INFLUENCE OF STRATEGIC RELATIONAL CAPITAL INITIATIVES ON COMPETITIVE ADVANTAGE OF SAVINGS AND CREDIT COOPERATIVES IN NAIROBI COUNTY, KENYA

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INFLUENCE OF STRATEGIC RELATIONAL CAPITAL INITIATIVES ON COMPETITIVE ADVANTAGE OF SAVINGS AND CREDIT COOPERATIVES IN NAIROBI COUNTY, KENYA

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ABSTRACT

This study investigated the influence of the strategic relational capital initiatives on competitive advantage of savings and credit cooperatives in Nairobi County, Kenya. The study was guided by the Resource Based View, and the Relational view theories. The study employed a descriptive survey research design and collected quantitative data. The target population of this study was 252 senior management staff in the 42 SACCOs. A sample size of 156 respondents were selected using stratified and simple random sampling technique. Data analysis was computed by SPSS 24, where descriptive statistics such as frequencies, percentages and means summarized data into meaningful form, while for variable relationships, inferential analyses such as correlations, linear and multiple regressions were computed. The analyzed data was presented in the form of table and graphs. From 156 questionnaires that were dispatched for data collection, 109 questionnaires were returned completely filled, representing a response rate of 69.9%. Both descriptive and inferential statistics indicated that core values initiatives, networking initiatives, talent management initiatives and customer relationship initiatives significantly influence competitive advantage of SACCOs in Nairobi County. The study concluded that one, core values initiatives can significantly boost SACCOs' competitive advantage if well implemented by all employees beginning from top management level; two, talent management initiatives though new to some SACCOs in Nairobi County can significantly boost SACCOs competitive advantaged when effectively applied to attract and retain talented and innovative employees. The study recommended that one, networking initiatives should be well-articulated within the SACCO's policy framework so as to yield significant competitive advantage for the SACCO and two, talent management initiatives should be well implemented to attract and retain talented and innovative employees which will in the long run significantly boost SACCOs competitive advantaged and three, SACCOs should effectively utilize customer relationship initiatives to attract and retain customers so as enhance SACCO's competitive edge in terms of building a large customer base. A similar study can be done on sustainability of strategic relational capital initiatives on SACCO's competitive advantage.

Key Words: *Talent Management, Core Values, Customer Relationship, Networking, SACCOs in Kenya*

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INTRODUCTION

Competitive strategy provides a clear direction and focuses the effort of the entire organization on a common competitive strategic goal. The competitive strategy needs to specify how the importance of competitive strategies will be communicated to employees to achieve their buy-in and must explicitly reflect the importance that management places on competitive strategies (Clayton, 2010).

Further, competitive advantage is not bound only to the physical environment. It includes different perspectives from society and environment, to the economy and organizational processes. As Kim and Mauborgne (2011) mentions, competitive advantage has three main pillars which organizations should contribute to their improvement; they include economic, environmental and social performance. Maintaining a competitive advantage requires a strategy that makes the business unique and carries the company forward as the world around it changes.

In Kenya, cooperatives have further expanded in terms of the types of savings and credit financial services that they offer to their membership. Key among these financial services is the venturing into the deposit-taking financial business, similar to the one undertaken by commercial banking institutions except for the fact that, such deposits are taken from members. SACCO's total assets and its core capital play an increasingly important role in Kenya's financial sector, serving a growing number of both urban and rural poor households. Out of an estimated 1.7 million Kenyans, 9% of the country's adult population relies on SACCOs for financial services. This expansion of the financial services to deposit taking led to the emergence of the Deposit Taking SACCO Societies (DT), thereby giving rise to two clusters of namely the Deposit-Taking segment (DT-) and the non-deposit-taking segment (non- DT-) (SASRA, 2011).

The four categories of intangible resources that contribute towards competitive success of the firm are classified as human capital, organizational capital, relational capital and technological capital (Fenandez, Moutes, & Vazquez, 2000). Warren (2015) pointed out the three categories of intangible resources. Psychological factors are concerned with the state of mind of key groups, especially customers and staff, but also investors and other stakeholders. Information-based resources, such as data, technology, and knowledge; and certain quality-related factors must be built up and sustained over time so as to create a sustained competitive advantage. Intangible, or soft factors clearly have a big impact on performance. Damaged reputation can destroy a business while strong staff motivation can drive powerful growth.

Proprietary knowledge can generate market-leading products. But making practical use of these factors to steer strategy is difficult, because terminology is often abstract, ambiguous, and inconsistent (Barney, 2007). Firms that are able to accumulate resources and capabilities that are rare, valuable, non-substitutable, and difficult to imitate will achieve a competitive advantage over competing firms. He further explained that competitive advantage results from the possession of relevant capability differentials. Regulatory and positional capabilities are concerned with intangible assets while functional and cultural capabilities are concerned with competencies. Companies have a competitive advantage when they produce products and delivery systems with attributes which correspond to the key buying criteria for the majority of the customers in their targeted market. These factors include price, specification, reliability, aesthetics, functionality, availability, and image among others (Hall, 2003). Coyne (1986) suggests that in order to maintain competitive advantage, the product or delivery system attributes need to be significant to customers. For them to do this they need to be the result of a capability differential which will endure.

SACCOs help members afford them an opportunity for accumulating savings and create a source of funds at fair and reasonable rate of interest. They

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also provide an opportunity for each of its members to improve their respective economic and social conditions by providing them credit for purposes of providence or production or both. SACCOs also offer the members complimentary savings and credit services and other financial products as may be required by the members from time to time. SACCOs ensure safety and soundness of the members funds through a risk management program or appropriate insurance coverage. SACCOs also ensure the progress of its members by educating them continuously on the proper use of credit (Kenya Police SACCO Society Limited, 2017). Cooperative financial institutions tend to be more stable in times of crisis. These investment patterns use the capital of members in ways that best serve their long term needs and interests (Hesse & Cihak, 2007).

It is therefore thought that their comparative stability, under both average and extraordinary conditions, can help to mitigate crisis impact for members and clientele, especially in the short-term. However, since most draw their membership from the formal sector, in times of economic downturn, the functioning of the SACCO can be undermined if member's incomes are destabilized by volatility in the economy and this may lead to reduction of members' savings and increased demand for loans. SACCO sector stability impacts long-term economic growth through effect on the efficiency of intermediation and allow monitoring of the users of external funds, thus affecting the productivity of capital employed.

This impacts the volume of saving, which influences the future income-generating capacity of the economy and also affects the stability of the whole economy. This study therefore seeks to investigate the influence of strategic relational capital initiatives on the competitive advantage in Savings and Credit Organization in Nairobi County in Kenya. Out of the 162 SACCOs which have been duly licensed to carry out deposit- taking SACCO business in accordance with Section 26(1) of the Act for the year ending December 2018, 42 are located in Nairobi County Government (SASRA, 2017).

Statement of the Problem

Although SACCOs plays a pivotal role in Kenya, the business environment in which they operate in is turbulent and chaotic in nature, calling for rapid response strategies to ensure sustainability of the business in the competitive environment (Kariuki, 2015). In this regard, a number of SACCOs have failed in their mandate since they do not have a competitive edge while some SACCOs have also either wound up or are not able to either pay members annual dividends or offer maximum loans as required.

Further, although the Kenyan government has come up with a number of legislations to regulate SACCOs in the country, most of them have not been able to serve their members to satisfaction. As at 2016, SACCOs reported an annual loss of approximately 22.4% and this was attributed to low membership and cash flow problems. It has also been reported that approximately 19% of the members defaulted from loan repayment and quit thus making some SACCOs unable to sustain competitive advantage which is key for firms' economic success (SASRA, 2017). It is therefore against this background that this study endeavored to investigate the influence of strategic relational capital initiatives on competitive advantage in selected Savings and Credit Cooperatives in Nairobi County, Kenya.

Objectives of the Study

The general objective of the study was to investigate the influence of strategic relational capital initiatives on competitive advantage in Savings and Credit Cooperatives (SACCOs) in Nairobi County, Kenya. The specific objectives were;

- To determine the influence of core values initiatives on competitive advantage in SACCOs in Nairobi County
- To examine the role of networking initiatives on competitive advantage in SACCOs in Nairobi County

- To evaluate the influence of talent management initiatives on competitive advantage in SACCOs in Nairobi County
- To assess the influence of customer relationship initiatives on competitive advantage in SACCOs in Nairobi County

The study was guided by the following research hypotheses;

- **H_{01}:** Core value initiatives have no significant influence on competitive advantage in SACCOs in Nairobi County
- **H_{02}:** Networking initiatives have no significant influence on competitive advantage in SACCOs in Nairobi County
- **H_{03}:** Talent management initiatives have no significant influence on competitive advantage in SACCOs in Nairobi County
- **H_{04}:** Customer relationship initiatives have no significant influence on competitive advantage in SACCOs in Nairobi County

LITERATURE REVIEW

The Relational View Theory and Competitive Advantage of a Firm

According to Porter (2000) Relational View theory points out sources of competitive advantage arise from two prominent views regarding the sources of supernormal returns. The industry structure view associated with Porter (2000) suggests that supernormal returns are primarily a function of a firm's membership in an industry with favorable structural characteristics like relative bargaining power, barriers to entry, among others. Consequently, many researchers have focused on the industry as the relevant unit of analysis.

The competitive advantages of partnerships, as documented in studies to date, seem to fall into four categories: investments in relation-specific assets; substantial knowledge exchange, including the exchange of knowledge that results in joint learning; the combining of complementary, but scarce, resources or capabilities (typically through multiple functional interfaces), which results in the joint creation of unique new products, services, or technologies; and lower transaction costs than competitor alliances, owing to more effective governance mechanisms (Dyer & Singh, 2008). Governance plays a key role in the creation of relational rents because it influences transaction costs, as well as the willingness of alliance partners to engage in value-creation initiatives.

Market relationships are incapable of generating relational rents because there is nothing idiosyncratic about the exchange relationship that enables the two parties to generate profits above and beyond what other seller-buyer combinations can generate. The relationships are not rare or difficult to imitate. Buyers can only achieve a differential advantage if they bring greater bargaining power to the table hence alliances generate competitive advantages only as they move the relationship away from the attributes of market relationships (Dyer & Singh, 2008). The relationship view therefore applied in this study because customer relationship is key in attracting and retaining strong customer base against competitors.

Resource Based View (RBV) Theory and Competitive Advantage of a Firm

According to Burney (2007), the resource-based view theory emanated from the work of Edith Penrose in 1959 and the RBV theory recognizes that resources may not create rents in isolation; rather, bundles of resources may together create a configuration that conveys competitive advantage. Moreover, bundled resources create complexity, which increases the importance of proper organizational configuration and impedes duplication (Rivkin, 2010). The RBV of strategic management examines the resources and capabilities of firms including the strategic relational capital initiatives that enable them to generate above-normal rates of return and a competitive advantage (Barney, 2007). Wright (2013) points out that the resource-based view can also be utilized as a theory to guide the pursuit of competitive advantage because it is suited to align

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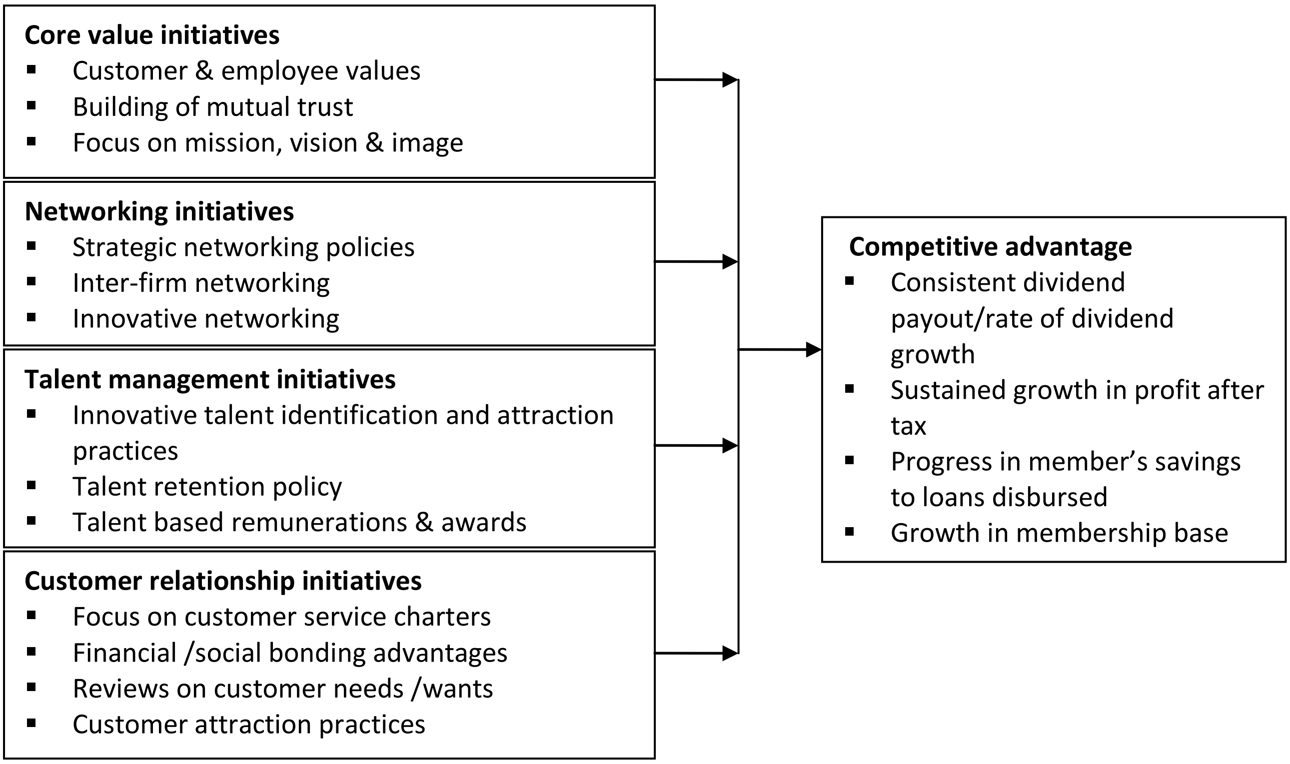
with the human capital view of people within the firm. This includes the people's skills, talents, core values and attitudes, and cultural diversity initiatives that guide the teams. The RBV theory suggests that the method in which resources are applied within a firm can create a competitive advantage (Barney, 2007).

Further, the Resource-Based View (RBV) of the firm argues that differential firm performance is fundamentally due to firm heterogeneity rather than industry structure (Barney, 2007). Firms that are able to accumulate resources and capabilities that are rare, valuable, non-substitutable, and difficult to imitate will achieve a competitive advantage over competitors. RBV theory views the firm as the primary unit of analysis. Although these two perspectives have contributed greatly to our understanding of how firms achieve above-normal returns, they overlook the important fact that the (dis)advantages of an individual firm are often linked to the (dis)advantages of the network of relationships in which the firm is embedded. Proponents of the RBV have emphasized that competitive advantage results from those resources and capabilities that are owned and controlled by a single firm. Consequently, the search for competitive advantage has focused on those resources that are housed within the firm. Competing firms purchase standardized (non-unique) inputs that cannot be sources of advantage, because these inputs (factors) are either readily available to all competing firms or the cost of acquiring them is approximately equal to the economic value they create (Barney, 207). Therefore, this theory applied in this study since unique talent management and networking initiatives can be used as key intangible resources that a firm can use to sustain competitive advantage.

The Capability-Based View Theory and Competitive Advantage of a Firm

According to Grant (2002), Capability-Based View theory came up in 1990s as an extension of the resource based theory to reinforce the core competence of corporations; thus asserted that capabilities are significant sources of competitive advantage while resources are the source of capabilities. Day and Schoemaker (2004) adopted a similar position and suggested that resources do not contribute to sustained competitive advantages for a firm, but its capabilities do. Haas and Hansen (2005) supported the importance of capabilities and suggest that a firm can gain competitive advantage from its ability to apply its capabilities to perform important activities within the firm.

Day and Schoemaker (2005) define capabilities in contrast to resources, as a firm's capacity to deploy resources, usually in combination using organizational processes, and affect a desired end. They are information-based, tangible or intangible processes that are firm-specific and developed over time through complex interactions among the firm's resources. (Teece, 2007) defines dynamic capabilities as, the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. Grant (2002) defines organizational capability as, a firm's ability to perform repeatedly a productive task which relates either directly or indirectly to a firm's capacity for creating value through effecting the transformation of inputs to outputs. He further divides capability into four categories namely cross-functional capabilities, broad-functional capabilities, activity-related capabilities and specialized capabilities. Therefore, the capability-based view is relevant in this study, since it will assess how SACCO's intangible resource capabilities such as innovations and networking capabilities enable them sustain competitive advantage.



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Source: Researcher (2019)

Empirical Review

Core value initiatives are broad preferences concerning appropriate courses of action or outcomes that reflects a person's sense of right or wrong or what ought to be; that guide the team member's attitudes and behaviors in directions consistent with a firm's mission and vision (Jacob, Flink & Schuchman, 2010).

Kao (2014) studied on the effective use of a company's core values as enshrined in the mission and vision of the organization and found that when mission, vision and values are more than slogans on a corporate document or simply lip service, they can be leveraged by organizations to create a competitive advantage. That is, some business firm executives do not realize that a firm's mission is an underused asset in improving organizational performance and profitably, and they neglect their ultimate responsibility of aligning their brand and core values in achieving a competitive advantage.

Networking initiatives involves a mutual exchange or sharing of intangible resources, knowledge and innovations between two or more firms in order to maximize value creation and attain competitive advantage (Kohm, La Piana & Gowdy, 2000).

First, Grandori and Soda (2005) studied on the use of firm networking and found that main variables that characterize a network are mainly the degree of differentiation between units (both from a negative side linked to the coordination costs, and from a positive side linked to the innovation and complementary resources); the intensity of inter-firm interdependences (that is in turn affected by asset specificity, uncertainty, resource exchanges); the number of units to coordinate; the complexity of interdependent activities; and the asymmetries between resources of different firms in the network, such as knowledge flows and information. The study recommended that for business firms to foster competitive advantage they have to make a

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network operative coordination mechanism and other systems of cooperation have to be applied.

Huggins and Johnston (2010) studied on networking on a sample of knowledge-intensive firms in Northern England and found that firms are used to set linkages also with actors of other regions to foster complex knowledge exchanges. These transfers across spatial boundaries provide a high performing network structure combined with innovation-driven growth.

Talent management initiatives encompasses a set of process that involve talent discovery, identification, deployment, talent development and talent retention aimed to meet current and future business needs of talents (Hughes & Rog, 2008).

Mendez and Stander (2011) studied on talent management on competitive advantage in business firms and found that competitive advantage provides high quality of services and products to achieve superior performance than competitors, in order to attract customers and achieve high satisfaction and insisted that when a company has a product or service that its competitors do not have so it use it to rise the competition and maximize its value in the marketplace.

Customer relationship initiatives are bonding initiatives between the firm and its customers meant to attract and retain a high customer base for the firm (Schuler, Jackson, & Tarique, 2011). Empirically, John and Fredrick (2012) studied on how customer relationship is used as a competitive strategy by firms in China and found that when well used addresses all aspect of identifying customers, creating customer knowledge, building customer relationship and shaping their perception of the organization and its products. The study recommended that in order to have a more efficiently-managed customer relationship, competing firms must focus on effectively turning information into intelligent business knowledge. That information can come from anywhere inside or outside the firm. This requires successful integration of multiple database and technologies such as the internet, call centers, sales force automation and data warehousing.

A study by Coltman, Devinney and Midgley (2010) on the effect of customer relationship as a competitive practice that fosters firm performance using data from social networks found that Micro finance institutions are globally inefficient with respect to customer relationships. The study also found that computerized management of the customer relationship and the proximity of social contacts were the most influential elements in fostering competitive advantage.

Companies have competitive advantage when they consistently produce products, services or delivery systems with attributes which correspond to the key buying criteria for the majority of the customers in their targeted market for a long period of time (Schuler, Jackson & Tarique, 2011).

From reviewed literatures, a company's competitive advantage will always be the result of a successful differentiation or low-cost strategy (Porter, 2000). These strategies are dependent on the firm's resources and managerial capabilities to align effectively the resources at the firm's disposal to achieve necessary competitive advantage.

METHODOLOGY

This study employed a descriptive survey design. This was appropriate for collecting descriptive data necessary for both descriptive and inferential analysis. The target population of this study was 252 senior management staff from the 42 licensed deposit taking SACCO societies in Nairobi County for period ending 31st December, 2018. A sample size of 156 senior management staff was selected using stratified random sampling technique. The study used structured (closed-ended) questionnaire to get responses from respondents to gain a better and more insightful interpretation of the results from the study. Data collected was edited, cleaned, and coded and computed using SPSS version 24. For modeling the relationship between the depended variable and Independent variables, the following multiple regression equation was applied;

$\gamma=\alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where **γ**= Dependent variable [competitive advantage]

α=Constant i.e. the y intercept or the average response when both predictor variables are 0

X_1= Independent variable 1 [Core value initiatives]

X_2= Independent variable 2 [networking initiatives]

X_3= Independent variable 3 [talent management initiatives]

X_4= Independent variable 4 [networking initiatives]

ε= error term

β_1… β_4 = Beta Coefficients

FINDINGS

Descriptive Statistics: Core Values Initiatives

This summarized responses on whether core values initiatives influence competitive advantage in SACCOs in Nairobi County. The descriptive results were presented in table 1.

Table 1: Descriptive Statistics: Core Value Initiatives

Statement	5	4	3	2	1	Mean	Std Dev
1.There is a clear consistent set of values that governs the running of the organization	11 (10.1)	51 (46.9)	20 (18.3)	19 (17.4)	8 (7.3)	3.45	0.709
2.The staff and members are periodically trained on core values	17 (15.6)	46 (42.2)	19 (17.4)	17 (15.6)	10 (9.2)	3.39	0.894
3.There is a statement on the organization's core values that clearly communicate it's goals	19 (17.4)	51 (46.9)	14 (12.8)	13 (11.9)	12 (11.0)	3.48	0.829
4.There is a clear path for customer feedback	12 (11.0)	42 (38.5)	21 (19.3)	24 (22.0)	10 (9.2)	3.32	0.977
5.The organization behaves ethically, is admirable, worthy of respect, trustworthy	14 (12.8)	45 (41.3)	23 (21.1)	16 (14.7)	11 (10.1)	3.42	0.778
6.Core values are displayed strategically	20 (18.3)	55 (50.5)	17 (15.6)	11 (10.1)	6 (5.5)	3.66	0.865
Valid (listwise) 109							
Grand mean = 3.453							

From table 1, most respondents agreed (46.9%) and strongly agreed (10.1%) that there is a clear consistent set of values that governs the running of the organization while a further 46.2% and 15.6% agreed and strongly agreed respectively that the staff and members are periodically trained on core values which thus enables all employees to stick to SACCO core values, because by compromising core values, will necessitate loss of customers to competitors.

More so, 46.9% and 17.4% of respondents agreed and strongly agreed respectively that there is a statement on the organization's core values that clearly communicate its goals; but there were mixed reactions about a clear path for customer feedback; thus while 38.5% agreed, 22.0% disagreed while 19.3% were uncertain, implying that some SACCOs have not really embraced a clear path for customer feedback which can provide a loophole for loss of customers to competitors due to delayed or known response to customer complains.

Further, 50.5% of respondents agreed that core values are displayed strategically while 41.3% and 12.8% agreed and strongly agreed respectively that the organization behaves ethically, is admirable, worthy of respect and trustworthy; attributes that can assist to attract and retain customers. The grand mean is 3.453 which is rounded off to 4 = agree on the Likert scale of measurement, which generally means that most respondents agreed that core value initiatives influence competitive advantage of SACCOs in Nairobi county. This is also supported by Jacob, Flink and Schuchman (2010) assertion that core value initiatives are broad preferences concerning appropriate courses of action or outcomes that reflects a person's sense of right or wrong or what ought to be; that guide the team member's attitudes and behaviors in directions consistent with a firm's mission and vision; and in this case SACCO's core values as reflected by mission and vision statements can boost its competitive advantage.

Descriptive Statistics: Networking Initiatives

This summarized responses on whether networking initiatives influences competitive advantage in SACCOs in Nairobi County. The descriptive results are presented in table 2.

Table 2: Descriptive Statistics: Networking Initiatives

Statement	5	4	3	2	1	mean	Std Dev
There is a liaison officer for partnerships and networking	14 (12.8)	44 (40.4)	20 (18.3)	16 (14.7)	15 (13.8)	3.34	0.854
There exists a policy on networking	11 (10.1)	43 (39.4)	21 (19.3)	18 (16.5)	16 (14.7)	3.25	0.843
The organization enters long term strategic networking with other enterprises in order to improve its own competitive position	16 (14.7)	41 (37.6)	23 (21.1)	17 (15.6)	12 (11.0)	3.29	0.819
The organization has existing networking contracts that are geared towards achieving a sustained competitive advantage.	13 (11.9)	42 (38.5)	22 (20.2)	17 (15.6)	15 (13.8)	3.19	0.941
The existing networking initiatives are in line with the organization's mission, vision and goals	17 (15.5)	44 (40.4)	23 (21.1)	15 (13.8)	10 (9.2)	3.39	0.879
Valid (listwise) 109							
Grand mean = 3.292							

From table 2, there mixed reaction on whether there is a liaison officer for partnerships and networking, because 40.4% agreed, 18.3% were uncertain while 14.7% disagreed and 13.8% strongly disagreed, meaning while SACCOs especially established ones, newly established SACCOs could not be having a liaison officer for partnerships and networking. This is further reinforced by only 39,4% who agreed, 19.3% who were uncertain and 16.5% who disagreed that there exists a policy on networking.

More so, 37.6% agreed, 21.1% were uncertain, while 15.6% disagreed that the organization enters long term strategic networking with other enterprises in order to improve its own competitive position, implying that some SACCOs have not yet entered strategic networking with other business enterprises which could make them not have competitive advantage with similar SACCOs having strategic networks.

In regard to existing networks, there were still mixed reactions because 38.5% agreed, 20.2% were uncertain while 15.6% disagreed that the organization has existing networking contracts that are geared towards achieving a sustained competitive advantage. This implies a number of SACCOs in Nairobi county do not have existing networking contracts thus have not really embraced networking initiatives to make them gain competitive edge.

Lastly, 40.4% agreed while 21.1% were uncertain and 13.8% disagreed that the existing networking initiatives are in line with the organization's mission, vision and goals. On overall there were mixed reactions about the use of networking initiatives because from responses, some SACCOs have embraced networking initiatives while other SACCOs have not; yet Kohm, La Piana & Gowdy (2000) insisted that networking initiatives involves a mutual exchange or sharing of intangible resources, knowledge and innovations between two or more

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firms in order to maximize value creation and attain competitive advantage

Descriptive Statistics: Talent Management Initiatives

This summarized responses on whether talent management initiatives influence competitive advantage in SACCOs in Nairobi County. The descriptive results were presented in table 3.

Table 3: Descriptive Statistics: Talent Management Initiatives

Statement	5	4	3	2	1	mean	Std. Dev
The management identifies top performing and talented employees to develop, nurture and retain	13 (11.9)	42 (38.6)	25 (22.9)	17 (15.6)	12 (11.0)	3.25	0.788
The organization strives to attract the right talent	15 (13.8)	43 (39.5)	20 (18.3)	18 (16.5)	13 (11.9)	3.27	0.837
The organization designs and maintains employee scorecards and employee surveys for ensuring talent is nurtured and grown perpetually	16 (14.7)	46 (42.2)	24 (22.0)	13 (11.9)	10 (9.2)	3.41	0.856
The organization provides an enabling and development of abilities, skills and requirements of the organization to improve retention	12 (11.0)	43 (39.5)	21 (19.3)	19 (17.4)	14 (12.8)	3.18	0.926
The organization charts employee retention programs and strategies to recruit, develop, retain and engage quality people	13 (11.9)	44 (40.4)	23 (21.1)	17 (15.6)	12 (11.0)	3.27	0.791
Talent management programs, trainings and hiring assessments are an integral aspect of HR processes	12 (11.0)	45 (41.2)	26 (23.9)	17 (15.6)	9 (8.3)	3.31	0.820
The organization has innovative initiatives to invest in employees talents for professional development towards growth, succession planning and performance management	13 (11.9)	42 (38.6)	28 (25.7)	14 (12.8)	12 (11.0)	3.28	0.870
Valid (listwise) 109							
Grand mean = 3.281							

From table 3, there were mixed reactions about talent management initiatives in SACCOs in Nairobi County. That is, 38.6% agreed, 22.9% were uncertain, while 15.6% disagreed that the management identifies top performing and talented employees to develop, nurture and retain; thus explains the switching behavior of employees from one SACCO to another. This is further supported by only 39.5% of respondents who agreed that the organization strives to attract the right talent.

Thirdly, 42.2% and 14.7% of respondents agreed and strongly agreed that the organization designs and maintains employee scorecards and employee surveys for ensuring talent is nurtured and grown perpetually; thus a fair move to retain top performing talented employees. However, only 39.5% of respondents agreed that the organization provides an enabling and development of abilities, skills and requirements of the organization to improve retention; thus explaining the reason talented employees could switch to SACCOs that have an enabling environment for development of employee abilities and skills.

More so, most respondents agreed (40.4%) and strongly agreed (11.9%) that the organization charts employee retention programs and strategies to recruit, develop, retain and engage quality people, thus, implying that some SACCOs in Nairobi County have employee retention programs. This is further reinforced by 41.2% and 11.0% of respondents who agreed and strongly agreed respectively that talent management programs, trainings and hiring assessments are an integral aspect of human resource processes.

Lastly, only 38.6% agreed, 25.7% were uncertain while 12.8% of respondents disagreed that organization has innovative initiatives to invest in employees' talents for professional development towards growth, succession planning and performance management. This generally implies that talent management initiatives have not really been embraced by a number of SACCOs in Nairobi county yet, Hughes & Rog, (2008)) reported that talent management initiatives encompasses a set of process that involve talent discovery, identification, deployment, talent development and talent retention aimed to meet current and future business needs of talents.

Customer Relationship Initiatives

This summarized responses on whether customer relationship initiatives influence competitive advantage in SACCOs in Nairobi County. The descriptive results were presented in table 4.

Table 4: Descriptive Statistics: Customer Relationship Initiatives

Statement	5	4	3	2	1	mean	Std.dev
There are enough customer care officers to promptly address customer needs	13 (11.9)	47 (43.1)	22 (20.2)	17 (15.6)	10 (9.2)	3.33	0.855
The SACCO has established strategies to predict constant changes in customer needs/wants	15 (13.8)	48 (44.0)	19 (17.4)	16 (14.7)	11 (10.1)	3.37	0.891
The SACCO offers customer service attributes which are different from those of competitors	11 (10.1)	44 (40.4)	21 (19.3)	20 (18.3)	13 (11.9)	3.18	0.903
There is a real-time feedback for new customers and members	12 (11.0)	43 (39.5)	22 (20.2)	18 (16.5)	14 (12.8)	3.19	0.821
Customer complaints are addressed in time	15 (13.8)	48 (44.0)	23 (21.1)	14 (12.8)	9 (8.3)	3.42	0.833
The SACCO has effective customer attraction practices	8 (7.3)	47 (43.2)	18 (16.5)	24 (22.0)	12 (11.0)	3.14	0.774
The SACCO has good financial and social bonding practices	7 (6.4)	49 (45.0)	16 (14.6)	27 (24.8)	10 (9.2)	3.15	0.845
The SACCO has effective customer retention programs	10 (9.2)	45 (41.3)	12 (11.0)	29 (26.6)	13 (11.9)	3.09	0.936
Valid (listwise) 109							
Grand mean = 3.234							

From table 4, most respondents agreed (43.1%) and strongly agreed (11.9%) that there are enough customer care officers to promptly address customer needs; which is further reinforced by 44.0%and 13.8% of respondents who agreed and strongly agreed that the SACCO has established strategies to predict constant changes in customer needs/wants; thus implying that most SACCOs in Nairobi County have actively address customer needs.

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More so, 40.4% and 10.1% of respondents agreed and strongly agreed respectively that the SACCO offers customer service attributes which are different from those of competitors; an institutive to attract and retain customers which is reinforced by 39.5% and 11.0% of respondents who agreed and strongly agreed respectively that there is a real-time feedback for new customers and members.

As a way of also implementing customer relationship initiatives, most respondents agreed (44.0%) that customer complaints are addressed in time; 43.2% agreed that the SACCO has effective customer attraction practices, 43.0% agreed that the SACCO has good financial and social bonding practices; while 41.3% agreed that the SACCO has effective customer retention programs. This generally implies that some SACCOs in Nairobi County have embraced customer relationship initiatives as a competitive advantage mechanism which is supported by Schuler, Jackson and Tarique (2011) assertion that customer relationship initiatives are bonding initiatives between the firm and its customers meant to attract and retain a high customer base for the firm.

In this regard, a fair number of SACCOs have rolled out customer relationship initiatives such as focus on customer service charters, financial /social bonding advantages, reviews on customer needs /wants, customer attraction practices so as to gain competitive edge over rivals.

Competitive Advantage

This summarized responses on competitive advantage in SACCOs in Nairobi County. The descriptive results are presented in table 5.

Table 5: Descriptive Statistics: Competitive Advantage

Statement	5	4	3	2	1	mean	Std. Dev
There is consistent dividend payout	12 (11.0)	42 (38.5)	22 (20.2)	18 (16.5)	15 (13.8)	3.17	0.836
There is progress in member's savings to loans disbursed	15 (13.8)	41 (37.6)	24 (22.0)	16 (14.7)	13 (11.9)	3.27	0.822
The SACCO has sustained growth in profit after tax	13 (11.9)	43 (39.4)	21 (19.3)	17 (15.6)	15 (13.8)	3.20	0.746
The SACCO has sustained dividend growth	14 (12.8)	44 (40.4)	23 (21.1)	17 (15.6)	11 (10.1)	3.30	0.882
The SACCO has high number of customer base compared to competitors	11 (10.1)	45 (41.3)	25 (22.9)	16 (14.7)	12 (11.0)	3.25	0.864
The SACCO has reputable corporate image	19 (17.5)	54 (49.5)	14 (12.8)	16 (14.7)	6 (5.5)	3.59	0.907
Valid (listwise) 109							
Grand mean = 3.297							

From table 5, only 38.5% and 11.0% agreed and strongly agreed respectively that there is consistent dividend payout, while 16.5% of respondents disagreed implying some SACCOs in Nairobi County have inconsistent dividend payouts. Further, only, 37.6% and 13.8% of respondents agreed and strongly agreed respectively that there is progress in member's savings to loans disbursed, while only 39.4% agreed and 11.9% strongly agreed that the SACCO has sustained growth in profit after tax, implying that relatively some SACCOs in Nairobi County do not progress in member's savings to loans disbursed nor have sustained growth in profit after tax.

More so, only 40.4% and 12.8% of respondents agreed and strongly agreed respectively that the SACCO has sustained dividend growth; while 41.3% and 10.1% of respondents agreed and strongly agreed respectively that the SACCO has high number of customer base compared to competitors; implying that some SACCOs in Nairobi County do not have sustained dividend payout nor having a high number of customer base compared

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to competitors thus really need to adopt competitive strategies.

Lastly, 49.5% and 17.5% of respondents agreed and strongly agreed respectively that the SACCO has reputable corporate image, because corporate image can really either attract or chase away would be customers. This in reinforced by Schuler, Jackson and Tarique (2011) who asserted that profit making companies have competitive advantage when they consistently produce products, services or delivery systems with attributes which correspond to the key buying criteria for the majority of the customers in their targeted market for a long period of time.

In the case of this study, SACCOs, in Nairobi County were assumed to have competitive advantage when they have consistent dividend payout/rate of dividend growth, growth in profit after tax, progress in member's savings to loans disbursed plus growth in membership base.

Inferential Statistics

Inferential statistics was used by the researcher to make predictions from the collected data. This assumption was tested using correlation analysis. Most researchers insist that if correlation coefficient, (r) is close to 1 or -1, then there is multicollinearity but if correlation coefficient (r) is not above 0.9, then there is no multicollinearity. In this study (table 6 on correlation analysis), the highest correlation coefficient between all pairs of independent variables (core value, networking, talent management and customer relationship initiatives) was 0.812, which was below the threshold of 0.9, thus multicollinearity assumption was checked and met.

Table 6: Correlation Analysis

		Core Value Initiatives	Networking Initiatives	Talent Management initiatives	Customer Relationship initiatives
Core Value Initiatives	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	109			
Networking Initiatives	Pearson Correlation	.447**	1		
	Sig. (2-tailed)	.000			
	N	109	109		
Talent Management Initiatives	Pearson Correlation	.542**	.633**	1	
	Sig. (2-tailed)	.000	.000		
	N	109	109	109	
Customer Relationship Initiatives	Pearson Correlation	.585**	.678**	.671**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	109	109	109	109
Competitive Advantage	Pearson Correlation	.798**	.737**	.809**	.812**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	109	109	109	109

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

Lastly, normality test assumption asserts that data must have a normal distribution and this was tested by the use histograms with normal curve. The results showed histograms with bell-shaped normal curves indicating that data was approximately normally distributed, thus met this assumption.

It is almost important to note as a statistical rule that since the researcher collected categorical data on independent and dependent variables, the collected categorical data was first summated and transformed into continuous data using SPSS to allow running of correlations, linear and multiple regressions analyses.

Multiple Regression Analysis

Multiple regression analysis was computed to assess the multivariate influence of the study's independent variables (core value, networking, talent management and customer relationship initiatives) on the dependent variable (competitive advantage in SACCOs in Nairobi County). This was after the compulsory assumptions of multiple regression analyses were checked and met. The multiple regression results were shown in table 7.

Table 7: Multiple Regression Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.923[a]	.851	.846	.46053	.851	148.822	4	104	.000

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	126.255	4	31.564	148.822	.000[a]
	Residual	22.058	104	.212		
	Total	148.313	108			

a. Predictors: (Constant), Customer relationship, Core Value Initiatives, Networking Initiatives, Talent management initiatives

b. Dependent Variable: Competitive advantage

Table 7 showed the multiple regression results of the combined influence of the study's independent variables (core value, networking, talent management and customer relationship initiatives). The model's R squared (R^2) is 0.851 which showed that the study explained 85.1% of variation in the competitive advantage in SACCOs in Nairobi County, while other factors not in the conceptualized study model accounts for 14.9%, hence, it is a good study model.

Further, Analysis of Variance (ANOVA) showed the mean squares and F statistics significant (F = 148.822; significant at *p<.001*), thus confirming the fitness of the model and also implies that the study's independent variables (core value, networking, talent management and customer relationship initiatives) have significant variations in their contributions to SACCOs competitive advantage.

Further, from the values of unstandardized regression coefficients with standard errors in parenthesis, all the study's independent variables (core value initiatives; β = 0.444 (0.111) at *p<0.01*; networking initiatives; β = 0.241 (0.081) at *p<0.05;* talent management initiatives; β = 0.499 (0.135) at *p<0.01,* customer relationship initiatives; β = 0.508 (0.220) at *p<0.05)* significantly influenced competitive advantage in SACCOs in Nairobi County (dependent variable).

From coefficients analysis, customer relationship initiatives had the highest coefficient (0.508), followed by talent management initiatives (0.499), implying that SACCOs that invest in customer value and focus on customer needs and satisfaction, plus recruiting and retaining talented employees will experience high competitive advantage against rivals. Core vale initiatives was third (0.444) while networking initiatives was the last (0.241); implying that emphasis on SACCO's core values can also give SACCOs competitive advantage, while few SACCOs that too engage in networking initiatives make them gain a competitive edge against rivals, though some SACCOs in Nairobi County have not really engaged in networking initiatives.

The study's final multiple regression equation was;

$$y= 0.437 +0.444X_1+0.241X_2+ 0.499X_3 + 0.508X_4$$

Where;

y= competitive advantage in SACCOs in Nairobi County

X_1= core value initiatives

X_2= networking initiatives

X_3= talent management initiatives

X_4= customer relationship initiatives

Table 8:Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	.437	.199		2.192	.031
Core Value Initiatives	.444	.111	.442	3.997	.000
Networking Initiatives	.241	.081	.240	2.967	.004
Talent management initiatives	.499	.135	.437	3.692	.000
Customer relationship initiatives	.508	.220	.445	2.307	.023

a. Dependent Variable: Competitive advantage

Hypothesis Testing

Study hypothesis one (H_{01}) stated that **c**ore value initiatives have no significant influence on competitive advantage in SACCOs in Nairobi County. Multiple regression results indicate that core value initiatives have significant influence on competitive advantage in SACCOs in Nairobi County (β = 0.444 (0.111) at *p<0.01*). Hypothesis one was therefore rejected. The results indicated that a single improvement in feasible core value initiatives will lead to 0.444 unit increase in competitive advantage in SACCOs in Nairobi County.

Study hypothesis two (H_{02}) stated that networking initiatives have no significant influence on competitive advantage in SACCOs in Nairobi County. Multiple regression results indicate that networking initiatives have significant influence on competitive advantage in SACCOs in Nairobi County (β = 0.241 (0.081) at *p<0.05*). Hypothesis two was therefore rejected. The results indicated that a single improvement in viable networking initiatives will lead to 0.241 unit increase in competitive advantage in SACCOs in Nairobi County.

Study hypothesis three (H_{03}) stated that talent management initiatives have no significant influence on competitive advantage in SACCOs in Nairobi County. Multiple regression results indicate that talent management initiatives have significant influence on competitive advantage in SACCOs in Nairobi County (β = 0.499 (0.135) at *p<0.01*). Hypothesis three was therefore rejected. The results indicate that a single improvement in feasible talent management initiatives will lead to 0.499 unit increase in competitive advantage in SACCOs in Nairobi County.

Finally, study hypothesis four (H_{04}) stated that customer relationship initiatives have no significant influence on competitive advantage in SACCOs in Nairobi County. Multiple regression results indicate that customer relationship initiatives have significant influence on competitive advantage in SACCOs in Nairobi County (β = 0.508 (0.220) at *p<0.05*). Hypothesis four was therefore rejected. The results indicated that a single improvement in sustainable customer management initiatives will lead to 0.508 unit increase in competitive advantage in SACCOs in Nairobi County.

CONCLUSIONS AND RECOMMENDATIONS

The study concluded that core values initiatives can significantly boost SACCOs' competitive advantage if well implemented by all employees beginning from top management level. Networking initiatives have not been utilized by some SACCOs in Nairobi County yet when well-articulated within the SACCO's policy framework can yield significant competitive advantage. Talent management initiatives though new to some SACCOs in Nairobi County can significantly boost SACCOs competitive advantaged when effectively applied to attract and retain talented and innovative employees. Customer relationship initiatives considerably enhance SACCO's competitive edge when efficiently utilized to attract and retain an enormous customer base.

The study recommended that, first; the top management of SACCOs should play a leading role in instigating core values to all employees if the SACCO has to successfully utilize core value initiatives to achieve competitive advantage. Secondly, networking initiatives should be well-articulated within the SACCO's policy framework so as to yield significant competitive advantage for the SACCO. Thirdly, talent management initiatives should be well implemented to attract and retain talented and innovative employees which will in the long run significantly boost SACCOs competitive advantaged. Fourthly, SACCOs should effectively utilize customer relationship initiatives to attract and retain customers so as enhance SACCO's competitive edge in terms of building a large customer base.

Areas of Further Research

First, a longitudinal study for a span of five years can be done on all SACCOs in Kenya that have successfully implemented strategic relational capital initiatives so as to determine key success indicators of strategic relational capital initiatives in giving SACCOs competitive edge. Secondly, a similar study can be done on sustainability of strategic relational capital initiatives on SACCO's competitive advantage.

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