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Innovative Competitive Strategies and the Performance of Financial Institutions in Cameroon: Empirical Evidence from Fako Division

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ABSTRACT

The financial services industry operates in an increasingly competitive environment characterised by changing customer expectations, technological developments and the growing need for operational efficiency. Financial institutions must therefore adopt appropriate competitive strategies to improve their performance and maintain their position in the market. This study examines the relationship between innovative competitive strategies and the performance of financial institutions in Fako Division, Cameroon. Specifically, it investigates the relationships between process innovation, product innovation, differentiation, cost leadership and institutional performance. A descriptive research design was adopted, and primary data were collected through questionnaires administered to respondents drawn from financial institutions operating in Fako Division. The study used a sample of 60 respondents and analysed the data using descriptive statistics and multiple linear regression. The findings indicate that process innovation and differentiation have positive and statistically significant relationships with institutional performance. However, product innovation and cost leadership exhibit positive but statistically insignificant relationships. The regression model reports an R-squared value of 0.439, indicating that the four strategic variables and the included control variables jointly explain approximately 43.9% of the variation in institutional performance. The findings suggest that financial institutions should place particular emphasis on improving internal processes, strengthening their institutional reputation, developing distinctive services and responding effectively to customer needs. The study contributes to the understanding of competitive strategy and financial institution performance in the Cameroonian context.

Keywords: Competitive strategies, process innovation, product innovation, differentiation, cost leadership, financial institutions, institutional performance Cameroon.

1. Introduction

The financial services sector plays an important role in economic development by mobilising savings, facilitating payments, providing credit and supporting investment activities. Through these functions, financial institutions contribute to the efficient allocation of financial resources and the development of productive activities. In Cameroon, commercial banks and microfinance institutions serve individuals, households, businesses and other economic actors through a range of financial products and services. Their ability to remain competitive is therefore important not only for their institutional sustainability but also for the broader development of the financial system.

However, the operating environment of financial institutions has become increasingly competitive. Customers are becoming more demanding, technological developments are changing the delivery of financial services, and institutions face pressure to improve service quality while controlling operating costs. Financial institutions must consequently develop strategies that enable them to respond to changing market conditions, distinguish themselves from competitors and improve their operational and financial outcomes.

Competitive strategy refers to the deliberate choices and actions through which an organisation seeks to establish and maintain a favourable position in its operating environment. Evidence from Sub-Saharan African firms indicates that coherent cost-leadership and differentiation strategies can be associated with stronger organisational performance, although the benefits depend on the strategy adopted and the context in which it is implemented (Acquaah & Yasai-Ardekani, 2008). Differentiation involves providing products or services that customers perceive as distinctive, while cost leadership focuses on achieving operational efficiency and controlling costs in order to compete effectively.

Alongside these traditional competitive approaches, innovation has become an important consideration in the financial services industry. Innovation may involve introducing new products, improving existing services, redesigning internal processes, adopting technology or developing more convenient ways of interacting with customers. Process innovation can improve operational efficiency, reduce delays and enhance the customer experience. Product innovation, on the other hand, may enable institutions to respond to changing financial needs through new or improved products and delivery channels.

For financial institutions, the relationship between innovation and competitive strategy is particularly important because financial services are often characterised by customer trust, service reliability, convenience and the ability to meet diverse financial needs. Institutions that provide accessible

services, maintain strong reputations and develop efficient operational systems may be better positioned to attract and retain customers. Nevertheless, the extent to which particular strategies improve institutional performance may depend on the institutional environment, available resources and the effectiveness of implementation.

In Cameroon, financial institutions operate within a market in which customers have access to different providers and increasingly expect reliable, convenient and responsive services. Institutions must therefore identify the strategic approaches that are most closely associated with improved performance. Although competitive strategies and innovation have received considerable attention in strategic management literature, there remains a need for empirical evidence relating specifically to financial institutions operating in the Cameroonian context.

This study addresses this issue by examining innovative competitive strategies and the performance of financial institutions in Fako Division, Cameroon. It focuses on four strategic dimensions: process innovation, product innovation, differentiation and cost leadership. Institutional performance is considered in terms of market share, service quality and profitability. By examining these relationships, the study seeks to provide evidence that can inform strategic decision-making within financial institutions.

The central objective is to analyse the relationship between innovative competitive strategies and the performance of financial institutions in Fako Division. The specific objectives are to assess the relationship between differentiation strategy and institutional performance; examine the relationship between cost leadership strategy and institutional performance; establish the relationship between process innovation and institutional performance; and determine the relationship between product innovation and institutional performance.

The study contributes to the literature by providing empirical evidence from a local financial services market in Cameroon. It also offers practical insights for managers seeking to improve institutional performance through strategic positioning, operational improvement and customer-oriented innovation.

2. Literature Review and Theoretical Considerations

2.1 Concept of competitive strategy

Competitive strategy concerns the approaches adopted by organisations to establish a favourable position relative to competitors. It involves identifying the needs of the market, understanding the organisation's strengths and weaknesses, and selecting actions that enable the organisation to create value for customers.

Competitive strategy involves selecting a position and set of actions through which an organisation creates value and responds to competitors. Research in Sub-Saharan Africa indicates that coherent cost-leadership and differentiation strategies can be associated with stronger organisational performance, although the benefits depend on the strategy adopted and the context in which it is implemented (Acquaah & Yasai-Ardekani, 2008). Differentiation involves providing products or services that customers perceive as distinctive, while cost leadership focuses on achieving operational efficiency and controlling costs in order to compete effectively.

In financial institutions, competitive strategy may be reflected in the pricing of services, the convenience of transactions, the quality of customer relationships, institutional reputation, customer problem solving, service accessibility and the introduction of innovative financial products. The effectiveness of these strategies depends not simply on their adoption but also on the institution's ability to implement them consistently.

2.2 Process innovation

Process innovation involves the introduction or improvement of methods, procedures and systems through which an organisation delivers its products and services. It may include the redesign of operational activities, improvements in transaction procedures, the adoption of technology and the development of more efficient service delivery systems. Research in banking links innovation strategy and service-development processes to performance outcomes (Alam, 2003; Kong & Ibrahim, 2020).

Within financial institutions, process innovation can take different forms. These include improving the ease of withdrawals, providing customers with timely information, simplifying administrative procedures and using technology to facilitate transactions and customer worries. Such improvements may reduce waiting times, enhance service reliability and strengthen customer satisfaction.

Process innovation is particularly relevant to financial services because customers frequently evaluate institutions according to the speed, convenience and reliability of transactions. An institution that simplifies its procedures and improves access to services may be able to strengthen its competitive position.

In this study, process innovation is examined through indicators relating to institutional campaigns on unique products, compliance with central bank regulations, ease of withdrawals and the use of mobile channels to provide information. These indicators reflect the operational and service-related improvements considered in the original research.

2.3 Product innovation

Product innovation refers to the introduction of new products or the improvement of existing products to meet changing customer requirements. In financial institutions, it may involve developing new savings products, credit facilities, payment services and electronic banking options. Research on commercial banks indicates that the strategy and development process surrounding a new financial product can influence its success (Alam, 2003).

The financial services industry has experienced substantial changes in the ways customers access and use financial products. Automated teller machines, mobile banking applications and online transaction facilities have expanded the range of services available to customers. These developments can improve convenience and potentially enable institutions to reach customers who may not frequently visit physical branches.

Nevertheless, introducing a product or technology does not automatically result in improved institutional performance. Its success may depend on customer awareness, affordability, accessibility, reliability and the institution's capacity to manage the innovation effectively. Product innovation must therefore be supported by appropriate implementation strategies and customer education.

In this study, product innovation is assessed through indicators such as the adoption of automated teller machines, online application transactions, mobile banking and modern banking equipment.

2.4 Differentiation strategy

Differentiation strategy involves developing products, services or organisational characteristics that distinguish an institution from its competitors. An organisation may differentiate itself through service quality, brand image, reputation, customer relationships, convenience and the provision of distinctive services.

In financial institutions, differentiation is important because many institutions provide broadly similar financial products. Customers may therefore distinguish between providers based on the quality of their interactions, confidence in the institution, accessibility of services and the overall customer experience.

A strong institutional reputation may encourage customer confidence and loyalty. Similarly, convenient operating hours and distinctive services may make an institution more attractive to customers. Differentiation can consequently support the development of a competitive position that is not based exclusively on price.

The study measures differentiation through institutional brand image, reputation, unique services and convenient operating hours.

2.5 Cost leadership strategy

Cost leadership involves controlling operational expenses and developing the capacity to provide products or services at competitive prices. In the financial services sector, cost-related strategies may include reducing transaction charges, managing administrative expenses, improving operational efficiency and offering competitive interest rates.

Financial institutions may seek to attract customers by reducing the cost of withdrawals, transfers, loans and international transactions. However, the implementation of cost leadership must be balanced against the need to maintain service quality, meet regulatory requirements and sustain institutional profitability.

Reducing customer charges may attract additional business, but it may also reduce revenue if not supported by adequate transaction volumes or improvements in operational efficiency. The relationship between cost leadership and institutional performance may therefore depend on the institution's ability to manage the trade-off between affordability and financial sustainability.

In this study, cost leadership is assessed through indicators relating to withdrawal charges, transfer rates, loan interest rates and international transaction charges.

2.6 Institutional performance

Institutional performance refers to the extent to which an organisation achieves its objectives and maintains its operational and competitive position. Performance may be assessed using financial and non-financial indicators. Strategy research distinguishes between financial measures and broader operational measures when assessing business performance (Venkatraman & Ramanujam, 1986).

Financial measures include profitability, revenue growth and returns, while non-financial measures may include service quality, customer satisfaction and market share. In financial institutions, these indicators provide complementary perspectives on organisational performance.

Profitability reflects the institution's ability to generate financial returns from its operations. Market share indicates its relative position in the industry, while service quality captures the institution's ability to meet customer expectations through reliable and convenient services.

The present study considers performance through market share, service quality and profitability. These dimensions provide a broad assessment of institutional performance based on respondents' perceptions.

2.7 Theoretical foundation

The study draws on the resource-based and dynamic capabilities perspectives. The resource-based perspective emphasises the importance of organisational resources and capabilities in developing and sustaining competitive advantage. The dynamic capabilities perspective further explains how organisations integrate, build and reconfigure internal and external competencies to respond to changing environments and sustain performance (Teece, 2007). These perspectives are relevant to financial institutions because service quality, institutional reputation, operational efficiency and the ability to adapt processes and products can constitute important strategic capabilities.

These perspectives are relevant because financial institutions operate in a competitive environment in which service quality, reputation, pricing and operational efficiency can influence their market position. Differentiation allows institutions to develop distinctive customer value, while cost management encourages the efficient use of resources and competitive pricing. Empirical research on commercial banks in Kenya similarly identifies cost leadership and differentiation as important strategic approaches in banking competition (Nyachwaya & Rugami, 2020).

The study's innovation dimension is supported by research on banking innovation. Alam (2003) demonstrates that innovation strategy and the product-development process are interconnected in commercial banking, while Blazevic and Lievens (2004) show that organisational learning during financial-service innovation can influence project and institutional performance. Evidence from Ghana also reports positive relationships between several innovation dimensions and bank performance (Kong & Ibrahim, 2020).

Together, these perspectives provide a basis for examining how innovation-related practices and competitive positioning are associated with institutional performance. The use of financial and broader operational indicators is also consistent with established approaches to measuring business performance in strategy research (Venkatraman & Ramanujam, 1986).

2.8 Empirical perspective and research gap

Existing research has examined the relationship between competitive strategy, innovation and organisational performance across different sectors. In commercial banking, research has linked innovation strategy and product-development processes to new-product performance (Alam, 2003). Studies in financial services have also highlighted the performance implications of learning during the innovation process (Blazevic & Lievens, 2004). Evidence from Ghana identifies positive relationships between selected innovation dimensions and bank performance (Kong & Ibrahim, 2020), while research in Kenya examines the performance implications of cost leadership and differentiation strategies in commercial banks (Nyachwaya & Rugami, 2020).

However, the specific relationship between process innovation, product innovation, differentiation, cost leadership and the performance of financial institutions in Fako Division requires further empirical attention. The original study therefore addresses a contextual research gap by examining these four strategic dimensions together within the Cameroonian financial services environment.

3. Methodology

3.1 Research design

The study adopted a descriptive research design. This design was considered appropriate because the research sought to obtain information on the strategies adopted by financial institutions and examine their relationship with institutional performance.

The study relied on primary data collected through questionnaires. The questionnaire enabled the researcher to obtain information from individuals associated with financial institutions and to assess their perceptions of the strategic practices and performance of the institutions.

3.2 Area and population of the study

The research was conducted in Fako Division of the South-West Region of Cameroon. The study focused on financial institutions operating within the division, particularly commercial banks and microfinance institutions.

The population considered in the original research consisted mainly of managers, account managers, heads of departments and directors from ten financial institutions. These categories of respondents were considered relevant because of their positions and potential knowledge of institutional strategies and performance.

3.3 Sample and data collection

The study used a sample of 60 respondents. Data were collected using a structured questionnaire designed to obtain information on process innovation, product innovation, differentiation, cost leadership and institutional performance.

The questionnaire included items relating to the adoption of innovative practices and the perceived performance of the institutions. Responses were subsequently coded and analysed statistically.

The study relied on respondents' assessments of institutional practices and outcomes. Consequently, the findings should be interpreted as evidence based on reported perceptions rather than independently audited financial performance.

3.4 Measurement of variables

The dependent variable was institutional performance, measured through market share, service quality and profitability.

The independent variables comprised four dimensions of innovative competitive strategy:

1. **Process innovation:** assessed through practices relating to unique product campaigns, regulatory compliance, ease of withdrawals and mobile information services.
2. **Product innovation:** assessed through automated teller machines, online application transactions, mobile banking and modern banking equipment.
3. **Differentiation:** assessed through brand image, institutional reputation, unique services and convenient operating hours.
4. **Cost leadership:** assessed through withdrawal charges, transfer rates, loan interest rates and international transaction charges.

The regression analysis also included respondent and institutional characteristics as control variables: gender, education, position, institutional longevity and income level.

3.5 Data analysis and model specification

The collected data were analysed using descriptive statistics and multiple linear regression. Descriptive statistics were used to summarise respondents' assessments of the strategic practices and performance indicators. Multiple regression was employed to examine the relationships between the strategic variables and institutional performance while controlling for selected characteristics.

The model can be expressed generally as:

$$\mathbf{PERF = \beta_0 + \beta_1 PROC + \beta_2 PROD + \beta_3 DIFF + \beta_4 COST + \beta_5 GENDER + \beta_6 EDUC + \beta_7 POSITION + \beta_8 LONGEVITY + \beta_9 INCOME + \varepsilon}$$

Where:

- PERF represents institutional performance.
- PROC represents process innovation.
- PROD represents product innovation.
- DIFF represents differentiation strategy.
- COST represents cost leadership strategy.
- GENDER represents gender.
- EDUC represents educational level.
- POSITION represents position held in the institution.
- LONGEVITY represents the length of time the institution has operated.
- INCOME represents income level.
- β_0 is the constant, β_1 to β_9 are the estimated coefficients, and ε is the error term.

The regression coefficients were evaluated using their statistical significance levels. The study also reported reliability statistics for the measurement scales and variance inflation factors to assess multicollinearity.

4. Results and Discussion

4.1 Descriptive findings

The descriptive findings provide an overview of the extent to which respondents perceived their institutions as adopting the four strategic approaches.

Regarding process innovation, 78.3% of respondents agreed or strongly agreed that their institutions undertook aggressive campaigns relating to unique products. In addition, 86.6% indicated positive assessments of compliance with central bank regulations. A particularly high proportion, 93.3%, reported that customers could access their deposits through easy withdrawals. Approximately 70% also gave positive assessments of mobile information services.

These findings suggest that respondents generally perceived financial institutions in Fako Division as making efforts to improve operational procedures and customer access. The high proportion associated with ease of withdrawals indicates the importance of convenience in the delivery of financial services.

For product innovation, 58.3% of respondents reported positive assessments of automated teller machine adoption, while 50% indicated positive assessments of online application transactions. Approximately 60% gave positive assessments of mobile banking, while 43.4% reported positive assessments of modern equipment. These findings indicate that some forms of technology-enabled service delivery were present, although the adoption of these practices was not uniform across the indicators.

The results relating to differentiation were generally favourable. Approximately 83.4% of respondents gave positive assessments of institutional brand image, while 88.3% reported positive assessments of institutional reputation. In addition, 90% indicated positive assessments of the provision of unique services, and 78.3% gave positive assessments of convenient operating hours.

These results suggest that respondents considered reputation, brand image, distinctive services and convenience to be important characteristics of the institutions. Such characteristics may contribute to the ability of financial institutions to establish a recognisable position in the market.

The findings on cost leadership were less favourable. Approximately 46.7% of respondents agreed or strongly agreed that their institutions offered lower withdrawal charges, while 51.7% gave positive assessments of lower transfer rates. Only 38.3% reported positive assessments of lower loan interest rates, and the same proportion gave positive assessments of lower international transaction charges.

The relatively modest positive responses suggest that cost-related competitive practices were not as consistently perceived as the other strategic dimensions. This may reflect differences in institutional pricing policies and the costs associated with providing financial services.

With respect to institutional performance, 76.6% of respondents assessed their institutions as successful or very successful in relation to market share. The same proportion gave positive assessments of service quality, while 88.3% reported positive assessments of profitability. Overall, the descriptive findings indicate generally favourable perceptions of institutional performance among the respondents.

4.2 Regression results

Multiple linear regression was used to examine the relationship between the four strategic variables and institutional performance, while controlling for selected respondent and institutional characteristics.

The principal results reported in the dissertation are presented below.

Table 1: Regression results for innovative competitive strategies and institutional performance

Variable	B	Standardised Beta	t-value	p-value
Process innovation	0.105	0.096	3.210	0.001
Product innovation	0.023	0.040	1.289	0.198
Differentiation strategy	0.497	0.473	15.624	<0.001
Cost leadership strategy	0.007	0.007	0.214	0.831
Gender	0.221	—	5.140	<0.001
Education	0.294	—	10.800	<0.001
Position	0.033	—	2.325	0.020
Institutional longevity	0.214	—	8.234	<0.001
Income level	0.164	—	6.517	<0.001

Model statistics: $R = 0.663$; $R^2 = 0.439$; adjusted $R^2 = 0.433$; reported F-statistic = 72.307; reported significance = <0.001.

Source: Author's computation from the original dissertation field data.

The model reports an R-squared value of 0.439, indicating that approximately 43.9% of the variation in institutional performance is explained by the independent variables and the included control variables. The remaining variation may be associated with other factors not captured in the model.

The results show that process innovation and differentiation have positive and statistically significant relationships with institutional performance. By contrast, product innovation and cost leadership have positive but statistically insignificant coefficients at the conventional 5% significance level.

4.3 Process innovation and institutional performance

The regression results indicate a positive and statistically significant relationship between process innovation and institutional performance (B = 0.105; β = 0.096; t = 3.210; p = 0.001). This suggests that improvements in institutional processes are associated with higher reported performance, holding the other variables in the model constant.

The result is consistent with the descriptive findings, which show that respondents generally perceived their institutions as making efforts to improve customer access, comply with regulatory requirements and provide information through mobile channels.

Process innovation may support institutional performance by improving the efficiency and reliability of service delivery. In financial institutions, customers frequently interact with operational processes when making withdrawals, transferring funds or seeking information. Where these activities are convenient and reliable, institutions may be better positioned to retain customers and strengthen their market position. This interpretation is consistent with banking research that associates process and service innovation with organisational performance (Kong & Ibrahim, 2020).

The finding therefore highlights the importance of improving the systems and procedures through which financial services are delivered. Financial institutions should not view innovation solely as the introduction of new products or technologies. Improvements to existing processes may also contribute to institutional competitiveness.

The result is consistent with the broader innovation perspective, which recognises that improvements in organisational processes can support efficiency and competitiveness. It also reinforces the importance of customer-oriented operational practices in financial service delivery.

4.4 Product innovation and institutional performance

Product innovation has a positive but statistically insignificant relationship with institutional performance (B = 0.023; β = 0.040; t = 1.289; p = 0.198). Although the coefficient is positive, the result does not provide sufficient statistical evidence to conclude that product innovation is significantly associated with performance in the estimated model.

This finding is important because financial institutions may invest in new products and technological delivery channels without necessarily achieving immediate improvements in performance. The adoption of automated teller machines, mobile banking and online application transactions may create opportunities for convenience, but the benefits may depend on the extent to which customers use these services and whether the institutions implement them effectively.

The descriptive results indicate that respondents reported varying levels of adoption across the product innovation indicators. This variation may help explain why the estimated relationship was not statistically significant. The presence of a technology or product does not necessarily demonstrate that it is widely used, accessible or capable of generating measurable performance improvements.

The finding should not be interpreted as evidence that product innovation is unimportant. Rather, it suggests that, within the sample and model examined, the relationship was not statistically established. Financial institutions may therefore need to pay greater attention to customer awareness, accessibility, reliability and the effective implementation of new products.

4.5 Differentiation strategy and institutional performance

Differentiation recorded the strongest positive relationship with institutional performance among the four strategic variables (B = 0.497; β = 0.473; t = 15.624; p < 0.001).

The result indicates that institutions with stronger differentiation practices tend to report higher performance, after accounting for the other variables included in the model. The standardised coefficient also suggests that differentiation has the largest estimated association with institutional performance among the four strategic dimensions examined.

The descriptive results provide additional context. A high proportion of respondents gave positive assessments of institutional brand image, reputation, unique services and convenient operating hours. These characteristics may help financial institutions establish a distinctive identity and strengthen their relationships with customers.

In a competitive financial services market, customers may choose institutions not only because of the prices charged but also because of the confidence they have in the institution and the quality of services received. A strong reputation may encourage trust, while distinctive services and convenient operating arrangements may improve the customer experience.

The finding therefore suggests that differentiation is an important strategic consideration for financial institutions operating in Fako Division. Institutions should pay attention to the quality of their services, the development of a positive institutional image and the delivery of services that respond to customer expectations.

This finding is consistent with empirical work indicating that differentiation is an important competitive approach for firms operating in African markets, including commercial banking (Acquaah & Yasai-Ardekani, 2008; Nyachwaya & Rugami, 2020).

4.6 Cost leadership and institutional performance

Cost leadership has a positive but statistically insignificant relationship with institutional performance (B = 0.007; β = 0.007; t = 0.214; p = 0.831). The coefficient is positive, but the high p-value indicates that the relationship is not statistically significant at conventional levels.

The descriptive findings also indicate that respondents did not consistently perceive their institutions as offering lower charges across the different services considered. Positive responses concerning withdrawal charges, transfer rates, loan interest rates and international transaction charges were relatively modest.

One possible interpretation is that lower prices alone may not be sufficient to improve institutional performance. Financial institutions must consider the relationship between pricing, operating costs, service quality and profitability. A reduction in charges may attract customers, but it may also reduce revenue if it is not accompanied by improvements in operational efficiency or transaction volumes.

The finding does not establish that cost leadership has no relevance to financial institution performance. It indicates that the study did not find a statistically significant relationship between the measured cost leadership strategy and institutional performance in the sample examined.

Consequently, institutions should be cautious about relying exclusively on reduced charges as a competitive strategy. Cost management should be accompanied by improvements in efficiency and service delivery.

4.7 Control variables

The regression results also indicate positive and statistically significant relationships between the included control variables and institutional performance.

Gender has a positive coefficient of 0.221 ($p < 0.001$), while education has a positive coefficient of 0.294 ($p < 0.001$). Position held in the institution also has a positive and statistically significant coefficient of 0.033 ($p = 0.020$). Institutional longevity records a positive coefficient of 0.214 ($p < 0.001$), while income level has a positive coefficient of 0.164 ($p < 0.001$).

These results indicate that the characteristics included in the model are associated with reported institutional performance. However, the interpretation of these coefficients requires caution because the precise coding and measurement of the control variables determine what a positive coefficient represents. In particular, the gender coefficient should not be interpreted as demonstrating that one gender inherently produces better institutional performance.

The results concerning education and position may suggest that respondents' institutional roles and educational backgrounds are relevant to their assessments of institutional performance. Institutional longevity may also reflect the importance of experience and established market presence. Nevertheless, the study does not establish causal relationships between these characteristics and performance.

4.8 Overall discussion

The findings demonstrate that the four strategic dimensions do not exhibit identical relationships with institutional performance. Process innovation and differentiation are statistically significant, while product innovation and cost leadership are not statistically significant in the estimated model.

This distinction is important for strategic decision-making. It suggests that the relationship between competitive strategy and performance depends on the particular practices adopted and how effectively they are implemented. Institutions may introduce new products or reduce service charges without necessarily obtaining measurable performance improvements. By contrast, improving operational processes and developing distinctive institutional characteristics may have a closer relationship with the performance measures examined in this study.

The results also highlight the importance of considering both operational and market-oriented strategies. Process innovation focuses on how services are delivered, while differentiation concerns how the institution creates a distinctive position in the minds of customers. Together, these strategies may support improved customer experiences and institutional competitiveness.

However, the results should be interpreted within the limitations of the research design and sample. The evidence relates to respondents from financial institutions in Fako Division and is based on reported perceptions. It should therefore not be generalised automatically to all financial institutions in Cameroon.

5. Conclusion and Implications

5.1 Conclusion

This study examined the relationship between innovative competitive strategies and the performance of financial institutions in Fako Division, Cameroon. It focused on process innovation, product innovation, differentiation and cost leadership, with institutional performance assessed through market share, service quality and profitability.

The findings reveal that process innovation and differentiation have positive and statistically significant relationships with institutional performance. Product innovation and cost leadership, although positive in direction, do not exhibit statistically significant relationships in the estimated model.

Differentiation emerged as the strongest of the four strategic dimensions in terms of its standardised regression coefficient. This suggests that institutional reputation, brand image, distinctive services and convenient operating arrangements are important strategic considerations within the context examined.

Process innovation also demonstrated a positive and significant relationship with performance. This highlights the potential importance of improving operational procedures, facilitating customer transactions and strengthening service delivery processes.

The insignificant results for product innovation and cost leadership suggest that adopting new products or pursuing lower charges does not automatically translate into improved institutional performance. The effectiveness of these strategies may depend on their implementation, customer acceptance and the institution's ability to manage the associated costs and operational requirements.

Overall, the study demonstrates that financial institutions should adopt strategic approaches that combine efficient internal processes with distinctive, customer-oriented services. Such approaches may strengthen their competitive position and support institutional performance.

5.2 Managerial implications

The findings have several implications for the management of financial institutions.

First, institutions should strengthen differentiation by improving their brand image, maintaining a positive reputation and developing services that respond to customer needs. Managers should recognise that customers may evaluate financial institutions according to their reliability, convenience and overall service experience, rather than price alone.

Second, financial institutions should invest in process improvements. This may include simplifying transaction procedures, reducing unnecessary delays, improving access to customer information and strengthening the reliability of service delivery systems. Such measures may improve customer experience and operational efficiency.

Third, institutions should ensure that product innovation is accompanied by effective implementation. The introduction of mobile banking, online transaction facilities and other products should be supported by customer education, accessibility and reliable service systems. Institutions should evaluate whether new products are being used and whether they are meeting the needs of their intended customers.

Fourth, cost leadership should be pursued through sustainable cost management rather than price reductions alone. Institutions should examine their operating expenses, identify inefficiencies and assess the financial implications of changes in customer charges. The objective should be to provide competitive services while maintaining financial sustainability.

Finally, managers should regularly evaluate their strategic approaches using appropriate performance indicators. Market share, profitability and service quality can provide useful information for assessing whether institutional strategies are achieving their intended outcomes.

5.3 Policy implications

The findings also have implications for stakeholders responsible for the development and oversight of the financial services sector in Cameroon.

Financial sector policymakers and regulators may encourage institutions to strengthen service delivery, improve operational efficiency and adopt responsible innovation practices. Regulatory oversight should continue to support compliance, reliability and customer protection while allowing financial institutions to develop appropriate improvements in their products and processes.

Policies that encourage technological development, institutional capacity building and financial service accessibility may also contribute to a more competitive financial environment. However, innovation should be accompanied by appropriate consumer protection and operational risk management.

5.4 Limitations and directions for further research

The study has limitations that should be considered when interpreting its findings.

First, the research relies on self-reported questionnaire data. Respondents' assessments may be affected by individual perceptions or response bias

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