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Human Resources and Performance of Deposit-Taking Savings and Credit Cooperative Societies in Kirinyaga County, Kenya

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Abstract

Deposit-taking savings and credit cooperative societies (SACCOs) in Kirinyaga County face several challenges, including low profitability, high retrenchment rates, and slow adoption of new technologies, which hinder their financial stability and operational efficiency. This study investigates how human resources affect SACCO performance while drawing on resource-based theory. A descriptive research design was employed, utilizing both qualitative and quantitative data collection methods. Semi-structured questionnaires were administered to SACCO managers and employees, while secondary data was sourced from financial reports. A sample of ten SACCOs in Kirinyaga County was analyzed using statistical techniques to assess the relationship between organizational resources and performance. The findings reveal that whereas human capital, particularly well-trained staff, is the most significant factor in enhancing SACCO performance, its impact is comparatively lower. The study concludes that strategic investment in human capital is essential for improving SACCO performance. It recommends prioritizing staff training and development to maintain competitiveness. These insights provide a roadmap for SACCOs to enhance efficiency, sustain growth, and improve their role in economic development.

Keywords: SACCOs, organizational performance, resources

Introduction

Background of the Study

Organizational performance is a crucial enzyme for the progress and expansion of any nation's economy. The public has raised questions about SACCOs, mostly due to member money losses. The task of enhancing performance while coping with the shifting regulatory landscape, shifting competitive landscape, and accelerating technological development has been placed before the administration of the institutions. The management wants to see measurable results and a good return on investment from specific activities, and they may object if they feel "there is a lack of comprehension of how a particular activity affects performance" (Kaplan & Norton, 1992).

The initial function of the savings and credit cooperative organizations (SACCOs) was to offer members access to credit. But as time went on, they changed, and they now provide a wider range of products. They have aided in the country's enhanced socioeconomic development. They have been crucial in the financial intermediation process and are a major indicator of how society's welfare would improve. They have continued to face fierce rivalry from other actors in the financial industry, such as commercial banks, microfinance, shylocks, and other investment groups, despite their contribution to growth (Okomu & Oyugi, 2016). In 2020, deposit-taking SACCOs had a penetration rate of 12.18 % of the world financial market (World Council of Credit Unions Report, 2020). Out of the 6 continents, Africa has the most credit societies, totalling 40,570, and Oceania comes last with only 237 credit societies. The credit societies are only in 118 countries worldwide, with some nations having only one credit society. In Africa, Ethiopia leads with 20851 credit societies, and Kenya comes second with 8966, with only 175 being deposit-taking savings and credit societies.

SACCOs have continued gaining popularity since 1846 in Germany and have spread in Canada, US, Europe and mainly in the African continent. According to the credit union community and economic impact report 2020 and 2021, SACCOs in Canada serve 5.9 million Canadians and they have a market share of 17.2% compared to the chartered banks and other deposit-taking institutions, which have a market share of 82.8%. The Germany SACCOs profitability deteriorated in 2018, decreasing significantly by 31.2% before tax and 39.2% after tax. The net interest income remained below its long-term average while the administrative spending remained roughly constant (Deutsche Bundesbank report 2019).

Research Problem

Although many researchers have demonstrated in the literature that organizational resources can help organizations to improve performance

(Hoq & Chauhan, 2011; Gakenia, 2015), little is understood about how human resources can help deposit-taking SACCOs to improve performance. This problem motivated the need for additional research to fill the knowledge gaps that currently exist because numerous academics have only partially and singly explored the manner in which variables of the current study relate in various situations (Baryamureeba, 2014; Moura & Lengler, 2010; Muthui, 2013; Ndiege, Haule & Kazungu, 2013). For instance, Baryamureeba (2014) found a strong and positive association between technology and service delivery among SACCOs in Rwanda. Additionally, Ndiege, Haule, and Kazungu (2013) found a strong correlation between funding sources and the spread of SACCOs in Tanzania.

The current research fills in conceptual gaps because only a few of the aforementioned empirical investigations have merged the variables under consideration. Additionally, researchers have produced both positive and negative findings regarding how explanatory and response variables relate, necessitating the current investigation to resolve the discrepancies. Although several studies were limited to specific circumstances, the results of the current investigation cannot be generalized.

There is a need for additional research to fill in the methodological gaps because the procedures used in each study, including sampling designs, samples, respondents, and data processing methods, are ascribed to validity and reliability issues. Additionally, conflicting results on the association of the current study's variables are evident in existing empirical studies (Gakenia, 2015; Raduan, Haslinda & Alimin, 2011), necessitating additional research to fill in these knowledge gaps. The current study looks at how human resources affect the Kenya deposit-taking SACCO's performance in order to fill these gaps.

Objectives and Significance of the Study

This study sought to investigate the impact of human resources on the performance of deposit-taking cooperatives in Kirinyaga County. Specifically, it determined the effect of human resources on the profitability level of deposit-taking cooperatives in Kirinyaga County. The results of this study greatly advance theory, policy, and strategic management practice in addition to benefiting academics and researchers. By giving a clear explanation of how human resources may be leveraged to influence the performance of deposit-taking cooperative societies in Kirinyaga County, the information contributes to the body of knowledge. These results are by policymakers, including the government and the SACCO Societies Regulatory Authority (SASRA), to develop organizational resource-based policies that enhance the performance of deposit-taking cooperatives. The results could be used by managers and administrators of deposit-taking

SACCOs to devise and carry out decisions that improve the performance of deposit-taking SACCOs. These results serve as a resource for academics and researchers.

Literature Review

Unger et al. (2011) examined the relationship between human capital and entrepreneurial success in Ghana's lodging and tourist accommodation sector. The study argued that entrepreneurial orientation in modern years is a valued aspect that impacts the performance of many firms. With a basis in resource-based view, the study established that both entrepreneurial orientation and firm resources as critical factors driving firm performance. It employed an explanatory survey design to sample 113 out of 142 registered lodging facilities through random sampling. The findings showed that though managers demonstrated high levels of proactiveness, they showed low levels of competitive aggressiveness and risk-taking. It was concluded that although EO dimensions—such as innovation, proactiveness, risk-taking, and autonomy—had a slight impact on financial performance, competitive aggressiveness was a key missing factor. This study closely relates to the current research on the relationship between human capital and the performance of SACCOs, as both are framed within the Resource-Based View. The emphasis on managerial capabilities and leadership behavior in the EO study further complements my examination of how skilled, knowledgeable, and motivated human resources contribute to SACCO performance.

Human resources are the individuals who provide mental and physical efforts in an organization (Cania, 2014). Black and Boal (2010) suggest that organizations that invest in human resources are more likely to outsmart their competitors in the market. Good-performing organizations worldwide recognize employees as their key assets and mentor and develop their skills to achieve organizational objectives more efficiently and effectively (Bamel & Bamel, 2018). Bakri (2017) contends that any leader of any strategic thinking organization should develop policies oriented toward employee development rather than the organization.

Organizations with highly trained and experienced workers can easily implement new strategies, adopt new technology, develop new products, and form strategic partnerships for mutual gain (Mohamed & Bett, 2018). Understanding the skills and knowledge possessed by employees in any system is a critical practice of strategic management (Raduan, Haslinda & Alimin, 2011). Nyberg et al. (2014) and Ali and Ngui (2019) postulate that strategic organizations need to retrain employees on new business trends and provide an enabling environment that promotes employee development. In addition to the mission, the vision of any firm is only realizable provided

employees in the system have adequate information about strategy formation, implementation, and evaluation.

Deposit-Taking Savings and Credit Cooperative Societies in Kirinyaga County, Kenya

SACCOs are regarded as a people's collection for a common goal (Mathuva et al., 2016). Members of a SACCO may have a social or economic purpose. The history of cooperative societies dates back to 1840 in England during the Industrial Revolution. The SACCOs aimed to promote and protect the English working class' interests during the industrial revolution (Muthui, 2013). Later, in 1980s, groups of farmers were motivated to create the Agricultural Cooperative Savings and Credit Society to contribute to obtaining farm inputs and market their farm produce (Muriuki, 2016). Since the establishment of cooperative Savings and Credit in the 1840s in Britain, the concept has continued to gain popularity not only in developed nations, but also in developing states.

In Kenya, the first Savings and Credit Cooperative Organization was registered in 1964 after independence (Njuguna, 2015). The Kenyan Government, in 1969, encouraged the registration of more cooperative societies intending to provide credit facilities to working-class people with common objectives. In 1966, the Cooperative Societies Act was enacted by parliament, where new regulations were developed to control the operations of cooperative societies. Since 1973, developments have been witnessed in the SACCOs' sector, culminating in the registration of more SACCOs. Since 1975, the number SACCOs in Kenya has immensely increased, resulting in 3.7 million members of SACCOs. From 1990 to date, it is estimated that SACCOs have mobilized deposits of more than Ksh 170 billion and disbursed credit above Ksh 120 billion to members (SACCO Societies Regulatory Authority, 2017).

With the increased demand for services provided by SACCOs in Kenya since 2009, SACCO Societies Regulatory Authority (SASRA) was created by the government of Kenya to regulate the operation of SACCOs (Mathuva 2016). SASRA's (SACCO Societies Regulatory Authority) mandate is to license SACCOs, regulate, supervise deposit-taking SACCOs, manage funds, and advise the minister.

Among the 47 counties of Kenya is Kirinyaga County, with an approximate 1478.1 km^2 area coverage. Notably, Kirinyaga County borders Nyeri, Muranga, and Embu Counties. From the capital city, Nairobi, Kirinyaga County is approximately 138 Kilometers away. Out of the 175 licensed SACCOs by SASRA to operate in the year 2022, only 6 SACCOs are from Kirinyaga County, with only 2 SACCOs having branches across the county and the other 4 SACCOs having a single branch in the entire county.

Commercial banks continue to enjoy a larger market share in Kirinyaga county and continue lending money to a bigger group in the county compared to the SACCOs.

Over the years, members have continued to withdraw from SACCOs voluntarily. The non-performing loan portfolio has continued increasing each year,and interest on deposits for the members has remained stagnant in some SACCOs while in others, it has declined. According to SASRA report 2020, among the SACCOs in the large tire deposit-taking SACCOs, two are from Kirinyaga county; the entities recorded a decline in growth rates of total assets. One declined from 12.95% to 6.66%, while the other declined from 16.68% to 13.93%. The decline in the performance of the SACCOs within Kirinyaga county has formed the basis of the study; hence, the research will seek to study whether resources, in terms of human labor, finance, and technology, will lead to outstanding performance of the SACCOs.

Resource-Based Theory

Resource-based approach remains one of the most common viewpoints in strategic management (Talaja, 2012). It was first put forth by Penrose in 1959. The theory argues that a firm's resources have a substantial impact on how well the firm performs. On the other hand, the different resources used throughout the company will result in different performance (Nyberg et al., 2014). Researchers have theorized that by implementing new value and developing strategies that are difficult for rival companies to replicate, as well as resources characterized by uniqueness, nobility, and non-substitutability, an enterprise in achieve sustainable high performance (Barney, 1995; Colbert, 2014). RBV can help businesses choose important resources and create plans for allocating those resources to maximize performance. RBV is pertinent to this study's goal of examining human resources and performance in this way (Ruivo, Oliveira, & Neto, 2015). The researcher used RBV to identify the SACCO resources necessary for them to achieve exceptional performance that is sustainable. The Resource-Based Theory best explains the relationship between human resources and SACCO performance, as it recognizes human capital as a key strategic resource that drives value creation, operational efficiency, and competitive advantage in the cooperative sector.

Methodology

Research Design

The study adopted a descriptive research design, which is appropriate for capturing and analyzing data at a specific point in time. According to Taylor, Bogdan, and DeVault (2015), descriptive research provides a detailed account of existing conditions, making it suitable for examining

real-world phenomena. Liamputtong (2019) emphasizes that descriptive research is valuable for analyzing current trends and relationships within a given context. This design was selected due to its ability to accommodate multiple variables while remaining cost-effective. Furthermore, the descriptive research design allowed for the integration of both qualitative and quantitative methods, enabling a comprehensive analysis of the causal relationships between study variables. The use of a descriptive survey approach was particularly relevant given the nature of the research, which sought to investigate the reputational impact of fake news on Kenyan public figures based on existing cases.

Sample

The study's unit of analysis was individuals who fulfilled the specified set of criteria. The sampling frame consisted of chief executive officers, chief finance officers, sales managers, credit control managers, and executive directors working in deposit-taking SACCOs in Kirinyaga County. The target population was all chief executive officers, chief finance officers, sales managers, credit control managers, and executive directors working in deposit-taking SACCOs in Kirinyaga County. There were seven deposit-taking SACCOs that are currently registered and operating in Kirinyaga County. The study respondents were all chief executive officers, chief finance officers, sales managers, credit control managers, and executive directors working in deposit-taking SACCOs in Kirinyaga County. The 91 target respondents consisted of chief executive officers, chief finance officers, sales managers, credit control managers and executive directors. The SACCO Societies Act of 2008 requires a SACCOs' board to be composed of 5-9 members, of which 4 have to serve as executives, which justifies the selection of executive directors as part of the respondents. Chief executive officers, chief finance officers, sales managers and credit control managers were considered to be part of the survey as they were the best sources of the data needed for it, as well as policymakers and corporate stewards. Simple random sampling was undertaken to obtain an appropriate sample.

Study Procedure

To let the respondents from the participating SACCOs know about the study, the researcher got in touch with them. The researcher delivered the surveys to the SACCO location on the designated day. We employed the drop-off and pick-up strategy. A week was given to the respondents to complete the surveys. Due to their hectic schedules as department heads, the sampled respondents only had one week to complete their responses. After that, the questionnaires were picked up on the scheduled date. Secondary

data came from the financial reports of participating SACCOs, which were obtained from their website or magazines.

Data Collection

The investigation utilized secondary data in addition to any primary data collected. Semi-structured questionnaires were used to gather primary data. The individual distributing the Lindlof and Taylor (2017) describes surveys that can describe the study's objectives and provide clarification on any unclear items. The use of semi-structured questionnaires helped get data from a lot of respondents. Both open-ended and closed-ended questions were included in the surveys. Notably, a tight-ended survey directed the respondents to provide precise responses. In contrast, an open-ended survey allowed the respondents to freely express their ideas or opinions and provide suggestions.

The SACCOs' audited yearly financial reports were used to gather secondary data. To enable the realization of the aims of the study, the researcher used some tests to ascertain not only the validity of the research instruments but also their reliability. To make sure that the research tools are dependable and consistently measure the variables that were intended to be measured, validity and reliability tests were essential.

Data Analysis

A scrutiny of the gathered information was done. The act of removing erroneous or faulty records from a data set is known as data cleaning. To ascertain whether the data adheres to the fundamental presumptions of using important analytical techniques, such as regression analysis, diagnostic tests were performed. Excel was used for both bivariate and multivariate analysis. After categorizing the data in accordance with the study's goals, bivariate and multivariate analyses produced descriptive statistics. In addition, the analyses yielded inferential statistics.

The features of the study's key variables were described using descriptive statistics. The statistics considered were measures of central tendency, such as mean and measures of deviation, such as standard deviation. Besides, the analysis also included percentages and frequency distribution. The study employed correlation analysis in tandem with linear regression analysis as part of the investigation's inferential statistics.

A regression model of the kind listed below was used in this investigation.

Below is how the regression model was presented.

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$
Where:
Y = Organization performance
β_0 = Constant
B_1 = Co-efficient of human resources
X_1 = Human Resources
ε = error term

Results

Response Rate

Table 4.1: Response Rate

Rates	Frequency	Percent
Response	91	100.00%
Non-Response	0	0.00%
Total	91	100.00%

Source: Field Survey (2024)

The study achieved a 100 % response rate (see Table 4.1), with all 91 distributed questionnaires being completed and returned. This indicates excellent engagement and participation from the target respondents, suggesting that the data collected is comprehensive and representative of the population under study. In the context of the project, this high response rate strengthens the validity and reliability of the findings, as it eliminates the potential for non-response bias (Morrison & Roese, 2011). Such a response rate is critical for ensuring that conclusions drawn about the impact of organizational resources on the performance of deposit-taking SACCOs in Kirinyaga County are well-supported by empirical evidence.

Reliability Analysis

Table 4.2: Reliability Analysis

Variables	Reliability Cronbach's Alpha
Human Resources	0.795
Market Share	0.852
Total Assets Turnover Ratio	0.834
Return on Equity	0.876

Source: Field Study (2024)

Human resources' Cronbach's alpha of 0.795 is a good reliability, indicating that the items used to measure human resources are consistent and reliable in assessing their impact on SACCO performance (see Table 4.2). Market share variable shows very high reliability of 0.852, indicating that the items measuring market share are extremely consistent, reflecting strong

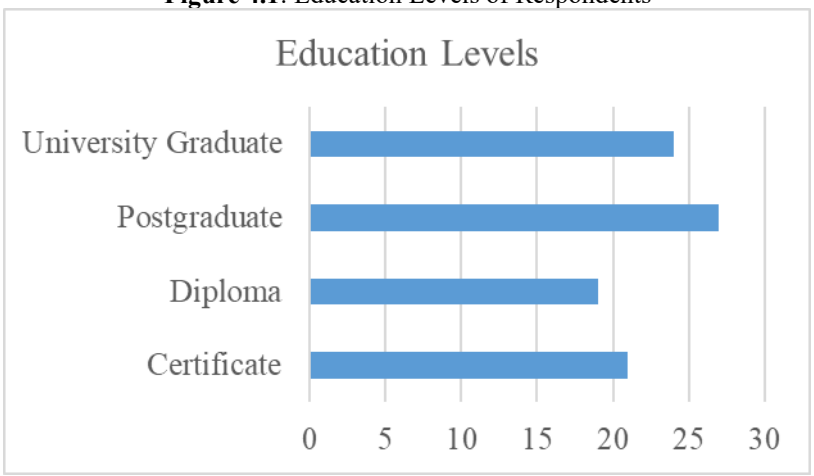
internal consistency. The reliability score for the total assets turnover ratio is very strong at 0.834, signifying that the measures used effectively and reliably represent the total assets turnover ratio. The return on equity's Cronbach alpha of 0.876 demonstrates the highest reliability among the set, confirming that the return on equity items are exceptionally consistent and dependable in reflecting the construct. All variables exceed the commonly accepted threshold of 0.7 for Cronbach's Alpha, indicating strong internal consistency across the measures (Sijtsma, 2009). This result suggests that the survey instrument and the collected data are reliable for examining the impact of human resources on SACCO performance.

Demographic Information

To ensure the reliability of the research findings, personal information pertaining to members and employees of deposit-taking Savings and Credit Cooperative Societies (SACCOs) in Kirinyaga County was systematically collected. This comprehensive data collection encompassed various demographic and professional attributes of the respondents, including their gender, educational level, length of employment, and their respective positions within the organization.

Level of Education

Figure 4.1: Education Levels of Respondents



Source: Field Study (2024)

Figure 4.1 reveals the distribution of respondents based on their education levels, indicating a diverse mix of academic qualifications among SACCO employees in Kirinyaga County. There were 21 certificate holders, which represent the entry-level qualification and reflect a significant proportion of employees who likely handle foundational or technical roles within the SACCOs. There were 19 diploma holders. This forms a slightly

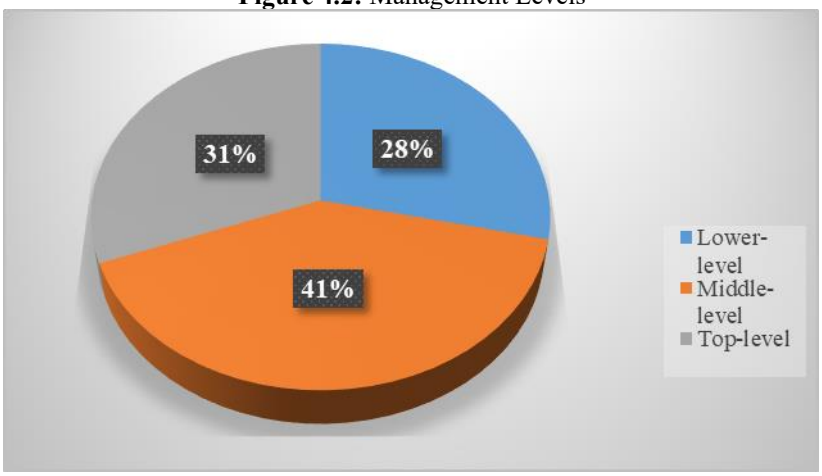
smaller group but is crucial, likely contributing to mid-level management and operational activities.

There were 24 university-graduate respondents. They represent a significant segment, reflecting a higher level of academic expertise. They are likely involved in supervisory, managerial, or analytical roles within the SACCOs. The highest number of respondents, 27 respondents, were postgraduate degree holders, suggesting a strong presence of advanced academic qualifications. These individuals likely occupy senior management as well as specialized roles, contributing to strategic decision-making and driving performance in the SACCOs.

The educational diversity among respondents underscores the presence of a skilled and knowledgeable workforce within SACCOs in Kirinyaga County. Higher levels of education (university graduates and postgraduate) dominate the workforce, suggesting that the organizations prioritize employing individuals with advanced skills and expertise to enhance performance (Ngugi, 2014). The level of education influences the findings of this study in that SACCOS prefer employees with advanced skills and expertise would be able to understand and accurately respond to research questions, providing more detailed and reliable information. This process enhances the quality and depth of the study's findings.

Management Levels

Figure 4.2: Management Levels



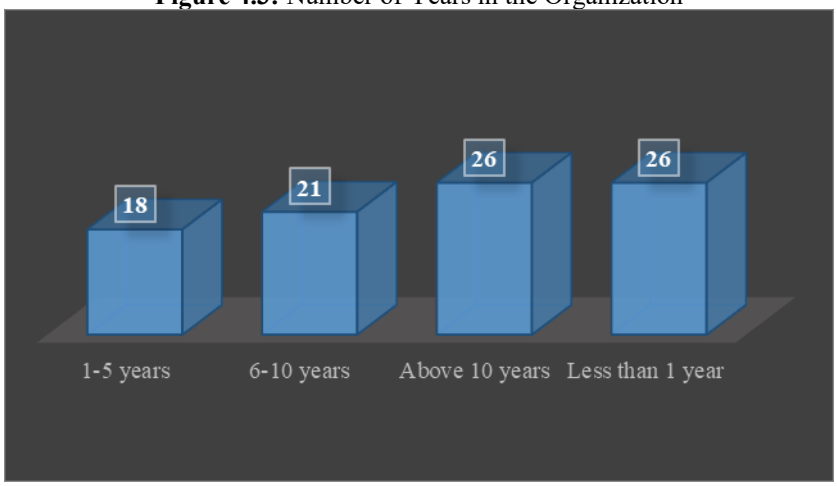
Source: Field Study (2024)

Data from Figure 4.2 suggests that most of the respondents are at the middle-level (40.66%), followed by the top-level (30.77%), and a smaller portion is at the lower-level (28.57%). The majority of the respondents were middle-level employees, followed by top-level workers. Middle-level employees represent the core operational and management staff in the

SACCOs ,often instrumental in resource allocation and decision-making. On the other hand, the top-level indicates leadership, whose influence is critical for setting the strategic direction. Likewise, the lower-level involves staff involved in day-to-day operations, who play a key role in executing the plans and policies developed at higher levels. This distribution affects how resources are allocated within these SACCOs and their subsequent impact on performance.

Number of Years in the Organization

Figure 4.3: Number of Years in the Organization



Source: Field Study (2024)

A high proportion of respondents (28.57 %) have been with the SACCO for more than 10 years or less than 1 year, suggesting a mix of experienced members and recent additions (see Figure 4.3). This could indicate varying levels of familiarity with the SACCO's operations, which may affect their perspective on organizational resources and performance. The 23.08 % with 6-10 years' experience could be seen as the middle group, likely more knowledgeable and experienced than those with less than 1 year, but still relatively newer compared to those with over 10 years. The 19.78 % with 1-5 years' experience may represent individuals who are still building their understanding of the SACCO's culture and operations. The distribution suggests that the respondents span across different stages of their SACCO involvement, which could provide valuable insights into how organizational resources affect both experienced and newer employees.

Human Resources and Performance of Deposit-Taking SACCOs

Table 4.3: Influence of Human Resources On the Performance of a SACCO

Extent of influence	Frequency	Percentage
Great extent	16	17.58 %
Little extent	22	24.18 %
Moderate extent	17	18.68 %
No extent	21	23.08 %
Very great extent	15	16.48 %
Grand Total	91	100.00 %

Source: Field Study (2024)

Respondents believe that human resources have a significant influence on the performance of their entity, but opinions on the degree of influence vary. The distribution of responses suggests that a moderate portion of respondents (24.18%) believe that human resources influence performance to a little extent. This could indicate a perception that while human resources play some role, other factors may be more significant in driving performance. A smaller proportion (18.68%) perceives human resources as influencing performance to a moderate extent, indicating a middle ground where human resources are important but not the sole driving force (see Table 4.3). Fewer respondents (17.58 %) believe that human resources influence performance to a great extent, while an even smaller group (16.48 %) thinks it influences performance to a very great extent. This shows that while human resources are recognized as important, few respondents see them as the primary driver of performance. On the other hand, 23.08 % of respondents believe that human resources have no extent of influence, suggesting that these respondents might perceive other factors, such as financial or operational resources, as more critical to the performance of their SACCOs.

The majority of the respondents believe that human resources have a significant influence on the performance of their entity, while onlya few believe human resources do not influence the performance of deposit-taking SACCOs. While there is recognition of the importance of human resources, a larger proportion of respondents believe other factors, including financial resources, leadership, or external factors, might have a greater impact on the performance of the SACCOs (Hotice, 2012).

Table 4.4: Human Resources

Human Resource and Performance	N	Min	Max	Mean	SD
We strive to internally recruit our staff to make them committed	91	1	5	3.033	1.524
We inspire our employees to embrace more on-job training sessions to hone their skills	91	1	5	2.835	1.500
To be eligible for promotion, the staff has to demonstrate that they satisfy the minimum criterion set out.	91	1	5	3.077	1.344

The employer has adopted motivation strategies that ensure that employees are always aligned with the organization's goals	91	1	5	2.868	1.500
Our company put emphasizes on personnel expertise during recruitment	91	1	5	3.077	1.335
We encourage teamwork amongst all the departments to achieve the organization goals	91	1	5	2.868	1.431
We motivate our staff with competitive compensation	91	1	5	2.780	1.444
Employees receive salary increments annually	91	1	5	3.187	1.374
The organization has both financial and non-financial incentives to motivate staff.	91	1	5	3.220	1.405

Source: Field Study (2024)

The participants were neutral on whether internal recruitment fosters employee commitment. This result was evidenced by a mean score of 3.033 with a standard deviation of 1.524. However, the relatively high standard deviation implies considerable variation in opinions, showing that some employees strongly agreed while others strongly disagreed that internal recruitment would improve the level of commitment of some among SACCO staff. Employees' opinions varied considerably on whether internal recruitment fosters employee commitment, a finding which supports the results obtained by Chigozie, Aga, and Onyia (2018) that organizations encourage internal recruitment because such employees have already undergone continuous learning, a prerequisite for progressive development. On-the-job training was rated with a mean of 2.835 and a standard deviation of 1.500, suggesting that employees slightly disagreed with the assertion that training is actively encouraged within their organizations. The substantial standard deviation highlights diverse perspectives, possibly reflecting differences in training opportunities across different SACCOs. The diverse perspectives, possibly reflecting differences in training opportunities across different SACCOs. The observation is that SACCOs need to implement on-the-job training for the acquisition of knowledge to enhance the productivity and profitability of manufacturing firms, a finding emphasized by Ali and Ngui (2019).

Regarding promotion eligibility, the statement that employees must satisfy minimum criteria before promotion received a mean of 3.077, showing a general agreement. The standard deviation of 1.344 suggests that responses were somewhat varied but not excessively dispersed, indicating a moderate level of consistency in responses. To be eligible for promotion in Kirinyaga SACCOs, the staff have to prove that they satisfy the minimum criteria set out. A similar finding was reported by Chuang, Liu, and Chen (2015), emphasizing that promotion and other human resource-based factors could be leveraged to improve organizational performance.

On the other hand, the effectiveness of motivation strategies in aligning employees with organizational goals was rated with a mean of 2.868, indicating slight disagreement among respondents. The high standard deviation of 1.500 suggests significant variations in perceptions, possibly due to inconsistencies in motivation strategies across different SACCOs. It implies that Kirinyaga SACCOs might be using diverse motivation approaches, resulting in differing opinions. Kirinyaga SACCOs use diverse motivation approaches, a finding supported by Chuang, Liu, and Chen (2015) when they established a positive correlation between the motivation of employees and organizational performance.

Emphasis on personnel expertise during recruitment received a mean score of 3.077, suggesting that respondents were generally in agreement that qualifications and expertise are prioritized in hiring decisions. The standard deviation of 1.335 indicates moderate dispersion in responses, implying that while some SACCOs emphasize expertise, others may not do so consistently. As a result, qualifications and expertise were prioritized in hiring decisions of most SACCOs in Kirinyaga.

At the same time, the encouragement of teamwork across departments scored a mean of 2.868, reflecting a neutral stance, with employees neither strongly agreeing nor disagreeing. However, the standard deviation of 1.431 suggests a relatively high variation in responses, indicating differing experiences with teamwork initiatives in various SACCOs. The neutral stance on encouragement of teamwork implies that differing experiences with teamwork initiatives in various SACCOs. For this reason, though teamwork contributes positively to an organization's profitability as reported by Karanja, Muraguri, and Kinyua (2018), the current study did not support this view.

Competitive compensation as a motivational tool received a mean rating of 2.780, signifying mild disagreement that salaries are competitive enough to motivate employees. The standard deviation of 1.444 suggests varied opinions, possibly due to disparities in compensation levels across different SACCOs. For this reason, competitive compensation is a great motivational tool, though a few SACCO employees insisted that their salaries were not modest enough to inspire them. This result supports the report by Meichang, Winching, and Dan (2017), which noted that competitive return for labour motivates employees to work hard towards improving the performance of the firm.

The study also found that salary increments are provided annually, with a mean of 3.187, indicating general agreement among respondents. However, the standard deviation of 1.374 shows some dispersion in responses, suggesting that while many SACCOs adhere to this practice, some may not implement it consistently. This result indicates the need for

SACCOs that have not implemented annual salary increments to do so starting immediately.

Additionally, the availability of both financial and non-financial incentives to motivate staff had the highest mean score of 3.220, indicating that most respondents agreed with this statement. The standard deviation of 1.405 suggests some variation in responses, likely due to differences in how incentives are structured across SACCOs. Although there are both financial and non-financial incentives to motivate staff, some SACCOs have yet to implement them. This finding supports the results of Meichang, Winching, and Dan (2017) that efforts to motivate staff should take both financial and non-financial forms.

Whereas some aspects of human resource practices, such as promotion criteria, salary increments, and incentive structures, were viewed positively, other factors, like on-the-job training, motivation strategies, and competitive compensation, received mixed or slightly negative responses. The standard deviations indicate considerable variation in employee experiences, pointing to inconsistencies in HR policies across different SACCOs.

Regression Model

The marginal effect of the explanatory factors constituting human resources, technological resources, and financial resources was ascertained on the performance of deposit-taking SACCOs in Kirinyaga County, using the technique of multiple regression assessment. Evidence of the outcomes relating to the variables' effect on the explained factor was displayed in Table 4.10.

Table 4.10: Regression Model

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	0.3168455	0.0550554	5.7550268	1.272E-07	0.2074169	0.4262741
Human	0.0060528	0.0101955	0.5936741	0.5542705	-0.0142118	0.0263173

Considering the estimated parameters in Table 4.10, the stated regression equation that was estimated is illustrated as thus:

$$Y = 0.3168455 + 0.0060528\, Human\ Resources$$

The intercept coefficient 0.3168 indicates the baseline level of SACCO performance when all explanatory factors are held constant (see Table 4.10). Its p-value 1.272E-07 is highly significant, suggesting the intercept is statistically significant and different from zero. The coefficient for Human Resources is 0.0061, which suggests a positive but negligible effect of human resources on SACCO performance. Its p-value 0.5543 is not

statistically significant, indicating that the relationship between human resources and performance is not statistically meaningful in this model.

Table 4.11: Correlation Analysis

	Performance	Human Resources
Performance	1	
Human Resources	0.053376794	1

The correlation coefficient between performance and human resources was 0.053376794, suggesting a weak positive relationship between these variables (see Table 4.11). In other words, as human resources' skills increase, they improve the performance of the companies in which they work.

Table 4.12: ANOVA Table

	df	SS	MS	F	Significance F
Regression	3	0.04064519	0.013548397	0.733591026	0.534750061
Residual	87	1.60676799	0.018468598		
Total	90	1.64741319			

The ANOVA table showed F statistic of 0.733591026 with a p-value of 0.534750061 (see Table 4.12). Since the p-value is greater than 0.05, we fail to reject the null hypothesis that human resources is insignificant. This observation suggests that human resources affect the performance of SACCOs, but the impact is small and insignificant.

Qualitative Analysis

The 91 respondents provided several recommendations to enhance the performance of deposit-taking SACCOs in Kirinyaga County. A significant majority (47%) suggested improving governance structures within the SACCOs. This includes ensuring transparency and accountability in financial management, as well as instituting robust mechanisms for monitoring and evaluation of SACCO operations. Respondents emphasized that well-trained and ethical leadership is crucial for maintaining member trust and promoting financial stability.

Another 29% of the respondents recommended increasing financial literacy among SACCO members. They noted that equipping members with knowledge about saving, borrowing, and investing would empower them to make informed financial decisions and contribute to the SACCO's growth. Furthermore, 14% of the participants proposed diversifying the range of financial products and services offered by SACCOs. They highlighted the need to introduce innovative products, such as digital loan platforms, insurance options, and savings plans tailored to the needs of different demographics, particularly youth and small business owners.

Lastly, 10% of the respondents emphasized the importance of improving technology adoption within SACCO operations. They suggested leveraging advanced financial software and digital platforms to streamline processes, enhance member access to services, and reduce operational inefficiencies. Collectively, these recommendations underscore the need for SACCOs to adapt to changing financial landscapes while maintaining a member-centric approach.

The respondents also identified certain gaps in this study that could serve as areas for future research. A notable proportion (36%) highlighted the lack of a detailed examination of external factors, such as economic and regulatory environments, which significantly influence SACCO performance. They suggested that a deeper exploration of how government policies and macroeconomic trends impact SACCOs could provide more comprehensive insights.

Another 27% of the respondents noted the absence of member-specific data, such as demographic characteristics and financial behaviors, which could better explain member participation and satisfaction levels. Additionally, 21% pointed out the limited focus on non-financial performance indicators, such as social impact and member empowerment, which are essential metrics for evaluating the overall success of SACCOs. Finally, 16 % felt that the study did not sufficiently address the role of collaboration among SACCOs and other financial institutions in fostering growth and innovation. These identified gaps highlight areas that future studies could address to build on the findings of this research.

Conclusion

This study examined the impact of human resources on the performance of deposit-taking SACCOs in Kirinyaga County. The findings reveal that human resources significantly impact performance, with SACCOs that invest in effective recruitment, employee training, and motivation strategies achieving better operational efficiency and service delivery. However, gaps in staff development and performance-based incentives hinder the full utilization of human capital. To sum up, organizational resources are essential in shaping SACCO performance and their impact depends on strategic integration and effective management to improve policies and targeted investment for enhancing SACCO efficiency, competitiveness, and long-term sustainability.

Recommendations of the Study

Based on the findings, a number of recommendations are proposed. First, there is a need to strengthen recruitment practices. SACCOs should adopt merit-based recruitment to attract and retain top talent. Second, there is

a need to enhance on-the-job training. Regular training sessions should be institutionalized to equip employees with the skills needed to navigate industry changes. Third, SACCOs should implement cross-departmental collaboration initiatives to promote teamwork. Fourth, SACCOs should implement effective motivation strategies. A mix of financial and non-financial incentives should be adopted to align employee efforts with organizational goals. Fifth, there is a need to invest in compatible systems. SACCOs should conduct needs assessments before acquiring new technologies to ensure compatibility with organizational goals. Sixth, SACCOs should improve user training. Regular training sessions should be held to ensure employees fully understand and utilize technological systems. Seventh, there is need to enhance automation. Processes across all SACCOs should be automated to increase efficiency and reduce operational costs.

Suggestions for Further Research

While this study has provided valuable insights into the impact of human resources on the performance of deposit-taking Savings and Credit Cooperative Societies (SACCOs) in Kirinyaga County, there are several areas for further exploration. Future research could examine the role of external factors such as government policies, economic conditions, and technological advancements in influencing SACCO performance. These factors might provide a more holistic understanding of the dynamics affecting SACCOs.

Additionally, this study primarily focused on Kirinyaga County, and expanding similar research to other regions in Kenya or even across East Africa could reveal comparative insights and regional variations. Such studies could also explore the role of cultural and demographic factors in shaping the effectiveness of human resources. Another promising area for future research would be to delve deeper into the impact of specific types of resources, such as human capital and technology, on SACCO performance. Longitudinal studies could also be conducted to analyze the long-term effects of organizational resources on performance.

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