STRATEGIC PLANNING IN COOPERATIVE SOCIETIES IN NAIROBI

BY

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DECLARATION

I declare that this is my original work and has not been submitted for a degree in any other university.

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This project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

To my loving parents who taught me all is achievable through hard work and dedication. Whose encouragement has been my source of inspiration and a setting of a strong foundation for education at my early age and unwavering support morally, spiritually and materially to make me who I am. Also to my loving husband who encouraged me from the beginning of this program and taught me that I could achieve all through persistence. To my loving, beautiful daughters who came along the way and for them I could achieve anything.

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ABSTRACT

One of the tools of transformation of society are people owned institutions in the country. Co-operatives are real agents of transformation because they are problem solving people owned organizations. The objective of this study was to establish the extent of strategic planning and implementation in co-operative societies in Nairobi. Research design refers to the way the study is designed, that is the method used to carry out the research. The Study targeted 98 Cooperative Societies in Nairobi registered under the Sacco Society Regulatory Authority. The sampling method chosen for this study was purposive sampling which is a form of non-probability sampling to select 20 cooperative societies based in Nairobi. The structured and unstructured questionnaire instruments were used to collect the primary data. Descriptive statistics such as means, standard deviation and frequency distribution were used to analyze quantitative data. Content analysis is a research method that is applied to responses given to open –ended questions in order to code those answers into a meaningful set of categories that lend themselves to further quantitative statistical analysis. The study concluded that cooperative societies had embraced strategic planning with a 5 year timeline strategic plan implemented by majority of the cooperative societies where mission and vision statement were reviewed after 5 years. The decisions to implement strategies in strategic plans took 1 to 2 weeks or a month although the implementation depend with the type of decision being implemented where short terms decision usually took shorter period to be implemented while long term decisions took longer to be implemented due to processes involved in the implementation. The study concluded that formulating strategic plans in cooperative societies, was the role of upper management who were involved and that strategy formulation in the organization encompasses the core business, staffing and employees welfare to a very great extent. The study concluded strategic planning in cooperative societies helped in formulating strategies, mission and vision .The cooperative societies engaged in establishing a mission, top management leadership through the board of director, development of the key strategies that contribute to the overall vision, establishing a vision, the benefit that stakeholders can expect and involved in monitoring and evaluation that is measuring achievement against set targets, to a very great extent. The study concluded that cooperative societies engaged in strategic planning due to engaging in development of specific, measurable, realistic and time bound strategic goal, development of short and long term operation goals, Subdividing goals into achievable task, allocating goals to individual staff members based on their qualification and correction action-review and address gaps between current position and targeted goals in strategic planning to a great extent. The study concluded that hiring of staff in accordance to current technology and qualifications, allocating sufficient resources and adopting technologies influence effective strategic planning. The study concluded that majority of cooperative societies had embraced Strategic Planning to a very great extent with a time line of 5 years. Most of the cooperative societies were implementing strategies in their current strategic plans. The study revealed that cooperative societies had embraced strategic planning with a 5 year timeline strategic plan implemented by majority of the cooperative societies where mission and vision statement were reviewed after 5 years. The study recommends that strategic planning in cooperative societies should be effectively implemented as it helped in formulating strategies, mission and vision.

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ABBREVIATIONS

ATM	–	Automated Teller Machine
SASRA	-	Sacco Societies Regulatory authority
SACCOs	-	Savings and Credit Cooperative Societies
FOSA	-	Front Office activities
SWOT	-	Strengths, Weaknesses, Opportunities and Threats

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management is a managerial approach whose basic concern is the future of the firm and how the firm anticipates this future. Campbell, Stonehouse and Houston (2002) state that strategic management considers the future events against every business decision and apparently, how skilfully business activities are carried out determines the eventual long term success or failure of the firm. According to Pearce & Robinson (2007), strategic management is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. Strategy is a plan. It is some sort of a consciously intended course of action, a guideline to deal with a situation. Mitzberg, Lampel, Quinn and Goshal, (2003) argue that strategy is a plan in a stream of actions. One person's strategies are another's tactics. According to Rumert (1980) that which is strategic depends on where and when one sits. What is tactical today maybe strategic tomorrow. However, the development and implementation of effective strategies is not an end in itself. There is need to undertake an evaluation since there are often major discrepancies between planned and realized strategy. Thomson and Strickland (2000) state that rigid planning in a dynamic and turbulent business environment can be unproductive whereas rigid adherence to plans may translate into missed business opportunities

The co-operative movement in Kenya is an important player in the social economic development of this country. Co-operatives cut across all sectors of the economy and provide an important framework for mobilization of both human and capital

resources. With a membership of over 8 million in 13,000 registered co-operative societies, the Sacco sub sector, in particular, has mobilized over Kes.230 billion According to the Ministry of Co-operatives Development and Marketing Website (2011) co-operatives are believed to be playing an important role in the achievement of Kenya vision 2030 and the Millennium Development goals. The United Nation General Assembly, as a clear affirmation that it supports co-operatives, declared the year 2012 as the international year of Co-operatives.

1.1.1 Strategic Planning

The core concept of strategic management is strategy. Ansoff (1990) defines strategy as a systematic approach for managing change which consists of first positioning of the firm through strategy and capability planning, secondly real time strategic response through issue management and thirdly systematic management of resistance during strategic implementation. Strategy is fundamental in the planning process since strategic decisions influence the way organizations respond to their environment. Schender and Hofer (1979) define strategy in terms of its function in the organization. They assert that the purpose of strategy is to provide direction to the organization and permit it to achieve its objectives while responding to the opportunities and threats in the environment.

According to Njuru (2007) strategies exist at several levels in any organization raging from the overall business to individuals working in it. Corporate strategy is concerned with the overall purpose and scope of the business to meet stakeholders' expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision making throughout the business. Porter (1996) asserts that business unit strategy is concerned more with how a business competes successfully in a particular market. It concerns strategic decisions about

choice of products, meeting needs of customers, gaining advantage over competitors, exploiting or creating new opportunities, etc. Operational strategy is concerned with how each part of the business is organized to deliver the corporate and business unit level strategic direction. It focuses on issues of resources, processes and people.

The benefits of strategic management to organizations are abounding in nature states David, 1991 and Robinson (1997) Nevertheless, in order to realize the benefits a firm must undertake highly formalized planning processes and set clear objectives. Such objectives can be translated into targets which performance can be measured and monitored. This way resources can be allocated to specific objectives and efficiency judged thereafter. Thomson and Strickland (1998) define company strategy as that game plan that management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good performance. They continue to say that it consists of competitive moves and business approaches that managers employ in running the company strategy is therefore all about competition. Gichohi (2007)notes that good strategies without implementation do not lead to success. Only organizations that are capable of formulating and implementing effective competitive strategies will achieve profitability and growth.

In managing a firm the modern executive must respond to the challenges posed by the firm's immediate and remote external environments. Pearce et al (2008) argues that the immediate external environment includes competitors, suppliers, increasingly scarce resources, government agencies and their ever more numerous regulations and customer's whose preferences often shift inexplicably. The remote external environment comprises economic and social conditions, political priorities and

technological developments all of which must be anticipated, monitored, assessed and incorporated into the executive's decision making.

1.1.2 The Co-operative Societies in Nairobi

The basic values of the concept of co-operation are democracy, equity, self-help, equality, freedom and liberty. Ouma (1980) describes a co-operative society as an association of people whose aims, purpose and end results yield happiness, not only to the members who form it, but also to the community generally, and even to the community at large. The cooperative is a business undertaking within a specific social context and which works towards a wider socio economic purpose. Dubell (1989) notes that the co-operative idea was a great social and economic innovation in the 19th century. There were many attempts in several countries in Europe to institutionalize the idea but it was in the British society that it finally took root. It originated among the lower strata of the society and, therefore, represents a major contribution to social and economic development on the part of the poor people. It was also a call to underprivileged groups of people to organize themselves to improve their situation

The Ministry of Co-operatives Development and Marketing (2009) states that about 63% of the Kenya population directly and indirectly depends on the co-operative related activities for their livelihood. The majority are urban while a few are rural. The sector has mobilized over Kes.230 billion from their members to date which is about 31% of the national savings. The co-operative movement has granted loans to their members of over kes.120 billion. These loans have been used for the purchase of land, farm inputs, housing, education, medication and development of various

business ventures. About 200 co-operative societies have ventured into Front Office activities (FOSA). The FOSA offers bank like services, like withdrawable savings, deposits, debit cards, advances, money transfers etc.

According to a study done by Procasur Africa (2012) Nairobi hosts the highest number of urban Saccos whose membership is enlightened. Most of these cooperative societies are employees of government parastatals e.g. Mwalimu Sacco consisting mostly of teachers employed by The Teachers Service Commisions, Harambee Sacco consisting of employees of government ministries. These Saccos are required to comply with standards set by the Sacco Society Regulatory Authority (SASRA) According to Planet Rating East Africa (2007 About 200 co-operative societies have ventured into Front Office activities (FOSA). 98 of these are in Nairobi. The FOSA offers bank like services, like withdrawable savings, deposits, debit cards, advances, money transfers etc.

The introduction of FOSAs has contributed positively to the performance of Saccos through improved profitability which has led to the declaration of high dividend rates to members. According to IFSB (2005) Most of the FOSAs in Nairobi are profitable and some of them have a deposit base and membership larger than that one of the small Banks. They have Branches in other parts of the country serving their members who are wide spread. They have adopted modern payment systems like the ATM card and Mobile Banking to make it easy for their members to access funds from their FOSA accounts.

1.2 Research Problem

Thomson and Strickland (2000) states that in any firm or business enterprise regardless of the size strategic planning and implementation is as important as the existence of the business. The business environment keeps on changing over time; the key factors that might have made an organization successful in the past may not work today. These changes vary from emergence of competitors, employment of new tactics by existing competitors, changes in the political climate, and changes in consumer's tastes to changes in purchasing power.

One of the tools of transformation of society are people owned institutions in the country. Co-operatives are real agents of transformation because they are problem solving people owned organizations According to ICA & CCA (2007) The Kenyan Financial Cooperative (referred to as the Savings and Credit Cooperatives – SACCO) sector is by far the largest SACCO sector in Africa. It plays a significant role in Kenya's financial sector. Several of Kenya's largest Saccos have capital large enough to become banks. In, 2005 there were around 2,700 Saccos with an estimated membership of 2.5 million. These Saccos together reported nearly US$ 1.66 billion in share capital and deposits, and US$ 1.24 billion in loans outstanding. The share capital and deposits in Saccos accounted for over 24% of domestic savings. Membership in co-operatives and savings and credit groups is very common. Nearly 79% of households had at least one member in such entities. Savings and credit groups were highly concentrated (over 70%) in low income zones which are generally less attractive to non bank and bank financial institutions.

Several studies have been done both in the field of strategic planning and the co-operative societies in Kenya. Mwaura (2001) on his study in Sacco Information

Systems, notes that since the majority of Kenyans are below poverty line and bank interest rates are very high, the cooperative movement is seen to be supporting the welfare of almost 70% of the developments done by the mwananchi. Lumumba (1998) in his investigation on the members attitudes as regards the lending policies for the Savings and credit co-operative societies in Kenya notes that Saccos are unique in that, out of their services and daily contribution towards economic development, the government through the Ministry of Co-operative Development issues policies which guide their operations. These policies are reviewed periodically to be in line with changing economic conditions.

Owen (2007) in his study on rural outreach and financial cooperatives notes that the capacity of the boards and managements of most Saccos is weak including those that are very large. A lot of this is because of politics, lack of adequate policies and procedures, and inadequate capacity of management board members who may be elected for political reasons rather than governance and management skills. Mbaya (2001) notes that strategic management is a managerial approach whose basic concern is the future of the firm and how the firm anticipates this future. The Ministry of Co-operative Development and Marketing requires that Saccos develop business plans thus many Saccos hire consultants to develop the same but with little involvement of the board and management.

These studies agree on the importance of the cooperative movement in Kenya today in alleviation of poverty and they also point out on the need for policy development in the sector. They also agree on the importance of strategic planning for a successful future of any organization. Given the importance of strategic planning for any

organization to succeed do the co-operative societies in Kenya actually draw strategic plans and if they do to what extent are these plans implemented?

1.3 Research Objective
The objective of this study will be to establish the extent of strategic planning and implementation in co-operative societies in Nairobi.

1.4 Value of the Study
To the Department of Co-operative Societies in the Ministry of Industrialization and Enterprise and the Sacco Society Regulatory Authority (SASRA) – The study will advice the Ministry and SASRA on the extent of strategic planning in Saccos which is a requirement by both bodies and they can use the findings to plan on educating the cooperative societies on benefits of planning.

To the scholars and researchers – This study will enrich the knowledge in Co-operative Societies and strategic planning and they can refer to it and maybe do further studies as per the recommendations and findings of this study.

To the Apex bodies in the cooperative movement (these are the Cooperative Insurance Company, The Cooperative Bank, The Kenya National Alliance of Cooperatives and The Kenya Union of Saccos) – They can use the study to get a better understanding of their key customer and therefore be able to serve the cooperative movement better.

To the Management of the cooperative movement – The study will be used to inform them on the assessment of strategic planning which could benefit the strategic

societies in understanding the role of planning which in effect will maximise their

benefits.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a theoretical development on strategic planning and a review of the literature related to the purpose of the study. The topics covered in this chapter are the definition of strategic planning, components of strategic planning, approaches to strategy setting, strategic planning process, situational analysis and strategy formulation, goals objectives and targets, strategy implementation and evaluation and control.

2.2 Theoretical Foundations

According to Rowe et al (1994) strategic plans evolve from careful analysis of a firm's competitive advantage, threats posed by competitors, environmental forces, customer demands, and ways of measuring how well company goals are being met. The final plan should help executives make policy and operational decisions according to corporate guidelines, but it should not stifle creativity or prevent executives from dealing effectively with contingencies and changing conditions.

The strategic plan also serves as the vehicle for communicating proposed strategy to individuals in the organization who are responsible for its implementation as well as soliciting input from those individuals. Strategy isn't beating the competition; its serving customers' real needs. Ohmae (1998) states that when one recognizes that customers have changing expectations, it becomes obvious that the way to beat competitors is to deal directly with what the customer wants.

According to Johnson, Christensen and Kagermann (2008), strategy formulation might also lead to strategic change which will need to be seen as normal and not reliant on lengthy reference up and down decision making hierarchies. The emphasis is on creating the organizational conditions necessary to encourage individuals and groups to be intuitive and challenging in their thinking about possible futures of the organization.

2.3 Definition of Strategic Planning

Thomson & Strickland (1998) defines strategy as that game plan that management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good performance. They continue to say that it consists of competitive moves and business approaches that managers employ in running the company. Strategy is therefore all about competition. Gichohi (2007) notes that good strategies without implementation do not lead to success. Only organizations that are capable of formulating and implementing effective competitive strategies will achieve profitability and growth.

2.4 The components of Strategic Planning

The key components of strategic planning include an understanding of an entity's vision, mission, values and strategies. Mckeown (2012) states that the vision outlines what the organization wants to be, or how it wants the world in which it operates to be. It is a long term view and concentrates on the future. It can be emotive and is a source of inspiration. The vision is a descriptive picture of a desired future state. Guided by the vision, the firm's leaders can define measurable financial and strategic objectives. Financial objectives involve measures such as sales targets and earnings growth.

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The mission defines the fundamental purpose of an organization or an enterprise, succinctly describing why it exists and what it does to achieve its vision. Levitt (1960) argues that organizations sometimes summarize goals and objectives into a mission statement. Others begin with a vision and a mission and use them to formulate goals and objectives. The mission is a statement of rationale, applicable now as well as in the future. The mission is therefore the means of successfully achieving the vision.

For an organization's vision and mission to be effective, they must become assimilated into the organization's culture. They should also be assessed internally and externally. According to Kotler (1986) the internal assessment should focus on how members inside the organization interpret their mission statement. The external assessment – which includes all of the businesses stakeholders –is valuable since it offers a different perspective. Theses discrepancies between these two assessments can provide insight into their effectiveness.

2.5 Approaches to strategy setting

There are two approaches to strategy making – a deliberate or emergent strategy. The deliberate strategy is analytical and structured. It is the vision towards strategy formation in organizations that emphasizes the benefits of acting intentionally. Plan and think before you act. It does not mean that deliberate strategists are completely blind to unexpected developments and events.

Johnson & Scholes (2002) define intended strategy which is the same as the deliberate strategy as an expression of desired strategic direction deliberately formulated or planned by managers or by a strategic leader. It may be that the implementation of this intended strategy is also planned in terms of resource allocation, control systems,

organizational structure and so on. According to Amit and Zott (2001) intended strategy is therefore a deliberate, designed process of development and implementation. Intended strategy is not always implemented in organizations and there can be many reasons for this. Among them might be that managers realize that the plans are unworkable, the environment could have changed after the plans were drawn up. Also people in the organization or influential stakeholders may not go along with the plan.

The deliberate strategy gives the organization direction. It also demands commitments as plans allow organizations to mobilize themselves, build capacity and commit to major investments. It also ensures coordination by allowing the organization to act as a whole and make coordinated decisive moves. According to Johnson & Scholes (2002) good plans enable optimal resource allocation and allow the allocation of scarce resources to the most promising business units. It also programs organizations allowing them to run like computers by being precise, reliable, without making mistakes and efficient.

Dimaggio and Powel (1983) explain that the emergent strategy occurs by chance or happens within the organizations without any long term planning. It occurs from the day to day decisions made to run the company at the tactical and routine level of the company. It comes from manager's responses to problems. It is good when it is hard to predict what is likely to happen in the market place or with technology. In emergent strategy the ends are rarely announced or recorded in a formal planning document, and when they are, they remain broad, general and non-quantifiable. The means

develop over time as the organization learns from environmental developments and interaction.

Emergent strategy according to Johnson & Scholes (2002) is regarded as the long term direction of the organization, which develops over time. The management of organizations depends a great deal on the experience on those involved, individual or collective, and embedded in organizational culture. Managers typically reconcile different views through negotiation and political activity, or by falling back on established ways of doing things, or routines, that make up the culture of the organization. Dimaggio and Powel (1983) state that emergent strategy does not develop from a predetermined plan but grows from interpretation by people in the organization of their situation and the interaction, debate and sometimes conflict between them. Strategic direction may emerge from actions taken by middle management and organizational routines rather than by strategy as designed by top management.

Amit and Zott (2001) argue that emergent strategy also has its own advantages the first one being opportunism. Organizations retain their mental freedom to grab unpredictable opportunities as they arise. The organization also remains flexible by keeping its options open, it does not commit to early actions and investments. Letting strategy emerge provides the opportunity to learn. The best way to find out what will work is to let people try. This is conducive to an entrepreneurial spirit to emerge. Major strategic change causes considerable resistance in organizations so time to build support for it is important.

2.6 Strategic Planning Process

In today's highly competitive business environment, budget-oriented planning or fore cast-based planning methods are insufficient for a large corporation to survive and prosper. The firm must engage in strategic planning that clearly defines objectives and assesses both the internal and external situation to formulate strategy, implement the strategy, evaluate the progress, and make adjustments as necessary to stay on track. (Kono, 1994) argues that the most widely used tools for strategic planning is SWOT analysis which means (Strengths, Weaknesses, Opportunities, and Threats). The main objective of this tool is to analyze internal strategic factors, strengths and weaknesses attributed to the organization, and external factors beyond control of the organization such as opportunities and threats.

Different approaches to strategic planning are used. The first one is Situation – Target – Proposal. Naisbitt (1982) explains that one has to evaluate the current situation and how it came about. Then define the goals and objectives that need to be achieved. Once this is done then a path or proposal which is a possible road map or route to the goals or objectives is defined.

The second approach is the Draw – See – Think – Plan approach. In this approach the desired ideal image is drawn. One then has to see today's situation and compare it with the ideal situation. In comparing today's and the ideal situation the gap between the two is seen. Naisbitt (1982) further argues that this enables one think what specific actions need to be taken to close this gap between today's situation and the ideal. This enables one to plan the resources and steps required to execute the plan.

Pearce & Robinson (1991) assert that businesses vary in the processes they use to formulate and direct their strategic management activities. Sophisticated planners such as General Electric, Procter & Gamble, and I.B.M have developed more detailed processes than les formal planners of similar size. Small businesses that rely on the strategy formulation skills and limited time of an entrepreneur typically exhibit more basic planning concerns than those of larger firms in their industries

2.7 Situational Analysis and Strategy Formulation

Given the information from the SWOT analysis, the firm should match its strengths to the opportunities that it has identified, while addressing its weaknesses and external threats. To attain superior profitability, the firm seeks to develop a competitive advantage over its rivals. A competitive advantage can be based on cost or differentiation.

It is important to analyze the organization and how it may develop in the future when developing strategies. The analysis has to be executed at an internal level as well as an external environment as well as the strengths and weaknesses of the organizations. The factors to assess in the external situation analysis are markets, competition, technology, supplier markets, the economy and the regulatory environment. Renger and Titcomb (2002) explain that though all seven of these factors may not be critical in any one situation it is important to note that market and competition are almost always applicable to most situations.

According to Haines (2004) an analysis of the external environment normally focuses on the customer. Managements should be visionary in formulating customer strategy,

and should do so by thinking about market environment shifts, how these could impact customer sets, and whether those customer sets are the ones the company wishes to serve. Analysis of the competitive environment is also performed.

Not all organizations face similar environments and they differ in their form and complexity; therefore different ways of thinking about strategy development and different processes for managing strategy may make sense in different circumstances. According to Johnson & Scholes (2002) while developing strategy in dynamic conditions managers need to consider the environment of the future, not just of the past. They may employ structured ways of making sense of the future, such as scenario planning, or they may rely more on encouraging active sensing of environmental changes low down in the organization and the sort of diversity and variety seen as necessary through the ideas lens.

Johnson, Christensen and Kagermann (2008) explains that strategy formulation might also lead to strategic change which will need to be seen as normal and not reliant on lengthy reference up and down decision making hierarchies. The emphasis is on creating the organizational conditions necessary to encourage individuals and groups to be intuitive and challenging in their thinking about possible futures of the organization.

Porter (1998) notes that competition is at the core of every success or failure of a firm. This means that it is necessary for every firm to craft competitive strategies that will enable it to gain competitive advantage over their rivals. According to Thompson and Strickland (1996) competitive strategy is that part of business strategy that deals with

management's plan for competing successfully – how to build sustainable competitive advantage, how to outmaneuver your rivals, how to defend oneself against competitive pressure or how to strengthen the firm's market positioning. According to Porter (1980) competitive strategy is the distinctive approach which a firm uses or intends to use in order to succeed in the market place and it involves positioning the business to maximize the value of capabilities that distinguish it from its competitors.

2.8 Goals, Objectives and targets

The goal of strategic planning mechanisms like formal planning is to increase specificity in business operation, especially when long-term and high-stake activities are involved. One of the core goals when drafting a strategic plan is to develop it in a way that is easily translatable into action plans. According to George (2010) most strategic plans address high level initiatives and overarching goals, but don't get translated into day-to-day projects and tasks that will be required to achieve the plan in a way that makes sense and is executable to others.

Though the organization may have several goals it is important to have goal congruency which refers to how well the goals combine with each other. Goals should be compatible with each other. They should fit together to form a unified strategy. Goal hierarchy consists of the nesting of one or more goals within other goals. One approach recommends having short term goals, medium term goals and long term goals. Short term goals are attained fairly easily. According to Armstrong (1986) long term goals may appear difficult, almost impossible to attain. Goals sequencing is when one goal is used as a stepping stone for achieving other goals. In this case one starts by attaining the short term goals, then steps up the medium term goals and finally the long term goals. In an organization setting, it is important to coordinate the

goals so that they do not conflict with each other. The goals of one part of the organization should mesh compatibly with those of other parts of the organization.

Churchman (1968) suggested imperatives that should be involved in any system of strategic management. First is to identify the business's fundamental values and the goals and objectives that arise from them. Secondly is to assess the business' environment – forces outside the business itself that may present themselves as either opportunities or threats. After this, one should asses the business' resources and capabilities – these are those things within the control of the business such as people, machinery, facilities, contracts, image and good will. These can be allocated to achieve goals and objectives. Strategic objectives are related to the firm's business position, and may include measures such as market share and reputation.

Values are beliefs that are shared among the stakeholders of an organization. Values drive an organizations culture and priorities and provide a framework in which decisions are made. Argenti (1968) states that strategy is a combination of the end for which the firm is striving and the means by which it is seeking to get there. According to Olsen (2012) a strategy is sometimes called a roadmap which is the path chosen to plow towards the end vision. The most important part of implementing the strategy is ensuring the company is going in the right direction which is defined as the end vision.

Strategic planning is an organization's process of defining strategy, or direction, and making decisions on allocating its resources to pursue this strategy. In order to determine the future direction of the organization, it is necessary to understand its

current position and the possible avenues through which it can pursue particular courses of action. Lorenzen (2006) explains that generally, strategic planning deals with at least one of three key questions which are: What do we do? For Whom do we do it and How do we excel. Many organizations view strategic planning as a process for determining where an organization is going over the next year or more typically – 3 to 5 years, and for some even 500 years.

2.9 Strategy Implementation.

The selected strategy is implemented by means of programs, budgets, and procedures. Implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The way in which strategy is implemented can have a significant impact on whether it will be successful. Argenti (1968) argues that in a large company, those who implement the strategy likely will be different people from those who formulated it. For this reason, care must be taken to communicate the strategy and the reasoning behind it. Otherwise, the implementation might not succeed if the strategy is misunderstood or if lower-level managers resist its implementation because they do not understand why the particular strategy was selected.

Armstrong (1986) explains that the three major keys to successful strategic planning and implementation are commitment, credibility, and communication. Upfront commitment by the leaders must include an adherence to the full and thorough process of strategic planning. There must also be a commitment to implementing the strategies recommended by the strategic planning committee. The leaders should implement programs and services and commit allocations to meet the objectives of the

strategic plan at a level that is doable for the organization and level of activity. The strategic planning committee should have representatives from all areas of the organization and adhere to the steps of the process.

Haines (2004) explains that an additional aid to implement the strategic plan is to create and integrated system by which the strategic plan becomes the benchmark for progress in our organization. It thus becomes a system of accountability. The best way to set up an integrated system is for the directors to accept the strategic plan and make the mission statement part of the directives. The strategic plan can then become the context from which programs and services flow.

The implementation of the strategy must be monitored and adjustments made as needed. While evaluating and controlling one must define the parameters to be measured. Values for these parameters must be defined. Next the measurement is performed. Haines (2004) further explains that the measured results are then compared to the pre-defined standards and finally necessary changes are made.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement and analysis of data. In this section the researcher identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections included; research design, target population, data collection and finally data analysis.

3.2 Research Design

Research design refers to the way the study is designed, that is the method used to carry out the research. The design of this research is descriptive survey research. According to Mugenda and Mugenda (2003) a descriptive survey research seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitude, behavior or values.

Descriptive research portrays an accurate profile of persons, events, or situations. This design describes the characteristic of the population or phenomenon. It will generate detailed information regarding the key aspects in order to develop a profile of the phenomenon. Facts were generated from experiences and observations. The design is deemed fit to portray clear pictures assessment of strategic planning in cooperative societies in Nairobi.

3.3 Target Population

According to Ngechu (2004), a population is defined as a set of people, services, elements, and events, group of things or households that are being investigated.

According to the Survey Report (February 2011) there were 4,233 SACCOs registered in Kenya. The population for this study therefore was all 4,233 SACCOs registered under the Societies Act in Kenya.

The Study targeted 98 Cooperative Societies in Nairobi registered under the Sacco Society Regulatory Authority. The list of the societies was obtained from the Ministry of Co-operative Development and Marketing. According to Moore and McCabe, (2005) a researcher must select a sample of elements from a target population in order to conduct the study. A questionnaire was used to measure the characteristics and/or attitudes of people.

3.4 Sample Design

Ngechu (2004) underscores the importance of selecting a representative sample through making a sampling frame. From the population frame the required number of subjects, respondents, elements or firms was selected in order to make a sample. According to Babbie (1998) sampling is that part of statistical practice concerned with the selection of an unbiased or random subset of individual observations within a population of individuals intended to yield some knowledge about the population of concern, especially for the purposes of making fair generalization of results back to the population from which they were chosen. There are 98 Saccos that have been registered by Sacco Society Regulation Authority.

According to Ngechu, (2004) the sampling method chosen for this study was purposive sampling which is a form of non-probability sampling to select 20 cooperative societies based in Nairobi. Purposive sampling involves a deliberate

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selection of particular units of population to constitute a sample representing the population. The study adopted purposive sampling technique to select a sample of 20% of the population, thats about 20 Cooperative Societies. Mugenda and mugenda (2003) indicated that a sample of 10% to 20% units of population is a sufficient representative of a population. The General managers of the selected Cooperative Societies were selected as the respondents as they are best suited to offer information concerning strategic planning in Cooperative Societies

3.5 Data Collection

According to Ngechu (2004) there are many methods of data collection. The choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, objectives, design, expected data and results. This is because each tool and instrument collects specific data. This study collected primary data on strategic planning in cooperative societies.

The structured and unstructured questionnaire instruments were used to collect the primary data. The questionnaire contained the questions which were both closed and open ended. (Merriam-Webster's online dictionary) These types of questions were accompanied by a list of possible alternatives from which respondents were required to select the answer that best described the situation. The questionnaires were administered through drop and pick to 20 respondents who were Cooperative Societies general managers. According to the Ministry of Cooperative Development and Marketing (2004) the general managers of co-operative societies are in charge of policy planning. The general managers were therefore the best suited to answer the questions as they are in charge of policy planning in Co-operative Societies. The

questionnaire is a valuable method of collecting a wide range of information from a large number of individuals, often referred to as respondents, Graeff (2005)

3.6 Data Analysis

The study used qualitative and quantitative techniques in analysing the data. After receiving questions from the respondents, the responses were edited, classified, coded and tabulated to analyze quantitative data using Statistical Package for Social Science (SPSS version 17). Descriptive statistics such as means, standard deviation and frequency distribution were used to analyze quantitative data.

Data presentation was done by the use of frequency tables. This ensured that the gathered information is clearly understood by describing what the respondents were saying. Qualitative data was analyzed using content analysis and presented in prose form. Thomas (1994), Content analysis is a research method that is applied to responses given to open –ended questions in order to code those answers into a meaningful set of categories that lend themselves to further quantitative statistical analysis.

DATA ANALYSIS, INTERPRETATIONS AND DISCUSSION

4.1 Introduction

This chapter presents the discussions, data analysis and interpretations of findings of the study. The objective of the study was to establish the extent of strategic planning and implementation in cooperative societies in Nairobi. From the study, the target population was 20 general managers of the selected 20 cooperative societies where all the 20 respondents filled and returned the questionnaires. This constituted 100% response rate which was sufficient. Mugenda and Mugenda (2003) indicates that a response rate of 50%, 60% or 70% is sufficient for a study.

4.2 Background Information

Names of the Cooperative Societies

The respondents were requested to indicate the names of the cooperative societies. From the findings, all the targeted cooperative societies as in Appendix II were involved in the study.

Table 4.1 Period the Cooperative Society Started its Operations

Period in years	Frequency	Percent
1-5 years	1	5
5-10 years	12	60
Over 10 years	7	35
Total	20	100

Source: Field Data

The respondents were requested to indicate the year their co-operative society started operations. From the findings, majority of the Cooperative societies started their operations between 5 and 10 years ago, 35% of the cooperative societies started their

operations over 10 years ago while only 5% of the Cooperative societies started their operations between 1 to 5 years ago. This clearly indicated that the selected cooperative societies had been in operations for more than 5 years.

Table 4.2 Nature of Cooperative Societies' Membership

Nature of membership	Frequency	Percent
Marketing cooperative society	0	0
Consumer cooperative society	2	10
Check off based cooperative society	15	75
Community based cooperative society	1	5
Others	2	10
Total	20	100

Source: Field Data

The respondents were requested to indicate the nature of the members of the cooperative society. From the findings, most of the cooperative societies were check off based comprising of 75%, none were marketing cooperative societies, 10% were consumer cooperative societies while others, mostly housing co-operative societies, comprised of 10%.

Table 4.3 Number of Employees in Co-operative Societies

No of the Employees	Frequency	Percent
Less than 5 employees	5	25
Between 5 to 20 employees	14	70
More than 20 employees	1	5
Total	20	100

Source: Field Data

The respondents were requested to indicate the number of employees employed in the cooperative societies. From the findings, majority of the respondents indicated that the cooperative societies had between 5 to 20 employees, 5% of the cooperative

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societies had more than 20 employees while 25% of the cooperative societies had less than 5 employees.

Table 4.4 Number of Members in Co-operative Societies

Number of members	Frequency	Percent
Less than 200 members	4	20
Between 200 and 1000	8	45
Between 1000 and 5000	6	30
Over 5000	2	10
Total	20	100

Source: Field Data

The respondents were requested to indicate the number of members in the respective cooperative societies. From the findings, 45% of the respondents indicated that their co-operative society had 200 to 1000 members, 30% of the respondents indicated that the cooperative societies had 1000 to 5000 members while 20% of the respondents indicated that they had less than 200 members. The study also found that 10% of the cooperative societies had over 5000 members. This implied that majority of the cooperative societies had more than 200 members

4.3 Strategic Planning in Co-operative Societies

The respondents were requested to indicate whether their SACCO had embraced strategic planning. From the findings, all 100% of the respondents indicated that they had embraced strategic planning. This implied that cooperative societies have adopted strategic planning to enhance strategies implementation and improve on their performance. The respondents indicated that the people involved in the formulation of the SACCOs mission and vision were the heads of the departments, the board of directors and the general managers as well as officials from the Ministry of

cooperative development .This implied that top management in the cooperative societies were involved in formulation of cooperative societies' missions and visions.

4.4 Strategic Plans' Time Lines

The respondents were requested to indicate the timelines of the strategic plan adopted by their respective cooperative societies. From the findings, majority - 87% indicated that their strategic plan timeline was 5 years while 13% indicated that their strategic plan had a timeline of 3 years. This clearly indicated that the majority of co-operative societies had a 5 year timeline strategic plan.

4.5 Reviewing of Mission and Vision

The study sought to know how often the mission and vision statements of the cooperative societies were reviewed. From the findings, 83% of the respondents indicated that mission and vision statements were reviewed after 5 years, 12% indicated that their mission and vision statements were reviewed after three years while 5% indicated that mission and vision statements were reviewed after 4 years. This implied that cooperative societies mostly reviewed their mission and vision statements after five years.

Period taken for Decision to be Implemented

The study sought to know how long it took for a decision made to be implemented. From the findings, majority of the respondents indicated that decisions took 1 to 2 weeks or a month although the implementation depended on the type of decision being implemented. The respondents explained that short term decisions usually took shorter periods to be implemented while long term decisions took longer to be implemented due to processes involved in the implementation.

4.6 Extent of Strategic Planning Used in Organizations

The study sought to know the extent to which strategic planning is adopted in cooperative societies. From the findings, majority of the respondents indicated that when formulating strategic plans only the upper management was involved and that strategy formulation in the organization encompasses the core business, staffing and employees welfare to a very great extent as indicated by a mean of 4.6 and 4.5 respectively. The study also found that when formulating strategic plans only the upper management and middle management are involved and that when formulating strategic plans all staff in the organization are involved to a moderate extent as indicated by a mean of 3.4 and 3.3 respectively.

Table 4.5 Extent of Strategic Planning

Factors	Mean	Std dev
When formulating strategic plans only the upper management are involved	4.6	0.70
When formulating strategic plans only the upper management and middle management are involved	3.4	0.56
When formulating strategic plans all staff in the organization are involved	3.3	0.45
Strategy formulation in the organization encompasses the core business , staffing and employees welfare	4.5	0.85

Source: Field Data

4.7 Extent to which Strategic Activities in Strategic planning were Engaged

The study sought to find out the extent to which the cooperative societies engaged in strategic planning. From the finding majority of the respondents indicated that cooperative societies engaged in establishing a mission, top management leadership through the board of directors, development of the key strategies that contribute to the overall vision, establishing a vision, and the benefits that stakeholders can expect as indicated by a mean of 4.8, 4.7, 4.6, 4.53. The societies also monitor and evaluate in order to measure achievement against set targets, to a very great extent as indicated by a mean of 4.51. The study also found out that the cooperative societies engage in development of specific, measurable, realistic and time bound strategic goals, development of short and long term operation goals, subdividing goals into achievable tasks, allocating goals to individual staff members based on their qualification and correction action-review and address gaps between current position and targeted goals to a great extent as indicated by a mean of 4.40, 4.20, 4.10. 3.80 3.70 and 3.60 respectively. This clearly implied that cooperative societies embrace strategic planning to a very great extent.

Table 4.6 Extent to which Strategic Activities were engaged in Strategic Planning

Strategic planning	Mean	Std Dev
Establishing a vision , the benefit that stakeholders can expect	4.53	0.55
Establishing a mission-clarifying what the organization is for	4.80	0.67
Development of the key strategies that contribute to the overall vision	4.60	0.44
Development of specific , measurable, realistic and time bound strategic goal	4.41	0.63
Establishing company value	4.100	0.33
Communication of the organizational vision, mission and key policies	3.80	0.75
Top management leadership through the board of director	4.70	0.56
Development of short and long term operation goals	4.20	0.89
Subdividing goals into achievable task	4.10	0.17
Allocating goals to individual staff members based on their qualification	3.70	0.48
Monitoring and evaluation that is measuring achievement against set targets	4.51	0.61
Correction action-review and address gaps between current position and targeted goals	3.60	0.52

Source: Field Data

4.8 Environmental Factors Considered in Strategic Planning

The respondents were requested to indicate the extent to which the environmental factors were considered in strategic planning. From the findings, majority of the respondents indicated that when current environment situation is considered strategies formulated were likely to work and that hiring of staff in accordance to current technology and qualifications were environmental factors considered in strategic planning to a very great extent. The study also found out that if finances and human resources capabilities were considered while formulating strategy, it was likely to be easily implemented and considering technologies before acquiring technology were factors considered to a great extent as indicated by a mean of 4.3 and 4.1 respectively.

This clearly indicated that co-operative societies need to consider strategies formulated, current technology and staff qualifications, availability of both finance and human resources as well as hiring of competent staff for effective strategic planning.

Table 4.7 Environmental Factors Considered in Strategic Planning

Environment Factors	Mean	Std dev
If current environment situation is considered strategies formulated was likely to work	4.6	0.70
In terms of finances and human resources is considered while formulating strategies is likely to be easily implemented	4.1	0.56
Considering technologies before acquiring technology	4.3	0.45
Hiring of staff in accordance to current technology and qualifications	4.5	0.85

Source: Field Data

4.9 Period of Previous Strategic Plan

The respondents were requested to indicate the period of their previous strategic plans. From the findings, 31% of the respondents indicated that they had four years; 2006 to 2010 strategic plans, 23% indicated that they had four years; 2007 to 2011 strategic plans, 18% indicated that they had five years; 2007 to 2012 strategic plans while 15% indicated that they had five years strategic plans from 2008 to 2012. The study further found out that 8% of the respondents indicated that their previous strategic plan was to run from 2008 to 2011 while 5% indicated their period of their current strategic plans was 2011 to 2012. This implied that most co-operative societies adopt strategic plans for periods of 5 years.

4.10 Strategies Formulated During the Previous Strategic Planning Period

The respondents were requested to indicate the number of strategies implemented in the previous strategic planning period. From the findings, majority - 65% of the respondents indicated that the co-operative had five strategies to implement during the strategic plan, 21% indicated that they had 6 strategies to implement, 10% indicated that they had between 10 to 12 strategies to be implemented while 4% indicated that the co-operatives had 7 to 9 strategies to be implemented.

Table 4.8 - Number of Strategies Implemented in Percentages for the Previous Strategic Plans

	Frequency	Percent
Fully implemented	5	25
75% implemented	10	50
50% implemented	3	12
25% implemented	2	8
None implemented at all	0	0
Total	48	100

Source: Field Data

The respondents were requested to indicate the number of strategies implemented in the co-operative societies. From the findings, 50% indicated that their co-operative societies had implemented 75% of their strategies , 25% indicated that they had fully implemented the strategies in the strategic plans; 12% indicated their co-operative societies had implemented 50% of their strategies while 8% of the respondents indicated their co-operative societies had implemented only 25% of the strategies in their strategic plans. This indicated that most cooperative societies had not successfully implemented strategies in their strategic plans.

Co-operative Societies' Current Strategic Planning

The respondents were requested to indicate the current strategic planning period. From the findings, 31% of the respondents indicated that the current strategic planning started in 2009, 23% indicated that the current strategic planning started in the year 2010, 18% indicated that their current strategic plan had started in the year 2012 while 15% indicated that their current strategic plan had started from 2011. The study further found that 8% of the respondents indicated that their current strategic plan started in 2012 while 5% indicated that their current strategic plan started in the year 2013.

Number of Strategies in the Current Strategic Planning Period

The respondents were requested to indicate the number of strategies to be implemented in their current strategic plan period. From the findings, majority 67 % of the respondents indicated that the co-operative had 5-7 strategies to implement during their current strategic plans, 21% indicated that they had 8-9 strategies in their current strategic plans, 10% indicated that they had between 10 to 12 strategies to be implemented while 1% of the respondents indicated that their co-operative societies had more than 12 strategies to be implemented in their current strategic plans duration.

Table 4.9 - Number of Strategies Implemented in Percentages for the Current Strategic Plans

	Frequency	Percent
Fully implemented	0	0
75% implemented	1	5
50% implemented	4	20
25% implemented	9	45
None implemented at all	6	30
Total	20	100

Source: Field Data

The respondents were requested to indicate the number of strategies implemented in the current strategic planning period of the cooperative societies. From the findings, 45% of the respondents indicated that they had implemented 25% of the strategies , 30% of the respondents indicated that they had not implemented any of the strategies since the beginning of the current strategic planning period while 20% of the respondents indicated that the cooperative societies had implemented 50% of the strategies in the current strategic planning period, while only 5% of the respondents indicated that their cooperative societies had implemented 75% of their strategies in the current strategic plan. None of the cooperative societies had fully implemented their strategies in their current strategic plans.

4.11 Factors Influencing Lack of Strategy Implementation in the Co-operative Societies

The respondents were requested to indicate the factors that influenced lack of strategy implementation in the cooperative societies. From the findings, the respondents indicated that decision and implementation processes took long as the decisions had to be presented to the AGM while the board of directors were found to take long to implement the decisions due to differences on strategies and high staff turnover due to poor reward systems. The respondents also indicated that effective strategy

implementation was hampered by unrealistic targets, high cost of resources and lack of effective leadership in the management.

The respondents also indicated that lack of implementation of the strategies in the co-operative societies was due to lack of staff participation in strategy formulation, resistance by staff, limited authority to make decisions by the employees, lack of skills, knowledge and experiences exhibited by the employees and lack of adopting current technologies in management of the co-operative societies. The study further found that high attrition of members of the SACCOs, stringent regulations governing cooperative societies and political interferences affected strategy implementation in the organization.

4.12 Discussion of Key Findings

One of the key findings of the study was that majority of the co-operative societies involved only upper management and middle management in strategy formulation to a large extent while the rest of the staff were only involved to a lesser extent. The study also revealed that the extent of strategy implementation was very low with only 5% having implemented their strategies up to 75% for the current strategic planning period. This agrees with Johnson et al (2008) who argues that if individuals at all levels of the organization are not involved in strategy formulation, then implementation of the same strategy may not be achieved. Strategy formulation might lead to strategic change which will need to be seen as normal and not reliant on lengthy reference up and down decision making hierarchies. Individuals should be encouraged to be intuitive and challenging in their thinking.

Another key finding was that when current environmental situation was considered when formulating strategies the strategies were likely to work. It was also established that hiring of staff in accordance to current technology and qualifications were environmental factors considered in strategic planning to a very great extent. This is in line with Kono (1994) who states that in strategic planning a SWOT analysis should be used. The main objective of a SWOT analysis is to analyze internal strategic factors beyond control of the organization such as opportunities and threats.

Majority of the Co-operative Societies indicated that the period taken in implementation of strategies depended on whether the decision was short term or long term. They explained that short term decisions took a shorter time to implement whereas long term decisions took longer to be implemented due to processes involved in the implementation. This is in line with what Armstrong (1986) recommends that an organization should have short term goals, medium term goals and long term goals. Short term goals are attained fairly easily, while long term goals may appear difficult and almost impossible to attain. In this case one starts by attaining the short term goals, then steps up the medium term goals and finally the long term goals.

The study found out that formulation of the mission was a function of top management through the board of directors. The board of directors developed key strategies that contribute to the overall vision, establishing a vision and the benefits that stakeholders can expect. This agrees with Mckeown (2012) who states that the key components of strategy setting include an understanding of any entity's vision, mission, values and strategies. Guided by the vision, the firm's leaders can define measurable financial and strategic objectives. It also agrees with Levitt (1960) who

argues that the mission defines the fundamental purpose of an organization or an enterprise, succinctly describing why it exists and what it does to achieve its vision.

Most of the societies were engaged in development of specific, measurable, realistic and time bound strategic goals. They developed short term and long term goals and divided the same into achievable tasks. This agrees with George (2010) who argues that one of the core goals when drafting a strategic plan is to develop it in a way that is easily translatable into actions. He argued that most strategic plans failed because they addressed high level initiatives and overarching goals, but did not get translated into day to day projects and tasks that will be required to achieve the plan in a way that makes sense and is executable to others.

Another key finding of the study was that when it came to the correction of actions which meant reviewing and addressing gaps between the current position and the desired effect or the targeted goals this was only moderately done. This largely led to the failure of the implementation of strategy. This is in line with Haines (2004) who stated that for successful implementation strategies must be monitored and adjustments made as needed. While evaluating and controlling one must define the parameters to be measured. When measurement is done the measured results must be compared to the predefined standards and finally the necessary changes should be made.

From the findings, the respondents indicated that decision and implementation processes took long as the decisions had to be presented to the AGM while the board of directors were found to take long to implement the decisions. This is in line with

Johnson et al (2008) who state that strategy formulation might also lead to strategic change which will need to be seen as normal and not reliant on lengthy reference up and down decision making hierarchies. The emphasis should be on creating the organizational conditions necessary to encourage individuals and groups to be intuitive and challenging in their thinking about possible futures of the organization.

The study revealed that most strategies were not implemented because the staff were not motivated. This is in line with Argenti (1968) who states that implementation involves organization of the firm's resources and motivation of the staff to achieve objectives.

Another key finding was that failure of strategy implementation was as a result of lack of commitment from the top management of the co-operative societies. This agrees with Armstrong (1986) who argues that upfront commitment by the leaders must include an adherence to the full and thorough process of strategic planning. The leaders must implement programs and services and commit allocations to meet the objectives of the strategic plan at a level that is doable for the organization and level of activity.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study that relates to the objective of the study. The chapter also draws conclusions and recommendations made from the findings of the study.

5.2 Summary of the Findings

The study established that, most co-operative societies in Nairobi were check off based co-operative societies and majority had more than 200 members. The study revealed that co-operative societies have adopted strategic planning to enhance strategy implementation and improve on their performance. The study found that the people involved in the formulation of the SACCO's mission and vision statements were heads of the departments, the board of directors and the general managers as well as officials from the Ministry of co-operative development.

The study established that most co-operative societies had a 5 year timeline strategic plan where mission and vision statements were reviewed after 5 years. This clearly indicated that co-operative societies mostly reviewed their mission and vision statements after five years.

From the findings, majority of the respondents indicated that decisions take 1 to 2 weeks or a month although the implementation will depend with the type of decision being implemented where short terms decision usually took shorter periods to be implemented while long term decisions took longer to be implemented due to processes involved in the implementation.

The study established that when formulating strategic plans in co-operative societies, mostly the upper management was involved and that strategy formulation in the organization encompasses the core business, staffing and employees welfare to a very great extent. The study also revealed that when formulating strategic plans only the upper management and middle management are involved and the rest of the staff are only involved to a lesser extent.

The study revealed that co-operative societies engaged in establishing a mission, development of the key strategies that contribute to the overall vision, establishing a vision, and the top management was involved in monitoring and evaluation which involved measuring achievement against set targets, to a very great extent. The study established that the cooperative societies were engaged in development of specific, measurable, realistic and time bound strategic goals, development of short and long term operation goals, subdividing goals into achievable tasks, allocating goals to individual staff members based on their qualification and correction action-review and addressing gaps between current position and targeted goals in strategic planning to a great extent.

On environmental factors considered in strategic planning, the study found that when current environmental situation was considered strategies formulated were likely to work and that hiring of staff in accordance to current technology and qualifications were environmental factors considered in strategic planning to a very great extent. If availability of both finances and human resources was considered while formulating strategies it was found that strategy implementation would be easier and considering technologies before acquiring technology were factors considered to a great extent in strategic planning .This revealed that cooperative societies need to consider strategies

formulated, current technology and staff qualifications , availability of both finances and human resources as well as hiring of competent staff for effective strategic planning and implementation.

On period of previous Strategic Plan implemented by the co-operative societies, 31% had 2006 to 2010 strategic plans, 23% indicated that they had 2007 to 2011 strategic plans, 18% indicated that they had a five years strategic plan between 2007 to 2012 while 15% indicated that they had five years strategic plans from 2008 to 2012 clearly indicating that most cooperative societies adopt strategic plans for periods of 5 years.

The study revealed that co-operative societies had 5 to 12 strategies to be implemented during the previous strategic planning period, where 5% of co-operative societies had implemented 75% of their strategies, clearly indicating that co-operative societies had not successfully implemented strategies.

On the current strategic planning period, most co-operative societies had started in the year 2009 others in the year 2010 while 18% indicated that they had current strategic planning started in the year 2012 indicating that majority were at the mid-term of their strategic plans period of 5 years. The study revealed that most co-operatives had 5-7 strategies to implement during their current strategic plan, 21% indicated that they had 8-9 strategies in their current strategic plans. The study however, established that less than 25% had implemented more than 75% of their strategies meaning most co-operative societies were still struggling with implementation.

From the findings, the study revealed that decision making during implementation processes took long as the decisions had to be presented to the AGM while the board of directors were found to take long to implement the decisions due to differences on

strategies and high staff turnover due to poor rewards systems. Strategy implementation was hampered by unrealistic targets, high cost of resources and lack of effective leadership in the management. Others factors that hampered strategy implementation were lack of staff participation in the strategy formulation thus resistance by staff, limited authority to make decisions by the employees, lack of skill, knowledge and experiences exhibited by the employees and lack of adopting current technologies in management of the co-operative societies, high attrition of members of the SACCOs, stringent regulations governing co-operative societies and political interferences affected strategies implementation in the organization.

5.3 Conclusions of the Study

The study concluded that co-operative societies had embraced strategic planning with a 5 year timeline strategic plan implemented by majority of the co-operative societies where mission and vision statements were reviewed after 5 years. The decisions to implement strategies in strategic plans took 1 to 2 weeks or a month although the implementation depended with the type of decisions being implemented where short term decisions usually took shorter periods to be implemented while long term decisions took longer to be implemented due to processes involved in the implementation.

The study concluded that formulating strategic plans in co-operative societies, was the role of upper management who were involved and that strategy formulation in the organization encompasses the core business, staffing and employees welfare to a very great extent.

The study concluded strategic planning in co-operative societies helped in formulating strategies, mission and vision statements .The co-operative societies engaged in

establishing a mission statement by the top management leadership through the board of directors, development of the key strategies that contribute to the overall vision, establishing a vision and stating the benefits that stakeholders can expect. Monitoring and evaluation of achievements against set targets was also done to a great extent.

The study concluded that co-operative societies engaged in strategic planning due to engaging in development of specific, measurable, realistic and time bound strategic goals, development of short and long term operational goals, subdividing goals into achievable tasks, allocating goals to individual staff members based on their qualification and correction action-review to address gaps between current position and targeted goals in strategic planning to a great extent.

The study concluded that hiring of staff in accordance to current technology and qualifications, allocating sufficient resources and adopting technologies influence effective strategic planning. The study concluded that majority of co-operative societies had embraced strategic planning to a very great extent with a time line of 5 years. Most of the cooperative societies were slow in implementing strategies both in their previous strategic planning periods and the current strategic planning period.

5.4 Recommendations of the Study

The study recommends that cooperative societies should involve all levels of staff in strategy formulation, not just the top and middle management in order for them to embrace the new strategy with a better understanding and therefore enhance strategy implementation which was very low in most of the co-operative societies involved in the study.

The study recommends that cooperative societies should engage in strategic planning to develop specific, measurable, realistic and time bound strategic goals, development

of short and long term operational goals, subdividing goals into achievable tasks, allocating goals to individual staff members based on their qualifications and correction action-review to address gaps between current position and targeted goals in strategic planning to a great extent.

The study also recommends that cooperative societies should hire qualified staff in accordance to current technology and qualifications, allocating sufficient resources and adopting technologies to positively influence implementation of strategies.

The study recommends that management in co-operative societies should seek strategies to minimise factors affecting implementation of strategies such as setting realistic targets , reducing high cost of resources and effective leadership in the management , encourage staff participation in the strategy formulation, reward staff competitively and training staff to acquire skills, knowledge and experiences required for the job as well as adopting current technologies in management of the cooperative societies.

5.5 Limitations of the Study

The study was limited to co-operative societies in Nairobi. Most of the Societies in Nairobi are check-off based and a few community based. As such the findings of the study are limited to these because most marketing co-operative societies are found in rural agricultural areas.

The other limitation was that the respondents were CEOs of the selected co-operative societies and they may have tended to give answers which sounded right as opposed to actual facts thus giving the impression that their societies were doing better.

5.6 Suggestions for Further Study

This research has assessed strategic planning in co-operative societies. The study recommends that a further study should be carried out to identify the challenges affecting strategic planning implementation in co-operative societies.

The study also recommends that another study be carried out to establish why most co-operative societies' strategies were drawn out by the board of directors and officials from the Ministry of Co-operative Development as opposed to the board of management who were in charge of executive management of the co-operative societies.

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APPENDICES

Appendix 1: Introduction Letter

The CEO

XYZ Sacco

P.O. BOX 123

NAIROBI

Dear Sir / Madam

RE: INTRODUCTION LETTER

Miss Kabue who is undertaking studies in an MBA is currently researching on a paper on Strategic Planning in Co-operative Societies in Nairobi.

She will be coming to your organization to collect data.

Kindly accord her the necessary assistance.

Yours faithfully

Dean

Department of Business Administration

UNIVERSITY OF NAIROBI

Appendix I1: Questionnaire.

This questionnaire is designed for academic purposes only and the information given in response will be treated with utmost confidentiality. Kindly answer the questions as objectively as possible.

PART A: BACKGROUND INFORMATION ON THE COOPERATIVE SOCIETY

Please Tick Where Applicable
1. Name of Co-operative Society _____

2. When did the Society start its operations?
      1 Year to 5 Years   [ ]
      5 Years to 10 Years   [ ]
      Over 10 Years   [ ]

3. Nature of membership
      Marketing Coop Society   [ ]
      Consumer Coop Society   [ ]
      Check off based Coop Society [ ]
      Community based Coop Society [ ]
      Any other, specify
      ………………………………………………………………………….

4. No. of employees
      Less than 5   [ ]
      Between 5 and 20   [ ]
      More than 20   [ ]

5. No. of members
      Less than 200   [ ]
      Between 200 and 1000   [ ]
      Between 1000 and 5000 [ ]
      Over 5000   [ ]

PART B: STRATEGIC PLANNING IN COOPERATIVE SOCIETIES
6. Has your Cooperative Society embraced strategic planning?
Yes   [ ]
No   [ ]

7. If Yes in (1) above, please indicate the people that were involved in the formulation of the company's mission and vision.

………

………

……………………………

8. What time lines does your strategic plan cover?

....

9. How often are the missions and vision statements of your co-operative society
   reviewed? …………………………………

10. Once a decision is made, how long does it take before it is implemented? Give reason
    for your answer

    ……………………………………………………………………………………………………

    ……………………………………………………………………………………………………

11. To what extent does each of the following apply to strategic planning in your
    organization? Use a scale of 1 to 5 where: 1 = No extent at all; 2 = little extent; 3 —
    Moderate extent; 4 = Great extent; 5 - A very great extent

Extent of Strategic Planning	1	2	3	4	5
When formulating strategic plans only the upper management are involved					
When formulating strategic plans both the upper and middle management levels are involved					
When formulating strategic plans all staff in the organization are involved					
Strategy formulation in our organization encompasses the core business, staffing and employee welfare					
Strategy formulation in our organization involves only the core business					

12. Kindly indicate the extent to which you engage in each of the following in your
    strategic planning. Use a scale of 1 to 5 where: 1 = No extent at all; 2 = little extent; 3
    — Moderate extent; 4 = Great extent; 5 - A very great extent

Strategic Planning Steps	1	2	3	4	5
Establishing a vision-the benefits that stakeholders can expect					
Establishing a mission-clarifying what business your company is in					
Development of key strategies that contribute to the overall vision					

	1	2	3	4	5
Development of specific, measurable , realistic and time-bound strategic goals					
Establishing company values					
Communication of organizational vision, mission and key policies					
Top management leadership through the board of directors					
Development of short- and long-term operational goals					
Subdividing goals into achievable tasks					
Allocating goals to individual staff members based on their qualifications					
Monitoring and Evaluation – Measuring achievement against set target					
Corrective action-review and address gaps between current position and the targeted goals					

13. To what extent do you consider each of the following in your strategic planning? Use a scale of 1 to 5 where: 1 = No extent at all; 2 = little extent; 3 — Moderate extent; 4 = Great extent; 5 - A very great extent

Environmental Factors	1	2	3	4	5
If current environmental situation is considered strategy formulated is likely to work					
If current capability in terms of finances and human resource is considered while formulating co-operative strategy it is likely to be easily implemented					
If the current technological needs of the organization are considered before acquiring technology, the technology acquired is likely to be useful.					
The cooperative societies hire staff in accordance to current requirements in terms of technology and qualifications					

PART C: STRATEGY IMPLEMENTATION IN CO-OPERATIVE SOCIETIES

14. What was the period for your previous strategic plan?

Between 20 _ _ and 20 _ _

15. How many strategies did you have in the strategy period mentioned in (13) above

_____

16. How many strategies were implemented fully?_____

17. How many strategies were 75% implemented?_____

18. How many strategies were 50% implemented?_____

19. How many strategies were 25% implemented?_____

20. How many strategies were not implemented at all?_____

21. When did the current strategic planning period start? 20 _ _

22. How many strategies do you have for the current strategic planning period?

23. How many strategies have you implemented wholly for the current strategic planning period?
_____

24. How many strategies are 75% implemented for the current strategic planning period?_____

25. How many strategies are 50% implemented for the current strategic planning period?_____

26. How many strategies are 25% implemented for the current strategic planning period?_____

27. How many strategies are not implemented at all for the current strategic planning period?_____

28. What factors would you say have influenced lack of strategy implementation in your organization?

    _____

    _____

    _____

    _____

    _____

    _____

29. When is your next strategic plan due?_____

Appendix III: List of Co-operatives

1. Radar Gurds Sacco
2. Airports Sacco
3. Nafaka Sacco
4. NHIF Sacco
5. Kanisa Sacco
6. Mtangazaji Sacco
7. Muungano Sacco
8. Lontels Sacco
9. Naserian Sacco
10. Topees Sacco
11. Co-operative Bank Housing Sacco
12. Co-operative Bank Sacco
13. Magadi Sacco
14. KARI Sacco
15. PEFA Central Sacco
16. Vine Sacco
17. Nation Staff Sacco
18. Royal Media Sacco
19. Tetrapak Sacco
20. Afcahl Sacco