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Leadership Capability and the Competitive Advantage of Deposit-Taking Savings and Credit Co-Operative Societies in Kenya

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Abstract

The study aimed to determine the impact of leadership capability on the competitive advantage of deposit-taking savings and credit co-operative societies (DT-SACCOs) in Kenya, employing a descriptive cross-sectional research design. The research targeted 3856 senior management staff from 176 DT-SACCOs, including top, middle, and low-level management. A scientifically guided sample of 900 respondents was selected using the Yamane formula, and data were collected via structured questionnaires. Analyzing the data with SPSS v25.0, the study found that leadership capability positively and significantly influences the competitive advantage of DT-SACCOs, highlighting the crucial role of effective leadership in driving strategic decision-making, fostering employee engagement, promoting innovation, and enhancing organizational competitiveness. The findings suggest that DT-SACCOs should invest in leadership development programs, implement robust succession planning, and conduct regular leadership assessments to ensure continuous leadership excellence and alignment with organizational goals, ultimately contributing to improved customer satisfaction and operational efficiency in the market.

Keywords: *Leadership Capability, Competitive Advantage, Return on Investment (ROI), Economic Value Added (EVA), Customer Satisfaction, Market Share, Brand Differentiation, Strategic Vision and Planning, Team cohesion / collaboration, Mentoring and coaching, Communication, Agility*

1.1 Introduction

Leadership capability is fundamentally about understanding, reacting, and acting upon an organization's visions, mission, and core values. As Ayeleke et al. (2018) suggest, effective leadership involves establishing a strong sense of identity and purpose, which enables leaders to maximize their potential, guide their organizations, and unlock future opportunities. Leadership skills are crucial in building organizational culture, fostering innovation, and improving firm

performance (Hao & Yazdanifard, 2015). This growing emphasis on leadership is reflected in the increasing volume of research on firm management and leadership, as highlighted by Sfantou et al. (2017) and Ayeleke et al. (2018).

Leadership capability is integral to Business Model Dynamic Capabilities (BMDC), which refers to the processes of changing a company's business frameworks to respond to strategic challenges such as technological advancements, competitive pressures, and shifts in customer demand (Juntunen et al., 2018; Khodaei & Ortt, 2019; Van et al., 2013). These higher-order dynamic capabilities involve the reconfiguration of existing capabilities and the development of new ones, which are crucial for creating unique products, entering new markets, and making strategic decisions under unpredictable conditions (Teece, 2018). In this context, leadership capability is not merely about managing day-to-day operations but about driving the organization's ability to adapt and thrive in a rapidly changing environment.

Effective leadership in today's dynamic era demands a new approach that combines strong management with entrepreneurial abilities, particularly the capacity to proactively manage change and capitalize on opportunities (Soehari & Budiningsih, 2020). Leaders must possess high levels of communication, mentoring, conflict resolution, and team cohesion skills (Brooks, 2022). Moreover, modern leadership emphasizes collaboration, trust, authenticity, and agility (Guzmán et al., 2020; Megheirkouni & Mejheirkouni, 2020). These attributes are essential for leaders to inspire and motivate their teams, foster innovation, and ensure organizational success in a competitive market.

Leadership capability also encompasses a range of executive roles such as goal setting, decision-making, communication, motivation, and control, as described by Ayeleke et al. (2018). Al Khajeh (2018) identifies transformational leadership as particularly effective, characterized by building relationships and inspiring trust and loyalty among employees. This style of leadership is associated with higher productivity, improved morale, and greater job satisfaction (Frandsen, 2014). The dual focus on people orientation and task orientation, as outlined by Blake and Moulton (1964), further underscores the importance of balancing human relationships with operational efficiency in leadership.

In the context of Deposit-Taking Savings and Credit Co-operative Societies (DT-SACCOs), leadership capability plays a pivotal role in shaping competitive advantage. Attributes such as accountability, agility, collaboration, and ethical leadership contribute to operational excellence and market positioning. Leaders who foster a culture of innovation, strategic thinking, and effective change management enable DT-SACCOs to adapt to market changes, enhance customer satisfaction, and build a sustained competitive edge. The study's focus on leadership capability is thus rooted in its critical role in driving Business Model Dynamic Capabilities (BMDC), which are essential for organizational success in a dynamic financial landscape (Teece, 2018; Schoemaker et al., 2018). This alignment with BMDC theory underscores the strategic importance of leadership in achieving competitive advantage for DT-SACCOs in Kenya.

1.2 Statement of the problem

The creation of sustainable competitive advantage is essential for firms to maintain their competitiveness, particularly in dynamic industries. Strategic leadership capabilities and knowledge management processes have been found to be strongly correlated with sustainable competitiveness (Mahdi & Nassar, 2021). However, many Deposit-Taking Savings and Credit Co-operative Societies (DT-SACCOs) in Kenya have struggled to maintain their competitive edge, often falling into debt and losing market position. This has been attributed to a lack of business model dynamic capabilities, which are crucial for adapting to industry challenges and sustaining competition (Kang & Na, 2020). Issues such as high-risk operating models, liquidity risks, and non-compliance with capital requirements have led to some DT-SACCOs being placed under receivership or liquidation, further highlighting the sector's vulnerabilities (SASRA, 2022).

Research indicates that DT-SACCOs in Kenya face significant challenges, including limited access to open markets, national payment systems, and capital-raising mechanisms, which are critical during liquidity crises (SASRA, 2017). The marginal decline in deposit and asset growth rates, alongside an overall decrease in the financial growth rate of the sector, underscores the struggle of DT-SACCOs to remain competitive in the long term (SASRA, 2018; 2022). Legal and operational constraints imposed by stringent laws further exacerbate these challenges, impairing the growth and performance of these institutions (David, 2021). The current study aims to address these issues by providing insights into how DT-SACCOs can effectively implement business model dynamic capabilities to enhance their competitiveness and performance, thereby avoiding the pitfalls of liquidation and non-compliance.

A review of past studies reveals several empirical gaps related to business model dynamic capabilities and competitive advantage. Contextual gaps are evident in studies conducted in different geographical settings, such as South Africa, Ethiopia, and Tanzania, which may not be fully applicable to the Kenyan context (Mushonga et al., 2019; Duguma & Han, 2018). Additionally, some studies have not specifically targeted the competitiveness of SACCOs or explored business model dynamic capabilities, leading to conceptual gaps (Mwatondo & Wekesa, 2019). Methodological weaknesses, including limited sample sizes and a lack of qualitative data, have also been noted in previous research (Ying et al., 2019). This study seeks to fill these gaps by focusing on the dynamic capabilities adopted by DT-SACCOs in Kenya, particularly through leadership capability, to achieve sustained competitiveness.

1.3 Study Objectives

The main objective of the study was to establish the effect of leadership capability on the competitive advantage of deposit-taking savings and credit co-operative societies in Kenya.

1.4 Hypothesis of the Study

H_A: There is a statistically significant effect of leadership capability on the competitive advantage of deposit-taking savings and credit co-operative societies in Kenya.

2.1 Theoretical Framework

A good study is founded on a theoretic framework. Theories are viewed to help readers to understand the behaviour of phenomena. They also help researchers to challenge and expound on

existing forms of knowledge (Alavi et al., 2018). Hence, this paper was anchored on Transformational leadership theory.

2.1.1 Transformational leadership theory

Transformational leadership theory, originally proposed by Downton (1973) and later expanded by Burns (1978), emphasizes the role of leaders in elevating the morale and motivation of their followers. Transformational leaders create an environment that encourages innovation, critical thinking, and problem-solving, while fostering autonomy and recognizing contributions within the organization (Datta, 2015; Northouse, 2013). Burns (1978) noted that such leaders inspire their followers to exceed expectations, leading to enhanced performance and productivity (Wren, 1998). Research supports the notion that transformational leadership boosts motivation, commitment, and empowerment among team members, contributing to a sense of belonging and improved corporate productivity (Al Khajeh, 2018; Arif & Akram, 2018; Judge & Piccolo, 2004; Lowe et al., 1996).

The tenets of transformational leadership—being inspirational, innovative, visionary, and performance-oriented—align closely with the goal of enhancing competitiveness in organizations. This theory is particularly relevant to understanding the effect of leadership capability on the competitive advantage of deposit-taking savings and credit co-operative societies (DT-SACCOs) in Kenya. By linking leadership capability with competitive advantage, transformational leadership theory provides a strong theoretical foundation for exploring how effective leadership can drive organizational success and innovation in DT-SACCOs (Bass & Avolio, 1995; Baum et al., 1998).

2.2 Conceptual Framework

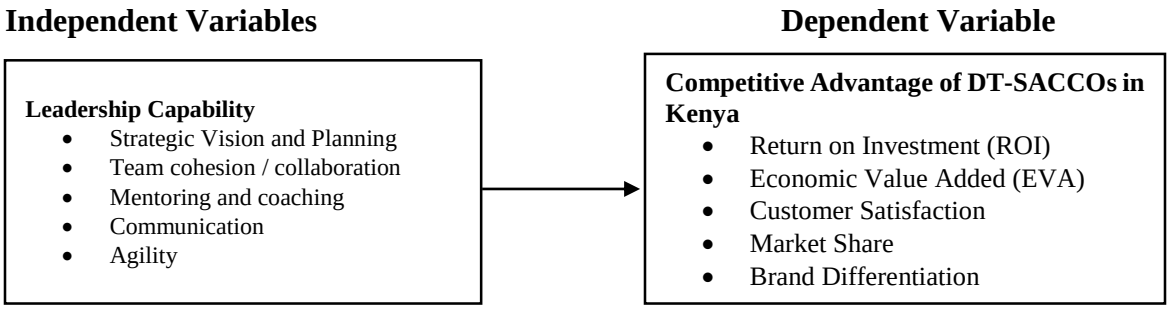

Figure 1: Conceptual Framework

Source: Adapted from (Teece, 2010; Birkinshaw & Ansari, 2015; Teece, 2018; Vodovoz & May, 2017).

2.2.1 Competitive advantage of deposit-taking savings and credit co-operative societies

Competitive advantage is the advantage a firm holds that allows it to meet customer needs better or more affordably than its competitors, thus sustaining superior performance (Hugh et al., 2000). For deposit-taking savings and credit co-operative societies (DT-SACCOs) in Kenya, achieving and maintaining this edge is crucial, especially in a competitive financial sector. The development of sustainable competitive advantage (SCA) hinges on leveraging unique capabilities, both

tangible and intangible, that are difficult for competitors to replicate. These include effective leadership, innovation, organizational culture, and strong brand recognition (Momanyi, 2017; Porter, 1985). Research shows that DT-SACCOs can sustain their competitive advantage through strategic cost management, differentiation, and focus strategies, which contribute to improved market share, customer satisfaction, and financial performance (Porter, 1985; Okelo, 2014; Njoki, 2015).

To effectively measure competitive advantage, key indicators such as Return on Investment (ROI), Economic Value Added (EVA), customer satisfaction, market share, and brand differentiation are essential. ROI and EVA provide insights into the financial efficiency and profitability of the cooperative, while customer satisfaction reflects the organization's success in meeting member expectations. Market share indicates the cooperative's position within the industry, and brand differentiation highlights its ability to stand out in a crowded market. Together, these metrics offer a comprehensive assessment of the competitive advantage of DT-SACCOs, positioning them for sustained growth and success within the dynamic Kenyan financial landscape.

2.3 Empirical Literature

Mahdi and Nassar (2021) aimed to create a comprehensive theoretical contribution that would interconnect strategic leadership competencies, knowledge control procedures, and long-term competitiveness for public and private enterprises in the service industry. The primary objective of the study is to develop an integrated conceptual and theoretical framework that connects strategic leadership capabilities, knowledge management processes, and sustainable competitive advantage within the context of public and private organizations in the service industry. The report's findings indicate that strategic leadership competencies can achieve long-term competitiveness. These competences also have the potential to significantly impact long-term competitiveness by utilizing knowledge management procedures. In terms of theoretical implications, the findings add to the RBV that strategic leadership competencies, knowledge management procedures contribute to long-term competitiveness. Given the COVID-19 pandemic, strategic leadership competencies can also empower leaders and managers and company owners to engage in real-time opportunities and identify dangers for attaining sustainable competitiveness. The study provides a framework to analyze how managerial and entrepreneurial skills within co-operative societies can be aligned with BMDC. It offers insights into the qualities co-operative leaders should possess to exploit market opportunities effectively.

Soehari and Budiningsih (2020) investigated the effect of managerial and entrepreneurial skills on competitive advantage. The aim of this research is to identify influence of hard-skill and soft-skills contribute achieving the performance of the Jakarta Mass Rapid Transit (MRT) infrastructure project. The investigation showed that organization leaders need to have acceptable administrative and innovative abilities, in particular proactively overseeing change to profit with promising circumstances raised. The leader is to have the best nature of initiative to lead and keep on adjusting to the elements of ecological and market advancements. Entrepreneurial leader is an individual who has the quality to lead and continually adjust to the changing climate and market to exploit the advantages that are available in the diverse market place.

Kising'u (2017) studied the importance of strategic leadership in achieving long-term competitiveness at Kenyan public and private institutions. The main aim of the study was to establish the effects of cost leadership strategy and differentiation strategy on sustainable competitive advantage of SACCOS in Kenya. The study relied on primary data gathered through surveys distributed to 285 academic leaders. The results revealed that creating organizational culture played a key influence in achieving long-term competitiveness in Kenyan public and private institutions. Employing knowledge sharing for long-term competitiveness played a key role in Kenyan public and private institutions. The study helped to explore how fostering a culture of knowledge sharing and strategic leadership practices can be integrated into the business models of co-operative societies. Understanding the impact of these factors on competitiveness can provide valuable inputs for your investigation.

Kiragu (2015) studied the strategic management and long-term competitiveness of Kenyan commercial banks. The objective of this study was to determine whether the practice of strategic leadership has an impact on sustainable competitive advantage of commercial banks in Kenya. The study employed a descriptive survey methodology and used surveys to reach out to 43 commercial banks in Kenya. The findings showed that essential initiative practices and jobs, for example, expecting natural change, sustaining individuals' imagination, further developing help conveyance through the selection of current innovation, bringing down functional expenses, utilizing able staff, methodology execution, and moral practices, among others, all fundamentally affected the banks' competitiveness. The findings highlight various leadership practices, innovation adoption, and cost management strategies. You can draw parallels between the challenges faced by commercial banks and co-operative societies. This study offers insights into the specific strategic initiatives and BMDC-related practices that could be relevant to co-operative societies in the financial sector.

Mahdi and Almsafir (2014) sought to establish the responsibility of strategic leadership in building supportable competitiveness. This study examined strategic leadership capabilities and sustainable competitive advantage in the academic environment, especially Private Universities in Iraq. The target population for this examination zeroed in on all Private Universities utilizing an overview system and a survey to gather information. The study found that there is a critical positive effect of vital initiative capacities on economic competitiveness. The examination suggested considering the centre capability alongside human and social capital as the arrangement of assets. Their findings underscore the importance of considering core capabilities and human/social capital. You can use this study to reinforce the idea that BMDC, as a core capability, needs to be integrated into the strategic leadership framework of co-operative societies. By doing so, co-operative societies can enhance their economic competitiveness. The study thus, adopted the following hypothesis:

H_A: Leadership capability has a significant effect on the competitive advantage of deposit-taking savings and credit co-operative societies in Kenya

3.0 Research Methodology

The study was grounded in a positivist research philosophy, favoring a quantitative approach due to the nature of the unit of observation, which involved DT-SACCOs in Kenya. A descriptive

cross-sectional research design was adopted, chosen for its effectiveness in generating generalizable information from a representative sample. The study targeted 3856 management staff across 176 DT-SACCOs, encompassing top, middle, and low-level management to ensure a comprehensive understanding of the research topic. Stratified random sampling was employed, with the sample size determined using the Yamane formula, resulting in a final sample of 899 respondents. Data was collected using structured questionnaires, which were pilot tested to ensure validity and reliability, with a focus on content, face, and construct validity. Data analysis involved both descriptive and inferential statistics, with SPSS used to generate results such as averages and standard deviations. The study aimed to explore the relationship between leadership capability and competitive advantage among DT-SACCOs, using regression analysis to determine statistical significance. Findings were presented in tables and figures, and qualitative data was thematically analyzed to provide deeper insights into the research questions.

4.0 Findings

4.1 Descriptive Statistics

Descriptive statistics in research involve the use of numerical and graphical methods to summarize and present data in a meaningful and interpretable manner. These statistics provide a snapshot of the main features of a dataset, helping researchers gain insights into its central tendencies, variations, and distribution patterns. Descriptive statistics serve as a fundamental tool for summarizing large and complex datasets. They condense raw data into concise, understandable measures, allowing researchers to grasp the key characteristics of the information at a glance. The study sought to present the descriptive results of the outcomes of Business Model Dynamic Capabilities and Competitive Advantage of deposit-taking savings and credit co-operative societies in Kenya.

4.1.1 Leadership Capability

The respondents were asked to indicate their level of agreement or disagreement with the statements with regard to leadership capability where 1 = Strongly disagree, 2= Disagree, 3= Neither agree nor disagree, 4= Agree and 5= Strongly agree, M = Mean, S D = Standard Deviation. Leadership capability refers to the set of skills, qualities, and attributes that enable individuals in leadership positions to effectively guide, influence, and motivate their teams or organizations toward achieving strategic objectives and goals. It encompasses a range of competencies, including communication, decision-making, vision-setting, adaptability, emotional intelligence, and the ability to inspire and empower others. The results of leadership capability are thus presented in Table 1.

Table 1: Summary of the descriptive results regarding leadership capability

Statements	1	2	3	4	5	M	S D
1. The leadership in our DT-SACCO makes decisions promptly and effectively.	0%	2%	30%	45%	22%	3.87	0.79
2. Our leadership effectively communicates and executes a long-term strategic vision for the organization.	0%	1%	21%	51%	26%	4.02	0.74
3. The leadership in our DT-SACCO successfully navigates and manages organizational changes.	1%	1%	21%	49%	28%	4.03	0.79
4. The leadership in our DT-SACCO communicates transparently and inspires/motivates employees.	0%	1%	20%	52%	27%	4.05	0.73
5. Employees in our DT-SACCO are satisfied and engaged under the current leadership.	0%	2%	17%	59%	22%	4.01	0.69
6. The leadership in our DT-SACCO effectively resolves conflicts within the organization.	1%	1%	18%	54%	27%	4.06	0.73
7. The leadership in our DT-SACCO fosters an environment that encourages innovation.	0%	1%	17%	57%	24%	4.03	0.72
8. The leadership in our DT-SACCO efficiently allocates and manages organizational resources.	0%	4%	17%	50%	29%	4.03	0.81
9. The leadership in our DT-SACCO promotes teamwork and collaboration within the organization.	0%	4%	18%	52%	26%	3.99	0.80
10. The leadership in our DT-SACCO adheres to ethical standards and promotes ethical behavior.	1%	2%	17%	60%	21%	3.97	0.73
11. Our DT-SACCO has effective programs for developing leadership skills.	1%	2%	18%	55%	24%	4.00	0.75
12. Organizational performance metrics reflect effective leadership in our DT-SACCO	0%	0%	28%	52%	20%	3.90	0.70
13. The leadership in our DT-SACCO invests in employee training and development.	0%	1%	17%	55%	26%	4.05	0.72
14. There is effective succession planning for key leadership positions.	1%	1%	16%	50%	32%	4.10	0.78
Average M/SD	**0%**	**2%**	**20%**	**53%**	**25%**	**4.01**	**0.75**

The survey results indicate strong leadership within DT-SACCOs, with 67% of respondents stating that their leadership makes decisions promptly and effectively (M=3.87, SD=0.79). Additionally, 77% acknowledged that their leaders communicate values and beliefs effectively, reflecting strong ethical leadership (M=4.02, SD=0.74). Furthermore, 81% of respondents noted that leadership effectively promotes transparency, inspires employees, and manages organizational changes (M=4.05, SD=0.73). A significant majority, 81%, also agreed that their leadership fosters employee satisfaction and engagement (M=4.06, SD=0.73), while 82% highlighted effective succession planning (M=4.10, SD=0.78). These findings suggest a leadership style that aligns with transformational and visionary leadership, focusing on clear communication, strategic vision, and collective goals, which enhance customer satisfaction, operational efficiency, and overall competitiveness.

Respondents also highlighted additional leadership components contributing to competitive advantage, with 79% recognizing that leadership fosters innovation (M=4.03, SD=0.81), and 78% noting efficient resource allocation (M=3.99, SD=0.80). The leadership's focus on teamwork and

collaboration was acknowledged by 81% of respondents (M=3.97, SD=0.73). These leadership capabilities are crucial for driving innovation, managing regulatory challenges, and maintaining a member-centric focus, which are key to the sustained growth and positive impact of DT-SACCOs in Kenya's competitive financial sector.

4.3.2 Competitive Advantage of DT-SACCOs in Kenya

The respondents were asked to indicate their level of agreement or disagreement with the statements with regard to competitive advantage of DT-SACCOs in Kenya where 1 = Strongly disagree, 2= Disagree, 3= Neither agree nor disagree, 4= Agree and 5= Strongly agree, M = Mean, S D = Standard Deviation. Human resource capability is a critical driver of competitive advantage. Organizations that invest in their workforce, nurture talent, and create a positive work environment are better positioned to excel in the marketplace, adapt to changes, and achieve sustainable success. In this context, the study explored how competitive advantage of the deposit-taking savings and credit co-operative societies (DT-SACCOs) in Kenya has been performing. The results are thus presented in Table 2.

Table 2: Summary of the descriptive results regarding competitive advantage of DT-SACCOs in Kenya

Statements	1	2	3	4	5	M	S D
The firm has achieved the following to sustain its competitiveness in the market:							
1. Cost-saving in service delivery	0%	2%	30%	45%	22%	3.87	0.79
2. Ability to supply both low and high loan volumes	0%	1%	21%	51%	26%	4.02	0.74
3. Ability to offer a wide variety of services	0%	0%	28%	52%	20%	3.90	0.70
4. Improved quality of products and services in the market	0%	1%	17%	55%	26%	4.05	0.71
5. Efficiency in service delivery to its customers	1%	2%	18%	53%	26%	4.01	0.81
6. Ability to customize products to suit customer requirements	0%	0%	25%	46%	28%	4.01	0.77
7. Customer loyalty across wide market segments	1%	2%	21%	53%	23%	3.95	0.78
8. The increased investment return to the members	1%	0%	23%	53%	22%	3.96	0.74
9. Sustained long-term commitment with members	1%	2%	24%	51%	22%	3.93	0.77
10. Offering relatively cheaper products than competitors	1%	1%	24%	50%	25%	3.98	0.76
11. Higher economic value added than the competitors	8%	9%	12%	34%	38%	3.84	1.24
Average M/SD	**1%**	**2%**	**22%**	**49%**	**25%**	**3.96**	**0.80**

The majority of respondents (67%) agreed that their firm has achieved cost savings in service delivery, reflecting a high level of operational efficiency (M=3.87, SD=0.76). Additionally, 77% acknowledged the firm's capability to handle both low and high loan volumes, indicating a flexible and adaptable approach to customer needs (M=4.02, SD=0.74). With 72% of respondents agreeing, the firm's ability to offer a wide range of services is widely recognized, underscoring its commitment to meeting diverse customer preferences (M=3.90, SD=0.70). A significant 81% of participants noted that the firm has improved the quality of its products and services, contributing to its competitiveness in the market (M=4.05, SD=0.71). Furthermore,

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79% of respondents agreed that the firm excels in service delivery efficiency (M=4.01, SD=0.89), and 74% highlighted its ability to tailor products to customer needs, showcasing its customer-centric approach (M=4.01, SD=0.77).

A substantial 76% of respondents recognized the firm's strong customer loyalty across various market segments (M=3.95, SD=0.78), while 75% agreed that the firm has enhanced investment returns for its members, reflecting positive financial outcomes (M=3.96, SD=0.74). Additionally, 73% acknowledged the firm's long-term commitment to its members (M=3.93, SD=0.77), and 75% agreed that the firm offers competitively priced products, which strengthens its market position (M=3.98, SD=0.76). However, the responses varied regarding the firm's economic value added relative to competitors, with 72% agreeing but showing greater variability in opinions (M=3.84, SD=1.24). Overall, the findings reflect a positive perception of the firm's competitive capabilities, aligning with Porter's (2010) assertion that competition drives efficiency and quality improvement. The results suggest that while the firm is strong in several areas of competitive advantage, there may be a need for strategic refinement in its approach to economic value added.

4.3.3 Trends in the Economic Value Added of DT-SACCOs in Kenya

Figure 2 represents the trends in Economic Value Added (EVA), for DT-SACCOs in Kenya over the years 2017 to 2022.

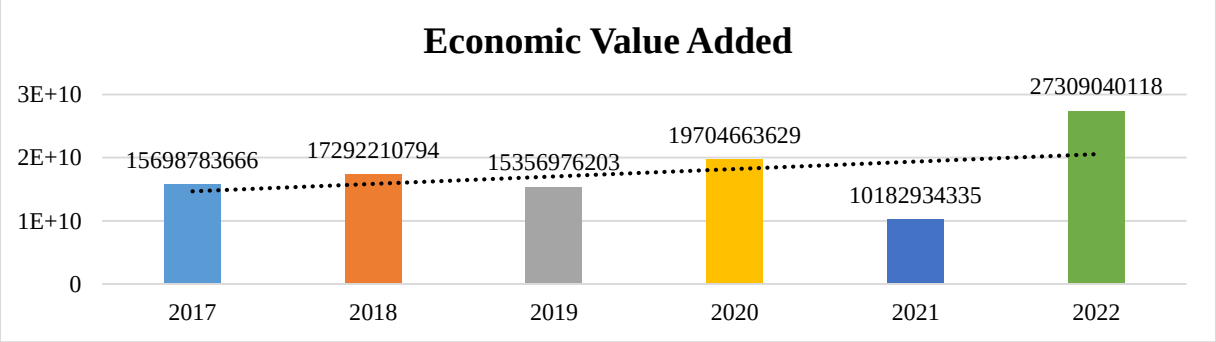

Figure 2: Trends in the Economic Value Added of DT-SACCOs in Kenya

Source: (SASRA, 1st January, 2023).

The results show that in 2017, the DT-SACCOs had a positive EVA of approximately 15.7 billion Kenyan Shillings, indicating that they generated sufficient economic value to cover their cost of capital. The positive trend continued in 2018 and 2019 with EVA values of approximately 17.3 billion and 15.4 billion Kenyan Shillings, respectively. In 2020, the EVA increased to approximately 19.7 billion Kenyan Shillings, suggesting that the SACCOs were improving to create economic value. In 2021, there was a positive EVA of approximately 10.2 billion Kenyan Shillings. This indicates that DT-SACCOs managed to generate economic value surpassing their cost of capital, a positive sign but a lower value. However, in 2022, the EVA improved significantly to approximately 27.3 billion Kenyan Shillings, indicating a return to positive economic value creation. The trends in EVA show an incremental performance for DT-SACCOs in Kenya.

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4.3.4 Trends in the Return on Investment of DT-SACCOs in Kenya

Figure 3 represents the trends in Return on Investment (ROI), for DT-SACCOs in Kenya over the years 2017 to 2022.

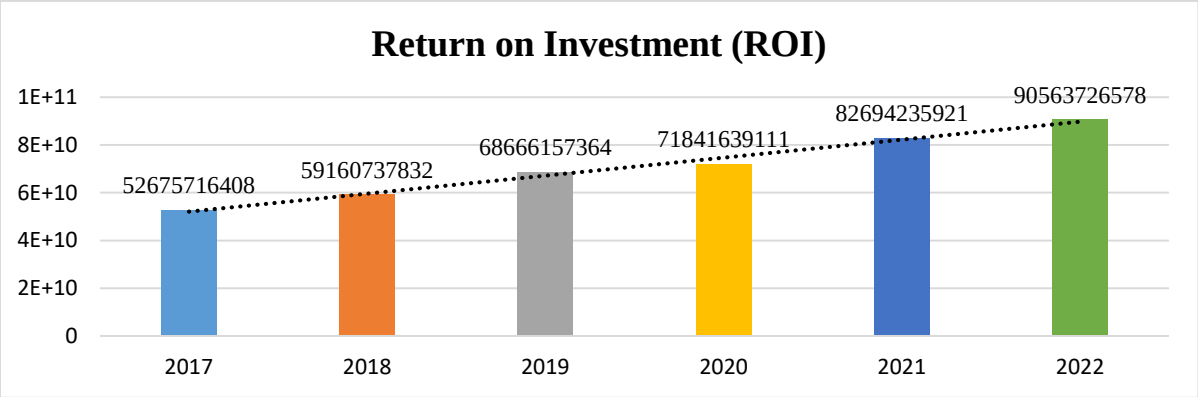

Figure 3: Trends in the Return on Investment of DT-SACCOs in Kenya

Source: (SASRA, 1st January, 2023).

ROI measures the profitability of an investment relative to its cost. Figure 2 indicates that ROI consistently increased from 2017 (52,675,716,408) to 2022 (90,563,726,578). This indicates that the SACCOs' investments became more profitable over these years, demonstrating improved efficiency in generating returns. This suggests an improvement in the profitability of investments. The increasing ROI is a positive sign, indicating improved profitability. The consistent increase in ROI indicates that the SACCOs' investments were becoming more lucrative. This trend suggests that the SACCOs made sound investment decisions, possibly aligned with their core business model capabilities, leading to higher returns over the years.

4.3.5 Trends in the Company size of DT-SACCOs in Kenya

Figure 4 represents the trends in company size (measured by Total Assets) for DT-SACCOs in Kenya over the years 2017 to 2022.

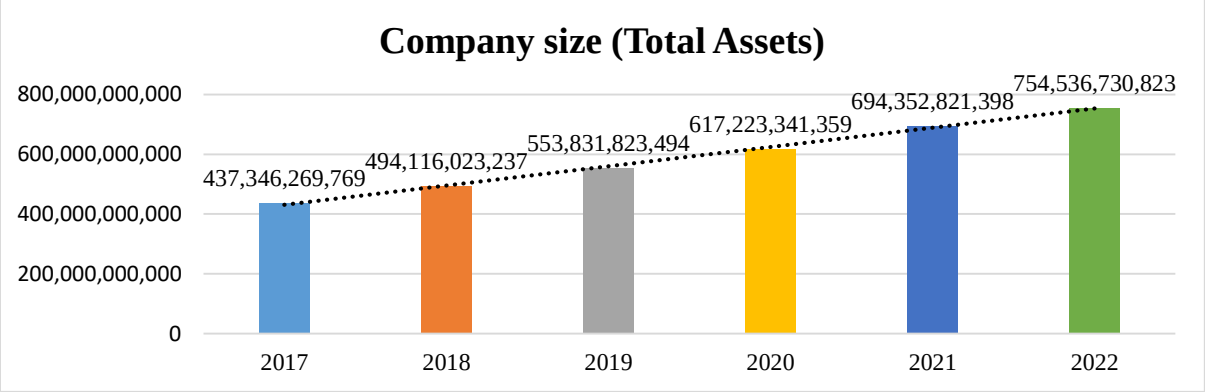

Figure 4: Trends in the Total Assets of DT-SACCOs in Kenya

Source: (SASRA, 1st January, 2023).

The total assets result of DT-SACCOs in Figure 4 increased steadily from 2017 to 2022. In 2017, the total assets were approximately 437.3 billion Kenyan Shillings, and by 2022, they had grown to approximately 754.5 billion Kenyan Shillings. This indicates that DT-SACCOs have been expanding in terms of their size and scale over the years. The growth in total assets suggests that DT-SACCOs have been expanding their operations and scale, which can be a positive factor for competitiveness and market presence.

4.3.6 Trends in the Market Share of DT-SACCOs in Kenya

Figure 5 represents the trends in ROE for DT-SACCOs in Kenya over the years 2017 to 2022.

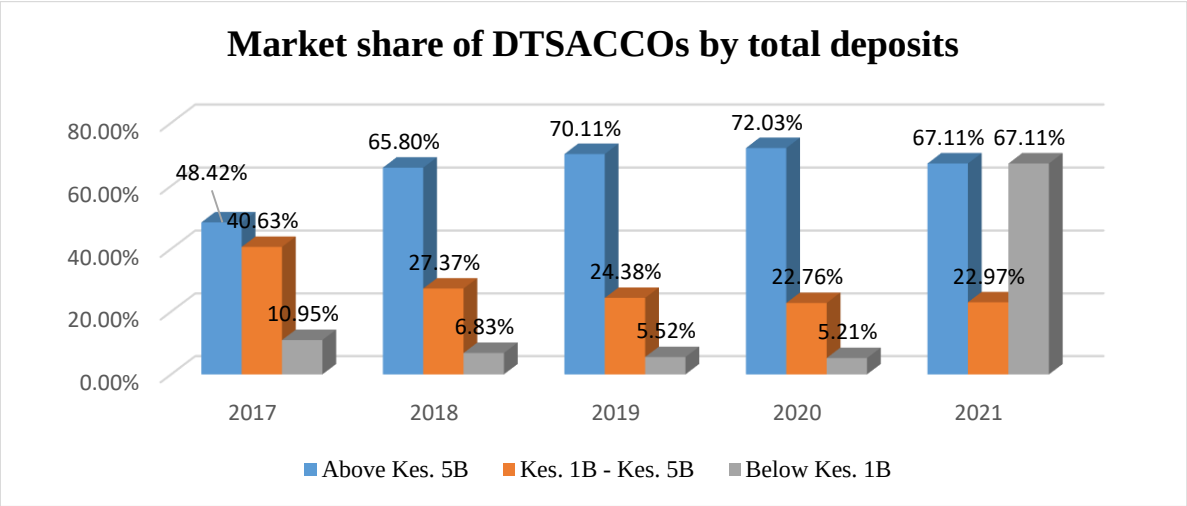

Figure 5: Trends in Market Share of DT-SACCOs in Kenya

Source: (SASRA, 1st January, 2023).

Figure 5 indicates the market share for DT-SACCOs with assets above Kes. 5 billion that has shown a consistent increase from 48.42% in 2017 to 72.03% in 2020, indicating substantial growth in this segment. However, there is a notable dip in 2021, with the market share dropping to 67.11%. This might be a result of various factors, such as changes in the competitive landscape or internal challenges faced by some DT-SACCOs.

The market share for DT-SACCOs with assets ranging from Kes. 1 billion to Kes. 5 billion has experienced a decline over the years. In 2017, this category held 40.63% of the market share, which decreased to 22.76% in 2020. However, there's a slight increase to 22.97% in 2021. The DT-SACCOs with assets below Kes. 1 billion had a market share of 10.95% in 2017, which decreased steadily to 5.21% in 2020. In 2021, there's an unusual spike, with the market share showing an identical percentage of 67.11% as the above Kes. 5 billion category. This might be a data anomaly or a unique event in the market.

The results indicate an overall growth trend in the market share of DT-SACCOs, especially in the "Above Kes. 5 Billion" category, which reached its peak in 2020. However, the subsequent drop in 2021, especially in the same category, suggests potential challenges or changes in the market dynamics. The "Kes. 1 Billion - Kes. 5 Billion" category witnessed a decline over the years, indicating a possible shift in market concentration towards larger institutions. This decline could be due to increased competition, changes in consumer preferences, or other market forces. The sudden surge in the market share for DT-SACCOs with assets below Kes. 1 billion in 2021 seems anomalous and warrants further investigation. It might be a result of data reporting errors, changes in classification criteria, or other exceptional circumstances. Verification of this data point is crucial for accurate interpretation. Fluctuations in market share can be influenced by various factors such as economic conditions, regulatory changes, competitive strategies, and consumer behavior. Further analysis and contextual information would be valuable for a comprehensive understanding of the observed trends.

4.4 Correlation Analysis

Correlation statistics were conducted to determine the relationship between the study variables. Below are the correlation findings of the study variables. The Pearson correlation coefficient was used to determine the association between the variables which is denotated by R (Table 9).

Table 3: Correlation Matrix between Leadership Capability and Competitive Advantage

Correlations		Competitive Advantage	Leadership Capability
Competitive Advantage	R	1	
	Sig		
Leadership Capability	R	.628**	1
	Sig	0.000	

** = Correlation is significant at the 0.01 level (2-tailed).
R= Pearson correlation coefficient
Sig = P value < 0.05

The findings in Table 3 indicate that there is a strong positive correlation ((R = 0.628, p = 0.000) between competitive advantage and leadership capability. The r value of 0.628 indicates a value of greater than 0 which implies that leadership capability has a strong and linear association with competitive advantage. This suggests that firms with stronger leadership tend to have a higher competitive advantage. The findings agree with Kising'u (2017) that creating organizational culture played a key influence in achieving long-term competitiveness in Kenyan public and private institutions. Employing knowledge sharing for long-term competitiveness played a key role in Kenyan public and private institutions. Kiragu (2015) also showed that essential initiative practices and jobs, for example, expecting natural change, sustaining individuals' imagination, further developing help conveyance through the selection of current innovation, bringing down functional expenses, utilizing able staff, methodology execution, and moral practices, among others, all fundamentally affected the banks' competitiveness. Mahdi and Almsafir (2014) found that there is a critical positive effect of vital initiative capacities on economic competitiveness. The examination suggested considering the centre capability alongside human and social capital as the arrangement of assets.

4.5 Regression Analysis

Regression analysis is a valuable tool for understanding and modeling relationships in data, making predictions, and gaining insights into how variables interact. It is a foundational technique in statistics and data analysis that is used in a wide range of applications across diverse fields. Regression analysis was conducted to explain and indicate the extent of change in the independent variables with regard to the change in the dependent variable as follows.

4.5.1 Regression Analysis for Leadership Capability

Regression analysis was employed to explain the prediction, hypothesis testing, and understanding of the strength and nature of the relationship between leadership capability and competitive advantage of deposit-taking savings and credit co-operative societies in Kenya as indicated in Table 4.

Table 4: Model of Fitness for Leadership Capability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.628a	0.394	0.393	0.3896

a Dependent Variable: Competitive Advantage

The model of fitness results in Table 10 shows that the value of R in this model was 0.628. In this case, an R value of 0.628 suggests a moderately strong positive relationship between leadership capability and competitive advantage. This indicates that as leadership capability within DT-SACCOs in Kenya improves, there is a tendency for competitive advantage to also increase. The R Square value was 0.394, which means that approximately 39.4% of the variance in competitive advantage can be explained by leadership capability in this model. In other words, leadership capability accounts for nearly 40% of the observed variability in competitive advantage among DT-SACCOs in Kenya. While this is a significant proportion, it also indicates that other factors beyond leadership capability contribute to competitive advantage.

The model fitness results indicate a reasonably strong and positive relationship between leadership capability and competitive advantage in DT-SACCOs in Kenya. This suggests that effective leadership within these organizations tends to contribute to improved competitive advantage. However, it's important to note that leadership capability accounts for less than half (about 39.4%) of the observed variability in competitive advantage. This finding implies that while leadership is a crucial factor, other elements and variables also play a significant role in determining competitive advantage. These additional factors could include technological innovation, financial management, market conditions, and customer relations, among others. Therefore, organizations should take a holistic approach to enhance their competitive advantage by addressing various aspects of their operations beyond just leadership capability.

Table 5: ANOVA for Leadership Capability

	Sum of Squares	df	Mean Square	F	Sig.
Regression	68.573	1	68.573	451.775	.000b
Residual	105.339	694	0.152		
Total	173.912	695			

Dependent Variable: Competitive Advantage
Predictors: Constant, Leadership Capability

Likewise, ANOVA was used to test for variations in means/averages using variance to discover if there was a statistically significant variation between leadership capability and competitive advantage of deposit-taking savings and credit co-operative societies in Kenya. The model was statistically significant as supported by a significant $F_{statistic} = 451.775 > F_{critical} = 3.841$ (1, 694). Given that the p-value (p = 0.000) was less than 0.05, the results confirmed the statistical significance of the model.

Table 6: Regression of Coefficients for Leadership Capability

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
(Constant)	0.786	0.150		5.239	0.000
Leadership Capability	0.791	0.037	0.628	21.255	0.000

Dependent Variable: Competitive Advantage

The regression of coefficients in Table 6 shows that leadership capability had a positive and significant effect on competitive advantage of deposit-taking savings and credit co-operative societies in Kenya (**β**=0.791, p=0.000). This implies that positive changes in 1 unit of the aspects related to leadership capability leads to a positive change in competitive advantage of deposit-taking savings and credit co-operative societies in Kenya by 0.791 units (vice versa is also true). These findings underscore the importance of strong leadership within DT-SACCOs as a key driver of competitive advantage. Effective leadership can lead to improved decision-making, strategic direction, and organizational performance, all of which contribute to a stronger competitive position in the market.

The findings corroborate those of Mahdi and Nassar (2021) who indicated that strategic leadership competencies can achieve long-term competitiveness. These competences also have the potential to significantly impact long-term competitiveness by utilizing knowledge management procedures. In terms of theoretical implications, the findings add to the RBV that strategic leadership competencies, knowledge management procedures contribute to long-term competitiveness. Soehari and Budiningsih (2020) also showed that organization leaders need to have acceptable administrative and innovative abilities, in particular proactively overseeing change to profit with promising circumstances raised. An entrepreneurial leader is an individual who has the quality to lead and continually adjust to the changing climate and market to exploit the advantages that are available in the diverse market place. The univariate theoretical model: $\boldsymbol{y = \beta_0 + \beta_1 x_1 + \varepsilon}$ translates into the following empirical model:

$$Y = 0.786 + 0.791X_1$$

Where;

Y = Competitive Advantage
X_1 = Leadership Capability
ε= Error Term

4.6 Hypothesis Testing

The hypothesis was tested from the regression model output where the acceptance/rejection format was that, if the p-value is less than 0.05, the H_{01} is not accepted also if the p-value is less than 0.05, the H_{a1} is accepted. The results are presented in Table 7.

Table 7: Hypotheses Test Results

Research objective	Tested Hypothesis	Rule	P-value	T value	Results of the hypothesis
To establish the effect of leadership capability on the competitive advantage of deposit-taking savings and credit co-operative societies in Kenya.	**H_A**: There is a statistically significant relationship between leadership capability and the competitive advantage of deposit-taking savings and credit co-operative societies in Kenya.	Reject **H_0** if p-value < 0.05 and if t-value> 1.96	0.000	21.255	Accepted

From the study findings, the study hypothesized that there is a statistically significant relationship between leadership capability and the competitive advantage of DT-SACCOs in Kenya. The hypothesis was accepted with a p-value of 0.000. This indicates that leadership capability has a statistically significant and positive effect on the competitive advantage of DT-SACCOs in Kenya. Strong and effective leadership is crucial for guiding organizations toward competitive success.

5.0 Summary of the result findings

The findings show that there is a strong positive correlation (R = 0.628, p = 0.000) between competitive advantage and leadership capability (Table 4.17). This suggests that firms with stronger leadership tend to have a higher competitive advantage. The regression results also show that leadership capability (Table 4.25). had a positive and significant effect on competitive advantage of deposit-taking savings and credit co-operative societies in Kenya (**β**=0.791, p=0.000). This implies that changes in 1 unit of the aspects related to leadership capability leads to a change in competitive advantage of deposit-taking savings and credit co-operative societies in Kenya by 0.791 units (vice versa is also true).

6.0 Conclusion

The study concludes that leadership capability has a positive and statistically significant impact on the competitive advantage of deposit-taking savings and credit co-operative societies (DT-SACCOs) in Kenya. Effective leadership is crucial in driving strategic decision-making, fostering employee engagement, promoting innovation, and ensuring a collective focus on organizational goals. These leadership qualities contribute significantly to customer satisfaction, operational efficiency, and overall competitiveness in the market. The findings align with previous research highlighting the importance of various leadership styles, such as transformational and task-oriented leadership, in organizational success. Additionally, the study underscores the need for DT-SACCOs to focus on continuous learning, strong stakeholder relationships, regulatory compliance, and member-centricity to enhance growth, sustainability, and positive impact on stakeholders.

7.0 Recommendations of the Study

DT-SACCOs should invest in leadership training and development programs to enhance the skills and capabilities of their leaders. This includes workshops, seminars, and mentoring programs to equip leaders with the necessary competencies for strategic decision-making and team management. There is need to implement robust succession planning strategies to ensure a pipeline of competent leaders. Identifying and nurturing future leaders within the organization can mitigate leadership gaps and ensure continuity in leadership excellence. DT-SACCOs should conduct regular leadership assessments to identify areas for improvement. There is need to utilize feedback mechanisms to measure leadership effectiveness and make data-driven decisions for improvement. There is need to encourage leaders to adopt a strategic mindset by aligning leadership practices with the organization's long-term goals. Emphasis should be placed on the importance of innovation, adaptability, and market responsiveness in leadership roles.

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