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Effect of Cost Leadership Strategies on the Financial Performance of SACCOs in Kirinyaga County, Kenya

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ABSTRACT

Purpose: The study aimed to examine the effect of cost leadership strategies on the financial performance of Savings and Credit Cooperative Organizations (SACCOs) in Kirinyaga County, Kenya. It focused on assessing the impact of operational cost minimization and the influence of technology adoption as cost-saving strategies.

Methodology: A descriptive cross-sectional research design was employed, targeting a population of 51 SACCOs in Kirinyaga County. A sample size of 45 SACCOs was determined using Yamane's (1967) formula. Data were collected from 90 respondents (45 SACCO managers and 45 accountants) through structured surveys and financial record reviews. The study achieved a 100% response rate.

Findings: The findings indicated that 96.7% of SACCOs had implemented cost leadership strategies, with 92.2% reporting moderate to significant increases in net income post-adoption. Operational cost minimization significantly contributed to financial gains by enhancing efficiency and reducing overheads. ICT adoption, especially mobile banking (66.7%) and Management Information Systems (25.6%), was identified as a key driver of cost efficiency and improved service delivery. Most SACCOs had utilized ICT for over five years, indicating a mature level of digital integration. The workforce was predominantly aged 31–50 years and held bachelor's degrees, reflecting a skilled team. However, a shortage of advanced qualifications among professionals was noted as a strategic limitation.

Unique Contribution to Theory, Policy and Practice: The study contributes to theory by reinforcing the positive correlation between cost leadership strategies and organizational financial performance. For policy, it emphasizes the need for strategic support and investment in ICT infrastructure for SACCOs. In practice, the study highlights the importance of equipping SACCO personnel with advanced training and expanding digital services to sustain financial growth and competitiveness.

Keywords: *Cost Leadership Strategy, Financial Performance, SACCOs, Kirinyaga County, Cost Management, Operational Efficiency*

1. Introduction

Savings and Credit Cooperative Organizations (SACCOs) play a vital role in enhancing financial inclusion and economic empowerment, particularly in developing countries like Kenya. These member-owned financial institutions offer affordable credit, promote a savings culture, and provide essential financial services to underserved populations. In Kirinyaga County, SACCOs contribute significantly to socio-economic development by supporting agriculture, trade, education, and household needs through accessible financial products. However, increasing competition from commercial banks, microfinance institutions, and digital lenders has pressured SACCOs to adopt strategic approaches to remain sustainable and competitive. One of the key strategies that SACCOs are embracing to maintain competitiveness and enhance financial performance is cost leadership.

According to Porter (1985), cost leadership involves achieving the lowest operational cost structure in the industry while maintaining service quality. For SACCOs, this may include streamlining operations, leveraging technology, minimizing overhead costs, and improving procurement efficiency. Through such strategies, SACCOs can offer lower interest rates on loans, better returns on savings, and more efficient services thereby attracting and retaining members. Research supports the value of cost leadership in strengthening financial performance. Okello et al. (2017) found that SACCOs in Kenya that implemented cost-reduction strategies experienced higher profitability and sustainability.

Similarly, Mwaura (2018) noted that SACCOs leveraging technology to minimize manual processes reduced operational expenses and improved financial outcomes. Furthermore, Njiru and Waithaka (2019) concluded that cost leadership enhances SACCOs' resilience and ability to thrive in a competitive financial market. Despite such findings, limited research has been conducted specifically on the effect of cost leadership strategies on SACCOs in Kirinyaga County. Most existing studies have focused broadly on marketing strategies or examined cost leadership in isolation. This study seeks to fill this gap by focusing specifically on the impact of cost leadership strategies on the financial performance of SACCOs in Kirinyaga County. The goal is to generate practical insights that SACCO managers can use to improve operational efficiency, member satisfaction, and long-term financial sustainability.

1.1 Problem statement

Savings and Credit Cooperative Organizations (SACCOs) in Kirinyaga County are facing increasing pressure to remain financially viable and competitive amidst a rapidly evolving financial landscape. The emergence of banks, microfinance institutions, and digital lending platforms has intensified competition, challenging SACCOs' traditional dominance in providing affordable credit and savings services to low- and middle-income earners. As member expectations for efficiency, accessibility, and affordability grow, SACCOs must adopt innovative strategies to ensure operational sustainability and enhanced financial performance.

While strategic marketing has been widely acknowledged as a driver of organizational success, one critical and often underutilized approach among SACCOs in Kirinyaga County is cost leadership the ability to deliver services at the lowest possible cost while maintaining acceptable service quality. Evidence from various studies (e.g., Okello et al., 2017; Mwaura, 2018) suggests that SACCOs employing cost-cutting measures, operational efficiencies, and technological innovations achieve improved profitability and sustainability. However, despite these insights, many SACCOs in Kirinyaga continue to rely on traditional, cost-intensive practices, limiting their ability to offer competitive pricing or invest in service improvements.

Moreover, limited empirical research has been conducted to evaluate the actual effect of cost leadership strategies on SACCOs' financial performance in this specific region. While some SACCOs have adopted basic forms of cost control, the effectiveness of these efforts in enhancing key financial indicators such as profitability, operational efficiency, liquidity, and sustainability remains unclear. This knowledge gap constrains the ability of SACCO managers and policymakers to make informed decisions on resource optimization and strategic investments.

This study, therefore, seeks to investigate the effect of cost leadership strategies on the financial performance of SACCOs in Kirinyaga County. By examining how practices such as cost minimization, automation, and resource efficiency influence financial outcomes, the research aims to provide actionable recommendations that can support SACCOs in navigating competitive pressures and improving their long-term viability.

1.2 Objective of the Study

The general objective of this study is to examine the effect of cost leadership strategies on the financial performance of Savings and Credit Cooperative Organizations (SACCOs) in Kirinyaga County, Kenya.

i. To assess the effect of operational cost minimization on the financial performance of SACCOs in Kirinyaga County.

ii. To evaluate the influence of technology adoption as a cost-saving strategy on the financial performance of SACCOs in Kirinyaga County.

1.3 Research questions

i. What is the effect of operational cost minimization on the financial performance of SACCOs in Kirinyaga County?
ii. How does the adoption of technology as a cost-reduction strategy influence the financial performance of SACCOs in Kirinyaga County?

2.0 Literature Review

2.1 Theoretical Review

Resource-Based View (RBV)

The Resource-Based View (RBV) is a strategic management theory that emphasizes the importance of internal resources and capabilities in achieving sustainable competitive advantage. According to Barney (1991), "Resources are tangible and intangible assets that firms use to conceive of and implement their strategies. These assets are critical in enabling firms to achieve competitive advantage.". Prahalad and Hamel (1990) emphasize, "Resources that are valuable, rare, and difficult to imitate provide firms with sustainable competitive advantage. Heterogeneity across firms ensures that not all resources are equally important or valuable. Teece et al. (1997) argue, "Capabilities refer to the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. Dynamic capabilities are crucial in maintaining competitiveness over time." Wernerfelt (1984) states, "Resources that are valuable, rare, inimitable, and non-substitutable (VRIN) contribute to sustained competitive advantage. These resources enable firms to create value that competitors cannot replicate." According to Peteraf (1993), "RBV provides a framework for identifying and leveraging firm-specific resources and capabilities to create competitive advantage. It focuses on internal strengths and distinctive competencies that drive superior performance."

The RBV posits that a firm's competitive advantage and subsequent performance are contingent upon its unique bundle of resources and capabilities (Barney, 1991). According to RBV, resources are valuable when they enable a firm to implement strategies that improve efficiency and effectiveness. Resources are rare when many current or potential competitors still need to possess them. They are inimitable when other firms cannot easily replicate them and non-substitutable when there are no strategic equivalents. For SACCOs, these resources include a loyal member base, strong governance structures, access to affordable capital, and a reputation for reliability and trustworthiness. The RBV suggests that SACCOs can achieve a competitive advantage by leveraging these unique resources to deliver superior value to their members. Member retention. By effectively managing these resources, SACCOs can exploit opportunities and mitigate threats in the external environment, thereby enhancing their financial performance. In the context of SACCOs, RBV resources could be exemplified by a strong member network that fosters trust and referrals, leading to a more stable deposit base (Muthuri et al., 2016).

2.2 Empirical Review

Effect of operational cost minimization on the financial performance of SACCOs

Operational cost minimization is a fundamental pillar of the cost leadership strategy, where organizations strive to reduce their internal expenses without compromising the quality of services provided. According to Porter (1985), cost leadership enables firms, including SACCOs, to become the lowest-cost producers in their industry, allowing them to offer competitive pricing to customers while maintaining profitability. For SACCOs, minimizing operational costs helps in offering better interest rates on savings and loans, which can significantly improve member satisfaction and financial performance.

Empirical evidence strongly supports the relationship between cost minimization and improved financial outcomes in SACCOs. A study by Muriuki (2016) on SACCOs in Nairobi County found that cost-effective administrative practices such as the digitization of member records, automation of loan processing, and consolidation of branch operations led to a substantial reduction in overhead costs. These savings translated into increased net surplus and better loan recovery rates, ultimately strengthening the financial performance of the institutions.

Similarly, Lynch (2014) emphasized that successful firms do not necessarily offer the lowest prices, but rather focus on reducing operational costs and reinvesting the resultant profits into areas that improve efficiency and value delivery. This was echoed in a study by Maina and Mwangi (2017), which investigated the financial performance of SACCOs in Central Kenya. Their research revealed that SACCOs that implemented cost control measures such as centralized procurement, shared ICT infrastructure, and reduction of manual processes experienced higher return on assets (ROA) and return on equity (ROE).

The study by Sadoulet (2015), though focused on European commercial banks, also adds value by showing that institutions adopting cost leadership through operational efficiency attracted a broader customer base and achieved greater market penetration. These findings are applicable to SACCOs, where maintaining lean operations enables institutions to provide accessible and affordable financial services to a larger membership.

Further supporting evidence is provided by Gikaria and Mungai (2019), who examined the effect of cost minimization on the sustainability of SACCOs in Nakuru County. They found that SACCOs that optimized staff deployment, utilized cloud-based financial systems, and adopted mobile banking platforms were more resilient, especially during financial downturns. These SACCOs not only recorded lower operational expenses but also maintained positive cash flows and lower delinquency rates.

However, operational cost minimization also comes with risks if not properly managed. According to Njiru and Waithaka (2019), excessive cost-cutting can undermine service quality, delay innovation, and negatively affect employee morale. In their study of SACCOs in Kirinyaga and Embu counties, they found that institutions that cut costs aggressively without a clear strategic framework experienced increased member complaints and reduced retention. This highlights the need for a balanced approach that aligns cost reduction with quality service delivery and long-term sustainability. Moreover, Mutinda and Mugambi (2020) stressed that the sustainability of cost leadership depends on continuous process improvement and the effective use of technology. In their analysis of SACCOs in Machakos County, they noted that institutions that invested in automated accounting systems, staff training, and performance monitoring tools were able to lower costs sustainably while improving productivity.

The influence of technology adoption as a cost-saving strategy on the financial performance of SACCOs.

Technology adoption, especially Information and Communication Technology (ICT), has emerged as a critical cost-saving strategy for SACCOs aiming to enhance operational efficiency and financial performance. ICT encompasses the use of hardware, software, networks, and related technologies to automate services, facilitate communication, store data, and deliver financial services remotely and affordably (Mahboub, 2018). In the SACCO sector, ICT adoption includes mobile banking, ATMs, electronic fund transfers, and digital loan processing, all aimed at minimizing operational costs and enhancing service delivery.

According to Mahboub (2018), in a study on Lebanese banks, ICT investments such as mobile banking and credit card systems significantly improved bank performance. The study emphasized that while the technology itself boosted financial outcomes, consumer awareness and engagement were crucial to maximizing its benefits. This highlights that SACCOs must not only invest in ICT infrastructure but also educate members on its use to ensure cost-saving advantages are fully realized. Similarly, Sevrani and Bahiti (2008), in their review of ICT usage among SMEs in Albania, argued that access to relevant ICT skills and knowledge among organizational leaders plays a pivotal role in effective adoption. Their findings showed that ICT not only reduces costs through automation and efficiency but also contributes to the overall economic growth of enterprises. Applying this to SACCOs, especially in Kenya, suggests that building technical capacity and ICT literacy among staff and members can accelerate the cost-saving benefits of technology In Nigeria, Alalade et al. (2014) and Okundaye et al. (2019) found that banks faced challenges in ICT deployment due to staff resistance, limited training, and lack of infrastructure. They noted that effective ICT adoption requires alignment between perceived usefulness, ease of use, and user behavior. For SACCOs, this implies that successful ICT implementation depends not just on financial investment but also on organizational culture and readiness to adapt to digital systems.A study by Dabwor and Ezie (2017), focusing on Nigerian banks, found a direct link between increased ICT investments such as ATMs, online banking, and mobile platforms—and improved turnover and profitability. Their findings recommend continuous investment in technology as a means to deliver services more efficiently, reduce physical infrastructure costs, and enhance customer convenience. This is particularly relevant to SACCOs that face high overheads from branch-based operations.

Mpofu and Mathys (2011), through case studies in Botswana, Zimbabwe, and South Africa, observed that ICT adoption in SMEs contributed significantly to cost savings and financial growth, provided there was institutional support and a conducive environment. The research highlighted the importance of social networks and collaboration in resource-constrained institutions, a model that SACCOs in rural and peri-urban areas could emulate to pool resources for shared ICT platforms.

Locally, Otieno (2015) found that SMEs in Nairobi were more likely to adopt ICT when they could clearly measure its return on investment primarily through cost reduction and productivity improvements. However, high initial costs of specialized software and hardware were identified

as barriers. For SACCOs, adopting standardized, cloud-based, or shared systems may mitigate these costs while still reaping operational efficiencies. According to the SACCO Societies Regulatory Authority (SASRA) Report (2016), only a few SACCOs had custom ATM infrastructure due to the high capital required. Most opted to partner with commercial banks to utilize existing ATM networks, effectively reducing infrastructure investment costs while expanding service accessibility. This strategy exemplifies a cost-effective model of ICT adoption that optimizes financial performance without incurring unsustainable expenses. In a related study, Kombe et al. (2015) found that the growth of electronic banking technologies such as ATMs, internet banking, and mobile platforms had positively influenced financial performance in Kenyan banks. This was echoed by the CBK Report (2017), which revealed that mobile banking had surpassed ATM usage due to its greater efficiency and cost-effectiveness, an insight that SACCOs have increasingly leveraged by launching mobile apps and USSD services.

Ireri et al. (2017) concluded that the integration of ATMs into SACCO services enhanced members' ability to access funds and statements, improved loan processing speeds, and contributed to better financial performance through increased operational efficiency. Similarly, Kamau (2015) found that mobile banking significantly increased both funded and non-funded income streams in commercial banks, indicating that SACCOs could replicate these benefits through mobile-based loan applications, deposits, and bill payments Musango (2018) reinforced this view by highlighting how mobile money technologies have enabled financial institutions to reach previously unbanked populations, particularly low-income earners. This expanded customer base translates into increased deposits, loan uptake, and fee-based income, further boosting the financial standing of SACCOs that invest in mobile banking solutions. Despite these benefits, Murigi (2017) cautioned that a lack of ICT policies such as password protection, encryption, and regular system audits can expose institutions to data breaches and financial losses. Therefore, SACCOs must complement their ICT investments with strong governance and information security protocols.

3.0 METHODOLOGY

3.1 Research design

The study adopted a longitudinal study design because this is highly appropriate for examining the effect of cost leadership strategies on the financial performance of Savings and Credit Cooperative Organizations (SACCOs) in Kirinyaga County, Kenya. It allows for the tracking of changes over time and helps establish causal relationships between the implementation of marketing strategies and long-term financial outcomes. Longitudinal studies involve repeated measurements of the same individuals or organizations over an extended period, providing a deeper understanding of how marketing strategies impact financial performance over time (Cohen et al., 2003; Menard, 2002).

3.2 Research Population and Sample

According to Burns (2010), a target population refers to all individuals of a real or hypothetical set of people, events, or objects to which a researcher wishes to create results from the study. The targeted population for the study comprised of 51 SACCOs that operate in Kirinyaga County, Kenya. Researching the entire SACCOs in Kirinyaga County allows for comparative analysis, identifying best practices and success factors that can be replicated or adapted by other SACCOs in the other counties or in similar contexts elsewhere. Kirinyaga County Cooperatives and Trade Department (2025).

The total sample size of the study was 45 Saccos which was distributed in the following 4 strata's namely Kirinyaga Central, Kirinyaga east, Kirinyaga South, and Kirinyaga west using a stratified random sampling. Steven J. Fuller (1993) outlined the following formula of getting a proportionate stratified sample. According to Botev, Z.; Ridder, A. (2017) stratum (plural strata) refers to a subset (part) of the population (entire collection of items under consideration) which is being sampled. The researcher will use Simple random sampling to select the respondent or saccos from a population in each sub county. In this study, data was collected from 45 SACCO managers and 45 SACCO accountants, for a total of 90 respondents. These individuals provided insights into how marketing strategies (e.g., market development, cost leadership, differentiation, and ICT adoption) influence the financial performance of SACCOs in Kirinyaga County, Kenya. SACCO managers, particularly senior management are directly involved in formulating and implementing marketing strategies that influence the overall business operations of the SACCO and Accountants play a crucial role in monitoring and reporting financial performance within the SACCO.

3.3 Ethical Considerations

Ethical approval was sought from the Kirinyaga University and a research permit was obtained from NACOSTI. Consent was obtained from participating respondents. Informed consent presupposes that the participant is given full information about participation rights and use of data (Saunders et al, 2007). Participants were informed of the purpose of study and confidentiality was assured. Privacy and confidentiality was maintained while handling the data throughout the research. Consequently, names of the participants were not revealed in the instrument. The findings of the study were not used for any other purposes other than that which pertains to this study and all questionnaires were destroyed upon presentation and defence of the study findings.

3.4 Research Variables

Effect of operational cost minimization on the financial performance and influence of technology adoption as a cost-saving strategy on the financial performance of SACCOs were the independent variables while the dependent variable effect of cost leadership strategies on the financial performance.

3.5 Data Collection

The study used both primary data and secondary data. Primary data was collected using questionnaires as the principal data collection instrument. This was administered to sampled respondents in their respective saccos. The questionnaire contained close ended questions. The questionnaire was used because it allowed the collection of large amounts of data from the target population within a short period of time. Secondary data was involve systematically gathering existing information from various sources to complement and validate findings obtained through primary data collection methods for triangulation. (Mugenda and Mugenda, 2003).

4.0 Finding of the study

4.1 Demographic Data Analysis

4.2.3 Distributions of the respondents by age

The researcher was interested in the demographic information of the respondents to help understand better the data on the topic under study. This entailed information on respondents' age, gender, position, marital status, level of education and religion.

Age brackets are presented in figure 1 below.

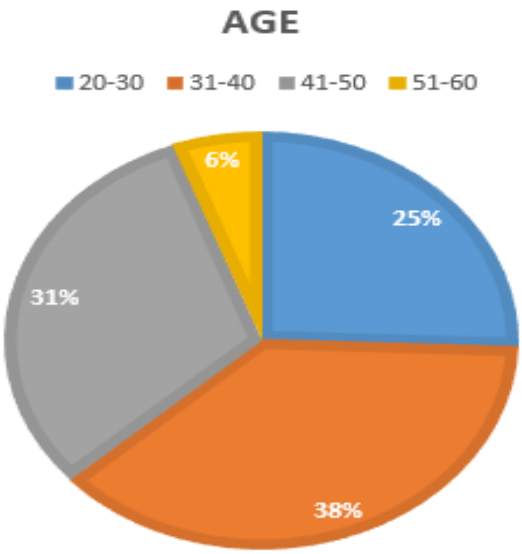

Figure 1: Distributions of respondents by Age

The data presented in Figure 1 provides a revealing depiction of the age demographics among the respondents of the study. Comprising the largest segment of the respondents, individuals falling within the age range of 31-40 years accounted for 38% or 34 respondents. The second most prominent age bracket was the 41-50 years age group, contributing to 31% of the respondents, translating to 28 individuals. Respondents aged between 20-30 years represented 25% of the sample, tallying up to 23 individuals. The smallest group included those aged 51-60, representing only 6% of respondents, amounting to 5 individuals.

This group, comprising 34 respondents (38%), represents the largest segment of SACCO management and accounting personnel. Professionals in this age range are typically in their prime career years, possessing both experience and adaptability to modern strategic management practices. Their active involvement suggests that SACCOs in Kirinyaga County are largely managed by individuals who balance traditional financial management principles with emerging strategic approaches, such as cost leadership, differentiation, and technology-driven financial strategies. However, the limited number of senior professionals suggests a need for succession planning and leadership development programs to sustain long-term financial performance. This is consistent with the findings of Kimani and Muturi (2018), who reported that SACCOs with a higher proportion of mid-career professionals were more likely to adopt innovative financial strategies and demonstrate improved financial performance. However, the limited number of senior professionals suggests a potential gap in long-term strategic oversight and institutional memory, highlighting the need for succession planning and leadership development programs to ensure sustainable financial performance over time.

4.2.4 Distributions of Respondents by Gender

It was necessary to get the gender of the respondents so as to establish whether the research considered gender balance as well as to avoid biasness. The response is shown in Figure 4.

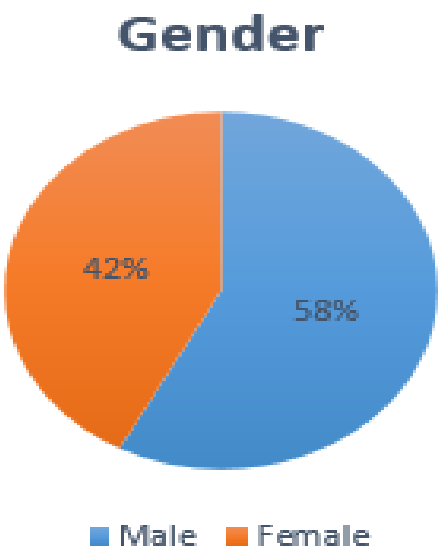

Figure 2: Distributions of Respondents by Gender

As shown in Figure 2, the study had 52 male respondents (58%) and 38 female respondents (42%), indicating a relatively balanced gender representation among accountants and managers in SACCOs within Kirinyaga County. This gender distribution provides valuable insights into the role of gender diversity in strategic management and financial performance. With a majority of the

respondents being male, SACCO leadership and financial decision-making may still be slightly male-dominated, which could influence the strategic priorities adopted.

However, gender diversity remains critical, as different perspectives contribute to more comprehensive strategic planning and risk assessment. The significant presence of women suggests that SACCOs are actively incorporating female leadership in financial management, potentially leading to more inclusive and diversified financial strategies. This is supported by Wanyonyi and Muturi (2015), who found that gender inclusivity in SACCO leadership leads to improved governance, transparency, and innovation in financial decision-making. The significant presence of women in this study suggests that SACCOs in Kirinyaga County are progressively embracing female leadership in financial management, potentially resulting in more inclusive and diversified financial strategies that enhance overall performance

4.2.5 Distributions of Respondents by Position

Figure 3: Distributions of Respondents by position

The study's respondent distribution, as shown in Figure 3, indicates an equal representation of Accountants (50 respondents, 50%) and Managers (50 respondents, 50%). This balance provides a comprehensive perspective on the effects of marketing strategies on the financial performance of SACCOs in Kirinyaga County.

The 50-50 distribution of accountants and managers ensures a comprehensive analysis of financial performance in relation to marketing strategies. Accountants provide a financial perspective, focusing on cost control and efficiency, while managers offer strategic insights related to growth and competitiveness. The combination of these perspectives strengthens the study's ability to assess the effectiveness of strategic management in enhancing SACCO financial sustainability this aligns with Barney's (1991) Resource-Based View, which emphasizes that sustainable competitive advantage arises when organizations possess valuable, rare, inimitable, and non-substitutable

(VRIN) resources. As Barney noted, "firms gain sustained competitive advantages by implementing strategies that exploit their internal strengths, through responding to environmental opportunities." The diverse expertise of both accountants and managers can be seen as an internal strength that allows SACCOs to craft and implement more effective, resource-based strategies to improve financial outcomes.

4.2.6 Distributions of Respondents by Level of education

The respondents were asked to indicate their education level and recorded in Figure 5

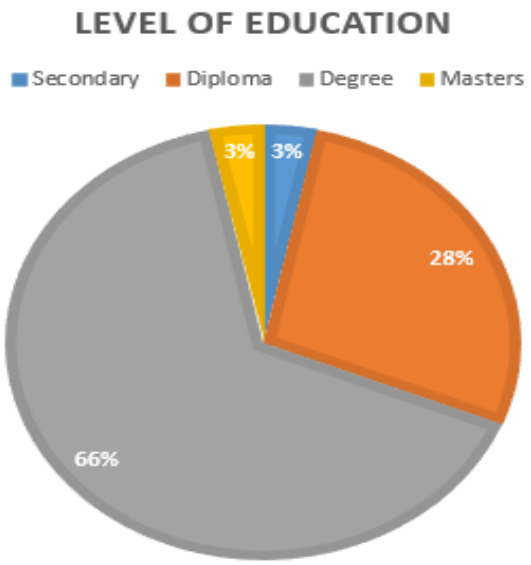

Figure 1: Level of Education

The study's findings on educational distribution, as shown in Figure 4, indicate that majority of SACCO accountants and managers hold a bachelor's degree (66%), suggesting that most professionals possess formal training in finance, accounting, business management, or related fields. This high level of education ensures that SACCOs benefit from skilled personnel capable of applying strategic marketing principles effectively to enhance financial performance. Degree holders are more likely to be familiar with modern financial technologies, risk management strategies, and cost leadership approaches, contributing to the overall efficiency and growth of SACCOs. Diploma holders (28%) represent a sizable portion of SACCO professionals, indicating that practical, technical training remains a key pathway into financial and managerial roles. Only 3 respondents (3%) have a master's degree, suggesting that advanced strategic management expertise is less common among SACCO leadership in Kirinyaga County. This may indicate a gap in high-level financial planning and strategic decision-making skills, which could impact long-term financial sustainability and competitive positioning. A small percentage (3 respondents, 3%) have only secondary school education, suggesting that some professionals may have gained leadership roles through experience rather than formal academic training his aligns with Lynch's

(2014) findings that "an organisation's ability to compete is strongly influenced by the capabilities of its people, particularly their knowledge, skills, and willingness to apply strategic thinking." Thus, while SACCOs benefit from generally well-educated personnel, the scarcity of advanced qualifications may hinder their ability to sustain competitive advantage in the long term.

4.2.7 Implementation of leadership strategies in SACCO

Respondents were asked whether they have implemented cost leadership strategies in their Sacco's the result was recorded in table 1

Table 1: Implementation of leadership strategies in SACCO

	Frequency	Percent
Yes	87	96.7
No	3	3.3
Total	90	100.0

The findings from Table 1 show that cost leadership is a widely adopted strategy among SACCOs in Kirinyaga County, with 96.7% of respondents confirming its implementation. This high adoption rate reflects a strong commitment to financial efficiency, operational cost reduction, and competitive pricing. However, the 3.3% of SACCOs that have not implemented cost leadership strategies may require further training, financial support, or strategic guidance to enhance their cost efficiency and financial performance. Porter (1985) argues that cost leadership is one of the fundamental generic strategies that firms can adopt to achieve a sustainable competitive advantage. By becoming the lowest-cost producer in the industry, organizations can defend against competitive forces, improve market share, and enhance profitability even in price-sensitive markets.

4.2.8 Net income after adopting cost leadership strategies

Respondents were asked to give their opinion on their net income for the past one year after adopting cost leadership strategies result was recorded in table 2.

Table 2: Net income after adopting cost leadership strategies for the past one year

	Frequency	Percent
Increased significantly	29	32.2
Increased moderately	54	60
Decreased moderately	7	7.8
Stayed the same	0	0
Decreased significantly	0	0
Total	**90**	**100.0**

Table 2 presents respondents' assessment of net income changes in their SACCOs after implementing cost leadership strategies for the past year. The data highlights a predominantly

positive financial impact, with the majority of SACCOs reporting increased income. Positive Financial Impact with 54 respondents (60.0%) saw a moderate increase, indicating steady financial improvement through cost-saving measures and 29 respondents (32.2%) experienced a significant increase in net income. Minimal Negative Impact of 7 respondents (7.8%) stated that their SACCOs experienced a moderate decrease in net income. This suggests that some SACCOs may have faced challenges in implementing cost leadership strategies, notably, no SACCOs reported that net income stayed the same or significantly decreased. This underscores the effectiveness of cost leadership strategies in enhancing financial performance, with minimal instances of negative impact. These findings align with Prahalad and Hamel's (1990) concept of "core competencies", where they argue that a firm's ability to leverage its internal capabilities such as operational efficiency and cost management leads to sustained competitive advantages and improved financial outcomes. Prahalad and Hamel emphasized that organizations must focus on developing and optimizing their core competencies to adapt to external challenges and continuously enhance performance.

4.2.9 Overall effects of cost leadership strategies on the financial stability of SACCOs.

Respondents were asked to give their opinion on their net income for the past one year after adopting cost leadership strategies result was recorded in table 3.

Table 3: Overall effects of cost leadership strategies on the financial stability of SACCOs

	Frequency	Percent
Moderately effective	22	24.4
Effective	52	57.8
Very Effective	16	17.8
Very Ineffective	0	0
Ineffective	0	0
Total	**90**	**100.0**

Table 3 presents respondents' ratings on the overall impact of cost leadership strategies on the financial stability of SACCOs in Kirinyaga County. The results indicate that most respondents view cost leadership strategies as beneficial, with varying levels of effectiveness. Majority Find Cost Leadership as beneficial with 52 respondents (57.8%) rated cost leadership strategies as effective, showing that most SACCOs benefit from cost-cutting measures in maintaining financial stability, 16 respondents (17.8%) found these strategies very effective, meaning that for some SACCOs, cost leadership plays a crucial role in ensuring financial sustainability. While 22 respondents (24.4%) rated cost leadership strategies as moderately effective, implying that while they observe some benefits, the impact is not consistently strong. No respondents rated cost leadership as ineffective or very ineffective, confirming that cost-cutting measures at least provide some level of financial stability. This suggests that even if the benefits vary, no SACCOs have

experienced financial instability due to cost leadership strategies. These findings align with Eisenhardt (1989), who argues that "effective strategic decisions, especially those focused on operational efficiency, can lead to enhanced organizational stability and performance over time". Eisenhardt emphasized that organizations adopting strategic decisions like cost leadership based on careful analysis and implementation are more likely to achieve greater financial stability, even when the degree of effectiveness may differ across different contexts.

4.2.10 Types of ICT technology adopted by Sacco's

Respondents were asked the type of technology adopted in their Sacco's the result was recorded in table 4

Table 1: Types of ICT technology adopted by Sacco's

	Frequency	Percent
Internet Banking	3	3.3
Mobile Banking	60	66.7
Management Information Systems (MIS)	23	25.6
Automated Teller Machines (ATMs)	1	1
Electronic Fund Transfer (EFT)	1	1.1
Others (please specify)	2	2.2
Total	90	100.0

Table 4 provides insights into the various ICT technologies that SACCOs in Kirinyaga County have adopted to enhance their operations. The results indicate a strong preference for mobile banking and Management Information Systems (MIS), with lower adoption of ATMs and Electronic Fund Transfers (EFTs). Mobile Banking is the Most Widely Adopted ICT Technology with 60 respondents (66.7%) reported that their SACCOs have integrated mobile banking services into their operations. This reflects the growing demand for digital financial services, allowing members to transact remotely and access financial services with ease. Management Information Systems (MIS) Adoption is Significant by 23 respondents (25.6%) reported the use of MIS for managing operations, data, and financial reporting. This suggests that SACCOs recognize the importance of streamlined management and data analytics for better decision-making. Only 3 respondents (3.3%) indicated that their SACCOs offer internet banking services. This may be due to lower demand for web-based banking compared to mobile banking or limited infrastructur**e** to support online platforms. Only 1 respondent (1.1%) mentioned the use of ATMs and EFTs, indicating that most SACCOs rely on other transaction methods, such as mobile banking and in-branch services.

This could be due to cost constraints or the preference for digital and mobile-based financial solutions. Two respondents (2.2%) mentioned other ICT technologies, possibly including cloud-

based systems, AI-driven financial solutions, or blockchain technology. These findings align with Mahboub (2018), who argues that ICT adoption is a key determinant of organizational performance and competitive advantage in the financial sector. According to Mahboub, technologies such as mobile banking and MIS not only enhance operational efficiency but also improve customer satisfaction and widen financial access. The selective adoption of ICT tools by SACCOs in Kirinyaga County illustrates a pragmatic approach to digital transformation, where affordability, user needs, and strategic priorities determine which technologies are embraced.

4.2.11 Duration Sacco's have been using ICT technology

Respondents were asked the duration their Sacco's have been using ICT technology, result was recorded in table 5.

Table 5: Duration Sacco's have been using ICT technology

	Frequency	Percent
Less than 1 year	1	1.1
1-2 years	23	25.6
3-5 years	31	34.4
More than 5 years	35	38.9
Total	90	100.0

Table 5 provides insights into how long SACCOs in Kirinyaga County have been utilizing ICT technology in their operations. The results show that most SACCOs have been using ICT for more than 5 years, indicating a well-established digital transformation. Majority of SACCOs Have Been Using ICT with 35 respondents (38.9%) reported that their SACCOs have used ICT for more than 5 years, showing that digital transformation has been in place for an extended period. This indicates that most SACCOs have well-integrated ICT solutions in their operations. While 31 respondents (34.4%) indicated they have used ICT for 3-5 years, meaning many SACCOs adopted digital solutions relatively recently. With 23 respondents (25.6%) reported using ICT for 1-2 years, indicating that new SACCOs or late adopters have recently embraced digital solutions. Only 1 respondent (1.1%) indicated that their SACCO had started using ICT within the past year, suggesting that nearly all SACCOs already had ICT in place before this period. These findings align with Sevrani and Bahiti (2008), who emphasized that the duration of ICT use significantly impacts the depth of integration and the benefits derived from it. According to their study, organizations with longer ICT experience tend to have more efficient operations, stronger data-driven decision-making capabilities, and better member satisfaction due to streamlined service delivery. The widespread and prolonged use of ICT by SACCOs in Kirinyaga County reflects this trajectory, highlighting the critical role of sustained digital engagement in enhancing institutional performance and competitiveness.

5.0 Discussion, Conclusion and Recommendation

Discussions of the findings

The study explored the demographic characteristics, adoption of cost leadership strategies, and ICT utilization among SACCOs in Kirinyaga County to evaluate their impact on financial performance and stability. Several key insights emerged:

The age distribution showed that the majority of SACCO managers and accountants were between 31-50 years. This cohort represents experienced and adaptable professionals who are well-positioned to implement strategic approaches like cost leadership. The gender distribution (58% male, 42% female) indicated moderate gender balance, reflecting growing inclusivity in financial leadership. Equal representation of accountants and managers (50% each) ensured that both operational and strategic perspectives were incorporated into SACCO decision-making, strengthening the quality of insights on financial performance.

Most respondents held a bachelor's degree (66%), signifying a well-educated workforce capable of applying modern strategic financial principles. However, the limited number of master's degree holders (3%) suggests a possible gap in advanced strategic planning, which could affect long-term competitiveness and innovation.

A significant majority of SACCOs (96.7%) had adopted cost leadership strategies. Most respondents reported increased net income, with 60% noting moderate increases and 32.2% significant gains. Only 7.8% experienced moderate declines. Importantly, no respondents reported stagnant or sharply declining incomes. These results validate Porter’s theory that cost leadership can enhance profitability by improving operational efficiency and reducing expenses.

Most respondents found cost leadership to be effective (57.8%) or very effective (17.8%) in promoting financial stability. None rated it ineffective, reinforcing the notion that cost-focused strategies contribute positively to financial outcomes.

Mobile banking (66.7%) and MIS (25.6%) were the most adopted ICT solutions, while internet banking, ATMs, and EFTs had minimal uptake. Most SACCOs have used ICT for over five years (38.9%), suggesting maturity in digital integration. ICT adoption aligns with Mahboub’s and Sevrani & Bahiti’s arguments that digital tools enhance efficiency, data-driven decisions, and customer satisfaction.

Conclusion

This study concludes that SACCOs in Kirinyaga County have actively embraced cost leadership strategies and ICT technologies, both of which have had a largely positive impact on financial performance and stability. The demographic composition of SACCO personnel supports effective strategic planning, though a shortage of advanced educational qualifications could limit long-term innovation. The high adoption rate of mobile banking and MIS indicates a strategic focus on customer accessibility and operational efficiency. Overall, the findings affirm that cost leadership,

when supported by appropriate human capital and digital tools, significantly contributes to SACCOs' financial sustainability.

Recommendations

SACCOs should invest in continuous professional development, encouraging staff to pursue advanced qualifications in strategic management and finance to strengthen leadership capacity.

While mobile banking is prevalent, SACCOs should diversify their digital services to include internet banking, EFTs, and ATM networks, ensuring more comprehensive service delivery and financial inclusion.

With a limited number of older professionals, SACCOs should implement succession planning programs to preserve institutional memory and ensure continuity in leadership.

SACCOs that have not adopted cost leadership strategies should receive support through capacity-building programs and strategic consulting to help them benefit from cost efficiency.

While gender diversity is improving, SACCOs should continue promoting policies that empower more women to take on leadership roles, enhancing inclusivity and innovation.

Periodic assessments should be conducted to refine cost leadership initiatives, ensuring they remain effective and responsive to emerging market dynamics and member needs.

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