STRATEGY PRACTICES AND PERFORMANCE OF KENYA UNION OF SAVINGS AND CREDIT CO-OPERATIVES LIMITED

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ABSTRACT

The purpose of this study was to investigate the relationship between strategic practices and performance of KUSCCO. While the purpose of KUSCCO is to mobilize SACCOs to become affiliated to it hence the increase in saving portfolios from Ksh. 1.4B to Ksh. 2.0B but only 1.27 billion was achieved at the end of that Strategic Plan 2009-2013 period; this failure to build enough SACCO saving portfolio, through recruitment of more SACCOs, is attributable to weak or poor or inappropriate strategic practices. The study was aimed at achieving four specific objectives; first to determine the influence of resource allocation on the performance of KUSCCO; second, to assess the effect of performance targets on performance of KUSCCO; third, to assess the influence of strategy communication on performance of KUSCCO and lastly, to establish the effect of strategy supervision on performance of KUSCCO. This study used descriptive research methodology. The target population was the 138KUSCCO staff comprising of Senior Management Team, Middle Management and Lower-level Management and a sample size 41 respondents was used. This study was guided by stratified random sampling technique and a structured questionnaire was used for data collection. The questionnaires were administered to the respondents through the drop and the pick method and once collected the data analyzed using both descriptive and inferential and also, Microsoft Excel to calculate the frequency percentages, mean score as a measure of central tendency and standard deviation as a measure of data dispersion. Statistical Package for Social Science (SPSS) was used to perform correlation analysis that was used to establish the degree of relationship between respondents' opinion on the four research objectives. The study realized that strategy communication influenced the performance of KUSCCO to a greater extent followed by performance target realization, resource allocation, and strategy supervision respectively. The results of the study indicated that resource allocation, performance targets, strategy communication and strategy supervision practices had a positive and significant influence on the performance. The study concluded that resource allocation, performance targets, strategy communication and strategy supervision practices influence the performance of KUSCCO. The study therefore recommends that the Union should have a robust strategy communication system to enable communicate and give feedback on strategy implementation, source for more resources to facilitate the process and have a financial management system to manage the available resources well, get the right human resources to supervise the process and induct them to ensure they have the right skills and also set realistic and realizable targets which are followed up to ensure they are well implemented.

Key Words: strategy practices, performance, Kenya Union of Savings and Credit Co-operatives Limited
INTRODUCTION

In intensifying competitive business condition; the proceeded with the accomplishment of an organization rides on resilience. Exact give is all round unremittingly delighting and changing in accordance with profound, common patterns center that can forever disable the procuring energy of a central business. It is down having the office to adjustment before the case for change turns out to be frantically self-evident. The trip for flexibility can't begin with a stock of best practices. The presently accepted procedures are obviously insufficient. As an option, it must be routed in the first place a yearning, short injury. The need is a gambit go off at a digression is never-ending transforming, always adjusting itself to rising open doors and early patterns. The arrangement for is a request that is everlastingly making its future as opposed to guarding its past (Srivastava & Verma, 2012).

Concurring to Macmillan and Tampoe (2010), Strategic execution is basic to an organization's achievement. Tending to who, where, when, and how of achieving the coveted objectives and targets. It concentrates on the whole association. Dispatch happens after ecological sweeps, SWOT examinations, and recognizing key issues and objectives. The release includes allocating people to errands and courses of events that will enable an association to achieve its objectives.

A triumphant usage set up can have an extremely noticeable pioneer, similar to the business official, as he conveys the vision, fervor, and practices fundamental to achievement. Everyone inside the association should be locked in inside the setup. Execution measuring instruments are helpful to deliver inspiration and allow for development. Execution, as a rule, incorporates a vital guide that distinguishes and maps the key fixings that may coordinate execution. Such fixings grasp accounts, showcase, work environment, operations, people and accomplices (Mulunda, 2014).

Organization Performance

Organization’s performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. It is the result of all of the organization’s operations and strategies (Claessens et al., 2004). It is also the extent to which an individual meets the expectations regarding how he should function or behave in a particular context, situation, job or circumstance. Solomon and Solomon (2004) are of the view that performance is what people do in relation to organizational roles.

The financial performance of institutions is usually measured using a combination of financial ratios analysis, benchmarking, measuring performance against budget or a mix of these methodologies. The common assumption, which underpins much of the financial performance research and discussion, is that increasing financial performance will lead to improved functions and activities of the organizations. The subject of financial performance and research into its measurement is well advanced within finance and management fields. It can be argued that there are three principal factors to improve financial performance for
financial institutions; the institution size, its asset management, and the operational efficiency (Wasike, 2012).

In addition organizational performance comprises the actual output or results of an organization as measured against its budget which are goals and objectives. These are mainly three areas which are financial performance measured in profits and return on investments, product market performance measured by sales volume and market share and finally shareholder return measured as total shareholder return, and economic value added. These has however been enhanced in modern times and organization performance is measured using the balanced scorecard methodology, which comprises of financial performance, Customer service, social responsibility and employee motivation (Kaplan & Norton, 1992).

Pearce and Robinson (1998) layout key administration as a gathering of determinations and activities that end in the definition and usage of plans intended to understand an organization's target. Strategic management provides a disciplined manner for managers to create a sense of the setting within which their organization operates, so let to act. Managers within the organization use 2 styles of plans, namely: a strategic arrange that's designed to fulfill the organization's broad goals and operational plans that show however strategic plans are going to be enforced in daily endeavors (Ayuya, 2013).

Strategy implementation or strategy execution may be a hot topic nowadays. Managers pay billions on consulting and coaching within the hope of making sensible methods. However, only too usually, sensible methods don't translate into sensible performance. Corporations appear to expertise important issues with translating the strategy into concrete activities and results. The units become agents that implement the strategic setup and also the varied methods. This observation was additionally created by Lawrence Hrebinia from the Edith Newbold Jones Wharton School: ‘Formulating a uniform strategy is troublesome for any management team, however creating that strategy work – implementing it throughout the organization – is even tougher (Verweire, 2014).

At the point when a firm actualizes an esteem making a procedure which different organizations can't copy the association is guaranteed of an upper hand. All associations are condition subordinate (Azmi, 2006). As indicated by Hussey, (1998) a system does not exist in a vacuum, and has both an impact on and is affected by the way of life of the association, its structure and the people it utilizes. In any case you might want people to act is driven by technique: in any case, they truly act relies upon remunerate frameworks, administration systems, and furthermore the atmosphere of the association. Methodology administration must get off these things symphonious and ensure that the procedure the association is following is appropriate.

Budgets and resources allocated to the functional areas of an organization will affect whether plans will be achieved or not and the time it will take to achieve these targets. Finally, the organizational workplace will also affect how smooth the implementation process moves. Organizations' cultures include a political component making all organizations be political in nature. Managerial behavior cannot be purely rational and this affects how implementation
process progresses (Mutuvi, 2013). The Government formulated the Co-operative Societies Act, Cap 490 in order to accelerate cooperative growth in Kenya. The societies and unions registered a 5.4% growth, the number rising from 14,228 in 2011 to 14,990 in 2012. The number of SACCOs increased from 6,902 in 2011 to 7,341 in 2012 representing a 6.4% growth (Economic Survey, 2013).

**Strategy Practices**

It is from an organization’s internal and external participants, based upon their capacity for agency, that strategy is constructed. Every day practices and communication both enable and constrain social action in the sense that they are both created and modified by strategists through the sharing of meaning. It is this continuity that gives life to the process and reignites in the nature of exchange the spaces for action. Individuals interact through communicative acts. Based upon this, it should be noted that actor agency during the communicational process, as well as during strategic practices, is an important element for analyzing strategic processes when both implementation and interpretation are considered (Holtzhausen & Zerfass, 2015).

Strategy implementation is vital however troublesome in light of the fact that execution exercises take a more extended time allotment than definition, includes more individuals and more noteworthy undertaking multifaceted nature, and has a requirement for successive and synchronous deduction on part of usage directors' (Hrebinak & Joyce, 2011). In perspective of these elements, examine into system execution is additionally troublesome for it involves the need to take a gander at it after some time; presents applied and methodological difficulties as it includes different factors which communicate with each other and show equal causality (Fajourn, 2010).

As Pettigrew (2003) closed, the improvement of the now in vogue methodology process research can be followed to Europe, where consideration was attracted to the part of energy as an effect on technique results. The part of the culture was tested and later the consolidated impacts of culture and power were considered (Pettigrew 2011). A progression of expansive scale exact examinations (Pettigrew & whip, 2011, Pettigrew et al., 2012) built up a strategy approach which consolidated the substance, process, setting of progress with longitudinal information gathered at different levels of investigation, subsequently bringing the component of time into the examination and taking into consideration numerous levels of examination however incorporated. Along these lines procedure examines has opened up the association's interior procedures for study and given a catalyst to the part of time and progression intending to issues of key decision and change. Procedure usage is the doing period of the key administration process (Heracleous, 2010).

Procedure usage, which includes making an interpretation of the systems designs energetically, is tied in with allotting adequate assets, relegating obligations regarding particular errands or procedures to particular people or gatherings and setting up a levels of leadership is key as association execution is reliant on how well a technique is executed (Thompson & Strickland, 2003). To guarantee achievement, a procedure must be converted
into deliberately actualized activity; but then methodology usage process is viewed as the most troublesome stage in vital administration process (Johnson & Scholes, 2003).

Technique usage has been progressively the concentration of numerous various examinations, especially on the grounds that the procedure from system plan to methodology execution isn't successful and along these lines not sufficient in the present business condition (Sorooshian et al., 2010). Executing methodology is putting the picked technique into work on, resourcing the system, arranging the association's way of life and structure to fit the procedure and overseeing change (Campbell et al., 2012).

Indian Companies have the tendency to look for the best practices and then try and replicate the model. These companies, according to Professor Prahalad, should look at next practices and not best practices because practices lead to agreement on mediocrity. If all the companies benchmark each other, they will gravitate towards mediocrity in a hurry. What we really need to do is to ask what the next practices are, so that we become the benchmark companies, and the benchmark institutions around the world (Srivastava & Verma, 2012).

STATEMENT OF THE PROBLEM

The demand for established, registered and well-managed SACCOs in Kenya is currently growing at a higher rate. KUSCCO, a major player in this sector, is at the forefront of efforts to form and develop strong and viable SACCOs. KUSCCO is mandated to help SACCOs develop and implement their strategic plans as well as developing and implementing their own strategic plans. In 2009, KUSCCO launched a Strategic Plan 2009-2013 which if well implemented successfully was to recruit more SACCOs hence to increase in savings portfolios from Ksh. 1.4B to Ksh. 2.0B but only 1.27 billion was achieved, loan delinquency rate also dropped from 37% to 13% which indicate underperformance. KUSCCO Managing Director George Ototo, while addressing a Finance Services Conference and Exhibition in Nairobi on 11th July 2013 confirmed that liquidity problem is impeding on the implementation of strategies. He stated that “the issue of liquidity has been a challenge to us and hence SACCOs need to consider floating infrastructure bonds,” (FSCE, 2013). By the end of 2013, KUSCCO did not manage to recruit the projected number of SACCOs hence the decrease in its saving portfolios as well as a drop in loan delinquency rate. This was attributed to inadequate or inappropriate resource allocation, unrealistic performance targets, ineffective communication, poor supervision, inadequate leadership and direction, liquidity problem and poor information systems. The study, therefore, sought to investigate strategic practices and their relationship with the performance of KUSCCO Limited.

GENERAL OBJECTIVE

The general objective of the research was to assess the relationship between strategic practices and performance of the Kenya Union of Savings and Credit Co-operatives Limited.
SPECIFIC OBJECTIVES

1. To determine the influence of resource allocation on the performance of KUSCCO Limited.
2. To assess the effect of targets on the performance of KUSCCO Limited.
3. To assess the influence of strategy communication on the performance of KUSCCO Limited.
4. To establish the relationship between strategy supervision and performance of KUSCCO Limited.

THEORETICAL REVIEW

The strategy implementation design should be order, clear and archived. The usage of a key arrangement relies upon the establishment’s capacity to transform key considerations into operational activity. Therefore, it is important to report who is in charge of executing an activity, a date by which the activity is relied upon to be finished, and what measures will be utilized to survey fruition of the activity. It is insightful to guarantee the individual relegated duty regarding the activity has the expertise to get it going (Hinton, 2013). Burnes (2004) in his examination on culture, power, legislative issues, and change found that when an association domain is changing quickly circumstances will emerge when its way of life is out of the stage with the progressions producing results.

Technique execution is worried about anticipating how the decision of system can be put into impact and dealing with the progressions required (Wang, 2000). When methodologies are produced, they must be actualized; they're at no cost unless they're much and successfully converted vigorously (Aosa 1992). In any case, poor execution of a suitable very much defined procedure may make that methodology come up short (Kiruthi, 2001). A phenomenal viable execution design won't just purpose the achievement of a fitting procedure, however, can likewise protect a wrong system (Dwallow, 2007).

Along these lines, the execution of a procedure isn't a clear procedure, as one would accept. Bryson (1995) declares that the past strides in the vital administration process are intended to guarantee as conceivable as those received methodologies and plans don't contain any real defects, however, it is relatively unfathomable that some critical challenges won't emerge as procedures are tried (Muthuiya, 2004).

Ansoff and McDonnell (1990) in their investigation watched that there is a typical propensity by associations to plan and endeavor to execute change without making the inner ability to deal with the same. They reasoned that this outcome in most abnormal amount protection from the usage of key choices and substance that an inspiration succession is one where firms begin with conduct change then frameworks and in conclusion system (Anyango, 2007).

The technical execution is the transaction between a few powers where the picked system is the centerpiece (Thompson & Strickland, 1990). Most associations put their endeavors at looking into a methodology that still in presence, with all its specialist authoritative and basic leadership systems, and with all the delayed consequences of choices from the prompt past as
yet undulating through its operations (Ayuya, 2013). As indicated by Cole (2004), the vital administration is an unpredictable procedure including the impressive transaction between its segment parts. A definitive objective of a system isn't simply to upgrade the company's intensity yet in addition to accomplish the best union between structures, individuals and accessible assets inside the association (Ayuya, 2013). Procedure execution is regularly observed as something of an art, as opposed to a science, and its exploration history has already been portrayed as divided and diverse. It isn't an unexpected that, after extensive or single key choice has been figured, noteworthy difficulties ordinarily emerge amid the resulting execution stages (Mbaka & Mugambi, 2014).

This study is based on stewardship theory, resource-based view (RBV), analysis 7s model, and Porter's Theory of Competitive Advantage.

**Stewardship Theory**

Stewardship Theory, developed by Donaldson and Davis (1991 & 1993) is a new perspective to understand the existing relationships between ownership and management of the company. This theory arises as an important counterweight to Agency Theory. The central idea of stewardship hypothesis is trust. Stewardship hypothesis is another option to office hypothesis, and it has picked up a dependable balance among numerous administration researchers. While office hypothesis expands on the supposition of administrative advantage, which prompts the requirement for sheets to be dynamic in controlling and observing, stewardship hypothesis accept that supervisors, by and large, ought to be trusted as great stewards (Huse, 2007).

Stewardship scholars acknowledge the suppositions in office hypothesis about limited levelheadedness, yet not those about advantage. They contend that there are various types of inspiration for chiefs: directors are persuaded by non-budgetary motivators, filling a need to accomplish, and to increase characteristic prizes and fulfilment through their work. Directors ought to be viewed not as shrewd performers but rather as individuals needing to complete a great job. Stewardship hypothesis ignores the essential presumption of an irreconcilable circumstance – similarly as organization hypothesis does. Rather than considering supervisors to be individualistic, crafty and self-serving, stewardship hypothesis holds that chiefs are reliable and collectivistic (Huse, 2007).

Davis, Schoorman & Donaldson (1997) look at the key refinements between an office and stewardship hypothesis based kinds of man as for mental and situational factors that incline people to either technique to key director connections in associations. Organization hypothesis includes a financial model of a man who is taken a gander at as essentially self-serving in conduct; while stewardship hypothesis elevates man to act naturally completing and an aggregate bit in nature. These enthusiastic instruments are reflected in suspicions about inspiration, personality, social correlation, and the usage of energy with regards to the various levelled relationship tended to in the two hypotheses. The situational factors talked about incorporate administration perspective, culture, and power remove. The many-sided quality of organization connections are examined through office hypothesis and the decision stewardship hypothesis is set on administrative inspiration and conduct (IDM, 2015).
This hypothesis was of significance to this investigation since it's in accordance with the examination goals on execution targets, technique correspondence, procedure supervision, and asset portion. The hypothesis will help the examination in deciding whether the initiative in organizations focuses on others and society everywhere instead of the self (IDM, 2015).

**Resource-Based View Theory**

This theory was developed by Birge Wenefeldt in 1984. It is a method of analyzing and identifying a firm’s strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization (Nyariki, 2013). The RBV’s underlying premise is that a firm differs in fundamental ways because each firm possesses a “unique” bundle of resources-tangible and intangible assets and organizational capabilities to make use of those assets. Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm’s competitive advantage (Pearce & Robinson, 2007).

The resource-based view (RBV) is a model that sees resources as key to superior firm performance. If a resource exhibits VRIO attributes, the resource enables the firm to gain and sustain competitive advantage (Rothaermel, 2012). Barney (1991) has known VRIN structure that looks as if assets are important, uncommon, costly to the mirror and non-substitutable. The assets and capacities that answer positively to any or every one of the inquiries are the supported aggressive advantages. While the asset-based view is interwoven with the authoritative financial matters writing, a case can be made that the asset-based view is additionally corresponding to the mechanical association structure-direct execution worldview. Important assets are frequently defectively imitable and incompletely substitutable empowering the heterogeneous firm to produce and maintain rents. The asset-based view accurately recommends that concentrating on firm impacts is essential in creating and joining assets to accomplish upper hand, however, this does not infer that industry item investigation simply yields ordinary returns (Foss, 1997). This hypothesis will help in deciding the assets accessible inside the firm and relate them to the capacities of the firm in a noiseless way. This brings into thought, the benefit and the esteem factor related to the firm (Colbert, 2004).

**McKinsey 7S Framework**

McKinsey’s 7S Model was created by the consulting company McKinsey and Company in the early 1980s. Since then it has been widely used by practitioners and academics alike in analyzing hundreds of organizations. The McKinsey 7S Framework was created as a recognizable and easily remembered model in business. The seven variables, which the authors term “levers”, all begin with the letter “S” (Nyariki, 2013).

The procedure is the arrangement or strategy in apportioning assets to accomplish distinguished objectives after some time. The frameworks are the standard procedures and techniques took after inside the association. Staff is depicted as far as workforce classes inside the association, while the aptitudes variable alludes to the capacities of the staff inside
the association in general. The manner by which enter directors carry on in accomplishing authoritative objectives is thought to be the style variable; this variable is thought to include the social style of the association. The mutual esteems variable alludes to the critical implications or controlling ideas that hierarchical individuals share (Peters & Waterman, 1982).

Investigation of a few associations utilizing the model uncovered that specific organizations tend to concentrate on those factors which they believe they can change (e.g. structure, procedure, and frameworks) while disregarding alternate factors. These different factors (e.g. aptitudes, style, staff and shared esteems) are thought to be "delicate" factors. Different associations are fruitful at connecting their structure, methodology, and frameworks with the delicate factors.

Dwindles and Waterman (1982) contend that an organization can't just change maybe a couple factors to change the entire association. For the long haul advantage, the factors ought to be changed to end up plainly more compatible with a framework. While exercises in the outer condition are not said in the McKinsey 7S Framework, it is recognized that different factors exist and that the structure delineates just the essential factors. This hypothesis is valuable in technique supervision and correspondence.

**Porter's Theory of Competitive Advantage**

The dominant paradigm in strategy at least during the 1980s was the competitive forces approach. Pioneered by Porter (1980), the competitive forces approach views the essence of competitive strategy formulation as 'relating a company to its environment. The key aspect of the firm's environment is the industry or industries in which it competes.' Industry structure strongly influences the competitive rules of the game as well as the strategies potentially available to firms (Nyariki, 2013).

In the competitive forces model, five industry level forces-entry barriers, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among industry incumbents-determine the inherent profit potential of an industry or sub segment of an industry. The approach can be used to help the firm find a position in an industry from which it can best defend itself against competitive forces or influence them in its favor (Porter, 1980).

Michael Porter’s theory of the competitive advantage of nations provides a sophisticated tool for analyzing competitiveness with all its implications. Porter’s theory contributes to understanding the competitive advantage of nations in international trade and production. Its core, however, focuses upon individual industries, or clusters of industries, in which the principles of competitive advantage are, applied (Porter, 1990).

His theory begins from individual industries and builds up to the economy as a whole. Since firms, not nations compete in international markets, understanding the way firms create and sustain competitive advantage is the key to explaining what role the nation plays in the
process. Therefore, the essence of his argument is that “the home nation influences the ability of its firms to succeed in particular industries” (Porter, 1990).

**EMPIRICAL REVIEW**

**Resource Allocation and Organizational Performance**

There are at least four types of resources available for an organization to use to achieve desired objectives namely: human resources, physical resources, financial resources, and technological resources (David, 2003). After a strategic option has been settled upon (in the strategic selection stage), management attention turns to evaluating the resource implications of the strategy (Campbell et al, 2002).

The training underscores on executing vital execution administration frameworks and incorporating HR framework. Effective methodology usage depends extraordinarily on the great interior organization of assets which guarantees inner association structures that are receptive to the necessities of the system, and equipped faculty through the building and supporting aptitudes and choosing individuals for key positions. Pearce and Robinson (2010) agree on the importance of having a robust guideline on resource allocation and states that they, in addition, need guidance on what to do through short-term objectives which are measurable and outcome achievable in one year. In addition should develop smart goals examining areas of product performance, competitive performance, and quality improvement, the performance of business processes, customer satisfaction, customer loyalty, and retention.

**Performance Targets and Organizational Performance**

Performance targets, target the outputs of a company like product quality, revenues or profits. These targets are referred to as key performance indicators (KPI’S). This practice is employed as a response to high levels of change such as rapid growth or reorganization of business that is managed output measured through set targets supported by performance indicators. Kaplan and Norton (2012) introduced the balanced scorecard that uses strategic and monetary measures to assess the result of a selected strategy.

The four strategy perspectives that need to appear on every scorecard are financial perspective which translates mission into action and clarifies what is wanted. Customer perspective looks at a customer-oriented strategy which involves market share data, while customer perspective looks at the retention and satisfaction of customers and internal perspective measures internal performance in relation to productivity and innovation and learning perspective (Johnson & Scholes, 1997).

According to Haynes and Mukherjee (2001), making effective reward and incentives system and linking it to performance outcomes all supported by strategic performance targets is essential. Defining jobs and assignments in terms of what’s to be accomplished makes work setting result- directed and performance is essentially supported by a company’s culture that promotes smart strategy execution method. Ansoff (2010) concurs and states that rewards and
incentives whether or not supported historical performance, growth, and initiative are essential.

**Strategy Communication and Organizational Performance**

Miniace and Falter (2006), state that communication is the key success factor in strategy implementation. A comprehensive communication plan is vital for the effective roll-out of implementation programs. Communicating strategy means exchanging information regarding a change in systems, processes, and behaviour in the firm. Communication should be open to top management and lower levels of the firm to inculcate trust, sharing of knowledge and guide decision-making process in strategy implementation.

According to Alexander (2005), successful implementation and execution require top management to clearly communicate what a new strategic decision is about to all stakeholders and operational personnel. Rappert and Wren (2010) findings in a survey suggest that organizations with open supportive communication environment tend to out-perform organizations with restricted communication environment (cited in Rapert, Velliquete & Garretson, 2012). Communication is conducted through written, formal and informal means and pervades throughout the organizational structure and context of implementation programs.

**Strategy Supervision and Performance**

This practice involves direct control of strategic decisions by one or a few individuals. Frequently the training is found in privately-run companies and little medium Enterprises (SMEs) and requires that the director comprehends what the activity they are administering involves. As per Ansoff et al, (1990) this approach requires the inclusion of all directors will's identity in charge of usage and additionally of supervisors and different people who settle on key commitments to the basic leadership process. Before execution, instruction and preparing are given to the members in the significant ideas, aptitudes, and methods. This is accomplished by guaranteeing that there is technique elucidation whereby individuals comprehend the system with a specific end goal to grasp it and help bolster its usage. Correspondence is critical as it guarantees duty and falling technique wraps everything in guaranteeing fruitful execution of the methodology (David, 2003).

The Company's managers should place under consideration controls that offer strategic control and also the ability to regulate ways, commitments, and objectives in response to the dynamic future conditions (Pearce & Robinson, 2007). Managers leading the strategy process through shaping values, cultures and keeping the organization responsive by initiating corrective actions to improve strategy execution. The stronger the strategy supportive fit is, the greater the chances of successful strategy implementation (Thompson & Strickland, 2009).
RESEARCH METHODOLOGY

Research design

The research study applied the descriptive research design in the process of determining the findings in relation to the relationship between strategy practices and performance of KUSCCO Ltd in Kenya. According to Cooper and Schindler (2006), a descriptive study is concerned with looking for the what, wherever and the way of a phenomenon. The descriptive research design was appropriate in this study since its purpose was to evaluate the impact of strategy practices on the performance of Kenya Union of Savings & Credit Cooperatives (Kusccco) limited. A stratified random sampling design and a structured questionnaire based on the research questions were used to collect the information from the respondents.

Target population

According to Mugenda and Mugenda (2003), the target population is a well-defined collection of individuals or objects known to have similar characteristics. A population is a precisely defined body of people or objects under consideration for statistical purposes (Collins & Hussey, 2009). The target population was 138 respondents comprising of the Senior Management Team, Middle-Level Management, and Supervisory Level, and Clerical/Secretariat team. This population was suitable for this study since they were the ones responsible for the strategic practices for higher performance.

Sampling Method and Size

As indicated by Collins and Hussey (2009), the sampling technique is the way toward choosing the particular philosophy to use in choosing the substances in the examination. This study adopted stratification and simple random sampling. Stratification is the process of segmenting the members of the population into homogenous subgroups before the sampling starts. Simple random sample is considered a special case in which each population element has a known and equal chance of selection (Copper & Schidler, 2014). One approach to choose an irregular example is to assign a number to each individual from the populace and select a specimen in light of the numbers given in an arbitrary number table or irregular numbers made by a PC (Collins & Hussey, 2009). According to Mugenda and Mugenda (2003), when the study is less than 10,000, a sample size of between 10% and 30% is a good representation of the target population and therefore 30% is adequate for analysis. The sample size was arrived based on 30% of the population. Thus, a total sample of 41 respondents was selected from the target population.

Data Collection Instrument and Procedure

The study used a questionnaire which was administered to each member of the sample population. The form had open and closed-ended questions. The closed-ended questions provided additional structured responses to facilitate tangible recommendations. The closed-ended questions were to check the rating of varied attributes and this helped in reducing the
number of connected responses so as to get additional varied responses. The open-ended questions provided further information that may not have been captured within the closed-ended questions. The questionnaire administered using drop and pick later method. The questionnaire was carefully designed and tested with a few members of the population for further improvements.

**Validity and Reliability of the Instrument**

The study used validity and reliability tests to ensure usefulness and consistency of the results. Validity is a measure of how much information got from the instrument precisely and seriously spoke to the hypothetical idea and specifically how the information spoke to the factors. Wherever legitimacy was set up, any derivations made of such information are right and intentional (Mugenda & Mugenda, 2003). The validity of this examination was expanded by utilizing different wellsprings of confirmation (Yin, 2003).

Reliability of the information gathering instrument is the consistency of estimation and every now and again evaluated utilizing a test-retest dependability technique (Mugenda & Mugenda, 2003). Cooper and Schindler (2010) demonstrated that a pilot test is directed to identify shortcomings in plan and instrumentation and to give intermediary information to the choice of a likelihood test. As per Babbie (2004), a pilot contemplate is directed when a poll is given to only a couple of individuals with a goal of pre-testing the inquiries. To build up the reliability and validity of the exploration instrument the investigation looked for suppositions of authorities inside the field of concentrate particularly the examination's boss and teachers in the school of Business Administration and Strategic Management.

In order to determine the reliability of the research instruments, a pretesting was conducted by the researcher. A Cronbach Alpha was used to determine reliability where a coefficient of 0.7 or more indicated that the research instruments were reliable. The findings are indicated in Table 1.

**Table 1: Validity and Reliability**

<table>
<thead>
<tr>
<th>Variables</th>
<th>No. of Items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource allocation</td>
<td>6</td>
<td>0.784</td>
</tr>
<tr>
<td>Performance targets</td>
<td>5</td>
<td>0.911</td>
</tr>
<tr>
<td>Strategy communication</td>
<td>6</td>
<td>0.807</td>
</tr>
<tr>
<td>Strategic supervision</td>
<td>5</td>
<td>0.920</td>
</tr>
<tr>
<td>Performance of KUSCCO</td>
<td>5</td>
<td>0.856</td>
</tr>
</tbody>
</table>

From Table 1, the Cronbach Alpha for performance is 0.856, resource allocation is 0.784, performance targets are 0.911, strategic communication is 0.807 while for strategy supervision is 0.920. Since all the coefficients of Cronbach Alpha were above 0.7, this indicates that the research instruments were reliable.
Data Analysis and presentation

Data collected was entirely quantitative and was analyzed by descriptive statistics. The descriptive statistical tools such as Statistical Package for Social Sciences (SPSS Version 21.0) and Microsoft Excel help the researcher to describe the data easily and determine the extent used. The findings were presented using tables and charts. Likert scales were used to analyze the mean score and standard deviation, this helped in investigating the relationship between strategy implementation and performance of KUSCOCO in Kenya. Data analysis used frequencies, percentages, means and other central tendencies. In addition, the researcher carried out a multiple regression analysis so as to determine the relationship between the dependent and independent. The regression equation:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where: \( X_1 \) = Strategy Resource allocation, \( X_2 \) = Performance targets, \( X_3 \) = Strategy communication, \( X_4 \) = Strategy supervision, \( Y \) = Performance of KUSCOCO Limited, \( \beta_1, \beta_2, \beta_3, \beta_4 \) = Regression Coefficients, and \( \epsilon \) = Error term.

The data was broken down into the different aspects of the relationship between strategic practices and performance of KUSCOCO Limited. This offered a quantitative and qualitative description of the objectives of the study.

RESEARCH RESULTS

Resource Allocation and performance of KUSCOCO Limited

The first objective of the study was to determine the influence of resource allocation on the performance of KUSCOCO limited. The findings revealed that resource allocation has a positive and a significant influence on the performance of KUSCOCO limited. This is supported by the statements/indicators in the questionnaire which majority of the respondents agreed. Moreover, the study revealed that time and money is used efficiently to ensure better performance. This shows that despite the limited availability of resources for strategic practices the Union strives to utilize what is available efficiently and effectively to ensure there are accountability and high return. 87.5% of respondents agreed that availability of resources support the performance of an organization. The resources, however, are not sufficient to facilitate strategy practices and Union performance.

Targets and performance of KUSCOCO Limited

The second objective of the study was to assess the effect of performance targets on the performance of KUSCOCO limited. The results revealed that performance targets have a positive and significant direct relationship on the performance of KUSCOCO limited. This is supported by the majority of the respondents who agreed with most of the indicators in the questionnaire. The senior management team of KUSCOCO was found to be in the forefront in providing the necessary support to the employees towards the realization of set targets. This indicates that KUSCOCO has a workable KPI, knowledge and skills, ethics and provides
necessary support for the better organizational performance but clear monitoring is lacking to make better strategy practices. A total of 87.5% of respondents agreed that clear targets encourage high performance.

**Strategy Communication and performance of KUSCCO Limited**

The third objective of the study was to assess the influence of strategy communication on the performance of KUSCCO limited. The results from the majority of respondents indicated that strategic communication has a positive and significant influence on performance. The majority of the respondents agreed with the statements in the questionnaire hence supporting the findings. The study found that KUSCCO had clear policy statement to guide effective strategy practices; the firm has sufficiently developed effective communication channels that help in sending, receiving and understanding information regarding strategy practices and better performance. The Union sparingly facilitates the free flow of innovative ideas and acceptance in strategy practices and also provides a good working environment that is comfortable and productive for high performance. This generally indicates that the company is doing well in terms of strategy communication both horizontally and vertically. There were 80% of respondents who agreed that open communication policy enhance trust and openness which led to high performance. This has greatly contributed to better strategy practices being developed by the Union and hence high performance.

**Strategy Supervision and performance of KUSCCO Limited**

The last objective of the study was to establish the relationship between strategy supervision and performance of KUSCCO limited. The regression results revealed that strategy supervision practices have a positive and significant effect on the performance of KUSCCO limited. This is also supported by a majority of the respondents who agreed with most of the statements in the questionnaire. The leadership of the Union has the requisite training and knowledge capacity required to supervise various strategy practices for better performance. A total of 75% of respondents were in agreement that the leadership (supervision) play a great role in enhancing performance of an organization. The study further established that the Union employs participative supervision style to encourage teamwork.

**REGRESSION ANALYSIS**

A regression analysis was run to establish the degree of influence of the independent variables (strategy resource allocation, performance targets, strategy communication and strategy supervision) on the dependent variable, performance of KUSCCO Limited.

<table>
<thead>
<tr>
<th>Table 2: Coefficient of Determination (R²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>.920</td>
</tr>
</tbody>
</table>

The four independent variables that were studied, explain 84.6% of the performance of KUSCCO Limited as represented by the R². This, therefore, means that other factors not
studied in this research contribute 16.0% of the performance of KUSCCO (significance level of 5%) confirms the existence of a correlation between the independent and dependent variables.

**Table 3: Regression Analysis**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.334</td>
<td>0.311</td>
<td>5.750</td>
<td>.0000</td>
</tr>
<tr>
<td>Strategy resource allocation</td>
<td>0.244</td>
<td>0.164</td>
<td>2.650</td>
<td>.0027</td>
</tr>
<tr>
<td>Performance targets</td>
<td>0.296</td>
<td>0.0481</td>
<td>3.534</td>
<td>.0012</td>
</tr>
<tr>
<td>Strategy communication</td>
<td>0.398</td>
<td>0.0714</td>
<td>3.686</td>
<td>.0010</td>
</tr>
<tr>
<td>Strategy supervision</td>
<td>0.218</td>
<td>0.0501</td>
<td>2.450</td>
<td>.0038</td>
</tr>
</tbody>
</table>

In addition, the researcher conducted a multiple regression analysis so as to determine the relationship between the performance of KUSCCO Limited and the four variables. As per the SPSS generated table, the equation \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \) becomes:

\[
Y = 1.334 + 0.244 X_1 + 0.296 X_2 + 0.398 X_3 + 0.218 X_4
\]

Where: \( Y \) = performance of KUSCCO Limited, \( X_1 \) = resource allocation, \( X_2 \) = performance targets, \( X_3 \) = strategy communication and \( X_4 \) = strategy supervision.

From the regression equation established, taking all factors (resource allocation, performance targets, strategy communication and strategy supervision) constant at zero, the performance of KUSCCO as a result of strategy practices will be 1.334. Further, taking all other independent variables at zero, a unit increase in resource allocation will lead to a 0.244 increase in performance. A unit increase in performance target realization will lead to a 0.296 increase in performance; a unit increase in effective strategy communication will lead to a 0.398 increase in performance while a unit increase in strategy supervision will lead to a 0.218 increase in performance. This infers that effective strategy communication contributed more to the performance of the union followed by performance targets.

At 5% level of significance and 95% level of confidence, strategy communication had a 0.0010 level of significance, performance targets had a 0.0012 level of significance, resource allocation showed a 0.0027 level of significance, while strategy supervision showed a 0.0038 level of significance. Hence strategy communication is the most significant factor in contributing to the profitability of KUSCCO followed by performance targets realization and resource allocation respectively. The t critical at 5% level of significance at \( k = 4 \) degrees of freedom is 2.315. Since all t calculated values were above 2.315 then all the variables were significant in explaining the Performance of KUSCCO Limited.

**CONCLUSIONS**

The researcher concluded that the resource allocation, based on the research findings, is a key to the performance of KUSCCO. According to the findings, resource allocation had a
significant strong contribution towards organizational performance. The results from analysis of the standard deviation and mean show that resource allocation is a critical variable in strategy practices and plays a vital role to the performance of the organization. These findings suggest that top management should consider human, financial, physical, and technological resources as vital contributors to high performance. In this regard, KUSCCO strategic leaders should be keen on resource allocation if they want to improve their organizational performance significantly.

This study concludes as per the findings, setting actionable and achievable targets is a significant and strong contributor to the performance of KUSCCO. From the findings, targets had a significant strong positive contribution to the performance of KUSCCO. Results from the analysis indicate that targets setting are a statistically significant contributor to strategy practices that improves the performance of KUSCCO. In this regard, if KUSCCO leaders want to up their organizational performance, they should engage more on the practice of setting targets more strategically as this contributes more to organizational performance.

Equally important, is the strategy communication and internalization of the mission and vision of KUSCCO. In most cases, majority of respondents exhibited high level of knowledge of such statements which leads to conclusions such as improved communication and education on policies and strategic direction of the organization within the KUSCCO structures. The findings revealed that strategy communication as a strategy practice positively impacts the organizational performance.

On strategy supervision, the study concludes that strategy supervision is a critical component of strategy practices and significantly contributes to great performance of the Union. According to the outcome of the study, adoption of strategy supervision as a practice in the Union greatly contributes to high performance. Therefore, if the Union leaders want to improve the overall organizational performance they should engage in participative supervision style to encourage teamwork.

**RECOMMENDATIONS**

In relation to the influence of resource allocation on the performance of the Union, the level of success in a business in a business which translates to the performance of the Union largely depends to a large extent, forms a firm’s strategy. It is therefore the researcher’s recommendation to emphasize on proper resource allocation to be regarded as high priority to achieve increased operational efficiency and consequently improve the performance of the Union.

In regard to the targets employed at the middle level and the adoptability at the top management level that influence the performance of KUSCCO, it is the recommendation of this study that the Union develop a business strategy with clear and precise targets, encompassing the three critical levels of the organization, that is, the top management, middle management and operational levels of the firm.

The strategy practices used in the Union ensures that the holistic view of performance is pegged on strategic planning, strategic choice and strategic implementation and not merely
concentrates on measures of success on the traditional pillars of cost, quality and time. These strategy practices (resource allocation, targets, strategy communication & strategy supervision) are directly related to the strategic objectives set as the core of the business to perpetuate success through a robust and successful road map chartered through the organization’s mission and vision. The study, therefore, recommends that the Union develops a framework upon which performance measures can be developed and implemented as to identify the degree to which an organization is able to apply these strategy practices.

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