COMPETITIVE STRATEGY AND PERFORMANCE OF DEPOSIT TAKING SAVINGS AND CREDIT COOPERATIVE ORGANIZATIONS IN KIRINYAGA COUNTY, KENYA

JANE WANGECHI NDEGWA

AN APPLIED RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE OF AFRICA NAZARENE UNIVERSITY

JUNE 2024

DECLARATION

I declare that this research project is my original work and that it has not been presented in any other institution of higher learning for academic work.

Name of student: Jane Wangechi Ndegwa

Registration Number: 17J03DMBA017

Signature:  Date: 27th June, 2024

This research project was conducted under my supervision and is submitted for examination with my approval as the university supervisor.

Name of supervisor: Dr. John Kamau

Signature:  Date: 27th June, 2024

Name of supervisor: Dr. Gichuhi Kimani

Signature:  Date: 28th June, 2024

Africa Nazarene University

Nairobi, Kenya

EXAMINERS' SIGNATURES

We have examined this document and the research has met or exceeded the requirement for the degree sought, in addition, the candidate has sufficiently defended the material presented to merit the awarding of the degree of Master of Business Administration.

Internal examiner:

Signature: Date:

Internal examiner:

Signature: Date:

Internal/External examiner:

Signature: Date:

Internal /External examiner:

Signature: Date:

DEDICATION

I dedicate this study to my entire family for their support and encouragement throughout my studies.

ACKNOWLEDGEMENTS

I am grateful to God for granting me good health, financial resources and an opportunity to advance my studies. I particularly thank my parents Agnes Ndegwa and Anthony Ndegwa (albeit posthumously) for ensuring I got the best education. My earnest appreciation goes to my siblings, nephews, and nieces for their financial and moral support as I pursued my studies. I express my profound gratitude to my supervisors Dr. John Kamau and Dr. Kimani Gichuhi for their invaluable supervision, scholarly support and insightful guidance throughout the research process. I am grateful to Caroline Nyamanga of the School of Business, Africa Nazarene University for her unwavering guidance through the research writing process. I extend my appreciation to my MBA colleagues for their constant encouragement and feedback in the course of our studies. Special thanks to David Kiragu who assisted in data collection as well as my colleague Dr. Reuben James who was very instrumental in data analysis. My sincere appreciation also goes to my colleagues Jackson Runyora and Susan Nkanata for their continuous encouragement throughout my MBA studies.

May God bless you all abundantly

TABLE OF CONTENTS

DECLARATION ..... **ii**
EXAMINERS' SIGNATURES ..... **iii**
DEDICATION ..... **iv**
ACKNOWLEDGEMENTS ..... **v**
TABLE OF CONTENTS ..... **vi**
LIST OF TABLES ..... **x**
LIST OF FIGURES ..... **xi**
ABSTRACT ..... **xii**
OPERATIONAL DEFINITIONS OF TERMS ..... **xiii**
ACRONYMS AND ABBREVIATIONS ..... **xiv**
CHAPTER ONE **1**
INTRODUCTION **1**
1.1 Introduction 1
1.2 Background of the Study 1
1.2.1 Competitive Strategies 2
1.2.2 Performance 4
1.2.3 Competitive Strategies and Performance 5
1.2.4 Overview of Deposit Taking SACCOs in Kenya 5
1.3 Statement of the Problem 7
1.4 General Objective of the Study 8
1.4.1 Specific Objectives of the Study 8
1.4.2 Study Hypotheses 9
1.5 Significance of the Study 9
1.6 Scope of the Study 9
1.7 Delimitations of the Study 10
1.8 Limitations of the Study 10
1.9 Assumptions of the Study 11
1.10 Theoretical Framework 11

1.10.1 Porter's Generic Strategies Theory 12
1.10.2 Porter's Five Forces Model 13
1.10.3 Resource-Based View Theory 14
1.11 Conceptual Framework 15
CHAPTER TWO 17
LITERATURE REVIEW 17
2.1 Introduction 17
2.2 Review of Literature 17
2.2.1 Cost Leadership Strategy and Performance 17
2.2.2 Differentiation Strategy and Performance 21
2.2.3 Focus Strategy and Performance 24
2.3 Summary and Research Gap 27
CHAPTER THREE 30
RESEARCH METHODOLOGY 30
3.1 Introduction 30
3.2 Research Design 30
3.3 Research Site 30
3.4 Target Population 31
3.4.1 Sampling Procedure 32
3.5 Data Collection Instruments 32
3.5.1 Pilot Testing of Research Instruments 33
3.5.2 Instrument Reliability 33
3.5.3 Instrument Validity 34
3.5.4 Data Collection Procedure 35
3.6 Data Processing and Analysis 35
3.6.1 Testing for Assumptions of Regression 37
3.7 Legal and Ethical Considerations 38
CHAPTER FOUR 39

DATA ANALYSIS AND FINDINGS 39
4.1 Introduction 39
4.2 Response Rate 39
4.3 Demographic Information 39
4.3.1 Gender of the Respondents 40
4.3.2 Position Held at the Organization 40
4.3.3 Respondents Academic Qualifications 41
4.3.4 Respondents Work Experience 42
4.3.5 SACCO's Duration of Operation 43
4.4 Descriptive Analysis 44
4.4.1 Cost Leadership Strategy 44
4.4.2 Differentiation Strategy 47
4.4.3 Focus Strategy 49
4.4.4 Performance 51
4.5 Diagnostic Tests for Assumptions of Regression 54
4.5.1 Test of Multi-collinearity 54
4.5.2 Test of Homoscedasticity 55
4.5.3 Test of Normality 55
4.5.4 Correlation Analysis 56
4.6 Multiple Linear Regression Analysis 58
4.7 Hypotheses Testing 61
CHAPTER FIVE 64
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS 64
5.1 Introduction 64
5.2 Discussion 64
5.2.1 Cost Leadership Strategy and Performance 64
5.2.2 Differentiation Strategy and Performance 65
5.2.3 Focus Strategy and Performance 66

5.2.4 Performance 67
5.3 Summary of Main Findings 67
5.4 Conclusion 68
5.5 Recommendations 69
5.6 Areas of Further Research 70
REFERENCES 71
APPENDICES 76
APPENDIX I: QUESTIONNAIRE 76
Appendix II: Registered Deposit Taking SACCOs in Kirinyaga County 82
Appendix III: Letter of Authorization 83
Appendix IV: Letter of Introduction 84
Appendix V: Research Permit 86
Appendix V: Research Permit 88
Appendix VI: Map of Kirinyaga County 89

LIST OF TABLES

Table 2.1 Research Gaps....28
Table 3.1: Target Population....32
Table 3.2: Reliability Test Results....34
Table 4.1: Response Rate....39
Table 4.2: Gender Distribution of Respondents....40
Table 4.3: Position at the Organization....41
Table 4.4: Academic Qualifications....42
Table 4.5: Work Experience....42
Table 4.6: Duration of Sacco Operation....43
Table 4.6: Descriptive Statistics for Cost Leadership Strategy....44
Table 4.7: Descriptive Statistics for Differentiation Strategy....47
Table 4.8: Descriptive Statistics for Focus Strategy....50
Table 4.9: Descriptive Statistics for Performance of the SACCO....52
Table 4.10: Multicollinearity results.....52
Table 4.11: Homoscedasticity results.....53
Table 4.12: Normality results.....54
Table 4.13: Correlation Results....55
Table 4.14: Model Summary....59
Table 4.15: ANOVA Results....59
Table 4.16: Regression Coefficients....60

LIST OF FIGURES

Figure 1.1: *Conceptual Framework* 16
Figure 2.1: *Gender Distribution of Respondents*.....40
Figure 4.1: *Importance of Cost Leadership Strategs* 44
Figure 4.2: *Importance of Differentiation Strategy*.....46
Figure 4.3: *Importance of Focus Strategy.*.....49
Figure 4.4: *Importance aspects of SACCO performance.* 51

ABSTRACT

Performance is an essential indicator of the success or failure of any organization. Increased competition and rapid changes in the global business environment have an impact on organizational performance. To remain competitive and increase performance, businesses are increasingly adopting competitive strategies. This study sought to establish the influence of competitive strategies on the performance of deposit-taking SACCOs in Kirinyaga County. The specific objectives of the study were to establish the influence of cost leadership, differentiation, and focus strategies on the performance of deposit-taking SACCOs in Kirinyaga County. The study was anchored on Porter's Generic Strategies Theory, Porter's Five Forces Model and Resource Based View Theory. The study used a causal explanatory research design and adopted a census survey where all six licensed deposit-taking SACCOs operating in Kirinyaga County were considered. The study population was managers of deposit-taking SACCOs in Kirinyaga County giving 43 respondents. Primary data was collected using questionnaires. The reliability of instruments was tested using Cronbach's Alpha Coefficient while instrument validity was determined through peer review and expert review. Data analysis was done using descriptive statistics and inferential statistics. Frequencies, percentages, mean and standard deviation were used to analyze quantitative data and the findings were summarized in tables and graphs whereas qualitative data was coded into thematic areas, and reported in narrative verbatim. Pearson's correlation analysis and multiple linear regression analysis were used to establish the relationship between the independent variables and dependent variable. The study results revealed that the overall Pearson correlation coefficient (r) of the study predictor variables (competitive strategies) was 0.678, which means that competitive strategies have a strong and positive relationship with the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Specifically, there is a strong positive correlation between cost leadership strategy, differentiation strategy and SACCO performance, while there is a moderate and statistically significant correlation between focus strategy and SACCO performance. The coefficient of determination, adjusted R-squared for the regression model, yielded a value of 0.409 with a standard error of estimate of 0.26210. This suggests that variations in the independent variables namely; cost leadership strategy, differentiation strategy and focus strategy explained 40.9% of the variation in the dependent variable, SACCO performance. The study recommends that the deposit-taking SACCOs should focus on implementing effective competitive strategies. The SACCOs should identify and prioritize impactful strategies especially cost leadership strategies and differentiation strategies that contribute most to SACCO's performance. Additionally, the SACCOs should have continuous monitoring and adaptation and invest in training and capacity building since equipping staff with the knowledge and skills necessary to understand and implement competitive strategies effectively is crucial.

OPERATIONAL DEFINITIONS OF TERMS

Competitive advantage refers to anything that a business does differently from its competitors hence attracting more customers and improving its performance.

Competitive strategy refers to a company's long-term plan to set itself apart from rivals and subsequently increase earnings.

Deposit-taking SACCO refers to a financial savings and credit cooperative organization or society that allows members to open a savings account and deposit money into the account. The members are allowed to withdraw their savings (*Sacco Societies Act,* 2012).

Non-Deposit taking SACCO refers to a financial savings and credit cooperative organization or society that allows members to make deposits that are used as collateral for any loan facility advanced to a member. However, a member cannot withdraw deposits unless they are leaving (*Sacco Societies Act*, 2012).

Performance refers to how well a company meets its financial and market-oriented goals (Henri, 2004).

SACCO refers to a savings and credit cooperative organization or society registered under the ministry of industry, trade and cooperatives in Kenya and authorized to take deposits from members and lend money to members.

ACRONYMS AND ABBREVIATIONS

GDP	Gross Domestic Product
ICT	Information, Communication and Technology
MSMEs	Micro Small and Medium Enterprises
NPLs	Non-Performing Loans
NPOs	Non-Profit Organizations
RBV	Resource-Based View
SACCO	Savings and Credit Cooperative Organization
SASRA	Sacco Societies Regulatory Authority
VRIN	Valuable, Rare, Inimitable and Non-Substitutable
VRIO	Value, Rarity, Imitability and Organization System
WOCCU	World Council of Credit Union

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter looks into the background of the study, problem statement and purpose of the study. It further highlights the general and specific objectives of the study, research questions, significance and scope of the study. In addition, the chapter discusses the study delimitations, limitations and assumptions as well as the theoretical and conceptual framework.

1.2 Background of the Study

The present business environment is highly competitive and dynamic stemming from globalization, prompt industrial and technological advancement (Islami et al., 2020). The entry of financial technology companies into the global financial sector has taken away a good share of customers from traditional financial institutions due to the companies' ability to provide financial services to low-income underserved customers. This has led to reduced market share and profitability within the global financial services sector.

In Africa, the rapid growth of non-financial institutions offering financial services is increasing competition for financial institutions. These non-financial institutions are a popular alternative source of credit for businesses and households due to their relaxed eligibility criteria for borrowers and expedited loan processing leading to reduced market share for financial institutions (Latorre et al., 2020) . Further, the rise in non-performing loans especially in South Sudan, Burundi, Rwanda and Uganda has been reported as hurting the performance of financial institutions in the continent due to reduced profitability (Regulators et al., 2022).

According to the Central Bank of Kenya, the increase in the number of loan defaulters has been raised as a concern among financial institutions in the country due to the loss of revenue associated with the increase in bad debt (Regulators et al., 2022). Additionally, the emergence of unregulated digital mobile lenders in the country has adversely affected performance in the financial services sector due to the provision of quick, cheap, and affordable loans(Priadana et al., 2021).

According to Gamble et al., (2019), these changes are particularly demanding on organizational managers who must constantly strive to formulate and implement business strategies to compete effectively, increase market share and remain profitable. Farida and Setiawan (2022) hold a similar perspective and emphasize that business strategies are important in directing an organization's goals and improving the competitive position of a company's products and services within a specific sector or market niche. According to Rasheed et al., (2017), due to the vibrant and competitive nature of the present business landscape, organizations are becoming more aggressive in identifying and adopting effective business strategies to remain profitable. Priadana et al., (2021) note that one of the strategies that any organization needs to flourish and survive in a dynamic and competitive business environment is a competitive strategy. Edson and Muranda (2021), hold that competitive strategies are great influencers of firm performance and result in the growth and sustainability of any business.

1.2.1 Competitive Strategies

A competitive strategy is a long-term plan that an organization develops and nurtures to attain superior performance (Ingabire & Irechukwu, 2022). Pursuing a competitive strategy enables a business to outperform competitors, generate superior profits and discover its

industry niche. Additionally, a competitive strategy assists a business in dealing with competitive forces that shape an industry.

Porter (1990) identified three competitive strategies that an organization can pursue to yield a competitive advantage. These are cost leadership strategy, differentiation strategy and focus strategy, which are popularly referred to as "generic competitive strategies". This is because any business entity can pursue them, regardless of its size, type or industry (Ali & Anwar, 2021).

1.2.1.1 Cost Leadership Strategy

A cost leadership strategy is an attempt by a business to attain a competitive advantage by lowering its costs below the costs of competing firms (Porter, 2008). When pursuing a cost leadership strategy, a business produces standardized goods or services at lower prices compared to competitors in the same target market. Mishra (2017) explains that a cost leadership strategy aims to increase sales and improve overall firm performance. According to Porter (1990), a business that opts to pursue a cost leadership strategy must continuously pursue cost reduction in all aspects of the business. Tanwar (2013) suggests that cost reduction can be achieved through the adoption of modern technology, sustained access to inexpensive capital, reduction of overheads and administrative costs and reduction of marketing and human resource costs.

1.2.1.2 Differentiation Strategy

Porter (1990) defines differentiation strategy as the ability of a business to provide unique and high-value products or services that consumers find valuable and worth paying while Islami et al., (2020), describe differentiation as the creation of high-quality products or services that appeal to a wide range of customers. For differentiation to be sustainable

in the long term, a business must continuously offer a service or product that is considered distinct industry-wide (Porter, 1990). This means that the uniqueness of the product or service is difficult, time-consuming, or expensive for rivals to imitate. Differentiation can be achieved through brand image, unique products or services, aggressive marketing, and proprietary technology (Tanwar, 2013).

1.2.1.3 Focus Strategy

Focus strategy is the concentrated attention on a certain buyer segment or market niche through which a business reduces the size of its competitive market by finding a small group of customers and catering to the unique demands or needs of this market (Tanwar, 2013). According to Thompson et al., (2016) there are two categories of focus strategy: focus differentiation strategy and focus low-cost strategy. Both categories concentrate on a certain niche or limited market area. Focus differentiation strategy offers products or services to a niche group at higher prices by loading the product or service with features that consumers want. Focus low-cost strategy, on the other hand, offers products or services to a niche group at low market rates relative to competitors.

1.2.2 Performance

According to Henri (2004), performance is the process of analyzing an organization's achievements against predetermined goals and objectives while Folan et al.,(2007) define performance as how well an organization fulfills its market-oriented goals and financial goals. Taouab and Issor (2019) on the other hand, consider performance as how well an organization is doing in realizing its vision, mission and objectives.

Stakeholders use financial and non-financial performance indicators to evaluate the performance of a business. According to Consultant et al., (2016) financial performance

focuses on organizational policies and operations relating to profits while non-financial performance emphasizes on organizational efficiency. The Sacco Societies Regulatory Authority has established that the principal parameters for measuring the performance of deposit-taking Savings and Credit Cooperative Organizations (SACCOs) are growth and performance in total assets, total deposits, gross loans, share capital and membership (Annual et al., 2023).

1.2.3 Competitive Strategies and Performance

Rasheed et al.,(2017) assert that competitive strategies are one of the most important prerequisites for the growth and sustainability of any business, especially in competitive and unstable business environments. Similarly, Edson and Muranda (2021), contend that competitive strategies are significant influencers of firm performance. The author further notes that competitive strategies aim at improving the competitive position of a company's products and services in a particular industry or market niche served by the company. A sound strategy consequently improves performance through product innovation, discovering industry niches or assisting a business deal with competitive forces that shape its industry (Islami et al., 2020).

1.2.4 Overview of Deposit Taking SACCOs in Kenya

While banks were the primary providers of financial services in the country, deposit-taking SACCOs have emerged as alternative financial service providers offering services that were traditionally offered by banks. Deposit-taking SACCOs in Kenya are registered by the Ministry of Industry, Trade and Cooperatives and regulated by the SACCO Societies Regulatory Authority (SASRA). These SACCOs are licensed to provide a variety of financial services, including but not limited to loan facilities, savings accounts, processing

of salaries, electronic funds transfer, cheque clearing and safe custody facilities. Makina and Oundo (2020) hold that the success of deposit-taking SACCOs in the country can be attributed to their significant contribution to the country's economic growth as well as their capacity to offer banking-like services and inclusive financing to all people, regardless of one's income or occupation. SASRA acknowledged the dominance of deposit-taking SACCOs as the primary movers in Kenya's SACCO subsector, noting that there are currently 176 licensed deposit-taking SACCOs in the country and 5.96 million members in the year ended December , 2022 (Societies and Authority, 2023).

1.2.4.1 Profile of Deposit Taking SACCOs in Kirinyaga County

Currently, there are six licensed deposit-taking SACCOs in Kirinyaga County (Societies and Authority, 2023). The first SACCO in the County, Kirinyaga Council Workers SACCO Society now known as Nufaika SACCO was established in 1974 by workers of the then Kirinyaga Municipal Council with the main objective of mobilizing savings and providing loans to members. In 1976, Muhigia SACCO now referred to as Ollin SACCO was founded. The third cooperative, Bingwa SACCO, initially known as Kirinyaga Tea Growers SACCO was established in 1984. Later on, in 1993, Mwea Rice Farmers now Lainisha SACCO was registered. Kirinyaga District Farmers Society currently known as Fortune SACCO was founded in 1998 while Goodway SACCO was registered in 2014. Initially, membership to these Cooperative Societies was founded along the common bond linkage where members were either farmers from the then Kirinyaga District or employees of the now defunct Kirinyaga Municipal Council. However, since the enactment of the SACCO Societies Act of 2008 that relaxed the common bond requirement for SACCO membership, deposit-taking SACCOs in Kirinyaga County have

opened up their membership to a diverse population regardless of their occupation and opened up branches across various counties in Kenya.

1.3 Statement of the Problem

Despite their popularity and significant role in providing financial services to Kenyans, there is a rising concern about the survival and sustainability of deposit-taking SACCOs in the country (Ngui ,2018) . In the year 2023, a considerable fraction of members numbering 1.22 million were classified as dormant implying that they did not transact with their respective deposit-taking SACCOs for more than six months (Societies and Authority, 2023). This has resulted in shrinking market share, reduced member transactions and loss of revenue for deposit-taking SACCOs in the country. Kabui and Maina (2021), further note that the gradual loss in market share is affecting the performance of SACCOs forcing some of them to close down. In the year ended 31st December , 2021, SASRA withdrew licenses for four deposit-taking SACCOs due to loss of business (The SACCO Societies Regulatory Authority , 2021). To effectively fulfill their function as financial intermediaries as envisaged in the Kenya Vision 2030 , deposit-taking SACCOs in the country must remain competitive in the highly competitive and dynamic financial services sector (Atieno Ogindo & Njoka, 2018) .

Previous studies have been carried out on the relationship between competitive strategies and performance. For instance, Das and Canel (2023) examined the relationship between competitive strategy and the performance of manufacturing companies, Rahmayati (2021)investigated the impact of competitive strategies on the growth of Islamic banks in Indonesia while Misango (n.d.) evaluated the effects of generic competitive strategies on performance in the manufacturing industry using Bamburi Cement Limited,

Kenya, as a case study. The sample population was selected using stratified and purposive sampling techniques. Nyachwaya and Rugami (2020), sought to establish the challenges encountered when implementing competitive strategies in commercial banks in Mombasa County. However, these studies concentrated on manufacturing firms and commercial banks as opposed to deposit-taking SACCOs. Furthermore, the studies focused on other variables such as challenges and growth other than performance and employed stratified and purposive sampling techniques to select the sample population. This study aims to close the current knowledge gap by examining the relationship between competitive strategies and the performance of deposit-taking SACCOs in Kirinyaga County, Kenya.

1.4 General Objective of the Study

The general objective of the study was to establish the effect of competitive strategies on the performance of deposit-taking SACCOs in Kirinyaga County.

1.4.1 Specific Objectives of the Study

The specific objectives of the study were:

i) To establish the influence of cost leadership strategy on the performance of deposits-taking SACCOs in Kirinyaga County.

ii) To determine the effect of differentiation strategy on the performance of deposit-taking SACCOs in Kirinyaga County.

iii) To investigate the effect of focus strategy on the performance of deposit-taking SACCOs in Kirinyaga County.

1.4.2 Study Hypotheses

This study was guided by the following null hypotheses:

Ho_1: Cost leadership strategy has no significant influence on the performance of deposit-taking SACCOs in Kirinyaga County, Kenya.

Ho_2: Differentiation strategy has no significant influence on the performance of deposit-taking SACCOs in Kirinyaga County, Kenya.

Ho_3: Focus strategy has no significant influence on the performance of deposit-taking SACCOs in Kirinyaga County, Kenya.

1.5 Significance of the Study

The research will help policymakers enhance their knowledge of the link between competitive strategies and SACCO performance, and in turn, support the development of policies to improve SACCO performance. The findings of this study will also assist SACCO managers in identifying competitive strategies that have the greatest contribution to SACCO's performance, facilitating the allocation of organizational resources for implementing these strategies. This study will also serve as a reference point for other researchers who wish to carry out a comparative study in other sectors or regions. Additionally, the findings of this study will enrich discussions surrounding competitive strategies and how these strategies contribute to firm performance.

1.6 Scope of the Study

The study sought to establish the influence of competitive strategies on the performance of deposit-taking SACCOs in Kirinyaga County. The study paid particular attention to how cost leadership strategy, differentiation strategy and focus strategy influence the performance of these SACCOs. The study analyzed performance using financial

performance measures of growth in total assets, total deposits, gross loans, share capital and membership. The study evaluated performance across four financial years, from 2017/2018 to 2021/2022. This is because strategy takes time to yield results, hence the need to cover a considerable period. In addition, it was anticipated in these four years no major changes in the adopted companies' strategies would have occurred since most business strategies are long-term. The study was carried out in Kirinyaga County, which was informed by the County's robust cooperative development due to extensive agricultural production as well as the researcher's considerable interest in investigating deposit-taking SACCOs in the County.

1.7 Delimitations of the Study

The study concentrated on deposit-taking SACCOs in Kirinyaga County, Kenya. The target population was six licensed deposit-taking SACCOs. The study respondents were managers from the targeted SACCOs. The researcher used a descriptive cross-sectional research design and collected quantitative and qualitative data using questionnaires. The study was anchored on Porter's generic strategies theory, Porter's five forces model theory and the Resource Based View theory.

1.8 Limitations of the Study

According to Kothari (2004), limitations are factors over which a researcher has no control and are often caused by events beyond the researcher's control. The researcher administered questionnaires to managers of licensed deposit-taking SACCOs in Kirinyaga County. The respondents were reluctant to share information that they deemed sensitive or confidential due to the competitive nature of SACCO's business. To overcome this limitation, the researcher obtained an introduction letter from the university and obtained

a research permit from the National Commission for Science and Technology (NACOSTI) to confirm that the study was purely intended for academic purposes. The researcher also acquired an introduction letter from the Director, of Co-operative Development, Kirinyaga County to facilitate easy entry to the Cooperative Societies. In addition, the researcher assured respondents that research findings would be kept confidential and only used for academic purposes. During the course of data collection, it was difficult to meet the respondents in person due to organizational bureaucracy and their demanding work schedules. The researcher addressed this limitation by using the drop-and-pick method, which gave respondents adequate time to respond to questionnaires. Another limitation was time constraints for data collection, analysis, interpretation and presentation. The researcher overcame this by developing a schedule of activities with research timelines and sought the services of a qualified research assistant to assist with data collection and analysis.

1.9 Assumptions of the Study

The researcher assumed that competitive strategies influence the performance of deposit-taking SACCOs. The second assumption was that respondents would be available and willing to participate in this study. Thirdly, the researcher assumed that respondents would answer questions honestly, resulting in accurate data. The last assumption was that all relevant authorities would grant the researcher permission to collect data and that the researcher would be granted access to managers in respective deposit-taking SACCOs.

1.10 Theoretical Framework

A theoretical framework is a fundamental examination of accepted theories that serve as a guide for constructing arguments in research (Bryman ,2007). This study was

anchored on Porter's Generic Strategies Theory, Porter's Five Forces Model Theory and the Resource Based View Theory.

1.10.1 Porter's Generic Strategies Theory

Michael Porter developed Porter's generic strategies theory in 1980. According to Porter (1990), pursuit of a generic strategy enables a business to compete profitably and sustainably. In addition, a competitive strategy assists a business to learn about its customers consequently developing a niche in the market. Cost leadership, differentiation and focus strategies are three techniques that Porter defined as generic competitive strategies since they can be implemented by any organization, regardless of its size, kind or industry.

Porter asserts that a business performs best by choosing a competitive strategy to concentrate on, failure to which it will be "stuck in the middle" resulting in wastage of resources and poor performance. Other scholars however argue that combining the three generic strategies offers a business the best chance to attain superior performance. According to White (1986) a business can combine multiple strategies to outperform competition. This is because every generic strategy is distinct from the others and demands a unique approach. Moon et al.,(2014) however criticized the generic strategies theory for being static in nature given that it only considers competitive advantage that may exist at a specific point in the business life cycle and ignores changes that may occur in the life cycle of the business such as changes in organizational goals, mission, scope of operation or available resources.

Porter's generic strategies theory has been used by various strategic analysts to evaluate an organization's market position and assist the entity choose a generic strategy that will

allow it to compete favorably and obtain an industry competitive advantage. This theory therefore contributes to the current study by assisting managers of deposit-taking SACCOs in Kirinyaga County to acquire a better understanding of competitive strategies and to assist them select appropriate competitive strategies to attain a competitive advantage in the financial services sector and improve overall SACCO performance.

1.10.2 Porter's Five Forces Model

Michael Porter developed the Five Forces model in 1980 (Porter,1990). Porter identified five competitive forces that, in his view, influence every market and sector. These are the threat of new entrants, bargaining power of suppliers, bargaining power of consumers, threat of substitutes and the intensity of competition among existing companies. Porter asserts that understanding competitive forces that shape an industry is the basis of developing a sound competitive strategy. This is because the combined power of these forces determines the eventual profit and success of an industry (Ingabire & Irechukwu, 2022) . Porter further indicates that implementing a competitive strategy is not just about responding to opportunities or threats but also entails profiling the business environment in favour of the firm. For this reason, a business cannot blindly implement a competitive strategy before a thorough analysis of competitive forces that influence its specific industry or market.

The five forces model has received its fair share of criticism. Anchit (2020) criticized the model for claiming that industry structure determines competition and profitability whilst ignoring other factors that influence competition and profitability in an industry. The Scholar identified government regulation, legal action, and uptake of technology in an industry and company maturity as other factors that significantly influence the competition

and profitability of any industry or market. Additionally, Dobbs (2014) criticized the five forces model for being abstract and analytical since it only considers the five competitive forces without elaborating how a company can utilize these forces to gain a competitive advantage.

Competitive forces vary from one industry to another. Porter's five forces model explains how a business can analyze its competitive environment and identify competitive threats that may affect business performance. In the context of this study, Porter's five forces model will assist managers of deposit-taking SACCOs in Kirinyaga County to conduct a thorough market analysis and identify competitive forces that influence the business environment. Managers of the SACCOs will accordingly formulate and implement strategies that effectively respond to customer demands and needs that will enhance business performance.

1.10.3 Resource-Based View Theory

The resource-based view (RBV) theory was initially developed by Penrose and later improved by (J. Barney, 1991).The RBV theory emphasizes that optimal utilization of organizational resources is the key to maintaining and sustaining a competitive advantage and consequently improving performance. According to (J. Barney, 1991) , a business possesses two types of resources: tangible and intangible assets. Resources that any company can purchase, such as land, buildings or machinery are considered tangible assets whereas intangible assets comprise assets that cannot be purchased by competitors such as intellectual property, brand name or trademarks.

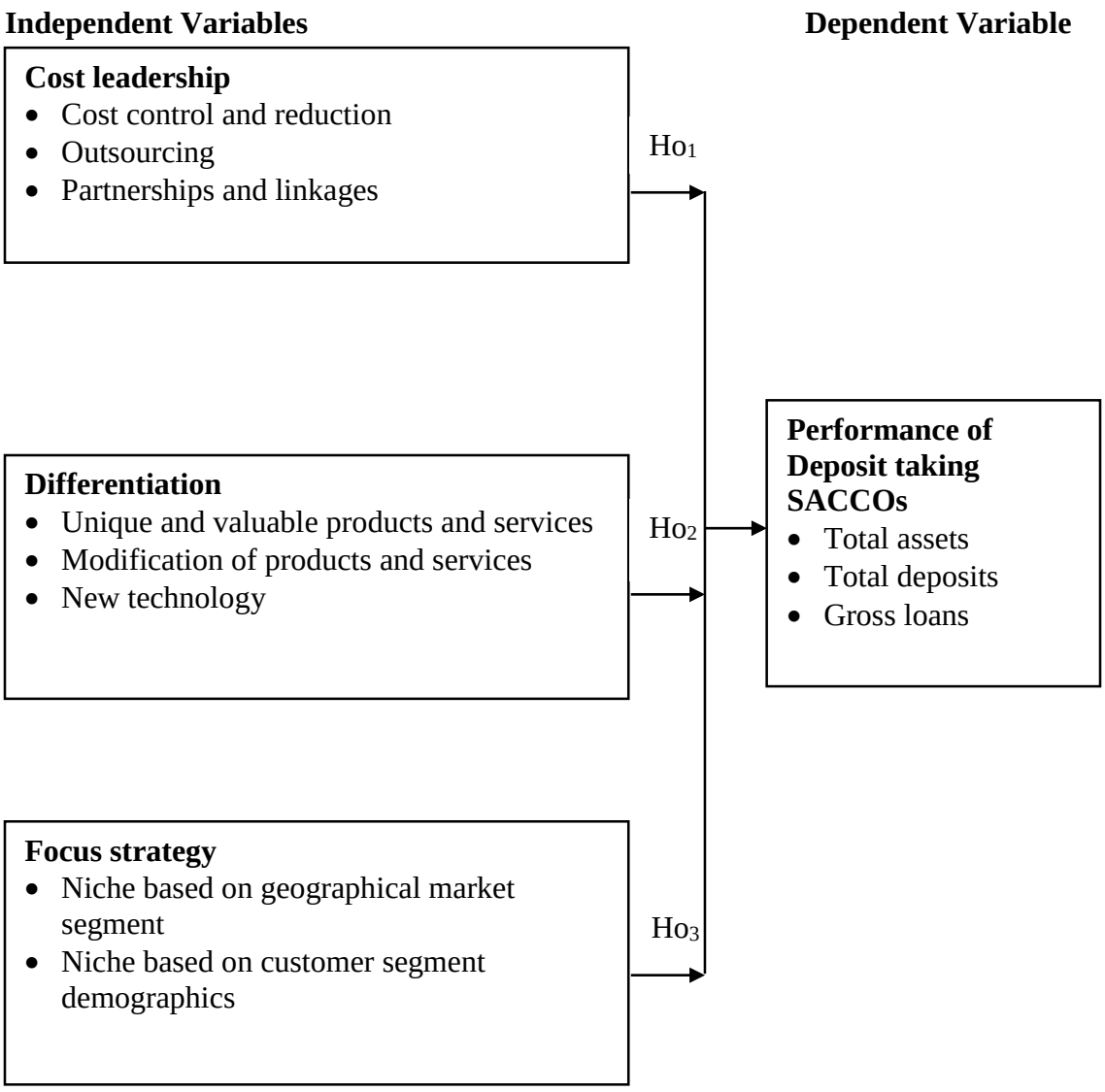
J. B. Barney and Hesterly, 2015, put forth the VRIN framework that considered resources in a firm to be valuable, rare, inimitable and non-substitutable. The theory holds

that VRIN resources provide a business with a basis to develop firm capabilities that result in superior performance. The VRIN framework was later revised to VRIO (value, rarity, imitability and organization system) adding that for a resource to acquire competitive advantage, the organization, its system and processes must be designed to support a resource for maximum productivity.

This theory is relevant to the study because it emphasizes the importance of utilizing internal resources available to the business in exploiting competitive strategies rather than sourcing the resources externally. Application of the RBV theory will therefore enable SACCO managers to carry out a resource-based analysis to facilitate the allocation of organizational resources to implementation of suitable competitive strategies to acquire a sustainable competitive advantage and enhance performance.

1.11 Conceptual Framework

A conceptual framework is a diagrammatic illustration that shows the relationship between the independent variables and the dependent variable allowing the reader to quickly understand the study's topic (Bryman, 2007). In this study, the independent variables are cost leadership strategy, differentiation strategy and focus strategy while performance is the dependent variable.



Source: *Researcher (2024)*

Figure 1.1: *Conceptual Framework*

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses key variables of the study based on findings of previous empirical studies conducted globally, regionally and locally. It also provides an overview of previous literature that has been evaluated and the identified research gap. The independent variables in this study were cost leadership strategy, differentiation strategy and focus strategy whereas the dependent variable was performance.

2.2 Review of Literature

2.2.1 Cost Leadership Strategy and Performance

Kharub et al.,(2019) investigated the relationship between cost leadership strategy and firm performance in 245 micro small and medium enterprises (MSMEs) in India. The study used structured questionnaires to collect data from managers of the selected MSMEs. The study found that the business environment in India was favourable for the implementation of cost leadership strategies since raw materials were readily available, human resource costs were cheap and there was sufficient local demand for goods produced. According to the study findings, cost leadership competitive strategy does not significantly influence firm performance. However, when quality management practices were introduced as a mediating variable, there was a direct and positive relationship between cost leadership strategy and firm performance. The researcher pointed out that the companies chosen for the study received government subsidies and suggested more research should be carried out targeting companies that do not receive government subsidies. The study created contextual gaps since its background was in India and focused on firms that received

government subsidies while the current study was carried out in Kenya targeting deposit-taking SACCOs that are currently not receiving any form of government subsidy.

Hhary and Mboma (2020) sought to establish the effects of a cost-leadership strategy on performance in the Tanzanian pharmaceutical industry. The researcher indicated that globalization and intense competition had forced players in the pharmaceutical industry in Tanzania to formulate and implement cost leadership strategies to achieve competitive advantage and stay afloat. The research was a case study of Zenufa Laboratories (Tanzania) Limited where data was collected from 92 staff members. The study revealed that cost leadership strategies with aspects such as the adoption of modern technology and using economies of scale to lower operational costs improved performance. Based on the findings, the study concluded that cost leadership strategies were key determinants of organizational performance. However, the findings of the case study may be limiting and created a contextual gap hence the need to carry out the present study, which investigated 6 organizations. Additionally, the study context was the pharmaceutical industry whereas the present study focused on the financial services sector thus bridging a conceptual gap.

Edson and Muranda (2021) evaluated how competitive strategy affected performance in 50 Zimbabwean textile and clothing manufacturing companies. The study adopted a causal research design and sought to explain the cause-and-effect relationship between competitive strategy and performance. According to the study, a business must continuously reduce operations that do not cut costs if it wants to attain cost leadership. The study also found that technology is one of the most essential factors that lowers production costs and as a result, enables a business to achieve cost advantage. The study concluded that while cost leadership has no direct effect on performance,

differentiation and focus strategies positively and directly influence company performance. The study revealed contextual gaps since it focused on the textile and clothing industry while the present study focused on the financial services sector.

Hamzat (2020) examined the impact of competitive strategy on organizational performance within Nigeria's broadcasting sector. The study utilized an explanatory research design to establish the relationship between competitive strategy and performance. The study utilized a purposive sampling technique and adopted a census survey where structured questionnaires were used to collect data from all 40 employees of 3 broadcasting firms. According to the study, broadcasting firms that put in place cost leadership strategies outperform their counterparts in the same industry in terms of performance. The study concluded that cost leadership significantly and positively affects business performance in the sampled broadcasting firms. The previous study however revealed a contextual gap since it focused on businesses in the broadcasting industry hence the findings may not be generalized to the present study, which concentrated on deposit-taking SACCOs. Additionally, there exists a gap in research methodology since the previous study used purposive sampling whereas the present study adopted a census survey.

Kiarie et al., (2023) investigated the impact of cost leadership strategy on fundraising performance among small and medium non-profit making organizations in Kenya. The study population comprised all 2232 organizations that were classified as small and medium non-profit making organizations. The study was guided by the competence-based theory. The study used random stratified sampling where the researcher targeted one employee from each organization. The targeted employees were selected from middle or

senior managerial staff since they were key decision-makers in their respective organizations. The study revealed that cost leadership strategy influenced performance among small and medium non-profit making organizations in Kenya. The study recommended that organizations need to conduct market research to identify consumer needs to reduce operational costs. Based on the research findings, the study concluded that cost leadership strategies enhance organizational performance. The research findings may however not apply to the present study since it focused on small and medium non-profit making organizations whereas the present study focused on deposit-taking organizations. The current research therefore sought to bridge the existing contextual gap. Additionally, the study was founded on the competence-based theory whereas the present study was anchored on Porter's generic strategies theory hence filling a theoretical gap.

Nyachwaya and Rugami (2020) studied the relationship between cost leadership strategy and the performance of commercial banks in Mombasa County, Kenya. The study was anchored on the resource-based view theory, strategic balancing theory and game theory. The study used stratified random sampling to get a sample size of 84 respondents from 280 commercial bank employees in Mombasa County. The study found that competitive strategies are necessary for banks to maintain their competitiveness despite difficulties encountered during implementation. The study also established that understanding the market structure is an important factor in the effective application of competitive strategies. The study concluded that cost leadership strategy has a positive impact on performance because banks that use it perform significantly better than those that do not implement cost leadership. The study was however anchored on the resource-based view theory, strategic balancing and game theory whereas the present study was

founded on Porter's generic strategies theory and supported by Porter's five forces model and resource-based view theory hence a theoretical gap existed. Additionally, the study was conducted in Mombasa County, which is a city and popular tourist destination, whereas the present study was carried out in Kirinyaga County, a semi-urban County where agriculture is the main economic activity. Conclusions from the study may therefore not be generalized to the present study due to the socio-economic differences in the two counties hence the need to carry out this study and fill the existing contextual gap.

2.2.2 Differentiation Strategy and Performance

Islami et al.,(2020) assessed the relationship between differentiation strategy and organizational performance of manufacturing firms in the Republic of Kosovo. The target population was 123 manufacturing firms where primary data was collected using questionnaires and administered to managers who were strategic decision-makers in their respective organizations. According to the study, consumers were willing to pay more for unique goods and services. The study revealed that pursuing a differentiation strategy increases an organization’s competitive advantage, which has a positive impact on organizational performance. The study however created contextual gaps since it was conducted in the Republic of Kosovo, whereas the current study was carried out in Kenya. Additionally, the previous study concentrated on manufacturing firms whereas the current study concentrated on financial institutions hence closing a conceptual gap.

Kiprono and Kinyua (2021) undertook a study to establish the influence of differentiation strategy on the performance of selected insurance firms within Nairobi County, Kenya. The study population comprised employees from Jubilee Insurance, GA Insurance and APA Insurance companies. Respondents were identified using stratified

sampling and comprised of middle-level managers, functional managers and functional staff from the insurance companies. The study assessed differentiation strategy using image differentiation, people differentiation, channel differentiation and product differentiation. The findings revealed that differentiation strategy had a positive and significant effect on the performance of selected insurance companies. The study findings may however be limited since differentiation strategy was assessed through image, people, channel and product differentiation whereas in the present study differentiation strategy was limited to service and product differentiation. Additionally, the previous study investigated insurance companies hence the findings may not apply to financial institutions. The present study therefore sought to bridge the contextual gap by examining deposit-taking SACCOs.

Waithira and Muigai (2020) researched how differentiation strategy affected the performance of deposit-taking SACCOs in Nairobi County, Kenya. The researcher used stratified sampling to select respondents from 123 deposit-taking SACCOs in the city and collected qualitative and quantitative data using questionnaires. The study's independent variables were service differentiation, product differentiation, people differentiation and market differentiation. According to the research findings, market and product differentiation demonstrated a positive but marginal relationship with SACCO performance compared to people and service differentiation. The researcher suggested that SACCOs should implement a service differentiation strategy to set themselves apart from rivals and establish a significant customer base that ultimately results in improved business performance. The study was however limited to one competitive strategy that is, differentiation strategy. The current study however expanded its scope by evaluating how cost leadership strategy and focus strategy influence SACCO's performance in addition to

differentiation strategy. The present study therefore filled a conceptual gap. Additionally, the previous study conceptualized differentiation strategy using service differentiation, product differentiation, people differentiation and market differentiation whereas the present study conceptualized differentiation strategy using product differentiation and service differentiation hence a contextual gap exists between the two studies.

Kiiru (n.d.) evaluated the impact of differentiation strategy on the performance of business development firms. The research was a case study of the Agribusiness Investment for Market Stimulation project in Kenya. The study applied a descriptive cross-sectional research design and utilized purposive sampling to select 52 respondents who were firm owners or firm managers of the development firms. The study was grounded on the innovation theory of profit. The research findings revealed that by identifying market segments and developing unique and high-quality products and services for those particular segments, the selected businesses were able to increase their business performance. The research revealed that the selected firms charged a premium price for their unique products significantly improving their overall performance. The study concluded that differentiation strategy and firm performance are positively and significantly related. The research was however limited to a case study, whereas the current study considered six-licensed deposit-taking SACCOs hence closing the existing methodological gap. Further, the former study was anchored on the innovation theory of profit, whereas the current study was guided by Porter's generic strategies theory and supported by Porter's five forces model theory hence filling a theoretical gap.

2.2.3 Focus Strategy and Performance

Ali and Anwar (2021) investigated the effects of Porter's generic competitive strategies on the competitive advantage of investment businesses in Iraq. The researcher collected data from 4 private banks where respondents were randomly selected. The study revealed that amongst the three generic competitive strategies, focus strategy had the weakest impact on competitive advantage. The study created conceptual gaps since competitive strategies were not linked to performance but rather to the competitive advantage of these strategies. The current study therefore sought to bridge the conceptual gap by investigating the link between competitive strategies and performance. Furthermore, the previous study created contextual gaps, which the present study sought to close since it was conducted in Iraq whereas the current study was conducted in Kenya.

Akintokunbo (2018) conducted a study in Port Harcourt, Nigeria, to examine the relationship between focus strategy and organizational performance of 4 telecommunication companies. Using the Taro Yamane formula, a sample size of 100 management staff members was selected for the study. According to the research findings, businesses that intend to implement a focus strategy must concentrate on a certain market segment to attain a competitive advantage and consequently improve organizational performance. The research found that focus strategy has a positive and statistically significant influence on business performance and firm competitiveness. The findings of this study were however based on telecommunication companies in Nigeria and hence may not apply to the present study, which investigated deposit-taking SACCOs in Kenya that are located in a different country and sector; the present study therefore sought to fill the existing contextual gap. Additionally, the Taro Yamane formula was used to determine

study respondents whereas in the present study, a census survey was adopted where all functional managers were targeted. The present study therefore filled a gap in research methodology.

Kathimuri and Kiiru (2023) examined the impact of competitive strategies on the financial performance of Savings and Credit Cooperative Societies in Meru County, Kenya. The study utilized a descriptive research design and investigated all 14 deposit-taking SACCOs in Meru County, Kenya. The study employed random stratified sampling to select a sample of 92 respondents who comprised the board of directors, senior management, middle-level management and other employees of the cooperative societies. The study was anchored on Michael Porter's generic strategies theory, resource-based view theory, evolutionary model theory and balanced scorecard model. The study used non-financial measures of customer satisfaction and customer loyalty to assess SACCO performance hence the findings may not apply to the present research. The current study however used both financial and non-financial performance indicators to evaluate organizational performance hence bridging the existing contextual gap.

Kaara et al., (2021) carried out a study to establish the relationship between focus strategy and performance of dairy cottage industries in Kiambu County, Kenya. The study's target population comprised a sample size of 114 dairy cottage industries in Kiambu County. The study used stratified sampling that divided Kiambu County into 12 strata comprising sub-counties. The study evaluated focus strategy using customer satisfaction and market penetration and recommended that managers should improve customer satisfaction and respond to changing customer demands and needs. The research concluded emphasis on focus strategy results improves firm. The study however paid

attention to dairy cottage industries hence the findings may not apply to the current study that investigated deposit-taking SACCOs. The current study therefore sought to bridge the existing contextual gap by examining the influence of focus strategy on the performance of deposit-taking SACCOs. Additionally, the study used stratified sampling to determine study respondents whereas the present study adopted a census survey and collected data from all managers in the selected SACCOs hence filling a gap in the research methodology.

Gatutha and Namusonge (2020) examined the effect of focus strategy on the performance of supermarkets in Nairobi City, Kenya. The target population was 102 supermarkets and 10 supermarkets were randomly sampled for data collection. The respondents were stratified into categories of top management, line managers and sales assistants. The study was anchored on the resource-based view theory and used descriptive cross-sectional research design and inferential statistics for data analysis. The study recommended that supermarkets need to carry out research on the market segment they intend to target before settling on a particular category to develop a niche market, increase their market share and consequently enhance business performance. The study concluded that focus strategy had a significant and positive impact on the performance of supermarkets in Nairobi City. The research findings may however be limited since the study concentrated on the retail sector whereas the present study focused on the financial services sector hence closing a contextual gap. Additionally, the former study revealed a gap in research methodology since it adopted a descriptive cross-sectional research design whereas the present study utilized a causal explanatory research design.

Ogollah and Kavulya (n.d.) investigated the impact of focus strategy on the performance of all deposit-taking SACCOs in Kenya. The researcher used structured questionnaires to

collect primary data from all 181-deposit taking SACCOs across Kenya that had been in operation for at least 5 years at the time of the study. The study respondents comprised Chief Executives and Business Development Managers who were responsible for business strategies in their respective organizations. The study applied a descriptive cross-sectional research design and was anchored on the dynamic capabilities theory. The study revealed that quality customer service contributed most to firm performance and recommended that businesses should ensure that they provide quality services to customers. The study concluded that focus strategy has a positive and significant influence on the performance of deposit-taking SACCOs in Kenya. Since all 181 deposit-taking SACCOs in Kenya were studied, the findings of the study may not apply to the present study since it concentrated on only six deposit-taking SACCOs in Kirinyaga County. Additionally, the former study's objective was customer focus strategy while the current study considered both customer focus and market focus strategy hence bridging a conceptual gap.

2.3 Summary and Research Gap

A review of previous studies on the influence of competitive strategies on the performance of different entities revealed several research gaps as summarized in Table 2.1.

Table 2.1 Research Gaps

Author	**Focus of the study**	**Findings**	**Research Gap**
Islami et al., (2020)	Relationship between differentiation strategy and organizational performance of manufacturing firms	Revealed that pursuing a differentiation strategy increases an organization's competitive advantage, which has a positive impact on organizational performance	Contextual gaps since the study was conducted in the Republic of Kosovo and not in Kenya
Ali and Anwar (2021)	Effects of Porter's generic competitive strategies on the competitive advantage of investment businesses in Iraq	Amongst the three generic competitive strategies, focus strategy had the weakest impact on competitive advantage	Conceptual gaps since competitive strategies were not linked to performance but rather on the competitive advantage of these strategies
Kiprono and Kinyua (2021)	Effect of differentiation strategy on performance of selected insurance firms within Nairobi County, Kenya	Differentiation strategy had a positive and significant effect on the performance of selected insurance companies	Conceptual gaps since differentiation strategy was assessed through image, people, channel and product differentiation
Kharub et al., (2019)	Relationship between cost leadership strategy and firm performance in 245 MSMEs in India	Concluded that cost leadership strategy positively and directly influences firm performance	The study had a mediating variable (quality management practices)
Edson and Muranda (2021)	Influence of competitive strategies on the performance of Zimbabwean textile and clothing manufacturing companies	Revealed that a business must continuously reduce operations that do not cut costs if it wants to attain cost leadership	Methodological gap. The study adopted a descriptive cross-sectional research design

Waithira and Kinyua (2020)	Effect of differentiation strategy on performance of deposit-taking SACCOs in Nairobi County, Kenya	Found that SACCOs should implement a service differentiation strategy to set themselves apart from rivals and establish a significant customer base which ultimately results in improved business performance	Methodological gap, stratified random sampling was used to select respondents
Kathimuri (2023)	Impact of competitive strategies on the financial performance of Savings and Credit Cooperative Societies in Meru County, Kenya	Cost leadership strategy be increased to boost the performance of SACCOs in Meru County, Kenya	Theoretical gap since the study was anchored on evolutionary model theory and balanced scorecard model

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design, research site, target population, sampling procedure, study sample size, data collection instruments, testing reliability and validity of research instruments, data collection procedures, data processing and data analysis in addition to legal and ethical considerations.

3.2 Research Design

A research design outlines a conceptual structure within which research will take place and sets out a plan for data collection, measurement and analysis of data Kothari (2004). To meet the objectives of this study, the researcher adopted a causal explanatory research design. This research design is used to examine if there exists a cause-and-effect relationship between two variables (Cooper & Schindler, 2014). The Scholars further point out that a causal explanatory research design explains the pattern of interaction between variables, reduces bias, and increases the reliability of research findings. The researcher therefore found a causal explanatory research design suitable for this study since the researcher sought to test the cause-and-effect relationship between competitive strategies and the performance of deposit-taking SACCOs in Kirinyaga County, Kenya.

3.3 Research Site

A research site is the geographical location where the research will be conducted or carried out. This study was carried out in Kirinyaga County, Kenya. Kirinyaga County is one of Kenya's devolved counties located in Central Kenya. There are currently six licensed deposit-taking SACCOs in the County (The SACCO Societies Regulatory Authority,

2021).The researcher settled for Kirinyaga County since deposit-taking SACCOs in the County serve the same target market and must therefore strive to put in place strategies that will assist them to stand out from competitors to attract and retain customers and consequently attain a competitive advantage.

3.4 Target Population

A target population is made up of all individuals who are part of actual or fictitious sets of events, people or objects that a researcher hopes to generalize the findings of a study (Mugenda and Mugenda, 2003). In Kirinyaga County, there are currently six licensed deposit-taking SACCOs. Most of these SACCOs have branch offices in other geographical locations. The researcher however collected data from the respective head offices since competitive strategies formulated and implemented in the head office are replicated at branch offices. Additionally, the researcher considered head offices since key policy makers are domiciled there hence the information obtained was more diverse and detailed thus facilitating better generation of information and data. The target population of this study were managers of various departments in the six deposit-taking SACCOs in Kirinyaga County. Managers are staff members who help formulate and implement organizational strategies. Accordingly, managers were targeted since the researcher considered them more knowledgeable on organizational strategies, operations and performance and hence would provide the information sought after by the researcher.

Table 3.1: Target Population

Category	Population
Credit Manager	6
Business Development Manager	6
Marketing Manager	6
Operations Manager	6
Internal Audit and Risk Manager	6
Finance Manager	6
ICT Manager	6
Member Service Manager	1
Total Respondents	43

Source:https://www.lainishasacco.co.ke/saccoleadership.html,https://www.ollin.co.ke/, https://www.bingwasacco.coop/about/who-we-are,https://www.fortune.co.ke/our-saccohistory/, https://www.goodwaysacco.co.ke/, https://www.nufaikasacco.co.ke/
Retrieved November 9, 2023

3.4.1 Sampling Procedure

Sampling is the systematic process of selecting some individuals from a given population to represent the larger group (Mugenda & Mugenda, 2003). The study targeted 43 respondents, which meets the minimum threshold size of 30 respondents as recommended by Mugenda and Mugenda (2003) for normal approximations. Due to the small number of respondents, the researcher adopted a census survey. A census survey is a count of every element of a population and is recommended when the target population is small (Cooper & Schindler, 2014). Consequently, there was no sampling. The study population was also homogeneous in nature given that the study respondents were managers and carried out similar roles in their respective organizations.

3.5 Data Collection Instruments

The researcher used a mixed approach to collect primary data. The researcher collected quantitative and qualitative data using questionnaires. This is because questionnaires are easy to administer, allow collection of data from otherwise inaccessible participants, save

costs and are perceived as anonymous hence allowing respondents to freely express their opinions (Cooper & Schindler, 2014). The questionnaire included closed-ended questions to ensure the collection of substantial information as well as open-ended questions to allow respondents to openly express their opinions based on their observations.

3.5.1 Pilot Testing of Research Instruments

Before the start of a study, research instruments are evaluated as part of a process known as pilot testing to identify any weaknesses and correct them Kothari (2004). Depending on the sample size, a pre-test sample should range from 1% to 10% (Mugenda & Mugenda, 2003). The researcher conducted a pilot test in three licensed deposit-taking SACCOs in the neighboring Embu County, which were randomly selected. The researcher issued questionnaires to 10 managers who represented 23% of the sample size. The respondents who participated in the pilot testing did not form part of the study population.

3.5.2 Instrument Reliability

An instrument that yields consistent results is considered reliable (Cooper & Schindler, 2014). Cronbach's Alpha Coefficient is the most common measure of internal consistency. This measure is commonly used when a questionnaire has multiple Likert questions and the researcher wishes to determine if the scale is reliable (Cooper & Schindler, 2014). Accordingly, the researcher used Cronbach's Alpha Coefficient to establish the reliability of the research instrument. The reliability of an instrument varies from 0.00 to 1.00 with 1.00 indicating perfect reliability while 0.00 indicates the absence of reliability. A reliability measure greater than 0.7 is considered ideal to warrant the use of the questionnaire while an alpha coefficient below 0.7 is unreliable and will require reformulation of the questionnaire (Kothari, 2004).

Table 3.2: Reliability Test Results

Variable	No. of Items	Cronbach's Alpha
Cost Leadership Strategy	5	0.75
Differentiation Strategy	5	0.71
Focus Strategy	4	0.73
Performance	5	0.77

Source: Research Data, 2024

The results in Table 3.2 indicate that all the study variables had an alpha value of 0.7 and above indicating the reliability of the research instrument. The results agree with Polgar and Thomas (2009), who indicated that a reliability of 0.7 and above is considered fit. Performance recorded the highest value of 0.77, followed by cost leadership strategy at 0.75, focus strategy at 0.73 while differentiation strategy was last with a value of 0.71. The overall reliability Cronbach Alpha value of 0.822 indicated that the research instrument was reliable. According to Warmbrod (2014), Cronbach Alpha Coefficient values of 0.7 or higher indicate consistency while values below 0.7 signify that the research instrument lacked reliability. The reliability results indicated that the questionnaire was dependable hence the researcher used it to collect data for the main study.

3.5.3 Instrument Validity

According to Kothari (2004), instrument validity is the ability of a research instrument to precisely measure what it is meant to measure. Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study (Cooper & Schindler, 2014). Consequently, the researcher confirmed content validity by submitting the questionnaire for peer review and expert review to determine whether the questions were adequate to address all the research objectives under investigation. Thereafter, the researcher revised the piloted questionnaire to edit questions that were unclear or ambiguous.

3.5.4 Data Collection Procedure

The researcher used questionnaires to collect primary data. Mugenda and Mugenda (2003), recommend using the drop-and-pick method to administer questionnaires for a busy group of respondents. The researcher therefore adopted the same approach during data collection due to the busy schedules of the study respondents. The technique also gave respondents ample time to fill out the questionnaire.

The researcher sought approval to collect data from the School of Business, Africa Nazarene University and obtained a research permit from the National Commission for Science, Technology and Innovation (NACOSTI). In addition, the researcher acquired an introduction letter from the County Director, of Co-operative Development, Kirinyaga County to facilitate easy entry into deposit-taking SACCOs within Kirinyaga County. According to research ethics, the researcher requested respondents to voluntarily participate in the study and assured them that the acquired data would be handled with utmost confidentiality and used for academic purposes only. After data collection, the researcher cleaned up the data to ensure it was free of contamination.

3.6 Data Processing and Analysis

Data analysis is the process of condensing a large amount of data into a manageable size, creating summaries, identifying patterns and using statistical tools (Cooper & Schindler, 2014). After collecting data, the researcher edited, coded and entered data to ensure it was accurate, consistent and uniform. The researcher used descriptive statistics to analyze the respondents' profiles. The researcher used Statistical Package for Social Scientists (SPSS) version 27.0 to analyze data. The researcher used both descriptive and inferential statistics to analyze data.

The researcher applied descriptive statistics by use of frequencies, percentages, means, and standard deviation in the form of tables and graphs. Percentages and frequencies were jointly used to express the proportion range of 0-100 while mean score and standard deviation were used in Likert scale data. The research findings were then presented using diagrams, tables and outlines for clarity of interpretation. Qualitative data was coded into thematic areas and reported in narrative verbatim.

The researcher used inferential statistics to determine the nature of the relationship that exists between variables. The researcher adopted the Pearson correlation coefficient and multiple linear regression analysis to establish the relationship between the independent variables and the dependent variable.

The Regression model was presented as expressed in the following equation:

$$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+ \varepsilon,$$

Where Y = Performance of deposit-taking SACCOs

X_1 = Cost Leadership Strategy

X_2 = Differentiation Strategy

X_3 = Focus Strategy

β_0 = constant term

$\beta_1, \beta_2, \beta_3$ = coefficient of the independent variables

ε = Error term

The researcher used the F-test to determine the significance of the overall model and the T-test to test the study variables. The Coefficient of Determination (R square) in the Model summary reveals the collective effect of the influence of the three independent variables on performance. The p-values in the ANOVA tables helped in determining whether the

influence of each competitive strategy on performance was statistically significant. The F-Test on ANOVA was interpreted using a significance level of 0.05. As such if the p-value was greater than 0.05 i.e. $p < (\alpha = 5\%$ level of significance), then a conclusion was made that the competitive strategy variable does not significantly influence performance.

Values of r, which represented the correlation coefficient, were utilized to indicate the degree and direction of associations between variables and were interpreted on a scale of -1 to +1. Values of r = 1.0 indicated perfect correlation while values of r = 0 to +1 meant that the two variables tend to increase or decrease together. Values of r = 0.0 meant that the two variables do not vary together at all while values of r = -1 to 0 indicated that as one variable increases, the other decreases. Values of r = -1.0 indicated a perfect negative or inverse correlation. The results of the study were presented using tables, bar charts, and pie charts as well as equations.

3.6.1 Testing for Assumptions of Regression

The study conducted the linearity test, normality test, multi-collinearity test and homoscedasticity test. Normality was tested using a Shapiro-wilk test of regression-standardized residuals (Bera & Jarque, 1981). The null hypothesis (Ho) was that the sample distribution is normal. The study also used the graphical method to check for data linearity and visually illustrate whether there was a linear or curvilinear relationship between two continuous variables before conducting regression analysis. Multi-collinearity of variables in this study was tested using the tolerance value, with a tolerance level of more than 0.1 and the variance inflation factor (VIF) with a tolerance level of less than 10 (Gunst & Mason, 2018). To test for homoscedasticity, the Levene test (Baum, 2001) was utilized.

The null hypothesis of this study indicated that the error variance was homoscedastic ($p>0.05$).

3.7 Legal and Ethical Considerations

Ethical considerations have been identified as one of the most important aspects of any research process. According to Kothari (2004), ethical practices include voluntary participation, informed consent and confidentiality of participants. Mugenda and Mugenda (2003) emphasize that it is essential for the researcher to be well aware of any ethical issues that may arise in the research process and establish how to overcome these issues without compromising the integrity of their research. Consequently, the researcher sought approval from the School of Business, Africa Nazarene University to collect data and obtained a research permit from NACOSTI. The researcher explained the purpose of the study to the respondents and obtained their informed consent before administering the questionnaires. Additionally, the researcher retained participant anonymity and assured respondents of the confidentiality of the information obtained. The researcher also upheld academic integrity by transparently reporting research findings. Moreover, the researcher did not manipulate data and honestly reported all data results, methods and procedures.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This study sought to establish the influence of competitive strategies on the performance of deposit-taking SACCOs in Kirinyaga County, Kenya. This chapter presents the research findings and interpretation of the data results. The descriptive findings and inferential statistics were presented in tables and charts.

4.2 Response Rate

This section represents the response rate of the respondents. The number of questionnaires that were administered was 43, and 37 questionnaires were properly filled and returned. This represented a response rate of 86%. According to Mugenda and Mugenda (2003) a response rate of 50% or more is adequate, a response rate of 60% is good and 70% is excellent. Rear and Parker (2011) indicate that higher response rates assured more accurate survey results. The study's response rate is presented in Table 4.1.

Table 4.1: Response Rate

Category	**Frequency**	**Percentage**
Responses	37	86%
Non-responses	6	14%
Total	**43**	**100%**

4.3 Demographic Information

Participants were asked for their demographic data, which included details regarding their gender, administrative position, age group and the duration of their employment with their respective SACCO.

4.3.1 Gender of the Respondents

The research results in Table 4.2 show that 54.1% (20 respondents) of the managers working in the deposit-taking Savings and Credit Cooperative Organizations in Kirinyaga County, Kenya were male compared to 45.9% (17 respondents) who were female. Study results are shown in Table 4.2.

Table 4.2: Gender Distribution of Respondents

Gender	**Frequency**	**Percentage**
Male	20	54.1%
Female	17	45.9%
Total	**37**	**100%**

Source: Research Data, 2024

The gender distribution among the respondents revealed that a majority accounting for 54.1% were male whereas 45.9% were female. This breakdown demonstrates that both genders were well represented in the study. As a result, the study findings can be considered as a representative of the opinions expressed by respondents of all genders.

4.3.2 Position Held at the Organization

Table 4.3 outlines the various roles carried out by the surveyed respondents at deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya.

Table 4.3: Position at the Organization

Position	Frequency	Percent
Service Manager	4	10.8
Internal Audit and Risk Manager	4	10.8
ICT Manager	5	13.5
Loans Manager	5	13.5
Operations Manager	5	13.5
Marketing Manager	5	13.5
Business Development Manager	3	8.1
Credit Manager	4	10.8
Finance Manager	1	2.7
Branch Manager	1	2.7
Total	37	**100.0**

Source: Research Data, 2024

As illustrated in Table 4.3, the study results established that the ICT, Loans, Operations and Marketing Managers cadre had the highest representation of the respondents at 13.5%, followed by the Service, Internal Audit and Credit Managers who comprised 10.8% of the respondents. In addition, 8.1% of the respondents were Business Development Managers while 2.7% of the respondents comprised Finance and Branch Managers. Consequently, having respondents at the top management level was beneficial in this research study since it helped collect relevant information about the impact of competitive strategies on the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya.

4.3.3 Respondents Academic Qualifications

Khan et al. (2011) underscored the significant role of education in molding individuals' social lives and endowing them with essential skills and competencies required for effective work. The educational backgrounds of the study respondents are outlined in Table 4.4.

Table 4.4: Academic Qualifications

Education Level	Frequency	Percent
Diploma	6	16.2
Undergraduate degree	28	75.7
Masters	3	8.1
Total	**37**	**100.0**

Source: Research Data, 2024

The results in Table 4.4 indicate that most of the respondents in the study had university undergraduate degrees at 75.7% followed by those with diploma education at 16.2%, while those with master's degrees comprised 8.1%. The findings imply that the majority of the respondents were literate and capable of accurately interpreting and answering the questions posed in the questionnaire. Additionally, it indicates the respondent's ability to understand aspects of competitive strategies and the performance of deposit-taking savings and credit cooperative organizations.

4.3.4 Respondents Work Experience

The study also aimed at identifying the respondents' work experience as indicated by the length of stay in their respective organizations. Table 4.5 gives the results obtained.

Table 4.5: Work Experience

Years	Frequency	Percent
Less than 1 year	1	2.7
1-5 years	16	43.2
6-10 years	14	37.8
11-15 years	3	8.1
Over 20 years	3	8.1
Total	**37**	**100.0**

Source: Research Data, 2024

The findings in Table 4.5 indicated that the majority of the respondents had worked in deposit-taking savings and credit cooperative organizations in Kirinyaga County for a period between 1 and 5 years at 43.2% followed by those who had worked between 6 and

10 years at 37.8%. Those who had worked in deposit-taking savings and credit cooperative organizations for a period between 11 and 15 years were 8.1%; those with work experience of over 20 years in deposit-taking savings and credit cooperative organizations were 8.1% whereas those with less than 1-year work experience were 2.7%. The results indicate that the respondents had worked in deposit-taking savings and credit cooperative organizations in Kirinyaga County for a significant duration hence knowledgeable on competitive strategies and performance in their respective organizations.

4.3.5 SACCO's Duration of Operation

The study also aimed to identify the deposit taking savings and credit cooperative organizations' duration of operation by the number of years in operation. Table 4.5.1 gives the results obtained.

Table 4.6: Duration of Sacco Operation

Years	Frequency	Percent
6-10 years	1	2.7
11-15 years	7	18.9
Over 15 years	29	78.4
Total	**37**	**100.0**

Source: Research Data, 2024

The findings in Table 4.6 indicated that the majority 78.4 % of deposit-taking savings and credit cooperative organizations in Kirinyaga County have been in operation for over 15 years. Those SACCOs that have been in operation for 11 and 15 years were 18.9 %, while those that have been in operation between 6 and 10 years stood at 2.7 %. The duration of SACCO operation was important since organizations with a longer history have accumulated knowledge and experience in their industry. This may translate to greater expertise, processes that are more refined, a record of accomplishment of successfully

navigating operational challenges, and implementation of competitive strategies to sustain the performance of the deposit-taking savings and credit cooperative organization.

4.4 Descriptive Analysis

This section gives an analysis related to descriptive statistics for the study variables namely cost leadership strategy, differentiation strategy, focus strategy and performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya.

4.4.1 Cost Leadership Strategy

The respondents were required to state the importance of cost leadership strategy among deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Respondents were tasked with evaluating the indicators associated with cost leadership strategy using a Likert scale rating that ranged from 1 to 5. The Likert scale was interpreted as 4.5 and above Strongly Agree, 3.5- 4.49 = Agree, 2.5-3.49 = Uncertain, 1.5-2.49 = Disagree, 0-1.49 = Strongly Disagree. The means and standard deviations for the variable were computed and presented in Table 4.6.

Table 4.6: Descriptive Statistics for Cost Leadership Strategy

Statement	**Mean**	**Std. Deviation**
The SACCO pursues strategic partnerships and collaborations with service providers to reduce costs	4.59	.498
The SACCO offers attractive and competitive products and services to outperform competitors	4.43	.689
The SACCO outsources some of its non-core functions to other service providers to minimize operational costs	4.41	.599
The SACCO has embraced technological innovation to reduce operational costs	4.41	.725
The SACCO pursues economies of scale to save on costs	4.35	.753
Grand Mean	**4.43**	

Source: Research Data, 2024

The study results presented in Table 4.6 illustrates that the overall mean score for the cost leadership strategy variable stands at 4.43 with a standard deviation of 0.653. The average score signifies a prevailing agreement among respondents regarding the significance of cost leadership strategy, particularly concerning enhancing the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Among the specific indicators within the cost leadership strategy, the highest-rated indicator by respondents, with a mean score of 4.59 and a standard deviation of 0.498, is that the SACCO pursues strategic partnerships and collaborations with service providers to reduce costs. The respondents also strongly agreed with a mean score of 4.43 and a standard deviation of 0.689 that the SACCO offers attractive and competitive products and services to outperform competitors. The respondents also strongly agreed with the statement on cost leadership strategy with a mean of 4.41 and a standard deviation of 0.599 that SACCO outsources some of its non-core functions to other service providers to minimize operational costs. The participants also strongly agreed with a mean of 4.41 and a standard deviation of 0.725 that the SACCO has embraced technological innovation to reduce operational costs. Finally, the respondents strongly agreed with the statement that the SACCO pursues economies of scale to save on costs with a mean of 4.35 and a standard deviation of 0.753.

Through an open question, the respondents were required to state the importance of cost leadership strategy among deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Figure 4.1 presents the analysis of the various responses received from respondents.

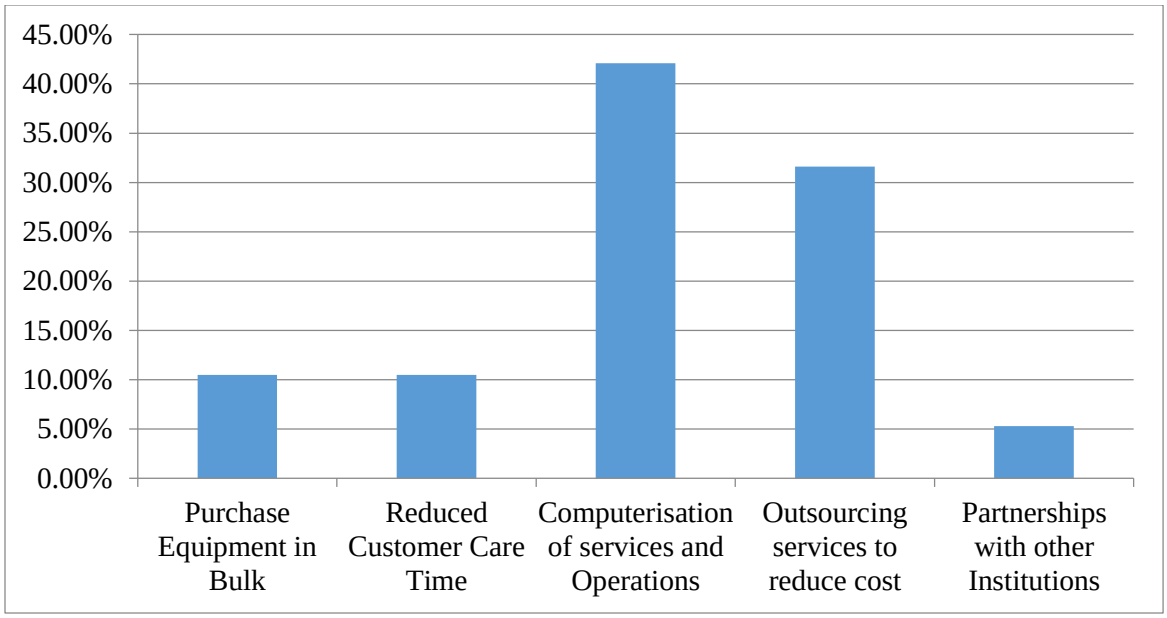


Figure 4.1: Importance of Cost Leadership Strategy

Figure 4.1 illustrates the range of cost leadership strategies that deposit-taking savings and credit cooperative organizations in Kirinyaga County could implement, as suggested by the respondents. From the study findings, computerization (42.1%) was seen as the most important strategy. This likely refers to automating tasks and using technology to improve efficiency and reducing the need for manual tasks. Outsourcing services (31.6%) was another popular option. SACCOs can outsource non-core functions like security or data processing to specialists, potentially at a lower cost than handling them internally. Bulk purchasing and reduced customer care time (10.5%) suggests that SACCOs could save money by buying supplies in bulk and potentially streamlining customer service processes to improve efficiency. Partnerships (5.3%) were viewed as the least important strategy. This could involve collaborating with other SACCOs to share resources or back-office operations.

4.4.2 Differentiation Strategy

The respondents were required to state the importance of differentiation strategy among the deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Respondents were tasked with evaluating the indicators associated with differentiation strategy using a Likert scale rating that ranged from 1 to 5. The Likert scale was interpreted as 4.5 and above Strongly Agree, 3.5- 4.49 = Agree, 2.5-3.49 = Uncertain, 1.5-2.49 = Disagree, 0-1.49 = Strongly Disagree. The means and standard deviations for the variable were computed and presented as shown in Table 4.7.

Table 4.7: Descriptive Statistics for Differentiation Strategy

Statement	**Mean**	**Std. Deviation**
The SACCO offers unique products and services that meet the specific needs of customers	4.59	.498
The SACCO frequently develops new products and services to meet changing customer needs and preferences	4.51	.804
The SACCO actively seeks customer feedback and suggestions	4.49	.804
The SACCO has adopted technology in product and service delivery	4.49	.559
The SACCO embraces customer centric services	4.43	.555
Grand Mean	**4.502**	

Source: Research Data, 2024

The study results presented in Table 4.7 illustrates that the overall mean score for the differentiation strategy variable stands at 4.5, with a standard deviation of 0.644. This average score signifies a prevailing agreement among respondents regarding the significance of differentiation strategy particularly in relation to enhancing the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Among the specific indicators within the differentiation strategy variable, the highest-rated indicator by respondents, with a mean score of 4.59 and a standard

deviation of 0.498, is that the SACCO offers unique products and services that meet the specific needs of customers. The respondents also strongly agreed with a mean score of 4.51 and a standard deviation of 0.804 that the SACCO frequently develops new products and services to meet changing customer needs and preferences.

The respondents also strongly agreed, with a mean score of 4.49 and a standard deviation of 0.804, that the SACCO actively seeks customer feedback and suggestions. The respondents also strongly agreed that the SACCO has adopted technology in product and service delivery with a mean of 4.49 and a standard deviation of 0.599 and finally the participants strongly agreed with a mean of 4.43 and a standard deviation of 0.555, that the SACCO embraces customer-centric services.

Through an open question, the respondents were required to state the importance of differentiation strategy among deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Figure 4.2 presents the analysis of the various responses received.

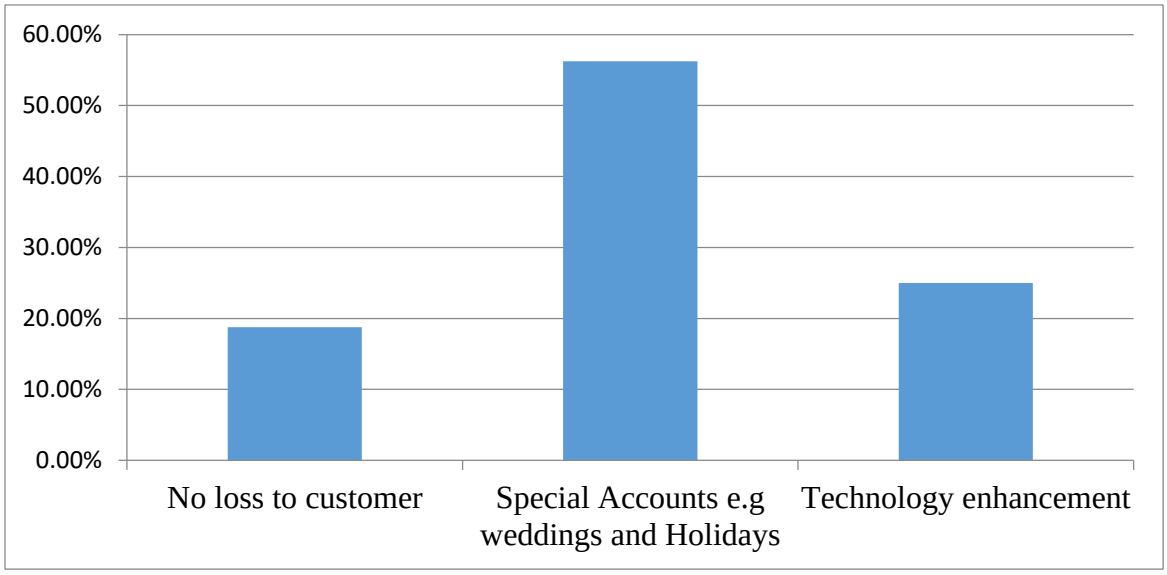


Figure 4.2: Importance of Differentiation Strategy

Figure 4.2 illustrates the range of differentiation strategies that deposit-taking savings and credit cooperative organizations in Kirinyaga County could implement as suggested by the respondents. Study findings on differentiation Strategies shows that special accounts (56.25%) were the most favored strategy. This suggests SACCOs could offer unique savings accounts tailored to specific goals like weddings, school fees or holidays, potentially with higher interest rates or bonus features. Technology enhancement (25%) was another important strategy. This could involve implementing mobile banking, online applications or other technological advancements to improve convenience and accessibility for members. No loss to customer (18.75%) highlights the importance of customer satisfaction and security. SACCOs that can guarantee the safety of deposits and provide a positive member experience could be more attractive.

4.4.3 Focus Strategy

Respondents were required to state the importance of focus strategy among deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Respondents were tasked with evaluating the indicators associated with focus strategy using a Likert scale rating that ranged from 1 to 5. The Likert scale was interpreted as 4.5 and above Strongly Agree, 3.5- 4.49 = Agree, 2.5-3.49 = Uncertain, 1.5-2.49 = Disagree, 0-1.49 = Strongly Disagree. The means and standard deviations for the variable was computed and presented as illustrated in Table 4.8.

Table 4.8: Descriptive Statistics for Focus Strategy

Statement	Mean	Std. Deviation
The SACCO targets a specific geographical market segment	4.69	.467
The SACCO has customized products and services based on its geographical market segment	4.58	.554
The SACCO targets a specific customer segment	4.56	.504
The SACCO has customized products and services based on customer demographics such as age group, gender, occupation	4.31	.624
Grand Mean	**4.54**	

Source: Research Data, 2024

The grand mean rating for focus strategy factor was 4.54, with a standard deviation of 0.537, which means participants generally recognized the importance of focus strategy in influencing performance in deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Respondents strongly agreed that the SACCO targets a specific geographical market segment, with an average score of 4.69 and a standard deviation of 0.467. The participants also strongly agreed that the SACCO has customized products and services based on its geographical market segment, with an average score of 4.58 and a standard deviation of 0.554. The respondents strongly agreed that the SACCO targets a specific customer segment with an average score of 4.56 and a standard deviation of 0.504. Additionally, the respondents strongly agreed with an average score of 4.31 and a standard deviation of 0.624 that the SACCO has customized products and services based on customer demographics such as age group, gender or occupation.

Through an open question, the respondents were required to state the importance of Focus Strategy among deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Figure 4.3 presents the analysis of the various responses received.

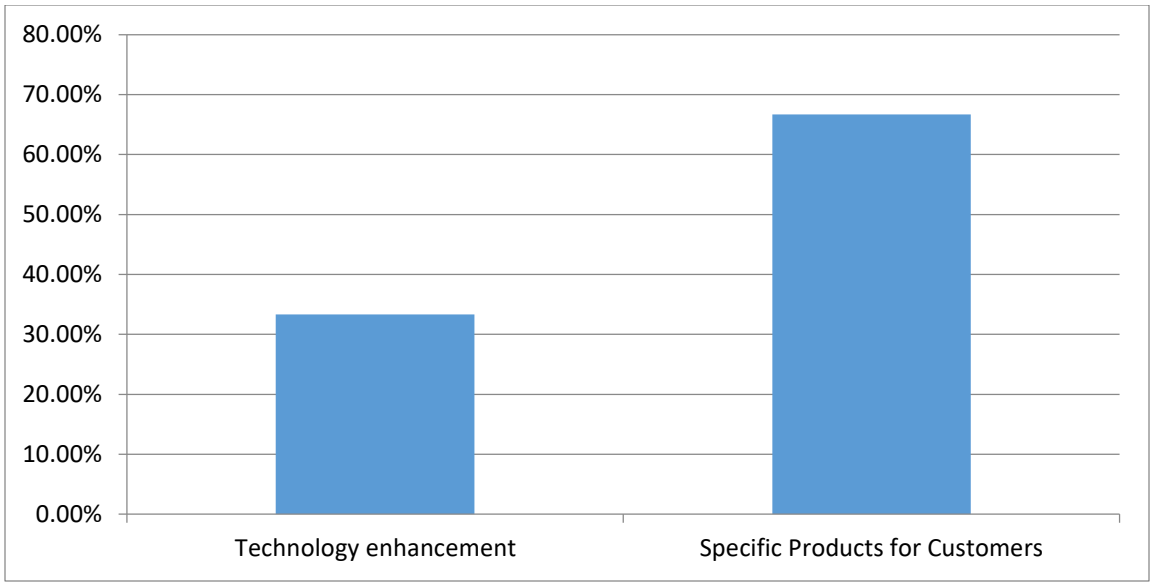


Figure 4.3: Importance of Focus Strategy

Figure 4.3 illustrates the range of focus strategies that deposit-taking savings and credit cooperative organizations in Kirinyaga County could implement, as suggested by the respondents. The study findings on focus strategies indicated that special products (66.7%) was the most favored strategy. This suggests SACCOs should develop unique products and services that cater to the specific needs of their members. Respondents also considered technology enhancement (33.3%) as an important aspect of focus strategy. This means investing in technology to improve service delivery and member convenience could be a good focus strategy

4.4.4 Performance

The study's dependent variable was performance. The study sought to establish to what extent competitive strategies influenced the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Respondents were tasked with evaluating the indicators associated with performance using a Likert scale rating that ranged from 1 to 5.

The Likert scale was interpreted as 4.5 and above Strongly Agree, 3.5- 4.49 = Agree, 2.5-3.49 = Uncertain, 1.5-2.49 = Disagree, 0-1.49 = Strongly Disagree. The means and standard deviations for the variable were computed and presented as shown in Table 4.9.

Table 4.9: Descriptive Statistics for Performance of the SACCO

Statement	**Mean**	**Std. Deviation**
Growth in gross loans	4.81	.397
Growth in membership	4.78	.417
Growth in total assets	4.76	.435
Growth in share capital	4.70	.520
Growth in total deposits	4.62	.545
Grand Mean	**4.73**	

Source: Research Data, 2024

The dependent variable performance, which assessed the respondents understanding of how competitive strategies and techniques enhance the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya, had an overall mean score of 4.73 and a standard deviation of 0.463. This means that the respondents were generally aware of the potential benefits of competitive strategies namely cost leadership strategy, differentiation strategy and focus strategy on the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya. The respondents from deposit-taking savings and credit cooperative organizations in Kirinyaga County overwhelmingly agreed with several aspects of organizational performance. The respondents strongly agreed that there has been a noticeable growth in gross loans with a mean score of 4.81 and a standard deviation of 0.397. They also agreed that there was growth in SACCO membership with a mean score of 4.78 and a standard deviation of 0.417. Study respondents were also in consensus that there is growth in total assets with a mean score of 4.76 and a standard deviation of 0.435. Furthermore, respondents agreed that there is growth in share capital with a mean score of 4.7 and a standard deviation of

0.52. Lastly, they concurred that there is growth in total deposits with a mean score of 4.62 and a standard deviation of 0.54.

The respondents were also presented with an open-ended question in which they were required to indicate the important aspects of SACCO performance. The responses were provided and analyzed as presented in Figure 4.4.

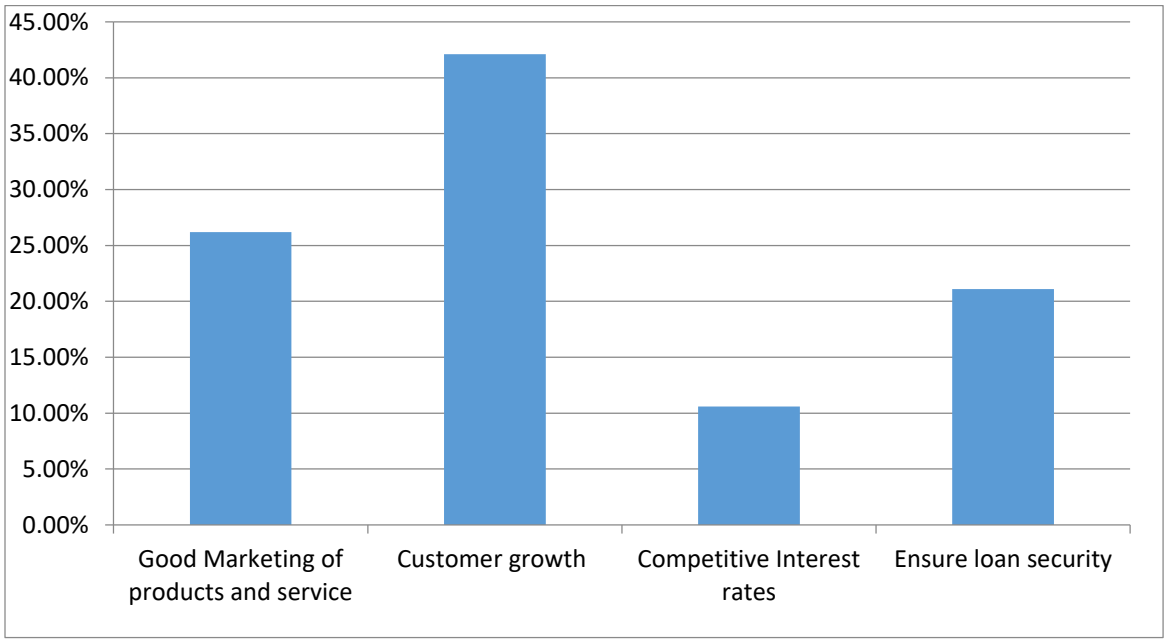


Figure 4.4: Importance aspects of SACCO performance

Figure 4.4 illustrates the range of SACCO performance aspects that were identified by respondents as important to deposit-taking savings and credit cooperative organizations in Kirinyaga County. The survey findings on SACCO Performance indicated that customer growth (42.1%) was ranked as the most important aspect. This indicates that SACCOs that can attract and retain members are more likely to be successful. Effective marketing (26.2%) was also viewed as crucial since aggressive marketing can help SACCOs reach more members and promote their products and services. Loan security (21.1%) was another significant factor. SACCOs need to ensure the safety of loan funds to maintain member

trust and financial stability. Competitive interest rates (10.6%) were also viewed as essential aspects of performance. Offering attractive interest rates on savings and loans can make a SACCO more appealing to members.

4.5 Diagnostic Tests for Assumptions of Regression

For any parametric test, there is a need to ensure assumptions for ordinary least squares have not been violated (Gujarati, Porter & Sangeetha, 2017). They stated that when assumptions are violated, accuracy and inferences from the analysis are also affected. In order to ensure this, various diagnostic tests such as normality test, multi-collinearity, homoscedasticity and linearity test were performed.

4.5.1 Test of Multi-collinearity

Since this study involved multiple factors, multi-collinearity test was carried out to determine if there are some independent variables that are highly correlated to avoid problems in regression analysis. Variance Inflation Factors (VIF) and tolerances were used to test multi- collinearity and the criteria used was that if the values of tolerances are greater than 0.1 or values of VIF are less than 10, it indicated presence of multi-collinearity and vice versa.

Table 4.10: Multi-collinearity Results

Variable	**Collinearity Statistics**	
	Tolerance	**VIF**
(Constant)		
Cost Leadership Strategy	.578	1.731
Differentiation Strategy	.476	2.100
Focus Strategy	.638	1.567

Table 4.10 shows the Variance Inflation Factors obtained for the variables were less than 10 and tolerance values were greater than 0.1, indicating the absence of multi-

collinearity as follow: Cost Leadership Strategy (VIF=1.731; Tolerance = 0.578); Differentiation Strategy (VIF=2.100; Tolerance = 0.476); and Focus Strategy (VIF=1.567; Tolerance = 0.638). From the results of individual variables, it ruled out the possibility of multi-collinearity and hence the level of multi-collinearity in the model could be tolerated.

4.5.2 Test of Homoscedasticity

Multiple regression method requires that the error term of variance does not change (homoscedasticity). Levene test used in this study to test hypothesis that the error variances are all identical (homoscedasticity).

Table 4.11: Homoscedasticity results

Variable	**Levene Statistic**	**df1**	**df2**	**Sig.**
Cost Leadership Strategy	1.224	5	28	0.077
Differentiation Strategy	1.112	4	29	0.085
Focus Strategy	1.210	4	30	0.068

Table 4.11 shows Levene values of; cost leadership strategy (Levene Statistics = 1.224; p -value= 0.077); differentiation strategy (Levene Statistics = 1.112; p-value= 0.085) and focus strategy (Levene Statistics = 1.210; p- value= 0.068). The hypothesis that the error variances are all identical was not rejected since the p-values were higher than 0.05, hence concluding that there was no heteroscedasticity in the data and are therefore for conducting inferential statistics.

4.5.3 Test of Normality

Graphical or numerical approaches are the two ways in which one can assess the presence of normality. Since the sample sizes (typically less than 50), the best test for normality is generally considered to be the Shapiro-Wilk test**.** The decision rule was if the

p-value (Sig.) is less than the test significance level which is 0.05 for this study, then the hypothesis that the observed distribution is normally distribution is rejected and the study concludes the distribution is not normally distributed, and vice versa.

4.12: Tests of Normality

Variable	**Shapiro-Wilk**		
	Statistic	**df**	**Sig.**
Cost Leadership Strategy	.837	36	.069
Differentiation Strategy	.764	36	.059
Focus Strategy	.893	36	.072

Table 4.12 indicates that all the variables were normally distributed since the p-values obtained were greater than 0.05 as follows: cost leadership strategy (0.069 > 0.05), differentiation strategy (0.059 > 0.05) and focus strategy (0.072 > 0.05).

4.5.4 Correlation Analysis

A correlation analysis was conducted to establish the strength and nature of the association between the study variables. The focus was to determine whether the three independent variables are associated with the dependent variable as well as determine the nature of the association if any. The results of the analysis are indicated in Table 4.13.

Table 4.13: Correlation Results

		Performance	Cost Leadership Strategy	Differentiation Strategy	Focus Strategy
SACCO Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	37			
Cost Leadership Strategy	Pearson Correlation	.609**	1		
	Sig. (2-tailed)	.000			
	N	37	37		
Differentiation Strategy	Pearson Correlation	.598**	.641**	1	
	Sig. (2-tailed)	.000	.000		
	N	37	37	37	
Focus Strategy	Pearson Correlation	.474**	.461**	.592**	1
	Sig. (2-tailed)	.003	.005	.000	
	N	36	36	36	36

*** Correlation is significant at the 0.01 level (2-tailed).*

Source: Research Data, 2024

Table 4.13 indicates a Pearson correlation coefficient (r), which provides valuable insights into the relationships between individual competitive strategies and the performance of deposit taking savings and credit cooperative organizations. First, the correlation value (r) of 0.609 with a significance level of $p < 0.000$ indicates a strong positive relationship between cost leadership strategy and SACCO performance. This suggests that there is a strong and statistically significant link between cost leadership strategy and the performance of deposit taking savings and credit cooperative organizations. Secondly, the correlation value *(r)* of 0.598 with a significance level of $p < 0.000$ indicates a strong positive relationship between differentiation strategy and SACCO performance. This suggests that there is a strong and statistically significant link between differentiation strategy and the performance of deposit taking savings and credit cooperative organizations. Lastly, the correlation value *(r)* of 0.474 with a significance level of $p < 0.003$ indicates a moderate positive relationship between focus strategy and

SACCO performance. This suggests that there is a moderate and statistically significant link between focus strategy and the performance of deposit taking savings and credit cooperative organizations. These findings highlight the important role of competitive strategies in the organizational performance of deposit taking savings and credit cooperatives in Kirinyaga County, Kenya.

4.6 Multiple Linear Regression Analysis

This section presents the empirical investigation of the effect of competitive strategies on the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Multiple regression models were used to analyze the effect of each independent variable on SACCO performance. Composite variables were computed for each of the independent variables of the study. The composite variables were then regressed using multiple regression models to determine the effect of each competitive strategy on the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya. The regression analysis model in Table 4.14 shows a significant and positive relationship between competitive strategies and the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya. The overall Pearson correlation coefficient (r) of the study predictor variables (competitive strategies) was 0.678, which means that competitive strategies have a strong and positive relationship with the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya.

Table 4.14: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.678[a]	.459	.409	.26210	.459	9.061	3	32	.000

a. Predictors: (Constant), Cost Leadership Strategy, Differentiation Strategy, Focus Strategy

Table 4.14 shows that the coefficient of determination adjusted R squared for the regression model yielded a value of 0.409 with a standard error of estimate of 0.26210. This implies that 40.9 % of the variation in the dependent variable, SACCO performance was explained by the variations in the independent variables namely cost leadership strategy, differentiation strategy and focus strategy. The remaining 59.1 % of the variations in the dependent variable are accounted for by other variables not discussed in the current study. This means that to improve their performance, deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya should pursue competitive strategies; cost leadership strategy, differentiation strategy and focus strategy, which result in 40.9 % of SACCO performance.

Table 4.15: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.867	3	.622	9.061	.000[b]
Residual	2.198	32	.069		
Total	4.066	35			

a. Dependent Variable: Performance

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

Table 4.15 shows the results of the ANOVA that was used to test the overall significance of the model. Table 4.15 shows that the F-statistic for the model was 9.061 with 3 degrees of freedom and its p-value was 0.000. This implies that the overall model is significant ($p < 0.05$).

Table 4.16: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.851	.616		3.004	.005	.596	3.105
Cost Leadership Strategy	.283	.134	.361	2.112	.041	.010	.556
Differentiation Strategy	.228	.149	.289	1.536	.013	.075	.531
Focus Strategy	.133	.159	.137	.939	.05	.190	.457

a. Dependent Variable: Performance

Table 4.16 shows the regression results of each of the competitive strategies on the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. From Table 4.16, the overall regression model considering the coefficient is as shown below:

$$\textbf{SACCO Performance} = 1.851 + 0.283X_1 + 0.228X_2 + 0.133X_3$$

The study found that cost leadership strategy (X1), differentiation strategy (X2) and focus strategy (X3) were positively related to the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County. Analyzing the regression coefficients as shown in Table 4.16 reveals that holding all factors constant, the SACCO performance would be 1.851. When the values of competitive strategies, namely cost leadership strategy, differentiation strategy and focus strategy are kept constant, SACCO

performance demonstrates a positive coefficient of 1.851. This signifies that a one-unit change in cost leadership strategy is linked to a 0.283 unit rise in SACCO performance, while a one-unit change in differentiation strategy is linked to a 0.228 unit rise in SACCO performance whereas a one-unit change in focus strategy is linked to a 0.133 unit rise in SACCO performance. The model outcomes unequivocally show that among the predictor variables, cost leadership strategy exerted the most significant influence on the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya, with differentiation strategy coming in second and focus strategy last. It is therefore important to embrace and adopt generic competitive strategies, namely cost leadership strategy, differentiation strategy and focus strategy, to increase the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya.

4.7 Hypotheses Testing

The study sort to test the three study null hypotheses;

Ho_1: Cost leadership strategy has no significant influence on the performance of deposit taking SACCOs in Kirinyaga County, Kenya.

Ho_2: Differentiation strategy has no significant influence on the performance of deposit taking SACCOs in Kirinyaga County, Kenya.

Ho_3: Focus strategy has no significant influence on the performance of deposit taking SACCOs in Kirinyaga County, Kenya.

According to the research findings in table 4.16, the coefficient of cost leadership strategy had a value of 0.283, while the p-value was 0.041, which is less than 0.05.

Therefore, at the 5% level of significance, the null hypothesis was rejected, implying that the cost leadership strategy has a significant positive influence on the performance of deposit-taking SACCOs in Kirinyaga County, Kenya. The results provide encouraging evidence that cost leadership strategies such as strategic partnerships and collaborations, offering attractive and competitive products and services, outsourcing non-core functions and embracing technological innovation can have a positive influence on the performance of deposit-taking SACCOs in Kirinyaga County.

The results in Table 4.16 further show that the value of the coefficient of differentiation strategy was 0.228, while the p-value is 0.013, which is less than 0.05. Therefore, at the 5% level of significance, the null hypothesis was rejected, implying that the differentiation strategy has a significant positive influence on the performance of deposit-taking SACCOs in Kirinyaga County, Kenya. The results provide evidence that differentiation strategies of offering unique products and services that meet the specific needs of customers, developing new products and services to meet changing customer needs and preferences, actively seeking customer feedback and suggestions, and adopting technology in product and service delivery can have a positive influence on the performance of deposit-taking SACCOs in Kirinyaga County.

Finally, the results in Table 4.16 show that the coefficient of focus strategy had a value of 0.133, while the p-value was 0.05, which is equal to 0.05. Therefore, at the 5% level of significance, the null hypothesis was rejected, implying that the focus strategy has a significant positive influence on the performance of deposit-taking SACCOs in Kirinyaga County, Kenya. The results provide evidence that focus strategies of targeting a specific geographical market segment, customized products and services based on its geographical

market segment and customized products and services based on customer demographics such as age group, gender and occupation can have a positive influence on the performance of deposit-taking SACCOs in Kirinyaga County.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter is devoted to discussions, summarizing the study's findings and drawing conclusions in accordance with the study's objectives. The chapter also discusses the main conclusions that were derived from the study's most important findings. Additionally, recommendations are given and the chapter concludes with suggestions on areas of further research. With deposit-taking savings and credit cooperative organizations in Kirinyaga County, the major objective of this study was to substantially increase the understanding of how competitive strategies influence the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya.

5.2 Discussion

In this section, the main findings are discussed and organized according to the study's specific objectives.

5.2.1 Cost Leadership Strategy and Performance

The research investigated the influence of cost leadership strategy on the performance of deposit taking SACCOs in Kirinyaga County. The study results revealed that there is a strong and statistically significant link between cost leadership strategy and the performance of deposit taking savings and credit cooperative organizations. These findings are in harmony with the perspective presented by Kharub et al. (2019), who investigated the relationship between cost leadership strategy and firm performance in 245 micro, small and medium enterprises in India and concluded that cost leadership strategy positively and

directly influences firm performance. Additionally, the study results are in line with, those who examined how cost leadership strategy affected the performance of pharmaceutical firms in Tanzania. According to the study, adoption of modern technology and use of economies of scale are among the most essential factors that lower production costs consequently enabling a business to achieve a cost advantage and eventually improve the overall business performance. The study concluded that cost leadership strategies positively and directly influence company performance.

5.2.2 Differentiation Strategy and Performance

The research investigated the influence of differentiation strategy on the performance of deposit-taking SACCOs in Kirinyaga County. The study results revealed that there is a strong and statistically significant link between differentiation strategy and the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County. The results on differentiation strategy concur with those of Islami et al., (2020) who assessed the relationship between differentiation strategy and organizational performance of manufacturing firms in the Republic of Kosovo. The study revealed that pursuing a differentiation strategy increases an organization’s competitive advantage, which has a positive impact on organizational performance. Further, the study results agreed with Waithira and Muigai (2020), who researched how differentiation strategies affected the performance of deposit-taking SACCOs in Nairobi County, Kenya. According to the research, a firm's ability to offer differentiated services led to a significant improvement in business performance. The study findings are also in harmony with those of Kiiru (n.d.) who assessed the influence of differentiation strategy on the performance of business development firms. The study revealed that by identifying market segments and

developing unique products for those segments, a business could improve its performance. The study concluded that there is a positive and statistically significant relationship between differentiation strategy and SACCO performance.

5.2.3 Focus Strategy and Performance

The study also investigated the influence of focus strategy on the performance of deposit-taking SACCOs in Kirinyaga County. The study results established that there is a moderate and statistically significant link between focus strategy and the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. The study results are in line with Akintokunbo (2018), who examined the relationship between focus strategy and organizational performance in 4 telecommunications companies in Port Harcourt, Nigeria. The researcher found that businesses that intend to implement focus strategies must concentrate on certain market segments to attain a competitive advantage and improve overall performance. The study concluded that focus strategy has a positive and statistically significant influence on business performance and firm competitiveness. Additionally, the study also agreed with the findings of Gatutha and Namusonge (2020) who assessed the effects of focus strategy on the performance of supermarkets in Nairobi City, Kenya. The study found that an organization must develop a niche market to customize its products and consequently increase its market share. The study concluded that focus strategy has a significant and positive impact on the performance of supermarkets in Nairobi City, Kenya. The results of the study are however in contrast with those of Kathimuri and Kiiru (2023) who concluded that while focus strategy boosts the performance of deposit taking SACCOs in Meru County, focus strategy is not an essential part of SACCO performance because the strategy has a positive but weak

correlation with organizational performance. Targeting specific market segments, customizing products based on location or demographics have a positive influence on SACCO performance. The study concluded that there is a positive and statistically significant relationship between focus strategy and SACCO performance.

5.2.4 Performance

The study assessed the participants understanding on the influence of competitive strategies on SACCO performance. The respondents strongly agreed that there has been a noticeable growth in gross loans as well as growth in SACCO membership. Respondents were also in consensus that the SACCOs had experienced growth in total assets. Furthermore, participants acknowledged there was growth in share capital in addition to growth in total deposits. The findings mean that the respondents were generally aware of the potential benefits of competitive strategies namely; cost leadership strategy, differentiation strategy and focus strategy on the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya.

5.3 Summary of Main Findings

This section summarizes the key findings of the research based on the study's independent variables and dependent variable.

The findings of the study revealed that there is a strong and statistically significant link between cost leadership strategy and the performance of deposit-taking savings and credit cooperative organizations. Implementing strategies like strategic partnerships, competitive products, outsourcing, and technological innovation can likely improve SACCO performance. Overall, the survey suggests SACCOs in Kirinyaga County prioritize leveraging technology and optimizing internal processes to achieve cost leadership.

Pertaining the influence of differentiation strategy on performance, the results of the study suggests that there is a strong and statistically significant link between differentiation strategy and the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County. Offering unique and customer-focused products, developing new offerings based on changing needs, seeking customer feedback, and adopting technology in service delivery will improve SACCO's performance. The survey indicates that SACCOs in Kirinyaga County should prioritize offering unique savings accounts, improving technology access, and building trust with members to differentiate themselves from competitors.

Study findings revealed that there is a moderate and statistically significant link between focus strategy and the performance of deposit taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Targeting specific market segments, customizing products based on location or demographics have a positive influence on SACCO performance. The survey suggests that SACCOs in Kirinyaga County should prioritize developing special products and services for their members, while also considering investments in technology to enhance service delivery.

5.4 Conclusion

The study explored the impact of competitive strategies on the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. It found that Porter's generic competitive strategies, including cost leadership, differentiation, and focus, significantly influence the performance of savings and credit cooperative organizations in Kirinyaga County. Cost leadership involves strategic partnerships with service providers to reduce costs, offering competitive products and services, and

outsourcing non-core functions. Differentiation strategy involves offering unique products and services that meet customer needs, frequently developing new products and services, and actively seeking customer feedback. Focus strategy focuses on customized products and services based on geographical market segment, customer demographics, and demographics. Respondents agreed that these strategies have a strong positive relationship with driving customer growth, effective marketing, loan security, and competitive interest rates to achieve better SACCO performance. A strong positive correlation was found between cost leadership, differentiation, and SACCO performance, while a moderate and statistically significant correlation was found between focus strategy and SACCO performance. The study concludes that these strategies play a crucial role in the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya.

5.5 Recommendations

Based on the study results, the researcher recommends that SASRA should prioritize the formulation of policies that encourage SACCOs to prioritize and focus their efforts on implementing competitive strategies especially cost leadership and differentiation strategy which have the strongest potential impact on organizational performance.

The researcher recommends that SACCO management should focus on implementing effective competitive strategies since the strong positive correlation suggests that effective competitive strategies can significantly improve the performance of SACCOs. SACCO managers should therefore prioritize understanding and implementing effective competitive strategies tailored to their specific target market, customer needs and demands.

Furthermore, the SACCOs should have continuous monitoring and adaptation mechanisms. This is because the dynamic and competitive nature of the financial services sector necessitates continuous monitoring and evaluation of competitive strategies and their impact on organizational performance. Consequently, SACCO management should be prepared to continuously monitor, adapt and invest in competitive strategies based on evolving market conditions and competitor actions.

5.6 Areas of Further Research

The main objective of this study was to determine the impact of competitive strategies on the performance of deposit-taking savings and credit cooperative organizations in Kirinyaga County, Kenya. Future research may expand this to replicate the study in different geographical locations and contexts to evaluate the generalizability of the findings. This will broaden the understanding of the relationship between competitive strategies and performance across various categories of cooperative societies. Additionally, a comparative study can be carried out with other types of financial institutions operating in the same region or business environment. This will provide insights into whether the relationship between competitive strategies and performance is unique to deposit taking SACCOs or largely applies to the financial services sector.

REFERENCES

Akintokunbo, D. O. (2018). Market Focus Strategy and Organizational Performance of Telecommunication Companies In Port Harcourt. *International Journal of Innovative Research and Advanced Studies (IJIRAS)*, *5*(3), 258–263.

Ali, B. J., & Anwar, G. (2021). Porter's Generic Competitive Strategies and its influence on the Competitive Advantage. *International Journal of Advanced Engineering, Management and Science*, *7*(6), 42–51. https://doi.org/10.22161/ijaems.76.5

Anchit, G. (2020). A Critical Analysis of Porter's 5 Forces Model of Competitive Advantage. *Journal of Emerging Technologies and Innovative Research*, *7*(7), 149–152. https://doi.org/10.1729/Journal.25126

Annual, T., Report, S., The, O., Of, P., Sacco, R., & In, S. (2023). *THE SACCO SUPERVISION ANNUAL*.

Atieno Ogindo, E., & Njoka, C. (2018). Digital Transformation and Financial Performance of Deposit-Taking Savings and Credit Co-Operatives in Nairobi City County. *EdinBurg Peer Reviewed Journals and Books Publishers Journal of Finance and Accounting*, *3*(2), 45–56.

Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. In *Journal of Management* (Vol. 17, Issue 1, pp. 99–120). https://doi.org/10.1177/014920639101700108

Barney, J. B., & Hesterly, W. S. (2015). *Strategic Management and CA - Concepts and Cases*.

Bera, A. K., & Jarque, C. M. (1981). Efficient tests for normality, homoscedasticity and serial independence of regression residuals: Monte Carlo evidence. *Economics letters*, *7*(4), 313-318.

Bryman, A. & B. (2007). Business Research Methods - Emma Bell, Bill Harley, Alan Bryman - Google Library. In *Oxford University Press* (pp. 18–48). https://books.google.co.za/books?hl=en&lr=&id=hptjEAAAQBAJ&oi=fnd&pg=PP1&dq=business+research+methods+emma+bell&ots=Dcom65D2Yy&sig=3W2Ywtqp654ElVkoHJIstN0DsRM&redir_esc=y#v=onepage&q=business research methods emma bell&f=false%0Ahttps://books.google.com.b

C.R.Kothari. (2004). Research Methodology Methods & Techniques. In *New Age International (P)Ltd.,Publishers* (Vol. 2). https://doi.org/10.1016/j.indmarman.2017.09.022

Consultant, A. F., Santana, E. G., Fernandes, P. C., & Associate, T. (2016). *Organizational Performance Measurement and Evaluation*. *July*, 1–21.

Cooper, D. R., & Schindler, P. S. (2014). Business Research Methods 12th Edition. In *Business Research Methods*.

Das, S., & Canel, C. (2023). Linking manufacturing and competitive strategies for

successful firm performance: a review and reconceptualization. In *Journal of Strategy and Management* (Vol. 16, Issue 1, pp. 148–172). https://doi.org/10.1108/JSMA-02-2022-0043

Dobbs, M. E. (2014). Guidelines for applying Porter's five forces framework: A set of industry analysis templates. *Competitiveness Review*, *24*(1), 32–45. https://doi.org/10.1108/CR-06-2013-0059

Edson, G., & Muranda, Z. (2021). *The Effect of Competitive Strategies and Innovation on Firm Performance : A Study of Zimbabwean Textile and Clothing Firms*. *11*(January), 1–6.

Effect Of Cost Leadership Strtaegy On Fundraising Performance Among Small And Medium Npos In Kenya _ Academic Journal of Social Sciences and Education. (n.d.).

Farida, I., & Setiawan, D. (2022). Business Strategies and Competitive Advantage : The Role of Performance and Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, *8*(3), 163. https://doi.org/10.3390/joitmc8030163

Folan, P., Browne, J., & Jagdev, H. (2007). Performance: Its meaning and content for today's business research. *Computers in Industry*, *58*(7), 605–620. https://doi.org/10.1016/j.compind.2007.05.002

Gamble, B., Moreau, D., Tippett, L. J., & Addis, D. R. (2019). Specificity of future thinking in depression: A meta-analysis. *Perspectives on Psychological Science*, *14*(5), 816-834.

Gatutha, P. G., & Namusonge, M. (2020). Competitive strategies and the performance of supermarkets in Nairobi City, Kenya. *International Academic Journal of Human Resource and Business Administration*, *3*(9), 291–303.

Gunst, R. F., & Mason, R. L. (2018). *Regression analysis and its application: a data-oriented approach*. CRC Press.

Hamzat, I. B. (2020). *Competitive Strategies a nd Firms ' Performance : A Comparative Analysis of Selected Firms in Telecommunication Industry*. *19*(7), 31–56.

Henri, J. F. (2004). Performance measurement and organizational effectiveness: Bridging the gap. *Managerial Finance*, *30*(6), 93–123. https://doi.org/10.1108/03074350410769137

Hhary, E. J., & Mboma, L. (2020). The effects of cost leadership strategy on performance of pharmaceutical industry: A case of Zenufa Laboratories (T) Limited. *International Journal of Research and Analytical Reviews*, *7*(3), 136–149. www.ijrar.org136

Ingabire, H., & Irechukwu, E. N. (2022). Generic Competitive Strategies and Organizational Performance in Manufacturing Industries in Rwanda: A Case of Sulfo Industries Ltd. In *Journal of Strategic Management* (Vol. 6, Issue 1, pp. 9–25). https://doi.org/10.53819/81018102t2032

Islami, X., Mustafa, N., & Topuzovska Latkovikj, M. (2020). Linking Porter's generic strategies to firm performance. *Future Business Journal*, *6*(1), 1–15.

https://doi.org/10.1186/s43093-020-0009-1

Kaara, H. M., Amuhaya, I. M., Oloko, M. A., & Waititu, G. A. (2021). To Determine the Relationship between Differentiation Strategy and Performance of Dairy Cottage Industries in Kiambu County, Kenya. *International Journal of Innovative Research and Development*, *10*(6), 29–41. https://doi.org/10.24940/ijird/2021/v10/i6/jun21070

Kabui, J. W., & Maina, S. (2021). Rebranding Strategies and Performance of Savings and Credit Cooperative Organization in Kirinyaga County, Kenya. *International Journal of Business Management, Entrepreneurship and Innovation*, *3*(2), 1–14. https://doi.org/10.35942/jbmed.v3i2.184

KATHIMUURI, R., & KIIRU, PhD, D. (2023). Competitive Strategies and Performance of Deposit Taking Savings and Credit Cooperatives in Meru County Kenya. *Strategic Journal of Business & Change Management*, *10*(4). https://doi.org/10.61426/sjbcm.v10i4.2805

Khan, R. A. G., Khan, F. A., & Khan, M. A. (2011). Impact of training and development on organizational performance. *Global journal of management and business research*, *11*(7), 63-68.

Kharub, M., Mor, R. S., & Sharma, R. (2019). The relationship between cost leadership competitive strategy and firm performance: A mediating role of quality management. *Journal of Manufacturing Technology Management*, *30*(6), 920–936. https://doi.org/10.1108/JMTM-06-2017-0116

Kiiru, S. K. (n.d.). *Development Service Provision Firms : a Case Study of the Agribusiness*. 85–96.

Kiprono, B. K., & Kinyua, G. M. (2021). An Empirical Investigation on the Effect of Image Differentiation on Service Delivery of Selected Insurance Firms in Nairobi City County, Kenya. *International Journal of Managerial Studies and Research*, *9*(6), 39–47. https://doi.org/10.20431/2349-0349.0906005

Latorre, G. R., Santella, G., & Sharma, C. (2020). *Standing firm on shifting sands: Global Banking M&A outlook H2 2020*. *July*, 1–27. https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/07/standing-firm-on-shifting-sands.pdf

Makina, I., & Oundo, J. N. (2020). *Effect of Competitive Strategies on Organization Performance in Relation to Sugar Industry in Kenya*. *8*(5), 220–230. https://doi.org/10.13189/ujm.2020.080502

Misango, S. (n.d.). *EFFECTS OF GENERIC COMPETITIVE STRATEGIES ON ORGANIZATIONAL PERFORMANCE IN THE MANUFACTURING INDUSTRY: A CASE OF BAMBURI CEMENT LIMITED, HEAD OFFICE, NAIROBI*. https://doi.org/10.13140/RG.2.2.27648.15364

Mishra, C. S. (2017). Creating and sustaining competitive advantage: Management logics, business models, and entrepreneurial rent. In *Creating and Sustaining Competitive Advantage: Management Logics, Business Models, and Entrepreneurial Rent*.

https://doi.org/10.1007/978-3-319-54540-0

Moon, H. C., Hur, Y. K., Yin, W., & Helm, C. (2014). Extending porter's generic strategies: From three to eight. *European Journal of International Management*, *8*(2), 205–225. https://doi.org/10.1504/EJIM.2014.059583

Mugenda, O.M. and Mugenda, A. G. (2003). *Mugenda, O.M. & Mugenda, A.G. (2003) Research Methods, Quantitative and Qualitative Approaches. ACT, Nairobi. - References - Scientific Research Publishing*. Open Access Library Journal. https://www.scirp.org/(S(351jmbntvnsjt1aadkposzje))/reference/ReferencesPapers.aspx?ReferenceID=1917785

Ngui, F. M. (2018). *Deposit Taking Savings and Credit Co-Operative Societies*. *November*.

Nyachwaya, J. M., & Rugami, J. M. (2020). Competitive Strategies and Performance of Commercial Banks in Mombasa County, Kenya. *International Journal of Business Management, Entrepreneurship and Innovation*, *2*(1), 65–74. https://doi.org/10.35942/jbmed.v2i1.109

Ogollah, K., & Kavulya, P. W. (n.d.). *EFFECT OF CUSTOMER FOCUS STRATEGY ON THE PERFORMANCE OF SACCOS IN KENYA EFFECT OF CUSTOMER FOCUS STRATEGY ON THE*.

Polgar, Stephen, and Shane A. Thomas. *Introduction to research in the health sciences E-Book*. Elsevier Health Sciences, 2011.

Porter, M. E. (1990). [Michael_E._Porter]_Competitive_Advantage_of_Natio(z-lib.org). In *the Free Press* (Vol. 1).

Porter, M. E. (2008). The five competitive forces that shape strategy. *Harvard Business Review*, *86*(1), 1–17.

Priadana, S., Sunarsi, D., Wahyitno, A. P. S., & ... (2021). The Effect of Strategic Leadership on Competitive Strategy and Business Performance: Evidence from Indonesian SME's. *Annals of the …*, *25*(4), 4908–4918. http://annalsofrscb.ro/index.php/journal/article/view/3045

Rahmayati, R. (2021). Competition Strategy in the Islamic Banking Industry: An Empirical Review. *International Journal of Business, Economics, and Social Development*, *2*(2), 65–71. https://doi.org/10.46336/ijbesd.v2i2.133

Rasheed, N. A., Nordin, M. J., Dakheel, A. H., Nados, W. L., & Maaroof, M. K. A. (2017). Research Journal of Applied Sciences, Engineering and Technology. In *Research Journal of Applied Sciences, Engineering and Technology* (Vol. 14, Issue 9, pp. 324–333). https://doi.org/10.19026/rjaset.14.5072

Regulators, F. S., No, I., & Report, S. (2022). *Published by the Financial Sector Regulators, July 2022, Issue No. 13 1 | KENYA FINANCIAL STABILITY REPORT, 2021*. *13*.

Sacco societies act. (2012). *14*.

Societies, T. H. E. S., & Authority, R. (2021). *the Sacco Supervision Annual*.

Tanwar, R. (2013). Porter's Generic Competitive Strategies. *IOSR Journal of Business and Management*, *15*(1), 11–17. https://doi.org/10.9790/487x-1511117

Taouab, O., & Issor, Z. (2019). Firm Performance: Definition and Measurement Models. *European Scientific Journal ESJ*, *15*(1). https://doi.org/10.19044/esj.2019.v15n1p93

The SACCO Societies Regulatory Authority. (2021). The Sacco Supervision Annual Report 2020. *Sacco Societies Regulatory Authority (SASRA)*.

Waithira Mbugua, J., & Muigai Kinyua, G. (2020). Service Differentiation and Organization Performance: An Empirical Analysis of Deposit Taking Saccos in Nairobi City County, Kenya. *Journal of Business and Economic Development*, *5*(2), 64. https://doi.org/10.11648/j.jbed.20200502.12

Warmbrod, J. R. (2014). Reporting and interpreting scores derived from Likert-type scales. *Journal of agricultural education*, *55*(5), 30-47.

White, R. E. (1986). Generic business strategies, organizational context and performance: An empirical investigation. *Strategic Management Journal*, *7*(3), 217–231. https://doi.org/10.1002/smj.4250070304

APPENDICES

APPENDIX I: QUESTIONNAIRE

This questionnaire seeks to collect data on competitive strategies and performance of deposit taking SACCOs in Kirinyaga County, Kenya.

As part of my MBA course requirement, I need to collect data on **Competitive Strategies and Performance of Deposit-taking SACCOs in Kirinyaga County**, **Kenya.** I kindly request that you take some time to objectively answer a few questions for the study. The data obtained will be used purely for academic purposes and your confidentiality is guaranteed. Kindly answer all the questions by placing a tick (√) in the given space.

Section A: General Information

1. Name of your SACCO …….

2. What is your gender?

   a) Male ( ) b) Female ( )

3. What is your position in the SACCO?

   a) Branch Manager ( ) f) Operations Manager ( )

   b) Finance Manager ( ) g) Loans Manager ( )

   c) Credit Manager ( ) h) ICT Manager ( )

   d) Business Development Manager ( ) i) Internal Audit and Risk Manager ( )

   e) Marketing Manager ( ) j) Member Service Manager ( )

4. What is your highest academic qualification?

   a) Diploma ( ) b) Degree ( )

d) PhD ( )

c) Masters ( )

5. How long have you worked in the SACCO?

a) Less than a year ( ) d) 11-15 years ( )

b) 1-5 years ( ) e) 16-20 years ( )

c) 6-10 years ( ) f) Over 20 years ( )

6. How long has the SACCO been in operation?

a) 1-5 years ( ) c) 11-15 years ( )

b) 6-10 years ( ) d) Over 15 years ( )

Section B: Competitive Strategies

Part I: Cost Leadership Strategy

Cost leadership strategy is a business approach in which a business reduces its operational costs in an attempt to outperform competitors

7. Indicate the extent to which the following aspects of cost leadership strategy influence performance of the SACCO.

Scale: 5. Strongly Agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

	Statement	**SA 5**	**A 4**	**U 3**	**D 2**	**SD 1**
i)	The SACCO pursues strategic partnerships and collaborations with service providers to reduce costs					
ii)	The SACCO has embraced technological innovation to reduce operational costs					
iii)	The SACCO offers attractive and competitive products and services to outperform competitors					
iv)	The SACCO outsources some of its non-core functions to other service providers to minimize operational costs					
v)	The SACCO pursues economies of scale to save on costs					

In your own opinion, in which other ways has the SACCO achieved a cost leadership strategy.

……
……
……...…..…

Part II: Differentiation Strategy

Differentiation strategy is when a business provides unique products or services to customers

8. Indicate the extent to which the following aspects of the differentiation strategy influence the performance of the SACCO.

Scale: 5. Strongly Agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

	Statement	**SA 5**	**A 4**	**U 3**	**D 2**	**SD 1**
i)	The SACCO offers unique products and services that meet the specific needs of customers					
ii)	The SACCO has adopted technology in product and service delivery					
iii)	The SACCO frequently develops new products and services to meet changing customer needs and preferences					
iv)	The SACCO embraces customer centric services					
v)	The SACCO actively seeks customer feedback and suggestions					

In your own opinion, in which other ways has the SACCO achieved its differentiation strategy.

……
……
……

Part III: Focus Strategy

Focus strategy is when a business identifies a niche market or customer group and provides products or services to meet the specific needs of the niche market or customer group.

9. Indicate the extent to which the following aspects of focus strategy influence performance of the SACCO.

Scale: 5. Strongly Agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

	Statement	**SA 5**	**A 4**	**U 3**	**D 2**	**SD 1**
i)	The SACCO targets a specific geographical market segment					
ii)	The SACCO has customized products and services based on its geographical market segment					
iii)	The SACCO targets a specific customer segment					
iv)	The SACCO has customized products and services based on customer demographics such as age group, gender ,occupation					

In your own opinion, in which other ways has the SACCO achieved focus strategy.

……
……
……

Section C: Performance

Performance refers to how well a company meets its financial goals and market-oriented goals.

10. To what extent have the following performance indicators been realized in your SACCO due to implementation of competitive strategies in the period between 2018 to 2022?

Scale: 5. Strongly Agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

	Statement	**SA 5**	**A 4**	**U 3**	**D 2**	**SD 1**
i)	Growth in total assets					
ii)	Growth in total deposits					
iii)	Growth in gross loans					
iv)	Growth in share capital					
v)	Growth in membership					

In your own opinion, in which other ways has the SACCO improved its performance?

……

……

……

……

Thank you for your participation

Appendix II: Registered Deposit Taking SACCOs in Kirinyaga County

S/No.	Name of SACCO
1.	Bingwa Sacco Society Limited
2.	Fortune Sacco Society Limited
3.	Goodway Sacco Society Limited
4.	Lainisha Sacco Society Limited
5.	Nufaika Sacco Society Limited
6.	Ollin Sacco Society Limited

Source : (The SACCO Societies Regulatory Authority, 2021)

Appendix III: Letter of Authorization

13th, June, 2023

E-mail: researchwriting.mba.anu@gmail.com

Tel. 0202711213

Our Ref: 17J03DMBA017

The Director,
National Commission for Science,
Technology and Innovation (NACOSTI),
P. O. Box 30623, 00100
Nairobi. Kenya

Dear Sir/Madam:

RE: RESEARCH AUTHORIZATION FOR: JANE WANGECHI NDEGWA

Miss. Jane is a postgraduate student of Africa Nazarene University in the Master of Business Administration (MBA) program.

To complete her program, Miss. Jane is conducting a research entitled: "**Competitive Strategies and Performance of Deposit Taking Savings and Credit Cooperative Organizations in Kirinyaga County, Kenya"**

Any assistance offered to her will be highly appreciated.

Yours Faithfully,

DR. Kimani Gichuhi,
MBA, Coordinator,

School of Business,
Africa Nazarene University

Appendix IV: Letter of Introduction

KIRINYAGA COUNTY GOVERNMENT

DEPARTMENT OF CO-OPERATIVE DEVELOPMENT, INDUSTRIALIZATION, TRADE, TOURISM & ENTERPRISE DEVELOPMENT

OFFICE OF THE DIRECTOR

Ref No: CGK/CTTMIED/DIR//VOL.1/02 **22nd September 2023**

TO WHOM IT MAY CONCERN,

RE: INTRODUCTION LETTER

The above refers.

Miss Jane Wangechi Ndegwa is a postgraduate student at African Nazarene University in the Masters of Business Administration program. She is conducting research to complete her studies as per the research Authorization letter from the university.

Kindly accord her the necessary assistance.

With cooperative regards

HANIEL KINYUA MUCHIRI
DIRECTOR - COOPERATIVE DEVELOPMENT

Appendix V: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **738819**

Date of Issue: **25/July/2023**

RESEARCH LICENSE



This is to Certify that Miss.. Jane Wangechi Ndegwa of Africa Nazarene University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kirinyaga on the topic: Competitive Strategies and Performance of Deposit Taking Savings and Credit Cooperative Organizations in Kirinyaga County, Kenya for the period ending : 25/July/2024.

License No: **NACOSTI/P/23/27934**

738819

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

Appendix V: Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **738819**

Date of Issue: **25/July/2023**

RESEARCH LICENSE



This is to Certify that Miss.. Jane Wangechi Ndegwa of Africa Nazarene University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kirinyaga on the topic: Competitive Strategies and Performance of Deposit Taking Savings and Credit Cooperative Organizations in Kirinyaga County, Kenya for the period ending : 25/July/2024.

License No: **NACOSTI/P/23/27934**

738819

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

Appendix VI: Map of Kirinyaga County

