THE INFLUENCE OF STRATEGIC LEADERSHIP ON FINANCIAL PERFORMANCE OF SAVINGS AND CREDIT CO-OPERATIVE SOCIETIES IN NAIROBI CITY COUNTY, KENYA

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DECLARATION

I declare that this research project is my original work and has not been presented for a degree in any other University.

Sign……………………………………………………..……….. Date……………

Monica Wanjiku

D61/77415/2015

I declare that this research project was presented with my approval as the university supervisor.

Sign……………………………………………………..……….. Date……………

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DEDICATION

I dedicate this research project to my family, my husband Njuguna, son Dennis and daughter Ivy, for bearing with me the many times I have not been able to give them due attention while studying for this course. May the almighty God Bless them.

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I take this opportunity to thank the almighty God for guidance and protection during this research period. I wish to acknowledge the guidance and support of my supervisor Dr. Joseph Owino particularly for the time he relentlessly and patiently spent checking on the progress of this research which gave me a lot of encouragement. May the almighty God bless him abundantly I also take this opportunity to thank my family, specifically my husband for the support accorded to me during the period of my studies. Special thanks to my research assistant Mr. Evans Akoko.

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ABBREVIATIONS/ACRONYMS

ADC	Agricultural Development Corporation
CEO	Chief Executive Officer
FOSA	Front Office Service Activities
KPI	Key Performance Indicators
ROA	Return on Assets
ROI	Return on Investments
SACCO	Savings and Credit Co-operative Organizations
USD	United State Dollar
WOCCU	World Council of Credit Unions

ABSTRACT

There has been rapid growth and increase in number of SACCOs in Kenya. However, this has led to increased completion and the desire for small SACCOs to survive. This has led some if not all the SACCOs to find better ways of management. There has been changes in the management of SACCOs through the adoption of strategic leadership practices. This study set out to establish the influence of strategic leadership on financial performance of SACCOs in Nairobi. A sample of 60 registered SACCOs operating in Nairobi was used. Correlational descriptive design was used. The data was collected through the use of a questionnaire. The study concluded that all the five predictors of financial performance have significant positive effects on financial performance. It also concluded that corporate vision and mission exists in most firms and is therefore the most common strategic leadership measure. The study established that corporate vision and mission, developed human capital, effective organization culture, balanced organization controls and ethical practices, all had a significant influence on financial performance of SACCOs in Nairobi. There is need for the SACCO's to keenly identify talent and leadership skills in hiring competent leaders with strategic leadership capabilities. The study recommends appropriate policy measures to promote the growth of SACCOs and protect small SACCOs from collapse due to stiff competition. Proper disciplinary measures should also be taken against senior executives under whose leadership SACCOs collapse leading to loss of members' revenue.

CHAPTER ONE

INTRODUCTION

1.1 Background Information

Strategic leadership is grounded on a strong understanding of the complex relationship between the organization and its environment, which requires taking a broad view, but leaders face tremendous pressure to make short-term decisions (Beaty, 2010). Strategic leadership is the key factor in wealth-creation process for an organization (Daft 2011). Without effective strategic leadership the ability to create superior or satisfactory performance for an organization is likely to be greatly reduced. According to Daft (2011) success and competitive advantage of an organization is mainly determined by selection of the top leader. The top leader and associated strategic leaders have responsibilities for understanding the environment of their organization.

There are several theories that support the concept of strategic leadership most of which are inclined towards personal traits and individual characteristics. One of the theories is Upper Echelon theory, which explains that top executives view their situations through highly personalized lenses due to the differences in their experiences, personalities, values among other factors. Top managers' interpretation of the business and competitive environment impacts the strategic decisions which they come up with. The second theory is the transformational leadership theory which contends that transformational leaders pay attention to team building, inspiration and working together with workforces at various cadres of the business to achieve a transformation for above average returns (Lai, 2011). Transformational leaders display appeal and common visualization of what they want to achieve with the people they lead, inspiring workers in production of unique and excellent products and services. The third theory is the traits leadership theory, which explains that some specific traits are key to the success of a leader and his leadership. Intelligence and ability to communicate among others are very essential traits necessary for success of leadership. These theories form the basis under which this study is based on.

Kenya is ranked number one in Africa and seventh in the world on the strength of savings in excess of Kshs 400 billion which is 35 per cent of total savings. Savings and credit co-operative societies (SACCOs) have Kshs 378 billion as deposits. According to Kiago (2017) Kenya boasts of about 15,000 registered co-operatives with a total of 12 million members. There are more than 320,000 employees and a further 1.5 million people engaged in small scale and informal enterprises funded by co-operative loans. The co-operative sector in Kenya is organized into service and producer entities that cut across the various sectors of the economy (Kiago, 2017). After liberalization and withdrawal of state protection of co-operatives to enable them compete with other financial institutions, the competition has been so fierce that some co-operatives in Kenya have not survived (Porvali & Linderg, 2009). According to a report by the Ministry of Industrialization and Enterprise savings mobilization in the SACCO subsector in Kenya has been growing at the average rate of 30% per annum (Kiago, 2017).

1.1.1 The Concept of Strategic Leadership

According to Burnes (2016) strategic leadership is the ability to anticipate, envision, maintain flexibility and empower others to create strategic change as necessary. Kjeilin (2015) defined strategic leadership as the desired direction taken by an organization through particular competent team of management that yields positive sustainable performance level and a viable future for the firm. Strategic leadership is the process that facilitates the performance of the top management team to achieve objectives through influence (Clegg et al., 2011). It is about how to most effectively manage a company's strategy-making process to create competitive advantage.

Johnson and Scholes (2012) define strategic leadership as the ability to anticipate, envision, maintain flexibility and empower others to create strategic change as necessary and therefore considered as the basic need for creating an effective strategy. It is a multifunctional task that involves managing through others, attracting and managing human capital, coping with change and being able to influence others. Oduor (2017) defined strategic leadership as a Manager's potential to express a strategic vision for the organization, as well as persuading others to acquire that vision and have the ability to delegate and authorize so as to enable others own the vision.

According to Jorge (2013) strategic leadership is the process of using well considered tactics to communicate a vision for an organization or one of its parts. A strategic leader has the potential to influence the organization's members and execute organizational change. The leader creates organizational structure, allocates resources and creates a culture that promotes performance. Strategic leadership shapes the culture that supports the vision whereas strategic management executes the vision (Rowe, 2015).

Rowe (2015) views strategic leadership as that unique ability possessed by manager that capacitates the employee working under them to at will, make deliberate choices and decisions that can benefit the organization in the short term and long term in its pursuit of performance viability. Strategic leaders create a unique fit between the short term aspirations of the businesses and the long term visualization of the goals and strategies, they are so fully aware that neither can be downplayed on its importance in organizational success. Leadership preoccupies itself with creation of a purpose for the business and communicating the intent to the stakeholders (Boal et al, 2015). The key competencies within the organization are developed in order to deliver value, and the organization rebrands itself before its competitors and the entire market to enhance their competitiveness. Selznick (2010) argues that strategic leadership's main engagement is the improvement of the business in its entirety which includes its transforming its aims and competencies.

According to Adair (2010) the kind of style used to provide leadership often affects the productivity of those being led. Transformational leadership recognizes that success results from their belief in both themselves and their staff (Capon, 2008). It encourages followers to exceed expectations, and place the organization above self-interests. Leadership skills are key intangible resources that leverage performance (Tearle 2015). Effective strategic leadership practices are therefore important as they help organizations to enhance performance and effectively compete in today's turbulent and unpredictable environment (Abishaul, 2017). Rowe (2015) highlights a number of traits of a strategic leader, which include focus on mission and vision. Martin (2009) argues that a strategic leader needs to be mission focussed.

This is supported by Tearle (2015) who argues that a strategic leader must create focus, communicate the strategy, implement it through projects, and create a team for success. Rowe (2011) argues that strategic leadership presumes a shared vision of what the organization is to be so that decisions are consistent with the vision. Beatty and Quinn

(2010), argue that, strategic leaders reorganize their organizations by aligning their systems, through the strategy operationalization by ensuring that all departments of the organizations are changed to reflect the strategy commonly agreed and implemented. Strategic leadership is about having a panoramic view of where they want to take the organization, formulating strategies on how to affect the visualized state of achievement and creating a robust implementation framework geared towards actualizing the goals (Kouzes et al, 2009).

Strategic leaders have a high appetite from risk, work best in risky endeavours and more so when the returns are compensative (Rowe, 2015). Hambrick and Canella (2011) writes that strategic leadership manifests itself in a surrounding full of uncertainty, intricacy and saturated with information as the external environment to the organization has increasingly become more turbulent, as reviewed by Howland (2013). Therefore, this implies that SACCOs that embrace strategic leadership stand a better chance to survive in an ambiguous and turbulent environment. Howland (2013), in their review, wrote that the understanding of the strategic leadership has a narrow understanding of the person who occupies the top office or the chief executive officer, equally on another scope it includes all those people that form part of the leadership at the apex of the organization they are referred to as the top management team.

This fits the argument that the leaders do not make decisions in isolation but they have a whole team of consultancy that aid them with the information and advice that is pertinent in their decision making. Earlier researchers based their outcomes on the observable properties of the top management team like lengthy of service, age, previous engagements, education qualifications and their history in the organizations performance (Hambrick and Mason, 2010).

According to Slawiski (2017), there are six components of strategic leadership. The first component of strategic leadership consists of determining the organization's vision and mission. Leaders must articulate a clear and realistic statement about why the organization exists. This requires exploiting and maintaining core competencies which give the organization an edge over their rivals (Slawiski, 2017). Vision and mission statements are statements of intent by a company that shows their long-term goals and objectives. Strategic leadership shapes organization mission and vision (Kiago, 2017).

1.1.2 Organizational Performance

Performance in organizations revolves around output or results which are a measure against strategically targeted goals to achieve an end result. Performance involves organizational areas including financial performance, product performance in the market, and shareholder return on investment (Richard et.al, 2009). The exercise of achieving organizational performance is usually an incorporation of all stakeholders and participants who include all sections and departments in the organization. In recent times many organizations have turned to managing performance methods including balanced score card in which output is accounted for using different dimensions including financial performance, customer base, corporate social responsibility and employee loyalty and commitment towards achievement of strategic goals (Munir et.al, 2014).

Performance can be viewed as the output out of an engagement, which is undertaken within a specified time period (Amstrong 2014). Good performance in organizations is not an accident but through a deliberate and a well thought out process through excellent strategic leadership. Among the main priorities of the upper echelons is to know or understand how customers view their performance. Organizational performance is a fundamental aspect for any organization to be able to match the competition in the 21st century's global economy and is becoming more complex and challenging by the day, as well as having both competitive opportunities and threats (Rowe, 2011). Strategic leadership is at the centre of organizational performance, therefore establishing a connection between the two variables is of a paramount importance. Ongore (2008) argues that outcomes in an organization can be noted from the returns emanating from the investments or owner's equity put in the organization and assets engaged in production process, equally the dividends paid can be another good indicator of performance. Financial performance is a key factor and the most important factor of assessing the organizational general performance, because other performances of the organization come about due to the success in financial performance. It is evident that most organizations which fail to be financially sound due to poor financial performance collapse or are unable to meet their obligations in other performances.

Performance has been measured using various approaches which include; customer satisfaction, sales growth, financial profitability Return on Assets (ROA) and Return on Investments (ROI). According to Simons et al. (2009) organization performance can be measured using profitability and sales growth. Returns on Investments and Returns on Assets may not necessarily point to the profitability of organizations. A company can have a higher Return on Investments and Return on Assets and still not be a financially profitable company because of the expenses incurred. When the profits of an organization are higher, this is an indication of a higher income as compared to its expenses.

1.1.3 Co-operative Societies in Kenya

Ogutu and Mbula (2012) define a Co-operative Society is an association of persons who have come together with a common purpose of pooling their resources together for mutual economic and social benefits. It is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprise (Ogutu & Mbula, 2012).

Riley (2012) defines co-operatives as an association of person's on voluntary basis with mutual or common economic, social and cultural needs. Co-operatives are jointly owned and democratically controlled enterprises operating with laid down co-operative principles. Riley further defines SACCOs as member- based institutions that intermediate savings into loans, and are usually a special category of financial institutions. This enables the rural and poor population to deposit savings as well as take loans (Distler & Schmidt, 2011). Initially, SACCOs used to operate as welfare for employees as well as a financial institution and hence their existence was skewed towards revolving funds than profit making.

However, empirical studies have shown that members' expectations have changed and view performance by the efficiency of loan disbursement and dividend pay-out on their deposits. These expectations need to be handled with due diligence and prudent decisions made on issues such as financial management, human resource management, rolling out of new products and enhance the saving pattern of members (Distler & Schmidt, 2011).

According to the World Bank report (2011) despite strategic plans being in place, many SACCOs continue to fail due to slow decision making process and hence failure to increase their competitiveness by adopting modern operational system. Decisions not made towards realizing the objectives or delayed, cause members to be dissatisfied with the services. Consequently, members will fail to patronize the SACCO's products and alternatively look for financial services from commercial banks. This action is making many SACCOs fail as some members leave huge non-performing loans behind (GOK, 2008).

According to Wanyama (2017) co-operatives have survived the market forces and continued to grow in number, membership and income. Wanyama (2017) further argues that the market forces have triggered a structural transformation that has seen the fading away of inefficient co-operatives as others seek better service provision and become innovative for better performance. In order to initiate strategic planning and enhance performance in the co-operative movement, the Government of Kenya introduced the policy of good Corporate Governance. Corporate Governance emphasizes accountability, strategic leadership and stewardship among others (Ndunge, 2014).

1.2 Research Problem

The competition among co-operative societies in Kenya has increased significantly. This is because of the rapid changes in the environment such as increased innovation from players and high customer increase. Therefore, the high competition requires the societies to have strategic leadership that can increase their growth while managing their risks, leverage, and liquidity (McConnell, 2013). However, to have that effective leadership that can help respond to any challenges that may come up and capture opportunities both now and in the future, the societies are required to have sufficient team members with effective strategic leadership that can foresee, anticipate and give the right pathway to good performing and successful societies. The societies are also required to have effective teams to create an effective strategic management process in order to promote and sustain competitive advantage to overtake their rivals (McConnell, 2013).

Several scholars have studied the concept of leadership in different contexts. Mahdi and Almsafir (2013) carried out a research on the role of strategic leadership in building sustainable competitive advantage in the academic environment. In their findings they revealed that a significantly positive effect is present, indicating that sustainable competitive advantage is improved when strategic leadership is applied. However, this was not within the Kenyan context. White and Moraschinelli (2014) carried out a research on the Pursuit of strategic leadership. They concluded that the important components of a company's pursuit are their leadership, innovative nature and the relationship management. This study was conducted in Indonesia and not Kenya.

In Kenya, Thagana (2013) did a study on the Intensity of strategic leadership and Competitive Advantage of Commercial Banks in Kenya. Okelo (2014) studied the influence of strategic leadership on the performance of state parastatals in Kenya. In his research, he concluded that competitive advantage can be sustained if funds could be internally mobilized to improve on service delivery through adoption of modern technology, reduced costs of operation, employment of competent staff and engaging in aggressive marketing. However, this study was not within the context of SACCOs.

Ndunge (2014) did a study on Strategic Leadership and Change Management Practices at the Kenya Wildlife Service. He concluded that respondents noted change was undertaken since management provided strategic leadership as well as support to the process. Chepkirui (2012) carried out a research on The Role of Strategic Leadership in Strategy Implementation at the Agriculture Development Corporation (ADC) in Kenya. The findings she obtained from the study showed that strategic leadership plays a very critical role in the effective implementation of strategy at the corporation. Despite this fact, studies that have been done on strategic leadership (Almsafir 2013; White & Moraschinelli 2014; Thagana 2013; Okelo 2014; Ndunge 2014; have been in different contexts. This study therefore aims at examining the influence of strategic leadership on performance of SACCOs in Nairobi by answering the following question; how has the practice of strategic leadership impacted on the performance of SACCOs in Nairobi?

1.3 Objective of the Study

The objective of the study is to find out the influence of strategic leadership on performance of savings and credit co-operative societies in Nairobi.

1.4 Value of the Study

This study will be valuable to various stakeholders SACCOs' management and other practitioners. SACCOs will draw lessons that will promote strategic leadership through appointments of the right CEOs and other top executives. This will in turn give good return on shareholders' investments. SACCOs will find the recommendations of this study useful as it will highlight the qualities of leadership required for good performance. The value of managing organizations through strategic leadership is explored.

This study will be of benefit to the regulators in the ministry of trade and industrialization as it will enable it to enhance its strategic policy measures to offer better regulation. Understanding on the influence of strategic leadership on financial performance, can be applied to public corporations and state owned organizations. It provides an important basis for finding new ways of handling strategic leadership in SACCOs.

Future academicians, scholars and researchers will find this literature useful in advancing their studies. Strategic leadership is an ever changing trend due to the dynamic nature of competition. This study provides a resourceful reference material that can be added to the existing body of knowledge for future reference. The area of the challenges and limitations of the study will be an essential guide to further research. Consequently, the areas suggested for further study can open a field that needs a study besides acting as a source of reference.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the research works from many different authors on strategic leadership and the performance in savings and credit co-operative societies. It opens by highlighting the theoretical framework and the assumptions of each: The upper echelons, transformation and trait theories are tackled. Further, it analyses on the research output on the field of strategic leadership and performance. In conclusion, it summarizes the literature output putting clear the contextual, methodological and conceptual gaps in the existing literature.

2.2 Theoretical Foundation

This section provides an overview of the theories that inform this study. The upper echelon theory, transformational leadership theory and the trait leadership theory. The examination of these theories is presented.

2.2.1 Upper Echelon Theory

The upper echelons theory was introduced by Hamrick et al (2010). It is a theory that is anchored in the idea that the top executives view their situations through highly personalized lenses. The different points of view and interpretation is brought about by the differences in their experiences, personalities, values among other factors. This theory further states that the top managers' interpretation of the general, business and competitive environment impacts the strategic decisions which they come up with, that finally influences the output of their organizations. The essentials of the Upper Echelon theory are that demographic features are substantially interwoven to the psychological and cognitive elements of the leaders at the apex of the organization. Upper echelons theory provides good forecasts of organizational results in direct proportion to how much managerial preference occurs (Bonelli, 2014). The strategic leadership's field of vision is constrained by their intellect and their ethics. The personal prejudices, filters and distinctive processes of the people at the apex of the organization to a big extent, affect the competitive performances' (Hambrick, 2012).

Many researchers have interrogated the idea of, in what way does the structure of the top management team and the chief executive officer, affect the performance of organizations and how does the CEO's personal characteristics affect the entire organization? However, many researchers seem to have concluded in general terms that if we want to understand the strategy and the success of these strategies, then we have to understand the strategists. Organizations are a reflection of its top executives or the top management team. According to Hambrick (2011) there has been an introduction of the moderators to the upper echelon theory which are the administrative preference and executive task pressure that influence the theory's projective strength. Bonelli (2014) says that another refinement of the upper echelon theory is that the top management team features produce robust forecasts of strategic performance.

When the divergent extents of control of members at the top are accounted aiming at their behavioural integration equally on the extent to which the executives are involved in common and shared interaction. The top management team is critical to organization's yield as they make choices and participate in actions that influence the fitness, prosperity, and wellbeing of organizations but they do so as imperfect people (Slawiski, 2017).

2.2.2 Transformational Leadership Theory

According to this theory transformational leaders pay attention to team building, inspiration and working together with workforces at various cadres of the business to achieve a transformation for above average returns. Lai (2011) writes that, transformational leaders display appeal and common visualization of what they want to achieve with the people they lead, inspiring workers in production of unique and excellent products and services.

Transformational leaders put targets and inducements to encourage the people working under them to produce above average results, at the same time giving chances for individual and career development for all workers. Their ability emanates from their capability to encourage and motivate workers to yield excellent output. These leaders are in pursuit of the necessities for a transformation on the usual way of doing things, it provides visualization to the people led, integrates mission and vision to contrivance the transformation with the commitment of the employees.

In this leadership, the trailblazer actions as a good example also as a promoter that provides a vision, enthusiasm, reassurance, optimism and gratification to employees. The leader motivates his workers to upsurge their potentials, gain self-assurance and boost improvement in the entire organization. They focus on how they can enable the people working under them to produce results. This is enabled by focusing on the potentials and helping to develop them (Burnes, 2016).

2.2.3 Trait Leadership Theory

This theory is anchored on the traits or the individual characteristics of leaders (Taylor, 2009). Some specific traits are key to the success of a leader and his leadership. Intelligence and ability to communicate among others are very essential traits necessary for success of leadership. This theory makes an assumption that leaders have innate great character qualities that enable them to be better suited for leadership. This makes them different from other people or their followers. These qualities of leaders are very pertinent when any great leader possesses them; they make them to perform their roles with excellence (Taylor, 2009).

Key among the traits is to be a good communicator, ability to make excellent decisions and empathy in various situations. Derue et al (2011), argues that even if many of these traits have been researched by many scholars, many of them group these qualities as: intellect, diligence, appetite for risk, and emotional maturity. Research suggests that leadership qualities associated with occupational proficiency and interactive qualities are eminent projectors of management efficacy.

2.3 Components of Strategic Leadership

There are six components of strategic leadership. The first component of strategic leadership consists of determining the organization's vision and mission. Leaders must articulate a clear and realistic statement about why the organization exists. This requires exploiting and maintaining core competencies which give the organization an edge over their rivals (Slawiski, 2017). Vision and mission statements are statements of intent by a company that shows their long-term goals and objectives. Strategic leadership shapes organization mission and vision.

Evidence suggests that a firm can develop core competencies in terms of both capabilities it possess and the way the capabilities are leveraged by strategies to produce desired outcomes. Core competencies are key attributes possessed by leaders that enable them to carry out their activities professionally. These include integrity, professionalism, punctuality, honesty and commitment.

The second component is the ability of the leader to exploit or maintain core competencies. Slawiski (2017) proposes that leaders must identify and continuously apply core competencies. (Burnes, 2016) defines core competencies as those capabilities that are critical to a business achieving competitive advantage. They add that over time companies may develop key areas of expertise, which are distinctive to that company and critical to the company's long-term growth. These areas of expertise may be in any area but are most likely to develop in the critical, central areas of the company where the most value is added to its products (Burnes, 2016).

The third component according to Slawiski, is that leaders need to develop human capital. Human capital refers to skills set obtained by staff from training or experience acquired on the job (Jorge 2013). Most companies fail to achieve the desired level of performance due to lack of competent leadership. Human capital describes the skill sets and competence of work force at top management level of the organization. Well-developed human capital is the foundation of strategic leadership in SACCOs.

The fourth component entails sustaining an effective organizational culture. Organizational culture consists of a complex set of ideologies, symbols and core values that are shared throughout the organization and influences the way business is conducted.

According to Riley (2012) some organizational cultures operate in a heavy-handed and competitive manner with little room for mistakes and no patience with the expression of discontent. It is very important to remember that cultural norms can transmit effective and healthy patterns of behaviour as well. Bonelli (2014) argues that every organization has a culture that helps to shape and define the context in which an individual's behaviour is perceived and judged.

The emphasis a leader gives is influenced by the organization's culture and the formal and informal reward systems that reinforce that culture. Often the most powerful factors are subtle and difficult to observe unless one is part of the system. An organizational culture that fosters achievement of targets and promotes quality is desirable. Strategic leadership requires a good corporate culture (Adair, 2010). The fifth component lays emphasis on ethical practice. Strategic leaders should always ensure that their actions conform to the moral standards set by the society. Effectiveness of processes used to implement the firm's strategies increases when they are based on ethical practices. Ethical companies encourage and enable people at all organizational levels to act ethically when doing what is necessary to implement the firm's strategies (Boal, et al, 2015).

The sixth and final component is about establishing balanced organizational controls. Decisions made by leaders should strike some balance in terms of controls (Slawiski, 2017). Controls are necessary to help ensure that firms achieve their desired outcomes (Adair, 2010). These are formal information based procedures used by managers to maintain or alter patterns in organizational activities. Controls help strategic leaders build credibility, demonstrate the value of strategies to the firm's stakeholders and promote and support strategic change (Munir et al, 2014). According to White and Moraschinelli (2014) the organization's capacity to control, monitor and track progress for programmes, projects and monthly results need to be well established. Leaders are therefore responsible for the development and effective use of two types of internal controls, namely strategic controls and financial controls. Strategic controls require information-based exchanges among the CEO, leadership team members, and employees.

To exercise effective strategic control, leaders must acquire deep understanding of the competitive conditions and dynamics of each of the units or divisions for which they are responsible. Exchange of information occur through both informal, unplanned meetings and interactions scheduled on a routine formal basis. The effectiveness of strategic controls is increased substantially when strategic leaders are able to integrate disparate sets of information to yield competitively relevant insights (Clegg, et al, 2011). Financial controls focus on short-term financial outcomes (Distler & Schmidt, 2011).

The balanced scorecard is a framework that firms can use to verify that they have established both strategic and financial controls to assess their performance (Tearle, 2015). It is also important that there is some balance in organizations controls. These controls form the standard operating procedure that ensures adherence to rules, regulations and policy guidelines (Ndunge, 2014).

2.4 Strategic Leadership and Performance

Leaders play a pivotal role in the outcomes of organizations and their continued success (Jorge, 2013). Leadership interacts and determines nearly all factors of strategy implementation, making it a very critical factor in the performance of the organizations

(Abishaul, 2017). Leadership is most critical joint in the various units of the organization. Strategic leaders develop the vision and mission of the organization and serve as an important link between the factors of strategy implementation. Financial performance is a key indicator of how effective the leadership of the organization is.

Performance in an organization is the measure of the output or product out of a process that involves employment of resources through a value creation chain during a specified time of engagement (Ireland & Hitt 2015). Financial performance can be indicated through profitability, return on investment and return on assets. Customer satisfaction is another critical indicator of the performance of organizations.

A study by Ogutu and Mbula (2012) established that multinational corporations in Kenya have adopted a number of strategies which include innovation – new technologies, better quality products and services – quality improvements, differentiation - specialization, cost cutting measures - efficiency, excellent customer service – customer focus, strategic alliances and joint ventures. The Co-operative movement can therefore greatly benefit by benchmarking with such organizations.

Almsafir (2013) surveyed the effectiveness of strategic direction on the performance of manufacturing firms in Netherlands. A survey of 98 manufacturing firms was conducted and primary data sources were used. Data analysis was done using descriptive statistics that involved mean and standard deviation. A correlation was employed to detect the link between strategic leadership and firms' performance.

It was argued that strategic leaders set organizations strategic direction. It acts as a guide shaping the strategic direction and inspires the employees to work towards set goals.

Strategic direction was found to impact positively on firm performance. This study was conducted in a different industry. Adair (2010) found a positive correlation between strategic planning and performance of service firms in Saudi Arabia. The objective of this study was determining the level at which firms in Saudi Arabia implemented strategic planning practices and the contribution of strategic leadership towards improving performance. A sample of 280 service firms were studied. Questionnaires were administered to collect primary data. It was discovered that firms in Saudi Arabia utilized strategic leadership practices to a large extent and the regression results concluded that strategic leadership was positively correlated with performance.

Okelo (2014) noted that strategic leadership played a key role in shaping the strategic direction and this contributed towards improving the firm's performance. Through strategic leadership, an organization needs to have a clear picture of where the organization ought to be in the next 5-10 years. The firm must have a clear plan on how to turn strategic plans into reality and achieve results.

Locally, Oduor (2017) explored the contribution of human capital on company performance using employee satisfaction as the mediating effect. The researcher used a survey design using a sample of 200 employees of two leading telecoms in Kenya (Safaricom, and Airtel). The results demonstrated that human capital has a strong correlation with firm's performance as well as employee satisfaction. This study was purely focused on only one aspect of strategic leadership hence the need to study other elements of strategic leadership. Katee, (2013) explored the impact of strategic planning on organizational performance at Bidco Kenya. The study used a descriptive survey and data was collected from 22 respondents cutting across all departments in the organization.

Chi Square was applied to test the hypothesis. However, the study was only concerned with strategic planning and ignores all other aspects of strategic planning. Bidco is a manufacturing company hence the need to conduct the study in the service sector.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology that was used. It begins by a brief introduction followed by the research design, population, data collection and data analysis. The methodology forms the basis for validation, acceptance and adoption of the study based on authenticity, credibility, validity and reliability of the methods and tools used.

3.2 Research Design

The study used a correlational descriptive design. The correlational descriptive design allowed the researcher to examine element at a given point in time. This design allowed analysis of respondents in producing insights into the effect of strategic leadership on the performance of SACCOs in Nairobi.

The correlational descriptive design is appropriate because it presents factual information at a specific point in time without bias. The design allowed the researcher to gather strategic leadership issues at each of the target SACCOs. The design presents a scientific method for the study in a qualitative research.

3.3 Population of the Study

A population is an entire set of elements under investigation (Cooper & Schindler 2010). There are several classifications of SACCOs in Kenya. The SACCOs are classified by function (functionality) as deposit taking SACCOs (FOSA) and non-deposit taking SACCOs. There are a total of one hundred and sixty-four licensed deposit taking SACCOs in Kenya. However, Nairobi alone has sixty-three duly licensed deposit taking SACCOs with their headquarters in the city.

The target population consisted of all the sixty-three licensed deposit taking SACCOs with their headquarters in Nairobi. These are the most established and organised SACCOs hence they have a formal structure. Due to the small number of the population, a census survey of all the sixty-three licensed deposit taking SACCOs in Nairobi was used in the study.

3.4 Data Collection

Primary data was collected and used in this study. The data was collected through questionnaire. The questionnaire contained likert ratings. Drop and pick later method was used to administer the questionnaires. Respondents were senior executives or CEOs of the SACCOs. The questionnaire consisted of three sections. Section A focused on general information, section B focused on strategic leadership and section C focused on performance.

3.5 Data Analysis

The data collected was analysed using descriptive statistics (measures of central tendency and measures of variations) and regression analysis. Regression analysis was applied to the data to establish the influence of strategic leadership on financial performance of savings and credit co-operative societies in Nairobi city county, Kenya. The regression equation assumed the following form:

ROA = f (X1, X2, X3, X4, X5);

Specifically, the equation will be of the form; $Y = \beta o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + E$

Where Y = Financial Performance

βo = Constant

X1 = Corporate mission and vision

X2 = Developed Human Capital

X3 = Effective Organizational Culture

X4 = Balanced Organization Controls

X5 = Ethical Practices

E = Error Term

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSION OF FINDINGS

4.1 Introduction

This chapter presents the analysis of data collected from the SACCOs regarding strategic leadership and financial performance of SACCOs in Nairobi. The data was collected through the use of a questionnaire and correlational descriptive statistics computed in SPSS.

4.2 Response Rate

A total of 63 questionnaires were printed and issued to all the 63 licensed deposit taking SACCOs in Nairobi. However only 60 questionnaires were filled in good time and collected by the researcher. This gives a response rate of 95%.

Table 4.1: Response Rate

Categories	Responses	Rates (%)
Analyzable Data	60	95%
Non response	3	5%
Total	63	100%

Source: Research Data (2019)

4.3 Descriptive Statistics

Five variables were computed in SPSS. The variables had specific indicators that were later transformed to give the mean response to represent the variables. The variables include: vision and mission statements, developed human capital, effective organizational culture, balanced organization controls and ethical practices. The Tables 4.2, 4.3, 4.4, 4.5, 4.6, 4.7 and 4.8 shows the mean responses for each of the variables.

4.3.1 Corporate Mission and Vision

The study sought to establish the effect of good corporate vision and mission on financial performance of SACCOs. Five aspects (indicators) were posed on a five point Likert rating. The mean score and standard deviation are shown on Table 4.2.

Table 4.2 Corporate Vison and Mission

Indicators	N	Mean	Std. Deviation
We have a clear and realistic plan to achieve the desired organization goals.	60	4.42	.646
Our decisions are realistic, informed and rational at all levels of the organization.	60	4.08	.889
There is a written a mission statement that clearly outlines who we are, what we do and for whom.	60	4.23	.789
The mission and vision statements are regularly reviewed and revised.	60	4.22	.825
There is a formal direction setting process (e.g. strategic planning) that results in clear strategic direction.	60	4.23	.810
Valid N (listwise)	60		

Source: Research Data (2019)

The findings of the analysis in Table 4.2 shows that having a clear and realistic plan to achieve the desired organization goals, had the highest mean and lowest standard deviation (M=4.42, SD=0.646). This was followed by the indicator of there being a written a mission statement that clearly outlines who we are, what we do and for whom (M=4.23, SD=0.789) and the indication that the mission and vision statements are regularly reviewed and revised. (M=4.22, 0.825).

4.3.2 Developed Human Capital

The study sought to establish the effect of well-developed Human Capital on financial performance of SACCOs. Eight indicative questions were posed on a five point Likert rating. The mean score and standard deviation are shown on Table 4.3.

Table 4.3. Developed Human Capital

Indicators	N	Mean	Std. Deviation
We carefully evaluate the capacity requirement for our programs, services and activities.	60	4.22	.805
There is a formal human resource training and development planning in the organization.	60	4.30	.743
The human capital development and training plan is integrative of the efficient running of this organization.	60	4.30	.591
The staff are adequately informed about what needs to be done and how it needs to be done.	60	3.73	1.118
There are continuous on-the-job training programs to enhance efficiency and effectiveness in service delivery.	60	4.33	.655
The hiring/recruitment in this organization is guided by knowledge and skills competencies.	60	4.03	.843
Outstanding employee performance is rewarded and encouraged throughout this organization.	60	3.55	1.320
All employees are encouraged to be creative and innovative in their service delivery.	60	3.53	1.420
Valid N (listwise)	60		

Source: Research Data (2019)

The findings of the analysis in Table 4.3 shows that the presence of continuous on-the-job training programs that enhances efficiency and effectiveness in service delivery, had the highest mean (M=4.33, SD=0.655). This was followed by the statement that The human capital development and training plan is integrative of the efficient running of the projects of this organization (M=4.30, SD=0.591) and indicator of there being a formal human resource training and development planning in the organization (M=4.30, SD=.743). The lowest mean response was exhibited by the statement that outstanding employee performance is rewarded and encouraged throughout this organization (M=3.55, SD=1.320) and the statement that all employees are encouraged to be creative and innovative in their service delivery (M=3.53, SD=1.420). All the response rates are above 3, indicating above average rating for each of the questions.

4.3.3 Organizational Culture

The study sought to establish the effect of an effective organizational culture on financial performance of SACCOs. Seven aspects (indicators) were posed on a five point Likert rating. The mean score and standard deviation are shown on Table 4.4.

Table 4.4 Effective Organizational Culture

Indicators	N	Mean	Std. Deviation
Values systems have been built over time.	60	4.00	.823
Progressive Beliefs and Habits have been developed.	60	4.03	.974
Management styles are progressive and motivating to staff members.	60	3.83	.994
Attitude of staff members is positive towards work environment.	60	3.93	.880
A progressive corporate culture is in place.	60	4.05	.964
Discipline is emphasized.	60	4.10	.933
All staff members work within some specified deadline.	60	3.93	1.087
Valid N (listwise)	60		

Source: Research Data (2019)

The findings of the analysis in Table 4.4 shows that the statement discipline is emphasized, had the highest mean (M=4.10, SD=0.933). This was followed by the indicator of there being a progressive corporate culture in the SACCOs (M=4.05, SD=0.964) and progressive Beliefs and Habits (M=4.03, SD=0.974). The lowest mean response was exhibited by the question on whether management styles are progressive and motivating to staff members (M=3.83, SD=0.994).

4.3.4 Balanced Organization Controls

The study sought to establish the effect of balanced organization controls on financial performance of SACCOs. Five aspects (indicators) were posed on a five point Likert rating. The mean score and standard deviation are shown on Table 4.5.

Table 4.5 Balanced Organization Controls

Indicators	N	Mean	Std. Deviation
The strategic plan informs annual operational plan, guides SACCO activities and is reviewed quarterly.	60	3.97	1.025
Work plans address the organization's objectives, targets, indicators, strategies, timelines, monitoring and budget.	60	4.13	.892
We conduct milestone reviews as per the performance appraisal plans.	60	4.00	1.135
We anticipate trends and events that may affect SACCO objectives.	60	4.12	.976
We develop a series of actions to manage risks and issues in the SACCO.	60	4.05	1.096
Valid N (listwise)	60		

Source: Research Data (2019)

The findings of the analysis in Table 4.5 shows that the highest mean response was exhibited by statements that work plans address the organization's objectives, targets, indicators, strategies, timelines, monitoring and budget (M= 4.13, SD=0.892) followed by the statement; We anticipate trends and events that may affect SACCO objectives (M=4.12, SD=0.976). The lowest mean response was exhibited by the question on whether the strategic plan informs annual operational plan, guides SACCO activities and is reviewed quarterly (M=3.97, SD=1.025). Consequently, the same indicator had the highest standard deviation implying variations in the responses analyzed.

4.3.5 Ethical Practices

The study sought to establish the effect of ethical practices on financial performance of SACCOs. Nine indicative questions were posed on a five point Likert rating. The mean score and standard deviation are shown on Table 4.6.

Table 4.6 Ethical practices

Indicators	N	Mean	Std. Deviation
Ethical compliance is important in this organization.	60	4.25	.985
We support the staff to meet the set ethical standards/ principles.	60	3.82	1.081
We clarify to those under us the ethical standards they have to know to carry out their work.	60	3.82	1.186
Ethical adherence cultivates the right values for this organization.	60	3.93	1.039
We encourage each member of this organization/staff to follow the laid down ethical codes/standard/policies.	60	4.07	.989
We collaboratively work with all those involved when ethical dilemma arises.	60	3.62	1.250
There are clear structures of communicating ethical goals.	60	3.93	.972
The leadership understands the organization's policies governing relationships with sponsors, donors, clients, the community, and the public at large.	60	3.10	1.272
The leadership understands the organization's policies concerning the use of organizations' resources.	60	4.25	.876
Valid N (listwise)	60		

Source: Research Data (2019)

The findings of the analysis in Table 4.6 shows that the highest mean response was exhibited by two statements; the leadership understands the organization's policies concerning the use of organizations' resources (M=4.25, SD=0.876) and ethical compliance is important in this organization (M=4.25, SD=0.985). This is followed by the statement; we encourage each member of this organization/ staff to follow the laid down ethical codes/standard/policies (M=4.07, SD=0.989). The lowest mean response was exhibited by the question; the leadership understands the organization's policies governing relationships with sponsors, donors, clients, the community and the public at large (M=3.10, SD=1.272). Consequently, the same indicator had the highest standard deviation implying variations in the responses analyzed.

4.3 6 Strategic Leadership

The study sought to establish the effect of all the five strategic leadership practices on financial performance of SACCOs. Five direct questions were posed on a five point Likert rating. The mean score and standard deviation are shown on Table 4.7.

Table 4.7 Strategic Leadership

Indicators	N	Mean	Std. Deviation
1. Corporate strategic direction is determined by developing the long term vision of corporate intent.	60	3.77	1.095
2. Corporate resource portfolio is managed effectively (financial capital, human capital, social capital, and organizational culture).	60	4.18	.948
3. The corporation's market share (growth) is higher than those of the competitors.	60	3.53	1.200
4. Effective organizational culture is emphasized (core values, symbols and ideologies shared and that influence how business is conducted).	60	3.23	1.545
5. Ethical practices are emphasized (acting ethically when doing what is necessary to implement the corporation strategies).	60	3.48	1.081
Valid N (listwise)	60		

Source: Research Data (2019)

The findings of the analysis in Table 4.7 shows that the highest mean response was exhibited by the statement; Corporate resource portfolio is managed effectively (M=4.18, SD=0.948) and Corporate strategic direction is determined by developing the long term vision of corporate intent (M=3.77, SD=1.095). This is followed by the statement; the corporation's market share (growth) is higher than those of the competitors (M=3.53, SD=1.200) and Ethical practices are emphasized (M=3.48, SD=1.081). The lowest mean response was exhibited by the question; Effective organizational culture is emphasized (M=3.23, SD=1.545).

4.3.7 Financial Performance

The study sought to establish the descriptive statistic on financial performance of SACCOs indicators. Four indicators on a five point Likert rating were analyzed to give descriptive. The mean score and standard deviation are shown on Table 4.8.

Table 4.8 Financial Performance

Indicators	N	Mean	Std. Deviation
Sales Turnover is growing and getting better.	60	4.08	.850
Customer satisfaction is high (above the industry average)	60	3.90	.796
There is a steady increase in number of members at the SACCO.	60	4.03	.802
The corporation's market share (growth) is higher than those of the competitors.	60	4.07	.800
Valid N (listwise)	60		

Source: Research Data (2019)

The findings of the analysis in Table 4.8 shows that the highest mean response was exhibited by the statement; Sales Turnover is growing and getting better (M=4.08, SD=0.850), followed by the statement; the corporation's market share (growth) is higher than those of the competitors (M=4.07, SD=0.800) and the statement; there is a steady increase in number of members at the SACCO (M=4.03, SD=0.802). The lowest mean responses were exhibited by the statements; Customer satisfaction is high (M=3.90, SD=0.796).

4.4 Inferential Statistics

4.4.1 Goodness of Fit Statistics

The study sought to establish the goodness of fit in the relationship between the dependent and independent variables. The results are shown in table 4.9

Table 4.9: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768[a]	.590	.610	.60038

The results in Table 4.9 implies that 59% of financial performance among SACCOs in Nairobi is explained by corporate vision and mission, developed human capital, effective organization culture, balanced organization controls and ethical practices. The other 41% is explained by other factors not considered in this model. Therefore all the five components of strategic leadership can collectively be used to predict financial performance among SACCOs in Nairobi.

4.4.2 Analysis of Variance

Statistical analysis was carried out to determine the variance on the regression and the residual models. The results are shown in table 4.10

Table 4.10 Analysis of Variance

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.572	5	.114	31.187.	.001[b]
Residual	19.465	54	.360		
Total	20.036	59			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Ethical Practices, Corporate Vision and Mission, Developed Human Capital, Effective Organization Culture, Balanced Organization Controls

Table 4.10 shows that the variable under study are significant at 0.001, ($p<=0.05$). this indicated that the models is good enough to be tested with the variables of corporate vision and mission, developed human capita, effective Organization culture, balanced organization controls and ethical practices. The F statistics (31.187) shows that the value was high enough to support the R square value in the regression model.

4.4.3 Regression Co-efficients

Linear regression analysis was performed on the data. The aim was to establish the values of the constant, coefficients and significance levels of each of the study variables. Collinearity was also tested using the Variance Inflation Factor (VIF). The results are presented in table.4.11.

Table 4.11 Regression Co-efficients

Coefficients[a]

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.640	1.304		2.791	.007		
Corporate Vision and Mission	.080	.274	.043	.291	.007	.828	1.208
Developed Human Capital	.014	.243	.011	.058	.009	.479	2.089
Effective Organizational Culture	.221	.225	.189	.984	.033	.486	2.057
Balanced Organization Controls	.001	.193	.001	.006	.009	.474	2.109
Ethical Practices	.058	.230	.042	.250	.008	.636	1.573

a. Dependent Variable: Financial Performance

$Y = 3.640 + 0.043\ X_1 + 0.011\ X_2 + 0.189X_3 + 0.001X_4 + 0.042X_5 + E$

All the variables are significant at less than 0.05 level of significance. This shows that all the variables are retained and incorporated in the resultant regression model (equation). This means that a unit change in corporate mission and vision lead to a corresponding change in financial performance by 0.043 units. Similarly, a unit change in human capital leads to a corresponding change in financial performance by 0.011 units. At the same time a unit change in effective organizational culture leads to a corresponding change in financial performance by 0.189 units. A unit change in balanced organization controls leads to corresponding change in financial performance by 0.001 units. Finally, a unit change in ethical practices leads to a corresponding change in financial performance by 0.042 units.

4.5 Discussion of Findings

The findings of this study reveal that all the five strategic leadership practices have significant influence on financial performance of SACCOs in Nairobi. These practices are; corporate vision and mission, developed human capital, effective organizational culture, balanced organization controls and ethical practices. This is in agreement with the findings of Serfontein (2017) on the impact of strategic leadership on the operational strategy and performance of business organizations in South Africa. The study found out that effective strategic leadership practices are directly and indirectly positively associated with organizational performance. Furthermore, the study found out that strategic leadership has a direct correlation with return on assets.

Serfontein (2017) study was based on successful strategic leadership practices in business organizations in South African context. The study asserted that effective strategic leadership practices could help business organizations in South Africa to enhance their performance while competing in turbulent and unpredictable environments. The study measured the relationship between strategic leadership, operational strategy and organizational performance using correlation analysis which recorded a strong positive statistically significant relationship between strategic leadership and organizational performance.

Serfontein's study findings were suggested and supported by literature review. The data from Serfontein's study confirmed the statistically significant and strong relationship between strategic leadership and organizational performance. This study found out that robust vision and mission, developed human capital, effective organizational culture, balanced organization controls and ethical practices lead to increase in SACCO members, growth in market share, high customer satisfaction and high annual turnover as financial performance aspects within the SACCOs. This was shown by the analysis of variance statistics having strong positive statistically significance ($p<0.05$). The literature review supports that if an organization's strategic leadership fails to continuously address the full spectrum of issues that may have an effect on the financial performance of the organization, it is likely that the organization will encounter challenges for which it is not prepared. It is therefore expected of leadership in the organization to provide certainty together with uncertainty (Oduor, 2017). It is also necessary for the leadership to create constant tension between the desirable future and those elements of the present that could inhibit progress. To achieve this, leaders must continuously create burning platforms so that it is impossible for the organization to maintain the status quo (Okelo, 2014).

This study also found out that effective management of corporate resource portfolio lead to high annual turnover and high customer satisfaction. This was shown by the correlation analysis having positive statistically significant relationships. The literature review in this study confirms that the most important task for strategic leaders is effectively managing the firm's portfolio of resources which can be categorized in to financial capital, human capital, organizational culture, balanced controls and ethical practices (Barney and Arikan, 2016).

The research findings on organization performance as attributed to strategic leadership concurs with the literature from different authors that; firms with greater strategic leadership tend to achieve higher financial performance and enhance organizational success in the business operations (Ongore, 2008).

The attainment of corporate vision and mission is accomplished through the effective practice of strategic leadership (Howland, 2013). Effective strategic leadership practices which are: emphasizing on effective organizational culture, determining corporate strategic direction through vision and mission statements, emphasizing on ethical practices and emphasizing on balanced organizational controls enhances strategic competitiveness of the organization that lead to better financial performance. Therefore, this studies have shown that successful implementation of strategic leadership practices improves financial performance. While Serfontein (2017) researched on the impact of strategic leadership on the operational strategy and performance of business organizations in South Africa, this study focused on the influence of strategic leadership on the financial performance of SACCOs in Nairobi.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMEMNDATION

5.1 Introduction

This chapter presents the summary conclusions and recommendations of the study based on the findings of the analysis in chapter four.

5.2 Summary

The response rate of this study was 95% gotten from 60 respondents out of the targeted 63. The analysis of strategic leadership in SACCOs which was tested by some benchmark assertions showed that, in positive corporate vision and mission, developed human capital, effective organizational culture, and ethical practices are shared ideologies among the SACCOs. Respondents also concurred with the assertion that corporate strategic direction is determined in their institutions through an effective organization culture (co-efficient- 0.189). The other assertions were relatively high with coefficients, 0.043, 0.042, and 0.001 for corporate vision and mission, ethical practices and balanced organization controls respectively. These included; developed human capital, effective organizational culture, and ethical practices. Developed human capital in the SACCOs is lowly emphasized.

All the variables under investigation are significant. Strategic leadership therefore leads to financial performance of SACCOs. There is need for SACCOs to adopt the five strategic leadership practices in order to improve their financial performance. All the variables are significant at $p < 0.05$. This shows that all the variables are retained and incorporated in the resultant regression equation. Five variables were tested to establish their effects on financial performance of SACCOs. The five include: corporate vision and mission, developed human capital, effective organizational culture, balanced organization controls and ethical practices. All the variables were found to have a positive significant effect on financial performance. All the responses had a rating above 3 indicating that they generally agreed to the gestations under different aspects of strategic leadership.

5.3 Conclusion

In conclusion, SACCOs operating in Nairobi are faced with stiff competition due to increase in their numbers in the recent past. This calls for a robust and strategic approach to leadership and top management of the SACCOs. The study concludes that SACCOs are increasingly adopting strategic leadership practices to beat competition and improve financial performance. All the firms surveyed were found to be practicing the five components of strategic leadership in one way or another.

The study further established that all the practices have an impact on financial performance of the SACCOs surveyed. With a coefficient value of 0.189 (sig=0.033), effective corporate culture was found to be the most dominant and common strategic leadership practice. This implies that all SAACOs in Nairobi have a well-established and effective corporate culture that promotes cost reduction and financial accountability. This implies that the leadership styles, norms, belief and values of the SACCOs were right. Effective corporate culture enables realization of set objectives leading the desired financial performance. Balanced organization control was the least practiced element of strategic leadership with a co-efficient value of 0.01 (Sig = 0.009). All the VIF values were between 1 and 10 indicating lack of collinearity

5.4 Recommendations

This study makes the following recommendations:

There is need for SACCOs to change and move away from traditional management techniques and adopt modern methods of management. The study recommends appropriate policy measures to promote the growth of SACCOs and protect small SACCOs from collapse due to stiff competition. Proper disciplinary measures should also be taken against senior staff under whose leadership SACCOs collapse leading to loss of members' revenue.

5.5 Suggestions for further Research

This study was mainly concerned with Savings and Credit Cooperative Societies in Nairobi. However, there are other categories of cooperative societies that do exist. It would be important for future researchers to conduct a study on any of the other categories of cooperative societies. The study focused on financial performance. However, there are other aspects of performance other than financial performance which requires further research.

5.6 Limitations of the Study

SACCOs are private entities therefore there was general reluctance by some target respondents to receive the questionnaire due to fear of victimization or dismissal. However, after some reassurance and confirmation for the management they gave in and responded. There was littles time for the collection of data as some target respondents were extremely busy and therefore allocated very little time to answering the questionnaire so as to attend to other business related matters.

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APPENDIX

APPENDIX I: QUESTIONNAIRE

This questionnaire is set in relation to the objective of the study.

SECTION A: GENERAL INFORMATION

PART A: Corporate details (please tick the appropriate box)

1. Level of Education

Secondary [ ]
College Diploma [ ]
University Degree [ ]
Master's Degree
Other Category (*Please Specify*) [ ]

……………………………………………………………………………………

2. Length of service in the organization?

1-5 years [ ] 6-10 years [ ] 11-15 years [ ] Over 15years [ ]

3. Position?

CEO [ ] General Manager [ ]

SECTION B: STRATEGIC LEADERSHIP

Please tick (√) in the chosen box. The ratings are: 1= strongly disagree 2= disagree, 3= Neutral, 4=Agree; 5= Strongly agree.

Mission and Vision	**1**	**2**	**3**	**4**	**5**
We have a clear and realistic plan to achieve the desired organization goals.					
Our decisions are realistic, informed and rational at all levels of the organization.					
There is a written a mission statement that clearly outlines who we are, what we do and for whom.					
The mission and vision statements are regularly reviewed and revised.					
There is a formal direction setting process (e.g. strategic planning)					

that results in clear strategic direction.					

Human Capital	**1**	**2**	**3**	**4**	**5**
We carefully evaluate the capacity requirement for our programs, services and activities.					
There is a formal human resource training and development planning in the organization.					
The human capital development and training plan is integrative of the efficient running of this organization.					
The staff are adequately informed about what needs to be done and how it needs to be done.					
There are continuous on-the-job training programs to enhance efficiency and effectiveness in service delivery.					
The hiring/recruitment in this organization is guided by knowledge and skills competencies.					
Outstanding employee performance is rewarded and encouraged throughout this organization.					
All employees are encouraged to be creative and innovative in their service delivery.					
Corporate Culture	1	2	3	4	5
Values systems have been built over time.					
Progressive Beliefs and Habits have been developed.					
Management styles are progressive and motivating to staff members.					
Attitude of staff members is positive towards work environment.					
A progressive corporate culture is in place.					
Discipline is emphasised.					
All staff members work within some specified deadline.					

Controls	**1**	**2**	**3**	**4**	**5**
The strategic plan informs annual operational plan, guides SACCO activities and is reviewed quarterly.					
Work plans address the organization's objectives, targets, indicators, strategies, timelines, monitoring and budget.					
We conduct milestone reviews as per the performance appraisal plans.					
We anticipate trends and events that may affect SACCO objectives.					
We develop a series of actions to manage risks and issues in the SACCO.					

Ethical Practices	**1**	**2**	**3**	**4**	**5**

Ethical compliance is important in this organization.					
We support the staff and volunteers to meet the set ethical standards/ principles.					
We clarify to those under us the ethical standards they have to know to carry out their work.					
Ethical adherence cultivates the right values for this organization.					
We encourage each member of this organization, staff and volunteers alike to follow the laid down ethical codes/standard/policies.					
We collaboratively work with all those involved when ethical dilemma arises.					
There are clear structures of communicating ethical goals.					
The leadership understands the organization's policies governing relationships with sponsors, donors, clients, the community, and the public at large.					
The leadership understands the organization's policies concerning the use of organizations' resources.					

Strategic Leadership	1	2	3	4	5
1.Corporate strategic direction is determined by developing the long term vision of corporate intent.					
2.Corporate resource portfolio is managed effectively (financial capital, human capital, social capital, and organizational culture).					
3. The corporation's market share (growth) is higher than those of the competitors.					
3.Effective organizational culture is emphasized (core values, symbols and ideologies shared and that influence how business is conducted).					
4. Ethical practices are emphasized (acting ethically when doing what is necessary to implement the corporation strategies).					

SECTION C: FINANCIAL PERFORMANCE

Please tick (√) in the chosen box. The ratings are: 1= strongly disagree 2= disagree, 3= Neutral, 4=Agree; 5= Strongly agree

Performance	1	2	3	4	5
1.Sales Turnover is growing and getting better.					
2.Customer satisfaction is high (above the industry average).					
3.There is a steady increase in number of members at the SACCO.					
4.The corporation's market share (growth) is higher than those of the competitors.					

Please enter the annual value for membership, ROI, ROA and Net Profit for each of the years in the table below.

	2014	2015	2016	2017	2018
1. Number of members					
2. ROI					
3. ROA					
4. Net Profit					
5.Sales Turnover					
6. Market Share					

THANK YOU