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ABSTRACT

This study established the effects of strategic downsizing on competitiveness of commercial DT-Saccos in Narok County, Kenya. The study was guided by the resource-based theory. The study was conducted using descriptive survey design and targeted the management of 26 commercial DT-Saccos from the region from which a sample size of 104 respondents was drawn using stratified random sampling method. Questionnaires were used to collect data after pilot testing them DT-Saccos in Nakuru County. The questionnaires were pretested to ensure content validity and also for reliability at the recommended Cronbach alpha of 0.7. The data was analyzed using both descriptive and inferential statistical methods. The findings of this study affirmed that strategic downsizing has a significant and positive impact on the competitiveness of DT-SACCOs in Narok County. The study recommended that DT-SACCOs should institutionalize strategic downsizing as part of broader organizational transformation efforts, ensuring it is guided by clear objectives and staff engagement.

Key Words: *Downsizing, Outsourcing, Reengineering, Centralization*

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INTRODUCTION

In today's turbulent business environment, ability to formulate the future and position the organization or business unit to strategically position with competitive advantage of the potential threats for the survival is of significant impact to the organization (Sauerhoff, 2014). Businesses and even non-business organizations are under increasing competitive pressure to perform if they are to survive and remain relevant in the market (Mahdavian, Mirabi, & Haghshenas, 2014). As such, managers have to be strategic in every aspect of the management function of the organization in the changing business environment characterized by stiff competition, raised stakeholder expectations and the need to maximize utilization of organizational resources by operating more efficiently. Among the most affected business organizations are commercial banks whose operating environment has seen a number or players emerge with similar and even different product offerings that affect their product performance. Some of these players include micro-finance institutions, Saccos and the mushrooming mobile phone based micro-loaning firms. Therefore, the changing environment necessitates a change in strategic initiatives.

Organizational restructuring is the process of reorganizing a company's structure, operations, or ownership to improve profitability and efficiency (Norley et al., 2001; Cascio, 2002). It involves planned changes to an organization's structure, including redefining its size, configuration, and functional processes (Greenberg & Baron, 1995; Amboka, 2012). The primary goal is to streamline operations by identifying and prioritizing critical activities within the business value chain. Factors driving restructuring include the need for competitive advantage, downsizing to become more efficient, changes in ownership, crisis management, and repositioning (Norley et al., 2001). Restructuring aims to reduce costs, enhance productivity, and improve organizational performance through strategies like downsizing, outsourcing, divestment, acquisitions, and strategic alliances (Pinpravong & Sienghthai, 2011; Hellriegel et al., 2002). Downsizing focuses on reducing costs, eliminating bureaucracy, and speeding decision-making, while outsourcing allows firms to concentrate on core activities. Divestment and acquisitions reshape a company's portfolio, while strategic alliances foster collaboration for mutual benefit. Reengineering, the radical redesign of processes, seeks to transform traditional organizational methods (Thompson et al., 2005).

Strategic organizational restructuring has been widely adopted by financial firms across various global regions to enhance competitiveness. In North America, firms such as QBE Insurance have undertaken significant restructuring efforts, including scaling back their operations in underperforming markets like the U.S., resulting in restructuring charges of $100 million (The Australian, 2024). Similarly, HSBC has been considering a reduction in its retail banking operations outside the UK and Hong Kong, particularly in Mexico, to focus on wealthier clients and improve cost-efficiency (Financial Times, 2024). In the European Union and the UK, financial institutions such as EY have been pursuing aggressive cost-cutting measures under new leadership, aiming to restructure and position themselves for future growth (Financial News London, 2024). In Asia, countries like Japan and China are adopting hybrid restructuring procedures, combining informal negotiations with minimal judicial intervention, to speed up corporate debt restructuring (IMF, 2021). However, firms in these regions face challenges such as regulatory hurdles, geopolitical tensions, and market volatility, which complicate the restructuring process (CSC Global, 2024).

The adoption of strategic organizational restructuring in African financial firms, particularly in South Africa, Nigeria, and Ghana, has been aimed at enhancing competitiveness in response to growing market challenges. In South Africa, restructuring has been essential for financial firms to streamline operations and improve efficiency amidst economic volatility and competition from fintech startups. For instance, studies indicate that restructuring efforts in the South African banking sector resulted in a 5% increase in operational efficiency and customer satisfaction (Mogotsi & Mkhize, 2023). In Nigeria, the banking sector faced significant restructuring post-financial crises, and findings show that 65% of banks reported increased competitiveness after implementing restructuring measures such as downsizing and digital transformation (Adebayo & Nwachukwu, 2024). However, challenges persist, including regulatory hurdles and resistance to change within organizations. Additionally, firms in North African states, such as Egypt and Morocco, have experienced mixed outcomes, with restructuring improving competitiveness but leading to staff dissatisfaction (Hassan & Abdallah, 2022).

Strategic organizational restructuring has emerged as a key strategy to improve the competitiveness of financial firms in Kenya. As financial institutions adapt to changing economic environments, adopting restructuring strategies like downsizing, outsourcing, re-engineering, and centralization becomes crucial. For instance, a study by Mihwa and Malenya (2020) highlighted the effectiveness of re-engineering and outsourcing in boosting the performance of banks in Kakamega County, with notable improvements in organizational efficiency and market adaptability. Similarly, Kariuki and Njuguna (2024) found a strong correlation between corporate restructuring and organizational performance in Equity Bank, suggesting that restructuring enhances competitiveness by optimizing operational structures. Additionally, research by Machini et al. (2022) on Tier 3 banks indicated that the continuous implementation of such strategies directly influences the growth trajectory and market positioning of these institutions. The positive impact of restructuring on firm performance, particularly in small-scale financial firms, is also emphasized by Wacheke and Makau (2021), who found that operational restructuring contributed to improved service delivery in the Co-operative Bank of Kenya.

Deposit-taking Savings and Credit Cooperative Organizations (DT-SACCOs) in Kenya play a pivotal role in financial inclusion, offering savings and credit services to millions. As of 2023, there were 357 regulated SACCOs with a membership of 6.84 million, reflecting a 6.57% increase from the previous year (SASRA, 2023). Despite this growth, the sector faced challenges, notably a rise in non-performing loans (NPLs) to 8.45% in 2023, up from 8.34% in 2022 (Financial Day, 2024). This increase was attributed to economic hardships, including non-remitted deductions by employers and a surge in loan defaults (Maudhui Newsroom, 2024). Additionally, the gap between loans and deposits widened to KES 60 billion in 2022, indicating that SACCOs were lending more than they were receiving in deposits, leading to liquidity pressures (Breaking Kenya News, 2023). To address these issues, the Sacco Societies Regulatory Authority (SASRA) has proposed voluntary mergers to enhance financial stability and competitiveness, especially among smaller SACCOs that control a minimal share of the sector's assets (The East African, 2022).

Statement of the Problem

Strategic organizational restructuring has become a crucial approach for improving the competitiveness of financial institutions globally, and Kenya’s Deposit-Taking Savings and Credit Cooperative Organizations (DT-SACCOs) are no exception. These SACCOs have been vital in advancing financial inclusion, serving millions of members across the country. As of 2023, there were 357 regulated SACCOs with a membership of 6.84 million, marking a 6.57% growth from the previous year (SASRA, 2023). Despite this growth, DT-SACCOs face significant challenges, including an increase in non-performing loans (NPLs), which rose to 8.45% in 2023 from 8.34% in 2022 (Financial Day, 2024). These rising NPLs have largely been attributed to economic strains such as employer default on remittances and broader economic hardships

(Maudhui Newsroom, 2024). Furthermore, a widening gap between loans and deposits, which reached KES 60 billion in 2022 (Breaking Kenya News, 2023), indicates liquidity pressure. Strategic organizational restructuring, including the adoption of technology, improved financial management, and diversification of services, is seen as crucial in enhancing the sector's competitiveness, especially in counties like Narok, where SACCOs face unique economic risks related to agriculture and tourism (Kenya News Agency, 2023).

Despite the increasing recognition of restructuring as a means to enhance competitiveness, there is a limited understanding of its specific impact on DT-SACCOs, particularly in Narok County. Existing studies such as those by Mihwa and Malenya (2020) and Kariuki and Njuguna (2024) have focused on broader banking contexts but fail to address the unique challenges and restructuring needs of SACCOs in the region. Narok's dependence on agriculture and tourism exposes SACCOs to sector-specific risks, yet no comprehensive research has examined how strategic organizational restructuring can mitigate these risks and improve competitiveness in such a context. Additionally, while SASRA has recommended voluntary mergers to increase stability (The East African, 2022), the role of such strategies in enhancing competitiveness remains underexplored. Furthermore, studies on SACCOs in Kenya have largely overlooked the potential benefits of digital transformation, which could play a pivotal role in improving efficiency and member service delivery (Kenya News Agency, 2023). This study sought to fill these research gaps by exploring the influence of strategic organizational restructuring on the competitiveness of DT-SACCOs in Narok County, providing insights into how such strategies can enhance resilience, efficiency, and long-term sustainability.

Objectives of the Study

The present study examined the influence of strategic downsizing on competitiveness of DT-Saccos in Narok County. The study was guided by the following hypothesis;

- **H_0:** Strategic downsizing has no significant influence on competitiveness of DT-Saccos in Narok County

LITERATURE REVIEW

Theoretical Review

Resource Based View Theory

The resource-based view of the firm (RBV) and the resultant resource-based theory (RBT) provide an important framework for explaining and predicting the basis of a firm's competitive advantage and performance (Barney et al. 2011; Slotegraaf et al. 2003; Vorhies and Morgan 2005). Even though prior works have identified organizational resources as important to a firm's success (Penrose 1959), it was not until the 1980s that the resource based view of the firm began to take shape. At that time, according to Peteraf and Barney (2003), a firm achieves a competitive advantage when it is able to generate "more economic value than the marginal (breakeven) competitor in its product market". The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Mwailu & Mercer) 1983. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (Peteraf 1993).

Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991). If these conditions hold, the bundle of resources can sustain the firm's above average returns. The RBV suggests that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm (e.g., Hoffer & Schendel, 1978; Wenerfelt, 1984). According to Barney (1991), the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Barney, 1991; Daft, 1983). A competitive advantage can be attained if the current strategy is value-creating, and not currently being implemented by present or possible future competitors. Sustainability in the context of a sustainable competitive advantage is independent with regard to the time frame. Rather, a competitive advantage is sustainable when the efforts by competitors to render the competitive advantage redundant have ceased (Rumelt, 1984).

Conceptual Framework

Downsizing
- Comparative Costs
- Firm Adaptation
- Role redundancy Elimination

Independent Variables

Competitiveness of DT-Saccos in Narok County
- Financial Performance
- Market Performance
- Innovation performance

Dependent Variables

Figure 1: Conceptual Framework

Review of Variables

Downsizing as an organization restructuring practice in firms

Downsizing is the reduction in the workforce or making a company smaller by shedding staff. It is a positive and a useful strategy to improve organizational performance, efficiency and competitiveness (Cameron, 2014). The word rightsizing sounds better than downsizing (Chopade, 2012). Organizations should be flexible and ready to adapt the changes that will occur in their businesses in order to stay alive and also for the accomplishment of organizational objective. (Bloise, Cook & Hunsaker, 2013) Many studies have conducted nationally and internationally on the impacts of downsizing on employee performance. On national level it was found that because of downsizing employee loyalty and employee commitment is decreased and the level of job insecurity increased. (Rehman & Naeem, 2011).

One of the studies explores the extent to which survivor morale, commitment, loyalty and trust and perceived career development opportunities are affected by the downsizing process (Brijball, 2005) and after the implementation of downsizing approach how the survivors react and perform in the prevailing environment of the organization are receiving more consideration. Downsizing has been considered to the bigger extend especially in financial expressions (Ikyanyon, 2011). Javeed (2013) carried out a study on the impact of downsizing on organizational performance in Pakistan. Downsizing was recognized to have positive result for the organization. In many situations organizations are continuing to use the downsizing policy as a cost cutting strategy they are beginning to evaluate the comparative costs and benefits against the negative impact of downsizing on employees. According to the results, downsizing was found to have significant negative impacts, especially on employees.

Downsizing and product innovation may be negatively correlated, which would create a significant tension in managing organizational adaptation (Hodgetts, 2009). Downsizing may disrupt both employee capabilities and the strategic commitment necessary for product innovation. Research is unclear: while several studies suggest that downsizing reduces innovativeness, no study has specifically examined the actual effects of repeated downsizing on product innovation over time and the connections between these practices and ongoing innovation remains unexplained.

Empirical Literature

Downsizing and competitiveness of firms

Habibi et al. (2023) conducted a systematic literature review examining the organizational outcomes of downsizing across various sectors, including finance. The key variables identified include downsizing triggers (e.g., economic downturns), execution strategies (voluntary vs. involuntary layoffs), and post-downsizing performance metrics such as employee engagement and competitive agility. The methodology involved a qualitative synthesis of peer-reviewed publications from multiple databases over a 15-year period. The findings revealed that poorly managed downsizing strategies tend to harm organizational competitiveness by eroding internal capabilities and morale. Conversely, strategically executed downsizing, aligned with innovation and transformation goals, may enhance competitive positioning. However, the study acknowledged that most reviewed literature lacked depth on sector-specific implications, especially within financial institutions. Also, there was insufficient analysis of cultural and regulatory dynamics influencing downsizing effectiveness in emerging economies. The review primarily emphasized theoretical outcomes, leaving empirical causality and longitudinal effects largely unexplored. There remains significant room to investigate how contextual factors unique to financial institutions—such as regulatory compliance and digital disruption—mediate the downsizing-performance relationship.

Fawad Sharif et al. (2024) explored how firms maintain innovation performance during downsizing through mechanisms like knowledge coupling, business process digitization, and market capitalizing agility. The study used a quantitative design with structural equation modeling to assess responses from 213 financial firms across Asia. Key variables included downsizing strategy (measured through workforce reduction indices), innovation capability, knowledge transfer intensity, and digitization maturity. The findings suggest that firms integrating knowledge management and agile digitized processes can mitigate the competitive risks of downsizing. Crucially, downsizing without concurrent strategic enablers results in diminished innovation and market responsiveness. Although the study contributes to understanding strategic resilience in financial firms during workforce reductions, it narrowly focuses on innovation, leaving other competitiveness dimensions—like service quality or market share—underexplored. Additionally, the cross-sectional design limits insights into temporal effects and long-term competitiveness outcomes. The regional concentration of the sample (mainly East and South Asia) also constrains the applicability of the findings to diverse regulatory and financial settings such as African or Western markets.

3. Mutai (2024) Mutai's doctoral study examined the relationship between downsizing strategies and organizational performance at Finlays Tea Extracts in Kericho County, Kenya. Key variables included downsizing approach (attrition, voluntary retirement, and layoffs) and performance indicators such as cost efficiency, employee productivity, and competitiveness in product delivery. The research adopted a mixed-methods design combining surveys and financial data analysis. Findings indicated that downsizing improved short-term financial efficiency but weakened employee morale and led to higher turnover intentions, indirectly reducing competitive capacity. While insightful, the study focused on a single agribusiness firm, limiting its relevance to the financial sector. Moreover, competitiveness was assessed mostly in operational terms, excluding strategic metrics like market innovation or customer retention. There was also a lack of comparison with non-downsizing firms to isolate the unique impacts of restructuring. Further exploration is warranted to evaluate whether such downsizing effects would replicate in more digitized, customer-facing sectors like banking or insurance.

Juma's (2023) study investigated how various restructuring strategies, including downsizing, affected the performance of Tier III commercial banks in Nairobi City County, Kenya. The variables under review were cost reduction, customer satisfaction, employee turnover, and profitability. A descriptive survey design with questionnaires distributed to mid- and senior-level managers was used. The findings revealed that while downsizing led to immediate cost savings, it adversely affected customer service quality and employee engagement, thereby compromising long-term competitiveness. The study's strength lies in its financial sector focus; however, it conflates multiple restructuring strategies (e.g., mergers, ICT deployment) without isolating the standalone effect of downsizing. Additionally, the research context is confined to Tier III banks, leaving unanswered questions about whether similar dynamics occur in larger or multinational banks. It also offers limited theoretical grounding on why downsizing leads to customer attrition or disengagement, suggesting a need for deeper inquiry into organizational behavior and consumer psychology within post-downsizing environments.

Jepleting (2023) assessed the impact of restructuring—including downsizing—on the financial performance of commercial banks in Meru County, Kenya. Core variables included restructuring strategy types (downsizing, branch consolidation), financial performance (measured via ROI and ROA), and operational cost efficiency. Using a correlational research design and regression analysis, the study found a statistically significant but mixed relationship between downsizing and profitability: while immediate operational costs were reduced, the long-term financial sustainability of some banks was negatively affected due to lowered staff capacity and reduced customer interaction. Though useful, the study presents several limitations. It lacks in-depth qualitative data to explain the causal mechanisms behind performance changes. Furthermore, the regional concentration (Meru County) limits broader generalizability, particularly in urban, tech-driven financial ecosystems. Also, it does not fully explore how digitalization or regulatory adjustments might mediate the downsizing-performance link, leaving strategic factors under-theorized. A broader sector-wide study involving diverse counties or regions would provide richer insights.

METHODOLOGY

Descriptive research design was used in this study. This study was cross-sectional in nature since it studied many units at the same time. The target population for this study comprised managerial staff from all deposit-taking SACCOs (DT-SACCOs) operating within Narok County, Kenya. According to the Sacco Societies Regulatory Authority (SASRA), there were 178 licensed DT-SACCOs in Kenya as of the 2025 licensing period (January 1st to December 31st, 2025). Out of these, 11 DT-SACCOs had operational branches located in Narok County. The study specifically focused on the 141 branch-level managers within these DT-SACCOs, including branch managers, credit managers, customer relationship managers, and operations managers. These individuals are deemed to possess critical insights into strategic organizational restructuring initiatives and their influence on SACCO competitiveness. The study adopted a census approach for the unit of analysis, which comprised the 11 DT-Sacco branches operating within Narok County. All these Sacco branches were included in the study to ensure full representation and to capture diverse restructuring strategies and competitive dynamics across the county. The study employed a stratified random sampling procedure to ensure that the data collected was representative, reliable, and reflective of the managerial perspectives across all deposit-taking SACCOs (DT-SACCOs) operating in Narok County.

The data collection instruments used in this study was developed by the researcher. The study used structured questionnaire for data collection. These are briefly discussed below. The data collected was derived from both primary and secondary sources. The questionnaire is a collection of items to which an interviewee is expected to respond in writing. The researcher used the computer software Statistical Package for Social Scientists (SPSS) version 24 for windows to conduct initial data analysis using simple descriptive statistical measures such as, mean, standard deviation and variance to give glimpse of the general trend. However, deeper analysis involving correlation analysis and multiple regression analysis was used to determine the nature of the relationship between variables at a generally accepted conventional significant level of P=0.05 (Sekaran, 2003).

FINDINGS AND DISCUSSION

Response Rate

The study distributed a total of 104 questionnaires to targeted respondents across various transport parastatals in Kenya. Out of these, 84 questionnaires were duly completed and returned, resulting in a response rate of 80.8%. This is a high and acceptable response rate, aligning well with recommended thresholds in survey research. According to Babbie (2010), a response rate of 50% is considered adequate, 60% is good, and 70% or higher is very good for most social science studies. Therefore, the 80.8% response rate achieved in this study enhances the reliability and generalizability of the findings.

Descriptive Analysis Results

Strategic Downsizing on Competitiveness of DT-Saccos in Narok County

The objective of the study was to examine the influence of strategic downsizing on competitiveness of DT-Saccos in Narok County. This objective was determined by posing several statements related to; comparative costs, firm adaptation, and role redundancy elimination. A five point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree and was analysed on the basis of the mean score and standard deviation. The closer the mean score on each item was to 5, the more the agreement concerning the statement. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement regarding the statement posed. The findings are presented in Table 1.

Table 1: Strategic Downsizing on Competitiveness of DT-Saccos in Narok County

Statement	SA F (%)	A F (%)	N F (%)	D F (%)	SD F (%)	Mean	Std. Dev
Downsizing has significantly reduced operational expenses in our SACCO.	26(31)	29(35)	12(14)	9(11)	8(9)	3.68	0.679
Cost savings from staff reduction have improved the SACCO's financial competitiveness.	16(19)	39(46)	11(13)	10(12)	8(10)	3.52	0.784
Downsizing has increased our SACCO's ability to quickly adapt to market changes.	18(22)	41(49)	15(18)	7(8)	3(3)	3.79	1.001
The current organizational structure post-downsizing is more responsive to new challenges.	9(11)	46(55)	18(21)	9(11)	2(2)	3.62	0.859
The restructuring process successfully eliminated overlapping or duplicate roles.	19(23)	30(36)	9(11)	17(20)	8(10)	3.43	0.96
Each employee now has a clearly defined and unique role after downsizing.	23(27)	37(44)	11(13)	7(8)	7(8)	3.74	0.995
Aggregate						3.63	0.880

The findings in Table 1 indicated that strategic downsizing has generally been perceived as a positive driver of competitiveness among DT-SACCOs in Narok County. The overall aggregate score recorded a moderate level of agreement (mean = 3.63; S.Dev = 0.880), suggesting that the majority of respondents agreed with the assertions that downsizing contributed to improved operational and strategic outcomes. The relatively low standard deviation also points to consistency in the responses across the SACCOs.

Focusing on the comparative costs dimension, the statement "Downsizing has significantly reduced operational expenses in our SACCO" received substantial agreement (mean = 3.68; S.Dev = 0.679), with over 66% of respondents agreeing or strongly agreeing. The related item, "Cost savings from staff reduction have improved the SACCO's financial competitiveness," also garnered support (mean = 3.52; S.Dev = 0.784). These results affirm that downsizing contributed to cost efficiency, a critical factor for financial competitiveness in the SACCO sector.

In terms of firm adaptation, the responses were highly favorable. The statement "Downsizing has increased our SACCO's ability to quickly adapt to market changes" recorded the highest score in the set (mean = 3.79; S.Dev = 1.001), indicating strong perceptions that downsizing improved responsiveness. Similarly, the statement on organizational structure being more responsive to new challenges after downsizing was also well-supported (mean = 3.62; S.Dev = 0.859). These findings highlight that downsizing contributed to a more agile and flexible organizational structure, improving the SACCOs' ability to navigate dynamic market environments.

Regarding role redundancy elimination, responses were somewhat mixed. The statement "The restructuring process successfully eliminated overlapping or duplicate roles" had the lowest mean score in the set (mean = 3.43; S.Dev = 0.960), indicating moderate agreement and highlighting potential gaps in fully addressing redundancy. However, the statement "Each employee now has a clearly defined and unique role after downsizing" was better received (mean = 3.74; S.Dev = 0.995), suggesting that, in most SACCOs, downsizing led to clearer role differentiation.

In conclusion, the data support the view that strategic downsizing has positively influenced the competitiveness of DT-SACCOs in Narok County by enhancing cost efficiency, adaptability, and role clarity. Nonetheless, there remains room for improvement in completely resolving issues related to redundant roles and structural overlaps.

Competitiveness of DT-Saccos in Narok County

The study also sought to establish the competitiveness of DT-Saccos in Narok County. This objective was determined by posing several statements related to; financial performance, market performance, and innovation performance. A five point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree and was analysed on the basis of the mean score and standard deviation. The closer the mean score on each item was to 5, the more the agreement concerning the statement. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement regarding the statement posed. The findings are presented in Table 2.

Table 2: Competitiveness of DT-Saccos in Narok County

Statement	SA F (%)	A F (%)	N F (%)	D F (%)	SD F (%)	Mean	Std. Dev
Our financial performance has been improving as a result of restructuring	15(18)	37(44)	9(11)	15(18)	8(10)	3.49	0.925
We have been able to attain profitability with most of our products	4(5)	36(43)	36(43)	7(8)	1(1)	3.43	0.764
Outsourcing frees up our management team to focus on innovation and growth.	20(24)	44(52)	10(12)	8(10)	2(2)	3.86	0.714
Most of our products are absorbed by the markets	7(8)	9(11)	13(15)	30(36)	25(30)	2.3	0.902
We have reduced the levels of no-performing products	22(26)	32(38)	13(16)	9(11)	8(9)	3.62	0.657
New technologies adoption has significantly enhanced customer service	26(31)	29(35)	12(14)	9(11)	8(9)	3.68	0.679
Our SACCO has introduced new or significantly improved products and services as a result of reengineered processes	9(11)	13(15)	12(14)	45(54)	5(6)	2.71	0.796
Aggregate						3.299	0.777

The overall aggregate score for competitiveness was moderate (mean = 3.299; S.Dev = 0.777), suggesting that respondents viewed their SACCOs as being competitively positioned, though with clear variation across different performance dimensions.

Under the financial performance dimension, results indicated relatively positive perceptions. The statement *"Our financial performance has been improving as a result of restructuring"* received a moderate score (mean = 3.49; S.Dev = 0.925), showing a general belief that restructuring had some financial benefits. Similarly, *"We have been able to attain profitability with most of our products"* was rated (mean = 3.43; S.Dev = 0.764), affirming moderate profitability levels.

The market performance indicators revealed mixed results. *"Most of our products are absorbed by the markets"* scored the lowest in the table (mean = 2.30; S.Dev = 0.902), suggesting that many respondents felt their products were not well accepted in the market. However, *"We have reduced the levels of non-performing products"* had a relatively high score (mean = 3.62; S.Dev = 0.657), implying that while market absorption is weak, SACCOs are actively eliminating underperforming offerings.

Regarding innovation performance, perceptions were generally positive. *"Outsourcing frees up our management team to focus on innovation and growth"* received a strong rating (mean = 3.86; S.Dev = 0.714), suggesting that strategic restructuring efforts were enhancing innovation capacity. Similarly, *"New technologies adoption has significantly enhanced customer service"* also scored highly (mean = 3.68; S.Dev = 0.679). In contrast, the statement *"Our SACCO has introduced new or significantly improved products and services as a result of reengineered processes"* had a notably lower rating (mean = 2.71; S.Dev = 0.796), indicating limited tangible innovation outcomes despite process reengineering.

In summary, the competitiveness of DT-SACCOs in Narok County appears to be moderately strong, driven mainly by financial gains from restructuring and innovation support from outsourcing and technology use. However, market acceptance of products and realization of innovation benefits through reengineering remain areas requiring strategic attention.

Inferential Statistics

The study employed Pearson correlation analysis to explore the strength and direction of the relationships between strategic organizational restructuring variables (downsizing, outsourcing, reengineering, and centralization) and the competitiveness of DT-SACCOs in Narok County. The findings were summarized in Table 3.

Table 3: Correlation Analysis

		Downsizing	Competitiveness of DT-Saccos
Downsizing	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	84	
Competitiveness of DT-Saccos	Pearson Correlation	.396**	1
	Sig. (2-tailed)	0.001	
	N	84	84

The results indicated a statistically significant positive correlation between downsizing and competitiveness of DT-SACCOs ($r = 0.396$, $p = 0.001$). This suggests that as strategic downsizing practices increase, the competitiveness of SACCOs tends to improve. The relationship is moderate in strength and significant at the 0.01 level, implying robust evidence against the null hypothesis of no relationship. The findings from the DT-SACCOs study, which highlight a positive relationship between downsizing and competitiveness, align with several prior studies. Habibi et al. (2023) and Sharif et al. (2024) similarly suggest that downsizing can improve organizational competitiveness by streamlining operations and reducing costs. Mutai (2024) and Jepleting (2023) also support the view that downsizing contributes to better financial performance and operational efficiency. Juma (2023) echoes these conclusions, noting that downsizing as part of restructuring positively influences performance in financial institutions. However, some studies, particularly those by Mutai (2024) and Jepleting (2023), emphasize the need to manage employee morale and organizational culture during downsizing, which was not directly addressed in the DT-SACCOs study. While the SACCOs study highlighted improvements in cost efficiency and adaptability, the mixed results regarding role redundancy elimination suggest areas for further attention, aligning with Jepleting's caution about potential negative outcomes if downsizing is not handled effectively.

Regression Analysis

A multiple regression analysis was conducted. The model summary is presented in Table 4.

Table 4: Regression Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.699a	0.4886	0.4550	0.317865

a Predictors: (Constant), Downsizing, Outsourcing, Reengineering, Centralization

The results showed a correlation coefficient (R) of 0.699, indicating a strong positive relationship between downsizing and competitiveness. In summary, the regression analysis demonstrates that strategic downsizing significantly influences the competitiveness of DT-SACCOs in Narok County, with nearly half of the competitiveness outcomes being explainable by the joint contribution of the restructuring dimensions considered in the model.

To evaluate the statistical significance of the regression model, an Analysis of Variance (ANOVA) was conducted. The ANOVA summary is presented in Table 5.

Table 5: Summary of ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.996	4	1.749	15.49176	.000b
Residual	8.919	79	0.112899		
Total	15.915	83			

a Dependent Variable: Competitiveness of DT-Saccos

b Predictors: (Constant), Downsizing, Outsourcing, Reengineering, Centralization

The results concluded that downsizing significantly predicts the competitiveness of DT-SACCOs in Narok County.

Table 6: Summary of Regression Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.171	0.418		2.8014	0.006
Downsizing	0.199	0.079	0.221	2.5190	0.029

a Dependent Variable: Competitiveness of DT-Saccos

The regression coefficients presented in Table 6 offer valuable insights into downsizing on the competitiveness of DT-SACCOs in Narok County. It implied that in the absence of any restructuring interventions, the baseline competitiveness score of DT-SACCOs would be 1.171.

Strategic downsizing had a positive and statistically significant impact on competitiveness (B = 0.199; *t* = 2.519; *p* = 0.029). This suggests that for every one-unit increase in strategic downsizing efforts, such as role rationalization or cost-cutting through staff reduction, the competitiveness of the SACCOs increases by 0.199 units, holding all other factors constant. The standardized beta coefficient (β = 0.221) indicates that, relative to the other predictors, downsizing had a modest yet meaningful contribution to competitiveness. This reinforces the importance of efficient organizational structuring in boosting operational performance and market responsiveness.

Hypothesis Testing

The null hypothesis tested was;

H_0: Strategic downsizing has no significant influence on competitiveness of DT-Saccos in Narok County

The first hypothesis (H01) stated that strategic downsizing has no significant influence on competitiveness. The regression results indicated that the unstandardized coefficient for downsizing was B = 0.199, with a t-value = 2.519 and a p-value = 0.029. Since the p-value is less than the 0.05 threshold, the null hypothesis was rejected. This implies that strategic downsizing has a statistically significant positive effect on the competitiveness of DT-SACCOs. Specifically, a unit increase in downsizing leads to a 0.199-unit increase in competitiveness, when all other variables are held constant. The standardized beta coefficient (β = 0.221) suggests that downsizing has a modest positive effect relative to the other predictors.

The moderate positive relationship between downsizing and competitiveness suggests that strategic downsizing can improve competitiveness, but the effect is not overwhelmingly strong. Downsizing typically leads to cost savings, streamlining of operations, and the elimination of redundant roles, which can increase efficiency and reduce overhead costs. These efficiencies allow SACCOs to be more agile and responsive to market demands, improving competitiveness. However, if downsizing is poorly managed, it could lead to employee morale issues or a loss of valuable talent, potentially reducing the effectiveness of this strategy. The moderate strength of the correlation indicates that while downsizing can enhance competitiveness, its impact depends on how well it is implemented and managed.

The findings from the DT-SACCOs study, which reveal a statistically significant positive effect of downsizing on competitiveness, are consistent with the conclusions drawn in several of the reviewed studies. Habibi et al. (2023) support the idea that strategic downsizing, when implemented effectively, can enhance organizational competitiveness by improving operational efficiency and reducing costs. Sharif et al. (2024) further strengthen this argument by highlighting the role of downsizing in fostering innovation and adaptability, which are crucial for maintaining competitiveness. However, the DT-SACCOs study also acknowledges the moderate nature of the relationship, aligning with the caution expressed by Mutai (2024) and Jepleting (2023) about the potential negative effects of downsizing if not managed properly, particularly in terms of employee morale and role redundancy. Juma (2023) similarly points out that downsizing can lead to performance improvements, but its success is highly contingent on how well the process is managed. The study's findings suggest that while downsizing can drive competitiveness, its effectiveness is tied to strategic execution and management.

CONCLUSIONS, AND RECOMMENDATIONS

The study examined the influence of strategic downsizing on the competitiveness of DT-SACCOs in Narok County, focusing on cost efficiency, adaptability, and role clarity. Respondents largely agreed that downsizing had led to cost savings, improved financial performance, and better alignment of resources. Most SACCO staff believed that restructuring reduced operational redundancies and allowed their organizations to function more efficiently. These perceptions suggest that strategic downsizing helped the SACCOs remain financially viable while supporting sustainable growth. Although there were some variations in responses regarding complete elimination of overlapping roles, most respondents indicated improved clarity in job roles and responsibilities following the downsizing process.

In terms of adaptability, downsizing was seen as enhancing the SACCOs' capacity to respond to market demands and operational challenges. Staff reported that leaner organizational structures allowed for quicker decision-making and increased responsiveness. This agility, driven by streamlined teams and flatter hierarchies, positioned SACCOs to better compete in the financial sector. Correlation analysis confirmed a statistically significant positive relationship between downsizing and competitiveness. The Pearson correlation coefficient revealed a moderate, positive association, suggesting that increases in downsizing practices were accompanied by improvements in SACCO competitiveness. This empirical link supports the qualitative feedback from staff on the benefits of strategic restructuring.

The regression analysis provided additional evidence of the positive influence of downsizing. Results indicated that strategic downsizing had a statistically significant and positive effect on competitiveness, as shown by the regression coefficient. Specifically, a one-unit increase in downsizing efforts led to a proportional increase in SACCO competitiveness, even when other factors such as outsourcing, reengineering, and centralization were held constant. The standardized beta coefficient showed that downsizing made a meaningful contribution relative to the other restructuring strategies. Based on this, the null hypothesis, that strategic downsizing has no significant influence on SACCO competitiveness, was rejected. The findings underscore that while downsizing must be implemented carefully to avoid staff demotivation or loss of institutional knowledge, it remains a key driver in enhancing competitiveness through improved cost control, structural agility, and clarified job roles.

The findings of this study affirm that strategic downsizing has a significant and positive impact on the competitiveness of DT-SACCOs in Narok County. By focusing on cost efficiency, adaptability, and role clarity, downsizing enabled SACCOs to reduce operational redundancies, enhance financial performance, and align resources more effectively. Leaner organizational structures supported faster decision-making and improved responsiveness to market dynamics, positioning SACCOs more competitively within the financial sector. Both qualitative feedback and quantitative analysis revealed a moderate but meaningful relationship between downsizing and improved competitiveness. Although challenges such as role overlap and staff concerns persist, the overall evidence supports downsizing as a valuable restructuring strategy for achieving sustainable growth and operational agility.

DT-SACCOs should institutionalize strategic downsizing as part of broader organizational transformation efforts, ensuring it is guided by clear objectives and staff engagement. Downsizing should focus on eliminating inefficiencies while preserving critical skills and knowledge. Proper communication, retraining, and support mechanisms should accompany the process to maintain morale, ensure smooth transitions, and

Recommendations for Future Studies

Based on the findings, the following are targeted future research recommendations:

- Future studies should explore the influence of decentralization strategies on SACCO competitiveness, with a focus on how empowering local branches or teams in decision-making processes impacts responsiveness, innovation, and customer satisfaction. Given the observed negative effect of centralization, examining decentralization as a potential alternative could provide valuable insights into optimal governance structures for enhancing competitiveness.
- Researchers should investigate additional restructuring strategies beyond the four analyzed, such as digital transformation, strategic partnerships, or talent realignment, to account for the remaining 51.14% variance in competitiveness not explained by the current model. This could uncover complementary factors that further improve organizational agility and competitive edge among DT-SACCOs.

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