

Strategic Positioning and Profitability of Savings and Credit Cooperative Societies in Western Kenya

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Abstract:

At microeconomic level, performance is the direct result of managing various economic resources and of their efficient use within operational, investment and financing activities. To optimize economic results, a special attention should be given to the proper grounding of managerial decisions. These should be based on complex information regarding the evolution of all types of activities within the company. Several SACCOs today are facing a myriad of challenges that have threatened their future survivals. Recently, SACCOs have been engaged in many scandals since the beginning of the new millennium. This study therefore, endeavoured to investigate the effects of strategic positioning on profitability of selected Savings and Credit Co-operative societies in Western Kenya. The specific objective of the study was to establish the effects of pricing strategy on profitability of SACCOs. The study was anchored on the conceptual framework. The study employed descriptive survey and correlational research designs. The target population of the research consisted of 6,575 members from the 200 selected SACCOs in Western Region. The sample size of 109 employees from 200 selected SACCOs was obtained using coefficient of variation. The board members, staff from SACCOs and officials from the Ministry of Co-Operatives were also targeted. Stratified sampling, sample random and purposive sampling techniques were used to select the respondents. The primary data was collected by use of the questionnaire. Descriptive statistics and inferential statistics were used to analyze the collected data. Then data analyzed was presented in frequency tables. The results revealed that pricing strategy had a statistically significant positive effect on profitability of SACCOs ($\beta = 0.671$ and $p > 0.05$). It was concluded that pricing strategy has significant effect on profitability of SACCOs. It was recommended that SACCO should combine various pricing strategy such as price signaling, flexible price strategies and customer value pricing to ensure sustainability and survival of SACCOs in highly competitive financial market.

Key Words: Pricing Strategy, Profitability, Strategic Positioning, SACCO