

## A Resource-Based View of Human Capital and Performance in Deposit-Taking Saccos in Kirinyaga County, Kenya

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### Abstract

Deposit-taking savings and credit cooperative societies (SACCOs) in Kirinyaga County continue to grapple with challenges such as low profitability, high staff turnover, and limited technological adoption, factors that undermine their financial sustainability and operational efficiency. This study applies the Resource-Based View (RBV) to examine the relationship between human capital and the performance of these SACCOs. A descriptive research design was adopted, combining both qualitative and quantitative approaches. Data were collected using semi-structured questionnaires administered to SACCO managers and employees, alongside secondary data from financial reports. Ten SACCOs were purposively selected for analysis, and statistical techniques were employed to assess the influence of internal resources on performance outcomes. The findings indicate that while human capital, particularly well-trained and experienced staff, is recognized as a valuable resource, its practical impact on performance is often constrained by inconsistencies in human resource practices. The study concludes that strategic investment in human capital is essential but must be accompanied by coherent policies in recruitment, training, motivation, and performance management to yield sustainable benefits. By highlighting the centrality of human resources within the RBV framework, the study offers actionable insights for SACCOs seeking to enhance operational efficiency, strengthen competitive advantage, and contribute more effectively to regional economic development.

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**Keywords:** Resource-based, SACCOs, organizational performance, resources, credit

## Introduction

Organizational performance is a crucial factor for the progress and expansion of any nation's economy. The public has raised questions about SACCOs, primarily due to members losing money. The task of enhancing performance while navigating the shifting regulatory landscape, competitive landscape, and accelerating technological development has been placed before the institutions' administrations. 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 savings and credit cooperative organizations (SACCOs) was to provide members with access to credit and financial services. However, as time passed, they evolved and now offer a broader range of products. They have aided in the country's enhanced socioeconomic development. They have been crucial in the financial intermediation process and constitute a significant 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 global financial market (World Council of Credit Unions Report, 2020). Out of the six 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 to gain popularity since 1846 in Germany and have spread to Canada, the US, Europe, and primarily on the African continent. According to the 2020 and 2021 credit union community and economic impact reports, SACCOs in Canada serve 5.9 million Canadians, holding a market share of 17.2% compared to chartered banks and other deposit-taking institutions, which have a market share of 82.8%. The profitability of Germany SACCOs 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 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 improve performance (Hoq & Chauhan, 2011; Gakenia, 2015), little is understood about how human resources can help deposit-taking SACCOs enhance their performance. This problem highlights the need for additional research to address the existing knowledge gaps, as numerous academics have only partially and individually explored the relationships between the variables of the current study 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 the relationship between explanatory and response variables, necessitating the current investigation to resolve these discrepancies. Although several studies were limited to specific circumstances, the results of the current investigation cannot be generalized to all circumstances.

There is a need for additional research to address the methodological gaps, as the procedures used in each study, including sampling designs, sample selection, respondent characteristics, and data processing methods, are subject to validity and reliability concerns. Additionally, conflicting results regarding the association between the current study's variables are evident in existing empirical studies (Gakenia, 2015; Raduan, Haslinda, & Alimin, 2011), necessitating further research to fill these knowledge gaps. The current study examines the impact of human resources on the performance of deposit-taking SACCOs in Kenya, aiming to address these gaps.

## **Objectives and Significance of the Study**

The objective of this study was to investigate the impact of human resources on the performance of deposit-taking cooperatives in Kirinyaga County. Specifically, it examined the impact of human resources on the profitability levels of deposit-taking cooperatives in Kirinyaga County. The results of this study significantly advance theory, policy, and strategic management practice, while also benefiting academics and researchers. By providing a clear explanation of how human resources can be leveraged to enhance the performance of deposit-taking cooperative societies in Kirinyaga County, the information contributes to the body of knowledge. These results

will help policymakers develop organizational resource-based policies that enhance the performance of deposit-taking cooperatives. Managers and administrators of deposit-taking SACCOs will use the results to inform decisions that enhance the performance of these institutions. These results serve as a resource for academics and researchers.

### **Empirical Review**

Unger et al. (2011) examined the relationship between human capital and entrepreneurial success within Ghana's lodging and tourism accommodation sector. Framed within the Resource-Based View (RBV), the study emphasized that both entrepreneurial orientation (EO) and firm-specific resources are central to organizational performance. Using an explanatory survey design, the study sampled 113 of 142 registered facilities. Findings showed high levels of proactiveness among managers but limited competitive aggressiveness and risk-taking—critical dimensions of EO. The study concluded that while EO dimensions such as innovation and autonomy contribute marginally to financial performance, competitive aggressiveness significantly affects firm success. This study is relevant to the current research on SACCOs, as both contexts underscore the role of strategic human capital in organizational outcomes. By highlighting the importance of managerial behavior and resource configuration, it complements the present study's focus on how human resources shape SACCO performance within a resource-based framework.

Cania (2014) defines human resources as individuals who contribute both mental and physical labor to an organization. Black and Boal (2010) argue that firms investing in their workforce are more likely to gain a competitive edge. Bamel and Bamel (2018) further support the view that high-performing organizations treat employees as strategic assets and invest in capacity building to meet organizational objectives. Similarly, Bakri (2017) insists that leadership should orient policies toward continuous employee development rather than solely organizational outcomes. Other scholars, such as Mohamed and Bett (2018), maintain that trained and experienced employees enable firms to implement strategies, adopt technologies, and build collaborative networks. Raduan, Haslinda, and Alimin (2011) emphasize that understanding employee competencies is fundamental to strategic management. Nyberg et al. (2014) and Ali and Ngui (2019) suggest that firms must regularly upskill staff and foster a supportive environment to unlock their full performance potential. Together, these studies reinforce the RBV's premise: that human capital is a core, inimitable resource critical for sustained competitive advantage.

## **Deposit-Taking SACCOs 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 the 1840s in England, during the Industrial Revolution. The SACCOs aimed to promote and protect the interests of the English working class during the Industrial Revolution (Muthui, 2013). Later, in the 1980s, groups of farmers were motivated to establish the Agricultural Cooperative Savings and Credit Society to facilitate the acquisition of 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). In 1969, the Kenyan Government encouraged the registration of more cooperative societies, which aimed to provide credit facilities to working-class people with common objectives. In 1966, the Cooperative Societies Act was enacted by Parliament, introducing new regulations to control the operations of cooperative societies. Since 1973, significant developments have occurred in the SACCO sector, culminating in the registration of numerous SACCOs. Since 1975, the number of 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). Among the 47 counties of Kenya is Kirinyaga County, which covers an approximate area of 1,478.1 km<sup>2</sup>. 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 hold a larger market share in Kirinyaga County and lend money to a broader group in the county compared to SACCOs.

Over the years, members have continued to voluntarily withdraw from SACCOs. The non-performing loan portfolio has continued to increase each year, with interest on deposits for members remaining stagnant in certain SACCOs while declining in others. According to the 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 SACCOs within Kirinyaga County has formed the basis of this study; hence, the research will seek to

investigate whether resources, in terms of human labor, finance, and technology, can lead to outstanding performance of SACCOs.

### **Resource-Based Theory**

The Resource-Based View (RBV) is a dominant framework in strategic management that explains organizational performance through the lens of internal resources (Talaja, 2012). Originally articulated by Penrose (1959) and later expanded by Barney (1991, 1995), the theory posits that organizations achieve sustained competitive advantage by effectively deploying resources that are valuable, rare, inimitable, and non-substitutable (VRIN). Nyberg et al. (2014) assert that variations in firm performance are largely attributable to differences in how organizations utilize their internal resources. Colbert (2014) and Barney (1995) highlight that developing difficult-to-replicate capabilities, such as employee expertise, culture, and tacit knowledge, can drive long-term performance gains.

RBV is especially relevant to this study, which investigates how human resources affect SACCO performance. Human capital, encompassing skills, knowledge, motivation, and leadership ability, is not easily replicated or substituted making it a strategic asset within SACCOs. Ruivo, Oliveira, and Neto (2015) support the view that RBV provides a practical lens for evaluating how firms allocate and leverage key internal resources. Accordingly, this study adopts RBV to examine the extent to which human resource practices—such as recruitment, training, promotion, and motivation contribute to SACCOs' operational efficiency and sustainability. By aligning with RBV, the study positions human capital as a critical enabler of value creation and competitive advantage in the cooperative sector.

### **Methods**

#### **Research Design**

The study employed a descriptive research design, which is suitable 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 analysing 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 provide a resource-based



view of human capital and performance in deposit-taking SACCOs in Kirinyaga County.

### **Sample**

The units of analysis for this study were individuals holding key managerial positions in deposit-taking SACCOs within Kirinyaga County. The target population consisted of 91 professionals, including chief executive officers (CEOs), chief financial officers (CFOs), sales managers, credit control managers, and executive directors, drawn from the seven registered and operational deposit-taking SACCOs in the county. These specific roles were selected because they are instrumental in policy formulation, financial oversight, credit management, and strategic decision-making, making them the most relevant sources of data for the study. The inclusion of executive directors is further supported by the SACCO Societies Act of 2008, which mandates that boards consist of 5–9 members, with at least four of these members being executive directors. A simple random sampling technique was employed to ensure each eligible respondent had an equal chance of being selected, thereby enhancing the representativeness of the sample.

### **Study Procedure**

To inform the respondents from the participating SACCOs about the study, the researcher made contact with them. The researcher delivered the surveys to the SACCO location on the designated day. We employed the drop-off and pick-up strategy. Respondents were given one week 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 were obtained from the financial reports of participating SACCOs, which were accessed through their websites or magazines.

### **Data Collection**

The study utilized both secondary data and primary data collected. Semi-structured questionnaires were used to collect primary data. Lindlof and Taylor (2017) report that surveys can describe the study's objectives and provide clarification on any unclear items. The use of semi-structured questionnaires facilitated the collection of data from a large number of respondents. Both open-ended and closed-ended questions were included in the surveys. Notably, a tightly ended survey directed respondents to provide precise responses. In contrast, an open-ended survey allowed respondents to express their ideas and opinions freely, providing suggestions without restriction.

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

## Data Analysis

A scrutiny of the gathered information was done. The process of removing erroneous or faulty records from a dataset is known as data cleaning. To determine whether the data adheres to the fundamental assumptions of using important analytical techniques, such as regression analysis, diagnostic tests were performed. Excel was used for regression analysis. After categorizing the data according to the study's goals, regression analyses yielded 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 the mean, and measures of dispersion, such as the standard deviation. Additionally, the analysis included percentages and frequency distributions. 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 the presentation of the regression model.

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

Where:

Y = Organization performance

$\beta_0$  = Constant

$\beta_1$  = Coefficient of human resources

$X_1$  = Human Resources

$\varepsilon$  = error term

## Results

**Table 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 3.1), 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 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)

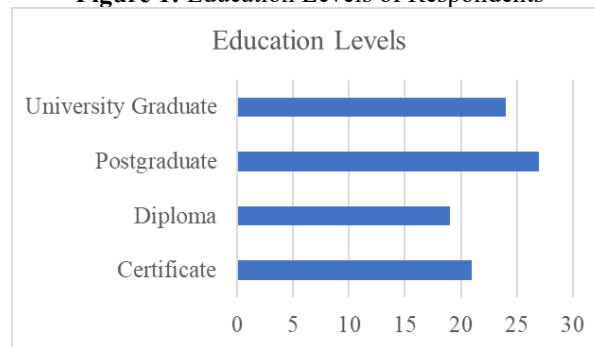
The human resources Cronbach's alpha of 0.795 is a good indicator of reliability, suggesting that the items used to measure human resources are consistent and reliable in assessing their impact on SACCO performance (see Table 3.2). The market share variable shows a very high reliability of 0.852, indicating that the items measuring market share are highly consistent, reflecting strong internal consistency. The reliability score for the total assets turnover ratio is 0.834, indicating that the measures used effectively and reliably represent the total assets turnover ratio. The Cronbach alpha of 0.876 for the return on equity 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 about 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 1: Education Levels of Respondents**



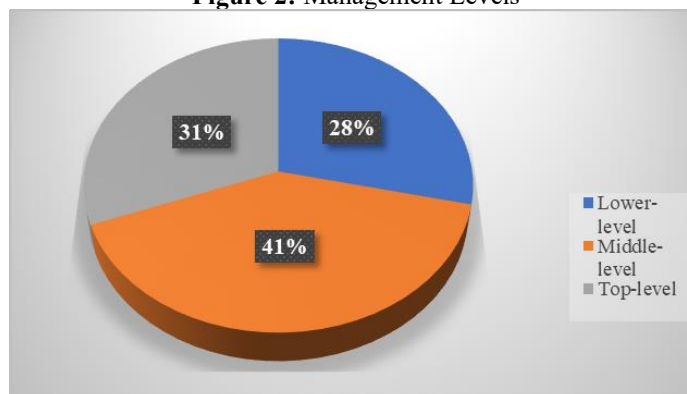
Source: Field Study (2024)

Figure 3.1 illustrates the distribution of respondents by education level, revealing a diverse mix of academic qualifications among SACCO employees in Kirinyaga County. There were 21 certificate holders, representing the entry-level qualification and reflecting a significant proportion of employees who likely handle foundational or technical roles within the SACCOs. There were 19 diploma holders, which 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, were postgraduate degree holders, indicating 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.

## Management Levels

**Figure 2: Management Levels**

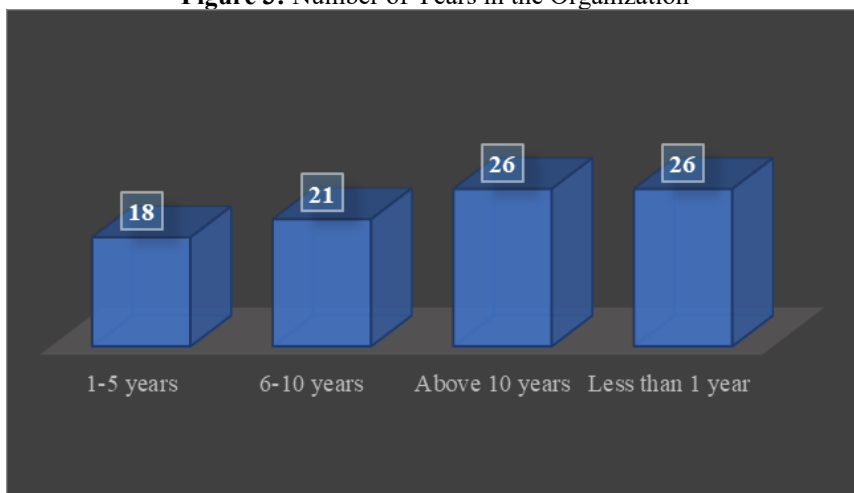


Source: Field Study (2024)

Data from Figure 3.2 suggests that most 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 SACCOs and are often instrumental in allocating resources and making decisions. 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 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 3.3). 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 is 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' experience. 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 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 have a limited influence on performance. This observation could suggest that while human resources play a 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 3.3). 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 indicates that while human resources are recognized as important, few respondents consider them the primary driver of performance. On the other hand, 23.08% of respondents believe that human resources have no influence, suggesting that these respondents might perceive other factors, such as financial or operational resources, as more critical to the performance of their SACCOs.

**Table 4:** Human Resources

Human Resource and Performance	N	Min	Max	Mean	SD
We strive to recruit our staff to make them committed internally	91	1	5	3.033	1.524
We inspire our employees to embrace more on-the-job training sessions to hone their skills	91	1	5	2.835	1.500
To be eligible for promotion, staff must demonstrate that they satisfy the minimum criteria 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 emphasizes personnel expertise during recruitment	91	1	5	3.077	1.335
We encourage teamwork amongst all the departments to achieve the organization's 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, indicating that some employees strongly agreed while others strongly disagreed that internal recruitment would improve the level of commitment among SACCO staff. 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 may reflect differences in training opportunities across different SACCOs.

Regarding promotion eligibility, the statement that employees must satisfy minimum criteria before receiving a promotion received a mean of 3.077, indicating 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, staff must prove that they satisfy the minimum criteria set out.

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.

Emphasis on personnel expertise during recruitment received a mean score of 3.077, indicating that respondents generally agreed 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 different experiences with teamwork initiatives in various SACCOs.

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.

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.

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 effects of the explanatory factors, which include human resources, technological resources, and financial resources, were assessed on the performance of deposit-taking SACCOs in Kirinyaga County using the multiple regression technique. Evidence of the outcomes relating to the variables' effect on the explained factor was displayed in Table 3.5.

**Table 5:** 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 follows:

$$Y = 0.3168455 + 0.0060528 \text{ Human Resources}$$

The intercept coefficient 0.3168 indicates the baseline level of SACCO performance when all explanatory factors are held constant (see Table 3.5). 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 6:** 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 3.6). In other words, as human resources' skills increase, they improve the performance of the companies in which they work.

**Table 7:** 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 an F-statistic of 0.733591026 with a p-value of 0.534750061 (see Table 3.7). Since the p-value is greater than 0.05, we fail to reject the null hypothesis that human resources are insignificant. This observation suggests that human resources have a small and insignificant impact on the performance of SACCOs.

## 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 SACCOs. This observation includes ensuring transparency and accountability in financial management, as well as establishing robust mechanisms for monitoring and evaluating 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 specific 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.

## **Discussion**

The educational composition of respondents in Kirinyaga SACCOs suggests a workforce with substantial knowledge and skill diversity. The dominance of degree and postgraduate holders indicates a strategic preference for high-skill employees, aligning with Ngugi (2014), who posits that a well-educated workforce enhances organizational adaptability and decision-making. From an RBV perspective, this educational depth reflects a valuable internal resource capable of sustaining competitive performance. Most respondents affirmed that human resources significantly influence SACCO performance. While some acknowledged other influencing factors—such as financial capital or external regulations—the strong emphasis on HR supports Black and Boal's (2010) assertion that firms investing in people gain a

performance edge. However, perceptions of HR effectiveness varied, indicating inconsistencies in implementation across SACCOs.

On internal recruitment, opinions were split. Chigozie, Aga, and Onyia (2018) contend that internal hiring strengthens institutional memory and employee commitment, especially in environments emphasizing continuous learning. This divergence suggests that some SACCOs may lack well-structured internal recruitment frameworks, limiting their ability to exploit this strategic advantage. Promotion policies appeared consistent across SACCOs, with advancement tied to minimum criteria. This mirrors findings by Chuang, Liu, and Chen (2015), who argue that merit-based promotion enhances organizational performance by motivating skill development—another resource-aligned practice under RBV.

Motivation strategies were diverse, and the lack of consistency may explain why some respondents were indifferent or dissatisfied. Competitive compensation was recognized as important, though not universally applied. According to Meichang, Winching, and Dan (2017), fair remuneration is essential to employee motivation, a key determinant of performance under RBV. SACCOs that fail to offer adequate compensation risk underutilizing their human capital potential.

Teamwork received mixed responses, possibly due to different team structures or organizational cultures. While Karanja, Muraguri, and Kinyua (2018) support teamwork as a profitability driver, its effectiveness depends on how well it is integrated into organizational practices. Overall, while SACCOs in Kirinyaga recognize the value of human capital, inconsistent HR practices limit the full realization of these benefits. These findings underscore the RBV's assertion that not all resources are equally valuable unless managed strategically.

## **Conclusion**

This study explored the influence of human resources on the performance of deposit-taking SACCOs in Kirinyaga County, guided by the Resource-Based View. The findings suggest that while SACCOs acknowledge human resources as central to achieving performance goals, inconsistent implementation of HR practices limits their strategic value. Recruitment of skilled personnel, employee training, and motivational strategies emerged as potential performance enablers. However, disparities in training opportunities, promotion standards, compensation structures, and team engagement dilute the effectiveness of human capital as a competitive resource. The study concludes that human resources, when strategically managed, can serve as a core capability that sustains SACCO performance. However, without coherent HR policies aligned with RBV principles, such as rarity, value, and non-substitutability, SACCOs risk underutilizing this critical asset. Future policy

and management efforts must prioritize the structured development, motivation, and retention of employees to ensure that human capital contributes meaningfully to operational efficiency, innovation, and long-term sustainability.

### **Recommendations of the Study**

Based on the findings, several 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 combination of financial and non-financial incentives should be implemented to align employee efforts with organizational objectives. 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 conducted to ensure that employees fully understand and utilize technological systems effectively. Seventh, there is a 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, several areas remain for further exploration. Future research could investigate the impact of external factors, including government policies, economic conditions, and technological advancements, on the performance of SACCOs. These factors might provide a more holistic understanding of the dynamics affecting SACCOs.

Additionally, this study primarily focused on Kirinyaga County. 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 analyse the long-term effects of organizational resources on performance.

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## APPENDIX

### Questionnaire

This study aims at investigating **ORGARNIZATION RESOURCES AND PERFORMANCE OF DEPOSIT TAKING SACCOS IN KIRINYAGA COUNTY KENYA**. The questionnaire is devised to assemble data on the study variables. All responses will be treated in strict confidence and will not be used for any other motive apart from that indicated. Please answer all the questions in the sections as indicated by either ticking or filling in the blank space provided.

#### Section A: Background information

1. Please indicate your present highest level of education.

- Certificate ☐
- College diploma ☐
- Undergraduate ☐
- Postgraduate ☐

2. In your organization's hierarchical structure, please point out your management level.

- Top level ☐
- Middle level ☐
- Lower level ☐

3. For how long have you been in this organization?

- Less than 1 year ☐
- 1-5 years ☐
- 6-10 years ☐
- Above 10 years ☐

#### Section A: Human Resources and Performance of Deposit Taking SACCOs

4. In your own opinion, to what extent does human resources influence performance of your entity?

- No extent ☐
- Little extent ☐
- Moderate extent ☐
- Great extent ☐
- Very great extent ☐

5. On a scale of 1-5, rate your position on the below enumerated concepts of human resources in reference to your organization.

Scale: 1=strongly disagree (SD), 2=disagree (D), 3=undecided (U), 4= agree (A) and 5= strongly agree (SA).

<b>Human Resource and Performance</b>	1	2	3	4	5
We strive to internally recruit our staff to make them committed					
We inspire our employees to embrace more on-job training sessions to hone their skills					
To be eligible for promotion, the staff has to demonstrate that they satisfy the minimum criterion set out.					
The employer has adopted motivation strategies that ensure that employees are always aligned with the organization's goals					
Our company put emphasizes on personnel expertise during recruitment					
We encourage teamwork amongst all the departments to achieve the organization goals					
We motivate our staff with competitive compensation					
Employees receive salary increments annually					
The organization has both financial and non-financial incentives to motivate staff.					

## SECTION B: Performance of Deposit Taking SACCOs

10. This segment requires you to populate data on market share, turnover growth and return on shareholders' equity as measures of performance of your SACCO.

<b>Performance of Deposit Taking SACCOs</b>	
Market share (Number of customers in a SACCO / Total number of all deposit taking SACCOs)	
Profitability (Turnover = Net profit/ Total Assets)	
Return on shareholders' equity = Net profit / Shareholders Equity	

11. What recommendations would you give towards bettering the performance of the SACCO?

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12. In the space provided please give any more information that you consider relevant to the study but which may have not been captured.

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