

**TURNAROUND STRATEGIES AND PERFORMANCE OF SAVINGS AND  
CREDIT COOPERATIVE SOCIETIES IN KIRINYAGA COUNTY, KENYA**

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**OCTOBER, 2022**

## **DECLARATION**

**Declaration by candidate:**

This project is my original work and has not been presented for a degree in Kenyatta University or any other university.

**Signature:**.....

**Date:**.....

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**Declaration by Supervisor:**

I confirm that the work in this project was done by the candidate under my supervision.

**Signature:**.....

**Date:**.....

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## **DEDICATION**

This project is devoted to my family, classmates and friends who have supported and encouraged me throughout this journey. Your words of encouragement has given me the strength to come this far and face numerous challenges I found along the way. Thank you all.

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## OPERATIONAL DEFINATION OF TERMS.

<b>Cost reduction strategy:</b>	Is the situation in which SACCOs reduce their expenses and increase their revenue depending on what the institution is providing either services or products.
<b>Culture:</b>	Refers to peoples' way of life which includes their ideas, customs and social behavior in the society.
<b>Managerial reorganization:</b>	Is a strategy that deals with all people`s issues in the business. It entails restructuring, re-staffing, re-skilling and turnaround leadership.
<b>Organizational performance:</b>	Refers to a situation where the actual yield of an organization is assessed against its budgeted output.
<b>Revenue generating strategy:</b>	Refers to a strategy which focuses on increasing the company's cash-flow by maximizing on the short and long term sales potential.
<b>Savings and Credit Cooperative Societies:</b>	
	Are financial institutions that are owned and operated by and for its members according to the desired principles for the purpose of encouraging savings & using pooled funds to extend loans to members at reasonable rates of interest and providing financial services to enable members improve their economic and social wellbeing.
<b>Turnaround strategy:</b>	Is a strategy to convert a negative existing trend of a company into a positive one.
<b>Turnaround:</b>	Refers to a situation where there is a recovery of a state or region's economy after a period of downfall or stagnation.

## ABBREVIATION

<b>CBK:</b>	Central Bank of Kenya.
<b>GDP:</b>	Gross Domestic Product.
<b>KNBS:</b>	Kenya National Bureau of Statistics.
<b>KUSCCO:</b>	Kenya Union of Savings and Credit Cooperatives.
<b>RBV:</b>	Resource Based View.
<b>SACCO:</b>	Savings and Credit Cooperative Societies.
<b>SASRA:</b>	Sacco Societies Regulatory Authority.
<b>R&amp;D:</b>	Resource and development.

## ABSTRACT

Due to the current economic crisis of covid-19 pandemic many financial institutions like SACCOs have experienced poor performance and growth within their institutions thus creating a need for them to engage in turnaround strategies to survive. Despite the various studies conducted on turnaround strategies many have yielded inconsistent and conflicting empirical findings thus necessitating further empirical enquiries. This research study sought to determine the relationship of turnaround strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The key objectives were to find out the relationship between cost reduction strategies, revenue-generating strategy, managerial reorganization strategies, culture change strategy and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The study were grounded on the following theories the Kurt Lewin theory, the resource-based theory, the contingency theory, the institutional theory and the balance score card. Similar studies carried out by other researchers were incorporated into the study to get the research gap. The study adopted the descriptive research design where a target population of all 128 SACCOs in Kirinyaga County, Kenya was used. Out of these a sample size of 117 SACCOSs was used. Stratified random sampling was used. The data was obtained by use of questionnaires. Pilot test was conducted to ensure content validity while Cronbach alpha was used to test the instrument reliability. The data results was sorted by the use of descriptive analysis, mean, multiple regression and correlation coefficient. The study findings were presented in the form of tables, charts, graphs, percentages and frequencies. The study established that cost reduction strategies, revenue generation strategies, managerial reorganization strategies and culture change strategies had a positive significant relationship with the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The study concluded that cost reduction causes a definite increase in margins. The saving in cost may also be passed to consumers in the form of lower prices or more quantity in the same price. Increasing revenues are a sign of good financial health of a business. A revenue strategy is a plan that focuses on increasing company income by maximizing both short- and long-term sales potential. When an organization eliminates layers of management during its restructuring, communication and decision-making often improve. Simplifying management reorders the organizational hierarchy of a company, opening the lines of communication and removing barriers to productivity. The organizational culture change brings about a better work environment. The right culture improves employees' day-to-day interactions and helps create a smoother, more streamlined workplace. The study recommended that the organization should outsource non-core activities, such as payroll, call handling, and transaction processing; aggressively control of overheads and use their bargaining power to negotiate better pricing with suppliers. The organization should define its revenue goals in each stage of its business operations. Instead of spending resources trying to gain new customers, the organization should focus on upselling or cross-selling current customers. An organization reorganization process must be undertaken with sensitivity, strategy and foresight. This can be done by finding out the reason why the upper management wants to reorganize in the first place. The organization should define desired values and behaviors by articulating how those would translate into actionable behaviors at all levels.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the study**

Organizations everywhere around the world will, in general, arise and disappear, subsequently indicating a high disappointment rate, especially during times of plunge. Many of these research studies have been given to such business failures and how they can be forestalled if the declining organizations can be convoluted and made feasible once more. Studies conducted on 54 American Banks identified top management changes, new product introduction, modernization and diversification are key organization turnaround strategies on the basis of financial decline (Morrow, 2017).

In India, Anders (2012) noted that the organizations' growth strategies were rarely utilized by organizations which were at that point enhanced. Significant differentiation was noted between the Western and Indian cases. It appeared that short-term strategies had been focused on by the previous. Whereas long-term strategies institutionalizing the turnaround was focused by the latter, for example, the introduction of new products, strengthening of R&D expansion, diversification, organizational restructuring and modernization redefining of business (Anders, 2012).

In India it is observe that some companies that needed turnaround were born ill. Such companies are Tasty Bites Eatables, Bharat Coking Coal Ltd, and Scooters India Ltd which was not able predict the environmental changes. The leading sickness cause in Scooters India Ltd. (SIL) was the stiff competition, low product quality, and old plant and machinery. Thus, there was a chance in three-wheelers product. Shrinkage in the mining area was the reason of the sickness in Bharat Coking Coal Ltd. (BCCL). It commenced production using hired machinery after abandoning railway line (Dikshit, 2014).

According to Deloitte`s Global M&A index (2018) there was a substantial uptick in large divestment operation with corporations and banks reporting nearly 200 billion worth of global investments in 2016 relative to 150 billion in 2014. This was due to increase in mega deals and divestments, optimization and analysis of the corporate

portfolio to concentrate on key growth areas and demand from activists to shed certain properties.

Research studies led in the South African water board inferred that turnaround strategies could be applied in cases of ailing and distressed. This doesn't necessarily require the whole association to be exposed to a turnaround plan, especially if an issue is recognized in a specific division, or office. In situations where there is distress in a firm, there exist interfaces between the influenced zone with the other parts of the association or organization (Mokubung, 2014).

Whereas every case is different from the other, processes are involved in turnaround strategy. The board change is first. This is the situation where experts are summoned to deal with the firm. Situation analysis trails this. This is done in assessing the possibilities of endurance and the techniques which might be embraced. The third process is the emergency action plan and business restructuring. This will help in achieving positive income and ensuring sustainability. In the extended run, this ought to return the business to normalcy by guaranteeing worker certainty is recovered, the solid monetary record kept up, and different advantages acquired (The Turnaround the executives' Affiliation - Southern Africa, 2011).

As per Joseph (2018), he expressed that Africa has a deficiency on the hypothesis on the turnaround strategy. This stresses the requirement for a study on a turnaround strategy design customized for the business of Africa. The turnaround strategy concept is a recent new idea in the African business field. Based on its inception, there is a considerable less information about it locally. Research studies done on the turnaround strategies in the Kenyan competitive environment suggests that the new technological opportunities should be taken advantage of by businesses and every area of operation and discipline be integrated in result-based structures. The studies also demonstrated that organizational managers should view their performance and make a comparison with different organizations (Ochieng, 2018).

Sije (2017) detailed that there should a conversion of a few obligations to equity. This especially includes situations areas in which institution is faced with financial troubles. This means that they are unable to repay debts resulting in income to businesses when dividends are being paid

More suggestions were that organizations should zero in more on business-level and group-level learning and inter-firm/ inter-organizational collaborations. This would help in improving knowledge and create new client segment in broadening the reach and increasing the capacity for selling services and products to many clients. There is also reason to think of new products and innovation of the current products in positively impacting on the benefits and enhancing client base (Sije, 2017).

Turnaround is a doubly an enterprising demonstration that involves changing a negative-to breakeven and a breakeven-to-positive phase. This could include a few sub-stages. Some of the functional strategies categories associated with turnaround management are distinguished for the current research as corporate planning strategies, production/operations strategies, marketing strategies, financial strategies and human resource strategies (Makgeta, 2010). Makgeta (2010) likewise recommends that other than the functional strategies, growth, competition, operative and strategic strategies and boundary management strategies are also additionally viewed in the scope of the turnaround (Makgeta, 2010).

### **1.1.1 Turnaround Strategies**

The organizational turnaround processes of a company are principally committed to company improvements. Management turnaround activities consequently involve SWOT analysis, activity-based costing, and the review of management practices. This SWOT analysis helps in determining the causes for the failures of the firms (Thompson, Peteraf, Gamble, & Strickland III, 2014).

Turnaround strategies are important since they focus on the processes aiming at renewals of the corporate via planning and analysis mechanisms for returning distresses companies to solvency. They play critical roles since they help in understanding situations leading to failure of the organization. Research on the turnarounds of enterprises and deterioration causes and challenges of management strategies, gives advancement point on creating the literature and views on turnaround strategies. (Bibeault *et al.*,2017).

Turnaround strategy is the recovery to benefits from a loss situation. Following a firm's misfortune, a firm's top management team should react with an end goal to

guarantee that the firm endures. A distressed firm will probably continue to decline. The firm may ultimately come up short if its top management team cannot respond successfully to external and internal factors that cause failure. To accomplish an effective turnaround, a management team should establish the cause decline of a company and select an appropriate recuperation technique (Situma, 2016).

Examples of turnaround strategies include cost reduction strategies, managerial reorganization, revenue generating strategy and culture change. Cost reduction strategies programs aim at reducing the company's overall cost, which the management needs to appropriately execute. The overall reduction in costs is accomplished through reducing expenses, disposing non-important expenses, and substitution of big expenditures. The following approaches help in improvement of performance in a firm, or reversing declining performance by cost cutbacks. Other reversal methods of declining performance include increasing the revenues, reducing the assets, or combining the two efforts. The techniques involved reduce total costs of the firm. This includes interest, general, selling and administrative costs (Nyagiloh *et al.*, 2020).

James *et al.*, 2020 expresses that revenue-generating strategy consists of the management's approaches in upgrading the demand of companies for the current product line. These approaches entail direct sales, increased advertisements, and price cuts. They likewise incorporate retrenchment and reposition strategies. According to Lucy (2014) revenue generation refers to the ways in which a company can increase more sales and this is by through various strategies such as price cuts, added customer service and creation of products that can be easily improved (Lucy, 2014).

Managerial reorganization is a strategy dealing with all people issues in an organization. It includes turnaround leadership revitalization, re-skilling, re-staffing, and restructuring to obtain improved culture, organizational alignment and structure, management and leadership. Wandera (2018) states that reorganization consists of initiatives leading to complete change in the internal structure of an organization. This entails restructuring and re-staffing and tis normally be in terms of change in the department, employee roles, business units, and mostly it will include major layoffs.

Corporate culture change strategy is exceptionally urgent to tackle backward thinking and underestimated assumptions that might be irrelevant. It's merely getting rid of past methods of doing things to give opportunity for new personnel practices. Various research studies have indicated that systems and structure change should not be the only focus of turnaround strategies implementation. People's attitude and change practices should also be looked into and that for a successful organization, regarding and recognizing this is crucial (Antony, 2016).

### **1.1.2 Organization Performance**

The organizations performance refers to the real against the planned goals. The two significant measures of performance in an organization are non-financial and financial measures. Financial performance measures identify with the organization's general economic well-being over a predefined period. This performance measure incorporates use of ratios, business profitability and the overall balance sheet performance (Mwiti, 2018). These measures focus on the short-term success factors of a business. Their essential spotlight is on the revenues, profit, and incomes of the company. These financial performance measures are reflected in the financial statements which are arranged and unveiled when external parties approach them (Mwiti, 2018).

The non-financial measures are the qualitative measures that Pearson and Robison (2011) pointed out that these measures indicate an insufficient or incorrect organization perspective. These non-financial performance measures incorporate client base and customer loyalty. It also includes branch network and personnel's motivation, the limit of association, and the piece of the overall industry. These measures center on the long-term success and the qualitative aspects of the business. These measures are significant for the internal management of the organization and therefore are produced internally. These reports change as per individual's needs of a company or business (Pearson and Robinson, 2011).

Wasike (2012) contends that establishments of financial performance is generally estimated by use of measuring performance against budget, benchmarking, financial ratios analysis, or the methodologies combined. The normal presumption that supports a large part of the monetary performance study and discussion is that the activities and

functions of a company will be improved with an increment in financial performance. In financial institutions, there are 3 variables involved in improving financial performance; the operational productivity, the asset management, and the organization size (Wasike, 2012).

This research study will zero in on both the financial measures and non-financial measures in order to evaluate the overall performance of the organization.

### **1.1.3 Savings and Credit Cooperative Societies in Kenya (SACCOs).**

Kamonjo (2014) contends that the SACCO is a member-owned financial cooperative union. Its main goal is mobilizing savings as well as enable its members to access loans on competitive terms, and that will lead to enhancing their socio-economic well-being. These institutions are formed by a group of people having a typical bond amongst them. Bwana & Mwakujonga (2013) note that, Sacco's form a significant financial intermediary thus they assume a fundamental part in providing financial services to their individual members.

It is seen that in Kenya, formal cooperatives began coming to fruition when European pilgrims shaped the Lumbwa Cooperative Society in 1908. At present, Savings and Credit Cooperative Societies are known for improving peoples' social-economic status. These organizations are reacting bit by bit to the competitive and dynamic monetary environment. They are also receiving new ways of dealing with the first model. The Kenyan Savings and Credit Cooperative Societies movement powers over Ksh 490 billion, (\$5.5 billion) in types of savings and assets. This sum is equal to 35% of the national budget (Ngure, 2017).

SACCOs in Kenya assume a basic part in the financial industry, of the population, they serve 81% (Kiragu, 2015). They give credit facilities and saving chances majorly to the helpless living in the country regions. Additionally, they assemble more than Kshs.200 billion, an estimated 31% of Kenya's total national savings (CBK, 2011). The cooperative movement gives job opportunities to more than 300,000 individuals in Kenya and provides opportunities for self-employment to others. Around 5% of individuals living in Kenya are SACCO members. In general, an approximate of 8 million Kenyans have joined the cooperatives directly. It also means that an excess of

20 million rely upon the movement indirectly according to the reports on Sacco Times. (SACCO Times, 2016).

The Sacco times (2016) additionally shows that the yearly turnover of the SACCO in Kenya is around Kshs.440 billion, which means over 43 percent of the nation`s GDP. This shows that Savings and Credit Cooperative Societies subsequently contribute abundantly to the nation's economy; consequently, this specifies that it is a significant fundamental piece of the country advancement that cannot be abstained from. Over ksh230 billion, has been obtained from mobilized savings out of which over kshs185 billion has been utilized to give affordable loans to borrowers (Sacco times, 2016).

The Sacco Societies Regulatory Authority (2014) states that Kirinyaga County has over 60 enrolled SACCO societies. In the entire financial sector, this represents over 2% of the total deposits and assets. The movement is assessed to have over Kshs.2.5 billion in share capital and over Kshs.10 billion in savings while utilizing around 1,000 indirectly and 500 directly (SASRA, 2014). According to Wagura, (2017) Kirinyaga County among the 47 Kenyan counties bordering Nyeri County towards the North West, Embu County towards the East and South and Murang'a County towards the West. Its zonal coverage is 1,478.1 square kilometers (Wagura, 2017).

The number of inhabitants in the County was 528,054 people with a yearly development pace of 1.5 percent (KNBS, 2010). It is known that the most crucial activity within the region is Agriculture. 87% of the people getting their business from there and representing 72% of the family unit pay. The quantity of workers in the region remains at 22,828 persons, and majority of them get their resources from farming and development areas. The quantity of jobless individuals within the region is at 67,003 people (34,052 females and 32,951 male). This comprises of 19.8% of the complete workforce who are predominantly youth, (Wagura, 2017).

## **1.2 Statement of the problem.**

Wamiti (2021) states that in any country like Kenya, the financial industry is among the Key economy drivers but this has not been the case due to the drastic economic performance changes in performance because of Covid-19 pandemic. More than 10 financial institutions have either liquidated or collapsed. According to CBK (2020),

between 2009 to 2019, the Kenyan Deposit protection Fund Board has placed others under receivership. Thus, indicating that over the eleven-year period, a financial organization collapses each year which makes it a worrying trend. According to SASRA (2020) the SACCOs financial performance has been decreasing. There has been a decrease in institutions numbers from 174 institutions in 2017 to 172 institutions in 2019 (SASRA,2020).

According to the 2016 Nairobi Business Monthly report, historically Sacco's have been known to face numerous challenges that have hindered the growth and performance of its operations, in the sector. This is nonetheless no different from the challenges that the Sacco's in Kirinyaga County are experiencing. Some of the challenges facing Sacco's today include: Falsification of the financial statements in order to imply or indicate a pleasant growth in profitability which is not the case, Existence of corrupt officers at the management and regulatory levels in the Sacco, Gender imbalance in the management ranks both in the secretarial and board levels, Inadequate financing and lack of significant capital which has led to the company's not realizing their full growth potentials, Liquidity problems and abuse of borrowing powers approved by members at the AGM to engage in non-core businesses. (Nairobi Business Monthly report,2016).

While studies have been undertaken on how turnaround strategies and performance are associated, little has been done on the financial sector as well as in SACCOs. Ukaidi (2016) undertook a study on corporate and turnaround strategy, quoting Nigerian manufacturing companies and established that turnaround strategy's empirical referents and cooperate performance positively and significantly connected. Sheikh (2017) studied the turnaround strategies effects on the Kenya Airways performance. He established that turnaround strategies such as cost reduction strategies, managerial strategies, culture change and strategies for generating revenue have a positive impact on the company's performance.

Wandera (2018) did a study on turnaround strategies and Kenyan state-owned sugar companies' performance. The findings showed that modernization, diversification and retrenchment strategies had insignificant outcomes to organization performance though all the study's independent variables had a moderate positive association to

organizational performance. Reorganization and realignment were key catalyst for successful turnaround process. All these studies present the contextual gaps on the need of carrying out local studies and replicate the study for financial sector.

Odollo and Muturi (2019) studied turnaround strategies and Kenyan commercial banks' performance. Using the descriptive cross sectional survey design the targeted population was 84 out of which a sample size of 69 was used. The findings indicated that diversification, restructuring, modernization and retrenchment strategies positively and significantly relate with organization behavior. Thus, the study presented the methodological gaps on the essence to expand objective framework. The study also presented empirical and contextual gap on why local research is required. It is for this reason that the researcher decided to undertake a study on Turnaround strategies and performance of SACCOs in Kirinyaga County, Kenya.

### **1.3 Study objectives.**

#### **1.3.1 General Objective.**

To investigate the relationship between turnaround strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya.

#### **1.3.2 Specific Objectives.**

- i. To find out the relationship between cost reduction strategies and the performance of SACCOs in Kirinyaga County, Kenya.
- ii. To examine the relationship between revenue-generating strategies and the performance of SACCOs in Kirinyaga County.
- iii. To investigate the relationship between managerial reorganization strategies and the performance of SACCOs in Kirinyaga County in Kirinyaga County, Kenya.
- iv. To determine the relationship between culture change strategies and the performance of SACCOs in Kirinyaga County in Kirinyaga County, Kenya.

#### **1.4 Research Questions.**

- i. How does cost reduction strategy affect the performance of SACCOs in Kirinyaga County, Kenya?
- ii. How does the revenue-generating strategy affect the performance of SACCOs in Kirinyaga County in Kirinyaga County, Kenya?
- iii. How does managerial reorganization strategy affect the performance of SACCOs in Kirinyaga County in Kirinyaga County, Kenya?
- iv. How does culture change strategy affect the performance of SACCOs in Kirinyaga County in Kirinyaga County, Kenya?

#### **1.5 Significance of the Study.**

The policymakers and the government would benefit from this study's outcomes since they were very intrigued by the turnaround strategies being adopted by SACCOs in Kirinyaga County in Kirinyaga County. Consequently, they would set up approaches that would directly support different firms inside and outside the business and think of methodologies that help them keep up the organization's endurance, and set up a conducive environment to prevent their downfall.

This research would be a wellspring of data on the diverse turnaround strategies that would be utilized by the Savings and Credit Cooperative Societies in changing their declining surrounding. The management of the Savings and Credit Cooperative Societies would have an option to select the appropriate strategies to use and ways in which to tailor make these strategies to make it beneficial for their organization.

From the study, different organizations that are in decline and are likewise steady would know the signs and cycle of deterioration and recognize the turnaround strategies to be utilized to restore them to their usual state or even to improve their performance using these strategies. The study would help organizations formulate appropriate strategic framework to help execute organizational turnarounds.

This study would help the county government officials conduct proper feasibility studies, which would prove to be useful in determining the viability of the arranged activities, consequently assisting with controlling lack of foresight, which has continually promoted the development of white elephants in some counties.

The outcome of this study would be used to develop new models for executing turnaround strategies. These models would be embraced under different circumstances. The study would likewise give a more understanding into the ramifications of turnaround strategies on organizations' performance. It would also build on the students' body of knowledge for more clarified research to be used as a kind of perspective for future use.

### **1.6 Scope of the study**

The study focused on establishing of the relationship between turnaround strategies and the SACCOs' performance in Kirinyaga County. Particularly, the research addressed the relationship of cost reduction strategies, revenue generating strategies, managerial re-organization strategies and culture change strategies on the performance of SACCOs in Kirinyaga County. Essentially, the study sought to describe/identify how each individual variables was connected with performance of the SACCOs in Kirinyaga County, Kenya.

Performance was assessed based on client loyalty, satisfaction, employee motivation, market share and skills for better comparisons and understanding. This research covered four financial years 2018/2019-2020/2021 with basis that it takes time for strategy to yield results hence the essence of covering a considerable duration. The study was done around SACCOs in Kirinyaga County because the County is among the top drivers of Kenya`s economy contributing a significant portion of the national wealth despite its small size.

### **1.7 Limitation of the study**

The difficulties expected when carrying out this study included the information disclosure since it addresses the core of SACCO's operations. This was due to the fact that the information required by the researcher is considered classified and confidential. Suggesting imparting it to an outsider isn't empowered. In mitigating this, the scholar got a permit form NACOSTI and the university gave an introductory letter to guarantee the academic purpose of the study.

The second challenge is time. Adequate amount of time was needed to get by the respondents and gather quantitative as well as qualitative information and this posed a challenge to the researcher since she is a full-time employee. To mitigate this challenge, questionnaires were emailed, as well as employ drop and pick method and as a result giving time to respondents to give their feedback as well as making it easier to obtain the response.

The researcher was also bound to get reluctance from employees since the questionnaire were issued during office hours thus some employees may decline to give their feedback due to their busy schedule. To mitigate this questionnaire were dropped in the various SACCOs and collected later thus giving them adequate amount of time to respond when they are less busy with their schedules.

### **1.8 Study organization**

This study was organized into five chapters. First chapter illustrates study's brief background as well as the various study objectives. The chapter also shows the importance of the study as well as limitations of the study. Chapter two presents a detailed literature review of both theoretical and empirical review of the study. The chapter contains the conceptual framework. Chapter three includes the research methodology that will be used when obtaining information for the study. Chapter four included the research findings and discussions and chapter five highlighted the findings, conclusions, recommendations and suggestions for further studies.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Both the study theoretical and empirical review is dealt with in this chapter. The theoretical evaluation deals with theories that relate with the research topic. The empirical review focuses on available literature on the research objectives outlined in this chapter.

#### **2.2 Theoretical Review**

Several theories as discussed subsequently will help in the study. According to Neuman's research (2010), different opinions and approaches are grouped into themes that frame the topic. This process aid in identifying a primary set of connectors within the research title and in showing how the fit.

##### **2.2.1 Kurt Lewin`s 3 Stage Model of Change Theory**

According to Lewin (1947), this theory involves freezing of the company's past events, going for new data and refreezing using support and reinforcements processes for change. Alter and Hage (1993), contributed to the stage theory when researching on the subject of firms working together. Their research work was essential in enhancing competition worldwide while emphasizing on cooperative linkages and organizational form.

The theory's utilization entails the classification of the activities resulting into poor firm performance eventual recovery or declining further. Thus, this theory elucidates such eventualities' causes and contexts (Kenneth *et al.*, 2020). Since corporate turnaround isn't a single or static event, it's a circumstance with measures. These measures are intended to characterize the existence of improvements within the company's performance within a considerable amount of time (Nyagiloh *et al.*, 2020).

The usage of the stage theory gives in the explanation of the sequences of turnaround events that result into a decrease on company's failure or inevitable survival. Different views have showed that this theory underscores the appraisal of the way varied phases of implementing turnaround strategy prompts the possible anticipated company performance (Kenneth *et al.*, 2020). Stage theory is relevant for the study due to two

major aspects. The first is that the Turnaround process involves several changes within the firm. These changes are dynamic thus require the combined processes over time. The other aspect is that turnaround cases differently affecting implementation terms because of characteristics of the firm (James *et al.*, 2020).

Hence, its applicability since it contends that the turnaround as a topic depends on the point of view of the stage theory. The approach can clarify the order of happenings that are useful within the ultimate failure or survival of the firm. Incident, event and concepts are the three basic prerequisites of the stage theory. The model however through such classification, is able to explain the pertinence of the components at every stage and may encourage the advancement of performance of a company from disintegration to progress or its decline (Nyagiloh *et al.*, 2020).

Stage theory is relevant to the study since turnaround are concerned with organizational performance reversal. To understand the research expansion on the organization's decline is considerably important. This theory is based on the industrial economics concept hence explaining the turnaround understanding with regards to statistical associations. It also a representation of the current turnaround strategies clarifying performance and how the contextual success factors influence it (James *et al.*, 2020).

### **2.2.2 Resource-Based Theory.**

This theory goes back to Penrose (1959) where it is based on the diversification, firm production opportunities, and resources management strategies. It clarifies the coherent connections in the company's resources, capabilities and the overall competitive advantage. It also shows the resources' understanding and the way they can be invested productively in giving rise to firm growth and profitability (Kenneth *et al.*, 2020).

This theory illustrates that organizations search internally for competitive advantage sources rather than searching externally from their competitive environment. Rumelt (1991) characterized the firm as an institution that comprises of resources and capabilities which include physical, financial human, and intangible assets. Based on this theory resources lack homogeneity and mobility. The resource-based theory is

among the principal theories of strategic management which can be utilized in explaining the performance of a firm (Antony, 2016).

The RBV model stresses on the role of organizational resources. According to King (2007), the role involves ensuring that the organization achieves higher organizational performance. The two available resources within a firm are the intangible and tangible resources. Intangible assets do not have physical presence but the organization can own them and they include intellectual property, trademarks, and brand reputation. The tangible assets include the physical assets or things such as capital, equipment, machinery, buildings and land. These resources can be obtained easily thereby providing a small advantage to organizations in the long haul since the rival can soon get them (Newbert, 2008).

Intangible resources are built over a long period of time therefore firms cannot obtain them from the market. The main sustainable competitive advantage source is intangible resources this is because they are unique. The RBV theory idea that the resources ought to be non-substitutable, imperfectly imitable, rare, and valuable so that the resources' application can lead to a sustained competitive advantage is supported by Barney J. (1991). Resource based theory regards an organization as a bundle of resources.

This theory is relevant to the turnaround management study because it enables the management to understand the existing capabilities and resources can be exploited by the firm in counteracting the economic crisis dilemma. Hence, it is connected to turnaround strategy and the resources accessible by the firm to be utilized to achieve the expected performance of the firm. RBV considers the adopted strategies by declining organizations as resources it uses to acquire an incentive based on the RBV framework of VRION and the consequent organizational performance, (James *et al.*, 2020).

### **2.2.3 Institutional Theory**

This theory is normally adopted in explaining the formal organizational structures spread and adoption, including composed approaches, new types of organization and standard practices, (Robert *et al.*, 2019). The theory states that the organization equips itself with the resources to cope with the external environment's dynamics.

Stinchcombe (1965) explains that every organization relies on its own resources. It considers the effects of the firms' current status and the psychological, standardizing and regulative structures that encompass the organization (Meyer & Rowan, 1998).

Organizations can be generally described as social structures which have attained a high level of resilience consisting of cultural-cognitive regulative and normative elements that, along with related functions and resources, offer stability and significance to the target market. Scott (1995) states that in order to survive, organizations should adjust to the guidelines and set frameworks that wins themselves in the external environment (DiMaggio and Powell, 2003). These guidelines include both structural and procedural tenets to acquire the organizational legitimacy to effectively conduct business with minimal disruptions.

DiMaggio and Powell (2003) imply that institutional theory tries explaining how various hierarchical structures have an impact on the firm's activities and cutoff points. The structures give stability to activities, timetable and social orders. They also describe the validness and oblige action. This theory is significant as it focuses on the issues of how establishments are made and how they influence social orders as businesses change. While all acknowledged, it has given more theory as opposed to empirical contributions to key management.

#### **2.2.4 Contingency Theory**

Fiedler's in (1964) propounded this theory. His article focused on the possibility models and authority. The theory illustrates that there is no ideal way of leading a company. This is in light with the fact that there are excessive constraints eternally and internally that will modify what truly is the most ideal approach to leadership. Basically, it all relies on the current situation to determine the most ideal course of action (Patricia, 2010).

The theory gives an explanation of the roles organizational leaders play in different operational areas. The theory also helps to improve the understanding and application of strategic management research. It is believed that the cause of the decline of a firm depends on an effective strategy (Trahms *et al.*, 2013). According to Wittig (2017), determining the reasons for a firm's decline and the theory's subsequent application helps an organization's management in understanding the ideal turnaround strategies

to utilize. It also illustrates that there is simplicity of alignment between firm performance and turnaround management strategies.

This theory states that the environment, managers and organizational factors play a role in determining strategic direction. It assumes that the managers' ability to influence the organizational outcome is limited by both environmental and organizational factors (Carpenter & Golden, 2007). As indicated by Afi (2018), the theory depends upon the organism analogy, which views the organizations as comprising of a series of interdependent subsystems. Everyone within the organization thus has the capability to perform within the setting of the organization as a whole. This clearly can be characterized with technology, quality client care, employees' motivation, and showcasing system that can be utilized as a strategic response to competing firms.

Therefore, this theory is relevant to the managers of the organization as it helps in the decision-making process. This theory is linked to the strategies accessible to the distressed firm by choosing strategies contingent on its businesses. According to different authors it has been noted that the contingency theory is relevant to the turnaround strategy and the performance of the firm. An appropriate framework for the study of organizational design is given by this theory by expressing the best organizational structural design whose structure can line up with organizational contingencies (Kenneth *et al.*, 2020).

### **2.2.5 Balance Score Card Model (BSC)**

The Balance Score Card was developed by Kaplan and Norton in (1992) to monitor and measure performance of business (as cited in Handy 2018). For successful implementation of the balance score card there needs to be an assessment of the company's mission and vision (Ozturk&Coskun, 2014). The balance score card model covers four perspectives which involve both long term and short term planning inured to ensure there is an overall organization performance. These include the financial perspective, customer perspective, the business processes and the learning and development perspective. The balance score card is a tool that enables organization rely on areas that demonstrate organization`s success (Kebu, 2015).

The balance score card helps to show achieved from performance relative to the business strategy undertaken. Thus organizations need to develop and monitor appropriate strategies in order to capitalize and maintain good financial positions. The balance score card allows managers to look at business from four perspectives: the customer perspective helps an organization in determining how the customers see us. The internal business perspective on the other hand shows what we must excel at. The innovation and learning perspective helps in assessing how we can improve and create value to our products and service. The financial perspective on the other hand is concerned with how shareholders view us (Kebu, 2015).

The balance score card enables companies to clarify and update strategy, communicate, align their objectives together with the mission and vision of the company. It also assists different leaders and departments to individualize their performance measurement thus giving everyone in the company a platform to measure success. This model is relevant to the study since it can be used to implement strategy mapping to see where value is added within the organization. The model can also help in development of strategic initiatives and objectives (Kebu, 2015).

### **2.3 Empirical Review.**

This section reviews literature on what others have established on the turnaround strategies and performance of savings and credit cooperative societies by looking at issues such as cost reduction strategies, managerial restructuring strategies, revenue generation strategies and culture change strategies. The review helps in demonstrating the methodologies or approaches, concepts, theoretical foundations used as well as the findings established through the studies.

#### **2.3.1 Cost reduction Strategies and Organizational performance.**

Komen (2014) embarked on a study that sought to establish the effect of turnaround strategies on performance of public corporations in Kenya. Using the correlation research design, the study targeted population of 162 respondents from which a sample of 32 participants was selected using purposive sampling. The study used a likert type scale questionnaire to collect primary and secondary data. The data obtained was analyzed using the statistical package for social sciences (SPSS). Findings showed that cost reduction strategies have a greater effect on the

performance of public corporations in Kenya. The study recommends that public corporation needs to implement turnaround strategies to turn declining corporations. The study presents contextual gaps on the need to shift focus to private institutions such as Sacco's particularly in the financial sector.

Nacheri and Ogollah (2015) conducted a study on the influence of turnaround strategy adoption on revenue performance of Kenya Revenue Authority. The study specifically aimed to find out how cost reduction, modernization of internal processes, employee motivation and corporate planning strategies have influenced the revenue performance of Kenya Revenue Authority. The study used descriptive research design and it targeted top and middle level managers at Kenya Revenue Authority who were directly responsible for formulation and implementation of corporate policies and plans. The study used both primary and secondary data and this data was analyzed using both inferential and descriptive statistics and multiple regression. The study established that turnaround strategy adopted by Kenya Revenue Authority contributed to better revenue performance. Cost reduction strategy was found to positively influence revenue performance at Kenya Revenue Authority.

### **2.3.2 Managerial Reorganization and Organizational Performance.**

A study conducted by Sije and Omwenga (2016) dealt with the relationship between reorganization Turnaround strategy and performance of small and medium enterprise in Kenya. The targeted population for the study was 8604, out of which 375 respondents were used as a sample size for the study. Descriptive survey design and correlation research design were used in the study. The study found that there was a positive and significant relationship between reorganization turnaround strategy and performance of Small and Medium Enterprises. The study recommended that small and medium enterprises internal and external operations and changing the structure should be continuously evaluated to ensure that there is optimal benefit to small and medium enterprises.

Okwisa (2014) conducted a study on the analysis of turnaround strategies on organization performance: case of Uchumi supermarket Kenya. The study used the case approach method and the targeted population was made up of 225 respondents from which a sample of 90 was selected using simple random method. Primary data

was collected using interview while secondary data was obtained from a review of published materials on the subject of turnaround and from reports documenting the Uchumi turnaround. The qualitative data was analyzed using narrative analysis while quantitative data was analyzed using SPSS (Statistical Package for Social Science Software). The findings of the study showed that strategies made by the top management influenced strength of the company's market position largely. Thus the new management considered stakeholders interest in their strategic decisions highly and thus contributed largely to the strategic decisions positively. The managers had a practice of transparency and commitment during decline.

### **2.3.3 Revenue Generating Strategy and Organizational performance.**

Ondimu (2015) conducted a study on Turnaround strategy and performance of selected commercial Banks in Kenya. The study examined a sample of 4 selected banks that had undertaken the turnaround strategy. Primary data was collected using the questionnaires while secondary data was obtained from the banks, existing bank publications and annual reports. The study established that the Commercial Banks have pursued different turnaround strategies that include, marketing, financial, revenue generating strategies, retrenchment strategies, top management changes, technology advancement and retrenchment. The findings showed that indeed the turnaround strategies adopted by the bank has had a positive effect on the performance of Commercial Banks.

A study by Mungai and Bula (2018) focused on turnaround strategies and performance of Kenya Airways. The study specifically sought to establish the effect of revenue generating strategy, cost reduction strategy, asset reduction strategy and financial restructuring on the performance of Kenya Airways. The study used a descriptive research design where data was analyzed using descriptive statistics. Findings revealed that the four strategies affected the performance of Kenya Airways positively and contributed a lot to its turnaround. Findings also showed that the Revenue generating strategy influenced performance of Kenya Airways by increasing sales through a combination of price strategy, increased advertisements and promotions.

#### **2.3.4 Culture Change and Organization performance.**

Ayiecha and Senaji (2014) did a study on the moderating effect of organizational culture on implementation of turnaround strategy. The study established that organization culture has effect on decision making and it also has an effect on other activities at all levels within the organization. The study showed that organizational culture has a moderating effect between the business process reengineering and critical success factor turnaround strategy implementation. Contextual gaps were unveiled on the need to shift focus on the financial sector which hasn't been done in past studies.

Kakucha, Simba and Ahmed (2018) did a study on the effects of organizational culture on strategic change management in Mombasa County Government. Cross sectional and Retrospective research design were used. The targeted population for the study was 4102 employees of the county government of Mombasa. 12 informants were picked using convenience sampling method while simple random sampling was adopted to sample 364 junior staff. Findings indicated that there was a positive significant relationship between organizational culture and strategic change management. The study recommended the county government of Mombasa to focus on organizational culture since they were found to have a positive and significant effect on the strategic change management.

## 2.4 Summary of literature and research gaps.

This section summarizes the various empirical studies in form of a table. It indicates the findings and the gaps for the study.

**Table 2.1: Summary of Literature Review and Research Gaps**

<b>Author.</b>	<b>Focus of the study.</b>	<b>Findings of the study.</b>	<b>Knowledge gaps; Conceptual, Contextual gaps, Methodological and Empirical gaps.</b>	<b>Focus on the current study.</b>
Komen (2014).	Effects of turnaround strategies on the performance of public corporations in Kenya.	Findings showed that the cost reduction strategies have a greater effect on the performance of Public corporations in Kenya.	The study showed the contextual gap on the need to focus on Private Institutions such as Saccos.	The gap will be filled by focusing on Saccos which are privately owned.
Nacheri and Ogollah (2015)	Influence of Turnaround strategy adoption on revenue performance of Kenya Revenue Authority.	Findings indicated a positive revenue performance of the KRA due to implementation of cost reduction strategy, modernization of internal processes and employee motivation	Empirical gap indicated on the need to consider all turnaround strategies to be used. Contextual gap shows need to conduct research in Saccos since there's less researched areas on it.	Gap will be filled by focusing the study on Saccos in Kirinyaga County.

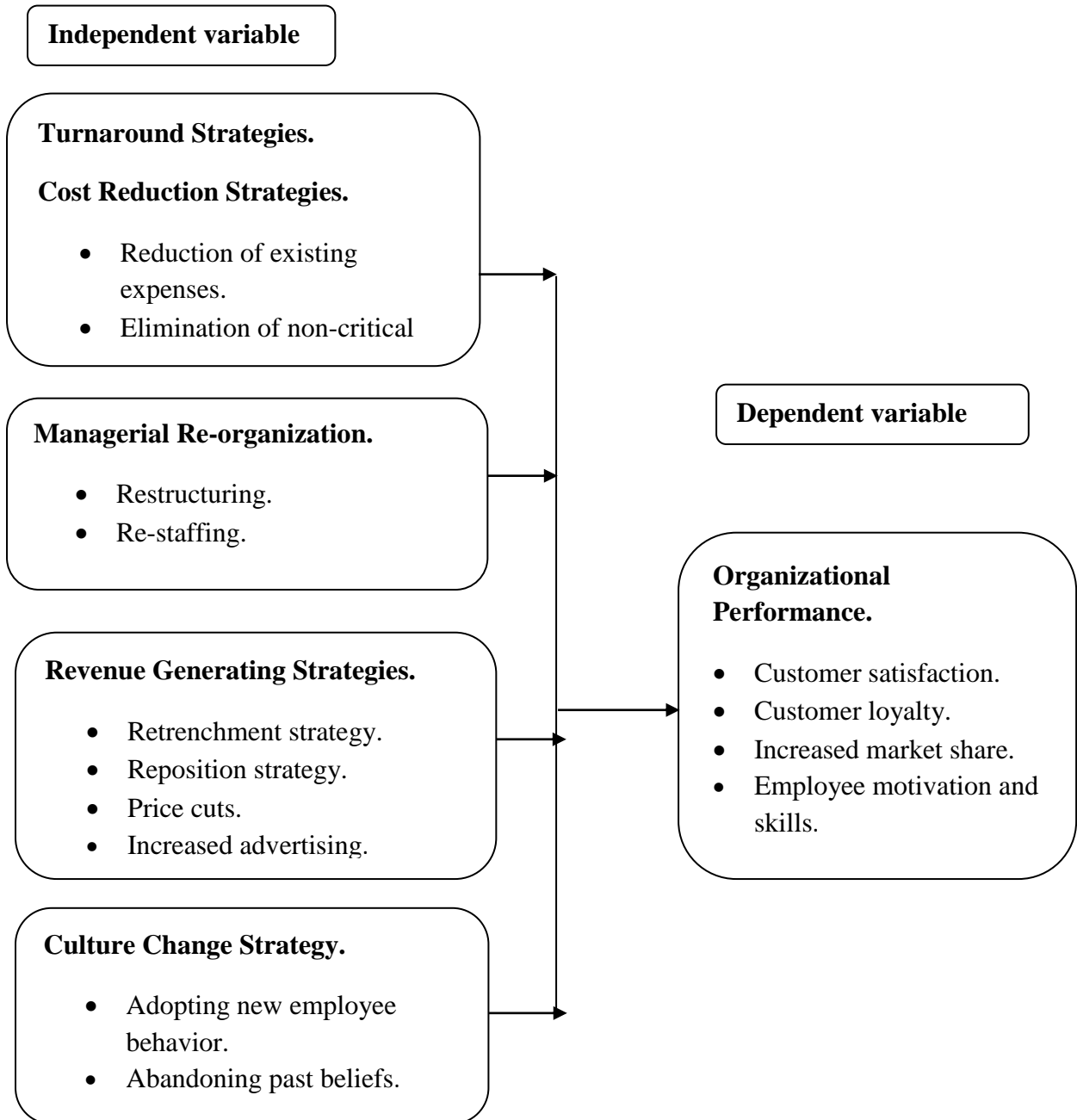
Ondimu (2015)	Turnaround strategy and performance of selected commercial Bank in Kenya.	Findings showed that indeed turnaround strategies adopted by the bank has had a positive effect on the performance of the commercial bank.	Various strategies were used thus no single strategy was used to test for positively of the performance.	The study will focus on Saccos in Kirinyaga County.
Mungai and Bula (2018)	Turnaround strategies and performance of Kenya Airways.	Findings revealed that revenue generating strategies positively influenced the performance of Kenya Airways.	There is need to undertake a local study on the same subject in order to fill contextual gaps for more applicable results.	The local area for the study will cover Saccos in Kirinyaga County.
Okwisa (2014)	Analysis of Turnaround strategies on organization performance case of Uchumi supermarket.	Strategies made by top management influenced the strength of the company positively.	Methodological and conceptual gap indicate there`s need to shift to financial sector to obtain relevant strategies for an effective turnaround.	Gaps will be filled by focusing on Saccos in Kirinyaga County.
Sije and Omwenga (2016)	Relationship between reorganization Turnaround strategy and performance of small and medium enterprises in Kenya.	Positive and significant relationship were established between turnaround strategy and performance of SMEs	There is need to focus on the financial sector like Saccos.	Area of study will involve Saccos as financial institutions in Kirinyaga County.

Ayiecha and Senaji (2014)	Moderating effect of organizational culture on implementation of turnaround strategy.	Organizational culture has the ability of improving the overall effectiveness and performance of the organization.	Contextual gap revealed on the need to focus on Sacco`s since little research is available.	Saccos in Kirinyaga County will be used as area of current study.
Kakucha, Simba and Ahmed (2018)	Effects of Organization culture on strategic change management in Mombasa County Government.	There is a positive and significant relationship between organizational culture and strategic change management.	Contextual gap of the study is to focus on other counties since little research has been done on Kirinyaga County.	The study will focus on local Sacco`s within Kirinyaga County.

**Source:** (Author 2020)

## 2.5 Conceptual Framework

The conceptual framework is a diagram showing the dependent and independent variables in a study. It illustrates how these variables relate to each other. In this study the independent variable is the turnaround strategies. It consists of variables such as cost reduction strategy, managerial restructuring strategy, revenue-generating strategies, and culture change strategy. The dependent variable on the other hand includes organization performance.



**Figure 2.1: Conceptual Framework**  
Source: Author (2020).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the research methodology that will be utilized while trying to achieve the objectives of the study. These objectives will help to assess the relationship between turnaround strategies and organization performance, a case study of Savings and credit cooperative societies in Kirinyaga County, Kenya. The attention is centered on the research design, population, sample design and procedure, data collection method, research procedures, data analysis method, validity, reliability and ethical considerations.

#### **3.2 Research Design**

This research study used the descriptive research design to carry out the investigation. The descriptive research design study is characterized as the way towards discovering a specific event, where to find it, and the processes associated with finding the event (Cooper and Schindler, 2015). Ngatia *et al.*, (2018), were of the opinion that this will be accomplished by gathering information to determine the relationship between variables of the study. This design is a suggested plan that combines all different elements of research. As per Ngure (2017), he disclosed that the descriptive research design is the study in which information is gathered and dissected to portray the specific events in its present trend, current phenomenon, and linkages between various components at the current time.

The descriptive research design is appropriate for the study since it empowers one to sum up a bigger population's discoveries. The aim of this descriptive research is to develop information at a point as expected and use it to give a clarification to the circumstances. The underlining idea is to choose a few targeted times where a broad assessment perceives the suitable choices for solving the study's inquiries concerning the reason of the winning answer actualized inside the chose contextual analysis (Evans, 2015).

### 3.3 Target Population

Zikmund (2010) characterizes population as a more immense assortment of all subjects from where an example is drawn. He expresses that a target population is classified as all the members of a given group to which the investigation is related. Whereas the accessible population is looked at in terms of those elements in the target population within reach of the study. A target population refers to the gathering of people that have specific attributes and whom can be classified properly to isolate them from the entire population.

According to Burns (2010), a target population refers to all individuals of a real or hypothetical set of people, events, or objects to which a researcher wishes to create results from the study. The targeted population for the study comprised of 128 SACCOs that operate in Kirinyaga County, Kenya.

### 3.4 Sampling Technique and Sample Size

This involved determination of the size of the sample as well as the procedure for sampling.

#### 3.4.1 Sample Size

The study used a sample size of 117 SACCOs that will be derived using the Slovin's formula

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

Where:

n is the sample size,

N is the target population

e is the margin of error (0.05)

A 95% confidence level is assumed for the equation.

The sample size for each SACCO will be:

For instance, Kirinyaga west the sample size will be as shown:

$$n = \frac{128}{1 + 128(0.05^2)} = 117$$

**Table 3.1: Target Population and Sample size.**

<b>SUB- COUNTIES IN KIRINYAGA</b>	<b>TARGET POPULATION FOR THE SACCOs</b>	<b>SAMPLE SIZE FOR THE SACCO.</b>
Kirinyaga west	30	27
Kirinyaga east	28	26
Kirinyaga South	34	31
Kirinyaga Central	36	33
TOTAL	128	117

### **3.4.2 Sampling Technique.**

This study utilized a stratified random sampling technique. Stratified random sampling refers to the situation of dividing a population into smaller groups called strata. These groups are coordinated depending on the group's shared attributes. This sampling method is useful to the study since it assists to better organize the samples (Steven, 2020). The respondents were the SACCO Managers thus a questionnaire were administered in each selected SACCO.

### **3.5 Data Collection Instruments.**

Data collection process refers to the act of gathering and estimating information on variables of interest in an established systematic system that empowers one to address stated research questions, test theories, and assess results. The goal of data collection is to obtain quality evidence, then translate it to rich data analysis and allow the building of reliable and credible answer to questions that have been brought forward (Kabir, 2016). The data collection in this study was founded on primary and secondary sources. The primary data was acquired through questionnaires as the main data collection instrument.

A questionnaire is a research instrument comprised of various questions used to collect information about a person or thing (Daniel, 2020). The questionnaires were self-delivered as well as emailed to the respondents. Secondary data on the other hand

were retrieved from relevant books in various libraries, university annual reports, SACCO inspection reports, published audited reports and annual reports from various departments. The questionnaires to be used were both open and close-ended. They also included qualitative and quantitative data in order to capture all parts of the required information.

### 3.5.1 Reliability and validity of the data research Instruments.

The researcher conducted a pilot study on a randomly selected target population so as to measure the validity and reliability of the data. The pilot study helped in pin pointing the weaknesses of the instrument before it's used.

Validity refers to the process by which an instrument measures what its required to measure. The researcher will use expert opinion from the supervisor and other lecturers who assisted in determining the validity of the whole process. The researcher also conducted a pre-test by issuing questionnaires to randomly selected SACCOs outside the current area of study.

Reliability on the other hand was determined by use of the Cronbach`s Alpha Method. This method is used to test the internal consistency of the techniques used. Normally the values generated by this method range from 0 to 1 with reliability increasing with value. The Co-efficient values obtained that are greater than 0.7 help to show that the instrument was fit for use. The results of reliability tests are presented in Table 3.2.

**Table 3.2: Reliability Test Results**

<b>Variable</b>	<b>Alpha Coefficient</b>	<b>Remarks</b>
Cost reduction strategies	0.802	Acceptable
Revenue-generating strategies	0.754	Acceptable
Managerial reorganization strategies	0.697	Acceptable
Culture change strategies	0.874	Acceptable
Organizational Performance	0.869	Acceptable
<b>Aggregate</b>	<b>0.799</b>	Acceptable

**Source: Pilot Study, 2022**

The results as presented in Table 3.2 indicates that culture change strategies had the highest reliability at ( $\alpha= 0.874$ ), followed by organizational performance ( $\alpha=0.869$ ), cost reduction strategies at ( $\alpha=0.802$ ), revenue generating strategies at ( $\alpha=0.754$ ) and managerial re-organization strategies at ( $\alpha=0.697$ ). An aggregate score of 0.799 which showed a good reliability. This means that the findings of the study were more reliable because the higher score in reliability.

### 3.6 Data Analysis and Presentation

This is the process that relies on methods and techniques that involve taking raw data, mining for insights that are relevant to the business's primary goals. It also involves focusing on information to transform metrics, facts, and figures into initiatives for improvement (Sandra, 2020). This data was initially subjected through a sequence of operations. These operations include editing, coding, classification, and analysis using SPSS (Statistical Package for the Social Scientists). The data was analyzed through descriptive statistics tools. These tools included percentages, mean, standard deviation, mode, and variances. The data was also presented using frequency tables, charts, and graphs. Pearson's product moment correlation and multiple regression methods of analysis were used to analyze data. Pearson product moment correlation was also used to determine the relationship between turnaround strategies and organization performance. The multiple regression model to be developed was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Whereby:

Y represents Organizational performance.

$\beta_0$  represents Regression Constant.

$\beta_1, \beta_2, \beta_3, \beta_4$  represents Regression coefficients.

$X_1$  represents Cost reduction strategies.

$X_2$  represents Revenue generating strategy.

$X_3$  represents Managerial restructuring strategy.

$X_4$  represents Culture change strategies.

$\varepsilon$  represents Error term.

### **3.7 Ethical consideration.**

In research, ethics is all about a person's conduct and it serves as a guide to one's behavior. It's the obligation to respect others. The study was guarantee that the data obtained will be confidential. The study's purpose was disclosed to the respondents, and they were given the discretion to participate in the study. All the respect due were accorded to the respondents during the data collection process, i.e., the questionnaires did not bear the respondents' names. The respondents likewise were educated regarding the investigation discoveries on the off chance that they wish to think about it.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This chapter basically presents the findings/results of the data analysis and its interpretation based on the descriptive analysis and inferential statistics.

#### 4.2 Response Rate

The questionnaire rate based on a sample of 117 respondents drawn from 4 Sub-Counties in Kirinyaga is shown in Table 4.1.

**Table 4.1: Response Rate**

Category	Questionnaires administered	Questionnaires returned	Percentage
Kirinyaga west	27	25	92.6
Kirinyaga east	26	21	80.8
Kirinyaga South	31	28	90.3
Kirinyaga Central	33	31	93.9
<b>Total</b>	<b>117</b>	<b>105</b>	<b>89.7</b>

**Source: Survey Data, 2022**

The results as presented in Table 4.1 show that the response rate of the respondents from Kirinyaga West was 92.6%, Kirinyaga East (80.8%), Kirinyaga south (90.3%) and Kirinyaga central (93.9%). The study achieved an overall response rate of 89.7%. Baruch and Holtom (2014) recommended 80 percent or more on response rate is enough data analysis. Therefore, 89.9% study response rate was considered appropriate for data analysis. Therefore, there was acceptance and credibility of the research findings of the study due to high response rate.

#### 4.3 Respondents' General Information

The respondents' general information was measured in terms of age, gender and the highest level of education qualification. The findings are presented as follows:

### 4.3.1 Respondents' Age

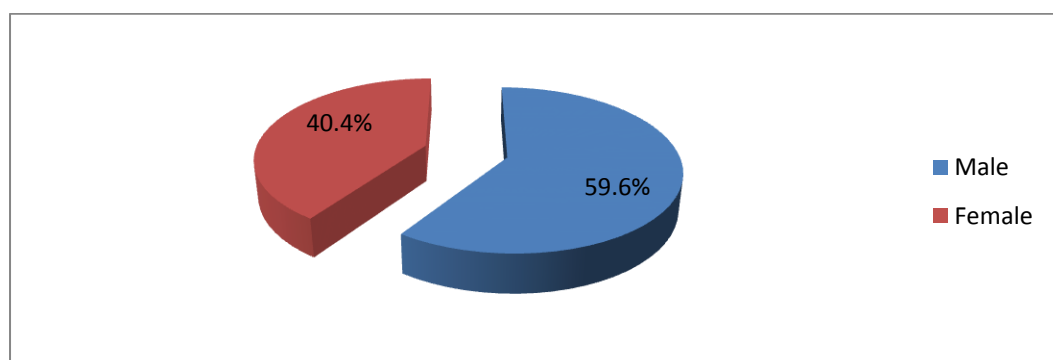
**Table 4.2: Respondent's Age**

Years	Frequency	Percentage
Below 25	12	11.4
25 - 30	21	20.0
31 - 35	19	18.1
36 - 40	23	21.9
41 - 45	14	13.3
46 and above	16	15.2
<b>Total</b>	<b>105</b>	<b>100</b>

**Source: Survey Data, 2022**

The results as presented in Table 4.3 shows that those respondents whose ages were between 36 and 40 years accounted majority at 21.9%, 20.0% represented those respondents whose ages ranged between 25 to 30 years, 18.1% between 31 to 35 years, 15.2% 46 years, 13.3% aged between 41 and 45 years and 11.4% below 25 years. This implies that the study had involved respondents from a diverse age brackets which could benefit the study by getting a diverse view on how turnaround strategies influences the performance of an organization.

### 4.3.2 Respondents' Gender



**Figure 4.1: Respondents' Gender**

**Source: Survey Data, 2022**

It was established that majority as indicated 59.6% were male respondents while female respondents accounted for 40.4%. This implies that the study factored the gender balance. Gender of the respondents was necessary to show a true

representative of both men and women in the study which means giving equal importance to both men and women in the workplace on how turnaround strategies influences the performance of an organization.

### 4.3.2 Respondents' Highest Level of Education Qualification

**Table 4.3: Respondents' Highest Level of Education Qualification**

<b>Education level</b>	<b>Frequency</b>	<b>Percentage</b>
Certificate/Diploma	23	21.9
Higher diploma	13	12.4
Bachelor	38	36.2
Master	18	17.1
PhD	13	12.4
<b>Total</b>	<b>105</b>	<b>100</b>

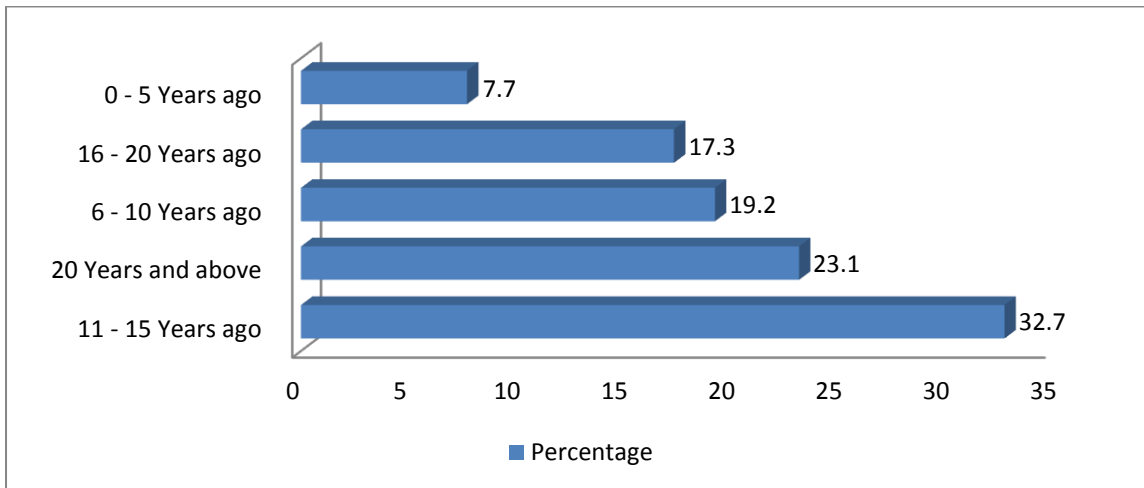
**Source: Survey Data, 2022**

The findings as presented in Table 4.3 show that majority (36.2 %) of the respondents had attained a Bachelors Degree level of education, 21.9% had a certificate/Diploma, 17.1% had Master's Degree and 12.4% had higher diploma and a PhD degree respectively. It was necessary to establish the education level of the respondents because differences in educational background increase the likelihood that diverse perspectives and opinions within an organization concerning turn around strategies.

## 4.4 Organization Bio-data

### 4.4.1 SACCO Registration

The study sought to establish when the SACCOs were registered. The findings are presented in Figure 4.2.



**Figure 4.2: SACCO Registration**

**Source: Survey Data, 2022**

According to the findings in Figure, the study established that majority (32.7%) of the SACCOs had been registered between 11 to 15 years, 23.1% 20 years and above, 19.2% between 6 to 10 years ago, 17.3% between 16 to 20 years ago and 7.7% between 0 to 5 years ago. This shows that majority of the SACCOs in Kirinyaga County had been registered between 11 to 15 years ago.

#### 4.4.2 SACCO Membership

The study sought to establish the number of members involved within the Sacco. The findings are presented in Table 4.4.

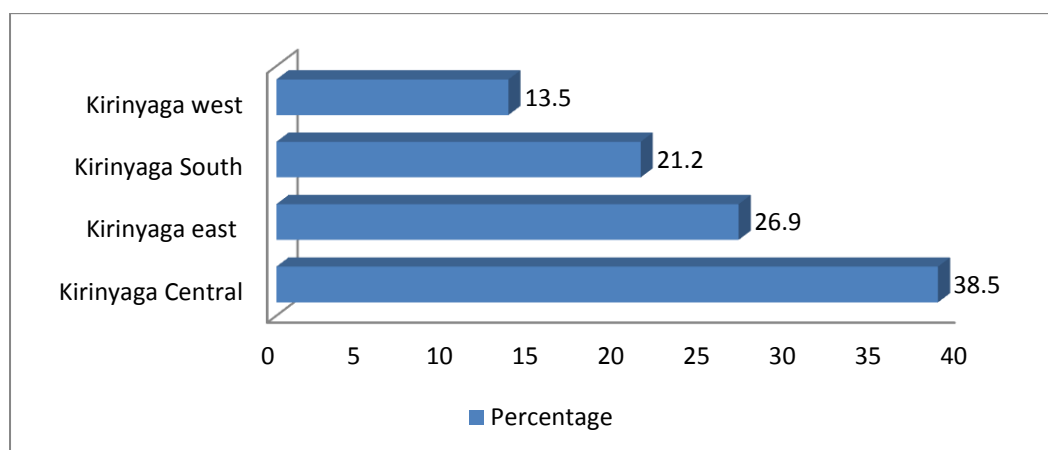
**Table 4.4: SACCO Membership**

Membership	Frequency	Percentage
Below 500 Members	5	4.8
501 - 1000 Members	18	17.1
1001 - 1500 Members	26	24.8
1501 - 2000 Members	34	32.3
2000 Members and above	22	20.9
<b>Total</b>	<b>105</b>	<b>100</b>

**Source: Survey Data, 2022**

The study established that majority (32.3%) of the SACCOs as presented in Table 4.4 had a total number of the respondents ranging from 1501 to 2000 members, 24.8% with 2000 members and above, 20.9% between 501 to 1000 members, 17.1% between

1001 and 1500 members and 4.8% below 500 members. This shows that the SACCOs in Kirinyaga County have a bigger number of members. The study further established that majority (38.5%) of the SACCO operated in Kirinyaga Central, followed by 26.9% at Kirinyaga East, 21.2% at Kirinyaga South and 13.5% at Kirinyaga West as presented in Figure 4.3.



**Figure 4.3: SACCO Operation**

**Source: Survey Data, 2022**

The study further sought to establish the category of the SACCO and found that all the SACCO were locally owned and the scope of the Savings and Credit Cooperative Societies operations was both locally and regional. The study also established that all the SACCOs products included; General banking services, Loan products, Mortgage services, Forex and money transfer services.

**4.5 Results of Descriptive Analysis**

The findings of descriptive analysis were presented using Mean (M) and Standard deviation (SD) as per the study objectives. The findings are presented as follows.

**4.5.1 Cost Reduction Strategies**

The study sought to find out the relationship between cost reduction strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The respondents were given a list of statements describing cost reduction strategies to rate their level of agreement. The findings are presented in Table 4.5.

**Table 4.5: Cost Reduction Strategies**

<b>Statement</b>	<b>Mean (M)</b>	<b>Standard Deviation (SD)</b>
The Sacco is tightening financial controls in the institution.	4.11	0.89
There is tightening control on cash expenses on the Sacco.	2.93	2.07
There is establishment of competitive bidding for suppliers; defer credit payments; speed up debtor payments.	3.59	1.41
There is reduction of labor cost and costs involved by senior management.	3.26	1.74
Within the Sacco there is focus on productivity improvement.	4.47	0.53
There is reduction of inventory within the institution.	3.71	1.29
There is reduction of marketing expenses not involved in the target markets.	4.56	0.44
There is elimination of non-profitable products/ services in the Sacco.	4.62	0.38
<b>Aggregate Score</b>	<b>3.91</b>	<b>1.09</b>

**Source: Survey Data, 2022**

The results in Table 4.5 indicate that respondents agreed that cost reduction strategies influences the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya as indicated by the aggregate mean score of 3.91 and standard deviation of 1.09. This finding is supported by the findings of Komen (2014) who embarked on a study that sought to establish the effect of turnaround strategies on performance of public corporations in Kenya and the findings showed that cost reduction strategies have a greater effect on the performance of public corporations in Kenya.

The statements that were strongly agreed by the respondents were that there is elimination of non-profitable products/ services in the Sacco and that there is reduction of marketing expenses not involved in the target markets as presented by mean score of 4.62 and 4.56 respectively and a standard deviation of 0.38 and 0.44 respectively. This finding is in accordance with Nacheri and Ogollah (2015) who conducted a study on the influence of turnaround strategy adoption on revenue

performance of Kenya Revenue Authority and the study established that turnaround strategy adopted by Kenya Revenue Authority contributed to better revenue performance.

The statements that were agreed by the respondents were that within the Sacco there is focus on productivity improvement, the Sacco is tightening financial controls in the institution, there is reduction of inventory within the institution and that there is establishment of competitive bidding for suppliers; defer credit payments; speed up debtor payments as shown by the mean score of 4.47, 4.11, 3.71 and 3.59 respectively and standard deviation of 0.53, 0.89, 1.29 and 1.41 respectively. This finding concurs with Kegera and Nzulwa (2018) study that examined the effect of cost reduction strategies on organization performance: A Case of Kenya Forest Service and The study found out that planned recruitment and training has enhanced the performance of Kenya Forest Service through improved operations and reduction of conflict between the staff and members of the public as well as defining the job holder's position.

The respondents indicated to a moderate extent on the statement that there is reduction of labor cost and costs involved by senior management and that there is tightening control on cash expenses on the Sacco as shown by mean score of 3.26 and 2.93 respectively and standard deviation of 1.74 and 2.07 respectively. The finding is in contrary with Chisulo (2019) that investigated the influence of cost reduction strategy on performance of Tea Industry in Mulanje Region and the correlation results revealed that there was a strong positive association between cost reduction strategy and performance of tea industry.

#### **4.5.2 Revenue Generating Strategies**

The study sought to examine the relationship between revenue-generating strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The respondents were given a list of statements describing revenue generating strategies to rate their level of agreement. The findings are presented in Table 4.6.

**Table 4.6: Revenue Generating Strategies**

<b>Statement</b>	<b>Mean (M)</b>	<b>Standard Deviation (SD)</b>
There is investment of funds from reduction costs in new growth areas.	4.36	0.64
There is reviewing of pricing strategy within the Sacco to maximize revenue.	4.29	0.71
There is development of a marketing mix tailored to key in market segments.	4.57	0.43
There is exploitation of additional opportunities for revenue creation related to target market.	3.93	1.07
There is focus on the organizational activities on needs of market sector customers within the institution.	4.51	0.41
<b>Aggregate Score</b>	<b>4.33</b>	<b>0.67</b>

**Source: Survey Data, 2022**

The results in Table 4.6 indicate that respondents agreed that revenue generating strategies influences the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya as indicated by the aggregate mean score of 4.33 and standard deviation of 0.67. This finding is in line with Ondimu (2015) who conducted a study on Turnaround strategy and performance of selected commercial Banks in Kenya and the study established that the Commercial Banks have pursued different turnaround strategies that include, marketing, financial, revenue generating strategies, retrenchment strategies, top management changes, technology advancement and retrenchment.

The statements that were strongly agreed by the respondents were that there is development of a marketing mix tailored to key in market segments and that there is focus on the organizational activities on needs of market sector customers within the institution as shown by mean score of 4.57 and 4.51 respectively and standard deviation 0.41 and 0.43. The finding is consistent with the finding of a study by Mungai and Bula (2018) focused on turnaround strategies and performance of Kenya Airways and the findings revealed that the four strategies affected the performance of Kenya Airways positively and contributed a lot to its turnaround.

The statements that were agreed by the respondents were that there is investment of funds from reduction costs in new growth areas, there is reviewing of pricing strategy within the Sacco to maximize revenue and that there is exploitation of additional opportunities for revenue creation related to target market as shown by mean score of 4.36, 4.29 and 3.93 respectively and standard deviation of 0.64, 0.71 and 1.07 respectively. The finding is consistent with Ondimu (2015) who conducted a study on Turnaround strategy and performance of selected commercial Banks in Kenya and the study established that the Commercial Banks have pursued different turnaround strategies that include, marketing, financial, revenue generating strategies, retrenchment strategies, top management changes, technology advancement and retrenchment.

#### 4.5.3 Managerial Reorganization Strategies

The study sought to investigate the relationship between managerial reorganization strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The respondents were given a list of statements describing managerial reorganization strategies to rate their level of agreement. The findings are presented in Table 4.7.

**Table 4.7: Managerial Reorganization Strategies**

<b>Statement</b>	<b>Mean (M)</b>	<b>Standard Deviation (SD)</b>
Efficient and lean structures have been adopted by the organization.	3.94	1.06
The organization has redesigned and modified existing structures within the SACCO.	4.36	0.64
Performance incentives have been aligned to the new structure within the SACCO.	4.63	0.37
The Organization has employed competent employees for the right job	3.77	1.23
The success of the SACCO is a result of the re-staffing done by the institution.	4.51	0.49
<b>Aggregate Score</b>	<b>4.24</b>	<b>0.76</b>

**Source: Survey Data, 2022**

The results in Table 4.7 indicate that respondents agreed that managerial reorganization strategies influences the performance of Savings and Credit

Cooperative Societies in Kirinyaga County, Kenya as indicated by the aggregate mean score of 4.24 and standard deviation of 0.76. This finding is consistent with the finding of a study conducted by Sije and Omwenga (2016) that dealt with the relationship between reorganization Turnaround strategy and performance of small and medium enterprise in Kenya and the study found that there was a positive and significant relationship between reorganization turnaround strategy and performance of Small and Medium Enterprises.

The statements that were strongly agreed by the respondents were that performance incentives have been aligned to the new structure within the SACCO (4.63, SD=0.37) and that the success of the SACCO is a result of the re-staffing done by the institution (M=4.51, SD=0.49). The findings agree with the findings of Okwisa (2014) study that focused on the analysis of turnaround strategies on organization performance: case of Uchumi supermarket Kenya and the findings of the study showed that strategies made by the top management influenced strength of the company's market position largely.

The statements that were agreed by the respondents were that the organization has redesigned and modified existing structures within the SACCO (M=4.36, SD=0.64), efficient and lean structures have been adopted by the organization (M=3.94, SD=1.06) and that the Organization has employed competent employees for the right job (M=3.77, SD=1.23). The findings concur with the findings of Akumu and Nzulwa (2018) study that evaluated the relationship between restructuring strategies and performance: a case of Kenya National Audit Office and the study found that restructuring strategy positively influences organizational performance of county governments in Kenya. Counties in Kenya should embrace more the use of restructuring strategy.

#### **4.5.4 Culture Change Strategies**

The study sought to determine the relationship between culture change strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The respondents were given a list of statements describing culture change strategies to rate their level of agreement. The findings are presented in Table 4.8.

**Table 4.8: Culture Change Strategies**

<b>Statement</b>	<b>Mean (M)</b>	<b>Standard Deviation (SD)</b>
Within the Sacco there is clarity of vision, mission and values among employees.	4.60	0.40
The Sacco encourages and tolerates new ideas within the organization.	3.57	1.43
Existence of respect for a diverse range of opinions, ideas and people, thus allowing employees to participate in decision making.	4.01	0.99
Employees at different departments within the Sacco firmly understand their individual and inter-dependent roles in attaining the corporate vision.	4.57	0.43
Existence of considerable power distance between the upper and lower cadres in the organization.	4.04	0.96
The Sacco has a culture of tolerating risk within the organization.	4.53	0.47
<b>Aggregate Score</b>	<b>4.15</b>	<b>0.85</b>

**Source: Survey Data, 2022**

The results in Table 4.8 indicate that respondents agreed that culture change strategies influences the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya as indicated by the aggregate mean score of 4.15 and standard deviation of 0.85. This finding is in agreement with Ayiecha and Senaji (2014) who did a study on the moderating effect of organizational culture on implementation of turnaround strategy and the study showed that organizational culture has a moderating effect between the business process reengineering and critical success factor turnaround strategy implementation.

The statements that were strongly agreed by the respondents were that within the Sacco there is clarity of vision, mission and values among employees (M=4.60, SD=0.40) and that The Sacco has a culture of tolerating risk within the organization (M=4.53, SD=0.47). These finding concur with Kakucha, Simba and Ahmed (2018) who did a study on the effects of organizational culture on strategic change management in Mombasa County Government and the findings indicated that there was a positive significant relationship between organizational culture and strategic change management.

The statements that were agreed by the respondents were that existence of considerable power distance between the upper and lower cadres in the organization (M=4.04, SD=0.96), existence of respect for a diverse range of opinions, ideas and people, thus allowing employees to participate in decision making (M=4.01, SD=0.43) and that the Sacco encourages and tolerates new ideas within the organization (M=3.57, SD=1.43). The findings concur with Leithy(2017) study that examined the relationship between organizational culture and organizational performance and found that if employees are committed and have the same norms and value as the organization, it could increase performance towards achieving the overall organization goals.

#### 4.5.5 Organizational Performance

The study sought to determine extent to which turnaround strategies influenced the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The respondents were given a list of statements describing culture change strategies to rate their level of agreement. The findings are presented in Table 4.9.

**Table 4.9: Organizational Performance**

<b>Statement</b>	<b>Mean (M)</b>	<b>Standard Deviation (SD)</b>
There is increased customer retention after implementation of turnaround strategies.	4.22	0.78
There`s customer satisfaction due to the turnaround strategies adopted.	4.38	0.62
Increased efficiency in service delivery after implementation of turnaround strategies.	4.55	0.45
The market value of the organization share has steadily been on the rise.	4.72	0.28
Employees are highly motivated as a result of implementation of turnaround strategies.	4.00	1.00
<b>Aggregate Score</b>	<b>4.37</b>	<b>0.63</b>

**Source: Survey Data, 2022**

The results in Table 4.9 indicate that respondents agreed that turnaround strategies influences the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya as indicated by the aggregate mean score of 4.37 and standard deviation of 0.63. The findings concur with Wandera (2018) who states that reorganization consists of initiatives leading to an overhaul of a company's internal structure. This involves restructuring and re-staffing which may be manifested through changes in the department, business units, employee roles and often includes significant layoffs.

The statements that were strongly agreed by the respondents were that the market value of the organization share has steadily been on the rise (M=4.72, SD=0.28) and that increased efficiency in service delivery after implementation of turnaround strategies (M=4.55, SD=0.45). The finding agree with Wasike (2012) who contends that establishments' of financial performance is generally estimated by use of financial ratios analysis, benchmarking, measuring performance against budget, or a mix of these methodologies.

The statements that were agreed by the respondents were that there's customer satisfaction due to the turnaround strategies adopted (M=4.38, SD=0.62), there is increased customer retention after implementation of turnaround strategies (M=4.22, SD=0.78) and that employees are highly motivated as a result of implementation of turnaround strategies (M=4.00, SD=1.00). The findings are consistent with Pearson and Robison (2011) who observe that the non-financial measures are the qualitative measures that pointed out that these measures indicate an insufficient or incorrect organization perspective. These non-financial performance measures incorporate client base and customer loyalty.

#### 4.6 Results of Regression Analysis

**Table 4.10: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.705 <sup>a</sup>	.756	.750	1.101	.040	1.022	4	102	.000 <sup>a</sup>

Source: Survey Data, 2022

From the findings in Table 4.10 the value of adjusted R square was 0.750, an indication that there was variation of 75.0% on the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya due to the influence caused by the adoption of cost reduction strategies, revenue generation strategies, managerial reorganization strategies and culture change strategies at 95% confidence interval. This therefore, means that factors not studied in this research contribute 25% of the performance.

**Table 4.11: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	111.014	4	27.754	28.612	.000 <sup>a</sup>
	Residual	98.947	102	0.970		
	Total	123.961				

**Source: Survey Data, 2022**

From the ANOVA statistics in Table 4.11, the study established the regression model had a significance level of 0.000<sup>a</sup> which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value (28.612>27.754) an indication that the model was significant.

**Table 4.12: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.503	.583		0.863	.000
	Cost reduction strategies	.608	.069	4.100	8.812	.002
	Revenue generation strategies	.733	.083	1.167	8.831	.001
	Managerial reorganization strategies	.899	.086	2.120	10.453	.000
	Culture change strategies	.651	.090	3.056	7.233	.002

**Source: Survey Data, 2022**

The finding as presented in Table 4.12 revealed that holding independent variables constant (cost reduction strategies, revenue generation strategies, managerial reorganization strategies and culture change strategies) to a constant zero, the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya would be at 0.503. A unit increase in cost reduction strategies would lead to increase in the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya by a factor of 0.608. A unit increase in revenue generation strategies would lead to increase in the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya by a factor of 0.733. A unit increase in managerial reorganization strategies would lead to increase in the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya by a factor of 0.899 and a unit increase in culture change strategies would lead to increase in the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya by a factor of 0.651.

As shown in Table 4.12, the established regression equation by the study was:

$$Y = 0.503 + 0.608X_1 + 0.733X_2 + 0.899X_3 + 0.651X_4$$

Where

- Y** = Organizational Performance
- X<sub>1</sub>** = Cost reduction strategies
- X<sub>2</sub>** = Revenue generation strategies
- X<sub>3</sub>** = Managerial reorganization strategies
- X<sub>4</sub>** = Culture change strategies

The study further established that cost reduction strategies had a positive significant relationship with the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya as shown by t-value (t=8.812, P<0.05). This finding is supported by the findings of Komen (2014) who embarked on a study that sought to establish the effect of turnaround strategies on performance of public corporations in Kenya and the findings showed that cost reduction strategies have a greater effect on the performance of public corporations in Kenya.

The study revealed that revenue generation strategies had a positive significant relationship with the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya as shown by t-value (t=8.831, P<0.05). This finding is in

line with Ondimu (2015) who conducted a study on Turnaround strategy and performance of selected commercial Banks in Kenya and the study established that the Commercial Banks have pursued different turnaround strategies that include, marketing, financial, revenue generating strategies, retrenchment strategies, top management changes, technology advancement and retrenchment.

The study revealed that managerial reorganization strategies had a positive significant relationship with the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya as shown by t-value ( $t=10.453$ ,  $P<0.05$ ). The findings agree with the findings of Okwisa (2014) study that focused on the analysis of turnaround strategies on organization performance: A case of Uchumi supermarket Kenya and the findings of the study showed that strategies made by the top management influenced strength of the company's market position largely.

The study also found that culture change strategies had a positive significant relationship with the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya as shown by t-value ( $t=7.233$ ,  $P<0.05$ ). This finding is in agreement with Ayiecha and Senaji (2014) who did a study on the moderating effect of organizational culture on implementation of turnaround strategy and the study showed that organizational culture has a moderating effect between the business process reengineering and critical success factor turnaround strategy implementation.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter highlights the summary of the findings, conclusions, recommendations and suggestions for further studies.

#### **5.2 Summary**

The study sought to investigate the relationship between Turnaround Strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The specific objectives of the study were to find out the relationship between cost reduction strategies, revenue generation strategies, managerial reorganization strategies and culture change strategies on the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The targeted population for the study comprised of 128 SACCOs that operate in Kirinyaga County, Kenya which were sampled using stratified random sampling technique. Data was collected using questionnaires and analysed using descriptive analysis and regression analysis technique. The findings are presented as follows:

The study sought to find out the relationship between cost reduction strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The study established that cost reduction strategies had a positive significant relationship with the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. There is elimination of non-profitable products/ services in the Sacco, there is reduction of marketing expenses not involved in the target markets and that within the Sacco there is focus on productivity improvement.

The study sought to examine the relationship between revenue-generating strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The study revealed that revenue generation strategies had a positive significant relationship with the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. There is development of a marketing mix tailored to key in market segments, there is focus on the organizational activities on needs of market sector customers within the institution, there is investment of funds

from reduction costs in new growth areas and that there is reviewing of pricing strategy within the Sacco to maximize revenue.

The study sought to investigate the relationship between managerial reorganization strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The study revealed that managerial reorganization strategies had a positive significant relationship with the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The performance incentives have been aligned to the new structure within the SACCO, the success of the SACCO is a result of the re-staffing done by the institution and that the organization has redesigned and modified existing structures within the SACCO.

The study sought to determine the relationship between culture change strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. The study revealed that culture change strategies had a positive significant relationship with the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. Within the Sacco there is clarity of vision, mission and values among employees, the Sacco has a culture of tolerating risk within the organization and that existence of considerable power distance between the upper and lower cadres in the organization.

### **5.3 Conclusions**

The study concluded that cost reduction causes a definite increase in margins. The saving in cost may also be passed to consumers in the form of lower prices or more quantity in the same price. Cost reduction provides more money for labour welfare schemes and thus improve management relationship. Cost reduction lays emphasis on a continuous search for improvement which will improve the image of the firm for long-term benefits. The study also concludes that cost minimization includes strategies to increase asset turnover which allows fixed costs to be spread over more units of production and strategies to reduce direct costs.

The study concluded that increasing revenues are a sign of good financial health of a business. A revenue strategy is a plan that focuses on increasing company income by maximizing both short- and long-term sales potential. A revenue strategy promotes

direct alignment between marketing and sales quite possibly the largest opportunity for improving the performance of the organization. Growing revenue means setting an efficient revenue strategy in place, encompassing an aligned set of objectives with their target audience in mind to increase sales.

The study concluded that when an organization eliminates layers of management during its restructuring, communication and decision-making often improve. Simplifying management reorders the organizational hierarchy of a company, opening the lines of communication and removing barriers to productivity. Through managerial reorganization restructuring the organization may dismiss employees, eliminate departments or close some of its business units. The cost of maintaining operations within the retail network and company specifically tend to decrease with reorganization.

The study concluded that the organizational culture change brings about a better work environment. The right culture improves employees' day-to-day interactions and helps create a smoother, more streamlined workplace. Certain cultural traits can increase productivity and performance, such as a focus on learning or digital dexterity. Because culture fuels the entire organization, individual performance gains translate into gains across the entire business. When employees value adaptability, for instance, the organization itself will be better suited to continual change and adaptation.

#### **5.4 Recommendations**

The study recommended that the organization should outsource non-core activities, such as payroll, call handling, and transaction processing; aggressively control of overheads and use their bargaining power to negotiate better pricing with suppliers. The study also recommends that the organization should use a temporary cost leadership strategy, and even operate at a loss, in order to drive out other businesses in the industry. A long-term cost minimization strategy requires a business to maintain profitability. This means that a business will aim to operate at a lower cost than its competitors.

The study recommended that the organization should define its revenue goals in each stage of its business operations. Instead of spending resources trying to gain new customers, the organization should focus on upselling or cross-selling current customers. A customer appreciation gesture such as special discounts will lead its past customers and clients to their next purchase. Add complimentary services or products so as to make increase in sales without additional overhead costs.

The study recommended that an organization reorganization process must be undertaken with sensitivity, strategy and foresight. This can be done by finding out the reason why the upper management wants to reorganize in the first place. The organization should identify strengths and weaknesses in the current organizational structure by looking at where its failing to meet company goals and where it is working. Communicate the reorganization and finally launch the organization restructure and adjust as necessary.

The study recommended that the organization should define desired values and behaviors by articulating how those would translate into actionable behaviors at all levels. Align culture with strategy and processes including hiring, performance management, compensation, benefits and the promotion of talent. Connect culture and accountability. Culture must also resonate with both employees and the marketplace.

### **5.5 Suggestions for Further Studies**

The current study focused on the relationship between turnaround strategies and the performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. Turnaround strategies adopted included cost reduction strategies, revenue generation strategies, managerial reorganization strategies and culture change strategies. Therefore, the current study suggests that further studies should be done that focus on different turnaround strategies on organizational performance. Moreover, the study focused on Savings and Credit Cooperative Societies in Kirinyaga County, Kenya. Therefore, the study suggests that another study can be done that focus on Savings and Credit Cooperative Societies in other County governments in Kenya.

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## APPENDIX I: LETTER OF INTRODUCTION

Immaculate NyakioMunene.

P.O. Box 1367 Kirinyaga -Kenya

Cell Phone: +254712490601

18<sup>th</sup> August 2021

Dear Respondent,

**RE: REQUEST TO PARTICIPATE IN THE RESEARCH QUESTIONNAIRE.**

I am a student from Kenyatta University. I am carrying out a research study titled; **TURNAROUND STRATEGIES AND THE PERFORMANCE OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN KIRINYAGA COUNTY, KENYA**, in partial fulfillment for the degree of Masters in Business Administration (MBA) program at Kenyatta University. The researcher uses questionnaires which you are requested to complete and return. The questionnaire is divided into segments which will only require a few minutes to fill out.

This letter serves to guarantee that the information obtained will be treated with strict confidence. The information obtained will be used for academic work and not for any other purposes. The results will be accounted for in general terms with no specific persons identified in the report. The results will strictly be used for academic purposes and can be shared with your institution on request after the study has been concluded.

Your participation is considered very important. Thank you very much for your time and effort in completing this survey. Thank you in advance.

Yours Faithfully,

Immaculate NyakioMunene.

## **APPENDIX 2: QUESTIONNAIRE.**

### **A STUDYON TURNAROUND STRATEGIES AND THE ORGANIZATION PERFORMANCE OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN KENYA; A CASE OF KIRINYAGA COUNTY.**

#### **Section A: General Information**

##### **1. What is your age?**

Below 25 years [ ]

25-30 years [ ]

31-35 years [ ]

36-40 years [ ]

41-45 years [ ]

46 and above [ ]

##### **2. What is your gender?**

Male [ ]

Female [ ]

##### **3. What is your highest level of education qualification?**

Certificate/diploma [ ]

Higher diploma [ ]

Bachelor [ ]

Master [ ]

PHD [ ]

**Section B: Organization Bio-Data.**

**1. When was the SACCO registered?**

0 - 5 Years ago [ ]

6 - 10 Years ago [ ]

11 - 15 Years ago [ ]

16 - 20 Years ago [ ]

20 Years and above [ ]

**2. The number of members involved within the Sacco**

Below 500 Members [ ]

501 - 1000 Members [ ]

1001 - 1500 Members [ ]

1501 - 2000 Members [ ]

2000 Members and above [ ]

**3. Under which Sub-county does your SACCO operate in?**

Kirinyaga central [ ]

Kirinyaga east [ ]

Kirinyaga west [ ]

Kirinyaga south [ ]

**4. In which of the following categories is your SACCO**

a) Locally Owned [ ]

b) Foreign Owned [ ]

c) Both Local and Foreign [ ]

**5. What is the scope of your Savings and Credit Cooperative Societies operations?**

- a) Local [ ]
- b) Regional [ ]
- b) Continental [ ]
- c) Global [ ]

**6. What products does your SACCO provide? Please tick where necessary**

- (a) General banking services [ ]
- (b) Loan products [ ]
- (c) Mortgage services [ ]
- (d) Forex and money transfer services [ ]

Others if any.....

**Section B: Turnaround strategies.**

To regain control of the SACCO in the turnaround strategy, the emphasis is on cost reduction, revenue generation, managerial reorganization, and culture change. Kindly indicate the level of adoption of these strategies. Using the five point scale where: 1- Not at all, 2- Little extent, 3- Moderate extent, 4- Great extent, 5- Very great extent.

1. Cost reduction strategies.

		(1)	(2)	(3)	(4)	(5)
1.	The Sacco is tightening financial controls in the institution.					
8.	There is tightening control on cash expenses on the Sacco.					
9.	There is establishment of competitive bidding for suppliers; defer credit payments; speed up debtor payments.					

10.	There is reduction of labor cost and costs involved by senior management.					
11.	Within the Sacco there is focus on productivity improvement.					
12.	There is reduction of inventory within the institution.					
13.	There is reduction of marketing expenses not involved in the target markets.					
14.	There is elimination of non-profitable products/ services in the Sacco.					

## 2. Revenue generating strategy

		1.	2.	3.	4.	5.
15.	There is investment of funds from reduction costs in new growth areas.					
16.	There is reviewing of pricing strategy within the Sacco to maximize revenue.					
17.	There is development of a marketing mix tailored to key in market segments.					
18.	There is exploitation of additional opportunities for revenue creation related to target market.					
19.	There is focus on the organizational activities on needs of market sector customers within the institution.					

3. Managerial reorganization.

		1	2	3	4	5
20.	Efficient and lean structures have been adopted by the organization.					
21.	The organization has redesigned and modified existing structures within the SACCO.					
22.	Performance incentives have been aligned to the new structure within the SACCO.					
23.	The Organization has employed competent employees for the right job					
24.	The success of the SACCO is a result of the re-staffing done by the institution.					

4. Organizational culture.

		1	2	3	4	5
25.	Within the Sacco there is clarity of vision, mission and values among employees.					
26.	The Sacco encourages and tolerates new ideas within the organization.					
27.	Existence of respect for a diverse range of opinions, ideas and people, thus allowing employees to participate in decision making.					
28.	Employees at different departments within the Sacco firmly understand their individual and inter-dependent					

	roles in attaining the corporate vision.					
29.	Existence of considerable power distance between the upper and lower cadres in the organization.					
30.	The Sacco has a culture of tolerating risk within the organization.					
31.	To what extent in your opinion does the organization culture influence strategy implementation?					

**Section C: Organization Performance.**

The following likert scale has statements to respond to according to your level of agreement or disagreement concerning the performance of the SACCO.

1-Strongly disagree. 2- Disagree. 3-Uncertain 4- Agree. 5- Strongly Agree.

		1	2	3	4	5
32.	There is increased customer retention after implementation of turnaround strategies.					
33.	There`s customer satisfaction due to the turnaround strategies adopted.					
34.	Increased efficiency in service delivery after implementation of turnaround strategies.					
35.	The market value of the organization share has steadily been on the rise.					
36.	Employees are highly motivated as a result of implementation of turnaround strategies.					

Thank you.

### APPENDIX 3: Approval Research Letter from Kenyatta University



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 20<sup>th</sup> January, 2022

TO: Munene Nyakio Immaculate  
C/o Business Administration Dept.

REF: D53/EMB/PT/38766/2017

**SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL**

This is to inform you that Graduate School Board at its meeting of 19<sup>th</sup> January, 2022 approved your Research Project Proposal for the M.B.A Degree Entitled, **“Turnaround Strategies and Performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya”**.

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

ANNBELL MWANIKI  
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration.

Supervisors:

1. Dr. David Kiiru  
C/o Department of Business Administration  
Kenyatta University

AM/Inn

## APPENDIX 4: Research Authorization from Kenyatta University



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 8710901 Ext. 57530

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Our Ref: D53/EMB/PT/38766/2017

DATE: 20<sup>th</sup> January, 2022

Director General,  
National Commission for Science, Technology  
and Innovation  
P.O. Box 30623-00100  
NAIROBI

Dear Sir/Madam,


RE: RESEARCH AUTHORIZATION FOR MUNENE NYAKIO IMMACULATE – REG. NO. D53/EMB/PT/38766/2017.

I write to introduce Munene Nyakio Immaculate who is a Postgraduate Student of this University. The student is registered for M.B.A degree programme in the Department of Business Administration.

Immaculate intends to conduct research for a M.B.A Project Proposal entitled, “**Turnaround Strategies and Performance of Savings and Credit Cooperative Societies in Kirinyaga County, Kenya**”.

Any assistance given will be highly appreciated.

Yours faithfully,

  
PROF. ELISHIBA KIMANI  
DEAN, GRADUATE SCHOOL

AM/Inn