Influence of External Pressures on Competitiveness of Deposit Taking Sacco's in Nakuru County, Kenya

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***Abstract*— Savings and credit cooperatives play a very important role in uplifting the socio-economic wellbeing of thousands of Kenyans. These entities are expected to be highly competitive due to their reduced lending rates and ease of access of their services. However, a number of local Saccos have been outcompeted and outwitted to the extent of closing down their business. In light of this and in addition to scanty empirical evidence, this study sought to investigate the influence of external pressures on competitiveness of deposit-taking Saccos in Nakuru County, Kenya. Of specific interest was examining the extent to which regulatory and normative pressures influenced the aforesaid competitiveness. The study was guided by Regulation and Normative theories. The study adopted a descriptive research design and employed quantitative approach. A total of 176 staff working with deposit-taking Saccos in Nakuru County constituted the study population. Stratified random sampling technique was employed to draw respondents from the accessible population. A structured questionnaire was used in collection of primary data. The questionnaire was pilot tested with the object of assessing its validity and reliability before it was used in collecting data for the final study. Relevant approval, permit, authorization letter and consent were obtained prior to collecting data. Data analysis was facilitated by the use of Statistical Package for Social Sciences tool. Specifically, descriptive and inferential statistics were used in the analysis. The null hypotheses were tested at 95% confidence level. The results of the analysis were presented in tables and were interpreted and discussed in tandem with study objectives.The study concluded that there existed standard external policies which the Saccos must abide.The study further concluded that lending rates charged on the loans and deposits were regulated.It was further concluded that deposit taking Saccos were always under immense pressure.The Saccos rarely addressed the demands of the local community. From the findings the study recommended that the surveyed Saccos ought to full comply with the coercive and regulative pressures from SASRA, CBK and other regulating bodies.**

***Index Terms*— Competitiveness, Deposit-Taking Saccos, Normative Pressures, Regulatory Pressures.**

I. Introduction

Normative pressures make an organization conform to best practices that arise from the demands of whom the organization relies on for resources or may be fueled by professionalism for instance in training or socialization by different employees within the same industry. Coercive pressures are exerted by other organizations (Rosalinde, Woolthuis&Taminiau, 2017) or legal authorities (Mohammed, 2008) of which the organization is dependent. Mimetic pressures may arise out of the will of the organization to mimic competitors or from uncertainty and anxiety (Rosalinde et al., 2017).

The prevailing operating environment and the intent of an organization to achieve set goals creates competition for demand of resources. Institutions in the financial services sector experience cutthroat competition for customers and, therefore, develop competitive strategies. According to Adib and Habib (2016) these are referred to as action plans which are employed by a firm to attain competitive edge over rivals. According to Ketels (2016) competitiveness is the ability of a firm to compete in markets. Competitiveness of a firm will therefore be determined by competitive advantage that it commands in the market (Nyaga, 2015).

The financial services industry is prone to political, functional and social pressures that may render change in the provision of pertinent services. This has been evidenced in the change of regulatory controls in respect to risks, compliance and more so governance of financial services industry in post global financial crisis (Currie &Gozman, 2014). External pressures in form of regulators have forced financial services providers to comply with rules and regulations in their operations. More so, it is noted that adopting innovation and changing institutional rules and values may lead to erosion of existing practices in a financial organization. It is also noted that financial institutions have been under external or institutional pressure to cut on costs, improve governance and more so performance (Lapavitsas& Santos, 2008).

In the context of Australian financial services industry, it is noted that financial institutions are affected by various pressures. These are normative pressures which arise from corporate change, coercive pressures resulting from economic and financial legislation, socio-economic political pressures and banking regulations (Munir& Baird 2016). Institutional factors are noted to not only influence organizational performance but also non-financial performance measures (Hussain&Gunasekaran, 2002). Coercive forces are noted to be the most influential in driving performance measures (Hussain&Hoque, 2002). Indeed, Elnihewi, Fadzil and Mohammed (2014) determined that coercive and regulative pressures influence significantly performance and operations of financial institutions in Libya. The operations of Saccos and credit unions are likely to be shaped by external pressures since they operate within financial services industry. These institutions are likely to conform or mimic other financial institutions deemed to be using best practices.

According to Muteke (2015) savings and credit

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cooperatives in Kenya have stable and low cost source of funding coupled with low costs of administration. Comparably, Saccos are able to give out credit facilities at lower rates than other financial institutions such as banks and microfinance institutions. Since these Saccos operate in the financial sector, they are faced with both internal and external pressures in their operations. Similarly, it is noted that deposit-taking Saccos (DTS) in Kenya have to operate within the ambit of Sacco Regulatory Authority (SASRA) which is mandated to oversee and supervise Saccos (Ngaira, 2011). According to Kiura and Runyora (2016) performance of Saccos in Kenya are affected by laws and regulations such as tax policies, employment laws, environmental regulations and trade restrictions, and tariffs.

Grant (2015) notes that as competition intensifies, volatility of returns of a firm increases as there are no guarantee of secure returns. As such, institutions such as Saccos must forge a position to compete sustainably and profitably. It is asserted that for a Sacco to drive financial performance and withstand competition, it must have adequate capital in form of member deposits which can provide cushion in case of financial distress (Athanasoglou, Delis &Staikouras, 2016).

Saccos in Brazil are in the form of credit unions which provide financial services to members. It is stated that the major credit unions in the country are Sicredi and Sicoob which have five million members (Organization of Cooperatives in Brazil, 2014). Furthermore, it is noted that these institutions operate in highly competitive financial industry dominated by private banks. Competitiveness is rife especially in market penetration since banks have fragmented and differentiated their financial products. Innovation and enhancing quality of financial services in the country has become mandatory for credit unions that aspire to be unique and trade profitability

Saccos in Tanzania have been branded as avenues of economic progress in the provision of financial services both to rural and urban Tanzania (Ombado, 2011). However, it is noted that these institutions are unsustainable, unsustainability being occasioned by productivity and delinquency rate (Chundu, 2014). In Ghana, it is posited that lack of adequate growth of Saccos has threatened their sustainability and therefore competitiveness becomes difficult. It is opined that proper allocation of funds and use of institutional capital may drive sustainability and therefore enhance competitiveness of an individual firm and also the industry (Orlanda, Havers& Kim, 2013)

According to Owen (2007) Sacco sector in Kenya is the largest in Africa. In the same breadth, it is noted that the intense competition within the financial industry especially from banks and microfinance institutions in Kenya has forced Saccos to redesign and re-engineer their competitive strategies in order to remain relevant. It is opined that undercapitalization and lack of adequate information systems among Saccos in Kenya have hindered competitiveness of these institutions against giants in the financial industry. In the same light, it is deemed that Saccos exploiting their potential on marketing strategy can be able to claim a share in the financial industry market in Kenya (Kariuki, Karimi&Mutembei, 2017).

A. *Statement of the Problem*

A number of local Saccos have been outcompeted and outwitted to the extent of closing down; some with huge sums of money as deposits for their hitherto members. One of their recent concerns is the interest rate capping on lending rates charged by commercial banks which was introduced in September 2016 (CBK, 2016). The foregoing is characteristic of regulatory pressure since the lending institutions are required to abide with the stated guidelines. The law obligate banks to charge interest not more than 4.0% above the Central Bank Rate (CBR). The commencement of the capping resulted in Saccos lowering their lending rates further, a fact that threatened their competitiveness. Saccos have more stringent requirements in their credit appraisal compared to mainstream banks. A case in point is awarding credit commensurate to the amount of shares a borrower has with the Sacco. The absence of this requirement in other lending institutions curtails the competitiveness of Saccos. The SASRA's 2016 annual supervision report stated that one of the key challenges facing DTS is to remove hindrances to fair competition with other deposit-taking financial service providers (SASRA, 2017). The aspect of normative pressures is exhibited by the fact that deposit-taking Saccos are required to be registered by SASRA. The management of these financial entities is at times politically instigated as characterized by the elective positions of the board of directors. Therefore, to a significant extent, coercive pressures are felt by Saccos particularly in their management and operations. Hitherto, there is minimal empirical literature that has addressed the link between institutional pressures and competitiveness of deposit-taking Saccos in Kenya. In response to the outlined problems and lack of suitable empirical evidence, this study sought to evaluate the influence of external pressures on competitiveness of deposit-taking Saccos in Nakuru County, Kenya. This was anticipated to inform pertinent stakeholders on the most effective strategies needed to be formulated and implemented in order to enhance the competitiveness of DTS in Nakuru County and beyond.

B. *Objectives of the Study*

i. To analyze the influence of regulatory pressures on competitiveness of deposit-taking Saccos in Nakuru County

ii. To determine the influence of normative pressures on competitiveness of deposit-taking Saccos in Nakuru County

C. Research Hypotheses

H01: There is no statistically significant influence of regulatory pressures on competitiveness of deposit-taking Saccos in Nakuru County.

H02: There is no statistically significant influence of normative pressures on competitiveness of deposit-taking Saccos in Nakuru County

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II. LITERATURE REVIEW

The paper was based on Regulation Theory which was proposed by Stigler (1971). The theory stated that regulation by commission could be considered a commodity and analyzed like other commodities as subject to the forces of demand and supply. The regulatory theory indicates that for any institution there are outlined mechanisms that runs its systems of operation. Saccos are such institutions that are operated under regulations which allow them to carry out their mandate in a specified way. The Saccos in Kenya have a market regulator called the Sacco Societies Regulatory Authority (SASRA). Institutional capital adequacy (ICA) ratio of eight per cent is the minimum threshold for Sacco to be authorized as lenders otherwise the lenders are in breach of the law according to SASRA. The regulatory pressure of operations of Saccos is felt throughout their operations as SASRA has an eye on their management (Ngugi, 2017).

The study was also based Normative theory. The theory was coined by Sebastien (2016). Normative refers to relating to an ideal standard of model or being based on what is considered normal or best way of executing things. The theory hypothesizes what is right and wrong, permissible or not permissible, just or unjust, desirable or undesirable. On one hand, normative theories evaluate everything, be it a policy, an action, a law or a trait according to the value of the consequences it produces. Normative theories on the other hand evaluate some things according to features other than their consequences. Institution work as forces upon organizations and also individuals by exerting social pressures and restrictions and setting boundaries for what is accepted and what is not (Davidsson, Hunter &Klofsten, 2006). In respect to institutionalism, “normativeness” can result from institutional pressures. Normative theory can be applied in deposit taking Saccos in Kenya, where the Saccos can adopt best practices stipulated by professional bodies, for instance, in financial reporting and accounting for items in regard to Saccos. As a result of normative pressures Saccos can be compliant with regulatory practices in the financial services field.

A. Regulatory Pressures and Competitiveness

The roles of electronic queue management system have been examined by diverse scholars across the world. Focusing on Hudumacentres in Kenya, (Agwaro, 2017) examined the role of automated queuing on the service delivery in the centres. The study adopted a descriptive research design with a sample size of 70 respondents were purposively chosen across the Hudumacentres in the country. Using a five point likert scale, the study found diverse advantages of using electronic queue management , the study found its diverse uses including customers having to get a ticket from the dispenser for service (mean of 4.96), automated queuing enabling a first come first served policy (mean of 4.80), and customers don’t jump the queues (mean of 4.66).

The role of electronic queue management system on the customer experience was examined by Mohamud (2016) in a study on KCB bank. The study adopted a descriptive cross sectional survey research design and a sample size of 150 KCB customers that were purposively chosen. Data was collected using semi structured questionnaires. Using five point likert scale (1=Strongly Disagree and 5=Strongly Agree), the study found that electronic queue management system are associated with diverse service delivery aspects; faster services (mean of 3.36), no queue jumping (mean of 3.69), saving of time in the banking hall (mean of 3.47), electronic queue management system being easy to use (mean of 3.33), electronic queue management system being reliable (mean of 3.26) and convenience in electronic queue management system use (mean of 3.80). Using regression analysis, the study found that a unit increase in automated queuing system was associated with a 0.138 increase in service delivery aspects due to a beta coefficient of 0.138. However, these results were not found to be statistically significant due to a p value of greater than 0.05 which was the level of significance.

In a study based in Ethiopia, Arega (2017) examined the role of queue management on the customer satisfaction levels. Structured questionnaires were used for the purposes of data collection aspects and a sample size of 659 respondents were utilized. The study used correlational analysis to examine the role of queue management system and customer satisfaction levels. The study found a positive correlation of 0.577 in relations to perceived waiting time and customer satisfaction levels; waiting environment and customer satisfaction levels had a correlation of 0.366; and queue discipline was positively correlated with customer satisfaction levels at a correlation of 0.320. Using a five point likert scale, the study found that satisfaction with perceived waiting time had a mean of 2.96; satisfaction with waiting environment had a mean of 2.24; and satisfaction with priority given the elderly and pregnant women had a mean of 3.69.

Still focusing on the role of electronic queue management system and competitive advantage, Austria (2015) examined the queue management practices on the service delivery within restaurants in Philippines. The study used a sample size of 363 respondents derived from five restaurants and structured questionnaires were used for the purposes of data collection. Using a five point likert scale, the study indicated the diverse manner in which the electronic queue management influenced service delivery. In this context, the study noted that there was implementation of first come first serve rule (mean of 3.87), efficient service to elderly clients and pregnant mothers (mean of 3.89), and there was no preferential treatment to VIP customers (mean of 3.37). Using regression analysis, a unit increase in automated queuing led to 0.863 increase in service quality due to a beta coefficient of 0.863. These results were found to be statistically significant at 5% level of significance due to p value of 0.000.

B. Normative Pressures and Competitiveness

A study carried out in New Zealand by Azira (2012) investigated the impact of international financial reporting standards on bank loan loss provisioning behaviour and bank earnings volatility. The objective of the study was to assess the impact of adoption of IFRS on bank income smoothing activities, bank pro-cyclical behaviour through loan loss provisions and bank earnings volatility. The study focuses on banks from six countries in the pacific region. The study found that IFRS adoption leads to reduction in income smoothing activities through loan loss provisions for IFRS adopters

A study conducted by Quayes and Hasan (2013) examined the effect of financial disclosure and financial performance of microfinance institutions in USA. The objective of the study was to determine the relationship between financial disclosure and financial performance of microfinance institutions. The paper adopted ordinary least square method in analyzing the impact of financial disclosure and financial performance. The study found out that financial disclosure has a statistically significant impact on financial performance. The study also found out that improved financial performance has an impact on financial disclosure.

In Libya a study conducted by Elnihewi, Fadzil and Mohamed (2014) analyzed the impact of institutional factors on the organization performance measures of commercial banks. The objective of the study was to establish the meditating role of performance measures in the link between institutional factors (normative) and organization performance. The study used data from 154 commercial banks in Libya. Data was collected using questionnaires over a period of two months. The study found out that there is no significant relationship between normative pressures and organizational performance.

A study by Elosiuba and Okoye (2018) investigated the effects of international financial reporting standards on cooperate performance of Nigerian banks listed in the Nigerian stock exchange. The objective of the study was to assess the effect of international financial reporting standards on performance of banks in Nigeria. 8 banks were used in the study. The study found that mean values for profitability liquidity and market value are greater in the GAAP era than in IFRS period, while loan was higher during the IFRS period. The study then concluded that IFRS does not have a significant effect on bank financial performance.

A study conducted by Ochieng and Kwasira (2017) assessed the strategic responses to institutional pressures (normative) on performance of commercial banks in Kenya. The objective of the study was to determine the strategic responses to institutional pressures on the performance of commercial banks in Nakuru. .the study was delimited to Nakuru central business district. Descriptive research design was employed with a sample population of 72 respondents. The data was analyzed both descriptively and inferentially by use of SPSS 23.the findings of the study were that normative pressures affects the performance of banks the study concluded that banks respond to contemporary practices to gain stability and social legitimacy.

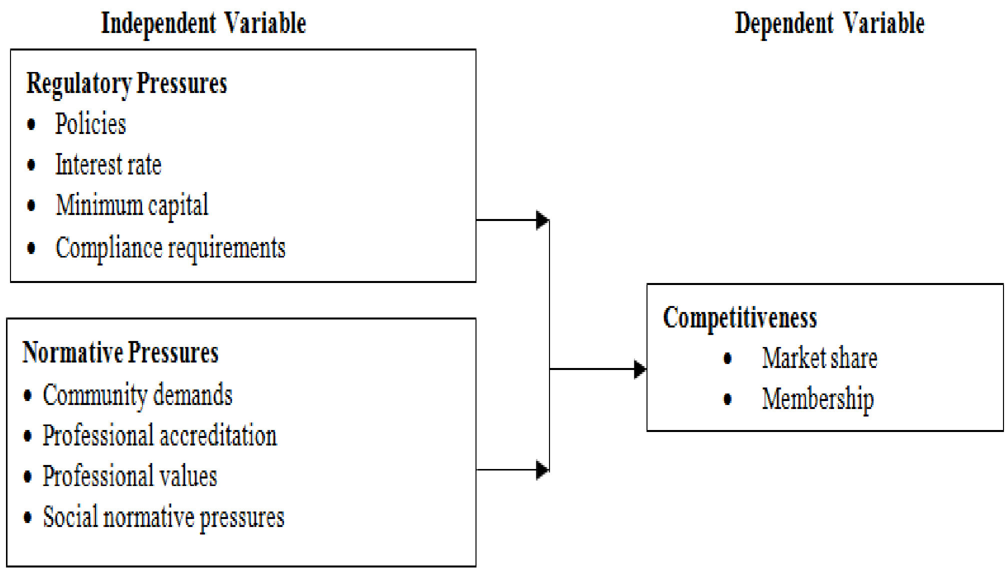
C. *Competitiveness of Saccos*

A study conducted by Campion, Ekka, and Wenner (2010) assessed the implications of interest rates on microfinance institutions in Latin America and the Carribean. The objective of the study was to establish the effect of interest rates on microfinance institutions. The study considered 29 institutions from 7 Latin American countries. The study used regression analysis. The research findings were that competition was the largest factors which determine interest rates. The results further showed that competition between MFIs improved their operating efficiency. The study also found out that MFIs respond to competition by investing in innovative technologies, increasing the range of services provided and also venturing in to new markets.

In India a study conducted by Assefa, Meestes and Hemmes (2010) analyzed the effects of competition and performance of microfinance institutions. The objective of the study was to examine the effect of competition on the performance of microfinance institutions. The study constructed a Lerner index to determine the effect of increased competition on outreach, loan repayment and efficiency on financial performance. The study assessed 362 MFIs in 73 countries. The study found out that increased competition was negatively related to outreach, loan repayment, efficiency and profitability. The study concluded that microfinance institutions should ensure lending standards, enhance information sharing and promote efficiency so as to become competitive and ensure they have a competitive advantage.

A study conducted by Jeje (2014) examined the effect of intensive growth strategies on outreach performance of Tanzania-based savings and credit cooperatives. The objective of the study was to determine the effect of product development and market development on outreach performance of Sacco's in Tanzania. The study adopted cross sectional survey design and multistage probability sampling technique. The study focused on 167 Sacco's managers and used questionnaires in collecting their views. The study also adopted multiple regression analysis. The findings of the study were that both product development and market development are lead to better outreach performance of Sacco's in Tanzania. The study concluded that Sacco's should develop their markets through diversifying into niche markets where banks cannot reach and proactively market their services to target markets so as to give them a competitive edge.

D. Conceptual Framework



III. METHODOLOGY

The study adopted a descriptive research design. The choice of this design was founded on the fact that, there was no attempt to alter the phenomena (Kothari, 2004). The accessible population that comprised the 176 staff working with deposit-taking Saccos in Nakuru County. The study population that was accessible to the researcher was relatively large (176). In order to enhance the reliability and generalizability of the study findings, stratified random sampling technique was employed to draw the sampled respondents from the accessible population. This sampling technique ensures fair and equitable distribution of respondents (Kothari, 2004). Each of the DTS in Nakuru County constituted a stratum. The study further used Nassiuma (2008) formula to get a sample of 64 respondents. The study employed a quantitative research approach. In this respect, therefore, a structured questionnaire was adopted to facilitate collection of data pertinent to objectives of the study. The pilot study was conducted in UasinGishu County where 8 respondents were selected randomly from the staff working with DTS. Cronbach's alpha coefficient (α) was employed to test the reliability of the tool. Content validity was determined by consulting the assigned university supervisors. The self-administered questionnaires were issued to the projected management staff. The filled questionnaires were then collected after a period of time that had mutually been agreed on by the researcher and respondents. The analysis was facilitated by the use of Statistical Package for Social Sciences (SPSS) computer programme. Specifically, descriptive and inferential statistics were used in the analysis. The results of the analysis were presented in tables and were interpreted and discussed in tandem with study objectives

IV. RESULTS

A. Response Rate

A total of 64 structured questionnaires were issued to the sampled respondents. From this number, 57 were filled accordingly. This translated to 89.1% response rate. The relatively high response rate resulted from the fact that data were collected by the researcher in person, and as such, the rationale of the respondents participating in the study was explained to them.

Working Experience with Present DTS

	Frequency	Percentage
4 – 5 years	18	31.6
More than 5 years	15	26.3
Less than 1 year	12	21.1
1 – 3 years	12	21.1
Total	**57**	**100.0**

The findings established that more than half of the sampled employees (57.9%) had worked with their current DTS for a period of more than 5 years. It was further noted that a total of 21% had worked with the said firms for a duration of less than one year. However, the study also revealed that 21% of the respondents had worked with deposit taking Saccos for a period ranging between 1 and 3 years. The results were interpreted to mean that there was relatively high turnover of employees working with DTS in Nakuru County. The findings could have also been as a result of the surveyed Saccos having not been operating in Nakuru for a period of more than 5 years by the time this study was being conducted. This could have impacted negatively on the performance of deposit-taking Saccos.

Descriptive Statistics for Regulatory Pressures

	SA (%)	A (%)	NAND (%)	D (%)	SD (%)	χ^2	p-value
There are standard external policies which our Sacco must always abide to	57.9	42.1	0	0	0	1.4	.233
Our Sacco has strong self-governing internal policies	57.9	42.1	0	0	0	1.4	.233
Lending rates charged on loans advanced by our Sacco are always regulated	47.4	10.5	0	31.6	10.5	21.9	.000
Interest rates charged on deposits by our Sacco are sometimes regulated	52.6	36.8	0	10.5	0	15.5	.000
Our Sacco has a significant capital base which is spelt out by SASRA	57.9	42.7	0	0	0	1.4	.233
There are many requirements that our Sacco has to comply with	57.9	42.1	0	0	0	1.4	.233
Compliance requirements are always spelt out by statutory agencies	68.4	31.6	0	0	0	7.7	.005

The findings showed that all (100%) the sampled staff working with DTS registered absolute agreement with the view that there existed standard external policies which the DTS had to abide with. Accordingly, all (100%) the staff admitted that the Saccos had strong self-governing internal policies. The study, in addition, noted that while 57.9% concurred that lending rates charged on the loans advanced by the DTS were always regulated, almost half of the employees (42.1%) disputed the assertion. Moreover, the study revealed that majority of the employees (89.4%) agreed that interest rates charged on DTS were sometimes regulated. However, 31% of the sampled staff held contrary opinion. Additionally, it was established that all respondents admitted that the surveyed DTS had a significant capital base which was spelt out by SASRA. On the same vein, the study observed that there was absolute (100%) agreement that there were many requirements that DTS had to comply with. However, the results of the analysis revealed that all (100%) the sampled staff concurred that compliance requirements were always spelt out by statutory agencies.

The study further ascertained that 57.9% 89.5% and 92.3% admitted to the arguments that lending rates charged on loans advanced by the Saccos were always regulated, interest rates charged on deposits by the Saccos were sometimes regulated, and compliance requirements were always spelt out by statutory agencies respectively. As such, the null hypothesis regarding the said statements was rejected ($p < 0.05$). In addition, it was noted that all the other arguments in regard to regulatory pressures were agreed by the majority of the surveyed members. The results of chi-square led to failure of rejection of the null hypothesis in respect to the said statements ($p > 0.05$).). These findings tallied with inferences drawn by a previous empirical study which indicated that government regulations impacted positively on Saccos (Biwott et al., 2015).

Descriptive Statistics for Normative Pressures

	SA (%)	A (%)	NAND (%)	D (%)	SD (%)	χ^2	p-value
Our Sacco is always under immense pressure from the local community	5.3	31.6	0	57.9	5.3	43.4	.000
The Sacco rarely addresses the demands of the local community	15.8	36.8	5.3	36.8	5.3	29.1	.000
I'm accredited to at least one professional body	15.8	73.7	0	10.5	0	42.0	.000
It is always a prerequisite for employees of our Sacco to be members of relevant professional bodies such as MSK, ICPA-K, and KIM	0	15.8	10.5	47.4	26.3	18.2	.000
Our Sacco ascribes to strict professional values	36.8	57.8	5.3	0	0	24.0	.000
All employees are required to always adhere to professional ethics outlined by our Sacco	36.8	63.2	0	0	0	3.9	.047
Our Sacco always experience social normative pressures exerted by its culture	36.8	42.1	21.1	0	0	4.1	.128

The study findings concerning normative pressures showed that more than half of the employees (63.2%) disagreed that DTS was always under immense pressure however 48.7% of the sampled staff disputed the assertion. It was, however, revealed that about half of the respondents admitted that the DTS rarely addressed the demands of the local community, however almost an equal number of the sampled respondents 42.1% held a contrary opinion. The study, in addition, noted that while most of the sampled respondents agreed (89.5%) that DTS accredited to at least one professional body, only a small number (10.5%) of the employees disputed the assertion. It was also observed that majority of the respondents disagreed (73.7%) with the view that it was always a prerequisite for employees of DTS to be members of relevant professional bodies such as MSK, ICPA-K, and KIM. However, about a quarter (26.3%) of the sampled staff held a contrary opinion.

Nonetheless, while majority of the respondents (94.6%) were of the same opinion that DTS ascribes to strict professional values, about 5% of the respondents disputed this assertion. Accordingly, the study revealed that 100% of the employees registered absolute agreement in the view that all employees were required to always adhere to professional ethics outlined by the deposit taking Sacco. A total of 78.9% illustrated that the employees were in agreement with the notion that DTS always experienced social normative pressure exerted by its culture. In general, these findings established that DTS in Nakuru County strictly adhere to professional requirements and social responsibility. These results were in line with those of an earlier study conducted by Ochieng and Kwasira (2017) which revealed that normative pressures affect performance and that banks respond to contemporary practices to gain stability and social responsibility.

Competitiveness of DTS

	SA (%)	A (%)	NAND (%)	D (%)	SD (%)	χ^2	p-value
Our Sacco has recorded a significant increase in market share	31.6	42.1	0	21.1	5.3	16.9	.001
The number of our Sacco members has considerably increased	21.1	52.6	0	21.1	5.3	27.0	.000
The number of competitors has increased significantly	47.4	52.6	0	0	0	.158	.691
Our Sacco has recorded tremendous growth rate in terms of revenue signifying increased competitiveness	31.6	31.6	0	26.3	10.5	6.8	.079
The brand reputation of our Sacco has improved significantly	36.8	52.6	0	10.5	0	15.5	.000
Our Sacco has more clearly defined its unique selling point which has enable it to differentiate its services in the eyes of customers	21.1	52.6	0	15.8	10.5	24.5	.000
Our Sacco has increased its customer segments	10.5	52.6	5.3	31.6	0	32.1	.000

From the finding 73.7% of the respondents were in agreement with the view that DTS had recorded a significant increase in market share .Only about a quarter (26.4%) of the employees disputed this assertion. The study also established that most of the respondents (73.7%) admitted that the number of DTS members had considerably increased, however, about 26.4% of the sampled staff held a contrary opinion. In addition, the study illustrated that all (100%) the employees were in agreement with the view that the number of competitors had increased significantly. Moreover, the study asserted that while (63.2%) of the respondents agreed that deposit taking Sacco had recorded tremendous growth rate in terms of revenue

signifying increased competitiveness, slightly more than a quarter (36.8%) of the sampled staff disputed this assertion.

Accordingly, most of the respondents (89.4%) admitted that the brand reputation of DTS had improved significantly. Nonetheless, 10.5% of the sampled staff held a contrary opinion. The study, in addition, noted that most employees (74.2%) admitted that deposit taking Sacco had clearly defined its unique selling point which had enabled it to differentiate its services in the eyes of customers. Only about a quarter (26.3%) of the employees disputed this assertion. Moreover, it was observed that while 73.7% of the staff concurred that DTS had increased its customer segments, slightly more than a quarter (31.6%) of the sampled staff disputed the assertion. On average, it can be noted that deposit taking Sacco's in Nakuru County have attained a competitive edge which is contrary to the results of a past study conducted by Kariuki et al., (2017) which acknowledged that Sacco's are faced with competition challenges due to inadequate information systems and undercapitalization.

Correction Analysis

Correlation between Regulatory Pressures and DTS Competitiveness

		DTS Competitiveness
Regulatory Pressures	Pearson Correlation	-.067
	Sig. (2-tailed)	.623
	n	57

The correlation results indicate that the relationship between regulatory pressures and competitiveness of DTS was negative, weak and statistically not significant ($r = -0.067$; $p > 0.05$). These results meant that regulatory pressures had very marginal implication on competitiveness of DTS in Nakuru County. These pressures characterized by external and internal policies, interest rates both on loan and deposits, and compliance requirements were largely inconsequential to competitiveness of DTS. This could be attributed to the fact that, unlike in the case of other financial institutions such as commercial banks, deposit-taking Saccos in Kenya are not under stringent regulations, like interest rate capping, which directly affect their competitiveness. Yet, the influence of SASRA's Act, 2004 could not be ignored. According to Ngigi and Afande (2015) compliance to the Act was one of the key challenges facing deposit-taking Saccos in Nyeri County. The Saccos which were unable to comply with minimum capital ratio were outcompeted by their rivals and faced the threat of closing down.

Correlation between Normative Pressures and DTS Competitiveness

		DTS Competitiveness
Normative Pressures	Pearson Correlation	.023
	Sig. (2-tailed)	.867
	n	57

The correlation results indicate that there existed a positive, weak and statistically not significant relationship between normative pressures and DTS competitiveness ($r = 0.023$; $p > 0.05$). According to the correlation results, it is clear that though increasing normative pressures could potentially enhance competitiveness of DTS in Nakuru County, the likelihood of this happening was evidently marginal. The results whittles the importance of normative pressures with regard to competitiveness of deposit-taking Saccos. These results were in concurrence with descriptive findings that indicated that DTS were hardly under immense pressure from local communities nor were their staff obligated to be members of professional bodies such as MSK, KIM, and ICPAK-K. However, these results contradicted the findings of a study by Ochieng and Kwasira (2017) which indicated that normative pressures affected performance of commercial banks and that these financial institutions strived to comply with contemporary practices to gain stability and social legitimacy.

Beta Coefficients

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1 (Constant)	.885	1.717		.515	.608		
Regulatory Pressures	-.005	.056	-.011	-.089	.929	.971	1.030
Normative Pressures	.814	.378	.297	2.155	.036	.751	1.332

a. Dependent Variable: DTS Competitiveness

The regression model adopted was Y = β0+ β1X1+ β2X2 +ε where Y represented competitiveness of deposit taking Saccos, β0 represented a constant, X1, andrepresented ccoercive regulatory and normative pressures respectively. ε representeds error margin, β1 and ,β2 represented coefficient pf predictor variables. The beta coefficients were employed to substitute the above equation as demonstrated below.

Y = 0.885+ -0.005X2+0.814X2

Therefore, a unit variation in competitiveness of deposit taking Saccos (Y) was subject to a constant of 0.885, a further -0.005 unit variation in regulatory pressures and 0.814 unit variation in normative pressures. On the regulatory pressures had a negative and not statistically significant effect on competitiveness of deposit taking saccos ($t = -0.089$; $p > 0.05$ while normative pressures had a positive and statistically significant effect on competitiveness of the surveyed saccos ($t = 2.155$; $p < 0.05$). It can be deduced regulatory pressures was likely to reduce the competitiveness of the deposit taking sacco, while normative pressures would enhance the competitiveness of the said Saccos. It was established that normative pressures were the most fundamentalin ensuring that the deposit taking Saccos remained and enhanced their competitiveness in the financial services industry.

Hypothesis Testing

The null hypothesis (H01) stated that: There is no statistically significant influence of regulatory pressures on competitiveness of deposit-taking Saccos in Nakuru County. The findings showed that regulatory pressures had a negative and not statistically significant effect on competitiveness of deposit taking Saccos ($t = -0.089$; $p > 0.05$). The null hypothesis failed to be rejected.

Furthermore, in regard to normative pressures, it was stated that H02: There is no statistically significant influence of normative pressures on competitiveness of deposit-taking Saccos in Nakuru County. It was found out that normative pressures had a positive and statistically significant effect on competitiveness of the surveyed Saccos ($t = 2.155$; $p < 0.05$). Hence, the null hypothesis was rejected, the althernative hypothesis was deemed true.

V. CONCLUSION & RECOMMENDATION

A. Conclusion

The study concluded that there existed standard external policies which the Saccos must abide. The studied Saccos had strong self-governing internal policies. The study further concluded that lending rates charged on the loans and deposits were regulated. It was disputed that the Saccos had a significant capital base which was spelt out by SASRA. The surveyed Saccos had to comply with many requirements. These requirements were always spelt out by the statutory agencies. Though regulatory pressures were likely to enhance competitiveness of the surveyed Saccos, their contribution was inconsequential.

It was further concluded that deposit taking Saccos were always under immense pressure. The Saccos rarely addressed the demands of the local community. It was further concluded that the surveyed Saccos were accredited to at least one professional body and it was always a prerequisite for employees of the said Saccos to be members of relevant professional bodies such as Marketing Society of Kenya, ICPAK, and KIM. Moreover, it was noted that deposit taking Saccos ascribed to strict professional values. The study inferred that all employees were required to always adhere to professional ethics outlined by the deposit taking Saccos. There was a likelihood of improving competitiveness of deposit taking Saccos if the Saccos complied with requirements of professional bodies and sound ethical practices in the sector.

B. Recommendation

From the findings the researcher recommended that the deposit taking Saccos may copy what the leaders and other Saccos do, that is how they operate, how they package products and services, their marketing strategies, and how they serve their clients. The study further recommends that the Saccos ought to educate their members on the essence of joining professional bodies. The management should also encourage their members to attend workshops and trainings organized by the professional bodies in order to enhance their knowledge and expertise in their areas of specialization. The study suggests that a similar study may be carried but in commercial banks. This is because competition in the financial services sector has been stiff, especially, with the entry and licensing of Saccos to accept and advance loans.

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