of the new products through advertising; public relations; direct marketing; publicity and customers' educational forums.

The SACCOS have been able to retain their customers through the established products and has drastically reduced the numbers of customers shifting to the competitors to seek for similar products. To enhance efficiency and effectiveness of service delivery, SACCOS have continued to invest in the Information, Communication and Technology (ICT). However, due to the complexity of this project, the level of adoption is rather slow. SACCOS have installed the computer systems. As a result, the SACCOS have continued to encounter some computerization challenges key among them being lack of system integration causing problems of information flow and lack of qualified IT personnel to oversee the development and progress of the project. It is also capital intensive. Saccos are adjusting their operations to fit in the dynamic technological environment by gradually upgrading, improving and acquiring new technology that is compatible and relevant to the market situations. Some of the SACCOS have already installed ATMs through co-op switch by Co-operative Bank of Kenya while others are offering modern technological E-banking services like M-pesa and inter-linking of their branches. This is an indication that the SACCOS are able to compete effectively with other competitors hence achieving a competitive advantage. Although the adoption process is slow due to hindrances of funds availability, the Saccos are in a position to offer similar services and products as the competitors.

To remain competitive, effective and efficient and to improve the productivity and performance of the staff, the Saccos need to continuously upgrade the existing personnel skills. Commercial banks who are the main competitors of the SACCOS in Kenya have a long history of expertise, experience and excellence in the financial business and have used this combination of factors to access and win some customers from the SACCOS. Some SACCOS as well, has good caliber of workers; well trained and keen on executing their duties. On the other hand, some have a questionable team of workers with little experience and training in the financial sector. This hinders efficiency, effectiveness and more so productivity. The SACCOS have embarked on extensive staff training and career development as a way of upgrading the staff skills and development. The SACCOS apply the personnel development as a strategy for staff retention hence reducing the staff turnover rates. To ensure staff retention the SACCOS have improved the staff morale and motivation levels through creation of several incentives such as insurance schemes, medical covers, long-term loans, conducive working environment, education sponsorship and promotion on merit. This increases the staff loyalty and performance. In the initial phases of competition, mainstream banks who are the main competitors of Saccos seemed attractive and some SACCOS' shareholders and customers sought for financial alternatives from them. This affected the SACCOS adversely as the members shifted after acquiring loans from the SACCOS thus making SACCOS to experience high rates of default. Consequently, the members discovered the financial implications from the said commercial banks and hence sought refuge in their SACCOS by way of requesting the SACCOS to buy off their financial obligations to the banks. To that effect Saccos faced high default rates and a high loan portfolio is at risk because of product design. The Saccos have developed strategies to improve loan portfolio quality by modernizing their lending patterns as dictated by the seasonality of income flows. The SACCOS have put in place stringent measures for loan recoveries which include; engagement of the debt collectors and auctioneers to assist in the collection of bad debts, rescheduling of loans, issuances of loans pegged on ability to pay, strictly adherence to the lending policies, proper appraisals, character assessment, periodic training of credit personnel on credit management and introduction of long term development loans. The aforementioned measures have enabled the Saccos to improve the loan portfolio quality. Customer satisfaction is key in SACCOS as it contributes greatly to the retention of the existing customers as well as attracting new ones. The satisfaction level is attained through staff efficiency and effectiveness and paying good returns to the customers and members as investors. The SACCOS have well established customer care desks at the forefront, which are manned by qualified customer relationship managers. This is an indicator that SACCOS are now customer focused and are in a position to compete effectively. Customers/Shareholders prefer SACCOS to other competitors due to certain attributes of staffs; key among them being interactive, friendly and good communicators as a result of them being locally recruited.

METHODOLOGY

The study applied descriptive research design to establish the relationship between the variables under study. Probability sampling method was used to select a reasonable number of subjects to represent the target population where every subject had an equal chance of being selected. In this study, the target population comprised of management staff and members drawn from the rural SACCOS in Central Province. Data was collected using questionnaires with structured and unstructured questions. The researcher to probe for more information also conducted interviews. After the ultimate data collection, the same data was analyzed using descriptive statistics such as percentages and frequencies and presented in form of frequency tables; charts and graphs. The researcher used the Ms-excel programme which facilitated in the data analysis.

STUDY FINDINGS

RESPONDENTS BACKGROUND

According to the respondents, the studied Saccos had been in operation for duration ranging from 6 to 34 years. Out of the sample size of four hundred (400) SACCO members/shareholders, two hundred ninety two (292) responded representing a 73% response rate. The targeted market or clientele at inception of the SACCOS was the Agri-based farming community mainly the tea farmers, coffee farmers and the dairy farmers, for all the SACCOS. As regards the current clientele

the respondents indicated the incorporation of the salaried employees, small and micro entrepreneurs, horticultural farmers, institutions and micro-finance groups among others. It is worth to note here that the incorporation of other sectors in their business focus, displays a survival approach designed to expand the market share and client base. Due to their nature and original traditional business of highly standardized shares, easy accessibility and sense of ownership, 80.13 % of the respondents prefer operating in the SACCOS due to low operating charges (tariffs) and low operating balances. A further 7.5% keenly prefer the SACCOS due to fast and efficient service delivery. There are those who prefer the SACCOS because of easy service accessibility especially the loans, which are easily accessed as compared to the loans from the competitors, which involve a complex processes. In this regard; the SACCOS have a competitive advantage ahead of the other competitors especially in the aspect of customer retention and market share sustainability.

COMPETITIVE BUSINESS SUSTAINABILITY AND GROWTH STRATEGIES

The cardinal objective of the study was to investigate the competitive diversification strategies adopted by Rural SACCOS in Kenya. The study sought to answer the question of the survival strategies used by Sacco's for business sustainability in the competitive financial sector. The study as attested by 81.2% showed that the SACCOS are no longer operating from their traditional markets. Rather, they have established new markets, which have contributed greatly to the increase of their market share. The new markets as indicated previously include the opening of more branches; incorporation of the small and micro-entrepreneurs, micro-credit groups, women and youth enterprise and more mobile centres. The Saccos no longer operate within limited boundaries and under certain common bonds of membership. This makes it possible for them to extend services to several markets without limitations as well as branch networks as their competitors. The new markets increase the clientele base as well. The study revealed that the Saccos have access to the government support funds, which the Saccos use to advance the respective enterprises. The said funds have improved the Sacco's liquidity levels and profitability in terms of interest income as well as the corporate image. The Saccos have created other new markets in the rural areas where they take services closer to their members as reflected by the study. This service makes the Saccos retain their customers and be well positioned as compared to the competitors who are not in a position to provide the same. The Saccos have diversified their businesses and markets depending on the economic activity undertaken by their members. As a result there is an increase in market share and the customer base which translates to high productivity and profitability as well.

The study clearly manifested that the Saccos have developed new products and services to cater for the existing market and the newly ventured markets. This was confirmed by 62.9% of the respondents who indicated that Saccos have short-term advances recoverable in a short period mostly six to twelve months. The said products assist the members handle the emergency occurrences and pay schools comfortably. As well, the Saccos have long-term loans in place repayable in thirty six to sixty months. Previously, the Saccos loans were pegged to a repayment period of twenty-four months making it impossible for the members to undertake capital development projects. To date, the members are in a position to invest using the capital loans, which they service comfortably. The special savings according to the study is utilized for savings purposes where the users of the product are paid returns after the expiry of the investment period. The account is not subjected to any charges, which is a motivator to the investors. The Saccos mobilize more funds through this account hence boosting their liquidity levels. The SACCOS have been able to retain their customers through the established products and has drastically reduced the numbers of customers shifting to the competitors to seek for similar products. As pertaining to the new products, the Saccos have developed the business loan and Group accounts to cater for the business fraternity and the micro-credit groups. The study further indicated that the Saccos have repackaged some of the existing products to remain competitive as reflected by 70.1 % of the respondents. The repackaging of the products increases the useful life of the product as well as the competitiveness. The study revealed that some customers are not satisfied with the products offered by the Saccos. The customers' have diverse needs which are not static. To respond to the changing needs the Saccos have marketing departments which analyze the customers' needs and advice on the products that need to be repackaged or developed to suit the changing needs.

Poor loan administration by the Saccos as manifested in the study (69.5%) has led the Saccos to encounter high loan default rates. SACCOS according to the study avail credit facilities to their members who are expected to pay promptly. The study further revealed that some members encounter repayment hurdles and are therefore not in a position to repay the loans as expected. This culminates high loan default levels threatening the survival of the SACCOS in the market. To counter this problem, the SACCOS have put in place stringent measures for loan recoveries which include; engagement of the debt collectors and auctioneers to assist in the collection of bad debts, rescheduling of loans, issuances of loans pegged on ability to pay, strictly adherence to the lending policies, proper appraisals, character assessment, periodic training of credit personnel on credit management and introduction of long term development loans. The aforementioned measures improve the loan portfolio quality.

CONTRIBUTION OF DIVERSIFICATION TO BUSINESS GROWTH

As reflected in the study, 34.8% of the respondents indicated that some of the SACCOS have already installed ATMs through co-op switch by co-operative bank of Kenya while others are offering modern technological E-banking services like M-pesa and inter-linking of their branches. This is an indication that the SACCOS are able to compete effectively with other competitors hence achieving a competitive advantage. Although the adoption process is slow due to hindrances of funds availability, the Saccos are in a position to offer similar services and products as the competitors. Commercial banks who are the main competitors of the rural SACCOS in Nyeri District have a long history of expertise, experience and excellence in the financial business and have used this combination of factors to access and win some customer from the SACCOS. From the study, 29.4% noted that some SACCOS have good caliber of workers; well trained and keen on executing their duties. On the other hand, 70.6% indicated having a questionable team of workers with little experience and training in the financial sector. This hinders efficiency, effectiveness and more so productivity. It was also a major threat to customer relations. The SACCOS according to the study have embarked on extensive staff training and career development as a way of curbing the cited problems. On the other hand, the SACCOS apply the personnel development as a strategy for staff retention hence reducing the staff turnover rates. To ensure staff retention the SACCOS have improved the staff morale and motivation levels through creation of several incentives such as insurance schemes, medical covers, long-term loans, conducive working environment, education sponsorship and promotion on merit. This increases the staff loyalty and performance.

CONCLUSION AND WAY FORWARD

Business competition is not a new phenomenon in the Kenyan environment. In the recent past; SACCOS in Kenya have experienced business competition from other Competitors in the financial sector. The competitors include; mainstream banks such as Kenya Commercial Bank, Equity, Co-operative; Barclays; Family; Standard Chartered banks and the Micro –Finance Institutions Such as Kenya Women Finance Trust, Faulu Kenya; K-Rep bank among others. Due to their traditional way of doing business, SACCOS felt that the said competitors are infringing and coming to take away their business that has been for a long time a protected zone. However, to succeed in the competition game, the SACCOS have mobilized the human and physical resources, re-invented the business development strategies and processes by adding more products and services, Market diversification and segmentation, devised ways of reducing the high loan default rates, and focusing more on customer relations by way of paying more attention to its customers. This as a way of embracing diversification has made the Saccos increase their profitability, customer base as well as the market share. For example Wananchi Sacco through its branching network and mobile banking has managed to penetrate in the rural areas and hence has managed to gain a competitive edge as compared to the mainstream banks whose services are available in main towns only.

In the initial phases of competition, mainstream banks seemed attractive and some of SACCOS' shareholders and customers sought for financial alternatives from the competitors. This affected the SACCOS adversely as the members shifted after acquiring loans from the SACCOS thus making SACCOS to experience high rates of default cases. Consequently, the members discovered the financial implications from the said commercial banks and hence sought refuge in their SACCOS by way of requesting the SACCOS to buy off their financial obligations to the banks. This approach attests that commercial banks are no longer a major threat to the SACCOS business. The Saccos have established long-term loans, which are secured by collaterals and other securities enabling the Saccos to remain at par with the competitors. The SACCOS have adopted this as a strategy to retain the existing customers and members. SACCOS have experienced positive as well as negative growths that have facilitated them to re-invent and live with realities of the financial sector competition. To some, this new thinking has brought

in faster and quality services. In particular cases, SACCOs have gone ahead and partnered with the government through government support funds and other donors to improve on service delivery and liquidity levels. Others have developed and initiated new and improved technology like the ATMs, E-Banking, branch inter-linking while others have introduced management styles where delegation of duties have been put in place.

Competition is welcome so that the SACCOs can prove their real strengths and discover their weaknesses. The SACCOs need to strive for their own survival by utilizing their institutional nature, accumulated wealth of experience and proximity to their members. To some extent, Competition impacts negatively on Sacco's business by way of reduced membership, loss of income and market share. The members of the SACCOs prefer borrowing from the Saccos as they access the loans faster and speedily without much struggle thus causing high demand for credit facilities that is not fully fulfilled due to lack of sufficient funds. This leads to members seeking alternative services from mainstream banks and MFIs who are the main competitors of the SACCOs. Members are easily drawn to those financial institutions despite other underlying expensive financial costs for servicing the financial services obtained from the said institutions. The members have a lot of loyalty with their Saccos which is retained through diversification of the loan products especially the short-term advances and collateral based loans payable within one and five years respectively. In this regard, the Saccos have managed to control and minimized the chronic shifting of the members to the competitors. The Saccos income as a result has increased basically from the interest on loans and advances hence the profitability. Diversification has enabled many Saccos to change their corporate identity which was initially based on a given common bond. The Saccos were also operating within specific administrative boundaries such as districts. This was inhibitive to business expansion and customer base. In the recent past, many Saccos are neither identified with a common bond nor operate within a given boundary. They have acquired a national identity hence increasing the market share, Capital and customer base, improved liquidity and efficiency in service delivery through adoption to the modern technology.

Specifically the study recommends that;

To improve the low liquidity levels the Saccos should:

- Aggressively mobilize more funds both internally and externally through increasing the share contribution and borrowing from financial institutions at lower interest rates
- Consider effecting strategies that promote income generation. Some of which include re-financing members' loans at higher but affordable interest rates, introduce other charges other than interest on loan such as appraisal and application fee, account maintenance fee and ledger fees.
- Widen their products and services MENU by way of creating more savings products, aggressive recruitment of new members, segment the market and concentrate more on fast developing segments.
- Engage fully into micro-finance activities to capture the potential un-captured members of the community such as the small and micro-entrepreneurs.
- Seek for cheap donor funds repayable within a longer span of time
- Seek for the government support funds and utilize them optimally.

To enhance competitiveness in the Financial Market Saccos should;

- Strengthen their Marketing Departments by employing professional marketers and continuously training them to acquaint them with necessary marketing skills and knowledge.
- Develop clear marketing strategies and policies to give a clear direction to the marketing team to facilitate effective performance
- Engage in aggressive promotions of their products and services through the media, road shows, fliers, brochures, newsletters, organized education, and any other emerging marketing channels.
- Potential members
- Adoption of marketing strategies that are effective to enable them undertake marketing activities such as market research, proper pricing of their products and services, understanding the marketing segmentation and customer behavior and comfortably carry out the product life-cycle analysis. The strategies should also focus on enhancing synergy in the sales and marketing team as well strengthening the marketing departments

To embrace customer satisfaction SACCOs need to:

- Pay good returns to the customers and members as investors inform of dividends and interest.
- Enhance efficiency and effectiveness through staff motivation.
- Avoid nepotism, which is a major weakness in Saccos. Rather, they should recruit professionals who have requisite skills.
- Continuously engage in human resource planning, carry out staff training and development and performance management in order to have a pool of competent, motivated and committed staff.
- Ensure proper working machineries are in place to avoid delay ness in service delivery.
- Create awareness of the newly developed products in the market through launching of the product.

The SACCOs should embrace innovativeness and inventiveness through:

- Being involved in research and development in order to establish the changing customers' needs, preferences and tastes to remain competitive.
- Aiming at creating appealing products and services, repositioning old products in the market, repackaging the traditional products and further carry out proper analysis on the product life cycle.
- Conducting a thorough environmental analysis to obtain relevant information pertaining to the competitors.
- Modifying the products and services to match the ever-changing needs and tastes of the customers.
- Creating awareness of the newly developed products in the market through launching of the product.

To adapt to the dynamic technological environment, the Saccos should:

- Develop and implement IT policies and standards.
- Upgrade the current hardware and software to ensure compatibility with the customers' ever changing needs.
- Intensify understanding and application of IT for the provision of timely, accurate and relevant information for effective decision-making.
- Acquire and install the modern technology such as ATMs, M-pesa facilities, interlinking and E-banking. This enables the Saccos to compete effectively.
- Embark on continuous training of the IT officers to update their skills with the frequent changes in the environment.

To remain competitive, effective and efficient and to improve the productivity and performance of the staff, the Saccos need to:

- Continuously upgrade the existing personnel skills through training by attending job related workshops, seminars, external career courses and in-house training.
- Enhance teamwork, which is manageable through team building activities.
- Boost the staff morale and raising the motivation levels through incentive schemes such medical covers, paying good packages in terms of salary and allowances.
- Regularly reviewing the personnel policies.

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