

**INFLUENCE OF TRANSFORMATIONAL STRATEGIES ON FIRM
PERFORMANCE AMONG DEPOSIT TAKING SAVING AND CREDIT
COOPERATIVE ORGANIZATIONS IN MERU COUNTY**

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DECLARATION AND RECOMMENDATION

DECLARATION

I declare this thesis is my original work that has never been presented in any other university for award of any degree.

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DEDICATION

I dedicate this work to my husband, Patrick Kariuki, and my children, Wonder, Wendy,
Solomon, and Jamila Kariuki.

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ABSTRACT

The study examined how transformation strategies affected the performance of deposit-taking SACCOs (DT-SACCOs) in Meru County, Kenya, amid rising cases of fraud and irregular account activities often attributed to poor recruitment and staff vetting. Specifically, the research investigated the influence of industry evolution, technological change, and organizational culture on SACCO performance. Descriptive research design was used, targeting 10 registered DT-SACCOs. The respondents were 10 branch managers, 10 operations managers, 196 staff. The study was guided by resource-based view theory, human capital theory, and two-factor theory. Data was collected from 10 branch managers, 10 operations managers, and 168 staff across operations, marketing, and customer care departments. Managers were selected through purposive sampling, while other employees were chosen randomly. Interviews were conducted with managers, and structured questionnaires were administered to other staff. A pre-test was carried out in Isiolo County's Unison DT-SACCO. Data analysis involved descriptive statistics and inferential tests such as Pearson correlation, ANOVA, and regression. The findings showed that industry evolution, technology, and organizational culture significantly influenced SACCO performance. The correlation for operational transformation, was 0.815 at $\alpha < 0.010$; industry evolution was 0.459 at $\alpha < 0.030$; technological change was 0.587 at $\alpha < 0.000$; organizational culture was 0.317 at $\alpha < 0.020$. The study concluded that centralized decision-making was found to delay operations, highlighting a need for policy-driven decentralization. Limited staff involvement in industry changes hindered responsive, customer-focused leadership. Technological change was challenged by cyber threats, underfunding, and lack of skilled personnel, while organizational culture suffered from ineffective conflict resolution and poor internal relationships. The study recommends empowering lower management levels through decentralized authority, improving staff communication on sector changes, strengthening cybersecurity measures, and enhancing ICT recruitment and infrastructure. Additionally, fostering a customer-centric culture and improving internal harmony could significantly boost performance outcomes. Future studies should consider transformational strategies in non-deposit-taking SACCOs.

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ABBREVIATIONS AND ACRONYMS

CRB	Credit Reference Bureau
DT SACCO	Deposit Taking Saving and Credit Cooperative Organizations
FOSA	Front Office Services Activities
KeMU	Kenya Methodist University
KUSCCO	Kenya Union of Savings and Credit Co-operative limited
ILO	International Labor Organization
IMF	International Monetary Fund
SASRA	SACCO Societies Regulatory Authority
SMART	Specific, Measurable, Achievable, Relevant, and Time-Bound
UNCTD	United Nations Conference on Trade and Development

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Firm performance is defined by Andarwati et al. (2024) as the ability of an institution to create income through having qualified and motivated staff who work in a place where they feel safe and energized to offer quality service. Further, Halake (2021) points out the element of maximum exploitation of shareholders wealth in an attempt to generate further income in the definition of firm performance. Therefore, firm performance in this study was taken to mean the ability of a DT SACCO to generate substantive income from implementing quality strategies, pay its obligations, and provide a conducive environment to deliver products and services to its targeted customers. Firm performance in cooperative societies was measured using metrics such as customer satisfaction, turnaround time of services, transparency and accountability, quality of services, and retention rate of clients (Kipkoech et al., 2024; Mbegu et al., 2024; Ogindo & Njoka, 2023). There have been several performance concerns that have affected cooperative societies.

1.1.1 Global Perspective

Globally, in New York, America, deposit-taking cooperatives have been facing challenges such as high employee turnover due to poor involvement of staff in the development process of strategy formulation (Roman, 2022). In European countries such as Denmark, there has been a high number of dormant clients due to lack of satisfaction with the services (United Nations Conference on Trade and Development [UNCTD], 2021). Additionally,

in the United Kingdom [UK], there have been a lot of work-related errors due to low training of staff on new technological systems (International Labor Organization [ILO], 2022).

1.1.2 Regional Perspective

Regionally, in nations such as South Africa, there has been a high turnaround time for dispensing banking services due to poor alignment of strategies to specific job responsibilities of the staff (IMF, 2021). In West African nations such as Nigeria, there have been high cases of employee fraud in the Saccos (ILO, 2021). In Morocco, there has been a loss of commissions and interest on new products and services due to poor strategic implementation plans by the management, causing employee resistance (Chadli & Belal, 2024). In Zambia, there has been a low number of repeat business and referrals due to poor communication skills by DT SACCO staff who are not conversant with ethics, rules, and regulations in the workplace (Shilimi, 2021).

In East African nations like Uganda, staff have been experiencing wrong financial decisions based on poorly executed strategies, leading to massive losses (Benon et al., 2024). In Rwanda, there has been poor rapport between the staff and DT SACCO's leadership, thereby leading to unnecessary conflicts and job victimization (Felicien & Irechukwu, 2021). In Tanzania, there have been slow services, such as delayed approval, due to limited technological advancements in the institutions (Bwana & Mwakujonga, 2022).

1.1.3 Kenyan Perspective

In Kenya, DT SACCOs have been experiencing limited transparency concerns in major financial operations due to the fact that decisions are made through a bureaucratic system (Kuria et al., 2024). Additionally, there has been poor market intelligence to support the strategic planning process, leading to low-profit business opportunities. This is mainly due to strategies being formulated and implemented by underqualified staff (Ogindo & Njoka, 2023). Further, there has been a very weak capital base since most of the revenue was lost on poorly executed strategies and embezzlement (Ndirangu, 2022). Further on, DT SACCOs have experienced excess political interference with the operations, hence stagnating various processes; high expenses in terms of fines as a result of not complying with the labor laws; and demotivated staff who lack interest in pushing for business growth since their personal welfare is not sorted out when in need (Owino et al., 2024). These challenges are attributed to the fact that transformational strategies, such as changes in operations, technology, organizational culture, and the ever-evolving banking industry, require SACCOs to adequately manage relationships with their staff to stand a chance of survival.

1.1.5 DT SACCOs in Meru County

The DT SACCOs sector in Meru County, Kenya, comprises ten institutions with various branches in different towns. They are regulated by SASRA and comprise senior leadership and junior staff. The institutions have been noted to experience cases of low training on technological use and poor exposure of staff to strategic management practices. The purpose of the technological implementation within the DT SACCO setup is to avoid frequent downtime causing the use of manual systems (Gaichuru et al., 2022).

Additionally, the DT-SACCOs have witnessed unprecedented failed strategies due to insignificant issues related to disagreement by management team members on the most suitable strategy to implement (Wallace & Kilika, 2021). A study such as Miriti (2023) found out that 84.2% of a Sacco such as capital Sacco had defaulted their loans, while Business Daily (2022) discovered that 19.7% of the customers had failed to make any transactions with their accounts in 2021. These reasons provide justification for why the current study investigated the influence of transformational strategies on firm performance among DT-SACCOs in Meru County, Kenya.

1.2 Statement of the Problem

The firm performance of DT-SACCOS is supposed to be managed effectively through undertaking all the operations in utmost integrity when dealing with competitors, incorporating technology, developing organizational culture, and spurring industry evolution (Ndirangu, 2022). The principles that guide how to attain firm performance are supposed to be implemented in a safe environment that is overseen by trained staff who can be trusted by the customers when transacting various financial transactions to avoid losses (Roman, 2022).

Nevertheless, according to reports such as KUSCO (2025), SACCOs have experienced massive losses of more than Ksh 12.5 billion, caused by internal staff who had mismanaged, illegally withdrew members funds. Furthermore, previous reports such as the SASRA reports (2024; 2021), there were increased cases of reported fraud from staff, which were 22(11.3%) in 2022 and 18(9.18%) in 2020, up from 12(6.44%) in 2019 in Kenyan Saccos. Additionally, there were 4(2.04%) cases in 2022 of irregular Front Office Services Activities [FOSA's] account transactions by the SACCO staff in Kenya as

compared to 1(0.99%) in 2020. This meant that the SACCO staff who had previously been involved in fraud and irregular account transactions could have been improperly vetted and oriented, respectively, by the human resource department during the recruitment process.

As a result, the SACCOs have encountered losses and hefty fines, thereby affecting their asset sizes. For example, the number of SACCOs with an asset base of less than 1 billion to half a billion (where the majority of SACCOs belong) declined from 243 to 239 to 232 to 226 in the years 2020, 2021, 2022, and 2023, respectively (SASRA, 2024; 2021).

Therefore, despite the DT-SACCOs having committees in charge of supervision of the conduct of employees, the rapid transformations witnessed in the banking industry, complex transactions, and advancement of frequent new products have weakened their oversight role. Other causes that have further fueled employee fraud include complicated operational transformations, such as in developing products and transactions, rapid dynamic technology, and evolving organizational culture. From time to time, most SACCOs are striving to achieve and probably surpass various thresholds enacted by regulators to a point that they hardly pay attention to basic recruitment structures that see to it that they have competent and integral staff (Shilimi, 2021).

Past studies from global perspectives, such as Akpamah and Matko (2021), examined changes in strategies and technology, while Jilo et al. (2023) and Wallace and Kilika (2021) pointed out changes in technology as a means of improving SACCO's competitiveness and operations efficiency in Kenya. However, the evolution of the Sacco industry and sociopolitical structures was not assessed. In Meru County, there are few studies that have explored the influence of transformational strategies on firm performance among DT-

SACCOs. Therefore, the study sought to examine the relationship between transformational strategies and firm performance of DT-SACCOs in Meru County, Kenya.

1.3 Purpose of the Study

The purpose of the study was to investigate the influence of transformational strategies on firm performance among DT-SACCOs in Meru County, Kenya.

1.4 Specific Objectives

- i. To examine the influence of operational transformation on firm performance among DT-SACCOs in Meru County, Kenya.
- ii. To assess the influence of industry evolution on firm performance among DT-SACCOs in Meru County, Kenya.
- iii. To determine the influence of technological change on firm performance among DT-SACCOs in Meru County, Kenya.
- iv. To establish the influence of organizational culture on firm performance among DT-SACCOs in Meru County, Kenya.

1.5 Research Hypothesis

H₀1: Operational transformation has no significant influence on firm performance among DT-SACCOs in Meru County, Kenya.

H₀2: Industry evolution has no significant influence on firm performance among DT-SACCOs in Meru County, Kenya.

H₀3: Technological change has no significant influence on firm performance among DT-SACCOs in Meru County, Kenya.

H₀4: Organizational culture has no significant influence on firm performance among DT-SACCOs in Meru County, Kenya.

1.6 Significance of the Study

The management of DT SACCOs may find this study useful in the sense that they may be able to understand how various transformational strategies related to operational transformation, industry evolution, technological change, and organizational culture impact its employees to deliver their assigned tasks in required timelines. The employees of various DT SACCOs may benefit from the study since they may acquire knowledge on the challenges faced as a result of transformational strategies and how others have solved them. This may put them in a better position in advancing the Sacco's vision and mission towards realizing economic growth of their nations.

The government regulators, such as SASRA, may get information such as methods used by SACCOs in Meru towards surviving in the market and the issues they encounter. The regulators would in return provide policies that would protect the DT SACCOs from being exposed to unnecessary financial risks. The general public may find the study's result useful in the sense that they may acquire information that could be used when assessing the performance of DT SACCOs.

Future researchers may find the study useful since they would be in a position to find relevant and updated literature on how DT SACCOs have been coping with various transformational strategies to sustain their performance. The study may provide new knowledge in strategic management once the influence of transformational strategies on

firm performance among deposit-taking savings and credit cooperative organizations in Meru County, Kenya, is determined.

1.7 Scope of the Study

The study was conducted in DT SACCOs located in Meru County. It examined various transformational strategies related to operational transformation, industry evolution, technological change, and organizational culture. The respondents constituted the branch managers, operations managers, and other operational staff, such as tellers, customer care, and marketing personnel, in the Saccos located in Meru County. The study took 3 months in 2025 to complete.

1.8 Limitations of the Study

DT SACCOs are guided by a code of conduct that promotes confidentiality of operational information. That is, the staff were not supposed to share this type of information with unauthorized personnel. Therefore, a limitation the study predicted was that the staff and management would provide scanty information related to transformational strategies that the DT SACCO was employing and implementing to experience increased firm performance. This was to ensure that they had a competitive advantage over other SACCOs. To counter this limitation, the study ensured that the necessary documentation related to the data collection process, such as an introduction letter, a NACOSTI permit, and an approval request, was made to the concerned manager for approvals.

1.9 Assumptions of the Study

The study's main assumption was that SACCOs had a functional strategic management team with distinguished staff. It also assumed that the DT SACCO staff were willing to

provide information that was suitable for the study. Furthermore, the study also assumed that the DT-SACCOs had implemented transformation strategies on their operations to cope with industry evolution, technological change, and organizational culture.

1.10 Operational Definition of Terms

Operational Transformation

Operational transformation is the restructuring process of an organization's processes to enable more efficient attainment of specific objectives (Chen et al., 2022).

Transformational Strategies

Change of the direction, operations, and organizational culture in response to evolving business demands for sustainable revenue and enhancement of competitive edge (Chadli & Belal, 2024).

Firm Performance

This ability of a DT SACCO to generate substantive income from implementing quality strategies, pay its obligations, and provide a conducive environment to deliver products and services to its targeted customers (Andarwati et al., 2024).

Industry Evolution

This is the ability of a DT SACCO to undergo various business cycles gracefully while at the same time it does not negatively affect the zeal of its staff. These business cycles include the commencement stage, growth stage, stability stage, and deterioration stage (Yoshikuni et al., 2022).

Organizational Culture

These are both formal and informal systems established by individuals in an organization to enable them to interact with each other in the sense of ensuring that SMART goals are achieved (Kathaya, 2024).

Technological Change

This is the ability of a DT SACCO to use high-tech innovation in its processes to ensure that the services are delivered in an efficient and reliable manner to its clients (UNCTD, 2021).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provided a theoretical framework, literature review, conceptual framework, and operational framework. In the theoretical review, the study expounds various theories such as steward theory, human capital theory, and two-factor theory. Under the literature review are provided the studies that have been done based on operational transformations, industrial evolution, technological change, and social factors. The chapter concludes by presenting the diagrammatic representation of the variables in the form of conceptual and operational frameworks.

2.2 Theoretical Review

The study was guided by three theories, which included resource-based view theory, human capital theory, and two-factor theory. Resource-based view theory guided operational transformation and technological change variables. Contingency theory guided industry evolution. Two-factor theory guided organizational culture variables.

2.2.1 Resource-Based View Theory

Resource-based view theory was advanced by Wernefelt (1984) and it guided operational transformation and technological change variables. RBV stated that in any organization, there are tangible and non-tangible resources that are available to be utilized, and when efficiently utilized, they lead to a competitive advantage against other organizations. The tangible resources included organizational buildings and other physical infrastructure, while non-tangible resources included expertise, policies, and regulations, among others.

This theory explained the operational transformation by asserting that there were critical strategic resources within the confines of the DT-SACCO (Yegon, 2021). These resources, which included the ability of the management and staff to work as a team, boosted their morale to deliver on assigned strategic tasks efficiently. Mutual respect and value were improved in such a manner that both the management's and staff's opinions matter. Rawat (2022) revealed that when a strategic decision-making process was vested in collaboration between management and representatives of the staff, it decentralized the operations. Furthermore, having transformations in the operations also called for elaboration of strategic goals to all concerned parties for clarity (Rono, 2024). Every party got a chance to comprehend what they needed to do to deliver on their strategic targets, and adequate resources were allocated to them. Through this approach, it became even more elaborate on how the strategic tasks were to be done by a diverse workforce.

Technological change experienced in DT SACCOs was also part of internal resources used to enhance firm performance (UNCTD, 2021). Notably, when there were diverse products that were consistently improved based on customer demands, they became more attractive to clients, leading to increased subscriptions (Ogindo & Njoka, 2023). However, for innovative products to sell, the strategy needed to establish the process on robust ICT infrastructure leads to less time when issuing and resolving related queries on the products. According to Wallace and Kilika (2021), an interconnection existed between available digital tools and training equipped for the staff. Therefore, the presence of adequate digital tools in a DT-SACCO warrants the training of staff on how to effortlessly utilize the resources to derive improved efficiency.

2.2.2 Contingency Theory

According to Vroom and Yetton's (1978) contingency theory there is no sure method for a company to guarantee the success of its activities. Rather, the best management strategy was determined by a number of elements in the organization's internal and external environments. Contingency theory guided industry evolution. As the banking industry is evolving, so should the DT SACCO's approach to different operations (Jurado et al., 2023). This is because different business phases call for increased business demands, which may need different strategies to resolve. Therefore, the decision-making structure within the DT-SACCOs shifts to customer-focused leadership in tapping available business opportunities.

According to Julienne (2024), this may have to involve diversification of products, creating strategic alliances with other corporations to attain synergy advantage in the strategic operations. Further, internal structures are also structured to adapt to industry evolution through task delivery management systems among staff. This meant that the operations of the DT-SACCO were administered through a computerized system to reduce human errors and promote efficiency (Igudia, 2022). Furthermore, as SACCOs were advancing and going through the various business cycles, the staff should also be seeking to use different sets of skills and abilities. This meant that when they discovered that the cycle, such as growth, was currently in place, they got trained on how to best utilize the opportunities around them so that when the recession set in, they also had skills to manage resources and immense losses (Allan et al., 2024). Without these skills and abilities, SACCO businesses would fail to make enough profits when surrounded with opportunities and also make more losses when opportunities decline.

2.2.3 Two-factor Theory

Two-factor theory was advanced by Herzberg et al. (1959) and guided the organizational culture 'variable. It stated that there were factors that brought satisfaction to employees in an organization and there were others that did not. The factors that brought satisfaction included motivation and hygiene factors (Ogum & Jagongo, 2022). Motivation factors were things such as recognition, responsibility, and challenging work, among others. While the hygiene factors included aspects such as staff relationship with the management, policies, working conditions, and salary.

Two-factor theory was used in the approach that in every organization, there were systems, which could be formal or informal, established by individuals to enable them to interact with each other in the sense of ensuring that SMART goals are achieved (Owino et al., 2024). These systems could work in favor of or not for the staff; hence, it depends on the approach used. For example, a SACCO could have policies that restrict staff from engaging in political associations. On the one hand, it could enable the staff to concentrate on delivering the assigned tasks without creating rifts by taking sides on political supporters (Ramizo et al., 2024). On the other hand, it could mean that staff were denied the chance to participate in political agendas, which at times touched on the very core purpose established by the SACCOs.

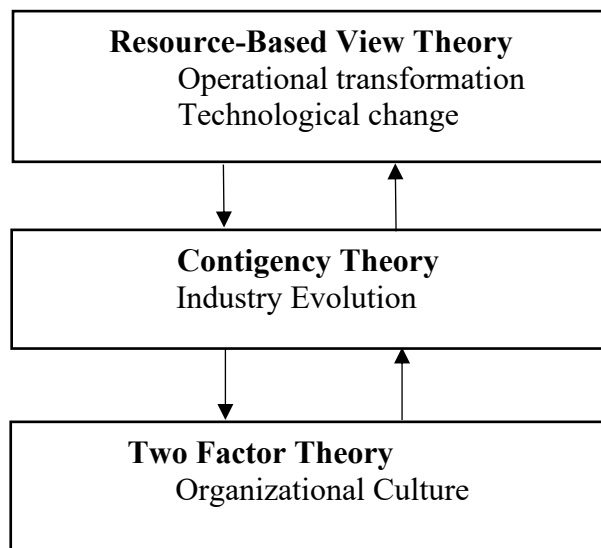
Two-factor theory was criticized by Malik and Naeem (2013) for assuming that satisfied and happy staff were more productive, which was not always the case. This was because employees only concentrated on what was working and left what was not working to ensure continued timelines on satisfaction. However, probably what was not working could be an opportunity awaiting to be unveiled. However, this criticism did not affect the study since

retaining qualified staff required them to be satisfied with the working conditions to be able to perform according to the set goals.

Figure 2.1 indicates the theoretical framework.

Figure 2.1

Theoretical Framework



2.3 Empirical Review

Sections 2.3.1 to 2.3.4 provide a literature review of the variables and their relation with firm performance.

2.3.1 Operational Transformation and Firm Performance

Globally, Broglia and Corsi (2024) explored how social cooperatives in Italy added value to power information due to the size of the company and performance of the finances. Analysis of correlation and the association between characteristics was used to sample nine thousand two hundred and sixty-eight Italian social cooperatives. The study reviewed past

online documents such as books, journals, and reports to obtain data. It was determined that cooperatives that had better terms with their members were able to access cheaper financing and had stronger brand recognition, thus enhancing financial performance. Furthermore, it was established that smaller cooperatives with weak financials struggled to adapt to technological changes and market competition, leading to closure. Nevertheless, Broglia and Corsi (2024) subjected the study to author bias due to the use of secondary data to obtain information.

A report by Lugt and Krishnan-Barman (2022) explored how Northern Ireland credit unions could be encouraged to ensure that employees of different firms take part in saving. The report complained that most employees in the nation did not have a savings plan and hence did not have an emergency fund. According to Lugt and Krishnan-Barman (2022), most credit unions did not engage the employees of firms competitively, such as not aggressively paying visits to their firms where they could interact, train, and create awareness of the importance of savings. The report pointed out that probably credit had few staff or probably there was not enough motivation for the staff to make aggressive initiatives to increase customer base.

Regionally, Uwayesu (2024) examined how Rusizi district's cooperatives performed as a result of services that involved microfinance. A descriptive research design was utilized to sample three hundred and twenty-seven respondents from the targeted one thousand eight hundred and four members. To get primary data, questionnaires were employed. Furthermore, it was established that financial training, saving services, and money transfers improved cooperative performance since they enhanced an increase in investments, satisfaction of members, and corporate image. Nevertheless, Uwayesu (2024) did not

assess financial literacy programs among cooperative leaders, which was causing poor utilization of loans and weak financial planning.

Jacob (2023) explored how Tanzania's cooperative societies credited and offered savings services as a result of financial sustainability. A multistage and random sampling was used to sample one hundred SACCOs. Further, it was determined that competitiveness improved efficiency and innovation that motivated cooperatives to improve on their services, reduce costs, and adapt to new technology so as to retain customers. Furthermore, it was established that SACCOs were able to expand into new areas or sectors, thus increasing outreach and economic impact.

Locally, Allan et al. (2024) explored how Kenyan cooperative societies credited and offered services that included deposit taking as a result of performance and strategies involving competition. A descriptive research design was utilized to target one hundred and seventy-six SACCOs with a sample of three hundred and nineteen respondents. Both open- and close-ended questionnaires were used. Further, it was determined that by understanding macroeconomic trends, regulatory shifts, and dynamics in the industry, SACCOs were able to anticipate market disruptions and capitalize on emerging opportunities. However, Allan et al. (2024) did not explain the effect that poor governance had on cooperatives and how it diminished operational transformations within the institutions.

Owino et al. (2024) examined how Kenya's cooperative societies credited and offered savings services that included deposit taking as an advantage in competition due to capabilities in finance. A descriptive cross-sectional research design was used to sample

one hundred and seventy-six DT-SACCOs, which included nine hundred respondents. Data was gathered using structured questionnaires. Additionally, it was shown that employees and executives with a deeper comprehension of financial concepts made wiser choices, efficiently allocated resources, and recognized expansion prospects—all of which enhanced competitive advantage. Owino et al. (2024) did not examine collaboration that existed to enable equality among employees on access to relevant training on finances.

2.3.2 Industry Evolution and Firm Performance

Globally, Xu and Mai (2024) explored how China's Yunnan province areas with underdeveloped conditions exhibited survival dynamics and evolutionary changes in specialized cooperatives and how they were shaped by various factors of spatio-temporal. A descriptive research design was utilized to sample twenty-five cooperatives in Yunnan province. The study used secondary data such as journals, reports, and dissertations to obtain data. The results of the study were that cooperatives in Yunnan province exhibited an evolutionary trend from high to high and low to high. Furthermore, it was determined that market shifts played a crucial role in evolution as cooperatives oriented their organizational goals to align with the trends, thus outperforming their competitors.

Jurado et al. (2023) explored how Spain's cooperative societies that dealt with second-degree olive oil were analyzed as a result of sales made online. A qualitative comparative analysis was used to obtain data from thirty-five second-degree olive cooperatives in Spain. The study reviewed online documents such as journals, reports, and dissertations in the collection of data. It was determined that it was crucial to have improved business management practices, as it helps guide decision-makers to be customer-focused, hence

maximizing the potential of the internet by having an active website. Further, this helps the company market their products and build a firm online reputation. Furthermore, it was established that online sales were affected by several factors, such as online reputation, management training, and the degree of cooperative integration.

Regionally, Julienne (2024) explored how Rwanda's Umerenge Saccos developed the economic social status of areas that were rural as a result of cooperatives that offered credit and savings services. A descriptive research design was utilized to randomly sample ninety-nine respondents from the Musambira Sacco. Questionnaires and interviews were used in the collection of primary data. It was established that Musambira Sacco trained its employees on how to effectively communicate with customers, and as a result, it helped retain customers. Furthermore, it was determined that the amount needed for one to open an account was very affordable and the savings terms were flexible, and it encouraged everybody to save easily and conveniently. However, Julienne (2024) did not concentrate on mismanagement, fraud, and poor governance among SACCOs as a result of industrial evolution and how it undermined their ability to deliver long-term development.

Locally in Kenya, Kuria et al. (2024) explored how Kenyan cooperative societies that credited and offered savings services that included deposit taking performed due to strategies that were hybrid and different. A descriptive research design was utilized to sample three hundred and nineteen respondents from one hundred and seventy-six SACCOs. Questionnaires and interviews were used in the collection of data. According to the study's findings, hybrid tactics and savings and credit cooperative performance were significantly positively correlated. It was noted that differentiation strategies were essential

for SACCOs to be able to counter competition, attract new members, and improve satisfaction levels. Nevertheless, Kuria et al. (2024) fell short in explaining poor governance and mismanagement in SACCOs and how this reduced the effectiveness of strategic models.

Kipkoech et al. (2024) explored how Kenyan cooperative societies that credited and offered savings services that included taking deposits performed due to strategies that involved expansion of the market. A descriptive research design was utilized to obtain information from a target population of one hundred and seventy-five. Questionnaires were used in the collection of primary data. Furthermore, it was established that expanding to other markets did not lead to improved performance. Instead, companies focused on evaluating the potential risks and benefits associated with initiatives in market expansion. Nevertheless, Kipkoech et al. (2024) did not elaborate on SACCOs expansion programs into unfamiliar markets and the assessments conducted.

2.3.3 Technological Change and Firm Performance

Globally, Andarwati et al. (2024) examined how Indonesia's cooperatives were capable of innovation and sharing of knowledge in promoting performance in the organization. An explanatory research design was utilized to sample one hundred and thirty-nine managers of cooperatives in Malang, Indonesia. Data was gathered through the use of questionnaires. It was established that innovation drove operational efficiency, created new products or services, and increased competitiveness in the marketplace, thus contributing to improved organizational performance. Furthermore, it was determined that when knowledge was effectively shared within the organization, it encouraged the creation of new ideas and

innovative solutions that were to be used in work processes. However, Andarwati et al. (2024) did not show that the methods used to share knowledge among the cooperative members.

A study by Chawviang and Kiattisin (2022) in Thailand examined the intricacies that form sustainability in any framework emanating from smart cooperative management. According to the study, smart cooperative management involved three aspects, which were members, economy, and governance. The members in this concept involved all stakeholders that were involved in the development of any framework within a cooperative society. Therefore, Chawviang and Kiattisin (2022) supplied e-questionnaires to 431 stakeholders who included staff, management, cooperative registered members, and government regulations. The results gathered pointed out that the use of technology in the cooperative societies had immensely boosted the supply of knowledge, which enabled staff and other stakeholders to participate by communicating their feedback on their thoughts on various areas of concern to the relevant parties. This would enable them to make propositions that would boost the value of a framework to clearly represent their interests. For example, when the HR suggests a framework, it would take the staff to assess it and recommend their ideas, which, in the long run, would improve trust and transparency within the cooperative society, hence boosting operations processes.

Regionally, Mbegu et al. (2024) explored how Tanzania's Mbeya region's performance in the finance of SACCOs was a result of innovations. A deductive approach was utilized to randomly sample eighty-three SACCOs out of the targeted one hundred and five. Questionnaires were used in the collection of data. According to the study's findings, innovation and SACCOs' financial performance were significantly positively correlated.

Further, it was determined that SACCOs that offered mobile banking services allowed members to deposit, withdraw, and transfer funds easily, thus improving accessibility and reducing reliance on physical branches. However, Mbegu et al. (2024) did not provide reasons why some members and employees were reluctant to adapt to new technologies.

Waryoba et al. (2024) explored how Tanzania's institutions of microfinance performed as a result of digitalization. A quantitative and explanatory research design was utilized to gather information from one hundred and forty-six randomly sampled MFI owners or managers. Self-administered questionnaires were used in the collection of data. According to the study's findings, MFIs' managerial, financial, and operational performance was significantly and favorably impacted by digital transformation. Further, it was established that the use of digital tools such as customer relationship management systems, platforms for digital payments, and data analysis tools helped improve operational performance and customer engagement. Nevertheless, Waryoba et al. (2024) did not reveal various digital transformations that supported task delivery within the financial institutions. Additionally, there is a need to look into the DT SACCO's context since the study was based on MFI.

Chadli and Belal (2024) explored how cooperatives in Morocco transformed as a result of digitalization. A qualitative approach was used to sample twenty cooperative societies. Questionnaires and interviews were used in the collection of data. It was established that digitalization reduced manual work, which led to faster processing of transactions, low operational costs, and fewer human errors. Furthermore, it was determined that SACCOs that had implemented digital databases and cloud computing enhanced their data storage together with retrieval, thus minimizing risks associated with paperwork. Nevertheless,

Chadli and Belal (2024) did not explain the implementation method of technology and the required resources in SACCOs.

Locally, Ogindo and Njoka (2023) examined how Nairobi's city county co-operatives that credited and offered savings services that included taking deposits performed financially as a result of transformations in digitalization. An explanatory research design was utilized to sample forty-four licensed savers and thirty SACCOs. Secondary panel data from the years 2017 to 2021. It was established that sensitizing members to the benefits of using internet banking assured safety and quick access to services. Furthermore, it was determined that digitalization enabled SACCOs to assess members creditworthiness efficiently, which led to faster loan approvals and increased lending.

Jillo et al. (2023) examined how Liakipia County's cooperative societies credited and offered savings services that included taking deposits and performed financially as a result of innovation. With a target population of 118 respondents, data from nine deposit-taking SACCOs in Laikipia was collected using a descriptive research approach. Data was collected using questionnaires. Further, it was determined that innovations change the SACCOs workforce requirements, as there was a need for continuous staff training in IT and digital finance. Furthermore, this enabled employees to work remotely due to the incorporation of cloud-based systems, thus improving productivity and flexibility since there was no excessive paperwork. However, Jillo et al. (2023) did not reveal the threats of hacking as a major threat to digitalized processes.

2.3.4 Organizational Culture and Firm Performance

These are formal and informal systems established by individuals in an organization to enable them to interact with each other in the sense of ensuring that SMART goals are achieved (Tindika et al., 2020). An ideal social structure should be involving, promote equality, and have prudent values (Mohamed & Bett, 2018). There are various discussions that indicate operational transformations from global, regional, and local nations' perspectives.

Globally, Kathaya (2024) explored how cooperatives in Nepal had leadership that was ethical due to the trust given by the public. A mixed-method research design was utilized to gather information from seven hundred and thirty-six respondents that were conveniently sampled from various regions. Furthermore, it was found that accountability strengthened the sense of moral governance while transparency increased trust with the members through unambiguous communication. Furthermore, it was established that instruction in accountability, openness, and moral decision-making brought about effective leadership. Nevertheless, Kathaya (2024) failed to reveal the causes of public mistrust of provided strategies subjective to political factors, including past fraud cases.

Ramizo et al. (2024) examined how cooperatives in the City of Naga performed through efficiency in optimizing operations due to practices and policies. A descriptive-correlational research design was used to sample ten cooperatives out of the targeted one hundred and six cooperatives in Naga City. Managers were surveyed and interviewed so as to collect the relevant data needed. Further, it was determined that for the continuity of sustainability and success, it was crucial for cooperatives to maintain a balanced engagement across all operational areas since it created more value for the members over

time. Nevertheless, Ramizo et al. (2024) failed to address the cases of conflict between members with different strategic opinions.

Regionally, Yameogo et al. (2024) examined how Burkina Faso's cooperative societies in agriculture performed as a result of bodies that made decisions. A quantitative approach was utilized to gather data from a sample of one hundred and nineteen respondents that were randomly selected from thirteen communes. Questionnaires were used in the collection of data. Further, it was established that effective decision-making bodies ensured transparent and accountable governance, which enhanced trust among members. Furthermore, it was determined that proactive leadership encouraged innovations and technological adaptation, thus improving competitiveness. Nevertheless, Yameogo et al. (2024) did not assess how decision-making on different strategies slows down operations due to delays in approval.

Benon et al. (2024) investigated the financial performance of SACCOs in the Kiruhura District of Uganda as a result of board accountability. In order to sample 184 respondents from six chosen SACCOs in Kiruhura District, a cross-sectional survey research design was used. Questionnaires were used in the data collection process. According to the study's findings, board responsibility was significantly impacted by financial performance. Additionally, it was shown that SACCOs that expanded their communication and accountability feedback-sharing procedures with members increased the advantages for all members. Nevertheless, regulatory changes and their impact on organizational performance were not evaluated by Benon et al. (2024).

Locally in Kenya, Wandeo et al. (2024) explored how Nairobi City County's cooperative societies that credited and offered savings services, which included taking deposits,

performed as a result of practices of governing corporates. A descriptive research design was employed to gather information from forty-five SACCOs with a total of one hundred and sixty respondents. Further, it was established that SACCOs that had better board composition encouraged having an adequate number of members with expansive work experiences and good knowledge or skills. Furthermore, it was determined that having a balance and mix in terms of age, gender, and ethnicity among board members promoted having diverse views, thus better decision-making and running of operations. Nevertheless, Wandeo et al. (2024) did not provide the strategies used to elect board members to promote a conducive organizational culture.

Rono (2024) examined how Laikipia County's cooperatives that credited and offered savings services, which included taking deposits, performed due to management of knowledge. A descriptive and explanatory research design was used to sample one hundred and thirty-five respondents from forty-five SACCOs in Laikipia County. Data was gathered using semi-structured questionnaires. It was determined that by training staff, conducting market research together with attending workshops and seminars, new knowledge was introduced in the cooperatives, which resulted in more efficient operational practices and better customer services and retention. Furthermore, it was established that regular briefings, internal memos, and collaborations with other staff in the institution enhanced skills, abilities, and teamwork, which resulted in improved efficiency, productivity, and coordination of activities.

2.4 Summary of Gaps

The gaps discovered from different studies examined are provided in sections 2.4.1 to 2.4.4.

2.4.1 Operational Transformation

Broglia and Corsi (2024) subjected the study to author bias due to the use of secondary data to obtain information. Uwayesu (2024) did not assess financial literacy programs among cooperative leaders, which was causing poor utilization of loans and weak financial planning. Allan et al. (2024) did not explain the effect that poor governance had on cooperatives and how it diminished operational transformations within the institutions. Owino et al. (2024) did not examine collaboration that existed to enable equality among employees on access to relevant training on finances.

2.4.2 Industry Evolution

Additionally, there is a need to look into the DT SACCO's context since the study was based on MFI. Julienne (2024) did not concentrate on mismanagement, fraud, and poor governance among SACCOs as a result of industrial evolution and how it undermined their ability to deliver long-term development. Kuria et al. (2024) fell short in explaining poor governance and mismanagement in SACCOs and how this reduced the effectiveness of strategic models. Kipkoech et al. (2024) did not elaborate on SACCOs expansion programs into unfamiliar markets and the assessments conducted.

2.4.3 Technological Change

Andarwati et al. (2024) did not show that the methods used to share knowledge on innovated products among the cooperative members. Waryoba et al. (2024) did not show that digital transformation excluded some customers since not all clients were digitally literate. Waryoba et al. (2024) did not reveal various digital transformations that supported task delivery within the financial institutions. Mbegu et al. (2024) did not provide reasons why some members and employees were reluctant to adapt to new technologies. Chadli

and Belal (2024) did not explain the implementation method of technology and the required resources in SACCOs. Jillo et al. (2023) did not reveal the threats of hacking as a major threat to digitalized processes.

2.4.4 Organizational Culture

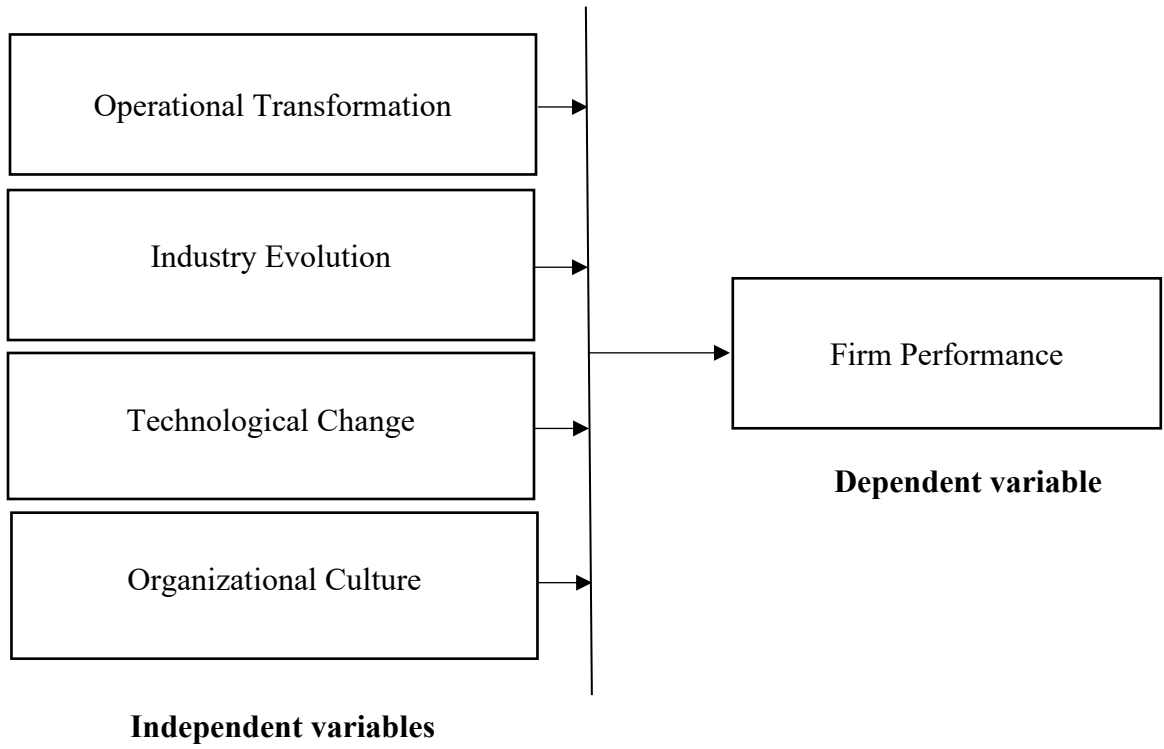
Kathaya (2024) failed to reveal the causes of public mistrust of provided strategies subjective to political factors, including past fraud cases. Ramizo et al. (2024) failed to address the cases of conflict between members with different strategic opinions. Yameogo et al. (2024) did not assess how decision-making on different strategies slows down operations due to delays in approval. Enon et al. (2024) did not assess regulatory changes on different strategies and their influence on organizational performance. Wandeo et al. (2024) did not provide the strategies used to elect board members to promote a conducive organizational culture.

2.5 Conceptual Framework

The study will have a diagrammatic representation in explanation of the relationship between transformational strategies and firm performance, as shown in Figure 2.2. The dependent variable is firm performance, which is on the right side of Figure 2.2. The left side has the independent variables, which are operational transformation, industry evolution, technological change, and organizational culture.

Figure 2.2

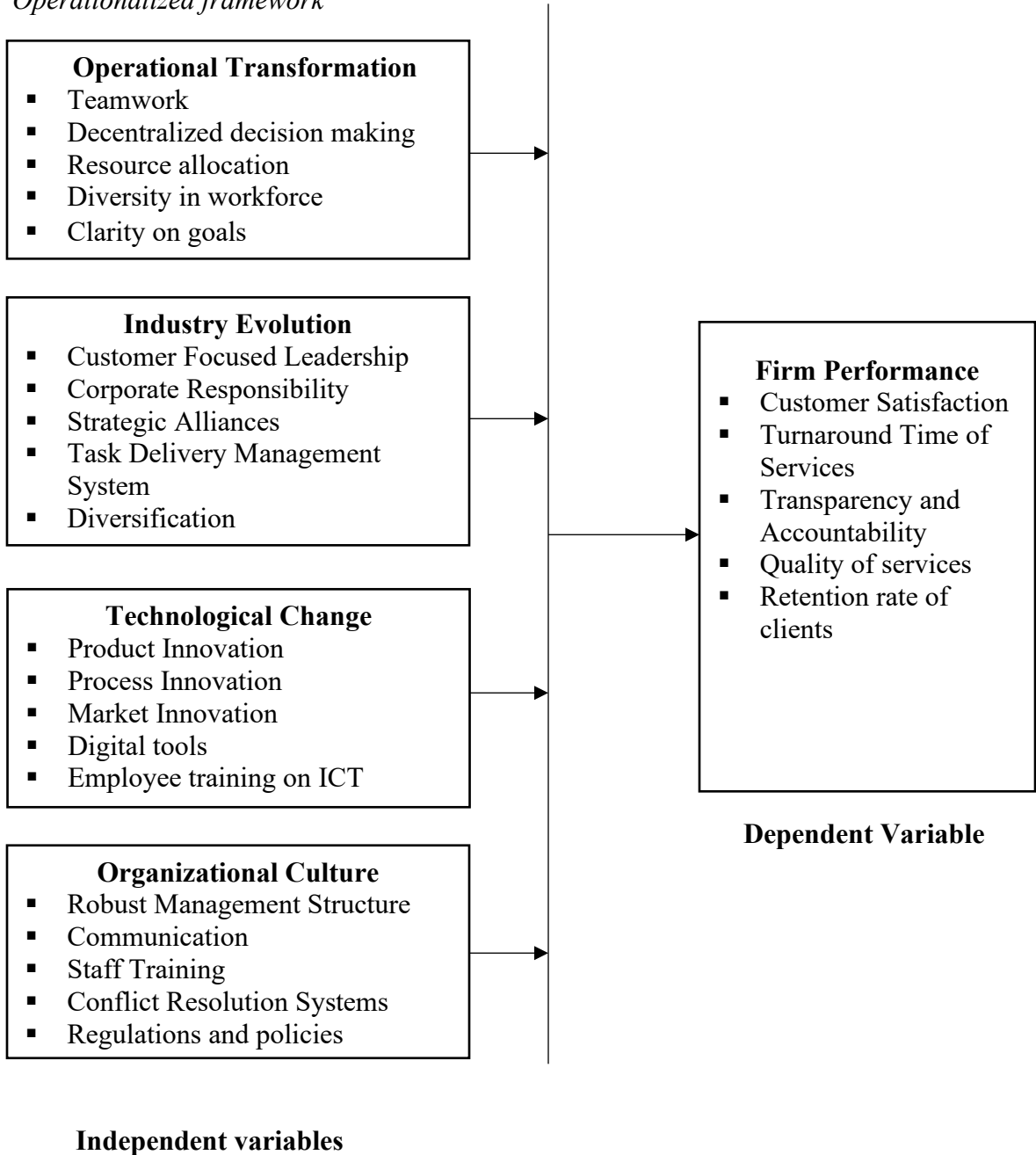
Conceptual Framework



2.6 Operational Framework

Figure 2.3

Operationalized framework



According to Figure 2.2, firm performance, which was the dependent variable, had indicators such as customer satisfaction, turnaround time of services, transparency and accountability, quality of services, and retention rate of clients. The independent variable, such as operational transformation, had indicators such as teamwork, decentralized decision-making, resource allocation, diversity in the workforce, and clarity on goals. Industry evolution had indicators such as customer-focused leadership, corporate responsibility, strategic alliances, task delivery management systems, and diversification. Technological change had indicators such as product innovation, process innovation, market innovation, digital tools, and employee training on ICT. Organizational culture had indicators such as a robust management structure, communication, staff training, conflict resolution systems, regulations, and policies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides information on the various precepts of methodology that were used in gathering data. The chapter provides the research design used, location, target population, and sampling technique used. There are also data collection instruments, pre-tests, data collection procedures, measurement of variables, data analysis, and ethical considerations.

3.2 Research Design

This is the framework of research methods that a researcher opts to use to be in a position to undertake a study, commonly referred to as a research plan (Sharma et al., 2023). The study used a descriptive survey research design since the study adopted both quantitative and qualitative methods (Ghanad, 2023). Descriptive research design was used since it enabled a study to determine the characteristics of a population. Through this research design, what, when, how, and where types of questions are asked, but not ‘why,’ since it is attributed to experiment design (Ghanad, 2023). Therefore, in relation to the study, the study adopted a descriptive research design to examine what types of operational transformations exist, how industry evolution has been adopted, how changes in technology have caused efficiency, and when organizational culture is relevant towards improving the DT-SACCO’s performance.

It is prudent to indicate that descriptive research design mainly touches on real-life situations, like in our case, where it was expected that when there is a transformational

strategist, firm performance changes. This was because the staff were affected in one way or the other; hence, there was a need to ascertain how they were affected and what that meant as far as performance was concerned.

3.3 Location of the Study

A location is the actual geographic site where the data gathering is planned to occur. The study was conducted in Meru County. One of Kenya's 47 counties, Meru County is situated on the foothills of Mount Kenya. It exists in an area of 220 km² and has a huge population of 1,545,714 people involved in different economic activities. As a result of engaging in cash crop farming, Meru County is notably one of the key contributors to the economy. The county harbors businesses, which include banks, hotels, supermarkets, SACCOs, and other kinds. According to the Societies Regulatory Authority (SASRA, 2021), Meru County has ten registered deposits taking DT-SACCOs through SASRA.

Meru County was selected due to the challenges that DT SACCOs have experienced related to the challenging business environment, causing the institutions to struggle with firm performance. This has caused unexpected layoffs of staff, which destroys the morale to work with the SACCOs for extensive periods of time (Wallace & Kilika, 2021). Further, the staff have also been noted to have inadequate training and development on new technologies, causing errors that have increased operational costs (Nyumoo, 2020). According to Wallace & Kilika (2021), SACCO staff have complained of being allocated huge workloads with unpaid overtime allowances, which is a great discouragement towards service delivery and hence ends up declining in performance.

3.4 Target Population

The unit of analysis employed in a study to reach the respondents is known as the target population (Siedlecki, 2020). The target population was ten (10) DT-SACCOs operating in Meru County. The respondents were 10 branch managers, 10 operations managers, 52 operations staff, 106 marketing staff, and 38 customer care staff. A branch manager was any senior staff in charge of all the operations of the DT-SACCO. They were considered since they have immense knowledge on various changes that have occurred due to operational transformation, industry evolution, change in technology, and the existence of organizational culture.

An operations manager was any senior staff in charge of all operational processes within the DT SACCO. They were considered since they had adequate information on institutional policies that have been developed to improve how the firm performs in the midst of transformational strategies such as operational transformation, industry evolution, technological change, and organizational culture. An operations staff member was any individual working within the DT SACCO operations directly dealing with money and who had been contracted through formal employment.

3.5 Sampling Technique

A sampling technique is a method used to obtain representatives whose viewpoints would be regarded as those of their whole population. This study obtained 10 branch managers and 10 operations managers through the purposive sampling method since their relevance was paramount in each SACCO. The study calculated the sample sizes for the different categories of staff through Yamane's (1967) formula and thereafter used simple random method. It was as follows:

$$n = \frac{N}{1 + N(e^2)}$$

Where: n = Sample size, N = Population, and e = standard error, as 0.05

Operation staff's sample were:

$$n = \frac{52}{1 + 52(0.05^2)}$$

$$n = 46$$

Marketing staff's sample were:

$$n = \frac{106}{1 + 106(0.05^2)}$$

$$n = 84$$

Customer care staff's sample were:

$$n = \frac{38}{1 + 38(0.05^2)}$$

$$n = 35$$

The sample population is provided in Table 3.1.

Table 3.1*Sample Population*

No	Sampled Saccos	Branch manage rs	Operation s manager	Opera tions Staff	Mark eting Staff	Custo mer care staff	Total
1.	Capital Sacco Society Ltd	1	1	6	12	5	25
2.	Centenary Sacco Society Ltd	1	1	4	8	3	17
3.	Solution Sacco	1	1	5	9	4	20
4.	Unaitas Sacco Society Ltd	1	1	5	10	4	21
5.	Yetu Sacco Society Ltd	1	1	4	8	3	17
6.	Imenti Sacco Society Ltd	1	1	4	9	4	19
7.	Kathera Rural Sacco Society	1	1	3	8	3	16
8.	Nyambene Arimi Sacco Society	1	1	5	6	3	16
9.	Times U Sacco Society Ltd	1	1	4	6	4	16
10.	Jamii Sacco Society Ltd	1	1	6	8	2	18
	Total	10	10	46	84	35	185

3.6 Data Collection Instruments

The study collected both qualitative and quantitative types of data. For the qualitative data, the study used interview guides, while for the quantitative data, the study used structured questionnaires (Taherdoost, 2021). The interviews were conducted with branch managers and operations managers, while the structured questionnaires were answered by the staff.

3.6.1 Interview Guide for Managers

The interview guide that was used when interviewing the managers was grouped on the basis of six sections (appendix II). The first section asked questions that are linked with the demographic information of the managers. The second section asked questions that were linked with the influence of operational transformation and firm performance. The third section asked questions that were linked with the influence of industry evolution and firm performance. The fourth section asked questions that were linked with the influence of technological change and firm performance. The fifth section asked questions that were linked with the influence of sociopolitical structures and firm performance. The sixth section asked questions that were linked with firm performance. The specific questions asked were mainly guided by the gaps derived when reviewing the studies and also the indicators of each variable.

3.6.2 Questionnaires for Staff

The structured questionnaire that was answered by the staff was self-administered and had an ordinal Likert scale that had options such as 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, and 5-strongly agree (Appendix III). The questionnaires had six parts similar to the interview guide. The first section asked questions that were linked with the demographic information of the managers. The second section asked questions that were linked with the influence of operational transformation and firm performance. The third section asked questions that were linked with the influence of industry evolution and firm performance. The fourth section asked questions that were linked with the influence of technological change and firm performance. The fifth section asked questions that were linked with the influence of sociopolitical structures and firm performance. The sixth

section asked questions that were linked with firm performance. The specific questions asked were mainly guided by the gaps derived when reviewing the studies and also the indicators of each variable.

3.7 Pre-test of Research Instruments

The study conducted a pre-test study on the research instruments in different populations so as to assess whether they could be reliable to be used in the main study (Kunselman, 2024). The pre-test was done in Unison DT-ASCCO in Isiolo County, and they were selected since the challenges emanating from transformational strategies had affected their performance. According to Nikmard et al. (2023), a pre-test population should comprise 10% of the sampled population. Therefore, the 10% of 10 Saccos was 1 financial institution. The respondents were one branch manager, one operations manager, 5 operations staff, 8 marketing staff, and 4 customer care officers.

3.7.1 Reliability

To make sure that the data gathered from the pre-test study demonstrated that the instruments were consistent in measure, the study also carried out reliability testing (Ullah et al., 2023). The Cronbach alpha coefficient was used in the study to gauge reliability. This is a scale-based SPSS analysis. Accordingly, instruments should have coefficients between 0.7 and 1 in order for the data to be considered credible (Ullah et al., 2023). Anything less would demonstrate the instruments' unreliability, necessitating a preview to meet the needs of the study.

3.7.2 Validity

Validity, according to Cheung et al. (2023), is the capacity of a research tool to quantify and clearly achieve the desired goals. According to Surusu et al. (2020), the study assessed three different forms of validity: face, content, and construct. By determining the impact of organizational culture, technical advancement, industry evolution, and operational transformation on firm performance independently, the study assessed face validity. By asking questions about organizational culture, technical advancement, industry evolution, and operational transformation, the study assessed the content validity of its findings. When the questions were heavily influenced by indicators of each variable, construct validity was assessed.

3.8 Data Collection Procedure

The researcher got authorization from the postgraduate department of Kenya Methodist University [KeMU]. Thereafter, the researcher applied for a NACOSTI research permit, which provided the required approvals to begin the process of data collection. Before the actual day of data collection, the researcher hired 3 research assistants who assisted in data collection. They were appointed based on how conversant they were with Meru County. Additionally, the researcher collected data in the form of interviews and the issuance of questionnaires to different respondents. The researcher and research assistants visited the sampled SACCOs in Meru County on the day of the material data collection.

They requested the customer care staff to direct them to the manager, where they sought authorization and also requested to interview him/her. The researcher issued them the introduction letter (appendix I). When the branch manager agreed, the researcher

interviewed them while the research assistant noted down the responses in a notebook. After the interview, the researcher thanked them and also requested the manager to direct them to the HR manager, where the process of the interview took place.

Once the interviews were over, the research assistants then met with various sampled staff in the SACCO. The research assistant introduced themselves and issued the introduction letter. Once staff agreed to take part, they were issued with the questionnaire, which they were requested to answer immediately. The research assistant gave them a week to reply; if they didn't, then they arrived to pick up the completed questionnaire. The branch team was thanked by the research assistant, who also stored the completed surveys and interview responses in a secure location for future review.

3.9 Data Analysis and Presentation

As soon as data collection was complete, the data analysis process began. The data was cleaned by the researcher to remove any surveys that were left blank or unanswered. As stated in sections 3.10.1 and 3.10.2, the study then employed SPSS version 26 to measure both quantitative and qualitative data from questionnaires and interviews, respectively.

3.9.1 Analysis of Quantitative Data

The study assessed descriptive statistics like frequency, percentage, mean, and standard deviation when examining the quantitative data. Following that, the study also highlighted a number of diagnostic statistics, including autocorrelation, normality, linearity, and multicollinearity tests. Through these tests, the researcher was able to determine whether the data acquired was appropriate and met the standards. In order to answer the hypothesis, the study also employed inferential statistics, such as Pearson Correlation and model

summary, to show the percentage influence of independent factors on dependent variables, ANOVA, and equating the regression model with coefficients, respectively. The study's regression model in question is as indicated:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Firm Performance

β_i = Coefficients to be estimated

β_0 = Constant

X_1 = Operational Transformational

X_2 = Industry Evolution

X_3 = Technological Change

X_4 = Organizational Culture

e = error

3.9.2 Analysis of Qualitative Data (Interview)

Using a thematic approach, the study aimed to quantify qualitative data obtained from the interview responses. In this process, comparable answers were categorized under a specific category and assigned values that were utilized for additional SPSS analysis. For instance, the researcher assigned themes like training and interest when the majority of operations managers reported that staff members were having difficulties like poor training and disinterest. After this was done, it was simpler to link the interview results with other study findings because SPSS was able to record the number of operations managers who gave the same response to each theme.

3.10 Diagnostic Tests

3.10.1 Normality Test

During the process of data collection, there may be cases where respondents provide their feedback without reading through the questions. Their responses may be this inclined towards agreeing or disagreeing with various statements (Ahadi & Zain, 2023). There could also be a case where the respondents are well known to the researcher and hence provide positive feedback, and in the long run all the results are inclined towards the agreeing side. In such an occurrence, the resultant data from the two scenarios is considered abnormal and may interfere with the final output of the results (Yang & Berdine, 2021). A normality test was performed to ensure that the data was taken from a population that was normally distributed in order to reduce this kind of discrepancy. In the Kolmogorov-Smirnov approach, a significance value larger than 0.05 was regarded as an absolute indicator of normalcy (Ahadi & Zain, 2023).

3.10.2 Linearity Test

The data provided from the respondents also had to meet some specific statistical demands, such as an established linear relationship between transformational strategies and firm performance (Jarantow et al., 2023). This was to minimize the chances of analyzing unrelated variables, hence complicating the precision of linear and multiple regression. Therefore, a significance value that was greater than 0.05 was considered an absolute indicator toward presuming that a data set's variables had a linear relationship (Jarantow et al., 2023). This is because when the linearity test was within the acceptable limits, the accuracy rate of the end-term results was ascertained. That is, an increment in either

operational transformation, industry evolution, technological change, or organizational culture was expected to spur a change in firm performance.

3.10.3 Multicollinearity Test

The strength of operational transformation, industry evolution, technological change, and organizational culture was important in statistics. This was because, when independent variables portray strong qualities that would enable them to remain steadfast when interacting with each other, the trustworthiness of the results was assured (Singh et al., 2023). This also means that weak variables have a tendency to cause weak outcomes that do not reflect true representation of the institutions where data was collected. The weaknesses exhibited in operational transformation, industry evolution, technological change, and organizational culture were determined through a multicollinearity test. This is a test that had both VIF and tolerance level. If the VIF was less than 5 and the tolerance level was greater than 2, the data set showcased the absence of weak variables (Perez-Melo & Kibria, 2020).

3.10.4 Autocorrelation Test

A data set is always expected to influence or be influenced by other factors, depending on whether it is an independent or a dependent variable, respectively. Therefore, to ensure that operational transformation, industry evolution, technological change, and organizational culture had the expected influence on firm performance, an autocorrelation test was done. The relevance of this test was to make sure that the provided transformational strategies cause a significant change in firm performance (Griffith & Plant, 2022). This meant that at

no particular point did the firm's performance cause an inverse influence on transformational strategies.

If such a situation were to be noticed, the data set collected would be considered weak for further analysis. Therefore, an autocorrelation test works in three ways, which include portraying positive, negative, or no influence. As noted by Kumar (2023), on the one hand, when the value of the autocorrelation test is within a range of 0-2, positive correlation is the interpretation provided. On the other hand, when the value of the autocorrelation test is within a range of 2-4, negative correlation is the interpretation provided (Kumar, 2023). When the value is at 2, which hardly comes by, there is no correlation between the variables (Griffith & Plant, 2022).

3.11 Ethical Considerations

The study also aimed to maintain the ethics of the data collection procedure. Making sure that different authorizations, such as those from KeMU and NACOSTI, were given through introduction letters and research permits, respectively, is one of the many ethical considerations that must be followed. Before the data collection process began, the respondents were informed about the study's purpose and gave their consent. Furthermore, the study ensured that there was interview confidentiality by using special codes in identification of the respondents. They were also required to provide their consent before being engaged in the study. Furthermore, their answers were kept private, and neither the questionnaire nor the interviews asked for any personal information like names, phone numbers, work codes, or emails. Additionally, the study guaranteed that the information provided by completed surveys and interview responses was stored in a secure location.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of data analysis in tabular format. The data was analyzed in accordance with operational transformation, industry evolution, technological change, and organizational culture. The analysis begins with the response rate, reliability results, demographic information, diagnostic tests, descriptive statistics, and Pearson correlation and concludes with multiple regression.

4.2 Response Rate

One hundred and eighty-five people made up the study's sampled population, including branch managers, operations managers, operations staff, marketing staff, and customer care staff. Branch and operations managers were interviewed while the staff were issued structured questionnaires.

Table 4.1

Response Rate

Respondents	Sampled	Response	Percentage
Branch Managers	10	8	
Operations Managers	10	7	
Interview response total	20	15	75%
Operational staff	46	41	
Marketing Staff	84	78	
Customer Care Staff	35	33	
Questionnaire response rate	165	152	92%
Grand Total	185	167	90%

The findings in Table 4.1 show that there were 15 respondents who agreed to be interviewed, translating to a 75% response rate. Additionally, the returned questionnaires were 152 from various officers, translating to 92%. The total average response rate for the study was 167, which was 90%. The response rate was considered to be high, as noted by Holtom et al. (2022), since it was above 70%. The respondents were attracted to the study in large numbers due to the essence that the transformation strategies employed have affected the DT-SACCOs' performance.

In the current financial markets, the industry is evolving towards digitalization, causing an evolution to the foundations that have been laid before. According to Allan et al. (2024), transformational strategies laid down in most financial institutions have exposed them to financial risks and opportunities in equal measure. Therefore, by partaking in the current study, the managers and officers got a chance to express their concerns and also share the progress made in their respective DT-SACCOs. In agreement, Jacob (2023) noted that the DT-SACCOs had revolutionized the financial sector by adopting a different approach to small earners in the community.

4.3 Reliability Results

The study conducted a pilot study in Unison DT-ASCCO in Isiolo County, and thereafter the Cronbach's alpha was examined on the feedback derived. The purpose was to measure the internal consistency in the assessment of reliability. The results are provided in Table 4.2.

Table 4.2

Reliability Results

Instrument	Cronbach's Alpha
Operational transformation	0.874
Industry evolution	0.952
Technological change	0.863
organizational culture	0.941
Firm performance of DT-SACCOs	0.829
Average	0.892

According to Table 4.2, the average Cronbach Alpha Coefficient is 0.892, which is above 0.7; hence, it is considered excellent (Doval et al., 2023). The specific values obtained on operational transformation, industry evolution, technological change, organizational culture, and firm performance were 0.874, 0.952, 0.863, 0.941, and 0.829, respectively. The results meant that the questions asked were closely related to each other, hence easier for the respondents to comprehend the questions. This is otherwise called the reliability of the questions in the study.

4.4 Demographic Information

This section comprises the respondent's job designation and their length of service in the current position, as indicated in Table 4.3.

Table 4.3*Demographic Information of Staff*

Job Designation	Frequency	Percent	Cumulative Percent
Operational staff	41	27	27
Marketing staff	78	51	78
Customer care staff	33	22	100
Total	152	100	
Length of service			
Above 5 years	88	58	58
2 to 5 years	38	25	83
1 to 3 years	17	11	94
Less than one year	9	6	100
Total	152	100	

According to the data in Table 4.3, the vast majority of the study participants were marketing staff (78, 51%), followed by operational staff (41, 27%), and 33 (22%) were customer service staff. Furthermore, 88 (58%) of the participants had worked in their capacity for more than five years, 38 (25%) had worked for two to five years, and just 9 (6%) had worked for less than a year. The outcome meant that the various respondents that took part in the study occupied different job positions and had adequate experience to implement the transformation strategies as developed by the management. Their experience level in relation to operational transformation was therefore desirable since they had been present as the management formulated the strategies.

According to Broglia and Corsi (2024), in different business cycles, the management is able to make decisions related to business transformations so as to adjust to different business demands. Therefore, working in an institution for long enabled the staff to experience the process as the DT-SACCOs went through industrial evolution and technological change. Furthermore, their experiences with organizational culture were considered developed since they had been present when changes were being implemented.

In agreement, the experience level of the banking staff was positively impacted by the number of transformations they had witnessed at any given point in time (Kipkoech et al., 2024).

In comparison, Sunda (2023) found that most staff had worked for a period of 3-8 years in a commercial bank's setting, mainly due to increased job rotation in different banking branches. This was, however, not the case with DT-SACCOs, since most of the institutions were mainly found in one geographical location (Meru County). According to Uwayesu (2024), the nature of experience of the staff in DT-SACCOs was considered higher at a specific branch as compared to the commercial bank. To this advantage, they were able to familiarize themselves with banking policies, strategies, and processes.

In further agreement, Wandeo and Karihe (2024) revealed that most DT-SACCOs had incorporated more sales strategies to capture the potential customers in various low-income brackets. Therefore, they had more marketing and operations staff to deliver the transformational strategies as laid down by the management. Additionally, Yoshikuni et al. (2022) indicated that the opinion that the number of operations staff was high because of expansion strategies to absorb the growing business demands.

4.4.2 Demographic Information of Branch Managers and Operations Managers

The interview guide required the participants to state the position they hold in the DT-SACCO and their length of service. The results are provided in Table 4.4.

Table 4.4*Demographic Information of Managers*

Job Position	Frequency	Percent	Cumulative Percent
Branch Managers	8	53	53
Operations Managers	7	47	100
Total	15	100	
Length of service			
Above 10 years	6	40	40
5 to 9 years	4	27	67
1 to 4 years	2	13	80
Less than one year	3	20	100
Total	15	100	

According to Table 4.4, 8 (53%) of the participants were managers, while 7 (47%) were operations managers. Notably, on the question of how long they had worked in their respective DT SACCOs, 6 (40%) of them had worked for more than 10 years, 4 (27%) had worked for 5 to 9 years, and only 3 (20%) had worked for less than one year. The results indicate that the managers that took part in the study were equally experienced, with over 5 years. Therefore, they were well qualified to make sound strategic decisions that would ensure that the transformations in DT-SACCOs translated to improved performance. The wealth of experience was an indication that their ability to develop transformational strategies was reliable.

In agreement, Miliani et al. (2022) pointed out that the decision-making structure of managers varied greatly based on the availability of resources and their experience level. The higher the experience, the more effective their strategic decisions were, and the lower their experience level, the less effective their strategies were. However, Kamau (2024) disagreed on the basis that decision-making on strategy was made through a team of managers with varying levels of experience and not reliant on the experience of a single

person. This was, however, disagreed with by Muthoni (2024), who noted that decisions at the branch level relied on the quality of daily decisions made by the branch manager.

4.5 Descriptive Statistics of Firm Performance

The study aimed to investigate the influence of transformational strategies on firm performance among DT-SACCOs. The measured indicators of firm performance included customer satisfaction, turnaround time of services, transparency and accountability, quality of services, and retention rate of clients. An ordinal Likert scale was used in the tables, with 1 denoting strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree. The results are given in Table 4.5.

Table 4.5*Descriptive Statistics of Firm Performance*

Statements N=152	1	2	3	4	5	Mean	Std Dev
Customer satisfaction	3 (2%)	2 (1%)	6 (4%)	55 (36%)	86 (57%)	4.45	0.69
Short turnaround time of services	91 (60%)	52 (34%)	4 (3%)	2 (1%)	3 (2%)	2.50	1.72
Transparency and accountability	89 (59%)	58 (38%)	3 (2%)	2 (1%)	0 (0%)	2.34	1.83
Provision of quality services to clients	3 (2%)	5 (3%)	7 (5%)	47 (31%)	90 (59%)	4.18	0.94
Retention rate of clients has improved	6 (4%)	8 (5%)	97 (64%)	30 (20%)	11 (7%)	3.70	1.25
Transformational strategies have enhanced firm performance	4 (3%)	8 (5%)	88 (58%)	43 (28%)	9 (6%)	3.85	1.14

Table 4.5 shows that 86 (57%) of the study participants strongly agreed and 55 (36%) agreed on a mean of 4.45 and a standard deviation of 0.69 that customers were satisfied with the products and services since the DT-SACCOS had evolved with the banking industry. Further, 90 (59%) of them strongly agreed and 47 (31%) agreed on a mean of 4.18 and a standard deviation of 0.94 that the management and staff were keen on providing

quality services to clients through technological platforms. Nevertheless, 89 (59%) of the participants strongly disagreed and 58 (38%) disagreed on a mean of 2.34 and a standard deviation of 1.83 that transparency and accountability had enabled a reduction in the misuse of DT-SACCO's resources.

It is thus meant that the products and services provided by the DT-SACCOs related effectively with the demands of the customers, leading to increased satisfaction. The DT-SACCOs were able to strike a balance between the customer demands and suitable banking products that had quality controls to address the needs. This finding is in agreement with Nyamao and Tari (2023), who revealed that the ability of a financial institution to provide innovative products that were cost-effective and addressed customers' needs led to increased customer numbers and revenue growth. Additionally, Owino et al. (2024) indicated that proper background research on what truly benefited the clientele in the SACCOS enabled the management to develop timely products that were attractive and realistic towards the growth and development of the institution. The results of the study added that the collaboration of the management and staff to provide quality services was made possible through the incorporation of technology.

Therefore, they were able to deliver on customers' expectations within a short duration of time as required by the policy framework. Notably, Shilimi (2021) discovered that technological incorporation in the financial institutions had enabled them to create a safe and robust system that not only protected the customer's assets but also provided value for money. Additionally, Ramizo et al. (2024) noted that the provision of quality through technology was only possible through support mechanisms such as training of staff and an adequate policy framework within the organization. Furthermore, Mbegu et al. (2024)

noted increased sales of more products when the management was dedicated to providing quality services.

However, there were lapses in how the DT-SACCOs maintained transparency and accountability of resources. There was a discovery of misuse of resources, prompting declined trust with the clientele. In agreement, the same was noted among SACCOs in Nepal, whereby lack of effectiveness in integral operations led to leakage of financial resources (Kathaya, 2024). In support of the findings, Julienne (2024) indicated that poor provision of frequent information on the financial status of the SACCOs kept the stakeholders in the dark, leading to increased misuse of organizational resources. Another study by ILO (2022) linked the misuse of resources to poor training of staff in the financial institution. A report by Beyond Borders (2021) posited that due to relaxed regulations from the government, the accountability of limited documentation or withholding accounting information led to misuse of customers' wealth.

In regard to the interview process, 15 managers (MN1-MN15) took part and were required to answer three questions related to firm performance. The first question was on the methods used to track the customer satisfaction level in this DT SACCO. The three themes noted include the responses derived from self-help groups, the use of customer-based surveys, and the monitoring of social media messages. On responses derived from self-help groups, the managers indicated that since the operations of DT SACCOs included the provision of loans and savings products to formal self-help groups, establishing a focused group interview was necessary to get their feedback. It was through these meetings that the DT SACCO officials were able to understand the strengths and weaknesses of their products and services. On the theme of customer surveys, the respondents noted that the

opinion from other groups of clients who were not in groups was also sought. This included provision of survey forms in print or online methods. MN1 commented that

“We are able to get factual information on what the customers think of our products and services through surveys.”

On the theme of social media content monitoring, the responses were that there was a social media manager whose role was not just posting content but also taking time to note any negative comments, inquiries, and supportive comments from the online customers. These details enabled the DT SACCO to have a clear implementation plan to address the comments in the shortest time possible. In comparison, Akpamah and Matko (2021) agreed that social media was a powerful tool to get instant feedback on specific products and services in the SACCO sector. It was through such comments that the clients were able to speak their minds based on the banking experiences (Andarwati et al., 2024).

The second question on policies put into place to provide guidance on transparency and accountability, the response was provided in two themes, which are regulatory frameworks and guidelines on reporting obligations. In terms of regulatory frameworks, the respondents noted that there were clear guidelines that defined what was legal and illegal in the banking operations. The frameworks provided the cause of action to be undertaken when the staff were involved in illegal operations within and out of the SACCOs. Through such laid-down processes, the staff understand the cost attribute and reputation concerns that were at stake due to their involvement in illegal operations that jeopardized transparency and accountability. On the theme of guidelines on reporting obligations, the DT SACCOs ensured that there were very detailed processes that enabled the staff to understand what

was required of them as far as reporting obligations were concerned. MN13 commented that

“There are laid-down protocols to enable the staff to understand the reporting mechanism supported by the management and in relation to SASRA.”

MN5 commented that

“It is desirable that the staff are engaged in legal duties, and any temptation to conduct illegal dealings has dire consequences.”

MN15 commented that

“Accountability and transparency are the currency of a SACCO; any deviation stains the trust the customers and government have in us.”

Compared with Benon et al. (2024), the outcome tally on the perspective of maintaining the integrity of the SACCO through policy framework and tough consequences for obstructors of transparent transactions. Furthermore, Jacob (2023) agreed that maintaining accountability required clear notification of what was needed from the staff as far as legality was concerned.

The third question was on the challenges faced by management in maintaining the quality of services at desired levels. The challenges mentioned included a lack of cooperation from the staff, thereby leading to poor services that are not within the desired thresholds. There was also the challenge of limited resources to train the staff on the expected service output from their job units. Additionally, inadequate support from the management made it hard to maintain consistency in quality services among the staff. Furthermore, the respondents

also complained about employee resistance to developed policies towards enhancing quality services.

4.6 Descriptive Statistics of Operational Transformation

The study in this section sought to find out the influence of operational transformation on firm performance among DT-SACCOs in Meru County, Kenya. Operational transformation was assessed through teamwork, decentralized decision-making, resource allocation, diversity in the workforce, and clarity on goals, as provided in Table 4.6.

Table 4.6*Descriptive Statistics of Operational Transformation*

Statements N=152	1	2	3	4	5	Mea n	Std Dev
Teamwork between the management and staff	0 (0%)	4 (3%)	74 (48%)	65 (43%)	9 (6%)	3.85	1.27
Decentralize decision making	91 (60%)	53 (35%)	6 (4%)	2 (1%)	0 (0%)	2.20	1.82
Resources allocated on business demands and set targets.	4 (3%)	5 (3%)	9 (6%)	48 (31%)	86 (57%)	4.15	0.93
Diversity in workforce	5 (3%)	7 (5%)	90 (59%)	34 (22%)	16 (11%)	3.61	1.26
Communication of clear goals	0 (0%)	3 (2%)	8 (5%)	61 (40%)	80 (53%)	4.53	0.74
Increased firm performance	8 (5%)	12 (8%)	80 (53%)	35 (23%)	17 (11%)	3.79	1.25

Table 4.6 discloses that 80 (53%) of the study participants strongly agreed and 61 (40%) agreed on a mean of 4.53 and a standard deviation of 0.74 that there were clear goals communicated to every banking staff on time. Additionally, 86 (57%) strongly agreed and 48 (31%) agreed that resources were allocated based on business demands and set targets (mean = 4.15 and standard deviation = 0.93). However, 91 (60%) strongly disagreed and

53 (35%) disagreed on a mean of 2.20 and a standard deviation of 1.82 that decentralized decision-making was promoted to fast-track operations. This indicates that the management of DT-SACCOs was able to communicate the desired goals to every staff member for effectiveness and for timely preparation of individual strategies. The staff were able to understand what was required of them and what they needed and the performance measuring metrics. The results agree with Kahindi (2020), who indicated that timely communication of responsibilities in a financial institution promoted cooperation and accountability on assigned tasks. Through such a platform, the staff reduced confusion and allowed effective monitoring and evaluation of established strategies.

Additionally, Mwangi (2024) discovered that early communication of goals increased employee productivity in the process of implementing the desired strategies. This was majorly because they felt trusted and respected by the management in assigned strategies. Furthermore, Ramizo et al. (2024) indicated that when expected tasks were communicated on time, it reduced time wastage and poor organizational resource management by the staff. This was because it enabled them to remain focused on the set goals and seek counsel on any strategic implementation process that they were unfamiliar with. Furthermore, the results were that any resource allocation was done in line with set targets and business demands. This, therefore, was an indication that organizational resources were effectively applied to support the implementation process of strategies as per the departments.

In agreement, Wallace and Kilika (2021) noted that resource provision was based on the need that would improve the revenue of the SACCO through various departmental needs. In further agreement, Roman (2022) revealed that it was easier to account for resources when the resources were invested directly in the execution of the roles assigned to the staff.

Yameogo et al. (2024) indicated that resource allocation was not reliant on the staff roles but also on external factors such as the government policies and competition from other institutions. That is, extreme competition required allocation of more resources as compared to less extreme competition.

The results, however, noted that the decision-making was mainly anchored on the top management, hence taking more time to approve various operations within the DT SACCOs. This was interpreted to mean that the senior management had not yet reached a level of trusting junior supervisors to make suitable decisions that would propel their departments to implement transformational strategies. In agreement with the results, Ogun and Jagongo (2022) pointed out that any decision that involved transforming an organization required close monitoring practices among the senior management.

Nevertheless, Muthoni (2024) disagreed by revealing that centralized decision-making was costly and took time to realize the strategies. The discussion also attracted several past studies, such as Jillo et al. (2024), who complained that the unpredictable business environment in Kenya required keen implementation of strategies to protect the customer's wealth as well as ensure consistent profitability. Kamau (2024) disagreed equally on the basis of lack of trust in junior-ranked staff and unnecessary procedures required when making minor changes in the operations setup.

In regard to the interview process, 15 managers (MN1-MN15) took part and were required to answer three questions related to operational transformation. The first question was on how the management of DT SACCO diversity among staff in various operations. Diversity among the staff was noted to be maintained by ensuring that all genders, ethnicities, and legal ages were included in operations. In regard to gender diversity, the responses noted

that the implementation of 2/3 gender rules were in place. This was to give priority to both genders in leadership and non-leadership positions with the SACCOs. Furthermore, in regard to ethnicity, the responses noted that there was a regional balance among the staff to ensure that all possible ethnic groups were represented.

Through such inclusion, the DT SACCOs had balanced staff who offered different professional services to the targeted clientele. In regard to ages, the responses indicated that the DT SACCOs ensured that there was a balance between the young and old staff working in various dockets. The old staff were present to provide guidance and share their wealth of experiences with the younger generation, who were the trainees of various leadership positions. In such a distribution of staff, the DT SACCOs had assurance of continuity for a long period of time. According to Ncurai et al. (2022), the presence of policies that supported gender, ethnic, and age diversity provided a positive environment for impartial growth and development. Furthermore, Chelimo (2023) indicated that a well-balanced employee diversity was the surest way to convince customers that there was genuine concern on the going-concern part of the SACCO.

The second question was on the methods used by the management to collaborate with staff in handling various responsibilities. The responses are grouped into three themes: frequency of communication, teamwork activities, and training. In regard to frequency of communication, it was indicated that most DT SACCOs encouraged both formal and informal communication between the management and the staff. Through such communication systems, the disparity between the two groups was eliminated to enhance effectiveness in handling banking and non-banking operations. MN7 commented that

“The easier it is for the management and non-management to share ideas, the more convenient it would be to collaborate in banking operations.”

MN2 commented that

“The barrier of communication between the management and the staff can only be broken down by consistent talking, emailing, and general meetings.”

On teamwork, the study noted that there were activities that required teamwork. This was to ensure that the contribution of both the management and the staff to the desired activity was enacted and encouraged for personal growth. On the one hand, the management was able to note potential staff with unique skills and abilities that could be instrumental towards improving the quality of operations. On the other hand, the staff got a chance for mentorship and guidance in banking operations from the management talent. The third theme on training revealed that the management was able to share knowledge with the staff on the correct way of attaining set objectives on assigned responsibilities.

The results compared to Igudia (2022) indicated that frequency of communication and teamwork increased the pliability to share ideas that would transform the SACCOs to the desired target. Additionally, Julienne (2024) revealed that personal growth could also be experienced through training platforms that seek to add knowledge to the staff from the management or skilled external personnel. Furthermore, Broglia and Corsi (2024) noted that the staff felt compelled to remain loyal to an organization if they had frequent access to the management, who were willing to mentor, correct, and reprimand them when need be.

The third question was on the policies or regulations on resource allocation to various departments as a measure of ensuring that the DT SACCO remains competitive. The policies that were frequently mentioned by the respondents included risk management, adequacy of finances, and operational efficiency. In regard to risk management, it was discovered that allocation of resources was based on the ability to quantify risks present in the intended project as compared to the benefits that would be derived. If the latter was more as compared to the former, resources were allocated depending on availability. However, according to ILO (2021), if the risk was higher compared to the benefits, there were fewer or no resources allocated to support the project. In regard to the adequacy of finances, the study noted that allocation to resources was based on their availability. If the management considered a project a priority, resources were provided from both internal and external sources. MN14 commented that

“The absence of availability of resources is determined by prioritized policies by the management.”

4.7 Descriptive Results of Industry Evolution

The study assessed the influence of industry evolution on firm performance among DT-SACCOs in Meru County, Kenya. The study assessed various indicators such as customer-focused leadership, corporate responsibility, strategic alliances, task delivery management systems, and diversification. The descriptive results are provided in Table 4.7.

Table 4.7*Descriptive Statistics of Industry Evolution*

Statements N=152	1	2	3	4	5	Mean	Std Dev
Unison between the management and staff	94 (62%)	45 (30%)	8 (5%)	2 (1%)	3 (2%)	2.31	1.84
Corporate responsibility practiced	0 (0%)	3 (2%)	6 (4%)	53 (35%)	90 (59%)	4.46	0.75
Strategic alliances have enabled quality services	7 (5%)	5 (3%)	82 (54%)	50 (33%)	8 (5%)	3.73	1.23
Improved task delivery management system	3 (2%)	7 (5%)	75 (49%)	47 (31%)	20 (13%)	3.18	1.47
Customer retention due to product diversification	2 (1%)	6 (4%)	75 (49%)	48 (32%)	21 (14%)	3.20	1.40
Enhanced firm performance	6 (4%)	4 (3%)	11 (7%)	52 (34%)	79 (52%)	3.79	1.22

The data in Table 4.7 shows that 90 (59%) of the participants strongly agreed and 53 (35%) agreed on a mean of 4.46 and a standard deviation of 0.75 that corporate responsibility was frequently practiced to increase the market share of the DT SACCOs in the banking industry. Moreover, 79 (52%) strongly agreed and 52 (34%) agreed on a mean of 3.79 and a standard deviation of 1.22 that aligning DT SACCOs' operations to

industrial evolution had enhanced firm performance. Nonetheless, 94 (62%) strongly disagreed and 45 (30%) disagreed on a mean of 2.31 and a standard deviation of 1.84 that there was unison between the management and staff to enhance customer-focused leadership. The determination revealed that the impact of the DT SACCOS on the society was well established, positively improving their market share. As the DT SACCOS were conducting their operations, they were cognizant of the reality of practicing banking operations that were ethically responsible apart from attaining the legal requirements. The extra mile that the DT SACCOS had undertaken enabled them to remain relevant and attractive to different customers.

Comparatively, Waithaka and Odollo (2024) discovered a positive influence of SACCOS that engaged and aligned their operations with the desires of the community and experienced sustainable growth. Additionally, Karuoya and Waithaka (2023) added that there was improved revenue from local customers since they were able to experience the tangible benefits of the DT SACCOS in their community. Further outcome notes that the institutions had ensured that their operations remained relevant and aligned with the developments made in the banking sector. This enabled the DT SACCOS to provide the required products and services through internationally acknowledged systems to enhance resilience against banking malpractices.

The findings are in tandem with Kipkoech et al. (2024), who indicated that alignment of business operations with industrial development remained sustainable and experienced long-term growth. Furthermore, the DT SACCOS that had aligned with the recent development in the banking sector had a higher number of loyal customers due to the trust that their finances were protected from misuse and embezzlement (Kihara, 2024).

However, there were notable differences between the management and the staff within the DT SACCOs, which negatively affected the leadership implementation plan on customer acquisition and retention. In agreement, Yegon (2021) discovered that the rift between the management and the staff in the SACCO sector led to divided opinion on the focus of leadership. On the one hand, the decision on the most suitable customer expansion strategies was hardly agreed upon between the managers and the staff, while on the other hand, sustainability as micro lenders to low-income customers was not guaranteed (Ramizo et al., 2024). In addition, Yameogo et al. (2024) noted that the decision-making process was slowed when the management and staff had significant differences in the financial institution setup. Furthermore, Muteshi et al. (2024) also supported the finding by indicating that in most SACCOs, there were no guaranteed working relations between the management and the staff due to the nature of the leadership style and lack of involvement of the staff in the formulation of strategies.

In regard to the interview process, 15 managers (MN1-MN15) took part and were required to answer three questions related to industry evolution. The first question was on the policies in place that guided management in implementing customer-focused leadership strategies. The policies mentioned included three themes: customer service, policies on staff behavior, and feedback. The theme of customer service noted that there were policies related to prioritizing the needs of the customers to serve them better. MN7 commented that

“Being able to provide customer needs on time creates an effective environment that is centered on satisfying the client's needs.”

Based on the theme of staff behavior, the managers mentioned that the employees were required to be on their best behavior at all times. This was to create a supportive environment for the staff that could spur more business opportunities for the SACCOs. This behavior was guided by the employee code of conduct to provide professional services that are anchored on empathy and excellence. The other theme on feedback, the managers revealed that the DT SACCOs were eager towards getting any form of feedback on the provided products and services. This was to increase the capacities in addressing the criticism or equally sustaining recommendable banking practices. The study agreed with the results of Mohamed et al. (2022) that customer-focused leadership was based on the tendency of the management to align organizational resources towards providing efficient services to local and international customers. MN11 commented that

“As the name suggests, customer-focused leadership is anchored on clients’ demands and how the staff respond to the needs (behavior).”

The second question on the avenues that had been previously used to develop strategic alliances in the previous year had two themes. They include alliances on new technology and expansion strategies. On technology, the management revealed that since the cost of acquisition and installation of high-quality technology was high, the need for strategic alliances was encouraged. The DT SACCOs formed strategic alliances with local and international technology firms for easier acquisition of updated systems and hardware for a long-term perspective. MN3 commented that

“Some systems are so expensive for one single SACCO to acquire them, necessitating the need for alliance.”

On the theme of expansion, it was mentioned that in a bid to reach out for more customer numbers, increased deposits, and savings, DT SACCOs entered into strategic alliances with public and non-public organizations with the aim of attracting the customers. In agreement with Kathimuri (2023), strategic alliances meant to benefit the SACCOs and external organizations were mainly based on the provision of different products, such as machinery, that would be financed through the DT SACCOs.

The third question was on the challenges affecting staff, especially due to evolving business needs such as making investments to grow wealth. There were various challenges mentioned, which included inadequate training for the staff in addressing various investment projections or concerns that clients had. There was also the competition from other investment firms that offered competitively lower administration charges as compared to SACCOs. There was also the challenge of providing current information that would be useful in providing knowledge to the clients and the staff on profitable investment vehicles. The result argues well with Roman (2022), who revealed that limitations on staff training and varying interest charges were consideration elements affecting the DT SACCOs ability to provide the necessary investment needs to the targeted clientele. Furthermore, ILO (2022) mentioned that due to the volatility of the markets, access to information was needed but not frequently provided to its users (clients and staff).

4.8 Descriptive Statistics of Technological Change

The study determined the influence of technological change on firm performance among DT-SACCOs in Meru County, Kenya. The various indicators assessed were product

innovation, process innovation, market innovation, digital tools, and employee training on ICT. The respondents were asked to respond to a questionnaire as described in Table 4.8.

Table 4.8

Descriptive Statistics of Technological Change

Statements	1	2	3	4	5	Mea n	Std Dev
N=152							
Different products have been innovated	3 (2%)	2 (1%)	4 (3%)	52 (34%)	91 (60%)	4.29	0.78
Efficiency of making financial decisions by staff	86 (57%)	60 (39%)	4 (3%)	2 (1%)	0 (0%)	2.35	1.82
Innovative strategies by management	6 (4%)	4 (3%)	79 (52%)	55 (36%)	8 (5%)	3.59	1.32
ICT infrastructure has improved staff performance	3 (2%)	5 (3%)	85 (56%)	49 (32%)	10 (7%)	3.86	1.21
Staff training on ICT	4 (3%)	5 (3%)	77 (51%)	46 (30%)	20 (13%)	3.70	1.26
Enhanced performance due to technology	0 (0%)	2 (1%)	9 (6%)	62 (41%)	79 (52%)	4.17	0.94

The data in Table 4.8 shows that more than half of the participants, 91 (60%), strongly agreed, and 52 (34%) agreed, on a mean of 4.29 and a standard deviation of 0.78, that there

were different products that had been innovated in their DT-SACCO. Additionally, 79 (52%) strongly agreed and 62 (41%) agreed on a mean of 4.17 and a standard deviation of 0.94 that the technological changes developed had enhanced the performance of their DT SACCO. However, with a mean of 2.35 and a standard deviation of 1.82, the majority of the participants, 86 (57%), strongly disagreed, and 60 (39%) disagreed that process innovation had improved the efficiency of making financial decisions by staff based on customer demands. It was thus deduced that DT-SACCOs were innovative in the process of developing products that matched with current customers' expectations. These products were considered effective and efficient towards addressing the savings and investment needs of the customers.

Comparatively, Nyamao and Tari (2023) indicated that innovative products increased the ability of SACCOs to acquire more customers and satisfy the needs of current customers. Additionally, Arandara and Takahashi (2023) indicated that the presence of innovative products was the surest way of convincing customers that the management was considerate of their financial requests. Furthermore, Barasa et al. (2023) revealed that innovative products connoted a good working relationship between the management and the staff to be able to attain the customer's expectations and for improved firm performance. This was because innovative products had undergone a series of tests to prove their ability to enhance customer satisfaction. According to Waithaka and Odollo (2024), active research and development within the SACCO setup was considered present, as evidenced by innovative products that are of higher quality as compared to the previous ones.

Furthermore, the study also noted that there were cognizable technological changes, which had resulted in improved performance. Therefore, the DT SACCOs had invested in ICT

infrastructure to support the banking operations for improved efficiency. According to Akpamah and Matko (2021), investment in technological infrastructure has been a game changer in the banking sector due to improved efficiency and reduced human-made errors. Additionally, Gaichuru et al. (2022) discovered that through the installation of updated banking systems, the SACCOs were able to effectively relate with clients to send and receive both foreign and local currency, a major operational expansion.

In equal measure, Kuguru et al. (2022) complained that insufficient installation of both hardware and software led to exposing banking operations to cyberattacks, thereby leading to declined profits. Additionally, it was noted that full adoption of technology in banking required both the infrastructure and training among the staff, which came at a cost higher than the initial revenue it would generate (Nalyanya et al., 2021). Furthermore, the introduced technology required acceptance by its users for suitability and sustenance over a longer period of time. This therefore led to concerns about innovated processes, which had inefficiencies, especially among staff. They were unable to make suitable financial decisions using the available electronic systems and in addressing the customer demands. The results are related to Rustariyuni et al. (2022), who established that if an innovation was not accepted in an organization, it led to low utilization and declined support mechanisms as a decision-making tool by the staff or the management.

In regard to the interview process, 15 managers (MN1-MN15) took part and were required to answer three questions related to technological change. The first question was on various products innovated in the last year in this Sacco. Innovative products in various SACCOs included asset finance products and savings and current accounts. In relation to asset finance products, the DT SACCOs were able to provide funding to various qualified

customers to acquire land, vehicles, and farm machinery. In relation to savings accounts, the DT SACCOs had ensured that all business and household members had a product they could associate with to attain their savings goal. Furthermore, the current accounts supported business active transactions that involved deposit and withdrawal services.

The second question was on the challenges experienced previously related to technology in this DT SACCO, particularly among staff. The challenges mentioned included cyber insecurities, limited financial resources, a lack of skilled experts to handle current technology, and low training of the general staff to interact with the user interface of the technology. Similar challenges were noted by Tashtamirov (2023), who pointed out that the major issues with technology included a lack of experts to manage the technology and shortages of financial resources within the corporate setups.

The third question was on the policies implemented to guide staff as a way of ensuring they do not misuse the technology in place for their personal use. There were themes generated from the responses, such as enhanced workplace responsibility, work plans, and punishment for misuse of technology. With regard to enhanced workplace responsibility, the managers noted that there were policies meant to equip the staff with the necessary knowledge on how to effectively use technology and when not to use organizational technology. These policies guided the staff to develop technological use responsibility, particularly within the context of attaining the set objectives. There were also work plans established to monitor the output level of the workers during work hours. Any non-attainment of the objectives was a sign that they were either idle or doing other tasks using organizational technological infrastructure.

Furthermore, there were policies established on various forms of punishment for misuse of technology, amounting to fines, suspension, and even expulsion, depending on the magnitude of the offense. In agreement, Wanjohi et al. (2024) noted that the presence of technology in the organization did not provide an avenue for staff to use it for their personal objectives but rather to effectively attain organizational goals. Therefore, misuse of technology was mainly accompanied by hefty fines or punishments when discovered. According to Murorimana et al. (2023), there were also other policies, such as responsible utilization of organizational resources, that required adept use of technological and other tangible resources for the benefit of the organization.

4.9 Descriptive Statistics of Organizational Culture

The study explored the influence of organizational culture on firm performance among DT-SACCOs in Meru County, Kenya. The indicators included robust management structure, communication, staff training, conflict resolution systems, regulations, and policies. The descriptive results are provided in Table 4.9.

Table 4.9*Descriptive Statistics of Organizational Culture*

Statements	1	2	3	4	5	Mean	Std Dev
N=152							
Robust management structure	2 (1%)	4 (3%)	6 (4%)	52 (34%)	88 (58%)	4.15	0.92
Open Communication pattern	45 (30%)	60 (40%)	40 (26%)	5 (3%)	2 (1%)	2.86	1.55
Staff training on strategic tasks delivery	4 (3%)	5 (2%)	71 (47%)	54 (36%)	18 (12%)	3.56	1.32
Conflict resolution systems have improved interactions	101 (66%)	39 (26%)	7 (5%)	3 (2%)	2 (1%)	2.67	1.67
Regulations promote efficient working processes	4 (3%)	5 (3%)	81 (53%)	46 (30%)	16 (11%)	3.85	1.26
Improved performance	0 (0%)	3 (2%)	5 (3%)	52 (34%)	92 (61%)	4.53	0.71

Table 4.9 indicates that 92 (61%) of the study participants strongly agreed and 52 (34%) agreed on a mean of 4.53 and a standard deviation of 0.743 that established organizational culture had improved the performance of their DT SACCO. Nonetheless, 101 (66%) of the participants strongly disagreed and 39 (26%) disagreed on a mean of 2.67 and a standard deviation of 1.642 that conflict resolution systems had improved the interactions of

management, staff, and customers. The results indicated that there was an established culture in DT SACCOs that was positively correlated to their performance.

According to Kihara and Bett (2023), organizational culture was a crucial element towards success, since it provides the baseline for interactions and communication between staff and management. An organization cannot exist without a culture, with only differences being either a toxic or non-toxic culture. In further agreement, Kiriinya and Nyariki (2023) discovered that a consistent positive culture that supported growth was desirable since it created an environment for social interactions between SACCO staff and other stakeholders. Additionally, Mbegu et al. (2024) found out that work motivation was enhanced when there was a culture that supported growth and development of individual SACCO staff.

The results also noted that there were ineffective conflict resolution mechanisms interfering with the nature of interactions of the management, staff, and customers. It was noted that it took more time to resolve conflict due to poor cooperation between the management, staff, and customers. The main contention is the absence of clear conflict resolution mechanisms and policies emanating from weak leadership structures within the DT SACCOs (Mwangi & Ragui, 2023). The findings by Nino et al. (2021) noted that inadequate conflict resolution mechanisms and weak leadership are major causes of poor conflict resolution. Additionally, Ramizo et al. (2024) pointed out that unclear work descriptions, poor money management, and unequal opportunities can all lead to conflict.

In regard to the interview process, 15 managers (MN1-MN15) took part and were required to answer three questions related to organizational culture. The first question was on

explaining the communication systems in existence in this DT-SACCO. The responses noted two themes that included formal and informal communication structures. On formal communication structure, the managers indicated that it included any written and verbal discussion held within the organization or externally, with a goal of improving the processes to attain firm performance. In agreement, Broglia and Corsi (2024) revealed that emails, official phone calls, and postal letters were forms of official communication systems present in DT SACCOs. MN1 commented that

“Any verbal and written forms of communication in support of the vision, mission, and specific objectives would be quantified as official communication.”

On informal communication, the respondents equated the same to casual talk that had no direct benefit to the organizational mission, vision, and objectives. This method of communication was mainly encouraged to enhance social interaction between the staff and the management. Notably, Bwana and Mwakujonga (2022) revealed that both formal and informal communication systems were relevant to the organization, since they encouraged sharing of information and ideas that had direct or indirect benefit to a SACCO.

The second question was on various conflict resolution systems used, particularly when the management team members disagreed on strategies to be implemented. The main conflict resolution systems, as mentioned by the respondents, included three themes: mediation, legal action, and avoidance approaches. In mediation, it was indicated that in moderate conflicting situations, a third party who was impartial was included to calm the conflicting sides down. M12 commented that

“The most common conflict resolution system is mediation to handle the situation before it escalates.”

In agreement, the results of Nino et al. (2021) noted that it was through continued interaction between the two parties that the sense of normality was attained. On the second theme, the respondents noted that when the situation was unbearable and costing the SACCO resources and reputation, legal action was pursued. In such a conflicting situation, the mediation had failed, and there was still no viable solution to convince the conflicting parties to cease. There was also the theme of avoidance, whereby a conflict was suspended through separating the conflicting parties. The separation was included in the findings of Roman (2022) to include a change of departments or the branch for peaceful working conditions.

The third question was on ways in which the DT SACCO management ensured that labor policies regarding the staff were complied with. The management indicated that any staff beginning their work engagement with the institution were issued a working contract that provided roles and responsibilities, dress code, payment, leave days, and processes to be followed when terminating the contract. These details provided the staff with a clear understanding of their engagement terms and the timeline that the contract would be effective. Furthermore, there were policies that allowed staff to register with labor unions for collective bargaining with the DT SACCOs. Furthermore, the staff were given the freedom to express themselves, as long as their expression does not affect the operations of the DT SACCO or infringe the rights of other workers and customers.

4.10 Diagnostic Test

Diagnostic tests are conducted to examine the adherence of the data to regression assumptions and eliminate any outliers. The various diagnostic tests, such as normality, linearity, multicollinearity, and autocorrelation, were examined in this study. They are described in sections 4.5.1 to 4.5.4.

4.10.1 Normality Test

A normality test was conducted through the Kolmogorov-Smirnov Z test to assess the originality of data, such as from a normally distributed population. Table 4.10 shows the results.

Table 4.10

Normality Test

		Firm Performan ce	Operational Transforma tion	Industry Evolution	Technolog ical Change	Organizational Culture
N		152	152	152	152	152
Normal Parameters a,b	Mean	17.2303	17.3553	17.4408	17.8487	18.0724
	Std. Deviation	3.36612	3.24376	3.18883	3.31714	3.27362
Most Extreme Differences	Absolute Positive Negative	.093 .093 -.070	.095 .080 -.095	.127 .127 -.063	.077 .068 -.077	.095 .095 -.084
Kolmogorov-Smirnov Z		1.147	1.174	1.570	.954	1.177
Asymp. Sig. (2-tailed)		.144	.127	.214	.322	.165

a. Test distribution is Normal.

b. Calculated from data.

The data in Table 4.10 shows that the Asymp/significance values for firm performance, operational transformation, industry evolution, technological change, and organizational culture are 0.144, 0.127, 0.214, 0.322, and 0.165. Therefore, since all the variables had a

significance value of above 0.05, it shows that the data used in this study had a normal distribution. This meant that the respondents that answered the questionnaires had varying opinions; hence, the study was in a capacity to compare how operational transformation, industry evolution, technological change, and organizational culture influenced DT-SACCOs' performance. According to Ahadi et al. (2023), a normal distribution was an indication that the data values were located around the mean/average, hence making it easier to identify outliers (values furthest from the mean) easily. This was an indication from the onset that transformation strategies, as assessed in the study, occurred more in determining the firm performance of DT-SACCOs.

4.10.2 Linearity Test

The study conducted a linearity test to determine the relationship between transformational strategies and firm performance. The purpose was to lay a foundation on how the relationship between transformational strategies and firm performance occurred for effective and informed decision-making. The results are provided in Table 4.11.

Table 4.11

Linearity Test

			Sum of Squares	Df	Mean Square	F	Sig.
Firm		(Combined)	262.782	15	17.519	1.645	.070
Performance * Operational Transformation	Between	Linearity	.627	1	.627	.059	.309
	Groups	Deviation from Linearity	262.155	14	18.725	1.759	.151
	Within	Groups	1448.159	137	10.648		
	Total		1710.941	152			
Industry Evolution		(Combined)	161.248	15	10.750	.943	.518
	Between	Linearity	49.047	1	49.047	4.304	.040
	Groups	Deviation from Linearity	112.201	14	8.014	.703	.268
	Within	Groups	1549.693	137	11.395		
	Total		1710.941	152			
Technological Change		(Combined)	265.170	14	18.941	1.795	.045
	Between	Linearity	.004	1	.004	.000	.184
	Groups	Deviation from Linearity	265.166	13	20.397	1.933	.341
	Within	Groups	1445.771	138	10.553		
	Total		1710.941	152			
Organizational Culture		(Combined)	260.052	15	17.337	1.625	.075
	Between	Linearity	23.611	1	23.611	2.213	.139
	Groups	Deviation from Linearity	236.441	14	16.889	1.583	.091
	Within	Groups	1450.889	137	10.668		
	Total		1710.941	152			

Table 4.11 shows that the significance values for operational transformation, industry evolution, technological change, and organizational culture are 0.151, 0.268, 0.341, and 0.091. As noted by Jarantow et al. (2023), significance values that were greater than 0.05 were an indication of linearity. Therefore, the relationship between transformational

strategies and firm performance was linear. This meant that any decision on the applicability of the model to making statistical decisions was favored.

4.10.3 Multicollinearity

The study used the tolerance level and Variance Inflation Factor (VIF) to conduct the multicollinearity test as a way of determining the distinct influence of transformational strategies on the firm performance of DT-SACCOs. Table 4.12 shows the results.

Table 4.12

Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Operational transformation	.949	1.053
Industry evolution	.492	2.032
Technological change	.333	3.001
Organizational culture	.876	1.141

According to Table 4.12, operational transformation had a tolerance value of 0.949 and a VIF of 1.053; industry evolution had a tolerance value of 0.492 and a VIF of 2.032; technological change had a tolerance value of 0.333 and a VIF of 3.001; and organizational change had a tolerance value of 0.876 and a VIF of 1.141. Based on the findings, all the transformational strategies variables had a tolerance value of above 0.1 and a VIF of below 10, implying that the data set showcased an absence of weak variables. Singh et al. (2023) elaborated that having a tolerance that was greater than 0.2 and a VIF less than 5 was an indication that the variables had strong individual qualities that enabled them to relate efficiently with other variables of a similar nature.

4.10.4 Autocorrelation

An autocorrelation test was conducted to make sure that operational transformation, industrial evolution, technological change, and organizational culture had the anticipated influence on firm performance. Table 4.13 shows the results of the autocorrelation test through Durbin Watson.

Table 4.13

Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin- Watson
1	.832 ^a	.692	.3017	3.33688	1.032

Table 4.13 indicates that the Durbin-Watson was 1.032, which was less than 2, indicating that there was a positive correlation between transformational strategies and firm performance. According to Kumar (2023), a positive correlation meant that the influence was evidenced when a predictor variable led to a change towards the outcome variable, and hence, in the case of the study, transformational strategies caused a change towards the firm's performance.

4.11 Bivariate Analysis

The null hypothesis of the study indicated that operational transformation, industry evolution, technological change, and organizational culture had no significant influence on firm performance among DT SACCOs in Meru County, Kenya. To test the hypotheses, Pearson correlation analysis was conducted and results indicated in Table 4.14.

Table 4.14*Correlation Analysis of Transformational Strategies on Firm Performance*

		Firm Performance	Operational Transformation	Industry Evolution	Technological Evolution	Organizational Culture
Firm Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	152				
Operational Transformation	Pearson Correlation	.815	1			
	Sig. (2-tailed)	.010				
	N	152	152			
Industry Evolution	Pearson Correlation	.459*	.204			
	Sig. (2-tailed)	.030	.004			
	N	152	152	152		
Technological Change	Pearson Correlation	.587	.204	.066	1	
	Sig. (2-tailed)	.000	.001	.002		
	N	152	152	152	152	
Organizational Culture	Pearson Correlation	.317	.097	.013	.122	1
	Sig. (2-tailed)	.020	.011	.104	.135	
	N	152	152	152	152	152

*. Correlation is significant at the 0.05 level (2-tailed).

4.11.1 Hypothesis One on Operational Transformation' Testing and Firm Performance

According to Table 4.14, the correlations for operational transformation, was 0.815, and its significance value was 0.010. The results indicate that operational transformation had the greatest influence on firm performance. Since all the significance value and Pearson correlations were less than 0.05 and 1, respectively, the null hypothesis was rejected.

Therefore, this was an indication that operational transformation had a positive significant influence on firm performance among DT SACCOs. Therefore, as per the results provided, it was evident that DT SACCOs had invested heavily in strategies that led to improved operational transformations and technology to enhance firm performance. The management had taken time to develop and update old structures and systems to fit with the current banking strategies and technology. The strategies developed were effectively implemented to increase the chance of attaining the set objectives. It is also notable that there was an advanced working culture that encouraged the management and staff's coordination within the SACCO environment.

4.11.2 Hypothesis One on Industry Evolution' Testing and Firm Performance

According to Table 4.14, the correlations for industry evolution was 0.459 and its significance value being 0.030. The results indicate that industry evolution had a moderate influence on firm performance. Therefore, since the significance value and Pearson correlations were less than 0.05 and 1, respectively, the study rejected the hypothesis and noted that industry evolution had a positive significant influence on firm performance among DT SACCOs. Additionally, Waithaka and Odollo (2024) indicated that keeping up with industrial evolution enabled SACCOs to remain competitive and resilient towards tough economic recessions.

According to Mwangi (2024), the development and increased performance witnessed in the DT SACCOs was not by mistake but through cooperation of various factors, which included clear strategies that underwent the entire process of formulation, implementation, monitoring, and evaluation stages. These strategies were the anchor point of allocation of resources and consistent review to ensure that they are aligned with organizational

objectives and mission. In further agreement, Kuria et al. (2024) noted that consistent review gave the management a chance to ensure that any developments within the business environment are incorporated, such as changes in government regulations, international markets, and customers' tastes and preferences.

4.11.3 Hypothesis One on Technological Change' Testing and Firm Performance

According to Table 4.14, the correlation for technological change was 0.587 and its significance value was 0.000. The results indicate that technological change had a high influence on firm performance. Therefore, since the significance value and Pearson correlation were less than 0.05 and 1, respectively. The null hypothesis was rejected. Therefore, this was an indication that technological change had a positive significant influence on firm performance among DT SACCOs. Comparatively, Ogum and Jagongo (2022) found out that investments in technological infrastructure had a positive influence on the performance of SACCOs in Nairobi County. This was in terms of hardware, software, and employee training. Furthermore, the results of Rono (2024) were that the incorporation of progressive strategies led to increased growth of customer numbers in SACCOs located in Laikipia County. Furthermore, the results by Sunda (2023) indicated that the presence of a positive organizational culture fostered collaborations between the management and the staff to deliver quality financial services to the customers.

4.11.4 Hypothesis One on Organizational Culture' Testing and Firm Performance

According to Table 4.14, the correlation for organizational culture was 0.317, and its significance value was 0.020. The results indicate that organizational culture had the least influence on firm performance. Having a significance value that was less than 0,05 and Pearson correlation less than 1, supported the rejection of null hypotheses. Therefore, this

was an indication that organizational culture had a positive but weak significant influence on firm performance among DT SACCOs. According to Gaichuru et al. (2022), what mattered was the consistency to develop and innovate structures within the SACCOs by the management. In further revelation, Lugt and Krishnan-Barman (2022) indicated that the place of employees in the process of implementation was mainly affected by their involvement by the management in the process of decision-making and review of strategies. Through such opportunities, they were able to relate effectively with the current strategic implementation plan with keen observation on the developments and weaknesses of each approach. According to Muteshi et al. (2024), this reduced the resistance level among the staff, hence creating a positive organizational culture that supports the initiatives of the management.

4.12 Multiple Regression Analysis

A multiple regression analysis was conducted to examine the influence that the transformational strategies had on firm performance among the DT SACCO. This process was important to the study, since it enhanced the chance to determine the level of influence of all transformational strategies, determine the purpose of the study, and equate coefficients to the study's model. Therefore, a model summary, analysis of variance (ANOVA), and regression coefficient analysis were examined as elaborated in sections 4.12.1 to 4.12.3.

4.12.1 Model Summary

The study carried out a model summary as described in Table 4.15 to ensure that the regression values were determined as a method of determining the percentage influence of transformational strategies on firm performance.

Table 4.15

Model Summary of Transformational Strategies and Firm Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.832 ^a	.692	.3017	3.33688

a. Predictors: (Constant), Organizational Culture, Industry Evolution, Operational Transformation, Technological Change

Table 4.15 shows that R Square is 0.692, indicating operational transformation, industry evolution, technological change, and organizational culture had a 69.2% influence on the performance of DT-SACCOs in Meru County. The other 30.8% were factors not examined in this study. This suggests a strong model fit, as over two-thirds of performance outcomes are attributable to the independent variables. These findings align with Mutua (2019), who found that strategic operational changes significantly influence SACCO performance in Kenya. Similarly, Mwangi and Kimani (2020) emphasized the role of technological advancements in enhancing efficiency and member satisfaction in SACCOs.

The significance of organizational culture is supported by Ouko and Oloko (2015), who observed that a performance-oriented culture positively correlates with SACCO success. Moreover, industry evolution—marked by regulatory reforms and market dynamics—was identified by Wanyama (2009) as a critical factor affecting SACCO viability. The remaining 30.8% of the variance, unexplained by this model, points to other influential factors not covered in the study, such as leadership style, macroeconomic conditions, or member demographics. Future research could integrate these aspects for a more comprehensive understanding of performance drivers. Overall, the model provides strong

empirical support for strategic and cultural factors as key determinants of SACCO performance.

4.12.2 ANOVA Analysis

Guided by the purpose of the study, which was set to investigate the influence of transformational strategies on firm performance among DT SACCOs, the study determined the presence of positive or negative influence through ANOVA analysis. Table 4.16 describes the results as generated by ANOVA.

Table 4.16

ANOVA Results of the Effect of Transformational Strategies and Firm Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1184.133	4	296.033	83.178	.001 ^b
	Residual	526.808	147	3.559		
	Total	1710.941	151			

a. Dependent Variable: Firm Performance

b. Predictors: (Constant), Organizational Culture, Industry Evolution, Operational Transformation, Technological Change

From the ANOVA results in Table 4.16, the F statistic is 83.178, the p-value was 0.001, and F was 161.664. The results suggested that the firm performance of DT-SACCOs in Meru County was positively influenced by transformation strategies such as operational transformation, industry evolution, technological change, and organizational culture.

4.12.3 Regression Coefficient Analysis

The study had a model which indicated: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$

Where:

Y = Firm Performance

β_i = Coefficients to be estimated

β_o = Constant

X_1 = Operational Transformational

X_2 = Industry Evolution

X_3 = Technological Change

X_4 = Organizational Culture

Therefore, regression coefficients as generated in the study are provided in Table 4.17.

Table 4.17

Regression Coefficient of Transformational Strategies and Firm Performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	18.578	2.980		6.234	.000
Operational Transformation	.230	.085	.003	3.345	.002
Industry Evolution	.181	.076	.171	2.382	.001
Technological Change	.280	.084	.027	3.706	.021
Organizational Culture	.243	.097	.121	2.905	.010

a. Dependent Variable: Firm Performance

The regression table 4.17 shows that the constant is 18.578, operational transformation is 0.230, industry evolution is 0.181, technology change is 0.280, organizational culture is 0.243, and error is 2.980. In relation to the model of the study, it will be $Y = 18.578C + 0.230X_1 + 0.181X_2 + 0.280X_3 + 0.243X_4 + 2.980e$. This was an indication that firm

performance was increased by $0.230 + 0.181 + 0.280 + 0.243$ when there was an increase in operational transformation, industry evolution, technological change, and organizational culture at the significance values of 0.002, 0.001, 0.021, and 0.010, respectively. Therefore, since all the variables had a significance value of less than 0.05 and a T-value of above 2, it shows that firm performance of DT-SACCOs in Meru County was statistically significantly predicted by transformational strategies variables.

It was thus an indication that operational transformation was a significant step towards improving firm performance. The efforts incorporated through teamwork when developing strategies and implementing them led to increased growth and development in the DT SACCOs (Kuguru et al., 2022). This was also achieved through the help of a diverse workforce that had different qualifications and experiences in making decisions. The workforce provided notable ideas on how to improve strategies and solutions for resolving minor and major problems affecting the implementation process of the strategies (Miliani et al., 2022).

It is through such contribution that it made it easier for the management to effectively allocate resources that were in consideration with the magnitude of work, facing a staff (Ogum & Jagongo, 2022). The resource allocation formula was guided by organizational values and an established decision-making pattern that was anchored on organizational mission and vision. It is also notable that the goals set and shared with each of the staff were achievable and realistic in relation to the timeline provided (Yameogo et al., 2024). This motivated the staff to deliver on their mandates with ease, despite the operational challenges faced.

Industry evolution was also noted to have a significant influence on firm performance, mainly due to the type of customer-focused leadership that was present. The decisions that the management made were based on creating efficiency on the demands of the customers (Barasa et al., 2023). Therefore, this called for diversification of roles to ensure that the staff delivered not only to attain their set targets but also in line with the market requirements. To make it easier, a task delivery management system was implemented in such a way that it encouraged corporate responsibility to internal and external customers. According to Mwangi (2024), industry evolution was also related to the various strategic alliances formed through formal partnerships in the delivery of banking products and services. The alliances increased public trust in the sense that they saw a united group that was created to satisfy their expectations in the banking sector.

Technological change was also discovered to have a significant influence on firm performance. This was mainly supported through various forms of innovation implemented on the products, processes, and marketing (Rustariyuni et al., 2022). The three segments were crucial towards improving efficiency for customers. According to Jilo et al. (2023), the SACCOs were considered effective in providing a banking solution to household needs within manageable interest rates. Furthermore, the SACCOs were noted to have invested in digital tools and employee training in preparation to adopt e-banking operations (Wanjohi et al., 2024). Having incorporated digital tools has made it easier for the customers to access the financial services in the comfort of their homes and only required them to visit the branch when need be. The training on ICT to the staff enabled them to resolve the current issues with less timeline and with utmost excellence (Waryoba et al., 2024).

Organizational culture had a significant influence on firm performance since the robust management structure in place made it possible to effectively make integral decisions that supported organizational vision as well as employee growth in the banking sector (Akwei & Nwachukwu, 2022). The internal regulations and policies in place improved the ability for processes to be done in a manner that encouraged quick response and enhanced communication systems among the employees of the DT SACCO. There were different forms of staff training and conflict resolution systems to improve working relations when implementing the strategies, as formulated by the management (Sunda, 2023).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study's purpose was to investigate the influence of transformation strategies on the firm performance of deposit-taking savings and credit cooperative organizations in Meru County. The specific objectives were to examine the influence of operational transformation, industry evolution, technological change, and organizational culture on firm performance. The study used a descriptive research design when collecting data from a target population of 10 registered DT-SACCOs. Interviews were conducted with branch managers and operations managers, while the structured questionnaires were answered by the other respondents.

5.2 Summary of Results

A summary of results is provided in this section based on the study objectives.

5.2.1 Operational Transformation and Firm Performance

The findings on the questionnaires showed that the results of the questionnaire demonstrated that all banking employees received timely and clear communication about the goals that were set. The methods used by the management to collaborate with staff in handling various responsibilities included frequency of communication, teamwork activities, and training. However, the participants disagreed, although decentralized decision-making was encouraged in order to expedite operations. The Pearson correlation was $r = 0.815$ at $\alpha < 0.010$ and a 99% significance level.

5.2.2 Industry Evolution and Firm Performance

According to the questionnaire response, corporate responsibility was regularly used to boost the DT SACCOs' market share in the banking sector. Notably, firm performance was improved by coordinating DT SACCOs' operations with industrial evolution. The policies in place that guided management in implementing customer-focused leadership strategies included customer service, policies on staff behavior, and feedback. However, the participants disagreed that management and employees were working together to improve customer-focused leadership. The Pearson correlation was $r = 0.459$ at $\alpha < 0.030$ and a 99% significance level.

5.2.3 Technological Change and Firm Performance

It was evident from the questionnaire responses that the DT SACCO had invented a number of products. Furthermore, advancements in technology have improved DT SACCO's performance. In relation to this, there were also innovative products in various SACCOs, including asset finance products and savings and current accounts. The participants, however, disagreed that process innovation had increased the effectiveness of staff members' financial decision-making in response to client requests. This was due to challenges such as cyber insecurities, limited financial resources, a lack of skilled experts to handle current technology, and low training of the general staff to interact with the user interface of the technology. The Pearson correlation was $r = 0.587$ at $\alpha < 0.000$ and a 99% significance level.

5.2.4 Organizational Culture and Firm Performance

The findings of the questionnaire showed that the DT SACCO's performance had improved as a result of organizational culture. Furthermore, the DT SACCO management ensured that labor policies regarding the staff were complied with through the provision of a working contract and policies that allowed staff to register with labor unions for collective bargaining and freedom of expression. Nonetheless, participants disagreed that conflict resolution mechanisms had enhanced interactions between management, employees, and customers. The Pearson correlation was $r = 0.317$ at $\alpha < 0.020$ and a 99% significance level.

5.2.5 Firm Performance

The results revealed that DT SACCOs' products and services successfully met the needs of their clients, resulting in higher levels of satisfaction. The expectations of the customers and appropriate banking products with quality standards to meet those needs were balanced by the DT SACCOs. The methods used to track the customer satisfaction level in the DT SACCOs included the use of self-help groups, customer-based surveys, and monitoring social media messages. Nevertheless, there were shortcomings in the way the DT SACCOs upheld resource accountability and openness. An abuse of resources was discovered, which led to a drop in client trust. Additionally, the challenges faced by management in maintaining the quality of services at desired levels included a lack of cooperation from the staff, limited resources to train the staff on the expected service output, inadequate support from the management, and employee resistance to developed policies towards enhancing quality services.

5.3 Conclusions of the Study

5.3.1 Operational Transformation and Firm Performance

The study concluded that operational transformation had a significant influence on firm performance. It was enhanced by clarity in communicating goals on time, teamwork, and training on relevant staff. The factors made it easier to restructure operations more effectively, leading to an all-around transformation. Despite the existence of risk management, adequacy of finances, and operational efficiency policies, the decision-making approach in DT SACCOs was centralized, hence relying on top management to make decisions affecting the banking operations. This led to declined efficiency in expediting the necessary operations within the shortest timeframe to improve customer satisfaction.

5.3.2 Industrial Evolution and Firm Performance

The study concluded that industry evolution had a significant influence on firm performance. This was due to the incorporation of coordinated mechanisms within the DT SACCOs to adopt corporate responsibility, operations in line with industrial development, and policies to implement leadership. However, collaboration between the management and staff was low, negatively affecting the attainment of desired customer-focused leadership. This therefore interfered with the ability of the DT SACCOs to handle customer complaints and provide a feasible solution.

5.3.3 Technological Change and Firm Performance

The study concluded that technological change had a significant influence on firm performance. This was mainly caused by innovative products that were noted to be present

in the DT SACCOS. These products were made easier to access through incorporated ICT infrastructure to support the attainment of asset finance, savings, and current account objectives. Nevertheless, cyber insecurities, limited financial resources, a lack of skilled experts to handle current technology, and low training of staff were notable problems experienced in the expedition of technological change.

5.3.4 Organizational Culture and Firm Performance

The study concluded that organizational culture had a significant influence on firm performance. Its existence had led to increased interactions among the staff and the management, reduced work tension, and an enhanced desire for progress. Furthermore, the DT SACCO management ensured that labor policies regarding the staff were complied with through the provision of a working contract and policies that allowed staff to register with labor unions for collective bargaining and freedom of expression. The management had ensured that the employees were formally recognized through a working contract that supported various interactions within and outside the organization, such as with the labor unions. However, the conflict resolution mechanism was weak and ineffective in ensuring that there was a working relationship between the management, employees, and customers.

5.4 Recommendations of the Study

5.4.1 Operational Transformation and Firm Performance

On operational transformation, the study recommends that there is a need for the senior management in DT-SACCOs to develop policies that allow power decentralization to lower ranks in the organizational structure. This is to allow operational efficiency through quicker decision-making by the operations supervisors on matters requiring urgency.

Therefore, to ensure that the operations supervisors can be trusted, the senior management is encouraged to mentor and train them to deliver on desired output in decision-making perspectives in DT-SACCOs. There should be an increased customer satisfaction mechanism as developed by the operations officers within the DT-SACCOs. This should be implemented through the provision of a system that allows the customers to provide their positive or negative comments in confidentiality.

5.4.2 Industrial Evolution and Firm Performance

On industrial evolution, the study recommends the need for enhanced information sharing by the management to the staff to enable them to learn more about the developments taking place within the SACCO sector. This would improve their knowledge of what is going on for effective alignment with recent regulations for improved efficiency in DT-SACCOs. The study encourages consistent team-building initiatives between the management and staff to enable them to blend effectively through common activities. In relation to this, the DT-SACCOs management should ensure that there is more consistent contact with the staff through a training approach to share their experience and knowledge with them. In doing so, customer-focused leadership would be enhanced for a turnaround in performance in DT-SACCOs.

5.4.3 Technological Change and Firm Performance

On technological change, the study recommends that the management consider developing more robust cybersecurity policies and providing funding to recruit talented ICT staff and acquire stronger software that would withstand any unauthorized access to customer information and financial resources. The general staff in the DT SACCOs are

recommended to undergo compulsory training on ICT basics. This is to ensure that they are able to gain knowledge on cyber threats and how to counter evolving methods used in technology-related fraud in DT-SACCOs.

5.4.4 Organizational Culture and Firm Performance

On organizational culture, the study recommends that there is a need for the DT SACCO' staff to foster a more customer-focused culture to support increased revenue. Additionally, the study also recommends the need for policy development of conflict resolution systems within the DT-SACCOs, to minimize wastage of organizational resources and time in a conflicting event. The management of DT-SACCOs is also recommended to train its staff on peaceful coexistence and methods of avoiding conflict while conducting operations. There should also be considerate training for the DT-SACCOs' management by conflict experts on how they could develop policies, disagree on approaches, and still come to a consensus without necessarily having to escalate any conflict.

5.5 Suggestion for Future Studies

Future studies should consider transformational strategies and performance of non-deposit-taking SACCOs or commercial banks. This is because the results of the current study cannot be generalized to other corporations. Furthermore, the current study could consider including customers as part of the respondents since the current study concentrated on the management and the officers.

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