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**Strategy Implementation Practices and Growth of Deposit  
Taking Savings and Credit Cooperatives in Embu County,  
Kenya**

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## Strategy Implementation Practices and Growth of Deposit Taking Savings and Credit Cooperatives in Embu County, Kenya

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### Abstract

**Purpose:** This study involved determination of how the aspects organization structure and organization culture affect the growth of SACCOs and specifically those that take deposits in the County of Embu.

**Methodology:** The theories that guided this study included the institutional theory and Edgar Schein theory. Descriptive survey research design was adopted targeting 11 savings and credit cooperatives in Embu County as the unit of analysis and 77 respondents formed the unit of observation where census was used. The validity as well as the reliability of the questionnaires used in this study to collect primary data was determined through a pilot test with the overall Cronbach alpha coefficient value as 0.873. The project overseer who is a subject guru in the area of study went through the content of the research tool to determine if the tool used adequately captured the aspects being studied and thus ascertained for content validity. Relevant authorities including a letter of introduction from Kenyatta University which were used to explain the purpose of study and a permit for the research was sought before data collection in the field. The

analysis was done through statistical package for social sciences version 24 utilizing means, standard deviations and regression analysis and presented through tables and figures.

**Findings:** The findings were that organization culture had the greatest implication on SACCO growth followed by organization structure. It was concluded that strategy implementation practices have significant effect on growth of deposit taking savings and credit cooperatives in Embu County, Kenya.

**Recommendations:** It was recommended senior management of the SACCOs in Embu should eliminate bureaucracies through minimization of the degree of formalization. The top management team in liaison with the boards of directors in SACCOs operating in Embu should review the existing values so as to bind employees together as they work to implement the formulated strategies.

**Keywords:** *Strategy Implementation Practices, Growth, Organizational Structure, Organization Culture, Deposit Taking Savings and Credit Cooperatives*

## 1.0 INTRODUCTION

Firm growth is a multifaceted concept that can include financial performance indicators like profits, market based indicators like market shares, returns of the shareholders and the added economic value (Ssengendo, 2016). In the context of the Savings and Credit Cooperative Societies (SACCOs), growth can be reflected in overall membership & total deposits, branch network, new products introduced to the market and the outreach performance of the SACCOs strategies. Thus, growth in the context of the SACCOs is an important concept that underpins the very reason for existence of these institutions. With their origin in Germany in 1849, the SACCO movement grew to other parts from Europe extending to North America and the rest of the world. It is this growth of the SACCOs in the world that led to the establishment of the World Council of Credit Unions (WOCCU) in the year 1970. Conceptually, WOCCU has a key a role of fostering growth of the SACCOs in the world (WOCCU, 2018).

In Africa, the growth of the SACCOs first started in Ghana in 1959 before growing to nations in the west of Africa like Nigeria and the east African countries like Uganda, Tanzania as well as Kenya. The growth of SACCOs in the countries not colonized by Britain in Africa was witnessed in 1960s where 1970s saw exponential growth. It is this widespread growth of SACCOs in Africa that resulted into the creation of the African Confederation of Co-Operative Savings and Credit Associations (ACCOSCA) in the year 1968. The essence of ACCOSCA is to spur the growth of SACCOs in Africa as a continent (ACCOSCA, 2018). The SACCO movement in Kenya is the largest in Africa as a continent with a total asset to gross domestic product (GDP) standing at 5.7% compared to 3% and 0.7% for Rwanda and Ethiopia respectively (SASRA, 2020). Given the low interest rate that Kenyan SACCOs charge on loans and advances compared to other financial institutions, one would expect an exponential growth in uptake of credit facilities from these institutions. However, this has not been the case as evidenced by 11.99% and 11.27% minimal growth in deposits for 2018 and 2019 respectively (SASRA, 2020).

Literature has shown that successful implementation of strategies can help the firm to realize outstanding performance and thus growth (Nkuru, 2015; Muendo & Ogutu, 2020). According to Donna and Wanjira (2018), performance and thus growth of the firm require successful implementation of the formulated strategies. Similarly, Wangeci (2017) shared that growth of the firm requires implementation of the strategies that have been established after strategic planning. Implementation of strategies requires the firm to critically examine the structure, resources and culture so as to realize superior performance that may promote growth (Mailu, Ntale & Ngui, 2018).

An organizational structure would provide the duties and responsibilities of the staff while reinforcing the existing channels of communication during strategy implementation (Mailu *et al.*, 2018). An organizations' structure is made up of formally established systems and structures like departments, procedures and policies that an organization has put in place (Siapei, 2015). Organizational structure includes the channels of communication and the respective roles and responsibilities of the employees as well as reporting structures. Yabarow and Muathe (2020) indicate that organization structure enhances the flow of information between employees, assigning responsibilities and duties during strategy implementation in an organization. An organization can have either organic or mechanistic.

The organizational structure influences the degree of flexibility within the organization (Omondi, Rotich, Katuse & Senaji, 2017). Unlike mechanistic structure that are so complicated, organic structures have high level of fluidity and this helps the firm to quickly adapt to changes in the surrounding (Akhter, Rafique, Rafiq, Bano & Usman, 2016). According to Abuga and Deya (2019), organic structures are more relevant during strategy implementation as they can easily be modified and reconfigured to be aligned with the strategies being implemented in an organization. An organizational chart summarizes the structure of an organization and it comprises of chain of command, span of control, delegation, departmentalization and job design (Eze, Bello & Adekola, 2017). Span of control determines the number of employees reporting to a given manager while chain of command provides the line of authority in the firm (Ogbo, Chibueze, Christopher & Anthony, 2015). While centralization commits decision making to top management, decentralization arises when lower level employees have authority to make decisions (Kalay & Lynn, 2016).

Existence of a positive culture in an organization enables employees to accept change that comes with strategy implementation (Muendo, 2016). Establishing a culture that support and encourage strategic thinking is an important role of the top management in a firm. Top leadership and management of the firm have significant impact on organizational change that would energize the existing culture so the vision of the firm is aligned with the mission (Fernandes, 2018). For successful formulation and implementation of strategies in an organization, they must be well aligned with the existing culture. During strategy implementation, an effective culture unifies employees in an organization while creating set of common rules and norms that should be adhered to by staff in the firm. An effective culture during strategy implementation promotes adaptability, consistency, involvement and shared mission (Akinyi, 2015).

According to the SACCOs Societies Regulatory Authority, Embu County is a rural area that hosts 11 registered deposit-taking SACCOs (SASRA, 2020). SACCOs have become popular in the rural settings such as Embu as they allow rural household access financial services and thus connecting them to the broader economic world. Due to the growing demand for the services that SACCOs provide, SACCOs, now more than ever require proper implementation of strategies that spur not only performance & competitive grounds but also sustainable growth. This is the main concern of the present study.

In the financial year 2017/18 and 2018/19, the growth in total assets stood at 11.98% and 12.45%, deposits grow at a rate of 11.99% and 11.27% while gross loans grew by 13.01% and 12.09% respectively (SASRA, 2020). This trend implies that the growth rate of deposits was less than that of the assets and that the rate of growth in gross loans exceeded the growth rate of total deposits of the deposit taking SACCOs in the County of Embu. This further suggest that the aggregate rate of demand for loans and advances by members of these SACCOs is far above the rate at which these institutions are able to mobilize and grow deposits and savings from members. There was growth in dormant members of these SACCOs by 40.1% in 2019 from 482,526 to 676,052 as of 2018 (SASRA, 2020). There has been minimal growth in the share of the assets of these institutions against GDP at 5.44%, 5.55% and 5.72% for the periods 2017, 2018 and 2019 respectively (SASRA, 2020).

### 1.1 Problem Statement

For many SACCOs in Kenya, one of the main challenges has been Growth (Ndung'u & Mutinda, 2022). In the past few years, SACCOs in Kenya have been facing more competition from other financial institutions such as banks with threats such as formation of new mergers from existing local and international financial firms. In addition, there has been introduction of new government regulations especially on product prices which are not in favor of the much needed growth of SACCOs in the country (Mugo, Waithaka & Muathe, 2017).

The minimum SACCO growth target as per most Counties in Kenya is at 10%, however, the current growth rates of most SACCOs average at about 5%, which is lower than the prescribed minimum (Boen, 2015). This signifies slow growth of the SACCOs in Kenya. Growth in dormant membership of the SACCOs in Kenya was at 40.1% in 2018, the growth rate of gross loans compared to deposits and growth in NPLs was at 6.14%, 6.30% and 6.15% in the periods 2017, 2018 and 2019 respectively (SASRA, 2020). These indicate of possible and imminent crisis that would lead to unsustainability of many SACCOs in Kenya.

The consequences of the collapse of these SACCOs would be dire on the following grounds: first, about 63% of Kenyans derive their livelihood either directly or indirectly from these SACCOs (Wakaro, 2020). Secondly, these SACCOs control about Kshs. 500 billion in form of savings and assets in the economy with the contribution of assets top GDP standing at 5.44%, 5.55% and 5.72% for 2017, 2018 and 2019 respectively (SASRA, 2020). Lastly, of the overall savings mobilized and loans advanced by SACCOs in Africa, SACCOs in Kenya contribute 62% and 65% of the savings and total loans respectively and thus a powerful movement in Africa (Wakaro, 2020). According to Nkuru (2015), SACCOs in Kenya should implement sound strategies in order to realize growth.

The existing literature document that strategy implementation is a complicated phase that is characterized by high failure rate which may slow the growth of the firm. Muendo and Ogutu (2020) argue that although about 80% of the firms have well formulated strategies, only 14% have been successful in implementing the strategies. The findings of Nwachukwu *et al.* (2019) who conducted a study on the performance of telecommunication firms in Nigeria were that key focus should be directed towards the drivers of strategy implementation in these companies to ensure the growth of the firms. Donna and Wanjira (2018) as well as Wangeci (2017) focused on implementation of firm strategies and its impact performance in their studies therefore in both the studies the concept of growth of the firm was not explored.

The aforementioned studies point out the fact that strategy implementation is necessary for performance, but fail to extend this relationship towards growth of the firm. The link between implementation of strategies and growth especially in the SACCO sub-sector has been unexplored. Other studies were conducted in different contexts like pharmaceutical manufacturing firms and not specifically the SACCOs. There are some studies that were done in other countries like Nigeria and not Kenya while other studies covered dependent variables like performance and not firm growth. Other investigations like Wangeci (2017) adopted a case study design where Nairobi Water and Sewerage Company was studied thus presenting a methodological gap. Thus, in the efforts of bridging the gaps highlighted as above, the study that aimed at underpinning the effect of strategy implementation practices on the growth of SACCOs that take deposits within the County of Embu, Kenya.

### **1.3 Study Objectives**

The study was guided by the following objectives as follows:

- i. To establish the effect of organization structure on growth of deposit taking savings and credit cooperatives in Embu County, Kenya
- ii. To evaluate the effect of organization culture on growth of deposit taking savings and credit cooperatives in Embu County, Kenya

### **Research Questions**

The following research questions were answered in this study:

- i. How does organization structure affect the growth of deposit taking savings and credit cooperatives in Embu County, Kenya?
- ii. How does organization culture affect growth of deposit taking savings and credit cooperatives in Embu County, Kenya?

## **2.0 LITERATURE REVIEW**

### **2.1 Review of Theories**

#### **2.1.1 Institutional Theory**

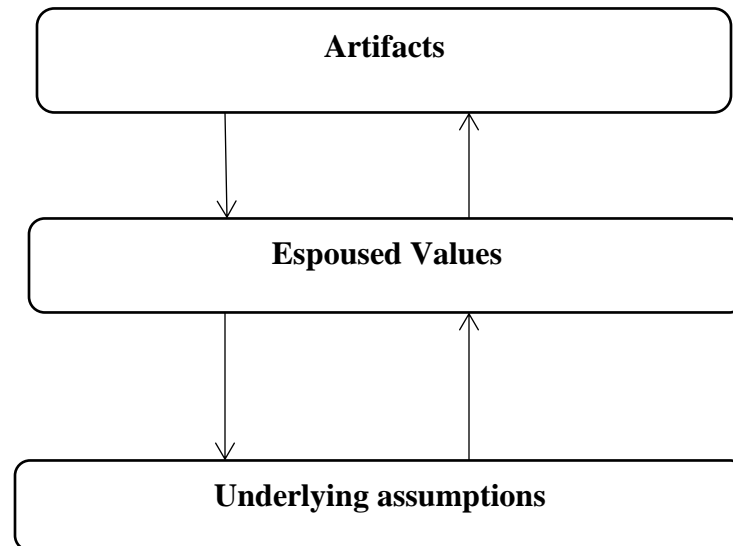
Proposed by Scott (1987) and developed further by Meyer and Rowan (1991) and DiMaggio and Powell (1991), the theory provides an overview of how information flow within existing structures affects the realization of goals in the firm. The term institution is used in reference to the prevailing procedures and culture in the firm that employees must adhere to as they carry out the daily activities. An organization that promotes a culture where junior employees can access the management will always perform better compared to firms where management is not easily accessible. Communication is very critical during implementation of strategies, as it disseminates knowledge during this critical process. Communication requires the flow of information that needs relevant systems and channels which are informed by the existing structures. The existing policies and rules in the firm will shape the flow of information between employees as they implement strategies. Skills, experience and knowledge are key factors that signify and predict a strategic leader in the firm who has the ability to positively contribute towards growth through good communication. According to other scholars, strategic leadership has been seen to play an important role in the performance of an organization (Henderson, Miller, & Hambrick, 2006).

This theory was used to provide anchorage to the variable of organization structure how it contributes towards growth of SACCOs. In essence, the existing structures in the organization determine the flow of information among employees during the implementation of strategies in the firm.

#### **2.1.2 Edgar Schein Theory**

The proponent of this theory was by Schein (1980) who shared that culture is not embraced in one day. The theory notes that culture in the firm will only be formed and developed as time passes given that employees go through different changes while embracing the environment outside the work place and providing solutions to issues that may exist (Schein, 2010). It is the past experiences that will give some insights to staff that may practice the same on a daily basis thus shaping the prevailing culture at the place of work. When new employees are recruited in the firm,

they will have to work so hard so to be diffused into the already existing culture in the firm. Schein (2010) noted that there exists three basic levels of organization culture; artifacts, values and assumed values as summarized in Figure 1



*Figure 1: Edgar Schein Theory Elements*

*Source: Schein (1980)*

Artifacts are the features in the firm that one can easily feel, view and hear of them. These could include the mission and vision of the firm, the existing dress code and general behavior of the employees. Artifacts are the key factors that shape and determine the existing culture in the firm (Schein, 2010). Values are another factor within this theory that describes culture in the firm. The values of employees in the organization determine the prevailing culture in the firm. The attitudes and thought processes of staff have great implication on culture in any given firm. The last level is assumed values of staff that cannot easily be determined but have significant difference on the culture of the firm. There are some facts and beliefs in the firm that may be hidden but create a big difference to the prevailing culture in the firm.

The role played by organization culture in growth of the SACCOs is appraised is this theory making it relevant to the current study. The theory was used to explain how values and artifacts among SACCOs in Embu are critical in shaping culture and how this contributes towards growth in general. Thus, the variable of organization culture will be underpinned by this theory.

## **2.2 Empirical Review**

### **2.2.1 Organization Structure and Firm Growth**

Lin and Fleming (2005) conducted a study mainly focusing on trust, organizational structure and the growth of the firm. The study was conducted among upcoming enterprises in China. The essence of this study was to empirically carry out a comparison between organization structure and the trust of owners and managers of these SMEs. Organizational structure was represented by formalization. It was shown that organizational structure does not significantly enhance growth of the firm. Lin and Fleming (2005) conducted their enquiry in China among SMEs while the present study will be conducted in Kenyan context.

Borse (2016) explored how best to establish a structure that can support and enhance the growth of the firm. Leveraging desk review approach, it was observed that organizational structure is the basis and engine of the internal structures existing in an enterprise. The paper identified some of the relevant functions and roles played by an organizational structure covering identification of clear responsibilities and roles, evaluation of performance of the employees while creating a spirit of team work.

Another study conducted in Nigeria by Bekanwah, Miidom and Ojiabo (2020) focused on the structure of the organisation and its contribution towards the growth of businesses. The study covered manufacturing firms. System theory provided anchorage to the inquiry. From 220 management staff, 192 were determined through Yamene formula. Questionnaire helped in gathering of data with a response rate of 97.4%. The findings were that organizational structure has a strong influence on growth of the business. The study recommended that there was the need for managers to effectively embrace formalization for improved financial viability. Furthermore, the need for managers to come up with clear chain of command also emerged from upper to lower levels. The gap created by this study was only looked in to the manufacturing sector of Nigeria while the present study will cover SACCOs operating in Kenya.

Ochiki (2014) did an analysis of growth strategy and the prevailing structure in an organization. The study mainly focused on commercial banks with operations in Kenya. While adopting descriptive survey design, information of this inquiry was obtained from first hand sources and 54 participants were included in data gathering. It was observed that complying with regulations and the nature of the structure in the firm are critical in driving growth of the firm. However, the gap created by this study is the growth was analyzed as an independent and not dependent variable.

Okendo (2018) studied organizational structure and how it impacts on the growth of Pentecostal Churches in Nairobi. Survey design was embraced and the participants included senior managers of the church. It was shown that formalization, decentralized decision making, specialization and coordination of tasks as well as multiple role functions had been embraced among the Pentecostal Churches. Growth was represented by new branches and departments, new ministries, an increase in number of congregants as well as increased offertory and staff capacity. This study was done among Pentecostal Churches in Nairobi; the present study will focus on SACCOs with operations in Embu County.

### **2.2.2 Organization Culture and Firm Growth**

Visintin and Pittino (2010) did an analysis of organizational culture, entrepreneurial orientation and the growth of the firm. The study focused on family owned firms. The study noted that organizational culture significantly drive the growth potential and prospects in the firm. Doepke and Zilibotti (2014) sought to link culture and the growth of the firm. The study developed a model to illustrate that innovation culture of the entrepreneurs drive the growth of the firm. Gupta (2018) carried out a study on national culture and the growth of the firm. The study noted that countries with some specific cultural aspects will be characterized by strong entrepreneurial orientation and this boosts the growth of the firm. Omar, Lim and Basiruddin (2014) did a study with emphasis on directorship and growth of the small firms where organization culture was taken as a moderator variable. The study was conducted within the context of Malaysia. The essence of this inquiry was on exploring a model for the general growth potential of the SMEs. It emerged that the culture of the firm is critical ion driving growth prospects of the firm. However, the gap



created by this inquiry is that it was desk research while the present study will be empirical. Boubakri and Saffar (2016) focused on culture and firm growth that financed externally. The study was conducted through an international sample covering 56 nations within the time horizon 1989 all through to 2012. The culture aspects covered included power distance, uncertainty avoidance, masculinity and individualism. The study documented that culture and firm growth are directly and significantly connected with each other.

Eze, Abdul, Nwaba and Adebayo (2018) did an analysis of organization culture and the growth of intrapreneurship in the context of Nigeria. The adopted indicators of organization culture include share values and norms and the specific focus on firms within the manufacturing concern. The adopted design was survey and Raosoft sample size determination technique was adopted. It was noted that the culture of the organization plays a critical role in growth of intrapreneurship. This study was conducted in Nigeria's context and not in Kenya thus the gap. Depperu, Magnani, Crosato and Liberati (2021) explored the ways a firm can realize growth in a culture that is highly fragmented. In this study, contingency perspective was adopted to bring out the strategies that need to be executed in a culture that is highly fragmented. The study was conducted in Italy. It was noted that culture is an important factor that supports growth of the firm.

### 2.3 Conceptual Framework

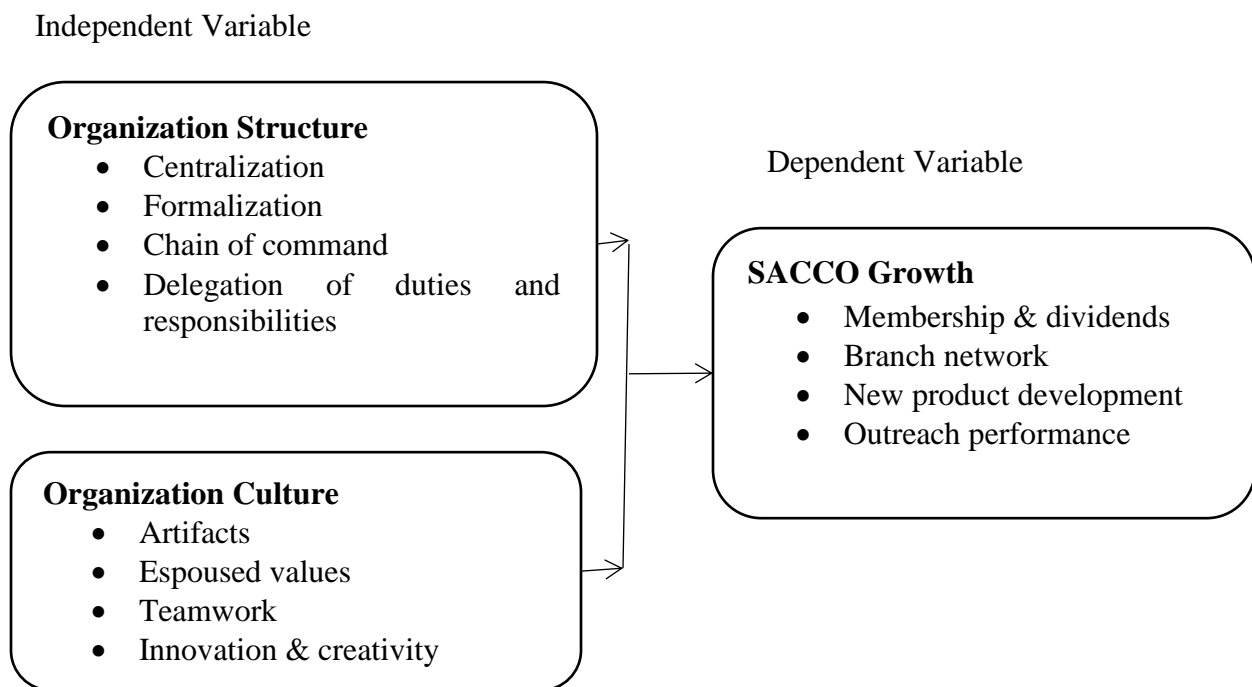


Figure 2: Conceptual Framework

Source: Author (2022)

## 3.0 METHODOLOGY

### 3.1 Research Design

This study adopted a descriptive survey research design. According to Mohajan (2018), the essence of the descriptive design is to provide an account of things the way they exist in their original

state. A survey design was utilized because all the SACCOs in Embu were included in the study. Thus, through this design, the study was able to determine and report the state of implementation of strategies and growth of these SACCOs in Embu County.

### 3.2 Target Population

This study targeted 11 deposit taking SACCOs operating in Embu County, Kenya (appendix v). From each of these SACCOs, the respondents included the branch, operations, finance, human resource, sales, marketing and business development managers as well as team leaders thus totaling to 77 respondents. Thus, the unit of analysis was the 11 SACCOs while 77 respondents were the unit of observation.

**Table 1: Target Population**

Designation	Target population	Sample Proportion (%)
Branch managers	11	14.3
Operation managers	11	14.3
Finance managers	11	14.3
HR managers	11	14.3
Sales & marketing managers	11	14.3
Business Development managers	11	14.3
Team leaders	11	14.3
<b>Total</b>	<b>77</b>	<b>100.0</b>

*Source: HR records*

### 3.3 Size of Sample and Technique Used in Sampling

The study used census and thus all the 77 respondents were included. As supported by Etikan and Bala (2017), census is ideal when the population comprises of few elements of less than 200.

### 3.4 Instrument for Data Collection

Data collection instrument is a platform that can be shared with respondents to give out their relevant information on a given matter (Dawson, 2019). Primary data was collected in this study supported by the questionnaire. A five point Likert scale where 1 implies strong disagreement and 5 imply strong agreement was utilized in design of the questionnaire. This scale was preferred because it allowed for standardized responses which eased the process of analysis.

### 3.5 Research Instrument Validity and Reliability

#### 3.5.1 Research Instrument Validity

The tool of the study is said to be valid when it measure what it is designed to measure (Ghauri, Grønhaug & Strange, 2020). This study tested for content, face, criterion and construct validity

with the help of a subject guru. For content validity, the supervisor and experts reviewed the specific contents of the questionnaire and determined whether they were adequate. Construct validity was tested by reviewing the items of the questionnaire against the indicators presented in the conceptual framework to identify if they were aligned with each other. Besides the supervisor, the questionnaire was also shared with strategic management experts who also reviewed the contents and make their relevant suggestions.

### **3.5.2 Research Instrument Reliability**

Reliability refers to how well the study tool gives results that are consistent (Ledgerwood, 2019). Internal measure of consistency called Cronbach Alpha Coefficient was adopted in determining reliability of the study questionnaire once a pilot study has been done. According to Mohammadbeigi, Mohammadsalehi and Aligol (2015), Cronbach Alpha Coefficient value above 0.7 is an indication that the study instrument was designed using a scale that was reliable. A pilot study is a min-inquiry that is undertaken before the actual field visit. The essence of a pilot study is to identify possible issues that may raise concerns during the actual study and how best to go about them. Hennink, Hutter and Bailey (2020) argued that a pilot study could be done utilizing 1-10% of the population being targeted. In this study, a pilot study will be done in the neighboring Kirinyaga County, which has similar if not same SACCO environment as Embu County. In this regard, 4 respondents being 10% of the target population were selected and included in the pilot study.

### **3.6 Procedure for Data Collection**

Permission to gather information from KU will be sought in advance before proceeding to the field. Besides, the research permit from NACOSTI was sought before going to the field to obtain data. The questionnaire was self-administered to the respondents; this gave room for respondents to express their concerns when handling the questionnaire. A drop and pick letter method was utilized, to give the respondents an ample time to fill in the questionnaire without interfering with their work schedules.

### **3.7 Analysis of Data and Presentation**

This is the transformation of the raw data into insights and information to inform policy and decision making (Ledgerwood, 2019). The dully filled in questionnaires was coded into excel sheet and the respective responses were entered in the system appropriately. Sorting and cleaning was done after data entry exercise. Thereafter, the data was exported to SPSS where values of means and standard deviations were computed and appropriately interpreted. Regression analysis was utilized in link strategy implementation and growth with the model as specified under:

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

Where Y is growth of SACCOs

$\beta_0$  is the constant

$\beta_{1-n}$  are regression beta coefficients

$X_2$  is Organization structure

$X_4$  is Organizational culture

$\varepsilon$  is the error term

### 3.8 Considerations for Ethical Issues

A letter of introduction from KU was sought followed by a research permit from NACOSTI before proceeding to the field to gather data. Assurance was provided to the participants that their information was only to be utilized for academic purpose. The participants were not under any obligation to reveal their name on the questionnaire. All the information reviewed in the study was appropriately acknowledged and referenced to avoid possible cases of plagiarism. Participation in the inquiry was on voluntary basis.

## 4.0 RESULTS AND DISCUSSION

### Response Rate

Out of the 77 questionnaires that were administered to respondents, 55 were completely filled in and returned. This was equal to a response rate of 71.2% which was adequate (Andrew et al., 2019).

### 4.1 Descriptive Statistics

Descriptive statistics covering means and standard deviations were computed on the objective variables of the study as presented below:

### 4.2 Organization Structure

Table 2 is a breakdown of descriptive statistics on organization structure

**Table 2: Organization Structure**

	Mean	Std. Dev
There is decentralized decision making in this SACCO	3.70	.783
Staff from all levels are involved in the decision making processes	3.72	.848
There are some major decisions that centralized in this SACCO	3.81	.640
There exists formal relationship between staff from different departments	3.61	.871
There is clear chain of command in this SACCO	3.80	.869
Supervisor delegate duties to junior staff	4.00	.745
<b>Average</b>	<b>3.77</b>	<b>.793</b>

Source: Field Data (2022)

On overall, Table 2 implies that the studied SACCOs had relevant structures that permitted strategy implementation (M=3.77; SD=0.793). Through the available organizational structure, supervisors were able to delegate duties to junior staff (M=4.00; SD=0.745) besides centralization of some major decisions (M=3.81; SD=0.640). This implies that the organizational structures in the studied SACCOs promoted delegation of duties and centralization in decision making. The assertion agree

with Yabarow and Muathe 2020) who indicated that organization structure assigns responsibilities and duties during strategy implementation in an organization.

There were clear chains of command ( $M=3.80$ ;  $SD=0.869$ ) besides active involvement of staff from all levels in decision making ( $M=3.72$ ;  $SD=0.848$ ). This shows that the organizational structure of the studied SACCOs clear employee reporting structures with active involvement of employees in decision making. The finding is consistent with Eze et al. (2017) who indicated that an organizational chart summarizes the structure of an organization and it comprises of chain of command, span of control, delegation, departmentalization and job design. Ogbo, Chibueze, Christopher and Anthony (2015) argued that the chain of command provides the line of authority in the firm.

It was established that there was decentralized decision making in the SACCO ( $M=3.70$ ;  $SD=.783$ ) and that there existed formal relationship between staff from different departments ( $M=3.61$ ;  $SD=0.871$ ). This means that the organizational structures in the studies SACCOs promoted decentralization and formalization. This assertion agree with Siapei (2015) who shared that an organizations' structure is made up of formally established systems and structures like departments, procedures and policies that an organization has put in place.

### 4.3 Organization Culture

Table 3 is a breakdown of descriptive statistics on organization culture

**Table 3: Organization Culture**

	Mean	Std. Dev
Staff are encouraged to be creative in solving problems	3.80	.620
Suggestions from employees are usually considered and implemented	3.52	.899
Innovation is highly encouraged among staff	4.07	.539
The values of the SACCO are shared among staff	3.80	.869
Staff are in support of the SACCOs goals	3.76	.469
Teamwork is highly valued among staff in this SACCO	3.60	.992
<b>Average</b>	<b>3.76</b>	<b>0.731</b>

Source: Field Data (2022)

From Table 3, the overall finding is that organizational culture supported strategy implementation in the studied SACCOs ( $M=3.76$ ;  $SD=0.731$ ). By leveraging this organizational culture, the studied SACCOs were in position to encourage innovation among employees ( $M=4.07$ ;  $SD=0.539$ ) and allowed employees to remain creative when solving problems ( $M=3.80$ ;  $SD=0.620$ ). This shows that the studied SACCOs encouraged innovation and creativity culture among employees during strategy implementation. The finding agrees with Doepke and Zilibotti (2014) who developed a model to illustrate that innovation culture of the entrepreneurs drive the growth of the firm. It was shown that the values of the SACCO were shared among staff ( $M=3.80$ ;

SD=0.869) and that staff were in support of the SACCOs goals (M=3.76; SD=0.469). This means that were shared values with clear goals that guided implementation of strategies in the studied SACCOs. The findings on shared values agree with the Edgar Schein theory by Schein (1980) who shared that values of employees in the organization determine the prevailing culture in the firm. The findings showed that teamwork was highly valued among staff in the SACCO (M=3.60; SD=0.992) and that suggestions from employees were usually considered and implemented (M=3.52; SD=0.899). This means that teamwork culture was highly encouraged among employees of the studied SACCOs. This concurs with Borse (2016) who identified some of the relevant functions and roles played by an organizational structure covering creation of a spirit of team work among employees.

#### 4.4 Correlation Matrix

The nexus between the variables of the inquiry was explored through correlation analysis and the findings determined are presented in Table 4.

**Table 4: Correlation Matrix**

		SACCO Growth	Organization Structure	Organization Culture
SACCO Growth	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	55		
Organization Structure	Pearson Correlation	.581	1	
	Sig. (2-tailed)	.000		
	N	55	55	
Organization Culture	Pearson Correlation	.816	.822	1
	Sig. (2-tailed)	.000	.000	
	N	55	55	55

*Source: Field Data (2022)*

From Table 4 it can be observed that organization culture is a strong and positive correlate of SACCO growth ( $r=0.816$ ). This finding is consistent with Doepke and Zilibotti (2014) who noted that countries with some specific cultural aspects will be characterized by strong entrepreneurial orientation and this boosts the growth of the firm. Omar, Lim and Basiruddin (2014) established that the culture of the firm is critical in driving growth prospects of the firm. Boubakri and Saffar (2016) documented that culture and firm growth are directly and significantly connected with each other. The study further document that organization structure and the growth of SACCOs are strongly and positively correlated with each other ( $r=0.581$ ). This finding agree with who Bekanwah, Miidom and Ojiabo (2020) who focused on the structure of the organization and its

contribution towards the growth of businesses where the findings were that organizational structure has a strong influence on growth of the business.

#### 4.5 Regression Analysis

Regression analysis was conducted to bring out the implication of strategy implementation in SACCO growth. Table 5 is the breakdown of the model summary.

**Table 5: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853 <sup>a</sup>	.727	.705	.90869

Source: Field Data (2022)

The findings in Table 5 show that 70.5% of the variation in the growth of the deposit taking Savings and Credit Cooperatives in Embu County, Kenya is explained by variation in strategy implementation. It then follows that are still other issues aside from strategy implementation that have an effect on SACCO growth which future studies should focus on.

**Table 6: ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	110.096	2	55.048	69.333	.000
Residual	41.286	52	.794		
<b>Total</b>	<b>151.382</b>	<b>54</b>			

Source: Field Data (2022)

The findings in Table 6 are that the overall regression model used to predict strategy implementation on SACCO growth was significant (F=33.334, p<0.05). The findings on beta coefficients and significance were determined and summarized as shown in Table 7.

**Table 7: Coefficients and Significance**

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	$\beta$	Std. Error	Beta		
(Constant)	9.283	3.068		3.026	.004
Organization Structure	.251	.125	.263	2.017	.049
Organization Culture	.863	.107	1.053	8.062	.000

Source: Field Data (2022)

From Table 7, the following becomes the fitted final model:

$$Y=9.283+ 0.251X_2+0.863X_4+ \varepsilon$$

Where Y is growth of SACCOs

$\beta_0$  is the constant

$\beta_{1-n}$  are regression beta coefficients

$X_1$  is Organization structure

$X_2$  is Organizational culture

$\varepsilon$  is the error term

## 5.0 DISCUSSION

The discussion of findings is presented in subsequent sections guided by objectives:

### 5.1 Organization Structure and SACCO Growth

The study aimed at determining the effect of organization structure on SACCO growth. Table 7 gives the p-value under organization structure as  $p=0.049$  that is  $p<0.05$ . Thus, it can be deduced that organization structure and SACCO growth. The finding contradict with Lin and Fleming (2005) who conducted a study mainly focusing on trust, organizational structure and the growth of the firm where it was shown that organizational structure does not significantly enhance growth of the firm. However, the finding agrees with Bekanwah, Miidom and Ojiabo (2020) who focused on the structure of the organization and its contribution towards the growth of businesses. The findings were that organizational structure has a strong influence on growth of the business. Ochiki (2014) did an analysis of growth strategy and the prevailing structure in an organization where it was observed that complying with regulations and the nature of the structure in the firm are critical in driving growth of the firm.

### 5.2 Organization Culture and SACCO Growth

The last objective aimed at determining the effect of organization culture and SACCO growth. From the results in Table 7, the p-value is given as  $p=0.000$  i.e.  $p<0.05$ . Thus, the study deduces that organization culture has significant effect on SACCO growth. The finding agree with Visintin and Pittino (2010) who noted that organizational culture significantly drive the growth potential and prospects in the firm. Doepke and Zilibotti (2014) noted that countries with some specific cultural aspects will be characterized by strong entrepreneurial orientation and this boosts the growth of the firm. Omar, Lim and Basiruddin (2014) established that the culture of the firm is critical ion driving growth prospects of the firm. Boubakri and Saffar (2016) documented that culture and firm growth are directly and significantly connected with each other. Eze, Abdul, Nwaba and Adebayo (2018) noted that the culture of the organisation plays a critical role in growth of intrapreneurship. Depperu, Magnani, Crosato and Liberati (2021) noted that culture is an important factor that supports growth of the firm.

## 6.0 CONCLUSION AND RECOMMENDATIONS

### 6.1 Conclusion

The study conclude that organization structure and SACCO growth. Through the available organizational structure, supervisors were able to delegate duties to junior staff besides



centralization of some major decisions. There were clear chains of command besides active involvement of staff from all levels in decision making. There was decentralized decision making in the SACCO besides existence of formal relationship between staff from different

Based on regression analysis, organization culture has significant effect on SACCO growth. By leveraging this organizational culture, the studied SACCOs were in position to encourage innovation among employees and allowed employees to remain creative when solving problems. The SACCO were shared among staff and that staff were in support of the SACCOs goals. Teamwork was highly valued among staff in the SACCO and that suggestions from employees were usually considered and implemented.

## **6.2 Recommendations**

Results of regression analysis were that organizational structure and SACCO growth are significantly linked with each other. Hence, the study recommends that the senior management of the SACCOs in Embu should eliminate bureaucracies through minimization of the degree of formalization. The policy makers working in SACCOs in Embu should develop policies that promote clear chain of command and centralization of operations. As well as in decision making processes.

Based on regression results, organizational culture was seen to have a significant effect on SACCO growth. It is therefore recommended that the top management team in liaison with the boards of directors in SACCOs operating in Embu should review the existing values so as to bind employees together as they work to implement the formulated strategies. Teamwork, innovation and creativity should be cultivated among employees working in SACCOs operating in Embu.

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