EdinBurg Peer Reviewed Journals and Books Publishers
Journal of Strategic Management
Vol. 5||Issue 1||pp 23-42||March||2025
Email: info@edinburgjournals.org||ISSN: 2789-4851

The Role of Competitive Strategies in Enhancing Performance of Selected DT-Saccos in Nairobi City County, Kenya

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Accepted: 13 February 2025 || Published: 27 March 2025

Abstract

The contemporary operational environment of organizations is characterized by rapid shifts and heightened unpredictability, driven by factors such as evolving consumer behaviour, globalization, increased competition, and market deregulation. This study investigates the impact of competitive strategies cost leadership, differentiation, customer focus, and growth on the performance of deposit-taking Savings and Credit Cooperative Societies (SACCOs) within Nairobi City County, Kenya. Grounded in the resource-based view, configuration theory, and goal-setting theory, the study utilized a descriptive research design targeting 215 administrative employees across various SACCOs. A stratified proportionate sampling method was employed to select 109 participants. Data were collected using semi-structured questionnaires, and analyzed through the Statistical Package for Social Sciences (SPSS), focusing on descriptive and inferential statistics, including regression and correlation analyses. The findings revealed that cost leadership strategies, particularly cost adjustments and competitive pricing, significantly improved operational efficiency and organizational performance. Differentiation strategies centred on offering unique value-based products, were also positively correlated with better performance outcomes. Additionally, customer-focused strategies were shown to enhance customer satisfaction and loyalty, while growth strategies, such as market penetration and product development, contributed to increased SACCO performance. The study concludes that the effective implementation of these competitive strategies is essential for boosting the performance of SACCOs. Recommendations include investing in technological innovation, fostering strategic alignment, and institutionalizing continuous strategy monitoring. Future research should explore the impact of organizational culture and external environmental factors on SACCO's performance.

Keywords: *Competitive Strategies, SACCO Performance, Cost Leadership, Differentiation Strategy, Customer-Centric Strategy, Growth Strategy*

How to Cite: Muchiri, T., & Muthimi, J. (2025). The Role of Competitive Strategies in Enhancing Performance of Selected DT-Saccos in Nairobi City County, Kenya. *Journal of Strategic Management, 5*(1), 23-42.

1. Introduction

In today's fast-paced and evolving business landscape, organizations operate within a volatile environment shaped by shifting customer preferences, globalization, market deregulation, and heightened competition. These external pressures, coupled with internal organizational dynamics, challenge companies to adopt adaptable strategies to remain competitive and secure market share (Michael & Luiz, 2019). Manufacturing organizations, in particular, face intense global competition that threatens their profitability and sustainability, necessitating a deeper evaluation of their operational and strategic frameworks (Makaew & Maksimovic, 2020). On the other hand, Kamau and Muthimi, (2023) contend that there has been unsustainable performance in Deposit Taking- Savings and Credit Cooperative Organizations in Kenya.

Competitive strategies are critical to an organization's ability to navigate this turbulent landscape, ensuring improved performance and an enhanced market position (Haris, 2021). As organizations strive to meet the demands of an unpredictable business environment, they craft and implement strategies aimed at retaining current customers, attracting new ones, and reinforcing their competitive edge (Stamevska, Dimitrieska, & Stankovska, 2019). However, divergent perspectives exist regarding the most effective strategic approaches. While Porter (2008) warns of the risks of a "stuck in the middle" approach, others argue that integrating various strategies can elevate product and service quality, ultimately boosting market demand and profitability (Ardiansyah et al., 2023).

At the heart of these strategic discussions lies Porter's three generic competitive strategies: cost leadership, differentiation, and focus. Each approach offers distinct advantages in helping organizations secure and sustain competitive advantages in their respective markets (Thodkar, 2019). Cost leadership emphasizes efficiency and low operational costs, while differentiation focuses on innovation and customer perception, and focus strategies target niche markets with tailored offerings. However, the successful execution of these strategies depends not only on the strategies themselves but also on how well organizations navigate both internal capabilities and external market forces (Okoshi, Lima, & Costa, 2019).

Despite the growing body of research on competitive strategies, many organizations still face challenges in achieving sustained competitiveness, particularly in constrained markets. In this study, we explore the correlation between competitive strategies and organizational performance, with a specific focus on Deposit-Taking Savings and Credit Cooperative Organizations (DT-SACCOs) in Nairobi City County, Kenya. By examining the implementation of competitive strategies in this sector, the study seeks to provide insights that apply to a wide range of organizations facing similar competitive pressures.

1.1 Problem Statement

The growth of Savings and Credit Cooperative Organizations (SACCOs) in Kenya has had a profound impact on the country's economic development, contributing to the improvement of living standards by approximately 30%. Through SACCO memberships, individuals benefit from financial services that support education, healthcare, entrepreneurship, and home ownership, among other opportunities. As this sector continues to expand, the Kenyan government has enacted legislation and adopted international financial performance standards to enhance the governance and performance of SACCOs (Bowen, Morara & Mureithi, 2019). In the increasingly competitive financial landscape, deposit-taking SACCOs face pressure to implement competitive strategies aimed at improving profitability and ensuring positive returns for shareholders and investors (Mwikya et al., 2019).

Despite the significant influence SACCOs have on the Kenyan economy, their competitive strategies and the relationship between these strategies and organizational performance have not been extensively explored. Previous research in strategic management has revealed a lack of consensus on the optimal competitive strategies for enhancing organizational performance and securing sustainable competitive advantages (Kamau & Muthimi, 2023; O'Regan, Kluth, & Parnell, 2017; Pearce & Robinson, 2019). Furthermore, while studies have examined competitive strategies in various sectors, including Kenya's petroleum and real estate industries

(Murage, 2011; Karanja, 2017), there is a notable gap in research focused on deposit-taking SACCOs.

In the face of intense competition and the need to align with international financial standards, Kenyan deposit-taking SACCOs must adopt effective strategies to enhance their performance and ensure long-term viability. However, the absence of clear evidence on which strategies are most effective in this context highlights a critical gap in the existing literature. This study seeks to address this gap by investigating the relationship between various competitive strategies such as cost leadership, differentiation, focus, and growth strategies and the performance of deposit-taking SACCOs in Kenya. By identifying the most effective strategies, this research aims to provide SACCOs with the tools necessary to gain a competitive edge and improve their overall performance in the dynamic financial sector.

1.2 Research Objectives

1.2.1 General objective

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

1.2.2 Specific objectives

The study was guided by the following specific objectives:

i. To ascertain how the performance of deposit-taking SACCOs in Nairobi City County, Kenya is impacted by the cost leadership strategy.

ii. To investigate how differentiation strategies influence the performance of deposit-taking SACCOs in Nairobi City County, Kenya.

iii. To explore how the performance of deposit-taking SACCOs in Nairobi City County, Kenya is impacted by the customer focus strategy.

iv. To evaluate how the performance of deposit-taking SACCOs in Nairobi City County, Kenya is influenced by the implementation of a growth strategy.

2. Literature Review

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.

2.1 Theoretical Review

The theoretical literature review provides a foundation for understanding the interconnected variables relevant to this study. It establishes the key theories that guide the analysis of organizational performance and competitive strategies, offering insights into the mechanisms behind competitive advantage, performance optimization, and strategic decision-making.

2.1.1 Resource-Based View Theory

The Resource-Based View (RBV) theory, pioneered by Penrose (1959), explores how organizations leverage internal resources to secure and sustain competitive advantages. The theory emphasizes that not all resources contribute equally to an organization's success. For an organization to consistently achieve above-average profits, it must possess resources that are valuable, rare, inimitable, and non-transferable (Kraaijenbrink, Spende, & Groen, 2010). Fahy (2009) posits that strategic decision-making by management, along with resource amalgamation, plays a crucial role in generating a competitive edge and superior performance. Despite the relevance of RBV, scholars like Barney (1991), Priem and Butler (2001), and Sanchez (2008) have criticized the theory for lacking a systematic framework for identifying and categorizing valuable resources. This study adopts RBV to explore the relationship between competitive strategies and organizational performance, leveraging its strength in explaining the strategic value of resources.

2.1.2 Configuration Theory

Rooted in the work of Chandler (1962), Configuration Theory posits that organizational performance is contingent on the alignment between an organization's structure and its external environment. Optimal performance is achieved when an organization's strategy, structure, and environment are harmonized (Fincham & Rhodes, 2010). The theory suggests that organizations must adapt their strategies to changing external factors to thrive, and there is no universally optimal strategy applicable to all businesses (Gao, Zhou, & Yim, 2007). However, critics like Smith and Lewis (2011) argue that the theory fails to account for organizational complexity and dynamic changes. Despite these limitations, this study utilizes Configuration Theory to examine how competitive strategies—such as cost leadership, differentiation, and growth are influenced by external environments and how this alignment affects organizational performance.

2.1.3 Goal-Setting Theory

Initiated by Locke (1968) by Locke and Latham (2010), goal-setting theory explores the relationship between clear, specific goals and enhanced organizational productivity. The theory suggests that goal setting motivates individuals by focusing their attention on critical tasks, influencing persistence, and establishing benchmarks for success. Locke and Latham (2010) identify four key motivational mechanisms: goal stimulation, attention focus, perseverance, and performance evaluation. Although the theory emphasizes cognitive factors, critics such as Locke and Latham (1999) argue that it neglects the role of subconscious motivators. This study employs goal-setting theory to examine the impact of strategic leadership on organizational effectiveness, particularly how leadership influences the alignment of employee and organizational goals to enhance performance.

2.2 Empirical Review

Kharub, Mor, and Sharma (2019) investigated the relationship between cost leadership strategy and organizational performance, with a focus on the mediating effect of quality management in MSMEs. Their study involved 245 MSMEs certified under ISO 9000, with a response rate of over 65%. Utilizing structural equation modeling and a partial mediation model, the findings demonstrated that cost leadership did not directly influence organizational performance. Instead, quality management practices served as a complete mediator, with continuous improvement, information analysis, and supplier management being pivotal. The study emphasized that by embedding cost leadership throughout an organization, MSMEs could gain a competitive edge, though it did not justify its data collection instrument, a gap addressed by the current research.

Chepchirchir, Omillo, and Munyua (2018) analyzed the impact of cost leadership strategy on the performance of logistics firms engaged in international operations. Their research employed an explanatory design and surveyed 151 participants, of which 110 were top and middle-level managers. The study, guided by Porter's five forces theory, demonstrated that the implementation of cost leadership led to significant increases in sales volumes, profit margins, and operational efficiencies. While offering valuable insights into the logistics industry, the study did not justify its chosen research design, a methodological gap that the present study seeks to bridge.

Muasa (2014) explored how Naivas supermarket used a cost leadership strategy to secure a competitive advantage in the Kenyan retail market. Through a case study method, both primary and secondary data were collected from key personnel and analyzed through content analysis. The findings revealed that Naivas had successfully carved a niche in the low- and middle-income segments by leveraging cost leadership. However, Muasa (2014) identified the need for further investments in ICT, customer relationship management, and staff morale to sustain competitive advantage. The research also overlooked administrative costs, a conceptual void that the current study aims to fill.

Klinger, Silveira-Martins, Castro, and Rossetto (2019) investigated strategic positioning and differentiation strategies within Brazilian wineries, surveying 123 firms. Using multivariate statistical methods and structural equation modeling, the study found that prospector orientation positively influenced differentiation, while analyzer orientation had a negative correlation. The results suggested that differentiation could enhance organizational performance. However, the study faced criticism for not disclosing the location of its pilot study, a gap that this current research seeks to address. Adimo (2018) examined the effect of product differentiation on organizational performance, targeting executives and dealers in Nairobi. The study, which used Pearson correlation and regression analysis, showed a strong positive correlation between product differentiation and improved performance. However, Adimo's study failed to consider value-centered services, leaving a gap that this current research aims to bridge by exploring both product and service differentiation.

Nuru (2015) assessed the effect of differentiation strategies on the performance of bottled water companies in Mombasa County. The study employed cross-sectional data and a combination of descriptive and inferential analysis, revealing that product differentiation had a more significant impact than service differentiation. However, the research lacked justification for its design, a methodological gap that the present study seeks to rectify. Akitokunbo (2018) explored the relationship between telecommunication firms' performance and market-focused strategies. Using a cross-sectional design, 100 participants were selected from a population of 134 management staff, with data analyzed through Spearman's rank correlation. The study revealed a strong positive correlation between organizational performance and market-focused strategies. However, it did not address market diversity, a conceptual void that this current research aims to explore further.

Tritos, Choon, and Vijay (2010) examined the relationship between competitive strategies and operational performance in emerging markets. Their study differentiated between niche market and broad market strategies and how each impacted process management and employee commitment. While niche market strategies influenced process management, broad market approaches directly impacted employee commitment. Despite providing valuable insights, the study lacked an explanation for its data analysis techniques, a gap that the present research intends to address. Peltokorpi et al. (2016) studied customer-centric focus strategies in healthcare service delivery, proposing strategies to minimize variation in processes and outcomes. The study emphasized tailored demand and supply management practices to enhance system-level effects. While introducing a customer-centered framework, the study overlooked the role of deposit-taking SACCOs, a gap that the current research aims to fill.

Mwania (2017) investigated the relationship between growth strategies and organizational performance in Kenyan firms. Using descriptive statistics, the study concluded that strategies like market expansion and product development positively impacted organizational performance. However, Mwania's research did not justify its research design, a methodological gap this study seeks to address. Ojwaka and Deya (2018) examined how growth strategies impacted the performance of commercial printing firms, with 75 managers participating in the study. The study revealed that product development strategies positively affected performance but were not statistically significant. The study recommended ongoing market research and technology adoption to enhance performance. However, the research lacked justification for its sampling design, a gap that this study will address.

Etori (2013) explored the correlation between business growth strategies and organizational performance in the financial sector. Using a case study approach, Etori found that organizations employed diverse growth strategies, including risk-taking and technology integration, to enhance competitiveness. However, the study did not address the role of product development, a gap that this research aims to rectify.

2.3 Conceptual Framework

Figure 1 shows the study's conceptual framework which shows the interrelation between the independent variable and the dependent variable.

Independent Variables **Dependent Variable**

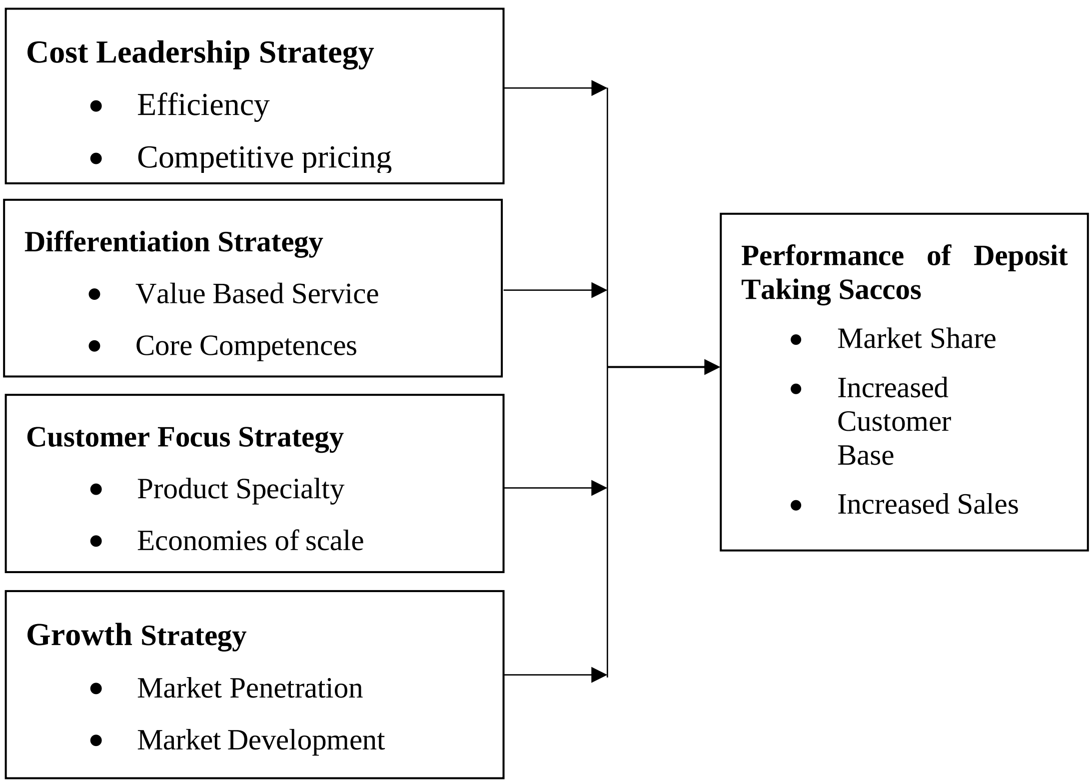

Figure 1: Conceptual Framework

3. Methodology

In this study, a descriptive research design was employed to explore how competitive strategies influence the performance of deposit-taking SACCOs within Nairobi City County, Kenya. This design allowed for the collection and analysis of data without altering the natural environment of the respondents, as outlined by Mugenda and Mugenda (2003). The study focused on cost leadership, differentiation, customer-centric, and growth strategies, and their effects on SACCO performance. The target population consisted of 218 strategic managers across 42 SACCOs, including top, middle, and operational managers.

To ensure a representative sample, purposive sampling was utilized, selecting 109 participants who were knowledgeable about their organizations' operations and well-positioned to provide objective information. This sampling technique aligned with Kothari's (2009) recommendation that a sample should mirror the population's characteristics to allow for generalizable findings.

Data collection was carried out using semi-structured questionnaires, which were designed to elicit straightforward and uniform responses. The questionnaire contained both closed-ended questions and scaled questions, divided into two sections: demographic information and study variables. Orodho (2009) supported the use of questionnaires as an effective tool for gathering direct responses. The drop-and-pick method was employed for distributing the questionnaires, with electronic distribution available when necessary.

A pilot study was conducted at Jacaranda SACCO Society Ltd, a suitable test site due to its proximity and relevance. The pilot study, which involved 11 respondents (10% of the sample), was instrumental in assessing the reliability and validity of the questionnaire. Cronbach's alpha coefficient was used to test internal consistency, with all variables achieving a coefficient above the 0.70 threshold, confirming the reliability of the instrument.

Data was analyzed using the Statistical Package for Social Sciences (SPSS) version 29.0.2. Descriptive statistics such as means, frequencies, and percentages were used to summarize the data, while regression analysis was employed to examine the relationship between the independent and dependent variables. Results were presented in tables, charts, and narrative form.

Ethical considerations were paramount throughout the study. Approvals were obtained from Kenyatta University and NACOSTI, and participant anonymity and consent were prioritized. Respondents were informed of their rights, including the option to withdraw from the study at any time.

4. Results and Discussion

4.1 Descriptive statistics

This section presents the analysis of descriptive statistics based on the data collected from 91 respondents, in alignment with the research objectives. Each strategy's contribution to the organizational performance of deposit-taking SACCOs in Nairobi City County is discussed in the following sections.

4.1.1 Cost Leadership Strategy

This section provides an analysis of descriptive statistics related to cost leadership strategies in deposit-taking SACCOs, based on the study's findings.

Table 1: Cost Leadership Strategy in Deposit-Taking SACCOs

Statements on Cost Leadership Strategy	N	Mean	Std. Deviation
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**

The findings from the analysis of cost leadership strategy are presented in Table 1. The aggregate score of 3.83 suggests a generally positive response from SACCOs regarding the adoption of cost leadership strategies. As shown, the highest mean score (3.92) was recorded for competitive pricing achieved through the cost leadership strategy. This finding suggests that SACCOs view cost leadership as essential in enabling competitive pricing, a key factor in attracting and retaining customers. Furthermore, the adoption of technology-based systems to optimize costs (mean = 3.86) was another major factor, reinforcing that SACCOs are leveraging technology to enhance efficiency.

While administrative costs were considered affordable (mean = 3.64), the competitiveness of these costs had a lower mean score of 3.47, indicating potential areas for improvement. Qualitative data from open-ended questions supported these findings, as respondents highlighted the use of digital platforms and cost-saving measures such as contract renegotiations and automation of back-office functions to reduce expenses. These measures were linked to improved financial performance, such as reductions in utility expenses through energy-saving initiatives.

The results align with previous studies by Gikunda and Sawe (2024) and Bebe (2019), who emphasized the positive impact of cost leadership strategies on operational efficiency and financial performance in SACCOs. These findings underline the importance of technological adoption and operational optimization in realizing the benefits of cost leadership strategies.

4.1.2 Differentiation Strategy

This section covers the descriptive statistics of the differentiation strategy, a key aspect of the study. Table 2 presents data on various components of differentiation in deposit-taking SACCOs within Nairobi City County.

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Journal of Strategic Management
Vol. 5||Issue 1||pp 23-42||March||2025
Email: info@edinburgjournals.org||ISSN: 2789-4851

Table 2: Differentiation Strategy in Deposit-taking SACCOs

Statements on Differentiation Strategy	N	Mean	Std. Deviation
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 based on 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**

As shown in Table 2, the differentiation strategy was also widely adopted, with an aggregate mean of 3.91, indicating a strong focus on value-based products, product features, and core competencies. Differentiation based on core competencies had the highest mean score of 4.15, suggesting that SACCOs believe their unique capabilities significantly enhance performance. Additionally, value-based products were seen as a key factor in earning more returns, with a mean of 4.09. These findings reflect the growing importance of offering distinct services that meet specific customer needs, thereby gaining a competitive edge in the market.

Responses to open-ended questions further elaborated on how SACCOs are using product differentiation to stand out in the competitive market. Personalized services and targeted communication strategies were mentioned as key tools for achieving differentiation. These strategies have proven effective in enhancing member satisfaction and loyalty, which are crucial to long-term success.

The findings corroborate research by Ndegwa et al. (2024) and Kavalya (2018), which identified differentiation strategies as significant contributors to SACCO performance. The emphasis on core competencies and unique value propositions in this study mirrors their findings, reinforcing the idea that tailored services and products drive competitive advantage.

4.1.3 Customer Focus Strategy

This section covers the descriptive statistics of the customer focus strategy, a key factor in the performance of deposit-taking SACCOs within Nairobi City County. Table 3 presents data on the extent to which various aspects of customer-focus strategies were applied in these organizations.

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Journal of Strategic Management
Vol. 5||Issue 1||pp 23-42||March||2025
Email: info@edinburgjournals.org||ISSN: 2789-4851

Table 3: Customer Focus Strategy in Deposit-taking SACCOs

Statements on Customer Focus Strategy	N	Mean	Std. Deviation
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**

The customer focus strategy, as outlined in Table 3, achieved the highest aggregate mean score of 4.13, indicating that SACCOs place a strong emphasis on customer-centric strategies. Product specialty (mean = 4.22) and market diversity (mean = 4.20) were key drivers of performance, reflecting SACCO's focus on meeting diverse customer needs. Respondents indicated that customer satisfaction and economies of scale were strongly influenced by customer focus, as demonstrated by the mean score of 4.16 for achieving market diversity.

Open-ended responses revealed that many SACCOs employ personalized communication channels and feedback mechanisms to improve member engagement. These strategies have resulted in increased customer satisfaction, further supporting the importance of customer focus in enhancing SACCO's performance.

These results are in line with studies by Moenga (2019) and Wanyama (2009), who found that customer-centric strategies significantly contribute to market share and turnover growth in SACCOs. The alignment of findings underscores the importance of focusing on customer needs to achieve long-term success.

4.1.4 Growth Strategy

This section presents the descriptive statistics on the growth strategy as it relates to the performance of deposit-taking SACCOs within Nairobi City County. Table 4 below outlines the extent to which different aspects of growth strategies are applied by these SACCOs.

Table 4: 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 a 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**

Growth strategies were also highly rated, with an aggregate mean of 4.11, as shown in Table 4, market development (mean = 4.24) and diversification (mean = 4.13) emerged as the most effective strategies for increasing performance, reflecting SACCO's focus on expanding their market reach and product offerings. The development of new products was also well-regarded, with a mean score of 4.05, indicating that innovation is a key component of SACCO's growth strategies.

Respondents highlighted market expansion efforts into other African regions and product innovation as important drivers of growth. These strategies have helped SACCOs diversify their revenue streams and increase sales turnover, contributing to better financial outcomes.

The findings are consistent with research by Chelang'at and Muturi (2017) and Jeje (2015), who demonstrated that growth strategies such as market penetration and product development positively influence SACCO's performance. The strong correlation between growth strategies and performance in this study reinforces their conclusions.

4.1.5 Performance of Selected Deposit-Taking SACCOs

This section provides descriptive statistics on the performance of selected deposit-taking SACCOs in Nairobi City County. The analysis assesses the extent to which various performance indicators have been realized by these SACCOs. Table 5 below presents the statistics on performance factors, including market share, customer base, sales, and profitability.

Table 5: 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**

Table 5 presents the performance statistics of SACCOs, with an aggregate mean of 4.29, suggesting substantial growth in key performance indicators such as market share, customer base, and profitability. SACCOs have experienced a significant increase in their customer base (mean = 4.36), indicating effective customer acquisition strategies. Profitability growth was also positively rated, with a mean of 4.14, affirming the financial health of these organizations.

These findings align with Wanyama (2016) and Otieno (2019), who emphasized the positive impact of strategic customer acquisition and market expansion on SACCO profitability and market share. The consistency in these results highlights the effectiveness of performance-driven strategies in achieving long-term success.

4.2 Test of Hypothesis

This section outlines the application of inferential statistics to analyze how independent variables influence the dependent variable. The analysis involved both regression and correlation tests. Regression analysis was used to evaluate the impact of the independent variables on the dependent variable, while correlation analysis measured the strength of the relationships between the independent and dependent variables.

4.2.1 Correlation Analysis

Correlation analysis was conducted to assess the nature and strength of the relationships between the independent variables and the dependent variable (Performance). The correlation matrix is displayed in Table 6.

Table 6: 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)**

The correlation results indicate that: Cost Leadership Strategy had a moderate positive relationship with performance ($r = 0.372$, $p = 0.000$). This suggests that increased adoption of cost leadership strategies is associated with improved performance, supporting the findings of (Kim & Mauborgne 2020). Differentiation Strategy had a moderate positive correlation with performance ($r = 0.408$, $p = 0.000$), implying that more differentiation leads to better performance. This aligns with Porter (2019), who highlighted differentiation as a key to competitive advantage. Customer Focus Strategy showed a weak but significant positive relationship with performance ($r = 0.281$, $p = 0.000$), indicating that customer-centric strategies still contribute to better outcomes. This aligns with Prahalad and Ramaswamy (2018). Growth Strategy demonstrated a stronger positive association with performance ($r = 0.512$, $p = 0.000$), confirming that organizations focusing on growth strategies achieve better performance, as noted by Kaplan and Norton (2021).

4.2.2 Multivariate Regression Analysis

A multivariate regression model was used to examine whether Cost Leadership, Differentiation, Customer Focus, and Growth Strategies significantly predicted performance. The results are presented in Table 7.

Table 7: Analysis of Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721[a]	.520	.489	.67985

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

The R Square value of 0.520 indicates that 52% of the variance in performance is explained by the implementation of strategic approaches. This is consistent with Porter (2019), who suggested that competitive strategies significantly influence firm performance. The analysis of variance (ANOVA) was performed to determine the model's overall significance. The results are shown in Table 8.

Table 8: Analysis of Variance (ANOVA)

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

With an F-statistic of 16.452 and a p-value of 0.000, the study rejects the null hypothesis, confirming that the regression model is statistically significant. This indicates that the implementation of the strategies significantly contributes to the performance of SACCOs in Nairobi City County.

Table 9: 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

The regression equation became:

$$P=0.512+0.845(CLS)+0.712(DS)+1.320(CFS)+1.487(GS)+\epsilon$$

Where:

- P = Composite index of performance
- CLS = Cost Leadership Strategy
- DS = Differentiation Strategy
- CFS = Customer Focus Strategy
- GS = Growth Strategy
- ϵ = Error term

The coefficients indicate the following: Cost Leadership Strategy ($\beta = 0.845$, $p = 0.160 > 0.05$) had a positive but statistically insignificant effect on performance. This result contrasts with the findings of Zubair and Habib (2023), who noted a significant impact of cost leadership in resource-constrained environments. Differentiation Strategy ($\beta = 0.712$, $p = 0.002 < 0.05$) had a significant positive impact on performance, supporting the findings of Sharma and Jindal (2022) on the importance of differentiation in dynamic markets. Customer Focus Strategy ($\beta = 1.320$, $p = 0.000 < 0.05$) showed a strong positive and significant effect on performance. This result aligns with Chen et al. (2021), who emphasized the role of customer focus in building loyalty and enhancing performance. Growth Strategy ($\beta = 1.487$, $p = 0.000 < 0.05$) had the strongest and most significant impact on performance, indicating that organizations that adopt growth strategies see substantial performance improvement, as supported by Becker and Hofer (2020).

5. Conclusion

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 deposit-taking 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 SACCO's 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 on 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.

6. Recommendations

Based on the findings, the study recommends that selected deposit-taking 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 the 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 study suggests that SACCOs develop leadership programs focused on strategic thinking and decision-making skills, ultimately enhancing organizational performance. Moreover, SACCOs should institutionalize strategy monitoring practices. This entails fostering transparency within the organization, encouraging open communication, and regularly tracking performance metrics. Implementing systems for real-time data collection will facilitate informed decision-making and enhance overall organizational effectiveness.

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