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STRATEGIC RESPONSES AND PERFORMANCE OF SAVINGS & CREDIT CO-OPERATIVES (SACCOS) IN NAIROBI COUNTY, KENYA

[1] Kerre Jamila Khaanga, [2] Dr. Mwanzia Mary

[1]Masters Student, Jomo Kenyatta University of Agriculture and Technology
[2]Lecturer, Jomo Kenyatta University of Agriculture and Technology

ABSTRACT

Despite their importance, the performance of SACCOs in Nairobi County has been declining in recent years, raising concerns about their sustainability and effectiveness. Several SACCOs have reported reduced profitability, increased loan defaults, and shrinking membership. The general objective of the study is to determine the effect of strategic responses on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. Specifically, the study sought to determine the effect of strategic alliance on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya and to establish the effect of information communication technology (ICT) integration on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. The study employed the use of cross-sectional survey research design. The unit of analysis for this study was SACCOs in Nairobi City County, Kenya. Nairobi County, Kenya was selected because it has thigh concentration of deposit taking SACCOs (SASRA, 2023). The unit of observation of this study was management employees in the selected 43 deposit-taking SACCOs in Nairobi city County, Kenya. The target population was therefore 258 management employees working in the 43 deposit-taking SACCOs in Nairobi City County, Kenya. The Yamane formula was adopted to calculate the study sample size. Therefore, the study sample size was 157 respondents. Data was collected using a self-administered structured questionnaire. A pilot test was conducted to determine validity and reliability of the data collection instrument. Data analysis was done through use of descriptive and inferential statistics. The study results were presented through use of tables and figures. The study concludes that strategic alliance has a positive and significant effect on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. The study also concludes that ICT Integration has a positive and significant effect on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. Based on the on the findings, the management of SACCOs in Kenya should form partnerships with fintech companies to enhance digital financial services. By collaborating with fintech firms, SACCOs can leverage advanced technologies to improve service delivery, expand outreach, and streamline operations through mobile banking, digital loan processing, and automated savings platforms.

Key Words: Strategic Responses, Strategic Alliance, ICT Integration, Performance Of Savings & Credit Co-Operatives (SACCOS)

Background of the Study

Savings and Credit Co-operatives (SACCOs) are member-based financial institutions that play a crucial role in mobilizing savings and providing credit facilities to their members (Koerte & Benard, 2023). SACCOs are integral to financial inclusion, particularly in developing countries where access to traditional banking services may be limited. They operate on the principles of mutuality, where members pool their resources to create a collective fund from which they can borrow at lower interest rates compared to commercial banks (Ndege, 2023). SACCOs have become a significant part of the financial sector, offering a range of financial services, including savings accounts, loans, insurance, and even investment products. These institutions are particularly important in rural areas, where they often serve as the primary financial institutions available to the local population. By providing credit to individuals who may not qualify for loans from conventional banks, SACCOs help to spur economic activity and improve the living standards of their members (Matata & Oduor, 2023).

Strategic responses refer to the actions and decisions an organization takes to address changes, challenges, or opportunities in its external environment. These responses are part of a company's broader strategic management process and are designed to help the organization adapt to, anticipate, and shape its external circumstances in a way that aligns with its goals and objectives. Strategic alliances involve partnerships between two or more organizations to pursue a set of agreed-upon objectives while remaining independent entities. These alliances can take various forms, such as joint ventures, collaborations, or formal agreements to share resources, expertise, or market access. Strategic alliances allow companies to leverage each other's strengths, reduce costs, share risks, and gain access to new markets or technologies. For instance, a company might partner with a local firm in a foreign market to better navigate regulatory environments or cultural differences. These alliances are particularly useful in industries where technological advancements or market changes occur rapidly, enabling firms to remain competitive without the need for mergers or acquisitions. Diversification is a strategic response that involves expanding a company's operations or product lines into new areas, either related or unrelated to its existing business. This strategy is used to reduce risk by spreading investments across different products, markets, or industries, thus minimizing the impact of adverse market conditions in any single area. Diversification can take two primary forms: related diversification, where a company expands into areas that are similar to its current operations, and unrelated diversification, where the expansion is into completely different industries (Chia-chi Chang *et al*, 2023).

Market development involves expanding into new markets with existing products. This strategic response is often employed when a company's current market is saturated, or when there is potential for growth in untapped markets. Market development can be geographic, where a company enters new regions or countries, or demographic, where it targets new customer segments. For example, a firm that has established itself in urban markets might seek to expand into rural areas or international markets. This strategy requires a deep understanding of the new market's needs, preferences, and regulatory environment, as well as potential modifications to products or marketing strategies to appeal to the new audience (Dave & Saffer, 2023). Successful market development can lead to significant growth and increased market share. ICT integration involves the adoption and implementation of digital technologies to enhance business operations, improve efficiency, and support decision-making processes (Mbui, 2023). As a strategic response, ICT integration can transform how a company operates, interacts with customers, and competes in the market. Technologies such as cloud computing, big data analytics, artificial intelligence, and digital communication platforms enable companies to streamline operations, improve customer service, and create new business models. For instance, e-commerce platforms allow businesses to reach global customers, while

data analytics tools provide insights into consumer behavior, enabling more targeted marketing strategies (Yigit & Anil, 2023).

In India, Nuryakin and Retnawati (2020) studied the effective organizational response by corporates to India's liberalization and globalization. The study revealed that four sources broadly converge in their support for the model. Several issues relating to the contingency and strategic choice perspectives, the generalizability, applicability, acceptability, the diffusion of policy frameworks and redesign mechanisms are discussed. Vachani (2023) studied the strategic orientation of multinationals to competition from developing-country cottage firms in Asia. The study revealed that competition is likely to vary with industry characteristics.

In Uganda, Imalingat (2020) found that product innovation, differentiation, strategic alliances and mergers were commonly used strategies by organizations. Implementation of these strategies enabled the bank to effectively cope with changes in the market and guarantee survival. In so doing, the bank was able to cater for the growing needs of its customers. This improved customer loyalty, growth sales and increased profitability. In Lagos, Nigeria, Akinyele and Fasogbon (2020) observed that strategic alliance and product innovation influenced firm performance. Product innovation adoption led to increased sales since customers got quality products which were difficult to imitate by competitors. The findings depicted that strategic alliances improve synergy between firms. It also widened the scope of services and products offerings to the customers giving many customers a chance to access products.

Kimalel *et al*. (2022) did a study on Strategic Responses and performance of saving and credit co-operative societies in Nairobi County, Kenya. They found that the organization would adopt strategies that would give it strategic advantage as compared to its competitors and or also change strategic responses which may not be effective. The study also found that there was a strong positive correlation between cost cutting and performance of SACCO, there was also a strong positive correlation between Market expansion and performance of SACCO. The correlation coefficients for the independent variables were statistically significant.

Statement of the Problem

Savings and Credit Co-operatives (SACCOs) play a pivotal role in the economic development of Kenya by providing affordable and accessible financial services to a broad range of individuals, especially those in underserved communities (Murule, 2020). SACCOs contribute to financial inclusion by offering savings, credit, and other financial services to members who may otherwise have limited access to traditional banking institutions. This is particularly significant in rural areas and among low-income earners, where SACCOs help individuals build financial resilience, support entrepreneurship, and facilitate the smooth flow of capital. Additionally, SACCOs promote social and economic empowerment by fostering a culture of savings, collective responsibility, and financial discipline, which ultimately strengthens the overall economic fabric of the country (Kimalel *et al*, 2022).

Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya, face a variety of challenges that impact their overall performance, especially concerning profitability, market share, and customer satisfaction. These challenges, when left unaddressed, can hamper the growth and sustainability of SACCOs in a competitive financial services environment (Nyokabi, 2023). Profitability remains a significant challenge for SACCOs in Nairobi County. According to the Sacco Societies Regulatory Authority (SASRA) 2021 Annual Report, the profitability of SACCOs in Kenya showed a notable decline, with a 15% drop in the overall profitability of the sector between 2020 and 2021. SACCOs in Nairobi are especially affected, as they struggle with high levels of non-performing loans (NPLs) (Kamomoe, 2023). As of

2021, the average NPL ratio in Kenyan SACCOs was around 12%, with some SACCOs in Nairobi having NPL ratios exceeding 20%. This trend is concerning because unpaid loans directly impact the revenue generated from interest, which is vital for SACCOs' profitability (Mohamud, 2023). Additionally, operational costs have been rising, with increased regulatory compliance requirements and rising wages for staff. A 2021 study by KUSCCO found that over 60% of SACCOs in Nairobi were operating with slim profit margins, largely due to ineffective loan recovery systems and an over-reliance on traditional banking models (Kimalel *et al*, 2022).

In terms of market share, SACCOs in Nairobi face increased competition from both other SACCOs and alternative financial service providers, including banks and mobile money platforms (Murule, 2020). According to the Central Bank of Kenya (CBK) 2022 Report, SACCOs hold only about 9% of the total financial services market share in Kenya, with commercial banks holding the larger portion at approximately 79%. SACCOs in Nairobi, traditionally known for their strong membership-based structure, are losing members to digital financial solutions that offer convenience and competitive interest rates (Nyokabi, 2023). The rise of mobile banking platforms, such as M-Pesa, has exacerbated this issue, with 80% of Kenyans using mobile money for transactions, according to a 2022 GSMA Mobile Economy report. As mobile banking continues to gain popularity, SACCOs are finding it increasingly difficult to expand their market share, particularly among younger, tech-savvy individuals. Additionally, a study by KUSCCO revealed that between 2015 and 2020, Nairobi-based SACCOs saw a 10% decline in membership growth annually, as many younger members shifted to digital banking alternatives (Kamomoe, 2023).

Customer satisfaction is a major challenge for SACCOs in Nairobi, with members demanding faster, more efficient services (Mohamud, 2023). A 2020 study by the Kenya Union of Savings and Credit Co-operatives (KUSCCO) revealed that 58% of SACCO members in Nairobi were dissatisfied with the speed of loan processing, with many reporting that approval times exceeded one week, compared to the hours or minutes offered by mobile-based financial services like M-Shwari (Murule, 2020). The same study found that over 50% of SACCO members cited the lack of mobile banking and digital platforms as a key reason for their dissatisfaction. The importance of customer satisfaction is underscored by the fact that 65% of members in Nairobi expressed interest in leaving their SACCOs if better digital alternatives became available, highlighting the pressure SACCOs face in adapting to changing consumer expectations (Kimalel *et al*, 2022). Additionally, a 2021 report by SASRA found that customer complaints in SACCOs in Nairobi had risen by 20% compared to the previous year, with members often citing frustrations over poor customer service and outdated infrastructure. These issues have led to a reduction in member retention rates and increased customer churn, which further affects the financial performance of SACCOs (Nyokabi, 2023).

Strategic responses refer to the actions and decisions made by organizations in response to changes in their internal and external environments, with the aim of achieving their objectives and enhancing overall performance (Murule, 2020). Various studies have been conducted in different parts of the world on strategic responses and organization performance. For instance, Nyokabi (2023) researched on strategic responses to the declining underwriting profitability in insurance industry. Kamomoe (2023) conducted a study on strategic responses and financial performance of insurance firms and Mohamud (2023) examined on strategic responses and performance in postal corporation. However, none of these studies focused on strategic alliance and information communication technology (ICT) integration on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. To fill the highlighted gaps, the current study sought to determine the effect of strategic responses (strategic alliance and information communication technology (ICT) integration) on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya.

Objectives of the Study

The study was guided by both general and specific objectives;

General Objective

The general objective of the study is to determine the effect of strategic responses on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya.

Specific Objectives

The specific objectives of the study were

i. To determine the effect of strategic alliance on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya
ii. To establish the effect of information communication technology (ICT) integration on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya

Theoretical Review

Resource Dependency Theory

The resource dependency theory (RDT) originated in the 1970s and is concerned with how organizational behavior is affected by external resources the organization utilizes such as raw materials (Pfeffer & Salancik,1970). The essential suggestion of RDT is the requirement for natural linkages between the firm and outside assets. RDT depends on the rule that association must participate in exchange with other association in nature so as to gain assets and this may make reliance since assets required by the association may not be accessible, alarm or leveled out of uncooperative entertainers.

RDT recommends that association lacking basic assets will try to set up relationship with (subordinate upon) others so as to acquire required assets (Ulrich and Barney, 2020; Medcof, 2022; Tillquistet al, 2021). Further, association endeavor to modify their reliance by limiting their own reliance or by expanding reliance on the other association. RDT has three fundamental presumptions. The main supposition that will be that the earth is expected to contain scant assets basic for association endurance.

Also, the association is included inner and outer alliances that are shaped to impact and control conduct. The third supposition that will be that association are accepted to move in the direction of two goals, that is securing control that limit their reliance on other association and authority over assets that augment the reliance of other association on themselves. Kavale (2022) contends that RDT is important in explaining the actions of organization by forming interlocks, alliances, joint ventures, mergers and acquisition in striving to overcome dependencies to improve an organization autonomy, legitimacy and competitiveness. Strategic alliances may be viewed as the coalitions being built. This theory was used to determine the effect of strategic alliance on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya.

Contingency theory

Burns and Stalker (1950) Joan Woodward (1958) and Aston group (1960) were the founders of the contingency theory approach system. The framework approach features the unpredictability of the reliant parts of association inside complex condition. A possibility approach expands on analytic characteristics of framework approach so as to decide the most suitable hierarchical structure and the board style for a given situation (Cole, 2020). As per the hypothesis hierarchical structures and control framework that directors pick rely upon (that is

are dependent upon) the attribute of outer condition wherein the association works. The methodology stresses situational suitability as opposed to adherence to general head.

A few creators have added to the possibility way to deal with the executives. Lawrence and Lorsh (2020) were worried about structure and condition as the two key factors in their investigation. The significant accentuation of their investigation was on the conditions of separation and mix. in associations. They gave a precise comprehension to what conditions of separation and combination are identified with powerful execution under various natural conditions and reasoned that there was nobody most ideal approach to arrange. Consumes and stalker (2021) were additionally worried in how the board frameworks could change because of requests of a quickly evolving condition.

They thought of unmistakable ideal kinds of the executives framework: unthinking and natural frameworks. They focused on that they didn't support either yet what was significant was to accomplish the most fitting framework for a given arrangement of situation, an ideal articulation of possibility approach. Joan Woodward (2020) study concentrated on the connection between association structure and execution. A connection among structure and execution just surfaced by presenting an additional variable, the sort of innovation. This hypothesis educated free factor regarding ICT where a firm may incorporate ICT in light of natural difficulties to improve execution. Further Joan (2022) found out that technologies directly determine differences in organization attributes like centralization of authority, span of control and formalization of rules and procedures. This theory was used to establish the effect of information communication technology (ICT) integration on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya.

Conceptual Framework

In this study strategic responses were conceptualized as independent variable and performance as dependent variable. Strategic responses were measured using strategic alliances and information communication technology integration. Performance was measured through sales growth, market share and customer satisfaction.

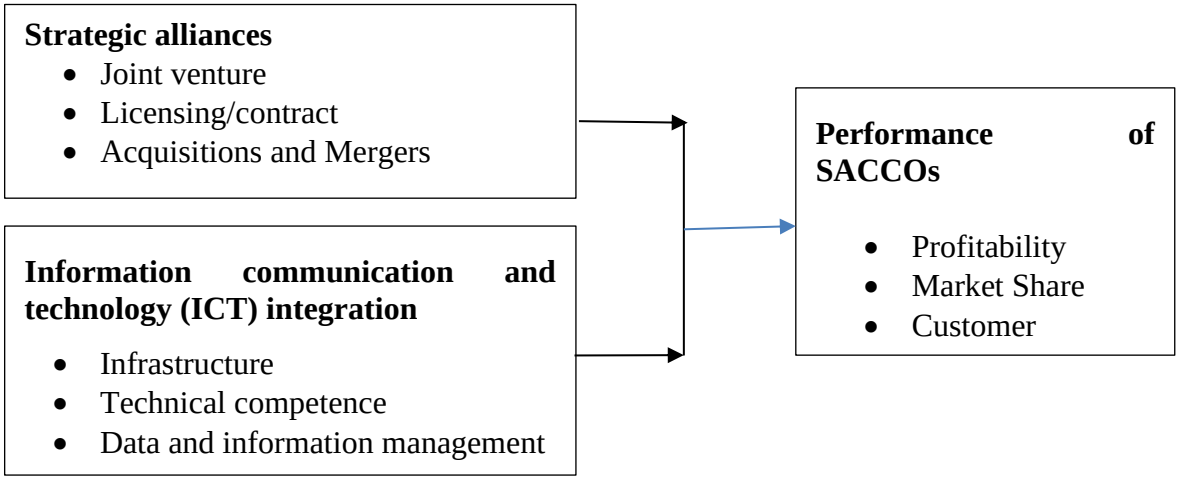

Figure 2. 1: Conceptual Framework

Strategic alliances

Strategic alliances are mutual corporate agreements made between two or more companies in order to attain mutual objectives especially profits (Pratap, 2023). The framework approach

features the unpredictability of the associated parts of association inside complex condition. A possibility approach expands on indicative characteristics of framework approach so as to decide the most fitting hierarchical plan and the board style for a given situation (Cole, 2023). As per the hypothesis authoritative structures and control framework that administrators pick rely upon (that is are dependent upon) the quality of outer condition where the association works. The methodology underscores situational fittingness as opposed to adherence to all inclusive head.

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Information Communication technology integration

Information communication technology (ICT) has become a central entity in all aspect of life and has changed practices and procedures in business and governance. UNESCO (2019) defines ICT is a combination of informatics technology with other related technology specifically communication technology. According to United Nation report, (2021) ICT covers internet service provision, telecommunications equipment and service, information technology equipment and services, media and broadcasting, libraries and documentation centers, commercial information providers, network based information services and other related information communication activities.

Brynjolfosson and Hitt (2020) contends that information technology (IT) has effects of changing interactions with suppliers and customer .On interactions with suppliers electronic data interchange(EDI), internet based procurement systems and inter-organizational information system have significantly reduced the time ,cost and other difficulties of interacting with suppliers. Firms can place orders with suppliers and receive confirmation electronically eliminating paper work, delays and errors associated with manual processing of purchase orders. Computer enabled procurement and on-line markets leads to reduce procurement time, more predictable deliveries which reduce the need of buffer stock, reduce spoilage for perishable products, reduce price due to increasing price transparency and ease of price shopping and reduce direct cost of purchase orders and invoice. On customer relations, the internet has opened up new range of possibilities for enriching interactions with customers. On line account, maintenance system provides customers with secure access to everything about their account any time. Web related technologies allow customers to customize numerous aspects of their shopping experience and handle basic customer enquiries

Empirical Review

Strategic Alliance and Organization Performance

Koerte and Benard (2023) surveyed 423 firms in USA and Germany on strategic responses to multiple dimension of low-cost country (L.L.C.) competition. It includes opening extra topographical market either local ,public and global, entering different channels of conveyance, promoting in other media and adding other item forms to engage different portions. It includes recognizing new uses for existing items, new demographically, psychographicaly or topographically characterized markets. It targets clients who are not accepting in the current focused on section and new clients in new fragments. Kotler and Armstrong (2022) on their

part characterizes market advancement is a procedure for organization development by recognizing and improvement new market sections for current items. Market improvement includes market division, market entrance, advancement and notice. Market division as a development technique distinguishes and grows new market portions for current items. It includes isolating a market into particular gatherings of purchasers who have unmistakable necessities, attributes or conduct and who may require separate items or advertising blend. (Kotler& Armstrong, 2022)

Market division system can be executed in various manners in the pharmaceutical market. As indicated by Frost and Sullivan report (2021), the pharmaceutical market is portioned into protected, nonexclusive and over the counter (OTC) markets. The market can likewise be portioned by remedial fragments. These fragments incorporate cardiovascular, respiratory, focal sensory system (CNS), against infective, oncology and diabetes. The counter infective market presents the greatest pharmaceutical market esteemed at $ 143.9 million followed via cardiovascular at $37.0 million, respiratory at $ 29.0 million, diabetes at $20.0million, oncology at $7.0 million, CNS at $25million separately. As far as section development, the OTC development will be driven by enormous percent of the populace that can't manage the cost of specialists' charges and have no admittance to satisfactory wellbeing administrations. Nonexclusive market development will be driven by low evaluating, open inclination of conventional prescription, more appeal for pharmaceutical fares to encompassing nations and social medical coverage plans, which empower their utilization

Matata and Oduor (2020) studied the effects of strategic alliances on performance of supermarkets and their alliances in Kenya. The study applied a correlational research design. The sample involved five big supermarkets (Nakumatt, Ukwala, Naivas, Tuskys and Uchumi) and 95 of their strategic alliances. Data was collated from head offices of these firms with the help of the questionnaires. Analysis of data was done using a multiple regression model to test the effect of the independent variables that relate to strategic alliances and the performance. Analysis of variance and t-test (one tail) were applied to determine the level of significance. Empirical results showed the existence of an inverse linkage correlation between technological strategic alliances and performance. There was no statistically significant nexus between technological alliances and performance among supermarkets and their strategic alliances in Nairobi CBD.

Information communication technology (ICT) integration and Organization performance

Jajjaet al (2022) examined the impact of IT on organization performance in quantitative terms of Pakistan’s manufacturing and banking sector. The survey involved in-depth interviews with 24 companies in manufacturing (12 foreign and 12 local) and 24 companies in the banking sector (12 foreign and 12local). The results revealed that IT has positive impact on income of all banks and an increase in expenditure on IT significantly increases the income of these banks. Further, a trend analysis was carried out and it was noted that there was an increase in income with proportional increase in IT expenditure of all banks. Analysis for all local manufacturing companies showed that IT has positive impact on income of all the local companies the regression coefficient for these companies is positive which indicates the decisive impact of IT on income. For foreign manufacturing companies’ IT had no impact on income.

Paulo and Syed (2020) established that strategic responses, competitive pressures due to globalization, marketing and financial performance varied by sector in Brazilian business-to-business (B2B) firms. In the telecommunication sector, globalization increased competitive intensity and pressure and market growth potential. In terms of strategic response, firms focused on price penetration strategy, intensive distribution, increasing customer satisfaction

through better service delivery, withdrawing from markets that were non- profitable and increasing R&D expenditures to develop new products. Marketing and financial performance were positive. In the business equipment sector, globalization increased competitive pressure and intensity and market growth potential.

Mutindi (2022) studied strategic responses to interest rate capping by commercial banks in Kenya. The study found out that banks were responding to interest rate caps by adopting modern technology in bank operations to enhance efficiency, expanding to new markets, reducing staff expenses, innovation of new products and services and diversifying to other products .The findings on whether strategic responses were effective in addressing the challenges posed by the interest caps were inconclusive. Some respondent indicated that strategic responses were effective to a moderate extent, some indicated that they were not effective, while others reported that the strategies that they had put in place were still under implementation and it was not clear if they were effective.

Kibuga (2023) found out that micro and small enterprises (MSE) adopted different strategies to improve performance. The correlation analysis results revealed that there was positive and significant relationship between performance and strategic responses adopted by (MSE) in Kenya. Further the regression analysis showed that 76.9% of the changes in organization performance were attributed to strategic responses adopted. Strategic partnership, restructuring, diversification affected business performance to a great extent while differentiation affected business to a moderate extent. 51% of the respondents indicated that strategic responses increased sales while 39% of the respondents indicated that strategic responses increased profitability.

RESEARCH METHODOLOGY

Research Design

The study employed the use of cross-sectional survey research design. The cross-sectional survey research design is suitable because it seeks to produce accurate profile of factors, events and situations (Cooper & Schindler, 2017). Cross sectional survey enables the researcher to collect data across different firms and test their relationship.

Target Population

The unit of analysis for this study was SACCOs in Nairobi City County, Kenya. Nairobi County, Kenya was selected because it has thigh concentration of deposit taking SACCOs (SASRA, 2023). The unit of observation of this study was management employees in the selected 43 deposit-taking SACCOs in Nairobi city County, Kenya. The target population was therefore 258 management employees working in the 43 deposit-taking SACCOs in Nairobi City County, Kenya.

Table 1: Target Population

Department	Population
Top Managers	43
Middle Level Managers	86
Lower Level Managers	129
Total	**258**

Sample Size and Sampling Technique

The Yamane formula was adopted to calculate the study sample size as follows;

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

Where n is the sample size, and N is the population size, e- acceptable sampling error (0.05)

$$= \frac{258}{\frac{1+258}{(0.05^2)}}$$

$$= \frac{258}{1.645} = 156.84$$

$n \approx 157$

Therefore, the study sample size was 157 respondents.

Table 2: Sample Size

Department	Population	Sample Size
Top Managers	43	26
Middle Level Managers	86	52
Lower Level Managers	129	79
Total	**258**	**157**

The stratified random sampling method was adopted to select the study sample size.

Data Collection Instrument

Data was collected using a self-administered structured questionnaire. Structured questionnaires were used since they enable the researcher collect quantitative data. Questionnaires are a good method because they provide clarifications sought by respondents and they can be collected immediately after they are completed. Structured questionnaires are easy to administer, analyze and are economical in terms of time and money. A five-point Likert scale was used to measure all variables. The lowest rating of 1 signifies a low opinion by respondent while a high rating of 5 signifies a high rating by the respondents.

The questionnaire were divided into three sections. Section one covered background information and respondent bio-data. Section two covered Likert type questions on strategic responses. Section three covered Likert type of questions on performance. The questionnaire require the respondent to indicate the strategic responses they adopt when faced with environmental challenges such as stiff competition, parallel importation, sub-standard products, counterfeit and weak regulatory system. The researcher developed the

Pilot Study

A pilot test was conducted to determine validity and reliability of the data collection instrument. A pilot study is a small experiment designed to test logistics and gather information prior regarding a larger study, in order to improve the latter quality and efficiency. A pilot study can reveal deficiencies in the design of proposed experiment and procedure and these can be addressed before time and resources are expended on large scale studies. The responses from respondents were used to adjust and refine questionnaire accordingly. According to Mugenda and Mugenda (2019) the pretest sample should be between 1% and 10% depending on the sample size. The bigger the sample the smaller the percentage. Therefore, 16 questionnaires were used for pilot test.

Data Processing and Analysis

Data obtained from the field was coded, cleaned and entered into the computer for analysis using the SPSS. The data was summarized in order to see emerging trends and issues around specific themes, which are dependent on the variables and objectives. Presentation of data was done in form of quantitative and qualitative reports which were presented in forms of tables and essay. For the quantitative reports, the tables consisted of mean and standard deviation values that were used to make interpretation of the analysis. Percentage, mean and standard deviation was used to show the frequency of responses. Tables were used to display the rate of responses and to facilitate comparison. Qualitative reports were presented in form of essay which was discussed as per the study objectives aligned with the theories and empirical study.

Descriptive statistics included frequency, percentages, mean and standard deviation. Inferential statistical analysis that was used is multiple regression and correlation analysis, and the significant of each independent variable was tested at a confidence level of 95%. The multiple regression model that was utilized is as shown below:

$Y=\alpha+ \beta_1X_1 + \beta_2X_2 + \varepsilon$……..Equation 3.3

Where:

Y represents dependent Variable (performance of SACCOs),

α represents a constant or Intercept (rate of change of performance as each dimension of strategy response changes)

β_1, β_2, represents the estimated regression coefficients

$\boldsymbol{X_1}$represents strategic alliance

$\boldsymbol{X_2}$represents information communication technology (ICT) integration

$\boldsymbol{\varepsilon}$ represents error term (represents the effect of the variables that were not covered by the equation).

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Descriptive Statistics

Strategic Alliance and Organization Performance

The first specific objective of the study was to determine the effect of strategic alliance on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. The respondents were requested to indicate their level of agreement on statements relating to strategic alliance and performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. The results were as shown in Table 3.

From the results, the respondents agreed that strategic alliances lead to increased access to new markets for our SACCO (M=3.880, SD=0.838). In addition, the respondents agreed that the financial stability of their SACCO improves due to strategic partnerships (M=3.873, SD=0.815). Further, the respondents agreed that their SACCO offers a broader range of services as a result of strategic alliances (M=3.847, SD=0.786). The respondents also agreed that strategic alliances provide their SACCO with valuable expertise and knowledge (M=3.829, SD=0.685).

From the results, the respondents agreed that operational efficiency within their SACCO is enhanced through strategic partnerships (M=3.815, SD=0.814). In addition, the respondents agreed that member satisfaction within their SACCO increases due to strategic alliances (M=3.796, SD=0.606). Further, the respondents agreed that the financial performance of their

SACCO improves as a result of strategic partnerships (M=3.748, SD=0.571). The respondents also agreed that service delivery quality within their SACCO is enhanced by strategic alliance (M=3.677, SD=0.611).

Table 3: Strategic Alliance and Organization Performance

	Mean	Std. Deviation
Strategic alliances lead to increased access to new markets for our SACCO.	3.880	0.838
The financial stability of our SACCO improves due to strategic partnerships.	3.873	0.815
Our SACCO offers a broader range of services as a result of strategic alliances.	3.847	0.786
Strategic alliances provide our SACCO with valuable expertise and knowledge.	3.829	0.685
Operational efficiency within our SACCO is enhanced through strategic partnerships	3.815	0.814
Member satisfaction within our SACCO increases due to strategic alliances.	3.796	0.606
The financial performance of our SACCO improves as a result of strategic partnerships.	3.748	0.571
Service delivery quality within our SACCO is enhanced by strategic alliance	3.677	0.611
Aggregate	**3.808**	**0.716**

ICT Integration and Organization Performance

The second specific objective of the study was to establish the effect of information communication technology (ICT) integration on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. The respondents were requested to indicate their level of agreement on various statements relating to information communication technology (ICT) integration and performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. The results were as shown in Table 4.

From the results, the respondents agreed that ICT integration improves the efficiency of their SACCO's operational processes (M=3.864, SD=0.826). In addition, the respondents agreed that their SACCO experiences increased member satisfaction due to the implementation of ICT solutions (M=3.847, SD=0.808). Further, the respondents agreed that ICT tools enable their SACCO to provide faster and more accurate financial services (M=3.829, SD=0.718). The respondents also agreed that their SACCO's ability to analyze and utilize data improves with the integration of ICT systems (M=3.805, SD=0.872).

From the results, the respondents agreed that member engagement and interaction increases due to the use of ICT tools in their SACCO (M=3.799, SD=0.611). In addition, the respondents agreed that the financial performance of their SACCO improves as a result of ICT integration (M=3.778, SD=0.758). Further, the respondents agreed that ICT integration enhances the quality and reliability of the services provided by their SACCO (M=3.755, SD=0.589). The respondents also agreed that the use of ICT leads to a significant reduction in operational costs for their SACCO (M=3.676, SD=0.862).

Table 4: ICT Integration and Organization Performance

	Mean	Std. Deviation
ICT integration improves the efficiency of our SACCO's operational processes.	3.864	0.826
Our SACCO experiences increased member satisfaction due to the implementation of ICT solutions.	3.847	0.808
ICT tools enable our SACCO to provide faster and more accurate financial services.	3.829	0.718
Our SACCO's ability to analyze and utilize data improves with the integration of ICT systems.	3.805	0.872
Member engagement and interaction increases due to the use of ICT tools in our SACCO.	3.799	0.611
The financial performance of our SACCO improves as a result of ICT integration.	3.778	0.758
ICT integration enhances the quality and reliability of the services provided by our SACCO.	3.755	0.589
The use of ICT leads to a significant reduction in operational costs for our SACCO	3.676	0.862
Aggregate	**3.794**	**0.756**

Inferential Statistics

Inferential statistics in the current study focused on correlation and regression analysis. Correlation analysis was used to determine the strength of the relationship while regression analysis was used to determine the relationship between dependent variable (performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya) and independent variables (strategic alliance and ICT integration).

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (strategic alliance and ICT integration) and the dependent variable (performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya) dependent variable. Pearson correlation coefficient range between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients.

Table 5: Correlation Coefficients

		Organization Performance	Strategic Alliance	ICT Integration
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	140		
Strategic Alliance	Pearson Correlation	.801**	1	
	Sig. (2-tailed)	.003		
	N	140	140	
ICT Integration	Pearson Correlation	.862**	.295	1
	Sig. (2-tailed)	.000	.019	
	N	140	140	140

From the results, there was a very strong relationship between strategic alliance and the performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya (r = 0.801, p value =0.003). The relationship was significant since the p value 0.003 was less than

0.05 (significant level). The findings are in line with the findings of Koerte and Benard (2023) who indicated that there is a very strong relationship between strategic alliance and organization performance.

The results also revealed that there was a very strong relationship between ICT integration and performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya (r = 0.862, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Jajjaet *et al* (2022) who revealed that there is a very strong relationship between ICT integration and organization performance

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (strategic alliance and ICT integration) and the dependent variable (performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya).

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.883	.780	.781	.10129

a. Predictors: (Constant), strategic alliance and ICT integration

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.780. This implied that 78% of the variation in the dependent variable (performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya) could be explained by independent variables (strategic alliance and ICT integration).

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	114.201	2	57.101	1001.77	.000[b]
	Residual	7.814	137	.057		
	Total	122.015	139			

a. Dependent Variable: performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya
b. Predictors: (Constant), strategic alliance and ICT integration

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 1001.77 while the F critical was 3.062. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of strategic alliance and ICT integration on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya.

Table 8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	0.305	0.081		3.765	0.000
	strategic alliance	0.384	0.099	0.385	3.879	0.000
	ICT integration	0.371	0.098	0.370	3.786	0.001

a Dependent Variable: performance of SACCOs in Nairobi County, Kenya

The regression model was as follows: $\mathbf{Y = 0.305 + 0.384X_1 + 0.371X_2 + \varepsilon}$

According to the results, strategic alliance has a significant effect on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya β_1=0.384, p value= 0.000). The relationship was considered significant since the p value 0.000 was less than the significant level of 0.05. The findings are in line with the findings of Koerte and Benard (2023) who indicated that there is a very strong relationship between strategic alliance and organization performance

In addition, the results revealed that ICT integration has significant effect on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya β1=0.371, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the results of Jajjaet *et al* (2022) who revealed that there is a very strong relationship between ICT integration and organization performance.

Conclusions

The study concludes that strategic alliance has a positive and significant effect on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. Findings revealed that joint venture, licensing/contract and acquisitions and mergers influence performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya.

The study also concludes that ICT Integration has a positive and significant effect on performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya. Findings revealed that infrastructure, technical competence and data and information management influence performance of Savings & Credit Co-operatives (SACCOs) in Nairobi County, Kenya.

Recommendations

The study recommends that the management of SACCOs in Kenya should form partnerships with fintech companies to enhance digital financial services. By collaborating with fintech firms, SACCOs can leverage advanced technologies to improve service delivery, expand outreach, and streamline operations through mobile banking, digital loan processing, and automated savings platforms.

The study also recommends that the management of SACCOs in Kenya should adopt robust core banking systems and mobile banking platforms. Implementing modern ICT solutions enhances operational efficiency, improves data management, and ensures real-time service delivery to members. Through mobile apps and USSD services, members can easily access their accounts, apply for loans, and make transactions anytime, which increases customer satisfaction and engagement.

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