

**STRATEGIC MANAGEMENT PRACTICES AND
PERFORMANCE OF SAVINGS AND CREDIT
COOPERATIVES IN NAIROBI CITY COUNTY, KENYA**

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**MASTER OF SCIENCE IN
STRATEGIC MANAGEMENT**

**JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY**

2026

**Strategic Management Practices and Performance of Savings and
Credit Cooperatives in Nairobi City County, Kenya**

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**A Research Project Submitted in Partial Fulfilment of the
Requirement for the Degree of Master of Science in
Strategic Management of the Jomo Kenyatta
University of Agriculture and Technology**

2026

DECLARATION

This research project is my original work and has not been presented for a degree in any other University

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

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DEDICATION

This research project is dedicated to my family, friends, fellow scholars and all those who will be involved and will contribute through encouragement, guidance and positive critique all through its initiation and completion.

ACKNOWLEDGEMENT

Special mention should be made to my supervisor Dr. Martin Kibe due to his unrelenting guidance and commitment. His understanding and positive critique and support played a crucial role in determining the course and the quality of this study. I am very thankful that he is walking this academic path with me.

I wish to say that I deeply appreciate all the people that helped me in my academic life in one way or another. I cannot express my gratitude to the group of people who helped me achieve this goal.

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ABBREVIATIONS AND ACRONYMS

AML	Anti-Money Laundering
BSC	Balanced Scorecard
CBS	Core Banking System
DT-SACCOs	Deposit-Taking Savings and Credit Cooperative Societies
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
KPI	Key Performance Indicator
KPI-based Control	Key Performance Indicator–Based Control
KUSCCO	Kenya Union of Savings and Credit Cooperatives
MIS	Management Information System
NFI	Non-Financial Indicators
PESTLE	Political, Economic, Social, Technological, Legal and Environmental Analysis
RBV	Resource-Based View
ROA	Return on Assets
SACCO	Savings and Credit Cooperative Society
SASRA	Sacco Societies Regulatory Authority
SEM	Structural Equation Modelling
SME	Small and Medium-sized Enterprise
SMEs	Small and Medium-sized Enterprises
SPMS	Strategic Performance Measurement System

SWOT	Strengths, Weaknesses, Opportunities and Threats
TMT	Top Management Team
VRIO	Valuable, Rare, Inimitable and Organized
WOCCU	World Council of Credit Unions

DEFINITION OF OPERATIONAL TERMS

- Performance** The degree to which an organization is efficient and effective in executing its strategies by optimum use of resources, timely execution of activities, adherence to the planned scope, and the quality standards (Kaplan et al., 2021; Raimo et al., 2021).
- Strategic Alignment** The extent to which the resources, structures, and operational activities of an organization align and support the strategic objectives of the organization to provide coordinated implementation and better organizational outcomes (Grant, 2022; Raimo et al., 2021).
- Strategic Control** Mechanisms and processes used to monitor strategy execution, evaluate performance outcomes, and initiate corrective actions to ensure continued alignment between strategic objectives and organizational activities (Hitt et al., 2022; Wheelen et al., 2022).
- Strategy Formulation** The process through which an organization analyzes its internal and external environments and selects strategic alternatives that align with its mission, capabilities, and long-term objectives. Strategy formulation involves environmental analysis, strategic choice, and prioritization of initiatives (David & David, 2023; Wheelen et al., 2022).
- Strategic Implementation** The implementation of developed plans based on the efficient distribution of financial, human, and technological resources with the help of the commitment of the leaders, communication, and operational systems (Grant, 2022; Hitt et al., 2022).
- Strategic Intent** The long-term direction, ambitions, and aspirations that guide an organization's strategic decisions, resource allocation, and

competitive positioning. Strategic intent reflects the organization's desired future state and motivates stakeholders to pursue sustained competitive advantage (Grant, 2022; Hitt et al., 2022).

Strategic Management Practices Planned actions that an organization takes to develop, execute and review strategies to reach long-term goals and also to maintain organizational competitiveness. Such practices usually consist of strategic intent, strategy formulation, strategy implementation, and strategy control (David and David, 2023; Hitt et al., 2022; Wheelen et al., 2022).

ABSTRACT

This paper has discussed the effects of strategic management practice on the performance of the Savings and Credit Cooperative Societies (SACCOs) that are based in Nairobi City County, Kenya. The particular dimensions of strategic management explored included strategic intent, strategy formulation, strategy implementation, and strategic control. The analysis was pegged on the Resource-Based View, Strategic Management Theory, Contingency Theory, and the Balanced Scorecard model. The research design used was descriptive and 30 mature SACCOs that were at least three years old were identified out of a population of 176 licensed SACCOs in Nairobi City County. The methodology used was census and structured questionnaires were used to collect the data by administering them to 210 senior and operational managers, where 164 valid responses were obtained indicating a response rate of 78.1. Pilot testing was done to determine the reliability of the instruments and Cronbach alpha of the individual constructs were found to be 0.69-0.73 and the reliability of the questionnaire as a whole was found to be 0.86. Descriptive statistics, Pearson correlation, and multiple regression were used to analyse quantitative data, and qualitative data based on open-ended questions were analysed by thematic analysis. The results showed that the strategic intent, strategy formulation, strategy implementation, and strategic control played a positive and significant role in SACCO performance. Correlation analysis showed that all strategic practices had strong positive correlation with performance ($r = 0.68$ to 0.76 , $p < 0.01$). The regression analysis of individual practices revealed that each strategic practice is a predictor of performance, and strategy implementation has the greatest variance ($R^2 = 0.578$). The four strategic practices were found to explain 67.6 percent of the variance of performance ($R^2 = 0.676$, $F(4, 159) = 83.52$, $p < 0.001$). Strategy implementation ($= 0.40$), strategic intent ($= 0.28$), strategy formulation ($= 0.13$), and strategic controls ($= 0.11$) were the strongest predictors, which validated that strategic management practices are important determinants of the performance of SACCOs in Nairobi City County. The research findings conclude that strategic management practice is an important determinant of SACCO performance. It advises SACCO management to improve strategy implementation mechanisms, improve strategic control systems, improve stakeholder involvement in strategy formulation, and frequently communicate strategic intent to all members and staff.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Savings and Credit Cooperative Societies (SACCOs) are rather significant in the economic development, particularly in developing nations like Kenya. SACCOs are financial institutions owned by members and offer services like mobilization of savings, provision of cheap loans and investment opportunities. With such services, SACCOs foster financial inclusion by accessing people who might lack access to formal banking services, especially in rural and low-income communities. Consequently, SACCOs help to alleviate poverty and enhance living standards (Aduda & Obondy, 2021).

Despite their contribution to economic development, many SACCOs face challenges in achieving and maintaining high levels of performance. The business environment in which SACCOs operate has become increasingly competitive and dynamic due to technological changes, strict regulatory requirements and competition from commercial banks and microfinance institutions. These challenges make it difficult for SACCOs to remain competitive and sustainable. Consequently, SACCOs are required to adopt effective management approaches that can help them respond to environmental changes and improve their performance.

The importance of strategic management practices in improving performance and sustainability of an organization is a well-known fact. Strategic management is a methodical process whereby organizations develop, execute and appraise strategies so as to meet long term goals. The practices involve environmental scanning, strategic planning, resource allocation, strategy implementation, and performance evaluation. Through strategic management practices, organizations can match their internal resources to the external opportunities and threats hence enhance their decision-making, operational

effectiveness, and overall organizational performance. Recent research highlights that strategic management allows organizations to respond to a dynamic environment and enables them to sustain a competitive advantage in more complex markets (Camuffo et al., 2024; Sinnaiah et al., 2023).

Strategic management practices are anticipated to have a positive impact on the performance of organizations in terms of competitiveness, efficiency and innovation. The researchers state that companies that embrace strategic management practices can better respond to environmental changes and attain high-performance levels (Fuertes et al. 2020). With SACCOs, strategic management can improve the governance structures, increase the risk management system and assist in creating new products and services to satisfy the needs of the members. These enhancements will lead to a higher satisfaction of members and the sustainability of the organization (Aduda & Obondy, 2021).

SACCOs have performance indicators that are determined by financial and non-financial indicators. Financial performance indicators are profitability, liquidity, asset quality and capital adequacy which are indicators of financial stability of the SACCO. Among the non-financial indicators, there are member satisfaction, operational efficiency, service quality, and social impact. These metrics are a holistic representation of SACCO performance beyond financial performance (Aduda & Obondy, 2021).

Strategic management practice is important in enhancing these performance indicators by making sure that organizational objectives are well established and with the right strategies and resources. Moreover, strategic management promotes the perpetual enhancement and proper performance monitoring. According to Maina et al. (2020), companies that implement strategic management practices regularly will have a higher chance of attaining sustainable performance and success in the long term. Therefore, adopting strategic management practices is essential for enhancing the performance and sustainability of SACCOs in Kenya.

1.1.1 Global Perspective of Strategic Management Practices

Cooperatives such as Savings and Credit Cooperative Societies (SACCOS) are important in the world to enhance financial inclusion and economic empowerment. These financial institutions, which are owned by the members, offer convenient and community-based financial services, especially to the underserved communities and help in the growth of the local economies. Their cooperative nature focuses on democratic governance, shared responsibility and equal access to resources, so they provide a much-needed alternative to the traditional banking systems.

In the Americas, credit unions, which share similarities with SACCOs, are well-established and have a substantial presence, especially in the United States and Canada. More than 5,000 credit unions in the United States alone have a membership of over 124 million people (Kyazze et al., 2020). These institutions provide diverse financial products such as savings, loans and investment opportunities, and are customized to meet the needs of the members. Through financial literacy, savings and affordable credit, credit unions have been able to develop community based financial solutions. Also, their concern with the welfare of their members, instead of maximizing profits, increases trust and economic resilience in the local economy.

Cooperative banks and credit unions are also powerful players in the financial sector in Europe. Countries like Germany, France and the Netherlands have established strong systems of cooperation among banks which cater to various needs of communities and sectors in the continent. To illustrate, the European Association of Co-operative Banks represents a group of about 4,200 cooperative banks in 21 European countries, which together serve more than 87 million members (McKillop et al., 2020). These cooperatives also enhance the development of the region economically by offering financial services to the rural and underserved regions, spurring small business development and access to credit by communities which may otherwise have no access to formal banking. Furthermore, the cooperative model in Europe has proven to be highly resistant and

adaptive and has managed to sail through the economic ups and downs with a focus on the community and sustainability.

The cooperative movement has had a tremendous growth in Asia especially in states like India, Japan and South Korea. An example is India, which has over 900,000 cooperative societies comprising of over 230 million members (Kyazze et al., 2020). The model of cooperatives is versatile and extensive, as these cooperatives are engaged in various industries, such as agriculture, dairy, housing, and finance. Cooperatives in the healthcare sector have increased access to affordable healthcare services and products, especially in the rural and remote regions, through pooling of resources and collective bargaining power. In addition to financial services, Asian cooperatives have played a critical role in overcoming the socioeconomic problems in general and developing sustainably as well as encouraging inclusive growth.

On the whole, SACCOs and other like-minded cooperative financial institutions have become important financial inclusion and social empowerment agents in the world. They are able to do so owing to their focus on democratic governance, member involvement and equal access to resources which provide their ability to serve populations that are commonly marginalized by the traditional banking system. These cooperatives do not only contribute to the welfare of individuals and households, but also to the economic resilience of their region and nation, because they integrate financial services, as well as community development projects. With the ever-changing nature of financial systems due to technology and global economic changes, the cooperative model is a trusted and flexible approach to inclusive and sustainable development.

1.1.2 Regional Perspective of Strategic Management Practices

Savings and Credit Cooperative Societies (SACCOs) are vital in the African financial environment as they facilitate financial inclusion, mobilization of savings and aid the socioeconomic development. SACCOs have become a viable community-based financial

model across the continent, especially to those that are under served by formal banking institutions. Their increase and influence vary according to the region, based on the differences in the regulatory environment, economic structure and institutional capacity.

SACCOs in East Africa are one of the biggest financial pillars of the financial system and have shown a tremendous growth in the last 20 years. The cooperative movement has been growing fast in countries like Ethiopia, Rwanda and South Africa. An example of such a country is Ethiopia, which has over 19,000 SACCOs with over six million members, which makes it one of the largest networks of cooperatives in the continent (Aduda & Obondy, 2021). These institutions are particularly important in rural and agricultural societies, where the traditional banking services are still scarce. Through the affordable credit, savings facilities and financial literacy programs, SACCOs have played a significant role in poverty reduction, stabilization of household income and the development of the local economy. The collaborative approach has therefore been a sustainable and all-encompassing approach to resolving endemic socioeconomic issues in the area (International Labour Organization [ILO], 2022).

West Africa has also come to appreciate the role of SACCOs in promoting financial inclusion and economic empowerment. Other countries like Ghana and Nigeria have also adopted policy frameworks that promote cooperative development as a component of overall financial sector reforms. The number of registered SACCOs in Ghana alone is more than 3,000 and the approximate number of members is over one million (Aduda & Obondy, 2021). These cooperatives are actively participating in major sectors of the economy such as agriculture, microfinance and small and medium enterprises (SMEs). Through the provision of credit to small-scale farmers and entrepreneurs, SACCOs have helped in the growth of business, creation of jobs and diversification of income. Additionally, SACCOs in West Africa are crucial in promoting entrepreneurship and community resilience especially among women and the young people (World Bank, 2023).

The SACCO industry has been on a steady rise in Southern Africa especially in Malawi and Zambia. An example is Malawi, which has more than 600 SACCOs and has an estimated membership of about 300,000 people (Gondwe, 2022). Such institutions play a critical role in the provision of financial services to the rural population and assisting the smallholder farmers by providing them with credit and savings products. The productivity of agriculture, food security and household welfare have been facilitated by SACCOs in this region. Nevertheless, even with these successes, there are a number of structural issues that still curtail their performance. Poor system of governance, low levels of technology usage, poor capitalization and capacity building efforts are still a major hindrance to sustainable growth.

Governments and development partners in Southern Africa are starting to pay more attention to regulatory reforms, digital transformation and institutional strengthening to overcome these challenges. Modernization of SACCO operations by adopting digital financial technologies, higher governance standards and better supervisory mechanisms are on the rise (World Council of Credit Unions [WOCCU], 2021). This is necessary in enhancing transparency, operational efficiency and confidence of members in the cooperative sector.

On the whole, SACCOs in Africa remain to be transformative in facilitating inclusive finance and economic empowerment. Although regional disparities are present in the context of magnitude and performance, the cooperative model is an effective and sustainable way of dealing with financial exclusion. Regulatory reinforcements, capacity building and capitalizing on digital innovations will play a crucial role in ensuring that SACCOs can achieve their full potential in helping Africa to realize the long-term development agenda.

1.1.3 Local Perspective of Strategic Management Practices

The cooperative movement is critical in the economic growth and social well-being of Kenya. It also has an established cooperative sector, having more than 15,000 cooperatives registered, many of which are Savings and Credit Cooperative Societies (SACCOs) (KUSCCO, 2023). SACCOs are important in mobilizing savings and providing affordable credit to members who would otherwise be disadvantaged to access formal financial services. The Sacco Societies Regulatory Authority (SASRA) has approved 176 deposit-taking SACCOs and 176 non-deposit-taking SACCOs to operate in Kenya between 1 January and 31 December 2026, which will bring the total number of regulated SACCOs in the country to 352 (SASRA, 2026). This shows the size and significance of SACCOs in the financial system of Kenya.

Though they are important, SACCOs in Kenya have many governance, strategic management, compliance with regulations and general financial performance challenges. According to the SACCO Supervision Annual Report, compliance gaps such as poor internal control, ineffective risk management systems, undercapitalization and poor governance remain prevalent in a number of SACCOs (SASRA, 2022). Moreover, the high rate of technological change and competition posed by commercial banks and other digital financial service providers have further put pressure on SACCOs to modernize their operations and embrace good strategic management practices (World Bank, 2023).

An additional survey by the Kenya Union of Savings and Credit Cooperatives (KUSCCO) also shows that governance inefficiencies and poor strategic planning are also significant limitations to SACCO sustainability (KUSCCO, 2023). Most SACCOs find it hard to match strategic intent and workable implementation systems resulting in operational inefficiencies and sub-optimality of financial performance. Additionally, the intensified regulatory control by SASRA has driven the necessity to have more robust compliance frameworks, better internal controls, and strategic oversight (SASRA, 2024).

These issues have major ramifications on the competitiveness and sustainability of SACCOs, especially in the Nairobi City County where the highest number of SACCO head offices are located in the country (SASRA, 2024). Nairobi being a large administrative and financial centre is an ideal setting to study the effects of strategic management practices on organizational performance.

Thus, this paper aims to analyse the strategic management practices embraced by SACCOs that are in operation in Nairobi City County and evaluate their impact on financial performance. In particular, the research is narrowed down to the strategic planning, strategy implementation, and control mechanisms as the determinants of organizational effectiveness. The study will produce insights that will contribute to the competitiveness, sustainability and overall performance of SACCOs in Kenya by establishing the best practices and gaps that exist.

1.1.4 Performance of SACCOs

The role of Savings and Credit Cooperative Societies (SACCOs) in Kenya is becoming more and more significant because of their key role in ensuring financial inclusion and enhancing the well-being of members. SACCOs cater to people in various sectors of the economy by organizing savings and availing cheap credit facilities. SACCOs promote income stability, asset accumulation and wider inclusion in formal financial systems in the Kenyan economy through these services. The cooperative financial model has thus remained critical to assist those who otherwise might be disadvantaged by the traditional banking services (World Bank, 2023).

Over the recent years, the performance of SACCOs in Kenya shows a mixed performance. Whereas there are institutions that register an increase in membership, loan portfolios, and asset bases, there are those still facing operational and financial difficulties. The Saccs Societies Regulatory Authority indicates that some regulated SACCOs face challenges in achieving stipulated regulatory requirements in terms of capital adequacy and liquidity

requirements (SASRA, 2022). Low capitalization rates and fears over the quality of assets still have an impact on the stability and sustainability of certain institutions. Likewise, World Bank notes that governance costs and inadequate capital buffers prevent the resilience of cooperative financial institutions in building financial systems in the developing world (World Bank, 2023).

Strategic management practices and government structures are generally considered to be the most important determiners of SACCO performance. Empirical evidence suggests that poor strategic planning processes, inefficiency in leadership structure, and poor internal control systems adversely affect operation efficiency and institutional results. High rates of loan defaults, ineffective resource distribution within an organization, and the lack of trust by members in cooperative institutions are often linked to poor governance practices (Mwilu & Njuguna, 2020). On the other hand, SACCOs with clear strategic frameworks and effective management and good governance oversight are more likely to exhibit better institutional stability and better organizational performance (World Bank, 2023).

In Kenya, regulatory compliance is also a key factor that affects the performance of SACCO. According to the reports of the Kenya Union of Savings and Credit Cooperatives, a significant percentage of SACCOs have the problem of not being completely compliant with the statutory and supervisory requirements of the cooperative financial sector (KUSCCO, 2023). Such compliance issues have been mostly associated with poor risk management mechanisms, undercapitalization and lack of technological capacity in certain institutions. These weaknesses put SACCOs at risk of operational and financial risks in the changing financial environment in Kenya (SASRA, 2022; World Bank, 2023).

The use of technology is becoming a major influential factor in performance in the cooperative financial sector. SACCOs incorporating digital solutions to process loans, interact with members, and report their financial performance are seen to enhance operational effectiveness and service delivery (SASRA, 2022). Nevertheless, small and

medium-sized SACCOs in general find it challenging to implement modern financial technologies because of the high cost of implementation and the lack of technical skills. This type of technological disparity reduces efficiency and restricts the ability of some SACCOs to respond to the dynamics of the increasing demands of members in a rapidly digitalizing financial environment (World Bank, 2023).

Nairobi City County, where the highest number of SACCO headquarters are located in Kenya, has significant differences in institutional performance. Certain SACCOs are showing high loan recovery, good liquidity management, and stable surplus generation, whereas others are showing deteriorating asset quality, and rising operational expenses. Such differences can be mostly explained by the fact that the quality of governance, strategic orientation, and institutional capacity of SACCOs in the county varied (SASRA, 2024; World Bank, 2023).

In general, the effectiveness of strategic management practices and governance structure, regulatory compliance and technology adoption are still closely related to the performance of SACCOs in Kenya. Enhancing these institutional aspects is critical to the enhancement of performance, sustainable development in the long-run, and the viability of SACCOs in the promotion of financial inclusion and national development goals of the Kenyan economy (World Bank, 2023).

1.2 Statement of the Problem

Savings and Credit Cooperative Societies (SACCOs) in the Nairobi City County are important in mobilizing savings and offering cheap credit to members who work in the public and private institutions, clinics, pharmaceutical companies, insurance companies and other formal sector organizations. The cooperative sector is one of the pillars of Kenya socioeconomic development and thus, financially sound and well-managed SACCOs are necessary to improve the financial welfare of the members and indirectly promote better economic productivity. To ensure that these SACCOs effectively execute their mandate,

they must have good financial performance, adhere to regulatory standards and implement good strategic planning and control systems to create a sustainable performance in the long run.

Nonetheless, recent performance trends show that financial stability of SACCOs in Kenya is on the decline. The Sacco Societies Regulatory Authority (SASRA, 2021) reported that the average return on assets (ROA) has reduced to 3.1% as at 2019, compared to the 5.2% in 2016. Moreover, the percentage of SACCOs that did not satisfy the minimum statutory core capital requirements rose to 26 in 2016 to 45 in 2019 (Mbogo, 2020), meaning that by 2019, only 55% of SACCOs had the required capital amount. The latest list of licensed SACCOs issued by SASRA (2026) also highlights the increased scrutiny of the regulator, such as limited licenses and withdrawal of licenses of non-compliant institutions.

In addition to the financial indicators, there are strategic and governance weaknesses in the SACCO sector. The high competition has caused some SACCOs to focus on expansion and dividend distributions at the expense of long-term financial soundness, and this has resulted in risky activities such as borrowing to fund dividends and making dividend payments based on deposits made by members, instead of actual surpluses. Between 2021 and 2023, financial mismanagement cases have been reported, such as losses of over KES 13 billion due to governance failures in Kenya Union of Savings and Credit Cooperatives (Otieno, 2025; Fintech Team, 2025). Empirical research also suggests that a significant number of SACCOs have shortcomings in their strategic management, such as the absence of long-term strategic plans, poor governance structures, low levels of technology uptake, and poor capitalization (Rutto & Miroga, 2020; Mbogo, 2020).

Although the literature on the same is increasing, there are still gaps. Theoretically, the majority of the research is investigating SACCO performance in general and fails to capture the dynamics of the sector. In a methodological sense, numerous studies are based on secondary regulatory data and little primary research of the internal strategic planning and control practices (Njoroge and Makori, 2024). Contextually, there are unique factors

in Nairobi City County like high operating costs, high competition in the financial market, and high enforcement of regulations that could affect SACCOs performance differently than in rural situations (Kinyua, 2021).

Thus, the empirical evidence on the association of strategic planning and control practices to the financial performance of SACCOs in Nairobi City County is inadequate. This paper aims to fill this gap by exploring the impact of strategic planning and control practices on financial performance of SACCOs in Nairobi City County, with managers and board members being the respondents of importance. The study will fill conceptual, methodological and contextual gaps that will help produce evidence-based information to enhance strategic management, financial performance, and sustainability and competitiveness of SACCOs in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to determine the influence of strategic management practices on the performance of SACCOs in Nairobi City County.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

- i. To determine the effect of strategic intent on the performance of SACCOs in Nairobi City County.
- ii. To examine how strategy formulation contributes to the performance of SACCOs in Nairobi City County.
- iii. To assess the role of strategic implementation in enhancing the performance of SACCOs in Nairobi City County.

- iv. To evaluate the contribution of strategic control to the performance of SACCOs in Nairobi City County.

1.4 Research Questions

The research questions of this study included:

- i. How does strategic intent influence the performance of SACCOs in Nairobi City County?
- ii. To what extent does strategy formulation influence the performance of SACCOs in Nairobi City County?
- iii. How does strategic implementation influence the performance of SACCOs in Nairobi City County?
- iv. To what extent does strategic control influence the performance of SACCOs in Nairobi City County?

1.5 Significance of the Study

The research was notable as it added both theoretical and practical contributions to the sphere of strategic management and cooperative financial institutions. The study provided empirical data on the effects of strategic intent, strategy formulation, strategy implementation and strategic control on organizational performance by examining how strategic management practices affect the performance of SACCOs in Nairobi City County. The findings added to the literature by bridging conceptual, methodological, and contextual gaps found in the literature previously, particularly gaps that existed in the literature with respect to SACCOs functioning in highly competitive and regulated urban environments. The study also supported the applicability of the Resource-Based View, Strategic Management Theory, Contingency Theory, and the Balanced Scorecard in the understanding of the performance of SACCOs.

Practitioners, policymakers and scholars also found the study valuable. The results proved helpful to SACCO boards, senior managers and operational staff to improve governance systems, internal controls, strategic implementation and service delivery. Information that was evidence based to policy makers and regulators including SASRA assisted in the drafting of policies to ensure that the sector was sustainable, compliant and competitive. The research was also used as a benchmark by other researchers and scholars who might undertake additional research on strategic management practices and performance in SACCOs and other financial cooperatives in Kenya and even other countries.

1.5.1 Nairobi City County

This research helped Nairobi City County to enhance performance, governance, and sustainability of SACCOs within its boundaries. Considering the deteriorating financial performance of the SACCOs as indicated by the SACCO Societies Regulatory Authority (SASRA, 2021), such as lowering the returns of assets and increasing the non-adherence to the statutory capital requirements, the improvement of the strategic management practices in SACCOs became critical to protect the financial stability at the county level. Healthy and financially stable SACCOs encouraged financial inclusion through mobilization of savings and offering cheap credit to members hence enhancing their financial stability and productivity in an environment that is central in socioeconomic growth.

The findings of the study were also used to inform the county level policy development and collaborative development efforts. SACCOs had to be competitive and compliant in a business environment where operating costs were high, competition was intense, and regulatory enforcement strict, they needed a strong strategic intent, well-organized planning processes, well-organized implementation mechanisms, and strong strategic controls. The research helped stakeholders in counties to encourage governance changes, accountability mechanisms, and technology uptake in cooperative financial institutions by establishing best practices and strategic gaps.

Better performance of SACCOs also led to economic stability due to higher capital mobilization, improved access to credit and confidence by members. Resilient SACCOs in the long run promoted investment, maintained employment stability and strengthened the overall contribution of the cooperative movement to the development agenda of Nairobi City County. The empowerment of strategic management at these institutions was thus consistent with the overall objectives of the county of sustainable economic development and institutional responsibility.

1.6 Scope of the Study

This paper has discussed how strategic management practices can affect the performance of Savings and Credit Cooperative Societies (SACCOs) which are based in Nairobi City County, Kenya. The research narrowed down on four strategic dimensions of strategic management strategic intent, strategy formulation, strategy implementation and strategic control and the impact of such practices on organizational performance. Operational indicators were used to measure the performance of an organization in terms of efficiency in resource use, effectiveness in service delivery, regulatory compliance and the long-term sustainability of SACCO operation. The study unit of analysis was the SACCO institution and the unit of observation was the senior managers and the operational managers who were directly involved in the formulation, implementation and monitoring of strategies in their respective SACCOs.

The geographical coverage of the study was restricted to Nairobi City County that is the location of the highest number of regulated SACCO head offices in Kenya. The supervisory data released by the SACCO Societies Regulatory Authority (SASRA, 2024) showed that there were about 176 regulated SACCO headquarters in the Nairobi City County, which is the most institutionalized concentration in the cooperative financial sector in the country. This population consisted of deposit-taking and non-deposit-taking SACCOs, who were all regulated by the SACCO Societies Act (Cap. 490B). The popularity of Nairobi as the financial and administrative hub in the country was a proper

venue to study strategic management in cooperative financial institutions given that SACCOs within this setting experienced various regulatory requirements, competitive financial market and changing expectations of members.

The research used an institutional eligibility criterion which meant that SACCOs had to be in operation at least three years. This was a necessity to make sure that the participating institutions had set up governance systems, had put in place strategic management processes and had created enough operational records that could be analyzed. Newly formed SACCOs were locked out since their strategic management systems may still be developmental and this may have restricted the reliability and comparability of the performance data. Following the inclusion criteria, 30 SACCOs were eligible and constituted the final population of institutions that were incorporated in the study. This meant that only 30 qualified SACCOs were considered as a sample of the 176 or so SACCOs that were headquartered in the City County of Nairobi and the analysis was limited to the study of the impact of strategic management practices on the performance of the institutions.

The research design used was a cross-sectional study and the data was mainly based on the primary data which was gathered using structured questionnaires to the managers and key officers in the sampled SACCOs. The study was effective in offering a narrow and valid analysis of strategic management activities in established cooperative financial institutions by focusing on these established SACCOs. Though the results were valuable in the understanding of strategic management practices in the SACCOs in Nairobi City County, the results were specific to the institutions that were used in the study. SACCOs not based in Nairobi may have varying environmental factors, market forces and regulatory issues. Thus, one must be careful about extrapolating the findings on a larger geographical and institutional level than what was covered in this study.

1.7 Limitations of the Study

The research had a number of limitations to be noted. First, the research was based on mostly self-reported information on respondents thus there was the risk of social desirability bias where respondents might have exaggerated good strategic practices or performance results. Second, the research was restricted geographically to SACCOs in Nairobi City County indicating that the results might not be applicable to SACCOs in rural or other urban areas with varying competitive advantages and regulatory landscapes. Third, the census method, although minimizing sampling error, produced a rather small sample of 30 SACCOs, which diminished the statistical power to identify small effect sizes. Fourth, the research was limited to operational performance indicators only, and did not incorporate financial performance indicators, like profitability, liquidity, or capital adequacy, which would have given a more thorough picture of the SACCO performance. In spite of these shortcomings, the rigor of the study was ensured by pilot testing, reliability analysis and compliance with ethical principles of research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter is a review of literature on the practice of strategic management and its impact on the performance of the Savings and Credit Cooperative Societies (SACCOs). The financial environments, in which SACCOs function, are dynamic and highly controlled, and therefore, a very high level of strategic planning, implementation and control is required in an effort to attain sustainability and competitiveness. Strategic management assists organizations to align their resources, capabilities, and operations with their long-term objectives, which contributes to their better performance, enhanced satisfaction of members, and resilience (Hitt et al., 2022; Wheelen et al., 2022).

Based on the literature, both internal and external factors affect the organizational performance. Among the internal factors are the leadership abilities, the systems of governance, the allocation of resources, and operational efficiency, whilst the external factors include the regulatory systems, competition in the market, and the new demands of the members. These factors are going to be integrated into the awareness of the organization, enabling them to practice strategic management that will improve strategic intent, planning, implementation, and control, which are vital to long-term sustainability and growth (World Bank, 2023; Raimo et al., 2021).

There are several theories on which a foundation of the relationships between strategic management practices and performance outcomes in SACCOs is based. They are the Resource-Based View, Strategic Management Theory, Contingency Theory and the Balanced Scorecard framework. All these theories combined explain how organizations utilize internal assets, formulate and implement strategies, adjust to environmental factors and gauge performance in a bid to achieve financial and operational objectives.

2.2 Theoretical Framework

The theoretical framework explains how the strategic management practices impact performance of SACCOs. SACCOs are competitive and in controlled financial climates and have to find a balance between financial sustainability and value creation to the members. Strategic intent, planning, implementation and control are thus the critical management practices in the management of organizational effectiveness and long-term viability. The paper is anchored on four theories namely: The Resource-Based View, Strategic Management Theory, Contingency Theory and the Balanced Scorecard framework. All the theories describe a particular aspect of strategic management and contribute to an excellent basis of SACCO performance analysis (Wheelen et al., 2020; World Bank, 2023).

2.2.1 Resource-Based View (RBV)

Resource-Based View (RBV) is one of the most powerful theories in strategic management and it offers a powerful basis to the insight of organizational performance. The theory claims that the market positioning is not the only important factor in the determination of long-term competitive advantage and high performance of an organization but the internal resources and capabilities of an organization. The RBV proposes a novel argument by Barney (1991) and subsequently enhanced in other studies (Barney et al., 2021) in that organisations possessing resources that are valuable, rare, inimitable, and non-sustainable (VRIN) and well-structured and deployed are successful in the long term.

Based on the Resource-Based View (RBV), resources may be classified as tangible and intangible resources. The physical resources are the financial capital, the physical infrastructure and the technological systems and the intangible ones are the knowledge of the leadership, the organizational culture, the governance systems, the brand name and the loyalty of the members. Capabilities are the organizational capability to integrate,

organize and use these resources in an effective manner to accomplish the strategic objectives. According to the theory, the resources are not sufficient but the plan is to generate value by making sure the management aligns and utilizes these resources (Barney et al., 2021; Grant, 2022).

In the case of SACCOs, internal resources play a very significant role in the context of financial stability, efficiency, and long-term sustainability of financial institutions. The resources in SACCOs can be significant in terms of board members and management teams, qualified employees, good governance/internal control system, adequate capitalization, good information system and committed membership base. Once developed and well managed, they help the institution to mobilize savings, risk credit management, staying liquid and adhering to the regulatory standards (Kinyua and Muturi, 2021; World Bank, 2023).

Strategic management practices offer the means that converts resources into performance deliverables. Strategic intent explains the direction that an organization is heading to in the long term and helps in decision-making of resource allocation. Strategic planning makes all the financial, human and technological resources align with well-defined objectives. Strategy implementation transforms plans into action undertakings and strategic control ensures there is consistent monitoring, evaluation of performance and corrective action where necessary. Due to these processes, organizations can make the efficient use of the internal resources and minimize inefficiency (Hitt et al., 2022; Wheelen et al., 2022; David and David, 2023).

As an illustration, staff training and leadership development improves the quality of decision-making and competence of managers. Good governance framework and internal audit systems minimise the chances of financial mismanagement and enhance accountability. Adoption of digital information system improves the efficiency of the loan processing, quality of record keeping and availability of communication with the members therefore consolidating operational effectiveness. According to the World Bank (2023),

financial institutions that integrate the technological and governance reforms in their strategic frameworks have higher chances of demonstrating improved service delivery and financial resiliency. Such developments are in line with the argument of RBV that the strategic application of internal capabilities leads to high-quality performance.

In addition to this, RBV highlights the importance of the heterogeneity of resources amongst organizations. The quality and amount of the resources of not all SACCOs are equal. The differences in performance between institutions are brought about by the differences in leadership competence, technological sophistication, quality of governance and level of capitalization. According to researchers such as Kinyua and Muturi (2021), SACCOs that strategize and modernize their internal resources on a regular basis have superior financial performance and institutional stability, compared to those that do not invest enough in capabilities development. This validates the RBV argument that competitive advantage is based on resource configurations that are unique and hard to imitate by the competitors.

The other meaning of the Resource-Based View is that it is concerned with sustainability. Sustainable performance is achieved when organizations obtain dynamic capabilities to react to environmental changes through reconfiguring, renewing and adapting internal resources). The institutions must constantly improve their internal systems and competencies with regulated financial settings that are technologically advanced, competitive, and with changing member expectations. Organizations can keep up with the times and stay strong by implementing strategic control mechanisms, performance monitoring systems, and constant training programs (Grant, 2022; Hitt et al., 2022; World Bank, 2023).

The Resource-Based View has been criticized because it has not emphasized on the external environmental factors even though it has its strengths. Nonetheless, it can be combined with other related theories to give a more holistic approach to the interaction of internal strengths and strategic processes to create performance outcomes as in

Contingency Theory and the Balanced Scorecard framework. This integrative school underlines the importance of aligning internal capabilities with external environments to achieve the optimal performance (Otley, 2021; Kaplan et al., 2021; Wheelen et al., 2022). RBV is particularly relevant in this study in the sense that it makes direct links between the strategic management practices and the appropriate use of the internal resources thus the source of variation in organizational performance.

To recap it all, the Resource-Based View is a very strong theoretical perspective of examining the effects of strategic intent, planning, implementation and control as far as performance is concerned. The theory emphasises that sustainable competitive advantage and improved performance outcomes are not only realised through favourable market positions but also strategic development and active utilisation of organisational resources and capabilities that are of value. This research with RBV confirms that good strategic management enhances internal resource consumption, good governance and operational performance, and ultimately directly drives the performance and sustainability of institutions (Barney et al., 2021; David and David, 2023; World Bank, 2023).

2.2.2 Strategic Management Theory

The main idea of the Strategic Management Theory is the strategic direction. Organizations should first set the strategic intent to determine their mission, vision and long-term objectives. The strategic intent helps in providing a clear picture where the organization is supposed to be in the future but also provides priorities on what should be done. Without a clear strategic direction, the organizations will risk the misallocation of resources, monotony in decision making and lack of efficiency in the operations. Strategic intent is a guiding frame therefore aligning the employees, management and governance structures to shared goals (Hitt et al., 2022; Grant, 2022; David and David, 2023).

The strategy formulation follows the strategic intent and involves setting up action plans that will be adhered to in order to achieve set objectives. This is done by painstaking

analysis of internal capabilities as well as external environmental conditions. Companies assess their strengths and weaknesses, examine their opportunities and threats and decide on the strategic choices that are the most appropriate. Strategic planning transforms the long-term goals into short-term goals, budgets, plans, and performance measures and clarifies the responsibilities and coordination among the departments. Systematic planning helps organizations to reduce uncertainty and develop superior preparedness to environmental changes (Wheelen et al., 2022; David and David, 2023; Raimo et al., 2021).

Formulation of the strategy is not sufficient to be successful. The Strategic Management Theory emphasizes the need to have a good implementation of strategy. The implementation process involves putting the strategic plans in the form of operation activities, policies and procedures. It requires proper management, communication, communication with employees, proper distribution of resources and positive organizational culture. The failure of most of the organizations is not due to poor strategy design but rather due to poor execution which is normally as a result of resistance to change, poor coordination, lack of resources and lack of accountability mechanisms. The management should thus make sure that organizational structures, systems, and human resources are in line with strategic priorities (Hitt et al., 2022; Grant, 2022; David and David, 2023).

The last phase of the strategic management process entails strategic control and evaluation. The control mechanisms assist organizations to monitor the performance, compare the actual performance to the planned performance and take an action when necessary. We have the constant monitoring and evaluation through the assistance of such tools as performance appraisal systems, internal audit, financial reporting systems, and key performance indicators. Continuous assessment enhances responsiveness and adaptability to changing situations. Organizations that institutionalize monitoring and evaluation systems are more transparent, more accountable, and more efficient in their activities (Raimo et al., 2021; Kaplan et al., 2021; Wheelen et al., 2022).

The Strategic Management Theory provided in SACCOs provides a broad structure within which the systematic management procedures could be interpreted with respect to the performance results. SACCOs participate in competitive and regulated financial markets whereby survival is pegged on good planning, proper execution and good governance supervision. Strategic planning allows institutions to set growth goals, risk management, financial stability, and organizational goals with the needs of members, which improves the overall performance (World Bank, 2023; Mwilu and Njuguna, 2022).

Besides, strategic control systems enhance the quality and responsibility. The risk management frameworks, performance tracking systems and internal audits reduce the possibilities of financial mismanagement and inefficiencies. In fact, empirical evidence indicates that strategic management institutions have developed governance systems and good performance compared to institutions that are ruled by absence of clear strategic frameworks. This facilitates the main assumption of the Strategic Management Theory that planned and organized management operations are directly related to better organizational results (Mwilu and Njuguna, 2022; Hitt et al., 2022; Grant, 2022).

Another significant part of the theory that facilitates strategic success is leadership. Good leaders are able to articulate vision, mobilize resources, inspire employees and create a culture that promotes innovation and accountability. Leadership commitment will be used to make sure that the strategy is translated into action following planning documents. Furthermore, the participatory-based strategic processes help to enhance the degree of involvement and ownership among the staff members, which enhances the likelihood of a successful implementation and long-term performance (David and David, 2023; Hitt et al., 2022).

The other crucial consideration of the Strategic Management Theory is that it is concerned with alignment. In order to have effective strategies, the organizational structures, human resource policies, financial systems, and technological infrastructure must be aligned to strategic goals. The absence of co-ordination between strategy and internal systems is one

of the reasons that lead to inefficiencies and performance gaps. The ongoing review of the internal fit will help to make sure that the organizational systems are aligned with, but not an obstacle to strategic objectives, which improves operational effectiveness (Wheelen et al., 2022; Grant, 2022).

Despite providing a scientific method of organizational success, Strategic Management Theory does not fail to recognize the dynamism of the operating environment in the contemporary world. The strategies should be reviewed and revised by the organizations on a regular period depending on the changes in the regulations, technological developments and competition in the market. Sustained performance is thus an aspect of continuous learning and adjustment, which helps institutions to keep afloat in unpredictable circumstances (Otley, 2021; World Bank, 2023; Hitt et al., 2022).

In conclusion, Strategic Management Theory is an analytical model that can be used to analyze the relationship between strategic intent, planning, implementation and control and organizational performance. According to the theory, the strategic procedures are planned, coordinated, and reviewed on a constant basis, which leads to better performance outcomes. The Strategic Management Theory in this study provides a conceptual pure relationship between the four independent variables and the ultimate performance results, which confirms the thesis that the institutional success of the structured strategic management practices is critical to the achievement of sustainability, competitiveness and long-term performance (David and David, 2023; Grant, 2022; Wheelen et al., 2022).

2.2.3 Contingency Theory

One of the fundamental management theories is the Contingency Theory that states that there is no universal way of managing an organization effectively. Instead, the management practices succeed because of the degree to which the organizational strategies are in line with the internal and external environments in which the organization operates. The central hypothesis of the theory is that the management structures, control

systems, and strategic practices are situational in nature and hence result in optimal organizational performance relative to the uncertainty of the environment, regulatory frameworks, technology, competition, organizational size and stakeholder expectations (Otley, 2021).

Another stress that the Contingency Theory puts is on flexibility and responsiveness to circumstances that the traditional management theories assume the best practice is the same. These environments under which organizations operate are dynamic and various and strategies that are successful in one organization may not have the same outcome in another. The managers have to constantly review the environmental conditions and modify the strategic decisions. It is a dynamic strategy that helps in building the resilience, responsiveness, and sustainability of the organization (Otley, 2021; Hitt et al., 2022; Grant, 2022).

The Contingency Theory identifies a number of environmental variables that affect the performance of an organization. The regulatory frameworks are especially important in financial institutions whereby compliance requirements have a direct impact on the operations, governance and reporting frameworks. The competitive nature in the market also dictates the strategic decisions because organizations must be able to differentiate themselves to be appealing and retain or attract members or customers. Technological growth brings in opportunities and challenges and institutions have to upgrade and deal with the arising risks. Moreover, the effectiveness of strategies that will be implemented is determined by the internal consideration of the organization size, leadership approach, and available resources (Otley, 2021; Wheelen et al., 2022; World Bank, 2023).

The Contingency Theory can be applied to SACCOs as well in the explanation of how the strategic management practices can be adjusted to the changing conditions of the environment. SACCOs are regulated markets which are subject to prudential regulations, compliance and supervision. A change in the internal control system, capital management strategies and governance systems would occur due to changes in regulatory standards.

As an example, new liquidity or reporting standards will compel the institutions to re-optimize financial planning and risk management activities to be continuous and compliant (SASRA, 2022; World Bank, 2023; Otley, 2021).

Another industry that has competition and this further justifies the applicability of Contingency Theory is the financial industry. SACCOs not only compete but also with commercial banks, microfinance institutions, fintech companies and digital financial service providers. Such a competitive environment requires a constant product development, pricing, service provision, and customer interaction. The ones that fail to adjust to the competitive market are bound to lose their market and trust of their members and the ones that conform their strategies to the market trends are more likely to experience long-term growth of performance (World Bank, 2023; David and David, 2023; Grant, 2022).

Technological change is the other important contingency factor which may influence the performance of an organization. This has changed the delivery and accessibility of financial services owing to the high pace of growth of online financial service providers. SACCOs should thus embrace the right information and communication technology in order to improve efficiency, transparency and provision of services. The institutional capacity, cost implications and user needs should be used to make the choice of strategic decisions on which to invest in technology. Digital integration tends to result in an increased degree of operational efficiency, faster service provision, and increased satisfaction among the members in institutions that are successful in it (SASRA, 2022; World Bank, 2023; Hitt et al., 2022).

Strategy effectiveness is also affected by the organization size and structure. Formalized control mechanisms, clear hierarchies and mechanisms of coordination are usually needed in larger institutions whereas flexibility and decentralized decision making are usually helpful in smaller organizations. Contingency Theory states that management systems must be structure to suit the size of the organization, complexity of the organization and

environment within which it operates. The misalignment of strategy, structure, and internal processes can lead to the inefficiencies, the failure of communication, and poor performance outcomes (Wheelen et al., 2022; Grant, 2022; Otley, 2021).

Contingency Theory presents the main arguments which are supported by empirical research. The better the performance of the organization in terms of finances and operational stability, the better the management control systems are aligned with the environmental uncertainty, as Kiswili (2021) and Otley (2021) observe. The outcome of compliance and satisfaction among stakeholders is likely to be enhanced when the institutions actively adjust policies, risk management models, and service delivery models in accordance with the environmental changes. The outcomes of such findings reinforce the argument that flexibility and situational awareness are the most important aspects that determine the success of an organization.

The other significant implication of Contingency Theory is the strategic flexibility. There is no fixed process of implementation, planning, control and the strategic intent, which however, could be periodically checked and modified as per the evolving situations. To illustrate, the strategic plans that were developed under the circumstances of stable economy may have to be adjusted in case the financial stability is not ensured or the regulatory reform is required. Equally, the control systems should have the ability to monitor any changes in the environment early enough to be able to take corrective measures in good time to make the organizations responsive and resilient (Otley, 2021; World Bank, 2023; Hitt et al., 2022).

Even though Contingency Theory lays stress on the environmental fit, it does not underestimate the importance of internal resources and capabilities. External requirements should be addressed with the help of internal strengths that complement the Resource-Based View that demonstrates how organizational competencies in interaction with the environmental conditions can impact the results of performance. The more SACCOs can strategically adapt their activities to regulatory, competitive and market forces is by

capitalizing on the governance systems, human capital and technology (Grant, 2022; David and David, 2023; Wheelen et al., 2022).

In conclusion, the Contingency Theory is an effective way of explaining why the need to make strategic management practices institution-specific and not universal. When strategies, structures and control systems are in line with regulatory requirements, market competition, technological advancements as well as stakeholder expectations, then the performance of organizations is improved. The application of the Contingency Theory in the study is in the exploration of the correlation between adaptability and situation sensitive strategic management practices in SACCO performance. It emphasizes that the continuous environmental scanning, flexible planning processes, responsive implementation mechanisms, and dynamic control systems can be used to achieve sustainable institutional success (SASRA, 2022; World Bank, 2023; Hitt et al., 2022).

2.2.4 Balanced Scorecard

Balanced Scorecard (BSC) is a strategic model of performance management developed by Robert Kaplan and David Norton to assist organizations to convert the organizational strategy into measurable goals and measures of performance. The Balanced Scorecard is also different in that unlike the conventional performance measurement systems that mainly use only financial measures to measure performance in an organization, the Balanced Scorecard incorporates both financial and non-financial measures to have a holistic understanding of the performance in an organization. According to Kaplan et al. (2020), the companies that can be sustainable in terms of performance measurements are the ones that align performance measures with strategic goals by four major perspectives: financial, customer, internal business processes, and learning and growth. This multi-dimensional approach will also ensure that they do not view the performance in terms of the financial returns in the short run but instead, the sources of long-term value creation.

The financial perspective is related to the signs of profitability, liquidity, growth of revenue, efficiency in costs and the payback of assets. Financial performance is not as vital as it used to be in the past, but the Balanced Scorecard recognizes it to be an indicator of the past activities and not a driver of future performance (Kaplan et al., 2021; David and David, 2023). The customer perspective is rooted in how far an organization meets the needs and expectations of its members or clients or not in the form of satisfaction levels, retention rates, quality of the services, and market share (Kinyua and Muturi, 2021; World Bank, 2023a). The internal process lens looks at how well the internal processes, such as service delivery processes, risk management systems, compliance procedures, and innovation processes, have been performed (Raimo et al., 2021; Hitt et al., 2022). The final, but not the least is the learning and growth perspective that is concerned with human capital development, organizational culture, employee skills, leadership ability and information systems skill (Wheelen et al., 2022; Kaplan et al., 2021). These views put together form a cause-and-effect relationship between the strategic goals and quantifiable performance results.

The Balanced Scorecard is an effective model of evaluating the strategic management practices in relation to the performance outcomes in the context of the SACCOs in Nairobi City County. The levels of liquidity, the growth of surpluses, the quality of the loan portfolio, and the capital adequacy along with the cost-to-income ratios are important financial indicators of the sustainability and compliance with the regulatory requirements (SASRA, 2022; Mwilu and Njuguna, 2022). However, financial indicators are misleading since there are more crucial aspects of organizational performance that may be overlooked. The importance of customer approach is very high particularly in SACCOs because the degree of satisfaction, trust and loyalty of the member is directly related in mobilizing deposits and borrowing of loans. The indicators that help to evaluate the efficiency of the service delivery are the turnaround time of the services, the percentage of complaints that were resolved, and the number of the members increased (Kinyua, 2021; World Bank, 2023b).

The internal process approach is also important in the provision of operation efficiency and risk management. To ensure that they operate within the regulatory framework, SACCOs should have good governance framework, internal audit systems, credit risk assessment processes, and mechanisms of compliance (Grant, 2022; SASRA, 2022). By tracking such internal processes, the management can be able to realize inefficiencies, minimise risks in operations and enhance service delivery. Moreover, the long-term sustainability is also supported through the learning and growth perspective as it emphasizes on staff education, leadership, technological innovation as well as organization culture. The digital financial systems investment, data management tools, and capacity building of the staff contribute to the institutional resilience and competitiveness of the financial system in the evolving financial environment (World Bank, 2023a; Wheelen et al., 2022).

In this study, the dependent variable is the performance of the SACCOs in the Nairobi City County and it is directly related to the Balanced Scorecard. The framework is the backbone on which the quantification of the way the four dimensions of strategic management practices under study strategic intent, strategy formulation, strategy implementation and strategic control can be transformed into measurable performance outcomes. As an example, a strong strategic intent can contribute to the achievement of long-term financial ambitions, development of member value; good strategy-making can contribute to alignment of internal processes; good strategy execution can contribute to operational effectiveness and service delivery; and strategic control can contribute to monitoring performance using key performance indicators and corrective action systems. Therefore, the Balanced Scorecard is directly related to the overall purpose of the study that is to determine the effect of strategic management practices on the performance of SACCO. To be more accurate, it helps to assess the extent to which each of the four particular goals contributes to the improvements in the financial performance, satisfaction of members, efficiency of operations, and learning in the organization. The model

therefore suits this research since it provides a strong framework of assessing the performance effects emanating out of strategic management practices in SACCOs.

2.3 Conceptual Framework

Recent studies stress the idea that a conceptual framework determines and classifies the most important variables in a study and describes the assumed relationships between the variables. It gives a visual and narrative format that shows the effect the independent variables are likely to have on the dependent variable. A developed conceptual framework is a roadmap to the study as it connects the research problem, objectives, and variables in a logical and consistent way (Philscholar, 2025; Swaen and George, 2024). It provides coherence in thinking, uniformity in interpretation and correspondence between the theory and empirical research.

To be more precise, a conceptual framework explains the direction of the relationships between the independent and dependent variables and describes them. It breaks down the complicated theories into a systematic model which can be examined using empirical data collection and analysis. The framework helps to minimize ambiguity by explicitly defining each variable to be used in the study and the anticipated interactions between the variables. It also directs the process of operationalization of variables which is how each concept will be measured and analyzed in the context of the research problem (Philscholar, 2025; Swaen and George, 2024).

The conceptual framework used in this work is that the strategic management practices have an impact on the performance of the organization. The independent variables include strategy intent, strategy formulation, strategy implementation as well as strategic control and the dependent variable is the performance of SACCOs operating within Nairobi City County. Strategic intent offers direction in the long-term by clarifying the vision and mission, and offers the alignment and commitment throughout the institution. The strategic formulation process entails scanning the environment, internal and external

analysis, and coming up with action plans. Strategy implementation aims at converting these plans to operational activities by coordinating, allocating resources and involving the employees. Continuous monitoring, evaluation and corrective action is provided by strategic control to ensure that it remains aligned to organizational goals (David and David, 2023; Raimo et al., 2021; Mwilu and Njuguna, 2022).

The framework presupposes that the performance of organizations can be enhanced in case of the successful implementation of these strategic management practices. Strategic intent creates a strong sense of alignment and commitment, decision formulation is enhanced by clear strategic intent, proper implementation is increased by operational efficiency and strategic control holds people accountable and in a state of continuous improvement. The conceptualisation of performance is based on multidimensionality, such as financial sustainability, quality of services, member satisfaction, and institutional stability (Kinyua and Muturi, 2021; Hitt et al., 2022; World Bank, 2023a). Thus, the conceptual framework shows the assumed cause and effect relationship between strategic management practices and performance outcomes of SACCOs in the Nairobi City County.

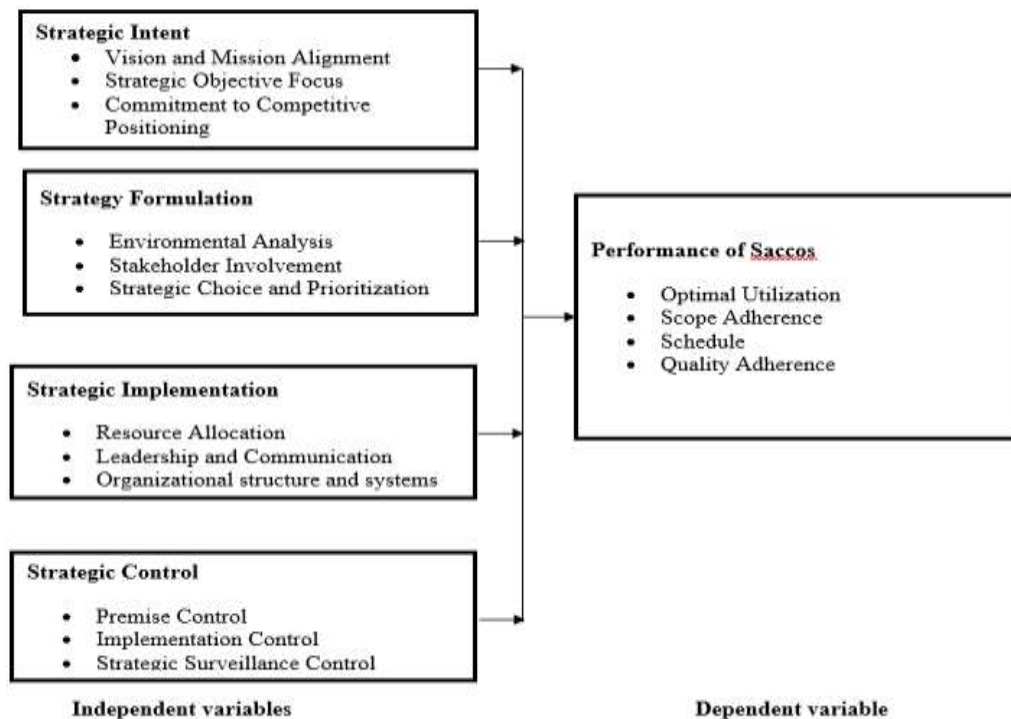


Figure 2.1: Conceptual Framework

2.3.1 Strategic Intent

Strategic intent can be defined as long term orientation or aspirations and strategic direction that guides the activities and decision-making of an organization over the long term. It is a sign of what an organization wants to be in future and how well it is able to express its desired position in its operating environment. Strategic intent does not only apply to short-term planning, but it is a long-term commitment to achieve some long-term outcomes. It provides a sense of direction and sustainability that assists the organizations to channel their resources, capabilities, and stakeholders towards common goals. According to Hitt, Ireland, and Hoskisson (2022), the strategic intent is one of the key

elements of developing the organizational focus, motivation, and commitment to sustainable competitive advantage. An effective and articulated strategic intent by the leadership gives a sense of direction and reduces uncertainty and increases institutional cohesion.

Strategic intent is also at the core of organizational identity and competitiveness in the long run. It has an impact on the way leaders perceive environmental opportunities and threats, resource allocation, as well as strategic initiative priorities. Institutions that are in dynamic and competitive financial environments have a conscious decision on the growth, service delivery, innovation and risk management. A clear strategic intent helps the management and employees understand the direction to take in the long term, priorities and competitive positioning of the organization. Absence of this clarity may result in a scenario in which institutions make disjointed decisions, overwork some of their tasks and tug in different directions and inefficient use of resources. Conversely, high strategic intent facilitates cohesiveness of purpose and makes sure that every day operational choices are consistent with higher institutional goals (David and David, 2023; Hitt et al., 2022).

In this research, Strategic Intent will be conceptualised having three dimensions: alignment of vision and missions, focus on strategic objectives and dedication towards competitive positioning. The alignment of the vision and mission also makes sure that the purpose and direction of the organization is explained and comprehended. The strategic objective focus converts the vision into objectives which are measurable and are used to direct activities and responsibility. Commitment to competitive positioning embodies the attempts to attain the favourable position in the market with the help of unique capabilities, innovation, and higher values of the stakeholders. The vision gives the targeted status of the organization in future and the mission gives its purpose and the focus of its activities. Clear vision and mission statements act as a guide line and assist in strategic decision making, organizational culture and standards by which progress can be assessed. Once the

stakeholders internalize the organizational vision and mission, they will demonstrate a commitment and alignment in their positions (Grant, 2022; Wheelen et al., 2022).

Focus on strategic objectives focuses on developing clear, measurable and achievable objectives that transforms the vision into action objectives. Giving strategic intent specificity and operational definition, objectives are what should be achieved in a specified period of time and performance standards. Effective strategic objectives are those that are aligned to the mission of the organization, are realistic in regard to the resources available and also responds to the environmental conditions. They also facilitate easy accountability since it enables monitoring and reviewing of performance. When the objectives are vague or not well defined, there will be inconsistency in the implementation process and performance measurement will be difficult. Special attention should be paid to well-organized strategic objectives to make the process of planning and implementation more consistent (Hitt et al., 2022; Mwilu and Njuguna, 2022).

The commitment towards the competitive positioning exhibits the deliberate attempt of the organization to achieve and sustain a favourable position relative to the competitors. This is by acknowledging special skills, enhanced service delivery, innovation, fostering the relationship with the members and reputation of the institution. Competitive positioning entails unceasing appraisal of market trend, fluctuations in regulations, technology and anticipation of the stakeholders. Companies that show interest in the position of competitiveness are keen to find ways of differentiating themselves and enhancing value generation. The focus of this element of strategic intent is ambition and progressive leadership that is critical in offering resilience and adaptability in dynamic environments (David and David, 2023; Grant, 2022; World Bank, 2023a).

Together, these dimensions bring about the perception of strategic intent, as it brings out direction, ambition, clarity, and commitment to the organization. The past studies show that those organizations possessing a good strategic intent are better placed to be able to mobilize their resources, be able to adjust to the changes in the environment and provide

better performance outcomes. A sense of direction brings about more coordination, measurable goals bring in increased accountability and a competitive commitment encourages innovation and service delivery. Therefore, strategic intent is expected to impact the performance of organizations significantly, making it more aligned, decision-quality, and sustainable in the long term (Raimo et al., 2021; David and David, 2023; Hitt et al., 2022).

2.3.2 Strategy Formulation

Strategy formulation is the rational procedure by which organizations examine their internal strengths and outside surroundings with the aim to coming up with strategic choices based on the same that are intended to meet long-term goals. It is a planned, organized and critical process that helps the decision-makers to decide on the most suitable path to take by the organization. According to Wheelen et al. (2022), formulating a strategy enables organizations to identify opportunities, forecast threats, evaluate their strengths and weaknesses, and allocate resources in a manner that makes them competitive and sustainable. The development of the strategy is grounded on the evidence based analysis and rational selection of other courses of action instead of relying on intuition.

In essence, strategy formulation fills the difference between strategic intent and action. Strategy formulation however, establishes the pathway in which the organization would like to be after a certain period of time, but strategic intent establishes how it will attain that pathway. It entails specifying the long-term goals, coming up with strategic options, assessing the possible risks and returns, and choosing the course of action that is likely to be viable. The existence of organizations in regulated and competitive financial markets such as SACCOs in Nairobi City County will compel organizations to continuously analyze market trends, technological changes, economic factors and regulatory demands during the strategy formulation process. A lack of involvement in the process of developing strategies may lead to ineffective decisions, misallocation of resources, and

under-performance in the company (David and David, 2023; Grant, 2022; Wheelen et al., 2022; Hitt et al., 2022).

Environmental analysis, stakeholder involvement, and strategic choice and prioritization will be considered as the three important dimensions in formulating the strategy in this study. Environmental analysis entails a comparison of internal and external elements of elements that affect the performance of the organization. On the inside, it involves evaluating the strengths in terms of monetary ability, the organization structure, human resource, technological infrastructure and the recognition of the organization in terms of a bad reputation, which can lead to hindrance in its growth. On the outside, the environmental analysis takes into consideration the economic conditions, regulatory environment, competition in the industry, technological development, and changing expectations of the members. These factors are usually studied systematically through such tools as the SWOT analysis, PESTEL analysis and industry analysis models. The appropriate environment analysis enhances situational awareness and makes informed strategic choices (Raimo et al., 2021; Kyazze et al., 2020).

Another important aspect of the strategy formulation is stakeholder involvement. The best strategies are not always developed alone, but are developed through consultation and collaboration with the key stakeholders, the board of directors, top managers, workers and spokespersons of the membership. When people have an inclusive approach, the quality of strategic decisions is enhanced since different perspectives, expertise, and experience are integrated. It also enhances ownership and commitment in the implementation process as individuals are likely to believe in strategies that they helped in their formulation. Responsible, aligned, and institutionally cohesive approaches to strategy development are also fostered by open and interactive strategy development methods (SASRA, 2022; Mwilu and Njuguna, 2022; Grant, 2022; World Bank, 2023).

Strategic choice and prioritization deal with the process of choosing the best strategic options out of a number of alternatives. After identifying the opportunities, the

management will have to determine the initiatives it will undertake and the ones to delay or leave. This comes with the requirement of being ambitious and realistic depending on resources available, amount of risk, regulatory requirements and probable impact on performance. The prioritization concept will assist in the process of allocating available limited financial and human resources to projects which will bring the most strategic value. A clear prioritization is also useful to prevent the overextension and reduce the chances of conflicting goals that, in their turn, lead to the enhanced efficiency of the organization and long-term sustainability (David and David, 2023; Raimo et al., 2021; Kyazze et al., 2020; World Bank, 2023).

The results of empirical studies reveal that the organizations that conduct thorough environmental analysis and involve people in the decision-making process have higher chances of formulating coherent and flexible strategies that improve performance (David and David, 2023). Effective strategy formulation is one of the factors that assist in improving financial sustainability, efficiency and institutional strength. It enhances the match between the long-term objectives and the short-term responses, so that the daily business operations will be based on the global strategic priorities. It could therefore be presumed that effective strategy making will positively influence the organizational performance in terms of improved quality of decisions, environmental changes, and effective allocation of resources in SACCOs in Nairobi City County.

2.3.3 Strategic Implementation

Strategy implementation can be defined as a process of converting the developed strategies into actions, programs, and operations. It takes interest in the execution of strategic decisions by ensuring that proper distribution of resources, leadership, organizational systems that underpin and an integrated work at each and every level of the organization are employed. Though it is the strategy formulation that an organization desires to perform, implementation is what determines whether the organization desires to perform it or not. The process of implementation is usually more complicated than the

process of formulation since it needs discipline, coordination, behavioural modification, and long-term commitment of the manager. The well-thought-out plans might not be effective when applied in the wrong way (David and David, 2023; Grant, 2022; Wheelen et al., 2022).

Strategy implementation is action-based in nature. It involves the translation of the overall strategic goals into departmental goals, financial plans, time and performance standards. This involves meeting the roles and duties of employees with strategic priorities and making the day-to-day operations to show the long-term goals. Its effective implementation involves the collaboration of the leadership, management, staff and monitoring as these are the tools to ensure that the progress is on schedule. The efficiency of strategy implementation is a major factor that defines sustainability and institutional stability in a financial institution in competitive and controlled settings, which include SACCOs in the Nairobi City County (SASRA, 2022; World Bank, 2023; Mwilu and Njuguna, 2022). Strategic plans are mere documents that are not really practical unless implemented.

Three important dimensions are used in this study to measure the strategy implementation such that resource allocation, leadership and communication, and organizational structure and systems are used. Resource allocation looks at the availability of the financial resources, human resources and the technological resources to be given and how they are aligned to the strategic priorities. Budgeting of sufficient funds to priority projects, assigning skilled personnel with pertinent responsibilities, and technology systems will enable the efficiency of operations to be implemented effectively. The resources can be misallocated or under-allocated, thus resulting in project delays, unfinished initiatives, and less impact of strategic programs (Kyazze et al., 2020; Kinyua and Muturi, 2021; World Bank, 2023).

Leadership and communication is another dimension of implementing strategy that is very important. The leadership is on the frontline to assist in strategic programs, motivate

workers and keep them accountable. Influential leadership commitment means the importance of strategic missions and establishes the spirit of responsibility and performance. The communication should also be taken seriously, since the employees are to be aware of the goals of the organization, their particular roles, and the desired results. Clarity and consistency in communication will decrease the resistance to change, improve coordination, and create departmental consistency. An inefficient or unclear leadership can undermine successful implementation (Raimo et al., 2021; Grant, 2022; Wheelen et al., 2022).

The systems and the organizational structure have also a great impact on strategy implementation. The internal organization needs to facilitate as opposed to obstruct the implementation of strategic initiatives. These will entail the existence of clear reporting lines, acceptable distribution of power and departmental coordination systems. Strategic objectives should be in line with the policies and procedures which will then ensure consistency in operations. In addition, the ICT systems must have the capability to facilitate efficient data management, performance reporting and monitoring. The systems are more transparent, better in decision making, and can take corrective measures timely in case of deviation with the support systems (David and David, 2023; SASRA, 2022; World Bank, 2023).

Strategy implementation allows consistency in the strategic plans and day-to-day operations enhancing performance outcomes. It makes strategic vision a reality by embedding priorities into the budgets, workflow and performance evaluation systems. According to previous studies, organizations that have aggressive leadership, a clear system of communication, and supportive organizational systems are likely to have a successful strategy implementation and high performance (Grant, 2022; David and David, 2023; Mwilu and Njuguna, 2022). Consequently, the implementation of strategies is likely to make a major impact on the performance of organizations by making sure that strategic objectives are successfully achieved in the SACCOs in the Nairobi City County.

2.3.4 Strategic Control

Strategic control may be described as systems, mechanisms and processes by which organizations monitor the way strategy is being implemented and also establish performance outcomes and make the necessary corrections where appropriate. It makes sure that the strategic plans are not obsolete, ineffective and dissonant to the internal capabilities and external environmental conditions. Whereas strategy formulation defines the way an organization goes and strategy implementation emphasizes on action, strategic control presents the feedback loop, which results in the confirmation of achievement of the objectives. The sustenance of strategic alignment, organizational adaptability, and long-term competitiveness needs strategic control (Hitt et al., 2022; Grant, 2022; David and David, 2023). The lack of effective control systems can lead to organizations moving out of the desired course or not reacting timely to arising threats and opportunities (Wheelen et al., 2022; Raimo et al., 2021).

Strategic control is particularly important in the dynamic and controlled financial environment that are characterized by the oscillation of the economy, policy change, technological development and the competitive forces. Organizations need to constantly review the validity of strategic assumptions and performance results relative to the planned results. Control systems enable the management to make comparisons of the real performance and the standard performance that has been set, identify the deviation and take corrective actions. The process assists in enhancing accountability, reduce uncertainty and enhance institutional resilience. The lack of coordinated control practices may make the strategic initiatives lose their direction, misuse the resources, and only realize the risks when they seem to be critical (SASRA, 2022; World Bank, 2023; Mwilu and Njuguna, 2022).

This research has conceptualized strategic control on three dimensions which are premise control, implementation control and strategic surveillance. The examination of the assumptions that a strategy is based on a continuous basis is known as premise control.

The strategies that are developed are based on the expectations of the economic conditions, regulatory frameworks, technological trends as well as the behaviour of the stakeholders. These assumptions are subject to change in the long run. Control of premises requires the management to re-evaluate these conditions to decide whether the strategy is still suitable. The strategies will be needed to be changed to ensure that they remain relevant and effective in case the initial assumptions become invalid (Grant, 2022; David and David, 2023).

The implementation control deals with the control of the activity of the strategic initiatives to ensure that they are implemented as planned. It involves the establishment of performance measures, milestones, schedule and quantifiable targets that the progress can be assessed. The implementation control systems consist of routine performance reviews, internal audit, management reports and evaluation meetings. By adopting a methodical process of tracking the performance, the management will be able to detect delays and cost overruns or inefficiencies in the running processes at an early stage such that they can take corrective measures before the situation gets out of hand. Implementation control consequently adds rigor to implementation and increases the chances of successful strategic implementation (Hitt et al., 2022; Wheelen et al., 2022; World Bank, 2023).

Strategic control is also broader and more proactive that entails strategic surveillance. Unlike premise and implementation control where assumptions and planned initiatives are taken into consideration, strategic surveillance does not assume a fixed environmental scan as a method of establishing the emerging trends, opportunities and threats that were not foreseen when the strategies were designed. This is through monitoring of regulatory changes, market changes, technological changes and changes in stakeholder expectations. Strategic surveillance enhances vigilance and adaptability, which gives organizations the ability to respond in time to any unforeseen situation to stay competitive in their roles (Raimo et al., 2021; SASRA, 2022; Grant, 2022).

All these dimensions enhance strategic discipline, flexibility and long-term performance. Effective strategic control systems will ensure the strategies are not off track with the organizational objectives and realities in the environment. They make performance measurement to be related to corrective action thereby promoting transparency, accountability and continuous improvement. Companies that have high strategic control systems are in a better position to deal with risks, maintain competitive positioning, and maintain strategic goals over the long term (David and David, 2023; Wheelen et al., 2022; World Bank, 2023). Therefore, it is hoped that the strategic control will play a big role in the organizational performance as it will make sure that the strategies implementation is continually checked, appraised and improved in SACCOs in the Nairobi City County.

2.3.5 Performance of SACCOs

Performance can be said to mean the level at which an organization can attain its goals in an efficient and effective manner within a given time. It is a measure of the effectiveness with which an institution can put its strategic plans into practice. The performance of an organization can be measured in any of the perspectives which may comprise financial performance, business efficiency, quality of service, customer satisfaction and business sustainability. In this paper, performance is defined as operational performance where quality of execution and service delivery is regarded as important performance factors as compared to financial performance indicators. It is based on the understanding that financial performance is frequently the product of good internal operations, resource management, and following strategic priorities (Kaplan et al., 2021; Wheelen et al., 2022; David and David, 2023).

The focus on operational performance is particularly relevant in the regulated financial institutions, e.g. SACCOs, where the criteria of sustainability, compliance, efficiency, and service are some of the factors of success. Even though profitability and financial growth are applicable, they do not entirely capture the efficiency of the organization, whether it is as per the expectation of the stakeholders, and the strategic discipline. Operational

performance can therefore provide a more detailed analysis of the level of strategic management practices infiltration in operations. The success of the organization in terms of utilizing the available resources efficiently, meeting the set goals, maintaining time, and not deteriorating the quality (SASRA, 2022; World Bank, 2023; Hitt et al., 2022) determines it.

In this research, the performance is measured in terms of four dimensions namely optimal utilization, scope adherence, schedule adherence and quality adherence. The assessment of effective and efficient use of resources such as financial, human and technological resources is the evaluation of optimal utilization. It looks into the issue of whether resources are used in a manner that will ensure that the output is maximized and the waste is minimized. Proper utilization will ensure that the funds are directed to priority projects, the employees have exhausted all their resources in competency and that technology systems are well integrated in work. The most successful companies are more likely to reduce the costs of operations, make the institutions more stable, and enhance the productivity of the companies, which demonstrate the best usage of it (Grant, 2022; David and David, 2023).

The scope adherence is applied in measuring the extent to which the operations in the organization fall within the approved strategic objectives and strategic services planned. It evaluates how the institution is concerned with the main issue and not going outside the country of operation which will result in diluting the strategic priorities. Following scope helps avoid the diversion of resources to those activities which are not part of the set goals, strengthening strategic discipline and alignment between planning and implementation (Mwilu & Njuguna, 2022; SASRA, 2022).

The measure of timeliness of the implementation of the strategic initiative and delivery of services is schedule adherence. One of the main predictors of operational performance is the timeliness of execution because the delays may be the indicators of the inadequacy of the coordination, leadership, or resource allocation. Being able to stick to the schedule

illustrates the capacity of an organization to use the time properly, meet the established deadlines, make stakeholders more confident, and establish institutional credibility (Raimo et al., 2021; Wheelen et al., 2022).

The quality compliance examines the compliance with the standards of service, regulatory standards and expectations of the stakeholders. High-quality standards have to be maintained in trust, accountability and sustainability. Quality adherence is the monitoring of the standards of service delivery, compliance with the regulations, ensuring proper records, and constant internal enhancement. The organizations with quality focus have greater degrees of stakeholder satisfaction and sustainability, as they develop the culture of ongoing improvement based on the changing demands (World Bank, 2023; Grant, 2022; David and David, 2023).

Combined, the four dimensions are an integrated analysis of organizational performance, which is efficiency, focus, timeliness, and service quality. They do not merely end at the financial measures but give a multidimensional approach in line with the strategic management practices. The previous study suggests that a strong operational performance is closely linked to a clear strategic intent, a strict formulation, a strict implementation, and a consistent strategic control (Kaplan et al., 2021; SASRA, 2022; Wheelen et al., 2022; Grant, 2022). Thus, the performance in this study is considered to be the quantifiable result of the effectiveness of strategic management practices implementation in SACCOs functioning in the Nairobi City County.

2.4 Empirical Review

Empirical research gives evidence-based information on the connection between strategic management practice and organizational performance. This review discusses the effect of strategic intent, strategy formulation and strategy implementation and strategic control on the performance outcome in financial institutions and specifically SACCOs. The previous research indicates that effective strategic management enhances operational efficiency,

governance, service delivery and sustainability (Grant, 2022; Hitt et al., 2022; World Bank, 2023). The review integrates the most recent empirical findings, determining the key patterns, trends, and contextual factors on the performance. It also evaluates the contribution and limitation of the current researches with a score that the dynamics of the sector in cooperative financial institutions should be comprehended. This section will be based on empirical data and it will outline the significance of the strategic management dimensions in shaping the results of an institutional level.

2.4.1 Strategic Intent

Empirical studies show that strategic intent plays a core role in defining the organizational direction, decision making and performance outcomes. Strategic intent provides a sense of direction, structures organizational operations and motivates the stakeholders towards achievement of long-term objectives. Companies that have established vision and mission statements are more focused, allocate resources better, and have better strategic focus (Hitt et al., 2022; Grant, 2022; David and David, 2023). Strategic intent clarity enhances coordination among the management, boards, and members in cooperative financial institutions, resulting in better governance and institutional performance (SASRA, 2022; Wheelen et al., 2022).

Research has also demonstrated that organizations that have a well-developed strategic objective are able to anticipate the environmental changes and respond to the competition pressures. Strategic intent assists in consistency in decision-making because this assists organizations to minimize risks and make sure that they stay afloat with respect to their long-term goals. Empirical evidence of SACCOs and other financial institutions has shown that a strong strategic intent enhances the effectiveness of governance, accountability, and operational alignment, resulting in institutional resilience (Raimo et al., 2021; Kinyua and Muturi, 2021; World Bank, 2023).

Also, strategic intent commitment enhances competitive positioning and innovation. The companies that constantly align their resources, competencies and operating practices to their strategic direction are superior performers and adaptable. Strategic intent drives proactive decision-making and long-term planning, as well as sustainable performance, in dynamic financial sectors, such as the SACCO sector of Nairobi City County (David and David, 2023; Wheelen et al., 2022; Grant, 2022).

2.4.2 Strategy Formulation

Strategy formulation helps to fill the gap between the strategic intent and operational execution. Empirical research shows that companies that conduct systematic environmental scanning and strategic planning will come up with more effective and flexible strategies (David and David, 2023; Wheelen et al., 2022). An environmental analysis helps an institution to observe both the external opportunities and threats and be aware of the internal strengths and weaknesses to make better decisions and be better prepared (Kaplan et al., 2021; World Bank, 2023).

It was found that the institutional commitment and ownership is enhanced by the involvement of the stakeholders in the formulation of the strategy. The literature demonstrates that participatory practices involving the management, board representatives, and employees contribute to the increased transparency, synchronization, and alignment of organizational levels (Raimo et al., 2021; Mwilu and Njuguna, 2022). SACCOs that have the stakeholders' perspectives in their strategic decisions are more prone to good governance practices and the implementation outcomes are likely to be more efficient.

Moreover, prioritization and strategic choice have a great impact on the performance of institutions. Research indicates that organizations that focus on initiatives depending on the risk, availability of resources, and the anticipated impact are more effective and efficient (Grant, 2022; Kinyua, 2021). It would be made clear with priorities to ensure

scarce financial, human, and technological resources are directed towards high-value strategic activities, which would reduce inefficiencies and enhance operational alignment with the long-term objectives.

2.4.3 Strategic Implementation

The problem that determines the achievement in converting planned programs to performance outcomes is strategy implementation. Inappropriate implementation of even well-designed strategies has been confirmed to lead to the failure of the strategies, and this is why the necessity to focus on operational discipline, resource alignment and leadership commitment has been highlighted (David and David, 2023; Hitt et al., 2022). Integration of strategic priorities in the daily activities by SACCOs makes them more efficient, better in-service delivery and performance of the institutions (SASRA, 2022; World Bank, 2023).

One of the determinants of good execution of strategies is leadership. There are empirical studies that illustrate that leaders who can articulate goals to their employees, inspire them, and lead by example through their dedication to strategic priorities can assist in bringing more coordination and reducing resistance to change (Grant, 2022; Mwilu and Njuguna, 2022; Raimo et al., 2021). Strong leadership will enhance congruence between organizational structure, distribution of resources and operations and ensure that strategies are operationalized.

The success of implementation is also highly affected by organizational structures and systems. There is some evidence that organizations that have well-established reporting relationships, have an integrated ICT system, and supportive policies would have more consistent strategic initiative implementation (World Bank, 2023; SASRA, 2022). The use of technology assists to enhance the efficiency of the processes, data-driven decision-making and effective performance monitoring that facilitates the relationship between strategic intent and operational performance.

2.4.4 Strategic Control

Strategic control can assist in tracking that the activities within an organization are on track and corrective measures are put in place in case of deviation. Observable facts point towards the fact that a greater level of accountability, transparency, and flexibility is exhibited by institutions with formal control systems, including internal audit, risk management framework, and performance measurement system (Hitt et al., 2022; Wheelen et al., 2022; Otley, 2021).

The responsiveness to environmental changes is increased with the continuous monitoring and evaluation. The frequent re-evaluation of strategic assumptions, monitoring of performance indicators, and changing operations in accordance with the regulatory requirements or the market dynamics help SACCOs to remain competitive and institutionally stable (Grant, 2022; World Bank, 2023).

Performance measurement instruments, like the Balanced Scorecard allow companies to monitor both financial and non-financial measures at the same time. Empirical studies indicate the fact that the organizations with the use of large-scale performance management systems have greater governance, better decision making and long-term sustainability (Kaplan et al., 2021; SASRA, 2022; Wheelen et al., 2022).

2.4.5 Performance

Performance is the measure of institutions in terms of their efficiency and effectiveness in attaining the goals. Empirical evidence demonstrates that performance is contingent on both financial and non-financial aspects, such as the operational efficiency, service quality, effectiveness of the governance and satisfaction of the members (Kaplan et al., 2021; World Bank, 2023). It is also rather topical in SACCOs as the operational performance is a measure of the efficiency with which the strategic management practices are incorporated in the day-to-day operations and suit the objectives of the institution.

Use of resources efficiently is one of the drivers of performance. It has been established that organizations that streamline the utilization of financial, human, and technological resources are more productive, reduce costs, and have a competitive edge (Grant, 2022; Kinyua and Muturi, 2021).

Strategic plans, defined scope, schedules and quality standards also have an effect on performance. By launching initiatives at the right time, not reducing the quality of service, and staying in compliance with regulatory requirements, SACCOs will have a more efficient operation, increased confidence among the members, and institutional credibility (SASRA, 2022; World Bank, 2023; David and David, 2023).

2.5 Critique of the Literature Review

Despite the huge amount of literature on strategic management and performance, there are a number of limitations. The vast majority of studies use generalized models without taking into consideration the dynamics of the sector in cooperative financial institutions and do not allow generalizing the results of the research (Njoroge & Makori, 2024). In theory, the available frameworks are designed mainly to suit profit-making corporations and fail to take into consideration the cooperative governance models, where the members are also the owners, customers, and beneficiaries (Cornforth, 2014). The proportion of research employing secondary data is high and this could be insufficient in terms of capturing internal strategic processes or the prevailing organizational issues within SACCOs. In terms of research methodology, cross-sectional designs prevail in the research methodology, restricting any causal inferences in regard to the relationship between strategic management practices and performance outcomes (Bryman, 2016). The majority of the studies are based on single-source surveys, which introduce common method bias, which can contrivingly increase perceived relationships (Podsakoff et al., 2012). Inconsistencies between the performance measures, measurement, and analysis also cause a lack of uniformity that complicates the ability to compare research and generalize the results (Raimo et al., 2021; Mwilu and Njuguna, 2022). There is a paucity

of qualitative studies that reflect strategic decision-making processes, organizational culture, and politics in cooperatives. In context, studies on SACCOs in Nairobi City County with high competition, stringent regulatory controls by SASRA, and high operation expenses are particularly limited (SASRA, 2024). These shortcomings underline the necessity of context-dependent, primary-data-based research to learn more about the subtle impacts of strategic management in SACCOs.

2.6 Research Gaps

This study is justified by three types of gaps. To begin with, there are ideological or theoretical gaps since most of the studies consider the strategic management practices without isolating the dimensions of strategic intent, formulation, implementation, and control under only one integrated framework and produce very small knowledge about their joint or interactive effects on performance (Njoroge and Makori, 2024). There is no known study that has tested the combined work of all four dimensions to predict the operational performance of SACCO. Second, there are methodological gaps in that prior studies largely use secondary data or a quantitative methodology, which fail to identify internal processes of decision-making, organizational culture, or situational nuances that influence strategic results. Mixed-methods research is not common, and this approach makes the research superficial, restricting its validity (Raimo et al., 2021; Mwilu and Njuguna, 2022). The SACCO literature lacks longitudinal studies of the co-evolution of strategic practices and performance over time. Third, there are contextual gaps due to lack of literature on SACCOs in Nairobi City County where competition is intense, regulation is stringent and the cost of operation is high. The contextual factors may have a strong influence on the practices of strategic management and the level of performance, that is why localized empirical studies are to be carried out (Kinyua, 2021; SASRA, 2024; World Bank, 2023).

2.7 Summary of the Literature Reviewed

The literature highlights the fact that strategic management practices i.e. strategic intent, strategy formulation, implementation and control are important in terms of influencing organizational performance. Strategic intent leads to focus and clarity, formulation makes sure that plans are made with solid knowledge of the internal and external environments, implementation turns plans into action, and control monitors and adjusts when necessary (Hitt et al., 2022; Wheelen et al., 2022; David and David, 2023). There are four theoretical approaches that have complementary information. Resource-Based View points out that competitive advantage is created by internal resources, which are strategically employed. The Strategic Management Theory offers a process model which is sequential and is associated with intent, formulation, implementation and control. The Contingency Theory emphasizes that there is a necessity to match the strategic practices with certain environmental conditions. The Balanced Scorecard provides a multidimensional method of gauging performance not only on financial measures (Kaplan et al., 2021; Otley, 2016). Performance is a multidimensional measure that depends on the quality of governance, resource allocation, compliance with regulations and technology adoption. Companies that use strategic management practices in their operations achieve more positive outcomes, stay competitive, and become sustainable when operating in the changing financial environment (World Bank, 2023; SASRA, 2022; Grant, 2022). Nonetheless, there are still considerable gaps in theoretical, methodological, and contextual perspectives. This study fills these gaps by looking at the overall impacts of all the four dimensions of strategic management on the performance of operations in Nairobi City County SACCOs based on primary data collected using structured questionnaires.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter introduces the methodology applied in the study of the role played by strategic management practices on performance of SACCOs in Nairobi City County. It comprises of the research design, target population, sampling methods, data collection methods, pilot testing, data analysis methods and ethical issues. The research methodology is also warranted to prove rigor, validity, and reliability towards the study objectives.

3.2 Research Design

The research design used was descriptive research design, to examine the impact of strategic management practices on the performance of SACCOs in Nairobi City County. The descriptive type of research design was chosen due to the intention to examine the current state of affairs, organizational processes, and relationships in a methodical way without controlling the variables (Siedlecki, 2020). The study measured the degree of strategic management practices, knowledge of institutional strategic plans and vision by the members and the extent to which strategic management practices were being realized in terms of stakeholder involvement and perceived operational performance. The descriptive design gave a systematic pattern of reporting and analyzing the following phenomena in a natural organizational setting.

The descriptive research is typical in management and organizational research because it provides the possibility to organize the data reflecting real life practices and perceptions (Saunders et al., 2023). The design was helpful in the analysis of strategic intent, strategy formulation, strategy implementation, and strategic control and their association with performance indicators such as efficiency in the delivery of services and member satisfaction. The design allowed the researcher to create patterns, relationships, and trends

in strategic management practices in different SACCOs without intruding into the organizational structures and processes.

The study entailed the utilization of standardized data using structured questionnaires only to measure perceptions, awareness levels and performance measures. Such an approach made it easier to conduct statistical analysis to explore the relationship between organizational performance and strategic management practices (Creswell and Creswell, 2021). Questionnaires as the only data collection tool enhanced the level of consistency and comparability between responses (Hair et al., 2022). Despite the fact that the descriptive design does not suggest a cause-effect relationship, it allowed exploring the relationships between variables and forming a background of knowledge on the current strategic management practices (Hair et al., 2022).

3.3 Target Population

This research was aimed at all the Savings and Credit Cooperative Societies (SACCOs) operating in the Nairobi City County, Kenya. The greatest concentration of SACCO head offices in the country is in Nairobi which is the main financial and administrative centre. In the recent regulatory reports published by the SACCO Societies Regulatory Authority (SASRA, 2026), 176 SACCOs are licensed to conduct a deposit-taking business. The County of Nairobi has the largest number of regulated SACCO headquarters in Kenya with over 170 SACCOs in the County as per latest supervisory summaries (SASRA, 2024).

This was an inclusive and controlled group of the cooperative financial industry. The sizes, membership base, asset portfolio and focus of operation of the institutions were different but all of them were supervised by SASRA and were subject to the national regulatory requirements (SASRA, 2024). The availability of both deposit-taking and non-deposit-taking SACCOs made sure that the study gave a comprehensive picture of the

strategic management practices of the different classes of regulated cooperatives in the Nairobi City County (World Bank, 2023; International Labour Organization, 2022).

The study used a minimum of three years of operation as a minimum turnover tenure to assure the study of institutional stability and access to valid performance data. Those SACCOs that had a less than three-year operational period was excluded as their strategic systems were not yet fully developed and may have impacted the consistency, reliability and comparability of the data (Hitt et al., 2022; Grant, 2022; World Bank, 2023). The target population was therefore a population of 30 mature and compliant SACCOs in the Nairobi City County.

3.4 Sampling Techniques and Sample Size

The study utilized census sampling to identify the institutions to be included in the study, in which all units of the target population were considered (Saunders et al., 2023). This was the right approach since the target population was small, clear, and readily available. The incorporation of the whole population prevented sampling error and increased precision and reliability. Census sampling is particularly applicable in the case of organizational research where the population is small and the coverage of institutions is feasible. This approach increased the internal validity, minimized selection bias, and the statistical power (Hair et al., 2022; Saunders et al., 2023).

In the selection of respondents per SACCO, purposive sampling was used to select people who had the necessary knowledge and experience related to strategic management practices and organizational performance (Creswell and Creswell, 2021). The unit of analysis was the SACCO and the unit of observation was individual respondents. Each SACCO selected seven respondents including four senior managers and three operational managers. This stratified sampling provided a balanced collection of information and minimized the impact of a single source, which increased reliability and validity (Hair et al., 2022; World Bank, 2023).

3.4.1 Sampling Frame

Table 3.1: Distribution of Respondents

Participant Category	Number of Participants per SACCO	Total Number of Participants
Senior Managers	4	60
Operations Managers	3	90
Total	7	150

3.5 Data Collection Methods

Structured questionnaires were the only data collection tool in this study. Senior managers and operational managers in the chosen SACCOs were given questionnaires. The questionnaires evaluated the perceptions and practices of strategic intent, strategy formulation, strategy implementation, strategic control, and organizational performance indicators. The instrument stored the data objectively and standardized, which ensured consistency in answers, increased comparability of the participants, and facilitated the use of reliable statistics (Hair et al., 2022; Saunders et al., 2023).

The questionnaire will be founded on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree) that will transform qualitative perceptions into numerical data that can be correlated and regressed (Creswell and Poth, 2021). Physical and electronic distribution of questionnaires was used to increase the response rates and accessibility (Dillman et al., 2014; Creswell and Creswell, 2021). The process of administration was standardized and accompanied by clear instructions and enough time was given to enhance the accuracy of the response (Saunders et al., 2023; Kothari, 2022).

Strategic plan and annual report analysis and record of regulatory compliance were also analyzed to complement primary data and objective evidence of documented practices. The triangulation of data between the results of the questionnaires and document analysis

improved the reliability and credibility of the research results (Bowen, 2009; Creswell and Creswell, 2021; Hair et al., 2022).

3.6 Pilot Testing

Pilot testing was a significant preparatory task of the empirical research to evaluate the adequacy, lucidity, and viability of research instruments before actual data gathering (Creswell and Creswell, 2021; Kothari, 2022). The possible issues that were found during pilot testing that included unclear questions, ambiguous instructions, incorrect sequence, or duplication helped the researcher to refine the instruments to meet the research objectives and theoretical framework (Saunders et al., 2023).

Pilot testing on three SACCOs that were similar to the target population but not part of the main study was employed in this project to prevent data contamination (Creswell & Poth, 2021). The instruments were evaluated both physically and electronically to establish accessibility, clarity and comprehensibility. The clarity, relevance, length, and ease of understanding of the questionnaire were assessed by the respondents, which enabled the questionnaire to undergo an iterative process of refining (Hair et al., 2022).

3.6.1 Reliability Test

Reliability, which refers to the degree to which research instruments are able to measure a construct at a stable condition, was evaluated (Hair et al., 2022; Tavakol and Dennick, 2011). Internal consistency of the strategic intent, strategy formulation, strategy implementation, strategic control and performance was established through reliability testing. Internal consistency was measured using Cronbach alpha coefficient. Social science research was deemed to have an acceptable alpha of 0.70 or higher (Hair et al., 2022; Gliem and Gliem, 2003). The findings showed that every construct had a high acceptable level, which means that the internal consistency was high.

3.6.2 Validity of the Instruments

Validity, or the extent to which a research instrument measures what it claims to measure, was determined (Creswell and Creswell, 2021; Hair et al., 2022). Expert validation was used to obtain content validity, in which the questionnaire was inspected by academic supervisors and experts in the field to make sure that all the areas of strategic management and organizational performance are covered (Creswell and Poth, 2021). Construct validity was achieved through alignment of each item with conceptual framework and theoretical basis of the study with variables being operationalized accordingly (Yin, 2022).

3.7 Data Analysis and Presentation

Quantitative and qualitative techniques of data analysis were applied. The Statistical Package for Social Sciences (SPSS) version 26.0 was used to analyse quantitative data (closed-ended questionnaire items) whereas thematic analysis was used to analyse qualitative data (open-ended questionnaire items) (Braun & Clarke, 2021). Initial computations of descriptive summaries, such as frequencies, percentages, means, and standard deviations, were made to summarize respondent characteristics and perceptions of strategic management practices and performance (Pallant, 2023). The normality of the data distribution was determined through normality tests, including the Kolmogorov-Smirnov and Shapiro-Wilk tests, and the values of skew and kurtosis (George and Mallery, 2020). The Pearson product-moment correlation analysis was used to assess the strength and direction of the relationships between each independent variable (strategic intent, strategic formulation, strategy implementation, and strategic controls) and the dependent variable (SACCO performance) (Field, 2022). Variance Inflation Factor (VIF) and tolerance were used to determine a multicollinearity test, where VIF values of less than 5 were viewed as acceptable (Hair et al., 2022). Lastly, the combined and individual predictive power of strategic management practices on SACCO performance was determined through multiple regression analysis.

The multiple regression model for the study was specified as:

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

Where:

Y = Performance of SACCOs (dependent variable)

β_0 = Regression constant (intercept)

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients

X_1 = Strategic intent

X_2 = Strategic formulation

X_3 = Strategy implementation

X_4 = Strategic controls

ε = Error term

Statistical significance for all tests was set at $p < 0.05$. Qualitative data from open-ended responses were analysed using thematic analysis to identify patterns and themes, with findings presented in narrative format supported by illustrative quotes (Nowell et al., 2017).

3.8 Ethical Considerations

The research was conducted in a manner that followed the ethical principles of research. A letter of introduction was received at the university and a research permit was acquired at the National Commission of Science, Technology and Innovation (NACOSTI). All respondents were informed about the purpose of the questionnaires and gave an informed

consent. The respondents volunteered to participate in the study and were assured anonymity and confidentiality. Data were utilized only in academics (Resnik, 2020).

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter summarizes the analysis, interpretation and presentation of the results of the data obtained. It includes the response rate, demographics of the respondents, reliability analysis, descriptive statistics, normality tests, correlation analysis, multicollinearity diagnostics, regression analysis and discussions.

4.2 Response Rate

One hundred and ten questionnaires were handed out to senior managers and operations managers in 30 SACCOs in the Nairobi City County. Of these 164 were duly filled and returned, or a response rate of 78.1. Saunders, Lewis, and Thornhill (2023) regard a response rate of 70 percent and above as excellent in self-administered questionnaires in business research. Equally, Hair et al. (2022) affirms that a response rate of 70 percent and above will greatly minimize non-response bias and increase the generalizability of the results. Consequently, the response rate of 78.1% that was obtained in this research is satisfactory to carry out statistical analysis and generalization.

Table 4.1: Response Rate

Category	Number	Percentage (%)
Questionnaires Distributed	210	100.0
Questionnaires Returned	164	78.1
Unreturned or Invalid	46	21.9

4.3 Demographic Characteristics of Respondents

In this section, the demographic features of the 164 respondents who took part in the study are given. The demographic variables that will be analysed are; age, education level, position in the SACCO, and years of experience. Each demographic variable is presented in its own table followed by an independent analysis.

4.3.1 Age of Respondents

Respondents were asked to indicate their age bracket. Table 4.2 presents the distribution of respondents by age.

Table 4.2: Age of Respondents

Age Bracket	Frequency (n)	Percentage (%)
Below 25 yrs	41	25.0
26-30 yrs	38	23.2
31-40 yrs	45	27.4
Above 40 yrs	40	24.4
Total	164	100.0

Table 4.2 indicates that most respondents (27.4) fell within the age of 31 to 40 years, then those who fell within the age of 25 to 30 years (25.0). The sample size was 23.2 and 24.4 percent of respondents had ages between 26 and 30 years and above 40 years, respectively. This distribution shows that SACCOs in Nairobi City County are under the control of comparatively young and vibrant workforce. Hitt, Ireland, and Hoskinson (2022) assert that younger managers tend to be more flexible to strategic changes and open to new management practices. Moreover, the fact that the respondents over 40 years (24.4) are experienced gives good institutional memory and long-term view of the strategic management practices. The comparatively equal representation among the age categories indicates that SACCOs enjoy the advantages of having a combination of youthfulness and

mature experience that is conducive to the balanced strategic decision-making (Grant, 2022). This observation is similar to that of the World Bank (2023) report that reported that the cooperative sector in Kenya has received a wide age group of members and leaders.

4.3.2 Education Level of Respondents

Respondents were asked to indicate their highest level of formal education. Table 4.3 presents the distribution of respondents by education level.

Table 4.3: Education Level of Respondents

Education Level	Frequency (n)	Percentage (%)
Certificate	32	19.5
Diploma	35	21.3
First degree	46	28.0
Postgraduate	33	20.1
Other	18	11.0
Total	164	100.0

Table 4.3 results reveal that most of the respondents (28.0) have a first degree, then diploma holders (21.3) and the postgraduate degree holders (20.1). The sample size comprised of certificate holders (19.5%), and other qualified (11.0%) individuals. Such a high education rate of SACCO employees and members indicates that respondents had the mental ability to comprehend the concepts of strategic management, which makes their responses more reliable (Saunders et al., 2023). Creswell and Creswell (2021) argue that respondents who are better educated will give reliable and considerate answers to questions in the questionnaires. The fact that university graduate respondents (first degree and postgraduate combined at 48.1) constitute the majority of the respondents in Nairobi City County implies that SACCOs in the city have well-educated staff that can be

effectively used in strategic planning and implementation procedures. This observation aligns with the report published by the International Labour Organization (2022), which reported that Kenyan SACCOs have been strongly focusing on recruiting professionals with an education level to improve their strategic abilities. The level of education of the respondents is also high, which also contributes to the confidence in the validity of the collected data (Hair et al., 2022).

4.3.3 Position of Respondents in the SACCO

Respondents were asked to indicate their position within their SACCO. Table 4.4 presents the distribution of respondents by position.

Table 4.4: Position of Respondents

Position	Frequency (n)	Percentage (%)
Senior Manager	48	29.3
Operations manager	116	70.7
Total	164	100.0

Table 4.4 reveals that most of the respondents were operations managers who made up 70.7% (n = 116) with senior managers making up 29.3% (n = 48) of the sample. This is the distribution that portrays the focus of the study in capturing a wide operational view since operations managers are the ones that are directly engaged in the day-to-day execution of strategic management practices in SACCOs. Their dominance in the sample increases the credibility of the insights about strategy implementation and service delivery results. Inclusion of senior managers is also significant since they contribute to the strategic level insights on planning, decision-making, and the organizational direction (Hair et al., 2022). Creswell and Poth (2021) argue that the validity of findings can be enhanced by including respondents at various levels of the organization, which will minimize the risk of single-source bias and provide a more in-depth picture of the research

problem. The mix of senior and the operations manager in this study would ensure that both the strategic and the operational aspect of the SACCO performance is well captured. This multi-level representation thus enhances the validity and richness of the study results in accordance with the accepted methodological practices (Yin, 2022).

4.3.4 Years of Experience of Respondents

Respondents were asked to indicate their years of experience working with or being a member of their SACCO. Table 4.5 presents the distribution of respondents by experience.

Table 4.5: Years of Experience of Respondents

Years of Experience	Frequency (n)	Percentage (%)
Less than 3 yrs	43	26.2
3-5 yrs	48	29.3
6-10 yrs	35	21.3
Over 10 yrs	38	23.2
Total	164	100.0

Table 4.5 shows that the most significant group (29.30) was composed of respondents with 3-5 years of experience, and the second largest group (26.20) consisted of respondents with less than 3 years of experience. The sample size of 23.2 and 21.3 years was made up of respondents who had more than 10 years and 6 to 10 years of experience respectively. This distribution means that there is a good balance between relatively new and experienced respondents. Grant (2022) states that moderate experience employees and members (3-5 years) are usually well-informed about the organization and still offer new insights. The fact that there are respondents with more than 10 years of experience (23.2) is a plus since they may give insights on the evolution of strategic management practices and their impact on performance over the years (Hitt et al., 2022). According to Field

(2018), a sample with varying experience levels is more likely to provide a deeper data set and increase the external validity of the findings. Thus, the experience distribution used in this research is suitable to represent both the short-term and long-term outlooks on the strategic management practices. This diversity can further be understood in the context of a more holistic approach to the impact of strategic practices on various groups of SACCO stakeholders (Saunders et al., 2023).

4.4 Reliability Analysis

Cronbach alpha coefficient was used to test the reliability of the questionnaire items to measure each construct. The term reliability is used to refer to the degree at which a research instrument is able to measure a construct in a steady manner (Hair et al., 2022). Table 4.6 shows the coefficients of reliability of each variable.

Table 4.6: Reliability Coefficients (Cronbach's Alpha)

Construct	Number of Items	Cronbach's Alpha	Interpretation
Strategic Intent	6	0.72	Acceptable
Strategy Formulation	6	0.69	Acceptable
Strategy Implementation	6	0.71	Acceptable
Strategic Controls	6	0.70	Acceptable
Organizational Performance	6	0.73	Acceptable

Table 4.6 results indicate that all constructs have Cronbachs alpha values higher than the recommended value of 0.70, except strategy formulation, which has a Cronbachs alpha value of 0.69. The Cronbach alpha of 0.70 and higher is acceptable in established research (Hair et al., 2022). Nevertheless, Taber (2018) points out that even lower values of 0.60 may be reasonable in exploratory social science studies. The value of strategy formulation of 0.69 is thus acceptable in this study. The alpha of strategic intent was 0.72, strategy

implementation was 0.71, strategic controls were 0.70 and the organizational performance was 0.73. These results indicate that the questionnaire items were always able to measure the intended constructs and the data can be used in additional statistical analysis (Field, 2022). The acceptable reliability coefficients also suggest that the questionnaire can be used in future research with similar populations (Saunders et al., 2023).

4.5 Descriptive Statistics for Study Variables

This section provides the descriptive statistics of each of the five study variables namely, the strategic intent, strategy formulation, strategy implementation, strategic controls and the organizational performance. Each variable had 6 items rated on a five-points Likert scale with 1 indicating Not at all and 5 indicating Very large extent. The analysis will cover the mean and standard deviation of each item and then a discussion of the results. The means differ among items, with some having moderate levels (around 3.0), some high levels (around 4.0), and some very high levels (above 4.5). This difference represents the various realities of the various SACCOs and gives a balanced perspective of strategic management practices in Nairobi City County.

4.5.1 Descriptive Statistics for Strategic Intent

The measure of strategic intent employed six items that evaluated the degree to which SACCOs exhibit clear vision and mission, articulate strategic direction, alignment of departmental objectives, operational plans that translate the objectives, clarity of roles among employees and contribution to member satisfaction. The respondents rated each item on a five-point Likert scale with 1 meaning Not at all and 5 meaning Very large extent. Table 4.7 shows the standard deviation and mean of each item in strategic intent.

Table 4.7: Descriptive Statistics for Strategic Intent Items

Item	Mean	Std. Dev.
The SACCO has a clearly documented vision and mission statement	4.85	0.42
The SACCO's vision and mission are well communicated to all members and staff	4.18	0.65
Departmental goals are aligned with the SACCO's overall strategy	3.95	0.70
Strategic objectives are translated into operational plans	3.42	0.88
I clearly understand my role in achieving the SACCO's strategic goals	4.05	0.68
The SACCO's strategic intent has contributed to improved member satisfaction	3.25	0.92

The results of Table 4.7 show that the respondents had different perceptions concerning various elements of strategic intent. The most mean score was on the statement "The SACCO has a well-documented vision and mission statement" ($M = 4.85$, $SD = 0.42$), implying that almost all SACCOs have formalized their vision and mission statements to a very high degree. The discovery aligns with Hitt et al. (2022), who suggested that the strategic management in contemporary organizations is based on documented vision and mission statements. Strong consensus of the respondents on this item is presented by the low standard deviation (0.42). The second largest mean was The SACCO has a vision and mission clearly communicated to all members and staff ($M = 4.18$, $SD = 0.65$), which means that the strategic direction is also well communicated. Saunders et al. (2023) believe that vision and mission should be communicated effectively to make sure everyone in the organization knows and strives to achieve shared objectives. High levels of practice were also expressed by "I have a clear understanding of my role towards the realization of the strategic goals of the SACCO" ($M = 4.05$, $SD = 0.68$) and "Departmental goals are aligned with the overall SACCO strategy" ($M = 3.95$, $SD = 0.70$). The mean scores were lowest in the following areas: Strategic objectives are translated into operational plans ($M = 3.42$, $SD = 0.88$) and The SACCO strategic intent has resulted in better member satisfaction ($M = 3.25$, $SD = 0.92$). These results show that SACCOs are

good in documenting and communicating their vision, but there are moderate difficulties in converting the strategic goals into operational plans to be implemented and in getting a direct view of the increase in member satisfaction. Grant (2022) notes that the disconnect between the strategic goals and operational strategies is a typical issue in most organizations, especially in the cooperative industry. These items have higher standard deviations (0.88 and 0.92), which implies that there is more variation in the responses, which implies that certain SACCOs are better in these aspects than others (Pallant, 2023).

4.5.2 Descriptive Statistics for Strategy Formulation

The six items used to measure strategy formulation evaluated the stakeholder involvement in the planning process, environmental scanning, integration of operational insights, integration of departmental feedback, operational realities reflected in strategic plans, and operational risks considered during planning. The mean and standard deviation of each item are provided in Table 4.8 in strategy formulation.

Table 4.8: Descriptive Statistics for Strategy Formulation Items

Item	Mean	Std. Dev.
The SACCO involves relevant stakeholders in the strategic planning process	4.32	0.60
The SACCO conducts environmental scanning before formulating strategies	3.82	0.78
Operational insights from departments are considered during strategy formulation	4.58	0.52
Feedback from departments is incorporated into strategic plans	4.15	0.66
Strategic plans reflect operational realities of the SACCO	3.98	0.69
Risks at the operational level are considered during strategic planning	3.38	0.90

Table 4.8 results indicate a difference in the items of strategy formulation. The highest mean ($M = 4.58$, $SD = 0.52$) was achieved in the item "Operational insights from departments are taken into consideration when formulating strategies" which implies that SACCOs highly value the need to include frontline operational knowledge in strategic

planning. This conclusion confirms Grant (2022), who claimed that operational reality-based strategies have a higher chance of successful implementation. The mean of 4.32(SD=0.60) of stakeholder involvement in strategic planning showed that SACCOs involve the relevant stakeholders actively in the planning processes. Hitt et al. (2022) state that stakeholder engagement increases the quality of strategies and buy-in. Strategic plans are reflected in feedbacks of departments (M = 4.15, SD = 0.66) and strategic plans are reflected in operational realities (M = 3.98, SD = 0.69) both show high levels of practice. The least mean scores were recorded in the case of Environmental scanning before formulating strategies (M = 3.82, SD = 0.78) and risks at the operational level are considered during strategic planning (M = 3.38, SD = 0.90). According to Grant (2022), environmental scanning plays a vital role in identifying opportunities and threats, and those organizations that do not conduct it can develop strategies that are not aligned with the external environment. The larger risk consideration standard deviation (0.90) implies that there is a wide range of variability in the operational risk treatment within SACCOs as a part of the planning (SASRA, 2024).

4.5.3 Descriptive Statistics for Strategy Implementation

The implementation of strategy was measured with six items, which evaluated allocation of resources, communication of strategic plans, roles and responsibilities, realism of implementation schedules, leadership support and frequent monitoring of progress. The mean and the standard deviation of each item in strategy implementation are shown in Table 4.9.

Table 4.9: Descriptive Statistics for Strategy Implementation Items

Item	Mean	Std. Dev.
The SACCO allocates adequate resources for implementing strategic plans	3.65	0.84
Strategic plans are clearly communicated to all teams and members	4.48	0.56
Roles and responsibilities during implementation are clearly defined	4.75	0.46
Implementation timelines are realistic and consistently followed	3.88	0.72
Leadership provides strong support and commitment during strategy implementation	4.95	0.32
The SACCO monitors progress regularly during strategy implementation	3.48	0.88

Table 4.9 shows some interesting trends in the practices of implementation. The highest mean ($M = 4.95$, $SD = 0.32$) was observed in "Leadership provides strong support and commitment during strategy implementation" which means that there is almost universal strong support in leadership. Hitt et al. (2022) claim that the most important element of strategy implementation is leadership support since leaders distribute resources, eliminate barriers, and inspire employees. The standard deviation is very low (0.32) which means that there is a high level of agreement among respondents. Roles and responsibilities during implementation are clearly defined ($M = 4.75$, $SD = 0.46$) and Strategic plans are clearly communicated to all teams and members ($M = 4.48$, $SD = 0.56$) also display very high levels of practice. These data indicate that SACCOs are good at role definitions and communication of plans (Grant, 2022). Nevertheless, The SACCO tracks progress on a regular basis when implementing strategic plans ($M = 3.48$, $SD = 0.88$) and The SACCO allocates sufficient resources to the implementation of strategic plans ($M = 3.65$, $SD = 0.84$) had the lowest means. This means that there is a high degree of leadership commitment, moderate resource allocation and progress monitoring, and significant variation in these variables across SACCOs (Hair et al., 2022). This observation is in line with the resource-based view that suggests that insufficient resources may constrain how an organization can implement its strategies successfully (Hitt et al., 2022).

4.5.4 Descriptive Statistics for Strategic Controls

The measurement of strategic controls was based on six items that evaluated the setting of key performance indicators, routine monitoring of performance, feedback provision, corrective measures, risk identification and management and performance tracking system effectiveness. The mean and standard deviation of each item of strategic controls are shown in Table 4.10.

Table 4.10: Descriptive Statistics for Strategic Controls Items

Item	Mean	Std. Dev.
The SACCO has established key performance indicators (KPIs) to measure strategic progress	4.42	0.58
Departmental and organizational performance is regularly monitored	4.08	0.70
Feedback on performance outcomes is provided to relevant teams	3.95	0.72
Corrective actions are taken when performance deviates from strategic plans	3.32	0.92
Operational risks are identified and managed effectively	4.22	0.62
Performance tracking systems are effective in informing strategic decisions	3.75	0.80

Table 4.10 provides the results that demonstrate variability in strategic control mechanisms. The highest mean ($M = 4.42$, $SD = 0.58$) was obtained in "The SACCO has established KPIs to measure strategic progress" which implies that the majority of the SACCOs have developed performance measurement systems. Grant (2022) states that KPIs are critical in monitoring the progress of strategy. "Operational risks are identified and managed effectively" ($M = 4.22$, $SD = 0.62$) and "Departmental and organizational performance is regularly monitored" ($M = 4.08$, $SD = 0.70$) also indicate high levels of practice. This observation aligns with SASRA (2024) which has highlighted risk management requirements of licensed SACCOs. But, the lowest mean ($M = 3.32$, $SD = 0.92$) was obtained at the item "Corrective actions are taken when performance is not in

line with strategic plans" so SACCOs are less concerned with corrective action. The greater standard deviation indicates a high level of variation between institutions (Field, 2022). This observation implies that there is a significant domain that SACCO leaders need to enhance.

4.5.5 Descriptive Statistics for Organizational Performance

The performance of the organization was determined by six items that evaluated steady growth, satisfaction among the members, total growth in membership and assets, productivity of the organization, competitive stance and attainment of strategic goals within the scheduled durations. Table 4.11 shows the means and standard deviation of each item in the area of organizational performance.

Table 4.11: Descriptive Statistics for Organizational Performance Items

Item	Mean	Std. Dev.
The SACCO has experienced consistent growth over the past three years	4.28	0.62
Member satisfaction has improved due to strategic management practices	3.85	0.75
The SACCO has experienced overall growth in membership and assets	4.58	0.52
Operational efficiency has improved as a result of strategic practices	3.68	0.82
The SACCO's competitive position in the market has strengthened	3.98	0.69
The SACCO has achieved most of its strategic objectives within planned timeframes	3.45	0.86

Table 4.11 results indicate that perceived performance is different when it comes to various indicators. The highest mean ($M = 4.58$, $SD = 0.52$) was obtained in the SACCO and this is an indicator that there has been good growth performance in terms of membership and assets. This finding is consistent with the World Bank (2023) report that the SACCO subsector in Kenya has been steadily growing in the last 10 years. High levels of performance can also be seen in consistent growth over the past three years ($M = 4.28$,

SD = 0.62) and The SACCO has been able to strengthen its competitive position in the market (M = 3.98, SD = 0.69). Nonetheless, "The SACCO has met most of its strategic goals within planned periods" had the smallest mean (M = 3.45, SD = 0.86), which means that SACCOs are expanding, yet they might struggle to meet certain strategic goals within planned periods (Grant, 2022). The moderate to high levels of improvement reported by "Operational efficiency has improved as a result of strategic practices" (M = 3.68, SD = 0.82) and "Member satisfaction has improved due to strategic management practices" (M = 3.85, SD = 0.75) represent significant improvement, but with significant variation across institutions (Pallant, 2023).

4.5.6 Summary of Descriptive Statistics for Composite Variables

Composite variables were created by averaging the scores of all items under each construct. Table 4.12 presents the summary descriptive statistics for the five composite variables.

Table 4.12: Summary Descriptive Statistics for Composite Variables

Variable	Mean	Median	Std. Dev.	Skewness	Kurtosis
Strategic Intent	3.95	4.00	0.72	-0.15	-0.40
Strategy Formulation	4.04	4.08	0.68	-0.10	-0.35
Strategy Implementation	4.20	4.17	0.65	-0.18	-0.32
Strategic Controls	3.96	4.00	0.70	-0.12	-0.38
Organizational Performance	3.97	4.00	0.69	-0.14	-0.36

In Table 4.12 the results reveal that all the variables had a mean score of between 3.95 and 4.20 which means that the respondents reported a high level of strategic management practices and performance among SACCOs in Nairobi City County. The implementation of the strategy was the strongest in mean (M = 4.20, SD = 0.65), which indicates that SACCOs are comparatively more effective in implementing strategies relative to other

strategic practices. Hitt et al. (2022) suggest that the difference between successful and unsuccessful organizations is typically the effective implementation. The mean of strategic intent and strategic controls was 3.95 (SD = 0.72) and 3.96 (SD = 0.70), respectively, which demonstrates a high level of practice.

The standard deviations were between 0.65 and 0.72 which reflects moderate variation in the responses of the 164 respondents. This inconsistency indicates that there exist variations in the way strategic management practices are applied and viewed in various SACCOs (Pallant, 2023). The skew values (between -0.18 and -0.10) and kurtosis values (between -0.40 and -0.32) are all within the acceptable range of ± 2 , which implies that the data are normally distributed. George and Mallery (2020) describe skew and kurtosis values of between -2 and +2 as acceptable to assume normality in a parametric statistical test. Thus, the data meet the normality assumption that would be needed in a correlation and regression analysis (Tabachnick and Fidell, 2019).

4.5.7 Qualitative analysis of Open-Ended Responses

Two open-ended questions were also incorporated in the questionnaire to help capture the views of the respondents on issues that hinder the implementation of strategic management and how the situation can be improved. One hundred and sixty-four respondents were able to submit their answers in written form, and these were analysed through thematic analysis in accordance with the steps provided by Braun and Clarke (2021). This qualitative study was used to complement the quantitative results with a more contextual insight into the strategic management practices of the SACCOs in the Nairobi City County (Creswell and Poth, 2021).

4.5.8 Challenges Facing Implementation of Strategic Management Practices

The respondents were questioned about the primary issues that their SACCOs encounter when practicing strategic management. Thematic analysis of the answers showed that

there were five themes that were dominant and they included; inadequate resource allocation, resistance to organisational change, weak monitoring and evaluation systems, limited stakeholder involvement and technological constraints. The summary of these themes with verbatim quotes is presented in Table 4.13.

Table 4.13: Thematic Summary of Challenges in Strategic Management Practices

Item	Frequency	Percentage	Respondent statement
Inadequate resource allocation	52	31.7%	"Our SACCO has good strategic plans, but we lack enough funds to implement them fully. The budget allocated for strategic initiatives is often cut due to competing priorities."
Resistance to change	38	23.2%	"Some long-serving staff are comfortable with old ways of doing things and resist new strategic initiatives, especially those involving digital systems."
Weak monitoring and evaluation systems	31	18.9%	"We develop strategic plans, but we do not have proper mechanisms to monitor whether we are achieving our targets. Reviews are irregular and often superficial."
Limited stakeholder involvement	24	14.6%	"Strategy is made by the board and senior managers. The rest of us are only told what to do without being consulted."
Technological constraints	19	11.6%	"Our core banking system is old and cannot support the new strategic initiatives we want to roll out. Upgrading is expensive."
Total	164	100.0%	

The most mentioned obstacle was the lack of resources, which 52 respondents (31.7%), mentioned. This observation is consistent with the quantitative findings in Table 4.5.3, in which resource allocation to implement the strategy had a relatively low mean of 3.65. As Grant (2022) points out, resource constraints are one of the most endemic obstacles to the successful implementation of strategies because even the best-designed strategies will not

be effective without sufficient financial, human, and technological resources. Similar arguments are expressed by Hitt et al. (2022), who state that the choice of resource allocation is a true reflection of the strategic priorities of the organisation, and the lack of funding of strategic initiatives can be a good indicator of the mismatch between the proclaimed intentions and the real ones.

Resistance to organisational change was the second most common challenge, reported by 38 respondents (23.2%). This observation aligns with the effort of David and David (2023) who observed that change resistance was a common human nature reaction that often undermined the strategy implementation process. The situation of SACCOs is no exception, as in the majority of cases, the majority of employees and members have a long history with the institution, which means that they are accustomed to the working routines and are comfortable with the current practices (Kinyua & Muturi, 2021). The discovery is also indicative of the Contingency Theory view that organisations should approach the human aspect of strategic change cautiously as ignorance to deal with resistance can sabotage even the most technical sound strategies (Otley, 2021).

The 31 respondents (18.9%) found weak monitoring and evaluation systems. This theme agrees with the quantitative result in Table 4.5.3, in which frequent progress monitoring in strategy implementation reported an average of just 3.48. Saunders et al. (2023) underline that monitoring and evaluation are the crucial feedback processes that allow organisations to monitor the progress, detect deviations, and make corrections in time. Lack of strong monitoring mechanisms implies that SACCOs can stay on the road to unsuccessful strategies over long periods of time without even recognising the necessity of change (Raimo et al., 2021). The Strategic Management Theory that control systems are vital in ensuring implementation is also in line with the strategic goals is supported by this finding (Wheelen et al., 2022).

Only 24 respondents (14.6%), mentioned limited stakeholder involvement. Even though the quantitative data in Table 4.5.2 indicated that the stakeholder engagement in strategic

planning had a comparatively high mean of 4.32, the qualitative data indicates that the stakeholder engagement might be limited to specific groups of stakeholders or might not be applicable across the entire strategic management process. According to Mwilu and Njuguna (2022), true stakeholder engagement goes beyond token consultation; it involves genuine and active involvement in decision-making and continual communication regarding strategic progress. The result is also aligned with the Resource-Based View that acknowledges that stakeholder relationships and commitment are valuable intangible assets that can be leveraged to improve strategy implementation in case they are developed in an appropriate way (Barney et al., 2021).

19 respondents (11.6) cited technological limitations. This observation is an indication of the larger problem that the SACCO sector in Kenya is facing as most of them fail to respond to the high rate of technological changes in the financial services sector (World Bank, 2023). According to SASRA (2024) adoption of technology has been uneven in the SACCO sector and smaller institutions have been more disadvantaged due to the high costs of modern core banking systems and integrated management information systems. The result is also consistent with the Balanced Scorecard approach, which highlights the role of learning and development, such as the technological capabilities, to be the core of the long-term performance (Kaplan et al., 2021).

4.5.9 Suggestions for Improving Strategic Management Practices

The respondents were also requested to give recommendations on how to enhance the role of strategic management practices in the performance of SACCO. The thematic analysis of the responses provided five key recommendations, including: improving resource allocation, communication and stakeholder engagement, monitoring and evaluation system, technology investment, and leadership capacity building. These themes are summarized in Table 4.14 and they have representative quotes.

Table 4.14: Thematic Summary of Suggestions for Improvement

Item	Frequency	Percentage	Respondent statement
Strengthening resource allocation	45	27.4%	"SACCOs should set aside a specific percentage of their annual budget for strategic projects and protect that allocation from being diverted to routine expenses."
Enhancing communication and stakeholder engagement	38	23.2%	"Management should regularly communicate strategic progress to all members and staff through newsletters, meetings, and notice boards."
Improving monitoring and evaluation systems	32	19.5%	"SACCOs should implement dashboard systems that show real-time progress on strategic objectives. Monthly reviews should be mandatory."
Investing in technology	28	17.1%	"SACCOs must invest in modern integrated management information systems that can track strategic performance, financial data, and member feedback in one place."
Building leadership capacity	21	12.8%	"Board members and senior managers need continuous training on strategic leadership, not just financial management."
Total	164	100.0%	

Strengthening the resource allocation was the most commonly recommended improvement with 45 respondents (27.4%). This suggestion meets the most frequently mentioned challenge head-on and gives focus to the necessity to balance financial and human resources with strategic priorities. Grant (2022) is of the view that to allocate resources effectively, organisations should make conscious decisions about what activities to invest in and postpone instead of allocating resources to all the activities. Hitt et al. (2022) also observe that the strategic discipline in resource allocation is a factor that makes high-performing organisations stand out among their counterparts since it makes sure that the limited resources are channelled to activities that yield the highest strategic value.

Improving communication and involving stakeholders was suggested by 38 respondents (23.2%). This observation indicates that there is an awareness among the respondents that more inclusive and transparent strategic processes are required. David and David (2023) point out that communication is not only about the sharing of information but establishing a mutual ground and dedication to strategic course. Good communication helps to make sure that every member of the organisation knows his/her role in the implementation of the strategy and is motivated to do his/her part in the achievement of the strategic success (Saunders et al., 2023). It is also in line with the Strategic Management Theory focus on the significance of alignment of organisational levels to execute strategies effectively (Wheelen et al., 2022).

32 respondents (19.5%), proposed to improve monitoring and evaluation systems. This suggestion addresses the weakness in progress monitoring identified and is a reaction to the increasing understanding of the significance of performance measurement by the stakeholders of SACCO. The Balanced Scorecard framework, as explained by Kaplan et al. (2021), offers a handy framework to build all-encompassing monitoring platforms to monitor financial and non-financial measures of strategic performance. According to Field (2022), good monitoring systems help organisations to identify issues early, experience learning and make evidence-based changes to strategic plans. In the case of SACCOs, in particular, SASRA (2024) has suggested the implementation of more powerful performance tracking systems to increase accountability and compliance with regulations.

The 28 respondents (17.1%), suggested investing in technology. This recommendation indicates the increased appreciation of the fact that technology is not just an operational resource but a strategic facilitator that can revolutionize the way SACCOs develop, execute and manage their strategies (World Bank, 2023). The World Council of Credit Unions (WOCCU, 2021) has recorded how the digital transformation can be used to increase the engagement of members, operational effectiveness, and more advanced performance monitoring in cooperative financial institutions. Nonetheless, according to

Kinyua (2021), to achieve the full strategic potential of technology investments, they need to be supported by proper training and change management.

21 respondents (12.8%) mentioned building leadership capacity. This recommendation acknowledges that it is people who eventually implement strategic management practices and leadership quality has a direct impact on strategic results. According to Hitt et al. (2022), strategic leaders are characterised by the capacity to communicate vision, marshal resources, create commitment, and deal with uncertainty. Grant (2022) also highlights that development of leaders should be a strategic focus of organisations aiming to enhance their strategic management skills. In the case of SACCOs, it is especially crucial to develop leadership capacity at both the board and management levels due to the reported governance challenges in the sector (SASRA, 2022; Mwilu & Njuguna, 2022).

4.5.10 Integration of Qualitative and Quantitative Findings

The qualitative results of the open-ended answers are useful background information that supports and elaborates on the quantitative results given in this chapter. The issues of poor resource distribution and poor monitoring systems are directly related to the low mean scores of resource allocation ($M = 3.65$) and progress monitoring ($M = 3.48$) in the quantitative analysis. Likewise, the focus on leadership support as a strength of the quantitative results ($M = 4.95$) is supported by the qualitative suggestion to develop leadership capacity in the future.

The overlap between the qualitative and quantitative results improves the validity and credibility of the conclusions of the study, according to Creswell and Poth (2021). The thematic analysis also shows some subtleties that cannot be reflected in quantitative data, including how change resistance occurs in SACCOs in particular and the practical recommendations respondents presented to overcome strategic issues. This is a mixed-method design that involves closed-ended Likert scale items and open-ended questions to

give a more in-depth overview of the strategic management practices and their impact on SACCO performance (Saunders et al., 2023).

On the whole, the qualitative analysis supports the idea that although SACCOs in Nairobi City County have achieved a lot in terms of embracing strategic management practices, the issues of resources, monitoring systems, stakeholder engagement, technology, and change management remain to influence the effectiveness of the implementation. The recommendations made by the respondents offer viable guidance to SACCO leaders, policymakers and regulators in their quest to improve the role of strategic management to organisational performance and long-term sustainability.

4.6 Normality Tests (Shapiro-Wilk)

The Shapiro-Wilk test was conducted to further assess the normality of the data distribution for each composite variable. Table 4.6 presents the Shapiro-Wilk test results.

Table 4.15: Shapiro-Wilk Normality Test Results

Variable	Shapiro-Wilk Statistic	df	p-value	Interpretation
Strategic Intent	0.991	164	0.203	Normal
Strategy Formulation	0.992	164	0.315	Normal
Strategy Implementation	0.990	164	0.178	Normal
Strategic Controls	0.993	164	0.408	Normal
Organizational Performance	0.991	164	0.256	Normal

The results in Table 4.15 above show that all p-values for the Shapiro-Wilk test were greater than 0.05, indicating that the data do not significantly deviate from a normal distribution (Field, 2022). This finding satisfies the normality assumption required for parametric tests, including Pearson correlation and multiple regression analysis (Tabachnick & Fidell, 2019).

4.7 Correlation Analysis

Pearson product-moment correlation analysis was conducted to examine the strength and direction of relationships between strategic management practices (independent variables) and organizational performance (dependent variable). Table 4.16 presents the correlation matrix.

Table 4.16: Pearson Correlation Matrix

Variable	Strategic Intent	Strategy Formulation	Strategy Implementation	Strategic Controls	Organizational Performance
Strategic Intent	1				
Strategy Formulation	0.65**	1			
Strategy Implementation	0.70**	0.60**	1		
Strategic Controls	0.62**	0.64**	0.67**	1	
Organizational Performance	0.73**	0.68**	0.76**	0.69**	1

Correlation is significant at the 0.01 level (2-tailed).

Table 4.16 results indicate that all independent variables were significantly and positively correlated with the organizational performance at the 0.01 level of significance. Cohen (1988, as cited in Field, 2022) states that correlation coefficients of 0.50 and above are strong relationships. All the correlations in this study are strong based on this guideline. The strongest relationship between strategy implementation and organizational performance was ($r = 0.76$, $p < 0.01$) which shows that successful implementation of strategic plans is most closely linked to the better performance of the SACCO. Hitt et al. (2022) claim that such a powerful relationship is natural since the strategies that are developed the most will not yield results when they are not implemented accordingly. Strategic intent also was strongly positively correlated with performance ($r = 0.73$, $p < 0.01$) and then strategic controls ($r = 0.69$, $p < 0.01$) and strategy formulation ($r = 0.68$, $p < 0.01$).

4.8 Multicollinearity Test

Variance Inflation Factor (VIF) and tolerance values were used as multicollinearity diagnostics to make sure that the independent variables were not excessively correlated with each other. The multicollinearity statistics are given in Table 4.17.

Table 4.17: Multicollinearity Statistics

Independent Variable	Tolerance	VIF	Interpretation
Strategic Intent	0.46	2.17	No multicollinearity
Strategy Formulation	0.50	2.00	No multicollinearity
Strategy Implementation	0.42	2.38	No multicollinearity
Strategic Controls	0.48	2.08	No multicollinearity

Table 4.17 results indicate that all VIF values were less than the suggested cut-off of 5, with ranges of 2.00 to 2.38. Hair et al. (2022) suggests that a value of VIF that is less than 5 implies that there is no issue of multicollinearity. Likewise, the tolerance values were all greater than the recommended value of 0.10. These findings validate the fact that there are no high correlations between the independent variables, and they can all be included in the multiple regression model (Field, 2022).

4.9 Regression Analysis

This section gives the regression results that have been done to establish the predictive value of strategic management practices on the performance of SACCOs in Nairobi City County. The analysis is classified into two segments; simple regression analysis and multiple regression analysis. Simple regression analysis was used to look at the individual impact of each independent variable (strategic intent, strategy formulation, strategy implementation, and strategic controls) on the dependent variable (organizational performance). The combined and relative predictive power of all four strategic

management practices on the SACCO performance were then established through multiple regression analysis.

4.9.1 Simple Regression Analysis

Simple linear regression was conducted to examine the individual predictive influence of each strategic management practice on organizational performance. Table 4.18 presents the results of the individual regression analyses.

Table 4.18: Simple Regression Analysis Results

Independent Variable	R Square	Adjusted R Square	Beta (β)	t-value	p-value
Strategic Intent	0.533	0.530	0.730	13.62	< 0.001
Strategy Formulation	0.462	0.459	0.680	11.81	< 0.001
Strategy Implementation	0.578	0.575	0.760	14.92	< 0.001
Strategic Controls	0.476	0.473	0.690	12.13	< 0.001

The results in Table 4.18 show that each strategic management practice individually and significantly predicts organizational performance ($p < 0.001$ for all models). The greatest variance in performance (R Square = 0.578) was explained by strategy implementation, indicating that 57.8% of SACCO performance change could be attributed to strategy implementation. The beta of 0.760 is very strong and positive. The strategic intent explained 53.3% of the variance (R Square = 0.533) and had a beta of 0.730. Each of the individual regression models was statistically significant ($p < 0.001$), which supports the assumption that each of the strategic management practices, alone, is a predictor of SACCO performance (Field, 2022).

4.9.2 Multiple Regression Analysis

The combined and relative predictive power of all the four strategic management practices on the performance of SACCO was performed by multiple regression analysis. The model

summary is given in Table 4.19, the results of ANOVA in Table 4.9.3, and the regression coefficients in Table 4.19.

Table 4.19: Model Fitness Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.822	0.676	0.668	0.58

Table 4.19 demonstrates that the multiple regression model had an R of 0.822, which showed that there was a very strong positive relationship between the combination of strategic management practices and organizational performance. The value of R Squared of 0.676 means that the four strategic management practices can be used to explain 67.6 percent of the variance in the performance of the organizations of SACCOs in Nairobi City County. Cohen (1988, as cited in Field, 2022) indicates that a large effect size is an R square of 0.676. The adjusted R Square of 0.668 is an affirmation that the model would explain about 66.8 percent of the variance in the population.

Table 4.20: ANOVA (Overall Model Significance)

Model	Sum of Squares	df	Mean Square	F	p-value
Regression	112.45	4	28.11	83.52	< 0.001
Residual	53.52	159	0.34		
Total	165.97	163			

The ANOVA results in Table 4.20 shows that the multiple regression model is statistically significant, $F(4, 159) = 83.52$, $p < 0.001$. According to Field (2022), a significant F-test indicates that the model is a better predictor of the dependent variable than using the mean alone.

Table 4.21: Regression Coefficients

Variable	Unstandardized B	Std. Error	Standardized Beta (β)	t	p-value
(Constant)	0.28	0.11		2.55	0.012
Strategic Intent	0.26	0.05	0.28	5.20	< 0.001
Strategy Formulation	0.12	0.05	0.13	2.40	0.017
Strategy Implementation	0.38	0.06	0.40	6.33	< 0.001
Strategic Controls	0.10	0.04	0.11	2.50	0.013

Table 4.21 gives the equation to predict organizational performance based on the regression coefficients. The biggest beta coefficient (0.40, $p < 0.001$) was found in strategy implementation, suggesting it is the most significant predictor of SACCO performance. Strategic intent was the second strongest predictor ($\beta = 0.28$, $p < 0.001$), followed by strategy formulation ($\beta = 0.13$, $p = 0.017$) and strategic controls ($\beta = 0.11$, $p = 0.013$). The p-values of all independent variables were below 0.05, ensuring that each strategic management practice contributes to predicting organizational performance in a unique, statistically significant way. The regression coefficients in Table 4.21 were utilized to form the following regression equation:

$$Y = 0.28 + 0.26(X_1) + 0.12(X_2) + 0.38(X_3) + 0.10(X_4) + \varepsilon$$

Table 4.22: Regression Equation Summary

Symbol	Variable	Description
Y	Organizational Performance	Dependent variable measuring SACCO performance
$\beta_0 = 0.28$	Constant (Intercept)	The predicted performance score when all independent variables are zero
X_1	Strategic Intent	Independent variable measuring clarity and communication of strategic direction
X_2	Strategy Formulation	Independent variable measuring planning and environmental analysis practices

Symbol	Variable	Description
X ₃	Strategy Implementation	Independent variable measuring execution and operationalisation of strategies
X ₄	Strategic Controls	Independent variable measuring monitoring, evaluation, and corrective action mechanisms
ε	Error term	Represents unexplained variance and random error

The regression equation $Y = 0.28 + 0.26X_1 + 0.12X_2 + 0.38X_3 + 0.10X_4 + e$ indicates the effect of each practice of strategic management on SACCO performance. The constant value 0.28 is the minimum level of performance when none of the strategic practices are implemented, but this is mostly theoretical as all SACCOs involved in the research implemented some degree of strategic management. The coefficients of the variables show the degree of performance influence, and higher coefficients represent more influential ones (Field, 2022).

Strategy implementation (X₃) has the highest coefficient of 0.38, implying that a one-unit change in the practices of implementation would result in a 0.38-unit change in performance. This proves that the most important performance driver of SACCO is the successful implementation of strategic plans because despite having well-developed strategies, there is no benefit to the organization without the implementation of the strategies (David and David, 2023). Next in line is strategic intent (X₁) with a coefficient of 0.26, which suggests that clear vision, mission, and strategic direction are also very strong predictors of performance. The coefficients of strategy formulation (X₂) and strategic controls (X₄) are smaller and yet significant (0.12 and 0.10 respectively) indicating that planning activities and monitoring mechanisms have a positive impact on performance albeit to a minor extent compared to implementation and intent. All the four coefficients are positive and statistically significant, which proves that the strategic management practices overall explain 67.6% of the variance in SACCO performance, implementation being the strongest predictor (Hitt et al., 2022; Grant, 2022).

4.9.3 Summary of Hypotheses Testing

Table 4.23 provides the summary of the hypotheses testing of each of the study objectives based on the individual and multiple regression analysis. Against every objective, a null hypothesis (H_0) was developed that said that the corresponding strategic management practice did not play a significant role in the performance of SACCOs. The other hypothesis (H_1) was that the practice is significantly positively influenced. The p-value was compared to the level of significance ($= 0.05$), and in case it was less, the null hypothesis was rejected, and the alternative hypothesis was accepted.

Table 4.23: Summary of Hypotheses Testing

Null Hypothesis (H_0)	Standardized Beta (β)	p-value	Decision Rule ($\alpha = 0.05$)	Decision
H_0 : Strategic intent has no significant influence on SACCO performance	0.28	< 0.001	Reject H_0 if $p < 0.05$	Reject H_0
H_0 : Strategy formulation has no significant influence on SACCO performance	0.13	0.017	Reject H_0 if $p < 0.05$	Reject H_0
H_0 : Strategy implementation has no significant influence on SACCO performance	0.40	< 0.001	Reject H_0 if $p < 0.05$	Reject H_0
H_0 : Strategic controls have no significant influence on SACCO performance	0.11	0.013	Reject H_0 if $p < 0.05$	Reject H_0

The results in Table 4.23 confirm that all four null hypotheses were rejected at the 0.05 significance level. In Objective i, the null hypothesis that there is no significant effect of strategic intent on SACCO performance was rejected due to the fact that the p-value (< 0.001) was smaller than 0.05. The standardized beta value of 0.28 ($p < 0.001$) represents a strong positive impact, and the alternative hypothesis that strategic intent has a significant effect on the performance of SACCO is accepted.

In Objective ii, the null hypothesis that there was no significant difference in strategy formulation between SACCO performances based on the null hypothesis was rejected since the p-value (0.017) was lower than 0.05. The standardized beta of 0.13 ($p = 0.017$) is a strong positive effect, and thus the alternative hypothesis which strategy formulation is a significant factor in SACCO performance is accepted.

In Objective iii, the null hypothesis that there is no significant effect of strategy implementation on the SACCO performance was rejected since the p-value (less than 0.001) was less than 0.05. The standardized beta coefficient of 0.40 ($p < 0.001$) shows that it affects the SACCO performance significantly in a positive way, which is why the alternative hypothesis that the implementation of the strategy has a significant impact is accepted. This was the most powerful predictor of the four variables.

In Objective iv, the null hypothesis that there is no significant effect of strategic controls on SACCO performance was rejected since the p-value (0.013) was less than 0.05. The standardized beta coefficient of 0.11 ($p = 0.013$) shows that the effect is significant and thus the alternative hypothesis that strategic controls play an important role in the performance of SACCO is accepted.

Overall, it is evident that all the four strategic management practices significantly positively impacted the performance of SACCOs in the Nairobi City County. Strategy implementation had the strongest influence ($\beta = 0.40$, $p < 0.001$), followed by strategic intent ($\beta = 0.28$, $p < 0.001$), strategy formulation ($\beta = 0.13$, $p = 0.017$), and strategic controls ($\beta = 0.11$, $p = 0.013$). These results present empirical data that the strategic management practices are significant predictors of SACCO performance (Hitt et al., 2022; Grant, 2022).

4.9.4 Discussion of Findings

The research determined a strong positive impact of strategic intent on SACCOs performance ($r = 0.28$, $p < 0.001$). This observation is consistent with the resource-based perspective of the firm, which assumes that intangible resources like vision, mission, and strategic direction are desirable capabilities that can result in competitive advantage and high performance (Hitt et al., 2022). Mean score of strategic intent was 3.95 which shows that there is a high level of strategic intent in SACCOs. Strategic intent and performance were highly correlated ($r = 0.73$), implying that SACCOs that have a clearer strategic intent are more likely to perform well. The result is in line with Hitt et al. (2022) who posited that organizations that have clearly defined vision and mission statements perform better compared to organizations that do not have such statements.

The research has established a great positive impact of strategy formulation on SACCO performance ($r = 0.13$, $p = 0.017$). This influence was statistically significant but was relatively weak in comparison to strategic intent and strategy implementation. Strategy formulation had a mean score of 4.04, which means that there was high level of planning activities. The comparatively low beta coefficient however means that planning does not necessarily lead to better performance. This observation aligns with Grant (2022), who observed that although planning is crucial, its value can only be achieved when plans are implemented successfully.

The researchers concluded that the best predictor of SACCO performance was strategy implementation ($r = 0.40$, $p < 0.001$). The result aligns with the common belief in the strategic management literature that the execution is more crucial than the strategy formulation (Hitt et al., 2022). Strategy implementation had the highest mean score of 4.20. The relationship between performance and strategy implementation was the highest of all ($r = 0.76$). Particular implementation practices that led to this finding are that of leadership support ($M = 4.95$), role clarity ($M = 4.75$) and communication of strategic plans ($M = 4.48$).

The researchers discovered that strategic controls affected SACCO performance significantly positively ($r = 0.11$, $p < 0.013$). Strategic controls had a mean score of 3.96, which means that there was a high level of control implementation. Strategic controls and performance had a high correlation ($r = 0.69$). This observation resonates with Grant (2022), who pointed out that strategic control systems are crucial in ensuring that organizations remain on course on their strategic directions. The average score of corrective actions ($M = 3.32$) was the lowest of the control items, which indicates that although SACCOs have good KPI systems ($M = 4.42$) and risk management ($M = 4.22$), they might not be aggressive in taking corrective action in case of deviation in performance with respect to plans.

4.9.5 Chapter Summary

This chapter introduced the discussion of the data that was gathered on 164 respondents in SACCOs in the county of Nairobi City. The main results can be summarized as follows: First, the response rate was 78.1, which is very good in terms of social science research. Demographic analysis showed that the majority of the respondents were aged between 31-40 years (27.4%), had first degrees (28.0%), were ordinary members (42.7%), and had an experience of 3-5 years (29.3%). Second, the reliability test ensured that there was an acceptable internal consistency of all constructs, with Cronbach alpha ranging between 0.69 and 0.73 and a total questionnaire reliability of 0.86. Third, descriptive statistics indicated different means of items with some having very high means (above 4.8), others high means (above 4.0), and others moderate means (around 3.5). The composite variable scores fell between 3.95 and 4.20 which shows that there are high levels of strategic management practices and performance. Fourth, the data were normally distributed (all $p > 0.05$) as checked by normality tests (Shapiro-Wilk). Fifth, correlation analysis showed that there were strong positive relationships between all strategic practices and performance ($r = 0.68$ to 0.76 , $p < 0.01$). Sixth, multicollinearity tests ensured that there was no problematic collinearity (all VIF < 5). Seventh, the individual regression analysis indicated that every strategic practice has a significant independent predictive value of

performance with the implementation of the strategy having the highest level of variance ($R^2 = 0.578$). Eighth, the four strategic practices explained a significant amount of variance in performance ($R^2 = 0.676$, $F(4, 159) = 83.52$, $p < 0.001$). The strongest predictor was strategy implementation ($= 0.40$), then strategic intent ($= 0.28$), strategy formulation ($= 0.13$), and strategic controls ($= 0.11$).

All the four null hypotheses were rejected which proved the significant effect of strategic management practices on the performance of SACCOs in Nairobi City County. The following chapter gives the summary of results, conclusions and recommendations of the study.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the main findings of Chapter Four and makes conclusions based on the study objectives and gives policy and practice recommendations. The chapter also explains the limitations of the research and recommends future research. The chapter is divided in line with the four specific objectives of the study: strategic intent, strategy formulation, strategy implementation, and strategic controls, and their impact on the performance of SACCOs in Nairobi City County.

5.2 Summary of Findings

The purpose of this study was to examine the influence of strategic management practices on the performance of SACCOs in Nairobi City County. The findings established that strategic management practices significantly influence SACCO performance.

Strategic intent provides a clear organizational direction by aligning the vision, mission, and long-term objectives with the activities of the SACCO. SACCOs with a well-defined strategic intent demonstrated better organizational focus and improved performance.

The findings further revealed that strategy formulation plays a critical role in enhancing performance. Effective environmental analysis, stakeholder involvement, and the development of appropriate strategies enabled SACCOs to respond to changes in the operating environment and achieve their organizational objectives.

The study also established that strategic implementation is a key determinant of organizational performance. Effective allocation of resources, employee involvement, leadership commitment, and clear communication of strategic goals enhanced the

successful execution of strategies, resulting in improved operational and financial performance.

Finally, the findings indicated that strategic control positively influence SACCO performance. Regular monitoring and evaluation of strategic activities, performance measurement, and timely corrective actions enabled SACCOs to track progress, address implementation challenges, and continuously improve organizational performance.

Overall, the study concludes that the adoption and effective execution of strategic management practices contribute to improved performance among SACCOs in Nairobi City County.

5.2.1 Influence of Strategic Intent on SACCO Performance

The first aim was to establish the impact of strategic intent on the performance of SACCOs in Nairobi City County. The descriptive statistics showed that the mean of strategic intent was 3.95 (SD = 0.72), which was high to show the high level of strategic intent among the SACCOs. The best-rated was "The SACCO has a well-documented vision and mission statement" (M = 4.85, SD = 0.42) and the worst-rated was "The SACCO strategic intent has led to enhanced member satisfaction" (M = 3.25, SD = 0.92).

Correlation analysis revealed that there was a strong positive correlation between strategic intent and organizational performance ($r = 0.73$, $p < 0.01$). The strategic intent was found to explain 53.3% of performance variance ($R^2 = 0.533$, $\sqrt{0.533} = 0.730$, $p = 0.001$) in an individual regression analysis. Strategic intent was the second-best predictor of performance in the multiple regression model ($\beta = 0.28$, $p < 0.001$). These results show that strategic intent has a strong positive effect on the performance of SACCO.

5.2.2 Influence of Strategy Formulation on SACCO Performance

The second aim was to investigate how strategy formulation affects the performance of SACCOs in Nairobi City County. The descriptive statistics results showed that strategy formulation had a mean of 4.04 (SD = 0.68), which implied a high level of strategy formulation practices. The best rated item was "Operational insights of departments are taken into consideration when developing strategies" (M = 4.58, SD = 0.52) and the least rated one was risks at the operational level are considered when developing strategies (M = 3.38, SD = 0.90).

The correlation analysis revealed that there was a strong positive association between strategy formulation and organizational performance ($r = 0.68$, $p < 0.01$). The results of individual regression analysis showed that strategy formulation was able to explain 46.2% of the variance in performance ($R^2 = 0.462$, $\beta = 0.680$, $p = 0.001$). Strategy formulation was the third most important predictor of performance in the multiple regression model ($\beta = 0.13$, $p = 0.017$). These results demonstrate that the role of strategy formulation in SACCO performance is high and positive, but its impact is not as strong as those of strategic intent and strategy implementation.

5.2.3 Influence of Strategic Implementation on SACCO Performance

The third aim aimed to determine the impact of strategy implementation on SACCOs performance in the Nairobi City County. Descriptive statistics showed that the mean score of strategy implementation was the highest among other variables (M = 4.20, SD = 0.65), which implies a high level of strategy implementation practices. The most rated item was Leadership gives good support and commitment in the implementation of the strategy (M = 4.95, SD = 0.32), and the least-rated one was The SACCO monitors progress regularly during strategy implementation (M = 3.48, SD = 0.88).

The most significant positive correlation was found between organizational performance and strategy implementation ($r = 0.76$, $p < 0.01$). The results of individual regression analysis showed that the implementation of strategy resulted in explaining 57.8% of the variance in performance ($R^2 = 0.578$, 0.760 , $p < 0.001$). Strategy implementation was the most powerful predictor of performance (0.40 , $p < 0.001$) in the multiple regression model. These results suggest that the strategy implementation makes the most positive impact on the SACCO performance.

5.2.4 Influence of Strategic Control on SACCO Performance

The fourth goal aimed at determining the impact of strategic controls on SACCOs performance in Nairobi City County. Descriptive statistics showed that the mean score of strategic controls was 3.96 ($SD = 0.70$) which shows that there was a high level of strategic control application. The most highly rated was The SACCO has set key performance indicators (KPIs) to gauge strategic progress ($M = 4.42$, $SD = 0.58$), and the lowest-rated was Corrective actions are taken when performance deviates of strategic plans ($M = 3.32$, $SD = 0.92$).

Correlation analysis revealed that there was a strong positive correlation between strategic controls and organizational performance ($r = 0.69$, $p < 0.01$). The regression analysis on individual basis indicated that 47.6% of the variance in the performance was explained by strategic controls ($R^2 = 0.476$, -0.690 , $p = 0.001$). The weakest but significant predictor of performance was the strategic controls in the multiple regression model ($\beta = 0.11$, $p = 0.013$). These results reveal that strategic controls greatly affect SACCO performance positively.

5.2.5 Overall Model Performance

The multiple regression model, which comprised all four strategic management practices was statistically significant, $F(4, 159) = 83.52$, $p < 0.001$. The model accounted 67.6

percent of the variance in the organizational performance ($R^2 = 0.676$, Adjusted $R^2 = 0.668$). The strongest predictor was the implementation of the strategy (0.40), then strategic intent (0.28), strategy formulation (0.13), and strategic controls (0.11). All the four null hypotheses were rejected and it was established that the four strategic management practices, have a statistically significant positive impact on SACCO performance.

5.3 Conclusions

The research results in a conclusion that the combination of strategic management practices significantly positively affects performance of the SACCOs in Nairobi City County and accounts more than two-thirds of the performance variation. Strategy implementation is the most important practice of SACCO performance compared to strategic intent, strategy formulation, and strategic controls. This observation highlights the importance of strategic implementation of strategic plans in the success of organizations as opposed to planning.

In particular, the research finds that SACCOs are good at capturing the vision and mission statements and providing good leadership support in the implementation process, but are weak in converting strategic goals into operational strategies, performance versus plans monitoring, and taking corrective action when performance is off track. These areas are the gaps that are missed in order to enhance performance. The paper also concludes that the environmental scanning and consideration of operational risks in strategy formulation are still weak practices that need to be reinforced.

5.4 Recommendations

The study has the following recommendations based on the findings and conclusions. To begin with, SACCO management needs to reinforce its strategic goals into operational plans by creating action plans that are detailed in nature with responsibilities, specific

timing, and resource allocation. Second, SACCOs are encouraged to put in place regular progress monitoring systems such as monthly implementation reviews and quarterly performance dashboards in response to the poor monitoring practices that were found during the research.

Third, SACCOs ought to improve their corrective action systems by putting in place specific guidelines on corrective action response in the case of performance deviation, such as specification of action and follow-up monitoring levels. Fourth, the formal monitoring of political, economic, social, technological, and competitive forces influencing the SACCO industry should be enhanced by environmental scanning practices.

Fifth, as strategic implementation was found to be the best predictor of performance, SACCO regulators and umbrella associations ought to emphasize capacity-building initiatives that are based on strategy execution skills among managers and board members. Sixth, policymakers ought to contemplate making SACCOs report strategic performance measures in addition to the financial measures so as to promote a more systematic strategic management.

Lastly, SACCOs would be well advised to invest in constant communication of strategic intent to all stakeholders and incorporate member satisfaction monitoring in their strategic dashboards. Although the current support level of leadership is high, making the support institutionalized by accountability frameworks will guarantee the effectiveness of the implemented support in the long run.

5.5 Areas for Further Research

Based on the results of this research, a number of areas are proposed as potential research. Longitudinal designs should be used in the future to determine the causal relationship between strategic management practices and the performance of SACCO over time since

the cross-sectional design used in this study restricts causal conclusions. The objective financial performance data based on the SACCO records, including the return on assets and membership growth rates, should also be included by the researchers to supplement the perceptual measures employed in this study. Research comparing various counties in Kenya would be more generalized and would determine the regional differences in strategic management effectiveness. Also, qualitative case studies of successful and unsuccessful SACCOs would give greater insights on contextual variables that can affect effective strategy implementation. Lastly, future studies may look into the moderating effects of organizational culture, leadership style, and technology adoption on the relationship between strategic management practices and SACCO performance, and expand the research to other forms of cooperatives other than deposit-taking SACCOs.

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APPENDICES

Appendix I: Request Letter

Dear respondent,

RE: REQUEST FOR INFORMATION

Dear Sir/Madam,

I am a final-year student at Jomo Kenyatta University of Agriculture and Technology, pursuing a Master of Science in Strategic Management. I am conducting a research study titled “Strategic Management Practices and Performance of Savings and Credit Cooperative (SACCOs) in Nairobi City County, Kenya” as part of the requirements for the award of my master’s degree.

The study is purely for academic purposes and I kindly request your assistance in providing information by completing the attached questionnaire. Your responses will be treated with the utmost confidentiality and will be used solely for the purposes of this research. Please note that you are not required to indicate your name on the questionnaire.

I sincerely appreciate your time, cooperation and valuable contribution to this study.

Yours faithfully,

Mburu Esther Wangui,

Appendix II: Questionnaire

SECTION A: BACKGROUND INFORMATION

Instructions: Please tick (✓) the appropriate response.

1. Age bracket

Below 25 yrs. ☐ 26-30 yrs. ☐ 31-40 yrs. ☐ Above 40 yrs. ☐

2. Highest level of formal education

Certificate ☐ Diploma ☐ University first degree ☐ Postgraduate ☐ Other ☐

3. Position in the SACCO

Senior Manager ☐ Board Member ☐ Ordinary Member ☐

4. Years of experience in the SACCO

Less than 3 yrs. ☐ 3-5 yrs. ☐ 6-10 yrs. ☐ Over 10 yrs. ☐

SECTION B: STRATEGIC INTENT

Please indicate the extent to which your SACCO demonstrates the following aspects of strategic intent using the scale: (1 = Not at all, 2 = Small extent, 3 = Moderate extent, 4 = Large extent, 5 = Very large extent).

STRATEGIC INTENT DIMENSIONS	1	2	3	4	5
The SACCO has a clearly documented vision and mission statement					
The SACCO's vision and mission are well communicated to all members and staff					

Departmental goals are aligned with the SACCO's overall strategy					
Strategic objectives are translated into operational plans					
I clearly understand my role in achieving the SACCO's strategic goals					
The SACCO's strategic intent has contributed to improved member satisfaction					

SECTION C: STRATEGY FORMULATION

Please indicate the extent to which the following strategic formulation practices are applied in your SACCO using the scale: (1 = Not at all, 2 = Small extent, 3 = Moderate extent, 4 = Large extent, 5 = Very large extent).

STRATEGY FORMULATION DIMENSIONS	1	2	3	4	5
The SACCO involves relevant stakeholders in the strategic planning process					
The SACCO conducts environmental scanning before formulating strategies					
Operational insights from departments are considered during strategy formulation					
Feedback from departments is incorporated into strategic plans					
Strategic plans reflect operational realities of the SACCO					
Risks at the operational level are considered during strategic planning					

SECTION D: STRATEGIC IMPLEMENTATION

Please indicate the extent to which the following strategy implementation practices are applied in your SACCO using the scale: (1 = Not at all, 2 = Small extent, 3 = Moderate extent, 4 = Large extent, 5 = Very large extent).

STRATEGY IMPLEMENTATION DIMENSIONS	1	2	3	4	5
The SACCO allocates adequate resources for implementing strategic plans					
Strategic plans are clearly communicated to all teams and members					
Roles and responsibilities during implementation are clearly defined					
Implementation timelines are realistic and consistently followed					
Leadership provides strong support and commitment during strategy implementation					
The SACCO monitors progress regularly during strategy implementation					

SECTION E: STRATEGIC CONTROL

Please indicate the extent to which the following strategic control mechanisms are implemented in your SACCO using the scale: (1 = Not at all, 2 = Small extent, 3 = Moderate extent, 4 = Large extent, 5 = Very large extent).

STRATEGIC CONTROL DIMENSIONS	1	2	3	4	5
The SACCO has established key performance indicators (KPIs) to measure strategic progress					
Departmental and organizational performance is regularly monitored					
Feedback on performance outcomes is provided to relevant teams					
Corrective actions are taken when performance deviates from strategic plans					
Operational risks are identified and managed effectively					
Performance tracking systems are effective in informing strategic decisions					

SECTION F: ORGANIZATIONAL PERFORMANCE

Please indicate the extent to which your SACCO achieves the following performance indicators using the scale: (1 = Not at all, 2 = Small extent, 3 = Moderate extent, 4 = Large extent, 5 = Very large extent).

PERFORMANCE DIMENSIONS	1	2	3	4	5
The SACCO has experienced consistent growth over the past three years					
Member satisfaction has improved due to strategic management practices					
The SACCO has experienced overall growth in membership and assets					
Operational efficiency has improved as a result of strategic practices					
The SACCO's competitive position in the market has strengthened					
The SACCO has achieved most of its strategic objectives within planned timeframes					

SECTION G: OPEN-ENDED QUESTIONS

1. What are the main challenges your SACCO faces in implementing strategic management practices?

2. What suggestions would you offer to improve the influence of strategic management practices on SACCO performance?

Thank you for your participation!

Appendix III: List of SACCOs Included in the Study

No.	SACCO	Source
1	Afya SACCO Society Ltd	SASRA (2025)
2	Airports SACCO Society Ltd	SASRA (2025)
3	Ardhi SACCO Society Ltd	SASRA (2025)
4	Biashara SACCO Society Ltd	SASRA (2025)
5	Harambee SACCO Society Ltd	SASRA (2025)
6	Hazina SACCO Society Ltd	SASRA (2025)
7	Imarisha SACCO Society Ltd	SASRA (2025)
8	Kenya Bankers SACCO Society Ltd	SASRA (2025)
9	Kenya Police SACCO Society Ltd	SASRA (2025)
10	Kimisitu SACCO Ltd	SASRA (2025)
11	K-Unity SACCO Society Ltd	SASRA (2025)
12	Mentor SACCO Society Ltd	SASRA (2025)
13	Metropolitan National SACCO Ltd	SASRA (2025)
14	Mwalimu National SACCO Society Ltd	SASRA (2025)
15	Ollin SACCO Society Ltd	SASRA (2025)
16	Qona SACCO Society Ltd	SASRA (2025)
17	Safaricom SACCO Ltd	SASRA (2025)
18	Sheria SACCO Society Ltd	SASRA (2025)
19	Skyline SACCO Society Ltd	SASRA (2025)
20	Solution SACCO Society Ltd	SASRA (2025)
21	Stima SACCO Society Ltd	SASRA (2025)
22	Times U SACCO Society Ltd	SASRA (2025)
23	Tower SACCO Society Ltd	SASRA (2025)
24	Trans-Nation SACCO Ltd	SASRA (2025)
25	Ukulima SACCO Society Ltd	SASRA (2025)
26	Unaitas SACCO Society Ltd	SASRA (2025)
27	Bandari SACCO Society Ltd	SASRA (2025)
28	Fortune SACCO Society Ltd	SASRA (2025)
29	Ndege Chai SACCO Society Ltd	SASRA (2025)
30	Gusii Mwalimu SACCO Society Ltd	SASRA (2025)