

# INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON PERFORMANCE OF DEPOSIT TAKING SACCOS IN NAIROBI CITY COUNTY

Mary H. A. Otieno<sup>1</sup>, Dr. Geoffrey Makau, PhD<sup>2</sup>

<sup>1,2</sup>Jomo Kenyatta University Of Agriculture And Tecnology, Nairobi, Kenya

---

**Abstract:** The aim of the study was to investigate the influence of strategic practices on the performance of deposit taking SACCOs in Nairobi City County. It sought to achieve four specific objectives; first to determine the influence of environmental scanning on the performance of deposit taking SACCOs second, to assess the effect of strategy formulation on performance of deposit taking SACCOs; third, to assess the influence of strategy implementation on performance of deposit taking SACCOs and lastly, to establish the influence of strategy evaluation and monitoring on performance of deposit taking SACCOs. This study employed descriptive research methodology. There were a total of 820 members of staff from which a sample of 246 respondents was selected comprising of Senior Management Team, Middle Management and Lower-level Management. The study used stratified random sampling technique and a structured questionnaire was used for data collection. The questionnaires was administered to the respondents through the drop and the pick method and once collected the data will be analyzed using both descriptive and inferential statistics. Statistical Package for Social Science (SPSS) version 26.0 was used to perform correlation analysis to establish the degree of relationship between respondents' opinion on the four research objectives and the performance of deposit taking SACCOs. Analyzed data were presented descriptively in the form of tables. Findings on the first objective revealed that the influence of environmental scanning was found to have a beta coefficient of ( $r=0.407$ ), the second objective revealed that the effect of strategy formulation was found to be at ( $r=0.499$ ). For the third objective the impact of strategy implementation on organizational performance was estimated to be at ( $r=0.304$ ) but had insignificant influence. Analysis of the final goal estimated to have ( $r=-0.354$ ) to the effect of strategy evaluation on organizational performance to be. These findings were majorly consistent with most previous studies. It was concluded that strategy formulation practices at deposit taking SACCOs were not up to expectations and there is much to be done in this regard to facilitate the enhancement of organizational performance. It was also concluded that strategy implementation strategies were not of any significance to the performance. The study equally found that strategy evaluation had a significant effect on organizational performance but needed to be substantially improved for it to make an impact at deposit taking SACCOs in Nairobi County. Recommendations suggested the inclusion of more operational members in strategy formulation, the adoption of a more objective formula in resource allocation, and preempting terminal underperformance through rigorous formative evaluations

**Keywords:** environmental scanning, strategy formulation, Strategy Implementation, Strategy Evaluation And Monitoring, Performance.

---

## I. INTRODUCTION

### 1.1 Background of the Study

Strategic management, according to Arshad (2012), is the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of its owners, based on consideration of resources and an

assessment of the internal and external environments in which the organization competes. Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans (Bryceson & Slaughter, 2011). Strategic management is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of planning (Browning, 2011).

According to Macmillan and Tampoe (2010), Strategic execution is basic to an organization's achievement. Tending to who, where, when, and how of achieving the coveted objectives and targets. It concentrates on the whole association. Strategic execution takes place when there is careful SWOT analysis, proper human resource allocation and financial allocation. Execution measuring instruments are helpful to deliver inspiration and allow for development. Execution, as a rule, incorporates a vital guide that distinguishes and maps the key fixings that may coordinate execution. Such fixings include accounts, showcase, work environment, operations, people and accomplices (Mulunda, 2014).

Strategic management is a continuous process that involves attempts to match or fit the organization with its changing environment in the most advantageous way possible (Pearce and Robinson, 2007). Strategies are the means by which long-term objectives will be achieved. "A strategy is a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization" (Pearce and Robinson, 2007; Thompson and Strickland, 2001).

According to SASRA (2012) SACCOS operating FOSAs (deposit taking SACCOS) undertake banking activities. One of their key activities is lending. The Kenya Cooperative Societies Act (2008) describes deposit-taking business as SACCO business which conducts their activities by accepting deposits on a day-to-day basis and any other activity of the SACCO business which is financed, wholly or to a material extent, by lending or extending credit for the account and at the risk of the person accepting the deposit, including the provision of short-term loans to members. The Act further prohibits SACCOS from granting loans or credit facilities to member where the loan or credit facility, in the aggregate, exceeds such limit of the society's core capital as the SASRA may prescribe. Further to this, the act prohibits SACCOS from granting loans or credit facility against the security of the core capital of the society. SASRA (2012) provides that deposit taking SACCOS have to apply International Financial Reporting Standards (IFRSs). The IFRSs have strict disclosure requirements for entities to provide information on loan portfolio, non-performing loans as well as provisions for doubtful loans. The IFRSs further provide that entities applying the reporting standards need to have in place aging analysis of their loans. Further to this, the entities will need to have a clear lending policy in place which will form the basis for issue of loans (IFRS, 2012).

The Cooperative movement in Kenya plays an important role in the social-economic process of this country. Co-operatives area unit cutting across all sectors of the economy thus offers a vital framework for each human and capital resources mobilization. The SACCO sector has mobilized over Ksh. 230 billion with a membership of over eight million in thirteen thousand registered co-operative societies.

The government through the Department of Co-operative Development and marketing has continued to play a key helpful role in the activities of the SACCO movement. The department has been endeavoring on enabling the Movement to be effective, vivacious and globally competitive by shaping close linkages between the SACCO Movement and Government line Ministries. Today, Co-operatives are currently taking part in a crucial role within the accomplishment of Kenyan country vision 2030 and also the Millennium Development Goals (Ministry of Industry, Trade And Co-Operatives State Department Of Co-Operatives, 2017).

## 1.2 Statement of the problem

The deposit taking SACCO business have grown in the recent years. This growth could be attributed to several factors one of them being increased need for finances for the growth of businesses and rapid increase of population. Numerous studies have been carried out globally and locally on the influence of strategic management practices on organizational performance. For instance, Melchorita (2013), Bakar et al (2011), Murimbika (2011), Dauda et al (2010) and Ofunya (2013) analyzed the relationship between strategic management practices and organizational performance in different organizations the studies showed positive relationship between strategy implementation, strategy evaluation and control

and organizational performance but none of them investigated the influence of strategic management practices on performance of deposit taking SACCOS.

Cervero & Golub (2007) investigating the diffusion of six proposed strategic management tools of the past few decades through the lens of organizational change theory, examined the relationship between the adoption of these techniques and organizational performance in both manufacturing and non-manufacturing organizations in New Zealand. The study used quantitative methodology to analyze data. The findings suggest a significant association between the diffusion of these relatively new strategic management tools and organizational performance.

Mwangi (2013) investigated strategic management practices and performance of large pharmaceutical firms in Kenya. The study findings revealed that firms that were applying strategic management practices were more willing to innovate prepared to take risks and were more proactive than competitors. Ondera (2013) examined strategic management practices in Mbagathi District Hospital, Nairobi, Kenya. The study revealed that, the hospital formulates implements and evaluates the work plan by involving all staff working at the hospital and that the management allocated funds based on the work plan to facilitate the process of strategy implementation. Akello (2010) looked at Challenges of implementing competitive strategies in the insurance Industry in Kenya. It found that resource allocation, and supervision were the main challenges in strategy implementation. There is a need to see whether similar findings can be obtained in deposit taking SACCOS which is a different environment.

From the foregoing, related studies have been done on strategic management practices on various industries but none has explored the influence of strategy practices on the performance of deposit taking SACCOS in Nairobi. The current study seeks to bridge the gap by answering the question; is there influence of strategic management practices on the performance of deposit taking SACCOS in Nairobi, Kenya?

### **1.3 Objectives of the study.**

This study was guided by the following objectives

#### **1.3.1 General Objective**

The general objective of the research was to determine the influence of strategic practices on the performance of deposit taking SACCOS in Nairobi.

#### **1.3.2 Specific Objectives**

The study was guided by the following specific objectives;

- i. To determine the influence of environmental scanning on the performance of deposit taking SACCOS in Nairobi County.
- ii. To assess the influence of strategy formulation on the performance of deposit taking SACCOS in Nairobi County.
- iii. To assess the influence of strategy implementation on the performance of deposit taking SACCOS in Nairobi County.
- iv. To establish the influence of strategy evaluation and monitoring on performance of deposit taking SACCOS in Nairobi County.

### **1.4 Research questions**

- i. How does environmental scanning influence the performance of deposit taking SACCOS in Nairobi County?
- ii. To what extent does strategy formulation influence the performance of deposit taking SACCOS in Nairobi County?
- iii. Does strategy implementation influence the performance of deposit taking SACCOS in Nairobi County?
- iv. What is the influence of strategy evaluation on the performance of deposit taking SACCOS in Nairobi County?

### **1.5 Significance of the Study:**

The findings of the study will significantly help the following: Regulators; SASRA, central bank, Policy makers, Academicians

### 1.6 Scope of the Study

The study focused on the influence of strategic practices on the performance of deposit taking SACCOS in Nairobi County. It will focus on all the forty two deposit taking SACCOS that are in Nairobi County. A sample of respondents will be taken from the total population of 820 employees from all the SACCOS. The sample was taken from each segment that's top-level management, middle level management, supervisors and junior employees. A sample of 246 respondents was taken. The aim of the study was be to assess the influence of strategy implementation on performance of deposit taking SACCOS. The study collected data from 246 members of staff from all segments from Headquarters and branches. The study was carried out in August 2021.

## II. LITERATURE REVIEW

### 2.1 Theoretical Review

The study was anchored on three theories which include; stewardship theory, resource based theory and 4 Porter's Theory of Competitive Advantage.

#### 2.1.1 Stewardship theory

This theory was proposed by Donaldson and Davis (1991 & 1993). It helps in understanding the relationship that exist between ownership and management of the company. This theory arises as an important counterweight to Agency Theory. According to Huse, (2007), the idea behind stewardship hypothesis is trust. The study further refers stewardship theory as another option to office hypothesis which has picked up a dependable balance among numerous administration researchers. Stewardship hypothesis accept that supervisors, by and large, ought to be trusted as great stewards.

According to stewardship theory, there are various types of inspiration for chiefs which consist of; directors are persuaded by non-budgetary motivators, filling a need to accomplish, and to increase characteristic prizes and fulfillment through their work. It also views directors as individuals needing to complete a great job.

#### 2.1.2 Resource-Based View Theory

Birge Wenefeldt developed this theory in 1984. According to Nyariki, (2013), resource based view analyses and identifies firms' strategic advantages by examining their distinct combination of assets, skills, capabilities and intangibles as an organization. The RBVs underlying premise is that firms differ in fundamental ways because each firm possesses a unique bundle of resources-tangible and intangible assets and organizational capabilities to make use of those assets. Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's competitive advantage (Pearce & Robinson, 2007).

According to resource-based view (RBV), organization resources are seen as the key to successful firm performance. Rothaermel, (2012), explains that resource exhibits VRIO attributes, which enables the firm to gain and sustain competitive advantage. Barney (1991) has known VRIN structure that looks as if assets are important, uncommon, costly and non-substitutable. The assets and capacities that answer positively to any or every one of the inquiries are the supported aggressive advantages.

#### 2.1.3 Porter's Theory of Competitive Advantage

This theory was pioneered by Porter (1980). This strategy views the essence of competitive forces in strategy formulation. According to Nyariki, (2013), a key aspect of the firm's environment is the industry or industries in which it competes. It acknowledged that industry structure strongly influences the competitive rules of the game as well as the strategies potentially available to firms.

In the competitive forces model, five industry level forces: entry barriers, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among industry incumbents- determine the inherent profit potential of an industry or sub segment of an industry. The approach can be used to help the firm find a position in an industry from which it can best defend itself against competitive forces or influence them in its favor (Porter, 1980)

### 2.2 Conceptual framework

A conceptual framework is an abstract representation connected to research project's goal that directs the collection and analysis of data, Rogers, (2003). It Involves strategic management practices (resource allocation, set targets, strategy

communication ,& supervision) in the deposit taking SACCOS in Nairobi the independent variables, while the dependent variables considered as performance indicators were ; net profit levels, growth in the number of employees and increase in market share.

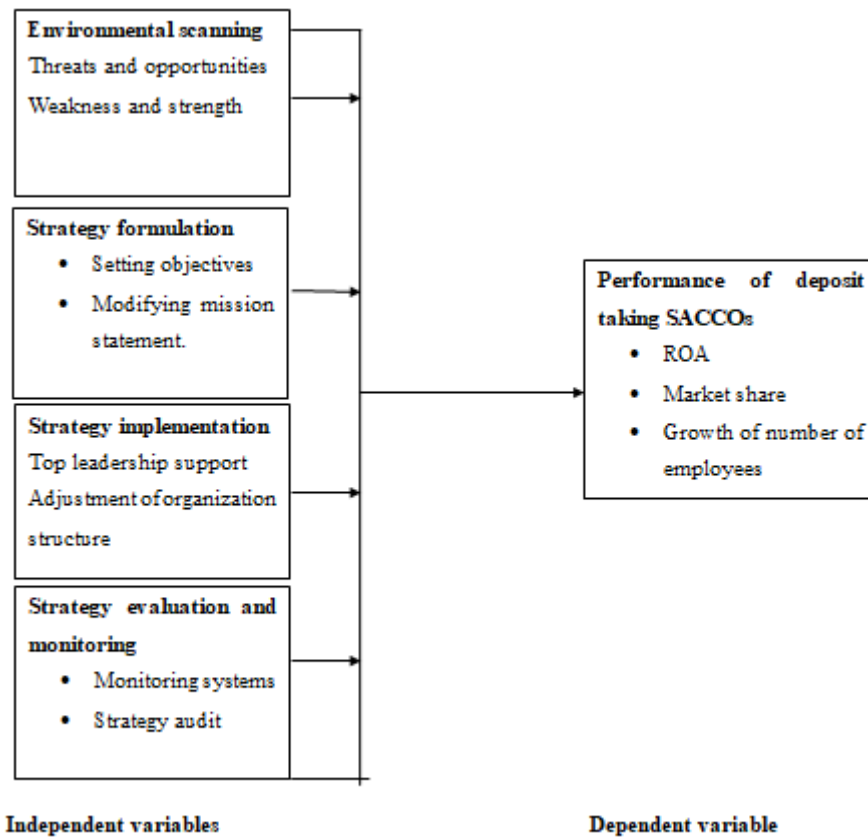


Figure2. 1 conceptual framework

### 2.3.1 Environmental scanning and performance of deposit taking SACCOS

Analyzing and understanding the situation is accomplished by three separate strategic thinking activities: external environmental analysis; internal environmental analysis; and the development or refinement of the organization's directional strategies. The interaction and results of these activities form the basis for the development of strategy. These three interrelated activities drive the strategy (Swayne, Duncan, & Ginter, 2006).

These influences must be understood before a strategy can be formulated, as they represent the organization's situation. Forces in the external environment suggest what the organization should do. That is, success is a matter of being effective in the environment – doing the right thing. Strategy is additionally influenced by the internal resources, competencies, and capabilities of the organization and represents what the organization can do. Finally, strategy is driven by a common mission, common vision, and common set of organizational values and goals – the directional strategies. The directional strategies are the result of considerable thought and analysis by top management and indicate what the organization wants to do. Together, these forces are the essential input to strategy formulation. They are not completely distinct and separate; they overlap, interact with, and influence one another (Swayne, Duncan, & Ginter, 2006).

### 2.3.2 Strategy formulation and performance of deposit taking SACCOS

Strategy formulation refers to the process through which a firm defines its overall long-term direction and scope. It involves establishing the way a company creates value through the configuration of its activities and resources in the markets in which it operates. Strategy formulation is a purposeful, deliberate exercise to develop a company's competitive advantage and thus enhance its performance (Gimbert, Bisbe, & Mendoza, 2010) (Collis & Montgomery, 2005).

Strategy formulation is the process of creating a strategy for either an individual, or an organization. It involves the development of long-term plans for the effective management of environmental opportunities and threats while taking

into account the company's strengths and weaknesses and incorporating the corporate mission, specifying feasible objectives, developing strategies and setting policy guidelines. The process includes the planning and decision making that results in the setting up of the organization's goals and the creation of a particular strategic plan (Daft, 2004; Bordean *et al.*, 2010). In strategy formulation, strategic leadership involves managing an organization's strategy making process in the most effective manner in order to create competitive advantage.

Strategy-making process involves the selection and the subsequent implementation of a set of strategies that strive for achieving a competitive advantage (Hill, Jones & Schilling, 2014). Andrews *et al.* (2009), however, examined the independent impacts of strategy formulation variables such as rational planning, logical instrumentalism and strategy process absence and strategy content on organizational performance. Their findings revealed that variables of strategy formulation including logical incrementalism and strategy absence had negative influence on performance while variables including prospecting and defending were established to likely bring about greater amounts of organizational performance. Leaders help to determine the vision and mission of the company as well as facilitating the organization to implement effective strategies to achieve the vision (Azhar, Ikram, Rashid, & Saqib, 2012).

According to Taylor, de Lourdes Machado and Peterson (2008), organizational leaders are tasked with effectively moving the company forward by taking the organization from its current state to a new and better state in terms of capacity and performance. Leaders further act as a connection between the soul and the body of a company. During the process of strategic management, leaders act as change enablers/drivers, guides, innovators, strategists, care takers, analysts, evaluators, organizers, developers, decision makers, risk managers, collaborators, debtors, and motivators (Azhar *et al.*, 2012). In order to gain competitive advantage, leaders identify organizational resources, enter inputs into the planning process, single out the capabilities that allow the organization to improve and then select a strategy that best enables the organization to exploit its resources and capabilities (Taylor, de Lourdes Machado & Peterson, 2008).

### 2.3.3 Strategy implementation and Performance

This practice involves direct control of strategic decisions by one or a few individuals. Frequently, training is found in privately-run companies and little medium Enterprises (SMEs) and requires that the director comprehends what the activity they are administering involves. As per Ansoff *et al.* (1990) this approach requires the inclusion of all directors in charge of usage and additionally of supervisors and different people who settle on key commitments to the basic leadership process. Before execution, instruction and preparing are given to the members in the significant ideas, aptitudes, and methods. This is accomplished by guaranteeing that there is technique elucidation whereby individuals comprehend the system with a specific end goal to grasp it and help bolster its usage. Correspondence is critical as it guarantees duty and falling technique wraps everything in guaranteeing fruitful execution of the methodology (David, 2003).

The Company's managers should place under consideration controls that offer strategic control and also the ability to regulate ways, commitments, and objectives in response to the dynamic future conditions (Pearce & Robinson, 2007). Managers leading the strategy process through shaping values, cultures and keeping the organization responsive by initiating corrective actions to improve strategy execution. The stronger the strategy supportive fit is, the greater the chances of successful strategy implementation (Thompson & Strickland, 2001).

### 2.3.4 Strategy Evaluation and Monitoring

Another challenge to strategy implementation is monitoring and control in order to ensure that the strategic plan is on course. Crittenden *et al.* (2008) are of the opinion that too much control inhibits creativity, which is a critical resource to the organization. Too much control in the organization structure can hinder creativity and therewith a fast adoption of strategy. It is important that implementers understand the direction where the organization and the managers are heading but how they go this way must be left to employee's own devices.

Olson *et al.* (2005) in their study are of the opinion that balances between hierarchy and independence and self-responsibility must be established in connection to the strategy implementation. Organization control consists of verifying whether everything occurs in conformity with the plan adopted; instructions issued; and the principles established. Controls can be either strategic or operational. Strategic controls are concerned with the overall performance of the organization or a significant part of it. Operational controls measure activities within sub-units of an organization and usually cover a shorter time period than strategic controls. All such controls check whether the organization's strategic

and operational plans are being realized and put into effect corrective measures where deviations from expected performance levels or shortfalls are occurring. This includes the options put in place in the event that the implementation is not on track which include changing the action steps, changing the strategy or implementing emerging strategies or even changing the schedule among others. Strategy implementation is therefore a key challenge for today's organizations. Other scholars such as Yang Li, Sun G. et al (2008) argue that there are many factors (soft, hard, mixed) that influence the success of strategy implementation ranging from the people who communicate or implement the strategy to the systems in place for coordination and control.

Challenges of strategy implementation are also as a result of strategic drift of organizations (Pierce and Robinson (2003)). This is when organizations go through a long period of relative continuity during which established strategies remain largely unchanged or changes are made incrementally and as a result these strategies fail to address the strategic position of the organization in its environment and performance keeps on deteriorating.

### 2.3.5 Deposit taking SACCOS performance

Organizational performance is described as an organization's capability to achieve its actual output by utilizing its available resources to achieve its organizational goals and objectives (Griffins, 2006). The financial performance of a business is either assessed by its generated profits, its market value and also the growth of an organization. At the same time non-financial performance is measured by assessing the employee/customer satisfaction, new innovations, quality of service provision / products and reputation of an organization (Santos & Brito, 2012). Studies done in the past have recognized the significance of strategic planning on performance and pointed out its role in the contribution of a better performance for an organization. This is further affirmed by Ansoff, (2003) in that most organizations adopted the concept of strategy when they realize that for any organization to achieve its goals then it requires a clearly defined direction in terms of its scope and growth. At the same time, David (2003) maintains that organizational success is not guaranteed by adoption of strategic planning. From the above, there have been constant reviews or studies done to ascertain if it's true that the organizations that adopt strategic planning perform better in terms of their performance (financial and non-financial). There have also been debate among various management schools, authors, consultants and organizations and a lot of research to determine the effect of strategic planning on organizational performance. Therefore, the challenge has been on how to measure the performance/non-performance either subjectively or objectively especially in the private sector. Performance of an organization is measured in terms of its return on assets, return on equity, return on investment, return on sales and return on revenue among others.

### 2.4 Empirical review

Kaliappen and Hilman (2013), carried out a research with an aim of examining how to enhance organizational performance through strategic alignment of cost, leadership strategy and competitor orientation. The research was carried out by first collecting primary data through questionnaires from three to five-star rating hotels' managers in Malaysia. Analysis of the data was done by conducting descriptive statistics analysis and correlation analysis. From their results, they were able to conclude that strategic leadership has a positive and significant impact on competitor orientation and that leadership strategy has a significant and direct impact on organizational performance. Abdullahi, Abubakar, Muhammad and Kuwata (2014), examined the role of budget and budgetary control on organizational performance focusing on Tahir Guest Palace in Kano, Nigeria. Purposive sampling was used to select a sample of 278 staff from whom primary data was collected using questionnaires, while the secondary data was obtained through the financial statements of Tahir Guest Palace from 2007-2012. Results from the regression analysis revealed that budget target setting, budget administration, and budget process all have substantial impact on an organization's performance. The study suggested that the top-level management should uphold suitable standard on budget administration and preparation, and budget practice during strategy formulation.

In their research paper on the impacts of Strategic Environmental Scanning on Organization performance in a competitive business environment, Babatunde and Adebisi (2012), examined Nestle Nigeria Plc and Cadbury Nigeria Plc by using structured questionnaires to seek the opinions of the selected respondents. Analysis and interpretation of the collected data was through regression and coefficient of correlation method. Results confirmed that there is significant relationship between strategic environmental scanning and organization performance whereby it was found that 30% of the variation or change in effective organization performance is caused by variation in strategic environmental scanning. Identifying a

company external opportunities and threats and defining internal strengths and weaknesses is important during the strategy formulation stage.

Supriyadi (2012), conducted a research with an aim of examining the influencing effect of strategic leadership on a firm's innovative and inventive performance. The paper was carried out by first collecting secondary data regarding chief executive officers and chief scientific officers who managed biopharmaceutical companies in Indonesia. The data was then analyzed using statistical techniques mainly by use of a 3-level mixed effect Poisson regression hierarchical modelling. The results from this paper indicated that strategic leadership has a positive and significant effect on a firm's inventive and innovative performance.

Serfontein (2010), carried out a research with an aim of investigating the impacts of strategic leadership on the operational strategy and performance of business organizations in South Africa. Strategic leadership was divided into constructs; namely action, coherence and discipline. The paper was conducted amongst CEOs and executive team members of top performing organizations as listed in the financial mail. The questionnaires were sent to them via email. They then adapted and developed measurement instruments which were then verified as reliable using Cronbach's alpha and then tested for validity by testing convergent validity, discriminant validity, face validity and Nomo-logical validity. The data was then analyzed using descriptive statistics and correlation analysis (Spearman's correlation analysis). The results from this paper indicated that the relationship between strategic leadership and performance of business organizations is positive but indirect.

Kitonga, Bichanga and Muema (2016), carried out a research with an aim of investigating the relationship between strategic management and organizational performance in not-for-profit organizations. The paper was carried out by collecting primary data from the NPOs (also known as CEOs and Directors etc.) and other members of top management team (project managers) from the sampled not-for-profit organizations in Nairobi county, Kenya. Strategic leadership was subdivided into components namely strategic direction, human capital, ethical practices and organizational control. The paper tested for reliability of measurement constructs using Cronbach's alpha and tested for validity by calculating content validity index. The data was then analyzed using statistical techniques such as descriptive statistics analysis, multiple regression analysis and correlation analysis.

The regression analysis results indicated that all the components of strategic leadership named correlate positively with organizational performance. The results further indicated that strategic decision and human capital correlate significantly with organizational performance while ethical practices and organizational control do not have a significant correlation with organizational performance. Their general conclusion is that strategic leadership has a positive significant relationship with organizational performance.

Nthini (2013), carried out a research with an aim of investigating the effect of strategic leadership on performance of commercial and state corporations in Kenya. The paper was conducted amongst employees working in charge of strategy and human resource department. They used descriptive survey design and collected data using questionnaires. Strategic leadership was divided into several components namely, determined corporate strategic direction, effectively managed corporate resource portfolio, emphasized effective organizational culture, emphasized ethical practices and balanced organizational controls. The analysis of strategic leadership in commercial and financial state corporations showed that, in positive organizational culture core values, symbols and ideologies are shared. Balanced organizational controls showed a positive strong relationship with annual employee turnover. All the components of strategic management correlated highly with customer satisfaction, return on investment, net profit margin and low annual employee turnover. This implied that effective strategic management promotes organizational performance.

Koskei, Katwalo and Asienga (2013), conducted a research with an intention of investigating the influence of strategic leadership capability on organizational performance of research institutions in Kenya. In the research methodology they used stratified random sampling technique, and they tested reliability using Cronbach's test of internal consistency, quantitative research design and they analyzed the data by conducting factor analysis, analysis of variance (ANOVA), Pearson correlation analysis and regression analysis. The results from regression analysis indicated that strategic leadership capability was positively and significantly related to research institution's performance.

Maritim (2013), carried out a study to determine the impact of budgeting on the financial performance of Kenyan manufacturing and commercial state-owned enterprises. The study adopted a descriptive research design and used a



questionnaire to collect primary data. Results from the regression analysis indicated that the budgeting practices that are common among the firms are budget planning, budget participation, budget participation and budgetary sophistication. On the other hand, employee involvement in the budgeting process led to better performance in actualization of the plan specified in a certain period followed by budget planning.

### **2.5 Critique of existing literature**

Many researchers and scholars have dwelt mostly on the study of challenges and factors affecting strategy implementation. However, little has been done on the strategy practices and performance of deposit taking SACCOS in Nairobi. This has led to scanty information on the best strategy practices that influence high performance of deposit taking SACCOS.

Lack of definitive researched information on deposit taking SACCOS' performance means that scholars and SACCO stakeholders, including their top management, have less to refer to as a basis to formulate policies geared toward solid performance. As a result, the researcher identified the need for this research to be conducted so as to add to the pool of literature on strategy practices and performance of organizations.

## **III. RESEARCH METHODOLOGY**

### **3.1 Research design**

The study used descriptive research designs Descriptive research design focuses on providing accurate description of the problem. It is designed to provide descriptive information and present information for formulating more sophisticated studies, (Aliaga & Gunderson, 2010). To achieve the objectives of the study, the research adopted descriptive research design. The design was deemed appropriate in this study since its purpose is to evaluate the influence of strategic management practices on the performance of deposit taking SACCOS in Nairobi County.

### **3.2 Target Population**

The research targeted a population of 820 employees from all the SACCOS which comprised of the Senior Management Team, Middle-Level Management, and Supervisory Level, and Clerical/Secretariat team. This population was considered to be suitable for this study since strategy design and implementation cuts all sections. The information is further shown in table 3.1

### **3.3 Sampling size and technique**

#### **3.3.1 Sample size**

According to Kothari (2003) an optimum sample is the one that fulfills the requirements of efficiency, representativeness, reliability and flexibility. This sample should range between 10% and 30%. A sample size of 30% of the target population was taken in this study which gave the respondents of 246..

#### **3.3.2 Sampling technique**

The sampling technique is the way toward choosing the particular philosophy to use in choosing the substances in the examination (Collins & Hussey (2009). This study adopted stratification and random sampling. Stratification is the process of segmenting the members of the population into homogenous subgroups before the sampling starts. Random sampling is where each employee in each segment has equal chances of being included in the sample.

### **3.4 Data Collection Instrument.**

The study used a questionnaire which was administered to each member of the sample population. The form had open ended questions. According to Kothari, (2008), the open ended or unstructured questions permit greater depth of response from the respondents. The questionnaire was preferred because it is easier for the researcher to collect a lot of information over a short period of time.

### **3.5 Data Collection Procedure**

A brief introduction was made to the respondents before administering the questionnaire with the aim of explaining the questionnaire. Confidentiality was assured to the respondents through the letter of transmittal that accompanied the

questionnaire. The questionnaires were administered through drop and pick. The respondents were allowed ample time to fill the questionnaire.

### 3.6 Pilot study

The pilot study was conducted on two members of staff from each segment. These staff did not participate in the main study. Validity and reliability tests were carried out to ensure usefulness and consistency of the results.

### 3.7 Data Analysis and presentation

Both qualitative and quantitative data was collected and analyzed by descriptive statistics. The descriptive statistical tools such as Statistical Package for Social Sciences (SPSS Version 26.0) to help the researcher to describe the data easily and determine the extent used. The findings were presented using tables and charts. Likert scales was used to analyze the mean score and standard deviation, this helped in investigating the influence of strategy practices on the performance of deposit taking SACCOS in Nairobi. Data analysis used frequencies, percentages, means and other central tendencies. Inferential statistics was also used to analyze the data. Correlation and regression analysis were used as well as ANOVA

Multiple regression analysis was undertaken so as to determine the relationship between the dependent and independent variables. The following multiple regression was obtained to explain the relationship between the variables.

$$Y = 2.059 + 0.335 X_1 + 0.387 X_2 + 0.032 X_3 - 0.409 X_4 + \varepsilon$$

Where:

Y – Performance of deposit taking SACCOS.

X<sub>1</sub> – coefficient of environmental scanning

X<sub>2</sub> – coefficient of strategy formulation.

X<sub>3</sub> – coefficient of strategy implementation.

X<sub>4</sub> – coefficient of strategy evaluation and monitoring.

ε – Error term

## IV. RESEARCH FINDINGS AND DISCUSSIONS

### 4.1 Introduction

This chapter dealt with the compilation, presentation, and analysis of data collected during the data collection phase. It contains sections which correspond to the objectives of the study. It begins with an analysis of the demographic attributes of respondents after which it goes ahead to analyze the main study objectives in the following order. The questionnaire response rate was good since out of the 246 questionnaires sent to respondents out 240 (97.5%) received and were therefore considered for analysis.

### 4.2 Response Rate

The respondents who participate in the study were the staff of deposit taking SACCOs in Nairobi County. The respondents included senior management, middle level management, supervisors and clerical staff. The respondents filled and returned the questionnaires as indicated in Table 4.1.

**Table 4.1: Instrument response rate**

	Frequency	Percent
response	240	97.5
Non response	6	2.5
Total	246	100.0

Table 4.1 indicates that the questionnaire return rate was above 97.5 percent which is adequate for analysis. According to Mugenda, (2008), response rate above 70% is adequate for analysis

### 4.3. Descriptive statistics

#### 4.3.1 Gender of respondents

The first item of analysis on demographic attributes of respondents was regarding their gender affiliations. Table 4.2 below summarizes the frequency and percentage composition for the masculine and feminine gender affiliations.

Regarding gender, it was found that there were more males than there were females. The males had a percentage composition of 53.4% while the females composed 46.7% of the total of respondents

**Table 4.2: Gender of respondents**

	Gender			
	Frequency	Percent	Valid Percent	Cumulative Percent
male	128	53.3	53.3	53.3
female	112	46.7	46.7	100.0
Total	240	100.0	100.0	

#### 4.3.2 Age bracket.

The second parameter to be analyzed under the demographic attributes of respondents was regarding their distribution of age. Table 4.3 summarizes the findings made in this regard

Regarding age distribution, the majority of the respondents were found to belong to the age category 31-40 years who claimed 76.3% composition followed by those 25 years and below who had 20.0% composition. The last category was found to be that constituted by individuals between 41 and 45 years, as they claimed 3.8% composition. This implies majority are youths who are energetic and flexible to work

**Table 4.3: Age brackets of respondents**

	Age bracket			
	Frequency	Percent	Valid Percent	Cumulative Percent
25 yrs and below	48	20.0	20.0	20.0
31-40	183	76.3	76.3	96.3
41-45	9	3.8	3.8	100.0
Total	240	100.0	100.0	

#### 4.3.3 Highest level of education

With regards to level of academic qualification, majority of the staff 54.6% had attained under graduate degree while 37.9% had attained postgraduate degree and minority of 7.5% had diploma level. This means that the SACCOs staff were competent enough to undertake their duties. The distribution of respondents in terms of their highest qualification were as shown in the table 4.4 below

**Table 4.4: Education level of respondents**

	Level Of Education			
	Frequency	Percent	Valid Percent	Cumulative Percent
diploma	18	7.5	7.5	7.5
undergraduate	131	54.6	54.6	62.1
postgraduate	91	37.9	37.9	100.0
Total	240	100.0	100.0	

#### 4.3.4 work experience

The fourth parameter analyzed the demographic attributes of respondents was work experience, which is basically how many years the respondents had spent working for deposit taking SACCOs in Nairobi county. A summary of the findings is exhibited in Table 4.5 below

Findings suggested that majority of the respondents had between 1 and 2 years in their positions at the SACCOs. These respondents constituted 44.2% of the total number of study participants. It was followed by those that have been the

SACCOs for 5 years and above who represented 37.9 %. Minority of the respondents had work experience between 3 and 4 years which was 17.9%

**Table 4.5: Work experience of respondents**

		Work experience			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2 years	106	44.2	44.2	44.2
	3-4years	43	17.9	17.9	62.1
	5years and above	91	37.9	37.9	100.0
	Total	240	100.0	100.0	

#### 4.3.5 Influence of environmental scanning on deposit taking SACCOs performance

**Table 4.6: Table opinion on influence of environmental scanning on deposit taking SACCOs in Nairobi City County**

Statement	1	2	3	4	5	Mean	SD
	%	%	%	%	%		
Resources (physical, financial & human) are available to support performance	0.8	2.5	37.7	51.7	7.5	3.63	0.69
Your SACCO has the financial capacity to effectively and timely support mission focus performance	22.5	3.8	28.3	15.8	29.6	3.28	1.49
Organizational politics interferes with strategic plans in the organization.	16.3	23.3	35.0	20.0	5.4	2.75	1.11
Your SACCO supports an employee participative involvement strategy to enhance performance	15.0	10.4	15.8	46.7	12.1	3.30	1.25
Timely availability of resources to support customer focus performance	0.00	4.6	42.1	23.3	20.0	3.49	0.97

From the table 4.6 above it is shown that the top evaluated statement was that there are available resources for performance which scored a mean of 3.625 and therefore interpreted as high. The lowest evaluated statement was that organizational politics interferes with strategic plans in the organization as its mean was calculated at 2.75 and was interpreted as being average. Furthermore, timely availability of resources to support customer focus performance employees (mean = 3.49, SD = 0.97). On the opinion that your SACCO supports an employee participative involvement strategy to enhance performance majority agreed with the statement with mean 3.30 and SD 1.25. As well, SACCO has financial capacity to support mission focus (mean 3.26, SD 1.49). This implies that resources are critical in environmental scanning which leads to better decision making. The findings concurs with Swayne, Duncan, and Ginter, (2006) which suggested that resources are critical in strategy making process.

#### 4.3.6 Influence of strategy formulation on performance of deposit taking SACCOs

**Table 4.7: Opinion on influence of strategy formulation on deposit taking SACCOs in Nairobi City County strategy formulation**

Statement	1	2	3	4	5	Mean	SD
	%	%	%	%	%		
The organization has clear mission and vision statement.	3.8	4.2	37.9	46.3	7.9	3.50	0.85
The goals set during strategy formulation are reasonably achievable	8.8	11.7	8.8	55.8	15.0	3.57	1.14
The goals set during strategy formulation are realistic	5.0	24.6	30.0	28.3	12.1	3.17	1.09
We engage all relevant stakeholders while formulating strategies	9.2	20.4	30.7	28.3	5.4	3.00	1.04
strategic plan influences the performance of your company	0.00	20.0	33.3	40.0	0.00	2.31	0.87

The table 4.7 above shows that the mean for strategy formulation policies and practices to be good as it was computed at 3.537. The goals set during strategy formulation are reasonably achievable is evaluated highly with a score of 3.57 and therefore interpreted as high. The lowest evaluated statement was that strategic plan influences the performance of your company” as its mean was calculated at 2.31 and was interpreted as being low.

Qualitative data collected for this section of analysis was guided by the questions of how organized the company is in strategy formulation on the basis of clear mission and vision statement implementing strategies. Majority of responses were entirely confident of the organization the company has in implementing strategies. Statements were indicating that top-level management did not consider the operational headaches that came as a result of implementing strategies. The lack of realistic goals was also lamented as a cause for concern during implementation, this was evidenced by the majority of the respondents rated it 3 and below. Lack of clarity of goals and the proper organization was also lamented as the cause for failure during strategy implementation.

#### 4.3.7 opinion on Strategy implementation and performance of deposit taking SACCOs

**Table 4.8: Table opinion on influence of strategy implementation on deposit taking SACCOs in Nairobi City County**

Statement	1	2	3	4	5	Mean	SD
	%	%	%	%	%		
There is a clear line of authority for members to follow during strategy execution	27.9	23.8	16.3	30.8	1.3	2.54	1.23
Management provides adequate physical resources for the implementation of strategies	45.4	21.7	5.4	10.4	17.1	2.32	1.54
Management provides adequate human resources for the implementation of strategies	25.0	19.2	29.6	22.5	3.8	2.61	1.19
Management provides adequate financial resources for the implementation of strategies	26.3	14.6	22.1	36.3	0.8	2.71	1.23
Roles and responsibilities are appropriately allocated on basis of competence and capability	30.4	14.2	20.8	34.6	0.00	2.59	1.24

From the table 4.8 above findings indicate that the top evaluated statement was that management provides adequate financial resources for the implementation of strategies which scored a mean of 2.71 and therefore interpreted as average. The lowest evaluated statement was that Management provides adequate financial resources for the implementation of strategies" as its mean was calculated at 2.32 and was interpreted as low.

Majority of responses were not entirely confident of the organization the company has in implementing strategies. For instance, on the provision of physical resources, the majority disagreed with the statement giving it a mean of 2.32 which is rated as low. Regarding what formed the basis of resource allocation, the minority of responses indicated that the size and potential of the opportunity in question is the central determinant of how well funded a strategy is. Similarly other bases of resource allocation suggested were available finances, urgency (timeliness) of activities, and track record of the team in performance. It was also found that resource allocation is one of the major bottlenecks when it comes to the implementation of strategies at deposit taking SACCOs in Nairobi thereby limiting their development. The findings contravenes the Kitonga, Bichanga and Muema (2016) which emphasized that allocation of resources is crucial on strategy implementation

#### 4.3.8 Opinion on Strategy evaluation, monitoring and performance of deposit taking SACCOs

**Table 4.9: Table opinion on influence of strategy evaluation and monitoring on deposit taking SACCOs in Nairobi City County**

Statement	1	2	3	4	5	Mean	SD
	%	%	%	%	%		
Your firm conducts an evaluation of its strategic plans regularly	16.3	5.4	43.8	21.3	13.3	3.1	1.23
Your firm faces employee resistance when evaluating strategic plans	3.4	21.3	35.0	28.3	10.0	3.16	1.04
Your organization has adequate monitoring systems to track strategy implementation	17.5	17.9	25.0	27.5	12.1	2.49	1.28
The organization undertakes regular strategy audit to ensure strategic plans are achieved	0.00	11.3	27.5	35.5	26.3	3.76	0.97
Strategy evaluation and monitoring influence performance in your organization?	8.8	5.0	52.8	22.1	11.7	3.23	1.02

The fourth objective of the study sought to examine the effect of strategy implementation on deposit taking SACCOs performance. The top evaluated statement was that the organization undertakes regular strategy audit to ensure strategic plans are achieved which obtained a mean score of 3.76 and therefore interpreted as high. The lowest evaluated statement was that the organization has adequate monitoring systems to track strategy implementation as its mean was calculated at 2.99 and was interpreted as average.

The results are as shown in table 4.9. The findings reveal that the majority agreed the organization undertakes regular strategy audit to ensure strategic plans are achieved with the mean of 3.76. This shows that regular strategy audit is critical in strategy evaluation. On the statement Strategy evaluation and monitoring influence performance in your organization' majority. On the opinion of the firm faces employee resistance, majority were neutral with a mean of 3.16. These findings contradicts Maritim (2013) which concluded that employee collaboration in strategy leads to better performance in actualization of the plan specified in a certain period followed by budget planning

#### 4.3.9 Opinion on performance of deposit taking SACCOs

**Table 4.10: Table opinion on performance deposit taking SACCOs in Nairobi City County**

Statement	1	2	3	4	5	Mean	SD
	%	%	%	%	%		
The Senior Management Team of the SACCO supports performance targets	7.5	12.1	41.7	27.5	11.3	3.23	1.05
Deposit taking SACCOS have performance contracting mechanisms	3.8	29.6	3.8	38.8	24.2	3.50	1.25
Deposit taking SACCOS have effective performance target review teams	8.8	14.6	35.8	29.2	12.1	3.22	1.11
The organization has clear set targets for each employee and rewards for achievements	30.4	14.2	20.8	34.6	0.00	2.60	1.24
The organization has proper structures that support the achievement of set targets	25.5	19.2	29.6	22.5	3.8	2.61	1.19

The study sought to establish the respondent's level of agreement with the statements below concerning deposit taking SACCOs performance in Nairobi County. The responses were placed on a five Likert scale; where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree. The summary of findings in table 4.10 indicate that SACCOs have performance contracting mechanisms in place. This was represented by a mean of 3.50 which was rated high. The findings are in line with Griffins, (2006) which concluded that performance contracting and performance targets have a positive relationship with performance of organizations. On the statements that senior management support performance targets and the SACCO have effective performance target reviews, the employees had confidence on these with rates of 3.23 and 2.32 respectively. However, the majority of respondents disagreed with the statement 'the organization has clear set targets for each employee and rewards for achievements' this had a mean of 2.60 rated as low. Similarly on the statement 'the organization has proper structures that support the achievement of set targets' the respondents were dissatisfied rating it low with a mean of 2.61

#### 4.4 Diagnostic tests

##### 4.4.1 Autocorrelation tests

The researcher used Durbin Watson to test for autocorrelation. Autocorrelation is a problem which exists when the error term in one time period is related to another error term in another period. If durbin Watson is between 0 and 4, there is insignificant autocorrelation. From the findings, Durbin Watson (DW) is 2.441 which is between 0 and 4. This implies that there was no autocorrelation

**Table 4.11: Autocorrelation test results**

<i>Model Summary<sup>b</sup></i>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.690 <sup>a</sup>	.476	.467	.59522	2.441

a. Predictors: (Constant), strategy evaluation and monitoring, strategy formulation, strategy implementation, Enviromental scanning

b. Dependent Variable: SACCOs performance

#### 4.4.2 Multicollinearity test

Multicollinearity also termed as collinearity shows if two or more variables used in a multiple regression model are highly correlated which means that one can be linearly predictable with a higher degree of accuracy compared to the others. The researcher used variance inflation factor

(VIF) to test collinearity. This factor measures how high the multicollinearity is in a least squares regression analysis. It gives the index showing the magnitude of the increase of a variance if a regression coefficient is increased because of collinearity. A variable whose VIF value is greater than 10 would merit further investigation. From the findings, the VIFs for the variables, record management, electronic communication, technical competency and digital monitoring and evaluation were less than 10. This implies that there was no multicollinearity.

**Table 4.12: Multicollinearity test**

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.059	.346		5.952	.000		
	Environmental scanning	.426	.066	.335	6.438	.000	.825	1.212
	Strategy formulation	.573	.074	.387	7.751	.000	.892	1.121
	Strategy implementation	.047	.073	.032	.647	.519	.890	1.123
	Strategy evaluation and monitoring	-.608	.073	-.409	-8.383	.000	.934	1.070

a. Dependent Variable: SACCOs performance

#### 4.5 Inferential statistics

The researcher conducted inferential analysis which included coefficient of correlation, coefficient of determination and multiple regression to establish the relationship between the independents and dependent variables the researcher conducted.

##### 4.5.1 Coefficient of correlation

In trying to establish the relationship between the study variables, the researcher employed the Karl Pearson's coefficient of correlation ( $r$ ). According to the findings as indicated in table 4.13, environmental scanning has a positive and significant influence on performance of deposit taking SACCOs in Nairobi city county ( $r=0.407$ ,  $p=0.000$ ). The association was significant since the  $p$  value (0.000) was less than 0.01 which is the significant level. The findings are in agreement with Babatunde and Adebisi (2012) which found that there is significant relationship between strategic environmental scanning and organization performance.

Moreover, the results revealed that strategy formulation has a positive influence on performance of deposit taking SACCOs in Nairobi City County. ( $r=0.499$ ,  $p=0.000$ ). The association was also significant since the  $p$  value (0.000) was less than 0.01 which is the significant level. The findings concurred with Kitonga, Bichanga and Muema (2016), which found a positive relationship between strategic management and organizational performance in not-for-profit organizations.

Further, the results revealed that strategy implementation has a positive insignificant influence on performance of deposit taking SACCOs in Nairobi county ( $r=0.304$ ,  $p=0.241$ ). The association was insignificant since the  $p$  value (0.241) was greater than 0.01 which is the significant level. The findings contradicts Sambasivan and Soon (2007) which concluded that clients' financial position affects project implementation

The results further revealed that strategy evaluation and monitoring has a negative significant influence on performance of deposit taking SACCOs in Nairobi city County ( $r=-0.354$ ,  $p=0.000$ ). The association was significant since the  $p$  value (0.000) was less than 0.001

Table 4.13: correlation coefficient results

Correlations		Environmental scanning	Strategy formulation	Strategy implementation	Strategy evaluation and monitoring	SACCOs performance
Environmental scanning	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	240				
Strategy formulation	Pearson Correlation	.323**	1			
	Sig. (2-tailed)	.000				
	N	240	240			
Strategy implementation	Pearson Correlation	.264**	.051	1		
	Sig. (2-tailed)	.000	.428			
	N	240	240	240		
Strategy evaluation and monitoring	Pearson Correlation	.149*	-.005	.235**	1	
	Sig. (2-tailed)	.021	.935	.000		
	N	240	240	240	240	
SACCOs performance	Pearson Correlation	.407**	.499**	.304	-.354**	1
	Sig. (2-tailed)	.000	.000	.241	.000	
	N	240	240	240	240	240
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

#### 4.5.2 Analysis of variance (ANOVA)

An analysis of variance was carried out on the relationship between environmental scanning, strategy formulation, strategy implementation and strategy evaluation on performance of deposit taking SACCOs in Nairobi City County. From Table 4.14 below, the model was significant (p-value = 0.000) at 0.05 level in explaining the linear relationship between the study variables. Additionally, the F critical at 5% level of significance was 2.46. Since F calculated (53.426) is greater than the F critical, this shows that the overall model was significant. This means that the model is appropriate for use running a factor analysis.

Table 4.13: ANOVA results

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	75.713	4	18.928	53.426	.000 <sup>b</sup>
	Residual	83.259	235	.354		
	Total	158.972	239			

a. Dependent Variable: SACCOs performance

b. Predictors: (Constant), strategy evaluation and monitoring, strategy formulation, strategy implementation, Environmental scanning

#### 4.5.3 Coefficient of Determination of Research Variables

The researcher conducted coefficient of determination to assess the suitability of statistical model in forecasting future results. Adjusted R squared is coefficient of assurance which shows the changes in the dependent variable as a result of variations in independent variables. Results in Table 4.15 show that the value of R squared was 0.476 which shows that there was change of 47.6% on project accomplishment due to changes in environmental scanning, strategy formulation, strategy implementation and strategy evaluation at 95% confidence level. R is the correlation coefficient which represents the connection between the investigation factors, findings in Table 4.15 show a high positive connection between the examination factors as appeared by 0.690



**Table 4.14: Model summary**

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.690 <sup>a</sup>	.476	.467	.59522	.476	53.426	4	235	.000
a. Predictors: (Constant), strategy evaluation and monitoring, strategy formulation, strategy implementation, Environmental scanning									

#### 4.5.4 Multiple Regression

Further the researcher carried out a multiple regression analysis to understand better the relationship between various study variables. The researcher used SPSS to enter and code responses from the respondent to assist in computing the extent to which a unit changes in a given independent variable cause a change to dependent variable. As per the SPSS generated Table 4.14 below, the equation,

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$ , became:

$$Y = 2.059 + 0.335 X_1 + 0.387 X_2 + 0.032 X_3 - 0.409 X_4 + \varepsilon$$

Where:

Y – Performance of deposit taking SACCOS.

X<sub>1</sub> – coefficient of environmental scanning

X<sub>2</sub> – coefficient of strategy formulation.

X<sub>3</sub> – coefficient of strategy implementation.

X<sub>4</sub> – coefficient of strategy evaluation and monitoring.

ε – Error term

The results show that, holding environmental scanning, strategy formulation, strategy implementation and strategy evaluation and monitoring constant at zero, deposit taking SACCOS performance be at 2.059. The researcher found out that a unit change in environmental scanning would cause a change in performance by a factor of 0.335, unit variation in strategy formulation would contribute to variation in deposit taking SACCOS performance by a factor of 0.387, unit variation in strategy implementation would contribute to variation in SACCOS performance by a factor of 0.032 and a unit variation in strategy evaluation and monitoring would contribute to change in SACCOS performance by a factor of 0.409.

**Table 4.15: regression analysis results**

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.059	.346		5.952	.000
	Environmental scanning	.426	.066	.335	6.438	.000
	Strategy formulation	.573	.074	.387	7.751	.000
	Strategy implementation	.047	.073	.032	.647	.519
	Strategy evaluation and monitoring	and-.608	.073	-.409	-8.383	.000

a. Dependent Variable: SACCOS performance

#### 4.6 Discussion

This section discusses the findings obtained in the study in light of other studies conducted beforehand. It aims to reveal consistencies and inconsistencies between the current study and those carried out in the past. It is organized concerning the objectives of the study

#### 4.6.1 Environmental scanning on performance of deposit taking SACCOs

In this objective, the study sought to find out whether and to what extent environmental scanning influence performance deposit taking SACCOs. First, it was found that resources (physical, financial & human) are available to support were well above board. It was also found that there was timely availability of resources to support organizational performance.

In capturing the effect of environmental scanning on performance of deposit taking SACCOs, findings indicated that this effect was significant but minimal. The implication was that environmental scanning could be relied upon to improve organizational performance, but such improvement may not be to a large extent. These findings are partly consistent with those made in Okoth (2016), where the researchers found that environmental scanning is the core business process that determines the success or failure of an enterprise. The source claims that a good strategy is one that is well crafted to anticipate all possible scenarios and create contingencies. While the study in focus found some minimal effect, its significance was plausible enough to suggest the effect is existent in the case of deposit taking SACCOs.

#### 4.6.2 Strategy formulation on performance of deposit taking SACCOs

In this objective, the study sought to find out whether and to what extent strategy formulation affected performance of deposit taking SACCOs. First, it was found that the organization has clear mission and vision statement. The Majority of activities deliberated on during the process of formulating strategies related to goals the organization want to achieve were actually achievable. Concerning by Babatunde and Adebisi (2012), one of the primary reasons for formulating strategies is to ensure that competitors do not overshadow a firm. The source claims that it is rather impossible to separate strategy formulation with market planning because activities involved in the two processes have lots of similarities. The fact that it was being handled well by deposit taking SACCOs.

In capturing the effect of strategy formulation on the performance of deposit taking SACCOs findings indicated that this effect was significant but minimal. The implication was that strategy formulation could be relied upon to improve organizational performance, but such improvement may not be to a large extent. These findings are partly consistent with those made in Kenyora (2015), where the researchers found that strategy formulation is the core business process that determines the success or failure of an enterprise. The source claims that a good strategy engages all relevant stakeholders while formulating strategies is one that is well crafted to anticipate all possible scenarios and create contingencies.

Conner (2007) also supports this premise where it concludes that with a good strategy formulation process, an organization can be sure of reaping financial benefits. The quoted study shows that businesses that use clear strategy establishment and management models are successful and more lucrative than firms that do not have a robust strategy formulation and plan. Nzioka (2017), it is said that strategy formulation facilitates the organization to have a forward-looking objective and allows the organization to evaluate its priorities carefully. This gives the organization the ability to change its landscape and its goals.

#### 4.6.3 Strategy implementation on performance of deposit taking SACCOs

The analysis also encompassed the investigation of the influence of strategy implementation on performance of deposit taking SACCOs. It was found that there was no clear line of authority for members to follow during strategy execution. The staff felt that they were excluded from the process of strategy implementation. Unfortunately, it was found that the management did not provide enough human resource for the implementation process this made it difficult for implementation. Implementing a strategy requires lots of dedication and commitment since it is what breathes life into the previously formulated strategies. Csaszar (2012) notes that when implementation plans are inadequate or generally fall out of favor with implementation teams, there is a high probability that such processes will not be up to expectations. It seems that this was the case with deposit taking SACCOs' strategy implementation processes.

Regarding the actual effect that strategy implementation has on organizational performance, it was found that it was insignificant. Here, the implication was that implementing strategies at deposit taking SACCOs could be relied upon to make improvements in organizational performance. This contradicts the findings made in Hao, Kasper, & Muehlbacher (2012), where the authors suggested that implementing strategies in businesses creates tangible value to the company since it is where most action takes place.

The challenges that were found to bedevil the process of strategy implementation in deposit taking SACCOs in Nairobi County are quite sensitive and critical. For instance, the stage of allocating resources seemed not to be adequate both physical and financial resources as well as human resources. According to Surroca, Tribó, & Waddock (2010), one of the

significant problems associated with strategy implementation is the mismatch between those who formulated the strategies and those that are implementing it. When goals are not clear, it is an indication that formulators did not take enough time to interact with implementers for purposes of providing directions

#### **4.6.4 Strategy monitoring and evaluation evaluation on performance of deposit taking SACCOs**

With regards to the effect of strategy monitoring and evaluation on performance of organizational performance, the objective was equally analyzed and determined. Strategy evaluation process was considered to be average. Its source of strength was that the organization undertakes regular strategy audit to ensure strategic plans are achieved. Strategy monitoring was affected majorly by employee resistance when evaluating strategic plans. It was felt that they were not fully involved. According to Chepkwony (2016), the involvement of stakeholders in evaluation is critical to the success of the process. All stakeholders, especially operational ones must agree on the criteria to be used in the assessment because it affects how they perceive their performance. For the case of deposit taking SACCOs, stakeholders were resistant to strategy monitoring and evaluation. Another source of strength was that the firms conduct an evaluation of its strategic plans regularly. This is a recommendation that was made in Kakunu (2012) to preempt the possible failure of strategy evaluation processes, especially those that involve big projects in large-scale organizations.

The study found that strategy evaluation had a significant negative influence on performance of deposit taking SACCOs in Nairobi City County. It implies that management could not rely on the use of strategy evaluation processes as stipulated because they yield negative results in the performance. These findings contradict Bunnefeld, Hoshino, & Milner-Gulland (2011), which reported a considerable and significant effect. The study also disagrees with the findings made in Kourdi (2015) where it was established that financial key performance indices are highly recommended when it comes to the evaluation of the success or failure of corporate strategies.

## **V. SUMMARY CONCLUSION AND RECOMMENDATIONS**

### **5.1 Summary of findings**

The fourth chapter deliberated on the analysis and presentation of findings on the topic at hand. Demographic attributes of respondents indicated more male respondents; most of them were middle-aged; average work experience and they were found to be well educated. Environmental scanning were found to be good and had significant influence on performance of deposit taking SACCOs, Strategy formulation were found to be good, and their effect on performance of SACCOs was significant but moderate. However, strategy implementation were found to have low significant influence on deposit taking SACCOs. Strategy monitoring and evaluation on the other hand had a negative significant influence on the performance of deposit taking SACCOs in Nairobi County.

### **5.2 Conclusions**

In conclusion, this study has elaborately investigated the influence of strategic management practices on the organizational performance of deposit taking SACCOs. The four objectives established in the beginning were all achieved.

#### **5.2.1 Influence of environmental scanning on Organizational Performance of deposit taking SACCOs in Nairobi County**

For the first objective, the study found that environmental scanning policies and practices were good with some room for improvement. It was also established that their effect on organizational performance was significant though moderate. In conclusion, the poor performance experienced by deposit taking SACCOs is to some extent as a result of organizational politics which interferes with the performance of the SACCOs.

#### **5.2.2 Influence of strategy formulation on Organizational Performance of deposit taking SACCOs in Nairobi County**

For the second objective, the study found that strategy formulation policies and practices were good with some room for improvement. It was also established that their influence on organizational performance was significant though minimal. In conclusion, the poor performance experienced by deposit taking SACCOs is partly because its process of strategy formulation was not up to the expected standards. The SACCOs could, however, take advantage of this causal relationship between the two variables to improve organizational performance by positively adjusting their policies and practices concerning strategy formulation by setting realistic goals and involve all the stakeholders in the process.

### **5.2.3 Influence of strategy implementation on Organizational Performance of deposit taking SACCOs in Nairobi County**

The third objective related to the determination of the influence of strategy implementation on organizational performance of deposit taking SACCOs in Nairobi City County. Policies and practices in this regard were found to be average and so with a massive room of improvement. The effect of strategy implementation was also found to be insignificant and also minimal. It can be concluded that because of the dismal implementation of strategies at deposit taking SACCOs in Nairobi City County there was no significant influence on performance.

### **5.2.4 influence of strategy monitoring and evaluation on Organizational Performance of deposit taking SACCOs in Nairobi County**

Finally, the study examined the influence of strategy evaluation and monitoring on organizational performance. Just like the case was with strategy formulation, policies and practices in the evaluation were found to be average with a massive room of improvement. Its effect on organizational performance was found to be significant but negative. The overall implication is that should deposit taking SACCOs improve upon its strategic evaluation policies and practices, and it has some chances of consequently and considerably improving its organizational performance

## **5.3 Recommendations**

From the conclusion made in the above section, there is the need to improve performance by exceptional tuning strategic management practices in deposit taking SACCOs. The following are evidence-based suggestions that could facilitate the attainment of this endeavor. Recommendations were done according to study objectives

### **5.3.1 Recommendations on environmental scanning and performance of deposit taking SACCOs in Nairobi city county**

Availability or resources in planning was found to be a hindrance to performance and therefore the study recommends that the SACCOs to improve on not only the amount of resources but also timely provision of these resources.

### **5.3.2 Recommendations on strategy formulation and performance of deposit taking SACCOs in Nairobi city county.**

The strategy formulation team was found to be constituted of many tops and middle-level management members but with a few operational staffs. More operational staffs need to be admitted into the strategic teams for a more comprehensive strategy formulation process.

### **5.3.3 Recommendations on strategy implementation and performance of deposit taking SACCOs in Nairobi county**

Resource allocation was found to be a core challenge when it comes to strategy implementation. There should be a definite formula that is objective and simplifies the issues surrounding what is to be funded and how much such initiatives should be allocated organizational resources.

### **5.3.4 Recommendations on strategy monitoring and evaluation and performance of deposit taking SACCOs in Nairobi county**

Summative evaluations were found to have negative deviations from the expectations set in the beginning. It is imperative that there is a stricter adherence to formative evaluation criteria and recommendations made, so the results in summative evaluations are devoid of major inconsistencies with expectations.

## **5.4 Recommendations for Further Studies**

This study has attempted to investigate the effect of strategic management practices on the organizational performance of deposit taking SACCOs. While it has tried to be as comprehensive and possible, some few areas may need further research to substantiate the realities therein. The following are suggested areas for future research.

1. The relationships between strategy formulation and implementation processes
2. Comparing the magnitude of the effect of strategy formulation, implementation, and evaluation of organizational performance
3. The role of strategic management practices on a firm's competitive landscape

## REFERENCES

- [1] Abdullahi, S. R., Abubakar, M. A., Muhammad, T. A., & Kuwata, G. (2014). The Role of Budget and Budgetary Control on Organizational Performance: A Case Study of Tahir Guest House, Kano State, Nigeria. *International Journal of Innovative Research in Information Security*, 2 (4).
- [2] Abera, A (2012), "Factors Affecting Profitability: An Empirical Study on Ethiopian Banking Industry", Thesis Degree of Master of Science (Accounting and Finance), Addis Ababa University, Ethiopia.
- [3] Akello L.(2010). Challenges of implementing competitive strategies in the insurance industry in Kenya. *European Journal of Business and Management*, 6 (13) 62 - 67.
- [4] Akello, V. A. (2014). *Strategic planning and organization performance at Nairobi City Water and Sewerage Company Limited* (Doctoral dissertation, University of Nairobi). All Africa Report, Last referenced Aug 2 2020, URL: <https://allafrica.com/stories/201110311802.html>
- [5] Amurle, S. (2013). The Role of Strategic Planning on the Performance of Small and Medium Enterprises Information Communication and Technology (ICT) Sector in Nairobi, Kenya. *Journal of Business and Management*, 2(3), 45–51.
- [6] Andrews, R., Boyne, G. A., Law, J., & Walker, R. M. (2009). Strategy formulation, strategy content and performance: An empirical analysis. *Public Management Review*, 11(1), 1-22.
- [7] Ansof H.I & mcdonnel's (1990): *implanting strategic management 2<sup>nd</sup> edition*. New Jersey. Prentice hall
- [8] Azhar, A., Ikram, S., Rashid, S., & Saqib, S. (2012). The Role of Leadership in Strategy Formulation and Implementation. *International Journal of Management & Organizational Studies*, 1(2).
- [9] Babatunde and Adebisi (2012). *Effect of competitive strategies on the relationship between strategic human resource management and performance of nestle Nigeria PLC and Cadbury Nigeria PLC*. *International Journal of Scientific and Research Publications*, Volume 5, Issue 6,., pp. 1-35.
- [10] Bakar, A.H.A., Tufail M. A., Yusof, M. N. &Virgiyanti, W. (2011): Implementation of Strategic Management.
- [11] Barney R. 1991 competing effectively: environmental scanning, competitive strategy, and organizational performance in listed manufacturing firms. *Journal of small business management*, 38(1), 27.
- [12] Browning, P. (2011): Integrated Public Transport Networks in South Africa Incorporating the Informal Sector: The Nelson Mandela Bay Model, Paper Presented in Thredbo 12 Conference Series, Durban, South Africa.
- [13] Bryceson, K., & Slaughter, G. J. (2011): Aligning operational and corporate goals: A case study in cultivating a whole-of-business approach using a supply chain simulation game. *Extension Farming Systems Journal*, 7 (2), 7-16
- [14] Cervero, R., and A. Golub.(2007): *Informal transport: A global perspective*. *Transport Policy* 14: 445-447.
- [15] Colbert, B.A. (2004). The Complex Resource-Based View: Implications for Theory and Practice in Strategic Human Resource Management. *Academy of Management Review*, 29, pp.341–358.
- [16] Collins and Hussey, (2009); *Business Research Methods*. Singapore. McGraw-Hill.
- [17] Collis & Montgomery. (2005). *Strategic Management: Formulation, Implementation and Stoner,J.A.F., Freeman*.
- [18] Cooper, D. R., & Schindler, P.S. (2006). *Business Research Methods* (9th Edn). New York: McGraw-Hills.
- [19] Crittenden, Nehme & Hunger, J. (2008). *Strategic Management and Business Policy 10th Ed*. London: Prentice Hall.
- [20] Dauda, Y. A., Akingbade W. A. &Akinlabi, H. B. (2010): *Strategic Management Practice and Corporate Performance of Selected Small Business Enterprises in Lagos Metropolis*. *International Journal of Business and Management*, 5 (11), 97-105
- [21] David, F.R. (2003): *Strategic Management Concepts*, 9th edition, Prentice Hall.

- [22] Davis, J. H., Donaldson, L., & Schoorman, F. D. (1997). Toward a stewardship theory of management. *Academy of Management Review* 22:20–47.
- [23] Donaldson, L., & Davis, J. H. (1991). Stewardship Theory or Agency Theory: CEO governance and shareholder returns. *Australian Journal of Management*, 16: 49-65.
- [24] Donaldson, L., & Davis, J. H. (1993). The Need for Theoretical Coherence and Intellectual Rigour in Corporate Governance Research: Reply to Critics of Donaldson and Davis. *Australian Journal of Management*, 18: 213-225.
- [25] Foss, N.J. (1997). *Resources, Firms, and Strategies: A Reader in the Resource-based Perspective*. New York, NY: Oxford University Press Inc.
- [26] Griffins, W. N. (2006). Relationship between Strategy Implementation and Performance in Commercial Banks in Kenya Nairobi.
- [27] Huse, M. (2007). *Boards, Governance and Value Creation: The Human Side of Corporate Governance*. Cambridge: Cambridge University Press.
- [28] IDM (2015). International Institute for Management Development and Stewardship Asia Centre Pte.Ltd.
- [29] Kaliappen and Hilman (2013). *A Capability Theory of the Firm: An Economics and (Strategic) Management Perspective*. Berkeley.
- [30] Kenya Cooperative Societies Act (2008), Referenced on 2 Aug 2020 URL: [http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/SaccoSocietiesAct\\_No14of2008.pdf](http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/SaccoSocietiesAct_No14of2008.pdf)
- [31] Kirigo, H. V. (2008). Factors Influencing Credit Financing of Small and Medium Scale Enterprises; Case of SMEs in Nyeri Town. *Journal of Management Research*, 2(3), 28-34.
- [32] Kitonga, Bichanga & Mwema (2016): Strategic Management of Business Performance Based on Innovations and Information. *Journal of Competitiveness Vol. 7, Issue 1*, pp. 3 - 21.
- [33] Koskei, Katwalo and Asienga, (2013). Role of Strategic Leadership on Strategy Implementation in Public Universities in Kenya- A Case Study of JKUAT Main Campus. *International journal of innovative research & development Vol 5 Issue 6*, pp. 216-239.
- [34] Kothari, (2003) *Research Methodology: Methods and Techniques*. Second edition, Wishira, Prakashan.
- [35] Kothari, (2004) *Research Methodology: Methods and Techniques*. third edition, Wishira, Prakashan.
- [36] Kothari, (2008) *Research Methodology: Methods and Techniques*. 5<sup>th</sup> edition, Wishira, Prakashan.
- [37] Macmillan, C., & Tampoe M. (2000). *Strategic Management*. Process, Content and Management Decision. Vol.41.No. 9. pp. 871-882(12).
- [38] Martim (2013). *Influence of strategy implementation on performance of government owned entities in Kenya*. Nairobi.
- [39] Melchorita S. S. (2013): *The Influence of Strategic Management Practices and Competitive Advantage on the Organizational Performance of Higher Education Institutions*.
- [40] Ministry of Industry, Trade And Co-Operatives State Department Of Co-Operatives, 2017 Report, Last accessed 2 Aug 2020 URL: <file:///C:/Users/Mary/Downloads/Revised%20National%20Cooperative%20Policy%20%20%20040620171.pdf>
- [41] Mugenda, O.M., & Mugenda A.G. (2003). *Research Methods*, Acts Press, Nairobi.
- [42] Mulunda, L.N. (2014). *Strategy implementation of technology to enhance supply chain management best practices at UNICEF*. Nairobi: UoN Digital Archive.
- [43] Murimbika, M. (2011): *Influence of strategic management practices on the entrepreneurial orientation of South African firms in the financial and business services sector*. Dissertation, University of the Witwatersrand, Johannesburg.

- [44] Mwangi, N. (2013). Strategic management practices and performance of large pharmaceutical firms in Kenya: Evidence from mutual funds. *Strategic Management Journal*, 33(6), 611-632.
- [45] Ngugi, J.K., Gakure, R.W., Were, M.S., Ngugi, P.K., & Kibiru, C.R. (2012). The Influence of Intellectual Capital on the Performance of Small and Medium Enterprises in Kenya. *Journal of Business Management and Corporate Affairs*, 1(1), 11 – 19.
- [46] Nthini L. (2013): *The effect of strategic leadership on performance of commercial and state corporations in Kenya*. *Journal of Business and Management*, 5 (11), 97-105
- [47] Nyaga, J. M. (2013). Management Perception of the influence of performance contracting on service delivery at the ministry of education in Kenya. Unpublished MBA Project). School of Business, University of Nairobi, Kenya.
- [48] Nyariki, R.N. (2013). *Strategic Management Practices as a Competitive tool in Enhancing Performance of Small and Medium Enterprises in Kenya*. Unpublished MBA projects, University of Nairobi.
- [49] Ofunya, F.A. (2013): *Strategic management practices on Performance of Post banks in Kenya*, *International Journal of Business Management and Administration*, 2(6), 122-141.
- [50] Olson & Odoro C. (2005). Strategy Control And Organization Social Performance: A Conceptual Review. *International Journal Of Economics, Commerce And Management Vol. V, Issue 8*, Pp. 360-370.
- [51] Ondera E. (2013). Strategic management practices in Mbagathi hospital Nairobi Kenya: *Journal of small business management*, 38(1), 27.
- [52] Osoro, W.N (2012). Entrepreneurial Orientation effect on Business Performance of Medium Enterprises in ICT Sector in Nairobi. Ph. D thesis JKUAT.
- [53] Pearce, J. A. (II). & Robinson, R. (Jr). (1998). *Strategic Management: Formulation, Implementation, and Control*. Boston: Irwin McGraw-Hill, 6th edition.
- [54] Pearce, J.A. (II). & Robinson (JR), R.B. (2007). *Strategic Management Formulation, Implementation and control*, 10th edition. MC Graw Hill Irwin.
- [55] Peters, T. & Waterman, R. (1982). "In Search of Excellence", New York, London: Harper & Row Publishing Company.
- [56] Porter, M. (1990). *The Competitive Advantage of Nations*, THE FREE PRESS, A Division of McMillan, Inc., New York, p. xii
- [57] Rothaermel, F. T. (2012). *Strategic Management: Concepts and Cases*. McGraw-Hill/Irwin, p. 5.
- [58] Santo and Brito (2012). Effect of Strategic Management Practices on the Performance of Corporate Social Responsibility of Parastatals in Kenya. *International Journal of Arts and Commerce*, 4 (9), 69 - 91.
- [59] Serfontein L (2010) The Influence of Strategic Management Practices on Performance. *International Journal of Scientific and Research Publications, Volume 5, Issue 6,*, pp. 1-35.
- [60] Supriyadi M (2012) . *Strategic control systems in strategy implementation and financial performance of banbyru cenebt limited* . Nairobi.
- [61] Swayne, Duncan & Ginter (2006): environmental scanning, competitive strategy, and organizational performance in small manufacturing firms. *Journal of small business management*, 38(1), 27.
- [62] Taylor, de Lourdes Machado & Peterson, (2008): "Measuring Organizational Performance: Towards Methodological Best Practice" *Journal of Management*, 35, 718-804.
- [63] The government of Kenya: Department of Co-operative Development and Marketing. (2013). Kenya Government printers.
- [64] Thompson, A., & Strickland, A. (2001). *Strategic management: Concept and Cases*. New York: Richard D. Irwin.

- [65] Thompson, A.A., Strickland, A.J., & Gamble, A. (2007). *Crafting and Executing a Strategy*, 15th edition, Irwin. McGraw-Hill. Boston, USA.
- [66] Wakaba, S. (2015). The Effect of Microfinance Credit on the Financial Performance of Small and Medium Enterprises in Kiambu County, Kenya. *International Journal of Bank Marketing*, 2(4), 45–50.
- [67] Wang, Y. (2000). *Strategy Implementation T.O. 91.6167, Seminar Study in Strategy and International Business* (Unpublished Report), Institute of Strategy and International Business, Helsinki University of Technology.
- [68] Wasike, J.T. (2012). *Corporate Governance Practices and Performance at Elimu SACCO in Kenya*. Unpublished MBA projects, University of Nairobi.
- [69] Yang Li, sun G. (2008). Goal ambiguity and organizational performance in US federal agencies. *Journal of Public Administration and Management Research and Theory*, 15(4), 529-557.
- [70] Wellman Kruger and Michelle, (2008) *Research Methodology: Methods and Techniques*. 2<sup>nd</sup> edition, Wishira, Prakashan.
- [71] Wernerfelt, B (1984). *The Resource-Based View of the Firm*
- [72] Yang Li, sun G. (2008). Goal ambiguity and organizational performance in US federal agencies. *Journal of Public Administration and Management Research and Theory*, 15(4), 529-557.
- [73] Yin, R. K. (2003). *Case Study Research: Design and Methods*, 3rd edition. Thousand Oaks, CA: Sage.