

**Positioning Strategies and the Performance of Deposit Taking Savings and Credit Cooperative Organizations in Nyeri County, Kenya**

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**Abstract**

Deposit-taking Savings and Credit Cooperative Organizations (DT- SACCOs) play a crucial role in Kenya's economic development, particularly in promoting financial inclusion and empowerment at the grassroots level. However, Deposit-Taking Savings and Credit Cooperative Societies (DT-SACCOs) in Nyeri County, Kenya, face several challenges affecting their financial performance. The general objective of this study is to evaluate the relationship between positioning strategies and the performance of deposit taking SACCOs in Nyeri County, Kenya. Specifically, the study sought to examine how strategic alliances and product reengineering affects the performance of deposit taking SACCOs in Nyeri County, Kenya. This study was guided by the Competitive Strategy theory and Kotter's Model. The research design used in this study was a descriptive research design. The study targeted all 3 three levels of management that included top management, middle level management and lower management, targeting 20 respondents from each SACCO, thus bringing a total of 100 respondents. Therefore, a census was carried out for this study. The researcher used primary data and secondary data. For primary data, the study used questionnaires. For secondary data, the study used financial statements of the stated SACCOs. Quantitative data was analysed by the use of descriptive statistics using SPSS (Version 25) and presented through means and standard deviations. Inferential statistics in this study comprised correlation analysis and regression analysis. The information was displayed by use of tables and in prose form. The study concludes that strategic alliances have a positive and significant effect on the performance of deposit taking SACCOs in Nyeri County, Kenya. The study also concludes that product reengineering has a positive and significant effect on the performance of deposit taking SACCOs in Nyeri County, Kenya. Based on the findings, the study recommends that the management of deposit taking SACCOs in Kenya should establish partnerships with fintech companies and microfinance institutions. These alliances can provide access to advanced financial technologies, data analytics tools, and innovative service delivery channels that SACCOs may not afford independently.

**Keywords:** *Positioning Strategies, Strategic Alliances, Product Reengineering, Performance, Deposit Taking SACCOs*

## INTRODUCTION

The financial sector is a crucial component of the global economy, encompassing a wide range of institutions and services such as banks, investment firms, insurance companies, and real estate businesses (Prasad, 2021). It facilitates the flow of capital and credit, enabling individuals and businesses to save, invest, borrow, and manage risk effectively. This sector also plays a vital role in economic stability and growth by allocating resources efficiently, supporting entrepreneurship, and influencing monetary policy through interest rates and financial instruments (Saidy, 2020). Deposit Taking SACCOs (Savings and Credit Cooperative Organizations) are member-owned financial cooperatives that accept deposits and provide loans and other financial services to their members. Deposit Taking SACCOs are licensed and regulated by financial authorities, allowing them to operate more like traditional banks while still adhering to cooperative principles such as democratic control and member participation. These SACCOs mobilize savings from their members and use those funds to offer affordable credit, promote financial inclusion, and support community development (Simiyu & Makhamara, 2020).

Deposit Taking SACCOs play a vital role in promoting financial inclusion, especially among low-and middle-income populations who may lack access to mainstream banking services (Krause *et al*, 2020). By allowing members to save and borrow within a trusted community structure, these SACCOs help individuals and small businesses manage their finances, build assets, and improve their economic well-being. Their presence in rural and underserved areas ensures that financial services reach people who are often overlooked by traditional financial institutions (Adi & Suwardana, 2021). Another key role of Deposit Taking SACCOs is the provision of affordable credit. These loans are often used for income-generating activities, education, housing, and emergency needs, thereby empowering members economically and socially. In addition, the savings mobilized by SACCOs contribute to a culture of financial discipline and long-term planning among their members (Mwaniki, 2020).

Furthermore, Deposit Taking SACCOs promote economic development at the grassroots level. By pooling resources from members and reinvesting them in local communities, SACCOs stimulate entrepreneurship, job creation, and community development (Miring'u, 2021). They also foster a sense of ownership, trust, and solidarity among members, reinforcing cooperative values. Through regulatory oversight and capacity building, many SACCOs are now strengthening their governance and operational standards, ensuring sustainability and improved service delivery in the financial sector (Munjua, 2022).

Positioning strategies refer to the methods businesses use to establish a unique image or identity for their products or brands in the minds of consumers. These strategies aim to distinguish a company's offerings from competitors, emphasizing certain attributes, values, or benefits that appeal to the target audience (Prasad, 2021). One common approach is differentiation positioning, where a brand highlights unique features or superior qualities, such as innovation, quality, or customer service. Another approach is price-based positioning, where the focus is on being the most affordable option, appealing to budget-conscious consumers (Saidy, 2020). Emotional positioning connects with consumers' feelings or aspirations, building brand loyalty through emotional appeal. Effective positioning strategies help businesses carve out their place in the marketplace, resonate with their target audience, and build a strong brand identity (Krause *et al*, 2020).

Deposit-Taking Savings and Credit Cooperative Societies (DT-SACCOs) in Nyeri County, Kenya, play a pivotal role in promoting financial inclusion and economic empowerment. These institutions offer a range of services, including savings accounts, loans, and financial literacy programs, to cater to the diverse needs of their members (Mwaniki, 2020). Notably, DT-SACCOs in Nyeri are licensed and regulated by the SACCO Societies Regulatory Authority (SASRA), ensuring adherence to financial standards and member protection. Among the prominent DT-SACCOs in Nyeri County is New Fortis SACCO, formerly known as Nyeri Teachers SACCO (Miring'u, 2021). Established in 1976, it initially served the teaching fraternity but has since expanded its membership to include civil servants nationwide. With an asset base exceeding KSh 11 billion and over 20,000 members, New Fortis SACCO offers competitive interest rates, including 13% on deposits and 14% dividends on share capital. Its branches are strategically located in Nyeri, Karatina, Othaya, Nairobi, and Nanyuki, providing accessible financial services to its members (Munjua, 2022).

Wananchi SACCO, headquartered in Othaya, is another significant player in the region. Founded in 1992 by tea farmers, it has since diversified its membership to include individuals from various sectors (Galgalo, 2022). The SACCO operates several branches, including those in Nyeri, Karatina, Mweiga, Chaka, Gakindu, Subukia, and Nakuru. Wananchi SACCO offers a variety of loan products, such as development loans, school fees loans, and business loans, as well as savings products like fixed deposit accounts and junior accounts. Its mission is to provide well-researched financial products and services to economically active Kenyans through well-interlinked branches (Munene, 2023). Other notable DT-SACCOs in Nyeri County include Biashara SACCO, located on Kimathi Street in Nyeri Town, and Taifa SACCO, situated in the NCU Building on Gakere Road in Nyeri Town. Biashara SACCO was formed by members of the business community in Nyeri and offers services tailored to the needs of entrepreneurs and traders. Taifa SACCO, originally a banking section of the former Nyeri District Co-operatives Union, provides banking services to farmers and has a long-standing presence in the region (Habiba & Nderi, 2024).

### **Statement of the Problem**

Deposit-taking SACCOs play a crucial role in Kenya's economic development, particularly in promoting financial inclusion and empowerment at the grassroots level (Mwaniki, 2020). These institutions provide accessible financial services such as savings, credit, and investment opportunities to members who might otherwise lack access to traditional banking services. By mobilizing savings and extending credit to individuals and small businesses, deposit-taking SACCOs stimulate economic activities, create employment, and reduce poverty (Miring'u, 2021). In counties like Nyeri, they are particularly vital in supporting agriculture, small-scale enterprises, and community development. Additionally, SACCOs contribute to the national economy by encouraging a culture of saving, increasing financial literacy, and supporting government initiatives aimed at enhancing financial stability and inclusive growth (Munjua, 2022).

Deposit-Taking Savings and Credit Cooperative Societies in Nyeri County, Kenya, face several challenges impacting their financial performance. A significant issue is the rising level of non-performing loans (NPLs), which adversely affect profitability (Galgalo, 2022). For instance, the ROA for DT-SACCOs in Kenya declined from 3.42% in 2018 to 1.52% in 2023. This decline is attributed to poor asset quality, with NPLs increasing from 5.12% in 2015 to 6.14% in 2017.

Such trends indicate a deterioration in asset quality, leading to reduced returns on assets and equity (Munene, 2023). Another challenge is the declining operational sustainability of SACCOs, as evidenced by the decrease in the Internal Capital Adequacy (ICA) ratio from 10.17% in 2022 to 7.7% in 2023 for Mwalimu National SACCO. This decline in ICA ratios reflects a reduction in surplus capital, which is crucial for absorbing financial shocks and maintaining operations during periods of economic stress. The overall average ICA ratio for all 174 deposit-taking SACCOs in Kenya also fell from 9.58% in 2022 to 9.11% in 2023, highlighting a sector-wide concern regarding capital adequacy (Habiba & Nderi, 2024).

Additionally, liquidity management remains a persistent issue. Effective liquidity management is essential for SACCOs to meet short-term financial demands and ensure operational sustainability (Mwaniki, 2020). However, many SACCOs in Nyeri County and the broader Mount Kenya region have reported declining performance due to inadequate liquidity management practices. This inadequacy hampers their ability to invest in profitable ventures, thereby affecting their ROI (Miring'u, 2021). Furthermore, the competitive landscape poses a challenge to SACCOs' financial performance. The increasing competition from commercial banks and other financial institutions necessitates that SACCOs adopt innovative strategies to remain competitive (Munjua, 2022). However, many SACCOs in Nyeri County face challenges in implementing effective knowledge management practices, which are vital for enhancing performance and competitiveness. Without such strategies, SACCOs may struggle to improve their financial performance and achieve sustainable growth (Galgalo, 2022).

Positioning strategies refer to the deliberate efforts by organizations to create a distinct image and identity in the minds of their target audience. Effective positioning can significantly influence organizational performance by attracting and retaining members, enhancing customer loyalty, and improving brand visibility (Munene, 2023). Various studies have been conducted in different parts of the world on positioning strategies and organization performance. For instance, Galgalo (2022) investigated positioning strategies and growth of hotels. Munene (2023) examined the influence of positioning strategies on performance of commercial banks and Chelimo (2024) conducted a study on positioning strategies used by firms in the telecommunications industry. However, none of these studies focused on strategic alliances and product reengineering on the performance of deposit taking SACCOs in Nyeri County. To fill the highlighted gaps, the current study sought to examine the relationship between positioning strategies (strategic alliances and product reengineering) on the performance of deposit taking SACCOs in Nyeri County.

### **General Objectives**

The general objective of this study is to evaluate the relationship between positioning strategies and the performance of deposit taking SACCOs in Nyeri County, Kenya

#### **1.3.1 Specific Objectives**

- i. To examine how strategic alliances affect the performance of deposit taking SACCOs in Nyeri County, Kenya
- ii. To assess how product reengineering affect the performance of deposit taking SACCOs in Nyeri County, Kenya

## **LITERATURE REVIEW**

### **Theoretical Framework**

#### **The Competitive Strategy theory**

The competitive strategy view, found by Michael Porter (1980), rooted in industrial organization literature, maintains an outside-in perspective where firm performance is determined primarily by environmental factors such as industry structure (Syamsudin & Widiyanti, 2020). Porter (1991) relaxes this condition, allowing firms to choose their strategic position to gain sustainable rents, although individual firms cannot change industry structure. This change in the assumption allows the firm to be the unit of the analysis. Thus, the outside-in perspective represents a view where a firm's performance is primarily determined by outside factors such as industry structure and firms can secure positions to exploit that structure (Nwokocha, 2020).

Organizations formulate their strategic position by finding the best defensive position against competitive forces, by swaying the balance of the forces to enhance the company's position, and by choosing a strategy for competitive balance prior to opponents' movement (Oliver, 1997). Strategic positioning is thus the output of a complex understanding of market structure and conditions that determine the sustainability of firm performance (Muthoka & Oduor, 2021).

The competitive strategy view maintains that resources are the results obtained from the implementation of strategy and/or purchase from the environment. Consequently, resources cannot achieve an independent status in relation to firm performance (Mundia, 2020). The importance of resources is understood only in conjunction with the capability of those resources to support the strategy pursued or the fitness of those resources for a particular industry structure. When resources fail to support a strategy or enhance a company's fit for an industry, they are useless (Mong'are, 2020). The theory was used to examine how strategic alliances affect the performance of deposit taking SACCOs in Nyeri County

#### **Kotter's Model**

Kotter model, developed by John Kotter (1995), shows that the change process goes through a set of phases (Aidin et al, 2021). Each phase lasts a certain amount of time and mistakes at any phase can impact the success of the change. Kotter's eight step approach to change management is as follows: (1) People typically prefer the status-quo. Change means uncertainty about what the future looks like. Uncertainty makes people uncomfortable. Furthermore, people tend to mistrust things about which they are uncertain. That is why people avoid change. To encourage people to assist with the change, you must create a sense of urgency (Ofogebu, 2023).

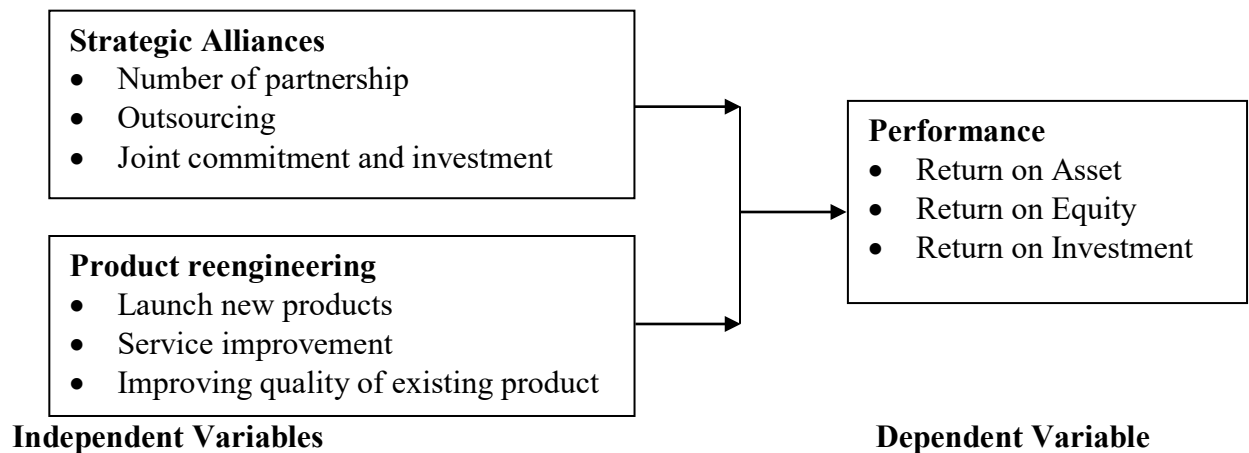
This step is similar to interventions in drug treatment. You can try and battle the resistance to change that people have by yourself, or you can make your life much easier by enlisting the help of others. To counteract resistance, one option is to form a powerful coalition of managers to work with the most resistant people (Kithinji, Rotich & Kihara, 2024). While it is not impossible to get things done without a definite plan of action, it is much simpler (and you get more cooperation) if there is a clear plan in place. Since the status quo is more comfortable for most people, they are likely to revert to business as usual and not flow with changes without a plan in place (Mutua, 2024). The theory was used to assess how product reengineering affects the performance of deposit taking SACCOs in Nyeri County.

#### **Conceptual Framework**

A Conceptual Framework is a structured representation or model that outlines the key variables or concepts within a study and shows the relationships between them (Mugenda & Mugenda,



2019). It serves as a guide to help researchers understand the theoretical foundations of their study and how different factors might influence or interact with each other (Cooper & Schindler, 2019).



**Figure 1: Conceptual Framework**

### **Strategic Alliances**

Strategic alliances are formal agreements between two or more organizations to collaborate and leverage each other's resources, capabilities, or expertise to achieve shared objectives while remaining independent entities. These partnerships are often formed to enter new markets, share technology, reduce risks, or enhance competitiveness without the need for a merger or acquisition (Syamsudin & Widiyanti, 2020). The number of partnerships a company forms can significantly impact its market reach, resource access, and overall growth. Strategic partnerships with other businesses, organizations, or stakeholders allow companies to leverage complementary strengths and expertise. The greater the number of partnerships, the more diverse the opportunities for collaboration, innovation, and expansion (Muthoka & Oduor, 2021).

Outsourcing is a business strategy where a company delegates specific tasks or functions to external organizations, typically to reduce costs, improve efficiency, or focus on core competencies (Mong'are, 2020). By outsourcing non-core activities such as IT support, customer service, or manufacturing, businesses can access specialized expertise, improve service quality, and reduce operational expenses. Outsourcing allows companies to remain flexible, as they can scale operations up or down without the burden of managing additional resources. Joint commitment and investment in business ventures involve both parties in a partnership making a shared effort to invest resources—whether capital, time, or expertise—into a particular project or business initiative (Nwokocha, 2020). This mutual investment can be critical in ensuring the success of the collaboration. It fosters a sense of shared responsibility and alignment, as both parties have a vested interest in the venture's outcomes. Joint commitment also leads to more cohesive decision-making and problem-solving, as the invested parties are more likely to prioritize the venture's success.

### **Product reengineering**

Product reengineering refers to the process of fundamentally redesigning and improving an existing product to enhance its performance, reduce costs, increase efficiency, or better meet customer needs. It involves analyzing the product's current design, features, and functionality,

then rethinking and restructuring it using modern technologies, innovative materials, or updated processes (Aidin *et al*, 2021). Launching new products is a crucial strategy for businesses aiming to expand their market presence and cater to evolving customer needs. By introducing innovative products, companies can tap into new customer segments, differentiate themselves from competitors, and generate additional revenue streams (Kithinji, Rotich & Kihara, 2024).

Service improvement is an ongoing process that focuses on enhancing the overall customer experience, satisfaction, and efficiency of services offered by a company. It involves evaluating existing services, identifying areas for improvement, and implementing changes that increase the value delivered to customers (Wambua, 2023). Service improvement can be driven by customer feedback, technological advancements, or internal performance assessments. Improving the quality of existing products is essential for businesses that want to retain their customer base and maintain a high level of customer satisfaction. This process may involve refining the product's features, enhancing its durability, or upgrading its design to align with current trends and consumer expectations (Ofoegbu, 2023).

### **Empirical Review**

#### **Strategic Alliance and Organizational Performance**

Syamsudin and Widiyanti (2020) conducted a study on the effect of strategic alliance in regional development banks in Indonesia. This study aims to analyze the strategic alliances undertaken by Regional Development Banks in Indonesia. The population in this study consists of management at regional development banks in Indonesia, covering 27 Regional Development Banks across the country. The study found that it could be seen that all indicators have met the validity criteria since they have achieved a standardized loading factor average variance extracted and having met the standard requirement of construct reliability. The study concluded that it was determined that seven indicators forming the strategic alliance variable at the Regional Development Banks in Indonesia are valid and reliable.

Nwokocha (2020) conducted a study on the effect of strategic alliance and its influence on the performance of small- and medium-scale enterprises in Enugu State, Nigeria. Small- and medium-scale enterprises (SMEs) are the engine of economic growth and equitable development in emerging economies such as Nigeria. The results revealed that strategic alliance cumulatively led to increase in sales growth increase, in growth in market share, and increase in product success. This study has emphasized the importance of interfirm relationship in strategic alliance to the SMEs. The outcome of this study will help existing and potential SMEs in Nigeria to engage in a systematic interfirm relationship in carrying out their operations more effectively. The study concluded that this study has emphasized the importance of interfirm relationship in strategic alliance to the SMEs

Mundia (2020) conducted a study on the effect of challenges of implementation of strategic alliances at the Kenya power ltd. The objective of the study was to determine the challenges of implementation of strategic alliances at Kenya Power. The study established that the major challenges of implementation of strategic alliance are the either hard”or“soft challenges. The study concluded that it is evident from the study that Kenya Power is involved in strategic alliances as an enabler for strategies implementation.

Mong'are (2020) conducted a study on the effect of strategic alliances and performance of information communication technology companies in Kenya. The aim of the study was to investigate the influence of strategic alliances on organizational performance of ICT companies

in Kenya. The study found out that strategic alliance has enabled the ICT companies to improve their market share and achieve improvement in their operational efficiency. Based on the findings, the study concluded that ICT companies in Kenya entered into strategic alliances with other firms for a number of reasons all meant to improve their survival, competitiveness and bottom-line performance.

### **Product Reengineering and Organizational Performance**

Aidin *et al* (2021) researched on the impact of business product reengineering on organizational performance during the coronavirus pandemic: moderating role of strategic thinking. Data of 103 samples was obtained from a survey of the electronics manufacturing companies listed in the Federation of Malaysia Manufacturers' directory. Data was analyzed using partial least squares structural equation modelling. The results showed that business product reengineering dimensions, i.e. top management commitment, organizational readiness for change, information technology capabilities and people management have significant positive impacts on organizational performance; whereas organizational structure and other abovementioned dimensions were found to have a much stronger impact on organizational performance whilst strategic thinking exists in the organization. The study concluded that product reengineering has significant positive impacts on organizational performance.

Ofoegbu (2023) assessed product re-engineering and organizational competitiveness of manufacturing firms in Nigeria. The population consisted of 355 manufacturing firms in the South-South, South-East and South-West geopolitical zones of Nigeria. Using the Krecjie and Morgan Sample Size Determination Table, a sample size of 254 manufacturing firms was selected of which copies of questionnaire were administered. The findings revealed a significant relationship between product reengineering and organizational competitiveness of manufacturing firms in Nigeria. The study concluded that manufacturing firms in Nigeria regularly review processes at work which led to a highly competitive environment.

Mutua (2024) examined the effect of business process re-engineering strategies on production performance of food manufacturing firms in Nakuru County, Kenya. y. The current study employed a correlational research design encompassing both qualitative and quantitative approaches. The study's target population was the 13 registered food manufacturing firms in Nakuru County, Kenya. The unit of analysis was the 13 food manufacturing firms and the unit of observation was the 66 managers. This number was small and manageable thus, sampling was not necessary. Instead, census design was employed where all the 66 managers were involved in the study. Data was collected by questionnaires, and subsequent analysis employed both descriptive and inferential statistical methods. The study found that business product re-engineering has a significant effect on the production performance of food manufacturing firms. The study concluded that business product re-engineering has a significant effect on the production performance of food manufacturing firms.

Wambua (2023) determined the effect of business process re-engineering strategies on production performance of food manufacturing firms in Kenya. Descriptive research design was employed. The study population was 6,710 from which a sample of 63 respondents was randomly selected. Structured questionnaires were used to collect data from the respondents. The findings of the study established that product reengineering was the most employed approach by the bank compared to process and operations re-engineering. Further, majority of the respondents indicated that the bank's performance had improved due to adoption of business reengineering.



Finally, BR had a positive significant effect on the performance of Equity Bank. The conclusion was that the adoption of business reengineering approaches led to the increase in the bank's competitive edge, growth in customer base and increase in market share.

## RESEARCH METHODOLOGY

### Research design

The research design refers to the overall strategy that you choose to integrate into the different components of the study in a coherent and logical way, thereby ensuring you effectively address the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data. The research design used in this study was a descriptive research design. The descriptive research enhances systematic description that is as accurate, valid and reliable as possible regarding the responses on the effect of positioning strategies on the performance of deposit taking SACCOs in Nyeri County (Yin, 2023).

### Target Population

According to Casteel & Bridler (2021), a population is a well-defined set of people, services, elements, events, groups of things or households that are being investigated. This definition ensures that the population of interest is homogeneous. The target population of this study was all 5 deposit taking SACCOs in Nyeri County, which included Wananchi SACCO, Taifa SACCO, Mwalimu SACCO, New Fortis SACCO and finally Biashara SACCO (SASRA, 2024). The study targeted all 3 three levels of management that included top management, middle level management and lower management, targeting 20 respondents from each SACCO, thus bringing a total of 100 respondents. The study settled on the deposit taking SACCOs in Nyeri County because no related study has been done in the area in the context of positioning strategies and the performance of deposit taking SACCOs in Nyeri County.

**Table 1: Target Population**

| Level of management   | Number     | Percentage |
|---|------------|------------|
| Marketing managers  | 5          | 5%         |
| Managers, Strategy & innovation                                     | 5          | 5%         |
| Managers, corporate services  | 5          | 5%         |
| Finance managers  | 5          | 5%         |
| Seniors officers, marketing, strategy, corporate services & finance | 30         | 30%        |
| Officers, marketing, strategy, corporate services & finance         | 50         | 50%        |
| <b>Total</b>  | <b>100</b> | <b>100</b> |

### Sample and Sampling Techniques

Sampling frame is a small section of the target population, which has been selected for observation and analysis. A list showing category, population size, sample size and percentage served as the sample frame in this study, which was obtained. The respondents were identified from different departments of the SACCOs in Nyeri County, which served as the units of analysis.

A census is a survey conducted on the full set of observation objects belonging to a given population or universe. A census is the complete enumeration of a population or groups at a point in time with respect to well-defined characteristics (Cooper & Schindler, 2019). The current study comprises 5 SACCOs in Nyeri County, which is a relatively small population and hence no need for sampling. Therefore, a census was carried out for this study.

### **Data Collection Instruments**

According to Creswell (2018), data collection Instruments refer to the devices used to collect data, such as questionnaires. The researcher used primary data and secondary data as the research instruments to gather the relevant information needed for the study. For primary data, the study used questionnaires. The questionnaires were closed-ended. For secondary data, the study used financial statements of the stated SACCOs.

### **Pilot Testing**

The study carried out a pilot test to test the validity and reliability of the questionnaires in gathering the data required for the purposes of the study. Alvi(2019) describes a pilot test as a replica and rehearsal of the main survey. Babbie & Mouton (2018) state that the purpose of a pilot test is not so much to test research hypotheses, but rather to test protocols, data collection instruments, sample positioning strategies and other aspects of a study in preparation for a larger study.

### **Data Analysis and Presentation**

Quantitative data collected was analysed by the use of descriptive statistics using SPSS (Version 25) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts and in prose form. This was done by tallying up responses, computing percentages of variations in response, as well as describing and interpreting the data in line with the study objectives and assumptions through the use of SPSS (Version 25) to communicate research findings. Inferential statistics in this study comprised correlation analysis and regression analysis. Correlation analysis is a statistical tool that can be used to determine the level of association of two variables (Levin & Rubin, 2019). The study conducted a correlation analysis to establish the strength of the relationship between the independent and the dependent variable. The regression equation for the study includes;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Whereby;

- Y = Performance of deposit taking SACCOs in Nyeri County, Kenya
- $\beta_0$  = Constant
- $\beta_1, \beta_2$  = Coefficients of determination
- $X_1$  = Strategic alliances
- $X_2$  = Product reengineering
- $\varepsilon$  = Error term

## **FINDINGS AND DISCUSSION**

### **Descriptive Statistics**

#### **Strategic Alliances and Organizational Performance**

The first specific objective of the study was to examine how strategic alliances affect the performance of deposit taking SACCOs in Nyeri County, Kenya. The respondents were requested to determine the influence of strategic alliances and performance of deposit taking SACCOs in Nyeri County, Kenya. The results were as shown in Table 2.

From the results, respondents agreed that their SACCOs actively seek new partnerships to enhance business opportunities (M=3.821, SD=0.819). This finding is supported by Muthoni and Wanjau (2020), who found that actively pursuing strategic partnerships opens up new markets, enhances service delivery, and boosts financial performance in SACCOs and MFIs. Similarly, respondents agreed that their organizations have a growing number of strategic partnerships that

contribute to their overall success ( $M=3.819$ ,  $SD=0.502$ ), aligning with Odhiambo (2019), who reported that SACCOs with robust inter-organizational networks enjoy improved resource sharing, knowledge transfer, and economies of scale. Additionally, respondents agreed that outsourcing allows their company to focus on core business functions ( $M=3.771$ ,  $SD=0.671$ ), a view echoed by Kamau and Kariuki (2018), who argued that outsourcing enables financial cooperatives to streamline operations and improve cost-efficiency.

Further, respondents confirmed that they strategically outsource non-core functions to improve operational efficiency ( $M=3.739$ ,  $SD=0.776$ ), a finding consistent with Wanyoike and Gathenya (2021), who noted that strategic outsourcing contributes to leaner operations and improved service quality. The agreement that their strategic alliances involve joint investments aligned with mutual goals ( $M=3.681$ ,  $SD=0.818$ ) supports the conclusions of Ngugi and Ogollah (2017), who found that joint ventures and alliances built on mutual objectives result in higher synergy, innovation, and performance. Lastly, respondents agreed that the success of their partnerships relies on shared commitment and investment ( $M=3.611$ ,  $SD=0.576$ ), in line with Das and Teng (2000), who emphasized that trust, commitment, and shared vision are essential ingredients for alliance success and long-term value creation.

The results indicate that strategic alliances play a significant role in enhancing the performance of deposit-taking SACCOs in Nyeri County. Respondents strongly agreed that their organizations actively pursue new partnerships and maintain a growing network of strategic alliances that contribute to their success. Outsourcing of non-core functions was also seen as beneficial, allowing SACCOs to concentrate on core operations and improve efficiency. Furthermore, alliances built on joint investments and shared commitment were recognized as critical to their effectiveness. Overall, the findings suggest that well-managed strategic partnerships positively impact operational efficiency, resource optimization, and overall organizational performance.

**Table 2: Strategic Alliances and Organizational Performance**

|   | Mean         | Std. Deviation |
|---|--------------|----------------|
| Our company actively seeks new partnerships to enhance business opportunities.        | 3.821        | 0.819          |
| We have a growing number of strategic partnerships that contribute to our success.    | 3.819        | 0.502          |
| Outsourcing allows our company to focus on core business functions.                   | 3.771        | 0.671          |
| We strategically outsource non-core functions to improve operational efficiency.      | 3.739        | 0.776          |
| Our strategic alliances involve joint investments that align with mutual goals.       | 3.681        | 0.818          |
| The success of our strategic partnerships relies on shared commitment and investment. | 3.611        | 0.576          |
| <b>Aggregate</b>  | <b>3.740</b> | <b>0.694</b>   |

### **Product Reengineering and Organizational Performance**

The second specific objective of the study was to assess how product reengineering affects the performance of deposit taking SACCOs in Nyeri County, Kenya. The respondents were requested to indicate their level of agreement on various statements related to product reengineering and performance of deposit taking SACCOs in Nyeri County, Kenya. The results were as shown in Table 3.

From the results, respondents agreed that their SACCOs regularly launch new products to meet changing market demands ( $M=3.878$ ,  $SD=0.676$ ), which supports the findings of Gathungu and Bwisa (2019), who argued that continuous product innovation enables SACCOs to remain relevant in competitive financial environments. Similarly, the agreement that launching new products is a key strategy for maintaining competitiveness ( $M=3.849$ ,  $SD=0.581$ ) aligns with Muturi and Omwenga (2020), who concluded that product reengineering leads to market expansion, brand differentiation, and improved performance in financial institutions. Respondents also affirmed that service improvements are driven by customer feedback and market trends ( $M=3.820$ ,  $SD=0.665$ ), which resonates with Kotler and Keller (2016), who emphasized that market-driven innovation enhances customer satisfaction and product-market fit.

Additionally, respondents agreed that their SACCOs place strong emphasis on service innovation and continuous improvement ( $M=3.773$ ,  $SD=0.598$ ), consistent with Mwangi and Murigi (2018), who noted that organizations that prioritize innovation in service delivery often record higher customer retention and profitability. The finding that SACCOs consistently improve the quality of their existing products to maintain customer loyalty ( $M=3.657$ ,  $SD=0.761$ ) aligns with Chesbrough (2010), who highlighted that iterative improvement of existing services is central to value creation and sustainable competitiveness. Finally, the agreement that product quality improvement remains an ongoing organizational priority ( $M=3.612$ ,  $SD=0.687$ ) mirrors the conclusions of Mwaura and Ombati (2021), who found that continuous reengineering of financial products enhances customer experience and institutional performance. These findings collectively underscore the strategic importance of product reengineering as a performance-enhancing mechanism in the SACCO sector.

The findings suggest that product reengineering significantly contributes to the performance of deposit-taking SACCOs in Nyeri County. Respondents consistently agreed that their organizations regularly introduce new products to address evolving market needs and view product innovation as a key strategy for maintaining competitiveness. Service enhancements are largely informed by customer feedback and market trends, demonstrating a customer-centric approach. Additionally, there is a strong organizational focus on both innovation and continuous improvement of existing products, which supports customer retention and loyalty. These results highlight that ongoing product development and quality enhancement are critical drivers of SACCO growth and sustained performance.

**Table 3: Product Reengineering and Organizational Performance**

|  | Mean         | Std.<br>Deviation |
|--|--------------|-------------------|
| Our company regularly launches new products to meet changing market demands.               | 3.878        | 0.676             |
| The launch of new products is a key strategy for staying competitive.                      | 3.849        | 0.581             |
| Service improvements are driven by customer feedback and market trends.                    | 3.820        | 0.665             |
| Our company has a strong focus on service innovation and improvement.                      | 3.773        | 0.598             |
| We consistently improve the quality of our existing products to maintain customer loyalty. | 3.657        | 0.761             |
| Product quality improvements are an ongoing priority for our company.                      | 3.612        | 0.687             |
| <b>Aggregate</b>   | <b>3.765</b> | <b>0.661</b>      |

### 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 the dependent variable (performance of deposit taking SACCOs in Nyeri County, Kenya) and independent variables (strategic alliances and product reengineering).

### Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (strategic alliances and product reengineering) and the dependent variable (performance of deposit taking SACCOs in Nyeri County, Kenya). 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 4: Correlation Coefficients**

|                             |                 | Organization<br>Performance | Strategic<br>Alliances | Product<br>Reengineering |
|-----------------------------|-----------------|-----------------------------|------------------------|--------------------------|
| Organization<br>Performance | Pearson         | 1                           |                        |                          |
|                             | Correlation     |                             |                        |                          |
|                             | Sig. (2-tailed) |                             |                        |                          |
| Strategic Alliances         | N               | 85                          |                        |                          |
|                             | Pearson         | .870**                      | 1                      |                          |
|                             | Correlation     |                             |                        |                          |
| Product<br>Reengineering    | Sig. (2-tailed) | .000                        |                        |                          |
|                             | N               | 85                          | 85                     |                          |
|                             | Pearson         | .857**                      | .398                   | 1                        |
|                             | Correlation     |                             |                        |                          |
|                             | Sig. (2-tailed) | .002                        | .090                   |                          |
|                             | N               | 85                          | 85                     | 85                       |

From the results, there is a very strong relationship between strategic alliances and performance of deposit taking SACCOs in Nyeri County, Kenya ( $r = 0.870$ ,  $p$  value  $=0.000$ ). The relationship was significant since the  $p$ -value  $0.000$  was less than  $0.05$  (significance level). The findings are in line with the findings of Nwokocha (2020) that there is a very strong relationship between strategic alliances and organization performance.

The results also revealed that there was a very strong relationship between product reengineering and performance of deposit taking SACCOs in Nyeri County, Kenya ( $r = 0.857$ ,  $p$ -value  $=0.002$ ). The relationship was significant since the  $p$ -value  $0.002$  was less than  $0.05$  (significance level). The findings are in line with the results of Kithinji, Rotich and Kihara (2024), who revealed that there is a very strong relationship between product reengineering and organization performance.

### Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (strategic alliances and product reengineering) and the dependent variable (performance of deposit taking SACCOs in Nyeri County, Kenya)



**Table 5: Model Summary**

| Model | R    | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|------|----------|-------------------|----------------------------|
| 1     | .877 | .769     | .767              | .10428                     |

a. Predictors: (Constant), strategic alliances and product reengineering

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 0.769. This implied that 76.9% of the variation in the dependent variable (performance of deposit taking SACCOs in Nyeri County, Kenya) could be explained by independent variables (strategic alliances and product reengineering).

**Table 6: Analysis of Variance**

| Model        | Sum of Squares | df | Mean Square | F       | Sig.              |
|--------------|----------------|----|-------------|---------|-------------------|
| 1 Regression | 111.532        | 2  | 55.766      | 453.382 | .000 <sup>b</sup> |
| Residual     | 10.098         | 82 | .123        |         |                   |
| Total        | 121.630        | 84 |             |         |                   |

a. Dependent Variable: performance of deposit taking SACCOs in Nyeri County, Kenya

b. Predictors: (Constant), strategic alliances and product reengineering

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 453.382 while the F critical was 3.108. 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 a good fit for the data. Therefore, the model can be used to predict the influence of strategic alliances and product reengineering on the performance of deposit taking SACCOs in Nyeri County, Kenya.

**Table 7: Regression Coefficients**

| Model |                       | Unstandardized Coefficients |            | Standardize d Coefficients | t     | Sig.  |
|-------|-----------------------|-----------------------------|------------|----------------------------|-------|-------|
|       |                       | B                           | Std. Error | Beta                       |       |       |
| 1     | (Constant)            | 0.214                       | 0.057      |                            | 3.754 | 0.000 |
|       | strategic alliances   | 0.368                       | 0.095      | 0.367                      | 3.874 | 0.000 |
|       | product reengineering | 0.354                       | 0.091      | 0.353                      | 3.890 | 0.001 |

a Dependent Variable: performance of deposit taking SACCOs in Nyeri County, Kenya

The regression model was as follows:

$$Y = 0.214 + 0.368X_1 + 0.354X_2 + \varepsilon$$

According to the results, strategic alliances has a significant effect on the performance of deposit taking SACCOs in Nyeri County, Kenya ( $\beta=0.368$ , 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 Nwokocha (2020) that there is a very strong relationship between strategic alliances and organization performance.

In addition, the results revealed that product reengineering has a significant effect on the performance of deposit taking SACCOs in Nyeri County, Kenya ( $\beta=0.354$ , 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 Kithinji, Rotich and Kihara (2024), who

revealed that there is a very strong relationship between product reengineering and organization performance.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

The study concludes that strategic alliances have a positive and significant effect on the performance of deposit taking SACCOs in Nyeri County, Kenya. Findings revealed that the number of partnerships, outsourcing and joint commitment and investment influence the performance of deposit taking SACCOs in Nyeri County, Kenya.

The study also concludes that product reengineering has a positive and significant effect on the performance of deposit taking SACCOs in Nyeri County, Kenya. Findings revealed that launching new products, service improvement and improving the quality of existing products influence the performance of deposit taking SACCOs in Nyeri County, Kenya.

### **Recommendations**

The study recommends that the management of deposit taking SACCOs in Kenya should establish partnerships with fintech companies and microfinance institutions. These alliances can provide access to advanced financial technologies, data analytics tools, and innovative service delivery channels that SACCOs may not afford independently.

The study also recommends that the management of deposit taking SACCOs in Kenya should redesign loan products to be more flexible and tailored to members' evolving financial needs. By analyzing member feedback and market trends, SACCOs can restructure loan terms to better suit different segments, including farmers, small business owners, and salaried employees.

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