

**STRATEGIC LEADERSHIP, STRATEGY EXECUTION AND  
ORGANIZATIONAL PERFORMANCE: A SURVEY OF SAVINGS AND  
CREDIT COOPERATIVES IN KENYA**

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Partial Fulfillment of the Requirements for the Degree of Doctor of  
Philosophy in Business Administration and Management  
(Strategic Management)  
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## DECLARATION/RECOMENDATIONS

### Declaration

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

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### Recommendation

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## **DEDICATION**

I dedicate this thesis to my late father Misheck Miriti, my late mum Everlyn Kajuju and my immediate family for their encouragement and moral support.

## **ACKNOWLEDGEMENT**

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## ABSTRACT

Organizations strive to achieve satisfactory performance in order to satisfy the needs of their stakeholders. However, the fact that some organizations experience poor organizational performance continues to attract the interest of scholars. Cooperative societies contribute to the socio-economic development of the country including economic empowerment and poverty eradication yet their performance has not been satisfactory. However, scarce research has been conducted focusing on strategic leadership practices and performance of organisations and cooperative societies in particular. In this study, the influence of strategic leadership on organizational performance of Savings and credit cooperative societies in Kenya, and the mediating role of strategy execution was examined. A cross-sectional descriptive survey of 133 societies from a target population of 175 was conducted using structured questionnaires to collect primary data from managers in these organizations while secondary data was collected from published performance reports. This was a 76% response rate. The specific objectives of the study were: to establish the influence of strategic direction on performance; to assess the influence of human capital focus on performance; to establish the influence of strategic control on performance; and to assess the mediating effect of strategy execution on the relationship between strategic leadership and organization performance of SACCO's in Kenya. Data on performance, namely capital adequacy, asset quality, management ratios, and liquidity abbreviated as CAMEL, was collected from the SACCO regulators' published performance reports using a data collection sheet. The performance data was coded as "1" if there was an upward trend and "0" if there was a downward trend over the three years from 2016 to 2018 for which data was collected. While 1 represented satisfactory performance, 0 was unsatisfactory performance. Data was analysed to generate frequency distributions, means and standard deviations, and associations, correlations and regressions coefficients and hypotheses. There was moderate practice of strategic leadership, strategy execution and that performance was moderately satisfactory. Strategic direction, human capital focus and strategic control had positive significant relationship ( $p < .05$ ) with performance (Strategic leadership was moderately practised in the SACCOs and had a significant positive relationship ( $p < .05$ ) with organisational performance (*strategic control*:  $r = .526$ ; *strategic direction*:  $r = .473$ ; *human capital focus*:  $r = .328$ ). Strategy execution also had a significant positive relationship with performance ( $r = .328$ ,  $p < .001$ ). While human capital focus (Wald = 29.768,  $p < .001$ , exp (B) = 2.092) and strategic control (Wald = 10.721,  $p = .001$ , exp (B) = .698) significantly influenced the odds for satisfactory organisational performance, strategic direction did not (Wald = 1.652,  $p = .199 > .05$ , exp (B) = .917). Further, strategy execution had a partial and significant mediating effect on the relationship between strategic leadership and performance. These findings clarify the disposition of strategic leadership, its influence on organizational performance and how strategy execution mediates the relationship between strategic leadership and performance. The findings have applied, policy and theoretical implications for SACCOs performance and can be used improve the performance of SACOs hence their contribution to improved socioeconomic development.

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## LIST OF ACRONYMS

ATM	-	Automated Teller Machine
ACCOSSCA	-	African Confederation of Cooperative Society Savings and Credit
BOSA	-	Back Office Service Activity
BSC	-	Balance Score Card
CVF	-	Competing Values Framework
CAMEL	-	Capital Adequacy, Asset Quality, Management and Liquidity
FOSA	-	Front Office Service Activity
HR	-	Human Resource
ICA	-	International Cooperative Alliance
ILO	-	International Labor Organization
IMF	-	International Monetary Fund
KPI	-	Key Performance Indicator
MLT	-	Managerial Leadership Theory
PESTEL	-	Political, Economic, Social, Technological, Environmental and Legal factors
ROI	-	Return on Investment
SASRA	-	Sacco's and Societies Regulatory Authority
SL	-	Strategic Leadership
SACCO	-	Savings and Credit Cooperative Organization
TLT	-	Transformational Leadership Theory
TL	-	Transformational Leadership
WOCCU	-	World Council of Credit Union

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

The fast changing political, social and economic environment as well as the development in communication and transport technology has made communication across the globe easier occasioning changes in the conduct of business across nations business environment in every country, thus causing heightened competition in the market (Friedman, 2007). For businesses to remain sustainable, investors have realised that they have to proffer better quality products at lower production costs but competitive price by employing strategies that are tailored to suit the organization's adaptation to the ever fast- changing business environment. Leaders are crucial to the formulation, implementation and control of strategy for any organisation.

Strategy ensures that an organization performs to the expectations of its stakeholders. It is intended to align an organization to its external and internal environments. A good strategy is flexible enough to anticipate the changes in the environment and afford an organization the ability to quickly adapt and adjust in order to make the organisation competitive. Such strategies ensure the competitiveness of an organisation. However, the disposition to proactively anticipate and adapt to the changing environment requires effective leadership of the organization. Studies reveal that performance in organisations and general competitiveness depend on the operations of strategic management (Dezsö et al., 2012). Haque (2017) also found a positive correlation between competitiveness and performance of an entity and the innovation and autonomy of leadership at different management levels. This requirement for effective leadership that anticipates and adapts to the changing environment places high premium on the caliber of leaders in organizations and demands clarity of vision and inspiration of followers while at the same time, ensuring that opportunities are effectively exploited while future positioning of the organization is explored. This has brought the need for strategic and

transformational leadership to guide organizations to satisfactory performance in an increasingly volatile and uncertain business environment.

According to Cabeza et al. (2008), leaders oversee and direct operations within an organization. Effective leaders set optimistic goals whilst steering the operation of the organisation through effective strategies. Effective leaders are capable of utilizing their skillset to unite employees to pursue shared organizational goals as envisioned in the organisation's strategy with adjustments where necessary to meet the overall goals of the business

Leaders thus affect performance of entities based on their abilities to direct teams including through role distribution, motivation and inculcating organizational values (Ganta & Manukonda, 2014). However, the need for effective leaders is aptly demonstrated by (Hollensbe, et al., 2014) that the general public have low trust in leaders' abilities to rectify mistakes (25%) and be truthful and/or ethical in their decision making (20%).

### **1.1.1 Strategic leadership**

Strategic leadership (SL) is important for organizations due to heightened competition and an ever-discerning customer. This leadership ensures a balance between internal organizational consideration and the demands of the external environment; and between the need for exploitation of available opportunities while exploring other opportunities as they unfold. Through strategic leadership, organizations can remain competitive in an ever-increasingly competitive operating environment. SACCOs are not exempted because they provide financial services in a sector that has other financial service providers hence the need for them to adopt effective leadership styles that respond to the market conditions in an effective manner. It is noted that while strategy is about the tension between internal organizational processes and external environment demands, leadership is about maintaining stability at the present moment, exploitation and having a focus on the future exploration and vision. Davies (2014) opine that

strategic leaders possess strategic orientation capabilities necessary for strategy implementation often displaying discontent toward present absorptive and adaptive capacities and wisdom. Further, Ireland et. al. (2005) conceptualized strategic leadership as comprising inimitable anticipation, visionary, flexible, strategic and empowerment capabilities to trigger innovation and improve performance. Jaleha et. al. (2018) argue that turbulent environmental factors trigger articulation of clear visions by strategic leaders in implementation of necessary changes within an organization. Consequently, the essence of strategic leadership is to address two tensions: between internal and external environment – a strategy focus; and between the need to sustain the present situation through exploitation of existing resources with operational efficiency and exploration seeking to remain relevant in the unfolding future through a clear vision also known as strategic direction. Since SACCOs are key in the development of society, leadership of these organizations is instrumental in realizing their performance objectives. In this regard, the leadership that anticipates the future and also embraces the present is required. This is why strategic leadership is fundamental to performance of organizations of all types including SACCOs.

Latham (2013) opined that leaders today consistently face stakeholders who continuously make investment decisions based on the economic, social, environmental and technological sustenance of performance and purchase decisions by clients including both on service and product quality and organizational, technological, social and environmental performance; and a workforce that continually elect where to spend their working life based on these factors further noting that achieving performance excellence is difficult while in high-performing entities, he notes that maintaining these high performance levels and surpassing them is even more daunting. He poses two questions. The first being, “What can we learn from leaders of successful organization transformations that achieve performance excellence?” and the second

question as “In what ways do high-performing organisations develop “pipelines” of leadership for the sustaining of the gains and lead their organisations to even better performance?”

Further, the focus strategic leadership is on the future of an organisation while at the same time addressing the present situation by taking actions that ensure a suitable fit between the organisation and its environment. In particular, strategic leadership is about exploration and exploitation where exploration is about seeking new opportunities. By present situation, it is meant the active actions of the leaders of organisations in exploiting the existing opportunities efficiently. On the other hand, exploitation is about prudent use of resources while executing strategy. Furthermore, leadership is about focusing on both the organization (internal) and the environment (external).

In this study “organization” is used to mean the internal environment of an organization – its culture, processes, resources, management - while “environment” comprises all factors that are external to the organization; these include customers, competitors, government policy, economic situation, socio cultural factors and technological changes. In other words, strategic leadership involves the balancing of the always inherent tension between the focus on the internal and the focus on the external. Hence strategic leadership should ensure a balance between the internal and external forces that shape the operations of an organization. Consequently, in this study strategic leadership concept encompasses exploration and exploitation, and internal versus external focus by an organization particularly by the leaders of these organizations who are expected to sense the environment, analyze it, make appropriate decisions and finally, take action that would lead to the success of organizations - in this study SACCOs. Further, the practice of strategic leadership encompasses strategic direction, human capital focus, and strategy control.



**Strategic direction.** The plans that an organization puts in place and need to be implemented towards achieving the goals and vision of the organisation are referred to as strategic direction. These plans need to be communicated to the organisations employees and their essentiality in achieving the organisations goals. involves articulating the vision of an organisation and seeking more profitable opportunities. It also includes seeking new markets for existing and from new products in the framework of business development. Strategic direction thus comprises vision and business development.

**Human capital focus.** Human capital is one of the most important asset that enables organisation to achieve their aimed objectives giving these organizations a competitive advantage. Human capital focus on exploiting organization resources towards achieving organization performance. This is about unlocking the potential of the employees by empowering including through education and training; and inspiring such as making them see what they would not have seen in the absence of the leader, thus enabling them to perform to their best level given their abilities. Human capital focus also include consideration of feelings of the employees while making decisions and ensuring that their concerns have been addressed with aim of achieving organization goals and vision.

**Strategy control.** Strategy control deals with the manner in which the leaders monitor performance and the operating environment, and use these learnings to adjust direction of the strategy in order to meet the organizational objectives. At operational level, this includes measuring performance, evaluating it against targets and taking corrective actions. It also involves changing assumptions that underpin the strategy when the operating external environment changes drastically; this is known as strategic level control where the leaders scan the environment and using environmental cues to effect changes at the strategic level - such as withdrawing from certain markets or products.

**Strategy execution.** Though organisations may formulate elegant strategies and create strategic plans, such plans will amount to nothing if they are not effectively implemented. In this regard, strategy execution is a discipline approach that ensures that the strategy is effectively implemented. Strategy execution includes motivating the employees through rewards and inspiration, focusing them on the vision and goals of the organization and clarifying what the acceptable results look like. This is the function that leaders perform as the employees do the actual operations that are necessary to keep the organisation alive - such as attending to customer complaints, selling products, conducting market research among others. In this study, strategy execution, which is a core responsibility of leaders with regard to strategy will be used as a mediating variable between strategic leadership and organisational performance.

### **1.1.2 Transformational Leadership**

Strategic leadership encompasses both strategy and leadership dimensions of organizations. In particular, strategic leadership implies a sharp focus on vision and mission of an organization which are essential to transforming organizations from their current state to future desired state. This is why aspects of this leadership are important in understanding strategic leadership. SACCOs operate in a competitive environment and therefore they need sound strategies with clear vision and forward-looking leaders who will articulate this vision in a transformative manner, and inspire organizational members to achieve set objectives.

Transformational leadership influences change in individuals and collective systems in communities and organizations (Ogola, 2019). This leadership approach creates and builds invaluable transformation with the purpose of nurturing followers into similar leaders (Burns & Avolio, 2006). Transformational leadership augments the driving force, self-confidence and performance of the workforce through diverse methods to improve organization performance

(Ogola, 2019). The leader connects the followers' sense of identity with the organization, the mission and the collective identity of being a role model to the followers in the organization. The leader identifies with the strengths and weaknesses of followers, to align followers with the organizations vision and mission so as to optimize their performance (Sasaka, 2016).

Additionally, the transformational leadership empowers followers to display exceptionally high outcomes (Burns, 1978) which results in improved organizational performance. The leader recognizes the required changes by inspiration, and execute the changes through commitment of the implementation team (Yang, 2012). Transformational leadership proposes that the leader's behavior can spur followers to an advanced thinking level (Bass, 1985). The leader appeals to the morals and principles of the followers that boost commitment to the organizational vision and inspires them to be creative in their thinking and become problem solvers.

In addition, Covey (2011) observed that transformational leadership (TL) aims to "transform" persons and firms in mind and heart; enlarging their visions, insights, and knowhow; clarifying purpose; attuning conduct with principles; and implementing change that is enduring and self-perpetuating. Further, a strategic leader has strategic orientation capabilities. Strategic orientation encompasses the capability to assess the long-term future and prevailing setting of the firm. It is the ability to marry daily activities to the long-term aspirations of the firm. Davies and Davies, 2004). Kakhabadse (1998) suggested visionary leadership is transformational. Consequently, the predictions of the transformational leadership are closely related to strategic leadership from the perspective that strategic leaders are anticipatory, visionary, flexible, and empower others to create the strategic changes essential for the firms.

The foregoing discussion suggests that effective leaders envision the destination to which they aspire to lead the organisations and possess the capabilities to address potential obstacle that

may affect the execution of the objectives such that they are able to effectually adopt changes occasioned by market dynamics with minimum interruptions to the operations of the organisation. such leaders are often, passionate, consistent, trustworthy and visionary.

### **1.1.3 Perspective to Leadership**

Leaders need certain capabilities to effectively anticipate the environment that face an organization from a political, social and economic perspective and be able to translate these into strategies and plans while also considering the internal situation comprising people, processes and resources to position the organization for success. The essence of leadership is to influence people in organisations of all types to achieve success. This success is achieved through a positioning that guarantees competitiveness in the face of competition. Leaders play an important role by clarifying vision and motivating followers to focus on the vision.

**Global perspective.** Globally, leaders have come about who have been highly celebrated for their achievement in political, social and economic arenas while others have been condemned in equal measure for atrocities meted on mankind under their watch across the same dimensions of politics, social welfare and economics. Researchers, practitioners and scholars continue to be preoccupied with the quest for leadership effectiveness (Senaji et al., 2020). For example, Martin Luther King Jr. has been roundly cited as an effective civil rights leader of the 20<sup>th</sup> century who brought about important changes in the United States on the rights of all citizens. He was empowering by doing things with people (Hollander, 2009), during the struggle for civil liberties. Similarly, Mahatma Gandhi of India who led a peaceful resistance to British rule and brought about the independence of India was successful in bringing about change in society using peaceful means - the *Satyagraha* peaceful civil disobedience protests (Gehani & Maheshwari, 2020). This was after the British reneged on their promise made during the First World War to give India autonomy and freedom. In the political arena, we have examples of leaders who have succeeded internationally. For example,

Mahatma Gandhi (1869 -1948) is an inspirational and admired leader of the 20<sup>th</sup> century” (Gehani & Maheswari, 2020).

Far afield, is in 1940 during the Second World War between the Allied Forces led by the UK, the US and France, and the Axis Forces of the Nazi Germany, Italy, and Japan. During this period Germany was under the leadership of Adolf Hitler with ambition to conquer the whole of Europe, and Sir Winston Churchill who stood against the advance of Hitler was needed to stop him. In some way both Hitler and Winston Churchill were effective leaders. Hitler succeeded in influencing people to follow his Nazi ideologies which include spreading fear and terror to the extent that nobody would imagine that he would have been stopped including the end to his murderous holocaust. On the other hand, Winston Churchill as prime minister of UK, shouldered the leadership responsibility, mobilized his country and all English-speaking people across the world where Britain had colonies to join and fight with the British. Ultimately Hitler was defeated. This serves to illustrate that vision, courage and fortitude account for success of leaders. While Hitler was an extreme case of leadership that was premised on coercion, terror and disrespect of individual and collective human rights he was stopped. In this sense Hitler fits the definition of a toxic leader given his tragic approach to leadership and his end.

In addition, in the economic arena, leaders like Richard Branson of Virgin Airlines has achieved remarkable success the same way Jack Ma of Alibaba has succeed in business. One the religious front and for caring for the needy, sick and the dying is Mother Teresa who, despite the challenges that she faced dedicated her life to the service of humankind and achieved great success.

**Africa perspective.** In Africa, there is Aliko Dangote of Nigeria and Dr. Manu Chandaria in Kenya who are respectively businessman and industrialist. They have made

tremendous strides in the business arena through effective leadership of their various organisations. It is apparent that leaders who succeed have got certain things in common. First, they have a clear vision. Secondly, they are very passionate and committed to the vision. Thirdly, they empower other people and fourth, they exhibit a lot of energy and display fortitude even in the face of adversity. They do not quit.

On a political front in Africa, President Nelson Mandela of South Africa, partly inspired by Gandhi, is widely cited as leader of the 20th century. This is based on his endurance, humility and magnanimity when the dealing with his erstwhile tormentor while in life imprisonment at Robben Island. He came out and embraced everybody, and won praise from both friend and foe. There have also been dictators in Africa including Idi Amin with similar ambitions which included invasion of Tanzania in late 1970s and the 1976 intention to annex the Western part of Kenya (The East African, 2011 September 10). This notwithstanding, there are examples of effective leaders who continue to shape a better society.

**Leadership in Kenya.** Further, the effectiveness or otherwise of leadership in Kenya can be discerned from performance of organisations of various types such as in commercial state corporations (Ogola, 2019). Moving forward, inclusive leadership which is characterized by the ability to embrace and motivate individuals, especially the marginalized, to participate within a group and together achieve a common goal (Senaji et al., 2020) has been suggested as the leadership of the 21<sup>st</sup> century. Since this leadership style has a people-oriented, an inclusive leader is similar to the transformational leader and servant leader in this respect.

At national level, the leadership in Kenya has been variously described as needing improvement while at business organisational levels there have been mixed results. While some organisations such as Safaricom limited have performed comparatively well in relation to other service providers in the Kenya, some such have performed below expectation. These

performance results are a reflection of the leadership of these organisations such that the better the performance the more effective the leadership is and vice versa.

#### **1.1.4 Organizational Performance**

In a highly competitive environment, organizations should provide quality products and services to their clients and satisfy the needs of their stakeholders. SACCOs are not an exception; they need to provide financial services to their customers when demanded otherwise the customers will seek alternative financial services. This calls for effective leadership which would guarantee satisfactory performance. The performance of SACCOs can be discerned from capital adequacy and liquidity.

Defining organizational performance is difficult especially when a limited number of studies have used consistent definitions and operational measures (Kirby, 2005). Despite being a recurring term in management studies, the structures and definitions of performance are seldom clearly justified; instead, the appropriateness of its various definitions assumed without question (Richard, 2009). Thus, an entity's performance is a complex phenomenon demanding various to measure (Zhu & Akthar, 2014). Organizational performance within organisations has been conceptualized by researchers as a phenomenon of many dimensions (Kaplan and Norton, 1992) covering various aspects, purposes and types of firms and organization levels.

Assessment of organization performance is a fundamental element of management in any organisation. Thus, many methods to measure organizational performance have been developed. Productivity and efficiency analyses and profitability measures have become important in determining an entity's performance with predominantly used approaches such as return on investment and sales raising concern including whether these conventional measures of performance such as profitability, productivity or efficiency are adequate (Chakravarthy, 1986).

Both scholars and practitioners have great interest in organizational performance (Venkatraman et al., 1987). Performance is a key measurement of outcomes and a universal indicator across entities (Ongeti, 2014). March et al. (1997) result findings indicated that most management studies have conceptualized performance as a dependent variable often seeking to focus on other variables which influence performance. Performance has nevertheless, continued to be contentious among researchers from the definition of performance and its measurement perspective (Aosa, 2011) because various researchers and scholars define and conceptualise it in different ways.

Kaplan and Norton (1992) BSC performance framework integrates four perspectives namely, financial, customer, internal business processes, as well as innovation and growth with shareholder value constituting the ultimate objective businesses, even where there's need to balance with the other three dimensions. They echoed the significance of mapping performance drivers and emphasized aligning of firms to strategy with performance measures. This study encompasses the different perspectives of measuring organization performance including financial (quantitative) and qualitative measures of effectiveness.

Organizational performance encompasses the tangible outputs or outcomes of an organization measured against its planned outputs. Organizational performance cuts across many fields including finance, strategic planners, legal, operations, and organizational development. This study defines organizational performance as the efficacy of the organization in achieving its vision, mission, and goals through the use of balanced scorecard approach to measure performance. The assessment of performance within organizations is crucial in strategic management. Managers need to be hands on the performance of their entities to enable them create appropriate strategies for their organizations' business environments and uncertainties (Ogolla, 2019).



Depending on the context, performance has been measured variously including retained profits retained, human capital efficiency, shareholder's equity, brand awareness and market share. Shabaninejad et al. (2014) measured performance using net profits, customer satisfaction, employee satisfaction, return on investment and new product success rate. Kaplan and Norton (1996) developed Balanced Scorecard consisting of customer focus, internal process, learning and growth, financial focus.

Besides the BSC framework for measuring performance, two more perspectives – the corporate social responsibility perspectives and environmental aspects perspective are also included in the measurement of performance. Consequently, designing a good performance management (PM) model requires it to be adapted to its related performance indicators (Neely et al., 2005) in (Shabaninejad et al., 2014) which means the PM should contain all financial and non-financial indicators of an organization; internal and external focus indicators; leading and lagging, and short-term and long-term indicators for the whole organisation (Kaplan & Norton, 1992).

Awino et al. (2012) contend that performance differs from organization to organization depending on how a particular organization puts emphasis on the performance aspects which may be determined by the size of the organization under consideration. Consequently, organizations of all types are concerned about performance which can be conceived of from various dimensions and measured using various metrics by considering the stakeholders that these organizations serve. As explained earlier, the BSC performance measurement framework which is one of the widely used framework for measuring performance of organization covering financial, customer, learning and growth, and internal process aspects of the organisation. In the past, the financial perspective received much weight but as the society continued to change and the need to serve and satisfy a multiplicity of stakeholders, three more dimensions came to the fore and are included in the BSC.

As part of their performance metrics, organizations have to address the needs of more stakeholders and demonstrate these through suitable performance metrics by focusing on the customer, the employee (learning and growth perspective) of employees and improvement of internal processes (internal process perspective). The performance of SACCOs is mainly measured from the financial perspective. In particular, the financial performance of SACCOs is measured using a framework abbreviated as CAMEL which stands for Capital adequacy, Management ratios, Equity and Liquidity these four dimensions of financial performance for SACCOs is widely used as a framework for assessing the performance. In addition, performance of SACCOs was measured using effectiveness indicators namely introduction of innovation of new products/services, improvement in coordination of the development efforts of different units, adapting quickly to unanticipated changes, decreased market response times, and responsiveness to new market demands. The specific qualitative measures were “new products”, “coordination”, “change readiness” and “new markets”.

### **1.1.5 Cooperative Movement**

Cooperatives are independent assemblage of people voluntarily unified to fulfil common social, economic, social, and cultural needs and aspirations of its members which are achieved through jointly-owned and enterprises that are democratically-controlled (ICA, 2015). The International Labour Organisation [ILO], (2012) also concurs with the ICA definition of cooperatives as being characterized by principles of voluntariness, democracy, participation, autonomy, capacity building, cooperation and social responsibility. They are known to be user owned, user -benefited and user controlled organisations which could be agricultural, unions or/ savings and credit cooperatives. They are gaining fame worldwide as essential actors in the microfinance industry.

Today, cooperative financial institutions boost significant market shares. According to the International Monetary Fund the co-operative finance market share was equivalent to 14 percent in 2015 (Hesse et al., 2016). World Council of Credit Unions WOCCU, 2007) identified that 22 sub Saharan African countries having a total of over 11,849 credit unions with an assets value of over USD 3trillion.

Prior studies on cooperative finance during economic crises show that they performed better than investor-owned savings and institutions that offered loans, because their investment policies were more conservative compared to those of other financial institutions (Chaddad & Cook, 2013). Co-operative financing in the developed nations also tend to have stable funding supplies which are less affected by monetary policy and market rates. Co-operative financing further offers comparatively lower fees than commercial banks, increasing access to credit and reducing the cost of remittance transfers (Forker, 1992; WOCCU, 2009).

In addition, studies show that approximately 7% of the African population is affiliated to co-operatives (Pollet, 2009) and this percentage is likely to have increased. The same research also shows that these cooperatives face various challenges including proper representation which indicates that specialized social protection mechanisms for co-operatives in Africa as limited (Pollet, 2009).

In Kenya, co-operative societies are progressively adapting to rapid changes in the financial sector by adopting new strategies such as FOSA concept and developing products distinct from the traditional SACCO models, predominantly characterized by shares deposits. This notwithstanding, these societies must keep up with changing demands to provide efficient services and remain liquid (WOCCU, 2017). Further to serving its major market which is the formal sector saccos are venturing into the informal sector whose the demands for credit needs and demands is unmet. To achieve this, SACCOs need effective leadership. Further,

cooperatives control at least 30% of the Kenyan economy and ranking first in Africa whilst also ranking seventh globally (Muriuki, 2017).

### **1.1.6 Historical Perspective to Cooperatives**

The origin of cooperatives date back to at least the 15<sup>th</sup> century with its modern form tracing back to the time the Rochedale Society of equitable pioneers was established in 1844 (Walton, 1997). A co-operative has a business model with different features compared to other investor owned firms. It is governed by seven principles formulated by the ICA guiding the establishment, management and operations of a cooperative entity. They also endear the principles of support, trustworthiness, candidness, duty, social responsibility and accountability (ICA, 2004).

English-speaking nations among them Ghana, Uganda, Nigeria, Tanzania and Kenya were the first to embrace financial cooperatives. The first credit union was introduced in Ghana in 1955, by catholic missionaries, to assist the rural population in poverty reduction (Ngombe and Mikwamba, 2004) and later spread including to the non-English speaking countries from 1960s (Olando et al., 2012). The introduction of the Savings and Credit Cooperative Society (SACCO) in Africa and the growth that followed resulted in the formation of the African Confederation of Cooperative Savings and Credit Associations (ACCOSCA) in 1965. This organization was established to promote the SACCO principles, to offer insurance and to build capacity amongst membership (Ngombe, 2004).

The first co-operative society was formed in Kenya in 1908 by the European settlers in the current in Londiani, Kericho. It was called Lumbwa Cooperative Society (Ng'eno, 2019). It was introduced to promote agriculture and including procurement of inputs. At inception (in 1964), the common bonds amongst SACCOs were mostly based on connection with dwelling, career and religion. However, in 1969 the government of Kenya decreed that all the SACCOs

recruit members based on their criteria, which was either a permanent employment or business affiliation. Resultantly, check-off systems were rolled out where societies directly received contributions from marketing organizations, processors or employers. This resulted in the formations of various commodity-based SACCOs in the rural areas. District unions of such societies including Union Banking Sections provided financial services to members and were also payment points. They also embraced a Raiffeisen-type of financial cooperative since SACCOs were part of unions and were operating at provincial level with branches at each member societies (Makori et al., 2013). World Council of credit unions(WOCCU) 2005 estimated that the Kenya Sacco sector as the largest in the African continent. Further in 2005 saccos had an estimated membership of more than 25 million share capital and estimated deposits of US\$1.66 billion and a loan portfolio of US\$1.24 billion. The rapid growth of saccos is an indicator that they are meeting needs that have not been met by other financial institutions.

Having recognized cooperatives as a suitable tool for economic development of the Kenya nation, the government established structure to support expansion of SACCOs. Currently the SACCOs are considered by the government as a key financial pillar under vision 2030.

In 1997 SACCOs rolled out Front Office Service Activity (FOSA) products to supplement the Back Office Service Activity (BOSA) products. The products of BOSA comprised both long-term (granted for development purposes for a period of 24-48 months) and short-term loans (granted for school fees or energy purposes which attracted annual interest rates of 12% on a reducing balance). FOSA products comprised deposit facilities with interest rates ranging from 1.5 percent to 5 percent monthly (Waweru, 2011). It provides other services as well including but not limited to, cheque clearances, safe keeping services, processing of salaries, and automated teller machines through interconnection with the Cooperative Bank of Kenya.

With the introduction of a deposit taking facility, the SACCOs' financial services offered were almost similar to commercial banks. In this regard parliament enacted the SACCO Societies Act (NO.14 of 2008), and SACCO Societies (Deposit- Taking SACCO Business Regulations (2010), commenced in 2010. Besides being the domestic legal framework, it also established SACCOs Society Regulatory Authority (SASRA) whose mandate is to license, supervise and monitor deposit taking SACCOs domestically. The Cooperative Societies Act (Cooperative Societies No. 12 of 1997) regulated the sector. As can be noted, effort has been progressively made to ensure effectiveness of SACCOs from the policy, legal and regulatory framework.

## **1.2 Statement of the Problem**

SACCOs continue to experience unsatisfactory performance which may be attributable to ineffective leadership and consequently poor performance even as members increasingly continue to demand for sustainable services. For example, Odhiambo et al. (2014) found the performance of SACCO in majority of the developing nations especially in Africa to be poor. Though some studies have linked performance to social contexts (Salamon et al., 2012) the relationship between leadership and performance in these organizations has received less attention; further, research on strategic leadership in SACCOs are even scarcer. Similarly, some have delved on the subject of strategic leadership (Carter & Greer, 2013) but its predictive validity on performance has received less attention. Further, in one study in Kenya Baka (2013) found that three of the challenges facing a SACCO - Kenya Planter Co-operative Union (KPCU) – were leadership, political interference and financial management though this was a descriptive case study case study that did include the test of the relationship between leadership and performance.

Further, despite for the benefits of strategic leadership practice in organizational performance, some scholars (Burbach et al., 2010) observe that scarce research focused on strategic

leadership practices and the performance of Sacco's in Kenya has been undertaken. The scarce and somewhat inconclusive literature available is insufficient to interpret organizational performance and strategic leadership in SACCOs. Hence, the purpose of this study which was to examine the organizational performance of Sacco's in relation to strategic leadership practices. And while the intended leadership should adopt practices that lead to superior organizational performance (Daft, 2011) it is not clear whether SACCOs' leadership is strategically oriented and how this related to their performance. Specifically, there are divergent empirical findings on the relationship between performance and strategic leadership suggesting lack of a direct association between the two variables or of the various variables which makes it difficult to establish a clear association (Knies, 2016). Quigley et al. (2014) observe that researchers still disagree on the conceptual and operational definition of strategic leadership, and what strategic leaders do or face in organisations (Samimi et al., 2020). For example, strategic leadership has been defined as a leadership style of an organisations comprising the CEO, top management team and or board of directors (Samimi et al., 2020). In addition, Ireland et al. (2005) conceptualized strategic leadership as comprising inimitable anticipation, visionary, flexible, strategic and empowerment capabilities to trigger innovation and improve performance. However, there is scarce empirical literature on whether the leaders in SACCOs have this disposition and what variables affect the relationship between strategic leadership and organisational outcomes, including performance. Furthermore, strategy execution could mediate the interrelationship between strategic leadership and performance (Jaleha & Machuki, 2018). Consequently, the influence of strategic leadership comprising strategic direction, human capital focus and strategic control on the organizational performance of SACCOs in Kenya, and the mediating effect of strategy execution on this relationship was examined.

### **1.3 Objectives of the study**

This study purposed to determine the influence of strategic leadership on performance of SACCOs in Kenya and the mediating effect of strategy execution on this relationship.

The four specific objectives of this study were as follows:

- i. To establish the effect of strategic direction on organizational performance of SACCOs in Kenya.
- ii. To assess the influence of human capital focus on organizational performance of SACCOs in Kenya.
- iii. To examine the effect of strategic control on organizational performance of SACCOs in Kenya.
- iv. To determine the mediating effect of strategy execution on the relationship between strategic leadership and organizational performance of SACCOs in Kenya

### **1.4 Research Hypothesis**

In line with the purpose and objective of this study, the four hypotheses that we tested are as follows:

**H<sub>01</sub>** Strategic direction has no significant influence on the organizational performance of Sacco's in Kenya

**H<sub>02</sub>** Human capital does not significantly influence the organizational performance of Sacco's in Kenya

**H<sub>03</sub>**: Strategic control does not significantly influence organizational performance of SACCOs in Kenya

**H<sub>04</sub>**: Strategy execution does not significantly mediate the relationship between strategic leadership and organisational performance of SACCOs in Kenya



### **1.5 Scope of the Study**

The target population was 175 SACCOs, registered with SASRA, with branches in Nairobi which were licensed to operate in Kenya for the year ending 31 December 2018. It covers three dimensions of strategic leadership, namely, strategic direction, human capital, and strategic control; with strategy execution as the mediating variable. Strategic leadership comprised vision and business development orientation of the leaders in the studied organisations.

This study was mainly anchored on Transformational Leadership Theory and the Strategic Leadership Model which combines the concepts of strategy and leadership. The study was conducted for 12 months from January 2020 to January 24 2021. Within this period data was collected from respondent organisations and analysed, the writing of the thesis commenced after data analysis. The data collection took four months within the year 2020.

### **1.6 Limitations of the Study**

Some respondents may have given incorrect answers unintentionally or were not completely honest in their answers to the research questions, possibly due to fear of jeopardizing their position. This limitation was minimized because the respondents had assurance on the confidentiality of the information gathered and the intended utility of the data. This was demonstrated by supplying letter of authorization form from the University and a research permit form which was acquired from the National Council for Science Technology and Innovation (NACOSTI) of the Republic of Kenya. For this study, it was assumed that respondents were willing to cooperate and that they would be honest in their responses; respondents for this study were the CEO, deputy CEO or designated manager who were surveyed because they had the required knowledge to respond to the questions factually and honestly.

## **1.7 Delimitation of the Study**

This refers to the boundaries of a study. By boundaries, it is meant what the study concerned itself with. This study was about strategic leadership and performance of SACCOs in Kenya. Only three dimensions of strategic leadership were studied; these are strategic direction, human capital focus and strategy control. Further, strategy execution was treated as a mediating variable. Data analysis for this study comprised frequency counts on respondent characteristics, description of variables, correlation analysis to deduce the direction and strength of the relationship between pairs of variables while regression analysis examined both the direct and mediated effects. The direct effect was between strategic leadership (strategic direction, human capital focus and strategy control) and performance while the mediated effective was tested for strategy execution as a mediate in the relationship between strategic leadership and performance of SACCOs in Kenya.

Further, 133 SACCOs were surveyed out of 175 and all hypotheses tested at 5% level of significance. Furthermore, data was collected from managers of SACCOs who reported to a leader on which they reported using a structured questionnaire. The questionnaires had predetermined responses on each of the items that were used to operationalize the research constructs with each construct being measured using multiple items. The measures of constructs were underpinned by a theory as well as empirical literature. This ensured that that they were valid for measuring the constructs. The questionnaire was tested for reliability prior to its use for data collection. Reliability was measured using Cronbach alpha statistic which aided in ascertaining the internal consistency of the instruments as indicated by a threshold alpha statistic of least 0.7 for all the variables, namely strategic direction, strategy control, human capital focus, strategy execution and competitiveness of the SACCOs in Kenya.

## **1.8 Significance of the Study**

Cooperatives contribute to the socio-economic development of any country and their performance is crucial to this objective. In this regard, empirical evidence was generated to clarify the interrelationship between strategic leadership and performance which guide in better leadership of the SACCOs in order to achieve satisfactory performance. The finding helps the SACCOs in to better understand their strategic leadership disposition and its relationship with organizational performance; and the role of the execution as the mediating factor. This assist SACCO's in remaining competitive in the dynamic world of change by showing top leadership how to exploit organizational resources as well as explore emerging opportunities. While assisting the researcher to attain a doctorate degree, this study additionally provides reference material for other researchers when carrying out research on the related field and adds to the existing body of knowledge to be used by scholars and researchers for reference and as a source of secondary data for future research.

SACCOs are important in ensuring financial inclusion of societies. Thus the findings of this study will assist practitioners who are managers of SACCOs in improving their leadership, which will translate into more effective organisations that are capable of achieving their goals. This includes that bringing more people into financial inclusion framework. Further, the findings will assist policymakers in formulating policies that would ensure thriving of SACCOs for the benefit of society from a socio-economic development perspective.

## **1.9 Assumptions of this study**

The positivist philosophical leaning was adopted in this study where reality was considered to be objective and which could be measured by the researcher (Creswell, 2014). Consistent with this philosophical assumption, it was assumed that. the respondents who are leaders in deposit-taking savings and Credit Cooperative Societies (SACCOs) would provide honest responses to a structured questionnaire that was presented to them. In this regard, the researcher prepared a

survey closed-ended questionnaire with items on which the respondents selected a response from a set of five possible responses. The items were grounded in theory and empirical evidence regarding the measures of the variables in this study. Further, since the questionnaire was self-administered, the research did not influence the responses from the respondent and therefore the assumed objectivity of the data that was collected was ensured.

In addition, confidentiality of information that was provided was explained to the respondent in a letter that accompanied the questionnaire and that necessary permits and authorizations confirming that this study as an academic study which had received all approvals was also communicated to the respondents as part of the documentation that was sent to respondents. Another assumption was that the data would be collected at one point in time on a cross section basis or over as short a time period of time as possible to ensure that time delay between response does not affect the results. This assumption was ensured by the researcher circulating the questionnaire at the same time to all respondents via an online link where the respondents had an opportunity to provide the responses and submit them automatically. In this way, the time difference between the responses was short enough and thus this study qualified as a cross-sectional survey of leaders in deposit-taking Savings and Credit Cooperative societies in Kenya.

## **1.10 Operational Definition of Terms**

**Strategic direction** – This is the vision and mission of a SACCO as articulated and enacted by the leaders of the SACCO.

**Human capital focus**- Is operationalised to mean the steps a SACCO is taking to develop, inspire and attend to staff needs to ensure optimum levels of staff performance.

**Strategic control** – Extent to which the SACCO monitors the external and internal environment and takes action on its internal resources to ensure that it achieves its performance targets.

**Strategy execution** - The exploitation of opportunities available to the organisation in line with the action plans specified in the SACCO strategy.

**Organizational Performance** - Extent of attainment of financial targets as captured by the capital adequacy, asset quality, management ratios, and liquidity (CAMEL) framework of measurement as required by the SACCO's regulator.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The theoretical underpinning of this research comprising managerial leadership theory, transformational leadership theory, competing values model and the conceptualization of the strategic leadership are presented. The relevant literature available on strategic leadership, strategy execution and organizational performance is assessed. The first part of the chapter looks at theoretical literature about strategic leadership, strategy execution and organizational performance relations which affect performance that guided the researcher to derive meaning from the findings of the study and also outline the theoretical basis that delineates the research perspective. The second part looks at empirical literature.

#### **2.2 Theoretical Framework**

This study is about strategic leadership and performance and is underpinned by the managerial leadership theory, transformational leadership theory, path-goal theory and the competing values framework as discussed in this section. The study is predominantly underpinned by the transformational and path-goal theories of leadership and the competing values framework which underpins the notion of strategy which is the tension between an organisation and its environment. Further, Kurt Lewin's pioneering work on leadership is highlighted as a foundation of the contemporary theories of leadership.

### **2.2.1 Managerial Leadership Theory**

This theory is based on behavioral theory which assumes that people can be trained to be leaders by developing training programs aimed at to change managers' leadership behavior and also that the best leadership styles can be learned through training, coaching and mentorship (Northouse, 2013). The theory is anchored on two behavioral dimensions, namely concern for people and productivity (Bhatia, 2009).

The managerial leadership theory traces from the works of Blake and Mouton (1964). This theory proposes five leadership styles, these are "Country Club" leadership style, Impoverished leadership style, Authority or compliance leadership style, which is also referred to as producer-or-perish style, Middle of that road style and team leadership style. This theory is premised on: the concern for people or relationship orientation, and the concern for production also known as task orientation or concern for results. It is basically a behavioral theory of leadership where the leader adopts certain behaviors to lead followers in an organization and these two behaviors are concern for people and concern for results.

Impoverished leadership manifests where leaders have little concern for either the people or the results. In this regard an organization cannot achieve much on. On the other hand, the authority or compliance or "produce or perish" style, can be best seen as dictatorial where the leader has no concern for the welfare of the people but it is only concerned with producing results. This style is not sustainable, but may be necessary in situations where there is a crisis and results have to be achieved. The "country club" style is one that shows great concern for people and values relationships between the leader and the followers sometimes at the expense of results. This style is only tenable where results are not crucial but this is not the case in highly competitive business environment where satisfactory results must be posted to the delight of stakeholders.

It is suggested that the best style from this theory is the team leadership style where the leader motivates and inspires teams to work to achieve common goals in an organization. In this team leadership style there is both high concern for people and results where the people are satisfied to the extent that they apply themselves for the effective realization of organisational goals through performance.

The “country club” leadership style is one where the leader is highly concerned about people and their welfare and minimal concern for the task or results. In this leadership style, the leader pleases the workers at the expense of the results and the organization performs poorly. This style may be suitable only where the people being led are highly skilled and are able to execute their tasks with minimal supervision.

This theory anchors the human capital focus variable of this study because the human capital focus is concerned with how leaders develop and treat employees in an organization and how the leaders enable the employees to achieve their highest potential. It includes building effective teams, motivating, and training of employees to be able to perform to their highest levels. This is the essence of concern for people which is a dimension of the managerial grid leadership theory (Blake & Mouton, 1963). Further to this theory two more leadership styles were developed one being paternalistic leadership style, which oscillates between Country Club and "producer-or- perish" styles. The second one is "opportunistic" leadership style in which the leader operates anywhere within the managerial grid. This is to say, that the leader is able to navigate between impoverished to team and between "authority" to "Country Club" depending on the prevailing situation. Worth of mention also is the middle of the Road leadership style where there is moderate concern for people and moderate concern for the results. In this style, the organization achieves just average performance results or what would be called as mediocre results on performance levels.



It is emphasized that this leadership theory has some limitations (Scouller, 2011) one of the limitations being the situation at hand and which may not be amenable to the particular behavior of the leader. Specifically, this theory assumes that a particular leader behavior would be effective in every situation, which is usually not the case most of the times. Secondly, it suffers the limitation that it does not consider the psychological disposition of the leader including the personality of the leaders because personality of the leaders may actually affect the way the leader leads. For example, a leader who is more skilled in non-people-oriented activities such as strategy formulation and visioning cannot be described as being ineffective because of not being a team player. Instead, they should be seen as being effective because they are likely to delegate to others those activities that are more people oriented than task or oriented.

Though this theory has the highlighted limitations, it is still important for understanding leadership. It brings about important aspects about an organization with regard to people and task or results; in any case organizations exist to achieve certain goals and these goals can only be achieved through the interaction of people and the tasks to produce results under the guidance of leaders, which leaders. The results can include profits, innovation, market share growth and customer satisfaction among other Performance indicators. Further, leaders exhibit behaviors which are informed partly by their personality and these interact with people and the tasks to realize goals of the organization. In the context of this study, this theory applies to examine how the manager considers the feelings of the employees before making decisions that affect them and in the manner of motivating employees to be the best that they can be. As discussed, this theory partially anchored the human capital focus of this study, particularly the concern for the welfare of the employees including ensuring that they became the best that they can be at the place of work.

### **2.2.2 Path-Goal Leadership Theory**

This theory is attributed to Martin G. Evans in 1970 and further polished by Robert J. House a year after. The theory is motivated by the expectancy theory (Vroom, 1964). It argues that followers are motivated to take up and perform tasks through high levels of self-efficacy, belief that their efforts would be rewarded and that outcomes or rewards are worthwhile (Bhatia, 2009). Thus the leader's role here is motivating the followers through rewards or incentives. Northouse (2013) observed that effective leadership arises where leaders diagnose with accuracy the level of development of juniors during execution of responsibilities and thereby employing the applicable style of leadership that matches the situation. This theory underpins two strategic leadership variables namely strategic direction and human capital focus. For example, with regard to strategic direction, the theory predicts the extent to which the leader has and articulates clarity on where the organization is going.

Path-goal theory posits that leaders should customize their leading styles based on prevailing circumstances (House and Mitchell, 1997) with the aim of achieving an objective or goal as known in the theory.

The theory is concerned about motivation of teams towards performing their respective mandates. It suggests that motivation within teams start by setting clear goals backed by available rewards. Secondly, the direction towards realization of the objectives, the pathway should be defined by the manager. Thirdly, challenges likely to be encountered must be addressed by the leader, and lastly, the leader must continually support, coach and guide the teams. The distinction between this theory and the expectancy theory is that the former proposes that managers should employ leadership styles based on the situation they find themselves in. Here, leaders could direct, support, participate in the execution along their teams or adopt an achievement oriented approach to leadership. Directive leaders instruct their

followers in concise terms on the output expected of them, the procedures for execution and the timelines thereof. They also set the ground rules to guide conduct. “Supportive” leaders create conditions of warmth, approachability and friendliness for the teams they lead and mainstream employee welfare as essential for sustained competitive advantage. Participative leadership embeds collaboration as a key component where followers or employees actively take part in decision making. In achievement-oriented style, the leaders entrust workers with the freedom to execute tasks by setting high baselines and demanding or requiring constant improvement from the teams they lead.

In this study, this theory anchors two strategic leadership variables, human capital focus, where the leader makes an effort to understand the needs and feels of the subordinates before making decisions; and thus creates conditions that enable the subordinate to achieve their aspirations including through provision of training opportunities; and the strategic direction where the leader clarifies the goals and objectives of the organisation to the followers and is also clear about where the organisation is going. SACCOs employees need training which can enable them operate more effectively in an ever-evolving competitive environment where more financial services opportunities are unveiled by the competition including banks and microfinance organisations. It is observed that goals and objectives imply the vision of the organisation which the leader should articulate with clarity and motivate the followers towards it. Since SACCOs, like any other organisations have an imperative to meet the needs of their stakeholders - including its members and regulators, there should have a strategic direction underpinned by a vision and, mission and objectives to be pursued by all its employees under the guidance of the leaders who should articulate the vision and rally all employees in the context of strategic leadership. The leaders create a link (path to achieving goals) between the needs of the followers and the attainment of these needs through inspiration and attention to the needs of these followers who in this study are the employees in SACCOs.

### **2.2.3 Transformational Leadership Theory**

The origins of this theory trace to the studies Bernard M. Bass, with the characterization of transformational leadership as increasing the awareness of subordinates on the value of executing their duties effectively and, making them aware of their personal/ individual growth needs and development, and motivation for them to work for the success of the organization as they also meet their personal aspirations and goals.

Further, transformational leaders act in a manner that appeal to the aspirations of the followers inspiring them to perceive challenges with a new perspective (Northouse, 2013). Bertocci (2009) asserts that transformational leadership theory provides an approach which enables leaders to observe, rationally, approaches used by other leaders to motivate and reward followers for achieving an organisation's vision. Hence, the theory informs strategic leadership which anticipates, envisions, adopts flexible posture, and empowers others comprising other leaders and followers to create the strategic change necessary for organisations. Comprehending this leadership style is key as it is believed to instill confidence, admiration and commitment in the followers, s; it stimulates the intellect of followers, provokes new ways of thinking, incentivizes to strengthen performance, commits followers to action and molds followers into leaders (Northouse, 2013; Daft, 2013).

According to Datche (2015), transformational leaders motivate followers into achieving outcomes and assist them in becoming leaders. This leadership style is characterized by idealized influence (where the leader is perceived as a role model), intellectual stimulation (where the leader stirs creativity amongst followers), inspirational (where leaders motivate followers to ascribe and derive meaning in their tasks) and individualized consideration (where the leaders mentor followers toward assuming leadership role consideration (Bass, 1997).

This style of leadership is also premised on its influence on followers through expansion and elevation of their goals and instilling confidence in them to enable them execute beyond specified expectations (Shin & Zhou, 2003). This leadership style is distinct from other styles of leadership because the leader actively involves in/ with and engages the personal values amongst followers (Jung, 2009). This involvement calls for a focus on unlocking the potential of the followers which translates into high commitment and motivation to achieve the best results for the organisation.

Transformational leadership approach continues to attract attention from scholars, and practitioners; in transactional leadership leaders' focus is to help those they lead achieve their lower level of Maslow's needs. In this approach, rewards are provided in exchange for followers' hard work; it is therefore a transaction hence the name of the leadership style.

On the other hand transformational leaders attempt to meet the followers' both lower and higher level needs on Maslow's hierarchy. The higher level needs are esteem and self-actualization.

According Johnson and Heckman (2004), the five key characteristics of transformational leaders are as follows: creativity These leaders challenge the conventional by embracing risks and deriving competitive advantage from actions that are unconventional. They are industrious, non-conformers and innovative in their actions preferring the ambiguous and complex. interactive; they communicate a lot with followers thereby evolve a deeper awareness of their followers needs and motivations this is consistent with the assertion by (Johnson and Hackman, 2004) that leaders who are actively involved with followers perform better and profoundly impact society. Barack Obama is a great example of such a leader; strong communicator who is socially engaged and very interactive, (Senaji et al., 2014) and has strong people skills.

Thirdly, these leaders are visionary; they can explain concisely the direction and goals they intend to lead the organization toward and enthuse followers into pursuing such goals with vigour which the followers emulate. The fourth characteristic of transformational leaders is that they are empowering and Burns (1978) premised his treatise on such leaders as the self-actualization transformation.

Effective leaders delegate and encourage and entrust followers to execute tasks and mentor them into leadership through continuous empowerment. It is thus possible to discern the attributes of transformational leadership in the following personalities - Barrack Obama, who exhibited effective communication and engagement with followers through an inspiring slogan, “Yes We Can”, Mother Teresa who had deep passion for her charity work and Dr. Martin Luther King Jr. who had a compelling vision, “I have a vision” and to which he was totally committed. Further, though leadership styles come in various names, the pioneering work was done by Kurt Lewin and his colleagues as seen in the explanations that follow.

Despite the positive aspects of transformational leadership, the events of the 21<sup>st</sup> century upon the rise of charismatic executives such as at Enron, WorldCom and Tyco have led to the advancement of the interests of the executives at the expense of the greater good of the public that they are supposed to serve hence raising ethical and moral issues that have necessitated the re-examination of the effectiveness of this leadership (Gehani & Maheshwari, 2020). In particular, inclusive leadership is required to achieve superior performance of organisations (Senaji et al., 2020) a leadership that assures all team members feel treated fairly and respectfully, and are confident and inspired” (Burke & Dillon, 2016) as cited in (Senaji et al., 2020). Though transformational leadership is extolled in management literature there is a negative aspect to it - “a dark side” (Ates et al., 2020) to it particularly when a visionary team leader is not aligned with the chief executive leading to low strategic consensus.

In the context of the SACCOs in Kenya which are owned by members and supervised by the regulator, SASRA, transformation leadership lends itself to formulation and adherence to a compelling vision of the future that is desired of the organisation and how to achieve it through effective strategy; and the need for SACCOs leadership to attend to human resources - the employees- including through taking time to understand their need and address them; and providing necessary training in the framework of “human capital focus”. Consequently, the transformational leadership theory underpins strategic direction (vision) and human capital.

#### **2.2.4 Lewin’s Leadership Model**

Another lens of viewing leadership styles is the one described by Kurt Lewin and colleagues (Lewin et al., 1939). Leadership style is the way others; the followers are influenced or motivated towards achieving intended visions. Lewin described four styles of leadership: autocratic, democratic, transformational and laissez faire as follows.

**Autocratic leadership** – Here, key decisions are made predominantly or solely by the leader without input or contribution from followers. It is the leader who makes all key decisions and subsequently communicates the decisions to the followers for execution. Feedback channels are limited and subordinates are required to execute the decisions or instructions without questioning. One advantage of this style of leadership is expedition as the leader usually does not consult prior to making decisions. A disadvantage however is that followers can get frustrated. Especially due to lack of communication and feedback while communication breakdown can also ensue. Further, new opportunities can be missed while everybody waits for the leader to issue instructions. So unless the leader keeps pace with new trends as time goes on new opportunities could be missed. In addition, the lack of flexibility in autocratic leadership does not lend itself to planning for long-term initiatives.

Finally, communication breakdown can occur due to absence of feedback mechanisms. This notwithstanding, there are still situations where autocratic leadership should be used such as when quick decisions are needed including an urgent need to for quick decisions for turning around a failing organization or in situations where monitoring is necessary.

**Democratic leadership** – This is characterized by decision-making responsibility shared amongst teams where open and free deliberation is employed through the stewardship of the leader. This style is similar to management grid style known as team leadership (Blake and Mouton, 1964) it is also described as participative leadership.

One disadvantage of this leadership style is that the process of making decisions may be dramatically slowed down and that can be a real problem in urgent situations. Overreliance on teams can also affect the efficiency of the leader and thereby adversely impact the performance of the organization. Finally, coordination burden can also occur where the leader becomes encumbered with deciding what to pay less attention to and what is really important to the organization. This style should only be used when subordinates are experts.

**Transformational leadership style** - The third style of leadership is modeled by the leader who determines the conduct of their teams by elaborating concise goals and contemporaneously support and guide their teams in pursuit of the organizational objectives. The advantages include creation of balanced goals between the short-term and long-term objectives. s. The sense of trust between leader and followers is also high while transformational leadership has a vision tailored communication channels (Bass, 1985; Bass & Avolio, 1994). Besides the advantages of this leadership style, this style can be ineffective at the initial stages of building trust as building this and effective collaborations this requires time.



So when should you use transformational leadership? It is necessary when there is need for inspiring long-term visions. More refinements on this leadership disposition has been done more recently (Hackman & Johnson, 2004; Northouse, 2013)

**Laissez faire** - This style of the leadership involves enabling entirely self-directed teams in a hands-off approach where the teams are empowered to set goals, solve problems and make decisions and is effective mostly Leaders adopting this style tend to allow their subordinates the functional autonomy that restricts the leader's involvement to ensuring that the subordinate's actions contribute to the overall organizational objectives. Their main focus is to elaborate the vision with precision such that irrespective of the mode of execution preferred by team members, the common vision and goals of the organization can be pursued without compromising the intended vision.

near the very top of the organization where senior leaders are appointed to run respective departments on behalf of the organizational chiefs. In this case, the CEO case a figure head who empowers other leaders to deal with detail within business units. It is characterized by individual responsibility, autonomy and motivation.

In terms of disadvantages, though there could be a lack of accountability, it can cause higher stress levels where subordinates feel unsupported by their leaders ,and missed deadlines.

In addition to the four styles there are many other styles including strategic, servant, coaching, bureaucratic; inclusive and visionary leadership among others with each having distinct areas of focus.

Lewin, Lippitt and White (1939) described four leadership styles autocratic, democratic, transformational and laissez-faire. It is noted that according to Lewin et al. (1939) autocratic style is also referred to authoritarian, while democratic and laissez -faire are respectively referred to as participative and delegative leadership styles.

From the work Lewin et al. (1939) it is seen that managerial leadership theory (Blake & Mouton, 1964) makes reference to country club management style which is related with laissez-faire, further, transformational leadership (Bass, 1997; Northouse, 2013; Burns, 1978) reflect the ideas by Lewin. Further, the discussions of path-goat theory, though based on expectancy theory (Vroom, 1964) alludes to subordinates' motivations as the leaders' focus which is related with individualized consideration as posited by the transformational theory (Bass, 1997) which also derives from earlier works on leadership on transformational leadership style (Lewin et al., 1939).

Lewin et al. (1939) leadership theory is one of the foremost leadership theories and the foundation of the rest newer theories. For example, the transformational leadership theory which informs strategic direction and human capital draws from Lewin et al.'s theory.

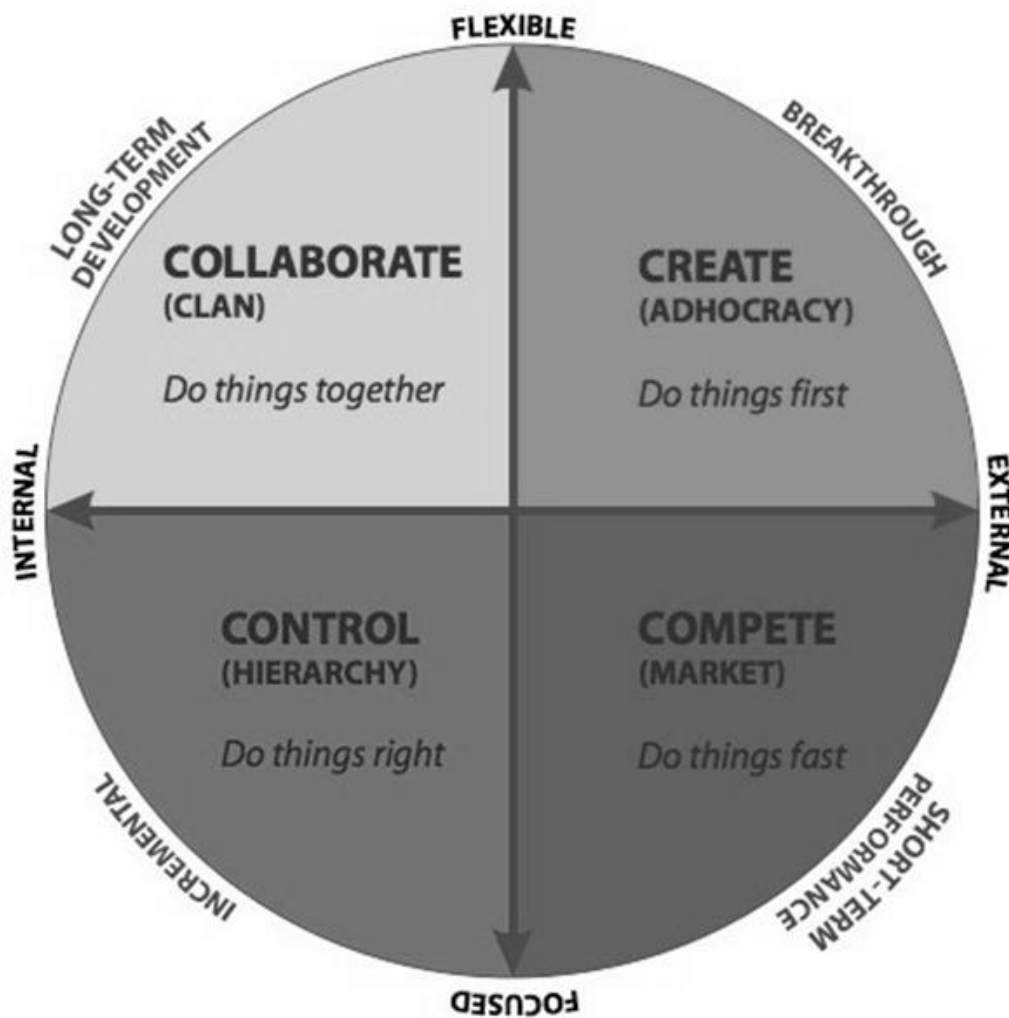
### **2.2.5 Competing Values Framework**

From a strategy perspective, organizational effectiveness requires that organizations be both flexible in adapting to changes and maintain stability, as well as have appropriate relationship between internal and external focus (Quinn and Cameron, 1988) thanks to their structures. It is noted that though different organizational models for understudying of the workings of organisations, such as the competing values framework, may reflect different effectiveness criteria, they are not a dichotomy (Quinn and Cameron, 2006) in the sense of either one or the other model; they are complementary. Some of the effectiveness measures are the ability to innovate and to identify and exploit new markets efficiently (Senaji, 2012). The implication is that an organization should both exploit existing opportunities and explore other possibilities

in the market place. In so doing, it should maintain a suitable balance between internal focus (such as developing human capital to be able to effectively exploit opportunities for superior performance using their expertise and skills) and an external focus or the environment through appropriate actions aimed at scanning the environment and using the results to adjust internal systems in a manner that maintains a good fit between the organization and the environment. The framework is presented as Figure 2.1.

**Figure 2. 1**

*Competing Values Framework*



Quinn and Cameron (1988)

This Framework is a key model of an organization which enables the comprehension of a range of both juristic and natural phenomena from an external focus perspective of the model.

The framework was developed from studies on the features that predict whether entities perform effectively. These inquiries were then followed by research on organization culture, leadership, management, and information processing approaches. Through the studies, two main dimensions emerged consistently. The first emphasizes distinction of flexibility, discretion, and dynamism from stability, order, and control; whereas the other contrasts internal orientations focusing on integration, unity, and partnership from an externality such as diversity and competition (Walker, 2018).

Collectively these, among others identify, the criteria that entities must pursue in order to be effective, the most effective leadership and managerial competencies and the underlying organisational culture. Notably, these values represent opposite (or competing) assumptions from those at the other ends of the band, that is, stability against flexibility, external vs internal. Thus, they produce competing quadrants on the diagonal. The top left quadrant shows a set of values emphasizing internal, organic focus of an organisation, while the bottom right one identifies those values which emphasize external control. Correspondingly, the top right quadrant indicates values which lay emphasis on external, inorganic focus while the bottom left quadrant focus on internal, control values (Zlatković, 2018). In this regard, it the responsibility of a strategic leader to ensure that there is a balance between these competing values as they guide organisations.

The Framework thus illustrates important values, styles of leadership (including behaviours) and drivers of value, change adaptation protocols, and efficiency approaches. Consequently, leadership developmental programs at strategic, tactical and operational concern the competency and capability present in each quadrant of the Framework with styles of leadership

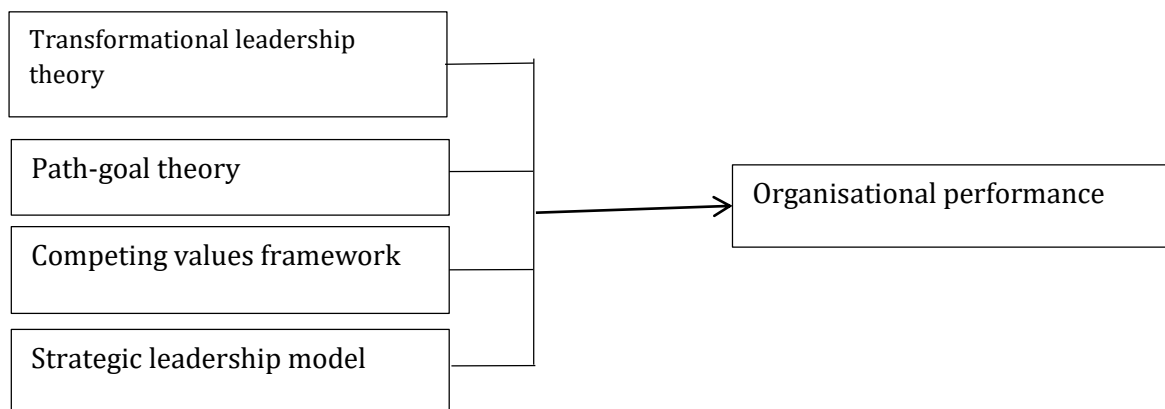
invariably determined including by culture, attitude towards change, management competencies and feedback. (Ikramullah et al., 2016).

Strategic leadership implies the tension between focusing on the present (exploiting current opportunities - exploitation) versus the future (seeking new markets - exploration); and the tension between the internal factors of an organisation versus the external conditions. The CVF is used in this study to capture this tension and thus the notion of “values” that the leaders espouse in moving SACCOs forward for example these values can be discerned from the extent to which the leaders emphasize internal/ external conditions; and present versus future orientation. The more dominant the focus is the more this constitutes the “values” of the leaders and that these values are in a perpetual state of “competition” meaning that if a leader adopts a particular posture the opposite receives less attention, that is, it is valued less. A specific example is the extent to which the leaders pay attention to new market opportunities vis a vis developing new products for the same clients.

Based on the reviewed theory and conceptual models, the theoretical framework for the study is presented as Figure 2.2.

**Figure 2. 2**

*Theoretical framework*



Sources: Bass (1985), Bass and Avolio (1994), House and Mitchell (1997), Quinn and Cameron (1988) and Duursema (2013).

### **2.3 Empirical Review**

Literature from empirical studies on strategic leadership dimensions: strategic direction also referred to as envisioning; strategic control, human capital focus; strategy execution and performance is reviewed and knowledge gaps discerned.

According to Duursema (2013), the resulting strategic leadership model comprises four aspects; these are organizational creativity, development of new business, client centricity (focus on the client needs) and operational efficiency. In this regard, the four aspects of strategic leadership are discerned by examining leader actions/ behavior based on organisational environment and Exploration-Exploitation dimension. In this case organisational creativity and organisational efficiency are concerned with exploitation while business development and client centricity deal with exploration, and are more externally focused. Furthermore, while creativity and efficiency are concerned with “organisation”, business development and client centricity imply the “environment”, that is the focus on the factors that are external to the organisation. The focus on the environment is central to the conservation of strategy and its formulation and implementation.

The next parts anchor the study variables within the Strategic Leadership model and Transformational Leadership framework. The strategic direction is informed by the vision in the Transformational Leadership theory while human capital is anchored by the other Theoretical Leadership dimensions namely individual consideration and inspiration. Further, strategic control and strategy execution is informed by the strategic leadership conceptualization dimension, namely “organisation” which implies the internal workings of an organisation including its process and coordination of the various units/ departments. The polar opposite of “organisation” is “environment”, which (Duursema, 2013) defines to be the focus

and actions taken by organisational leaders to pursue new products and opportunities that are presented by the operating environment.

### **2.3.1 Strategic direction**

An organization cannot achieve its objectives unless it has a clear vision and mission of its business. The mission explains why an organization exists while the vision is a lofty statement, in particular, a direction setting statement, which portrays what the organization aspires to be into the future. Unless these two direction setting statements, namely vision and mission, of an organization are clear and communicated effectively to all organizational members, then the organization is likely not to succeed as much as it would succeed if these direction setting aspects are clear to all organizational members. Leadership is crucial in ensuring that the vision and mission of an organization are accurately formulated, articulated and communicated to all organizational members. Further leadership ensures that all organizational members are inspired towards the attainment of the vision through doing what is specified in the mission that an organization is pursuing. The mission can only be realized if the leadership is committed to it and leading by example; if the actions of the leaders are leading towards the stated vision (Galperin et al., 2018; Senaji et al., 2020).

The “inspirational motivation” dimension of the transformational leadership theory (Burns, 1978) explains a leader's behaviour that deals with inspiration and motivation of followers to attain objectives that may seem unattainable in the uncertain environment in which organisations operate with the imperative to improve performance. In this regard, the followers need to be inspired to see possibilities even in the face of adversity that may be represented by rather ambitious goals and the associated objectives and targets.

The transformational leader, besides being a visionary elicits important changes in the cultural systems of the organization, including articulating the need for change prompted from

organizational members and stakeholders (Simsek, 2014) they inspire people and teams thus influencing them to commitment and redirection as per uncertain imperative changes and adjustments pertinent to increase organization performance.

It has been found that a satisfactory level of performance demands more of leadership in terms of effective leadership and operational functions (Cherian & Farouq, 2013). The causal relationship between performance and leadership can enhance or impede the delivery of service in any government public organization. To reference Dalakoura (2010) it was revealed that there is an ever increasing awareness of the most up-to-date information regarding an organization's leadership styles which ensures a return on investment while also demonstrating accountability to clients through effective communication from the leadership. More recently, Senaji and Galperin (2017) in a study of leadership in Kenya found that leaders who are effective leaders have vision, lead teams, are result-oriented, influence, and occasion change. This finding suggests that vision is an important aspect of the strategic direction of an organisation and that through such vision, the leaders can influence followers towards the achievement of goals. Further, being a knowledgeable leader and effective communication skills are some of the effectiveness attributes of leaders (Galperin et al., 2019). In this study, the ability of a leader to effectively communicate a vision to the followers, is examined because empirical evidence on this aspect of leadership is scarce in the context of this study.

According to Deconinck and Beth (2013), the low level of performance in government departments results from shortage of experienced leadership with the right skills and knowledge. Some of the crucial skills for a competitive environment and which are pertinent include strategic skills necessary for visioning and business development. This necessitates leadership development in both public and private sector. In this regard According to Zehir and Erdogan (2011), assert that leadership development issue should be prioritized within



developing countries and that education systems need to address performance management demands of any country. This can be done by training leaders thus creating the required leadership human resource sufficient for both public and private sector.

It has also been found DeJong and Bruch (2013) that the lack of staff with the requisite management skills and experience is not easily mitigated through internal training hence the need to design mechanisms for creating effective leaders using facilities outside the organisation. The aim is to produce strategic leaders that are capable of propelling organisations forward amid the ever-changing business environment.

While studying leadership in government departments in Africa Floyd (2011) In addition to internal resources, leaders should take great care when implementing strategic changes to improve their performance, with relation to the leadership (Flyod, 2011). The should leaders not only have extensive experience in public sector leadership but also possess expertise in designing, implementing, managing and operating accounts, budget and financial management systems, including modern computerized financial systems, especially in the environment of a developing country.

It is noted by Fritch (2013) that the leadership of public organizations in developing countries has failed in performance and this has led to the weak governance of projects and technical areas of development. Such ineffective leadership cannot be entrusted with the implementation of new strategies. These findings have implication for how leadership is practised in other sectors of the economy. Consequently, training in management, human resource management and organizational change should be a requirement. Drawing from this assertion, it is necessary that strategic leadership which encompasses both leadership and strategy be developed among leaders of organisations including the leaders in SACCOs to enable them guide these organisations to greater success.

### **2.3.2 Human capital focus**

Empowering the people to create the required change by exploiting available strategic resources to create value to the organization and its external and internal stakeholders is crucial for organizations of all types. One definition of human capital is that by Romer (1990) who proposed the measure of human capital in the national economy as being the ratio of skilled-adults to total adults. Human resource is the main component of that gives an organization a competitive advantage hence organisations are expected to give it an intentional consideration in management. The capability, skills and commitment of the employees contributes in giving any organization a competitive edge in the dynamic business environment that is ever changing. Organisations that train, motivate and enhances effective communication realizes results as drawn in their strategic plans. A study by Rotich (2016) which was done on the effect of human resource capabilities on sustainable organization competitiveness of mobile phones in Kenya revealed that there was a positive and significant relationship between sustainable competitive advantage of the farm and competency of firms human resource. In this regard, human capital focus by leaders may be conceived of as the actions that leaders implement to ensure that as many employees in their organisations attain the required skills through training, mentorship and coaching. Consistent with this definition (Romer, 1990), organizations should ensure that this ratio is as close to one as possible by formulating and implementing strategies that enhance skills of its people. This can be partly done through transformational leadership, specifically in the context of individualized consideration where opportunities for coaching, training and mentorship are provided for the employees (and other followers) to attain skills that are relevant for the changing business environment.

The capabilities, skillset, expertise, and broad knowledge also constitute the human capital of an organisation and hence its intellectual capital (IC) (Saeed, 2016). This capital comprises both the intellect of persons and the juridical capital of organizations (Mention, 2012). Human

Capital (HC) denotes individual competences including the skillset of personnel which add value to the firm (OECD, 2008).

Individualized consideration connotes empathetic leaders who also mentor employees and compensate them for creativity and innovation. Rawung (2015) observed that the transformational leadership creates emotional bonds between leaders and subordinates embodied in trust and confidence in the influence and capabilities of the leader. Managers embracing transformational leadership through individualized consideration create environments where followers embody strong emotional bonds with the leaders. Such leaders possess good communication and interpersonal skills and compassion towards employees. They are supported based on their needs and their development structured based on talent. Furthermore, they are regularly supported in implementing the decisions they make. Transformational leaders are thus primarily interested in continuous growth of followers (Sadeghi & Pihie, 2013).

According to Ngaithe (2015), individualized consideration is attained when the entity's objective changes become the collective functional and decision-making objectives of teams. These considerations connote the abilities of a leader ability to give personal attention, treat each member of staff individually and mentor the workforces. Shusha (2013) opined that a transformational leader is particularly concerned about the individual development and achievement of the members of their team usually providing an environment allowing communication on the personal needs of team members.

Employee commitment is a process in which management influences persons unequal in hierarchy to work together on the goals that are agreed upon in order to realize the vision of the organisation (Ismail et al., 2011). The resulting commitment of employees is in balance to the extent to which leaders and team members are involved including in making decisions,

solving problems and processing information. Their study established a nexus between involvement of employees in making decisions and productivity. This is an example of inclusive leadership which ensures the participation of everybody in an organisation in decision making (Burke & Dillon, 2016; Senaji & Galperin, 2017; Senaji et al., 2020) .

Jimoh, Olayide and Saheed (2012) find out that the most effective way to improve performance in public organizations is through pursuit of shared objectives through commitment of workers and supervisors. The shared objectives are given effect by a clear vision which is communicated by the leaders who are knowledgeable and possess effective communication skills (Galperin et al., 2019). This is done by allowing personnel to contribute ideas for the development of the organizations mission statement, policies and procedures, determination of company perks thereby improving communication and increasing the commitment and satisfaction of all personnel. Employee commitment in relation to job satisfaction positively correlated to the performance and satisfaction of workers (Jones, 2013). In this study the extent to which the leaders interact with the external environment and feeds this information to employees through regular communication is examined in the context of business development and empowering of the employees with necessary information to make decisions and carry out their responsibilities. This essentially a focus on employees' information needs that can enable them pursue personal development even as they work toward organisational objectives.

In a study conducted by Jung and Takeuchi (2010) it was found that employee commitment enhanced continuous changes in their performance level even with the increasing demand for quality requiring employers to create efficient and flexible methods of working out their responsibilities. This commitment is enhanced when leaders include employees in decision making - through inclusive leadership disposition as was exemplified by Mahatma Gandhi in

his *Satyagraha* peaceful civil disobedience protests in which he involved Indian citizens in 1919-20, 1930s and 1940s until the British left India upon the 1942 “Quit India” protests (Gehani & Maheshwari, 2020). From an organisational perspective commitment enhances performance (Koech & Namusonge, 2012) and leaders need to pay attention to those leader behaviours that foster commitment in the organisation. Organizations, when hiring new employees, typically look for the often contradictory elements of employee commitment and disposability, under the disguise of such conditions as employability and new contracts of employment. Due to these economic demands and other societal changes, corresponding shifts in the actions of existing workforces have occurred.

Detachment of employees from the organization directly affects employee commitment and therefore presents a problem in growing numbers in turnover of staff especially in job environments that demand frequent mobility. This was confirmed in a study by (Khalid et al., 2012) who found that the commitment of employees is directly affected when corporate decisions are made at a distance from the employees. For instance, a decision to close a department in a branch of an organization will most likely have been made many kilometers away affording limited opportunities for affected members of staff to even question these decisions noting the impact they would have on their lives. Employee commitment thus comprises an umbrella title encompassing a range of practices, possibly serving diverse interests (Kissi, Dainty, & Tuuli, 2013).

The commitment of the organizations leadership to retain the responsibility of the responses from all employees with commitment facilitates the delegation of work and its effective performance (Koech & Namusonge, 2012). It has been found that decision makers rely heavily on the commitment of employees to improve performance through delegation (Palanski & Simons, 2012). This enables leadership to delegate full or partial responsibility of decision

making to experts within teams for the best outcomes. Thus, fulfillment of business goals and financial returns is increasingly dependent on the commitment level of front-line employees. This concept emerges from the facilitation of high-performance work practices within the context of a supportive management system.

Organizational performance has been found to be a combination of commitment and organizational citizenship of employees (Lievens & Vlerick, 2014). In the business world of today, with relation to organizational performance, it has been accepted that competitive capability resides in individual human beings and their commitment to participate in delivering high standards of output. According to Liu (2012), the continuing quest to outperform competitors has become increasingly based on employee output. As established by Lorinkuva, Pearsall and Sims (2013) the commitment of employees and managers will encourage staff to take part in decision-making. Managers must determine the best possible style of leadership that will allow the organization to perform efficiently.

Further, Loshali and Krishnan (2013) proposes that commitment in an organization is most effective when a majority of stakeholders collectively make decisions that benefit all personnel. Where workers commit themselves in making decisions, comprehension and attitudes amongst colleagues and supervisors are improved and workers' values and performance levels are improved within the organization. It was found that employee commitment enhanced the participatory decision-making by the top management ensuring the wholeness of the decision-making process and increasing the commitment of team members to final decisions. In summary, when all personnel within an entity participate in the making decisions, communication within the organization becomes very effective and better performance is achieved.

### **2.3.3 Strategic control**

In strategic management, management control is exercised at both strategic level and operational level. Strategic control is the process used by organisations/ firms in controlling formation and implementation of strategies. Wheelen and Hunger (2015) argue that strategic control is a specialized form of management which is different from other forms of management control in respect of its need to deal with ambiguity and uncertain at different points in the control process. Strategic control consists of bringing the organisations staff in an ordered manner in order to achieve the desired organisations targets/ goals. At the strategic level control is concerned with anticipating the external environment and taking action to ensure that the organization withstands external environment shocks that may arise from changes in the macro environment comprising political, economic socio-cultural, technological and legal factors; which are collectively referred to as PESTEL factors.

The main focus of strategic control is the premise controls – the monitoring of the assumptions that underpinned the strategy that was formulated and the associated strategic plan. Since the environment is dynamic, the macroeconomic fundamentals may change drastically necessitating a revision of the strategy. In this regard, leaders in an organization should ensure that they continually monitor the assumptions upon which the strategic plan was based and adjust accordingly in order to maintain a good fit between what is happening in the organization and the external environment imperatives with regard to the PESTEL factors. Pearce and Robinson (2009) notes that strategic control is meant to identify past pitfall hence identify the needed corrections so as to steer the organization to desired direction. It allows leaders to reflect and see the picture and ensure strategies are well aligned to the goals and the vision of the organization. As regards the operational level, the concern is about the key performance

indicators and the targets which is the essence of strategy operationalization (Ntongai, 2019). It involves measuring performance and evaluating it against the set targets.

Mekraz (2011) conducted a study and found that in organisations policies are intended to contain information explaining the nature of the organization's purpose. These policies are needed for the orderly implementation of strategy and should cover all aspect of the organisation as envisaged in the strategic plan (Ntongai, 2019). This was found to describe the organization; to contain information on the activities of the entity; execution and leadership. The study concluded that firms are social groupings established to achieve particular objectives and guided by supportive policies that improve performance.

A study by Menges et al. (2011) found that good organization policies are important because as they facilitate administration; spur development and innovation and improve performance. This was found to encourage initiatives providing for optimal use of technology. This ensures that firms can be classified into formal and informal structures which enhance the organization performance. Public organization with effective policies creates intentional structures and roles within formally organized enterprises.

The study by Peterson et al. (2012) found that policies brings out how the structure of an organization and interrelationships among functions in entities are shared in its different departments. Thus, policies assist leaders in planning, directing, organizing and controlling the activities of the firm. Peterson et al. (2012) posits that organization policies convey the distribution of functions and coordinates them.

The study of Phillips (2013) revealed that good organizational structures should encompass dynamism and capabilities to change. Rich (2014) concluded that policies assist in dictating



the action analysis necessary to achieve organizational objectives. In this analysis, leaders should determine the activities capable of being clustered together and what activities should be emphasized in the entity structure.

It has been reported by Rus, Knippenberg and Wisse (2010) that both public and private sector organizations have variations in authority and responsibility. The study indicated that entities in high power distance cultures are inclined to embrace tight control mechanisms usually implementing hierarchical and/or bureaucratic structures where employees have lesser autonomy to effect bold decisions (Sabir et al., 2012).

#### **2.3.4 Strategy Execution**

Strategic management comprises strategic analysis, strategy formulation, implementation (including control) and finally evaluation. Strategy implementation is an activity-based process, with each actively contributing to achievement of the mission of the organization (Strickland, 2001). In formulating an organization's strategy, an organization should be analyzed to provide input into the strategy formulation. The internal environment comprises of elements such as organization culture, resources, leadership, technology, organization structure, management, strengths and weakness of a firm, competencies and capabilities (Ntongai, 2019). This environment has important implications for the execution of the formulated strategy. Specifically, the leadership style has important implications for strategy implementation.

Strategy implementation includes strategy operationalization and execution. Operationalization involves breaking strategic objectives into action plans and targets while execution is concerned with communication, and carrying out specific activities related to the action plans. Strategy execution is bringing the strategy to life by deploying resources, assigning responsibility and seeking accountability for results. In order to succeed in strategy

execution, it is imperative that organizations ensure the right conditions for the effective execution of the action plans that underpin the chosen strategy. It involves aligning the new strategy with the organization's internal dynamics such as the organization's culture, management style, leadership, resources, technology, organization structure and capabilities that influence the success of strategy implementation. In order to successfully execute a strategy, effective strategy operationalization, which means breaking the long term goals into short –term objectives, formulating policies, and communication of the strategy, must be in place. In a nutshell, this is achieved through development of an appropriate policy framework, effective and timely communication of the new strategy across the entire organization so as to manage resistance; and translating long-term goals into short-term objectives which are actionable. Grant (2008) is of the view that that through implementation, a strategy can be refined and reformulated. Further, Jaleha et al. (2018) argue that turbulent environmental factors trigger articulation of clear visions by strategic leaders in implementation of necessary changes within an organization.

Implementation of a strategy, also referred to as strategy execution is an elaborate process. It requires successful operationalization, breaking down of the company's strategic plan and aligning the organization with the new activities. Strategy operationalization is the phase between strategy adoption and aligning the organization with the new strategy. This alignment requires carrying out activities outlined by the new strategy (Ntongai, 2019).

According to the alignment theory of the strategy execution, organizations including SACCO's should ensure a good fit between the adopted strategy and contextual factors such as organization culture, leadership and structure; as well as the external environment factors. Managers must continuously configure the individual capabilities with the strategic requirement strategy from a practical perspective (Ntongai, 2019).

Previous studies suggest that strategic leadership trigger organizational changes which then influence performance (Jaleha & Machuki, 2018). Therefore, strategy execution could mediate the interrelationship between strategic leadership and performance (Jaleha & Machuki, 2018). This study responds to this call by seeking to test this proposition examining the mediating effect of strategy execution in the nexus between strategic leadership and performance.

### **2.3.5 Performance**

Prudent financial governance is key for efficiency of entities SACCOs included. According to (Venkatraman & Grant, 1986) performance is a multidimensional concept which is measured on financial measurements as (ROA) return on assets, ROS return on sales ROE return on investment and non-financial performance which include shareholder satisfaction, customer satisfaction and employees' satisfaction. Primarily, performance in SACCO's is usually connected to their financial performances often depicted through dividends and payments. Studies have revealed that performance in organisations and general competitiveness depend on the operations of strategic management (Dezsö et al., 2012). Haque (2017) also found that competitiveness and performance of an entity is positively affected by the innovation and autonomy of leadership at different management levels.

In order to measure performance of SACCO's the CAMEL rating is commonly used. The acronym stands for Capital Adequacy, Asset Quality, Management (as discerned from efficiency measures) and Liquidity. While examining the influence of credit risk management on loans portfolios in SACCO's licensed by SASRA, Essendi (2013) found that that CAMEL rating system is key in assessing the soundness of SACCO's. Further, it was found that credit policy was largely formulated by members with moderate involvement of employees and directors. This finding has important implications for the "management" component of the CAMEL framework because sound management is required for effective performance of the SACCO's. Besides the CAMEL (capital adequacy, asset quality, management ratios, and

liquidity), qualitative measures of performance (Appendix II), was also assessed using qualitative measures namely the survey responses on new products, level of coordination, readiness for change and addressing “new markets” (Part F of the questionnaire).

### **2.3.6 Summary empirical review**

Scholars have opined that limitations in methods and statistics, absence of applicable control variables have steadily weakened the influence of strategic leadership on organisational performance (Fitzaa, 2017). Further, Boal and Hoijberg (2001) observed that studies on strategic leadership are limited as majority of them rely on demographic variables as alternates to moderating or mediating variables. Similarly, Samimi (2014) opines that there is ambiguity in the conceptualisation and operationalisation of strategic leadership. Further, Crossan et al. (2008) argued that most of the previous research has omitted key organization and environment variables that could moderate or mediate such relationships. This is why strategy execution was included as a mediating variable in the relationship between strategic leadership and performance. Further, since strategic leadership is either a leadership style of the cadre of leaders at the top of the organisation including the CEO, TMT and board of directors, this study adopted a behavioral perspective by adopting leadership style as the operational meaning of strategic leadership. In this regard, the behaviors and actions of the leaders were studied in relation to strategic direction, human capital, strategic control, and strategy execution.

Though the management literature the virtues of visionary leadership are extolled, dark side to visionary leadership is revealed by Ateş, Tarakci, Porck, van Knippenberg & Groenen (2020, p. 637) whose theoretical framework posits that visionary leadership adversely affect collective strategic consensus where the managers are not strategically aligned with the CEO, as this diminishes the team’s commitment to the strategy; and the converse is true when such strategic alignment exists (p. 637). This finding has important implication for when and when not to use visionary leadership and envisaged in the transformational leadership theory and the need to

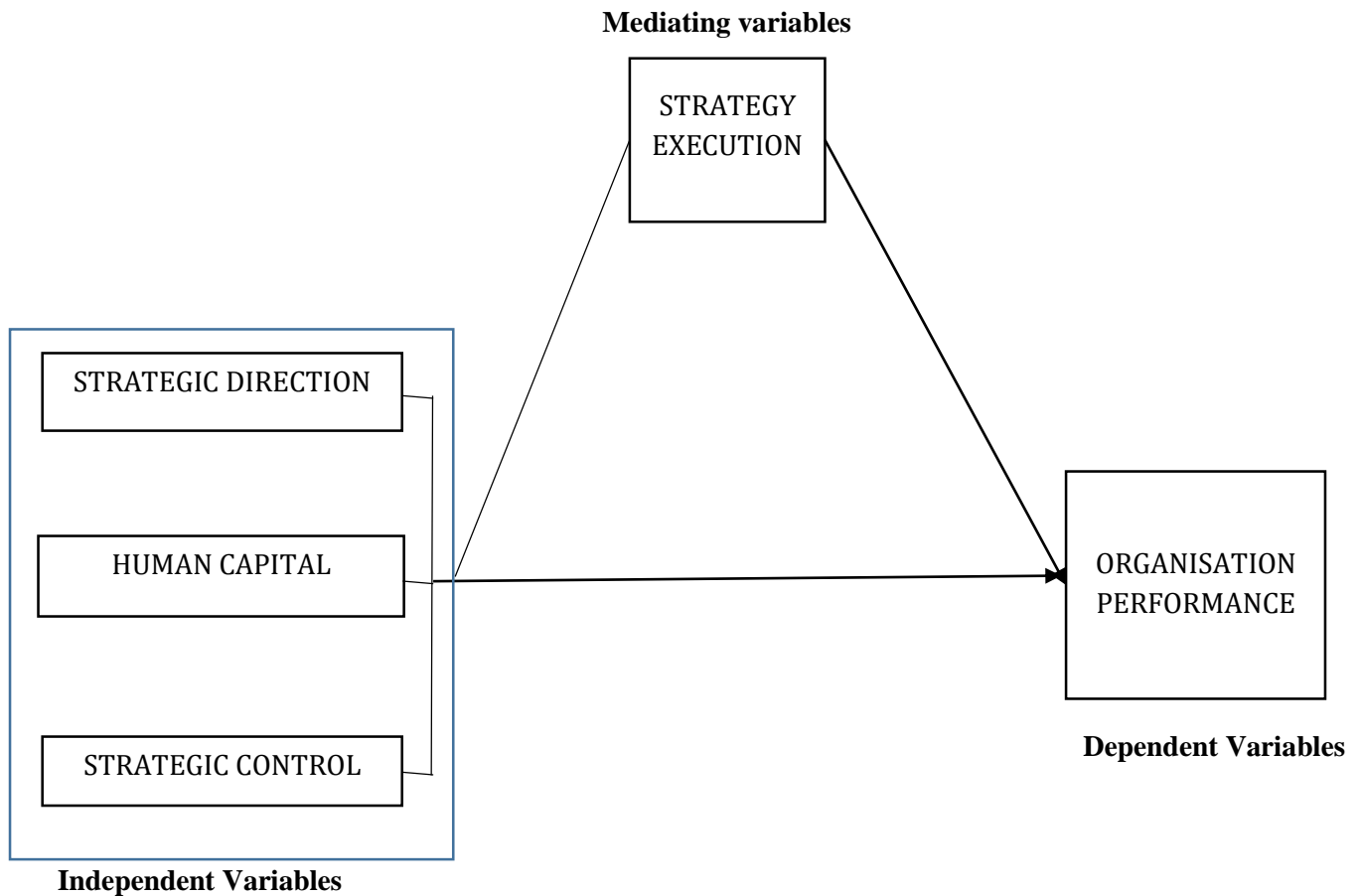
take into account the contingency variables such the team manager alignment with CEO (Ates et al., 2020)

## **2.4 Conceptual Framework**

This presents the relationships that are being studied. In particular, it is a diagrammatic representation of the relationship between variables in a study. The variables are mainly predictor variables and the predicted (or dependent) variable. Other variables in the conceptual framework can be included in a conceptual framework besides the independent and the dependent variable. These can be mediating variables or moderating variables. The independent variables were strategic leadership dimensions while the dependent variable was organizational performance. In addition, strategy execution is the mediating variable between strategic leadership and organizational performance. In this study, the nexus between strategic leadership, strategy execution and performance (Figure 2.2) was examined. The attributes of strategic leadership are strategic direction, human capital focus and strategic control.

**Figure 2.3**

*Conceptual Framework*



In Figure 2.2, the predictor variables are strategic direction, human capital focus, and strategic control – the attributes of strategic leadership - while strategy execution and performance will be, respectively, mediating and dependent variables.

**Strategic direction.** This involves articulating the vision of an organisation and seeking more profitable opportunities. It also includes seeking new markets for existing and from new products in the framework of business development. Strategic direction thus comprises vision and business development. This variable was measured by indicators such as vision and exploration of market opportunities.

**Human capital focus.** This is about unlocking the potential of the employees by empowering including through education and training; and inspiring such as making them see what they would not have seen in the absence of the leader, thus enabling them to perform to their best level given their abilities. Human capital focus also including consideration of feelings of the employees while making decisions and ensuring that their concerns have been addressed. This variable was assessed through Items including the leaders “taking responsibility for the welfare of their subordinates”, “encouraging the staff become the best that they can be”, “thoughtfulness of leaders/ supervisors while dealing with staff”, and “ensure the interests of followers are accommodated”.

**Strategy control.** Strategy control deals with the manner in which the leaders monitor performance and the operating environment, and use these learnings to adjust direction of the strategy in order to meet the objectives of the organisation. At operational level, this includes measuring performance, evaluating it against targets and taking corrective actions. It also involves changing assumptions that underpin the strategy when the operating external environment changes drastically; this is known as strategic level control where the leaders scan the environment and using environmental cues to effect changes at the strategic level - such as withdrawing from certain markets or products. Another measure of strategy control was the extent of monitoring of the external environment and using the learning to make adjustments in the organisation is done.

Strategy execution includes motivating the employees through rewards and inspiration, focusing them on the vision and goals of the organisation and clarifying what the acceptable results look like. This is the function that leaders perform as the employees do the actual operations that re necessary to keep the organisation alive - such as attending to customer complaints, selling products, conducting market research among others. Strategy execution was examined from the extent of exploitation of existing opportunities in the organization.

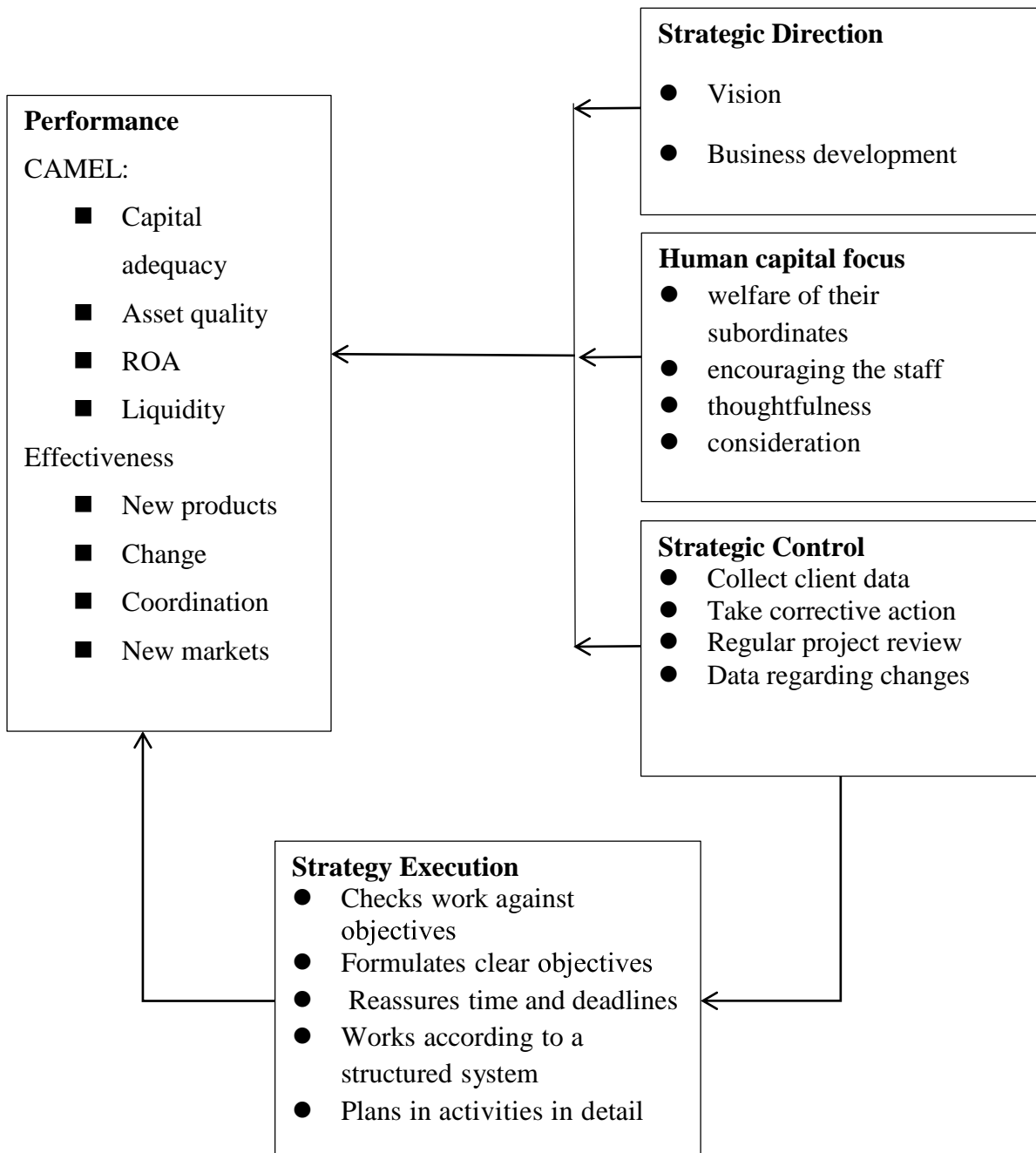
**Performance.** Financial performance of SACCO's will be measured using the CAMEL framework; abbreviation for and comprising Capital adequacy, Asset quality, Management ratios (ROA), and Liquidity. Further, performance of SACCOs was also measured using effectiveness indicators namely introduction of innovation of new products/services, improvement in coordination of the development processes, adaptation to change, decreased market response times, and responsiveness to new market demands. The specific qualitative measures were "new products", "coordination", "change" and "new markets". Specifically, the measures of effectiveness were: "innovation of new products/services", "adapting quickly to unanticipated changes", "coordination of the development efforts of different units", and "being responsive to new market demands".



## 2.5 Operational Framework

Figure 2. 4

The operational framework of variables is shown in Figure 2.3 where the measures of variables are indicated.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

In this methodology chapter, the philosophical leaning that informed the study design and methods is described. The research design, including the methods and procedures used in this study, including population, data collection instruments and data collection methods and procedures are presented. Further, the analytical approaches including frequency counts, descriptive statistics, correlations, chi-square, and logistic regression are discussed. Ethical considerations are also covered. The methodological that are described were aimed at satisfying the study objectives. In addition to the philosophy and design, the population, instruments that used to collect data (and their validity and reliability tests), measurement of variables (including the scales used) and data analysis methods – including online questionnaires -are described.

#### **3.2 Research Design**

In this subsection the philosophy underpinning this study and the chosen research design are presented; first the research philosophy, and then research design.

##### **3.2.1 Research Philosophy**

Fundamental to social scientific research is the philosophy of science. It bases research techniques on truths and realities of the social world (Uddin & Hamiduzzaman, 2009). Two prominent philosophical paradigms for research are positivism and phenomenology. A paradigm is a researcher's worldview underpinning theories and methodologies of to be adopted for a particular belief system about a subject. In the positivist belief system knowledge is construed to be description of a phenomenon rather than questioning about the phenomenon. In this paradigm only positive facts and observable events are recognized; it is concerned with

the things (objects, events, emotions...) capable of being objectively observed, measured and can be regarded as facts. Its concerned with the scientific view of the world in the traditional sense.

Conversely, the concern of phenomenology is with what the meaning of things is, as opposed to identifying and measuring phenomena. Phenomenology is particularly concerned with the notion that human experience constitutes a valuable source of data and associated insights. This is contrary to the proposition that true discovery or research resides in measurement of the presence of a physical phenomenon (Easterby et al., 1991). This research assumed there was a single, tangible reality composed of quantifiable variables and processes. This assumption enabled the researcher to accurately explain the phenomenon being studied; to predict with a reasonable level of confidence in regard to a phenomenon A based on the occurrence of B; to control the phenomenon being investigated by using this positive approach. It is a researcher's discernment of the nature of reality (ontology) that informs how the researcher goes about discovering (epistemology) that reality.

In this study, strategic leadership was objectively measured by collecting data on the descriptors of its three chosen dimensions (envisioning, strategic control and human capital focus), and on strategy execution and performance measures. The data was collected using psychometrically validated questionnaires and was used to test already formulated hypotheses. In this regard, since there was accurate observation and measurement of the phenomenon by the researcher, a positivist paradigm was adopted, where the study worked with an observable social reality which lead to credible data being captured. Under this paradigm, the variables were operationalized using indicators discerned from empirical literature. These indicators were anchored on a scale with pre-determined responses from which the respondents chose.

The quantitative data was analyzed using quantitative techniques to generate descriptive results including means, and standard deviations, and inferential results, namely correlation and regression coefficients with the associated test statistic that were used to test study hypotheses. These results enabled testing of hypotheses that were formulated *a priori*.

### **3.2.2 Research Design**

Connotes the premise within which relationships between the study variables are specified. It guides the conduct of a research in a manner that ensures that the objectives of the study are met or that the research question is answered. The research design provides the plan and structure to be used by the researcher and is therefore a framework which allows the specification of relationships found between in the study variables. It includes a series of rational decision making and a series of steps that are aimed at designing the research in a manner that enables the collection of essential data which is then analyzed to arrive at solution (Sekaran, 2003). It therefore a guideline for the research process which allows a researcher to achieve the intended results that will reflect the reality of the situation as described by (Burns & groove, 2001). As already stated, the descriptive survey design was adopted in this study. Descriptive study has been found to be a suitable tool for ascertaining and describing the key characteristics of the variables found in the research data while describing the relevant aspects of the phenomena revealed in the research problem, from an individual, organizational or industrial perspective, (Sekaran & Bougie, 2010). Descriptive survey design is described as a method of gathering data through interviews or questionnaires to specified individuals. The use of survey research design is informed by its inherent attributes which provided the researcher with an opportunity to collect quantitative.

If the research is focused on finding out the what, when and how relating to the phenomena, the descriptive research design is found to be appropriate according to (Copper & Schindler,

2014). Consequently, the descriptive research design was adopted as the variables being studied were not manipulated or controlled by the researcher but instead were measured as they naturally occurred. It is argued that the survey method has wide use for obtain data that is useful for evaluating current practices and therefore a sound basis for decision making. The survey applies a deductive approach and allows the researcher more control over the research process (Kothari, 2009). This method is also recommended by researchers because descriptive study is a suitable in business and management research. This approach enables collection of large data in an economical way and is perceived as an authoritative technique in the research world while being comparatively easy to comprehend. Consistent with the objective of the study, descriptive survey design based on the positivist paradigm to answer the research questions.

Descriptive design is concerned with the how, what, and where of a phenomenon (Cooper & Schindler, 2014). Its focus is on describing the characteristics of an individual or group (Kothari, 2009). This design was chosen because the objectives of this study; to assess whether there exists strategic leadership among SASRA regulated SACCO's in Kenya; and if it exists, to proceed and describe its relationship with organisational performance. Secondly, the study aimed to describe how strategy execution mediated the relationship between strategic leadership (comprising human capital focus, strategy control and strategic direction), and performance of SACCOs in Kenya.

Consequently, a descriptive survey was conducted where data was collected from 133 SACCOs and analyzed. Through this design, the existing status regarding strategic leadership (strategic direction, human capital focus and strategy control), strategy execution and performance of SASRA registered SACCO's was examined. Further, a description of how strategic leadership and strategy execution related with, and performance was assessed.

### **3.3 Target Population**

Population is defined as the entire group of items of interest to the research (Brink & Wood, 1996). The group may comprise individuals, events or physical objects that possess some common attributes or characteristics that can be observed. A population that is targeted in a research includes all members or units of a hypothetical or real set of people, objects or events about which an investigator makes generalization of results of study (Borg & Gall, 1989). In the current study, the target population comprised 175 SACCOs regulated by SASRA and licensed to operate in Kenya as at the year ending 31 December 2018. The researcher focused on Deposit-Taking SACCO (DT-SACCO) head offices in the Country which according to (SASRA, 2015) has the highest concentration of DT-SACCOs. There is a total of 175 DT-SACCO head offices which comprised the target respondent organisations across the country. This study was a census of all deposit taking SACCOs that were published by SASRA. The respondents were managers from these organisations. In particular, a manager who had a supervisor. The respondent reported on the supervisor who has the respondent's leader.

### **3.4 Data Collection Instrument**

The choice of the instrument for data collection depends on the attributes of subjects, the research topic, problem and the objectives; design and expected results. This study sought to describe the relationship between strategic leadership and performance, and to describe the mediating effect of strategy execution on this relationship by collecting a large amount of data and using the data to test hypotheses that had been formulated in advance. Data from respondents to a study and the choice of the data collection tool depends to a large extent on the research topic questions and objectives, attributes of the subjects, the adopted research design, and the expected results (Creswell & Plano, 2011) and further that questionnaires are useful in collecting information from a large number of respondents to enable testing of hypothesis (Orodho, 2004). Consequently, structured self-administered questionnaires with

pre-defined possible responses was used to collect. The structured questionnaire elicited predetermined responses. This instrument was chosen to ensure a high response rate because possible responses were included for each question/ statement on the questionnaire from which the respondent was to select. The instrument was also appropriate because data was to be collected from many respondents who comprised the Deposit Taking\_ SACCO managers within a short time that is “at one point in time”; it was a cross-sectional descriptive survey (Orodho, 2004; Creswell & Plano, 2011). In addition to the structured questionnaire was used to collect data on CAMEL indicators from each of the SACCOs.

### **3.4.1 Questionnaires**

Questionnaires are instruments that are used to collect data on knowledge of people, attitudes, opinions, behavior, facts, and other information. According to Radhakrishna et al. (2003), 64% of researchers use questionnaires to collect data. The questionnaire had structured questions with pre-defined possible responses for each question or statement. The questions were created to be simple and logical and the questionnaire contained simple but straight forward instructions for the respondents to enable them respond without difficulty.

In this study, Likert scales were used to mean the summated scale, with Likert item referring to an individual statement with option values of 1 to 5 to be chosen by the respondent. According to Senaji (2012), a Likert item is a statement which the respondent evaluates according to some objective or subjective criteria; the subjective criteria may be level of satisfaction or extent of agreement with the Likert item. Generally, the extent of agreement or disagreement; satisfaction or dissatisfaction, “is measured” by the respondent choosing from predetermined levels – for example, from the lows level or extent of agreement or satisfaction. Though “five ordered response levels are often used, many psychometricians advocate for the

use of seven or nine levels” (Senaji, 2012). However, due to the small sample that was used in this study, a five-point Likert scale was used for each variable Likert item which was measured using multiple items with the following possible responses per Likert item: Strongly disagree, disagree, somewhat agree (neither agree nor disagree/ Neutral), agree, and strongly agree. These items were assigned number 1, 2, 3, 4 and 5 respectively during the analysis.

The questionnaire was divided into five parts. Part A was designed to collect demographic data while Parts B, C, D, and E elicited data on strategic direction, human capital focus, strategic control and strategy execution, respectively. Part F and G were used to collect data on performance (F: Qualitative, and G: quantitative) of the organization. The measures, of variables were anchored on the transformational leadership theory (TLT) (Bass, 1985; Bass & Avolio, 1994), the strategic leadership model (SLM) (Duursema, 2013) and organisational effectiveness measures (Senaji, 2012). The four measures for organisational effectiveness were “innovation of new products/services”, “coordination of the development efforts across distinct units”, “adaptation to unexpected change”, and “being responsiveness to demands of the market”.



A description of questionnaire parts is presented in Table 3.1.

**Table 3. 1.**

*Content of questionnaire sections*

<b>Questionnaire Section/ Part</b>	<b>Description</b>	<b>Reference Theory/ Model</b>	<b>Dimension/attribute /variable of theory or model</b>	<b>Sources</b>
A	Demographic information			
B	Strategic direction	TLT	Vision	Adapted from Dursema (2013)
C	Human capital	TLT	Transformational (supportive) leadership	
D	Strategic Control	SLM (exploitation)		Adapted from Dursema (2013)
E	Strategy execution	SLM (exploitation)	Operational efficiency of SLM	Adapted from Dursema (2013)
F	Performance (qualitative)	Organisational effectiveness		Adapted from Senaji (2012)
G	Performance	CAMEL	<ul style="list-style-type: none"> <li>• Adequacy of capital adequacy (C)</li> <li>• Assets quality (A)</li> <li>• Management ratios (ME)</li> <li>• Liquidity</li> </ul>	

Further, secondary performance data of SACCOs over a period of three as based on the CAMEL (Capital, Assets, Management ratios, and Liquidity) was collected using a data collection sheet.

In particular data was collected on the adequacy of capital (C), and quality of assets (A)

### **3.4.2 Administration of Research Instrument**

Questionnaires were self-administered to the target participants who then completed the questionnaires. Participants possessed adequate knowledge on account of having been in the employment of their respective Sacco's for some time and were able to provide information

about their business due to the roles they played as managers of the SACCOs. The researcher distributed the questionnaires to some SACCO managers while the other respondents were surveyed using an online questionnaire which was prepared using google documents. A letter from the postgraduate directorate of Kenya Methodist University and the National Council for Science, Technology and Innovation (NACOSTI) research permit were attached to both the physical questionnaires and the online questionnaire explaining the intention of the study. The request to participate in the study was also included with the questionnaire that was sent to the managers of the SACCOs. For the physical distribution administration, the questionnaires were physically delivered to the respondents by the researcher and collected after two weeks once they had been completed. The researcher made follow up calls to kindly remind the respondents to complete the questionnaires. It took between one and three days to return to collect the filled up questionnaires while in some cases it took up to two weeks.

### **3.5 Pilot Test**

A pre-testing was done with a draft questionnaire on 13 different SACCO's in Meru to mitigate any issues with the questions and to ensure that the respondents could comprehend the questions. Respondents were encouraged to provide feedback on the draft questionnaire regarding clarity of statements on the questionnaire, length of the questionnaire, sequence of questions and also respond to the questionnaire so that the final questionnaire could be improved upon. The pilot respondents provided input on the clarity of the language in the questionnaire, length of the questionnaire and clarity of the questions. The questionnaire was revised based on this input. Specifically, the questions which were either unclear or repeated and/ or long revised by incorporating the feedback that was provided by the pilot study respondents. This ensured that the questions and statements in the questionnaire were well

understood by the targeted respondents. The objective being to minimize errors in measurements that would arise while using the instrument in the final research stage.

### **3.5.1 Validity of the questionnaire**

A research instrument is valid if it accurately measures the phenomenon it was designed to measure (Kothari, 2004). When a research instrument's (questionnaire in this study) validity level is high then the data collected will be accurate and will reflect the subject of the research accurately. Due to the implementation of a pilot test of the questionnaire the instrument validity level was high for this research. The validity of the tool, was improved by consulting fellow researchers and research supervisors to give inputs on the design and content of the questionnaires. Further, during the thesis proposal presentation the examining panel were able to give expert advice and suggestions which were taken into account and necessary changes made to the instrument. Furthermore, pinions of scholars and experts in the area of strategic management were also sought regarding the appropriateness of the constructs - organisational performance, strategy leadership, strategy control, and strategy execution, and questionnaire statements/questions and their comments used to revise and refine the questionnaires. Further, while developing the measures of variables, care was taken to ensure that the constructs/variables and their respective descriptors were grounded in theory.

### **3.5.2 Reliability of instrument**

An instrument is reliable when it yields consistent results when used repeatedly on the same test subject, under the same conditions (Kothari, 2004). Reliability estimates are used to evaluate the consistency of measures when administered at different times to the same individuals (Kimberlin & Winterstein, 2008). It is a desirable property of a measuring instrument because it ensures that consistent results are obtained whenever the instrument is used on several occasions; if the instrument gives similar results on repeated use. The reliability was established

through a pilot testing of the questionnaire on 13 respondents with characteristics similar to those that participated in the final study. It is imperative to ensure the reliability of instruments because this leads to consistency in the generation of the results where the researcher or any other researcher is able to collect the same data as was intended in the original instrument (Oson & Onen 2005). To achieve reliability of the collected data, the study sample was clearly defined to comprise SACCO managers and questionnaires administered in the same way to all respondents and completed. Cronbach's alpha was employed for testing the questionnaire's reliability which had multiple items for measuring each one of the research constructs. The internal consistency of the item measures of variables was assessed using Cronbach's alpha coefficient which indicated the reliability of the measure of the construct/ variable. A scale of 0.70 or above is acceptable (Kothari, 2009). In this study, all the constructs achieved a minimum Cronbach alpha value of 0.7 and were thus found to be reliable for use in the collection of data.

The data collection questionnaire that was pretested for validity and reliability was used for collection of primary data from SACCOs on strategic leadership, strategy execution and organisational effectiveness while financial performance based on the CAMEL measures of financial performance were collected from SASRA annual reports. This data comprised four indicators adequacy of capital, quality of assets, management ratios (return on assets), and lastly, liquidity as was collected using a data collection sheet.

### **3.6 Data collection procedures**

A description of common method variance and of the data collection procedures that were used to ensure collection of reliable data are as follows:

### **3.6.1 Common Method Variances**

Measurement errors in research arise from common method bias. This threatens validity of conclusions about the association of variables. It is recognized to have random as well as systematic components (Bagozzi & Yi, 1991). One source of systematic measurement error is the method variance; the measurement error may arise from a range of sources including the general context, scale type, content of specific items, and response format (Fiske, 1982).

In this study, the potential sources of common variance method would be from the items, ambiguity, and question context, obtaining the measures of both criterion and predictor and variables from the same source. In order to control for and minimize any serious confounding influence on results which would yield misleading conclusions, procedural remedies were used. These remedies included avoiding of asking confidential questions/ items but rather developing surrogate items which were easy and direct to answer but still achieve the objective of the study were used. In addition, data was not collected from only one source (category of respondents), instead data on measures of the study variables was collected from different sources including from different unit of managers in the SACCOs. Further, the questions were randomized in the questionnaire that was distributed to the respondents. The randomization ensured that the respondents could not find any pattern in the questions because the questions from different variables followed each other in the questionnaire and it was least probable for the respondents to know the variable to which a question or statement belonged.

### **3.6.2 Data Collection Procedures during Corona Virus Disease of 2019**

Owing to COVID 19 pandemic the data was predominately collected through google forms preceded by personal introduction calls to respondents. The introduction letter along with the NACOSTI permit were embedded to the google forms. Follow up calls were made to ensure

that that online questionnaire had been received by the respondents and to courteously remind them to complete them. Only 15 questionnaires were collected through the drop and pick method. In this approach, questionnaires were printed, appointments made with the respondent SACCOs and the questionnaires delivered in person. The questionnaires were filled by at least one manager in the SACCO at CEO, GM, or section/ unit manager level because the purpose was to collect data from any manager who had a leader.

### **3.7 Data analysis**

The data collected was processed by sorting the questionnaires responses, editing, coding and generation of variable, data entry, analysis. The results that were obtained were then interpretation to arrive at findings. Specifically, the collected data was sorted and checked for any obvious errors or omissions and then edited to ensure a quality standard. Secondly the data was coded, meaning answers were allocated a certain numeral or symbol so that they could be grouped into the particular categories needed for analysis. The Statistical Package for Social Sciences (SPSS) version 24 (SPSS v. 24) was used to analyze data.

Description of variables was done using frequency counts, mean and standard deviation which were calculated from the collected data with the help of SPSS v.24. Correlation and regression analyses were also used to assess the relationship and effect of predictor variables on performance. Further, study hypotheses were tested based on both t-statistics and F-statistics; the associated p-value to determine whether any differences in performance could be attributed to ordinary random factors or not. The association of variables was also examined using Chi-square statistics.

In statistics, either the linear or non-linear regression model such as the logistic regression (also known as the logit) may be specified. In this study, the predictor variables were strategic direction, human capital focus and strategy control; strategy execution was the mediating

variable with performance as the dependent variable. While the classical linear regression is used to predict linear relationship between the predictor (independent) and dependent variables, the predicted the probability of the occurrence of an event is estimated by fitting data to a logistic function (Kothari, 2009). While the data from the quantitative survey was analyzed using quantitative techniques. In this study, six logistic analytical models were used.

### 3.7.1 Logistic regression models

Six binary logistic regression models were estimated in this study: Model 1, 2, 3, 4, 5 and Model 6 as follows:

#### Model 1: Strategic leadership predicting performance

The first analytical model (Model 1) was used for assessing the direct relationship between strategic leadership and organization performance.

$$\text{logit PF} = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \varepsilon \quad (1)$$

Where:

*PF* = *perforanace*

*X*<sub>1</sub> = *strategic direction*

*X*<sub>2</sub> = *human captal*

*X*<sub>3</sub> = *strategic control*

*ε* = *random error term*

### **Model 2: Strategic leadership predicting strategy execution (mediating variable)**

This second model was used to examine how strategic leadership predicted strategy execution (SE); strategy execution was the mediating variable.

$$\text{logit SE} = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \varepsilon \quad (2)$$

Where  $SE = \text{strategy execution}$

$x_i, i = 1, 2, 3$  have previous meanings

### **Model 3: Both strategic leadership and strategy execution predicting performance**

In the third model (Model 3), the combined effect of strategic leadership (X) and the mediator (strategy execution, SE) on permanence (PF) was examined

$$\text{logit PF} = \ln\left(\frac{p}{1-p}\right) = \alpha_0 + \alpha_1X + \alpha_2SE + \varepsilon \quad (3)$$

Where  $X$  is the composite aggregate measure of all the three strategic leadership variables

( $x_1 = \text{strategif direction}$ ,  $x_2 = \text{human capital focus}$ , and  $x_3 = \text{strategy control}$ ) and SE is strategy execution.

#### **3.7.2 Mediating effect**

The Capital adequacy, Asset quality, Management ratios [ROA], and Liquidity (CAMEL) financial performance measures were binary coded with “1” if there was positive trend over the period 2016 – 2018 or “0” if there was a decline or no change in these financial performance indicators, and the following models used to assess the relationship between strategic leadership and financial performance as well as the influence of the combination of strategic leadership and strategy execution on the odds of financial performance.



#### **Model 4: Strategic leadership predicting strategy execution**

$$\text{logit SE} = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \varepsilon \quad (4)$$

To test for the mediating effect of variables, it should be predicted by the independent variables hence the estimation. In this case, strategy execution leadership was used to predict the odds for strategy execution

#### **Model 5: Strategic leadership and strategy execution predicting performance**

The fifth model was to predict the probability of satisfactory performance using strategic leadership variables (strategic direction, human capital focus and strategy control) and strategy execution.

$$\text{logit PF} = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_3SE + \varepsilon \quad (5)$$

#### **Model 6: Strategic leadership and strategy execution predicting performance**

In this model, the combination of strategy execution ( $x_{se}$ ) and a composite measure of strategic leadership ( $X$ ) were used to predict the probability of satisfactory performance of SACCOs. The model is as follows:

$$\text{logit PF} = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1X + \beta_2x_{se} + \varepsilon$$

Where  $X$  is the composite aggregate measure of all the three strategic leadership variables ( $x_1$ ,  $x_2$ , and  $x_3$ ), and  $X_{se}$  = strategy execution

### 3.8 Operational Measurement of Variables

Data was collected on three categories of variables which comprised independent (strategic leadership comprising strategic direction, human capital focus, and strategy control), mediator (strategy execution) and dependent (organisational performance) variables. The independent variables were dimensions of strategic leadership; the mediator was strategy execution; while the dependent type performance. Each one of these variables was measured by multiple items.

#### 3.8.1 Measures, scale and level of measurement of variables

The independent construct, strategic leadership, comprised the variables: strategic direction, strategic control and human capital focus. The items that were retained for each variable were those that had been tested for internal consistency and found to be reliable measures of the study variables. All the item measures/ factors of variables were measured on a five point Likert scale with 1 = strongly disagree, 2 = disagree, 3 = somewhat agree 4 = agree, and 5 = strongly agree. Each of the variables was measured using multiple items that were anchored on five point Likert scale. The mediator variable was *strategy execution*; it was also measured using the Likert scale using the indicators derived from the *exploitation* dimension of the strategic leadership model (see Table 3.1).

**Performance.** The dependent variable performance, comprised the CAMEL variables: capital adequacy, asset quality, management financial ratios, liquidity and organizational effectiveness. The first four performance indicators were measured numerically and the fifth measure of performance, organizational effectiveness, was measured using four items/ factors on Likert scale. For purposes of the logistic regression analysis, the composite measure of organisational effectiveness was coded to binary. Further, the overall performance of SACCOs was measured based on the CAMEL framework.

**Strategic leadership.** The measures for strategic leadership were partly drawn from the transformational leadership theory (vision and human capital focus) and the strategic leadership model (exploration vs exploitation; and internal organization vs external environment). Strategy execution was anchored by “exploitation”, while strategy control was underpinned by “internal organisation” dimensions of strategic leadership model. The competing values framework (Quinn & Cameron, 2006) complemented the strategic leadership model to support the internal – external focus tension. The item measures of variables and measurement scale are displayed on Table 3.2 which follows.

**Table 3. 2***Measures of variables*

Variable Type	Construct/ Variable	Sub-construct	No of Indicators	Measurement Scale	Level of measurement	Remarks
Independent	Strategic leadership	Strategic direction	7	Five point Likert scale	Ordinal	Adapted from Durseema (2013) TLT, Bass, 1985; Bass and Avolio, (1994) Adapted from Durseema (2013)
		Human capital focus	4	Five point Likert scale	Ordinal	
		Strategic control	5	Five point Likert scale	Ordinal	
Mediator	Strategy execution	n/a	5	Five point Likert scale	Ordinal	
Dependent	Performance	Capital adequacy		Numeric	Ratio	CAMEL
		Asset quality		Numeric	Ratio	CAMEL
		Management financial ratios		Numeric	Ratio	CAMEL
Dependent	Performance (qualitative)	Liquidity		Numeric	Ratio	CAMEL
		Organizational effectiveness	4	Five point Likert scale	Ordinal <sup>1</sup>	Senaji (2012)

<sup>1</sup>For the qualitative measures of performance, the data was converted into binary using the rule:  $y = 1$ , if a score was 4 or 5 and  $y = 0$ , if score was 1, 2 or 3. All responses on variables were anchored on a Likert scale of 1 to 5 where 1 = strongly disagree, 2 = disagree, 3 = somewhat agree, 4 = agree; and 5 = strongly agree.

As summarised in Table 3.2, the items (measures) that were used to measure each construct are as follows (See also Appendix I-A):

**Strategic direction.** This variable comprised two sub-variables – vision and business development which were respectively, derived from the transformational leadership (Bass, 1985; Bass & Avolio, 1994) and strategic leadership model (Duursema, 2013). Further, organisational effectiveness measures were adapted from (Senaji, 2012).

**Strategic direction: Vision** (adapted from the TLT questionnaire, Bass, 1985; Bass & Avolio, 1994)

- V1. Has a clear understanding of where the organization is going
- V2. Has a clear sense of where he/she wants our team/unit to be in 5 years
- V3. Has no idea of where the organization is going (R)

**Strategic direction: Business development (Exploration)** (Adapted from the SLM, Duursema, 2013)

- BD1. Actively explores new markets
- BD2. Recognizes potential new clients
- BD3. Makes innovative proposals to penetrate new markets
- BD4. Seeks entrance at new potential clients

**Human capital (TLT-Supportive leadership)**

- HC1. Considers my feelings before acting
- HC2. Behaves in a manner which is thoughtful of my personal needs
- HC3. Sees that my interests are given due consideration
- HC4. Encourages me to be the best that I can be

**Strategic Control: Exploitation (adapted from Duursema, 2013)**

- SC1. Collects client data as a basis for product development
- SC2. Takes corrective action whenever need arises
- SC3. Conducts regular project review meetings
- SC4. Regularly collects data regarding changes in the political arena for business decision making
- SC5. Regularly updates employees on the prevailing business environment

### **Strategy execution (SLM, exploitation: Operational efficiency of SLM) (Duursema, 2013)**

Strategy execution behaviour/ actions by leaders was assessed using the following five items/ statements:

- SE1. Check work progress against agreed-upon objectives
- SE2. Formulate clear objectives
- SE3. Reassure time schedules and deadlines
- SE4. Work according to a structured system in order to ensure an optimal service level
- SE5. Plan in detail how to accomplish an important task

### **Performance indicators (qualitative): Organisational Effectiveness (Adapted from Senaji, 2012)**

- KE1. Innovation of new products/services
- KE3. Coordination of the development efforts of different units
- KE6. Adapting quickly to unanticipated changes
- KE11. Being responsive to new market demands

#### **3.8.2 Coding of data for logistic regression analysis**

The CAMEL performance variables which were obtained from SASRA SACCOs performance reports were coded as follows:

CAMEL = 1 if the indicators increased (improved) over the 2016 – 2018

CAMEL = 0 if indicators remained constant or decreased over the period 2016 – 2018

Specifically, the number of “increases”/ “improvement” and decrease or no change, that is, respectively “1”s and “0”s for the four CAMEL indicators for each SACCO were counted and the overall score captured as “1” or “0”. For example, if for SACCO #1 the performance indicators were:

Capital adequacy = 1, Asset quality = 0, Management financial ratios = 1, and Liquidity = 1, then,  $y = 1$ ;

Otherwise, if Capital adequacy = 0, Asset quality = 0, Management financial ratios = 1, and Liquidity = 0, then  $y = 0$ .

Similarly, if there was an equal number of “1”s and “0”s then  $y$  was coded as 0, that is  $y = 0$ ; in other words, the performance was reported as unsatisfactory.

Further, with regard to the qualitative measures of performance “organisational effectiveness” was binary coded as follows:

$y^* = 1$  if mean score was 3.4 or more,

$y^* = 0$  if mean score was less than 3.4

Organisational effectiveness was using a Likert scale ranging from 1 to 5. As seen earlier, the measures of effectiveness were “innovation of new products/services”, “coordination of the development efforts of different units”, “adapting quickly to unanticipated changes”, and “being responsive to new market demands”. Further, direct and mediated effect of strategic leadership on performance were examined using CAMEL performance data which was binary coded as explained.

### **3.9 Ethical Considerations**

Informed consent was sought from the respondents of this research prior to data collection: respondents were advised that the information needed for this study was only for academic purpose. It was ensured respondents of anonymity and confidentiality. A research permit was obtained from NACOSTI, to fulfill government policy, prior to commencement of collection of research data. The Information received was kept strictly confidential and the protection of

the data was undertaken as prescribed by University policy. The data collected was used strictly for the intended purpose of this study and the identity of the respondents was not disclosed but kept confidential. Lastly the participation by respondents was voluntary and there was no use of incentives that would have affected their responses and also undermined the integrity of the study. Interviews were scheduled with the respondents at a time suitable for them.



## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4.1 Introduction

This study aimed at establishing the relationship of strategic leadership and organization performance where strategy execution acted as mediating variable. The results of the reliability of instruments are presented first followed by the characteristics of the respondents. Secondly, the descriptive results comprising frequency counts, means and standard deviations are presented. The descriptive results are followed by the results of the relationship between pairs of variables which are the correlation coefficients with associated t-values. The next set of results are the logistic regression results which comprise both the direct effects and the mediated effects. The inferential results are presented according to the objectives of the study.

#### 4.2 Reliability of instruments and Characteristics of respondents

Reliability is the extent to which results of a measurement can be depended upon to produce consistent and dependable results Reliability of the data collection instruments was assessed using Cronbach' alpha was used to measure the. Kothari (2004) argues that as the general rule of the thumb, the closer the alpha is to 1 the better is the reliability.

##### 4.2.1 Reliability test results

The questionnaire was pretested on 13 respondents comprising both men and women (Women: n= 6, Men: n =7). The pretest sample was drawn from 13 Sacco branch managers in Meru The questionnaire had a total of 27 items distributed across five variables. The reliability test results of data collection instrument which are presented as Cronbach alpha statistic are shown on Table 4.1 where number of items, associated reliability measures and the items that were deleted are shown.

**Table 4. 1.**

*Reliability results*

	Cronbach alpha	n	Item/s deleted
Strategic direction	0.844	7	8
Human capital	0.846	4	
Strategy control	0.713	5	
Strategic execution	0.764	5	
Performance	0.833	4	4

As seen from Table 4.1, all the scales were tested and found reliable as shown by a Cronbach alpha value of at least 0.7 as recommended by most scholars.

The constructs in the study were strategic leadership comprising strategic direction, human capital, and strategic control, strategy execution and performance (organisational effectiveness). *Strategic direction* comprised two sub-variables, namely *vision* and *exploration*. *Exploration* was measured using indicators of business development. *Vision* had three item measures or factors while *exploration* had four items. One of the exploration items “*My supervisor makes clients aware of the other company products and services on offer*”, was deleted from the measure of strategic direction.

Similarly, one item “*In the last three years, my organisation has decreased its market response time*” was also deleted from the scale for organisational effectiveness leaving four reliable item measures. Item measures on the scales of human capital (n = 4), strategic control (n = 5) and strategy execution (n = 5) were all retained in the instrument upon reliability analysis.

According Kothari (2009), a scale of 0.70 or above is acceptable. In this study, all the constructs achieved a minimum Cronbach alpha value of 0.7 and were thus found to be reliable for use in the collection of data. Based on the reliability test results, the instrument was deemed appropriate for use in data collection

#### **4.2.2 Characteristics of Respondents**

This study aimed at establishing the characteristics of respondents from deposit taking SACCOs in Kenya in terms of years in the organization, years of service, position in the organization, type of Sacco and service provided by the SACCO. The target population in this study consisted of all registered SACCOs in Kenya by 31<sup>st</sup> December 2018. Top level management at the headquarters were used as respondents because they are familiar with the strategy of the organisation, its implementation (execution) and control better placed in the execution. Further since the study aimed at establishing the extent of strategic leadership, each of the target respondents had at least a leader whom they assessed. For example, the CEO's leader is the board chairperson while managers' leader is their CEO to whom they report and were able to assess the CEO's leadership approach. At least a manager or a CEO at this level had a supervisor about whom they responded to the questionnaire.

**Response rate.** Out of the 175 questionnaire that were distributed to all SACCOs to be filled by one manager, 133 were completely filled and used for analysis. This represented a response rate of 76% which was adequate

To ascertain the respondents' profile data was collected on the position that was held by the respondent, and the number of years that a respondent had worked at the SACCO.

**Position held by respondent.** The distribution of responses by the position that was held by the respondents is displayed on Table 4.2.

**Table 4. 2***Position held by respondent*

	n	%
Branch manager	3	2.3
CEO	31	23.3
Deputy CEO	15	11.3
Director	2	1.5
General manager	13	9.8
General Manager	9	6.8
Human resource manager	3	2.3
Manager	42	31.6
Manger	1	.8
Marketing manager	8	6.0
Project manager	3	2.3
Sales Manager	3	2.3
Total	133	100.0

As presented in Table 4.2, the respondents were at least at the rank of manager who had a supervisor whom they assessed across the strategic leadership variables, namely strategic direction, human capital focus and strategic control. The supervisors were also assessed on strategy execution measures. This result suggests that the respondents were at strategic levels of management in the organisation and were suitable to respond to the questions in the study because at this level, the respondents had knowledge about strategic leadership, strategy execution and were conversant with performance of the organisation. This category of respondents is consistent with similar studies on the effect of strategic leadership on organizational ambidexterity where the sampling unit and analysis (respondents) comprised 94

Chief Executive Officers (CEO) from all target Jordanian chemical manufacturing companies (Abuzaid, 2016). This category is similar to the managers/ executives that were surveyed in the current study.

**Years worked in the organisation.** Further, frequency counts were generated for the number of years that the respondents had worked in respective SACCOs and the result is shown on Table 4.3.

**Table 4. 3.**

*Years worked in the organisation*

<b>2. Years in this organisation (in years)</b>					
Number of years	N	%	Valid %	Cumulative %	
1	3	2.3	2.4	2.4	
2	9	6.8	7.1	9.4	
3	20	15.0	15.7	25.2	
4	24	18.0	18.9	44.1	
5	17	12.8	13.4	57.5	
6	6	4.5	4.7	62.2	
7	6	4.5	4.7	66.9	
8	12	9.0	9.4	76.4	
10	3	2.3	2.4	78.7	
11	3	2.3	2.4	81.1	
12	3	2.3	2.4	83.5	
14	3	2.3	2.4	85.8	
15	3	2.3	2.4	88.2	
18	6	4.5	4.7	92.9	
19	3	2.3	2.4	95.3	
21	3	2.3	2.4	97.6	
23	3	2.3	2.4	100.0	
Total	127	95.5	100.0		
Missing	System	6	4.5		
Total		133	100.0		

As shown in Table 4.3, a total of 115 respondents had at least three years working experience in the SACCO. This implies that they had knowledge of the operations in the SACCOs and were therefore in a position to provide reliable information on the study variables.

According to Table 4.3, the majority of the respondents had worked in the SACCOs for between three and eight years. Further, six respondents did not indicate the period of time they had worked in their organizations.

### **4.3 Status of Strategic leadership, Strategy Execution and Organisational effectiveness**

Summary status of strategic leadership (measured by vision and business development), human capital focus, and strategy control; and strategy execution (measured by operational efficiency) and performance measured as *organisational effectiveness*. The measures of strategic direction were derived from transformational leadership theory (vision) and strategic leadership model (business development).

First the descriptive results on individual variables are presented followed by a summary descriptive results for composite measures of the five variables: strategic leadership (strategic direction, human capital focus and strategy control), strategy execution and organisational effectiveness which the performance. Secondly, a summary status of strategic leadership (measured by vision and business development), strategy execution (measured by operational efficiency) and organisational effectiveness.

#### **4.3.1 Strategic direction**

Strategic leadership was measured by two sub-variables: vision, which was derived from transformational leadership theory (citation) and business development which was derived from strategic leadership model.

## **Vision**

Based on the results of both the internal and external environment facing an organisation, leaders of organizations should establish their organisation's strategic direction. Strategic direction is embodied in the mission and vision of the organization and these two direction setting statements namely the mission and vision, are established upon the completion of a comprehensive strategic analysis which comprises internal analysis and the external analysis. External analysis is further divided into two categories, the industry (or competitive environment) analysis and the remote environment analysis which is also referred to as the PESTEL factors analysis; PESTEL stands for political (such as policy, and regulations), economic (including consumer prices, and inflation), social cultural (such as religion, and taboos), technology (including automation of processes) and legal environment; and also the general environment that includes aspects such as environmental protection against pollution, desertification etc. The vision should be clear and in most cases lofty; it presents what the ideal future that is desired by the organization would look like. It is usually presented in a formal statement and every leader should have clarity of the vision because a study on effective leadership in Egypt, Ghana, Kenya, Nigeria and Uganda found that effective leaders are visionary (Senaji et al., 2014).

Vision was derived from the transformational leadership theory and data collected on the descriptors of vision. The vision of the leader was measured using three items: *an understanding of where the organisation was going, clarity on where the leader wanted to see the organisation in the next five years and whether the leader had an idea of the direction the organisation was taking*. For example, the respondents were asked whether their supervisor clearly understood of where the organisation was going. The results are displayed on Table 4.4.

**Table 4. 4***Assessment of strategic direction at the SACCOs*

Descriptive Statistics					
	N	Min	Max	Mean	SD
My supervisor has a clear understanding of where the organization is going	133	2	5	4.45	0.74
My supervisor has a clear sense of where s/he wants our team/unit to be in 5 years	133	1	5	4.17	0.82
knows where the organization is going	115	1	5	4.30	1.19
<b>Strategic Direction_ (Vision (TL))</b>	<b>133</b>	<b>2.3</b>	<b>5</b>	<b>4.12</b>	<b>0.86</b>

According to Abuzaid (2016), visioning reflects the ability of a leader to comprehend the organization's future in clear and complete terms, and it includes the desire to change the current situation, and the tendency to adopt goals that are completely different from the existing ones. It comprises the ability to determine opportunities available or unfolding in the external environment, and the formation of a long term growth path for the leader's organization. From the result in Table 4.4 the respondents agreed on all measures of visioning. The measures of visioning were: "My supervisor has a clear understanding about where the organization is going" (M = 4.45, SD = 0.74) which represents "vision"; and "My supervisor knows where the organization is going" (M = 4.30, SD = 0.86). The overall composite mean on this variable was, M = 4.12 on a scale of 1 to 5 with a standard deviation, SD = .86.



## **Business development**

Essentially a business cannot be static by only depending on what it is doing currently that is its current customers, markets, products and services that it currently has. Instead leaders/managers of these organizations should engage in business development activities which ensure that the business continues to generate new opportunities that are valuable for the success of the organization. Some of the business development activities are active exploration of new market, recognition of potential new markets, making innovative proposals aimed at penetrating new markets, and seeking entrance to new potential clients. These are some of the business development activities. Indeed, the business development sub variable of the strategic direction construct in this study was measured using these four indicators. These measures/indicators are presented in form of statements that were anchored on five-point type Likert type scale. On this scale 1 = strongly disagree, 2 = disagree, 3 = somewhat agree, 4 = agree, 5 = strongly agree.

As explained, *business development* activities by leaders were measured using four items: active exploration of new markets, recognition of potential clients, *innovative proposals to penetrate new markets* and *seeking entrance to new potential clients* (Duursema, 2013). The responses on the business development measures are indicated in Table 4.5.

**Table 4. 5***Business development*

Measure	N	Min	Max	M	SD
My supervisor actively explores new markets	133	2	5	4.11	0.90
My supervisor recognize/s potential new clients	133	2	5	4.09	0.82
My supervisor makes innovative proposals to penetrate new markets	127	2	5	4.05	0.754
My supervisor seeks entrance at new potential clients	133	1	5	4.03	1.08
<b>Strategic Direction (Business development, SL)</b>	<b>133</b>	<b>2</b>	<b>5</b>	<b>4.03</b>	<b>0.76</b>

The mean responses on these four measures *business development* are presented as presented in Table 4.5 suggest that the leaders were actively involved in business development with the most prevalent activities being active exploration of new markets (M = 4.11, SD = 0.90) and recognition of potential new clients (M = 4.09, SD = 0.82). The aggregate mean (M = 4.03, SD = 0.76) suggests that the leaders in the SACCOs were perceived to be engaged in business development activities. As see from the results, these activities included exploring new markets, recognizing potential clients that are new, making innovative proposals for penetrating new markets and seeking entrance to new potential clients. It is noted that business development is a dimension of strategic leadership namely “seeking opportunities” from the external environment or “exploration”.

From these results (Table 4.5), it is observed that the leaders in SACCOs are satisfactorily engaged in business development for their organisations with a composite mean score of 4.03 (SD = 0.76). The results imply that all the four business development activities (*'explores new markets'*, *'recognize/s potential new clients'*, *'makes innovative proposals to penetrate new markets'*, and *'seeks entrance at new potential clients'*) (Duursema, 2013) were satisfactorily performed by the leaders because they had a composite or aggregate mean of at least 4.00 on a scale of 1 to 5 where a response of 4 represented "agreement" with the statements that were presented to elicit responses on the practice of business development and these results show that the respondents agreed that their supervisors (namely, leaders) carried out business development.

With regard to strategic direction, which is essentially underpinned by the transformational leadership theory and whose one of the core assertions is that leadership articulates and guides followers towards desired goals through inspiration and other interventions, was measured by three items. In particular, the respondents who are asked to report on their leaders or supervisors regarding the leaders' clear understanding of where the organization is going, whether they had a clear sense of where he/she wanted our team/unit to be in 5 years, and whether she/he knew where the organization was going. From the result, which was an aggregate mean of 4.12 with a standard deviation of 0.86, SACCOs leaders had clear strategic direction according to the assessment of the leaders by the respondents to this study. The implication of this finding is that leader should continue maintaining clarity of the vision of the SACCOs, and articulate and inspire the members of their respective organizations towards a common vision.

Further, the extent of business development activity at the SACCOs was examined using four items, namely, active exploration of new markets, recognition of potential new clients, preparation of innovative proposals to penetrate new markets, and seeking entrance at new potential clients. It is noted that business development is a dimension of strategic leadership

model (SLM) (Duursema, 2013) which is known as exploration. In other words, it is the extent to which an organization, through its managers, leaders and employees, looks out for new and potential opportunities for growth, sustainability and overall success of the organization. From the results, the SACCOs were effectively carrying out business development because the aggregate mean on the four items that were used to measure it was 4.03 (M = 4.03, SD = 0.76) (see Table 4.5). This result implies that the SACCOs need to sustain and also improve their business development disposition in order to further improve the levels of performance

### 4.3.2 Human capital focus

The extent to which the leaders exhibited behaviour that indicated their human capital focus were assessed using four items. The items focused on considering feeling of employees before action, thoughtfulness, giving due considerations to the interests of followers, and whether encouraging employees to be the best they could be. The result of the analysis of the data collected on these measures of human capital focus are captured in Table 4.6.

**Table 4. 6**

*Human capital focus by supervisors*

<b>Variable measure</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>M</b>	<b>SD</b>
My supervisor considers my feelings before acting	133	1	5	3.53	1.056
My supervisor behaves in a manner which is thoughtful of my personal needs	133	2	5	3.95	0.791
My supervisor sees that my interests are given due consideration	133	1	5	3.77	1.178
My supervisor encourages me to be the best that I can be	133	2	6	4.27	0.78
<b>Human capital focus</b>	<b>133</b>	<b>2.2</b>	<b>5</b>	<b>3.91</b>	<b>0.69</b>

*Note: The variable measures were adapted from Duursema (2013)*

There was moderately satisfactory human capital focus by the leaders in SACCOs in Kenya ( $M = 3.91$ ,  $SD = 0.69$ ). The highest rated item was that “my supervisor encourages me to be the best that I can be” ( $M = 4.27$ ,  $SD = 0.69$ ). However, the least rated was “My supervisor considers my feelings before acting” ( $M = 3.53$ ,  $SD = 1.06$ ). This second result suggest that the supervisors need to consider feelings of their staff before acting because there appeared to be dissatisfaction with this aspect of human capital focus.

As seen from the result in Table 4.6, human capital focus by leaders of SACCOs was measured using items namely, consideration of feelings of employees before acting, behaving in a manner which is thoughtful of employees individual and personal needs and seeing that the interests of employees are given due consideration and encouraging employees to be the best that they can be. The results showed that the leaders encouraged the employees to be the best they can be (aggregate mean,  $M = 4.27$ ). However, the leaders (or supervisors) only moderately considered the feelings of the employees before acting ( $M = 3.53$ ). These results suggest that there is opportunity to improve with regard to consideration of feelings of employees before acting. This has important implications for performance because when employees perceive that their feelings do not matter to their leaders or supervisors, they will get demotivated and their work output will go down; as a result, overall performance of the organization will be negatively impacted.

On the whole, human capital focus was only moderate because the aggregate mean of responses on the four items that were used to measure this variable was below 4 (that is  $M = 3.91$ ,  $SD = 0.69$ ). Hence human capital focus at the SACCOs needs more improvement and managers should find opportunity to improve this aspect of their organisations.

In view of an increasingly diverse workplace, cultural awareness skills are essential for effective management of employees from unique and distinct backgrounds. Box et al. (2015) suggest that developing leaders of charisma in the 21<sup>st</sup> Century includes nurturing their cultural awareness skills since there has been found a significant statistical relationship between transformational leadership and cultural intelligence which has been found to positively impact performance of organisations.<sup>i</sup> Implementation of any strategy in an organisation requires change effort which is led by leaders in these organisation. In the case of SACCOs, change leadership is required to implement the strategic plans that these organisations come up with in order to realise their performance goals. In a study on leading change in South Africa, four themes that summarized the actions of the leaders as they led change emerged. These were the leaders' efforts to "embrace change, to connect change to African culture and values, to provide hope and to champion diversity" (Nkomo & Kriek, 2011). This finding has implications for the current study where leaders were engaged in actions that inspired (provided hope) to the followers.

Further, ineffective leadership cannot be entrusted with the implementation of new strategies. Consequently, additional training in human resource management, management development, and organizational change in developing countries should be a prerequisite to equip the leaders with necessary skills. Drawing from the assertion by Fritch (2013) that there need to improve leadership through capacity building including training, is it is necessary that strategic leadership which encompasses theories from both leadership and strategy – the strategic leadership model (Dursema, 2013) - be developed among leaders of organisations including the leaders in SACCOs to enable them guide their respective organisations to greater success in an increasingly competitive environment.

It is also noted that an elegant a strategy is of little value if it cannot be successfully implemented because the strategy needs to be implemented and it is the people who implement the strategy. It is therefore not surprising that organizations that succeed are those that take their human capital more seriously than those who do not. Successful organisations recognize that the people in the organization are the ones who will carry the vision and make great progress towards realizing the goals and objectives that they set them for themselves in their strategic plans. Therefore, human capital focus is a keen attention to retooling and upskilling the employees in an organization.

In this regard, for optimal performance of organizational members it is therefore desirable and leadership of organizations should continually seek to identify the skills shortages and formulate programs and interventions that equip employees with those skills that are necessary for improving performance in the current state and in the future state. In particular, organizations need to anticipate changes in the current and rapidly evolving operating environment and develop skills among their employees that will be required to meet the demands of the changing business environment. Failure to do this will only lead to failure of organizations because the demands of the business will overwhelm the staff who would be lacking in skills with regard to critical competencies that are demanded by an ever-changing business environment.

With regard to human focus, leaders have the responsibility to use their skillset and expertise to effectively guide businesses through uncertainties and assure their workers of the future of the organization notwithstanding the uncertainties. They can do this by paying attention to the feelings of employing and empowering them to realise their maximum potential given their (employees) skills, and expertise.

### **4.3.3 Strategic Control**

Besides strategy analysis, formulation and implementation, it is necessary to perform strategy control to ensure that the strategy that was formulated implemented is being implemented as planned. This requires a focus on the objectives, key performance indicators and the set targets as contained in the action plans pertinent to the strategic plan that is being implemented. The essence of strategy control is to observe and measure performance against the set targets and take corrective action whenever there are deviations between what is observed and what is expected. In this regard, leaders that are charged with the implementation of a strategy are required to be vigilant in the manner that enables them to maintain sharp focus on the critical success factors (KPIs) that determine the success or otherwise of the strategy that they are implementing.

In this study, “strategy control” was measured using five items as shown in Table 4.7. The items comprised, collection of client data as a basis for product development, taking corrective action whenever need arose, conducting regular project meetings regularly collecting data regarding changes in political arena for business decision making, and regular updating of employees on prevailing business environment.

Three of these measures were operational control items/ measures, these were: client data collection as a basis for product development, taking corrective action we need arose, and regular project meetings. On the other hand, two items were for strategic level control; they were collection of data regarding changes in political arena and regular updates all the employees on prevailing business environment. It is emphasized that strategy control should be practiced at both operational level where the focus is on targets and at strategic level, where management monitors the wider remote environment facing the organization.



Data was also collected on a strategy control and analyzed. The focus of the data collection was on client data and taking of corrective action on the basis of the data, conducting regular project reviews, regularly collecting data regarding changes in political arena for and using it for decision making and updating of employees on prevailing business environment These are the areas on which data was sought from respondent who reported on their leader actions regarding strategy control. As described in the foregoing, there were five measures of strategic control on which data was collected using a Likert scale of five points. The respondents' level of agreement with each of the five statements was reported on the leaders' collection of client data, taking corrective action, conducting project reviews, monitoring political environment and updating of employees on business environment (see the result on Table 4.7).

**Table 4. 7**

*Strategic Control*

<b>Variable measure</b>	<b>n</b>	<b>Min</b>	<b>Max</b>	<b>M</b>	<b>SD</b>
My supervisor regularly collects client data as a basis for product development	133	2	5	3.76	0.88
My supervisor takes corrective action whenever need arises	133	1	5	4.09	0.79
My supervisor conducts regular project review meetings	133	1	5	4.09	0.90
My supervisor regularly collects data regarding changes in the political arena for business decision making	133	2	5	4.08	0.84
My supervisor regularly updates employees on the prevailing business environment	133	1	5	4.17	0.86
<b>Strategic control</b>	<b>133</b>	<b>2</b>	<b>5</b>	<b>4.01</b>	<b>0.62</b>

The result in Table 4.7 suggest that there was adequate control ( $M = 4.01$ ,  $SD = 0.62$ ). However, there was inadequate collection of data as a basis for product development. This has implication for product strategy and has the potential for development of products that are not relevant to the clients. This aspect of control needs to be strengthened by the SACCOs.

As seen from the result (Table 4.7), the most performed control action by SACCOs leaders was “regularly updating employees on the prevailing business environment” ( $M = 4.17$ ,  $SD = 0.86$ ) while the least performed control action was “regularly collecting client data as a basis for product development” ( $M = 3.76$ ,  $SD = 0.88$ ) From this result, it is discerned that in their performance of control actions, the leaders’ least collected client data and used it as a basis for product development. This implies that there was limited attention to collecting of client data and using this data as a basis for product development. Hence, this would lead to products that are not adequately aligned with client needs and therefore, affect the sales performance of the organizations which in this case were 133 SACCOs in Kenya who responded to the survey.

On the whole, strategic control was being exercised by the SACCO leaders because the composite mean of the five measures of strategic control that were assessed was 4.01 with a standard deviation of 0.62. A mean 4.01 (see Table 4.7) on a scale of 1 to 5 where 4 meant “agreement” with the statements that were posed to the respondents to measure strategy control as strategic leadership disposition implies that there was agreement that strategic control was being practiced satisfactorily by SACCOs in Kenya.

As part of strategic control, the managers may collect client data, analyze it and use it to develop new products and services. They may also quickly take corrective action as need arises in the course of implementation of a strategy. Further, they may as well need to conduct project reviews through meetings to ensure that any issues that need to be addressed to give the project

(including the strategy being implemented) the impetus to move forward. These actions and others comprise strategy control; it is about observing and measurement of performance, comparison of the result with targets and taking corrective action in advance. Unless this is done, the strategy is bound to fail at the implementation stage.

Further, in order to meet the increasing need for organizational information to inform action regarding the internal and external environments of an organisation, it is important that management, increasingly tasked with a growing number of responsibilities and duties, answer the correct questions. Asking the correct questions, whether related to specific product or service line issues, or broader strategic initiatives and ideas, focuses the scope of conversation and limits the dialogue to areas relevant and pertinent to the matter at hand as embedded with the concept of how to best update and integrate existing systems and methods to current market needs (Ryzhova et al., 2015).

The study by Elikwu (2019) found that cross-functional collaboration played a pivotal role in alignment of mission to be among the critical intervention mechanisms required in quality management (QM) with the empirical evidence establishing cross-functional collaboration as an effective information sharing tool (Chang, Liao, & Wu, 2017) team performance, creation of knowledge, knowledge integration and team learning (Tsai, Liao & Hsu, 2015). In this study, the supervisor (leaders) conducted regular project review meetings and also regularly updated employees on the prevailing business environment. This was part of the coordination activities that were aimed at ensuring effective control of activities in the SACCOS. Further, the collection of client data and using it for making product/ service improvement (this is part controlling of product quality) was part of generating actionable knowledge of customers and applying it in new products; though this was the least performed control activity at the SACCOS.

Once a strategy is formulated operationalized and is being implemented, it is necessary that the control mechanisms be put in place. The control can be at strategic level and operational level. While at the strategic level the focus will be on premise control, that is the assumptions that underpinned the strategy, focus at the operational level is performance metrics particularly key performance indicators and targets. It is therefore necessary that leadership of organizations pay attention to both control of the premise upon which the strategy was formulated and also pay attention to the day-to-day operations that are, discerned through key performance indicators (KPIs) and targets.

In terms of tracking the KPIs, measuring them comparing then comparing with target and taking action. Whenever there are deviations between what is observed and what was intended in the form of targets if this is not done. It will be too late when it is realized that the strategy has not progressed as was intended and that the strategy then inevitably fails. In other words, this strategy will have failed at the implementation stage. Therefore, strategy control is very critical for any business strategy and therefore the need to strengthen it at both strategic level and operational level.

From the presented results (Table 4.7) SACCOs were exercising sufficient strategy control because the aggregate mean of responses on all items was 4.01 ( $M = 4.01$ ) which was within the agreement region since the data collection instrument was multi-item variable measure with five-point scale responses where 1 was “strongly disagree” with the statement on whether strategic control was taking place, and 5 being “strong agreement” with a statement that strategy control was being effectively performed in the organizations that were studied. It was also found that the least practiced strategy control activity was the collection of client data on regular basis as our basis for product development. It is emphasized that these aspects are crucial for performance.

Furthermore, without accurate client data as a basis for product development, an organization is not able to perform well in a highly competitive environment where clients are ever discerning and have alternative products and services from competing providers. In the case of SACCOs, the clients can obtain financial services from commercial banks and insurance firms. Thus, there is need to improve on customer-facing activities.

#### **4.3.4 Strategic execution**

The discipline of execution of a plan or a stagey distinguishes between failure and success of organisations. Organisations that master the discipline of execution perform better than those that are poor at execution of a strategy. In this strategy execution by the supervisors (leaders of the respondents) was measured by eliciting responses indicating their level of agreement with the statements such as “My supervisor checks work progress against agreed upon objectives” and “My supervisor formulates clear objectives”. The results of analysis of data on strategy execution which measured by five items are presented in Figure 4.8.

**Table 4. 8.***Strategy Execution*

<b>Variable measure</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>M</b>	<b>SD</b>
My supervisor checks work progress against agreed upon objectives	130	3	5	4.18	0.79
My supervisor formulates clear objectives	130	2	5	4.12	0.79
My supervisor reassures time schedules and deadlines	130	2	5	4.02	0.76
My supervisor works according to a structured system in order to ensure an optimal service level	130	2	5	4.07	0.79
My supervisor plans in detail how to accomplish an important task	127	2	5	4.24	0.78
<b>Strategy execution</b>	<b>133</b>	<b>0</b>	<b>5</b>	<b>4.02</b>	<b>0.94</b>

The results in Table 4.8 suggest that leaders of SACCOs were effectively executing their strategy including detailed planning to accomplish important tasks ( $M = 4.24$ ,  $SD = 0.78$ ) and checking work progress against objectives that have been agreed upon ( $M = 4.12$ ,  $SD = 0.79$ ).

The overall composite mean score ( $M = 4.02$ ,  $SD = 0.94$ ) showed that the managers agreed that their supervisors (leaders) were effectively implementing their strategies. In particular, this results implies that focus on tasks and implementation of those tasks according to time schedules. This finding on strategy execution is consistent with that by (Abuzaid, 2016) that a strategic leader must have visioning, focusing, and implementing skills. In particular, implementing speaks to execution of a strategy which involves maintaining focus on actions and activities of the organisation intended to ensure the realization of the goals of the organisation.

Furthermore, the result (Table 4.8) shows that strategy execution was operationalized by five items which were used to measure strategy execution. The measures were checking work progress against agreed upon targets that were related to objectives, formulation of clear objectives, reassuring time schedules, coordinated working processes for efficiency, and detailed planning on how to accomplish important tasks in the organization. The results imply that the leaders in the organizations that were studied were effectively executing the strategy that had been formulated. In particular, the most effectively implemented strategy execution activity was detailed plans on how to accomplish important tasks; the least practiced was the reassurance of time schedules and deadlines. However, the aggregate means on all measures of strategy execution were above 4 that is they were between a score of 4 and 5. Since the items were measured on a 5-point Likert type scale with the score of 4 being “agreement” with the presented statement, and 5 “strong agreement” with statements on whether the supervisors (in this study, leaders) were satisfactorily executing strategy.

As seen from the foregoing explanation, strategy execution is about bringing the strategy to life by creating structures, assigning responsibility, providing resources, launching the strategic plan and tracking progress of the strategy implementation. In this regard, great attention should be paid to who leads the strategy execution process and the timeliness with which resources are provided. Further, attention to rewards for exhibiting the desired behaviors with regard to strategy execution is required so that the rewards are timely. In addition, timing is crucial in strategy execution because delay in taking certain actions may result in ineffective execution of strategy due to delays and thus the failure of strategy at this stage of the strategic management process. It is recognized that strategy execution is a discipline which involves the strategy itself, the people involved in its implementation and the processes. Therefore, these three should be aligned and well-orchestrated to ensure that there is synergy between the strategy, the internal processes and the people for the success of its strategy implementation.

It is noted that people, operations and the strategy are at the core of strategy execution and these three need to work in synergy if a formulated strategic plan has to yield the desired results. In the current study, strategy execution, which is part of exploitation dimension of the strategic leadership model was being satisfactorily practices by SACCOs

#### **4.3.5 Organisational performance**

In order to qualitatively assess the SACCOs' performance, indicators of effectiveness which were anchored on a five-point Likert scale were reported and the data analysed. Performance was also measured using both efficiency and we effectiveness. While effectiveness was measured using four measures of effectiveness (introduction of innovations of new products/services, improvement of coordination of the development efforts of different units, and adapting quickly to unanticipated changes), efficiency measures were obtained from secondary performance data obtained from the SASRA annual reports comprising the adequacy of capital, quality of assets, management ratios, and liquidity (CAMEL) financial indicators of SACCOs' performance. The result in Table 4.9 is for the effectiveness of SACCOs where the respondents were asked to rate effectiveness measures over the "in the last three years..." on three different measures (items) with regard to innovation of new products, improvement of coordination and adaptation to unanticipated changes.



**Table 4. 9***Organisational Effectiveness*

<b>Variable measure</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>M</b>	<b>SD</b>
<b>In the last three years ...</b>					
My organisation has introduced innovations of new products/services	133	1	5	3.93	1.07
My organisation has improved its coordination of the development efforts of different units	133	1	5	3.92	1.01
My organisation is adapting quickly to unanticipated changes	130	1	5	3.65	0.94
<b>Organisational effectiveness</b>	<b>133</b>	<b>1.7</b>	<b>5</b>	<b>3.80</b>	<b>0.79</b>
Valid N (list wise)	133				

The result in Table 4.9 shows that the SACCOs were only moderately effective because the composite mean score of all the item measures of effectiveness was 3.80 on a five-point scale of 1 to 5 where: 1 = strongly disagree, 2 = disagree, 3 = somewhat agree, 4 = agree; and 5 = strongly disagree. The measures of effectiveness were “My organisation has introduced innovations of new products/services” (M = 3.93, SD = 1.07), “My organisation has improved its coordination of the development efforts of different units” (M = 3.92, SD = 1.01) and that the SACCOs were “adapting quickly to unanticipated changes” (M = 3.65, SD = 0.94). This result suggests that the SACCOs were most effective in introducing new products while they were least effective in adapting quickly to unanticipated changes in the operating environment. This finding suggests that, the management of the SACCOs need to place more emphasis on their response to the changing business environment because by so doing they will be able to

innovate more quickly and meet the changing needs of customers who have alternative avenues to realise their financial needs.

As seen from these results, organisational effectiveness was measured using innovations, coordination of development efforts of different units and the ability to quickly adapt to unanticipated changes in the operating environment. It was also found that the SCCOs were equally effective on introduction of innovations and improvement of coordination. However, they were less effective on quick adaptation to an unanticipated changes since the aggregate mean of the three items that were used to measure organizational effectiveness was between 3 and 4, that is  $M = 3.8$ , which was below a measure of 4 ( $M < 4$  “agree”). This implies that the respondents just moderately agreed that the SACCOs were effective. Therefore, there is room for improvement on the operations of the SACCOs to make them more effective than they were found as shown by the findings in this study (see Table 4.9).

With regard to performance, Hardcopf et al. (2015) noted that leaders resort to cutting cost when they cannot find any other instantaneous options to improve performance which may occasion misalignment or lack of fit between managers’ action to post short term results with the strategy in the long term leading to decline in performance over time. It is suggested that executives of organisations should consider what incentives and metrics to use to control managers’ actions at operational levels. It is noted that financial goals (such as profit targets), may be used as an important performance control mechanism if leaders can act to enhance performance aligned to the overall strategy of the organisation (Hardcopf et al., 2015). However, when the managers reach the limits of growth in profitability, long-term problems will surface (Hardcopf et al., 2015) which likely lead to the destruction of the long term value of the organisation. The implication is that there should be no over-emphasis on the profits to an extent that the managers resort to cost cutting in certain areas of the business, usually human

capacity building budgets are targeted for reduction, leading to staff who will not have the necessary expertise to move the business to the next level of performance.

#### 4.3.6 Summary descriptive statistics

The following Table (Table 4.10), shows the summary descriptive results for strategic leadership comprising strategic direction, human capital forces and strategic control; strategy execution (mediating variable), and performance (organisational effectiveness) of SACCOs. Strategic direction was measured using two sub-variables, namely vision which was derived from the transformational leadership theory and business development which was anchored by the strategic leadership model (Duursema, 2013).

**Table 4. 10**

*Summary descriptive results*

Descriptive Statistics					
	N	Min	Max	Mean	SD
Strategic direction (Vision _TL)	133	2.3	5	4.12	0.86
Strategic direction (Business development _SL)	133	2	5	4.03	0.76
Strategic direction (composite)	133	2.3	5	4.06	0.68
Human capital	133	2.2	5	3.91	0.69
Strategic control	133	2	5	4.01	0.62
Strategy execution	133	1	5	4.02	0.94
Organisational effectiveness	133	1.7	5	3.80	0.79

As seen from the results in Table 4.10, there was less focus on human capital ( $M = 3.91$ ,  $SD = 0.69$ ) compared to the emphasis on vision ( $M = 4.12$ ,  $SD = 0.86$ ) and business development ( $M = 4.03$ ,  $SD = 0.76$ ). The greatest attention was paid to *vision*. Strategic direction, strategic control and strategy execution were practised in almost equal measure, respectively  $M = 4.06$ ,  $4.01$  and  $4.02$ . This result suggests that strategic leadership was being practised by deposit taking SACCOs in Kenya. It is also apparent from descriptive results, that human capital received least attention compared to strategic direction and strategy control. This finding suggests that the relatively low focus on human capital can translate into long term scarcity of the necessary staff to drive the success of the deposit taking SACCOs hence the need to place more focus on it compared to the current focus.

Measures of business development were that the supervisor/ leader “actively explores new markets” ( $M = 4.11$ ,  $SD = 0.90$ ), “recognize/s potential new clients” ( $M = 4.09$ ,  $SD = 0.82$ ), “makes innovative proposals to penetrate new markets” ( $M = 4.05$ ,  $SD = 0.754$ ); and “seeks entrance at new potential markets” ( $M = 4.03$ ,  $SD = 1.08$ ). The composite score for *business development* (a strategic direction variable) was  $M = 4.03$ ,  $SD = 0.76$ , the rating of the measures of business development were on a scale of 1 to 5 where 1 = “strongly disagree” while 5 = “strongly agree” with questionnaire statements that were presented to the respondents. From these results, it is discerned that the leaders in the surveyed SACCOs performed business development activities which were part of strategic leadership of these organisations.

#### **4.4 Relationship between strategic leadership, strategy control and performance**

The relationship between variables (correlations) was examined using correlation analysis. Composite scores of variables were used in this correlation analysis. In particular, the composite scores of variables that were correlated with performance (effectiveness) were

strategic direction (comprising vision and business development), humane capital focus, strategic control, and strategy execution – the mediating variable. The result is presented in Table 4.12.

**Table 4. 11**

*Relationship between strategic leadership, strategy execution and performance of SACCOs in Kenya*

	1	1a	1b	2	3	4	5
1-Strategic leadership (composite)							
1a. Strategic direction (Vision)(TLT)	.814**						
	<0.001						
1b. Strategic direction (Business development)(SLM)	.870**	.421**					
	<0.001	<0.001					
2. Human capital	.337**	0.161	.389**				
	<0.001	0.065	<0.001				
3. Strategic control	.530**	.302**	.570**	.408**			
	<0.001	<0.001	<0.001	<0.001			
4. Strategy execution	.336**	.268**	.297**	.421**	.292**		
	<0.001	0.002	0.001	<0.001	0.001		
<b>5. Organisational performance</b>	<b>.473**</b>	<b>.253**</b>	<b>.524**</b>	<b>.359**</b>	<b>.526**</b>	<b>.328**</b>	
	<b>&lt;0.001</b>	<b>0.003</b>	<b>&lt;0.001</b>	<b>&lt;0.001</b>	<b>&lt;0.001</b>	<b>&lt;0.001</b>	
	133	133	133	133	133	133	133

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

This result (Table 4.11) suggest that strategic leadership had a significant positive linear relationship with both strategy execution (the mediator) ( $r = 0.336$ ,  $p < 0.05$ ), and with organisational effectiveness (performance) ( $r = 0.473$ ,  $p < 0.05$ ). Strategic direction particularly, business development which is an attribute of strategic direction, had the strongest

positive relationship with both strategy execution ( $r = 0.570, p < 0.05$ ) and performance ( $r = 0.524, p < 0.05$ ). The strongest relationship was between with *strategic control* and performance ( $r = .526 < .05$ ) followed by *strategic direction* and performance ( $r = .473, p < .05$ ), and lastly, *human capital focus* and performance ( $r = .328, p < .05$ ). Strategy execution also had a significant positive relationship with performance ( $r = .328, p < .001$ ). Thus, strategic leadership had significant positive relationship with and performance, and with strategy execution – the mediating variable – at 5% level of significant ( $p < .05$ ) for all pairs of variables.

Transformational leadership involves the influencing of followers. This is done by broadening and elevating their goals and nurturing their confidence to perform beyond the expectations (Shin & Zhou, 2003). It is when followers have confidence that they can perform beyond the call of duty to the success of an organisation. The confidence can be built by leaders who inspire followers through clarifying the vision and mission and attending to unique individual needs of the followers. The attention to the unique, individual needs is referred to as individual consideration and is a dimension of transformational leadership we which has implication for the human capital focus practices of an organisation (Bass, 1985; Bass & Avolio, 1994). This is the essence of strategic leadership - to clarify the direction of the organisation as espoused in the mission and vision; and translate this into tangible actions which can be implemented by the followers. The followers can only implement actions when they are empowered through training on the changes that are need. Further, one distinctive characteristic that sets transformational leadership apart from other leadership styles is the style's active engagement of personal values among followers (Jung, et al., 2009). The involvement of the followers calls for a focus on unlocking the potential of all the followers which translates into high commitment and motivation of followers to achieve the best results for the organisation.

The transformational leader is essentially a visionary capable of eliciting fundamental changes in the cultural systems of the organization. This leader, singularly articulates the need for change which is elicited from members of the organization and other stakeholders (Simsek, 2014). The changes are also elicited through inspiring of individuals and teams in an organisation to be committed to the re-conception and redirection according to uncertain change adjustments to increase organization performance.

It has been found that a satisfactory level of performance demands more of leadership including strong county government leadership and operational functions (Cherian & Farouq, 2013). The causal relationship between performance and leadership can enhance or impede the delivery of service in any government public organization. To reference Dalakoura (2010) it was revealed that there is ever increasing awareness of the most up-to-date information regarding an organization's leadership styles which ensures a return on investment while also demonstrating accountability to clients through effective communication from the leadership. Additional challenges relating to performance enhancement may be caused due to the cultural differences between the organization's leadership, the staff of the county government and the surrounding communities.

#### **4.5 Analytical Model Diagnostics**

Prior to selection of a suitable analytical model for assessing the effect of strategic leadership on performance, assumptions of the classical linear regression model were tested to ascertain whether the data satisfied the requirement for the use of this model to estimate the relationship between the variables. The four assumptions which were tested were linearity, multicollinearity, normality and heteroscedasticity.

## **Linearity**

Linearity was tested using correlation analysis between the independent variables (strategic direction, human capital focus, and strategy control) and performance, and mediator variable (strategy execution) and performance of SACCOs. There was significant linear relationship between predictor variables (strategic leadership variables: strategic direction, human capital focus and strategy control) and the dependent variable (performance) as indicated by the significant correlation coefficient (Table 4.12) where the p-value for all correlation coefficients ( $r$ ) was less than 0.05. The interpretation of this is that there is a less than 5% chance that the variables were not related. There was also a positive significant linear relationship between strategic leadership and strategy execution ( $r = .336, p < 0.05$ ); and between strategy execution and performance ( $r = .268, p < 0.05$ ).

## **Multicollinearity**

An inspection of the correlation matrix (results suggest that the correlations between predictor variables were not as high as to suggest a threat of multicollinearity; all the correlations were below  $r = 0.8$  which indicates absence of multicollinearity threat. A more accurate means of testing for multicollinearity is to use variance inflation factor VIF and tolerance,  $T$ . The values of VIF and  $T$  should be  $VIF < 10$  and  $T > 0.1$ . This notwithstanding, typical values that are used to conclude that there is no threat of multicollinearity are  $VIF < 5$  and  $T > 0.2$ . The VIF for a regression model variable is the ratio of the overall model variance (with all the independent variables and dependent variable) to the variance of a model that includes only that single independent variable and the dependent variable. For example, if there are four independent variables ( $X_1, X_2, X_3$  and  $X_4$ ) in a regression model and one dependent variable  $Y$ .



Then the variance of the model would be represented by the coefficient of determination  $R^2$  as a result of the influence of the combination of the four independent variables,  $X_1$ ,  $X_2$ ,  $X_3$ , and  $X_4$  on  $Y$ . Thus if the variance of a model containing only  $X_1$  is  $R_1^2$ , then the VIF as a result of  $X_1$  is  $R^2 / R_1^2$ ; where  $R_1^2$  is the coefficient of determination which is the variance in  $Y$  explained by  $X_1$ .

### **Normality tests**

In order to determine the most suitable analytical model normality tests were done to determine whether the distribution of the collected data on each variable was statistically different from a normal distribution. The Kolmogorov-Smirnov (KS) and Shapiro-Wilk (SW) statistics were used where a significant statistic (KS or SW:  $p < .05$ ) indicates that the data that has been collected on a variable is distributed in a manner that is significantly different from a normal distribution.

In order to determine the most suitable analytical model normality tests were done to determine whether the distribution of the collected data on each variable was normally distributed. The KS and SW statistics were used where a significant statistic (KS or SW:  $p < .05$ ) shows that data on the variable is significantly different from a normal distribution. The results of normality tests are depicted in Table 4.12.

**Table 4. 12***Normality Test*


---

	Tests of Normality					
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Stat	df	p	Stat	df	p
Strategic direction	.156	133	.000	.922	133	.000
Human capital	.140	133	.000	.952	133	.000
Strategic control	.229	133	.000	.873	133	.000
Strategy execution	.155	133	.000	.797	133	.000
Organisational effectiveness	.277	133	.000	.842	133	.000

a. Lilliefors Significance Correction

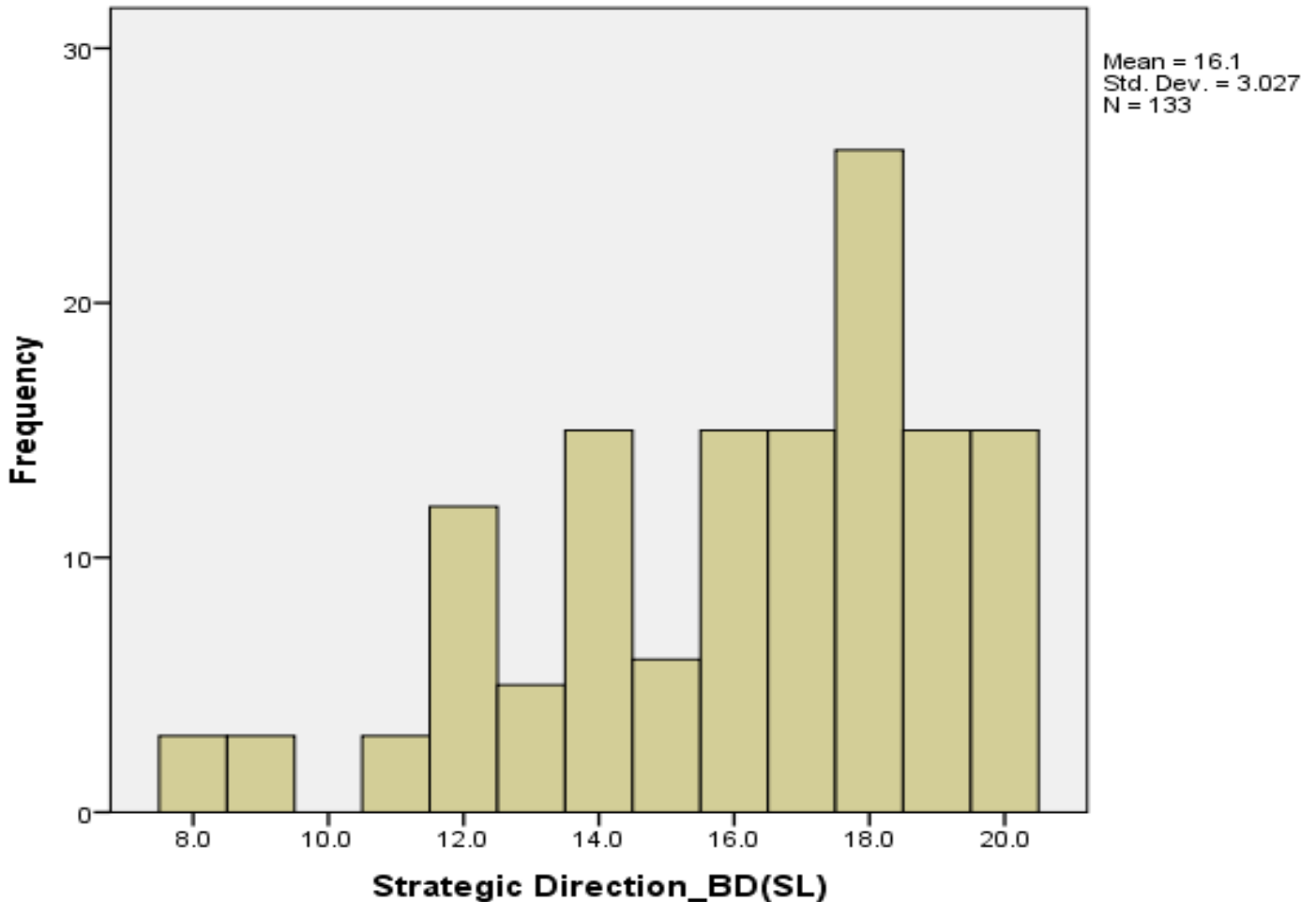
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The distribution of the data on the variables was significantly different from a normal ( $p < 0.05$ ) distribution thus linear regression could not be used. This is because an assumption underpinning the use of classical linear regression was violated. Thus, nonlinear, binary logistic regression was used.

Further, histograms on the data that was collected in the variables is presented in Figure 4.1, 4.2, 4.3, 4.4, and Figure 4.5.

**Figure 4. 1.**

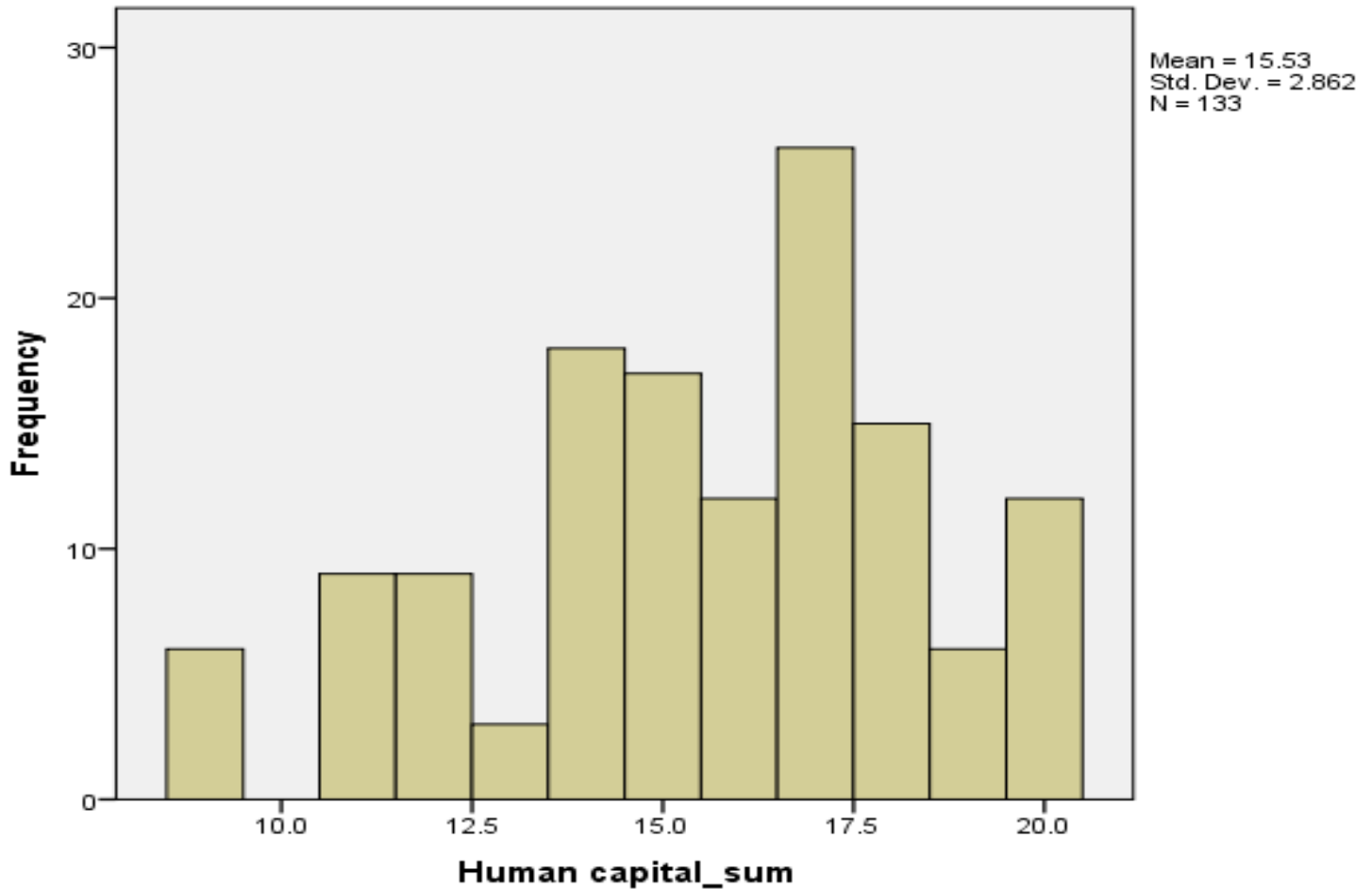
*Strategic direction*



As seen from Figure 4.1, the Kolmogorov-Smirnov(KS) and Shapiro- Wilk (SW) statistics were used where a significant statistics 9KS or SW:  $P < 0.05$ ) indicated that the data that was collected on strategic direction was distributed in a manner that was significantly different from a normal distribution. Therefore, the data on strategic direction was not normally distributed as shown on the histogram above because if it was, then the histogram would have been bell shaped. Consequently, binary logistic regression model – the logit - was used to examine both the direct and mediated effects of strategic leadership of performance of the SACOs in Kenya.

**Figure 4. 2.**

*Human capital focus*

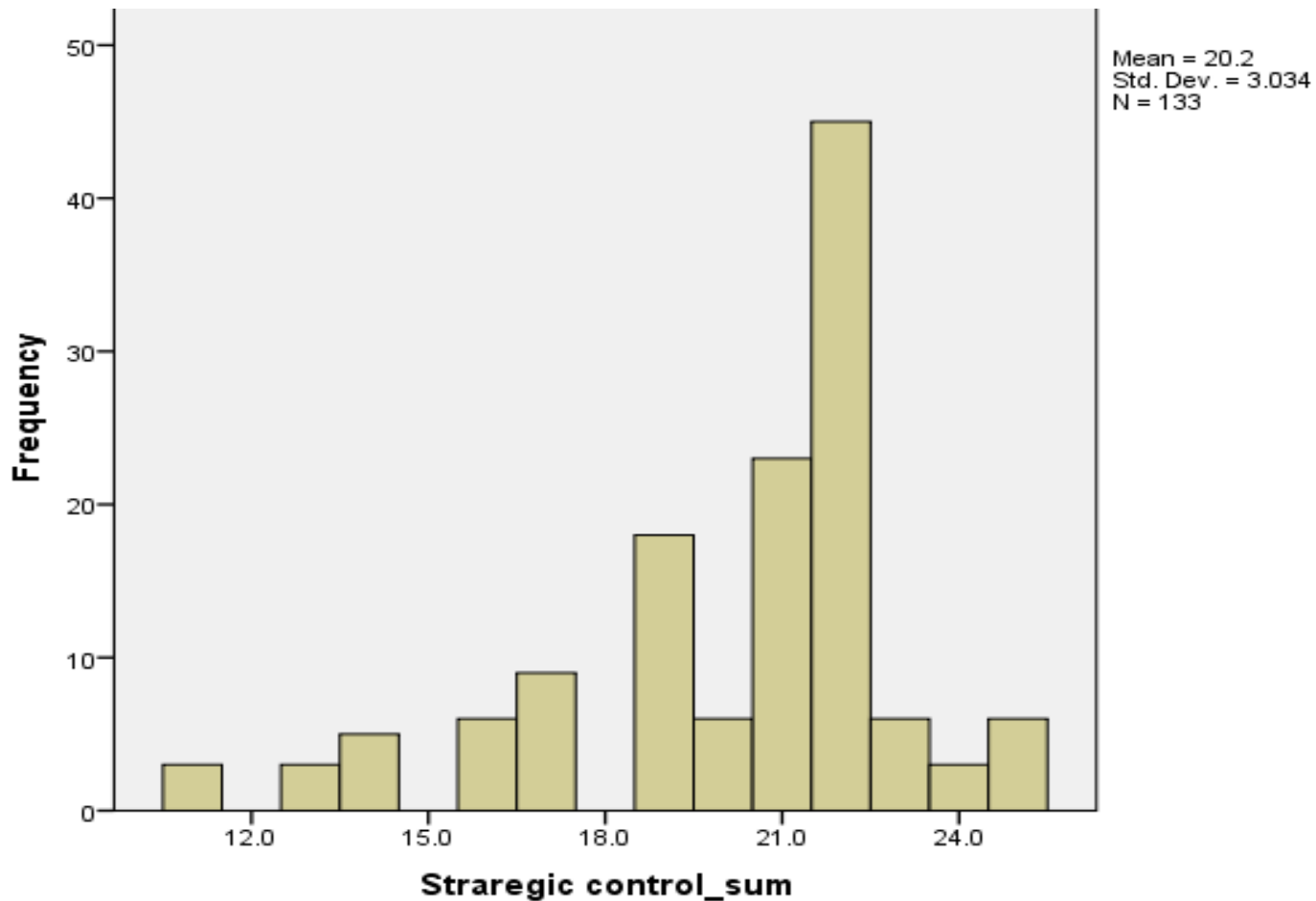


Kolmogorov-Smirnov(KS) and Shapiro- Wilk (SW) statistics were used to test normality where a significant statistics (9KS or SW:  $P < 0.05$ ) indicated that the data that was collected on human capital was distributed in a manner that was significantly different from a normal distribution.

The histograms support the normality diagnostic result that the data on the variable ( human capital) was not normally distributed therefore data could not be analysed using classical linear regression model. Consequently, binary logistic regression model – the logit - was used to examine both the direct and mediated effects of strategic leadership of performance of the SACOs in Kenya

**Figure 4. 3.**

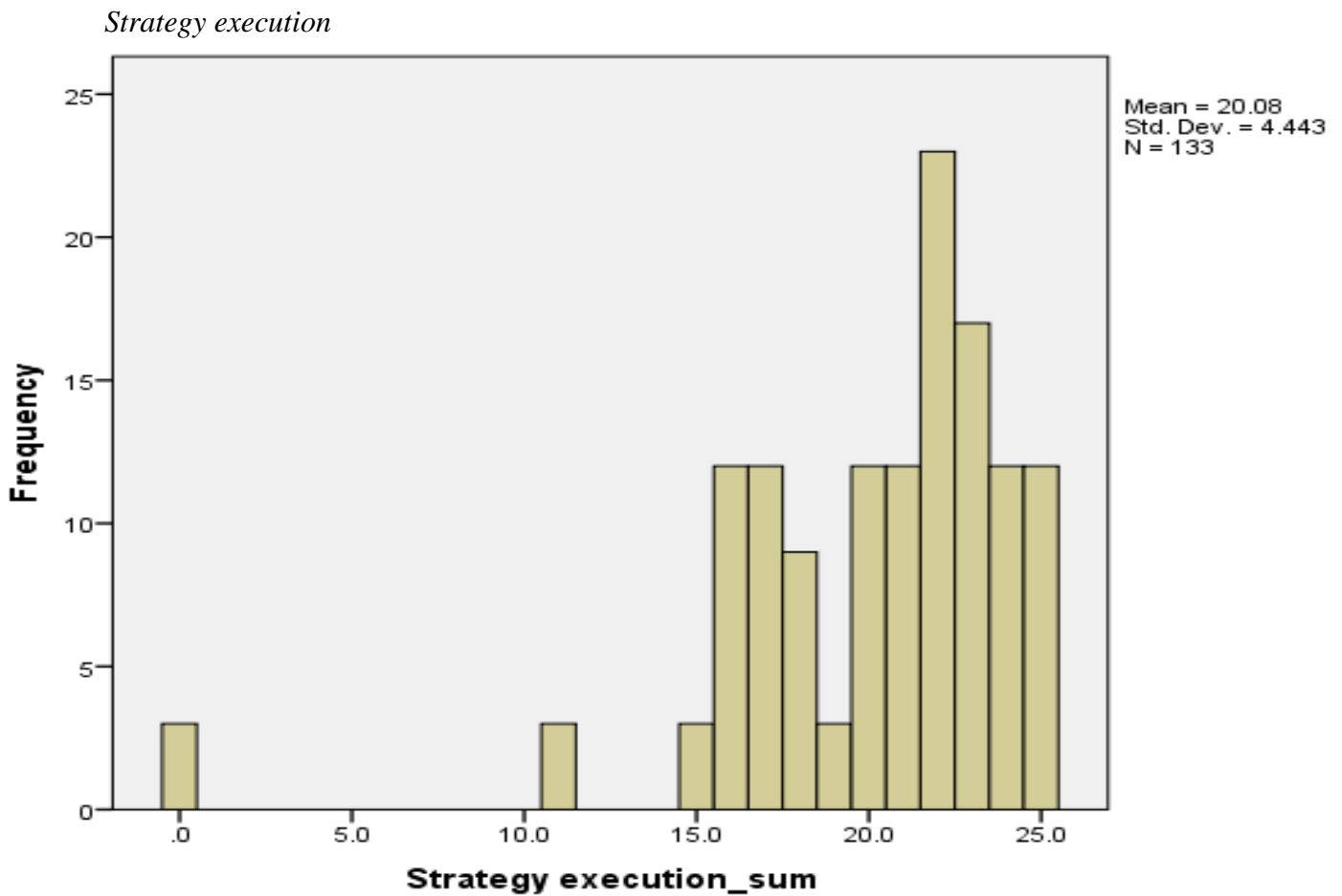
*Strategic control*



Normality test on strategic control Kolmogorov-Smirnov (KS) and Shapiro- Wilk (SW) statistics were used where a significant statistic (9KS or SW:  $P < 0.05$ ) indicated that the data that was collected on strategic control was distributed in a manner that was significantly different from a normal distribution.

The figure above supports the normality diagnostic result that the data on the variable (strategic control) was not normally distributed and there the data on strategic control could not be analysed using classical linear regression model. Consequently, binary logistic regression model – the logit - was used to examine both the direct and mediated effects of strategic leadership of performance of the SACOs in Kenya.

**Figure 4. 4.**

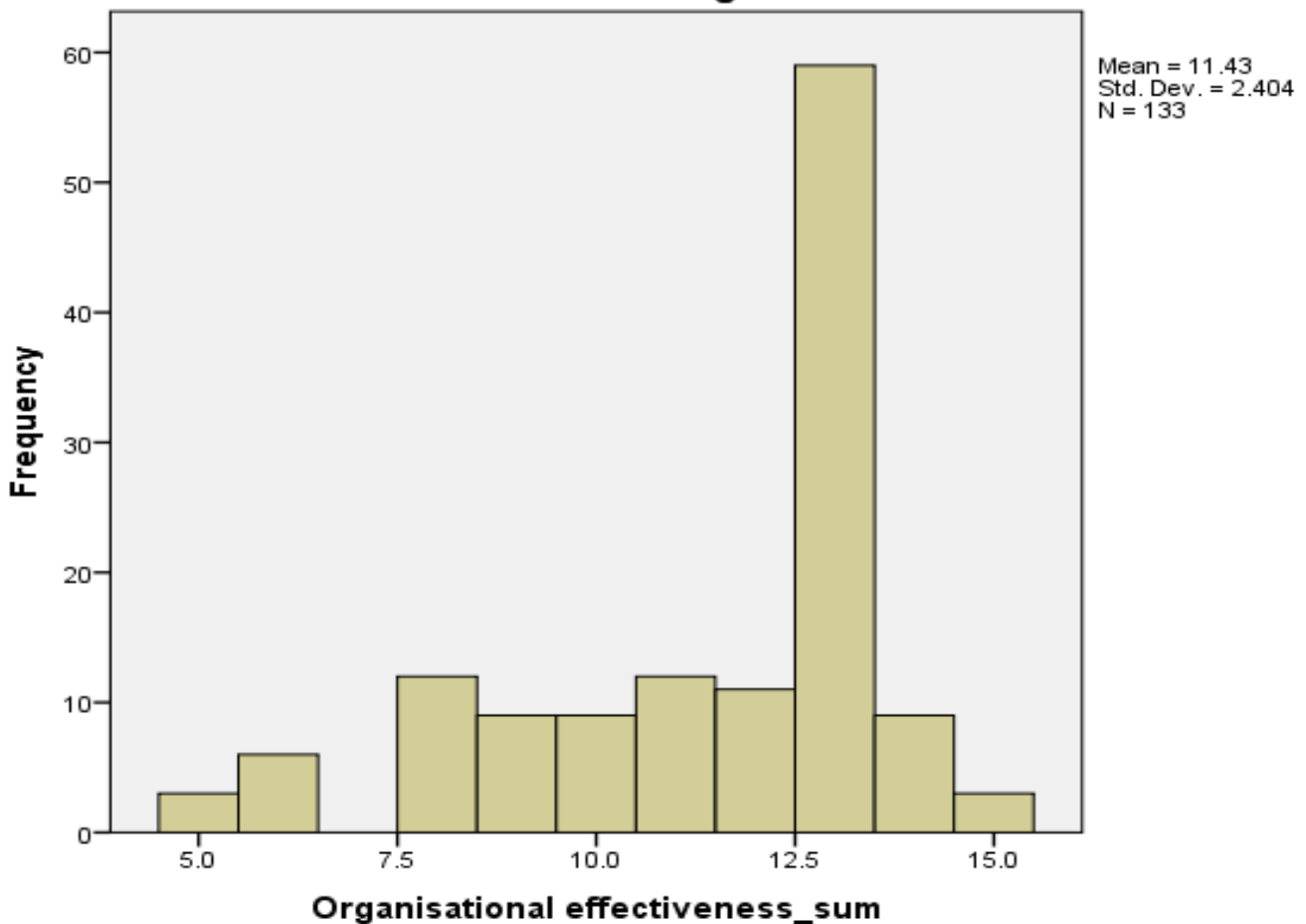


Normality test were done on strategy execution where Kolmogorov-Smirnov(KS) and Shapiro-Wilk (SW) statistics were used where a significant statistics (KS or SW:  $P < 0.05$ ) indicated that the data that was collected on strategy execution was distributed in a manner that was significantly different from a normal distribution.

the normality diagnostic result on strategic execution were done and the results are presented on the figure above. The data on the variable (strategy execution) was not normally distributed as shown above because if it was the figure would be bell shaped, therefore the data could not be analysed using classical linear regression model. Consequently, binary logistic regression model – the logit - was used to examine both the direct and mediated effects of strategic leadership of performance of the SACOs in Kenya.

**Figure 4.5.**

*Performance (organisational effectiveness)*



Kolmogorov-Smirnov(KS) and Shapiro- Wilk (SW) statistics were used where a significant statistics 9KS or SW:  $P < 0.05$ ) indicated that the data that was collected on organization effectiveness was distributed in a manner that was significantly different from a normal distribution.

the normality diagnostic result on strategic execution were done and the results are presented on the figure above. The data on the variable (organisation effectiveness) was not normally distributed as shown above because if it was the figure would be bell shaped, therefore the data could not be analysed using classical linear regression model. Consequently, binary logistic regression model – the logit - was used to examine both the direct and mediated effects of strategic leadership of performance of the SACOs in Kenya.

## Heteroscedasticity

The homogeneity of variance of error terms associated with the data on the variables was tested using the Levene's statistic; the null hypotheses is that:

H<sub>0</sub>: The error variances are equal across all groups

This is to say that the difference between the error variances should not be significant ( $p > 0.05$ ) if their variances are equal. However, should the difference between the error term variances be significant ( $p < 0.05$ ) then there is no equality of variances of error terms and heteroscedasticity is confirmed. The results of this test are shown in Table 4.14.

**Table 4. 13**

*Homogeneity of variance of errors*

Levene's Test of Equality of Error Variances<sup>a</sup>

Dependent Variable: Organisational effectiveness (performance)

Variable	F	df1	df2	
Strategic direction	6.411	16	116	<0.001
Human capital	12.319	10	122	<0.001
Strategic control	4.689	10	122	<0.001
Strategy execution	4.899	11	121	<0.001

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a Design: Intercept + (Strategic direction, Human capital, Strategic control & Strategy execution)



The result in Table 4.13 suggests that the variance of the error terms associated with the performance (DV) was not constant across groups. This implies that one of the key assumptions of the classical linear regression was violated and hence the linear regression model would not be used to examine the relationship between strategic leadership (strategic direction, human capital focus, and strategic control) and performance of the SACCOs; had the error variances been equal then the p-value associated with Levene's statistic would be greater than 0.05 ( $p > 0.05$ ). A p-value greater than 0.05 implies that the difference between the error terms is not significant and the error terms are homogeneous. However, in this test, they were not homogeneous because their difference was significant indicating heterogeneity of error term variances hence a violation of one of the assumptions of the classical linear regression analytical model.

#### **4.6 Influence of strategic leadership on performance of SACCOs**

Since the collected data violated some of the assumptions of classical linear regression model, nonlinear regression model was used to assess the influence of strategic leadership which comprised human capital focus, strategic direction and strategy control) on performance of SACCOs. In particular, the dependent variable (performance) was coded into binary with satisfactory performance ('good') being coded "1" and unsatisfactory performance ('poor') coded as "0", while summated scores of the strategic leadership variables, namely strategic direction, human capital focus and strategy control were computed and used as predictors of the odds of performance in a binary logistic regression. The results of the logistic regression (logit) are as shown on Table 4.14.

**Table 4. 14***Influence of strategic leadership on performance***Omnibus Tests of Model Coefficients**

		Chi-square	df	Sig.
Step 1	Step	49.664	3	.000
	Block	49.664	3	.000
	Model	49.664	3	.000

**Model Summary**

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	126.439 <sup>a</sup>	.312	.425

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

**Classification Table<sup>a</sup>**

	Observed	Predicted		Percentage Correct	
		Organisational performance _bin			
		0	1		
Step 1	Organisational performance	0	33	17	66.0
	_bin	1	8	75	90.4
	Overall Percentage				81.2

a. The cut value is .500

### Variables in the Equation

	B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1 <sup>a</sup>						
Strategic direction	-.086	.067	1.652	1	.199	.917
Human capital	.738	.135	29.768	1	.000	2.092
Strategic control	-.359	.110	10.721	1	.001	.698
Constant	-1.406	2.092	.452	1	.502	.245

a. Variable(s) entered on step 1: Strategic Direction, Human capital, Strategic control

As seen from the result (Table 4.14), two of the strategic leadership sub-variables human capital focus and strategic control significantly predicted the odds for “good” (satisfactory) performance while the influence of strategic direction on the odds for satisfactory (good) performance was not significant. In particular, human capital focus increased the odds for satisfactory (‘good’) performance by more than two times ( $\exp(B) = 2.092$ ) whereas strategic control reduced the odd by about half ( $\exp(B) = .698$ ). The interpretation of these results is that human capital focus significantly ( $p < .001$ ) increased the probability of satisfactory performance of SACCOs while strategic control significantly reduced ( $p < .05$ ) the chances (odds) of satisfactory performance of SACCOs.

#### 4.6.1 Strategic direction and performance

Strategic leadership is conceptualised in the perspective of strategy and leadership. The strategy aspect is the deals with the balance between the internal and the external environment while leadership focus on the how to attain a desired future given the present situation which is not desirable. It was found that strategic direction did not have a significant influence on the odds for satisfactory performance when tested on performance in combination with human capital

focus and strategic control. However, strategic direction particularly, business development which is an attribute of strategic direction, had the strongest positive relationship with performance ( $r = 0.524, p < 0.05$ )

This finding consistent with transformational leadership literature. In particular idealized influence, which is the behaviour of a visionary leaders, is when a leader behaves in a manner that makes him/her a role model for the followers, that is, someone who followers wish to emulate (Bass & Avolio, 1994). Further, what a leader portrays in order to instil creativity and innovation in the followers by challenging the current status thus making the followers uncomfortable with the current situation and willing to adopt new approaches to doing things in order to achieve organisational and individual goals is known as intellectual stimulation (Bass & Avolio, 1994). This can also be viewed as clarifying and articulating a vision of where the organisation should focus in the future. In a study of firms in India, it was found that vision and mission had a significant influence on organizational performance and further that beside the formation of vision and mission statement, content of this vision and mission statement, communication, implementation and contribution ... were equally important (Wadhwa, 2016). Though the finding of the present study did not show a significant influence of vision on the probability of organizational effectiveness (performance) when tested together with business development (exploration), it had a significant relationship with organizational effectiveness (performance) in the bivariate correlation results. The finding in this study is thus consistent with previous studies regarding the relationship between vision and performance – in this study, performance was measured by observing organizational effectiveness in SACCOs in Kenya. The role of vision in leadership effectiveness which is essentially related to organizational effectiveness as been demonstrated in previous studies (Senaji et al., 2014).

With regard, to exploration, which is essentially opportunity seeking activity, these findings relate to the results of a study of 206 software firms in Finland which indicated that strategic learning fully mediated the relationship between exploitation, exploration, and profit performance (Sirén, Kohtamäki & Kuckertz, 2012). This is so because we used logistic regression and found a significant odds ratio for organizational effectiveness. Further, though previous empirical studies have provided evidence that ambidexterity —the joint pursuit of both exploration and exploitation strategies by a firm - positively impacts performance (Gibson and Birkinshaw, 2004) some have studies suggest that these strategies (ambidexterity) do not guarantee performance and, further that the connection between ambidexterity and performance is more complex (Sirén et al., 2012). Another contrasting result is the absence of empirical support for the relationship between ambidexterity and performance (Venkatraman, Lee & Iyer, 2007). Further, some other studies provide empirical evidence that exploitation and exploration are not linearly related to performance; and that, instead, their relationship with performance is curvilinear (Sirén et al., 2012). Based on the previous studies and our findings, it is suggested that the relationship between explorations (such as opportunity seeking) and performance is not linear and may be mediated by strategic learning (Siren et al., 2012).

This finding further supports the assertion that “a strategic leader must possess visioning, focusing, and implementing” skills (Abuzaid, 2016). In particular, implementing speaks to execution of a strategy which involves maintaining focus on actions and activities of the organisation intended to ensure the realization of the goals of the organisation.

Establishing the strategic direction of an organisation is crucial for the success of the organisation. The strategic direction is contained in the mission and vision of an organisation. Mungania and Karamja (2015) found that leadership to be a major factor that affects implementation of strategic plans and concluded that these plans should of essence be both realistic and attainable to allow managers to think strategically and act with operational

efficiency. They also found that one primary objective in drafting strategic plans is developing them in a manner easily translatable into action plans.<sup>ii</sup> By translating the strategic plans in translatable activities makes it possible to implement the plans.

Smith (2017) suggests that the fiduciary responsibility of management is the ability of the business decision makers to ascertain, analyse and effectively evaluate opportunities as they arise in the marketplace and must simultaneously become more flexible in execution especially in the wake of technological volatility. This is the essence of business development, where managers should not only focus on the exploitation of the existing opportunities, but also explore emerging and future opportunities through deliberate business development actions such as actively seeking new potential customers and conducting research to determine their (customers') needs and feed the information into the strategy and decision-making process of the organisation.

Adhocracy as plausible managerial concept and an alternative to bureaucracy and meritocracy; touting it as a more modular model of management and responsiveness that generates organisations that are better poised to meet the needs of both end users and other stakeholders (Smith, 2017). He further opines that the implementation of this model requires that management professionals understand the requirements and systems that underpin a more modular and responsive hierarchical system noting that generating information in a useful format, communicating this information to users both internally and externally, and maintaining the integrity of such information require leadership. In this regard, the implication is that leaders need to be aware between the tension that exists between the need to address internal concerns of the business through aligning of systems and process, and the attention to the external environment conditions such as customer needs and competitor actions that have important implications for their success.

Corporate foresight has been defined as the capability to develop insights into future alternatives and utilize this knowledge to create or renew businesses to be relevant for the future and ensure competitive advantage in the long term. Organisations use this foresight to identify factors driving environmental change, foresee future market changes, and define effective courses of action as markets evolve. It offers the possibility for steering firms away from outdated models and path dependency in changing environments, helping the decision makers to define action that is responsive to new threats and opportunities enabling such organisations to attain a competitive head start and survive and achieve consistent returns, despite change (Rohrbeck et al., 2018). Further, Shamir and Eilam (2005) cited in (Nkomo and Kriek, 2011) suggest that the uniqueness of leadership styles derives from the how leaders attach meanings to their life experiences.

According to Merchant, Jansen and Lier (2017), organisations employ managers for a range of reasons including administrative, practical or legal but whatever the reason, the good performance of managers and the success of entities are crucial. Hence, organizations and researchers always ask: How can we increase the profits of a firm? Is there a way to improve the performance of managers? How can a firm fulfill certain objectives (such as high sales, high market shares etc.)? How can the principal-agency problem be reduced? They thus opine that at this point, managerial incentives play a key role.

Rutherford (2012) suggests that the main management problem that SACCOs experience is insufficient strategic planning; notwithstanding the fact that this is the only reliable mode of transforming these organisations. For every organization's strategy begins with a mission and vision, which shape the goals and operational pattern of the concerned organization (Elikwu, 2019). Praharaj et al. (2018) has highlighted that mission alignment of is strategic importance in the management of projects suggesting that for organizations to set realistic goals, organisational culture, structures, business processes and must be aligned.

Business owners and managers make strategic decisions including policy, planning, processes, training and remuneration to guide their subordinates in critical, complex, and challenging situation (Ebrahim, Battilana, & Mair, 2014; Jaworski & Gray, 2015) with each character (decision) developing, shaping, and influencing organizational performance. In this study, there was sufficient strategic direction that was provided by leaders. In this study, strategic direction particularly, business development, which is an attribute of strategic direction, had the strongest positive relationship with performance ( $r = 0.524$ ,  $p < 0.05$ ). The measures of business development that were examined in this study were “active exploration of new markets” ( $M = 4.11$ ,  $SD = 0.90$ ) and active “recognition of potential new clients” ( $M = 4.09$ ,  $SD = 0.82$ ). Further, there was emphasis on vision which is an important aspect of transformational leadership. In particular, it was found that the highest rated item was “my supervisor encourages me to be the best that I can be” ( $M = 4.27$ ,  $SD = 0.69$ ). This is an example of idealized influence and is consistent with transformational leadership literature. Specifically, idealized influence is the behaviour of a visionary leaders where a leader acts as a role model worth being emulated by the followers (Bass & Avolio, 1994).

Furthermore, while SACCOs practice strategic leadership have strategic direction as shown by the level of articulation of vision and business development by the leaders ( $M \Rightarrow 4$ ), they are not sufficiently effective enough ( $M = 3.81$ ,  $SD = 1.07$ ). The results also suggest that business development (exploration) has a higher predictive power for organisational effectiveness than articulation of the *vision* of the organisation. Specifically, the leaders need to emphasize more on exploration (business development) through exploring of new markets, recognizing potentially new clients and penetration new markets even as they focus on the vision of the organisation such as through an understanding of where the organization is going, that is the strategic direction of the firm; and communication of the same throughout the firm; and maintaining a clarity sense of where he/she wants the organisation to go. Similarly, though



vision (as part of strategic direction) had an insignificant influence on organisational performance in the presence of other variables (Human capital and Strategic control), it individually had a significant relationship on it. Consequently, SACCOs should continue emphasizing the vision, communicating it and being committed to it since it has positive effect on effectiveness.

The importance of vision has been variously found to influence performance of organisations. For example, while studying the impact of COVID – 19 in health care system Losty and Bailey (2021) observed that of utmost importance in crises situation is leadership because it is leaders who determine how followers responded to situations in work places especially when there are crises as is the case with healthcare sector. However, this observation is not only limited to healthcare, because the rapidly changing business environment cause organisations of all types to operate at the edge of chaos hence the need for effective leaders capable of handling demanding business imperatives including meeting stakeholder needs including superior service quality, profits and staff welfare. In this regard, leaders need skills to clarify the direction of the organisation and motivate staff towards organisational objectives. This is why strategic direction as a core leadership orientation is crucial because the skill to rally the organisational members around a vision and mission can have important contribution to successful performance. In this study, the leaders in the SACCOs were found to be adequately articulating the vision of their organisations and having clarity of the direction that the organisation should heading.

#### **4.6.2 Human capital focus and performance**

Human capital remains the most valuable component of any business hence the importance of investing in human resources. This investment is necessary to ensure that businesses prosper in rapidly changing market environments (Drábek, Lorincová & Javorčíková, 2017). The extent to which the leaders exhibited behaviour that indicated their human capital focus were

assessed using four items. The items focused on considering feeling of employees before action, thoughtfulness or personal needs, giving due considerations to the interests of followers, and whether encouraging employees to be the best they could be.

**Description of human capital focus.** Data was collected on descriptors of human capital focus which were derived from both the strategic management model (Duursema, 2013) and the transformational leadership theory (Bass & Avolio, 1994). The result of the analysis of the data collected on these measures of human capital focus, namely thoughtfulness, interest in followers needs and encouraging of followers, are displayed on Table 4.15.

**Table 4. 15**

*Human capital focus by supervisors*

Measure	n	Min	Max	M	SD
My supervisor considers my feelings before acting	133	1	5	3.53	1.056
My supervisor behaves in a manner which is thoughtful of my personal needs	133	2	5	3.95	0.791
My supervisor sees that my interests are given due consideration	133	1	5	3.77	1.178
My supervisor encourages me to be the best that I can be	133	2	6	4.27	0.78
<b>Human capital focus</b>	<b>133</b>	<b>2.2</b>	<b>5</b>	<b>3.91</b>	<b>0.69</b>

*Note: The measures of human capital focus were adapted from Duursema (2013) and transformational leadership theory (Burns, 1978; Bass, 1985; Bass & Avolio, 1994)*

There was moderately satisfactory human capital focus by the leaders in SACCOs in Kenya (M = 3.91, SD = 0.69). The highest rated item was that “my supervisor encourages me to be the best that I can be” (M = 4.27, SD = 0.69). However, the least rated was “My supervisor considers my feelings before acting” (M = 3.53, SD = 1.06). This second result suggest that the

supervisors need to consider feelings of their staff before acting because there appeared to be dissatisfaction with this aspect of human capital focus.

As suggested by Abuzaid (2016, 328) as strategic leader's skill disposition should include visioning, focusing, and implementing similar to what was found in this study; that is visioning in a way that inspires and intellectually stimulates followers; focusing on the long-term goals and on followers' needs and implementing by executing and controlling the direction that the organisation's strategy is taking. In particular, implementing speaks to execution of a strategy which involves maintaining focus on actions and activities of the organisation intended to ensure the realisation of the goals of the organisation.

From the transformational leadership (TL) literature, individualized consideration connotes empathetic leaders and mentoring to members of staff and compensating them for being creativity and innovative (McCleskey, 2014). It is where a leader supports employees to attain their full potential by acting as their coach and/ or mentor. In this leadership style emotional bonds are created between the leaders and followers through trusting the capabilities of the leaders (Rawung, 2015). Through individualized consideration, which is a TL dimension, a supervisor creates an environment where a strong emotional bond with the leader is felt by the followers. The findings of this study suggests that the leaders in the SACCO moderately create this bond with the employees hence some moderate level of transformational leadership was being practiced at these organisations. In particular, human capital focus which is the essence of individual consideration.

This is confirmed by a high score on "My supervisor encourages me to be the best that I can be" ( $M = 4.27$ ,  $SD = 0.78$ ). This is consistent with the assertion that the fundamental interest of transformational leader is the incessant growth and development of staff (Sadeghi & Pihie, 2013).

Human capital focus is a leaders' ability to give personalised attention, treatment of each worker / follower individually and coaching of employees (Shusha, 2013). Human capital focussed leader behaviour is supportive of the needs of the workers and endeavours to meet each one of the needs in a personalised manner which unambiguously demonstrates the leaders attention to the interests of the followers. In particular, these leaders pay attention to the growth, development and achievement of their teams individually. The finding of this study is consistent with this kind of leadership as was reported by the followers in this study (Shusha, 2013). Such a leadership is essentially transformational leadership which suggests that strategic leadership embraces core elements of the transformational leadership theory.

The findings were that human capital increased the odds by more than two times ( $\exp(B) = 2.092$ ) whereas strategic control reduced the odd by about half ( $\exp(B) = .698$ ). The interpretation of these results is that human capital increases the probability of satisfactory performance of SACCOs while strategic control significantly reduced the chances of satisfactory performance of SACCOs. Further, calls for a focus on unlocking the potential of the followers which translates into high commitment and motivation to achieve the best results for the organisation.

#### **Relationship between human capital focus and organisational effectiveness.**

Further. The relationship between human capital focus and organisation performance was assessed using correlation analysis and the result is found in Table 4.16.

**Table 4. 16***Relationship between human capital focus and organisational effectiveness*

Correlations								
Variable	1	2	3	4	5	6	7	8
<b><i>My supervisor ...</i></b>								
1. considers my feelings before acting								
2. behaves in a manner which is thoughtful of my personal needs	.415**							
	<.001							
3. sees that my interests are given due consideration	.694**	.459**	1					
	<.001	<.001						
4. encourages me to be the best that I can be	.210*	.207*	.314**	1				
	0.015	0.017	<.001					
<b><i>My organisation ...</i></b>								
5. has introduced innovations of new products/services	.328**	0.085	.373**	.404**	.409**	1		
	<.001	0.328	<.001	<.001	<.001			
6. has improved its coordination of the development efforts of different units	0.102	-0.072	0.03	.316**	0.117	.363**	1	
	0.241	0.412	0.729	<.001	0.181	<.001		
7. is adapting quickly to unanticipated changes	.227**	-0.015	.194*	.477**	.287**	.471**	.433**	1
	0.009	0.87	0.027	<.001	0.001	<.001	<.001	
<b>8. Organisational effectiveness</b>	<b>.324**</b>	<b>0.044</b>	<b>.216*</b>	<b>.508**</b>	<b>.359**</b>			
	<b>&lt;.001</b>	<b>0.616</b>	<b>0.012</b>	<b>&lt;.001</b>	<b>&lt;.001</b>			
	133	133	133	133	133	133	133	130

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

\* Correlation is significant at the 0.05 level (2-tailed).

Further, the three leader human capital focus behaviors reported by followers: "considered follower feelings before acting" ( $r = .324, p < .001$ ), "saw that follower interests were given due consideration" ( $r = .216, p = 0.012$ ), and "encouraged followers to be the best that they could be" ( $r = .508, p < .001$ ), were positively and significantly related with organisational

effectiveness while the leaders' behaving in a manner which was thoughtful of employee personal needs ( $r = .044$ ,  $p = .616 > .05$ ) was not significantly related with organisational effectiveness. In particular, inspiring the followers including encouraging them to be the best that they can be had the strongest relationship with performance. Overall, human capital focus was moderately correlated with organisational effectiveness ( $r = .359$ ,  $p < .001$ ).

According to Ogola and Senaji (2018) transformational leadership theory is based on notion that certain leader behaviors have a transformative effect on followers' needs, values, preferences, and aspirations, and that these leaders motivate followers to perform above and beyond the call of duty. This leadership influences change in individuals and collective systems in communities and organizations (Ogola, 2019). It creates and builds not only valuable but also positive transformation on the followers with the aim of developing followers into similar transformational leaders (Burns & Avolio, 2006). Additionally, the transformational leadership empowers followers to display exceptionally high outcomes (Burns, 1978) which results in improved organizational performance. This transformational leadership theory implies the importance of leader's behaviours that are characterised by: considering feelings of followers before acting ("consideration"), behaving in a manner which is thoughtful of follower's personal needs ("thoughtfulness"), seeing to it that interests of followers are given due consideration ("attention to follower interests"), and encouraging followers to be the best that they can be ("encouragement"). In this study, these behaviours were found to collectively significantly influence the odds for satisfactory performance.

Specifically, consideration of feelings and encouragement of followers to be the best that they can significantly influenced probability of satisfactory performance by increasing the odds of satisfactory performance by about two times ( $\exp(B) = 1.904$ ) and more than threefold ( $\exp(B) = 3.301$ ) respectively. However, "*thoughtfulness*" and "*attention of follower interests*" did not significantly influence the odds for organisational effectiveness (satisfactory performance)

(*thoughtfulness*: Wald = 1.781, t = .182, exp (B) = .641; *attention to follower interests*: Wald = 1.409, t = .235, exp (B) = .745). The implication of these findings is that leaders should improve human capital focused behaviors in order to realise an improvement in the performance of their organisations because the enactment of these behaviours and performance were only moderately satisfactory. Further, there is need to conduct further study to determine why leaders' thoughtfulness of followers' personal needs appeared not to significantly relate with performance. These findings concur with those by Ogola and Senaji (2018) who, on a sample of respondents drawn from Kenya's parastatals, tested and rejected (not supported) the null hypothesis that "There is no significant relationship between "individual consideration" and organizational performance" (*p.18*). In particular, individual consideration which is a transformational leadership variable is concerned with the focus on the welfare of people in the organisation; in other words, it is the human capital focus enactment of the TL which was found to significantly influence performance.

Further, in the present day rapidly shifting market demands, competitiveness of organisations is pursued and maintained through the investment in human capital (Djurica et al., 2014). This includes through training and inspiring the human capital by effective leadership. With regard to what effective leadership should be, Zentner (2016) observes that the servant leadership has a positive influence on employee behaviour and hence organizational performance noting that though the theory and approach of servant leadership has not been adopted to scale, organizations that have implemented servant leadership principles which include awareness, empathy, stewardship, listening, conceptualization, commitment to professional development, , and foresight have experienced better financial performance. In this study, aspects of empathy and commitment to professional development of the followers were found to be practiced in the SACCOs that were studied. The empathy descriptors of the leadership at the surveyed organisations included "thoughtfulness", that is, "my supervisor considers my feelings before

acting” and “pays attention of follower interests”. Similarly, commitment to professional development of the human capital was indicated by the followers reporting that their leader "saw that their interests were given due consideration” and" encouraged them to be the best that they could be”. Consequently, this finding extends the understanding of effective leadership by clarifying that elements of transformational leadership from servant leadership are crucial to the performance of organisations including the SACCOs.

These findings are also consistent with previous research which has also revealed that overall competitiveness and organisational performance depend on the adoption of strategic management practices (Dezsö & Ross, 2012) which includes strategic leadership, human capital focus and strategy control. Further, the overall competitiveness hence performance of an organisation is positively influenced by the creativity innovativeness and autonomy of managers at various distinct levels of management (Haque et al., 2017). This includes at top, middle and operational levels of management whose diversity in terms expertise, skills and gender also plays an important role in ensuring positive performance outcomes.

Furthermore, organizations are increasingly finding themselves with the imperative to prioritize the mental and physical well-being of workers as a matter of survival, because the need to protect their health and alleviate their stress has become critical to operations. This has been made more urgent by the COVID – 19 pandemics through organisations had been incorporating these concerns in their operations pre-COVID 19. In particular, safety, health, work and life, and well-being have become inseparable and this is bound to continue.

Consequently, the concern for staff amid crises such as the pandemic brings to the fore the importance of human capital focus which is an organizing concept around which the attributes and actions around well-being of organisation members should take place. In this study it was found that the focus on the people by inspiring them and attending to their needs was



significantly related with performance and this the need to strengthen this aspect of the organisations that were studied.

### **4.6.3 Strategic control and performance**

Strategic control comprises the last phase of strategic management. It deals with measurement, evaluation and taking corrective action. It is also closely related with how an organisations exploits its existing opportunities on a daily basis and maintaining the stability of the organisation through prudent use of resources. On a scale of 1 to 5, the respondents reported that strategic control was being effectively practised in the SACCOs ( $M = 4.01$ ,  $SD = 0.62$ ); the statements on which the responses were provided elicited data on the extent to which certain control measures had been or were being implemented by the leaders in the SACCOs. Strategic control was also found to be positively and significant related with performance (organisational effectiveness) ( $r = .426$ ,  $p < .05$ ) and with strategy execution ( $r = .421$ ,  $p < .05$ )

According to a study by Menges et al. (2011), good organization policies are important because they facilitate effective administration in organisations; they make growth including through diversification possible; they stimulate independent creative thinking and improve performance. The policies ensure that an organization can be divided into formal and informal structures which enhance the organization's performance.

Further, policies bring clarify to the structure of an organization and relationships between roles are shared in its different parts in an organization (Peterson et al., 2012). Thus the purpose of these policies is to serve as a basis for allocation of responsibilities and associated work with the aim of effectively directing activities to achieve the organizations goals. Therefore, policies enable managers to effectively perform their functions, namely planning, directing, organizing and controlling the activities of the organization. Peterson et al. (2012) posits that organization

policies convey the ways in which labour is divided into its distinct tasks in order to achieve coordination between them (Phillips, 2013).

Further, policy has implications for organisational structure. In particular, Phillips (2013) found dynamism and change capability to change according to the situations or conditions that prevail to be the attributes of a good organisational structure. Thus, in order to successfully execute and control strategy, adequate attention should be paid to the principles of sound organization while designing the organizational structure ensure effective control mechanisms. In particular, the manner in which decisions making authority and responsibility distributed and accountability demanded should be ensured in the design of the structure. Considering the fact that an organization structure is indispensable as a means for the goal seeking activities, an inappropriate structure will inevitably seriously impair performance of the business or organisation and may even completely destroy it.

It is noted that strategic leadership in any organisation, including at the SACCOs is exercised by the top-level management staff. From the upper echelon theory, that the behaviour of any organisations is a reflection of the thinking of the top management, it is imperative to examine the nature of the top management because their characteristics or disposition can give important implications for the performance of the organisations that they lead. This is particularly true because the quality of their decision is what guided the strategy and the actions that emanate from this strategy. Consequently, the diversity of top management staff, the leaders, is also crucial to the performance of organisations.

A previous study on a Pakistani sample found that working efficiency and performance of organisations improved largely due to representation of female executives in leadership at the corporate hierarchy (Faizan et al., 2019). This finding suggests that the presence of female

executives at highest levels of corporate leadership has positive effective on performance. This could be because they improve the quality of decisions at such high levels in the organisational hierarchy. Considering the types of economies, a developed versus a developing economy, the Canadian organisations had higher scores than Pakistani ones at all three (top, middle, and lower) levels of management (55.3% to 44.7%). This finding can be partly explained by the fact that there are relatively more women in top management positions in Canada than there are in Pakistan due to the cultural differences between the two countries. Additionally, the funnel approach that was used found that the performance of both male and female managers' performance improved due to higher female representation at strategic level of organisations (69.7% and 53.4%) as was also found by Philips and Lloyds (2006) on the relationship between gender representation and performance.

It is also emphasized that the top leadership have important implications for strategic control and this their gender composition could have improved the effectiveness of the control function of the top leadership which would translate into between stewarding of the organisations. These previous studies suggest the importance of gender diversity in top management; however, this variable was not tested in this study and is therefore an opportunity for further investigation to ascertain the difference in organisational performance on the basis of gender representation in top leadership positions. Further, employees can also be motivated through generosity in benefits. Such generous benefits may include health care insurance, worker compensation and leave benefits. In addition, in a study on leadership in Kenya perspectives from both insiders and outsiders, respectively Kenyans and nationals from other countries revealed the need for more attention to the role of leadership effectiveness and motivation in organizations (Senaji & Galperin, 2017); this is necessary for ensuring effective strategy control which necessary to guide the performance of SACCOs.

## **4.7 Mediating effect of strategy execution on Strategic leadership - Performance relationship**

The mediating effect of strategy execution on the strategic leadership - performance relationship was assessed using binary logistic regression in three steps:

**Step 1:** Strategic leadership predicting performance (see result in Part 4.6, Table 4.14).

This is the direct effects model where performance was regressed on the strategic leadership which comprised three sub-variables, namely strategic direction, human capital focus and strategic control)

**Step 2:** Strategic leadership predicting strategy execution. In this model, the influence of human capital focus, strategic direction and strategic control on the mediator, which was strategy execution, was tested.

**Step 3:** Both strategic leadership and strategy execution as predictors of organisational performance

The results of the analyses for each of the steps are presented in the parts that follow.

### **4.7.1 Strategic leadership predicting strategy execution**

Influence of strategic leadership on strategy execution (the mediator) are presented in Table 4.17, and the model that was estimated is as follows:

$$\text{logit SE} = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \varepsilon \quad (6)$$

In this model, SE is strategy execution,  $\mathbf{X}_1$ ,  $\mathbf{X}_2$ , and  $\mathbf{X}_3$  are respectively strategic direction, human capital focus and strategic control and p is the probability of successful strategy execution.

**Table 4. 17***Influence of strategic leadership on strategy execution***Model Summary**

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	147.105 <sup>a</sup>	.160	.221

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

**Classification Table<sup>a</sup>**

Observed	SE_bin	Predicted		Percentage Correct
		0	1	
Step 1	SE_bin	0	1	
		15	30	33.3
		1	73	83.0
Overall Percentage				66.2

a. The cut value is .500

SE = strategy execution

**Variables in the Equation**

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	Strategic direction	1.129	.366	9.541	1	.002	3.093
	Human capital	.663	.318	4.343	1	.037	1.942
	Strategy control	-.022	.077	.085	1	.771	.978
	Constant	-5.924	1.665	12.664	1	.000	.003

a. Variable(s) entered on step 1: Strategic Direction, Human capital, Strategy control

As seen from the result on Table 4.17, strategic leadership significantly predicted the odds for effective strategy execution (see Table 4.16); specifically, strategic direction (SD) and human capital (HC) significantly predicted the odds for strategy execution (SE) (SD: Exp (B) = 3.093,  $p < 0.05$ ; HC: Exp (B) = 1.942,  $p < 0.05$ ). These results suggested that strategic direction

increased the odd of successful strategy execution by a factor of 3 while human capital increased the odds by a factor of about 2 ( $\exp(B) = 1.942$ ). However, strategy control did not significantly influence the odd for strategy execution ( $\exp(B) = 0.978$ ,  $p > 0.05$ ); influence was negative but insignificant ( $B = -.022$ ,  $p = .771 > 0.05$ ); the interpretation of this is that it had negatively but insignificantly reduced the probability of satisfactory performance by SACCOS. Overall, strategic leadership significantly predicted the probability of successful strategy execution; specifically, it increased the odd for successful strategy execution. The empirical model is as follows:

$$\text{logit SE} = \ln\left(\frac{p}{1-p}\right) = -5.924 + 1.129x_1 + .663x_2 \quad (7)$$

Where  $X_1$  = strategic direction, and  $X_2$  = human capital focus; strategic control ( $X_3$ ) did not significantly predict the probability (odds for) of strategy execution (SE). Furthermore, from this result, the odds for strategy execution would be zero ( $\exp(B) = .003$ ) in the absence of strategic leadership.

From a strategy perspective, organizational effectiveness requires that organizations are both flexible and stable in addition to having synchronous internal and external focus (Quinn & Cameron, 1988) thanks to their structures. It is noted that though different organizational models, for example, the competing values framework, may reflect different effectiveness criteria, they are not dichotomic (Quinn & Cameron, 2006). Some of the effectiveness measures are the ability to innovate and to identify and exploit new markets efficiently (Senaji, 2012). The implication is that an organization should exploit existing opportunities and explore other possibilities in the market place. In so doing, it should maintain an appropriate balance between internal focus (such as developing human capital to be able to effectively exploit opportunities for superior performance using their expertise and skills), and an external focus (the external environment orientation) through appropriate actions, such as market research and searching for new markets, through scanning the environment and using the results to adjust

internal systems in a manner that maintains a good fit between the organization and the environment which it faces. In this study there was a moderate balance between exploration and exploitation and between the internal and external environment focus. In other words, there was moderate strategic leadership practice in SACCOs as shown by the composite means cores on the dimensions of strategic leadership.

#### **4.7.2 Strategic leadership and strategy execution predicting performance**

Since at least one strategic direction variables significantly predicted the odds for strategy execution, strategy execution could have some mediating effect on the relationship between strategic leadership and performance. In this regard, the mediator (strategy execution) and all the strategic leadership variables (strategic direction, human capital focus, and strategic control) were used in a regression model and to predict the odd for organisational performance. This was followed by the regression of organisational performance with composite score of SL and SE as predictor variables.

The mediation effect was first tested by introducing the mediator (SE) in the model together with the three strategic leadership variables. The analytical model was as follows:

$$\text{logit PF} = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_3 x_{se} + \varepsilon \quad (8)$$

In this equation,  $X_i$  are the independent variables (strategic direction, strategic control and human capital focus), which are the sub-constructs of strategic leadership, while  $X_{se}$  is strategy execution. Further,  $p$  is the probability of satisfactory performance,  $\beta_0$ , while  $\beta_i$  are the coefficients associated with  $x_i$ . The result of the mediating effect of strategy execution is found in Table 4.18.

**Table 4. 18***Mediating effect of strategy execution*

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	136.100 <sup>a</sup>	.170	.243

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Classification Table <sup>a</sup>					
	Observed		Predicted		Percentage Correct
			Organisational performance 0	1	
Step 1	Organisational performance 0	0	12	27	30.8
	1	1	6	88	93.6
Overall Percentage					75.2

a. The cut value is .500

Variables in the Equation						
	B	S.E.	Wald	df	Sig.	Exp (B)
Step 1 <sup>a</sup> Strategic direction	.820	.371	4.887	1	.027	2.271
Human capital	.165	.354	.218	1	.640	1.180
Strategic control	.110	.079	1.906	1	.167	1.116
Strategy execution	.458	.246	3.450	1	.063	1.580
Constant	-6.959	1.800	14.940	1	.000	.001

a. Variable(s) entered on step 1: Strategic Direction, Human capital, Strategic control, Strategy execution.

As seen from the results (Table 4.18) strategy execution ( $X_{se}$ ) fully mediated the relationship between human capital focus ( $p > 0.05$ ) and performance; and between strategy control ( $p > 0.05$ ) and performance but partially mediated the relationship between strategic direction and performance (Wald = 4.887,  $df = 1$ ,  $p < .05$ ). Full mediation implies that by introducing the



mediator (strategy execution) in the model, the influence of the said human capital focus (Wald = .218,  $p > .05$ ) and strategic control (Wald = 1.906,  $p > .05$ ) on performance was insignificant. As see from Table 4.16, strategic direction increases the odds for satisfactory performance by a factor greater and 2 (Wald = 4.887,  $p = 0.027 < 0.05$  exp (B) = 2.271).

The empirical model became

$$\text{logit PF} = \ln\left(\frac{p}{1-p}\right) = -6.959 + .820x_1 \quad (9)$$

Where all strategic leadership variables (and strategy execution, SE) did not predict the odds for performance at 5% level of significance except strategic direction ( $X_1$ ) ( $p < .05$ ); the effect of strategy execution by leaders was only significant at  $p < .1$  ( $p = .063$ ).

The mediator was then used with the composite score of strategic leadership (the aggregate mean of strategic direction, human capital focus and strategic control) to predict the odds for performance in a logistic regression model (see the result on Table 4.19).

**Table 4. 19***Mediating effect of strategy execution on the strategic leadership – performance relationship*

<b>Model Summary</b>			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	138.940 <sup>a</sup>	.152	.217

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

<b>Classification Table<sup>a</sup></b>					
Observed		Predicted			Percentage Correct
		Organisational performance 0	1		
Step 1	Organisational performance 0	9	30		23.1
	performance 1	12	82		87.2
Overall Percentage					68.4

a. The cut value is .500

<b>Variables in the Equation</b>							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	Strategy execution	.538	.227	5.600	1	.018	1.712
	Strategic leadership	.154	.048	10.271	1	.001	1.166
	Constant	-5.497	1.542	12.713	1	.000	.004

a. Variable(s) entered on step 1: Strategy execution, Strategic leadership

The result in Table 4.19 suggests that strategy execution significantly partially mediated the relationship between strategic leadership and organisational performance because, both strategy execution (Wald = 5.600,  $p = .018 < 0.05$ ) and strategic leadership (Wald = 10.271,  $p = 0.001 < 0.05$ ) significantly predicted an increase of the probability (the odds for) satisfactory organisational performance. Had the effect of strategy execution been insignificant in the logistic regression of organisational performance on the combination of strategic leadership (SL) and strategy execution (SE), then there would be full mediation; but if the effect of SL was significant, while that of SE was insignificant, then SE would not significantly have mediated the relationship between strategic leadership and organisational performance.

*The empirical model was thus*

$$\text{logit PF} = \ln\left(\frac{p}{1-p}\right) = -5.497 + .154x_1 + .538 x_{se} \quad (10)$$

In the foregoing empirical model, PF is the performance of SACCOs in Kenya while  $X_1$  is strategic direction and  $X_{se}$  is the strategy execution.

According to Datche (2015), transformational leaders inspire, stimulate and make followers to achieve extraordinary results; they also help followers to become leaders by stimulating and inspiring them. Inspirational motivation is about the leader's action to ensure followers' need to have meaning in their work is realised (Bass & Avolio, 1994). This means that the leader acts as a coach and a mentor of the follower. This coaching and mentorship focussed the followers' need for growth to become leaders as well (Bass & Avolio, 1994).

Consequently, a transformational leader is a visionary. Through this leadership, fundamental changes in the cultural systems are elicited in the whole organisation. The leader singularly articulates the need for change which is elicited from all organizational members and others organisations's stakeholders (Simsek, 2014). Through this leader behaviour, individuals and groups are inspired and motivated them to commit to the necessary reconceptualization and reorientation according to rapid changes and adjustments that are required to improve organization's performance.

Cherian and Farouq (2013) assert that satisfactory level of performance demands more of leadership including strong county government leadership and operational functions. . There is also an ever-increasing awareness of the most up-to-date information regarding an organization's leadership styles which ensures a return on investment while also demonstrating accountability to clients through effective communication from the leadership (Dalakoura, 2010).

In Ghana it was established by Defee, Stank and Esper (2010) that the primary cause for delay in the implementation of government projects was due to the lack of capacity of skilled management. However, in Tanzania emphasis on building capacity through training was the major contributing factor to the success of major government projects. It was found by DeJong and Bruch (2013) that the lack of staff with the requisite management skills and experience is not easily mitigated through internal training. On top of this, the majority of trained personnel in public service organizations leave for better job opportunities elsewhere. Previous empirical studies point to the importance of leadership for performance of organisations and the apparent inadequate leadership capacity. In this study, it was also found that the leaders' behaviours on some crucial aspects of strategic leadership was inadequate and needing enhancement through capacity building.

Implementation of strategy fails for various reasons. Broader participation is required in the execution of any strategic plan. This requires the coordination of more individuals across the organization than it is the case during the strategy formulation stage of strategic management. Strategy execution often takes more time; it also requires more sustained organizational effort. Inherent interaction between the strategic plan that is internally formulated and realities of the external environment is also involved during implementation (Hrebiniak, 2006; Gaughan & Prince, 2020). Thus, implementation of strategic plans can potential conflict with some aspects of the existing organizational culture hence the need for effective leaders who help the organisation to navigate the cultural aspects that can foster successful implementation of the formulated strategy. It is also acknowledged that implementation of strategy implies a change process in the organisation, and as is the case with any change, resistance is inevitable. It is therefore important for managers to anticipate resistance when they embark on the strategy

implementation tasks and be able to take actions necessary to minimize the resistance. It is only through minimization of resistance to change that the purpose for which the strategy was formulated can be achieved once it is implemented. In this regard, leaders who inspire and motivate their followers have better chances of success than those who do not do this. In particular, the barriers to the effective and enthusiastic participation of organisational members in the implementation of the strategy should be removed by training and provision of necessary resources (financial and otherwise) and also providing the rewards commensurate with the positive effort made in the implementation of strategic plan.

According to Duursema (2013), strategic leadership model comprises of four aspects; these are business development, organizational creativity, operational efficiency, and client centricity two broad dimensions, namely Exploration-Exploitation and Organization-Environment. In this study, both internal focus (“organisation”) and external focus (“environment”) were used as descriptors of Exploration-Exploitation. Similarly, the descriptors of “organisation” were mainly strategy direction (vision), and human capital focus. On the other hand, “exploration” comprised business development activities by the SACCOs while both strategy control and strategy execution had elements of both the “organisation” (internal) and “environment (external) factors. The “environment” included the sensing of the market and using this information to improve the functioning of the SACCOs. In this case organisational creativity and organisational efficiency are concerned with “exploitation” – efficient utilisation of existing organisational resources by effectively executing the formulated strategic plan to create value to the client while business development and client centricity deal with exploration – such as seeking of new potential clients and using client data to make product decisions. Furthermore, while creativity and efficiency are concerned with “organisation”, business development and client centricity imply “environment”, that is the focus on the external factors.

From the findings of this study, the practice of TL (Bass, 1985; Burns, 1978; Bass & Avolio, 1994) and the application of the strategic leadership model (Duursema, 2013) were tested. In particular, vision and concern for the employees (transformational leadership) – see also human capital focus - was found to manifest in the SACCOs; further, business development (exploration) and execution (exploitation) were practised in the studied organisations. An example of exploration was the seeking of new potential markets – part of business development; while exploitation included the review of projects in meetings and sharing information with employees regarding the business; the other descriptors of exploitation were the control activities which included agreement with the statements: “My supervisor takes corrective action whenever need arises” and “My supervisor regularly collects data regarding changes in the political arena for business decision making”.

The application of the goal setting theory was also evident from the presence of vision of the organisation by the leaders. Specifically, the leaders were reported to have “an understanding of where the organisation was going”, which is an indication of knowledge regarding the goal of the organisation. Further, they had clarity on where the leader wanted to see the organisation in the next five years and that the leader “had an idea of the direction the organisation was taking”. This particular finding has implication for goals setting and also the transformational leadership theory.

#### **4.8 Summary of Hypothesis Testing**

The hypotheses that were tested in this study were based on the results of the influence of strategic leadership on performance and the mediating effect of strategy execution on the relationship between strategic leadership and performance of SACCOs in Kenya. The following are the four null hypotheses that were tested:

**H01** Strategic direction has no significant influence on the organizational performance of Sacco's in Kenya

**H02** Human capital does not significantly influence the organizational performance of Sacco's in Kenya

**H03:** Strategic control does not significantly influence organizational performance of SACCOs in Kenya

**H04:** Strategy execution does not significantly mediate the relationship between strategic leadership and organisational performance of SACCOs in Kenya

In the following table (Table 4.20), a summary of hypothesis testing for the four hypotheses that were tested in this study are presented.

**Table 4. 20**

*Summary of hypothesis testing*

<b>Hypothesis number</b>	<b>Statement</b>	<b>Test (Wald statistic at p =.05)</b>	<b>Remark</b>
H <sub>01</sub>	Strategic direction has no significant influence on the organizational performance of Sacco's in Kenya	Wald =1.652, p = .199 > .05, Exp (B) = .917.	Accept the null hypothesis
H <sub>02</sub>	Human capital does not significantly influence the organizational performance of Sacco's in Kenya	Wald = 29.768, p = .000 < .05, exp (B) = 2.092	Reject the null hypothesis
H <sub>03</sub>	Strategic control does not significantly influence organizational performance of SACCOS in Kenya	Wald = 10.721, p =.001 < .05, exp (B) = .698	Reject the null hypothesis
H <sub>04</sub>	Strategy execution does not significantly mediate the relationship between strategic leadership and organisational performance of SACCOS in Kenya	<b>Strategy execution:</b> Wald = 5.600, p = .018, exp (B) = 1.712 <b>Strategic leadership:</b> Wald = 10.271, p = .001 < .05, Exp (B) = 1.166	Reject the null hypothesis

From the results in Table 4.20 strategic direction did not significantly influence organizational performance of SACCOS in Kenya. Further, human capital focus and Strategic control significantly influenced the chances (odds) of performance of SACCOS. It was also found that strategy execution significantly mediated the relationship between strategic leadership (strategic direction, human capital focus, and strategy control) and performance of SACCOS in



Kenya. Consequently, H<sub>01</sub> (strategic direction) was rejected while H<sub>02</sub> (human capital focus), H<sub>03</sub> (strategy control), and H<sub>04</sub> (mediation [strategy execution]) were accepted.

In particular, while strategic direction did not significantly ( $p > .05$ ) influence organizational performance of SACCOs in Kenya, human capital focus significantly influenced the organizational performance of Sacco's in Kenya. Further, strategic control significantly influenced organizational performance of SACCOs in in Kenya; and that strategy execution had a significant mediating effect on the relationship between strategic leadership and organisational performance of SACCOs in Kenya.

Consistent with the hypotheses tests results, H<sub>01</sub> was accepted while H<sub>02</sub>, H<sub>03</sub> and H<sub>04</sub> were rejected. In particular, the conclusions of the tests are as follows:

First, strategic direction had no significant influence on the organizational performance of SACCOs in Kenya. Secondly, human capital focus significantly influences the organizational performance of SACCOs in Kenya. Further, strategic control has a significant influence on the organizational performance of SACCOs in Kenya. Finally, strategy execution has a significant mediating effect on the relationship between strategic leadership and organisational performance of SACCOs in Kenya

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

A cross sectional descriptive survey of 133 SACCOs was conducted to assess the influence of strategic leadership on performance of these organisations. Strategic leadership was measured using three variables: strategic direction, human capital focus and strategic control. Further, the mediating effect of strategy execution on the relationship between strategic leadership and performance was also assessed. The summary of findings, conclusions and recommendations are presented in this chapter and areas for further study are suggested.

#### 5.2 Summary

The purpose of this study was to assess the effect of strategic leadership on performance of SACCOs in Kenya; and to assess the mediating effect of strategy execution on the relationship between strategic leadership and performance. Specifically, the first objective was to determine the influence of strategic direction on the organizational performance of Sacco's in Kenya; while the second objective was assessing the influence of human capital focus on the organizational performance of Sacco's in Kenya. The third and fourth objectives were, respectively, to examine the influence of strategic control on the organizational performance of Sacco's in Kenya, and to investigate the mediating effect of strategy execution in the relationship between strategic leadership orientation and organizational performance of SACCOs in Kenya. Based on the results of this study, there was less focus on human capital ( $M = 3.91, SD = 0.69$ ) compared to the emphasis on vision ( $M = 4.12, SD = 0.86$ ) and business development ( $M = 4.03, SD = 0.76$ ). The greatest attention was paid to vision. Further, strategic direction, strategic control and strategy execution were practised in almost equal intensity,

respectively  $M = 4.06, 4.01$  and  $4.02$ . This result implies that that strategic leadership was being practised by deposit taking SACCOs in Kenya.

Strategic leadership variables had a positive significant linear relationship with performance of SACCOs in Kenya at 5% level of significance (strategic control:  $r = .526$ ; strategic direction:  $r = .473$ ; human capital focus:  $r = .328$ ). Strategy execution was also significantly linearly related with performance ( $r = .328, p < .001$ ).

Further, the distribution the data that was collected was significantly different from a normal distribution as shown by Shapiro-Wilk statistic ( $p < .05$  for all variables). This was a violation of the assumption of the classical linear regression analytical model hence the use of nonlinear regression model – the logistic regression- to test the influence of strategic leadership on odds of performance. The mediating effect of strategy execution on the relationship between strategic leadership and performance was also assessed using logistic regression.

Consequently, by using binary logistic regression to determine the effect of strategic leadership on performance, it was found that, human capital focus and strategic control significantly predicted the odds for good performance while the effect of strategic direction was not significant. In particular, human capital increased the odds by more than two times ( $\exp(B) = 2.092$ ) whereas strategic control reduced the odd by about half ( $\exp(B) = .698$ ). The interpretation of these results is that human capital increases the probability of satisfactory performance of SACCOs while strategic control significantly reduced the chances of satisfactory performance of SACCOs.

### **5.3 Conclusion**

#### **5.3.1 Strategic direction and performance of SACCOs**

While SACCOs practiced strategic direction as shown by the level of articulation of vision and business development (that is opportunity exploration) by the leaders ( $M \Rightarrow 4$ ), the leaders were rated as not being sufficiently effective ( $M = 3.81$ ,  $SD = 1.07$ ). Further, business development (exploration) had a higher predictive power for organisational performance than the articulation of vision of the organisation. In the multiple logistic regression analysis empirical model strategic directions had no significant influence on the odds for performance ( $Wald = 1.652$ ,  $p = .199 > .05$ ,  $\exp(B) = .917$ ). On the basis of the study findings, a conclusion is made that strategic direction had no significant influence on the organizational performance of SACCOs in Kenya.

Consistent with this finding, the first null hypothesis ( $H_{01}$ ) that *Strategic direction has no significant influence on the organizational performance of Sacco's in Kenya* was accepted because the Wald statistic was not significant ( $p = .917 > .05$ )

#### **5.3.2 Human Capital focus and performance**

From the descriptive results, it was satisfactory human capital focus at the SACCOs ( $M = 3.91$ ,  $SD = 0.69$ ) and a positive significant linear relationship existed between human capital focus and performance of SACCOs. In addition, odd for performance of SACCOs in Kenya was significantly influenced by leaders' human capital focus. In particular, it increased the odds for satisfactory performance by more than two times ( $Wald = 29.768$ ,  $p < .001$ ,  $\exp(B) = 2.092$ ). Hence human capital focus increased the odds of satisfactory performance of SACCOs that were surveyed. As see from the findings, human capital focus significantly influences the organizational performance of SACCOs in Kenya.

The second null hypothesis (H<sub>02</sub>) was: *Human capital does not significantly influence the organizational performance of Sacco's in Kenya*. According to the test, this hypothesis was rejected ( $p < .05$ ) and conclusion made that human capital significantly influences performance of SACCOs in Kenya.

### **5.3.3 Strategic Control and performance**

Strategic control was positively and significantly related with performance and that it had a negative influence on the probability of satisfactory performance. It significantly reduced the odd by about half ( $B = -.359$ , Wald = 10.721,  $p = .001$ ,  $\exp(B) = .698$ ), this means that the manner in which strategic control was being practised significantly reduced the chances of satisfactory performance of SACCOs by about 70% (see  $\exp(B) = .698$ ). In particular, the strategic control approaches reduce the changes of satisfactory performance by more than one half. The finding on strategy control leads to the conclusion that strategic control has a significant influence on the organizational performance of SACCOs in Kenya.

Since the Wald statistic was significant ( $p = 0.01 < .05$ ) the null hypothesis (H<sub>03</sub>) was rejected and a conclusion reached that strategic control significantly influences organizational performance of SACCOs in Kenya.

### **5.3.4 Mediating effect of strategy execution on Strategic leadership – Performance**

#### **Relationship**

The logistic regression results for the mediating effect were: strategic direction (Wald = 4.887,  $p = .027 < .05$ ,  $\exp(B) = 2.271$ ), Human capital focus (Wald = .218,  $p = .640 > .05$ ,  $\exp(B) = 1.180$ ), Strategic control (Wald = 1.906,  $p = .167 > .05$ ,  $\exp(B) = 1.116$ ), and strategy execution (Wald = 3.450,  $p = .063$ ,  $\exp(B) = 1.580$ ). From these results, the coefficients of strategic control and human capital focus were both insignificant indicating that the introduction of

strategic execution (mediator) made the coefficients of these variables insignificant; this is to say, when the mediator (strategic execution) was introduced as a predictor variable, strategic control and human capital focus did not have a significant influence on the odds for satisfactory performance of SACCOs.

Further, on the relationship between strategic leadership (strategic direction, human capital focus and strategy control) and strategy execution (mediator), strategic direction increased the odds of successful strategy execution by a factor of 3, while human capital increased the odds by a factor of about 2 ( $\exp(B) = 1.942$ ). However, strategy control did not significantly influence the odds for strategy execution ( $\exp(B) = 0.978$ ,  $p > 0.05$ ); influence was negative but insignificant ( $B = -.022$ ,  $p = .771 > 0.05$ ); the interpretation of this strategic control insignificantly reduced the chances of satisfactory strategy execution of SACCOs. Overall, strategic leadership significantly predicted the probability of successful strategy execution; specifically, it increased the odd for successful strategy execution.

Therefore, according to these results, strategy execution (SE) fully mediated the relationship between human capital focus ( $p > 0.05$ ) and performance; and between strategy control ( $p > 0.05$ ) and performance but partially mediated the relationship between strategic direction ( $\text{Wald} = 4.887$ ,  $p \leq .05$ ) and performance at 10% level of significance ( $p = 0.1$ ); however, the mediation of the strategic leadership – performance relationship was insignificant at 5% level of significance ( $p = .05$ ). Full mediation implies that by introducing the mediator (strategy execution) in the model, the influence of the said human capital focus ( $\text{Wald} = .218$ ,  $p > .05$ ) and strategic control ( $\text{Wald} = 1.906$ ,  $p > .05$ ) on performance was insignificant. As seen from Table 4.16, strategic direction increases the odds for satisfactory performance by a factor greater than 2 ( $\text{Wald} = 4.887$ ,  $p = 0.027 < 0.05$ ,  $\exp(B) = 2.271$ ).

In the model comprising the composite measure of strategic leadership, strategy execution and performance; strategy execution partially mediated the relationship between strategic leadership and performance. Specifically, on the basis of the findings on the mediating effect of strategy execution, strategy execution had a significant mediating effect on the relationship between strategic leadership and organisational performance of SACCOs in Kenya.

The fourth hypothesis (H04) was rejected because the Wald statistic associated with this variable was significant (Wald = 4.887,  $p = 0.027 < 0.05$ ). It was this concluded that strategy execution significantly mediates the relationship between strategic leadership and organisational performance of SACCOs in Kenya

#### **5.4 Recommendations**

With regard to strategic direction, it is recommended that managers of SACCOs emphasize strategic direction through active exploration of new markets and recognition of potential new clients (strategic leadership) even as they maintain clarity of vision and (transformational leadership) for their organisations. Specifically, the leaders need to emphasize more on exploration (business development) through exploration of new markets, recognition of potential new clients and penetration into new markets even as they focus on the vision of the organisation such as through clarity of an understanding of the direction the organization is going and communicating the same throughout the organisation; and maintaining a clarity of where he/she wanted the organisation to go.

Similarly, though vision did not significantly influence organisational performance in the presence of exploitation of opportunities, it individually had a significant relationship with it. Consequently, SACCOs should continue emphasizing the vision, communicating it and being committed to it since it had positive effect on organisational effectiveness (performance).

Human capital focus had the most significant influence on the probability of satisfactory performance though it was the least practiced in the studied organisations. It is recommended that ore focus be directed to human capital focus specifically, the supervisors should consider the feelings of staff (or followers) before acting, behave thoughtfully regarding the personal needs of staff; they should also see that interests of staff are given due consideration, and encourage their staff to be the best that they (staff) can be. In particular, “my supervisor considers my feelings before acting” (M = 3.53) scored the least while the second least rated statement was, that the supervisor saw that their interests were given due consideration (M = 3.77) indicating that the staff did not agree with these statements hence the need to improve on these leader behaviour aspects in relation to human capital focus. An improvement of leader behaviours on these aspects has the performance to improve the performance of the SACCOs.

Strategic control is crucial for the exploitation existing opportunities in the context of existing organisational policies and structures. Since strategic control was significantly related with performance ( $r = .426$ ,  $p < .05$ ), it is recommended that it be enhanced to enable it further contribute to the performance of the SACCOs since the relationship was positive and significant. Some of the recommended control measures are regular collection client data as a basis for product development, regular collection data regarding changes in the political arena for business decision making, and regularly updating employees on the prevailing business environment.

Further, strategy execution was found to be crucial to the performance of SACCOs. In particular, it had a partial mediation on the relationship between strategic leadership and performance but it fully mediated the relationship between strategy control and performance; and between human capital focus and performance. In this regard, strategic leadership will not



positively effectively impact performance unless strategy execution capability is well developed. Consequently, SACCOs should enhance their strategy execution capability. This should be done through actions including by supervisors (in this study leaders) checking progress of work against agreed upon targets, reassuring time schedules and deadlines, and preparing detailed plans on how to accomplish important tasks.

Lastly, since strategy control was found to reduce the changes of satisfactory performance of SACCOs, it is recommended that future studies be conducted to determine the aspects of control that negatively affect performance. Further, the least practised strategic leadership dimension was human capital focus yet it had the most significant his influence of the probability of satisfactory performance of SACCOs.

### **5.5 Areas of further study**

Previous studies suggest the importance of gender diversity in top management for performance of organisations; however, this variable was not tested in this study and is therefore an opportunity for further investigation to ascertain the difference in organisational performance on the basis of gender representation in top leadership positions. Furthermore, strategic direction was found not to significantly predict t the odds for performance of SACCOs. It is of interest to ascertain why this is the case.

Further, though this study considered strategic leadership, which is informed by Strategic Leadership Model, and aspects of transformational leadership, there is need to conduct more studies based on other leadership constructions such as virtuous leadership. This can include examination of Plato's model of virtuous leadership which centres virtues of leaders to inform leader development (Bauman, 2018). Findings of such study can have important implications for guiding practice of leaders, board members, and even investors of

organizations in contributing to effectiveness of leadership, hence improvement if performance of organizations.

Literature suggests that followers may mistrust leaders (Hollensbe, 2014). However, the relationship between mistrust of leaders and performance of organization is an area that can be explored further. This is because though this study focused on strategic leadership, the assessment of respondents of their leaders can depend on the extent to which they trust these leaders. Consequently, a study can be launched to examine the relationships among leader style, in this case strategic leadership, follower trust and performance of organizations. In the suggested study, follower trust can be treated as a moderating variable the on the relationship between strategic leadership and performance of organizations. The findings of such study can provide more insight into the interaction between leader style, follower trust of the leaders and performance of organisations including SACCOs.

In this study, three dimensions of strategic leadership namely, strategic direction, human capital and strategic control were measured against performance of savings and credit cooperative societies in Kenya with strategy execution as the mediating variable in the relationship. Future studies are recommended on their dimensions of strategic leadership since the construct is still evolving hence the need for more studies to understand and operationalize it. Further since strategic direction did not significantly influence organization performance of Saccos in Kenya yet strategic direction – vision and mission is important for success of strategy implementation, it is of interest to further investigate what aspect of strategic direction are required to make it influence on performance. In addition, the strategic control approaches were found to reduce the chances of satisfactory performance by more than half. The findings on strategy control leads to the conclusion that strategy control negatively influenced organizational performance of Saccos in Kenya. Hence there is need for further research to determine the aspects of strategy control which negatively affect performance and come with mitigation measures

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## LIST OF APPENDICES

### I-A: QUESTIONNAIRE

#### Part A: Demographic information

- 1 Your position in the (such as Manager, Chief executive) \_\_\_\_\_
- 2 Years in this organisation \_\_\_\_\_
- 3 Type of SACCO (such as, dairy cooperative) \_\_\_\_\_
- 4 Year of establishment of SACCO \_\_\_\_\_
- 5 Services provided by the SACCO (name all)  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

#### Part B: Strategic direction

*B1-Vision (adapted from the TL)*

*Indicate the extent to which you agree or disagree with the following statements about your organisation by ticking in the appropriate choice*

Code	Statement	Strongly disagree	Disagree	Somewh at agree	Agree	Strongly agree
	<i>My supervisor ...</i>					
V1	Has a clear understanding of where the organization is going					
V2	Has a clear sense of where he/she wants our team/unit to be in 5 years					
V3	Has no idea of where the organization is going (R)					



*B2 - Business development (strategic direction/exploration adapted from the SLM)*

Indicate the extent to which you agree or disagree with the following statements about your organisation by ticking in the appropriate choice

Code	Statement	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree
	<i>My supervisor ...</i>					
<b>BD1</b>	Actively explores new markets					
<b>BD2</b>	Recognizes potential new clients					
<b>BD3</b>	Makes innovative proposals to penetrate new markets					
<b>BD4</b>	Seeks entrance at new potential clients					

**Part C: Human capital (TLT - Supportive leadership)**

Indicate the extent to which you agree or disagree with the following statements about your organisation by ticking in the appropriate choice

Code	Statement	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree
	<i>My supervisor ...</i>					
<b>HC1</b>	Considers my feelings before acting					
<b>HC2</b>	Behaves in a manner which is thoughtful of my personal needs					
<b>HC3</b>	Sees that my interests are given due consideration					
<b>HC4</b>	Encourages me to be the best that I can be					

**Part D: Strategic Control**

Indicate the extent to which you agree or disagree with the following statements about your organisation by ticking in the appropriate choice

Code	Statement	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree
	<i>My supervisor ...</i>					
SC1	Collects client data as a basis for product development					
SC2	Takes corrective action whenever need arises					
SC3	Conducts regular project review meetings					
SC4	Regularly collects data regarding changes in the political arena for business decision making					
SC5	Regularly updates employees on the prevailing business environment					

**Part E: Strategy execution (SLM, exploitation: Operational efficiency of SLM)**

Indicate the extent to which you agree or disagree with the following statements about your organisation by ticking in the appropriate choice

Code	Statement	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree
	<i>My supervisor ...</i>					
SE1	Checks work progress against agreed-upon objectives					
SE2	Formulates clear objectives					
SE3	Reassures time schedules and deadlines					
SE4	Works according to a structured system in order to ensure an optimal service level					
SE5	Plans in detail how to accomplish an important task					

**Part F: Performance indicators (Organisational effectiveness)**

Indicate the extent to which you agree or disagree with the following statements about your organisation by ticking in the appropriate choice

Code	Statement	Strongly disagree	Disagree	Somewhat agree	Agree	Strongly agree
	<i>In the last three years, my organisation ...</i>					
<b>KE1</b>	Has introduced innovation of new products/services					
<b>KE2</b>	Improved its coordination of the development efforts of different units					
<b>KE3</b>	Is adapting quickly to unanticipated changes					
<b>KE4</b>	Has decreased its market response times					
<b>KE5</b>	Is responsive to new market demands					

## **I-B: QUESTIONNAIRE ITEMS**

### **Part B: Strategic direction: Vision** (adapted from the TLT questionnaire)

- V1. Has a clear understanding of where the organization is going
- V2. Has a clear sense of where he/she wants our team/unit to be in 5 years
- V3. Has no idea of where the organization is going (R)

### **Strategic direction: Business development: Exploration** (Adapted from the SLM, Durseema, 2013)

- BD1. Actively explores new markets
- BD2. Recognizes potential new clients
- BD3. Makes innovative proposals to penetrate new markets
- BD4. Seeks entrance at new potential clients

### **Part C: Human capital (TL-Supportive leadership)**

- HC1. Considers my feelings before acting
- HC2. Behaves in a manner which is thoughtful of my personal needs
- HC3. Sees that my interests are given due consideration
- HC4. Encourages me to be the best that I can be

### **Part D: Strategic Control**

- SC1. Collects client data as a basis for product development
- SC2. Takes corrective action whenever need arises
- SC3. Conducts regular project review meetings
- SC4. Regularly collects data regarding changes in the political arena for business decision making
- SC5. Regularly updates employees on the prevailing business environment

### **Part E: Strategy execution (SLM, exploitation: Operational efficiency of SLM)**

- SE1. Checks work progress against agreed-upon objectives
- SE2. Formulates clear objectives
- SE3. Reassures time schedules and deadlines
- SE4. Works according to a structured system in order to ensure an optimal service level
- SE5. Plans in detail how to accomplish an important task

**Part F: Performance indicators: Organisational effectiveness (Adapted from Senaji, 2011)**

KE1. Innovation of new products/services

KE3. Coordination of the development efforts of different units

KE6. Adapting quickly to unanticipated changes

KE11. Being responsive to new market demands

**APPENDIX II: DATA COLLECTION SHEET**

Name of SACCO	Capital adequacy	Asset quality	ROA	Liquidity


**APPENDIX III: RESEARCH LICENSE**

Republic of Kenya  
National Commission for Science, Technology and Innovation

**RESEARCH LICENSE**

Ref No: **712139** Date of Issue: **24/January/2020**

**RESEARCH LICENSE**




**This is to Certify that Mr.. MIRITI JUSTUS of Kenya Methodist University, has been licensed to conduct research in Meru on the topic: STRATEGIC LEADERSHIP, STRATEGY EXECUTION AND ORGANIZATIONAL PERFORMANCE: A SURVEY OF SACCOs IN KENYA for the period ending : 24/January/2021.**

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Website: www.nacosti.go.ke



## **APPENDIX IV: LETTER TO RESPONDENTS**

### **ACADEMIC SURVEY OF SACCOs IN KENYA**

February 20, 2020

Dear Sir/ Madam –

**Re: Doctoral Academic Research on Strategic Leadership, Strategy Execution, and Performance of SACCOs in Kenya**

The purpose of this questionnaire is to collect data for use in an Doctoral (PhD) academic research.

You have been selected based on your experience in the SACCOs where your insights are important for understanding of leadership, strategy and performance.

You are invited to provide responses to the best of your ability. Please note that there are no right or wrong answers but that you only have to provide the response that you honestly deem fit for each item. Your responses will be treated in confidence and will be used only for academic research purposes and not disclosed to any third parties.

Thank you very much for your participation and for your invaluable input.

**Justus Bundi Miriti - PhD Candidate and Researcher**  
**Prof. Thomas A. Senaji - Advisor/ Supervisor**  
**Dr. Nancy Rintari – Co-Advisor/ Supervisor**

## APPENDIX V: LIST OF COOPERATIVES

### SASRA REGULATED DEPOSIT-TAKING SACCO BUSINESS IN KENYA

	NAME OF SOCIETY	POSTAL ADDRESS
1.	2NK SACCO SOCIETY LIMITED	P.O. BOX 12196 -10109, NYERI
2.	AFYA SACCO SOCIETY LTD	P.O BOX 11607-00400 NAIROBI.
3.	AGRO GEM SACCO SOCIETY LTD	P.O BOX 94-40107 MUHORONI.
4.	AINABKOI SACCO SOCIETY LIMITED	P.O. BOX 120-30101, AINABKOI
5.	AIRPORTS SACCO SOCIETY LIMITED	P.O. Box 19001-00501,NAIROBI
6.	ALL CHURCHES SACCO SOCIETY LTD	P.O BOX 2036-0100 THIKA.
7.	AMICA SACCO SOCIETY LIMITED (FORMERLY MURATA SACCO SOCIETY LTD)	P.O. BOX 816-10200, MURANG'A
8.	ARDHI SACCO SOCIETY LTD	P.O BOX 28782-00200 NAIROBI.
9.	ASILI SACCO SOCIETY LTD	P.O BOX 4906-00100 NAIROBI.
10.	AZIMA SACCO SOCIETY LIMITED	P. O. BOX 1124 – 01000, THIKA
11.	BANDARI SACCO SOCIETY LTD	P.O BOX 95011-80104 MOMBASA
12.	BARAKA SACCO SOCIETY LTD	P.O BOX 1548-10101 KARATINA.
13.	BARATON UNIVERSITY SACCO SOCIETY LTD	P.O BOX 2500-30100 ELDORET.
14.	BI-HIGH SACCO SOCIETY LIMITED (FORMERLY MARSABIT TEACHINGS SACCO SOCIETY LTD)	P.O BOX 90-60500,MARSABIT.
15.	BIASHARA SACCO SOCIETY LTD	P.O BOX 1895-10100 NYERI.
16.	BINGWA SACCO SOCIETY LTD	P.O BOX 434-10300 KERUGOYA.
17.	BORESHA SACCO SOCIETY LTD	P.O BOX 80-20103 ELDAMA AVINE.
18.	CAPITAL SACOO SOCIETY LTY	P.O BOX 1479-60200 MERU.
19.	CENTENARY SACCO LTD	P.O BOX 1207-60200 MERU.
20.	CHAI SACCO LTD	P.O BOX 278-00200 NAIROBI.
21.	CHUNA SACCO SOCIETY LTD	P.O BOX 30197-00100 NAIROBI.
22.	COMOCO SACCO SOCIETY LIMITED	P.O. BOX 30135-00100, NAIROBI
23.	COSMOPOLITAN SACCO LTD	P.O BOX 1931-20100 NAKURU.
24.	COUNTY SACCO SOCIETY LDT	P.O BOX 21-60103 RUNYENJES.
25.	DAIMA SACCO SOCIETY LTD	P.O BOX 2032-60100 EMBU
26.	DHABITI SACCO LTD	P.O BOX 353-60600 MAUA.
27.	DIMKES SACCO LTD	P.O BOX 886-00900 KIAMBU.
28.	DUMISHA SACCO LTD	P.O BOX 84-20600 MARALAL.
29.	ECO-PILLA SACCO SOCIETY LIMITED	P.O. BOX 48-30600, KAPENGURIA
30.	EGERTON SACCO SOCIETY LTD	P.O BOX 178-20115 EGERTON.
31.	STAWISHA SACCO SOCIETY LIMITED (FORMRLY ELGON TEACHERS SACCO SOCIETY LTD)	P.O BOX 27-50203 KAPSOKWONY.
32.	ELIMU SACCO SOCIETY LTD	P.O BOX 10073-00100 NAIROBI.
33.	ENEA SACCO SOCIETY LTD	P.O BOX 1836 10101 KARATINA.
34.	FARIDI SACCO SOCIETY LTD	P.O BOX 448-50400 BUSIA.
35.	FARIJI SACCO SOCIETY LTD	P.O BOX 589-00216 GITHUNGURI.

	<b>NAME OF SOCIETY</b>	<b>POSTAL ADDRESS</b>
36.	FORTUNE SACCO SOCIETY LTD (FORMERLY KIRINYANGA DISTRICT FARMERS SACCO SOCIETY LIMITED)	P.O BOX 559-10300 KERUGOYA.
37.	FUNDILIMA SACCO SOCIETY LTD	P.O BOX 62000-00200 NAIROBI.
38.	GITHUNGURI DAIRY AND COMMUNITY SACCO SOCIETY LTD	P.O BOX 896-00216 GITHUNURI
39.	GOOD FAITH SACCO SOCIETY LIMITED	P.O. BOX 224-00222, UPLANDS
40.	GOOD HOPE SACCO SOCIETY LIMITED (FORMERLY NAROK TEACHERS SACCO SOCIETY LIMITED)	P.O. BOX 158-20500, NAROK
41.	GOODWAY SACCO SOCIETY LTD	P.O BOX 626-10300 KERUGOYA
42.	GUSII MWALIMU SACCO SOCIETY LTD	P.O BOX 1335-40200 KISII
43.	HARAMBE SACCO SOCIETY LTD	P.O BOX 47815-00100 NAIROBI.
44.	HAZINA SACCO SOCIETY LTD	P.O BOX 59877-00200 NAIROBI.
45.	ILIKISONGO SACCO SOCIETY LTD	P.O BOX 91-00209 LOITOKITOK.
46.	IMARIKA SACCO SOCIETY LTD	P.O BOX 712-80108 KILIFI.
47.	IMARISHA SACCO SOCIETY LTD	P.O BOX 682-20200 KERICHO.
48.	IMENTI SACCO SOCIETY LTD	P.O BOX 3192-60200 MERU.
49.	JACARANDA SACCO SOCIETY LTD	P.O BOX 4-00232 NKUBU.
50.	JAMII SACCO SOCIETY LTD	P.O BOX 57929-NAIROBI.
51.	JITEGEMEE SACCO SOCIETY LTD	P.O BOX 86937-80100 MOMBASA.
52.	JUMUIKA SACCO SOCIETY LTD	P.O BOX 14-40112 AWASI.
53.	THE APPLE SACCO LIMITED (FORMERLY KAIMOSI SACCO SOCIETY LTD)	P.O BOX 153-50305 SIRWA.
54.	INVEST AND GROW (IG) SACCO SOCIETY LTD (FORMERLY KAKAMEGA TEACHERS SACCO SOCIETY LTD)	P.O BOX 1150-50100 KAKAMEGA
55.	NEXUS SACCO SOCIETY LIMITED (FORMERLY KATHERA SACCO SOCIETY LTD)	P.O BOX 250-60202 NKUBU.
56.	KENPIPE SACCO SOCIETY LTD	P.O BOX 314-00507 NAIROBI.
57.	KENVERSITY SACCO SOCIETY	P.O BOX 10263-00100 NAIROBI.
58.	KENYA ACHIVAS SACCO SOCIETY LTD	P.O BOX 3080-40200 KISII.
59.	KENYA BANKERS SACCO SOCIETY LTD	P.O BOX 73236-00200 NAIROBI.
60.	KENYA CANNERS SACCO SOCIETY LTD	P.O BOX 1124-00100 THIKA.KENYA
61.	KENYA HIGHLANDS SACCO SOCIETY LTD	P.O BOX 2085-002000 KERICHO.
62.	KENYA MIDLAND SACCO SOCIETY LTD	P.O BOX 287-20400 BOMET.
63.	KENYA POLICE STAFF SACCO SOCIETY LTD	P.O BOX 51042-00200 NAIROBI.
64.	JOINAS SACCO SOCIETY LIMITED (FORMERLY KIAMBAA DAIRY RURAL SACCO SOCIETY LIMITED)	P.O. BOX 669-00219, KARURI
65.	KIMBILIO DAIMA SACCO SOCIETY LTD	P.O BOX 81-20225 KIMULOT.
66.	KINGDOM SACCO SOCIETY LTD	P.O BOX 8017-00300 NAIROBI.
67.	KIPSIGIS EDIS SACCO SOCIETY LTD	P.O BOX 228 20400 BOMET.
68.	KITE SACCO SOCIETY LTD	P.O BOX 2073-40100 KISUMU.
69.	KITUI TEACHERS SACCO SOCIETY LTD	P.O BOX 254-90200 KITUI.
70.	KMFRI SACCO SOCIETY LTD	P.O BOX 80862 MOMBASA.
71.	KOLENGE TEA SACCO SOCIETY LTD	P.O BOX 291-30301 NANDI HILLS.

	<b>NAME OF SOCIETY</b>	<b>POSTAL ADDRESS</b>
72.	K-PILLA SACCO SOCIETY LIMITED (FORMERLY KONAIN SACCO SOCIETY LTD)	P.O BOX 84-20403 MOGOGOSIEK.
73.	KORU SACCO SOCIETY LTD	P.O BOX PRIVATE BAG-40100 KORU.
74.	K-UNITY SACCO SOCIETY LTD	P.O BOX 268-00900 KIAMBU.
75.	KWETU SACCO SOCIETY LTD	P.O BOX 818-90100 MACHAKOS.
76.	LAINISHA SACCO SOCIETY LTD	P.O BOX 272-10303 WAN'URU.
77.	LAMU TEACHERS SACCO SOCIETY LTD	P.O BOX 110-80500 LAMU.
78.	LENGO SACCO SOCIETY LTD	P.O BOX 371-80200 MALINDI.
79.	MAFANIKIO SACCO SOCIETY LTD	P.O BOX 86515-80100 MOMBASA.
80.	MAGADI SACCO SOCIETY LTD	P.O BOX 13-00205 MAGADI.
81.	MAGEREZA SACCO SOCIETY LTD	P.O BOX 53131-00200 NAIROBI
82.	MAISHA BORA SACCO SOCIETY LTD	P.O BOX 30062-00100 NAIROBI.
83.	MENTOR SACCO SOCIETY LTD	P.O BOX 789-10200 MURANGA.
84.	METROPOLITAN NATIONAL SACCO SOCIETY LTD	P.O BOX 871-00900 KIAMBU.
85.	MALIKI SACCO SOCIETY LIMITED	P.O. BOX 43582-00100, NAIROBI
86.	MMH SACCO SOCIETY LTD	P.O BOX 469-MAUA
87.	MOMBASA PORT SACCO SOCIETY LTD	P.O BOX 95372-80104 MOMBASA.
88.	MUDETE TEA GROWERS SACCO SOCIETY LTD	P.O BOX 221-50104 KAKAMEGA.
89.	MUKI SACCO SOCIETY LTD	P.O BOX 398-20318 NORTH KINANGOP.
90.	MWALIMU NATIONAL SACCO SOCIETY LTD	P.O BOX 62641-00200 NAIROBI.
91.	MWIETHERI SACCO SOCIETY LTD	P.O BOX 2445-060100 EMBU.
92.	MWINGI MWALIMU SACCO SOCIETY LTD	P.O BOX 489-90400 MWINGI.
93.	MWITO SACCO SOCIETY LTD	P.O BOX 56763-00200 NAIROBI.
94.	NACICO SACCO SOCIETY LTD	P.O BOX 34525-00100 NAIROBI.
95.	NAFAKA SACCO SOCIETY LTD	P.O BOX 30586-00100 NAIROBI.
96.	NANDI FARMERS SACCO SOCIETY LTD	P.O BOX 333-30301 NANDI HILLS.
97.	NANDI HEKIMA SACCO SOCIETY LTD	P.O. Box 211-30300 - KAPSABET
98.	NSSF SACCO SOCIETY LTD	P.O BOX 43338-00100 NAIROBI.
99.	NATION SACCO SOCIETY LTD	P.O BOX 22022-00400 NAIROBI.
100.	NAWIRI SACCO SOCIETY LTD	P.O BOX 400-16100 EMBU.
101.	NDEGE CHAI SACCO SOCIETY LTD	P.O BOX 857-20200 KERICHO.
102.	NDOSHA SACCO SOCIETY LTD	P.O BOX 532-60401 CHOGORIA- MAARA
103.	NANYUKI EQUATOR SACCO SOCIETY LIMITED	P.O. BOX 1098-10400, NANYUKI
104.	NGARISHA SACCO SOCIETY LTD	P.O BOX 1199-50200 BUNGOMA.
105.	NRS SACCO SOCIETY LTD	P.O BOX 575-00902 KIKUYU.
106.	THE NOBLE SACCO SOCIETY LTD (FORMERLY WARENT TEACHERS SACCO SOCIETY)	P.O BOX 3466-30100 ELDORET.
107.	NUFAIKA SACCO SOCIETY LTD	P.O BOX 735-10300 KERUGOYA.
108.	NYALA VISION SACCO SOCIETY LTD	P.O BOX 27-20306 NDARAGWA.
109.	NYAMBENE ARIMI SACCO SOCIETY LTD	P.O BOX 493-60600 MAUA.

	<b>NAME OF SOCIETY</b>	<b>POSTAL ADDRESS</b>
110.	NYAMIRA TEA FARMERS SACCO SOCIETY LTD	P.O. BOX 633-40500, NYAMIRA
111.	NEW FORTIES SACCO SOCIETY LTD	BOX 1939-10100 NYERI
112.	NYATI SACCO SOCIETY LTD	P.O BOX 7601-00200 NAIROBI.
113.	OLLIN SACCO SOCIETY LIMITED	P.O. BOX 83-10300, KERUGOYA
114.	ORIENT SACCO SOCIETY LTD	P.O BOX 1842-01000 THIKA.
115.	PATNAS SACCO SOCIETY LTD	P.O BOX 601-20210 LITEN.
116.	PRIME TIME SACCO SOCIETY LTD	P.O BOX 512-30700 ITEN
117.	PUAN SACCO SOCIETY LTD	P.O BOX 404-20500 NAROK.
118.	QWETU SACCO SOCIETY LTD	P.O BOX 1186-80304 WUNDANYI.
119.	RACHUONYO TEACHERS SACCO SOCIETY LTD	P.O BOX 147-40332 KOSELE.
120.	SAFARICOM SACCO SOCIETY LTD	P.O BOX 66827-00800 NAIROBI.
121.	SHERIA SACCO SOCIETY LTD	P.O BOX 34390-00100NAIROBI.
122.	SHIRIKA SACCO SOCIETY LTD	P.O BOX 43429-00100 NAIROBI.
123.	SHOPPERS SACCO SOCIETY LMITED	P.O BOX 16-00507,NAIROBI
124.	SIMBA CHAI SACCO SOCIETY LTD	P.O BOX 977-20200 KERICHO.
125.	SIRAJI SACCO SOCIETY LTD	P.O BOX PRIVATE BAG TIMAU.
126.	SKYLINE SACCO SOCIETY LTD	P.O BOX 660-20103 ELDAMA RAVINE.
127.	SMART CHAMPIONS SACCO SOCIETY LTD	P.O BOX 660-60205 GITHINGO.
128.	SMART LIFE SACCO SOCIETY LTD	P.O BOX 118-30705 KAPSOWAR.
129.	SOLUTION SACCO SOCIETY LTD	P.O BOX 1194-60200 MERU.
130.	SOTICO SACCO SOCIETY LTD	P.O BOX 959-20406 SOTIK.
131.	SOUTHERN STAR SACCO SOCIETY LTD	P.O BOX 514-60400 CHUKA.
132.	STAKE KENYA SACCO SOCIETY LTD	P.O BOX 208-40413 KAHANCHA.
133.	STIMA SACOO SOCIETY LTD	P.O BOX 75629-00100 NAIROBI.
134.	FORTITUDE SACCO LIMITED (FORMERLY SUBA TEACHERS SACCO SOCIETY LTD)	P.O BOX 237-40305 MBITA.
135.	SUKARI SACCO SOCIETY LTD	P.O BOX 841-50102 MUMIAS.
136.	SUPA SACCO SOCIETY LTD	P.O BOX 271-20600 MARALAL.
137.	TAI SACCO SOCIETY LTD	P.O BOX 718-00216 GITHUNGURI.
138.	TAIFA SACCO SOCIETY LTD	P.O BOX 1649-10100 NYERI.
139.	TAQWA SACCO SOCIETY LTD	P.O BOX 10180-00100,NAIROBI
140.	TABASAMU SACCO SOCIETY LIMITED	P.O. BOX 123-80403,KWALE
141.	TARAJI SACCO SOCIETY LTD	P.O BOX 605-40600 SIAYA.
142.	TELEPOST SACCO SOCIETY LTD	P.O BOX 49557-00100 NAIROBI.
143.	TEMBO SACCO SOCIETY LTD	P.O BOX 91-00618 RUARAKA.
144.	TENHOS SACCO SOCIETY LTD	P.O BOX 391-20400 BOMET.
145.	THAMANI SACCO SOCIETY LTD	P.O BOX 467-60400 CHUKA.
146.	TIMES U SACCO SOCIETY LTD	P.O BOX 310-60202 NKUBU.
147.	TOWER SACCO SOCIETY LTD	P.O BOX 259-20303 OL'KALAOU.
148.	TRANS NATION SACCO SOCIETY LTD	P.O BOX 15-60400 CHUKA.
149.	TRANSCOUNTIES SACCO SOCIETY LTD	P.O BOX 2965-30200 KITALE.
150.	TRANS-ELITE COUNTY SACCO SOCIETY LTD	P.O BOX 847-030300 KABSABET.
151.	TRANS NATIONAL TIMES SACCO SOCIETY LTD	P.O BOX 2274-30200, KITALE

	<b>NAME OF SOCIETY</b>	<b>POSTAL ADDRESS</b>
152.	UCHONGAJI SACCO SOCIETY LTD	P.O BOX 925-80102 MOMBASA.
153.	UFANISHI SACCO SOCIETY LTD	P.O BOX 2973-00200 NAIROBI.
154.	UKRISTO NA UFANISHI WA ANGLICANA SACCO SOCIETY LTD	P.O BOX 872-00605 NAIROBI.
155.	UKULIMA SACCO SOCIETY LTD	P.O BOX 44071-00100 NAIROBI.
156.	UNAITAS SACCO SOCIETY LTD	P.O BOX 1145-10200 MURANG'A.
157.	UNI-COUNTY SACO SOCIETY LTD	P.O BOX 10132-20100 NAKURU.
158.	UNISON SACCO SOCIETY LTD	P.O BOX 414-10400 NANYUKI.
159.	UNITED NATIONS SACCO SOCIETY LTD	P.O BOX 30552-00100 NAIROBI.
160.	UNIVERSAL TRADERS SACCO SOCIETY LTD	P.O BOX 219-90100 MACHAKOS.
161.	VIHIGA COUNTY FARMERS SACCO SOCIETY LTD	P.O BOX 309-50317 CHAVAKALI.
162.	VIKTAS SACCO SOCIETY LIMITED	P.O. BOX 2183-20300, NYAHURURU
163.	VISION POINT SACCO SOCIETY LTD	P.O BOX 42-40502 NYANSIONGO.
164.	VISION AFRICA SACCO SOCIETY LTD	P.O BOX 18263-20100 NAKURU.
165.	WAKENYA PAMOJA SACCO SOCIETY LTD	P.O BOX 829-40200 KISII.
166.	WAKULIMA COMMERCIAL SACCO SOCIETY LTD	P.O. BOX 232-10103 MUKURWEINI.
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168.	WANINCHI SACCO SOCIETY LTD	P.O BOX 910-10106 OTHAYA.
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170.	WASHA SACCO SOCIETY LTD	P.O BOX 83256-80100 MOMBASA.
171.	WAUMINI SACCO SOCIETY LTD	P.O BOX 66121-00800 NAIROBI.
172.	WEVARSITY SACCO SOCIETY LTD	P.O BOX 873-50100 KAKAMEGA.
173.	WINAS SACCO SOCIETY LTD	P.O BOX 696-60100 EMBU.
174.	YETU SACCO SOCIETY LTD	P.O BOX 511-60202 NKUBU.
175.	KENCREAM SACCO SOCIETY LTD	P.O BOX 30131-00100, NAIROBI