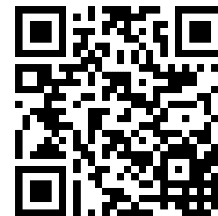


Analysis of ICT Adoption on the Financial Performance of Kitui Teachers Sacco



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ABSTRACT: ICT adoption refers to the utilization of technology in gathering, processing and using knowledge within the organization. The financial performance of SACCOs largely depends on the strategic actions undertaken by the management. Despite this, the performance of SACCOs has always been fraught with numerous management challenges as evidenced by the chaotic scenes at most annual general meetings. Maintaining a sustainable growth of earnings for SACCOs has become a universal challenge. This study seeks to analyze how ICT adoption affects the financial performance of KTS. The study employed a mixed methodology combining quantitative and qualitative approach. The target population comprised 12 Board of directors, 5 chief managers, 9 departmental heads, 8 branch managers and 12 assistant managers. Primary data was collected using questionnaires. Their validity and reliability was achieved through the use of pilot test. The data of the pilot test were not incorporated in the analyses. The quantitative data was analyzed using descriptive statistics and presented through the use frequencies and percentages. SPSS version 24 was used to carry out inferential statistics through the Pearson's Correlation analysis. The results of the descriptive statistics have been presented using frequency tables. The results of the analysis indicate ICT adoption had a positive and statistically significant influence on the financial performance of KTS ($\beta=0.287$, $P<0.05$). The descriptive statistics had an overall average mean and SD of 3.72 and 0.495 respectively. The finding indicated that ICT adoption had a significant influence on the financial performance of KTS. The study concluded that ICT adoption play a vital role in the financial performance of organizations

KEYWORDS: ICT adoption, Financial Performance, Kitui Teachers SACCO, Strategic Management Practices, Open Systems Theory

1. INTRODUCTION

Strategic management is a top-level management function that involves developing, operationalizing and managing long term strategies that determine the strategic direction of the firm. Strategic management is entirely pegged on a company's desire to adjust to environmental changes in a proactive manner (David, 2017). The current market volatility exacerbates the basic function of strategic management in enhancing the financial performance of Savings and Credit Cooperative Societies. Pearce (2017) defines strategic management practices as those deliberate actions that are taken by organizations to ensure that the organization attains its long-term strategic objectives.

The pressure on businesses to "be proactive and develop effective strategies that enable proactive response to anticipated and actual changes in the competitive environment is growing as increased competition threatens the industry's attractiveness and lowers the profitability of the players (Nashiruddin, 2019). In order to effectively adapt to and compete in the market, organizations must thus concentrate on acquiring a competitive advantage. According to Asimakopoulous and Whalley (2017), a business has a competitive advantage if it outperforms its competitors in gaining clients and fending off outside influences. This long-term value to the organisation stems from fundamental competencies that give rise to this sustainable competitive advantage.

Globally, SACCOs have been in existence since 1846. The first SACCOs were started in Germany in 1846 as a response to the severe drought that had affected agricultural productivity by Freidrich W. Reifeisen and Herman schultze- Delitsche (USAID, 2018). It is estimated that there are 150,000 SACCOs with an estimated membership of more than 800 million. The financial performance of

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SACCOs has been resilient even during financial crisis. A report published by the International Labor Organization (ILO, 2012) indicated that despite the global financial crisis of 2008, SACCOS registered improved profits and asset base.

In France, there is an established SACCO movement with Credit Union Agricole being the second largest bank and the 10th largest worldwide (S&P, 2021). This bank was formed by association of farmers unions. In the Canadian region of Quebec, there are roughly 1300 SACCOs with a membership of five million people. Their key role in the economy is demonstrated by the fact that they account for a third of savings and consumer loans in the region. The financial performance of these European SACCOs has been impressive as indicated by Credit Agricole dividend rate 9.52% in 2019 (Poli, 2019)

In America, SACCOs are referred to as credit unions and account for more than 25% of the country's agricultural financial needs. There are an estimated 72,000 SACCOS which have a membership of 140,000 (Edna, 2015). In Brazil, the cooperatives are under the Organization of Brazilian Cooperative (OCB). There are approximately 6,800 cooperatives in Brazil with a membership of 15 million (ILO, 2019). The cooperatives generate 400,000 direct jobs across the country. Cooperatives in Brazil contribute to the country's social and economic growth. They are responsible for 48% of the country's agricultural production and play a crucial role in attaining food security. The South American region is home to some of the world's largest agricultural cooperatives which have been recording exemplary financial performing due to the global food crisis.

The cooperative movement is similarly robust in Asia. According to the International Cooperative Alliance (2017), in China, SACCO's are classified based on their geographical coverage. The smallest are primary supply and marketing cooperatives that covers a village. There are an estimated 30,281 followed by city level SMCS at 342, provincial level federations with 32 and finally 2,402 country wide cooperative enterprises with a total membership of 200 million people and employing more than 3.4 million workers. The historical evolvement and development of SACCO Societies in Africa shows that they were primarily formed to eradicate poverty and empower low-income earners who could not afford the mainstream banking services. Kenya has the largest SACCO resource mobilization in Africa commanding 62% of the continent's SACCO savings (SASRA, 2021). However, in terms of penetration, Senegal leads with 22% (WOCC, 2018). In Tanzania, the earliest SACCO's were established in Moshi Town by the Ismailia Group in 1938 (Bee, 2017). The growth of the SACCOs was largely due to the financial exclusion of the low-income earners in the region. These members merged their small groupings together forming small micro financial institutions. The country had a total of 2541 SACCOS. However, the numbers have been steadily reducing due to government reforms that have seen most of the SACCOs consolidated (BOT, 2019). In terms of their size, most of them are still in their infancy stages and have many challenges especially lack of staff and appropriate technology (Triodos, 2017)

In Kenya, the cooperative movement has seen tremendous growth both in terms of membership and asset base since their inception in 1908. According to the ministry of industrialization report (2021) there are over 22,000 Cooperatives serving more than 17 million members and contributing more than 30% of the country's GDP. These SACCOs are found in every sector of the economy ranging from agriculture to manufacturing. Consequently, out of 44 banks in Kenya, the Co-operative Bank has a savings portfolio accounting for 31% of the Gross National Savings and is now the fourth largest commercial (Kinyuira, 2017). The SACCOS are grouped into two categories namely non deposit taking SACCOS and Deposit Taking SACCOS (SASRA, 2022). A comparative analysis of the financial performance of SACCOs and commercial banks indicate that in 2022, SACCOs offered a return on investment of between 6.83 percent and 10.55 percent as compared to 5.63 percentage and 8.26 percent offered by banks. (SASRA, 2022)

Information communication technology (ICT) is a powerful tool in strategic management. It facilitates the collection, processing, and dissemination of strategic information within and outside the firm. With changing technologies, ICT nowadays encompasses all the organizational processes (Ab, 2022). ICT permeates through the entire strategic management process. Adoption of ICT throughout the strategic management process increases operational efficiencies, reduces costs and increases the competitive advantage of the firm.

1.1. Financial Performance of SACCOs

This is the ability of the cooperative to use its assets in order to develop revenues that will meet its daily operations, and enable it to attain its financial objectives. It is a comparative performance parameter that refers to the relative financial soundness of an organization as compared to the others in the industry

In the commercial and rapidly changing environment, strategic management has been proven to be essential (Sobratee and Bodhanya, 2018). Businesses can get a competitive edge and stay up to date with the constantly changing global service landscape with the help of effective strategy management.

Brealey, Myers, and Allen (2017) proposed that financial efficiency measures such as liquidity, profitability, and solvency levels can be used to assess an organization's financial performance. The profitability of a company is a measurement of how well it

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generates revenue and the efficiency of how the revenues are being used. It is basically the difference between the revenues generated and the costs incurred.

According to SASRA (2020) the financial performance of SACCOs can be measured using financial soundness indicators. These indicators covers; capital adequacy ratios which ensures that SACCO's have adequate funds in reserve to buffer against a specific number of losses before they risk going bankrupt. In addition, the asset usage quality ratios are used to measure the efficiency with which the available capital is being utilized. These ratios ensures that the proportion of non-performing loans are kept at a minimum

1.2. Statement of the Problem

In Kenya, the SACCO industry is one of the largest in the continent accounting to 5.7 percent of total assets to Gross Domestic Product (GDP) ratio, followed by Rwanda at 3% and Ethiopia with 0.7 percent, respectively. According to the world council of credit Unions (2020), Kenya's cooperative's asset base stood at United States Dollars (USD) 5.5 billion as compared to the nominal GDP of USD 97.4 billion while in South Africa, the ratio was USD 22 billion to 358.8 billion.

However, the cost-to-income ratios in the SACCO industry remained high. Credit risk continues to be extremely high. Non-Performing Loans (NPLs) rose from 5.2 percent in 2016 to 9.1 percent in June 2020, according to Central Bank of Kenya, CBK (2021). The trajectory is projected to continue, particularly in the agriculture, Small and Medium Enterprises (SMEs) sectors, which were hit the worst by the COVID-19 pandemic, which made it hard for borrowers to repay their debts. The SACCOs restructured debts of Ksh 4.7 billion between March 2020 and June 2020, according to the Central Bank of Kenya financial stability report (2021), after the government permitted loan restructuring. The Covid pandemic upended the normal SACCO operations. Due to the pandemic and its associated economic challenges, members struggled to meet the SACCO obligations. According to SASRA (2022), the average ROA of DT SACCOs in Kenya reduced from 2.65% in 2020 to 1.59% in 2021

SACCOs are facing unprecedented challenges caused by the Covid pandemic and its resulting effects on the economy. Additionally, the advancement of technology has resulted in numerous Fintech companies that offer online money lending services. Advancing technology is also increasing competition since members can now join SACCOs online eliminating the locational advantage. Inflation and changing taxation regime is also affecting the cost of the financial products offered by the SACCOs. KTS whose main target are teachers and business people in lower eastern region is facing increasing competition from large national SACCOs expanding their operations into the region as well as increasing operational costs. It is on the background of these challenges and research gaps that this study will be carried out.

1.3. Purpose of the Study

This study aimed to analyze how ICT adoption influences the financial performance of Kitui Teachers SACCO in Kenya

1.4. Objective of the Study

The specific objective of this study was to examine the influence of ICT adoption on financial performance of Kitui Teachers SACCO in Kenya

1.5. Research Questions

This study sought to answer if adoption of information communication technology influence the financial performance of Kitui Teachers SACCO in Kenya?

1.6. Scope of the Study

The study assessed the impact of ICT adoption on the financial performance of Kitui Teachers SACCO in Kenya. Conducted at KTS offices located in Kitui County in Kenya, the target population included the 51 managers at the SACCO for the five-year period between 2018 to 2022. The study examined independent variable (adoption of ICT i.e. automation of activities and management information system) and the dependent variable (financial performance i.e. Return of Assets and Return on Capital Employed), utilizing The Open system Theory. The study was conducted from November to December 2023.

2. LITERATURE REVIEW

2.1. Theoretical Framework

2.1.1. Open Systems Theory

The systems approach is an external criterion that gauge's performance by looking at sustainability or long-term growth. In order to "avoid the static connotations of equilibrium and to bring out the dynamic, procession, potential-maintaining properties of basically unstable systems," systems theorists refer to the steady state that characterizes effective systems as homeostasis. An organisation is considered functional if it can sustain homeostasis, which encompasses both development and survival. Compared to the goal-attainment approach, this viewpoint is more expansive and all-encompassing since it goes beyond gauging

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effectiveness just based on achieving targets set by influential internal coalitions that may or may not benefit the entire company (Monat, 2020).

Systems theory states that most successful organizations adjust to their surroundings. The world's happenings that impact an organization's operations and results are referred to as the environment. Environments can be classified as "dynamic" or "static" depending on their extremes. Dynamic environments are constantly changing, while static surroundings are generally steady or predictable and do not vary much. Organizations have varied degrees of dynamic or static surroundings since environments cannot be entirely static or always changing.

Propagated by Millet in 1998, this theory is premised on the argument that organizations are open systems that are constantly interacting with the environment. Therefore, they are highly influenced by the external environment (Bernajee, 2022). According to the proponents of this theory, the external environment has a collection of unlimited strategies and opportunities. The external environment also contains key resource that sustains the financial sustainability of firms. Albar (2019) avers that realizing the structural nature of the firm as an open system that is continuously being influenced by the external environment will help strategic managers to respond more appropriately to new changes.

Every organization has its own unique challenges and opportunities based on its interactions with the environmental influencers. These environmental influencers can either be specific or general. Specific influencers are directly linked with the firm and include suppliers, competitors and regulators (Grabowska, 2022).

Based on this theory, change is constant and crucial to the survival of the organization. The adoption of emerging technologies such as information communication technology is therefore fundamental to the survival of the company. Strategic managers have a cardinal duty of identifying, developing and implementing new information communication technologies that put the firm at par with the demands of the environment (Amankwah-Amoah, 2022).

2.2. Empirical literature

2.2.1. Financial Performance of SACCOs

The financial performance of the SACCOs refers to the financial ability of the SACCOs to serve their members. It relates to the ability of the SACCO to generate adequate returns for its members. The impact of strategic management "practices on the performance of private construction companies in Kenya was investigated by Waweru and Omwenga (2015). The study employed a descriptive approach and its population comprised 62 building construction and consulting enterprises located in Kenya. The study was conducted using a simple random sampling method. The findings demonstrated that strategic management approaches can have an impact on an organization's operational excellence. The study found that the success of private construction enterprises in Kenya is significantly influenced" by strategic management techniques.

In Uganda, the performance of the SACCOs has not been impressive (Nalusiba, 2019). The Micro Finance Support Center reports that in the four years between 2015 and 2018, many SACCOs' portfolio at risk increased from 87% to 90% against a required minimum of 10%. In the same period, the time the coverage risk ratio dropped from 39% to 28%, indicating a deteriorating state of affairs. This is significantly less than the suggested 50% and above. Additionally inadequate administration led to the collapse of more than 20 (AMFIU report, 2018).

In a study on the effect of decisions on expansion on the financial performance of SACCOs, Njeru et al (2020) regression analysis to examine the connection between financial success and growth decisions using data they gathered from 35 SACCOs. The research discovered a favorable and noteworthy link between financial success and decisions on expansion, showing that SACCOs with larger operations typically had greater profitability levels. The size of the SACCO, the management team's educational background, and the degree of operational diversification of the SACCO were also found to be significant predictors of financial performance.

2.2.2. ICT Adoption and Financial Performance of SACCOs

Adoption of ICT affects the operational efficiency of firms. ICT adoption is the assimilation of information communication technologies into the organization's practices. With changing technologies, ICT nowadays encompasses every facet of organizational processes. ICT permeates through the entire strategic management process. As pointed out by Ziemba (2021), successful ICT adoption requires top management support in order to overcome its accompanying resistance.

According to Barua, Konana, Whinston & Yin (2019), e-business encompasses organizational procedures that span the entire value chain, including digital ordering and supply-chain monitoring, customer support, and organization companion partnerships. Specific technical requirements for e-business facilitate information sharing between businesses. Combining intra- and inter-firm business processes is made possible by e-business software. The internet, intranets, extranets, or a combination of these can be used for e-business. E-commerce and shopping have become essential components of customer service and powerful drivers of economic growth in the emerging global economy. "The integration of information and innovative communication techniques in

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the corporate world has revolutionized relationships both within organizations and between businesses and individuals. In particular, mass customization, increased consumer interaction, and productivity have all been made possible by the use of ICT in business.

The impact of strategic management on the organizational performance of tertiary institutions in Delta State, Nigeria, was examined by Nkemchor and Ezeanolue (2021). A descriptive survey research design was used in the study. The 1480 tertiary institution employees that made up the study population were randomly selected to form a sample of 343 employees using the Borg and Gall procedure to determine sample size. Multiple regression analysis and descriptive statistics were used to analyze the study data. The study discovered that environmental scanning; strategy design, strategy implementations, and strategic evaluation all had a favorable impact on tertiary institutions' organizational performance. The study came to the conclusion that organizational performance is significantly improved by strategic management.

Waithira (2016) used 88 respondents in a study on the determinants of strategy execution in SACCO's, using a case study of Tower SACCO. The study's key objective was to figure out what factors influence strategy execution in SACCOs. After collecting the data, it was analyzed using SPSS and M.S excel. The researcher came to the conclusion that sufficient planning, staff involvement, and the use of ICT were crucial variables in strategy implementation that aided the SACCO's growth.

Kasera (2017) looked on the relationship between organizational performance of Nairobi's healthcare facilities and strategic management. A cross-sectional and descriptive research design was used in the study. The study's goal was to record, at that particular period in time, the strategic management practices being used by Nairobi's health facilities. Organizational performance was the dependent variable, whereas strategic planning, strategic thinking, and strategy implementation were the independent factors. The Kenya Essential Package for Health (KEPH) levels 4, 5, and 6 were studied in relation to the management of medical facilities in Nairobi County. A list of all Kenyan health facilities situated in Nairobi County that met KEPH levels four, five, or six served as the study's sampling frame (Ministry of Health, 2017). A hospital served as the sample location. The census was used to register every health institution because there are so few of them in this study. The analytical unit was the healthcare facility. A self-administered structured questionnaire was used to collect primary data for this study from recruited and enrolled study participants. The questionnaire collected both qualitative and quantitative data. Stata 12 was used for statistical analysis in this investigation. The data was shown via graphs and charts. According to the study's findings, 96% of the health institutions examined said they used strategic thinking, but just 29% of those same institutions said it enhanced organizational performance. Nonetheless, the 0.0801 correlation coefficient indicates a feeble relationship between business performance and strategic thinking. Out of the fifteen health institutions that took part in the survey, just six claimed that strategic planning improved the performance of their company. With a correlation coefficient of -0.4175, it was discovered that there was a negative relationship between organizational performance and strategic planning."

ICT adoption refers to the utilization of technology in gathering, processing and using knowledge within the organization. Embracing ICT has become a great enabler of organizational response to changing environment. Khalifa (2016) opines that ICT adoption is a strategic practice that organizations cannot survive without. Ken (2018) conducted research on deposit-taking SACCOs' strategy implementation techniques and performance in Nairobi, Kenya. The study's main goal was to identify DT-SACCO strategy implementation methodologies and analyze their impact on the DT SACCO's performance. Data was collected from all 42 DT-SACCOs in Nairobi using a census method. The study determined that there existed a favorable association between strategy execution techniques and DT-SACCO performance based on data analysis.

3. RESEARCH METHODOLOGY

3.1. Research Methodology

The study used a mixture of quantitative and qualitative approach. The survey design was used to collect quantitative data from the respondents. The data was collected using questionnaires and analyzed descriptively to enable the researcher to identify complex interrelationships between the study variables.

3.2. Research Design

The study utilized a descriptive research design, which was chosen because it allows for the investigation and description of connections among variables in their natural environment without altering them. This design enabled the researcher to evaluate and link the effects of the independent variable, ICT adoption, on the dependent variable, financial performance of KTS.

3.3. Location of the Study

The study was conducted at Kitui Teachers SACCO, the largest SACCO in the Lower Eastern region of Kenya and the 28th largest nationally. Data was collected from top-level managers at the main office in Kitui town, as well as its 8 branches and 4 satellite offices.

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3.4. Target Population

The target population for the study included chief managers, departmental managers (such as SME manager, Marketing manager, Customer relationship manager, Assurance manager, ICT manager, Audit manager, Microcredit manager, Finance manager, Credit manager, and salaried managers), as well as branch managers of Kitui Teachers SACCO.

3.5. Samples and Sampling Procedure

A sample is a representative portion of the entire population. Sampling procedures and techniques involve determining the sample size and selecting it from the population. The sample must represent at least 10% of the entire population. However, when the population is below 100, the entire population is used (Burmeister and Aitken, 2012). In this study, the target population was 51 respondents and the sample size is shown in Table I below. Therefore, the census method was used for this study.

Table I : Sample Size

Variable	Gender		Education Level			Years of Experience					Management	
Category	M	F	College	Degree	Master	< 2	2-5	5-8	8-10	>10	Top	Supervisory
Frequency	26	21	7	28	12	4	8	9	16	10	16	31
%	55%	45%	15%	60%	26%	9%	17%	19%	34%	21%	34%	66%

Source: Field Data (2024)

3.6. Data Collection Instrument

A questionnaire was the main tool used in this study to gather data. All respondents systematically got the questions in each segment in the same language and in the same sequence to ensure consistency and minimise bias. Through employing a standardised approach, the validity and reliability of the data collected was increased.

3.7. Data Analysis and Presentation Techniques

The collected data was analyzed using descriptive and inferential statistical methods. Both quantitative and qualitative data were examined using SPSS version 24. To assess the relationship between the independent variable (Strategic Management Practices) and the dependent variables (Financial Performance), Pearson correlation and regression analysis were employed.

Financial performance at KTS was evaluated using metrics such as return on assets and return on capital employed. The study analyzed the nature and strength of the relationship between strategic management practices and financial performance through correlation analysis.

4. RESULTS AND DISCUSSION

4.1. Reliability and Validity Test

Cronbach's Alpha was employed to assess the reliability of the questionnaire, determined after conducting a pilot study and analyzed using SPSS. A Cronbach's Alpha value of 0.7 or higher was considered adequate for this study. A value below 0.7 indicates a lower level of reliability in the research instrument (Shemwell, 2015).

Table II : Reliability Test for Adoption of ICT

Variable	Number of Items	$\alpha > 0.7$	Comments
Adoption of ICT	6	0.76	Reliable

Source: (Pilot Data, 2024)

Based on the findings in Table II, the Cronbach's Alpha score for the study variable exceeded the minimum acceptable level of 0.7. Specifically, the adoption of ICT, comprising 6 items, demonstrated a Cronbach's Alpha of 0.760, indicating a high level of internal consistency and confirming its reliability for use without any modifications.

4.2. Descriptive Statistics for Adoption of ICT on the financial performance of KTS

The results in Table III below presents the mean and standard deviation of each item used to evaluate the influence of ICT adoption on the financial performance of Kitui Teachers SACCO in Kenya.

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Table III : Descriptive Statistics on Adoption of ICT on the Financial Performance of KTS in Kenya

Statement	Mean	Std. Deviation
KTS has an ICT department with clear roles and responsibilities	3.640	0.568
KTS has an ICT strategy that ensures that new ICT is adopted	3.680	0.471
Adoption of ICT at KTS has improved operational efficiency and enhanced the financial performance of the SACCO	3.790	0.463
Adoption of ICT has enhanced monitoring of operations therefore improving financial performance	3.850	0.416
ICT has increased the quality of customer service therefore increasing SACCO business by attracting more clients	3.720	0.498
ICT has increased the quality of decision making by providing quality and timely information	3.680	0.556
Average	3.720	0.495

Source: Field Data Output (2024)

The questionnaire results in Table III highlight key insights into the influence of ICT adoption on the financial performance of Kitui Teachers SACCO(KTS) in Kenya. Respondents generally agreed with the statement that KTS has an ICT strategy for adopting new technologies, with a mean score of 3.68. The adoption of ICT at KTS was seen to improve operational efficiency and enhance financial performance, as reflected by a high agreement mean of 3.79 and a standard deviation (SD) of 0.463. Senior managers agreed that ICT adoption has enhanced monitoring of operations, thereby improving financial performance, with a mean score of 3.85 and an SD of 0.416. Regarding the impact of ICT on customer service quality and business growth, the respondents agreed with a mean of 3.72 and an SD of 0.498. Most respondents felt that ICT has improved decision-making quality by providing timely and accurate information, with a mean of 3.68 and an SD of 0.556. Overall, the average mean score was 3.72, with an SD of 0.495, indicating strong support for the positive impact of ICT adoption on KTS's financial performance.

These findings indicate that respondents agree ICT adoption enhances the financial performance of KTS. These results align with Khalifa (2016), who established that adopting new technology is crucial for the performance of deposit-taking SACCOs.

Similarly, Yunis and Kassar (2018) in their analysis on the catalyst role of ICT on enhancing organizational performance also conclude that ICT adoption spurs innovation which grows the business financially.

4.3. Financial Performance of KTS

Secondary analysis of key financial data from the audited financial statements of KTS revealed a gradual increase in the SACCO's financial performance over the past five years under review as shown in Figure i below.

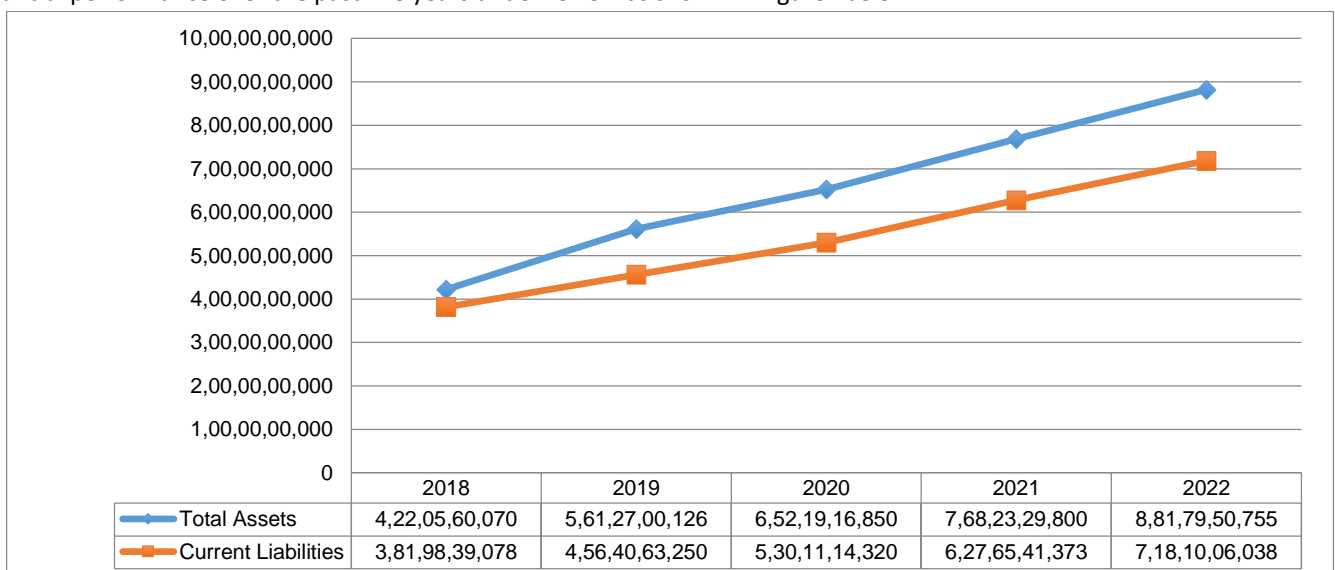


Figure i : Total Assets and Liabilities

Source: KTS Financial Statements (2024)

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Figure i illustrates the growth of KTS's assets and current liabilities over the past five years under consideration. The graph indicates that KTS has maintained a healthy balance between its assets and liabilities, both of which have shown consistent growth during this period. Additionally, Figure 1 includes a trend line for KTS's return on assets (ROA). Although the ROA has been decreasing, largely due to the increase in assets, it remains within the average rate of 2.4% as per the SASRA stability indicators report (SASRA, 2023).

Maintaining a healthy balance between assets and liabilities is crucial for the financial performance of SACCOs. These findings align with Kiambi (2023), who concluded that such a balance helps SACCOs mitigate operational risks. Similarly, Kyenze (2022), in his analysis of financial management practices in Nairobi-based deposit-taking SACCOs, emphasized the importance of a healthy assets-liabilities balance.

4.4. Correlation Analysis

This is a statistical technique that is used to identify the strength and direction of the association among variables. Pearson correlation coefficient (r) was used. These values range between -1 to +1 whereby -1 implies a perfect unfavorable relationship between variables with +1 signifying a perfect positive relationship between the variables (Gogtay, 2017).

This analysis was run to establish the extent of the connection between the independent variables of ICT adoption and the dependent variable that is financial performance of KTS. According to Heale & Twycross (2015), a correlation coefficient that is greater than 0.3 is considered as strong enough. Table IV shows the results.

Table IV: Correlations Test for Adaptability ICT Adoption and Financial Performance of KTS

		Financial Performance	ICT Adoption
Financial Performance	Pearson Correlation	1.00	
	Sig. (2-tailed)		
ICT Adoption	Pearson Correlation	0.46	1.00
	Sig. (2-tailed)	0.00	

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Data Output (2024)

The correlation test results presented in Table IV indicate a significant positive relationship between ICT adoption and financial performance ($r = 0.460$, $P < 0.05$). This suggests that adopting new information communication technology enhances financial performance.

Aguegboh and Agu (2023), in their study on the role of ICT adoption and bank performance in Sub-Saharan Africa, also agree that automating routine functions reduces costs and improves profitability. Similarly, Githinji (2022) identified a positive relationship between technology adoption and the growth of milk cooperatives in Kiambu County.

4.5. Regression Analysis

This analysis aimed to identify the statistical significance and relationship between the predictor variable (ICT adoption) and the dependent variable (financial performance of KTS). In this study, the coefficient of determination (R Squared) was used to determine the best model for the collected data. The analysis assessed the overall impact of the independent variable (ICT adoption) on the dependent variable (financial performance of KTS).

Table V : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.745 ^a	0.550	0.5368	0.29638

a Predictors: (Constant) ICT adoption

Source: Field Data Output (2024)

Table V results above indicates that, at a 95% significance level, the adjusted R value is 0.5368 and the coefficient of determination (R-squared) is 0.550. An R-squared of 0.55 suggests that the strategic management practices, particularly ICT adoption studied in the research, explain 55% of the variations in the financial performance of KTS. The remaining 45% accounts for extraneous variables not addressed in the study. These findings align with Josiah's (2019) study on the impact of strategic management in SACCOs in the road sector, which found a positive statistical relationship between strategic management and organizational success.

5. DISCUSSIONS OF FINDINGS

The research objective focused on the influence of ICT adoption on the financial performance of KTS. To determine whether ICT adoption influenced the financial performance of KTS, descriptive results whose results are provided in table IV were carried out. With an overall average of 3.72, ICT adoption had a significant influence on the financial performance of KTS. From the results, a majority of KTS top management agreed with the statement that ICT at KTS had improved operational efficiency and enhanced the financial performance of the SACCO. Additionally, there was majority support of the agreement that ICT had enhanced monitoring of operations therefore improving financial performance of KTS. These findings highlight the crucial role that new technology adoption as highlighted by ICT adoption plays a crucial role in enhancing financial performance of organizations. ICT adoption which deals with identification and assimilation of new technologies is a strategic management practice that determines the firm's agility to respond to new changes in the environment.

The correlation analysis also points to a strong and positive association between ICT adoption and financial performance of ICT. The results in table IV show that there is a strong positive relationship ($r = 0.460$, P value of $0.000 < 0.05$). This infers that ICT adoption resulted in an increase in the financial performance of KTS. These findings are in congruence to the Al-Busaidi (2021) who observed that the adoption of ICT improves the performance of financial institutions in developing countries.

6. CONCLUSIONS

The sturdy results indicate that the adoption of ICT practices has a positive and significant effect on the financial performance of KTS. This suggests that developing and implementing an effective communication system will lead to improved financial performance for the SACCO. These findings underscore the crucial role of strategic management practices, such as ICT adoption, in enhancing the financial performance of organizations.

7. RECOMMENDATIONS

The study recommends that the Societies Regulatory Authority and the Ministry of Cooperative Development and Marketing develop mechanisms to identify emerging technology trends that SACCOs can adopt. Additionally, it suggests that SACCO managers create strategies for implementing new technologies, facilitating the identification and response to these innovations. Furthermore, the study calls for further analysis of other strategic management practices and encourages research in different sectors, such as manufacturing, agriculture, and education, to explore the impact of strategic management practices.

COMPETING INTERESTS

The authors have declared that they have no competing interests.

ETHICAL APPROVAL

The information gathered was done so legally. Participants provided their information voluntarily, without any form of coercion or compensation. The investigator obtained permission from Pwani Oil Products Limited to conduct the study. Respondents were assured of confidentiality and anonymity, and the data collected was used exclusively for this research, ensuring the interviewees' safety was never compromised.

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