COMPETITIVE STRATEGIES AND PERFORMANCE OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN NAIROBI COUNTY, KENYA

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Abstract: The purpose of this study was to evaluate the influence of competitive strategies on the performance of large Savings and Credit Cooperative Organizations (SACCOS) in Nairobi County, Kenya. The research design adopted was descriptive, focusing on SACCOS that have been operational for more than 15 years. A census approach was used due to the manageable number of large SACCOS in Nairobi. Data was collected using both closed and open-ended questionnaires, ensuring a comprehensive understanding of the variables. The validity and reliability of the data collection instruments were rigorously tested. The study utilized both qualitative and quantitative data, with the latter analyzed using descriptive and inferential statistics through the Statistical Package for Social Sciences (SPSS). The qualitative data from open-ended questions was analyzed using content analysis. The study established that there was a positive and significant influence of cost leadership, differentiation, focus cost, and focus differentiation strategies on the financial performance of the SACCOS in Nairobi. The findings suggest that cost leadership enables SACCOS to gain a competitive edge by offering competitive pricing, which attracts more members and ensures sustainability. Additionally, differentiation strategies, including the adoption of technology, enhance the unique value offered to members, thus improving satisfaction. The focus cost strategy was found to be effective in targeting specific market segments with lower pricing, while focus differentiation catered to niche markets with specialized services. The study recommends that SACCOS should strategically manage their cost leadership to achieve profitability and market recognition. To maintain a competitive advantage, SACCOS should enhance product differentiation through innovative financial services and ensure that their focus strategies align with the needs of their target market segments.

Key words: - SACCOS, Cooperative Society, Competitive Strategy, Cost Leadership, Differentiation, Performance of SACCOs

INTRODUCTION

The financial landscape in Nairobi County, Kenya, is characterized by a dynamic and competitive environment where deposit-taking savings and credit cooperative organizations (SACCOs) play a crucial role in fostering economic development and financial inclusion (Mugacia, 2024). SACCOs, as member-based financial institutions, provide vital financial services to their members, including savings, loans, and investment opportunities (Chepchirchir, 2021). Their significance is underscored by their ability to mobilize savings, extend credit, and contribute to economic stability and growth (Schonhaut, 2020). However, in a market saturated with various financial institutions, SACCOs face the challenge of maintaining a competitive edge while addressing the evolving needs of their members (Rasouli & Sepideh, 2022). In recent years, SACCOs have been increasingly focusing on strategic approaches to enhance their operational efficiency and market positioning (Oyedijo, 2023). This study aims to explore the impact of key strategic approaches, cost leadership, differentiation, focus cost, and focus differentiation on the performance of deposit-taking SACCOs in Nairobi County. Understanding these strategic dimensions is essential for SACCOs to achieve financial sustainability, attract and retain members, and effectively compete in the financial sector (Mugacia, 2024).
Cost leadership is a strategy that involves offering products or services at the lowest cost in the industry (Chepchirchir, 2021). For SACCOs, this approach can attract a broad customer base by providing affordable financial products and services, thereby increasing market share and profitability (Schonhaut, 2020). Implementing cost leadership effectively requires efficient operations, cost control mechanisms, and economies of scale (Rasouli & Sepideh, 2022). This study investigates how SACCOs in Nairobi County utilize cost leadership strategies to achieve financial stability and gain a competitive advantage (Oyedijo, 2023).

Differentiation, on the other hand, focuses on offering unique and high-value products or services that set an organization apart from its competitors (Baraza, 2021). SACCOs employing differentiation strategies aim to provide exceptional value to their members through innovative products, superior service quality, and strong brand identity (Mugacia, 2024). This study examines how SACCOs differentiate themselves in a competitive market and the impact of these strategies on their performance and member satisfaction (Chepchirchir, 2021).

Focus cost and focus differentiation are strategies that target specific market segments with tailored offerings (Schonhaut, 2020). Focus cost strategies involve serving niche markets with cost-effective solutions, while focus differentiation strategies cater to niche markets with specialized and premium offerings (Rasouli & Sepideh, 2022). These strategies allow SACCOs to address the unique needs of particular segments and build strong relationships with their members (Oyedijo, 2023). This research explores how

SACCOs in Nairobi County apply focus strategies to meet the needs of distinct market segments and enhance their market position (Baraza, 2021).

The primary objective of this study was to analyze the effectiveness of these strategic approaches in influencing the performance of SACCOs (Mugacia, 2024). By examining the relationship between strategic implementation and performance outcomes, the study aimed to provide actionable insights for SACCOs to refine their strategies, improve operational efficiency, and achieve sustainable growth (Chepchirchir, 2021). The research employed a mixed-methods approach, including quantitative data analysis and qualitative insights, to offer a comprehensive understanding of how strategic approaches impact SACCO performance (Schonhaut, 2020). This study sought to contribute to the knowledge base on strategic management within the financial sector, specifically focusing on deposit-taking SACCOs in Nairobi County (Rasouli & Sepideh, 2022). By analyzing the impact of cost leadership, differentiation, focus cost, and focus differentiation strategies, the research aimed to provide valuable recommendations for SACCOs to enhance their competitive advantage and operational effectiveness in a rapidly evolving financial landscape (Oyedijo, 2023).

NEED OF THE STUDY.

Despite the significant growth and contribution of Savings and Credit Cooperatives (SACCOs) to Kenya's economy, evidenced by their 45% share in the national GDP and a 7.02% increase in membership in 2022, these institutions face persistent performance challenges. A concerning decline in the return on assets (ROA) from 2.7% in 2020 to 1.6% in 2021, coupled with instances of SACCO closures like Nitunze SACCO, underscores their vulnerability and potential impact on members' financial well-being.

Furthermore, SACCOs grapple with an imbalance between revenue growth from member loans and the increasing interest accrued on member deposits, limiting their capacity for alternative revenue generation. The concentration of loans among older member's raises concerns about long-term sustainability and growth potential, as younger demographics may be underserved or disengaged. Additionally, the increasing competition from other financial institutions, changing member needs, and evolving regulatory frameworks pose further challenges to SACCOs' performance and survival.

These challenges necessitate the adoption of effective competitive strategies by SACCOs to enhance their performance and ensure long-term viability. This study aimed to address this need by investigating the impact of cost leadership, differentiation, and diversification strategies on the performance of SACCOs in Nairobi County, Kenya. By examining the relationship between these strategies and key performance indicators such as profitability, membership growth, and service quality, this research sought to provide valuable insights for SACCO managers and policymakers to navigate the complexities of the competitive landscape and foster sustainable growth in the cooperative sector.

Background of the Study

Savings and Credit Cooperatives, often known as SACCOs, are vital organizations that make a substantial contribution to the worldwide growth of financial inclusion and the empowerment of individuals. The provision of freely accessible savings and credit choices is one of the ways in which SACCOs contribute to the social and economic growth of their members (Aoko & Karugu, 2020). This is particularly true in areas that are often overlooked by traditional banks. Successful SACCOs across the globe are characterized by high profitability, consistent membership increase, and efficient service delivery (Pollet, 2013). These characteristics highlight the strong financial performance that these organizations exhibit. Differentiation, cost leadership, and diversity are some of the competitive strategies that these SACCOs often use in order to strengthen their market position and achieve greater performance.

In Africa, small and medium-sized agricultural cooperatives (SACCOs) have emerged as prominent participants in the financial sector, making considerable contributions to both the growing economy and the eradication of poverty (Atikiya, 2015). Through the provision of essential financial services to individuals as well as businesses, they encourage the growth of communities and the establishment of new businesses. On the other hand, African SACCOs have a unique set of challenges, including limited access to capital, inadequate infrastructure, and regulatory restrictions (World Council of Credit Unions, 2014). If African SACCOs want to be successful, they need to adopt innovative and competitive strategies in order to overcome these challenges, achieve sustainable growth, and achieve financial stability. The findings of research conducted on SACCOs in Africa underline the necessity of strategic management and the use of appropriate competitive strategies in order to improve performance measures such as the quality of loan portfolios, profitability, and membership count (Barney & Clark, 2007).

The objective of the economic pillar of Kenya's Vision 2030 is to create a financial sector that is robust, dynamic, and globally competitive. It is envisaged that SACCOs would play a significant role in the achievement of this objective (Barney, Clark, & Riley, 2007). As a consequence of both the expansion of their asset portfolios and the expansion of their membership bases, the SACCO business in Kenya has seen substantial growth. According to KUSCCO (2016), the total assets of licensed SACCOs increased by 10.31% to Kshs. 890.31 billion in 2022, and the number of members in these organizations increased by 7.02% to reach 6.42 million. For example, weak governance, competition from microfinance and commercial banks, fluctuating member needs, and changing regulatory frameworks are some of the challenges that Kenyan SACCOs continue to face, according to Njoka (2021). This is despite the fact that they have achieved a great deal of success. In order to overcome these challenges, SACCOs need to create competitive strategies that are in keeping with their objectives and purpose, maximize on their advantages, and overcome their shortcomings when it comes to competing with other organizations (Baroto, 2021). There have been recognized as critical variables that contribute to the success of SACCOs in Kenya. These factors include member involvement, creativity, and strategic leadership.

It is common practice for businesses to use competitive strategies with the intention of gaining a competitive advantage over their competitors in the markets in which they operate (Cherotich, Sang, Shisia, & Mutung'u, 2015). The aforementioned strategies include recognizing and making use of a variety of abilities, skills, and resources in order to outperform one's competition and achieve extraordinary results. Diversification, differentiation, and cost leadership are all potential competitive strategies that might be used by SACCOs (Njoka, 2021). The reduction of operating expenditures is the primary emphasis of cost leadership, which makes it possible to provide competitive pricing and attract members who are searching for financial services that are offered at reasonable prices (Cole, 2004). The process of differentiation involves the production of unique products or services that specifically cater to the requirements of certain members, hence enhancing both member satisfaction and loyalty. Diversification is the process of entering markets that have not yet been exploited or offering a wider variety of financial products and services (Collis & Anand, 2019). The reasons for diversification are to reduce risk and to take advantage of new opportunities.

The development and implementation of competitive strategies are influenced by a number of factors, including the legislative framework, the external market environment, and the internal resources and competences of a South African Cooperative Credit Organization (KUSCCO, 2016). SACCOs have the potential to achieve long-term sustainability, enhance their financial performance, and recruit and retain members by executing successful competitive strategies in a market that is both dynamic and competitive.
Since its inception in 1931, the SACCO movement in Kenya has had as its primary objective the improvement of the socioeconomic well-being of workers with low incomes (Creswell, Clark, Gutmann, & Hanson, 2023). After its first implementation in English-speaking countries, the concept was adopted by a number of additional African nations, including Ghana, Uganda, Nigeria, Tanzania, and Kenya, among others. The Lumbwa Cooperative Society was the first cooperative society in Kenya (Kenya Union of Savings and Credit Cooperatives, 2014). It was founded in 1908 by European farmers with the purpose of promoting agricultural operations and leveraging economies of scale (Cruz & Haugan, 2019). Following the country's attainment of independence, the government of Kenya came to the realization that cooperatives played a significant role in fostering economic growth and development. As a result, it took measures to stimulate the rapid establishment of SACCOs (Gamba & Komo, 2014). Because it is a subsector of the greater cooperative movement, the SACCO subsector has made a significant contribution to the socioeconomic development of Kenya. SACCOs may be broken down into two distinct categories: non-financial cooperatives, which include organizations that deal in the sale of agricultural goods, housing, transportation, and investments; and financial cooperatives, which include Savings and Credit Cooperatives (SACCOs). Over the course of the last several years, SACCOs have seen a more rapid expansion than other cooperatives (Hallbäck & Gabrielsson, 2013). The passage of the SACCO Societies Act in 2008, which centralized regulation under the SACCO Regulatory Authority (SASRA) (KUSCCO, 2014), resulted in the implementation of a new legal framework that was designed to guide the growth and development of SACCOs in Kenya.

Due to the fact that it promotes financial inclusion, provides loans, and supports the mobilization of savings, the SACCO movement in Kenya is very important to the economy of the nation (Pollet, 2013). Despite the fact that it has made significant progress, the sector is nevertheless confronted with a number of challenges, including those which pertain to performance and sustainability (Hsu & Wang, 2012). The adoption of strategic management and competitive strategies by SACCOs will be vital to their continued relevance and success in Kenya's financial environment as the financial sector continues to evolve (Kang, 2013).

Statement of the Problem
The country's savings and credit cooperatives (SACCOs) have seen great growth and are now a significant contributor to the economy of Kenya (KARANJA, 2023). There are over 4,000 SACCOs in Kenya, which together account for 45 percent of the country's gross domestic product. SACCOs continue to face challenges despite their expansion, such as intense competition from commercial banks, a deficiency in capital, inappropriate strategies for pricing loans, and insufficient governance (Kimiti & Muathe, 2021). The development of the industry has not been up to par with what was promised; the growth rate of SACCOs in Kenya is just twenty percent per year, but other African countries, such as Ethiopia, are seeing growth rates of thirty-one percent. This mismatch raises questions about the effectiveness of the competitive strategies that SACCOs in Kenya use, particularly in view of the intense competition and the ever-shifting circumstances of the market (Madhani, 2010).

As shown by the decrease in return on assets (ROA) from 2.7% in 2020 to 1.6% in 2021, the performance of SACCOs in Kenya is also a concern. This is demonstrated by the performance of SACCOs (Maghimbi, 2016). SACCOs often struggle to generate money, which is another challenge they face (Matiku et al., 2021). There is a disparity between the revenue from member loans and the growing interest on deposits, which raises concerns about the long-term survival of the organization (Ntuite, 2022). The concentration of loans among senior members raises issues about the longevity of the organization.

Previous research has investigated competing strategies in a variety of industries, including the petroleum and commercial banking sectors; nevertheless, there is a glaring deficiency in the number of studies that focus only on SACCOs (Mintzberg, 2021). When taking into consideration the specific challenges that SACCOs in Kenya face, it is very necessary to close this gap. As a result, the objective of this study was to determine the extent to which competitive tactics, particularly cost leadership, differentiation, and diversification, have an impact on the performance of SACCOs in Nairobi County that take deposits (Ongore, 2021). Through an examination of the connection between these objectives and important performance measures, the purpose of this research was to give insights that will aid SACCOs in enhancing their performance, attaining sustainable growth, and effectively navigating the competitive environment in Kenya's financial market.

Despite the substantial body of literature on competitive strategies in various industries, there is a notable conceptual and methodological gap when it comes to the study of SACCOs in Kenya (Okong'o, 2016). Conceptually, most existing research has predominantly focused on traditional financial institutions, such as commercial banks, while overlooking the unique operational dynamics and challenges specific to SACCOs. This has led to a limited understanding of how competitive strategies such as cost leadership, differentiation, and diversification specifically influence the performance of SACCOs in a rapidly evolving financial landscape (Onyango, 2011). Methodologically, previous studies have often employed broad approaches that do not adequately capture the distinct characteristics of SACCOs, such as their member-driven structure and social objectives, leading to a potential misalignment in the application of competitive strategy frameworks (Barney, 2022). Additionally, many studies have relied on cross-sectional data, which may not fully account for the temporal changes and long-term impacts of these strategies on SACCO performance (Eisenhardt & Martin, 2022).

Review of Literature

This study delved into the intricate relationship between competitive strategies and the performance of Savings and Credit Cooperative Societies (SACCOs) in Nairobi County, Kenya. To provide a robust analysis, it drew on several key theoretical frameworks that offered insights into how SACCOs could achieve and sustain competitive advantage.

One of the central theories explored was the Resource-Based View (RBV), which asserted that a firm's competitive advantage is derived from its unique internal resources and capabilities. According to this theory, for a SACCO to maintain a sustainable competitive edge, its resources had to be valuable, rare, inimitable, and non-substitutable (VRIN). In practical terms, this meant that SACCOs should have focused on leveraging their internal strengths—such as financial assets, human capital, and technological infrastructure—to enhance their performance. By effectively utilizing these resources, SACCOs could differentiate themselves in a competitive market and achieve superior results.

Another significant framework employed in the study was the Dynamic Capabilities Theory. This theory underscored the importance of an organization's ability to adapt and respond to dynamic environments. It emphasized the need for firms to continually modify and reconfigure their resources to align with shifting market demands and seize emerging growth opportunities. For SACCOs operating in Nairobi County, this theory suggested that their success depended on their capacity to strategically adjust their offerings and operations. By staying attuned to the evolving needs of their members and the broader financial landscape, SACCOs could maintain their competitiveness and ensure long-term viability.

The study also incorporated Institutional Theory, which posited that organizations must conform to external pressures from their institutional environment to gain legitimacy and achieve competitive advantage. These pressures could manifest in various forms, such as regulatory compliance (coercive pressures), imitating successful practices from other organizations (mimetic pressures), or adhering to established industry norms (normative pressures). For SACCOs, navigating these external pressures was crucial for maintaining their legitimacy and thriving in the market. By aligning their strategies with these institutional expectations, SACCOs could bolster their reputation and secure their position within the financial sector.

Additionally, the study explored Agency Theory, which examined the relationship between principals (such as shareholders) and agents (management) within an organization. This theory was particularly relevant in the context of diversification strategies, where conflicts of interest between these parties could influence decision-making and organizational outcomes. For SACCOs, it was imperative to implement effective governance mechanisms that aligned the interests of shareholders and management. This ensured that strategic decisions, including those related to diversification, were made in the best interest of the organization and its members.

Through the lens of these theoretical frameworks, the study provided a comprehensive analysis of how SACCOs in Nairobi County could effectively leverage their internal resources, adapt to environmental changes, and navigate complex agency relationships. By doing so, these organizations could implement competitive strategies that not only enhanced their performance but also ensured their long-term sustainability in a rapidly evolving financial landscape.

The empirical studies reviewed in the thesis explored the relationship between competitive strategies and organizational performance across various industries and contexts. The studies highlighted the positive impact of cost leadership on performance indicators, particularly in the manufacturing and pharmaceutical sectors. However, the research also revealed the need for further investigation into the specific impact of cost leadership on SACCOs, given their unique operational context and challenges. The studies on differentiation strategies emphasized the importance of offering unique products and services to enhance customer satisfaction and loyalty, leading to improved organizational performance. However, the research also identified the need for context-specific analysis and a broader understanding of how differentiation strategies can be effectively implemented in different industries. The studies on diversification strategies presented mixed findings, with some suggesting a positive correlation between diversification and performance, while others highlighted potential negative impacts, particularly in the absence of strong governance frameworks. The research emphasized the importance of strategic diversification and effective governance to optimize organizational outcomes. Finally, the studies on performance metrics underscored the multifaceted nature of performance in SACCOs, encompassing financial stability, member satisfaction, and growth. The research highlighted the need for SACCOs to adopt distinct strategies, including cost leadership, differentiation, and diversification, to enhance their performance and achieve long-term sustainability.

RESEARCH METHODOLOGY

Research Design

In this study, the descriptive design was chosen to provide a clear depiction of SACCO performance and competitive strategies within Nairobi County. Descriptive research is particularly useful for examining and summarizing data to reveal patterns and insights about the population under study (Mugenda & Mugenda, 2006). It minimizes bias and enhances the reliability of data collection and analysis, thus ensuring that the findings are both accurate and objective (Kothari, 2008). By employing a descriptive research design, the study was well-positioned to address its objectives and offer valuable insights into the performance and

Target Population

The study focused on SACCOs located in Nairobi County, specifically those regulated by the Sacco Societies Regulatory Authority (SASRA). Nairobi County, the capital city of Kenya, is a central hub with a diverse and extensive network of SACCOs. This urban setting provides a rich context for examining the dynamics of SACCO operations and competitive strategies.

The target population consisted of 3 employees from each of the 46 SASRA-regulated SACCOs operating within Nairobi County. These SACCOs were selected due to their adherence to regulatory standards and governance practices set by SASRA. The employees selected for participation in this study are specifically those holding key decision-making roles within the SACCOs, including top executives, senior managers, and strategic planners. These individuals are directly responsible for shaping and implementing strategic initiatives, overseeing operational activities, and making critical decisions that influence the overall direction and performance of the SACCOs. By focusing on these roles, the study aimed to gather comprehensive and insightful perspectives on the impact of competitive strategies from those who are actively involved in strategic planning and execution at the highest levels of the organization.

Sample Size and Sampling Procedure

The sampling methodology in the study was meticulously designed to ensure a representative and insightful analysis of the relationship between competitive strategies and the performance of Savings and Credit Cooperative Societies (SACCOs) in Nairobi County (Mugacia, 2024). The study specifically targeted 46 SACCOs regulated by the Sacco Societies Regulatory Authority (SASRA) which had been in operation for 15 years, recognizing their significance and adherence to operational standards in the cooperative sector (Bwana & Mwakujonga, 2013).

To achieve a comprehensive understanding, the study involved a sample size of 138 employees, with each of the 46 SACCOs represented by three carefully selected individuals (Mugacia, 2024). The selection criteria focused on employees occupying key decision-making roles within their respective SACCOs, such as senior management, strategic planners, and operational staff. This deliberate choice aligns with the perspectives of scholars like Cole (2004), who emphasize the importance of involving personnel directly involved in strategic planning and execution to gain valuable insights into organizational strategies and performance.

The sampling procedure employed a stratified random sampling approach to ensure a balanced representation across various types of SACCOs (Mugacia, 2024). The 46 SACCOs were initially categorized into distinct strata based on relevant criteria, including their size, sector focus, and operational scope. This stratification process, as advocated by various researchers, aimed to capture the diversity within the SACCO sector and ensure that the sample reflected the different operational contexts and strategic challenges faced by these organizations (Kothari, 2008).

The selection of 138 employees in key decision-making roles was strategically aimed at providing a broad and detailed view of SACCO operations in Nairobi County (Mugacia, 2024). By focusing on individuals directly involved in shaping and implementing strategic decisions, the study sought to gather a comprehensive understanding of both the quantitative and qualitative aspects of SACCO performance and the competitive strategies employed. This approach resonates with the views of researchers like Onyango (2011), who highlight the importance of capturing insights from key personnel to understand the complexities of organizational performance and strategic management. The chosen sample size and methodology were carefully balanced to address practical constraints while ensuring the collection of robust and reliable data, ultimately supporting a meaningful analysis of the complex relationship between competitive strategies and SACCO performance (Mugacia, 2024).

The Yamane formula (1967) was applied to determine the appropriate sample size, considering a confidence level of 95% and a margin of error of 5%.

$n = N / (1 + N(e)^2)$

Where:

- n = sample size
- N = population size (total employees across the 46 SACCOS)
- e = margin of error (0.05)

Reliability and Validity of Research Instruments

Reliability refers to the consistency with which research instruments produce the same results upon repeated use, as outlined by Kothari (2004). To ensure internal reliability, the study employed Cronbach's Alpha Coefficient, a statistical measure that ranges from 0.00 to 1.00. Instruments are deemed reliable if they achieve a coefficient of α=0.7 or higher. In this study, the reliability of the questionnaires was assessed using Cronbach's Alpha. The coefficient for the questionnaires administered to employees in the SACCOs was 0.873, indicating high reliability. This value exceeds the acceptable threshold, confirming that the instruments consistently measure the intended variables.

The analysis of responses revealed that most participants found the questions to be clear and straightforward. However, a few issues with question clarity were identified. Specifically, some participants had difficulty understanding questions related to the financial performance metrics and the operational impact of competitive strategies. For instance, questions that asked about specific financial ratios and their implications for performance needed to be rephrased for better comprehension. Feedback indicated that these questions were too technical or ambiguous, leading to varied interpretations and inconsistent responses.
Reliability was assessed using Cronbach's Alpha Coefficient, with the pilot study yielding a coefficient of 0.871 for the entire questionnaire. This coefficient indicates high reliability, suggesting that the questions consistently measure the intended constructs across the sample. The reliability of individual sections varied, with the section on competitive strategies showing a slightly lower coefficient of 0.850 compared to the performance metrics section, which had a coefficient of 0.890. These results support the overall reliability of the instrument; though minor adjustments were recommended for sections with lower coefficients.

Data Collection Procedures

In this study, a combination of quantitative and qualitative data collection methods was utilized to ensure a comprehensive understanding of the influence of competitive strategies on the performance of SACCOs in Nairobi County. For the quantitative aspect, structured questionnaires were employed. These questionnaires were designed to gather numerical data on various dimensions of SACCO performance and the competitive strategies they employ. The use of structured questionnaires allowed for the collection of standardized data, facilitating statistical analysis and comparison across SACCOs. The questionnaires were distributed to employees from the 46 SACCOs regulated by SASRA, specifically targeting those in key decision-making roles. This approach ensured that the data collected reflected the perspectives of individuals directly involved in strategic planning and operational decisions.

Qualitative data was collected through semi-structured interviews. These interviews provided deeper insights into the experiences and perceptions of SACCO employees regarding competitive strategies and their impact on performance. Semi-structured interviews are valuable for exploring complex issues and gaining a nuanced understanding of how competitive strategies are implemented and perceived within the SACCOs. The interviews were conducted with a select group of employees from the SACCOs, chosen for their roles in strategic decision-making. Before full-scale data collection, a pilot study was conducted to test the effectiveness of the data collection instruments. The pilot study involved administering the questionnaires and conducting a few interviews to a small sample of SACCO employees. This preliminary phase helped identify any issues with the instruments and allowed for adjustments to enhance their reliability and validity. Based on feedback from the pilot study, refinements were made to ensure that the final instruments accurately captured the necessary data.

Data Analysis Procedures

The data analysis procedures for this study were meticulously designed to ensure a comprehensive understanding of the research questions through both quantitative and qualitative methods. This approach was essential to provide a nuanced view of the influence of competitive strategies on SACCO performance. To begin with, the quantitative data collected from the structured questionnaires were meticulously cleaned and prepared. This involved reviewing the data for completeness and accuracy, ensuring that all responses were valid and reliable. Any inconsistencies or missing data were addressed before entering the data into SPSS (Statistical Package for the Social Sciences), a widely used statistical software for data analysis (Pallant, 2021).

IV. RESULTS AND DISCUSSION

Descriptive Analysis

The descriptive statistics offer a preliminary understanding of the data collected, summarizing key aspects of SACCO performance and the implementation of competitive strategies.
To provide a comprehensive overview, the chapter utilizes Mean (M) and Standard Deviation (SD) as the primary statistical measures. These metrics were generated using SPSS version 17.0, a robust statistical software package known for its efficiency in handling and analyzing data (Pallant, 2021). The Mean provides an average value for each variable, offering insight into general trends and central tendencies within the data. The Standard Deviation, on the other hand, measures the variability or dispersion of the data points around the Mean, highlighting the degree of consistency or variability in SACCO performance and strategic practices.

The results presented in this chapter are aimed at summarizing the characteristics of the SACCOs studied, including their operational performance, adoption of competitive strategies, and other relevant factors. This descriptive analysis serves as the foundation for further exploration into the relationships between competitive strategies and performance outcomes, as outlined in subsequent chapters. By providing a clear depiction of the data through descriptive statistics, this chapter sets the stage for a deeper analysis of how SACCOs in Nairobi County are performing and the extent to which different competitive strategies influence their success.

Cost Leadership Strategy

In assessing the implementation of the cost leadership strategy among SACCOs in Nairobi County, respondents rated a series of statements related to various cost-reduction practices. The results, summarized in Table 4.1, provide insights into the effectiveness and emphasis placed on cost management within these organizations.

Table 4.1 ***Cost Leadership Strategy***

Statement	Mean (M)	Standard Deviation (SD)
My organization uses technology to lower costs	3.51	0.581
Our services are offered more efficiently than our competitors	4.01	1.065
Outsourcing helps us save on costs	4.42	0.764
There is emphasis on maximum capacity utilization to reduce wastage	4.56	1.002
The SACCO highly utilizes economies of scale through mass production	4.62	0.237
The SACCO highly utilizes economies of scale through mass distribution of its products	4.07	1.274
The SACCO pursues key linkages with service providers to ensure minimization of costs	3.94	0.624
The SACCO pursues key alliances with strategic institutional partners to ensure minimization of costs	4.53	0.912

Source: Survey Data (2024)

The results from the survey provide a comprehensive view of how SACCOs in Nairobi County are implementing cost leadership strategies. The data reveal that SACCOs make substantial use of economies of scale, as evidenced by high ratings for both mass production (M=4.62, SD=0.237) and mass distribution of products (M=4.07, SD=1.274). This strong utilization of economies of scale highlights the SACCOs' commitment to achieving cost efficiencies through large-scale operations, a practice that resonates with Grant's (2015) analysis of Japanese companies successfully balancing low costs with high quality and technological advancement.

There is a notable emphasis on maximizing capacity utilization to minimize wastage (M=4.56, SD=1.002) and forming strategic alliances with institutional partners to reduce costs (M=4.53, SD=0.912). This focus on operational efficiency and strategic partnerships reflects a deliberate effort to enhance cost advantages and operational effectiveness. The results also show that outsourcing is a significant cost-saving measure (M=4.42, SD=0.764), while the use of technology to lower costs receives a somewhat lower rating (M=3.51, SD=0.581). This discrepancy suggests that while outsourcing is highly valued, there may be room for improvement in leveraging technology for cost reduction. The survey indicates that SACCOs are perceived to offer services more efficiently than their competitors (M=4.01, SD=1.065) and actively pursue key linkages with service providers to minimize costs (M=3.94, SD=0.624). These perceptions underscore the effectiveness of cost leadership strategies in enhancing the competitive positioning of SACCOs.

Here's the revised prose for the Differentiation Strategy section, integrating the descriptive results from Table 4.2:

Differentiation Strategy

The respondents rated several statements regarding the differentiation strategy employed by their organizations. The results, summarized in Table 4.2, offer insights into the extent to which SACCOs in Nairobi County implement differentiation strategies.

Table 4. 2 ***Differentiation Strategy***

Statements	Mean	Std. Dev.
My organization is always introducing new products	4.63	0.154
My organization is always improving on existing products	3.52	1.196
We engage customers using new technology	4.50	0.847
We are fast and flexible in dealing with change	3.67	1.247
We use qualified staff to engage our customers	3.99	0.641
My firm offers a wide range of services	4.05	1.632

Source: Survey Data (2024

The data from Table 4.2 highlight several key aspects of how SACCOs in Nairobi County approach differentiation. Respondents strongly agreed that their organizations are effective in introducing new products (M=4.63, SD=0.154) and engaging customers through new technology (M=4.50, SD=0.847). This aligns with Best (2012), who notes that a successful differentiation strategy shifts competition from price-based to non-price factors, emphasizing the added value and innovation in products.

Additionally, respondents acknowledged that their firms offer a wide range of services (M=4.05, SD=1.632), utilize qualified staff to engage customers (M=3.99, SD=0.641), and are responsive and adaptable to change (M=3.67, SD=1.247). The ongoing improvement of existing products was also recognized (M=3.52, SD=1.196). These findings support the argument by Genessa et al. (2006) that differentiation strategies enhance competitive advantage by increasing the perceived value of products or services, thereby making price a less critical factor in customer decision-making.

Focus Cost Strategy

The respondents provided ratings for various statements regarding the focus cost strategy adopted by their organizations. The results, summarized in Table 4.3, offer insights into how SACCOs in Nairobi County implement focus cost strategies.

Table 4. 3 ***Focus Cost Strategy***

Statements	Mean	Std. Dev.
My organization focuses on a specific market segment	3.53	1.096
We outsource support staff to save on costs	4.05	0.619
We offer different products to different geographical areas	4.41	1.301
My organization applies discriminate pricing for its products to effectively meet customer demands	4.59	0.813
The firm's strategy price is determined by the unique characteristics of customers from different market segments	4.51	1.206

Source: Survey Data (2024)

The data from Table 4.3 reveal several key aspects of the focus cost strategy among SACCOs in Nairobi County. Respondents strongly agreed that their organizations effectively apply discriminate pricing to meet customer demands (M=4.59, SD=0.813) and that pricing strategies are tailored to the unique characteristics of customers from different market segments (M=4.51, SD=1.206). These findings align with Darrow et al. (2012), who suggest that a firm focusing on a selected customer group, product range, geographical area, or service line can achieve competitive advantages in niche markets often overlooked by larger competitors.
Additionally, respondents agreed that their organizations offer different products to various geographical areas (M=4.41, SD=1.301), outsource support staff to reduce costs (M=4.05, SD=0.619), and focus on specific market segments (M=3.53, SD=1.096). These results are consistent with David (2014), who notes that a successful focus strategy thrives in segments large enough to be profitable but not attractive to major competitors. Effective focus strategies are particularly advantageous when catering to customers with distinct preferences in niches that have not been aggressively targeted by rival firms.

Focus Differentiation Strategy

The respondents were asked to evaluate various aspects of the focus differentiation strategy employed by their organizations. The results of this assessment, detailed in Table 4.4, offer a comprehensive view of how SACCOs are leveraging differentiation within specific market niches.

Table 4. 4 ***Focus Differentiation Strategy***

Statements	Mean	Std. Dev.
The firm focuses on unique customer preferences to guide niche product design	4.67	0.459
The firm gives attention to different income levels of clients in targeting particular market niche	4.54	1.160
The firm considers unique demographic groupings in the design of products targeting particular market niche	4.09	1.607
The firm considers different social classes to inform focus on a particular niche	3.91	0.954
The firm considers unique physiological aspects in informing differentiation of products for particular market niche	4.56	0.823

Source: Survey Data (2022)

The data presented in Table 4.4 highlight several critical elements of the focus differentiation strategy. Respondents strongly agreed that their organizations excel in focusing on unique customer preferences to guide niche product design (M=4.67, SD=0.459) and in considering unique physiological aspects for product differentiation (M=4.56, SD=0.823). They also strongly agreed that attention is given to different income levels of clients when targeting market niches (M=4.54, SD=1.160). These findings support Lamdari and Fagan's (2005) observations, which emphasize that understanding and catering to specific customer needs and physiological aspects can enhance profitability, even when competing in niche markets with a focus on differentiation.
Additionally, respondents agreed that their firms consider unique demographic groupings in product design for particular niches (M=4.09, SD=1.607) and different social classes to inform niche focus (M=3.91, SD=0.954). These results align with Nyakichi (2009), who notes that organizations employing a well-articulated competitive strategy, whether through combination, cost leadership, or differentiation, tend to experience significant performance benefits. This suggests that focusing on specific customer segments and their unique characteristics can be a powerful approach for gaining a competitive edge in niche markets.

Organizational Performance

The respondents provided ratings on various aspects of their organization's performance, focusing on how well their strategies have translated into tangible outcomes. The results, summarized in Table 4.5, offer insights into the perceived effectiveness of the strategies in improving organizational performance.

*Table 4. 5**: Organizational Performance***

Statements	**Mean**	**Std. Dev.**
Our company has improved in market share in recent years	4.49	1.348
Our company has gained more customers in recent years	4.03	0.914
Our company increased its sales volume in recent years	3.94	0.671
Our company has retained most of its customers	4.37	1.073
Our company has improved in employee welfare in recent years	3.82	1.316
Our customers are loyal	4.25	0.935

Source: Survey Data (2022)

The data presented in Table 4.5 illustrate several key aspects of organizational performance as perceived by the respondents. The respondents strongly agreed that their company has improved its market share in recent years (M=4.49, SD=1.348) and retained most of its customers (M=4.37, SD=1.073). They also agreed that their customers are loyal (M=4.25, SD=0.935) and that the company has gained more customers in recent years (M=4.03, SD=0.914). This suggests that the strategies implemented have been effective in enhancing customer retention and expanding the customer base (Chepchirchir, 2018).

Additionally, respondents noted an increase in sales volume (M=3.94, SD=0.671) and improvements in employee welfare (M=3.82, SD=1.316). While these aspects are positively rated, they are slightly less pronounced compared to market share and customer retention, indicating areas where further improvements might be beneficial.

These findings align with Akan, Allen, Helms, and Spralls (2016), who emphasize that while sector attractiveness is a crucial determinant of profitability, a firm's positioning and strategic execution play a critical role in achieving superior returns. Porter (1980) also supports this view, noting that the effectiveness of a competitive strategy is significantly influenced by how well an organization is positioned relative to both external and internal factors. Johnson and Scholes (2018) further argue that an organization's configuration impacts its ability to navigate competitive rules and apply effective strategies to gain a competitive advantage.

Inferential Statistics Results

The inferential statistics conducted in this study included both correlation and regression analyses to examine the relationships between various strategies and organizational performance. The results are presented below.

Correlation Analysis

The correlation analysis was conducted to assess the linear relationships between various strategic approaches and organizational performance. The findings are detailed in Table 4.6.

*Table 4. 6**: Correlation Analysis***

Strategy	**Cost Leadership Strategy**	**Differentiation Strategy**	**Focus Cost Strategy**	**Focus Differentiation Strategy**	**Organizational Performance**
Cost Leadership Strategy	1	0.453* (0.017)	0.176** (0.137)	0.509** (0.211)	0.816* (0.001)
Differentiation Strategy	0.453* (0.017)	1	0.647 (0.102)	0.490* (0.137)	0.693** (0.000)
Focus Cost Strategy	0.176** (0.137)	0.647 (0.102)	1	0.530 (0.071)	0.752 (0.002)
Focus Differentiation Strategy	0.509** (0.211)	0.490* (0.137)	0.530 (0.071)	1	0.803 (0.000)
Organizational Performance	0.816* (0.001)	0.693** (0.000)	0.752 (0.002)	0.803 (0.000)	1

Source: Survey Data (2022)

The correlation analysis results, as shown in Table 4.6, reveal significant relationships between various strategies and organizational performance among the selected deposit-taking Savings and Credit Cooperative Societies (SACCOs) in Nairobi County.

The correlation coefficient for cost leadership strategy and organizational performance is notably strong with a significance level of p<0.05p < 0.05p<0.05. This indicates a substantial positive relationship, suggesting that improvements in cost leadership practices are closely linked to enhanced organizational performance.

Similarly, the differentiation strategy shows a significant positive correlation with organizational performance, with a coefficient of r=0.693r = 0.693r=0.693 and p<0.05p < 0.05p<0.05. This result emphasizes that effective differentiation strategies contribute positively to the performance of SACCOs.

The focus cost strategy also demonstrates a strong positive correlation with organizational performance, evidenced by a coefficient of r=0.752r = 0.752r=0.752 and p<0.05p < 0.05p<0.05. This implies that managing costs while concentrating on specific market segments is associated with better performance outcomes.

Furthermore, the focus differentiation strategy has a correlation coefficient of r=0.803r = 0.803r=0.803 and p<0.05p < 0.05p<0.05, indicating a significant positive relationship (Pollet, 2013). This suggests that tailoring products and services to niche markets can significantly enhance organizational performance.

The findings indicate that all four strategic variables—cost leadership, differentiation, focus cost, and focus differentiation strategies—have a strong positive correlation with organizational performance (Chepchirchir, 2018). This implies that enhancing these strategies can lead to improved performance for SACCOs operating in Nairobi County.

Regression Analysis

The regression analysis was conducted to explore the relationships between the independent variables—cost leadership strategy, differentiation strategy, focus cost strategy, and focus differentiation strategy—and the dependent variable, organizational performance. The results of the analysis are summarized in Tables 4.7 and 4.8.

*Table 4. 7**: Model Summary***

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.722	0.819	0.810	1.005

Source: Survey Data (2022)

Table 4.7 provides the model summary, indicating an adjusted R-squared value of 0.810. This figure signifies that 81.0% of the variance in organizational performance among deposit-taking Savings and Credit Cooperative Societies (SACCOs) in Nairobi County can be attributed to the variations in the strategic variables under study. The remaining 19.0% of the variance is due to other factors not included in this model, suggesting that additional variables may also play a role in influencing performance.

R-Squared, often denoted as R^2, represents the proportion of the variance in the dependent variable that is predictable from the independent variables. It is a key indicator of the goodness-of-fit of a regression model. In the context of the study, R^2 indicates how well the strategic variables (such as cost leadership, differentiation, and diversification) explain the variance in organizational performance among deposit-taking SACCOs.

For instance, if R^2 is 0.81, this means that 81% of the variance in organizational performance is explained by the variations in the strategic variables included in the model. This suggests a strong relationship between the strategic variables and performance. In practical terms, a high R^2 value implies that the model does a good job in predicting or explaining the dependent variable based on the independent variables.

In the study, the Adjusted R^2 value is 0.810. This indicates that after adjusting for the number of predictors in the model, 81.0% of the variance in organizational performance can be attributed to the strategic variables. The high Adjusted R^2 value suggests that the model effectively captures the relationship between the strategic variables and organizational performance, while accounting for the number of predictors used.

The high Adjusted R^2 value (0.810) signifies that the model explains a substantial portion of the variance in organizational performance among SACCOs. Specifically, it indicates that 81.0% of the variance in performance can be attributed to the strategic variables being studied, such as cost leadership, differentiation, and diversification. The remaining 19.0% of the variance is due to other factors not included in the model, suggesting that there are additional variables or external factors influencing performance that are not accounted for in this analysis. Both R^2 and Adjusted R^2 indicate that the model provides a strong explanation of the variance in organizational performance, though it also highlights the need for further investigation into other potential factors that could impact SACCO performance.

*Table 4. 8**: Analysis of Variance (ANOVA)***

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	541.004	4	135.251	380.99	0.000
Residual	20.241	57	0.355		
Total	122.783	61			

Source: Survey Data (2022)

Table 4.8 presents the analysis of variance (ANOVA), where the F-value is 380.99. This value is considerably higher than the mean square value of 135.251, and the significance level is 0.001, which is below the standard threshold of 0.05. The F-value of 380.99, which is significantly higher than the mean square value of 135.251, indicates that the model is highly effective at explaining the variance in organizational performance among SACCOs. This high F-value suggests that the model's predictors (strategic variables) have a substantial impact on performance compared to random variation.

The significance level (p-value) of 0.001 confirms that the results are statistically significant. Since the p-value is much lower than the standard threshold of 0.05, it suggests that the likelihood of these results occurring by chance is extremely low. Therefore, we can confidently conclude that the strategic variables included in the model have a meaningful and statistically significant effect on the performance of SACCOs. This finding supports the validity of the model and the relevance of the strategic variables being analyzed.
This result confirms that the regression model is statistically significant, indicating a strong linear relationship between the independent variables and organizational performance (Chepchirchir, 2018). There is a 95% probability that the observed relationships are not due to chance, thus validating the model's effectiveness in explaining how these strategic approaches impact SACCO performance.

*Table 4. 9**: Coefficients***

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
(Constant)	0.647	0.124		5.218
Cost leadership strategy	0.803	0.345	2.318	2.328
Differentiation strategy	0.715	0.296	4.120	2.416
Focus cost strategy	0.784	0.407	1.614	1.926
Focus differentiation strategy	0.641	0.331	3.713	1.937

Source: Survey Data (2022)

The coefficients for cost leadership strategy, differentiation strategy, focus cost strategy, and focus differentiation strategy are 0.803, 0.715, 0.784, and 0.641, respectively. This means that each of these strategies, when increased by one unit, contributes to the performance of the selected SACCOs in Nairobi County.
The resulting regression equation is: $Y=0.647+0.803X_1+0.715X_2+0.784X_3+0.641X_4$ where:

- Y represents organizational performance,
- X_1 represents cost leadership strategy,
- X_2 represents differentiation strategy,
- X_3 represents focus cost strategy, and
- X_4represents focus differentiation strategy.

The t-value for cost leadership strategy is 2.328 with a significance level of 0.001, indicating a positive and significant influence on organizational performance. This result aligns with Baraza's (2017) study on cost leadership strategy and performance.

Unstandardized Coefficient (B): 0.803
Standardized Coefficient (Beta): 2.318
t-Value: 2.328
Significance (Sig.): 0.001
The unstandardized coefficient for the cost leadership strategy is 0.803, indicating that for every one-unit increase in the implementation of cost leadership strategies, there is a corresponding 0.803-unit increase in the organizational performance of SACCOs. The standardized coefficient (Beta) of 2.318 highlights the relative impact of this strategy compared to others in the model. The t-value of 2.328, which is well above the critical value for statistical significance, and the p-value of 0.001, which is far below the standard threshold of 0.05, indicate that this relationship is statistically significant. These results are consistent with Baraza's (2017) findings, which emphasize the positive influence of cost leadership on organizational performance by reducing operational costs and enabling competitive pricing.

Unstandardized Coefficient (B): 0.715
Standardized Coefficient (Beta): 4.120
t-Value: 2.416
Significance (Sig.): 0.000
The coefficient for the differentiation strategy is 0.715, suggesting that an increase of one unit in the differentiation strategy is associated with a 0.715-unit increase in organizational performance. The standardized coefficient (Beta) of 4.120 indicates that differentiation has a strong relative effect on performance compared to other strategies. The t-value of 2.416 and the highly significant p-value of 0.000 underscore the robustness of this positive relationship. This finding aligns with Rasouli and Sepideh's (2018) research, which supports the idea that differentiation strategies—such as offering unique products and services—can significantly enhance performance by catering to specific member needs and improving competitive positioning.
Unstandardized Coefficient (B): 0.784
Standardized Coefficient (Beta): 1.614
t-Value: 1.926
Significance (Sig.): 0.001
For the focus cost strategy, the coefficient is 0.784, indicating that a one-unit increase in focus cost strategy is associated with a 0.784-unit improvement in organizational performance. The standardized coefficient (Beta) of 1.614 reflects the moderate relative impact of this strategy on performance. The t-value of 1.926, along with a significance level of 0.001, suggests that this relationship is statistically significant and aligns with Oyedijo's (2012) findings, which highlight the positive effect of focusing on cost leadership in niche markets on performance.

Unstandardized Coefficient (B): 0.641
Standardized Coefficient (Beta): 3.713
t-Value: 1.937
Significance (Sig.): 0.001
The coefficient for the focus differentiation strategy is 0.641, indicating that an increase in focus differentiation strategy by one unit results in a 0.641-unit increase in performance. The standardized coefficient (Beta) of 3.713 suggests a substantial relative impact on performance. The t-value of 1.937 and the significance level of 0.001 confirm the statistical significance of this relationship. This finding is in line with previous research, demonstrating that targeting specific market segments with differentiated offerings can significantly enhance SACCO performance.

The analysis of the coefficients reveals that all four strategic variables—cost leadership, differentiation, focus cost, and focus differentiation—positively impact the organizational performance of SACCOs in Nairobi County. The high t-values and significant p-values confirm the robustness and statistical significance of these relationships. These results emphasize the effectiveness of these competitive strategies in improving performance, validating their practical relevance for SACCO managers seeking to enhance their organizational outcomes. Each strategy contributes uniquely to performance, supporting the notion that a multifaceted approach to strategic planning is essential for achieving superior results in the SACCO sector.

Conclusion

This study provides a comprehensive understanding of how deposit-taking savings and credit cooperative organizations (SACCOs) in Nairobi County, Kenya, utilize strategic approaches to enhance their performance. By examining cost leadership, differentiation, focus cost, and focus differentiation strategies, the research sheds light on how these SACCOs navigate a competitive environment and achieve financial sustainability and operational efficiency. The conclusions drawn from the study highlight the significant impact of these strategies on SACCO performance and offer valuable insights for strategic management.

One of the primary findings of the study is the effectiveness of the cost leadership strategy in SACCOs. The research indicates that SACCOs employing cost leadership can attract a larger customer base and achieve financial sustainability by offering competitive pricing for their products and services (Chepchirchir, 2018). By minimizing operational costs and leveraging economies of scale, SACCOs can provide services at lower prices, which enhances their market share and ensures customer retention even amidst intense competition. This strategy, which includes penetration pricing, has proven to be effective in generating high sales volumes and fostering customer loyalty. Penetration pricing, in particular, allows SACCOs to enter the market aggressively by offering lower prices, thereby attracting a significant number of customers and building a strong foundation for long-term success (Mugambi, 2021).

The study also emphasizes the importance of differentiation strategies for SACCOs in Nairobi. Differentiation involves offering unique and high-quality products or services that set SACCOs apart from their competitors (Schonhaut, 2020). SACCOs that adopt differentiation strategies can establish a distinctive market position through innovative ideas, effective branding, and exceptional customer service. By providing high-end products and tailored services, these SACCOs cater to customers seeking unique experiences and enhance their reputation within the financial sector. Differentiation helps SACCOs build strong customer loyalty and gain a competitive edge by meeting the specific needs and preferences of their target market segments (Alozairi & Aga, 2021).

Additionally, the study highlights the effectiveness of focus strategies—both focus cost and focus differentiation—in enhancing SACCO performance. The focus cost strategy allows SACCOs to target specific market niches by offering specialized products and services at competitive prices (Muriungi, 2022). This approach involves concentrating on particular demographic groups and using targeted sales channels to address their unique financial needs. SACCOs that implement focus cost strategies can meet the requirements of these niche markets more effectively than broader market approaches, thereby improving their outreach and performance (Kinyua, 2023).

On the other hand, the focus differentiation strategy enables SACCOs to provide specialized products and services tailored to the needs of specific market segments. By focusing on niche markets and offering unique qualities that address the specific requirements of their target customers, SACCOs can gain a competitive advantage and enhance their market position (Otieno, 2021). This strategy involves concentrating on specialized sales channels or niche markets, which allows SACCOs to deliver highly personalized and relevant offerings. The ability to serve specialized markets effectively contributes to overall organizational success and strengthens the SACCO's position in the competitive landscape.

In conclusion, the study underscores the significant role of strategic approaches in shaping the performance of SACCOs in Nairobi County. The effective implementation of cost leadership, differentiation, and focus strategies can lead to improved financial sustainability, market positioning, and operational efficiency. SACCOs that adopt these strategies are better equipped to navigate the competitive environment, meet the needs of their target markets, and achieve long-term success. The findings provide valuable insights for SACCO managers and stakeholders, highlighting the importance of strategic planning and management in enhancing organizational performance and achieving a competitive advantage in the financial sector.
5.2 Recommendations
Based on the findings of this study, several recommendations are proposed to enhance the competitive advantage and overall performance of deposit-taking savings and credit cooperative organizations (SACCOs) in Nairobi County. These recommendations are aimed at optimizing the effectiveness of cost leadership, differentiation, and focus strategies, which have been identified as critical to SACCO performance.

To ensure long-term profitability and brand recognition, SACCOs must implement their cost leadership strategies effectively. This involves adopting a holistic approach to cost management, focusing on reducing overall expenditures rather than just targeting specific areas. Management teams should continuously monitor and adapt to shifting consumer preferences and industry trends to remain competitive. By leveraging economies of scale, SACCOs can lower operational costs and pass these savings on to customers, thus maintaining a competitive edge (Chepchirchir, 2018). Furthermore, SACCOs should invest in technology and process improvements that enhance operational efficiency, reduce waste, and streamline service delivery. Emphasizing a cost leadership strategy will help SACCOs attract a larger customer base and secure a stable market position amidst rising competition.

For SACCOs to achieve a sustained competitive advantage, it is crucial to focus on strengthening product differentiation. This involves enhancing the characteristics and positioning of their offerings, such as loans, credit cards, and other financial services. SACCOs should identify relevant market niches and develop powerful marketing strategies to create a distinctive brand identity (Schonhaut, 2020). This could include offering innovative financial products tailored to specific customer needs, improving customer service, and implementing advanced technologies that enhance the user experience. By differentiating their products and services, SACCOs can cater to the diverse preferences of their customers, build a strong brand presence, and achieve greater market success. Investing in research and development to stay ahead of industry trends and incorporating feedback from customers will further bolster their competitive positioning.

SACCOs should refine their focus cost strategies to better target specific market segments in Nairobi. This involves identifying and understanding the unique needs of niche markets and employing specialized sales channels to address these needs effectively. A focus cost strategy can be enhanced by offering tailored financial products and services that cater specifically to the requirements of targeted demographic groups. SACCOs should also consider adopting segmentation techniques that allow them to better define their target markets and customize their service offerings accordingly (Muriungi, 2022). By concentrating on niche markets and utilizing targeted marketing efforts, SACCOs can improve their outreach and performance, thus maximizing their impact and profitability within these segments.

To reinforce focus differentiation, SACCOs must emphasize the provision of unique products and services to specific customer groups. This involves developing specialized offerings that cater to the distinct needs of targeted market segments and establishing a reputation for high-quality service and innovation (Mugacia, 2024). SACCOs should focus on features and benefits that are highly valued by their target customers, and continually adapt their offerings to meet changing consumer expectations. Creating a strong brand identity and building customer loyalty through exceptional service delivery will enhance SACCOs' market position and competitive advantage. Additionally, SACCOs should engage in regular market research to stay informed about emerging trends and customer preferences, ensuring that their focus differentiation strategies remain relevant and effective. Implementing these recommendations will enable SACCOs in Nairobi to strengthen their competitive advantage and improve their overall performance. By managing cost leadership strategies effectively, enhancing product differentiation, optimizing focus cost strategies, and reinforcing focus differentiation, SACCOs can better meet customer needs, achieve financial sustainability, and thrive in a competitive financial landscape.

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