Effect of Strategic Planning on the Performance of Savings and Credit Co-Operative Societies in Kakamega County, Kenya

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Abstract
The SACCOs in Kenya have experienced problems in their operations resulting from poor planning. The SACCOs have therefore resorted to doing strategic planning in order to guide its operations. This study was designed to investigate the effects of strategic planning on the performance of SACCOS in Kakamega County. The study was guided by specific objective to establish the effect of strategic planning on the performance of SACCOs. The study based on the assumption that the SACCOs in Kakamega County engage in strategic planning. This was a census study that included all the 33 SACCOs in Kakamega County. The study utilized a descriptive, and survey research design. The data was collected from customers and employees who were the SACCO managers. This study employed simple random sampling technique on the customers and used purposive sampling on the managers. To establish the relationship between strategic planning and organizational performance the researcher used simple regression analysis. The study found statistically significant linear relationship between strategic planning and organizational performance in SACCOs. The research data was analyzed using descriptive and inferential statistics. Basing on the results of this study the researcher concludes that strategic planning affects the performance of SACCOs. The researcher recommends that SACCOs are operating in a changing environment and therefore the managers of these organizations need to stick to strategic planning that has shown to be positively related to organizational performance. The researcher also recommends that the Ministry of Cooperative puts in place sensitization programs to educate the managers of the SACCOs on the benefits of strategic planning. Lastly the researcher recommends that the ministry of cooperatives should hire managers of SACCOs that have knowledge in strategic planning since this is only when they can put it in practice and realize the effect it has on organizational performance. For further research future studies should consider using larger and broader samples which will be more representative of the population of study, and should also examine other performance indicators. Future studies should also do similar studies done in other economic sectors apart from the cooperative sector. The study provides knowledge on SACCOs to scholars in related areas of study and also contributes to the knowledge body and adds value to the current literature on involvement in strategic planning and also stimulates a further research on strategic planning and performance in SACCOs. It is hoped that the findings will be of value to the Ministry of Cooperatives in terms of strategic planning and will also form a basis for improving performance of SACCAs.
Keywords: Strategic planning, performance, Savings and Credit Co-operative societies, Kakamega County and Kenya

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1. Background
Strategic planning includes all the activities that lead to the development of a clear organizational mission, organizational objectives, and appropriate strategies to achieve the objective for the entire organization (Donnely, 2007). Many international firms have found it necessary to institute formal global strategic planning to provide a

means for top management to identify opportunities and threats from their operating environment, formulate strategies to handle them, and stipulate how to finance the strategies' implementation. Global strategic plans not only provide for consistency of action among firm's managers worldwide but also require the participants to consider the ramifications of their actions in the other geographical and functional areas of the firm. Global strategic planning is the primary function of managers, and the manager of strategic planning and strategy making is the firm's chief executive officer. The process of strategic planning provides a formal structure in which managers, analyze the company's external environments, analyze the company's internal environment, define the company's business and mission, set corporate objectives, quantify goals, formulate strategies and make tactical plans. Strategic planning is worthy an area to be studied because of its main role in making sure that a firm goes through the process sequentially and helps the organization attain the desired goals. Performing well in strategic planning is a prerequisite for all organizations hence it has an important role to play in the running of the organizations (Donnely, 2007).

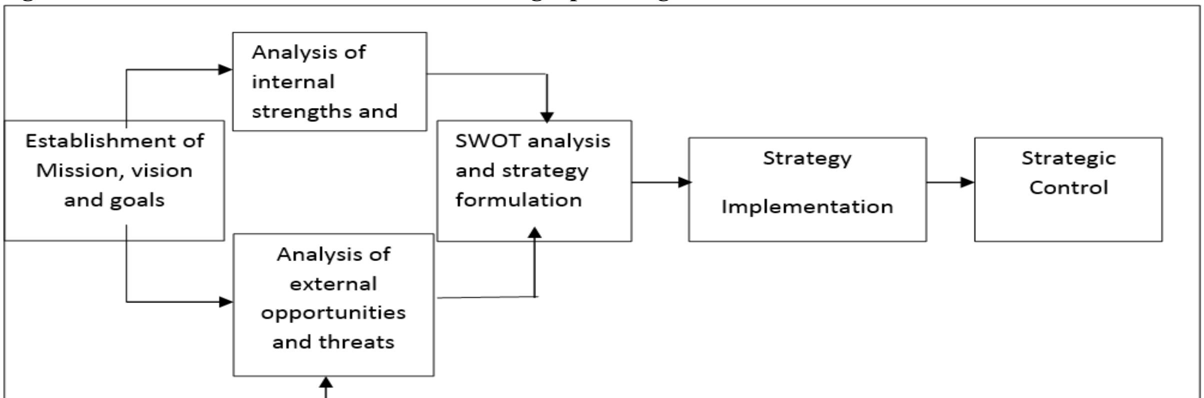
In today's rapidly changing environment, strategic planning is becoming more difficult because changes are occurring so fast that plans even those set for just months into the future may soon be obsolete. Therefore, some companies are making shorter term plans that allow for quick responses to customer needs and requests. The goal is to be flexible and responsive to the market (Mchugh, 2002). From this author strategic planning seems to produce mixed results as with a changing environment an organization that firmly sticks on the strategic planning may remain behind in terms of competition and customer expectations. It is also true that organizations have sometimes pursued different strategies as emergent strategies which have produced even better performance than the original planned strategies. Even though this statement is true it may only work in favorable situations. The view of the researcher is that even in the changing environment strategic planning is still a vital idea to be considered by any organization.

According to (Mchugh, 2002) the global planning has the same format as the planning for a purely domestic firm. It is the variations in values of uncontrollable forces that make the activities in a worldwide corporation more complex than they are in purely domestic firms. The adoption of strategic planning has helped improve performance of the African organizations though in some cases performance may not be as a result of the strategic planning. In Kenya the concern to do strategic planning is still positively perceived because of its importance. In practice the Savings and Credit Cooperative Societies in Kenya have also embraced strategic planning by having strategic plans. Most of the SACCOS in Kakamega County have strategic plans in place. At the SACCOs the strategic plans are done by the top management with an involvement of middle level managers. Strategic planning if appropriately used has the potential to help organizations like SACCOS save time and reduce cost. This study therefore investigated and documented the effects of the strategic planning on the performance of Savings and Credit Cooperative Societies in Kenya.

2. Literature Review

According to Bateman and Snell (2007), they look at strategic management as being synonymous with strategic planning. To them this is a process that involves managers from all parts of the organization formulating and implementing organization's strategic goals and strategies. Planning and managing the strategy is integrated into a single process hence making strategic planning to be an ongoing activity.

Fig 2 Bateman and Snell's framework of strategic planning



Source: Bateman and Snell's framework of strategic planning (2007)

Strategic management is the process by which top management determines the long-run direction and performance of the organization by ensuring that careful formulation, effective implementation, and continuous evaluation of the strategy takes place (Byars, 1996). The job of planning strategies to guide a whole company is called strategic management or planning. This is the managerial process of developing and maintaining a match between an organization's resources and its market opportunities. It includes planning not only for marketing but also for production, finance, human resources and other areas (Perreault and McCarthy, 2005).

In the view of Donnelly (2007), he argues that Strategic planning includes all activities that lead to the development of a clear organizational mission, organizational objectives, and appropriate strategies to achieve the objectives for the entire organization. The form of strategic planning itself has come under criticism in some quarters for being too structured, however, strategic planning, if performed successfully, plays a key role in achieving an equilibrium between the short and long term by balancing acceptable financial performance with preparation for inevitable changes in markets, technology, and competition, as well as in economic and political arenas. According to this author some of the most successful business organizations are here today because many years ago they offered the right product at the right time to a rapidly growing market. The same can be said for non profit and governmental organizations. Many of the critical decisions of the past were made without the benefit of strategic thinking or planning. Whether these decisions were based on wisdom or were just lack is not important as they worked for these organizations. However a worse fate befell countless other organizations. Over three quarters of the 100 large U.S corporations of 70 years ago have fallen from the list. These corporations at one time dominated their markets, controlled vast resources and had the best trained workers. In the end they all made the same critical mistake. Their management failed to recognize that business strategies need to reflect changing environments and emphasis must be placed on developing business systems that allow for continuous improvement. Instead they chose to carry on business as usual.

According to Barnes (2001), he looks at Strategic planning as the managerial process of matching a firm's resources with its market opportunities over the long run, while Brennan (2009), says each company must find the overall plan for long term survival and growth that makes the most sense given its specific situation, opportunities, objectives and resources. This is the focus of strategic planning in developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities. According to him strategic planning sets the stage for the rest of the planning in the firm.

According to Barry (1986), Strategic planning has evolved through the efforts of perspective managers to plan for and manage growth. Strategic planning is the vehicle for operationalizing strategic thinking. It has injected more long run far sighted strategies into the organization. It deals primarily with the contrivance of organizational purpose, direction, and future generations of products and services, and the design of implementation policies by which the goals and objectives of the organization can be accomplished. The essence then of strategic planning is steeped in the purpose of the organization, its future, and the environments within which it operates. According to Seringhams (1996), strategic planning is the selection of opportunities defined in terms of products and markets, and the commitment of resources, both human and financial, to achieve these objectives.

According to Sommers (2001), he notes that without strategic planning we cannot get things done effectively and efficiently because we do not know what needs to be done or how to do it. In strategic planning managers match an organization's resources with its market opportunities over the long run. The researcher therefore acknowledged that knowledge of the environment was a basic requirement in devising and implementing the strategic plan and those organizations should draw up new strategic plans to meet changed business conditions. Such strategic planning was as important for small and midsized companies as for large ones, because all business firms continuously interact with a broad and complex social environment. And the effects of these goal-setting and planning activities reach far down into the ranks of employees, providing signals to them about the company's plans for the future and how those plans affect the jobs of individual employees. For this reason a knowledge of corporate strategic planning, particularly its goals and long run purposes, was important for everyone in business, not just the planners and managers at the higher levels.

According to Tuckwell (1994), strategic planning is the process of determining objectives and identifying strategies and tactics that will help achieve objectives within the framework of the business environment. Over the years, managers and consulting firms innovated a variety of analytical techniques and planning approaches, many of which have been critical for analyzing complex business situations and competitive issues. In many instances, however, senior executives spent too much time with their planning specialists to the exclusion of line managers in the rest of the organization. As a result a gap is often developed between strategic managers and tactical and operational managers, and managers and employees throughout the organization become alienated and uncommitted to the organization's success. Today, however, senior executives increasingly are involving managers throughout the organization in the strategic planning. The problems just described and the rapidly changing environment of the last 25 years have forced executives to look to all levels of the organization for ideas and innovations to make their firms more competitive. Although the CEO and other top managers continue to furnish the strategic direction, or vision, of the organization, tactical and even operational managers often provide valuable inputs to the organization's strategic plan. In some cases, these managers also have substantial autonomy to formulate or change their own plans. This increases flexibility and responsiveness, critical requirements for success in the modern organization. Strategic planning becomes an ongoing activity in which all managers are encouraged to think strategically and focus on long term, externally oriented issues as well as short term tactical and operational issues.

2.1 Components of Strategic Planning

Literature reviewed under this section revealed that strategic planning has five major components, setting of vision, mission, and goals, environmental analysis, strategy formulation, strategy implementation, and strategic evaluation and control.

2.1.1 Setting of Vision, Mission and Goals

According to Faria (2002), he argues that in defining the business mission it should be based on a careful analysis of benefits sought by present and potential customers and analysis of existing and anticipated environmental conditions. A mission statement should focus on the market or markets the organization is attempting to serve rather than on the good or service offered. Otherwise, a new technology may quickly make the good or service obsolete and the mission statement irrelevant to company functions. The author further says it is important to have marketing plan objectives. Without objectives there is no basis for measuring the success of marketing plan activities. They should be realistic, measurable, time specific, and consistent with the organization's priorities. Carefully specified objectives communicate marketing management philosophies and provide direction for lower level marketing managers so that marketing efforts are integrated and pointed in a consistent direction. Objectives also serve as motivators by creating something for employees to strive for. Additionally, objectives forces executives to clarify their thinking, finally objectives form a basis for control; the effectiveness of a plan can be gauged in light of the stated goals.

According to Frazier (1998), the strategic plan must support the business definition laid out in the organization's vision. Since the objectives are an outgrowth of the vision, they tend to be stated up front. But remember they must take into account all of the remaining parts of the plan as well. Companies usually set objectives in terms of desired profit, market share, or total sales. Most organizations set objectives in one of these ways but may add others like number of loyal customers, customer retention rates, and customer satisfaction scores. Falling far short of objectives can spell disaster. It's appropriate to set very specific objectives. They always provide a time frame and must be verifiable. According to Rudelius (1989), he proposes focusing the business with three C's customers; competitors and the company itself interrelate to establish the basic character of an organization's business. A business mission is a statement about the type of customers it wishes to serve, the specific needs of these customers and the means of technology by which it will serve these needs.

In addition Donnelly (2007), notes that it is important that the mission statement comes from the heart and is practical, easy to identify with, and easy to remember so that it will provide direction and significance to all members of the organization regardless of their organizational level. Accordingly Paul (1985), he sides with setting specific objectives that should identify the level of performance the organization hopes to achieve at some future date given the realities of the environmental problems and opportunities and the firms' strengths and weaknesses. As noted by Hesterly (2010), some missions can hurt firm performance. Although some firms have used their missions to develop strategies that create significant competitive advantages, missions can hurt firm's performance as well. For example sometimes a firm's mission will be very inwardly focused and defined only with reference to the personal values and priorities of its founders or top managers, independent of whether those values and priorities are consistent with economic realities facing the firm. The view of Wellington (2000) is that a firm needs overall marketing objectives, as well as goals for each Strategic Business Unit. Objectives are often described in both quantitative terms (percentage profit growth, market share) and qualitative terms (image, level of innovativeness, industry leadership role)

2.1.2 Environmental Analysis

The environment is also acknowledged to have an important impact on firm performance (Bourgeois, 1980; Caves, 1980). This occurs as managers interact with their firm's environment in attempts to affect it and are simultaneously affected by it (Weick, 1979). According to Faria (2002), he notes that in conducting a situation analysis, the firm identifies its internal strength and weaknesses and also examines its external opportunities and threats. When examining internal strength and weaknesses the marketing manager should focus on organizational resources such as production costs, marketing skills, financial resources, company or brand image, employee capabilities and available technology. When examining external opportunities and threats, marketing managers must analyze many aspects of the marketing environment. This is called environmental scanning which involves collecting and interpreting information about forces, events, and relationships in the external environment that may affect the future of the organization or the implementation of its strategic plan. The environmental forces studied are social, demographic, economic, technological, political and legal, and competitive.

According to Paul (1985), in conducting a situation analysis, decision makers must understand the current situation and trends affecting the future of the organization ie assess the problems and opportunities post by buyers, competitors, costs and regulatory changes. They must also identify strengths and weaknesses possessed by the firm. Stanton argues that Situation analysis involves analyzing where the company's marketing program has been, how it has been doing, and what it is likely to face in the years ahead. The results of this activity enable management to determine if it is necessary to revise the old plans or devise new ones to achieve the company's objectives. It covers external environmental forces and internal non marketing resources. It also considers the groups of consumers served by the company, the strategies used to satisfy them, and key measures of marketing performance. Due attention should be given to assessing competitors that are serving the same markets.

According to Rudelius (2002), he argues that the essence of situation analysis is taking stock of where the firm or the product has been recently, where it is now, and where it is headed in light of the organization's plans and the external factors and trends affecting it. Goal setting involves setting measurable marketing objectives to be achieved possibly for a specific market, product or brand or an entire marketing program. On the other hand Cunningham (2001) argues that in conducting an environmental analysis a business unit must think constantly about what it takes to win in its chosen markets and then it has to monitor key macro environment forces (demographic/economic, technological, political/legal and social/cultural) and significant microenvironment actors (customers, competitors, distributors, suppliers) that affect its ability to achieve its objectives and earn profits. According to Rudelius (1994), situation analysis is discovering where a company has been and is at present. It involves asking a careful inventory of the strengths and weaknesses of both the markets it serves and the array of competing products in those market. These two steps, external and internal analysis, are the cornerstones of strategic planning. They provide the information base from which the rest of the process follows. The situation analysis may also lead to adjustments to inappropriate corporate or marketing objectives (Schewe, 1992).

2.1.3 Strategy Formulation

According to Cunningham (2001), he argues that in strategy formulation, goals indicate what a business unit wants to achieve. Strategy is a game plan for getting there. Every business must tailor a strategy for achieving its goals, consisting of a marketing strategy and a compatible technological strategy and sourcing strategy. Although many types of marketing strategies are available, Michael Porter has condensed them into three generic types that provide a good starting point for strategic thinking: Overall cost leadership, differentiation or focus. **(**Paul, 1985) suggests that it is important to develop strategies and programs that are both long term actions to achieve the objectives and specific short tem actions to implement the strategies**.**

As for Ebert (2005), Strategy formulation is abroad program that describes an organization's intentions. It outlines how the business intends to meet its goals and includes the organization's responsiveness to new challenges and new needs.

2.1.4 Strategy Implementation

According to Faria (2002), he looks at implementation as a process that turns marketing plans into action assignments and ensures that these assignments are executed in a way that accomplishes the plans and objectives. This may involve detailed job assignments, activity descriptions, timeliness, and communication. As for Donnelly (2007), he notes that implementing the strategic plan involves putting the plan into action and performing marketing tasks according to the predefined schedule. Even the most carefully developed plans often cannot be executed with perfect timing, Thus, the marketing executive must closely monitor and coordinate implementation of the plan. In some cases adjustments may have to be made in the basic plan because of changes in any of the situational environments. For example competitors may introduce a new product. In this event, it may be desirable to speed up or delay implementation of the plan. In almost all cases, some minor adjustments or fine tuning will be necessary in implementation. In addition Rudelius (2002), notes that implementation phase have four key elements: obtaining resources, designing the marketing organization, developing schedules, and executing the marketing program. According to Zikmund (1989), implementation requires organizing and coordinating people, resources, and activities. Staffing, directing, developing, and leading subordinates are major activities used to implement plans. Planning is extremely important but means little without implementation.

According to Bateman and Snell (2007), formulating the appropriate strategy is not enough; Strategic managers also must ensure that the new strategies are implemented effectively and efficiently. Recently corporations and strategy consultants have been paying more attention to implementation. They realize that clever techniques and a good plan do not guarantee success. Accordingly Scott (2009), he notes that the killers of strategy implementation are failing to launch the right initiatives, failing to tackle a manageable number of initiatives, failing to put the right structure in place, failing to install a supportive initiative environment, failing to involve the right people in the right ways, failing to use a common language for initiative management, failing to install an effective efficient reporting and monitoring system and failing to be patient.

2.1.5 Evaluation and Strategic Control

As for Paul (1985), he says that in providing for coordination and control, organizational structures and budgets are the primary means for coordination actions. Control is essential because the success of strategies and programs can never be predicted with certainty. The purpose of control is to evaluate the degree to which progress toward an objective is being made and to pinpoint the causes of any failure to achieve objectives so that remedial actions can be taken.

According to Faria (2002), evaluation and control entails gauging the extent to which marketing objectives have been achieved during the specified period. There are four reasons why marketing managers fail to achieve their goals: unrealistic marketing objectives, inappropriate marketing strategies, poor implementation, and changes in the environment after the objective was specified and the strategy was implemented. Control provides the mechanisms for evaluating marketing results in light of the plan's goals and for correcting actions that do not help the organization reach those goals within budget guidelines. A marketing audit is a thorough, systematic, periodic evaluation of the goals, strategies, structure, and performance of the marketing organization. It helps management allocate marketing resources efficiently. The main purpose of a marketing audit is to develop full profile of the organization's marketing effort and to provide a basis for developing and revising the strategic plan. It is also an excellent way to improve communications and raise the level of marketing consciousness within the organization. It is also a useful vehicle for selling the philosophy and techniques of strategic planning to other members of the organization.

According to Donnelly (2007), controlling the strategic plan involves three basic steps. First, the results of the implemented strategic plan are measured. Second, these results are compared with objectives. Third, decisions are made on whether the plan is achieving objectives. If serious deviations exist between actual and planned results, adjustments may have to be made to redirect the plan toward achieving objectives. As for Rudelius (2002), he argues that the control phase involves comparing results with the planned targets to identify deviations and taking actions to correct negative deviations and exploit positive ones.

The effectiveness of strategic planning as a way to improve performance is subject to much debate in strategic management. While some studies find that strategic planning yields better results (e.g., Ansoff *et al*. (1970); (Karger and Malik 1975), others suggest that there is no systematic relationship between strategic planning and economic performance (Grinyer and Norburn 1975), (Kudla, 1980). (Frederickson, 1984), studying firms in a stable environment, found a positive relationship between a comprehensive strategic planning and performance measured as return.

The distribution of influence on strategic planning reflects the distribution of power among groups within the firm. Prior research in intraorganizational power has established that influence accrues to those within the firm whose activities enable them to deal with the strategic contingencies facing the firm, especially those present in the environment Hinings et al. (1974), (Jemison, 1981), (Pfeffer and Salancik 1978). But to date, no research has shown an association between relative influence on strategic decisions and firm performance. This study explored the extent to which a firm's risk and return varies as managers who interact with the environment also have influence over strategic decisions. Because of the importance of the environment in strategic decision making, it was hypothesized that firms giving more influence on strategic decisions to managers who interact with the environment would have higher returns and lower risk. If strategic management researchers are to continue to emphasize the environment as an important variable, a better understanding was needed about why aspects of the environment and managers' interactions with it are strategic. It is not enough to merely interact with the environment. Better performance accrues to firms whose managers both interact with the environment and also have influence over strategic decisions. Performance is improved because these managers couple their knowledge of the environment with their intra-organizational influence, allowing the firm's strategy to reflect the demands and opportunities present in the environment.

2.2 Performance of SACCOs

The study assumed that strategic planning affects performance of SACCOs in Kakamega County. Strategic planning was viewed in terms of setting of vision mission and goals, environmental analysis, strategy formulation, strategy implementation and strategy evaluation and control. On the other hand performance was viewed in terms of customer satisfaction, membership, corporate image and staff turnover. The availability of better strategic decisions as a result of strategic planning was assumed to affect performance of SACCOs. It was assumed that with the SACCOs having proper strategic planning it would result in customer satisfaction, it would increase its membership, it would also improve its image and reduce staff turnover.

Performance refers to behaviors, results and adjusting to organizational behaviors and actions of work to achieve results or outcomes. According to Brumbach (1988) as quoted by Armstrong (2004), Newton (1993) also puts it that performance refers to output or results. Performance of the SACCOs was measured using four parameters i.e. customer satisfaction, membership, corporate image and staff turnover. With regard to customer satisfaction and image the customer's views regarding their satisfaction was gathered through questionnaires. Membership was verified through interviews with the District cooperative officers. Data on staff turnover was gathered from the general staff of the organizations. It was not clear as to whether setting of vision mission and goals, environmental analysis, strategy formulation; strategy implementation and strategy and evaluation control affect the SACCOs performance. Performance of a SACCO is an important indicator and measure of achievement of its goals. According to Brumbach (1988) quoted by Armstrong (2004), he contends that performance refers to behaviors, results and adjusting to organizational behaviors and actions of work to achieve results or outcomes. According to Newton (1993), he observes that performance also means output or results. The outcomes obtained from processes products and services that permit evaluation, and comparison relative to goals, standards and results.

In SACCO environment, in the Kenyan context, performance was defined in terms of dividends paid out to members, new members that apply to come on board, and the rate at which members apply for their loans. Other achievements of the SACCO should be considered as indicators of performance. The public impression of a performing SACCO should be able to improve and sustain high standards of performance in areas like development of infrastructure and maintenance, high integrity of human resource, member retention rates, and effective working relationships, shaping the image of the SACCO and staff turnover. This was according to the Cooperative Officer Kakamega County.

A number of factors may influence performance of SACCOS. SACCOS in this type of region in Kenya may not have the required material and human resource necessary for the achievement of their goals with regard to customer satisfaction. According to Sergiovanni, (2002), he observes that managers should be able to identify the sources of funds and above all congenial human resources should be procured in good time for successful achievement of the objectives in order to enhance performance. According to Daisey (1992), he established that the survival of an organization and the realization of its objectives depend on effective financial control.

Another factor may be the limiting numbers in membership not making it possible for managers to plan well. Image may also affect performance of SACCOs as people like associating with good image. Both present and potential customers attribute certain qualities to particular businesses. A negative pubic image often prompts firms to re-emphasize the beneficial aspects of their mission. Staff turnover may also occur as a factor affecting performance. Good staff leaving the SACCOs may expose the SACCOs to lack of intended performance.

3. Methodology and Design

Descriptive correlation Survey research design was adopted for the study. Descriptive correlation survey design allows the researcher to describe and evaluate the relationship between the study variables which are associated with the problem.

3.1 Study Area

The study was carried out in Kakamega County. It is among the recently created 47 counties in the country. Currently it has seven districts namely Lugari, Kakamega North, Kakamega Central, Kakamega East, Kakamega South, Butere and Mumias with a total number of 33 SACCOS. This gave an adequate representation of the industry in which SACCOs exist. The proximity of the researcher was also conducive since it enabled the researcher to carry out the research adequately within the required time frame.

3.2 Population of the Study

This being a census study, all the 33 SACCOs in Kakamega County were studied. The respondents of the study were SACCO customers and the SACCO managers and all managers and only one customer from each SACCO were interviewed. This gives a total number of thirty three managers and thirty three members of the SACCOs as the respondents of the study. The total number of SACCOs in Kakamega County was 33 according the Kenya Union of Savings and Credit cooperative societies (KUSCCO). A list of all the SACCOs obtained from KUSCCO is attached in appendix 3.

3.3 Sampling of respondents

The study used simple random sampling in selecting customers of the SACCOs in Kakamega County. On the customers simple random sampling was used to include one respondent from every SACCO which gave a total of 33 customers. Simple random was selected because according to Kathuri and Pals (1993), it allows for generalization of research findings to a large population with a margin error that is statistically determinable and hence correctable. It also gave each member in the target population equal chance to be included in the study.

3.4 Data Collection Instruments and Procedures

Both secondary and primary data was used for this study. The researcher used a structured questionnaire (Appendix 2) for collection of primary data. This was done using the prescribed data collection tools to gather both qualitative and quantitative data. All the 33 managers of the SACCOs were given questionnaires together with one customer from each SACCO giving a total of 33 customers. The researcher used drop and pick method fro the questionnaires. As for secondary data the researcher reviewed relevant literature to the study to help give background information to show the relationship between the variables if there was any. The researcher collected this information by reviewing written materials and documents like journals, books and documents from authoritative source.

3.5 Measurement of study variables

Measurement is the process of mapping aspects of a domain onto other aspect of a range according to some rules of correspondent, Kothari (2010). It involves devising some form of scale in range and then mapping the properties of the object to be measured on this scale. In this study, the effect of strategic planning on performance of Sacco's, strategic planning was one of the key variables (Independent Variable) while performance was another key variable (Dependent variable) and the organizational factors (Sacco's specific moderating factors). The study variables were measured using both the ordinal scale and summated scale (likert-type scale) because these scales not only have more informational value but they come handy with respondent centered studies. Measurement scale operationalizing the study variables and indicators of these variables were used to construct the research instrument.

3.6 Data Analysis and Presentation Techniques

After data was collected the researcher was involved in editing followed in order to enable accuracy. The researcher also coded and classified the data to assist in analysis. The data was entered and analyzed using simple descriptive analysis by use of statistical package for social sciences (SPSS) computer software to enable the researcher get cumulative frequencies and percentages. The software was preferred because it is the most widely used package for analyzing survey data. The software is also user friendly. Data was summarized using descriptive measures such as percentages, relative frequencies and cumulative frequencies. The researcher also presented data in frequency tables. For this type of study the quantitative data was measured using regression analysis and partial correlation. Descriptive and inferential statistics were used in analysis and presented using frequency and contingency tables. The descriptive statistics were used to deduce patterns, averages and dispersions in variables while inferential statistics which included correlation and regression analysis were used to describe the relationships between the study variables.

4.0 Results and Discussion

The SACCOs strategic planning was assessed by five measures namely, setting of vision mission and goals, environmental analysis, strategy formulation, strategy implementation and Strategy evaluation and control.

4.1 Establishment of Vision Mission and Goals

In order to assess whether an organization had clearly set up its vision, mission and goals, respondents were supposed to answer how strongly they agreed or disagreed with the following questions, my organization has a clear set vision, mission and goals, strategic goals are aligned to vision and mission, current vision, mission and goals encourages growth in membership and savings and the vision statement inspires members. The results are recorded in table 4.1.

Table 4.1: Clear set vision, mission and goals

	Frequency	Percent	Cumulative Percent
Strongly agree	5	22.02	22.02
Agree	10	49.40	71.42
Fairly agree	5	21.43	92.85
Disagree	1	4.17	97.02
Strongly disagree	0.62	2.98	100.00
Total	21	100.00	

Source: Research data, 2015

Results of the study showed that 22.02 percent strongly agreed, 49.40 percent agreed, 21.43 percent fairly agreed, 4.17 percent disagreed while 2.98 percent strongly disagreed meaning in most of the organizations vision, mission and goals were clearly defined.

4.2 Environmental Analysis

In order to establish whether the SACCO engaged in environmental analysis respondents were required to respond to several questions i.e. if the SACCO has qualified personnel, SACCO gives loans promptly, members are annually given dividends, members complain of poor services, management takes long to address members complaints, presence of a department that undertakes market study and if major functional areas were involved in SWOT Analysis. The results are presented in table 4.2 below.

Table 4.2: Sacco's environmental analysis

	Frequency	Percent	Cumulative Percent
Strongly agree	4	18.37	18.37
Agree	6	28.23	46.60
Fairly agree	5	25.17	77.77
Disagree	4	19.73	91.50
Strongly disagree	2	8.50	100.00
Total	21	100.00	

Source: Research data, 2015

The results in the table above shows that 18.37 percent strongly agreed, 28.23 percent agreed, 25.17 percent fairly agreed, 19.73 percent disagreed and 8.50 percent strongly disagreed. This means that most of the SACCOs engaged in environmental analysis.

4.3 Strategy Formulation

To establish how strategy formulation was done, respondents were required to give their views regarding certain questions like if the stakeholders were involved in coming up with the strategic plan and if the strategic plan had outlined action plans to enhance performance and their responses recorded in table 4.3 bellow.

Table 4.3: Stakeholders are involved in coming up with a strategic plan

	Frequency	Percent	Cumulative Percent
Strongly agree	4	20.63	20.63
Agree	7	33.33	53.96
Fairly agree	6	26.98	80.94
Disagree	3	12.70	93.64
Strongly disagree	1	6.35	100.00
Total	21	100.00	

Source: Research data, 2015

From the table 4.8 above, 20.63 percent strongly agreed, 33.33 percent agreed, 26.98 percent fairly agreed, 12.70 percent disagreed while 6.35 strongly disagreed meaning that in most organizations the stakeholders were involved in coming up with a strategic plan and action plans were also in place.

4.4 Strategy Implementation

To assess whether the SACCO was on the right track to implement strategy, respondents were asked to react to questions that the SACCO had adequate technology, adequate employees, employees had good relationships and if the work environment was good and the results recorded in table 4.4 bellow.

Table 4.4: SACCO's strategy implementation

	Frequency	Percent	Cumulative Percent
Strongly agree	3	14.29	14.29
Agree	7	31.75	46.04
Fairly agree	7	34.13	80.17
Disagree	3	11.90	92.07
Strongly disagree	1	7.94	100.00
Total	21	100.00	

Source: Research data, 2015

From the table above, 14.29 percent strongly agreed, 31.75 percent agreed, 34.13 percent fairly agreed, 11.90 percent disagreed while 7.94 percent strongly disagreed showing that most of the organizations were on the right truck in strategy implementation.

4.5 Evaluation and Strategic Control

To assess if the SACCO had performance indicators to measure progress, respondents were required to react to a statements like SACCO has performance indicators to measure progress, performance contracts are reviewed periodically, SACCO has appropriate information system to report performance and if findings from audit reports are frequently referred to and used for changes and the results presented in table 4.5.

Table 4.5: SACCO's evaluation and strategic control

	Frequency	Percent	Cumulative Percent
Strongly agree	4	19.05	19.05
Agree	7	32.38	51.43
Fairly agree	6	29.52	80.95
Disagree	3	13.33	94.28
Strongly disagree	1	5.71	100.00
Total	21	100.00	

Source: Research data, 2015

From the table, 19.05 percent strongly agreed, 32.38 percent agreed, 29.52 percent fairly agreed, 13.33 percent disagreed while 5.71 strongly disagreed showing that in most organizations performance indicators were in place to measure performance.

4.6 Organization Performance of the SACCOs

The SACCOs organizational performance was assessed by, customer satisfaction, membership to SACCOs, corporate image and staff turnover

4.6.1Membership to the SACCOs

In order to determine the membership of the SACCO respondents were asked to respond on a scale their level of acceptance whether their organizations had high membership and if the organization received applications for new membership. The results are recorded in table 4.6.

Table 4.6: SACCO Membership

	Frequency	Percent	Cumulative Percent
Strongly agree	5	23.81	23.81
Agree	7	33.33	57.14
Fairly agree	7	30.95	88.09
Disagree	2	11.90	100.00
Total	21	100.00	

Source: Research data, 2015

From the above table, 23.81 percent strongly agreed, 33.33 percent agreed, 30.95 percent fairly agreed and 11.90 percent disagreed meaning that in most organizations SACCO membership was high.

4.6.2 Organization Image

To establish if the SACCO had positive public image respondents were asked to state their views on a scale if their organizations had a positive public image and if the image and reputation of the SACCO had made a significant contribution to performance of the SACCO. The results are presented in table 4.6.

Table 4.6: SACCO's image

	Frequency	Percent	Cumulative Percent
Strongly agree	3	14.29	14.29
Agree	11	50.00	64.29
Fairly agree	6	28.57	92.86
Disagree	1	7.14	100.00
Total	21	100.00	

Source: Research data, 2015

From the results 14.29 percent strongly agreed, 50 percent agreed, 28.57 percent fairly agreed and 47.14 percent disagreed. A high percentage was recorded showing that most of the SACCOs have a positive public image.

4.6.3 Staff Turnover

To assess if the SACCO has a high retention of staff respondents were asked to react to several statement i.e. if the SACCO had a high retention of staff, if employees pay was adequate, if current number of employees was adequate and if staff growth was a prerequisite at the SACCO. The results are presented in table 4.7.

Table 4.7: SACCO has high retention of staff

	Frequency	Percent	Cumulative Percent
Strongly agree	3	13.19	13.19
Agree	6	26.37	39.56
Fairly agree	7	33.70	73.26
Disagree	3	16.48	89.74
Strongly disagree	2	10.26	100.00
Total	21	100.00	

Source: Research data, 2015

From the table above 13.19 percent strongly agreed, 26.37 percent agreed, 33.70 percent fairly agreed, 16.48 disagreed and 10.26 percent strongly disagreed meaning that most SACCOs have fair retention of staff.

4.6.4 Customer Satisfaction

To investigate if feedback was guaranteed to customers respondents were asked to state on a scale their level of acceptance if customer satisfaction was prerequisite at the SACCO, if time taken to receive service was satisfactory and if the SACCO offered relevant services. The results were tabulated in table 4.8 below.

Table 4.8: Feedback to customers

	Frequency	Percent	Cumulative Percent
Strongly agree	5	23.81	23.81
Agree	6	33.33	57.14
Fairly agree	7	34.39	91.53
Disagree	2	6.35	97.88
Strongly disagree	1	2.12	100.00
Total	21	100.00	

Source: Research data, 2015

The results from the study showed 23.81 percent strongly agreed, 33.33 percent agreed, 34.39 percent fairly agreed, 6.35 percent disagreed and 2.12 percent strongly disagreed. This showed that in most SACCOs feedback is guaranteed to customers.

To assess the effect of the SACCOs strategic planning on organizational performance, the study had set the following null hypothesis:

$H_{o1:}$ There is no relationship between strategic planning and the performance of SACCOs.

The researcher used regression coefficient (beta β) to test the hypothesis with the test criteria set that the study should reject the null hypothesis H_{01} if p-value ≤ α, otherwise fail to reject H_0 if p-value > α and F tests were conducted to determine the indication and overall significance of the relationships respectively. All the questions in the questionnaire answered by the respondents had scores which scored marks according to the response of the respondents. The marks were then added up and finally divided by number of respondents answering the questionnaire to enable the researcher attain the mean score of every question. The same procedure was repeated for other questions measuring the independent and dependent variables. In order to test the hypothesis, the aggregate mean score of organizational performance (OP) measures of were regressed against the mean score of measures of strategic planning (SP) and results are shown in table 4.9.

Table 4.9 Results of Regression of Strategic planning against organizational performance

Goodness of fit analysis

Sample size	R	R Square	Adjusted R Square	Std. Error of the Estimate
21	0.302(a)	0.091	0.043	0.578

Dependent Variable: Performance (Customer Satisfaction, Membership to the SACCO Corporate Image, Staff turnover).

Overall significance ANOVA (F-test)

	Sum of Squares	Degree of Freedom	Mean Square	F	Significance. (P-value)
Regression	0.636	1	0.636	1.901	0.008
Residual	6.351	19	0.334		
Total	6.987	20			

Predictors: (Constant), Strategic Planning (Setting of vision, mission, and goals Environmental Analysis, Strategy Formulation, Strategy Implementation, Strategy Evaluation and Control).
Dependent Variable: Performance (Customer Satisfaction, Membership to the SACCO Corporate Image, Staff turnover).

Individual significance (T-test)

	Unstandardized Coefficients		Standardized Coefficients	T	Significance (P-value).
	B	Std. Error	Beta		
(Constant)	1.830	0.549		3.334	0.003
Strategic Planning	0.292	0.212	0.302	1.379	0.184

Predictors: (Constant) Strategic Planning (Setting of vision, mission, and goals Environmental Analysis, Strategy Formulation, Strategy Implementation, Strategy Evaluation and Control).

Source: Research data, 2015

The regression results from the above table shows that on overall significance, there is a slightly positive relationship between strategic planning and organizational performance (β=0.302) and the relationship is statistically significant because the p-value is less than the set value of 0.05 (p – value = 0.008). The hypothesis test criterion was that the null hypothesis which is H_0 should be rejected if p-value < 0.05 otherwise fail to reject if the p-value > 0.05. From the above regression results p – value = 0.008, the study therefore rejects the null hypothesis and concludes that there's significant relationship between strategic planning and performance of SACCOS. The results therefore show that if the SACCOs employ strategic planning in their operations, then their performance should improve by 30.2 percent. The regression results also show that 9.1 percent of the Sacco performance can be explained by strategic planning (R squared = 0.091) and the relationship followed a simple regression model of the nature $P = 1.830 + 0.302SP + \varepsilon$ where P is the Performance, 1.830 is the constant intercept of the term ($\alpha = 1.830$), or the slope coefficient, 0.302 is the Beta ($\beta = 0.302$), SP is strategic planning and ε is the error term.

5. Summary of key findings

The first objective was to establish the effect of strategic planning on the performance of SACCOs in Kakamega County. The study found out that strategic planning affects the SACCOs performance positively. The study found out that strategic planning significantly and positively affect organizational performance with 9.1 percent of the organizational performance (R squared = 0.091) being explained by strategic planning.

5.2 Conclusions

The study was based on the premise that strategic planning affects Sacco's performance and the study results supported this premise in that strategic planning was found to significantly and positively affect firm organizational performance (R = 0.078) with 6 percent (R-squared = 0.06) of organizational performance being explained by strategic planning.

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