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STRATEGIC MANAGEMENT

EXPLORING THE INFLUENCE OF STRATEGIC PARTNERSHIPS ON SUSTAINABLE COMPETITIVE ADVANTAGE IN DT-SACCOS IN NAIROBI COUNTY, KENYA

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ABSTRACT

Purpose of Study: This study sought to establish the influence of strategic partnerships on sustainable competitive advantage, in DT SACCOs, Nairobi County, Kenya.

Problem Statement: Savings and Credit Cooperative Societies (SACCO) plays an important role in alleviation of poverty through financial inclusion of low-income earners. The Kenyan SACCOs gained a lot of relevance in 1990s when the banking sector faced a crisis and started closing down some rural area banks. As reported by Sacco Societies Regulatory Board (SASRA), the industry, achieved a tremendous growth of 7.02% in membership and a 10.31% growth in asset base in financial year 2022. Additionally, the industry also recorded growth of 11.76% in loan portfolio during the same year. This growth has resulted to fierce competition not only among the SACCO sector but also other industry players including commercial banks and microfinance banks. Dynamic capabilities theory guided the study.

Methodology: The study was guided by descriptive survey research design and the population was 46 SASRA registered DT-SACCOs in Nairobi County. The study respondents comprised of 230 mid-level management managers in 46 DT-SACCOs in Nairobi County. The study used census survey method. Additionally, the study used semi-structured questionnaires while inferential and descriptive analysis was used for quantitative data analysis.

Result: The findings revealed that strategic partnership had a positive and significant effect on sustainable competitive advantage ($\beta = 0.934$, $p = 0.000 < 0.05$).

Conclusion: The study concludes that strategic partnerships are instrumental in enhancing the sustainable competitive advantage of DT-SACCOs.

Recommendation: Policymakers should create a supportive regulatory framework that encourages the adoption of advanced technologies in the financial sector. Regulations should be adaptive to technological changes and provide clear guidelines on the use of mobile banking, internet banking, and other fintech solutions.

Keywords: *Strategic Partnerships, Sustainable Competitive Advantage, DT-SACCOs, Nairobi County, Organizational Strategy*

INTRODUCTION

In today's competitive business environment, developing and implementing a competitive strategy is key to sustainability of an organization. According to Porter (1980) having a competitive strategy involves an organizations deliberate choices and actions to gain advantage over rivals. In the complex and turbulent business environment for Savings and Credit Cooperatives Societies (SACCOs), it is imperative to remain ahead of competition. The growth focused SACCOs are therefore constantly striving to adopt competitive strategies that enhance and sustain competitive advantage through marketing strategies, product innovation, technology adoption and partnership alliances. These competitive strategies are implemented within the organizations business environment through effective strategic management which involves restructuring and adoption of new changes in the business environment (Amir & Muathe, 2018). Organizational sustainability in today's competitive business environment is therefore hinged on how well the management develop and implement competitive strategies for achieving long-term success (Thompson et al., 2018). An organization possess sustainable competitive advantage when it implements value creating strategies that cannot be easily implemented or its difficult to copy by potential competitors in the market (Barney 1991; Hossain et al., 2022).

The adoption of effective competitive strategies facilitates organizations in making decisions on appropriate strategies to use, resource allocation, long-term planning, as well as identifying opportunities for growth and innovation. Wrong competitive strategies, however, adversely affect the sustainability of organization specifically when traditional decision making through inadequate environment scanning is done (Abraheem, 2023). Additionally, in some instances, organizations find it hard to pinpoint the best competitive strategies that will lead to achievement of sustainable competitive advantage (Grant, 2016). This leads to closure of the organization due to intense competition and change in customer demands. Porter (1985) introduced a model for organizations to look beyond competitors and environmental in order to implement effective strategies that will facilitate sustainability of the organization.

Globally, for an organization to be competitive, there is need to undertake an effective strategic management process to mitigate effects of globalization and technology advancements. The financial landscape is increasingly shaped by rapid technological advancements, evolving consumer preferences, and heightened regulatory scrutiny. The rise of fintech companies and digital banking services has disrupted traditional financial institutions, forcing them to rethink their competitive strategies. Sustainable competitive advantage is not only about cost leadership or market share; but also, innovation, customer experience, and partnerships. A research carried out by Singh et al., (2021) in a case study Indian airlines concluded that there are many internal and external drivers for competitiveness which include cost. As such, it is important for organizations to strategically analyse the business environment in order to make appropriate strategies for achievement of a competitive edge (Umukoro et al., 2023).

In Africa, organizations focus on strategic management, which is key in making competitive strategies that facilitate sustaining their competitiveness in the market, by ensuring products innovation addresses the needs of the target market (Turyasingura et al., 2023). SACCOs have however been having difficulties in developing competitive strategies to counter the stiff market competition, thus hindering in sustainable competitive advantage. For years, the microfinance institutions (MFIs), particularly the SACCOs, have created an immense impact to the economy (SASRA Supervisory Report-2022).

As market competition becomes fierce, SACCOs have been forced to come up with innovative strategies that facilitate them in sustainable competitive advantage (Turyasingura et al., 2023). A marketing strategy is the process by which an organization creates, communicates and delivers value to a particular target market at a profit (Kotler & Keller, 2016). Towards this, Porter (2015) developed generic strategies which help organizations to gain a competitive edge. These generic strategies include differentiation, cost leadership and focus strategies. As a result of competition, organizations have been forced to use strategic partnerships as a strategic tool to aid sustaining their regional presences (Kanyingi et al., 2023).

A study by Dirar et al., (2017) on SACCOs in Ethiopia noted that lack of product innovation is limiting the range of financial products being offered to members thus leading to poor performance. Further, as noted by the study, due to poor innovation, members are opting to use products from the SACCO rival, the commercial banks. According to Kanyingi et al., (2023) creating strategic partnerships through strategic alliances does not only aid sustaining competitive advantage but also sharing costs and risks as well as gaining access to new markets.

In Kenya, the SACCO sector contributes highest fraction of the Gross Domestic Product (GDP) (Kenya Economic Report, 2022). Particularly, Nairobi County serves as a vibrant economic hub where financial services, including SACCOs, are critical in promoting savings and providing credit to various demographics. The competitive landscape for deposit-taking SACCOs in Nairobi is intensifying due to the influx of alternative financial services and changing customer expectations. The subsector faces fierce competition from other players in the industry (Sacco Societies Non-Deposit Taking Business Regulations 2021). The high competition has obligated organization to develop competitive strategies that will lead to sustainability (Baskarad et al., 2018; Kaguru & Mwasiaji, 2019). Creating good strategies, adopting technology, innovating the products and creation of strategic partnerships can propel organizations to establish a dynamic and sustainable strategic position.

Sustainable competitive advantage is a set of assets, characteristics or capabilities, which are difficult to duplicate, that allow an organization to meet its customers' needs better than other competitors, (Barney, 1991; Hossain et al., 2022). Sustainable competitive advantage comprise of abilities and resources which provide superior long-term advantage in the market (Hossain et al., 2021). Competitive advantage is the strategy an organization has over its rival entities within a given industry (Porter, 1985). Porter, (1985) further suggested that competitive advantage is a key determinant of outstanding performance of companies which is geared towards competitiveness in the market. Attaining of a sustainable competitive advantage in a given industry requires understanding of the source of the competition in order to develop strategic responses to the changes(Singh et al., 2021).

Central Bank of Kenya Report (2019) reported that the financial sector in Kenya comprises of the commercial banks, microfinance institutions (MFIs) and SACCOs. In Kenya, SACCOs are governed by the SACCO Society Act No. 14 of 2008, and the SACCO Societies Regulations, 2020. The SACCOs are further grouped into deposit-taking SACCOs (DT-SACCOs) and non-deposit taking SACCOS (SASRA Supervisory Report (2021). Kenya Union of Savings and Credit Cooperatives (KUSCO) through SACCOs has mobilized Kshs. 400 billion, which accounts to 3 percent of the national savings, thus key drivers of the economy. Currently, the SACCO subsector has reported a growth on membership 7.02% from 5.99 million memberships in 2021 to 6.42 million membership in 2022 (SASRA Supervisory Report 2022). Additionally, the total asset grew by 10.31% to 890.31 billion and a growth of 11.76% in loan portfolio in 2022 (SASRA Supervisory Report 2022).

STATEMENT OF THE PROBLEM

DT-SACCOs are operating in competitive business landscape due to fierce competition from commercial banks, mobile loans applications and microfinance banks (Gichanga et al., 2019). Despite having the potential for sustainability, DT-SACCOs are still facing threats due to slow technology adoption, poor product innovation, high risk exposures due to non-paid loans, globalizations, among others. There is limited information on the best competitive strategies to be successful in the sector. At the same time, SACCOs have impacted on the growth of Kenyan economy by providing a platform where members can save, access credit and mobilize resources (SASRA Supervisory Report 2022). Due to the demand for SACCO services, the sector faces a number of challenges in membership decline, lack of knowledge on how to mobilize resources, risk of loan repayments and decline in loan portfolio and share capital(Ngatia et. al. 2018). Additionally, as a result of infrastructural challenges, competition and technology sophistication, sustainability of the SACCO have been adversely affected (SASRA Supervisory Report 2019).

Inappropriate competitive strategies limit the capability to adapt to globalization, competitions, technological advancement, product innovation as well as market trends. Additionally, without clear competitive strategies, the organization may struggle in differentiating themselves from the competitive market thus leading to stagnation of their sustainability. The dynamism of the business environment requires the DT-SACCOs Management to develop competitive strategies that are not only achievable with the limited resources but also sustainable (Ali et al., 2021). DT-SACCOs income is mostly on interest on loans, as such, in order to be sustainable, good loan products have to be developed. On the other hand, they face a risk of exposure resulting from non-repayment of loans which affect their sustainability and performance.

Several studies have been undertaken on competitive strategies and competitive advantage/performance of SACCOs. (Gold et al., 2023) examined the relationship between competitive strategies and organizational performance and recommended that corporate enterprises should focus on strategies that improve their performance. Ngugi, (2017) in her study established that consumer satisfaction that propels the achievement of sustainable competitive advantage in SACCOs is determined by the competitive strategies used. The majority of the above research also focussed on the financial performance and competitive advantage but not sustainable competitive advantage thus the need to conceptualize the long-term aspect of competitive advantage which is significant to achieving sustainable competitive advantage. The study therefore focussed on identifying the competitive strategies for sustainable competitive advantage in DT-SACCOs, Nairobi County, Kenya.

RESEARCH OBJECTIVE

To establish influence of strategic partnerships on sustainable competitive advantage in DT-SACCOs in Nairobi County, Kenya.

RESEARCH QUESTION

Does strategic partnerships have influence on sustainable competitive advantage in DT-SACCOs in Nairobi County, Kenya?

THEORETICAL LITERATURE

The study was underpinned by Dynamic Capabilities Theory. The theory was proposed by Teece et al., (1997). The theory has not been uniformly defined due to the various schools who have continuously done further research on the theory (Schilke et al., 2018). (Teece et al., 2016) viewed the firm's ability to develop, and reconfigure internal and external environment trends to address the competition in the market environment. The theory is considered as a source of sustainable competitive advantage, through innovation, based firms' adoption of valuable, rare, inimitable and non-substitutable resources (Teece et al., 2016). It is through the reconfiguration of the resources and competences that allow an organization adjust to the fast changing business situations strategically.

Dynamic capability main focus is on how an organization will renew their resources based dynamics in the market and therefore gives the organization the ability to cope with the changes in a timely way. Innovation through reconfiguring the strategies to address the turbulent market environment is the main objective of dynamic capabilities (Teece et al., 2016). Dynamic capability will aid in creating an overview of how organizations can redesign capabilities and resources to sense threats, seize opportunities for gaining sustainable competitive advantage (Bocken & Geradts, 2020). Dynamic capabilities view posits that an organization's sustainability is as a result of its ability to respond dynamically to a changing environment to seize opportunity thus creating a sustainable competitive advantage (Teece et al., 2016). This is achieved through innovations through products as well as technological innovations.

The theory points on the need of SACCOs management to scan keenly the internal and external business environments in order to be able to address the changing environments (Teece et al., 2016). Dynamic capabilities theory is therefore key in this study as it will aid in demonstrating how DT-SACCOs are able to reconfigure and redeploy resources, through innovation, to achieve sustainable competitive advantage. Thus, the theory forms a basis for conceptualization of innovation in this study. The theory will acme the benefits of an organization being agile, flexible and adaptable in achievement of sustainable competitive advantage. The adaptability is achieved through renewal and restructuring of resources and capabilities to effective execute competitive strategies that will aid achievement of sustainable competitive advantage.

EMPIRICAL LITERATURE

In today's turbulent business landscape, creating sustainability of an organization requires collaborations with strategic partners. Strategic partnerships are relationships between business to business which can be necessitated by the need in either of the organization (Setyadi et al., 2017). It can be used as a method for attaining sustainable competitive advantage through cost and risk sharing as well as increasing market share. Non-performing loans in DT-SACCOs has significantly increased from 5.23% in 2016 to 8.86% in 2021(SASRA Supervisory Report -2022). These non-performing loans always hinder growth of the DT-SACCOs thus causing low loan portfolio and financial loses to members investments (Ntoiti & Jagongo, 2021). To mitigate this challenge, DT-SACCOs can strategically partner with institutions like Credit Reference Bureau (CRB) in order to get access to expertise thus ensuring that the loanees are credit worth and loan are repaid promptly (Nyabwari & Kimutai, 2024.).

On strategic partnerships, focusing on strategic alliances in wood industry of Perhutani, (Setyadi et al., 2017) noted that implementation of strategic alliances can positively influence sustainable competitive advantage. Further, it was noted that changes in business environment calls for strategic alliances which will enable an organization have a sustainable competitive edge as well as improving its performance in wood industry in Indonesia. Similarly, (Yang et al., 2022) studied on influence of strategic partnerships on enterprise performance and concluded that performance of an enterprise is positively impacted by strategic partnership[s. Further, it was noted that as a result of uncertain business environment, risk sharing as a form of partnership has an influence on performance of an enterprise. This was found to be critical for achievement of sustainable competitive advantage through risk sharing and cost sharing through economies of scale. According to (Salama et al., 2022) in a study on impact of strategic alliances on achieving sustainable competitive advantage on hotels in Egypt, concluded that there is a significant positive effect of strategic alliances on sustainable competitive advantage.

According to Barney (1991), an organization could claim to be competitive in the market through creation and implementation of a strategy that is value adding. Further, (Prabowo et al., 2021) posits that an organization sustainable competitive advantage comprises of capabilities and resources that are not easily replicable thus providing competitiveness in the market. In today’s fiercely competitive business environment, organizations should strive to adopt various strategies that will facilitate a sustainable competitive edge. A study carried out in the health sector in Kenya established that reconfiguring of resources is key to achievement of sustainable competitive advantage (Ngugi, 2017). The research was undertaken through a descriptive correlational research design on a sample size of 253 managers derived from 46 private-level 5 hospitals in Kenya.

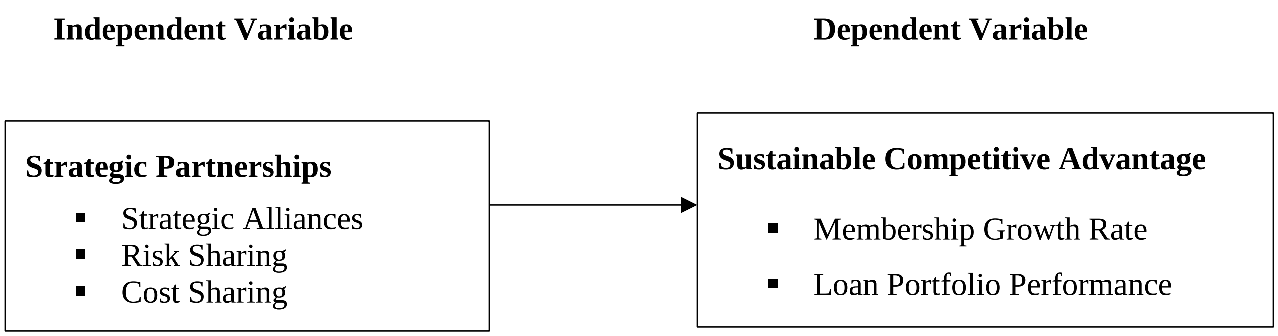

Figure 1: Conceptual Framework

METHODOLOGY

The study adopted a descriptive research design. Descriptive study is concerned with finding out who, what, where and how the variables of the concerned research. Descriptive survey allows the researcher to collect data which describes actions, organizes, and depicts the data collection (Orodho, 2002). Target population were all the members who met the criteria specified for a research investigation (Alvi, 2016). The target population was 46 SASRA registered DT-SACCOs in Nairobi County, Kenya. The study involved mid-level management managers thus the total respondent expected was 230 drawn from the 46 DT-SACCOS in Nairobi County, Kenya. Key respondents included Branch Managers, Finance Department Manager, ICT Department Manager, Marketing Department Manager and Human Resource Department Manager in the 46 SASRA registered DT-SACCOs in Nairobi County. Collection of primary data was done using semi-structured questionnaires to gather the primary data as shown in Appendix 3 of this report. Open-ended was used to give respondent freedom to respond as well as deliver objective responses. Closed-ended questions were also used in order to get consistency of certain data across respondents. The secondary data was collected by use of data extraction tools.

Data collected was sorted out by identifying which questionnaire is valid and which is not, coding, classifying and tabulating the data ready through deductive approach. Data analysis of the quantitative data was done through descriptive and inferential statistics. The descriptive statistics, was analysed using percentages, mean, standard deviation as well as distribution of frequency. Analysis of the inferential data was done through linear regression analysis to examine the effect of competitive strategies on sustainable competitive advantage in DT-SACCOs. The inferential statistics such as regression analysis for examination of the relationship between the independent variables and dependent variable and it involved both correlation analysis and regression analysis was used. Statistical Package for the Social Sciences (SPSS) application was used to process the quantitative data.

The researcher used multiple linear regression model to conduct the inferential analysis using the model below:

$$Y = \beta 0 + \beta X + e$$

Where

Y = Sustainable competitive advantage

β0=constant term

β = Beta coefficient for independent variable

X = Strategic partnership

e – error term

FINDINGS AND DISCUSSION

Questionnaires were administered to all the 230 respondents out of which 165 were duly filled and returned, representing a response rate of 71.7%. The remaining 65 questionnaires, constituting 28.3%, were unreturned. This response rate of 71.7% indicates a good representation of responses from the respondents, providing a strong foundation for drawing conclusions from the collected data. This response rate surpasses the conventionally accepted threshold for surveys, typically considered to be around 50% or higher, as stated by Orodho (2009).

Demographic results revealed that 35% were within the 25-35 years' age bracket, 29% were within the 35-45 years' age bracket, and 36% were above 45 years. These results indicate a diverse age composition among the management team of the 46 SASRA registered DT-SACCOs in Nairobi County. Most (72.70%) of the respondents had attained a Bachelor's degree, while 27.30% held a Master's degree. These findings indicate a high level of educational attainment among the respondents, which is expected to influence their understanding and responses to the survey questions. An equal distribution of respondents across various managerial positions within the DT-SACCOs in Nairobi County.

Specifically, 20% were Branch Managers, 20% were Business Development/Marketing Managers, 20% were ICT Managers, 20% were Human Resource Managers, and 20% were Finance Managers. This even distribution across different management roles suggests a comprehensive representation of perspectives from various functional areas within the SACCOs. Moreover, 74.50% of respondents had worked for the SACCOs for 1-10 years, 18.20% worked between 10-20 years, while 7.30% for over 20 years. These findings reveal a high percentage of respondents with moderate to extensive tenure in their SACCOs, suggesting a significant level of experience and familiarity with the organization's operations, culture, and strategic initiatives.

DESCRIPTIVE ANALYSIS

Strategic Partnerships and Sustainable Competitive Advantage

The study sought to establish the influence of strategic partnerships on sustainable competitive advantage in DT-SACCOs in Nairobi County, Kenya. Descriptive analysis results are shown in Table 1.

Table 1: Descriptive Statistics on Strategic Partnerships

Statement	Not Important	Slightly Important	Moderately Important	Important	Very Important	Mean	Std. Dev.
In today's business landscape, how important is strategic partnership to your DT-SACCO	4.20%	6.10%	4.80%	67.30%	17.60%	3.88	0.916
How important do you believe strategic alliances with other business is?	4.20%	6.70%	7.90%	80.00%	1.20%	3.67	0.798
How important is cost-sharing with strategic partners in reduction of operational cost and improving competitiveness of your DT-SACCO?	7.30%	1.20%	49.10%	40.00%	2.40%	3.29	0.848
Rate the level of importance of risk sharing as a strategy for enhancing competitiveness in the SACCO industry	1.80%	9.10%	1.20%	80.60%	7.30%	3.82	0.765
How do you perceive benefits of strategic partnership in achievement of sustainable competitive advantage	3.60%	7.30%	27.30%	41.80%	20.00%	3.67	0.995
Overall						**3.67**	**0.864**

Source: Researcher, 2024

The results in Table 1 indicate that a majority of respondents considered strategic partnerships important for their DT-SACCO in today's business landscape, with 67.3% rating it as important and 17.6% rating it as very important (Mean = 3.88, SD = 0.916). While the mean is relatively high, indicating that strategic partnerships are generally viewed as critical, the higher standard deviation suggests some variation in respondents' opinions. This points to the necessity for DT-SACCOs to engage in strategic partnerships, though the perceived importance varies among respondents. Similarly, respondents believed that strategic alliances with other businesses were crucial, with 80.0% rating it as important and 1.2% rating it as very important (Mean = 3.67, SD = 0.798). The mean suggests a strong agreement on the importance of strategic alliances, though slightly less consistent compared to strategic partnerships. This reflects the value placed on forming alliances, albeit with a broader range of opinions.

Cost-sharing with strategic partners in reducing operational costs and improving competitiveness was rated more variably, with 49.1% rating it as moderately important and 40.0% as important (Mean = 3.29, SD = 0.848). The moderate mean and higher standard deviation indicate that opinions on cost-sharing are more diverse, suggesting that while it is seen as beneficial, it may not be uniformly considered essential across the board. Regarding risk sharing as a strategy for enhancing competitiveness in the SACCO industry, 80.6% of respondents rated it as important, with 7.3% rating it as very important (Mean = 3.82, SD = 0.765). The relatively high mean and low standard deviation reflect strong agreement on the importance of risk-sharing, emphasizing its contribution in strengthening the competitive position of DT-SACCOs.

Benefits of strategic partnerships in achieving sustainable competitive advantage, 41.8% of respondents rated it as important, and 20.0% rated it as very important (Mean = 3.67, SD = 0.995). While the mean is high, indicating general agreement on the positive impact of strategic partnerships, the higher standard deviation suggests some variability in perceptions. This variation may reflect differences in how respondents experience or implement these partnerships within their DT-SACCOs. The average mean score of 3.67 across all statements indicates a generally positive view among respondents regarding the importance of strategic partnerships to achieving sustainable competitive advantage in DT-SACCOs. However, variation in responses, as reflected by the standard deviations, implies that while strategic partnership activities are valued, their perceived importance and effectiveness may differ among stakeholders in Nairobi County.

Moreover, the respondents were asked to suggest strategies that their SACCO could adopt to enhance the effectiveness of strategic partnerships and leverage these partnerships for sustainable competitive advantage in the industry. In response, most of them indicated several key strategies. They explained that:

To enhance the effectiveness of our strategic partnerships, we focus on identifying and leveraging partners with superior technologies to achieve a competitive edge. Seeking out areas of business growth propositions with our partners to ensure mutual benefits and collaborative growth.

Sustainable Competitive Advantage

The dependent variable was sustainable competitive advantage. The respondents were asked to give their opinions with regards to statement on sustainable competitive advantage. The descriptive results are shown in Table 2.

Table 2: Descriptive Statistics on Sustainable Competitive Advantage

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
Use of generic strategies has facilitated the SACCO to sustain its competitive advantage	4.80%	3.60%	10.30%	66.70%	14.50%	3.82	0.897
Adoption of technology has enabled the SACCO to be competitive through efficient operation leading to membership grown and growth of the loan portfolio	9.70%	2.40%	1.20%	35.80%	50.90%	4.16	1.215
Introduction of new products in the market has enabled the SACCO to respond well to customers growth thus leading to growth of loan portfolio	2.40%	3.00%	4.20%	72.10%	18.20%	4.01	0.753
Partnering with strategic partners has enable the SACCO to reduce risks exposure on loans and memberships	3.00%	6.10%	1.20%	89.70%	0.00%	3.78	0.693
Use of competitive strategies has been effective in enabling the DT-SACCO achieve a sustainable competitive advantage	3.60%	3.60%	4.20%	47.90%	40.60%	4.18	0.945
Overall						**3.99**	**0.901**

Source: Researcher, 2024

Table 2 demonstrate a majority of responses agreeing that generic strategies facilitated their SACCO in sustaining its competitive advantage, with 66.7% agreeing and 14.5% strongly agreeing (Mean = 3.82, SD = 0.897). Although the mean is high, the relatively larger standard deviation indicates a moderate level of consensus among respondents, suggesting that while generic strategies are seen as beneficial, there is some variation in perceptions regarding their effectiveness in maintaining competitive advantage.

Regarding the adoption of technology, 35.8%, while 50.9% strongly agreed that it enabled the SACCO to be competitive through efficient operations, leading to membership growth and growth of the loan portfolio (Mean = 4.16, SD = 1.215). The very high mean and somewhat higher standard deviation indicate a strong overall agreement but also a wider range of opinions on the role of technology adoption in driving competitive advantage. This finding highlights the significance of technological advancements, though it also suggests that some respondents may have different views on the extent of its impact.

The introduction of new products in the market was highly regarded, with 72.1% of respondents agreeing and 18.2% strongly agreeing that it enabled the SACCO to respond well to customer growth, thus leading to the growth of the loan portfolio (Mean = 4.01, SD = 0.753). The high mean and relatively low standard deviation reflect a strong agreement that product innovation is crucial for meeting customer needs and expanding the loan portfolio, emphasizing the importance of continuous product development in sustaining a competitive edge.

Partnering with strategic partners was also valued, with 89.7% of respondents agreeing that it enabled the SACCO to reduce risk exposure on loans and memberships (Mean = 3.78, SD = 0.693). The high level of agreement and lower standard deviation suggest a strong consensus on the importance of strategic partnerships in mitigating risks and enhancing competitiveness. However, the fact that no respondents strongly agreed and some disagreed or remained neutral reflects differing levels of enthusiasm for this strategy.

Regarding the use of competitive strategies, 47.9% agreed, and 40.6% strongly agreed that it has been effective in enabling the DT-SACCO to achieve a sustainable competitive advantage (Mean = 4.18, SD = 0.945). The high mean and moderate standard deviation suggest strong but varied opinions on the effectiveness of competitive strategies, highlighting the importance of strategic initiatives while acknowledging that perceptions of their success may differ.

The results showed an overall mean of 3.99 across all statements, indicating a generally high level of agreement among respondents that various strategies positively influence sustainable competitive advantage in DT-SACCOs. However, the standard deviations, while generally low, show that there is some variability in responses. These findings imply that while strategic initiatives, technology adoption, product innovation, and partnerships are highly valued by stakeholders, there is a diversity of opinion on their effectiveness in enhancing the competitive positioning of DT-SACCOs in Nairobi County.

Identification of key competitive strategies for driving competitiveness through membership growth and loan portfolio expansion responses were given. In response, most of them highlighted several important strategies. They explained that: To drive competitiveness, we focus on impact and purpose-based lending, which aligns our services with meaningful goals and community needs. A customer-centric attitude, combined with tailored services and products, ensures we meet our members' specific needs. Real-time fraud detection enhances security and trust, while efforts to enhance the customer experience ensure satisfaction and loyalty.

Correlation Analysis Results

Analysed correlation coefficient provided and assessment on whether there was relation between independent and dependent variable as per Table 3 below.

Table 8: Correlation Matrix

		Sustainable Advantage	Competitive	Strategic Partnership
Sustainable Competitive Advantage	Pearson Correlation	1.000		
	Sig. (2-tailed)			
Strategic Partnership	Pearson Correlation	.943**		1.000
	Sig. (2-tailed)	0.000		

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

Source: Researcher, 2024

Correlation analysis results in Table 3 shows that there existed a very strong positive and significant association between strategic partnerships and sustainable competitive advantage ($r = 0.943$, $p < 0.01$) at the 1% level of significance. This indicates that strategic partnerships are highly correlated with sustainable competitive advantage among DT-SACCOs. The results are consistent with the findings of Setyadi et al., (2017), who argued that strategic alliances and partnerships can create relational rents and competitive advantages through resource sharing, risk mitigation, and joint ventures. The strong correlation underscores the importance of collaboration and strategic alliances in enhancing the competitive positioning of SACCOs in Nairobi County, suggesting that partnerships may be one of the most effective strategies for sustaining competitive advantage in this context.

Regression Analysis

The ANOVA results revealed that the regression model was statistically significant in explaining the relationship between the independent variable and sustainable competitive advantage. This means that strategic partnership has a significant effect on the dependent variable sustainable competitive advantage in DT-SACCOs. The significant ANOVA results justify the use of the regression model and provide evidence that at least one of the independent variables is a significant predictor of sustainable competitive advantage.

Table 4: Multiple Regression of Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	0.815	0.286		2.851	0.005
	Strategic Partnership	0.934	0.053	0.99	17.666	0.000

a. Dependent Variable: Sustainable Competitive Advantage

Source: Researcher, 2024

The regression model therefore became;

Y = 0.815 + + 0.934X

Where:

Y = Sustainable Competitive Advantage; X= Strategic Partnership

Regression coefficients in Table 4 show that strategic partnership has an evident effect on sustainable competitive advantage ($\beta = 0.934$, $p = 0.000 < 0.05$). As backed up by a calculated t-statistic of 17.666, which surpasses the critical t-statistic of 1.96, thus an indication of significance. Upgrading strategic partnership by a unit therefore results in an improved in sustainable competitive advantage by 0.934 units. This suggests that strategic partnerships are an extremely effective method for enhancing competitive advantage. The results concur with previous study's' findings, which found noted that strategic partnerships provide opportunities for resource sharing and risk mitigation that significantly contribute to competitive advantage. The implication is that organizations should invest in strategic partnership programs to build stronger alliances and improve competitive positioning. These findings concurs with assertions by (Setyadi et al., 2017) implementation of strategic alliances can positively influence on sustainable competitive advantage.

CONCLUSION

The study concludes that strategic partnerships are instrumental in enhancing the sustainable competitive advantage of DT-SACCOs. Forming alliances with other businesses, cost-sharing, and risk-sharing are important strategies that help DT-SACCOs reduce operational costs, mitigate risks, and foster growth and innovation. These partnerships are highly valued by stakeholders due to the effect of strengthening competitive position of DT-SACCOs in financial sector. The combination of generic strategies, technology adoption, product innovation, and strategic partnerships provides a comprehensive framework for DT-SACCOs to enhance their market positioning and competitiveness. By effectively implementing these strategies, DT-SACCOs can improve their operational efficiency, meet customer needs, and maintain a strong competitive edge in the financial industry. The findings suggest that continuous investment in these areas is essential for the long-term success and sustainability of DT-SACCOs in Nairobi County.

RECOMMENDATIONS OF THE STUDY

Policymakers should create a supportive regulatory framework that encourages the adoption of advanced technologies in the financial sector. Regulations should be adaptive to technological changes and provide clear guidelines on the use of mobile banking, internet banking, and other fintech solutions. Additionally, policies should ensure that adequate cybersecurity measures are in place to protect consumer data and prevent fraud. Financial incentives or grants could be provided to DT-SACCOs to support their investment in technology infrastructure.

The government and regulatory bodies should facilitate the formation of strategic partnerships between DT-SACCOs and other financial institutions or businesses. Policies that encourage collaboration and cost-sharing initiatives can help DT-SACCOs reduce operational costs and enhance their competitiveness. Creating platforms for networking and collaboration among financial institutions can also foster strategic alliances that contribute to innovation and growth in the sector.

The study emphasizes the effectiveness of generic strategies, technology adoption, product innovation, and strategic partnerships in achieving competitive advantage. Theoretical frameworks on competitive strategies should integrate these elements to provide a comprehensive understanding of how different strategies interact to enhance competitiveness. Future theoretical models should also consider the role of emerging technologies and the dynamic nature of the financial sector, emphasizing the need for adaptability and continuous innovation.

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