

STRATEGIC RESILIENCE PRACTICES AND ORGANIZATIONAL PERFORMANCE OF REGULATED SACCOS IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Regulated Savings and Credit Cooperative Organizations (SACCOs) in Nairobi City County, Kenya, face rising non-performing loans, liquidity pressures, member attrition and intense competition, while empirical evidence on how strategic resilience practices relate to their performance remains fragmented and inconclusive. This study investigated the effect of strategic resilience practices, namely risk management, strategic agility and corporate governance, on the organizational performance of regulated SACCOs in Nairobi City County, and the moderating effect of government regulatory policies on this relationship. The study was anchored on Dynamic Capabilities Theory, supported by the Resource-Based View, the Balanced Scorecard Model and Institutional Theory. A positivist philosophy and a cross-sectional explanatory survey design were adopted. The target population comprised 666 staff in the General Management, Finance, Risk and Governance, Sales and Customer Excellence, and Operations departments of 176 regulated SACCOs, from which 120 respondents were selected through proportionate stratified random sampling; 112 usable questionnaires were returned

(93.3%). Data were analyzed using descriptive statistics, Pearson correlation, simple and multiple regression, and hierarchical moderated regression. Risk management ($B = 0.291$, $p = 0.002$), strategic agility ($B = 0.362$, $p < 0.001$) and corporate governance ($B = 0.303$, $p = 0.005$) each had a positive and significant effect on organizational performance, jointly explaining 34.1% of its variance, with strategic agility making the largest contribution ($\beta = 0.316$). Government regulatory policies did not significantly moderate the relationship ($\Delta R^2 = 0.022$, $F\text{-change} = 1.20$, $p = 0.313$). The study concludes that internal resilience capabilities, rather than the regulatory environment, account for differences in the performance of regulated SACCOs, and recommends that SACCOs deliberately build strategic agility, risk management and corporate governance capabilities beyond regulatory compliance.

Key words: Strategic Resilience, Risk Management, Strategic Agility, Corporate Governance, Organizational Performance, SACCOs.

BACKGROUND

Strategic resilience has become a central capability for organizations facing technological disruption, economic volatility, regulatory pressure and intensifying competition (Busolo & Keino, 2025). It enables organizations to anticipate risks, adapt to changing conditions, recover from disruptions and sustain long-term performance (Duchek, 2020). Rather than a reactive crisis response, strategic resilience is a proactive capability that supports continuity, competitiveness and sustainability in turbulent environments (Hillmann & Guenther, 2021). Duchek (2020) conceptualized resilience as a capability involving anticipation, coping and adaptation, while Lengnick-Hall *et al.* (2011) emphasized the capacity to absorb shocks, reorganize and sustain core functions.

For SACCOs, strategic resilience is especially critical given their regulated and rapidly evolving financial landscape. As institutions that mobilize savings, extend credit and promote financial inclusion, their effectiveness depends on capabilities that enhance adaptation, strengthen risk control and uphold governance standards (Sacco Societies Regulatory Authority [SASRA], 2024). This study operationalizes strategic resilience through three practices widely recognized for sustaining performance (McKinsey & Company, 2024). Risk management involves identifying, assessing, monitoring and mitigating credit, liquidity, operational and strategic risks; strategic agility refers to sensing environmental changes, making timely decisions and rapidly reconfiguring strategies and resources (Hillmann & Guenther, 2021); and corporate governance encompasses the oversight, accountability, transparency and control mechanisms that ensure SACCOs meet member and regulatory expectations (SASRA, 2024).

Organizational performance reflects how effectively an institution achieves its financial and non-financial goals through efficient use of resources (Sarwar & Khattak, 2024). For member-owned SACCOs, performance goes beyond profitability to include member satisfaction, service quality, operational efficiency and institutional growth, since their objectives combine financial sustainability with quality service delivery (Demeke & Tao, 2020). This study therefore measured organizational performance through four non-financial indicators: customer (member) satisfaction, service quality, internal process efficiency and organizational growth.

The relationship between strategic resilience and performance may be shaped by the regulatory environment. Kenyan SACCOs operate under the Sacco Societies Act and SASRA's prudential standards on capital adequacy, liquidity, governance, risk management and reporting (SASRA, 2024). Effective regulation can promote transparency, prudent risk control and sound decision-making, whereas stringent compliance may limit flexibility and increase operational burdens (Muriuki *et al.*, 2025). Government regulatory policies may therefore strengthen or weaken the effect of strategic resilience practices on performance (Hayes, 2022).

By December 2023, Kenya had 357 regulated SACCOs, comprising 176 deposit-taking SACCOs (DT-SACCOs) and 181 non-withdrawable deposit-taking SACCOs (NWDT-SACCOs), with approximately 176 head offices located in Nairobi City County (SASRA, 2024). Despite sector growth, SACCOs faced rising loan defaults, liquidity pressures and profitability challenges, which have been associated with weak risk management, limited strategic agility and governance deficiencies (Eshikumo & Makokha, 2025; Khaanga & Mwanzia, 2025; Oranga *et al.*, 2025). In Nairobi City County, these pressures are intensified by competition from banks and fintechs, technological disruption, rising member expectations and regulatory scrutiny.

Purpose of the Study

To investigate the effect of strategic resilience practices on the organizational performance of regulated SACCOs in Nairobi City County, Kenya, and the moderating effect of government regulatory policies on this relationship.

Research Hypotheses

H01**:** Risk management practices have no statistically significant effect on the organizational performance of regulated SACCOs in Nairobi City County, Kenya.

H02**:** Strategic agility practices have no statistically significant effect on the organizational performance of regulated SACCOs in Nairobi City County, Kenya.

H03**:** Corporate governance practices have no statistically significant effect on the organizational performance of regulated SACCOs in Nairobi City County, Kenya.

H04**:** Government regulatory policies have no statistically significant moderating effect on the relationship between strategic resilience practices and the organizational performance of regulated SACCOs in Nairobi City County, Kenya.

Conceptual Framework

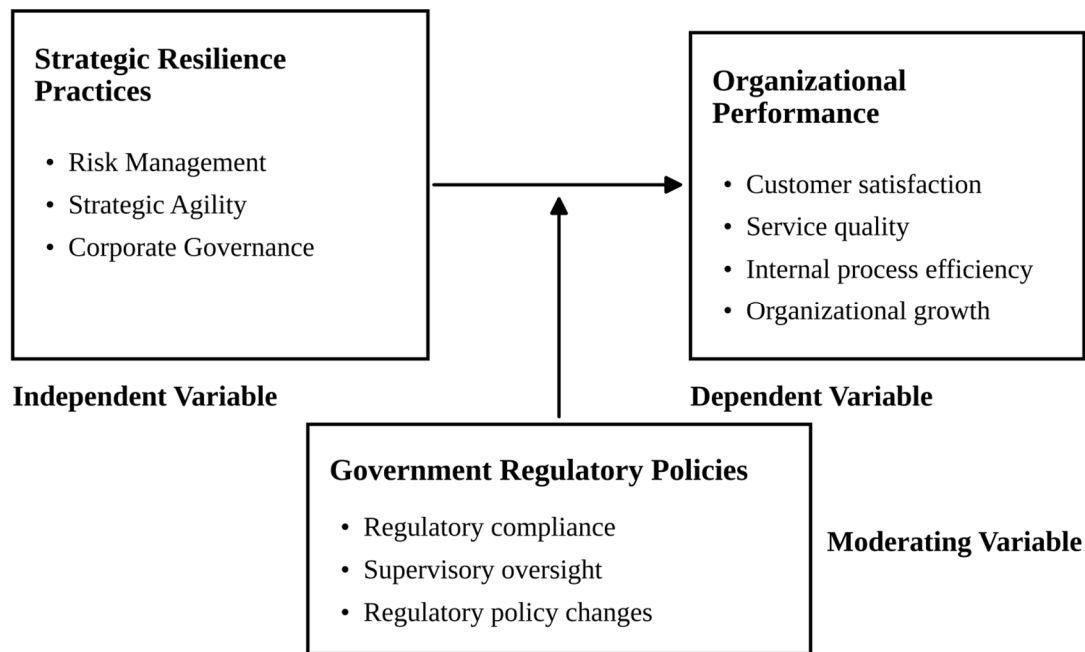


Figure 1: Conceptual Framework

Source: Researcher (2026)

Statement of the Problem

Regulated SACCOs play a central role in Kenya's financial inclusion agenda. By December 2024, the sector served 7.39 million members and held assets of KSh 1.08 trillion, with deposits of KSh 749.43 billion (SASRA, 2025). To remain sustainable, SACCOs are expected to uphold strong governance, effective risk management and the agility to respond to regulatory and market changes (SASRA, 2024), while navigating shifting regulatory requirements, technological disruption and competition from banks and fintechs.

Despite sector growth, performance at the institutional level remains weak. The non-performing loan ratio stood at 8.39% in 2024, above the 5% prudential benchmark, against a loan book of KSh 845.11 billion. Non-remitted deductions increased from KSh 2.59 billion in 2023 to KSh 3.49 billion in 2024, dormant members reached 1.66 million (22.56% of total membership), and 132,321 members exited the sector in 2024 (SASRA, 2025). These trends show that sector expansion has not translated into improved credit quality, liquidity stability or member retention, and if unaddressed they may erode member confidence, reduce savings mobilization and expose SACCOs to regulatory sanctions.

Most SACCO studies in Kenya examine single determinants such as governance, leadership, strategic planning or risk management, producing fragmented insights (Muriuki *et al.*, 2025).

Studies in Nairobi City County have shown that organizational capabilities (Kinyua & Muathe, 2023), strategic control (Oranga *et al.*, 2025) and competitive strategies (Muchiri & Muthimi, 2025) influence performance, but little attention has been given to how risk management, strategic agility and corporate governance jointly influence performance as dimensions of strategic resilience. Few studies have also examined the moderating role of government regulatory policies, despite regulation being central to SACCO operations. This study therefore examined the effect of strategic resilience practices on the organizational performance of regulated SACCOs in Nairobi City County and whether government regulatory policies moderate this relationship.

THEORETICAL FRAMEWORK

Dynamic Capabilities Theory

The study was anchored on Dynamic Capabilities Theory, developed by Teece *et al.* (1997), which explains how firms sustain competitive advantage in dynamic environments by integrating, building and reconfiguring internal and external competencies. Teece (2007) refined the framework into three core activities: sensing opportunities and threats, seizing them through strategic decisions and resource commitments, and transforming organizational structures and assets to maintain strategic fit with a changing environment. The theory assumes that firms operate in uncertain environments where static resources cannot sustain performance, and that differences in managerial processes and resource configuration explain variation in performance.

The theory has been criticized for conceptual ambiguity and measurement difficulty, since capabilities are often intangible and embedded in routines, and because building dynamic capabilities can be costly without guaranteed returns. These limitations were addressed by specifying the dynamic capabilities as concrete, observable practices. In this study, risk management reflects sensing, through identification and assessment of threats to liquidity, credit quality, compliance and operations; strategic agility reflects seizing, through timely decisions and resource reallocation in response to regulatory, competitive and member-driven change; and corporate governance reflects transforming, as board oversight, accountability and transparent decision-making enable SACCOs to renew their structures and routines. SACCOs that develop these capabilities more fully are expected to adapt better and sustain higher performance.

Supporting Theories

The Resource-Based View holds that sustained competitive advantage arises from resources that are valuable, rare, imperfectly imitable and non-substitutable (Barney, 1991). Risk management systems, agility routines and governance structures can be treated as organizational capital; while formal structures such as board charters can be copied, the embedded routines and accountability culture behind them are tacit and difficult to imitate, which explains why SACCOs under the same regulatory regime may perform differently. The Balanced Scorecard (Kaplan & Norton, 1992, 1996) was used as a measurement framework, with the customer (member) and internal business

process perspectives informing the non-financial performance indicators. Institutional Theory (DiMaggio & Powell, 1983; Scott, 2004) underpins the moderating variable: regulated SACCOs are subject to coercive regulatory pressure from SASRA, which may strengthen the effect of resilience practices on performance by reinforcing sound risk management and governance, or weaken it where compliance is ceremonial, costly or restricts strategic flexibility.

Empirical Literature Review

Evidence on risk management and performance is generally positive. Von Tamakloe *et al.* (2023) established a positive and significant relationship between risk management and the performance of commercial banks in Ghana, although regulatory moderation was not considered. Among regulated SACCOs in Kenya, Mulinge (2019) surveyed credit managers in 166 deposit-taking SACCOs and found that credit appraisal, credit risk monitoring and credit recovery jointly explained 73.8% of the variation in financial performance, while Etenyi *et al.* (2024) found that credit risk management techniques had a positive and significant effect on the financial performance of 175 deposit-taking SACCOs ($\beta = 0.238$). In Uganda, Kyabarong and Agaba (2024) found that board risk management had a significant positive effect on SACCO financial performance. These studies, however, focus mainly on credit risk and financial indicators, and do not situate risk management within a broader resilience framework or test regulatory moderation.

Evidence on strategic agility is mixed. Alkandi and Helmi (2024), using structural equation modelling among industrial firms in Saudi Arabia, found that strategic agility did not directly influence organizational performance but operated through market orientation and innovation capabilities. Ludviga and Kalvina (2023) found that organizational agility improved employee engagement and well-being, while Christofi *et al.* (2024), using a qualitative design, found that strategic agility enhanced adaptability. In Kenya, Chebet (2024) surveyed 196 staff of 57 deposit-taking SACCOs in Nairobi County and found that corporate foresight had a significant positive effect on performance, whereas resource fluidity was not significant. Evidence on strategic agility within regulated SACCOs therefore remains limited and inconclusive.

Corporate governance is widely regarded as a key determinant of performance, but findings are inconsistent across governance attributes. Nguyen and Nguyen (2024) found that board gender diversity positively and board size negatively affected firm performance in Vietnam, Bui and Krajcsák (2024) found that transparency enhanced performance whereas shareholder rights had no significant influence, and Sotonye *et al.* (2024) found that board size and audit independence positively influenced the performance of listed Nigerian manufacturers. Arjun and Kalaivani (2024) noted that governance effectiveness depends on the strength of a country's regulatory framework. These studies do not capture the member-driven governance structures of SACCOs.

Studies on government regulation report both supportive and constraining effects. Ngugi *et al.* (2024) found that government regulation significantly moderated the relationship between

financial inclusion and financial performance, Riker (2022) found that stronger regulatory quality enhanced performance while increasing compliance costs, and Prasannath *et al.* (2024) found that government support policies positively influenced SME performance, with effects varying by context. Muriuki *et al.* (2025) linked regulatory costs to the financial performance of deposit-taking SACCOs. None of these studies, however, tested regulatory policies as a moderator of the relationship between an integrated set of resilience practices and the performance of regulated SACCOs.

RESEARCH METHODOLOGY

The study adopted a positivist philosophy and a cross-sectional explanatory survey design. All 176 regulated SACCOs headquartered in Nairobi City County were covered at the organizational level, while the target population comprised 666 eligible staff (with at least one year of tenure) in the General Management (50), Finance (92), Risk and Governance (92), Sales and Customer Excellence (216) and Operations (216) departments. Using Yamane's (1967) formula with an 8% margin of error, the required sample was 127; 120 respondents were reached through proportionate stratified random sampling across the five departments, corresponding to a margin of error of approximately 8.3%. The individual employee was the unit of analysis.

Data were collected using a structured questionnaire with eight five-point Likert items per construct (40 items in total), including reverse-worded items that were recoded before analysis. The instrument was pretested on 25 staff of regulated SACCOs in Kajiado County. Content validity was assessed by a panel of five experts ($S-CVI/Ave = 0.915$), and construct validity through exploratory factor analysis (principal axis factoring) on the main-study data. Table 1 summarizes the validity and reliability results.

Table 1: Validity and Reliability Results

Construct	Items	KMO	Loading Range	Variance Explained	Cronbach h's α (Pilot)	Cronbach h's α (Main)
Risk management	8	0.719	0.55 – 0.79	51.9%	0.856	0.853
Strategic agility	8	0.659	0.56 – 0.80	52.8%	0.869	0.874
Corporate governance	8	0.763	0.58 – 0.81	54.4%	0.878	0.820
Government regulatory policies	8	0.505	0.48 – 0.75	46.3%	0.832	0.839
Organizational performance	8	0.756	0.61 – 0.84	58.1%	0.896	0.909

Bartlett's test of sphericity was significant ($p < .001$) for all constructs. Extraction by principal axis factoring.

Source: Researcher (2026)

All constructs exceeded the 0.70 reliability threshold (Nunnally & Bernstein, 1994). Bartlett's test was significant for all constructs, and four constructs met the 0.60 KMO criterion with variance explained above 50%. The government regulatory policies construct recorded a weak KMO (0.505) and variance explained below 50% (46.3%); it was retained on the basis of its acceptable loadings, significant Bartlett's test, high reliability ($\alpha = 0.839$) and theoretical grounding, but results involving it are interpreted with caution. Data were analyzed in SPSS using descriptive statistics, Pearson correlation, simple regression for each practice ($Y = \beta_0 + \beta_1 X_1 + \epsilon$), multiple regression for the combined model ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$), and hierarchical moderated regression with mean-centred variables, in which the moderator (M) and the interaction terms X_1M , X_2M and X_3M were entered in successive steps following Baron and Kenny (1986) and Hayes (2022). Moderation was supported if the F-change for the interaction step and at least one interaction coefficient were significant at the 5% level.

Response Rate and Respondent Profile

Of the 120 questionnaires administered, 112 were returned fully completed, a response rate of 93.3%. Three-quarters of the respondents (75.0%) were from DT-SACCOs and 25.0% from NWDT-SACCOs. The departmental distribution mirrored the sampling strata: Sales and Customer Excellence (32.1%), Operations (32.1%), Finance (14.3%), Risk and Governance (14.3%) and General Management (7.1%). Fifty-eight percent of the respondents were male, 67.0% were aged between 30 and 49 years, 80.4% held at least a bachelor's degree, and 79.5% had worked in their SACCO for at least three years, indicating that the respondents had sufficient experience to assess their institutions' practices and performance.

Descriptive Statistics

Table 2: Summary of Descriptive Statistics by Construct and Dimension

Construct / Dimension	Mean	Std. Dev.
Risk management (overall)	3.49	0.69
Risk identification	3.43	0.90
Risk assessment	3.54	0.98
Risk mitigation	3.47	0.93
Risk monitoring and reporting	3.52	0.83
Strategic agility (overall)	3.49	0.68
Decision-making speed	3.47	0.91
Adaptability to change	3.53	0.89
Resource flexibility	3.43	0.83
Innovation responsiveness	3.51	0.81
Corporate governance (overall)	3.50	0.61
Board effectiveness	3.45	0.78
Accountability	3.43	0.94
Transparency	3.44	0.86

Governance compliance	3.69	0.82
Government regulatory policies (overall)	3.49	0.62
Regulatory compliance	3.56	0.81
Supervisory oversight	3.55	0.82
Regulatory policy changes	3.37	0.83
Organizational performance (overall)	3.47	0.78
Customer satisfaction	3.48	1.02
Service quality	3.55	0.85
Internal process efficiency	3.44	0.95
Organizational growth	3.42	0.92

Means interpreted as low (1.00 – 2.60), moderate (2.61 – 3.40) and high (3.41 – 5.00).

Reverse-worded items recoded. N = 112.

Source: Researcher (2026)

Table 2 shows that all three strategic resilience practices were rated in the high band. Risk management had an overall mean of 3.49 (SD = 0.69), with risk assessment the strongest dimension (M = 3.54) and risk identification the weakest (M = 3.43); the lowest item concerned the tendency to identify risks only after they had harmed the SACCO (recoded M = 3.33), suggesting that early risk identification is the relatively weakest link in the risk management cycle. Strategic agility also averaged 3.49 (SD = 0.68), with adaptability to change the strongest dimension (M = 3.53) and resource flexibility the weakest (M = 3.43), while decision-making speed showed the least agreement among respondents.

Corporate governance had an overall mean of 3.50 (SD = 0.61). Governance compliance was rated markedly higher (M = 3.69) than board effectiveness (M = 3.45), transparency (M = 3.44) and accountability (M = 3.43), suggesting that formal compliance with SASRA regulations is stronger than the substantive quality of oversight and accountability; the lowest governance item concerned the inconsistent enforcement of accountability mechanisms (recoded M = 3.29). Government regulatory policies averaged 3.49 (SD = 0.62), with regulatory compliance (M = 3.56) and supervisory oversight (M = 3.55) rated more positively than regulatory policy changes (M = 3.37). Organizational performance averaged 3.47 (SD = 0.78), with service quality the strongest (M = 3.55) and organizational growth the weakest (M = 3.42) dimension; its relatively larger dispersion provided sufficient variation for the inferential analysis.

Correlation Analysis

Table 3: Pearson Correlation Matrix

Variable	RM	SA	CG	GP	OP
Risk management (RM)	1				
Strategic agility (SA)	.325**	1			
Corporate governance (CG)	.079	.356**	1		
Government regulatory policies (GP)	.144	.140	.118	1	
Organizational performance (OP)	.380**	.486**	.372**	.133	1

** Correlation is significant at the 0.01 level (2-tailed). $N = 112$.

Source: Researcher (2026)

Table 3 shows that all three strategic resilience practices were positively and significantly correlated with organizational performance ($p < .001$). Strategic agility had the strongest association ($r = 0.486$), followed by risk management ($r = 0.380$) and corporate governance ($r = 0.372$). Government regulatory policies had a weak and non-significant association with performance ($r = 0.133$, $p = 0.161$) and with each of the practices. Correlations among the predictors ranged from 0.079 to 0.356, well below 0.80, indicating that the practices are distinct constructs.

Diagnostic Tests

Table 4: Summary of Regression Diagnostic Tests

Test	Result	Decision
Normality of residuals (Shapiro-Wilk)	$W = 0.985$, $p = 0.245$	Normality not violated
Multicollinearity	$VIF = 1.120 - 1.275$; Tolerance = $0.785 - 0.893$	No multicollinearity
Influential cases	No cases beyond Cook's distance (4/n), leverage or ± 3 studentized residual cut-offs	All 112 cases retained
Homoscedasticity (Breusch-Pagan)	$\chi^2 = 4.826$, $df = 4$, $p = 0.306$	Constant variance
Independence of residuals	Durbin-Watson = 1.914	Residuals independent

Source: Researcher (2026)

Table 4 shows that the residuals were normally distributed, there was no multicollinearity among the predictors, no influential cases were detected, the error variance was constant and the residuals were independent. The data therefore satisfied the assumptions of ordinary least squares regression.

Regression Analysis

Table 5: Simple Regression Results for Each Strategic Resilience Practice

Predictor	R	R ²	F (1, 110)	Constan t	B	β	t	Sig.
Risk management	0.380	0.145	18.59	1.889	0.428	0.380	4.311	<.001
Strategic agility	0.486	0.236	34.03	1.505	0.556	0.486	5.833	<.001
Corporate governance	0.372	0.139	17.69	1.716	0.472	0.372	4.206	<.001

Dependent variable: organizational performance. N = 112. Standard errors of B: 0.099, 0.095 and 0.112 respectively; adjusted R²: 0.137, 0.229 and 0.131.

Source: Researcher (2026)

Table 5 shows that each practice, entered on its own, had a positive and significant effect on organizational performance. Risk management explained 14.5% of the variance in performance ($F = 18.59$, $p < .001$), with a one-unit increase associated with a 0.428-unit increase in performance ($Y = 1.889 + 0.428X_1$). Strategic agility explained the largest share, 23.6% ($F = 34.03$, $p < .001$), with a one-unit increase associated with a 0.556-unit increase in performance ($Y = 1.505 + 0.556X_2$). Corporate governance explained 13.9% ($F = 17.69$, $p < .001$), with a one-unit increase associated with a 0.472-unit increase in performance ($Y = 1.716 + 0.472X_3$).

Table 6: Multiple Regression Results for the Combined Effect of Strategic Resilience Practices

Variable	B	Std. Error	β	t	Sig.
(Constant)	0.166	0.438		0.380	0.705
Risk management	0.291	0.093	0.257	3.126	0.002
Strategic agility	0.362	0.101	0.316	3.596	<.001
Corporate governance	0.303	0.106	0.237	2.857	0.005

R = 0.584; R² = 0.341; Adjusted R² = 0.322; Std. error of the estimate = 0.640; F(3, 108) = 18.59, $p < .001$.

Dependent variable: organizational performance.

Source: Researcher (2026)

Table 6 shows that the three practices jointly explained 34.1% of the variance in organizational performance ($R^2 = 0.341$, Adjusted $R^2 = 0.322$; $F = 18.59$, $p < .001$), more than any single practice. Each practice remained positive and significant when the others were controlled for: strategic agility made the largest unique contribution ($B = 0.362$, $\beta = 0.316$, $p < .001$), followed by risk management ($B = 0.291$, $\beta = 0.257$, $p = 0.002$) and corporate governance ($B = 0.303$, $\beta = 0.237$, $p = 0.005$). The estimated model is $Y = 0.166 + 0.291X_1 + 0.362X_2 + 0.303X_3$. Consequently, H_{01} , H_{02} and H_{03} were rejected.

The positive effect of risk management is consistent with Etenyi *et al.* (2024), Kabugu and Wamiori (2022) and Mulinge (2019), and extends their credit-focused evidence to an integrated risk management cycle and non-financial performance. In Dynamic Capabilities terms, effective

risk management reflects a sensing capability that allows SACCOs to detect threats to liquidity, credit quality and operations early enough to respond. The relatively weak rating of early risk identification, and of the effectiveness of internal controls ($M = 3.36$), suggests that the strategic intent of risk management may be stronger than its operational execution.

Strategic agility emerged as the strongest predictor, consistent with Chebet (2024), and provides evidence of a direct effect within regulated SACCOs, in contrast to Alkandi and Helmi (2024), who found that agility operated only indirectly through market orientation and innovation. The finding supports Dynamic Capabilities Theory, which emphasizes seizing opportunities and reconfiguring resources in response to change, and the Resource-Based View, since agility embedded in routines and managerial knowledge is difficult to imitate (Barney, 1991). The positive effect of corporate governance adds to the mixed governance literature (Nguyen & Nguyen, 2024; Bui & Krajcsák, 2024; Sotonye *et al.*, 2024) and indicates that governance is not only a regulatory requirement but also an internal capability that strengthens accountability and decision-making.

Moderating Effect of Government Regulatory Policies

Table 7: Hierarchical Moderated Regression Model Summary

Model	R	R ²	Adj. R ²	Std. Error	ΔR^2	F Chan ge	df 1	df2	Sig. F Change
1 (RM, SA, CG)	0.58	0.34	0.322	0.640	0.34	18.59	3	108	<.001
	4	1			1				
2 (+ GP)	0.58	0.34	0.317	0.643	0.00	0.19	1	107	0.663
	5	2			1				
3 (+ interaction terms)	0.60	0.36	0.322	0.640	0.02	1.20	3	104	0.313
	4	5			2				

RM = risk management; SA = strategic agility; CG = corporate governance; GP = government regulatory policies. Dependent variable: organizational performance.

Source: Researcher (2026)

Table 8: Coefficients of the Moderated Regression Model (Model 3, Mean-Centred Variables)

Variable	B	Sig.	Decision
Risk management	0.307	0.002	Significant
Strategic agility	0.347	0.001	Significant
Corporate governance	0.296	0.007	Significant
Government regulatory policies	0.001	0.996	Not significant
Risk management × Government regulatory policies	-0.118	0.444	Not significant
Strategic agility × Government regulatory policies	0.066	0.686	Not significant
Corporate governance × Government regulatory policies	0.300	0.113	Not significant

Model 3: $F(7, 104) = 8.54, p < .001$. Dependent variable: organizational performance.

Source: Researcher (2026)

Table 7 shows that adding government regulatory policies in Step 2 increased R^2 by only 0.001 (F-change = 0.19, $p = 0.663$), and adding the three interaction terms in Step 3 increased R^2 by 0.022 (F-change = 1.20, $p = 0.313$), neither of which was significant. Table 8 shows that none of the interaction terms was significant: the risk management interaction was negative ($B = -0.118$, $p = 0.444$), while the strategic agility ($B = 0.066$, $p = 0.686$) and corporate governance ($B = 0.300$, $p = 0.113$) interactions were positive but not significant. The direct effects of the three practices remained significant, and the direct effect of government regulatory policies was effectively zero ($B = 0.001$, $p = 0.996$). H_{04} was therefore not rejected: government regulatory policies did not significantly moderate the relationship between strategic resilience practices and organizational performance.

This result provides limited support for Institutional Theory, which would expect regulatory pressure to strengthen or weaken the performance effects of internal practices, and differs from Ngugi *et al.* (2024), who found significant regulatory moderation in a different context. A plausible explanation is that SASRA's regulations apply uniformly to all regulated SACCOs, so regulation functions as a common baseline rather than a factor that differentiates how effectively one SACCO converts its internal practices into performance. The relatively high ratings of regulatory compliance and supervisory oversight support this reading. The weak measurement properties of the regulatory construct ($KMO = 0.505$; 46.3% variance explained) and the modest sample may also have limited the power to detect moderation, so the non-significant result indicates insufficient evidence of moderation rather than proof that none exists.

Table 9: Summary of Hypothesis Tests

Hypothesis	Test Statistic	p-value	Decision
H ₀₁ : Risk management → organizational performance	Simple t = 4.311; Combined t = 3.126	<.001; .002	Rejected
H ₀₂ : Strategic agility → organizational performance	Simple t = 5.833; Combined t = 3.596	<.001; <.001	Rejected
H ₀₃ : Corporate governance → organizational performance	Simple t = 4.206; Combined t = 2.857	<.001; .005	Rejected
H ₀₄ : Moderating effect of government regulatory policies	F-change = 1.20 (Step 2 to Step 3)	0.313	Not rejected

Source: Researcher (2026)

CONCLUSION

The study concludes that strategic resilience practices are positively and significantly related to the organizational performance of regulated SACCOs in Nairobi City County. Risk management, strategic agility and corporate governance each make a distinct contribution to performance, and together they explain about a third of its variation. Strategic agility is the strongest driver, indicating that SACCOs that sense change quickly, make timely decisions and reallocate resources flexibly perform better. Risk management contributes beyond compliance when it is embedded in decision-making, although early identification of risks remains a relative weakness. Corporate governance contributes positively, but formal compliance with SASRA guidelines is stronger than the substantive quality of accountability and oversight.

Government regulatory policies did not significantly moderate the relationship between strategic resilience practices and performance. Within a uniformly regulated sector, performance differences among SACCOs appear to be driven mainly by internal resilience capabilities rather than by the regulatory environment. These conclusions support Dynamic Capabilities Theory and the Resource-Based View, but do not confirm the moderating proposition of Institutional Theory. Because the study was cross-sectional and based on employees' perceptions, the relationships should be interpreted as associations rather than causal effects.

Recommendations

SACCO management and boards should embed risk identification, assessment, mitigation and monitoring into strategic planning and day-to-day decision-making rather than treating risk management as a compliance activity, with particular emphasis on identifying emerging risks early and strengthening internal controls. Boards should review risk reports regularly alongside performance results.

Because strategic agility had the strongest effect on performance, SACCOs should prioritize it in strategic planning by continuously scanning the operating environment, shortening decision cycles

and building the flexibility to reallocate resources as member needs and market conditions change. Boards should also strengthen accountability, transparency and oversight, with a clear separation of board and management roles, so that governance goes beyond formal compliance.

SASRA and policymakers should continue to communicate regulatory requirements clearly, apply proportionate supervision, and support capacity building in governance and risk management. Since regulation did not significantly moderate the effect of resilience practices, regulators should encourage SACCOs to build internal resilience capabilities alongside compliance rather than relying on regulation alone. SACCO members should use general meetings and their voting rights to hold boards accountable for risk management, governance and performance.

Future studies should adopt longitudinal designs to establish how resilience practices influence performance over time, use objective financial indicators alongside perceptual measures, examine mediating variables such as innovation capability, organizational learning and digital transformation, extend the study to other counties and financial institutions, and investigate alternative moderators such as SACCO size, technological maturity and regulatory intensity, using an improved measure of regulatory policies.

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