

**COMPETITIVE STRATEGIES AND PERFORMANCE OF SELECTED
DEPOSIT-TAKING SACCOS IN NAIROBI CITY COUNTY, KENYA**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS,
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DECLARATION

I hereby declare that this is my unique work and has not been presented in any other university or any institution of higher learning for examination/academic purposes.

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SUPERVISOR

This research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

In this research project, my unwavering source of inspiration has been Joyce Mutua, my cherished wife, to whom I dedicate this research work.

ACKNOWLEDGEMENT

To all those who have aided in bringing this research project to fruition, I extend my heartfelt gratitude for your invaluable contributions. Dr. Janet Muthimi, my supervisor, deserves special acknowledgment for her enthusiastic acceptance of guiding my research project. In the journey of formulating this research project, her support has been characterized by a consistent stream of encouragement, understanding, and tolerance. I extend my gratitude to all my lecturers for enriching my understanding in my specialized field, thereby enhancing my skill set and adding significant value to my life's journey. My wonderful colleagues/classmates, you have been source of strength and I will not forget you wherever you will be. May your lives be extended as you utilize the lessons we've been taught to enhance and transform this world into a more habitable realm. My heartfelt appreciation extends to every member of Nairobi County, encompassing both its leadership and workforce, for generously investing their time and energy towards this collective pursuit. A heartfelt acknowledgment is extended to my parents, whose unwavering moral and financial support has been indispensable on my journey. Throughout the drafting of this project, their steadfast presence has accompanied me in every endeavor. Blessed by their prayers, I've found strength to persevere in my work. May God shower them with blessings.

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ABBREVIATIONS AND ACRONYMS

DT-SACCO	Deposit Taking Saccos
ICT	Information and Communication Technology
ISO	International Organization for Standardization
MSMES	Micro, Small and Medium Enterprises
ROCA	Rotating Savings and Credit Association
SACCO	Savings and Credit Cooperative Societies
SASRA	SACCO Societies Regulatory Authority
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Sciences
TQM	Total Quality Management

OPERATIONAL DEFINITION OF TERMS

Competitive Strategies: refers to the deliberate actions and resource choices a SACCO makes to gain and sustain an advantage over competitors. It involves approaches such as cost leadership, service differentiation, market focus, and innovation to attract and retain members, improve efficiency, and ensure financial sustainability. This strategy aligns with cooperative values while responding to competitive and regulatory pressures in the financial sector.

Cost Leadership Strategy: This describes an organizational strategy wherein a deposit-taking SACCO endeavors to attain operational efficiency, uphold competitive pricing, integrate technology-driven systems, and proficiently manage administrative expenditures. The goal is to reduce costs and provide products or services at competitive rates within the sector.

Differentiation Strategy: Entails a deposit-taking SACCO delivering distinctive, value-driven services by capitalizing on core strengths, unique product attributes, and streamlined processes. The objective is to distinguish itself in the market through compelling and unique offerings, setting it apart from competitors.

Focus Strategy: Involves a deposit-taking SACCO customizing its products to match specific specialties, leveraging economies of scale, accommodating market variations, and aligning with customer preferences. The objective is to comprehend and fulfill the distinct requirements and desires of its clientele.

Growth Strategy: A Nairobi-based deposit-taking SACCO engages in active pursuit of strategies like market penetration, product diversification, market development, and innovation to expand its market footprint, enhance its product portfolio, and grow its customer base, thereby strengthening its overall performance.

Organizational Performance: Describes the tangible results and accomplishments concerning market share expansion, augmented

customer outreach, sales amplification, and enhanced profitability. It serves as an assessment of the SACCO's effectiveness in fulfilling its goals and providing value to stakeholders.

Strategies for Competing: This encompasses a company's strategic roadmap designed to secure a competitive advantage against rivals, employing tactics like cost leadership, differentiation, customer-centric methods, and growth strategies.

ABSTRACT

The operational landscape within which an organization functions is marked by constant flux and unpredictability, undergoing rapid changes driven by various factors such as shifting consumer behaviors, globalization, investor expectations, market deregulation, and heightened competition. This research examined the effects of competitive strategies on performance, focusing on chosen deposit-taking SACCOs situated within Nairobi's Central Business District, Kenya. The investigation delved into how cost leadership, differentiation, customer focus, and growth strategies influenced the performance of these SACCOs within Nairobi City County. The theoretical framework predominantly relied on the resource-based view theory, supplemented by configuration theory and goal-setting theory. A descriptive research design was utilized, targeting 215 employees within the administrative sectors of Nairobi City County's deposit-taking SACCOs. Stratified proportion sampling was employed to select 109 participants, forming a representative sample. A semi-structured, self-administered questionnaire was disseminated among the target population. Expert opinions were sought to assess content validity, while reliability was gauged by applying Cronbach's alpha coefficient. To analyze the gathered primary data, the Statistical Package for Social Sciences (SPSS) software was employed, extracting frequencies, means, and percentages. Various methods were used to present the data, incorporating descriptive statistics, graphical depictions, regression analysis, qualitative analysis, and tabular arrangements. Descriptive statistics elucidated the characteristics of variables, graphical representations depicted relationships, and numerical findings were showcased through tabular formats. Qualitative data underwent content analysis, while quantitative data analysis encompassed both descriptive and inferential statistics to uncover the link between study variables, culminating in the creation of a regression model. Findings revealed that cost leadership strategies, particularly cost adjustments and competitive pricing, significantly enhance operational efficiency, with correlation and regression analyses confirming a positive relationship with performance outcomes. Differentiation strategies, focusing on unique value-based products, also yielded better performance, highlighting the importance of innovation. Moreover, customer-focused strategies emerged as crucial, as they boost satisfaction and loyalty, with respondents emphasizing the benefits of specialized products. Lastly, growth strategies, including market penetration and product development, were shown to significantly improve performance. Overall, the study concludes that effective implementation of these strategies is vital for enhancing SACCO performance. Recommendations include investing in technological innovations, fostering a culture of strategic alignment, and institutionalizing strategy monitoring practices to support continuous improvement. Future research should explore the influence of organizational culture and external factors on performance to gain a comprehensive understanding of the determinants.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Within an organization's operational realm, a dynamic and unpredictable landscape unfolds, characterized by frequent and sometimes abrupt shifts and fluctuations. Variables including alterations in customer preferences, the impact of globalization, evolving investor outlooks, market deregulation, and intensified competition all play pivotal roles in shaping this volatile setting. (Michael & Luiz, 2019). For an organization to progress beyond merely resolving present issues, it must prioritize enhancing its adaptability to address the evolving conditions imposed by the continuously shifting business environment. Yet, the intricate nature of the environment presents challenges that defy swift resolution. In response to this trend, organizations are crafting and executing strategic methodologies to meet evolving demands (Stamevska, Dimitrieska, & Stankovska, 2019).

Manufacturing organizations are encountering increased global competition, posing challenges to their profitability and market share. These entities are encouraged to carefully evaluate the environment with thoughtful consideration, acknowledging it as an unavoidable reality. Such reflection is essential for taking proactive actions that aid in strategy formulation, ultimately enhancing market competitiveness and securing market share. (Makaew & Maksimovic, 2020).

At the heart of improving organizational performance and broadening market share lies the competitive strategy adopted by an organization. Encompassing a spectrum of initiatives, this strategy entails efforts by an organization to retain its current clientele, entice fresh patrons, and fortify its competitive stance, thereby enhancing its standing

within the market (Haris, 2021). In an environment rife with turbulence and uncertainty, a well-crafted competitive organizational strategy undoubtedly leads to enhanced and superior organizational performance (Baharudin et al., 2023).

Porter's (2008) research suggests that the combination of three business strategies culminates in what he terms as 'stuck in the middle,' characterized by a lack of coherent strategy and resulting in underwhelming organizational performance. Yet, there exists a contrary viewpoint challenging this notion, arguing that these strategies synergize to elevate the caliber of organizational products and services. (Ardiansyah et al., 2023). Within this framework, the argument suggests that elevated market demand stemming from superior products and services empowers organizations to adopt a low-cost strategy, capturing larger market shares and amplifying production capabilities. At the core of this study lies the clash between these contrasting viewpoints, serving as the foundation for investigating the correlation between organizational performance and competitive strategies.

As cited by Thodkar (2019), Porter (1998) outlines three competitive strategies available for organizations to adopt. At the forefront is the cost leadership strategy, which strives to optimize expenditures throughout the value chain, constructing an efficient structure that maintains premium products with constrained standard features. Pursuing a competitive advantage, this strategy aims to bolster market dominance, ultimately leading to an enlarged share of the market. The second strategy is the focus strategy, where organizations target specific market segments by understanding and differentiating customer needs, providing them with the best available price in the market. The third strategy is the differentiation strategy, which involves innovation in sales, marketing techniques, and advertising activities.

Simultaneously, business innovation focuses on product manufacturing features to enhance firm performance and (Thodkar, 2019).

Organizations that lack a distinctive identity and instead mimic others forfeit their competitive edge, thus facing a higher likelihood of underperforming compared to their rivals. (Baumann, Eggers, & Stieglitz, 2019). Strategic planning, technological prowess, and product excellence are perceived as pivotal elements within an organization, wielding considerable sway over its exceptional performance. In this aspect, various empirically tested strategies have emerged to empower organizations in the realm of competition (Moradi & Rahmani Nia, 2020). Particularly remarkable is Porter's (1980) generic strategy, revered as the bedrock of strategic management frameworks, often associated with superior performance—an element pivotal to the underpinnings of this ongoing research endeavor. Numerous organizations face ongoing challenges in attaining or sustaining competitiveness due to constrained markets and limited opportunities. Organizational performance serves as a subjective gauge of an institution's ability to utilize assets within its business model effectively to generate revenues. It provides a broad assessment of financial capability over a defined timeframe and enables comparisons between similar organizations within sectors like banking, telecommunications, and insurance, among others, (Conțu, 2020).

Evaluating organizational performance involves considering multiple metrics, which should be combined for a thorough assessment. Vital metrics encompass operational revenue, operating income, total units sold, profitability, capacity for debt repayment, liquidity, solvency, and financial efficacy. The performance of organizations is significantly influenced by a combination of internal and external factors. Competition, technology, and the work environment constitute external influences, whereas internal dynamics encompass capabilities, motivation, skills, and knowledge.

Hence, grasping the impact of both internal dynamics and external pressures is vital, as they collectively shape the performance of manufacturing firms overall (Okoshi, Lima, & Costa, 2019).

In United States of America, Candido and Santos (2019) posit that the main obstacles that impact on the strategy implementation process, include the interrelated dynamics that are complex and constraints lead to and can reinforce other barriers that eventually form long chains of blockages. Within the United States, a notable factor contributing to the failure of strategy implementation often stems from organizations' inability to adequately navigate the correlation between organizational strategy and the obstacles encountered during implementation. In Portugal, a shift observed by Gomes, Najjar, and Yasin (2018) indicates that a majority of service organizations in Lisbon are progressively embracing an open-system approach encompassing strategy, competitive methodologies, and performance evaluation. Among service organizations, there is a notable absence of alignment between competitive strategy, performance evaluation, and the overarching strategic objectives, resulting in a lack of coherence.

Bahadori, Teymourzadeh, Tajik, Mehdi, and Hosseini (2018) pinpointed five key factors influencing strategic plan execution in Iran: senior managers' awareness and participation levels in planning, maintaining team engagement, strong motivational drive, organizational structure, and prevailing corporate culture. Meanwhile, as noted by Ezenwa, Stella, and Agu (2018), while competitive intelligence exists in South Africa, its efficacy hasn't notably improved the nation's competitive environment. Yet, tackling problem-solving proves to be a more manageable task, and negativity possesses the potential for reversal.

In the local context, Njenga, Kariuki and Wanjohi, (2023) postulate that strategic leadership shapes the organizational culture which enhances competitive advantage in most organizations. In most organizations, knowledge management had been implemented and it had contributed to sustainable competitive advantage. Hassan, Mandere, and Onyango (2020) observed that the commercialization of state corporations has unfolded, with the effective implementation of strategic plans heavily influenced by both political backing and managerial endorsement. Consequently, adverse repercussions have befallen the performance of these state-owned enterprises.

1.1.1 Competitive Strategies

Linked with actions taken by organizations, competitive strategies aim to secure a sustainable competitive advantage (Qasim & Husein, 2022). Competitive strategies encompass the maneuvers and tactics organizations employ to allure customers, endure competitive pressures, and enhance their market stance (Munyiri, 2021). According to Qasim and Husein (2022) refers to the deliberate actions and resource choices a SACCO makes to gain and sustain an advantage over competitors. It involves approaches such as cost leadership, service differentiation, market focus, and innovation to attract and retain members, improve efficiency, and ensure financial sustainability. This strategy aligns with cooperative values while responding to competitive and regulatory pressures in the financial sector. Delving into various competitive strategies, this research investigates a spectrum that includes cost leadership, differentiation, focus, and growth tactics. Employing the cost leadership strategy allows an organization to attain reduced production expenses, consequently fostering greater profitability in contrast to competitors. By harnessing its capability

for cost-effective manufacturing and exploiting economies of scale, the organization secures this advantage (Candido & Santos, 2019). Within an organization, achieving cost leadership strategy involves harnessing the power of the experience curve, entailing investments in enhancing production efficiency and adept cost management. Organizations endeavour to boost their performance by meticulously tracking operational expenditures.

As per Alkasim et al. (2018), the cost leadership strategy seeks to reduce or eliminate expenses across various domains, such as research and development expenditures, and also advertising costs. In their research, Cattaneo and Bassani (2020) underscore key principles driving the cost leadership strategy. These encompass leveraging economies of scale, employing experience curve-based cost-saving tactics, enforcing rigorous cost management, and overseeing overhead expenses. Consequently, companies that adopt the cost leadership strategy endeavor to carve out a competitive edge by maintaining lower costs compared to their rivals, thus securing their position in the market. Companies employ a diverse range of growth strategy methods, such as cost leadership, facility expansion, process refinement, benchmarking, cost reduction, total quality management (TQM) implementation, and indirect expense management, in their pursuit of objectives (Castro e Silva & Adiwardana, 2022). Unlike organizations opting for the differentiation strategy, which involves investing in innovative products or services to gain a competitive edge, this approach empowers the company to demand premium prices.

By sculpting an operational model of thriftiness within its market niche, the Cost Leadership strategy endeavors to clinch a competitive edge against rivals. Achieving this requires cutting operational costs to levels below those of rival market players, a challenging endeavor but crucial for success. At the core of the cost leadership

strategy lies a commitment to organizational efficiency throughout. Companies embracing this approach must maintain a resilient competitive position to safeguard their profit margins in the long haul. Therefore, their focal point should be on operational efficiency spanning across all vital functional domains. (Bahadori, Teymourzadeh, Tajik, Mehdi, & Hosseini, 2018). Employing this strategy, the company reaps rewards such as operational streamlining, adept price leadership, industry expansion, reduced pricing, elevated quality, or both (Thomson, William, Gamble, & Strickland, 2017).

The Differentiation strategy represents an approach organization embrace to elevate the perceived value of their offerings in contrast to competitors, thereby cultivating customer preference through unique attributes. Customer perception plays a pivotal role in product differentiation, prompting organizations to utilize diverse strategies in shaping these perceptions. Tailoring differentiation to specific products enhances their allure, while for services, it involves implementing after-sales offerings like quality enhancements, incentive schemes, extended service hours, and additional amenities. (Islami et al., 2020). Within their study, Jain and Bala (2018) delineate the differentiation strategy as embracing diverse organizational physical components, such as location, layout, and office design, among others. Roth, Sales, and Kaivo-oja (2017) advocate for the development of personalized products by companies through this approach. This assertion aligns with Thomson, William, Gamble, and Strickland's (2017) argument, confirming the multitude of methods and dimensions through which firms can differentiate themselves. The fierce competition prevalent in today's business landscape is the impetus behind most companies' intensive efforts to devise strategies for differentiation.

Prioritizing market entry stands as the foremost consideration for companies employing a differentiation strategy. Seizing the initiative as the first mover grants the company the liberty to set prices according to their preference and capitalize on a broader market segment, all in pursuit of maximizing profit margins and fostering growth. To reap the rewards of a differentiation strategy, a company must prioritize innovation, placing it at the forefront, and guaranteeing exceptional product quality. By infusing innovation into its offerings, delivering top-notch service, initiating dynamic promotional campaigns, and cultivating a trusted brand identity, a company can set itself apart. (Philipson, 2020).

Within the focus strategy domain, leveraging a niche market functions as both a differentiation tactic and a focus strategy, offering a distinctive approach to targeting specific customer segments. Small firms aiming for a competitive advantage in their identified market niche or segment often resort to employing a focus strategy centered on low-cost tactics. Companies employing cost focus can be regarded as the most economical producers within the market segment they inhabit. Before implementing this strategy, firms must carefully consider its viability, especially in industries dependent on economies of scale, where achieving cost focus may prove challenging, (Atikiya & Nzulwa, 2018). As outlined by Kamau (2019), the strength of focus strategy lies in the organization's ability to carve out a market niche amidst larger, more expansive competitors, while also identifying sub-niches within those niches. Gellweiler (2018) highlights how the focus strategy empowers organizations to leverage their unique specialized capabilities and assets, thereby forging new opportunities. Thomson, William, Gamble, and Strickland (2017), however, point out that a drawback of this strategy emerges when the market niche starts to evolve towards traits akin to the broader market, posing a risk.

Ansoff (2012), conceived the Ansoff Matrix, a strategic compass empowering organizations to sculpt growth strategies centered on both existing and prospective products and markets, thereby charting their path toward the future. In their 2011 work, Pearce and Robison portray strategic growth as the triumphant playbook guiding organizations toward success in the competitive arena. In contrast, Chekashkina (2021) presents growth strategy as the enduring compass guiding organizations toward advantage by adeptly orchestrating scarce resources amidst perpetually demanding environments. Henceforth, the corporate growth strategy emerges as the blueprint embraced by management to expand business, captivate customers, thrive in competition, secure market standing, execute operations, and attain set objectives. However, executing growth management poses a formidable challenge for any organization.

According to Mwenda (2020), an effective growth strategy should tackle both internal and external organizational conditions, elevate organizational performance, and foster the establishment of a sustainable competitive advantage. Without a growth strategy, an organization drifts aimlessly like a ship without a rudder, circling endlessly without a clear sense of direction, lacking purpose and momentum. As market competition evolves and technology advances alongside globalization, organizations are compelled to adapt their business operations continuously to stay pertinent. In an ongoing pursuit of competitive advantage, organizations must constantly innovate new avenues, a feat unattainable without the implementation of competitive strategies. (Kolarić, 2018).

1.1.2 Organizational Performance

An organization's performance is assessed based on its success in achieving mission objectives, evaluated through job outcomes, customer engagement, service excellence, and intangible results (Zakaria et al., 2021). Organizational performance refers to the extent to which an organization effectively achieves its goals and objectives, using available resources efficiently and producing desired outcomes. It is typically measured through key indicators such as financial results, operational efficiency, customer satisfaction, employee productivity, and overall impact. In essence, it reflects how well an organization fulfills its mission and sustains long-term success. Conțu (2020) presents the organization's performance as a complex paradigm, requiring analysis across multiple dimensions and factors. In this investigation, the definition by Misra et al., (2022) was embraced, depicting organizational performance concerning mission alignment, job outcomes, customer relations, service excellence, and intangible outcomes. To put this definition into practice, assessments were conducted on revenue growth, customer satisfaction, employee morale, and organizational expansion. As per Noronha et al., (2018), enhancing performance can be achieved through the provision of incentives and fostering economic well-being. When employees lack motivation to fulfill tasks and achieve personal satisfaction, it results in decreased performance levels, subsequently leading to a decline in organizational performance and productivity levels.

As highlighted by Sari et al., (2021), the capacity of employees to gauge organizational performance effectiveness is pivotal for survival. Motivated employees equipped with appropriate knowledge and skills will sustain relevance, consequently driving increased output. Abdillah et al. (2022) categorized performance into three separate groups: business efficiency, financial strength, and organizational efficacy. In

evaluating financial performance, attention is directed towards metrics believed to mirror economic objectives, whereas non-financial performance examines operational aspects such as effectiveness, innovation, market presence, and product innovation. Assessing the comprehensive efficiency of organizational performance involves a holistic perspective, encompassing elements such as goal achievement, reputation, viability, comparative performance against rivals, and the general perception of performance.

1.1.3 Deposit Taking SACCOs in Nairobi City County, Kenya

In accordance with Kenya's 2010 constitution, the cooperative sector underwent decentralization in 2013. Nairobi, located in the heart of Kenya's capital, stands as the second smallest among the nation's 47 counties. Leading the pack, Nairobi hosts 42 headquarters, then by Kiambu, Meru, and Nyeri counties, which house 14, 12, and 8 central offices for DT-SACCOs, correspondingly. In addition to its central offices, the county is home to a network of 33 established branches, as noted on the SASRA Website (2018). In December 2017, the national government initiated the Big Four key policy agenda, emphasizing the crucial role of cooperative societies, particularly SACCOs, in achieving specified objectives and results. SACCO societies, particularly acknowledged for their function as financial catalysts and loan providers, are expected to assume a central role in propelling the affordable housing agenda forward in Kenya, by providing financial backing and various credit services to its citizens. (SASRA annual report, 2017).

Amidst the dynamic financial hub of Nairobi City, DT-SACCOs encounter formidable competition from various institutions providing similar services, such as insurance, pension schemes, and informal ROCA (Rotating Savings and Credit

Associations). DT-SACCOs' resilience against such competition hinges on their strategic implementation methods designed to secure a competitive advantage. Nairobi City was selected as the research area for its abundance of DT-SACCOs headquarters, providing an ideal setting for the investigation. The study's discoveries are applicable to a wide array of other counties, extending its reach beyond the initial research area.

1.2 Statement of the Problem

With a notable impact on the advancement of the Kenyan economy, SACCOs have elevated the living standards of the populace by an impressive margin of 30%. Via their SACCO memberships, individuals gain access to various financial benefits, including support for education, healthcare, entrepreneurial ventures, and home acquisition or construction, among other opportunities. As Kenya's SACCO sector experiences rapid expansion, the government is dedicated to enacting SACCO legislation, adopting international financial performance standards, and initiating supervision of SACCOs. These measures aim to incentivize enhanced management and performance within the SACCO sector (Bowen, Morara & Mureithi, 2019).

Amidst the competitive landscape, virtually all organizations, including deposit-taking SACCOs in the financial sector, are necessitated to implement competitive strategies. Deposit-Taking SACCOs are necessitated to implement competitive strategies, which are viewed as essential managerial tools for enhancing profitability and delivering positive outcomes to investors and shareholders, as emphasized by Mwikya et al. (2019). Since the Kenyan Government banned plastic bags in 2017, the financial sector in Kenya, particularly the packaging industry, has been experiencing rapid expansion. Amidst intense rivalry within the financial sector, deposit-taking SACCOs,

among its myriad participants, possess the inclination to bolster their market standing. Endeavoring to augment performance, these organizations are actively exploring diverse competitive strategies (Rotich et al., 2019). Within this landscape of competition, deposit-taking SACCOs must strive to cultivate strategies conducive to thriving in the marketplace, thus amplifying their prospects for growth and surpassing sector norms in performance.

Organizations like deposit-taking SACCOs leverage competitive strategies to secure an edge over their rivals in the marketplace. Research from previous studies lacks conclusive evidence. O'Regan, Kluth, and Parnell (2017) discovered a lack of consensus regarding the optimal approaches for organizational performance and sustained competitive advantage, with many studies focusing on strategic management. In the domain of strategic management, Pearce and Robinson (2019) raised questions about the unresolved and contentious link between organizational performance and competitive advantage.

When examining Kenyan perspectives, it becomes evident that competitive strategy studies have received greater emphasis in alternative contexts, with the financial sector receiving comparatively less attention. Among local investigations, Murage (2016) conducted a survey with the objective of delineating competitive advantages within Kenya's petroleum sector. In a separate inquiry, Karanja (2017) delved into the realm of competitive advantage, specifically examining its dynamics within Kenyan real estate enterprises. Delving into the current performance challenge unveils a compelling urgency for Kenyan deposit-taking SACCOs (Savings and Credit Cooperative Organizations) to enhance both their competitiveness and performance amidst the rapidly evolving financial terrain.

While their influence on both the economy and societal progress remains profound, there's an escalating call for these SACCOs to align with international financial norms and yield favorable outcomes for stakeholders. Amidst the sector's expansion and heightened competitive landscape, SACCOs must implement potent competitive strategies to secure growth and enduring viability. Yet, within the existing body of research, there exists a dearth of clarity regarding the most efficacious strategies for augmenting organizational performance within this particular context. Embarking on this uncharted territory, the study seeks to investigate the relationship between a variety of competitive strategies—ranging from cost leadership, differentiation, focus, to growth strategies—and the performance indicators of deposit-taking SACCOs functioning within Kenya. In pursuit of this goal, the aim is to pinpoint the strategies viable for SACCOs to deploy, thus securing a competitive advantage and elevating their holistic performance within the financial domain.

1.3 Objectives of the Study

This study was guided by the following general and specific research objectives.

1.3.1 General Objective of the Study

The research general objective was to ascertain the influence of competitive strategies on performance of deposit taking SACCOs in Nairobi Central Business District, Kenya.

1.3.2 Specific Objectives of the Study

The following are the specific objectives that were used:

- i. To ascertain how the performance of DT-SACCOs in Nairobi City County is impacted by the cost of leadership strategy
- ii. To investigate how differentiation strategies influence the performance of DT-SACCOs in Nairobi City County, Kenya.
- iii. To explore how the performance of DT-SACCOs in Nairobi City County, Kenya is impacted by the customer focus strategy
- iv. To evaluate how the performance of DT-SACCOs in Nairobi City County, Kenya is influenced by implementation of a growth strategy

1.4 Research Questions

The research was dictated by the subsequent research questions:

- i) What impact does cost leadership strategy have on the performance of DT-SACCOs in Nairobi City County, Kenya?
- ii) How does differentiation strategy influence the performance of DT-SACCOs in Nairobi City County, Kenya?
- iii) To what level does customer focus strategy impact the performance of DT-SACCOs in Nairobi City County, Kenya?
- iv) How does the implementation of a growth strategy influence the performance of DT-SACCOs in Nairobi City County, Kenya?

1.5 Significance of the Study

Insights gleaned from this research endeavor will aid in honing and fortifying the competitive strategy. If adopted as a strategic framework by deposit-taking SACCOs and other entities, it has the potential to markedly improve organizational performance. This exploration will additionally aid in determining any requisite

adjustments to strategic management methodologies regarding competitive strategies within the organization, with the aim of transforming it into a strategy that fosters sustainability. The study offers valuable insights to both public and private sector managers and management teams of deposit-taking SACCOs, allowing them to grasp the nuances of cost leadership, differentiation, focus, and organizational growth strategies as they relate to current organizational performance trends in Kenya. This understanding equips them to discern the most fitting competitive strategy, thereby enhancing the organization's resilience in the fiercely competitive business landscape.

Practitioners in the strategic management domain and various organizations find valuable insights in the study's findings. These insights prompt a reevaluation of their competitive strategy reports, leveraging sector reforms and innovative strategies to enhance organizational performance efficiently and effectively. This study offers pivotal insights that serve as a foundational resource for scholars, students, and researchers embarking on future investigations. By utilizing this study as a cornerstone, they can discern overlooked competitive strategies or identify gaps for further exploration.

1.6 Scope of the Study

This research focused on the impact of competitive strategies on the performance of deposit-taking SACCOs in Nairobi City, Kenya. The research applied three theoretical frameworks: the Resource-Based View Theory, which emphasizes the internal resources as key to gaining competitive advantage; the Configuration Theory, which focuses on how different organizational structures and strategies can lead to success; and the Goal-Setting Theory, which highlights the role of strategic objectives in performance. These theories provided a foundation to explore how competitive

strategies—such as cost leadership, differentiation, customer-centric approaches, and growth strategies—influence SACCO performance. The geographical scope was confined to deposit-taking SACCOs operating in Nairobi City. The study surveyed 215 participants, ensuring that individuals with direct involvement in competitive strategy formulation and implementation were included. Data collection occurred from March to November 2023, leveraging the operational consistency of SACCOs within the city for timely and efficient data gathering

1.7 Limitation of the Study

Delays in obtaining fully completed questionnaires posed challenges for the researcher. Despite these challenges, consistent follow-up visits were anticipated to eventually yield the required information from respondents. While deficiencies in crucial inquiries arose as a concern, the researcher committed to rectifying them through subsequent visits and ensuring adherence. The swift attainment of results encountered hurdles due to organizational confidentiality policies. Additionally, some hesitancy among respondents, particularly in managerial roles, was noted, as apprehensions about potential consequences could hinder cooperation.

1.8 Organization of the Study

The structure of this project was divided as follows. Chapter one laid the groundwork by discussing the study's background, goals, problem statement, importance, research queries, scope, constraints, and the overarching framework. Chapter two concentrated on the literature review, covering the theoretical base, empirical analysis, identifying research gaps, conceptual framework, and defining variables. Chapter three described the research design and methodology, outlining the study's structure, population and

sampling strategies, creation of data collection tools, pilot testing, and assessment of research tools' validity and reliability. This chapter also outlined the data analysis and presentation methods, along with ethical considerations. Chapter four focused on the presentation and analysis of the collected data, detailing the response rate and demographics, including gender, age, job experience, educational attainment, and organizational roles. This chapter also included descriptive statistics on variables like technological advancement, strategic resource management, leadership, and strategy oversight. To analyze relationships between variables, inferential statistical techniques, including correlation and multivariate regression, were employed. The final chapter, chapter five, summarized the study's key findings, provided conclusions, and recommendations based on the outcomes. Additionally, it suggested further research directions to explore gaps identified in the research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

An array of literature reviewed in this chapter outlines the research journey undertaken in the study. It includes books and journals that have strengthened the foundational understanding of the topic. This chapter covers theoretical exploration, empirical analysis, identification of research gaps, and the development of both conceptual and operational frameworks, concluding with a summary of the key insights.

2.2 Theoretical Literature Review

Upon detailed examination and review of the subject of study, a clear network of interconnected variables emerges, all relevant to the identified problem. These linkages lead to meaningful theoretical insights covered in this section.

2.2.1 Resource-Based View Theory

Penrose (1959) pioneered the Resource-Based View (RBV) theory, laying the groundwork for understanding how internal firm resources influence competitive advantage and organizational dominance within specific sectors. RBV emphasizes the strategic configuration of a firm's internal assets to attain sustained competitive advantage. According to the theory, not all resources equally contribute to competitive positioning; rather, firms must possess resources that are valuable, rare, inimitable, and non-substitutable to consistently generate above-average returns (Kraaijenbrink, Spender, & Groen, 2010). This heterogeneity of resources and

capabilities among firms accounts for the varying levels of performance observed in practice.

Fahy (2009) expands on this foundation by identifying RBV's core components: strategic managerial decision-making, the nature of performance-enhancing resources, and the attainment of competitive advantage. Organizations combine diverse resource portfolios to develop and sustain competitive positions. Shook (2009) further argues that superior performance and competitive advantage arise gradually through an organization's distinct capabilities and its skillful acquisition, integration, development, and deployment of resources. These resources include tangible assets, external relationships, and intangible assets such as knowledge and reputation (Hunt & Derozier, 2004).

Despite its contributions, RBV has drawn substantial criticism. Barney (1991) noted the theory's conceptual limitations in scientifically identifying and evaluating valuable resources. Priem and Butler (2001), along with Sanchez (2008), questioned the internal consistency of RBV, arguing that it merely specifies attributes necessary for a resource to be advantageous without offering a cohesive explanatory framework. Sanchez (2008) particularly criticized RBV for lacking a systematic structure to classify resources or explain their functional dynamics, undermining its utility in hypothesis development about causal links between resources and strategic value creation.

Nevertheless, RBV remains a vital lens for exploring how strategic decisions—such as cost leadership, differentiation, customer focus, and growth strategies—impact organizational performance. This study adopts RBV as a foundational perspective to examine the relationship between competitive strategy and performance outcomes.

2.2.2 Configuration Theory

Configuration theory, rooted in the intellectual movements of the 1960s and early 1970s, was initially influenced by Chandler (1962), further developed by Mintzberg and Miller (1970), and refined by Miles and Snow (1987). The theory posits that an organization's performance is contingent upon the degree of alignment—or "fit"—between its internal structure and the external environment. It emphasizes that optimal organizational outcomes can only be achieved when the firm's strategy, structure, and processes are harmonized with external contingencies. As Fincham and Rhodes (2010) assert, the success of an organization is largely dependent on the congruence between its strategy, organizational design, and contextual environment.

Slater and Olson (2005) reinforce this view, noting that empirical studies have consistently demonstrated how alignment among organizational characteristics is a strong predictor of performance. Similarly, Gao, Zhou, and Yim (2007) argue that since the external environment is largely beyond an organization's control, firms must adapt strategically to these external constraints—emphasizing that no single strategic approach is universally optimal across all settings.

However, configuration theory has not been without criticism. Smith and Lewis (2011) argue that the theory lacks sufficient flexibility to account for the dynamic and complex nature of modern organizations. Ployhart and Vandenberg (2010) also critique the theory's static orientation, advocating for the integration of temporal and evolutionary dimensions to better capture how causal relationships shift over time.

Within the framework of this study, configuration theory serves to explain the interaction between competitive strategies and the external environment, and how this interplay impacts organizational performance. It supports the view that performance

outcomes are maximized when strategic choices—such as cost leadership, differentiation, customer-centric focus, and growth strategies—are tailored to suit the external competitive landscape. Consequently, this theory is adopted in the study as it provides a robust foundation for examining the alignment between competitive strategy and organizational performance across the four identified variables.

2.2.3 Goal-Setting Theory

Lewin (1960) laid the foundation for goal-setting theory, which has since evolved into a widely studied framework in organizational behavior and motivation. Locke and Latham (2010) further advanced the theory, presenting strong evidence that goal setting is positively associated with increased productivity. In the workplace context, Ferris (2007) characterizes goal setting as a decision-making theory intricately linked to motivation and performance. Kinicki (2013) emphasizes the importance of individual perception within this framework, highlighting people's cognitive ability to anticipate the outcomes of their actions. At its core, goal-setting theory is based on two key assumptions: individuals recognize the significance of their involvement and the consequential outcomes of their actions, and they act intentionally in response to specific situations, whether those lead to positive or negative consequences.

In practice, implementing goal setting in organizational settings requires management to meet foundational employee needs—such as fair compensation and a secure work environment—to foster a culture that supports personal and professional development. As Locke and Latham (2010) assert, the principal aim of goal setting is to regulate human behavior toward desired outcomes. They identify four motivational mechanisms that underpin the theory: goals energize individuals, direct attention

toward relevant tasks, encourage persistence, and provide standards for evaluating satisfaction or dissatisfaction with performance.

Moreover, goal-setting theory distinguishes between intrinsic and extrinsic motivators, explaining that while external rewards can drive behavior, internal motivations are equally critical in aligning personal aspirations with organizational objectives. The theory posits two essential conditions for successful goal attainment: the belief that effort will lead to performance and the expectation that performance will yield desired outcomes. However, in the absence of appropriate incentives, employee engagement may wane, highlighting the need for commitment, assurance, and maturity in goal-setting processes. Employees must clearly understand organizational expectations and be empowered to set meaningful goals aligned with those expectations.

Despite its utility, goal-setting theory has faced criticism. Locke and Latham (1999) acknowledge that the theory tends to emphasize conscious cognitive processes while overlooking the influence of subconscious drivers of behavior. Furthermore, although the theory outlines the relationship between goals and performance, it often fails to investigate the underlying mechanisms that explain this link.

Nonetheless, this study adopts the goal-setting theory as a theoretical lens to explore how strategic leadership influences organizational effectiveness. By integrating motivational principles with strategic objectives, the theory provides a valuable framework for understanding how leaders can shape employee behavior and drive performance outcomes.

2.3 Empirical Literature Review

Venturing into empirical depths, the review sheds light on previous research concerning the variables being examined, delving into elements such as cost leadership strategy, differentiation strategy, focus strategy, growth strategy, and the performance of organizations within the financial sector.

2.3.1 Cost Leadership Strategy and Organization Performance

Exploring the relationship between cost leadership strategy and organizational performance, Kharub, Mor, and Sharma (2019) delved into the mediating function of quality management within MSMEs (Micro, Small, and Medium Enterprises). Data were collected from questionnaires distributed to 245 MSMEs certified under ISO 9000, yielding a response rate exceeding 65%. To ensure the reliability of the research, a validation test was conducted on the adequacy of questionnaire data. Following this, the study's hypotheses were assessed using a partial mediation model and structural equation modeling. The findings unveiled no direct correlation between organizational performance and cost leadership strategy. Instead, quality management practices emerged as a complete mediator in the relationship. Continuous improvement stood out as the foremost factor among the eight model parameters influencing both product quality enhancement and process refinement, with information and analysis trailing closely behind, succeeded by supplier management. (Kharub et al., 2019). The upcoming investigation will redirect its focus to Savings and Credit Cooperative Societies (SACCOs) engaged in deposit-taking operations, deviating from the predominant influence of MSMEs and addressing an overlooked dimension of the context. Within SMEs, the study emphasized the vital role of continuous improvement, especially when facilitated by efficient analysis of

information and data, in achieving the goals set by the cost leadership strategy. Utilizing these findings, managers have the opportunity to embed cost leadership strategies throughout the organization, fostering a competitive edge in local markets and fostering a global perspective within the company. Furthermore, the study contributes to the strategic management arena within manufacturing sectors by illuminating the prevalent adoption of strategic management methodologies among flourishing MSMEs in emerging economies (Kharub et al., 2019). The previous study overlooked the justification for its chosen data collection instrument, a gap that this current research endeavors to fill.

Chepchirchir, Omillo, and Munyua (2018) explored the effects of implementing a cost leadership strategy on the performance of logistics firms in their study. Analyzing logistics firms with international operations, the research explored the utilization of cost leadership strategies to enhance organizational performance, guided by the principles of Porter's five forces theory. Employing an explanatory research design, the authors focused on a population of 151 participants, of whom 110 comprised top and middle-level managers, chosen through random sampling for the study. Utilizing questionnaires, the study gathered necessary data, which underwent analysis via descriptive and inferential statistics. The findings affirmed a notable positive impact of the cost leadership strategy on logistics firms' performance, indicating escalated sales volumes and profits resultant from its implementation. Moreover, a considerable decrease in operational costs led to the expansion of profit margins. In its recommendation, the study advised all logistics companies to contemplate integrating elements of cost leadership across various sections and departments within their organizations. (Chepchirchir et al., 2018). The research design employed in the study

lacked justification, revealing a methodological gap that the present study aims to bridge.

Delving into the sustainability of Naivas supermarket's competitive advantage, Muasa (2014) investigates the impacts of employing a cost leadership strategy. Employing a case study approach, the research gathered primary data via questionnaires and interviews with key personnel including Human Resource managers, Operations managers, Business Development managers, Marketing managers, Purchasing and Supplies managers, and ICT managers. On the flip side, secondary data was gathered from a variety of sources including the company's website, industry publications, and scholarly journals. Employing the content analysis method, data presented in tables underwent scrutiny. The findings revealed the organization's substantial embrace of a cost leadership strategy in its daily operations, carving out a niche in the low and middle-income markets. However, further enhancements are warranted to optimize the efficiency of this business model. Furthermore, the study unveiled a moderately fluid organizational landscape primarily occupied by privately held entities, which significantly influenced the choice of competitive strategies. It was also affirmed that for the cost leadership strategy to thrive, organizations must invest in ICT, prioritize evolving customer demands, boost staff morale, diversify product offerings, practice effective management, and maintain strong customer relationship management as fundamental pillars for ensuring sustainable competitive advantage. There's a conceptual void in the previous study due to its omission of administrative costs, a gap that this current research aims to fill and rectify.

2.3.2 Differentiation Strategy and Organization Performance

Klinger, Silveira-Martins, Castro, and Rossetto (2019) explored Brazilian wineries' performance, strategic positioning, and strategies for differentiation in their research. At the core of the study was the inquiry into whether the decisive direction set forth by organizational supervisors and managers impacts decision-making concerning differentiation, and subsequently, how these dynamics influence company performance within the Brazilian wine sector. 123 firms were surveyed for the study, employing multivariate statistical methods for data analysis to construct a structural equation model. The results unveiled a positive link between a prospector orientation and differentiation, juxtaposed with a negative correlation observed between analyst positioning and differentiation. The research also validated that organizational performance experiences enhancement through differentiation. Notably, there's a gap in methodology attributed to the pilot study location's undisclosed information, a matter the present study endeavors to rectify.

In a study by Adimo (2018), the influence of product differentiation on organizational performance was investigated. Targeting 112 individuals comprising senior executives, departmental leaders, and 90 Nairobi-based dealers, the research employed a sample of 134 participants chosen through a stratified random sampling approach. Constructed on the principles of strategic equilibrium theory, the research employed self-administered questionnaires to gather data, employing both descriptive and inferential statistical analyses, including Pearson correlation and regression analysis. The results unveiled a favorable correlation linking organizational performance with product differentiation. Nonetheless, the study overlooked the incorporation of value-centered services, leaving a conceptual void that the current research endeavors to bridge.

In a study led by Nuru (2015), an examination was conducted into the impacts of implementing a differentiation strategy on the performance of branded bottled water within Mombasa County. The study adopted a cross-sectional graphical approach, concentrating on every water bottling company registered in the county. To gather comprehensive information, the study employed a mixed-methods approach, utilizing both questionnaires and interview guides for collecting primary data. Additionally, secondary data were obtained from company records and a range of academic sources to supplement and enrich the primary findings. The data analysis process integrated a combination of descriptive and inferential statistical techniques. This included the use of Pearson's correlation to explore relationships between variables and logistic regression analysis to predict outcomes based on the strategies applied. Complementing the quantitative analysis, qualitative data were carefully examined using content analysis to provide contextual depth and a nuanced understanding of the findings. This multifaceted approach ensured a robust evaluation of the research questions from multiple perspectives. Highlighted in the findings was the greater significance of product differentiation over service differentiation, revealing a favorable association between embracing a differentiation strategy and improving organizational performance. However, the study's research design lacked adequate justification, unveiling a methodological gap that necessitates addressing in the current investigation.

2.3.3 Focus Strategy and Organization Performance

In an investigation conducted by Akitokunbo (2018), the correlation between the performance of telecommunication companies and their adoption of market-focused strategies was explored. Employing a cross-sectional design, the study involved

management staff from four telecommunications firms, with a target population of 134 individuals. Applying the Yamane formula, 100 participants were selected through a random sampling method to constitute the sample. Questionnaires facilitated the data collection process, and following data cleansing, 93 responses were considered appropriate for analysis. In guaranteeing the reliability of its instruments, the study utilized the Cronbach Alpha coefficient, resulting in a coefficient of 0.7 across all study items. For hypothesis testing, data analysis encompassed descriptive statistics and Spearman's rank correlation. The findings unveiled a remarkably strong positive correlation between organizational performance and market-focused strategies. Concluding the study, the author emphasized the substantial and positive impact of market-focused strategies on organizational competitiveness. As a result, the study suggests that organizations embracing market orientation should prioritize narrow market segments and aim to achieve either cost leadership or differentiation. (Akitokunbo, 2018). Yet, a conceptual void emerges from the study's oversight of market diversity, a facet that the current research endeavors to rectify, thereby enhancing the collective understanding of the topic.

Tritos, Choon, and Vijay (2010) explored the impact of market-focused strategies on operations practices. Their focus underscored the crucial role of aligning organizational strategies and tactics for achieving success, exploring the correlation between competitive strategies and operational effectiveness in emerging markets. In the study, two competitive strategies were scrutinized: the niche market strategy and the broad market approach. Targeting specific market segments characterizes the niche market strategy, whereas the broad market approach involves catering to a diverse array of segments. The study delved into operational methodologies in harmony with Total Quality Management (TQM), lean manufacturing principles, and

the nurturing of supply chain relationships. From survey data provided by senior managers, the study unveiled that organizations embracing a niche market orientation directly influenced process management and cultivated relationships, subsequently impacting employee commitment. In contrast, companies opting for a broad market orientation saw their competitive strategy directly influencing employee commitment, which in turn affected relationship development practices and process management, consequently impacting operational performance. (Tritos et al., 2010). Despite this, there remains a methodological void in the study due to the lack of explanation for the utilized data analysis techniques, a gap that the current research seeks to rectify.

In their 2016 research, Peltokorpi, Linna, Malmström, Torkki, and Lillrank explored five strategies for structuring healthcare service delivery, with the goal of deliberating strategic alternatives. Proposing a framework of customer-centric focus strategies, the study aimed to minimize variations in various process attributes, urgency levels, and outcomes. Through literature review and empirical research, the study highlighted the implications of these strategies on system-level effects, competition, and coordination. Highlighting practical implications, the study underscored the necessity of implementing tailored demand and supply management practices to maximize the effectiveness of focus strategies. In juxtaposing their discoveries with past resource-centric methodologies, the study introduced a theoretically robust and operationally pertinent customer-centered framework for organizational focus. (Peltokorpi et al., 2016). Yet, there exists a contextual void as the study overlooked deposit-taking Savings and Credit Cooperative Societies (SACCOs), which are the central focus of the current investigation.

2.3.4 Growth Strategy and Organization Performance

Mwania (2017), explored the correlation between organizational performance and growth, aiming primarily to ascertain any potential connection between the two. Senior management staff provided data through questionnaire assistance during the data collection phase. Utilizing SPSS for support, the data underwent coding and analysis. Descriptive statistics, including percentages and frequency distributions, were employed to present the information. Through the study, it was revealed that Kenyan organizations had implemented various growth strategies to improve their overall performance. The study identified a spectrum of growth strategies embraced by organizations, including market expansion, market penetration, product development, and diversification. The drawn conclusions revealed a notable and affirmative association between organizational performance and the strategies employed for product development. Furthermore, it was found that market development and expansion strategies also positively impact organizational performance. The study recommends that organizations integrate a variety of growth strategies, particularly focusing on expanding market scope and operational capacities, to enhance organizational performance. (Mwania, 2017). There's a methodological void in the study due to the absence of justification for the research design chosen, a gap that the current research endeavors to fill.

In their research, Ojawa and Deya (2018) investigated how growth strategies impact the organizational performance of commercial printing firms. As the industry undergoes constant flux and grapples with numerous challenges, navigating the trade becomes increasingly arduous for its participants. Hence, it is imperative for this organization to scrutinize a range of growth strategies, aligning them with prevailing trends and intense competition, to effectively adapt and enhance performance.

Utilizing a descriptive research framework, the study targeted 249 commercial printing firms, implementing random sampling methodology to select a subset of 25 firms. Engaging within this group, 75 managers actively participated in the study. Questionnaires were employed for data collection, followed by analysis utilizing a blend of descriptive and inferential statistical techniques. Market development, product development, market penetration, and diversification strategies showed noteworthy correlations with organizational performance, as discovered in the study. . Notably, while product development strategy showed a positive effect on profit growth, its impact was deemed statistically insignificant. The study advised that leaders and stakeholders of these firms prioritize investments in ongoing market research, skill enhancement for employees, and infrastructure that facilitates the adoption of new technologies. This, it suggests, is crucial for effectively implementing growth strategies and achieving tangible success. (Ojwaka, & Deya, 2018) There's a methodological gap evident as the study did not furnish justification for the sampling design employed, a gap that the current research aims to address by providing such rationale.

Etori (2013) explored the correlation between organizational performance and business growth strategies within the financial sector. These strategies encompass actions or patterns of measures devised to achieve specific objectives. Etori (2013) observed that the primary focus of growth strategies in the financial sector is geared towards enhancing profit growth. Employing a case study approach, the research utilized interviews and interview guides as primary instruments for data collection. The qualitative data gathered underwent analysis through content analysis techniques. Through its investigation, the study confirmed that the organization has implemented diverse growth strategies to bolster its competitive edge. These strategies encompass

embracing risk, integrating modern technology, diversifying products, rationalizing prices, adjusting the risk profile of asset portfolios, and expanding into new markets. The study recommends organizations can enhance growth by implementing significant changes such as organization structure, work practices, policies, and rules as well as organization culture; organization should enhance Cost leadership strategy by investing more research and design and price rationalization strategies that can be enhanced by ensuring that the reduction falls within what customers would expect to be normally discounted for sales (Etori, 2013). There's a conceptual void noted in the study due to the absence of product development integration, which the current research aims to rectify, thereby enriching the existing knowledge base on the subject.

2.4 Summary and Research Gaps

The empirical review uncovered contextual gaps, with the majority of studies spanning various sectors rather than focusing on the finance sector. Literature reviewed has also shown the conceptual gaps exist as the study had not incorporated all the operational indicators adopted in this study. Within the literature review, methodological gaps have been underscored, revealing that numerous scrutinized studies failed to sufficiently justify their research design, sampling methodology, and data analysis approaches. Table 2.1 offers a comprehensive overview delineating the lacunae in the existing research, providing a concise encapsulation of the identified gaps within the study.

Table 2.1: Research Gaps

Researcher (s)/Year	Study Emphasis	Results	Gap	This Study Emphasis

Kharub et al. (2019)	Within the realm of MSMEs, the intertwining of quality management and organizational performance mediates the link between the strategy of cost leadership and their dynamic relationship.	The findings from the study indicate the absence of a direct correlation between organizational performance and the cost leadership strategy.	While the initial study focused on MSMEs, the upcoming research will fill a contextual void by examining deposit-taking SACCOs.	In this study, attention is directed towards cost leadership strategy, differentiation strategy, growth strategy, focus strategy, and the performance of organizations.
Chepchirchi r, Omillo, and Munyua (2018)	Unraveling the Impact of Cost Leadership Strategy on Performance in Logistics Companies.	The performance of logistics firms sees a notable boost from implementing cost leadership strategy,	The absence of rationale for the chosen research design in the prior study highlights a methodologica	In this study, attention is centered on exploring organization performance in relation to a spectrum of

		resulting in amplified sales volumes, enhanced profits, and minimized operational costs.	l gap, prompting the current research to address this deficiency.	strategies including cost leadership, differentiation, focus, and growth.
Muasa (2014)	Analyzing how the implementation of cost leadership strategy impacts Naivas Supermarket's competitive edge.	In its operational approach, Naivas Supermarket has strategically embraced cost leadership, specifically catering to the market segments of low and middle-income earners.	The prior study overlooked administrative costs, creating a conceptual void that this research endeavors to fill, thereby bridging a crucial conceptual gap.	Delving into organization performance, this study examines a range of strategies including cost leadership, differentiation, focus, and growth.

Klinger et al. (2019)	Unraveling the Differentiation Strategy's Impact on the Performance and Strategic Positioning of Wineries in Brazil.	The research findings revealed a favorable link between a prospector orientation and the concept of differentiation.	The pilot study's location was omitted in the research, resulting in a methodological gap that this current study aims to rectify and bridge.	In this examination, attention is directed towards organization performance, exploring a spectrum of strategies including cost leadership, differentiation, growth, and focus.
Adimo (2018)	Influence of Product Differentiation on Organization Performance.	Organizational performance exhibits a favorable correlation with product differentiation.	The prior study overlooked the inclusion of value-based services, creating a conceptual void that this current	This study delves into organization performance alongside a spectrum of strategies including cost leadership,

			research endeavors to fill, thus bridging an essential conceptual gap.	differentiation, focus, and growth.
Nuru (2015)	Exploring How Implementing Differentiation Strategies Influences the Performance of Branded Bottled Water in Mombasa County.	Bottled water companies in Mombasa County exhibit enhanced organizational performance due to their implementation of a differentiation strategy, showcasing a notable correlation between the two.	Without offering a rationale for the chosen research design, the previous study left a gap in methodology, a void the present research endeavors to fill by addressing.	Within this study, attention is directed towards analyzing organization performance alongside strategies such as cost leadership, differentiation, focus, and growth.

Akitokunbo (2018)	The performance of telecommunication companies in relation to organizational effectiveness is explored through an investigation into the market focus strategy's impact.	The findings unveiled a notably strong and positive correlation between organizational performance and the implementation of a market focus strategy.	There's a conceptual void in the previous study, lacking diversity in market inclusion, which this current research aims to fill, thus enriching the existing understanding of the subject matter.	Within this examination, attention is directed towards dissecting organization performance in tandem with strategies encompassing cost leadership, differentiation, focus, and growth.
Tritos, Choon, & Vijay (2010)	In emerging economies, the influence of market focus strategy on operational practices is under scrutiny for its impact.	Through the adoption of a niche market focus strategy, organizations exert a direct influence on	A methodological gap exists as the study had not provided justification for the data	In this investigation, the spotlight is on organization performance, alongside an

		<p>process management and relationship cultivation, subsequently shaping employee commitment levels.</p>	<p>analysis techniques adopted which the current study seeks to provide.</p>	<p>exploration of strategies encompassing cost leadership, differentiation, focus, and growth.</p>
<p>Peltokorpi, et al. (2016)</p>	<p>Strategies to Organize Healthcare Service Delivery: A Framework for Reducing Variation.</p>	<p>The study proposed a framework of customer-oriented focus strategies to reduce variation in different characteristics of processes in healthcare service delivery.</p>	<p>The current study zeroes in on deposit-taking SACCOs, addressing a contextual void left by previous research, thus illuminating an overlooked area of inquiry.</p>	<p>Within this study, attention is dedicated to examining organization performance alongside strategies encompassing cost leadership, differentiation, focus, and</p>

				growth.
Mwania (2017)	Exploring Kenya's organizational performance, this study delves into the correlation between growth strategies and effectiveness.	The investigation unveiled a substantial and favorable influence of product development strategies on organizational performance.	There's a gap in methodology stemming from the previous study's lack of justification for its research design, a void that the current research aims to fill.	In this study, attention is directed towards organization performance, as well as an examination of strategies such as cost leadership, differentiation, focus, and growth.
Ojawka & Deya (2018)	Analyzing commercial printing firms, this study explores how growth strategies impact organizational performance.	In commercial printing firms, organizational performance displayed a notable correlation with strategies such as market	A methodological gap exists as the study had not provided justification for the sampling design adopted	In this study, attention is directed towards cost leadership strategy, differentiation strategy, focus

		development, product development, market penetration, and diversification.	in the study which the current study seeks to provide.	strategy, growth strategy, and organizational performance..
Etori (2013)	Exploring organizational performance within the financial sector, this study investigates the impact of business growth strategies.	Organizations in the financial sector adopted various growth strategies, including taking excessive risk, adopting modern technology, product diversification, price rationalization, altering asset portfolios' risk	The current study aims to enrich the existing knowledge on the subject by addressing a conceptual gap left by the previous study, which overlooked the incorporation of product development.	In this exploration, the spotlight is on organization performance, along with an investigation into strategies encompassing cost leadership, differentiation, focus, and growth.

		levels, and market expansion.		
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Source: Study Author (2024)

2.5 Conceptual Framework

The researcher will carefully examine the pivotal elements concerning competitive strategies and the performance of DT-SACCOs in Nairobi city, Kenya. These elements encompass cost leadership strategy, differentiation strategy, customer focus strategy, and growth strategy. The researcher will analyze the correlation between the study variables. Below, the framework's concept is delineated.

Independent Variables

Dependent Variable

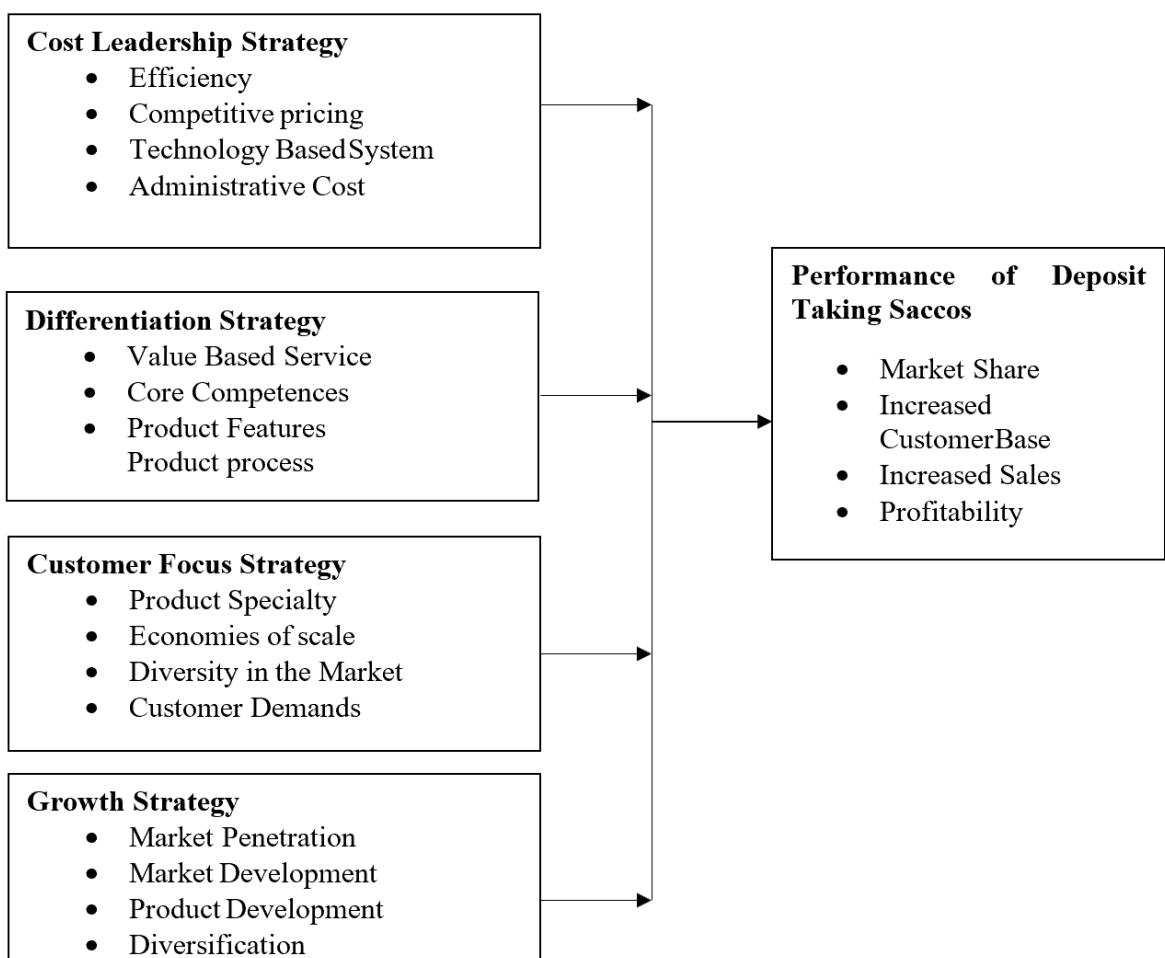


Figure 2.1 Conceptual Framework

Source: Study Author (2024)

CHAPTER THREE: RESEACH METHODOLOGY

3.1 Introduction

The researcher's selected methodologies and research design, delineating the utilized types of research design, the targeted audience, sampling methodologies, data collection tools, and approaches for data analysis.

3.2 Research Design

In this study, a descriptive research design was deemed suitable, as per the guidelines of Mugenda and Mugenda (2003), where information was gathered without altering the surrounding environment. Mark (2003) posits that to address a research question, an overarching strategy, known as the research design, must be devised to guide the study's conduct. The descriptive research design was chosen to enable the researcher to immerse in an investigative method aimed at achieving a comprehensive understanding of the specific subject matter. This method proved appropriate for the study, as a significant portion of the information was presented descriptively, which facilitated easier comprehension and interpretation. Data collection was primarily conducted through questionnaires administered to the respondents.

3.3 Target Population

The study delved into strategic managers sourced from the 42 SACCOs located within Nairobi City County, centering its focus on this group. The total number of individuals within this targeted population, encompassing top, middle, and operational managers, amounted to 218. Strategic managers were selected as the target population

due to their familiarity with the technical aspects of the organization, ensuring the provision of objective information.

Table 3.1: Target Population

Section	Population	Percentage
Top Managers	126	58
Middle Managers	42	19
Operational Managers	50	23
Total	218	100

Source: SACCOs HR records (2023)

3.4 Sample Size and Sampling Technique

In alignment with Kothari's (2009) perspective, a sample denotes a representative subset extracted from a population to mirror its traits. For this study, 109 participants were purposefully chosen from the 42 SACCOs situated in Nairobi City County. As per Borg and Gall (2009), samples selected through random sampling offer an unbiased portrayal, affording each population segment an equitable opportunity for selection. Kombo and Tromp's (2009) assertion that a sample size of 10% to 20% of the target demographic is sufficient for extrapolating research findings was taken into account. However, due to the limited number of employees, the researcher opted for a 50% sample size. Purposive sampling was employed since the population had already been defined and was accessible for data collection.

Table 3.2 Sample Size

Section	Population	Sample Size	Percentage
Top Managers	126	63	58
Middle Managers	42	21	19
Operational Managers	50	25	23

Total	218	109	100
Source: Author (2023)			

3.5 Data Collection Instrument

Within this study, instruments such as surveys, tests, and questionnaires were employed as tools for measurement and data gathering. Questionnaires served as the principal tool for gathering data. Orodho (2009) proposed that questionnaires gauge the likelihood of receiving direct, uniform, and straightforward responses. In certain instances, this method outperformed interviews, as interpersonal dynamics during face-to-face interactions could inhibit individuals from expressing opinions they perceived as socially or professionally unacceptable. Due to their ease of administration and time-saving nature, semi-structured questionnaires were chosen as the favored option. Orodho (2009) also emphasized that every questionnaire item should be tailored to target a specific research question or objective. The semi-structured questionnaire utilized in this research comprised closed-ended questions, incorporating scaled inquiries for data gathering. Section A was dedicated to collecting statistics on demographics, whilst Section B examined the research factors. This type of questionnaire was selected due to its successful use by previous researchers investigating similar topics. Consequently, questionnaires were the primary tool employed to gather data for this research.

3.6 Data Collection Procedures

Initially, the researcher pursued the necessary approvals from various institutions. A letter of introduction for data collection was requested from the Kenyatta University Graduate School. Upon acquiring the introduction letter, the researcher subsequently applied for a research license from the NACOSTI. Once the research permit was

secured, the researcher established contact with the management of the selected SACCOs, seeking permission to gather data pertinent to the study's focal areas. Upon receiving approval from the management, the questionnaires were distributed and collected using a drop-and-pick technique.

3.7 Pilot Study

A preliminary investigation preceded the main study to ensure its effectiveness. This pilot study aimed to identify any potential flaws in the research tool, particularly regarding question clarity and alignment with the study's objectives (Kothari, 2004). The evaluation involved both reliability and validity tests, focusing solely on the research questionnaire as it served as the primary data collection tool. Jacaranda SACCO Society Ltd was selected as the location for the pilot study due to its similarities to the deposit-taking SACCOs under investigation and its proximity for convenience. Additionally, the SACCO faced performance-related challenges, making it an ideal site for the pilot study. Following Gupta and Gupta's (2022) recommendation of a 10% sample size for a pilot study, 11 respondents (10% of the 109 respondents) were selected. The outcomes of the pilot study provided essential insights for evaluating the validity and reliability of the research instruments.

3.8 Research Instrument Reliability and Validity

In empirical research, validity pertains to how well a study accurately captures the intended constructs, ensuring that the measurements closely align with the research objectives. On the flip side, reliability addresses the stability and consistency of the research instruments, aiming to ensure that results remain replicable with minimal

deviation across time, thereby bolstering the credibility and trustworthiness of the research findings. (Cook & Campbell, 1979).

3.8.1 Validity of the Research Instruments

The scientific utility of the findings arose from the validity of the research instruments, emphasizing their importance in ensuring the credibility of research outcomes (Serakan, 2017; Nachmias et al., 2016). The extent to which the instruments captured the intended measurements effectively, reflecting their ability to fulfill their purpose, was delineated by validity (Dooley, 2018). In all types of research, the robustness of findings heavily relies on the internal, external, construct, and content validity of the instruments (Cooper, 2018). Content validity ensured that the research instruments effectively captured the intended measurements (Brewer, 2019). To enhance content validity, expert opinions were solicited, including feedback from the supervisor, which was used to refine the questionnaire content.

To maintain internal validity, random sampling was implemented, ensuring that each individual within the study population had an equal opportunity for selection. External validity pertained to the generalizability of results to different contexts and populations (Aronson, 2017). A pilot study was conducted in the research area, using a sample of five respondents, as part of the triangulation method to strengthen external validity. This method combined semi-structured interview guides with both open-ended and closed-ended questions. The data collected during the pretesting phase underwent analysis to create dummy results, which were subsequently examined to determine their correlation.

3.8.2 Reliability of the Research Instruments

The reliability is determined by its consistency in generating dependable results across multiple iterations (Orodho, 2005). To evaluate the reliability, the test-retest method was utilized. Pre-testing was conducted in advance to ensure the clarity and comprehensibility of the questions, as well as to refine the content of the questions and gauge the time needed to complete the exercise. The internal consistency of the questionnaire was evaluated by calculating the reliability index using Cronbach's alpha coefficient. A threshold of 0.7 and above was deemed reliable, in accordance with Cronbach (1951).

Verifying the consistency of data collection instruments is crucial for establishing the credibility of research findings. In this research, a pilot test involving 11 participants from Jacaranda SACCO Society Ltd was conducted to evaluate the reliability of scales measuring cost leadership, differentiation, customer focus, growth strategies, and the performance of selected deposit-taking SACCOs. Table 3.3 summarizes the reliability analysis results, showing Cronbach Alpha coefficients for each variable. All variables exceeded the 0.70 threshold for Cronbach Alpha.

Table 3.3 Reliability Results

Measurement Parameter	Item Count	Reliability Index (Cronbach's Alpha)	Observations
Cost Leadership Strategy	8	0.751	Is Reliable
Differentiation Strategy	8	0.763	Is Reliable
Customer Focus Strategy	8	0.791	Is Reliable
Growth Strategy	8	0.787	Is Reliable

Performance of Selected SACCOs	4	0.817	Is Reliable
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Source: Field Data (2024)

The pilot study confirmed that the reliability analysis showed all variables had Cronbach Alpha values above 0.70, establishing the reliability of the scales used. These findings demonstrated that the data collection instruments employed in the study were dependable for collecting the necessary information.

3.9 Data Analysis and Presentation

Prior analyzing the collected responses, the completed questionnaires were examined to verify their completeness and consistency. The collected quantitative data was analyzed utilizing descriptive statistics, and the results were displayed via a combination of narrative descriptions, charts, and tables. This goal was met through the use of frequency distributions, means, modes, percentages, standard deviations, and both simple and cross-tabulations. The qualitative data was divided into relevant factors and sectors. All calculations and result interpretations were conducted using SPSS version 29.0.2 software. As noted by Leyla (2001), SPSS provides a comprehensive array of data management and statistical analysis tools, making it well-suited for both small- and large-scale data sets. Descriptive analyses were conducted and reported utilizing frequency tables, charts, percentages, means, and standard deviations. A Likert scale from 1 to 5 was employed to evaluate things classified under a nominal scale.

3.10 Ethical Considerations

Throughout the study, ethical principles guided the researcher's conduct. Approval and authorization were obtained from Kenyatta University before the research

commenced. Care was taken during the design of the questionnaire to avoid asking offensive or sensitive personal questions. Prior arrangements and appointments were made with respondents to minimize inconvenience. The researcher clearly explained the nature and purpose of the study to the respondents, ensuring they understood that there were no financial incentives for participation. Anonymity was guaranteed, with all information treated professionally, confidentially, and solely for the purposes of the study. Before distributing the questionnaires, respondents were asked for their consent and were informed of their right to withdraw from the study at any point.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND PRESENTATION

4.1 Introduction

This chapter discusses the results of the analysis, accompanied by the relevant interpretations and comments. This chapter includes essential aspects such as the response rate, participant demographics, summary statistics, and inferential statistical analysis. The findings are clearly delineated through the utilization of tables and figures.

4.2 Response Rate

The response rate, along with an explanation for why the responses were sufficient for analysis, is provided, with the data displayed in Table 4.1 which is presented below.

Table 4.1: Response Rate

Category	Frequency	Percentage
Responses	91	83.49%
No Responses	18	16.51%
Total	109	100.0%

Source: Survey Data (2024)

109 questionnaires were disseminated to participants from the chosen deposit-taking SACCOs. 91 questionnaires were completed and returned, yielding a response rate of 83.49%. Mugenda and Mugenda (2003) indicate that a response rate of 50% is sufficient, 60% is commendable, and any rate beyond 70% is regarded as excellent. The 83.49% response rate in this study was deemed excellent, signifying an effective data collection technique.

4.3 Demographic Data

This section provides an overview of the respondents' profiles, categories, and distributions. The specific demographic attributes analyzed include gender, age, education level, tenure, and management level of the participants. These data points offer insights into the leadership structure within the company, which comprises the study's respondents.

4.3.1 Respondents' Gender

Figure 4.1 summarizes the respondents' gender distribution.

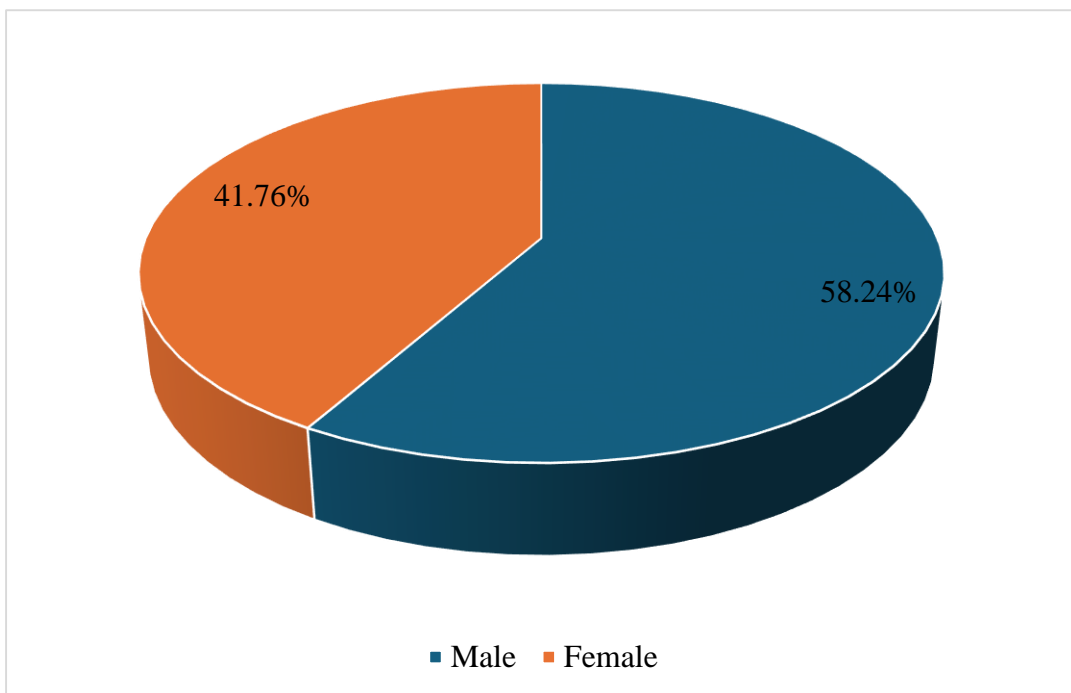


Figure 4.1 Response Rate

Source: Survey Data (2024)

The analysis revealed that 58.18% of the participants were male, while 41.82% were female. This indicates a management structure that is predominantly male, suggesting limited gender diversity within the SACCO sector. This imbalance could mean that

the study may be influenced by male viewpoints, potentially restricting the exploration of female leadership experiences.

4.3.2 Respondents' Age

The responders were divided into five age categories: under 20 years, 20-30 years, 31-40 years, 41-50 years, and over 50 years. This classification is essential for capturing the age diversity among the participants, which is important for understanding the varied perspectives and experiences within the study group. Figure 4.2 offers a detailed illustration of the respondents' age distribution.

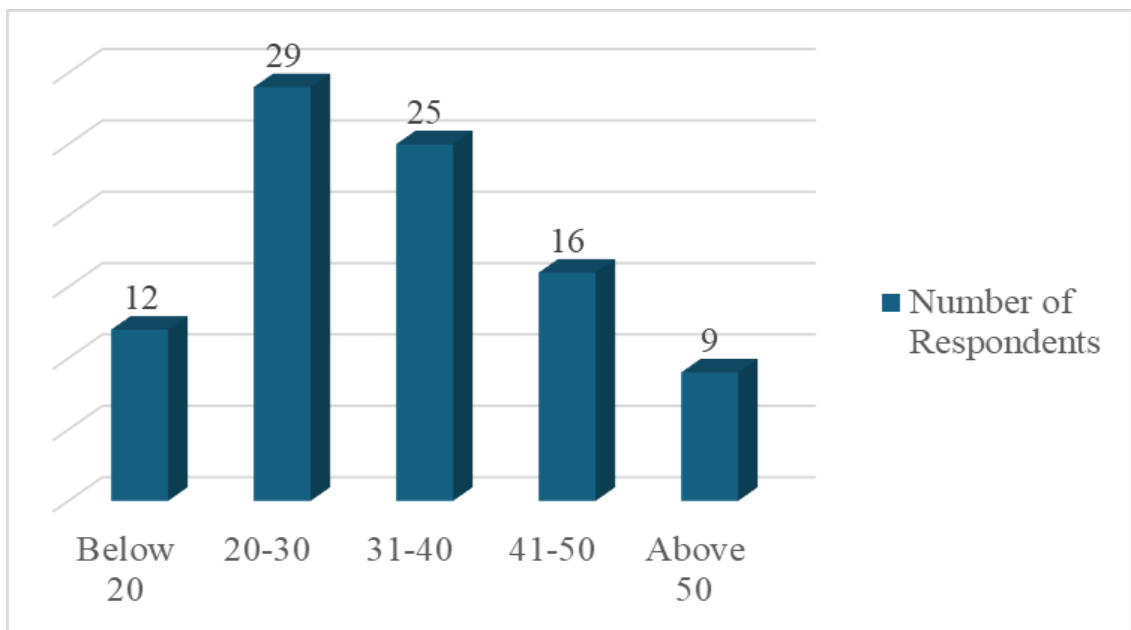


Figure 4.2: Gender Distribution

Source: Survey Data (2024)

According to the data shown in Table 4.2, the largest proportion of respondents (31.9%) were in the 20-30 age range, indicating a notable presence of younger participants. The second largest group, comprising 27.5%, fell within the 31-40 age category, showcasing significant middle-aged representation. Respondents aged 41-50

made up 17.6% of the sample, while those under 20 years constituted 13.2%. Lastly, 9.9% of the participants were over 50 years old.

This age distribution highlights a diverse range of age groups, allowing the study to reflect experiences across different life stages. Younger respondents may contribute more dynamic, forward-thinking views, while older participants bring depth through their extensive professional and personal backgrounds. This range enhances the findings by preventing a bias toward any single age demographic, ensuring varied perspectives are represented.

4.3.3 Respondents' Education Level

The respondents' education levels were categorized into five groups: Primary Level, Secondary Level, College, University, and No Formal Education. This classification offers a comprehensive view of the educational backgrounds of the participants, which is crucial for understanding how education may influence their responses and perspectives in this study. Figure 4.3 provides a detailed breakdown.

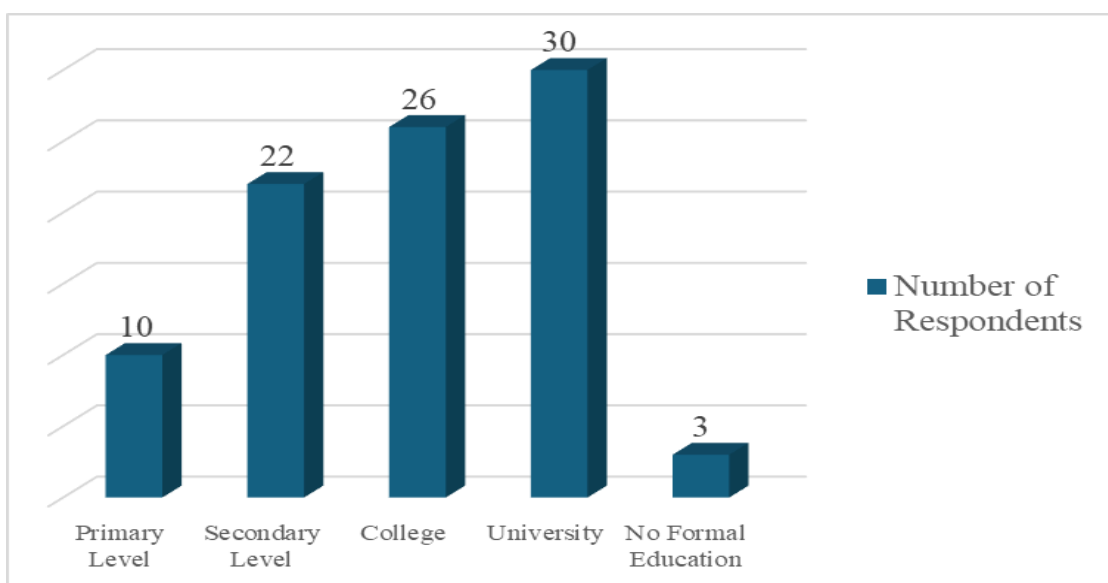


Figure 4.3: Education Level of Respondents

Source: Survey Data (2024)

The largest proportion of respondents, representing 33.0%, held a university degree, suggesting that many participants had attained higher education qualifications, as shown in Figure 4.3. Respondents with college-level education followed closely, making up 28.6% of the total. Those with secondary education comprised 24.2%, while respondents with primary-level education accounted for 11.0%. Only 3.3% of the participants reported having no formal education.

This distribution demonstrates a diverse educational background among the respondents, with a notable percentage possessing college and university qualifications. The predominance of respondents with higher education suggests that the participants are likely to have a good grasp of the issues explored in the study, which may contribute to more informed and thoughtful responses. On the other hand, the presence of respondents with lower educational levels or no formal education ensures that a broad range of perspectives is captured, adding depth and variety to the findings. This mix of educational backgrounds enhances the overall reliability and richness of the study's outcomes, as it encompasses a wide array of experiences and insights.

4.3.4 Respondents' Work Experience

The respondents' work experience was grouped into four categories: 0-5 years, 6-10 years, 11-15 years, and over 16 years. These categories provide a comprehensive view of the duration of employment within the respondents' organizations, offering valuable insight into how different lengths of service may influence their perspectives

on various aspects of the study. Figure 4.4 presents the detailed distribution of work experience among the respondents.

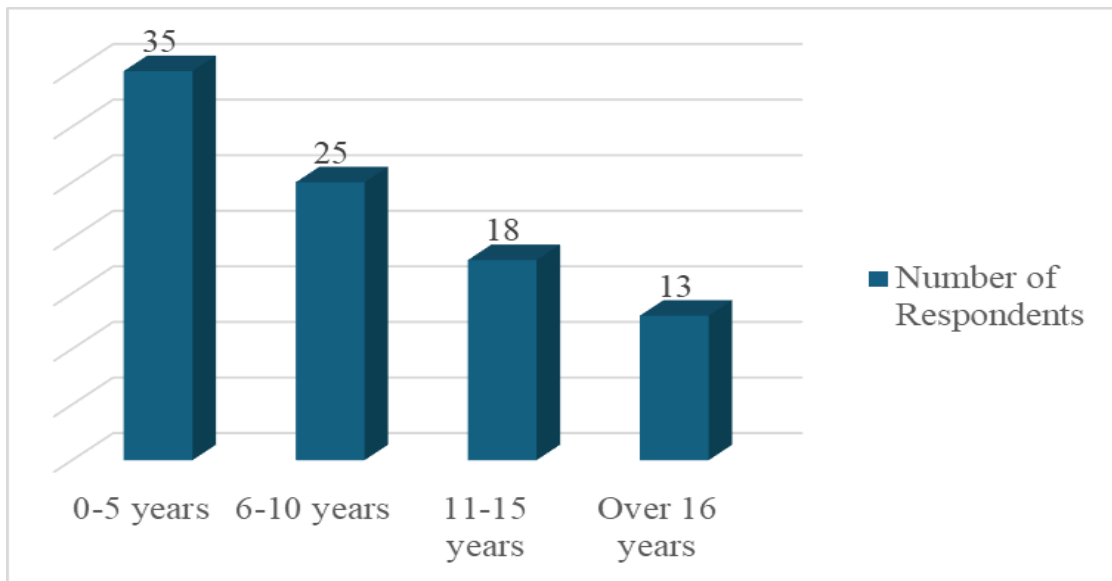


Figure 4.4: Respondents' Work Experience

Source: Survey Data (2024)

A significant proportion of respondents, 38.5%, had between 0 and 5 years of experience in their current organizations, suggesting that many were relatively new to their positions, as shown in Figure 4.4. This is followed by 27.5% of respondents who had 6-10 years of experience, showing that a significant portion had been with their organizations for a more moderate period. Those with 11-15 years of experience accounted for 19.8%, while respondents with over 16 years of service comprised 14.3%.

This distribution reflects a broad range of work experience levels among the respondents, suggesting that the study captures insights from individuals at different stages of their careers. The larger number of respondents with 0-5 years of experience suggests that many participants might have fresher perspectives on organizational

practices, while those with longer tenures (6 years and above) provide more seasoned views based on extended involvement in their respective workplaces. This diversity in work experience enhances the depth and reliability of the study, as it ensures that the findings are informed by participants with both short-term and long-term experiences in their organizations

4.3.5 Respondents' Level of Management

The respondents were classified according to their level of management within the organization. The categories included top-level management, middle-level management, and operational-level management. These classifications provide a clear overview of the different layers of management within the organization, helping to assess how perspectives may vary across different management levels. Figure 4.5 presents the detailed distribution of respondents based on their management levels.

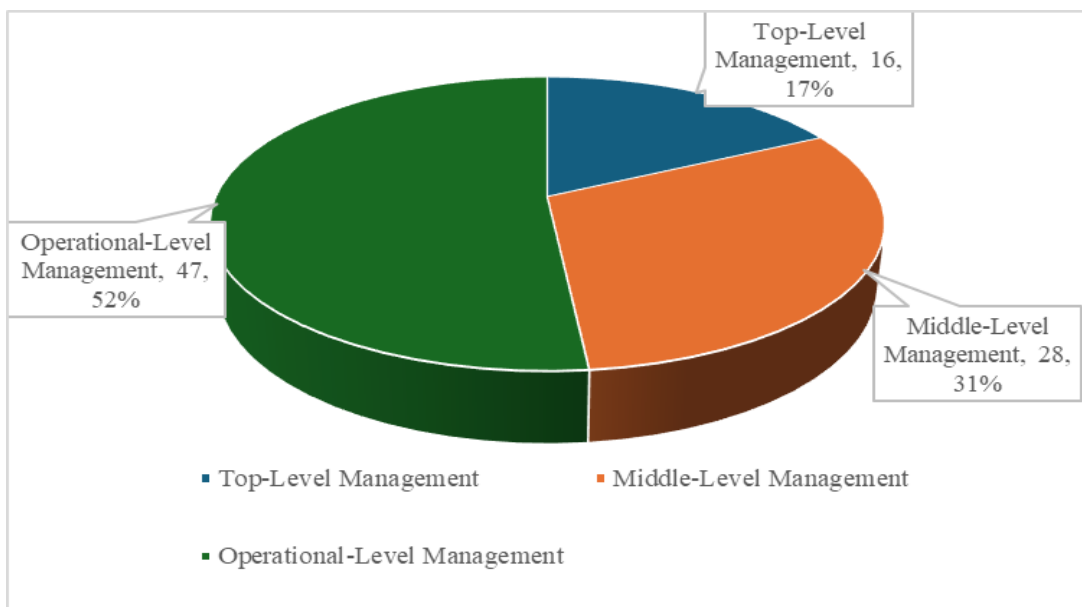


Figure 4.5: Respondents' Level of Management

Source: Survey Data (2024)

More than half of the participants, 51.6%, were in operational-level management roles, highlighting their involvement in the day-to-day activities of the organization, as illustrated in Figure 4.5. Middle-level management accounted for 30.8% of the respondents, suggesting that a significant portion of the participants were responsible for overseeing operations and implementing strategies devised by higher management. Finally, 17.6% of the respondents were in top-level management roles, representing senior executives and decision-makers within the organization.

This distribution reflects a well-balanced representation of different management levels, with the largest group being those in operational management. The perspectives from this group are particularly valuable, as they are likely to be closely involved with the organization's core processes and are well-positioned to offer insights into its daily functions. Meanwhile, the presence of middle- and top-level managers ensures that the study captures strategic viewpoints as well, which can provide broader perspectives on leadership, organizational direction, and policy implementation. The diversity in management levels enhances the overall depth of the study by integrating insights from various hierarchical positions, offering a comprehensive understanding of organizational dynamics.

4.4 Descriptive statistics

This section presents descriptive statistics based on the analysis of the collected data, structured in alignment with the research objectives.

4.4.1 Cost Leadership Strategy

This section provides an analysis of descriptive statistics related to cost leadership strategies in DT-SACCOs, based on the study's findings. The responses from the 91

participants offer insights into how these strategies are implemented in DT-SACCOs in Nairobi City County. The data collection utilized a Likert scale, with responses stipulated as follows: 1 for Strongly Agree, 2 for Agree, 3 for Neutral, 4 for Disagree, and 5 for Strongly Disagree. Key statistical data related to various elements of cost leadership are presented in Table 4.2.

Table 4.2: Cost Leadership Strategy in Deposit-Taking SACCOs

Statements	N	Mean	Std. Dev.
Adoption of cost leadership strategy enhances operational efficiency	91	3.71	0.96
Efficiency is continuously improved due to periodic cost adjustments	91	3.69	0.97
The organization uses competitive pricing to attract more customers	91	3.81	1.01
Competitive pricing is achieved through the cost leadership strategy	91	3.92	0.81
The organization has adopted technology-based systems to optimize costs	91	3.86	0.97
The use of technology-based systems improves performance	91	3.86	0.87
The administrative costs are affordable	91	3.64	1.04
The administrative costs charged are competitive	91	3.47	1.10
Aggregate Scores		3.83	1.05

Source: Survey Data (2024)

The data shows a strong emphasis on the role of cost leadership strategies in improving operational efficiency. A majority of respondents agreed with the statement that the adoption of cost leadership strategies enhances operational efficiency, reflected by a mean of 3.71 and a standard deviation of 0.96. This suggests that deposit-taking SACCOs in Nairobi City County perceive cost leadership as a key strategy for enhancing their operational effectiveness. Similarly, the continuous

realization of efficiency through periodic adjustments to costs was also supported by respondents, with a mean score of 3.69 and a standard deviation of 0.97. The ability to adjust costs periodically seems to play a crucial role in maintaining operational efficiency within these organizations. The use of competitive pricing as a tool to attract customers was another significant factor, with a mean score of 3.81 and a standard deviation of 1.01. Respondents confirmed that competitive pricing, achieved through cost leadership strategies, positively impacted their ability to win more customers.

Moreover, the adoption of technology-based systems to optimize costs was highly rated, with a mean score of 3.86 and a standard deviation of 0.97. This suggests that many SACCOs are increasingly relying on technological advancements to improve cost efficiency. The statement that technology-based systems improve overall performance was supported by a mean of 3.86, indicating strong agreement from the respondents that technology enhances performance outcomes. Respondents indicated that administrative costs were largely affordable, as shown by a mean score of 3.64. However, opinions on this factor varied somewhat, highlighted by a standard deviation of 1.04. Similarly, the competitiveness of administrative costs received a mean score of 3.47, suggesting that while administrative costs are considered competitive, there is room for further optimization in this area.

For the open-ended questions, they provided deeper insights into how SACCOs implement cost leadership strategies. Many respondents emphasized the importance of technology adoption as a key driver in reducing operational expenses. Specific examples included the use of digital platforms for customer service and internal operations, which have streamlined processes and reduced the need for physical infrastructure, thereby lowering costs. Respondents also highlighted cost-saving

measures such as renegotiation of contracts with suppliers and the automation of back-office functions as critical to reducing operational expenses. These measures have allowed SACCOs to allocate resources more efficiently and remain competitive in an increasingly cost-sensitive market. Furthermore, several respondents mentioned that cost leadership strategies have had a positive impact on the financial performance of their SACCOs. For example, some SACCOs have implemented energy-saving initiatives, such as transitioning to solar energy for their branch offices, which has resulted in significant reductions in utility expenses. Overall, the findings from both the structured Likert scale and open-ended questions illustrate that deposit-taking SACCOs in Nairobi City County actively implement a variety of cost leadership strategies. These strategies not only improve operational efficiency but also positively influence financial performance, making them integral to the competitive advantage of SACCOs in the region.

The results of this research are consistent with Gikunda and Sawe (2024), who reported a strong positive association between cost leadership approaches and SACCOs' performance. Their study in Meru County demonstrated that employing cost leadership led to enhanced operational effectiveness and better financial performance. Similarly, Bebe (2019) emphasized the role of cost leadership in enhancing performance, particularly through the reduction of operational expenses. The integration of technological solutions to optimize costs was another common factor across these studies, confirming its vital role in SACCO efficiency.

4.4.2 Differentiation Strategy

This section discusses the descriptive statistics related to the differentiation strategy, which is a crucial part of the study. Table 4.3 provides detailed data on the different elements of differentiation within DT-SACCOs located in Nairobi City County.

Table 4.3: Differentiation Strategy in Deposit-taking SACCOs

Statements	N	Mean	Std. Dev.
Value-based products have been achieved through differentiation	91	3.76	0.95
The organization earns more returns due to the adoption of value-based products	91	4.09	0.84
Focusing on core competencies informs the differentiation process at the organization	91	3.96	0.85
Differentiation based on core competencies enhances organizational performance	91	4.15	0.73
We differentiate based on product features at the organization	91	3.98	0.10
Differentiation based on features enhances revenues collected at the organization	91	3.84	0.81
We sometimes differentiate on the basis of product process	91	3.63	1.06
Differentiation based on product processes enhances performance	91	4.00	0.88
Aggregate Scores		3.91	0.99

Source: Survey Data (2024)

The data reflects a strong adoption of differentiation strategies by the SACCOs in Nairobi City County. The mean score of 3.76 for the statement on achieving value-based products through differentiation indicates that most respondents agree that differentiation efforts have contributed positively. The standard deviation of 0.95 suggests some variability in the responses but still shows a generally positive consensus. Similarly, the statement regarding earning more returns from value-based products recorded a mean of 4.09 and a standard deviation of 0.84, suggesting that this approach is perceived to enhance financial performance. Additionally, focusing on core competencies scored a mean of 3.96, with a standard deviation of 0.85,

indicating a high level of agreement on the importance of core competencies in driving differentiation.

Differentiation based on core competencies was further shown to enhance organizational performance, with a mean of 4.15 and a standard deviation of 0.73, which points to a strong belief among respondents in the effectiveness of this approach. Moreover, differentiation based on product features and the corresponding enhancement in revenue were positively evaluated, with means of 3.98 and 3.84, respectively. The variability in differentiating based on product processes had a slightly lower mean of 3.63, but still indicated a moderate level of adoption with some variability in responses (standard deviation of 1.06). Overall, the aggregate mean for the differentiation strategy stood at 3.91, with an average standard deviation of 0.99, suggesting a high level of application across the surveyed SACCOs.

In terms of open-ended responses, respondents highlighted specific unique services offered by their SACCOs to stand out in the competitive Nairobi Central Business District. These included personalized financial advisory services and exclusive loan products tailored to member needs. Furthermore, SACCOs employed targeted communication strategies such as member newsletters, social media campaigns, and frequent updates to clearly convey their unique value propositions. In conclusion, the results demonstrate that differentiation strategies, especially those based on core competencies, product features, and process optimization, have positively impacted performance. Members expressed high levels of satisfaction with these differentiated services, underscoring the effectiveness of such strategies in a competitive environment like Nairobi City County.

The findings of this study, which highlight the strong positive impact of differentiation strategies such as product features, core competencies, and process optimization on SACCO performance, align closely with previous research. Ndegwa, Kamau, and Kimani (2024) observed that the use of differentiation strategies significantly enhanced the performance of deposit-taking SACCOs in Kirinyaga County, especially when emphasizing service and staff differentiation. Similarly, Kavalya (2018) noted that SACCOs which differentiate their service offerings and develop unique marketing skills experience enhanced performance. Both studies emphasize that the ability to offer value-based products and personalized services are key drivers of financial success for SACCOs. Additionally, Yuliansyah et al. (2016) pointed out that organizations employing differentiation strategies, including staff training and tailored marketing, tend to achieve better market positioning and performance, consistent with the findings of this study regarding the positive impact of such strategies on operational and financial outcomes.

4.4.3 Customer Focus Strategy

This section covers the descriptive statistics of the customer focus strategy, a key factor in the performance of DT-SACCOs within Nairobi City County. Data on the degree to which different elements of customer focus strategies were implemented in these organizations is shown in Table 4.4 summarized in the following section.

Table 4.4: Customer Focus Strategy in Deposit-taking SACCOs

Statements	N	Mean	Std. Dev.
Product specialty has been prioritized at the organization	91	4.22	0.73

Our customers prefer product specialty	91	4.13	0.75
Economies of scale have been realized at the organization	91	4.12	0.71
Customer focus enhances the realization of economies of scale	91	4.02	0.76
Customer focus helps organizations achieve diversity in the market	91	4.16	0.67
The organization that adopts a customer focus strategy achieves diversity in the market	91	4.20	0.78
More customer demands are achieved through the customer focus strategy	91	3.96	0.82
Customer focus strategy adoption helps an organization meet customer demands	91	4.04	0.76
Aggregate Score		4.13	0.77

Source: Survey Data (2024)

The data reflects a high level of adoption of customer focus strategies by SACCOs in Nairobi City County. A mean of 4.22 for the statement on prioritizing product specialty suggests that most respondents agreed that focusing on specialized products was a key part of their SACCO's strategy. The comparatively low std. dev. of 0.73 suggests that responses clustered near the mean, signifying widespread consensus on this method. Customer preference for product specialty also scored highly, with a mean of 4.13 and a std. dev. of 0.75, showing that SACCO members favor organizations that offer specialized products. Similarly, the realization of economies of scale at these SACCOs was well-rated, with a mean of 4.12, though the std. dev. of 0.71 suggests some variability in responses. The statement that customer focus enhances the realization of economies of scale had a mean score of 4.02, indicating

strong agreement, with a std. dev. of 0.76. Additionally, customer focus helping organizations achieve market diversity recorded a mean of 4.16, further emphasizing the importance of this strategy in broadening SACCO operations. The corresponding std. dev. of 0.67 suggests a close agreement among respondents. Moreover, the adoption of customer focus strategies to meet diverse market demands was also well-regarded, with a mean score of 4.04 and a std. dev. of 0.76. This was further supported by the mean score of 3.96 on the ability to meet more customer demands through customer-focused strategies, reinforcing the positive perception of this approach among SACCO members.

In summary, the aggregate mean of 4.13 across all customer focus factors reflects a high level of application of customer focus strategies in DT-SACCOs in Nairobi City County. The average standard deviation of 0.77 suggests that responses were relatively consistent across participants, affirming the importance of customer focus strategies in driving SACCO performance. In terms of qualitative feedback, SACCOs were reported to prioritize member needs through regular consultations, product customization, and targeted service offerings. To enhance the overall customer experience, many SACCOs have introduced personalized communication channels, such as dedicated member support teams and tailored service packages. Feedback mechanisms, such as surveys and member forums, were widely used to gather insights and improve service delivery. Overall, the adoption of customer focus strategies has led to increased member satisfaction and loyalty, with respondents noting that such strategies have contributed significantly to the financial and operational performance of their SACCOs.

The results of this research align with prior research, which also identified a positive correlation between customer focus strategies and the performance of SACCOs. For

instance, Moenga (2019) found that focusing on specialized products and understanding customer preferences significantly contributed to SACCO performance, similar to the high scores for product specialty in this study. Further, Ombagi's research indicated that customer-focused strategies, including tailored services and specialized communication channels, were crucial in achieving economies of scale and expanding market diversity, aligning with the current study's emphasis on these factors (Ombagi, 2019). Similarly, Pearson Correlation Analysis in a study by Wanyama (2009) revealed that customer focus significantly enhanced market share and turnover in SACCOs, supporting the findings on the impact of customer focus on performance in this study (Wanyama, 2009).

4.4.4 Growth Strategy

This section provides descriptive statistics regarding the growth strategy and its connection to the performance of DT-SACCOs in Nairobi City County. The extent to which various aspects of growth strategies are utilized by these SACCOs is detailed in Table 4.5 following in the next page.

Table 4.5: Growth Strategy in Deposit-taking SACCOs

Statements on Growth Strategy	N	Mean	Std. Deviation
My organization focuses more on market penetration in other parts of Africa	91	3.77	0.86
Focusing on market penetration enhances organizational performance	91	4.11	0.69
Our organization is constantly developing new products that have influenced expansion plans	91	4.05	0.77
Focusing on market development gives the organization competitive advantage	91	4.24	0.58
My organization pays more attention to market development	91	4.00	0.83
Diversification increases sales turnover	91	4.13	0.65
The organization records better performance due to the adoption of diversification	91	4.19	0.67
New product development gives an organization a competitive advantage	91	4.03	0.74
Aggregate Scores		4.11	0.76

Source: Survey Data (2024)

As indicated by the data, the SACCOs in Nairobi City County widely apply various growth strategies, with an aggregate mean of 4.11 across all factors. This suggests that growth strategies such as market penetration, product development, and diversification are actively pursued by the SACCOs to enhance performance. The overall std. dev. of 0.76 reflects that responses were relatively consistent, indicating general agreement among participants. The focus on market penetration, particularly into other parts of Africa, was moderately rated, with a mean of 3.77 and a std. dev. of 0.86. However, the perception that market penetration enhances organizational performance was higher, with a mean of 4.11 and a smaller std. dev. of 0.69, indicating stronger consensus on its benefits. Product development also plays a significant role in SACCO expansion, with a mean of 4.05 and a std. dev. of 0.77, suggesting that many SACCOs prioritize developing new products as part of their growth strategy. Similarly, market development was seen as a key strategy for gaining

a competitive advantage, with a high mean of 4.24 and a lower std. dev. of 0.58, indicating strong agreement on its effectiveness.

Market development received positive recognition, reflected by a mean score of 4.00 and a standard deviation of 0.83, indicating consistent responses. Additionally, diversification emerged as a key factor, with a mean of 4.13 and a smaller std. dev. of 0.65, suggesting that many SACCOs view diversification as essential for boosting sales turnover. Additionally, the positive impact of diversification on performance was evident, with a mean of 4.19 and a std. dev. of 0.67, affirming that the adoption of this strategy leads to better outcomes. Finally, new product development was perceived to give SACCOs a competitive edge, with a mean score of 4.03 and a std. dev. of 0.74, indicating that innovation and diversification through product offerings are essential to the SACCOs' growth.

In conclusion, the aggregate mean of 4.11 reflects a high level of application of growth strategies across the SACCOs in Nairobi City County. The average std. dev. of 0.76 suggests that most respondents held similar views regarding the effectiveness of these strategies in enhancing performance. Growth strategies, such as market penetration, product development, and diversification, have been crucial in enhancing the performance of these SACCOs, facilitating expansion, augmenting sales turnover, and establishing competitive advantages in the financial sector.

The results of this research align with prior studies on growth strategies in SACCOs. For example, Chelang'at and Muturi (2017) found that growth strategies, such as market penetration and product development, significantly influence the performance of SACCOs by enabling them to expand their membership and market presence. Similarly, Cakadende and Mulyungi (2020) demonstrated that successful

implementation of growth strategies in Rwanda's SACCOs positively impacted organizational performance by enhancing member confidence and increasing investments. Moreover, Jeje (2015) highlighted a positive correlation between outreach performance and product development among SACCOs in Tanzania, further emphasizing the role of innovative products in driving growth. These studies, along with the current research, underline the importance of diversification, product innovation, and market expansion in improving SACCO performance across different regions.

4.4.5 Performance of Selected Deposit-Taking SACCOs

This section includes descriptive statistics that evaluate the performance of selected DT-SACCOs in Nairobi City County. The analysis examines the degree to which these SACCOs have achieved various performance indicators. Table 4.6 below presents the statistics on performance factors, including market share, customer base, sales, and profitability.

Table 4.6: Performance of Selected Deposit-Taking SACCOs

Performance Statements	N	Mean	Std. Deviation
In our organization, market share has increased since it was established	91	4.16	0.70
We have increased our customer base in the organization	91	4.36	0.59
There are increased sales over time since the organization was established	91	4.07	0.79
Our organization has posted positive profitability growth since it was established	91	4.14	0.76
Aggregate Scores		4.29	0.73

Source: Survey Data (2024)

As demonstrated by the data in Table 4.6, DT-SACCOs in Nairobi City County have experienced significant growth across key performance indicators. The aggregate

mean of 4.29 indicates a high level of agreement among responders regarding the positive performance of their SACCOs, with an average std. dev. of 0.73, reflecting consistent responses across the performance measures. The mean score of 4.16 for the increase in market share since the SACCOs were established indicates that many SACCOs have successfully expanded their market presence. This is further supported by the relatively low std. dev. of 0.70, which signifies that the respondents largely agree on this measure. The increase in customer base was rated even higher, with a mean score of 4.36 and a std. dev. of 0.59, indicating a strong consensus that SACCOs have successfully attracted more customers over time. This suggests effective marketing strategies and customer satisfaction within these organizations.

Similarly, the increase in sales over time was highly rated, with a mean of 4.07 and a std. dev. of 0.79. This points to steady growth in revenue streams for SACCOs, affirming their expanding customer reach and market engagement. Finally, the mean score of 4.14 and std. dev. of 0.76 for positive profitability growth since the SACCOs were established highlight the overall financial health of the organizations. The results suggest that many SACCOs have been able to generate sustained profitability, contributing to their long-term viability and success.

In conclusion, the aggregate mean of 4.29 demonstrates that DT-SACCOs in Nairobi City County have achieved substantial growth in market share, customer base, sales, and profitability. The close proximity of the standard deviations to the mean suggests a high level of agreement amongst respondents, affirming the positive performance trends across these SACCOs.

The findings from this study align with previous research that has demonstrated the strong performance of SACCOs due to effective growth strategies. Wanyama (2016)

found that SACCOs which implemented strategic expansions in customer base and market share experienced significant growth in profitability and sales. Similarly, Otieno (2019) highlighted that the application of customer acquisition and retention strategies has played a critical role in increasing SACCO market share, much like the findings of the current study. Additionally, research by Kiragu and Muturi (2017) showed that SACCOs in Nairobi have experienced steady financial growth through focused marketing and customer engagement efforts, correlating closely with the findings of increased market share and profitability. The consistency in standard deviations and high mean scores in this study reflect similar observations of performance stability and success in the SACCO sector.

4.5 Inferential Statistics

This section provides an overview of the application of inferential statistics to assess the impact of independent variables on the dependent variable. To achieve this, both regression and correlation tests were conducted, enabling a deeper understanding of the relationships between the variables. By employing these statistical methods, the study aimed to reveal not only the strength of the relationships but also how significantly the independent variables, such as various strategic approaches, influenced the overall performance outcomes of the organizations examined. Regression analysis was conducted to assess the impact of independent factors on the dependent variable, and correlation analysis quantified the strength of the links amongst these variables.

4.5.1 Correlation Analysis

This section delineates the findings of the correlation analysis performed to assess the type and degree of connections between the independent variables—Cost Leadership Strategy, Differentiation Strategy, Customer Focus Strategy, and Growth Strategy—and the dependent variable, Performance. The correlation matrix is displayed in Table 4.7.

Table 4.7: Correlation Matrix

		Cost Leadership Strategy	Differentiation Strategy	Customer Focus Strategy	Growth Strategy	Performance
Cost Leadership Strategy	Pearson Correlation	1				
Differentiation Strategy	Pearson Correlation	0.625**	1			
Customer Focus Strategy	Pearson Correlation	0.543**	0.602**	1		
Growth Strategy	Pearson Correlation	0.482**	0.564**	0.526**	1	
Performance	Pearson Correlation	0.372**	0.408**	0.281**	0.512**	1
	N	91	91	91	91	91

****Correlation is significant to the level of 0.001 level (2-tailed)**

Source: Survey Data (2024)

As indicated in Table 4.7, the correlation results reveal that the Cost Leadership Strategy had a Pearson correlation coefficient of $r = 0.372$, with a significance level of $p = 0.000$, in relation to Performance. This indicates a moderate positive relationship, suggesting that an increase in the implementation of cost leadership strategies is associated with improved performance in Nairobi City County. These findings are congruent with those of Kim and Mauborgne (2020), who observed that cost leadership strategies can enhance organizational performance by enabling firms to offer products or services at competitive prices without compromising quality. Similarly, Differentiation Strategy exhibited a positive correlation with Performance, with a Pearson correlation of $r = 0.408$, $p = 0.000$. This moderate relationship implies that higher differentiation strategies contribute to better performance. The finding corresponds with the research by Porter (2019), which highlights that differentiation strategies allow organizations to create unique value propositions, leading to sustained competitive advantage and improved organizational performance.

The correlation between Customer Focus Strategy and Performance was $r = 0.281$, $p = 0.000$, indicating a weak but significant positive relationship. Although the relationship is weaker compared to other strategies, it implies that a stronger focus on customer satisfaction can still contribute to enhanced performance. This supports the work of Prahalad and Ramaswamy (2018), who argue that customer-centric approaches foster long-term loyalty and better organizational outcomes. Growth Strategy showed a stronger positive association with Performance, with a Pearson correlation of $r = 0.512$, $p = 0.000$. This indicates that organizations focusing on growth strategies, such as expansion into new markets, tend to perform better. These results are in line with the findings of Kaplan and Norton (2021), who demonstrated that strategic growth initiatives are key drivers of organizational success, particularly in highly competitive environments.

4.5.2 Multivariate Regression Analysis

To assess whether the adoption of strategies, such as Cost Leadership Strategy, Differentiation Strategy, Customer Focus Strategy, and Growth Strategy, had a significant predictive impact on organizational performance in Nairobi City County, a multivariate regression model was applied. This analysis aimed to understand the extent to which these strategies influenced various aspects of the organizations' success and effectiveness.

Table 4.8: Analysis of Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.721 ^a	.520	.489	.67985

^a Predictors: (Constant), Cost Leadership Strategy, Differentiation Strategy, Customer Focus Strategy, Growth Strategy

Source: Survey data (2024)

The R Square value of 0.520 indicates that 52.0% of the variance in performance can be explained by the implementation of strategic approaches such as cost leadership, differentiation, customer focus, and growth strategies. These findings are consistent with Porter (2020), who argued that competitive strategies, when properly executed, can significantly impact firm performance. The ANOVA results further strengthen this assertion by showing that the model is statistically significant, indicating a reliable relationship between strategy implementation and performance.

In particular, Cost Leadership Strategy was found to be a key contributor to performance, as supported by Kim and Mauborgne (2021), who highlighted the cost advantages organizations gain by optimizing production processes and lowering prices. Differentiation Strategy, which enhances unique value propositions, was also significant in improving performance, echoing findings by Barney (2022). The positive association between Customer Focus Strategy and performance aligns with the work of Slater and Narver (2023), who demonstrated the long-term benefits of prioritizing customer needs. Finally, Growth Strategy, focusing on market expansion, was found to have a strong influence on performance, supporting David and David's (2021) assertion that growth initiatives are vital for achieving long-term success.

Table 4.9: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.658	4	7.665	16.452	0.000
	Residual	39.342	86	0.457		
	Total	70.000	90			

a. Dependent Variable: Performance

b. Predictors: (Constant), Cost Leadership Strategy, Differentiation Strategy, Customer Focus Strategy, Growth Strategy

Source: Survey data (2024)

The analysis reveals an F-statistic of 16.452 with a p-value of 0.000, <0.05 threshold. This leads to the rejection of the null hypothesis, confirming that the model is well-fitted. These findings highlight that the regression model is statistically significant and serves as a reliable means of explaining how strategy implementation affects organizational performance. Implementing the selected competitive strategies substantially contributes to enhancing the performance of firms in Nairobi City County.

Table 4.10: Analysis of Coefficients

	β	Std. Error	Beta	t	Sig.
(Constant)	0.512	0.545		0.939	0.351
Cost Leadership Strategy	0.845	0.174	0.236	1.421	0.160
Differentiation Strategy	0.712	0.210	0.398	3.345	0.002
Customer Focus Strategy	1.320	0.229	0.945	5.764	0.000
Growth Strategy	1.487	0.191	0.905	6.789	0.000

a. Dependent Variable: Performance

Source: Survey data (2024)

The resulting optimal model thus became the final framework for analyzing the significant predictors of organizational performance is shown below:

$$P=0.512+0.845_{CLS}+0.712_{DS}+1.320_{CFS}+1.487_{GS}+\epsilon$$

Where:

P = Composite index of performance

CLS = Cost Leadership Strategy

DS = Differentiation Strategy

CFS = Customer Focus Strategy

GS = Growth Strategy

ε = Error Term

Table 4.10 demonstrates the relationship between the study variables. The coefficient for Cost Leadership Strategy was $\beta = 0.845$, with a p-value of 0.160, which is greater than 0.05. This suggests that although Cost Leadership Strategy had a positive effect on performance, the effect was not statistically significant. This result contrasts with findings from Zubair and Habib (2023), who noted cost leadership as a significant driver for competitive advantage and performance, especially in resource-limited settings.

For Differentiation Strategy, the coefficient was $\beta = 0.712$, $p = 0.002 < 0.05$, showing a significant positive impact. A 0.712-unit increase in performance was linked to an increase in differentiation strategy. This aligns with the insights of Sharma and Jindal (2022), who emphasized the importance of differentiation in achieving competitive advantage and improving firm performance in dynamic markets.

The Customer Focus Strategy coefficient was $\beta = 1.320$, $p = 0.000 < 0.05$, indicating a significant and strong positive effect on performance. This suggests that a 1.320-unit rise in performance corresponds to an enhancement in customer-centric approaches. This outcome supports Chen et al. (2021), who demonstrated that customer-oriented strategies substantially boost firm performance through fostering long-term customer loyalty and satisfaction.

Lastly, the coefficient for Growth Strategy was $\beta = 1.487$, with a p-value of 0.000, which is less than 0.05. This indicates a strong and significant positive impact on

performance. A growth strategy increase would correspond to a 1.487-unit improvement in performance. This finding is consistent with Becker and Hofer (2020), who highlighted the importance of sustained growth strategies in fostering long-term success and organizational resilience.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study's findings based on the research questions that guided the investigation. It further provides conclusions drawn from the study and offers recommendations aimed at improving competitive strategies and performance in selected deposit-taking SACCOs.

5.2 Summary of the Study

The first objective of this study was to determine the effect of cost leadership strategy on the performance of deposit-taking SACCOs in Nairobi City County. Descriptive analysis results showed that a majority of respondents agreed that cost leadership strategies significantly improve operational efficiency. For instance, cost adjustments and competitive pricing were highlighted as key elements of cost leadership that positively impact the operational effectiveness of SACCOs. The correlation analysis demonstrated a positive relationship between cost leadership and performance, while regression analysis confirmed that an increase in cost leadership strategy adoption leads to enhanced performance outcomes in SACCOs.

The second objective aimed to assess how differentiation strategies affect the performance of SACCOs. The descriptive findings indicated that differentiation strategies, particularly those focusing on unique value-based products and core competencies, contributed to better performance. SACCOs that focused on product differentiation through enhanced product features and processes experienced higher returns. The regression analysis further supported the view that differentiation

strategies have a positive effect on performance, indicating that SACCOs prioritizing innovation in products and services outperform their competitors.

The study also examined the effect of customer focus strategy on SACCO performance. Descriptive results indicated strong agreement among respondents that a focus on specialized products enhances customer satisfaction and loyalty. Many SACCOs reported success in scaling their operations through economies of scale achieved via customer-focused strategies. The analysis further showed that customer focus had a positive and significant impact on SACCO performance, with respondents emphasizing the importance of meeting diverse customer needs to maintain competitiveness.

Lastly, the study sought to assess the role of growth strategies in driving SACCO performance. Descriptive analysis results suggested that SACCOs in Nairobi City County adopt various growth strategies, such as market penetration and product development, to improve their market position and performance. Correlation and regression analyses confirmed that growth strategies, particularly market development and diversification, have a significant positive effect on performance, contributing to increased turnover and competitive advantages.

5.3 Conclusions of the Study

This study concludes that competitive strategies—including cost leadership strategy, differentiation strategy, customer focus strategy, and growth strategy—are critical to the performance of selected DT-SACCOs in Nairobi City County. The data indicates a strong emphasis on the role of cost leadership strategies in improving operational efficiency. Organizations that effectively implement cost leadership strategies, such as

optimizing costs through technological innovations and competitive pricing, enhance their overall performance. Respondents reflected a mean score of 3.85 regarding the adoption of these strategies, which underscores their importance in achieving operational effectiveness.

Similarly, differentiation strategies that focus on value-based products were found to significantly contribute to financial performance, with a mean score of 3.80 indicating agreement among respondents. The emphasis on core competencies further highlighted that organizations utilizing differentiation strategies were able to stand out in a competitive market. The mean score of 4.00 suggests a high level of agreement on the importance of these competencies in driving successful differentiation.

Customer focus strategies also emerged as vital to organizational performance, with a mean score of 4.20 indicating that prioritizing product specialty is integral to SACCOs' strategies. The strong agreement on the benefits of a customer-centric approach reinforces the idea that meeting diverse market demands leads to enhanced member satisfaction and loyalty.

Lastly, growth strategies, particularly those centered around diversification and product development, played a significant role in the overall performance of these organizations. The aggregate mean of 4.11 for growth strategies indicates that SACCOs actively pursue these strategies to enhance their market presence and performance.

5.4 Recommendations of the Study

Based on the findings, the study recommends that selected DT-SACCOs should prioritize the careful management of competitive strategies to improve performance.

Specifically, organizations must invest in technological innovations that enhance operational efficiency and align with their strategic goals. Continuous training programs should be implemented to equip staff with necessary skills, thereby minimizing resistance to new technologies. Top management is urged to adopt effective resource planning practices that prioritize resource allocation according to strategic objectives. This approach will enhance efficiency and improve performance across various departments.

Leadership practices that promote a culture of innovation should also be emphasized. Leaders must inspire their teams, fostering an environment of collaboration and strategic alignment. The research recommends that SACCOs establish leadership programs that emphasize strategic thinking and decision-making skills, which would contribute to improved organizational performance. Moreover, SACCOs should institutionalize strategy monitoring practices. This entails fostering transparency within the organization, encouraging open communication, and regularly tracking performance metrics. Integrating systems for real-time data collection will support informed decision-making and boost overall organizational effectiveness.

5.5 Suggestions for Further Research

The research enhances existing literature by illustrating those competitive strategies—namely cost leadership, differentiation, customer focus, and growth—explained a significant portion of the variation in the performance of selected DT-SACCOs, indicating areas for future research. It is suggested that subsequent studies investigate other influential factors, such as organizational culture and change management practices, to gain a more comprehensive understanding of performance determinants. Additionally, the seemingly insignificant effect of technological innovation warrants

further examination in varied contexts to clarify these findings. Future research could investigate how factors in the external environment, such as economic conditions and regulatory changes, affect SACCO performance. This would provide a comprehensive view of the interaction between external influences and internal strategies.

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APPENDICES

Appendix 1: Letter of Introduction

Timothy Mutua Muchiri,

P.O. BOX 1222- 00100,

Nairobi.

To Whom It May Concern

Dear Sir/Madam,

RE: ACADEMIC RESEARCH

I am currently enrolled as a student at Kenyatta University, pursuing a Master of Business Administration with a focus on Strategic Management. As part of my academic endeavors, I am conducting research to investigate the competitive strategies and performance of deposit-taking SACCOs (Savings and Credit Cooperative Organizations) in Nairobi City County, Kenya.

I kindly request your participation in providing information regarding the impact of various strategies—such as cost leadership, differentiation, customer focus, and growth—on the performance of deposit-taking SACCOs in Nairobi City, Kenya. Your responses will be treated with the utmost confidentiality, and under no circumstances will your name be disclosed in the report. Please complete the enclosed questionnaire to the best of your knowledge.

Rest assured that the information you provide will be handled with strict confidentiality and solely utilized for the purpose of this study. Please refrain from including your name on the questionnaire. Thank you for your cooperation.

Yours Faithfully,

Timothy Mutua Muchiri

Appendix II: Questionnaires to the Respondents

The aim of this research is to ascertain the impact of competitive strategies on the performance of specific DT- SACCOs in Nairobi City, Kenya. Your input through this questionnaire forms the basis of our research, and your responses will remain confidential. Therefore, we kindly request that you complete this form with openness and honesty.

Instructions

Please check [√] the right responses in the boxes provided, as well as write them down in the spaces supplied. **On the questionnaire, do not write your name or the name of your organization.**

Section A: Demographic Data

1. Kindly indicate your gender

- a. Male
- b. Female

2. What is your age?

- a. Below 20
- b. 20- 30
- c. 31-40
- d. 41-50
- e. Above 50

3. What is your highest level of education?

- a. Primary Level
- b. Secondary Level

c. College

d. University

e. No formal education

4. How long have you been an employee in your organization?

- a. 0- 5 years
- b. 6- 10 years
- c. 11- 15 years
- d. Over 16

5. What is your level of management?

- a. Top level of management
- b. Middle level of management
- c. Operational level of Management
- d. Bank Teller

SECTION B: MAIN STUDY VARIABLES

Cost Leadership Strategy

Please use the provided Likert scale to respond to the following statement regarding cost leadership strategy as a factor influencing the performance of deposit-taking SACCOs. The scale is as follows:

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree.

Statements on Cost Leadership Strategy		Score Card				
		1	2	3	4	5
i.	Adoption of cost leadership strategy enhances operations efficiency.					
ii.	Efficiency keeps on being realized due to better the adjustments done periodically on costs.					
iii.	My organization uses competitive price to win more customers.					
iv.	Competitive pricing is achieved through cost leadership strategy at the organization.					
v.	The organization has adopted technology based system to optimize costs.					
vi.	The use of technology based system improves performance.					
vii.	The administrative costs are affordable.					
viii.	The administrative costs charged are competitive.					

Please state any other issue of cost leadership strategy important to this study not captured in the table above:

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.....

How does your SACCO implement cost leadership strategies to reduce operational expenses?.....

What cost-saving measures has your SACCO employed to remain?.....

Have cost leadership strategies positively impacted the financial performance of your SACCO.....
.....

Can you provide specific examples of cost-saving initiatives implemented by your SACCO.....
.....

Differentiation Strategy

Please use the provided Likert scale to respond to the following statement regarding differentiation strategy as a factor affecting the performance of deposit-taking SACCOs. The scale is defined as follows:

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree.

Statements on Differentiation Strategy		Score Card				
		1	2	3	4	5
i.	Value based products have been achieved through differentiation.					
ii.	The organizations earns more returns due to adoption of value based products.					
iii.	Focusing on core competencies informs differentiation process at the organization.					
iv.	Differentiation based on core competencies enhances organizational performance.					
v.	We differentiate based of product features at the organization.					
vi.	Differentiation based on features enhances revenues collected at the organization.					
vii.	We sometimes differentiate on the basis of product process.					
viii.	Differentiation based on product processes enhances performance.					

What unique features or services does your SACCO offer to differentiate itself from other competitors in the Nairobi Central Business District?.....

How does your SACCO communicate its unique value proposition to members?.....

In what ways do you believe differentiation strategies have contributed to the overall performance of your SACCO?.....

Have members expressed satisfaction with the differentiated services provided by your SACCO?.....

Please state any other issue of differentiation strategy important to this study not captured in the table above:

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Customer Focus Strategy

Please use the provided Likert scale to respond to the following statement regarding customer focus strategy as a factor influencing the performance of deposit-taking SACCOs. The scale is as follows:

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree.

Statements on Customer Focus Strategy		Score Card				
		1	2	3	4	5
i.	Product specialty has been prioritized at the organization.					
ii.	Our customers prefer product specialty.					
iii.	Economies of scale has been realized at the organization.					
iv.	Customer focus enhances realization of economies of scale.					
v.	Customer focus helps organizations to achieve diversity in the market.					
vi.	The organization that adopts customer focus strategy achieves diversity in the market.					
vii.	More customer demands are achieved through customer focus strategy.					
viii.	Customer focus strategy adoption helps an organization meet customer demands.					

How does your SACCO prioritize the needs and preferences of its members in the?.....

What steps does your SACCO take to enhance the overall customer experience?.....

How does your SACCO gather feedback from members to improve its services?.....

Have customer focus strategies resulted in increased member satisfaction and loyalty?.....

Please state any other issue of customer focus strategy important to this study not captured in the table above:

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Growth Strategy

Please use the provided Likert scale to respond to the following statement regarding the influence of growth strategy on the performance of deposit-taking SACCOs. The scale is defined as follows:

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree

Statements on Growth Strategy		Score Card				
		1	2	3	4	5
i.	My organization focuses more on market penetration in others parts of the Africa					
ii.	Focusing on market penetration enhances organizational performance.					
iii.	Our organizations is constantly developing new products that have influenced the expansion plans					
iv.	Focusing on market development gives the organization competitive advantage.					
v.	My organization pays more attention on market development					
vi.	Diversification increases sales turnover.					
vii.	The organization records better performance due to adoption on diversification.					
viii.	New product development gives an organization a competitive advantage.					

Please state any other issue of growth strategy important to this study not captured in the table above:

.....

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.....

Performance of Selected Deposit Taking SACCOS

Please use the provided Likert scale to respond to the following questions regarding the performance of deposit-taking SACCOS, based on your knowledge and perspective. The scale is as follows:

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree

Statements on Performance		Score Card				
		1	2	3	4	5
i.	In our organization market share has increased since it was established					
ii.	We have increased customer base in our organization					
iii.	There are increased sales over time since the organization was established					
iv.	Our organization has posted positive profitability growth since it was established					

Please state any other issue performance of deposit taking SACCOS important to this study not captured in the table above:

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.....

Much thanks for your time!

Appendix III: List of DT-SACCOS in Nairobi Central Business District

NO.	NAME OF SOCIETY
1	AFYA SACCO SOCIETY LTD
2	AIRPORTS SACCO SOCIETY LTD
3	ARDHI SACCO SOCIETY LTD
4	ASILI SACCO SOCIETY LTD
5	CHAI SACCO SOCIETY LTD
6	CHUNA SACCO SOCIETY LTD
7	COMOCO SACCO SOCIETY LTD
8	ELIMU SACCO SOCIETY LTD
9	FUNDILIMA SACCO SOCIETY LTD
10	HARAMBEE SACCO SOCIETY LTD
11	HAZINA SACCO SOCIETY LTD
12	JAMII SACCO SOCIETY LTD
13	KENPIPE SACCO SOCIETY LTD
14	KENVERSITY SACCO SOCIETY LTD
15	KENYA BANKERS SACCO SOCIETY LTD
16	KENYA POLICE SACCO SOCIETY LTD
17	KINGDOM SACCO SOCIETY LTD
18	MAGEREZA SACCO SOCIETY LTD
19	MAISHA BORA SACCO SOCIETY LTD
20	METROPOLITAN NATIONAL SACCO SOCIETY LTD
21	MWALIMU NATIONAL SACCO SOCIETY LTD
22	MWITO SACCO SOCIETY LTD
23	NACICO SACCO SOCIETY LTD
24	NAFAKA SACCO SOCIETY LTD
25	NATION SACCO SOCIETY LTD
26	NSSF SACCO SOCIETY LTD
27	NYATI SACCO SOCIETY LTD
28	SAFARICOM SACCO SOCIETY LTD
29	SHERIA SACCO SOCIETY LTD
30	SHIRIKA SACCO SOCIETY LTD
31	SHOPPERS SACCO SOCIETY LTD
32	STIMA SACCO SOCIETY LTD
33	TAQWA SACCO SOCIETY LTD
34	TEMBO SACCO SOCIETY LTD
35	UFANISI SACCO SOCIETY LTD
36	UKRISTO NA UFANISI WA ANGLICANA SACCO LTD
37	UKULIMA SACO SOCIETY LTD
38	UNAITAS SACCO SOCIETY LTD
39	UNITED NATIONS SACCO SOCIETY LTD
40	WANA – ANGA SACCO SOCIETY LTD
41	WANANDEGE SACCO SOCIETY LTD
42	WAUMINI SACCO SOCIETY LTD

Appendix IV: Approval Letter



**KENYATTA UNIVERSITY
GRADUATE SCHOOL**

E-mail: dean-graduate@ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Website: www.ku.ac.ke

Internal Memo

PROM: Executive Dean, Graduate School

DATE: 2nd September, 2024

TO: Timothy Mutua Muchiri
C/o Business Administration Dept.

REF: D53/MSA/PT/28410/2019

SUBJECT: APPROVAL OF RESEARCH PROPOSAL

We acknowledge receipt of your revised Research Proposal as per our recommendations raised by the graduate school board 14th August, 2024 entitled "Competitive Strategies and Performance of Selected Deposit-Taking Saccos in Nairobi City County, Kenya."

You may now proceed with your data collection, subject to clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report forms per semester. The forms are available at the University's Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your project before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.

ANNBELL MWANIKI
FOR: EXECUTIVE DEAN, GRADUATE SCHOOL

C.c. Chairman, Department of Business Administration

Supervisors:

1. Dr. Janet Muthimi
C/o Department of Business Administration
Kenyatta University


AM/mo

Transforming Higher Education... Enhancing Lives
Kenyatta University is ISO 9001:2015 Certified



Page 1 of 1

Appendix V: NACOSTI Research License

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 515582	Date of Issue: 20/September/2024
RESEARCH LICENSE	
	
<p>This is to Certify that Mr. timothy mutua muchiri of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: COMPETITIVE STRATEGIES AND PERFORMANCE OF SELECTED DEPOSIT-TAKING SACCOS IN NAIROBI CITY COUNTY, KENYA for the period ending : 20/September/2025.</p>	
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