BOARD OF DIRECTORS AND STRATEGIC PLANNING WITHIN DEPOSIT-TAKING SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN NAIROBI COUNTY

BY

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DECLARATION

This project is my original work and has not been presented for the award of a degree or any other award in any university.

Signature .…. Joan **Date…..** 10/8/2020

JOAN CHEPKORIR KEMEI

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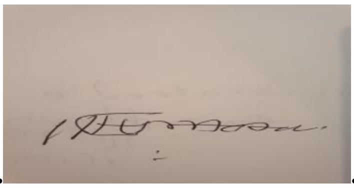
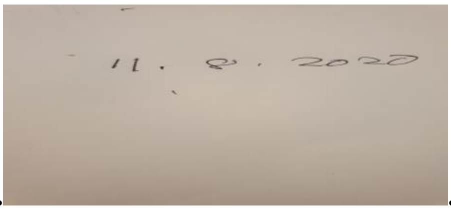
This research project is submitted for examination with my approval as a University supervisor.

Signature........**..................................**

Date................................

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PROF. EVANS AOSA

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DEDICATION

I dedicate this research to my dear parents Mr. and Mrs. Leonard Kemei for laying a strong foundation on my life. I owe you my success. My special dedication to my husband Collins Cheruiyot and my wonderful and lovely sons Nathan, Ethan, and Jayden who have always inspired, supported and encouraged me to never give up in difficult times, enduring my regular absence as I attended to my studies. I can never thank you enough. You have always given me a strategic push in life.

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My utmost appreciation is to the university of nairobi iin providiing a favourable learning environment and the resources I needed to go through my postgraduate degree.

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ABBREVIATIONS

BOD - Board of Directors

CEO - Chief Executive Officer

CGI - Corporate Governance Index

SACCO – Savings and Credit Co-operative Society

SASRA - Sacco Societies Regulatory Authority

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ABSTRACT

Given the highly competitive nature of the world, organizations are fast embracing modern approaches in management as a way of enhancing their competitiveness. However, one of the areas that has not been fully exploited is the involvement of the board of directors in strategic planning, particularly in SACCOs. With this background, the study objective was to establish the function of the board of directors in strategic planning within deposit-taking Saccos of the County of Nairobi, Kenya. This study was directed on the stewardship theory, the agency theory, managerial hegemony theory, and the stakeholder theory. The study adopted a purposive sampling technique, specifically the total population sampling, which in this context, constituted 44 SACCOs that were licensed to undertake business within the County of Nairobi, Kenya. The data was gathered by administering strutured questionnaires to the respondents. The collected data was analyzed using descriptive statistics by the assistance of SPSS version 23. The study established that the BOD performs important functions in the strategic planning process of SACCOS including the creation of mission, vision and core values, continuously review proposed strategic decisions and the conditions under which they operate, assessing financial and human resource capabilities needed to plan and execute strategies, questioning managers to stimulate thought and promote better strategic decision making, and approving strategic plans. The study concluded that board of directors performs an essential part in strategic planning within an organization. The study recommended that organizations take the role of BOD more seriously to improve the strategic planning process. One underlying limitation of the study was that it concentrated on SACCOs alone. The study suggested that future research should adopt other advanced statistical analysis techniques to test the relationship between the BOD and strategic planning.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In the current years, the duty of the Board of Directors (BoD) in the management within enterprises has drawn much public attention in the wake of corporate collapses, increased corruption incidences, inadequate disclosure of the financial performances, and accounting irregularities. Such activities and practices have negatively impacted on public confidence in corporations and Savings and Credit Co-operative Societies (SACCOs), thereby attracting communal attention on elements of corporate governance (Adams & Ferrira, 2014). As a result, there has been a considerable rise in attention regarding matters relating to structural governance solutions through legislative and oversight interventions. Largely, the changes are targeted at reviewing the involvement of the BOD as the supervisory authority for organizations.

Basing their argument on the managerial hegemony, past studies found that board of directors contributes insignificantly to strategic planning. For instances, Klein (2017) posited that the strategic responsibilities of BOD had evolved in importance, thus increasing organization performance. The management and the board should work together to come up with strategic plans for companies, including SACCOs. Further, a study by Pearce and Zahra (2011) affirmed that the BOD substantial effect on strategic planning and decision-making jointly with the management. Nonetheless, it is apparent that the involvement of BOD in strategic planning remains limited, especially in SACCOs and medium-sized organizations in Kenya.

1.1.1 Board of Directors

BOD represents a collection of individuals with unique technical competence responsible for ensuring internal corporate governance of an organization. Therefore, the board is a regulatory system in the business setting charged with the role of overseeing and supervising the decisions made by the management (Campbell & Vera, 2010). In the view of Stiles (2015), the involvement of BOD in supervising the choices made by the executive management positively affects a firm's achievement. However, it's noteworthy it for them to perform their supervisory roles more effectively, the members must have the know-how particularly in fields like marketing, accounting, legal affairs and finance.

BOD contributes significantly to issues relating to corporate governance through their oversight roles. In fact, Yermack (2016) reasoned that consolidating managerial responsibilities into the BOD improves success and performance among organizations. However, stringent control and abuse of powers by the boards often obstruct the overall financial performance of firms.

1.1.2 Strategic Planning

As defined by Bryson (2018), strategic planning involves stating the direction and strategy of an organization, and deciding on the means of allocating resources to achieve such direction. Strategic planning further involves techniques of control that provide guidance towards the implementation of strategy. The concept has been grown in popularity since 1960s and forms a mainstream part in strategic administration. It is accomplished by engaging planners in strategy or strategists, they intricate several groupings and research origins in scrutiny of the company and its association with the underlying environment that it competes around (Bryson, 2018). Typically, strategy encompasses setting goals, establishing measures meant to attain the desired outcomes, and marshalling assets resources to carry out these activities.

Strategies outlines methods for the ends to be accomplished through the means. Superior authority for a company is usually burdened in ascertaining the strategy. Therefore strategy might be organized (destined) either might be realized in a design to the undertaking for the organization to adjust to its competitive environment (Bryson, 2018). Therefore strategic planning involves techniques for crafting and execution of strategy. Nevertheless, strategy planning is analytical in type whereby strategy formulation solely entails synthesis by strategic judgement likewise, strategic devising happens within the formulation of strategy exercise.

1.1.3 Savings and Credit Cooperative Societies (SACCOS)

SACCOS are described as voluntary organizations or associations in which members pool their resources together in the form of savings as well as take loans. Ideally, the primary reason for the formation of SACCOs was to encourage savings while extending loans to their respective members. In Kenya, SACCOs are controlled by the Sacco Societies Regulatory Authority (SASRA). In governance structure for SACCOs which comprises of board members, audit committee, executive management, and supervisory committee among other board committees. This is in line with corporate governance, which is a system responsible for controlling, directing, and supervising the operations of a company, to satisfy unique stakeholder interests. As outlined by Barnhart and Marr (2014), as important micro-financing institutions, SACCOs play a critical role in mobilizing financial resources to empower its members by improving their living standards through cheaper credits. As a matter of fact, SACCOs are contributing not only to economic growth but also transforming the social landscape in different capacities. Therefore, this research was steered by managerial hegemony, agency theory, stewardship theory, and stakeholder theory.

1.2 Research Problem

Whereas there are regulatory bodies responsible for oversight and legal frameworks, corporate failures, especially in financial institutions, are still on the rise. From past experiences, BOD's involvement in the protection of the investments of shareholders through financial fraud prevention has come under sharp criticism. When calculated using the Corporate Governance Index (CGI), therefore corporate governance has a positive correlation with enterprise performance. Therefore, appropriate corporate governance and positive ethical practices result to higher cash dividends. Another study by Daily & Dalton (2013) using 1991-2008 data from listed companies in Nigeria established that board size, gender diversity, and Chief Executive Officer (CEO) duality are positively correlated to organizational performance.

The concept of corporate governance is still weak in some sectors, particularly in SACCOs despite the existence of tight regulations and governing frameworks in financial institutions in Kenya. Over the last decade, innocents and unsuspecting citizens have been victims of SACCO scrams and frauds. In fact, operations of SACCOs have been weak due to poor management and financial mismanagements, which have adversely affected their activities and growth potentials. Unless the internal and external aspects of governance are strengthened, it is feared that more resources will be lost in SACCOs.

Studies that have been conducted locally over the years have provided conflicting results regarding the connection between BOD and the general firm performance. For instance, Guze (2012) examined the effectiveness of corporate governance in public corporations in Kenya. This research concluded that corporate governance is a paramount decider for performance through oversight. Contrarily, Mureithi (2013) undertook a study on corporate governance role in parastatals in Kenya where he found out an adverse interrelationship on performance. Klein (2017), equally assessed the activities of this board in influencing banking sector performance.

Though this study found a positive correlation, it was only limited to one bank. Therefore, it is apparent that past studies have generated inconsistent outcomes concerning the connection amid BOD company achievement. Its on this basis that the research targets in studying the contribution of the BOD in SACCOs strategic planning. What is the role of BOD in strategic planning within the deposit-taking SACCOs found within Nairobi County?

1.3 Research Objectives

To establish the role of board of directors in strategic planning within the deposit-taking SACCOs in Nairobi County.

1.4 Value of the Study

As a matter of facts, the outcomes of this research immensely endowed in practice and theory in various ways. The study findings are of direct benefit to stakeholders such as potential investors, SACCO members, regulatory bodies like the government agencies, as well as financial institutions in general. The findings equip policymakers with the knowledge that would be useful in managing the dynamics of cooperative movements in the country. Particularly, the study makes recommendations regarding the best practices for ensuring good corporate governance for SACCOs in Kenya.

The research exploits the approaches that organizations can implement in order to make good use of BOD as a planning strategy resource in gaining competitive leverage over rivals in business. Based on the ‘good stewardship’ theory, the findings of this study help financiers or investors to make rational decisions about where they are more likely to make a catch and get the value of their investments.

From the academic and research point of view, this study contributes substantially to theory in various ways. More importantly, the study identifies the existing knowledge gaps in cognizance of corporate governance and the part involving BOD in financial institutions. Consequently, this study helps in filling the identified gaps through its findings as well as providing recommendations on gaps requiring further studies. Further, the findings of the study help in bridging the empirical literature gaps, thus becoming an important source of information for future studies. For scholars with an interest in corporate governance, this study serves as an important foundation and stimulator.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explored the theoretical and empirical literature relating to BOD and strategic planning. The first part of this chapter focused on the specific theories namely the managerial dominance, the agency theory, stewardship theory, and the stakeholder theory. The second part of the chapter outlined the past empirical findings regarding board independence and composition and their influence on firm output.

2.2 Theoretical Foundation

2.2.1 The Managerial Hegemony Theory

Managerial hegemony theory which was advanced by Stiles (2015) asserts that in organizations, boards represent legal fictions that are specifically dominated by the management. Subsequently, they have a passive responsibility to play in strategy as well as directing the operations of a corporation. This being a managerialist perspective, it is founded on various management control mechanisms. First and foremost, Berle and Means (1932) argued in favor of the need to separate control from ownership in any organization because combining the two results in dilution of the shareholders influence as well as weakening their control.

The second factor that contributes to management control and drawn closely on agency theory about the actuality to information unevenness between management and non-executive directors (Child, 2015). Owing to their direct involvement in running daily affairs of the organization, it is unquestionable that the management has an advantage over the boards (specifically non-executive) concerning the internal information about the company (Pearce & Zahra, 2011).

In some circumstances, the management of profitable entities has the ability to make the organization more independent through financing investment activities through retained earnings rather than share capital (Bhagat & Butler, 2012). Further, in some instances, executive management is directly involved in deciding who sits on the board through handpicking. This, therefore, leaves the management with executive powers to control the operations and decisions of the board through their appointees (Klein, 2017). Final mechanism necessitating management control is relationship reporting structures in which internal directors of the organization are answerable to the topmost management (the chief executive officer). Largely, their career growth and compensation are determined by the CEO. For this reason, there is likely to be a power imbalance between such directors and the CEO (Carter et al., 2007). From these control mechanisms, it is apparent that the BOD is merely serving a ‘rubber-stamp’ function by only reviewing and approving the decisions of the management. According to Campbell and Vera (2010), the board is only but a passive role player in the running and oversight of companies and SACCOs.

2.2.2 The Agency Theory

The agency theory, which is an economic theory, was first advanced by Demsetz and Alchian (1972) thereafter refined by Meckling and Jensen (1976). It defines the nature of the link amongst the agents (managers, board members) and the principals which represents the shareholders. Fitting it into the perspectives of this research, shareholders who are the owners are the principals of SACCOs and therefore responsible for hiring the services of agents like managers and the board of directors to undertake managerial responsibilities on their behalf.

According to this theory, the principals only delegate the role of running and operating the organization to managers and the board responsible for the oversight roles (Child, 2015). Thus, those charged with the duty of running the business are agents of the shareholders (owners). It has been argued that the prominence of this theory can be influenced by two main factors: self-interests of the agents and the conceptual management structure involving shareholders and managers.

Whereas the theory expects agents to meet the interest of their principals (shareholders), this is often not the case because of the self-interest issues. The agents (managers and board) do not necessarily make decisions favorable to the shareholders' interests because they too have their interests to fulfill (Barnhart & Marr, 2014). This nature of the agency-principal conflict of interest was first advanced during the late 18th century by Adam Smith, the father of economics. It was not until during the 1970s that Jensen and Meckling presented a detailed insight of the theory.

However, it was Schoorman, Davis, and Donaldson (1997) who came up with the agency theory problem that revolves around the concept of separation of control and ownership. According to the agency theory, agents are often succumbed to serving their self-interest by exhibiting opportunistic behaviours and consequently falling short of the expectations of their principals. However, it is also important recognizing the fact that the primary objective of the agency theory is to ensure separation of control and ownership (Bhagat &

Butler, 2012). According to Chen et al. (2013), as opposed to offering fluctuating incentive payments, agents are only interested in investing in projects with higher returns and those offering fixed wages without necessarily having incentive components. On the contrary, the shareholders are only interested in the maximization of their wealth through using positivist approach to control their agents (Uadiale, 2010).

2.2.3 Stewardship Theory

The stewardship theory advanced by Davis, Schoorman and Donaldson (1997) is a sociology and psychology theory stating that the responsibility of the steward is mainly to maximize and protect the interests or wealth of shareholders regarding performance. It is because in so doing, the stewards are maximizing their utility functions. In this case study, the stewards represent SACCO boards and the management who are serving the interests of shareholders. Therefore, as the stewards, their main responsibility is to guarantee the interest of the owners are maximized and safeguarded. As averse to agency theory, the theory doesn't emphasize on the concept of individualism (Bhagat & Butler, 2012), instead, it focuses on the function of the executive leadership team as the stewards, and hence combining their interests with organization ones for profit maximization.

According to the stewardship theory, the stewards (managers and board of directors) always feel motivated as well as satisfied when their organizations are being successful and reporting growth in profits. As highlighted by Adams and Ferrira (2014), the agency theory considers individuals or managers as being economic agents who are after satisfying their self-interests while suppressing their own aspirations. The stewardship theory, on the other hand, recognizes the importance of structured management systems that empowers the stewards to offer them with the opportunity to become successful while building on trust (Keasey, 2017). The theory emphasizes the role of employees as the autonomous agents serving the purpose of maximizing the welfare of the shareholders. Hence, this reduces the controlling and monitoring behavior costs. Further, as a way of protecting their image as the key decision makers, the directors and managers are forced to run the organization in a manner that maximizes the organization's financial performance and also maximizing the shareholder's profit margins. Additionally, Donaldson and Davis (2014) asserted that the perception and reputation of managers are directly influenced by the financial performance of the organization.

Moreover, Yermack (2016) argued that the directors and the executive management of organizations are also after ensuring their career growth. To be regarded as effective stewards, Child (2015) contended that they must produce positive returns on investment so as to forge a confident reputation in the image of the shareholders which enhances their chances of growing their career in the future. The stewardship model also has linking in which employees assume the stewardship responsibilities as well as take the ownership roles (Donaldson & Davis, 2014). For instance, this theory advocates for unifying and harmonizing the duties the board and its CEO as a way of reducing agency-related costs. Through ensuring the unity between the board of management and the executive organs, Barnhart and Marr (2014) noted that shareholder interests are better safeguarded and protected. In fact, empirical studies concluded that organizational success and return on investments increase significantly when agency and stewardship theories are effectively combined.

2.2.4 Stakeholder Theory

This theory was introduced into management during the 1970s after its gradual development by Freeman (1984). The stakeholder theory is all about the corporate accountability to the relevant organs in the organization including stakeholders. In the views of Hillman and Dalziel (2013), the stakeholder theory, which is derived from organizational and sociology disciplines, mainly incorporate traditional philosophies, ethics, economics, law, and political theories in managing businesses. Chen et al. (2013) defined stakeholders as individuals who may be influenced as a firm strives to achieve its mandate.

As opposed to the agency theory where the executive management's main responsibility is to serve the interests of stakeholders, this theory reasons that organizational management (the board and CEO) serves the interests of a network of relationships that encompass employees, business partners, suppliers, and the community, among others. Notably, such groups of networks within the company are more important and influential than the ordinary owner-manager-employee circle as stipulated in the agency theory (Ghazali, 2014).

Uadiale (2010), on the other hand, asserted that the stakeholder theory of management is focused on addressing the groups' interest and not that of the business alone by ensuring that all the participants in these groups are actively engaged in organizational success, thus deserving to be rewarded. Nonetheless, Gerard (2016) affirmed this position by arguing that a firm is always made up of systems and networks of stakeholders and with the primary goals of the management being creating wealth for the stakeholders and not shareholders alone.

However, Dalton (2013), reasoned that though a network of relationships is fundamental in an organizational setting, serving the interests of many groups often have adverse impacts on key decision-making processes. Essentially, this stems from the fact that the stakeholder theory is only limited to the nature of the relationships between the groups with respect to outcomes and process for stakeholders and the organization itself. On the contrary, Otieno, Mugo, Njejee, and Kimathi (2015) contended that though the stakeholder theory is embedded on management decision-making processes, intrinsic value is attached to all stakeholders and their interests such that there is no dominant organizational network.

2.3 Board of Directors in Organizations

Apparently, two schools of thought have been presented in attempting to describe the linkage amongst firm performance and the structure of the BOD in terms of size and composition. The first argument states that smaller size of BOD is more effective in contributing to the success of organizations (Donaldson & Davis, 2014). The other stream reasons that a big size of the BOD enhances firm performance. However, depending on the culture of the organization, the composition of BOD has a direct bearing on the management of organizations. It is for this reason that Fama and Jensen (2014) concluded that larger board size results in reduced delegation in management.

Generally, a board of directors made up of female representatives is considered diverse. In this line, Erhardt, Werbel and Shrader (2003) underscored the significance of having female members on board. Principally, this study established that female members tend to understand management's operations better, thus contributing positively to improved decision-making processes by the board. Besides being a good picture and positive image of the company in the public, the inclusion of females in the board is associated with a better understanding of the environment of business operation (Campbell & Vera, 2010). The involvement of the BOD in corporate governance is helpful in creating power balance in firms, hence minimizing the individual influence in management's decision processes.

Carter et al. (2007), advocated for the duality of management in organizations, in which there must be majority of directors for the purposes of efficiency and effectiveness in running the affairs of the board. Owing to the changing nature of business environments, organizations are abandoning duality in favor of non-duality due to the growing demand to divide the responsibilities of the CEO and the board chairperson (Uadiale, 2010). According to Yermack (2016), the duality model has been found to be characterized by power abuse rather than addressing the needs of the organization. It is for this reason that Bhagat and Butler (2012) argued that duality is responsible for the significant decline in the supervisory and oversight roles of BOD, which in turn increases the agency costs.

Additionally, the board also serves as the control organ of the business by overseeing the key decisions made by the management. However, this is only possible when the members of the board have appropriate skills in finance, accounting, information system, marketing, and legal disciplines. With these skills and knowledge, the quality of the BOD will posses absolute input on company’s attainment through high-quality oversight (Adams &Ferrira, 2014).

Questions have also been raised about the impact of age of the BOD on corporate governance. It’s a general trust in a board that is made up of relatively high aged members is considered to be more experienced than younger ones. Though older-age board members are generally more dictatorial and aggressive, effective use of their experiences leads to clearer understanding of operations, hence higher performance (Mwanja et al. 2014). But since old age is often associated with rigidities to change, the fast-changing nature of the modern business world makes it even more complex for them to adapt, thus obstructing management decisions to an extent. Though conflicting reports have been made regarding the level of experience of the board, Child (2015) found that according to the constrained resources theory, the more experience the board members are, the more positive their contributions would be in organizational performance.

2.4 Strategic Planning in Organizations

A strategic planning allows a firm to know where it headed and prepare to get there. Companies manage to predict unfavorable conditions way before they occur, and in turn prepare ways of avoiding their occurrence. By means of a strategic plan, firms not only react to conditions as they arise, but proactively anticipate them in time. Firms still remain established against the background or a rapidly changing trends, obtaining the ability to cope with competition (Olsen, 2012).

A strategic plan pinpoints the direction a firm should be headed to; steering the achievement of both short-term and long-term goals towards a firm’s mission and vision.

A strategic blueprint provides a much-required basis in which an enterprise can develop, assess its success, reimburse its employees and craft borderlines for effective decision-making. A strategic plan grants a roadmap for management to adjust its organizational business undertakings to attain its organizational business undertakings to attain its desired objectives. It directs management deliberations and decision making ascertaining budget and resource needed for accomplishing the anticipated goals, consequently increasing operational productivity (Bryson, 2018).

Over purposeful strategic plan, company's can get worthwhile awareness on the market trends, client divisions, and also product and service provisions that might affect their prosperity. An advent that is targeted and clearly strategized to convert all the sales and marketing endeavours into the most gainful ventures can assist to boost profitability and market share. Additionally, business is a boisterous idea. An enterprise might be booming this year and end up in debts in the proceeding year. In regularly revolving industries universal markets, firms without a sound basis, foresight and focus will have difficulties sailing to the next wave (Bryson, 2018).

In the universe of globalization, enterprises that possess a competitive advantage (compatibility to tackle competitive forces) have reasonable sales and financial achievement. This is attainable if they predict the future. Future could be forecast by strategic planning. It allows managers to visualize challenges in advance and tackle them prior to been detrimental. Moreover, strategic alignment offers information to gauge the risk and craft adequate strategies that minimize the danger and invest in appropriate business undertakings. Possibilities of making errors and selecting the inappropriate objectives and strategies, subsequently, become minimized. Risk is integral in any business and failure in anticipating peril via strategic planning is quite certain to result in busines collapse except by luck (Olsen, 2012). Absence of strategy, formulating incorrect strategies or inefficient execution of strategy cannot be accommodated by business firms operating in the volatile, evolving and risk-prone environment

2.5 Board of Directors and Strategic Planning

Shleifer and Vishny (2007) investigated the role of BOD and they concluded that, though to a considerable extent, BOD oversees and supervises the activities of the management, but this comes at an extra agency cost. Moreover. stern involvement of the BOD in the management affairs has been found to obstruct the general performance or productivity of the firm since some boards overstep their mandate to misuse their oversight powers.

Further, when the board is overly involved in the management, decision-making processes are characterized by rigidities, which in turn lower the performance (Omondi, 2014; Makai &Olweny, 2016). Though it is apparent that the conflicting outlook of board impact on organizational performance, most empirical studies have established that BOD promote the success of firms in many ways; of particular significance is that BOD is core in an enterprise's corporate governance. However, association amid board of directors and corporate governance in strategic planning is quite complex, despite being theorized otherwise.

Interested in exploring the link between firm performance and BOD in strategic planning, Burkart et al. (2011) and Barnett (2014) concluded that it was impossible determining whether investing in corporate governance through a board of directors is more rewarding than investing in shareholders. It is because of such inconsistencies that the importance of examining the impact of a corporation on the society prior to exploiting the connection between firm performance and corporate governance practices is emphasized.

2.6 Empirical Studies and Research Gaps

Additional researchers based on the agency theoretical model found that good and ethical corporate governance practices contribute positively towards organizational success through improved employee satisfaction, powering image, reduced absenteeism, and customer loyalty (Otieno, Mugo, Njejee, & Kimathi, 2015). In another empirical study, Fama and Jensen (2014) established that in strategic planning, BOD enhances the overall performance of organizations by impacting positively on stakeholder-firm correlation. Chen et al. (2013), also found that a proactive BOD contributes positively to the attainment of shared vision alongside development strategies.

Whereas Child (2015) affirmed that BOD is contributing to the success of organizations through effective corporate governance, Campbell and Vera (2010) provided a conflicting outcome that there isn’t statistically significant correlation among improved business competitiveness and BOD as a key in strategic planning. Worse still, other studies such as Branch (1990) found a negative link between the BOD and organizational success.

A study by Rantzien, 2013 found that from 1971 and 2001, at least 122 empirical studies were conducted to examine the correlation between performance and board of directors as a strategic management tool (Rantzien, 2013). This study found that in strategic planning, BOD results in increased profitability of organizations in the long-run. The findings are consistent with those by Yermack (2016) that BOD is an instrumental body in corporate governance, which leads to superior organizational performance in the form of higher profit margins, increased sales, positive strategic goal attainment, and improved market shares. As a matter of fact, good corporate governance strategies characterized by responsible practices by the management positively influence the profitability performance of companies in the long-run.

Bhagat and Butler (2012) assessed the link amid firm achievement and corporate governance responsibility index through the directors of the board. This study found out that performance and the board of directors in strategic planning were interrelated. More specifically, this study concluded that future organizational performance and BOD in strategic planning are positively correlated. Further, Waddock and Graves (2012) examined this nature of the relationship by focusing on 'companies built to endure', which are identified by their clear visions and financial stability. They found that in strategic planning, BOD contributes to stronger corporate governance, which resultantly promotes financial performance and organizational stability.

Though many studies have concluded that good corporate governance directly influences organization success, particularly financial metrics, conflicting relationships have been established through literature (Fama& Jensen, 2014). For instance, whereas Klein (2017) established that there is a statistically significant interrelation among boards and financial achievement of enterprises, Otieno, Mugo, Njejee, and Kimathi (2015) concluded that the connection amid companys' achievement and the board independence is insignificant. Notwithstanding, Chen et al. (2013) established a significant interrelationship amongst the achievement in firms, return on investments and the freedom accorded to the board of directors. In another study, Campbell and Vera (2010) asserted that gender inclusivity and fair representation of women in BOD's enhance their effectiveness in undertaking supervisory roles.

Similarly, Erhardt et al (2003) established that there is the presence a non-linear positive interrelationship among firm performance and the proportion of women represented on BOD. Also, Simpson et al. (2010) found that a highly gender diverse BOD is associated with positive financial performance through increased shareholders returns and better profitability.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the methodological elements which were applied in this study. Some of these included the proposed research design, study population, sample size and sampling technique (design), data collection methods and data collection instruments, data analysis and presentation techniques.

3.2 Research Design

Cooper and Schindler (2003) alluded that research design represents the specific strategies used in integrating various study components in a reasonable and rational manner in order to effectively solve the bottlenecks under study. Given the nature of this research, which is both quantitative and qualitative, cross-sectional survey was adopted.

Besides involving data summary, this type of research design was helpful in studying the casual nature of relationships or correlations between the variables being tested, that is, boards and strategic planning. As highlighted by Kothari (2011), descriptive survey is preferred over explanatory research design on the ground that it is effective in depicting the relationship between the dependent and independent variables by gathering data and using visual aids for data presentation.

3.3 Population of the Study

Kothari (2004) described a target population to be the number of items or individuals from which the study findings will be generalized. The research study was undertaken in the county of Nairobi. The target population for the study constituted all the approved deposit-taking SACCOs that operate within the County of Nairobi.

The study also constituted a population size of 44 individuals actively designated in management positions in deposit-taking SACCOs which were authorized to function within Nairobi County. The researcher considered this size to be actively involved in strategic planning, and equipped with required data.

3.4 Sample Design

A sample is the number of items selected to be the representative population for the research study and therefore, used to draw a conclusion about the general population of interest. Generally, a sample size in any research should neither be quite small nor very large in order to be cost-effective and accurately predict the characteristics of the population. Sampling design is the method of selecting the sample for the study.

The study adopted a purposive sampling, particularly the total population sampling technique. As outlined by Tongco (2007), total population sampling involves examination of the entire population which is considered to be small in size. In context, the entire population of study - 44 licensed SACCOs, were examined by the researcher. This sampling technique was preferred on the ground that the population was not too big to be reached by the researcher.

3.5 Data Collection

Many academic studies make use of primary and secondary data sources. However, this study depended mainly on primary data that was gathered to effectively address the research study objective. The questions were carefully designed tested and evaluated to assure validity of the primary data. This is in concurrence with Hox and Boeije (2005) who highlighted that both questions and respondents can affect the response a researcher collects.

The data collection tools adopted in for this study was by use of questionnaire which was structured to have both open-ended together with closed-ended questions revolving around the objective of the study. However, the study concentrated more on closed ended questions for easier analysis. As Krosnick (2018) outline, open ended questions add onto the cost of a study, and is difficult to analyze, thus taking more time of respondents.

Due to the busy nature of respondents, the researcher dropped questionnaires for later picking to avoid any inconveniences in respondents' course of work. The self-administered questionnaires were issued to the secretaries of the various management teams. Still, the researcher had to book appointments with most of the respondents to achieve the highest possible response rate, against any resistance from them. Without the use of such an approach, it would not have been possible to complete the study on time and with the available resources.

Respondents for the study constituted SACCO managers in the top-level, middle-level and supervisory levels, as well as secretaries to the board – where applicable. To provide reliable and adequate data, the researcher considered this set of respondents to be equipped with information about the BOD and strategic planning in deposit taking SACCOs within Nairobi County.

3.6 Data Analysis

According to O'Niel and Schutt (2013), data analysis represents the procedures and quantitative methods for showing and recognizing the design, testing theories and hypothesis, and also creating clarification. Qualitative and quantitative data analysis methods utilized in measuring the role of BOD in strategic planning within Nairobi County deposit-taking SACCOs.

Once the collected data was sorted, coded, and fed into computerized systems, descriptive statistics such as mean and standard deviation were obtained through Statistical Package for Social Sciences (SPSS) version 23. The results of the research study were then presented in form of tables to reveal the roles played by the BOD in strategic planning within the deposit-taking SACCOs operating in the county of Nairobi.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter indicates the outcome of the study, analysis and interpretation. Data that was gathered by use of self-administered questionnaires that were designed to contain both closed-ended and open-ended questions. Data were analyzed by descriptive statistics such as mean, frequency and standard deviation and interpretation done according to the objectives of this study.

4.2 Response Rate

Response rate evaluates the statistical strength of a study, supposed to be stronger when a greater percentage responded. Out of the 44 questionnaires that were distributed, the researcher managed to collect 31 questionnaires that were adequately filled. This indicated a response rate of 70.5% which the study considered statistically powerful and adequate. As Mugenda and Mugenda (2003) stated that a ratio falling above seventy percent is considered to be exceptional for a study.

All the collected questionnaires were verified for consistency, uniformity, completeness, and accuracy and none fell short of these standards. The researcher notified the respondents of the intended study and distributed the questionnaires for later picking. This was done to enable the filling of questionnaires at the respondents' own convenience to avoid disruption during work. This method enabled the researcher to achieve an excellent response rate. For some reasons, some of the questionnaires were not completed and were returned while blank, with no information.

4.3 Demographic Features of Respondents

This study tested respondents' demographic attributes which included gender, Level of management, and work experience. The results were as discussed below.

4.3.1 Gender Distribution of Respondents

The researcher sought to determine how the respondents' genders were distributed. The results were as presented in Table 4.1

Table 4. 1 Gender

Gender	Frequency	Percent
Male	23	74.19
Female	8	25.81
Total	**31**	**100**

Source: Research data (2019)

The above Table 4.1 reflected 74.19% male and 25.81% female respondents. This indicates that a majority of respondents who participated in this study were male in gender.

4.3.2 Level of Management

The researcher strived to ascertain the level of respondents' in management as summarized in Table 4.2. Findings demonstrated that 61.29% of the respondents fell under top-level management, 25.81% under middle-category management and 12.90% under supervisory-category management. Thus, a majority of respondents provided reliable data that meets the objectives of this study. The top-level managers take part in strategic decision making, and were the best target for this study.

Table 4. 2: Age Category

Category of management	Frequency	Percent
Top-ranking management	19	61.29
Middle-ranking management	8	25.81
Supervisory-level management	4	12.90
Total	**31**	**100.00**

Source: Research data (2019)

4.3.3 Work Experience

The researcher strived to determine the years of experience that the respondents had. The outcome was as presented in table 4.3.

Table 4. 3: Work Experience

Work Experience	Frequency	Percent
Below 5 years	5	16.13
6 - 10 years	22	70.97
Over 11 years	4	12.90
Total	**31**	**100.00**

Source: Research data (2019)

As illustrated in Table 4.3 above, 70.97 % of respondents ranged between 6 -10 years of working experience, 16.13% with less than 5years experience and 12.90% had over 11years experience. A majority of respondents, therefore, had adequate work experience desirable in achieving the objectives of this study.

4.4 Board of Directors and Strategic Planning within Deposit Taking SACCOs in Nairobi County

This section presents the role of BOD in strategic planning within deposit taking SACCOs within Nairobi County. The section concentrates on five major areas of Strategic Planning: the formation of mission, vision and core values, making strategic choices, strategic analysis, monitoring and evaluation, and making approvals. Respondents were required to specify the scope of agreement or disagreement with statements under each of these areas on a scale of 1-5 where 1 stood for No extent at all, 2 for Little extent, 3 for Moderate extent, 4 for Great extent and 5 for a Very great extent.

4.4.1 Establishment of Mission, Vision and Core Values

Respondents were asked to indicate the extent by which the BOD gets involved in the enactment of mission, vision and core values as encapsulated in table 4.4.

Table 4. 4: Establishing Mission, Vision and Core Values

	Mean	Std. Deviation
Establishing a vision	4.74	0.445
Establishing a mission	4.74	0.445
Revising mission every five years in response to every new turn in the economy	4.65	0.608
Establishing SACCO values	4.58	0.502
Communication of organizational vision, mission, and key policies	4.23	0.884

Source: Research data (2019)

The outcome indicate the BOD participated the most in the establishment of both mission and vision of SACCOs, sharing the highest mean (Mean=4.74). These were followed by the revision of mission every five years in response to every turn in the economy (Mean=4.65), the establishment of SACCO values (Mean=4.58) and Communication of company’s vision, mission and major policies done the least (Mean=4.23).

4.4.2 Making Strategic Choices

Respondents were urged to specify the degree in which the BOD gets involved in making strategic choices. The results were as illustrated in table 4.5.

Table 4. 5: Making Strategic Choices

	Mean	Std. Deviation
Making decisions on strategies based on objective and subjective factors	4.19	0.402
Blueprinting each proposed strategy and the condition under which they operate	4.00	0.000
Predicting competitor timing and actions	3.06	0.929
Development of contingency strategies	3.84	0.735

Source: Research data (2019)

The results indicate that the BOD is majorly involved in making decisions on strategies based on objective and subjective factors (Mean=4.19).This was followed by blueprinting each proposed strategy and the conditions under which they operate (Mean=4.00). This was followed by the development of contingency strategies (Mean=3.84), and predicting competitor timing and action at the least extent (Mean=3.06).

4.4.3 Strategic Analysis

Respondents were requested to determine the range by which the BOD gets involved in strategic analysis. The results were as illustrated in table 4.6.

Table 4. 6: Strategic Analysis

Strategic	Mean	Std. Deviation
Identification and assessment of data appropriate strategy formulation	3.84	1.068
Assessment of current capability in terms of finances and human resource	4.06	0.772
Evaluating current technological needs of the organization	4.00	0.931
Assessing the current environmental situation before strategy implementation	3.87	0.885
Review of conditions of the industry's risk and benefit of each competitive position before making a choice	3.52	0.724

Source: Research data (2019)

As summarized in table 4.6 above, the respondents showed that their BOD involved in assessing current capability in terms of finances and human resources (Mean=4.06) in strategic analysis. This was followed by evaluating the current global technological needs of the organization (Mean=4.00), identification and appraisal of data pertinent to strategy alignment (Mean=3.84), assessing current environmental situation before strategy implementation (Mean=3.87), and reviewing conditions of the industry's risk and benefits of each competitive position before making choices (Mean=3.52).

4.4.4 Monitoring and Evaluation

Respondents were required to determine the level in which the BOD gets involved in observing and assessment. The results were as illustrated in table 4.7.

Table 4. 7: Monitoring and Evaluation

	Mean	Std. Deviation
Development of short-term and long-term operational goals	2.97	1.140
Development of specific, measurable, realistic and timebound strategic objectives	2.97	1.016
Measuring achievement against target	3.10	1.076
Pose questions to management to stimulate thought and provide guidance	4.03	0.875

Source: Research data (2019)

The results indicate that BOD get involved in posing questions to management to stimulate thought and provide guidance (Mean=4.03). However, most other analytic functions had lower means: Measuring achievement against target (Mean=3.10), development of short-term and long-term operative aims (Mean=2.97), and formulation of specific, measurable, realistic and time bound strategic objectives (Mean=2.97).

4.4.5 Making Approvals

Respondents were urged to determine the range to which the BOD gets involved in making strategic approvals. The results were as illustrated in table 4.8.

Table 4. 8: Making Approvals

	Mean	Std. Deviation
Sets capital expenditure limitations that guide strategic planning	3.94	1.459
Balances between shareholders’ returns and growth strategies of the SACCO	3.74	1.365
Approves all strategic plans	5.00	0.000

Source: Research data (2019)

The findings indicate that BOD was majorly involved in approving strategic plans with the highest mean (Mean=5.00). This was followed by the setting of capital expenditure limitations that guide strategic planning (Mean=3.94), and balancing between shareholders' returns and growth strategies of the SACCO (Mean=3.74)

4.5 Discussion of Findings

4.5.1 Comparison with Theory

As explained by the agency theory, the BOD of deposit-taking SACCOs serves as the agents of the shareholders and other stakeholders. Through their involvement in the strategic planning with these SACCOs, the BOD is serving its oversight responsibilities (Child, 2015). However, from the study, the agency-principal conflict of interest is not clearly evident in this study, but it was found that BOD is highly independent, hence satisfying the idea of the separation of control and ownership idealized by Davis and Donaldson (1997), as key determinant of success for financial organizations.

The outcomes of the research were also in line with the stewardship theory, because through its strategic planning roles, the BOD of deposit-taking SACCOs was found to be committed to maximizing and protecting the interests of the shareholders of deposit-taking SACCOs of Nairobi County. In the explanation of Adams and Ferrira (2014), the BOD of these deposit-taking SACCOs was found to be the economic agents with the autonomy to formulate decisions for the ideal interest for their organizations.

4.5.2 Comparison with other Studies

The findings of the study indicated that the BOD play a big role in strategic planning within SACCOs. The BOD takes part in the establishment of mission and vision statements. This concurs with the outcomes by Chen et al. (2013), who studied the twosome of CEO together with organization accomplishment: An internal matter, and found out that a proactive BOD makes significant contributions in formulation and attainment of a company's mission and vision. In this regard, the function of the BOD is more future-oriented, providing directions for SACCO managers. Findings revealed that other roles such as communication of vision, mission, core values or strategy are played by managers.

When it's the time to formulate strategic choices, the findings equally revealed that BOD contributes to strategic decision making by blueprinting each proposed strategy and the conditions under which they operate. Under strategic analysis, findings indicated that the BOD assesses the current capability in terms of financial and human resources. This finding agrees with the results of Hillman and Dalziel (2003) who concluded that the BOD of directors monitor the administration of an enterprise on account of the shareholders and guard their wealth. In this regard, the BOD evaluates strategies against financial capability to ensure that funds are appropriately allocated for strategic decisions.

The findings also indicated that BOD participates in strategic planning by posing questions to management to stimulate thought and provide guidance. By this means, the BOD provides stronger corporate governance, improving the performance of an organization as concurred by Waddock and Graves (2012). This finding also agrees with that of Andrés Alonso and Vallelado González (2006) who concluded that corporate governance is a significant role played by the BOD. They view such governance in the form of monitoring the management and providing advice in the design and execution of strategies. Andrés Alonso and Vallelado González (2006) also found out that, though the inclusion of more members of the BOD improves the supervisory and advisory functions, they concluded that a number of around 19 directors is the limit beyond which the decision-making problem outweighs company benefits.

On a very strong note, the study found out that the BOD approves strategic plans. The evidence collected supported this role strongly, suggesting that the strategic plans developed by SACCOs are eventually approved by the BOD. This result is in agreement with that of Deazeley (2009) who highlights that the BOD is actively involved throughout the process of strategic planning by contributing in discussions, having strategies reviewed and ultimately approving all strategic plans. Study findings reveal that the BOD offers a new perspective and examine plans to ensure that strategic plans are well thought out, practical and relevant with regard to organizational vision, mission, core values and overall capabilities of the organization.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The purpose of this study was to determine the role of BOD in strategic planning within the deposit-taking SACCOs found in Nairobi County. This section provides a brief on the study findings, the conclusion generated from them and additional recommendations. The responses were aligned in line with the aim of the research study. In close comparison with the theoretical background in chapter two, the interpretation of the findings is outlined along with study limitations and suggestions for future work.

5.2 Summary of Findings

The objective of this study was to ascertain the role of BOD in strategic planning within deposit-taking SACCOs in Nairobi County. This study established that BOD performs important functions in the strategic planning procedure of SACCOS. The study revealed that the BOD is involved in the creation of mission, vision and core values of the SACCOs, and reviewing all these in response to new economy turns. The study also determined that the BOD also contributes to strategic decision making based on objective and subjective factors.

Also, in relation with strategic decision making, the study found out that the BOD continuously review proposed strategic decisions and the conditions under which they operate. In terms of analysis, findings also revealed that the BOD also performs the role of assessing financial and human resource capabilities needed to plan and execute strategies. This is important to determine the company's strategic abilities. The BOD also does monitory and evaluation during strategic planning by questioning managers to stimulate thought and promote better strategic decision making. Finally, the findings established that the BOD play the role of approving strategic plans before they are carried further to implementation.

5.3 Conclusion

Founded the above findings, the study conclusively established that BOD plays an important role in strategic planning within an organization. They act as a conduit amid shareholders and the management by providing corporate governance at all stages of planning. The BOD provides strategic guidance that is more long-term oriented. They develop company vision, mission, and core values and review them when necessary. For all the strategies proposed during the planning stages, the BOD performs the function of screening these strategies to weigh their practicability and relevance against company capability and variations in the exterior surrounding. This role is important in developing better plan of action and appropriate allocation of resources.

The study also concluded that the BOD guide managers on the financial and human resource limits that companies are capable of utilizing in strategic decisions. As literature has highlighted, they guard the wealth of shareholders by ensuring only valuable strategies are allocated resources. Furthermore, the BOD provokes managers' thought by continuously questioning strategic decision to promote better decision making. The study also concluded that strategic plans once complete, are subject to approval by the BOD before further execution. With this background, this study concluded that the BOD offers advanced level of governance that promote better strategic planning in companies.

5.4 Recommendations

5.4.1 Recommendations for Policy

Based on the study findings and conclusions, this study suggests that organizations take the role of BOD more seriously to improve the strategic planning process. The study also recommends that subjecting managers to supervision by the BOD should be a policy in all companies.

When the role played by the BOD is set aside, there may arise a situation that negatively impacts on the value generation for organizational shareholders. With this background, organizations and governments should establish firm policies that subject the whole process of strategic planning to review by the board.

5.4.2 Recommendations for Practice

The study suggests that managers are required to develop close liaison with the BOD in decision -making situations that impact greatly on an organization. Though the BOD may have little market experience, they contribute significantly by a critical examination of the entire strategic planning process.

The study recommends that strategic planning processes be conducted under board scrutiny since such decisions greatly impact on the firm, and most importantly, the shareholders. Managers ought to borrow ideas from the board and not rely on their own decisions during strategic planning.

5.4.3 Recommendations for Theory

While most studies have attempted to explain the influence that BOD composition has on firm performance, the governance function provided by the BOD is an underlying role that ultimately improves strategic decision making, an important role that has still not been addressed.

This finding contributes significantly to the extant mass of knowledge concerning BOD and strategic planning. Subsequently, the findings of this study, therefore, recommend the adoption of the function of the board in strategic planning in all knowledge areas of literature. Future studies on BOD and strategic planning will benefit mostly from these findings.

5.5 Limitations of the Study

This study targeted only the SACCOs within Nairobi, Kenya. The study may fail to ascertain the role played by the BOD in other sectors and institutions. Moreover, the respondents of the study mostly constituted the managers of SACCOs rather than the secretaries of the BOD. Data collection was also carried out within a very limited time. This forced the researcher to demonstrate utmost patience and to book appointments with a few of the respondents during odd hours to facilitate a higher response rate.

Given that the respondents constituted executive managers of SACCOs, most respondents had a busy schedule and could only respond upon compulsion by the researcher. However, the researcher had to drop questionnaires for later picking to counter any possible resistance by the respondents. Without the use of such an approach, it would not have been possible to complete the study on time and with the available resources.

5.6 Suggestions for Further Research

While findings of the research study reveal the role played by the BOD, they may not apply to other sectors. There is still a limited number of studies of a identical research study conducted in different contexts. With this background, this study proposes that an alternative research needs to be done in auxilliary sectors to determine how the role of BOD compares and contrasts with that of deposit-taking SACCOs.

Further, studies should establish the influence that BOD composition has on strategic planning within SACCOs. The study also recommends that other statistical analysis techniques be adopted in future studies to further test the relationship between the BOD and strategic planning of SACCOs. This way, the influence that the BOD has on strategic planning will be clearer.

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APPENDICES

Appendix I: Questionnaire

The questionnaire will help to gather information on the role of board of directors in strategic planning within the deposit taking SACCOs in Nairobi County. Kindly respond to the questions by jotting a short narration, alternatively ticking appropriately in the boxes provided. The information provided will be treated with strict confidentiality, and at no particular time shall your name be revealed in this research. This research is intended for academic endeavours only.

PART A: BACKGROUND INFORMATION ON THE COOPERATIVE SOCIETY

Please Tick Where Applicable

1. When did the SACCO start its operations?

    1 - 5 Years [ ]
    5 - 10 Years [ ]
    Over 10 Years [ ]

2. Number of board of directors?

    Less than 5 [ ]
    Between 5 and 20 [ ]
    More than 20 [ ]

3. Number of SACCO members

    Less than 200 [ ]
    Between 200 and 1000 [ ]
    Between 1000 and 5000 [ ]
    Over 5000 [ ]

4. Has your SACCO embraced strategic planning?

    Yes [ ]
    No [ ]

5. What time lines does your strategic plan cover?

....

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

SECTION B: PARTICIPANTS IN STRATEGIC PLANNING IN SACCOS

7. 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

Statements	**1**	**2**	**3**	**4**	**5**
When formulating strategic plans only the upper management are involved					
When crafting strategic plans both the upper and middle management levels are involved					
When formulating strategic plans all staff in the organization are involved					

SECTION C: ROLE OF BOARD OF DIRECTORS IN STRATEGIC PLANNING

8. Kindly indicate the extent to which Board of Directors are engaged in each of the following in your strategic planning. Use a scale of 1-5 where 1= Not at all; 2= Little extent; 3= Moderate extent; 4= Great extent; 5= Very Great extent.

Board of Directors' Roles	**1**	**2**	**3**	**4**	**5**
Mission, vision and core Values					
Establishing a vision (the benefits that stakeholders may anticipate)					
Establishing a mission (specifying what business your organizational undertakes)					
Revising mission every few years in response to every new turn in the economy					
Establishing company values					
Communication of organizational vision, mission and crucial policies					

Making Strategic Choices					
Making decisions on strategies based on objective and subjective factors					
Blue printing each proposed strategy and the condition under which they operate					
Predicting competitor timing and actions					
Development of contingency strategies (measure that the SACCO would take when the business goes off course)					
Strategic Analysis					
Identification and evaluation of data appropriate to strategy formulation					
Assessment of current capability in terms of finances and human resource					
Evaluating current technological needs of the organization before acquiring technology					
Assessing current environmental situation before strategy implementation					
Review of conditions of the industry's risk and benefit of each competitive position before making a choice					
Monitoring and Evaluation					
Formulation of short-term and long-term operational goals					
Formulation of specific, measurable, realistic and timebound strategic goals					
Monitoring and Evaluation (Measuring achievement against set target)					
Pose questions to management to stimulate thought and provide guidance					
Making approvals					

Sets capital expenditure limitations that guide strategic planning					
Balances between shareholders' returns and growth strategies of the SACCO					
Approves all strategic plans					

Appendix II: Licensed SACCO Societies For the Period Ending 31st December, 2018

NO.	NAME OF SOCIETY	POSTAL ADDRESS
1.	2NK SACCO SOCIETY LTD	P.O BOX 12196 – 10109, NYERI.
2.	AFYA SACCO SOCIETY LTD	P.O.BOX 11607 – 00400, NAIROBI.
3.	AGRO-CHEM SACCO SOCIETY LTD	P.O BOX 94 – 40107, MUHORONI.
4.	AINABKOI SACCO SOCIETY LTD	P.O. BOX 120 – 30101, AINABKOI
5.	ALL CHURCHES SACCO SOCIETY LTD	P.O BOX 6957 – 01000, THIKA.
6.	AIRPORTS SACCO SOCIETY LTD	P.O. BOX 19001 – 00501, NAIROBI
7.	AMICA SACCO SOCIETY LTD	P.O.BOX 816 – 10200, MURANG'A.
8.	ARDHI SACCO SOCIETY LTD	P.O. BOX 28782 – 00200, NAIROBI.
9.	ASILI SACCO SOCIETY LTD	P.O.BOX 49064 – 00100, NAIROBI.
10.	AZIMA SACCO SOCIETY LTD	P.O.BOX 1124 – 01000, THIKA.
11.	BANDARI SACCO SOCIETY LTD	P.O.BOX 95011 – 80104, MOMBASA.
12.	BARAKA SACCO SOCIETY LTD	P.O.BOX 1548 – 10101, KARATINA.
13.	BARATON UNIVERSITY SACCO SOCIETY LTD	P.O BOX 2500 – 30100, ELDORET.
14.	BIASHARA SACCO SOCIETY LTD	P.O.BOX 1895 – 10100, NYERI.
15.	BIASHARA TOSHA SACCO SOCIETY LTD	P.O BOX 189 – 60101, MANYATTA.
16.	BI-HIGH SACCO SOCIETY LTD	P.O.BOX 90 – 60500, MARSABIT.
17.	BINGWA SACCO SOCIETY LTD	P.O.BOX 434 – 10300, KERUGOYA.
18.	BORESHA SACCO SOCIETY LTD	P.O.BOX 80 – 20103, ELDAMA RAVINE.
19.	CAPITAL SACCO SOCIETY LTD	P.O BOX 1479 – 60200, MERU.
20.	CENTENARY SACCO SOCIETY LTD	P.O.BOX 1207 – 60200, MERU.
21.	CHAI SACCO SOCIETY LTD	P.O.BOX 278 – 00200, NAIROBI.
22.	CHUNA SACCO SOCIETY LTD	P.O.BOX 30197 – 00100, NAIROBI.
23.	COMOCO SACCO SOCIETY LTD	P.O. BOX 30135 – 00100, NAIROBI
24.	COSMOPOLITAN SACCO SOCIETY LTD	P.O.BOX 1931 – 20100, NAKURU.

25.	COUNTY SACCO SOCIETY LTD	P.O.BOX 21 – 60103, RUNYENJES.
26.	DAIMA SACCO SOCIETY LTD	P.O.BOX 2032 – 60100, EMBU.

NO.	NAME OF SOCIETY	POSTAL ADDRESS
27.	DHABITI SACCO SOCIETY LTD	P.O.BOX 353 – 60600, MAUA.
28.	DIMKES SACCO SOCIETY LTD	P.O.BOX 886 – 00900, KIAMBU.
29.	DUMISHA SACCO SOCIETY LTD	P.O BOX 84 – 20600, MARARAL.
30.	ECO-PILLAR SACCO SOCIETY LTD	P.O. BOX 48 – 30600, KAPENGURIA
31.	EGERTON SACCO SOCIETY LTD	P.O.BOX 178 – 20115, EGERTON.
32.	ELGON TEACHERS SACCO SOCIETY LTD	P.O BOX 27 – 50203, KAPSOKWONY.
33.	ELIMU SACCO SOCIETY LTD	P.O BOX 10073 – 00100, NAIROBI.
34.	ENEA SACCO SOCIETY LTD	P.O.BOX 1836 – 10101, KARATINA.
35.	FARIDI SACCO SOCIETY LTD	P.O. BOX 448 – 50400, BUSIA.
36.	FARIJI SACCO SOCIETY LTD	P.O.BOX 589 – 00216, GITHUNGURI.
37.	FORTUNE SACCO SOCIETY LTD	P.O.BOX 559 – 10300, KERUGOYA.
38.	FUNDILIMA SACCO SOCIETY LTD	P.O.BOX 62000 – 00200, NAIROBI.
39.	GITHUNGURI DAIRY & COMMUNITY SACCO SOCIETY LTD	P.O.BOX 896 – 00206, GUTHUNGURI.
40.	GOOD HOPE SACCO SOCIETY LTD	P.O.BOX 158 – 20500, NAROK.
41.	GOODWAY SACCO SOCIETY LTD	P.O BOX 626 – 10300, KERUGOYA.
42.	GUSII MWALIMU SACCO SOCIETY LTD	P.O.BOX 1335 – 40200, KISII.
43.	HARAMBEE SACCO SOCIETY LTD	P.O.BOX 47815 – 00100, NAIROBI.
44.	HAZINA SACCO SOCIETY LTD	P.O.BOX 59877 – 00200, NAIROBI.
45.	IG SACCO SOCIETY LTD	P.O.BOX 1150 – 50100, KAKAMEGA.
46.	ILKISONKO SACCO SOCIETY LTD	P.O BOX 91 – 00209, LOITOKITOK.
47.	IMARIKA SACCO SOCIETY LTD	P.O.BOX 712 – 80108, KILIFI.
48.	IMARISHA SACCO SOCIETY LTD	P.O.BOX 682 – 20200, KERICHO.
49.	IMENTI SACCO SOCIETY LTD	P.O.BOX 3192 – 60200, MERU.

50.	JACARANDA SACCO SOCIETY LTD	P.O. BOX 1767 – 00232, RUIRU.
51.	JAMII SACCO SOCIETY LTD	P.O.BOX 57929 – 00200, NAIROBI.
52.	JOINAS SACCO SOCIETY LTD	P.O.BOX 669 – 00219, KARURI.
53.	KAIMOSI SACCO SOCIETY LTD	P.O BOX 153 – 50305, SIRWA.

NO.	NAME OF SOCIETY	POSTAL ADDRESS
54.	KATHERA RURAL SACCO SOCIETY LTD	P.O BOX 251 – 60202, NKUBU.
55.	KENPIPE SACCO SOCIETY LTD	P.O.BOX 314 – 00507, NAIROBI.
56.	KENVERSITY SACCO SOCIETY LTD	P.O.BOX 10263 – 00100, NAIROBI.
57.	KENYA ACHIEVAS SACCO SOCIETY LTD	P.O. BOX 3080 – 40200, KISII.
58.	KENYA BANKERS SACCO SOCIETY LTD	P.O.BOX 73236 – 00200, NAIROBI.
59.	KENYA HIGHLANDS SACCO SOCIETY LTD	P.O.BOX 2085 – 20200, KERICHO.
60.	KENYA POLICE SACCO SOCIETY LTD	P.O.BOX 51042 – 00200, NAIROBI.
61.	KIMBILIO DAIMA SACCO SOCIETY LTD	P.O. BOX 81 – 20225, KIMULOT.
62.	KINGDOM SACCO SOCIETY LTD	P.O.BOX 8017 – 00300, NAIROBI.
63.	KIPSIGIS EDIS SACCO SOCIETY LTD	P.O BOX 228 – 20400, BOMET.
64.	KITE SACCO SOCIETY LTD	P.O.BOX 2073 – 40100, KISUMU.
65.	KITUI TEACHERS SACCO SOCIETY LTD	P.O.BOX 254 – 90200, KITUI.
66.	KMFRI SACCO SOCIETY LTD	P.O.BOX 80862 – 80100, MOMBASA.
67.	KOLENGE TEA SACCO SOCIETY LTD	P.O BOX 291 – 30301, NANDI HILLS.
68.	KORU SACCO SOCIETY LTD	P.O. BOX PRIVATE BAG, KORU.
69.	K – PILLAR SACCO SOCIETY LTD	P.O.BOX 83 – 20403, MOGOGOSIEK.
70.	K – UNITY SACCO SOCIETY LTD	P.O.BOX 268 – 00900, KIAMBU.
71.	KWETU SACCO SOCIETY LTD	P.O BOX 818 – 90100, MACHAKOS.
72.	LAINISHA SACCO SOCIETY LTD	P.O. BOX 272 –10303, WANG’URU.
73.	LENGO SACCO SOCIETY LTD	P.O.BOX 1005 – 80200, MALINDI.
74.	MAFANIKIO SACCO SOCIETY LTD	P.O BOX 86515 – 80100, MOMBASA.
75.	MAGADI SACCO SOCIETY LTD	P.O.BOX 13 – 00205, MAGADI.

NO.	NAME OF SOCIETY	POSTAL ADDRESS
76.	MAGEREZA SACCO SOCIETY LTD	P.O.BOX 53131 – 00200, NAIROBI.
77.	MAISHA BORA SACCO SOCIETY LTD	P.O.BOX 72713 – 00200, NAIROBI.
78.	MENTOR SACCO SOCIETY LTD	P.O.BOX 789 – 10200, MURANG’A.
79.	METROPOLITAN NATIONAL SACCO SOCIETY LTD	P.O.BOX 5684 – 00100, NAIROBI.
80.	MMH SACCO SOCIETY LTD	P.O.BOX 469 – 60600, MAUA.
81.	MOMBASA PORT SACCO SOCIETY LTD	P.O.BOX 95372 – 80104, MOMBASA.
82.	MUDETE TEA GROWERS SACCO SOCIETY LTD	P.O.BOX 221 – 50104, KAKAMEGA.
83.	MUKI SACCO SOCIETY LTD	P.O BOX 398 – 20318, NORTH KINANGOP.
84.	MWALIMU NATIONAL SACCO SOCIETY LTD	P.O.BOX 62641 – 00200, NAIROBI.
85.	MWIETHERI SACCO SOCIETY LTD	P.O. BOX 2445 – 60100, EMBU.
86.	MWINGI MWALIMU SACCO SOCIETY LTD	P.O BOX 489 – 90400, MWINGI.
87.	MWITO SACCO SOCIETY LTD	P.O.BOX 56763 – 00200, NAIROBI.
88.	NACICO SACCO SOCIETY LTD	P.O.BOX 34525 – 00100, NAIROBI.
89.	NAFAKA SACCO SOCIETY LTD	P.O.BOX 30586 – 00100, NAIROBI.
90.	NANDI FARMERS SACCO SOCIETY LTD	P.O BOX 333 – 30301, NANDI HILLS.
91.	NATION SACCO SOCIETY LTD	P.O.BOX 22022 – 00400, NAIROBI.
92.	NAWIRI SACCO SOCIETY LTD	P.O BOX 400 – 60100, EMBU.
93.	NDEGE CHAI SACCO SOCIETY LTD	P.O.BOX 857 – 20200, KERICHO.
94.	NDOSHA SACCO SOCIETY LTD	P.O.BOX 532 – 60401, CHOGORIA – MAARA.
95.	NG’ARISHA SACCO SOCIETY LTD	P.O.BOX 1199 – 50200, BUNGOMA.
96.	NOBLE SACCO SOCIETY LTD	P.O.BOX 3466 – 30100, ELDORET.
97.	NRS SACCO SOCIETY LTD	P. O BOX 575 – 00902, KIKUYU.
98.	NSSF SACCO SOCIETY LTD	P.O.BOX 43338 – 00100, NAROBI.
99.	NUFAIKA SACCO SOCIETY LTD	P.O BOX 735 – 10300, KERUGOYA.
100.	NYALA VISION SACCO SOCIETY LTD	P.O BOX 27 – 20306, NDARAGWA.
101.	NYAMBENE ARIMI SACCO SOCIETY LTD	P.O.BOX 493 – 60600, MAUA.

102.	NYAMIRA TEA FARMERS SACCO SOCIETY LTD	P.O. BOX 633 – 40500, NYAMIRA.
103.	NYATI SACCO SOCIETY LTD	P.O. BOX 7601 – 00200, NAIROBI.
104.	NEW FORTIS SACCO SOCIETY LTD	P.O.BOX 1939 – 10100, NYERI.
105.	OLLIN SACCO SOCIETY LTD	P.O BOX 83 – 10300, KERUGOYA.
106.	PATNAS SACCO SOCIETY LTD	P.O BOX 601 – 20210, LITEIN.
107.	PRIME TIME SACCO	P.O. BOX 512 – 30700, ITEN.
108.	PUAN SACCO SOCIETY LTD	P.O BOX 404 – 20500, NAROK.
109.	QWETU SACCO SOCIETY LTD	P.O BOX 1186 – 80304, WUNDANYI.

NO.	NAME OF SOCIETY	POSTAL ADDRESS
110.	RACHUONYO TEACHERS SACCO SOCIETY LTD	P.O. BOX 147 – 40332, KOSELE.
111.	SAFARICOM SACCO SOCIETY LTD	P.O.BOX 66827 – 00800, NAIROBI.
112.	SHERIA SACCO SOCIETY LTD	P.O.BOX 34390 – 00100, NAIROBI.
113.	SHIRIKA SACCO SOCIETY LTD	P.O BOX 43429 – 00100, NAIROBI.
114.	SIMBA CHAI SACCO SOCIETY LTD	P.O.BOX 977 – 20200, KERICHO.
115.	SIRAJI SACCO SOCIETY LTD	P.O.BOX PRIVATE BAG, TIMAU.
116.	SKYLINE SACCO SOCIETY LTD	P.O.BOX 660 – 20103, ELDAMA RAVINE.
117.	SMART CHAMPIONS SACCO SOCIETY LTD	P.O BOX 64 – 60205, GITHONGO.
118.	SMART LIFE SACCO SOCIETY LTD	P.O BOX 118 – 30705, KAPSOWAR.
119.	SOLUTION SACCO SOCIETY LTD	P.O.BOX 1694 – 60200, MERU.
120.	SOTICO SACCO SOCIETY LTD	P.O.BOX 959 – 20406, SOTIK.
121.	SOUTHERN STAR SACCO SOCIETY LTD	P.O BOX 514 – 60400, CHUKA.
122.	SHOPPERS SACCO SOCIETY LTD	P.O. BOX 16 – 00507, NAIROBI.
123.	STAKE KENYA SACCO SOCIETY LTD	P.O.BOX 208 – 40413, KEHANCHA.
124.	STIMA SACCO SOCIETY LTD	P.O.BOX 75629 – 00200, NAIROBI.
125.	SUBA TEACHERS SACCO SOCIETY LTD	P.O. BOX 237 – 40305, MBITA.
126.	SUKARI SACCO SOCIETY LTD	P.O BOX 841 – 50102, MUMIAS.

NO.	NAME OF SOCIETY	POSTAL ADDRESS
127.	SUPA SACCO SOCIETY LTD	P.O.BOX 271 – 20600, MARALAL.
128.	TABASAMU SACCO SOCIETY LTD	P.O. BOX 123 – 80403, KWALE.
129.	TAI SACCO SOCIETY LTD	P.O.BOX 718 – 00216, GITHUNGURI.
130.	TAIFA SACCO SOCIETY LTD	P.O.BOX 1649 – 10100, NYERI.
131.	TAQWA SACCO SOCIETY LTD	P.O. BOX 10180 – 00100, NAIROBI.
132.	TEMBO SACCO SOCIETY LTD	P.O.BOX 91 – 00618, RUARAKA NAIROBI.
133.	TENHOS SACCO SOCIETY LTD	P.O.BOX 391 – 20400, BOMET.
134.	THAMANI SACCO SOCIETY LTD	P.O.BOX 467 – 60400, CHUKA.
135.	TRANSCOUNTIES SACCO SOCIETY LTD	P.O. BOX 2965 – 30200, KITALE.
136.	TRANS NATION SACCO SOCIETY LTD	P.O.BOX 15 – 60400, CHUKA.
NO.	**NAME OF SOCIETY**	**POSTAL ADDRESS**
137.	TIMES U SACCO SOCIETY LTD	P.O.BOX 310 – 60202, NKUBU.
138.	TOWER SACCO SOCIETY LTD	P.O.BOX 259 – 20303, OL’KALOU.
139.	TRANS – ELITE COUNTY SACCO SOCIETY LTD	P.O BOX 547 – 30300, KAPSABET.
140.	TRANSNATIONAL TIMES SACCO SOCIETY LTD	P.O. BOX 2274 – 30200, KITALE.
141.	UFANISI SACCO SOCIETY LTD	P.O. BOX 2973 – 00200, NAIROBI.
142.	UKRISTO NA UFANISI WA ANGLICANA SACCO SOCIETY LTD	P.O BOX 872 – 00605, NAIROBI.
143.	UKULIMA SACO SOCIETY LTD	P.O.BOX 44071 – 00100, NAIROBI.
144.	UNAITAS SACCO SOCIETY LTD	P.O.BOX 38721– 00100, NAIROBI.
145.	UNI–COUNTY SACCO SOCIETY LTD	P.O BOX 10132 – 20100, NAKURU.
146.	UNITED NATIONS SACCO SOCIETY LTD	P.O.BOX 30552 – 00100, NAIROBI.
147.	UNISON SACCO SOCIETY LTD	P.O BOX 414 – 10400, NANYUKI.
148.	UNIVERSAL TRADERS SACCO SOCIETY LTD	P.O.BOX 2119 – 90100, MACHAKOS.
149.	VIHIGA COUNTY FARMERS SACCO SOCIETY LTD	P.O BOX 309 – 50317, CHAVAKALI.
150.	VIKTAS SACCO SOCIETY LTD	P.O BOX 2183 – 20300, NYAHURURU.
151.	VISION POINT SACCO SOCIETY LTD	P.O.BOX 42 – 40502, NYANSIONGO.

152.	VISION AFRICA SACCO SOCIETY LTD	P.O BOX 18263 – 20100, NAKURU.
153.	WAKENYA PAMOJA SACCO SOCIETY LTD	P.O.BOX 829 – 40200, KISII.
154.	WAKULIMA COMMERCIAL SACCO SOCIETY LTD	P.O.BOX 232 – 10103, MUKURWENI.
155.	WANA – ANGA SACCO SOCIETY LTD	P.O.BOX 34680 – 00100, NAIROBI.
156.	WANANCHI SACCO SOCIETY LTD	P.O.BOX 910 – 10106, OTHAYA.
157.	WANANDEGE SACCO SOCIETY LTD	P.O.BOX 19074 – 00501, NAIROBI.
158.	WASHA SACCO SOCIETY LTD	P.O.BOX 83256 – 80100, MOMBASA.
159.	WAUMINI SACCO SOCIETY LTD	P.O.BOX 66121 – 00800, NAIROBI.
160.	WEVARSITY SACCO SOCIETY LTD	P.O BOX 873 – 50100, KAKAMEGA.
161.	WINAS SACCO SOCIETY LTD	P.O.BOX 696 – 60100, EMBU.
162.	YETU SACCO SOCIETY LTD	P.O.BOX 511 – 60202, NKUBU.
163.	JITEGEMEE SACCO SOCIETY LTD	P.O. BOX 86937 – 80100, MOMBASA.
164.	NANDI HEKIMA SACCO SOCIETY LTD	P.O. BOX 211 – 30300, KAPSABET
NO.	**NAME OF SOCIETY**	**POSTAL ADDRESS**
165.	NANYUKI EQUATOR SACCO SOCIETY LTD	P.O. BOX 1098 – 10400, NANYUKI.
166.	UCHONGAJI SACCO SOCIETY LTD	P.O. BOX 92503 – 80102, MOMBASA.

SCHEDULE II: RESTRICTED LICENSES EXTENDED TO 31ST DEC. 2018

NO.	**NAME OF SOCIETY**	**POSTAL ADDRESS**
1.	GOOD FAITH SACCO SOCIETY LTD	P.O. BOX 224 – 00222, UPLANDS.
2.	JUMUIKA SACCO SOCIETY LTD	P.O. BOX 14 – 40112, AWASI.
3.	KENYA MIDLAND SACCO SOCIETY LTD	P.O BOX 287 – 20400, BOMET.
4.	LAMU TEACHERS SACCO SOCIETY LTD	P.O. BOX 110 – 80500, LAMU.
5.	MILIKI SACCO SOCIETY LTD	P.O.BOX 43582 – 00100, NAIROBI.
6.	ORIENT SACCO SOCIETY LTD	P.O.BOX 1842 – 01000, THIKA.
7.	TARAJI SACCO SOCIETY LTD	P.O.BOX 605 – 40600, SIAYA.
8.	TELEPOST SACCO SOCIETY LTD	P.O. BOX 49557 – 00100, NAIROBI.