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ABSTRACT

The study investigates the impact of financing strategies on the organizational performance of deposit taking Saccos in Kenya. Using resource-based view and diffusion of innovation theories, the research analyzed 176 deposits taking SACCOs in Kenya, with operations managers as the unit of inquiry. The sample size was determined using the Yamane formula, and the study aimed to protect member deposits and improve overall performance. The study utilized a structured questionnaire to collect primary data, ensuring content and construct validity. Statistical methods were employed for descriptive and inferential analysis, including mean, percentage, standard deviation, and frequency. Visual representations of the data were provided through tables, charts, figures, and models. The strategies account for 66.4% significant variance in organizational performance of DTSs (R square =.664, P=0.000) implying that 33.6% of the variance in organizational performance of DTSs is accounted for by other variables not captured in this model. The study recommended that implementing robust monitoring and evaluation frameworks is crucial for assessing the effectiveness of strategies. Sacco managers should establish key performance indicators aligned with strategic objectives and regularly evaluate the impact of implemented strategies. This iterative process allows for adjustments and refinements based on real-time feedback and evolving market conditions. Further studies should focus on other combination strategies such as growth and expansion strategies.

Key Terms: *Innovation Strategy, Financing Strategy, Automated Teller Machine, Deposit Taking SACCOs, Point of Sales, Return on Assets, Return on Investment, Savings and Credit Co-Operative Societies*

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INTRODUCTION

Organizational performance, or the ability to carry out plans efficiently to achieve institutional goals, is critical to the success of businesses (Afrianda, Siswanti, & Nawangsari, 2023). According to Ngii and Wambua (2019), improving organizational learning is crucial to attaining organizational performance through organizational growth in order to have a beneficial impact on organizational performance. Effective coordination of responsibilities is crucial for enhancing organizational performance, leading to increased effectiveness and utility of the organization's operations (Theodosiou, Kehagias & Katsikea, 2022). Efforts should be made to enhance organizational performance in order to optimize the effectiveness of organizational programs (Meroño-Cerdán, López-Nicolás & Molina-Castillo, 2018). Conversely, Maher and Andersson (2017) contend that the performance outcomes of an organization are influenced by its achievements in the market and the fundamental changes that occur over a specific time period.

Deposit-taking Savings and Credit Cooperative Organizations (SACCOs) play a crucial role in fostering financial inclusion and promoting economic empowerment, both globally and within Kenya. Globally, SACCOs have witnessed significant growth over the past decade, with millions of members benefiting from their services (Colak & Oztekin, 2021). According to recent statistics from the World Council of Credit Unions (WOCCU), there are over 85,000 credit unions and SACCOs worldwide, serving more than 274 million members and holding approximately $2.1 trillion in assets. Estimates indicate over USD 1 trillion in annual loan disbursements globally (WOCCU, 2023). Credit unions hold a substantial market share in several Latin American countries, ranging from 10% to 40%. They play a crucial role in financial inclusion, especially for unbanked populations. Overall, the region boasts over 80 million members and USD 200 billion in assets distributed across credit unions (WOCCU, 2023).

Deposit-taking Savings and Credit Cooperative Organizations (SACCOs) play a crucial role in fostering financial inclusion and promoting economic empowerment across Africa. Regionally, SACCOs have emerged as key drivers of financial inclusion, with countries like Uganda, Tanzania, and Rwanda experiencing notable growth in their SACCO sectors. In Uganda, for example, SACCOs, also known as credit unions, have expanded rapidly, serving millions of members and contributing significantly to the country's financial sector. As of December 2022, there were 1,771 registered SACCOs in Uganda, according to the Uganda Cooperative Savings and Credit Societies (UCSCU). The total membership of SACCOs reached 10.6 million in 2022, reflecting a 3.8% increase from 2021 (UCSCU, 2023). SACCOs' total assets reached UGX 13.7 trillion (approximately USD 3.86 billion) in 2022, reflecting a 12.5% increase from 2021 (UCSCU, 2023). Total deposits mobilized grew by 14.1% to UGX 9.3 trillion (approximately USD 2.61 billion) in 2022 compared to 2021 (UCSCU, 2023). SACCOs issued loans and other credit advances amounting to UGX 8.2 trillion (approximately USD 2.3 billion) in 2022, an 11.4% increase from 2021 (UCSCU, 2023). In Tanzania, SACCOs have evolved into important financial intermediaries, providing essential services to individuals, small businesses, and rural communities. Similarly, Rwanda has witnessed the proliferation of SACCOs, particularly in rural areas, where they play a vital role in mobilizing savings and providing credit to underserved populations.

Deposit-taking Savings and Credit Cooperative Organizations (SACCOs) are integral to Kenya's financial landscape, playing a significant role in promoting financial inclusion and economic empowerment. Over the years, SACCOs in Kenya have experienced remarkable growth, with millions of members and substantial assets under management. They serve diverse segments of the population, including individuals, small businesses, and informal sector workers, providing them with a pathway to savings, credit, and other financial services. As at December 2022, there were 18,109 registered SACCOs in Kenya, according to the Sacco Societies Regulatory Authority (SASRA). The total membership of SACCOs reached 6.42 million in 2022, reflecting a 7.02% increase from 2021 (SASRA, 2023). SACCOs' total assets reached Kshs 890.31 billion in 2022, reflecting a 10.31% increase from 2021 (SASRA, 2023). Total deposits mobilized grew by 9.84% to Kshs 620.45 billion in 2022 compared to 2021 (SASRA, 2023). SACCOs issued loans and other credit advances amounting to Kshs 680.35 billion in 2022, an 11.76% increase from 2021 (SASRA, 2023).

Organizational Performance of Deposit Taking Saccos

Organizational performance refers to the tangible results achieved in comparison to the desired outcomes (Kenny, 2019). According to Duong, Phan, Hoang, and Vo (2020), organizational performance refers to the data on the accomplishment of both financial and non-financial goals of the business. According to Ole Kulet, Wanyoike and Koima (2019), organizational performance consists of the output of the organization compared to its objectives and goals. Organizations are very significant and thus, effective organizations characterize a key factor for the developing countries. The primary focus of most businesses is consistently on performance, since organizational development and progress can only be achieved via effective performance (Hammond, 2018). Hsiao and Kelly (2018) said that in order to achieve optimal organizational performance in Pakistan, it is essential for firms to adapt to the evolving business environment. Moreover, Augustine, Inyang, and Ekpe (2021) said that in the current turbulent business environment, characterized by uncertainty and a lack of global foresight, achieving organizational performance is very difficult and necessitates the implementation of strategies to assure long-term viability.

Ranasinghe and Mallika (2018) argue that in order to enhance organizational performance, it is crucial for firms in Nigeria to take strategic positions that would effectively enable them to maintain market share. Managers should prioritize constructing their organizational strategies to be client-focused and realistic in order to achieve customer retention and higher sales volumes. Factors that assess organizational success include the quality of services and goods, customer satisfaction, market performance, staff performance, and service innovations. The organization's success is evaluated based on return on investment, sales margins, customer satisfaction, and product quality. Organizational success may be assessed by evaluating the return on investment, sales growth, market share, and profitability (Japheth & Wanjira, 2021).

Škerlavaj, Štemberger, and Dimovski (2017) defined organizational performance by measuring the quality of services, productivity levels, and innovation rate. They discovered a positive correlation between these factors and greater organizational performance. Croteau and Bergeron (2021) conducted a study on organizational performance, examining the financial perspectives of top managers, organizational growth, productivity, employee turnover, and retention in relation to direct competitors. Ugoani and Ugoani (2017) assessed organizational performance by specifically analyzing return on investment and sales growth, finding a significant and positive correlation between these variables. In the present research, organizational performance was defined as the measurable outcomes of profitability, sales volume, customer retention, efficiency, and market share. These indicators were identified by Njogu (2022) as key factors in assessing organizational performance.

Organizational performance measures like profits, sales volumes and customer retention are of great interest to senior management and investors in any organization. They should be objective and coupled with meaningful references like the past performance of the organization. Profits and sales volumes are usually articulated, highlighted and emphasized in the annual reports to the stakeholders (Nkechi, 2018). Customer retention is a measure that provides an insight on how customers see the organization (Derbew, 2019). Organizations use various strategies to retain customers like rewarding regular customers.

The choice of performance measures in the study, including customer loyalty, market share, and profitability, is justified based on established literature emphasizing the strategic importance of these metrics for assessing organizational performance, competitiveness, and long-term sustainability in various industries, including deposit-taking SACCOs in Kenya.

Customer loyalty refers to the extent to which customers consistently choose a particular brand or organization over others, often leading to repeat purchases and positive word-of-mouth referrals. In the literature, customer loyalty is widely recognized as a crucial indicator of business success and long-term sustainability. Studies have shown that loyal customers tend to be more profitable, as they often spend more, are less price-sensitive, and are more likely to recommend the brand to others (Méndez-Suárez, 2021; Mbogo, 2020). Therefore, measuring customer loyalty through metrics such as customer retention rates, repeat purchase frequency, and Net Promoter Score (NPS) aligns with established literature on the importance of retaining satisfied customers for sustained profitability and growth (Kamande & Maina, 2019).

Market share refers to the percentage of total sales within a specific market that a company captures. It is a key indicator of a firm's competitive position and its ability to attract and retain customers relative to competitors. Research in the literature consistently emphasizes the importance of market share as a driver of profitability and long-term success (Chirwa & Boikanyo, 2022; Mukira, Kariuki & Muturi, 2022). Higher market share can lead to economies of scale, greater bargaining power with suppliers, and increased brand recognition. Therefore, measuring market share through metrics such as revenue share, unit sales share, or customer share aligns with the literature's emphasis on the strategic significance of market dominance for sustainable profitability and growth (Bomiegha & Kalu, 2018).

Profitability measures the financial performance of a company by assessing its ability to generate profit relative to its expenses and investments. It is a fundamental metric for evaluating business performance and viability. In the literature, profitability is considered the ultimate goal of business operations, as it directly impacts shareholder value and organizational sustainability. Studies consistently highlight the relationship between profitability and other performance indicators such as customer loyalty and market share, emphasizing the importance of achieving a balance between revenue growth and cost management (Afrianda, Siswanti & Nawangsari, 2023; Ryńca & Ziaeian, 2021). Therefore, measuring profitability through metrics such as return on assets (ROA), return on equity (ROE), and net profit margin aligns with the literature's recognition of profitability as a critical determinant of overall business success and competitiveness (Abbas, Balsalobre-Lorente, Al-Sulaiti & Aldereai, 2024).

Deposits taking Saccos are prominent entities in the financial industry that significantly contribute to the growth of Kenya's economy. While several deposit taking Saccos have shown improved overall performance, a number of Saccos have had poor performance. In 2018, the proportion of non-performing loans (NPL) to the total amount of loans rose from 9.6 percent that was for the previous year 2017 to 12.6 percent. Additionally, pre-tax earnings saw a fall of 8.4 percent in 2018. SASRA (2021) suggests that the underperformance of SACCOs in Kenya might be attributed to mismanagement, inadequate strategy, and intense competition from other financial institutions. This is evident by the profits which have reduced by 8.4 percent in the year 2018 and further by 1.3% in 2022 (SASRA, 2023). As a result, other measures were implemented, such as the withdrawal of licenses, the removal of Saccos from official registration, and the placement of others on a monitoring list, all of which had an impact on the financial assets of the members.

Rose (2017) examined the funding practices of around 730 commercial banks in the United States that were supposedly facing a financial crisis. Nevertheless, the research failed to describe the specific basic methods used to raise funds, a deficiency that will be rectified by this study. Tam et al. (2020) investigated the impact of financing techniques on the overall financial performance of commercial banks in Vietnam. However, the previous research just examined the financing strategy in the context of corporate banking. This study aims to fill this gap by specifically investigating dividend policy, investment partnerships, and other methods of generating money.

In their study, Bomiegha and Kalu (2018) discovered a favourable and statistically significant correlation between relationship marketing and sales success in Nigeria. In addition, it was discovered that there was a contextual gap in understanding the notion of relationship marketing. This research aimed to contribute to the existing knowledge by providing definitive data on the link between relationship marketing and performance. Mulaa et al. (2021) conducted a study in Nairobi, Kenya to investigate the impact of strategic innovation capabilities on the performance of medium and large supermarkets managed by vendors. The investigation was done inside a supermarket setting, resulting in a notable contextual void. This study focused on innovation capabilities which is relative in regards to organizational factors.

Therefore, this study sought to fill these gaps by examining the effect of financing strategy on organizational performance of deposit taking Saccos in Kenya

Objective of the study

The study objective was to determine effect of financing strategy on organizational performance of deposit taking Saccos in Kenya

LITERATURE REVIEW

Theoretical Review

Resource Based View Theory

In 1984, Wernerfelt came up with this notion. The author posited that in an organizational context, resources are those things that the organization has on hand that may be put to use in order to achieve its goals. According to the notion, in order to align internal capabilities with the market context, it is necessary to realign and align the external environment as well (Lockett, Thompson & Morgenstern, 2019). It's possible, according to RBV's postulates, that organizations' Sacco innovations will change over time (Taher, 2022). What this implies is that a company may gain a competitive edge by capitalizing on the distinctiveness of its resources. Arend and Lévesque (2020) argue that if all organizations' resources were identical, then no one organization would have a competitive advantage.

For the resource-based view, it's more important to look inward at an organization, taking into consideration the market conditions it must face and looking for potential reasons to maintain a competitive advantage even after controlling for all external environmental factors (Freeman, Dmytriyev & Phillips, 2021). Companies rely on this technique when they plan their plans to increase productivity (Kraaijenbrink, Spender & Groen, 2020). Since the theory is related to the study's overarching goal—to ascertain the impact of combination techniques on the performance of deposit-taking saccos in Kenya—it will be relevant to the present investigation. Combination strategies are conceptualized with an emphasis on human resources, SACCO innovation, relationship marketing, and financing.

The Resource-Based View (RBV) theory emphasizes the role of internal resources and capabilities in achieving competitive advantage and superior performance. In the context of the influence of combination strategies on the performance of Deposit Taking SACCOs (DTSs) in Kenya, RBV

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suggests that the effective utilization and integration of organizational resources such as financial innovation, relationship marketing, and human resource strategies contribute significantly to performance outcomes. By combining these diverse strategies, SACCOs can leverage their unique resource configurations to create value, differentiate themselves from competitors, and ultimately enhance their overall performance. Thus, RBV provides a theoretical framework to understand how the combination of various strategies can lead to improved performance outcomes in the SACCO sector.

Diffusion of Innovation Theory

According to Rogers's (1983) theory, many factors impact the spread of innovations. These include the technology's relative advantage, compatibility, complexity, trialability, and observability (Kaminski, 2021). Relative advantage refers to how much better the technology is compared to existing tools. Compatibility refers to how well the technology fits in. Due to their lack of mutual exclusivity, these factors cannot be used to forecast the pace or magnitude of innovation dissemination.

In their 2018 publication, Dearing and Cox added to the list of innovation traits. Three of the seven features of innovation—relative advantage, compatibility, and trialability—are taken straight from Rogers. According to Sartipi (2020), complexity is closely related to the other attribute, ease of use. Due to the fact that each person has their own unique perspective, relative advantage and simplicity of use are inherently subjective qualities.

Here, the innovation diffusion theory explains how organizations make decisions about new innovations. It's applicable to this study because it sheds light on how features of banking innovations, such as mobile banking, agency banking, and point-of-sale systems, interact to influence their adoption in the industry and, ultimately, the performance of deposit-taking Saccos.

The Innovation Diffusion Theory (IDT) can be linked to the influence of combination strategies on the performance of Deposit Taking SACCOs (DTSs) in Kenya by highlighting how the adoption and integration of multiple innovative strategies spread across the SACCO sector. IDT posits that the adoption of innovations follows a predictable pattern, influenced by various factors such as communication channels, social networks, and perceived relative advantage. In the context of combination strategies in SACCOs, IDT suggests that the diffusion of innovative practices, such as financial innovation, relationship marketing, and human resource strategies, among others, can positively influence performance outcomes. As SACCOs observe the successful implementation of these strategies by others in the industry, they are more likely to adopt and integrate similar approaches into their operations, leading to improved performance. Therefore, IDT provides insights into how the diffusion of innovative combination strategies can drive performance improvements within the SACCO sector in Kenya.

Financing strategy and Organizational Performance

Financing strategy refers to the approach an organization takes to manage its capital, raise funds, and allocate resources to meet its operational and strategic goals (Ahmed & Siddiqui, 2019). In the context of deposit-taking SACCOs in Kenya, financing strategy plays a crucial role in ensuring financial stability, supporting growth, and facilitating member services. A sound financing strategy involves a mix of internal and external funding sources, with a focus on maintaining liquidity and managing risk. SACCOs often rely on member deposits as a primary funding source, but they may also explore external financing options like bank loans or partnerships to meet capital needs (Enos et al., 2023). Effective financing strategies enable SACCOs to expand their services, invest in technology, and support members' financial goals. By balancing cost, risk, and flexibility, SACCOs can optimize their capital structure and drive sustainable growth. Ultimately, a well-planned financing strategy contributes to the overall performance and success of SACCOs, ensuring their ability to meet members' needs while maintaining financial stability (Agani, 2022).

A study conducted by Karuntimi (2022) looked at the connection between the financial success of Kenyan real estate enterprises and their financing strategies. Using secondary data collected from 55 real estate businesses over a six-year period (2015–2020), the research drew its conclusions. Panel estimating approaches were carried out in the data analysis. Financial performance of real estate companies is significantly impacted by financing techniques, according to the study's empirical data. Financial performance was positively affected by private equity, joint venture, and mortgage financing. However, this effect was not statistically significant. The impact of retained profits on financial performance was favourable and statistically significant although the study only used retained earnings.

In their 2019 study, Raude, Wesonga, and Wawire aimed to determine the reason for this failure by examining the relationship between SMEs' performance and their financing strategy in Kakamega Municipality, Kenya. This study used a descriptive survey research design to get the data it needed from interviews with company executives and a questionnaire with yes/no questions to gauge participant interest and understanding. A better understanding for designing lending policies, a mechanism for regulating and controlling the volume of credit to SMEs, a complement to existing studies and knowledge on optimization of performance, and a boost to further research in this area are all reasons why this study was important to stakeholders in the financial sector, investors, the business community, the government, and the general public. There was a robust relationship between SMEs' performance and their equity financing strategy, according to the research. The study also revealed that small and medium-sized enterprises (SMEs) in Kakamega Municipality, Kenya were severely lacking in funding although the study only used equity financing.

Using statistical models in 125 SMEs in the State of Aguascalientes, Mexico, such as linear regression and ANOVA, Florido, Adame, and Tagle (2019) found a strong positive relationship between financial management aspects like liquidity and leverage and increased performance of SMEs. Yator and Gitagia (2023) evaluated the effect of retained earnings on SMEs, while Florido, Adame, and Tagle (2019) sought to identify strategies to improve the performance and development of SMEs. The study's goals were investigated using a descriptive research approach. Enterprises participating in the Nairobi Securities Exchange's manufacturing sector were the units of analysis. Seven (7) manufacturing enterprises registered in the Nairobi Securities Exchange made up the study's sample frame. Based on a census, the research included all seven (7) manufacturing enterprises registered in the Nairobi Securities Exchange, even though the target population is tiny. Manufacturing companies registered on the Nairobi Securities Exchange had their short-term and long-term debt, retained profits, and return on equity (ROE) measured using secondary data. Equity funding does, in fact, affect the financial performance of manufacturing businesses listed on the Nairobi Securities Exchange, according to the study's conclusions.

The impact of financing strategies on the long-term viability of manufacturing enterprises in Nakuru, Kenya was studied by Korir and Kibati (2019). The researchers in this study used a descriptive survey approach. Manufacturing company general managers and finance managers in Nakuru town, Kenya, were the intended subjects of the research. Trenton, New Jersey, has 33 general managers and 33 financial managers as its target demographic. The data was gathered by means of surveys that were designed on a 5-point Likert scale. The research found that manufacturing enterprises in Nakuru town that had access to equity funding were more likely to be financially sustainable. It follows those industrial enterprises in Nakuru town, Kenya, were significantly impacted by equity financing in terms of their financial sustainability, according to the research.

The impact of various financing strategies on the financial performance of listed enterprises in Kenya, as measured by return on assets and return on equity, is investigated by Omollo, Muturi and Wanjare (2018). Forty non-financial companies traded on the Nairobi Securities Exchange from 2009 to 2015 were examined. In both OLS and RE, the empirical data reveal that overall debt, as well as short-term and long-term debt, significantly reduces returns on assets. In spite of this, returns on equity are unaffected by the debt measures using any of the available estimating techniques. These contradictory empirical findings partly corroborate the hypotheses of Modigliani and Miller and partly adhere to the trade-off. Therefore, in order to function at their best, financial managers should tweak their debt levels. To counteract the default risks linked to overleveraging, financial institutions should limit company financing to the point of maximum profitability.

The purpose of the study by Enos, Nderitu, and Muthoni (2023) was to examine how small and SMEs in Bungoma County, Kenya, fared after receiving equity funding. Using a simple random selection approach, 368 of the 4,721 licensed SMEs retail businesses in the county were chosen for the study. In order to gather data, managers and owners of SMEs were asked to fill out standardized Likert scale questionnaires. After that, the validity and reliability of the data gathering tools were tested in a pilot study. Subsequently, inferential and descriptive statistics were used. According to the descriptive data, equity financing is the capital structure choice for most SMEs. Equally encouraging was the finding that return on equity, return on assets, and return on capital employed had all been on the rise for SMEs. The correlation results for inferential statistics demonstrated a positive association between equity financing and performance. Additionally, the statistical significance of the regression model indicates that equity funding is a key determinant of the variations in SMEs' performance. Researchers found that small and medium-sized enterprises (SMEs) benefited significantly from equity funding.

The purpose of Agani's (2022) research was to analyze how different types of financing strategies affected the bottom lines of Kenyan car dealerships that sold brand-new vehicles. The study used a correlational research approach and relied on secondary data collected from nine different Kenyan new car dealers between 2011 and 2021. Descriptive and inferential statistics were used in the investigation. A regression model with fixed effects was used. The research found that new car sellers in Kenya benefited financially from several forms of financing, including equity, lease, purchase order, and cheque discounting. The results may indicate that a combination of funding options should be considered. Because it allows for more flexibility and efficiency, leasing finance solutions are well-received by businesses.

Using panel data of 70 Pakistani textile firms from 2010 to 2015, Ahmed and Siddiqui (2019) sought to identify the effect of capital structure, particularly loan financing, on company performance. Researchers used the State Bank of Pakistan's Balance Sheet Analysis for their findings. The results show that financial leverage is the key tool used by enterprises to boost their performance. Return on assets grows in proportion to the debt-to-asset ratio. Debt, either short-term (39.2%) or long-term (23.8%), finances about 64.4% of the firm's assets. Even though there is a negative correlation between short-term debt and ROA, more companies are taking out loans for shorter periods of time due to the lower interest rates. Return on assets and long-term debt to assets were also shown to be positively related.

Tam et al., (2020) examined influence of financing strategies on overall financial performance of commercial banks in Vietnam. The results showed that corporate banking significantly improved commercial banks' profitability. A conceptual knowledge gap exists since the study only focussed on financing strategies ignoring other combination strategies. Further, the study was conducted outside Kenya focusing on commercial banks leaving a significant contextual gap in regards to deposit taking Saccos.

Conceptual Framework

Financial Strategy
- Core Capital Raising
- Investment Partnership
- Corporate Banking
- Dividend Policing

Organizational performance of DTSs
- Customer loyalty
- Market share
- Profitability

Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

METHODOLOGY

The study used a descriptive cross-sectional research approach. (Mohajan, 2020). The study comprised of 176 deposits taking SACCOs in Kenya from SASRA records as indicated in Appendix 2 (SASRA, 2023). The sampling frame consisted of 176 operation managers. The data obtained in this research was first organized, arranged into tables, and categorized. The data was revised by a meticulous analysis of the gathered raw data, aiming to identify and rectify any inaccuracies or omissions. This included a meticulous examination of the filled-out questionnaires. The data was encoded by giving numerical values to replies, allowing them to be categorized into a restricted number of types. The statistical analysis was conducted using SPSS 26. The research included both descriptive and inferential statistics. The data was conveyed via the use of tables, models, and charts. The data analysis was conducted according to the specified goals. The following model was implemented:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4+\varepsilon$$

Where Y= Performance of DTSs

X1= Financing Strategy

X2 = Innovation Strategy

X3 = Relationship marketing Strategy

X4 = Human Resource focus Strategy

β is coefficient parameter to be determined,

ε= Error

FINDINGS

Response Rate

A total of 132 participants were surveyed for the research. The questionnaires that were duly filled and successfully returned were 101 which translates to 76.5% response rate. The response rate was deemed excellent and appropriate for drawing conclusions about the study population. This is based on the following criteria: a response rate of 50% is deemed adequate for analysis and reporting purposes, a rate of 60% is deemed good, and a rate of 70% and above is deemed excellent (Mugenda and Mugenda 2009).

Table 1: Financing Strategy

1. **Financing strategy**	**Mean**	**S. D**
The Sacco has entered into investment partnerships with various investors to raise its capital base	3.61	1.166
The Sacco has rolled out corporate financial solutions to raise its core capital	2.99	1.153
The Saccos has a feasible dividend policy to attract new and existing customers	3.33	1.184
The Saccos consistently pays annual dividends to its customers	3.59	1.159
Generally, adoption of various core capital raising solutions have resulted in the Sacco's increase in its ROA	3.60	1.068
Mean	**3.42**	

According to the results of the study shown on the table above, a mean of 3.61 and a standard deviation of 1.166, the respondents were in agreement that the Sacco has entered into investment partnerships with various investors to raise its capital base. A mean of 2.99 and a standard deviation of 1.153, the respondents agreed with the statement that the Sacco has rolled out corporate financial solutions to raise its core capital. With regard to the Saccos has a feasible dividend policy to attract new and existing customers, a mean of 3.33 and a standard deviation of 1.184, the respondents were in agreement with the assertion. However, with a mean of 3.59 and a standard deviation of 1.159 indicated that the Saccos consistently pays annual dividends to its customers. Hence the respondents agreed with the assertion. A mean of 3.60 and a standard deviation of 1.068, the respondents agreed that generally, adoption of various core capital raising solutions have resulted in the Sacco's increase in its ROA.

Inferential Statistics

Linear effect of Financing strategy on organizational performance of deposit taking Saccos in Kenya

An analysis on simple linear regression was conducted to establish direct influence of financing strategy and organizational performance of deposit taking Saccos in Kenya. Shown in Table 2 below are the results.

Table 2: Model Summary for Financing strategy and organizational performance

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of Estimate**	**Change Statistics**				
					R Sq Change	**F Change**	**df1**	**df2**	**Sig. F Change**
1	.752[a]	.565	.561	.55222	.565	128.608	1	99	.000
a. Predictors: (Constant), financing strategy									

The results illustrated that there was a statistically significant positive effect of financing strategy on organizational performance of deposit taking Saccos in Kenya. Financing strategy accounted for 56.5% (R^2 = 0.565) variations in the organizational performance of deposit taking Saccos in Kenya.

Table 3: ANOVA Table for Financing strategy

Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	39.218	1	39.218	128.608	.000[b]
	Residual	30.189	99	.305		
	Total	69.408	100			
a. Dependent Variable: Organizational performance						
b. Predictors: (Constant), financing strategy						

Analysis of Variance (ANOVA) illustrated the mean squares and F statistics significant F (1,99)=128.608; significant at p>.05, thus assuring the fitness of the model and also implies that the Financing strategy has significant variations in their contributions to organizational performance of deposit taking Saccos in Kenya. Therefore, financing strategy is significant predictor of organizational performance of deposit taking Saccos in Kenya.

Table 4: Regression Coefficients for Financing strategy

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.345	.185		7.287	.000
	Financing strategy	.628	.055	.752	11.341	.000

a. Dependent Variable: Organizational performance

Results illustrated that financing strategy had a positive, linear and significant (p-value is less than 0.05) relationship with the organizational performance of deposit taking Saccos in Kenya (regression coefficient, B=0.628 and t-test value, t=11.341. The results are represented in the following model;

$Y = \beta 0 + \beta_1 X_1 + \varepsilon$

Where Y= organizational performance of deposit taking Saccos in Kenya,

$\beta 0 = 1.345$ (constant)

$\beta_1 = 0.628$

X_1= Financing strategy

Replacing in the equation above, the model becomes: $Y=1.345 + 0.628X_1$

From the equation above, the constant had coefficient of 1.345, p=0.000. this implied that in the absence of financing strategy, organizational performance of deposit taking Saccos in Kenya will be at 1.345. This performance would be significant (P<0.05). Conversely, financing strategy had beta coefficient of 0.628. This implies that when everything is held constant, a unit increase in the financing strategy would result to a significant increase in organizational performance of deposit taking Saccos in Kenya by 0.628 units.

Discussions of the Findings

The study reveals a consensus among respondents regarding the Sacco's initiatives to enhance capital, including investment partnerships and corporate financial solutions rollout. While uncertainty exists, respondents generally agree with these strategies, suggesting their positive impact on the Sacco's return on assets (ROA). However, opinions vary regarding the Sacco's consistent annual dividends. Despite this, a majority acknowledges the Sacco's effective adoption of various core capital-raising solutions, correlating with an increase in its ROA.

The results illustrated that there was a statistically significant positive effect of financing strategy on organizational performance of deposit taking Saccos in Kenya. Financing strategy accounted for 56.5% (R2 = 0.565) variations in the organizational performance of deposit taking Saccos in Kenya. One comparable study conducted by Karanja et al.

(2016) explored the influence of financial management practices on DT-SACCOs' performance, revealing that effective financing strategies significantly affected their overall performance. Their findings showed that financing strategies accounted for nearly half of the performance variations in DT-SACCOs, echoing the notion that a thoughtfully planned and executed financing strategy plays a crucial role in SACCOs' growth and success. Similarly, Mutua and Nyambura (2019) investigated the impact of strategic management practices on SACCOs' performance in Kenya, concluding that financing strategies significantly predicted their performance. The authors stressed the importance of matching financial sources with strategic objectives to maximize SACCOs' performance and longevity.

The strongest association was seen between the financing approach and the organizational performance of DTSs. The analysis showed that the financing strategy had the greatest unique and significant impact on the model, with a coefficient (B) of 0.411 and a p-value of 0.000. This suggests that, when controlling for other variables in the model, a one-unit change in the financing strategy would lead to a significant change in the organizational performance of DTSs by 0.411 in the same direction. In their study, Hsiao et al. (2017) examined how the financing strategy of commercial banks in Taiwan affects their financial performance. The findings also indicated that the performance was enhanced as a consequence of the augmentation of bank management activities, risk management activities, and other advantages derived from the financing approach. In their study, Bomiegha and Kalu (2018) discovered a significant and favorable correlation between relationship marketing and sales success in Nigeria. Data for the research was gathered via the use of questionnaires administered at the banks located in Ogun State.

Additionally, Murigi et al. (2015) studied the relationship between financial literacy and performance among Kenyan SACCOs, noting that strategic financial management, including selecting appropriate financing strategies, was a significant factor in achieving better performance. While many studies agree on the positive impact of financing strategies on SACCOs' performance, disagreements exist in the degree to which financing strategies influence SACCOs' performance. In contrast to the previously discussed findings, Machira et al.'s (2014) research found that financial strategies accounted for only 29% of the variations in the performance of Kenyan SACCOs.

CONCLUSIONS AND RECOMMENDATIONS

The findings underscore the significance of strategic financial initiatives for Deposit-Taking Saccos (DTSs), particularly in bolstering their organizational performance. Notably, the financing strategy emerges as the most influential factor, demonstrating a significant positive impact on DTSs organizational performance. These results emphasize the critical role of financial approaches in driving organizational success within the DTS sector, highlighting the need for tailored financial strategies to enhance overall performance and sustainability.

To ensure their success, a financing strategy is imperative. By prioritizing risk management, embracing technology, diversifying services, and promoting financial literacy, deposit taking Saccos can navigate the complexities of the financial sector, build trust among members, and establish a foundation for sustained growth and impact. The recommendations provided serve as a guide for deposit-taking Saccos seeking to enhance their success in the ever-evolving financial landscape.

Implementing robust monitoring and evaluation frameworks is crucial for assessing the effectiveness of combination strategies. Sacco managers should establish key performance indicators (KPIs) aligned with strategic objectives and regularly evaluate the impact of implemented strategies. This iterative process allows for adjustments and refinements based on real-time feedback and evolving market conditions.

Sacco management teams should engage in regular strategic planning workshops to align organizational goals with combination strategies. These workshops should involve discussions on service diversification, technological advancements, and risk management. The collaborative nature of these workshops fosters a shared vision among management, promoting effective decision-making and the implementation of well-informed strategies.

Inculcating a culture of strategic thinking and innovation within DT-Saccos is essential for continuous improvement and adaptation. Encouraging experimentation, embracing new technologies, and fostering a growth mindset can lead to the development of novel and effective combination strategies.

Review and update regulations to ensure they are supportive of DT-Saccos adopting financing strategy. Provide clear and transparent regulatory guidelines for the implementation of financing strategy. Streamline regulatory processes to reduce the administrative burden on DT-Saccos. Enhance governance practices within DT-Saccos to promote sound decision-making, accountability, and transparency. Implement risk management frameworks to mitigate potential risks associated with financing strategy.

It is anticipated that the results of the study will underpin future research activity, therefore contributing to the growth of knowledge within the area of research. Within the realm of strategic management, the research has also contributed to the expansion of reference material on the resource base view theory and the diffusion of Innovation theory. Additionally, future research work on the organizational performance of deposit taking Saccos in the nation will be informed by the study.

Areas of Further Studies

The study limited itself to four aspects of effect of financing strategy. This may limit its applicability since there are other combination strategies as depicted by the R square thus leaving a room for further studies.

Methodologically, the study focused on deposit taking Saccos in Kenya which are regulated by SASRA, it may be difficult to generalize these findings to other financial institutions such as commercial banks and microfinance banks which are regulated by CBK or to non-financial institutions.

The research used quantitative data that was gathered by the administration of semi-structured questionnaire. Hence, it is recommended that future research endeavours include qualitative methodologies such as focus groups, open-ended surveys, and interviews, since they may contribute to the refinement of more conclusive findings.

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