

EFFECT OF STRATEGIC MANAGEMENT PRACTICES ON PERFORMANCE OF TRANSPORT SACCOS IN NAIROBI COUNTY, KENYA

^{1*} **Amina Daudi**

aminadawood17@gmail.com

^{2**} **Dr. Doris Mbugua**

^{1,2} *Department of business administration, School of Business, Jomo Kenyatta University Of Agriculture And Technology*

Abstract: *The Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of its owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes This research study sought to analyze the effective strategic management practices on performance of public transport Sacco's in Nairobi County, Kenya. The study-specific objectives was to find out the influence of strategy formulation on the performance of public transport Sacco's in Nairobi County, Kenya.; to assess strategy implementation's influence on performance of public transport Sacco's in Nairobi County, Kenya.; to examine how strategy evaluation influence performance of public transport Sacco's in Nairobi County, Kenya. The study findings will contribute to the growing body of literature pertaining to the effect of strategic management practices on performance of public transport Sacco's in Nairobi County, Kenya. The literature review provides the reader with an explanation of the theoretical rationale of the problem being studied as well as what research has already been done and how the findings relate to the problem at hand as well as the research gaps. The study was guided by the theory of business, Stakeholders theory and resource-based theory. Validity and reliability were observed to ensure that the research instruments are accurate and reliable. The gathered findings were analyzed through the use of quantitative and qualitative analysis, tables and charts were also be used to present the findings. Data analysis was done using the SPSS program and tables and figures will be used for data presentation. The study was a descriptive survey and the analysis used descriptive statistics like frequencies, mean and standard deviation and linear regression. The study found that the strategic management practices have a significant effect on performance. The findings from the found that strategy formulation had the highest effect on performance followed by strategic implementation and strategic evaluation respectively. The study concluded that all the variables had a strong relationship with Sacco performance and were key determinants for the performance of Saccos in Kenya. The study recommends that managers in the Matatu SACCOS should ensure proper formulation, implementation, and evaluation of strategies to enhance performance.*

Keywords: Strategy formulation, strategy implementations, strategy evaluation and Performance

1.1 Introduction

According to Arshad (2012), strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of its owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes.

Strategic management provides overall direction to the enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans (Bryceson & Slaughter, 2011). Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics. Strategic management is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of planning (Browning, 2011).

Achieving a competitive advantage position and enhancing firm performance relative to their competitors are the main objectives that business organizations, in particular, should strive to attain. Strategic management can depend upon the size of an organization, and the proclivity to change its business environment. Therefore, a global transnational organization may employ a more structured strategic management model, due to its size, scope of operation, and need to encompass stakeholder views and requirements (Bryceson & Slaughter, 2011).

Effective strategy management practice requires an integrative point of view. Not only the organizational structure but cultural aspects and the human resources perspective are to be considered as well. An implementation effort is ideally a boundary-less set of activities and does not concentrate on implications of only one component, e.g. the organizational structure (Rapa and Kauffman, 2005). It is of great importance to integrate soft facts as well in the reflection of the implementation process. It is the consideration of soft and hard facts together that ascertains that cultural aspects and human resources receive at least the same status as organizational aspects. Altogether, such an integrative interpretation allows an important scope of development for implementation activities (Rapa and Kauffman, 2005).

1.1.1 Strategic Management in Public Transport Sector in Kenya

Kenya's Matatu paratransit transport industry is the dominant mode of transport for both passengers and goods in the country. Being informal businesses, matatu is characterized by lack of observation of traffic regulations and this has led to a large number of road crashes and associated fatalities and injuries. Whereas many factors account for the chaotic state of road transport in Kenya, this study focused on one of the factors namely, the associations and companies that are emerging in the industry (Gicheru, 2009). The study examined their characteristics and performance with a view to understanding their potential for transforming the industry from its informal to formal status and associated improvements in road safety. The associations including sacco and companies were studied in the cities of Nairobi, Kisumu and Mombasa and a few other towns that neighbor the three cities. It was found that the associations, sacco, and companies that operate their PSVs as a pool had developed terms of service and codes of conduct for their owners and workers and had a potential for transforming the industry and reducing the carnage on the country's roads (Dauda, Akingbade & Akinlabi, 2010).

SACCOs in Kenya are currently among the leading sources of the co-operative credit for socio-economic development Cooperatives in Kenya were started in 1908 and membership was limited to white colonial settlers (Graeff, 2009). The first cooperative was established at Lumbwa, present-day Kipkelion area. In 1944 colonial officers allowed Africans to form and join cooperatives. The initial attempt to encourage African farming cooperatives was initiated by the need to implement the recommendations of the 'Swynnerton Plan' of 1953. The Swynnerton Plan was formulated to improve African farming, specifically the growing of cash crops and is recorded to have encouraged the progress and performance of African cooperatives (Gicheru, 2009).

It was at this point that the recommendation that a registrar of cooperatives is appointed was made. In 1945, a new Cooperative Societies Ordinance was enacted which allowed African participation in the cooperative movement (Graeff, 2009). In 1946, a department of cooperatives was established and a registrar of

cooperatives appointed. By 1950 most colonial civil servants began to support and encourage the development of cooperatives and by 1952, about 160 cooperatives had been registered. The post-independence era saw the rapid increase the number of producer organizations and consolidation of the ones that already existed. At this time, the government saw the cooperative movement as a means for African socialism and strengthening common ties between the people from different regions of Kenya. In 1963 there were about 1000 cooperatives, which rapidly grew in number since then (Gicheru, 2009).

1.2 Problem Statement

The public transport industry has grown very fast in the last one decade. This performance is attributed to several factors among them the increased population which poses a high demand for the service, improved infrastructure among other. The high competition in the public transport industry has not been easy for many SACCOs. This has called the regulator to impose policies to protect every Sacco in the market. Among the policies is the acquisition of TLB to allow Vehicles to operate in a specific root. Another indicator of competition in the market is the installation of internet services, cashless payment, new vehicles and other offers made available to the passenger. The level of competition has not been easy which has caused some SACCOS out of the market or change TLB to other routes. For example, the Manchester Sacco in Thika road changed their route due to high competition. This competition has called for Transport Sacco to embark on strategic management strategies in order to remain competitive and relevant in the market.

Numerous studies have been carried globally and locally on the influence of strategic management practices on organizational performance. For instance, Melchorita (2013), Bakar et al (2011), Murimbika (2011), Dauda et al (2010) and Ofunya (2013) analyzed the relationship between strategic management practices and organizational performance in different organizations but none of them investigated the influence of strategic management practices on performance of matatus. The study used qualitative methodology to analyze data. McCormick et al (2011; 2013) have carried out studies to understand and explain various strategies employed in the matatu sector, but do not touch on its influence on performance. The study used qualitative methodology to analyze data.

Browning (2011) investigated the impact of strategic management on organizational performance and development of selected transport Sacco's in Nigeria and found that strategic management was not employed. The study used qualitative methodology to analyze data. Paratransit business has increasingly gained the attention of scholars with many seeking to understand and demystify various aspects of the business, globally and locally. Gicheru (2009): found that there is an array of persons, businesses, and institutions associated with the Matatu means of transport. This situation has led to multiple political, social and economic interests and conflicts in this transport sector. McCormick et al (2011) studied business strategies employed in the paratransit industry in Kenya. The study used quantitative methodology to analyze data. The study found that the businesses fall along a continuum from the poorly organized 'typical matatu' to moderately organized companies.

Cervero & Golub (2007) investigating the diffusion of six proposed strategic management tools of the past few decades through the lens of organizational change theory, examined the relationship between the adoption of these techniques and organizational performance in both manufacturing and non-manufacturing organizations in New Zealand The study used quantitative methodology to analyze data. The findings suggest a significant association between the diffusion of these relatively new strategic management tools and organizational performance. Various studies have been carried out in various sectors, but none has focused on the transport

sector in Kenya which leaves a major gap. The studies have used quantitative and qualitative techniques differently which leaves a major methodology gap.

1.3. General Objective

The main objective of the study is to investigate the effective of strategic management practices on performance of public transport Sacco's in Nairobi County, Kenya.

1.3.2 Specific Objectives

- i. To find out the influence of strategy formulation on the performance of public transport Sacco's in Nairobi County.
- ii. To assess strategy implementation's on the performance of public transport Sacco's in Nairobi County.
- iii. To examine how strategy evaluation performance of public transport Sacco's in Nairobi County.

1.4 Research Questions

- i. To what extent does strategy formulation affect the performance of public transport Sacco's in Nairobi County?
- ii. Does strategy implementation affect the performance of public transport Sacco's in Nairobi County?
- iii. In what ways does strategy evaluation affect the performance of public transport Sacco's in Nairobi County?

1.5 Scope of the Study

The study was limited to effect strategic management practices on performance of public transport Sacco's in Nairobi County, Kenya. The objectives of the study were Strategy formulation, implementation, and evaluation. The study was carried out in Nairobi County where all public transport Sacco's have their head offices. The study was carried out over a period of 6 months from March 2017 to September 2017. The study targeted respondents from key departments in public transport Sacco's.

2.0 LITERATURE REVIEW

2.2 Theoretical Literature

2.2.1 Stakeholders Theory

The stakeholder theory is a theory of organizational management and business ethics that address morals and values in managing an organization. It was originally detailed by R. Edward Freeman in the book Strategic Management: A Stakeholder Approach identifies and models the groups which are stakeholders of a corporation, and both describes and recommends methods by which management can give due regard to the interests of those groups. In short, it attempts to address the "principle of who or what really counts (Graeff, 2009).

In the traditional view of a company, the shareholder view, only the owners or shareholders of the company are important, and the company has a binding fiduciary duty to put their needs first, to increase value for them. Stakeholder theory instead argues that there are other parties involved, including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions. Even competitors are sometimes counted as stakeholders – their status being derived from their capacity to

affect the firm and its stakeholders. The nature of what constitutes a stakeholder is highly contested with hundreds of definitions existing in the academic literature (Johnson, 2009).

2.2.2 Resource-Based Theory

Resource-based view RBV is an approach to achieving competitive advantage that emerged in the 1980s and 1990s, after the major works published by Wernerfelt, B. (“The Resource-Based View of the Firm”), Prahalad and Hamel (“The Core Competence of The Corporation”), Barney, J. (“Firm resources and sustained competitive advantage”) and others. The resource-based theory contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals. A strategic resource is an asset that is valuable, rare, difficult to imitate, and not substitutable. Firm resources and sustained competitive advantage. Competitors have a hard time duplicating resources that are difficult to imitate. Some difficult to imitate resources are protected by various legal means, including trademarks, patents, and copyrights. Other resources are hard to copy because they evolve over time and they reflect the unique aspects of the firm. Southwest’s culture arose from its very humble beginnings (Kioy, 2011).

2.2.3 Theory of Business

Peter Drucker wrote in 1994 about the “Theory of the Business,” which represents the key assumptions underlying a firm's strategy. These assumptions are in three categories: a) the external environment, including society, market, customer, and technology; b) the mission of the organization; and c) the core competencies needed to accomplish the mission. He continued that a valid theory of the business has four specifications: 1) assumptions about the environment, mission, and core competencies must fit reality; 2) the assumptions in all three areas have to fit one another; 3) the theory of the business must be known and understood throughout the organization; and 4) the theory of the business has to be tested constantly (Kourdi, 2009).

2.3 Empirical Literature

Pearce & Robinson (2007) conducted a study on the effect of strategic management on the flower industry in Kenya. Kenya’s economy largely relies on the agriculture sector, which contributes 25.3% of Gross Domestic Product, out of which 2.63% is from the Horticulture sub-sector while 1.29% is from the flower industry. In spite of research in various aspects of strategic management practices in various sectors, there has not been a study on the influence of strategic management practices on the performance of Floriculture Firms in Kenya, and this formed the general objective of this study which was carried in Kiambu County in central Kenya. A descriptive survey design was used with a target population of 21 floricultural firms out of which 10 firms were selected by simple random sampling, and 5 respondents from each of the 10 firms purposively chosen. Structured questionnaires were used to collect primary data. Chi-Square (X^2) test was used to test the four hypotheses to establish the significance of the association. The findings established that the majority of the firms had a strategic plan, implemented their strategic plans as planned, conduct strategy evaluation and control of their strategic management practices. Further, that strategy formulation, implementation, evaluation, and control had a significant influence on the performance of flower firms to a moderate extent. The researcher recommended that top-level managers should seek more input from the lower level managers and supervisors when formulating a strategy so that the formulated plans are effective and in line with both long and short-term objectives of the organization.

Graeff (2009) examined the effect of formal strategic management on the organizational performance of medium-sized manufacturing enterprises in Nairobi, Kenya. It examined the extent to which formal strategic management is adopted by medium-sized manufacturing enterprises in Kenya and investigated the effect of

various administrative/legal factors on the extent to which formal strategic management are adopted. It also determined the relationship between the level of competition and the adoption of formal strategic management and investigated the effect of administrative/legal factors on organizational performance. Finally, the study assessed the relationship between the adoption of formal strategic management and organizational performance. The data were analyzed statistically using the SPSS and R packages through tabulation, proportions and logit analysis. Results showed that the MEs have not adopted any formal strategic management. It is consistent with past studies that administrative/legal factors affect both adoptions of formal strategic management and organizational performance. The competition also influences the adoption of formal strategic management. Organizations with formal strategic management perform better than those without formal strategic management.

3.0 RESEARCH METHODOLOGY

The research design adopted in the study was a descriptive design that ensured collections and descriptive analysis of data from the population of study. The research design enabled the researcher to bring out the effective of strategic management practices on performance of public transport Sacco's in Nairobi County. The target population of this study is made up of Matatu SACCOs registered by the National Transport and Safety Authority (NTSA). The total number of registered Matatu SACCOs in Nairobi is 51. These 51 SACCOs will constitute the target population. Simple random sampling was employed for the study. Simple random sampling is the basic sampling technique where we select a group of subjects (a sample) for study from a larger group (a population). Each individual is chosen entirely by chance and each member of the population has an equal chance of being included in the sample. (Mugenda and Mugenda, 2003). The sampling techniques are appropriate since the population is homogeneous. The sample was selected from 102 senior staff and 102 middle staff. The sample was randomly selected from each category where 2 senior staff and 2 middle staff was selected from each category which was the result to 51 senior staff and 51 middle staff. The total sample was 204 respondents.

Data were collected by use of questionnaires to obtain primary data. The questionnaires were self-administered to the sample respondents. Before commencing the actual data collection exercise, the questionnaire was tested by sending it to three selected respondents with a view of amending questions that could be difficult to respond to. The questionnaires will be collected back after two weeks and analyzed both qualitatively and quantitatively.

The primary data collected was processed by first editing it to detect possible errors; the questions were coded, variables were coded using the statistical package for social sciences SPSS. Tables and figures will be used for data presentation. The study was a descriptive survey and the analysis was done through descriptive statistics like frequencies, mean, mode and standard deviation and linear regression. Both qualitative and quantitative data analysis techniques were used to analyze the data so as to bring out the relationship between the dependent and independent variables. Data were presented using tables and charts.

The relationship liner regression model was used:-

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Y= SACCOs performance

α = Constant term- The Y-intercept

β_i , = Regression coefficient variable which indicates the responsiveness of the dependent variable to the changes.

X1 –Strategy formulation

X2 – Strategy Implementation

X3 – Strategy evaluation

ϵ = Error term- Represents the remainder during empirical analysis

4.0 RESULTS AND DISCUSSION

Descriptive analysis of study variables

Table 4.1 Strategy Formulation

Statement opinion	Mean	Std. Deviation
The management is conversant with the business climate	4.12	1.128
The SACCO has long-term objectives/goal	4.06	1.151
There is a clear course of action to guide the SACCO towards achieving goals	4.04	1.124
Each department is conversant with their role in achieving the SACCO’s goals	4.13	1.163
Sacco's have set quantitative targets towards their goals	4.07	1.202
It is very important for a firm to make strategic decisions and define strategy in terms of its function to the environment	4.30	1.205
Sacco’s goals/objectives are based on the business climate	4.11	1.230

The study sought to examine the respondent’s level of agreement or disagreement on the various measures of employee performance. Table 4.1, presents the relevant results which show that on a scale of 1 to 5 (where 1= strongly and strongly disagree=5). The responses had means of; The management is conversant with the business climate 4.12, The SACCO has long-term objectives/goal 4.06, There is a clear course of action to guide the SACCO towards achieving goals 4.04, Each department is conversant with their role in achieving the SACCO’s goals 4.13, Sacco’s have set quantitative targets towards their goals 4.07, It is very important for a firm to make strategic decisions and define strategy in terms of its function to the environment 4.30, Sacco’s goals/objectives are based on the business climate 4.11. The interpretation is the majority of the players felt that strategy formulation has a significant effect on performance.

Table 4.2 Strategy Implementation

Statement opinion	Mean	Std. Deviation
Sacco’s have a clear structure of operation to achieve set goals	4.01	1.239
Sacco’s have enough resources have been availed to enable the departments to work towards their goals	4.11	1.235

Sacco's have policies that encourage staff to work towards set goals	4.00	1.251
Sacco's have a reward structure to recognize accomplished results	4.07	1.261
Sacco's have leadership in place to ensure the ultimate goals are achieved	4.13	1.244
Implementation is an important component of the strategic marketing planning process	4.06	1.250
A brilliant strategy that cannot be implemented creates no real value	4.09	1.234

The study sought to examine the respondent's level of agreement or disagreement on the various measures of employee performance. Table 4.2, presents the relevant results which show that on a scale of 1 to 5 (where 1=strongly and strongly disagree=5). The responses had means of; Sacco's have a clear structure of operation to achieve set goals 4.01, Sacco's have enough resources have been availed to enable the departments to work towards their goals 4.11, Sacco's have policies that encourage staff to work towards set goals 4.00, Sacco's have a reward structure to recognize accomplished results 4.07, Sacco's have leadership in place to ensure the ultimate goals are achieved 4.13, Implementation is an important component of the strategic marketing planning process 4.06 and A brilliant strategy that cannot be implemented creates no real value 4.09. The interpretation is the majority of the players felt that strategy implementation has a significant effect on performance.

Table 4.3 Strategy Evaluation

Statement opinion	Mean	Std. Deviation
Sacco's have a basis for measuring performance	4.06	1.243
Sacco's have daily/weekly/monthly targets for key departments	4.00	1.253
Sacco's regularly compare business performance against set quantitative goals	4.08	1.419
The SACCO has structures to correct undesired performance	4.01	1.323
Strategy evaluation is a critical tool for managers to understand the reasons behind failures and success of certain objectives	4.06	1.267
Evaluation is used as a strategic learning tool and has continued to play a role in strategy formulation and implementation	4.03	1.359
Strategy evaluation involves setting control processes to continuously review.	4.07	1.234

The study sought to examine the respondent's level of agreement or disagreement on the various measures of employee performance. Table 4.3, presents the relevant results which show that on a scale of 1 to 5 (where 1=strongly and strongly disagree=5). The responses had means of; Sacco's have a basis for measuring performance 4.06, Sacco's have daily/weekly/monthly targets for key departments 4.00, Sacco's regularly compare business performance against setting quantitative goals 4.08, The SACCO has structures to correct undesired performance 4.01, Strategy evaluation is a critical tool for managers to understand the reasons behind the failures and success of certain objectives 4.06, Evaluation is used as a strategic learning tool and

has continued to play a role in strategy formulation and implementation 4.03 and Strategy evaluation involves setting control processes to continuously review 4.07. The interpretation is the majority of the players felt that strategy implementation has a significant effect on performance.

Table 4.4 Organization performance

Statement opinion	Mean	Std. Deviation
The SACCO has achieved increase in revenue collected in transport activities	4.10	1.280
The Sacco has experienced growth in market share in the transport sector	4.07	1.196
The SACCO is able to make new business ventures	4.09	1.180
The organization has enjoyed huge customer loyalty	4.03	1.177
The strategies in place has lead increased to the increase in new membership registration	4.07	1.133
The SACCO has attained high level of return on investments	4.00	1.288

The study sought to examine the respondent’s level of agreement or disagreement on the various measures of employee performance. Table 4.4, presents the relevant results which show that on a scale of 1 to 5 (where 1= strongly and strongly disagree=5). The responses had means of; The SACCO has achieved increase in revenue collected in transport activities 4.10, The Sacco has experienced growth in market share in the transport sector 4.07, The SACCO is able to make new business ventures 4.09, The organization has enjoyed huge customer loyalty 4.03, The strategies in place has lead increased to the increase in new membership registration 4.07 and The SACCO has attained high level of return on investments 4.00 mean.

From correlation analysis done, it can be observed that the correlation between the independent variables and the dependent variable was high and positive at 0.780, 0.724, and 0.685 for Strategy Formulation, Strategy Implementation and Strategy Evaluation respectively. The interpretation was that the level of multicollinearity between the independent variable was not very high which meant that the influence of each variable in the regression model could be isolated individually.

According to Brook (2002) multicollinearity is the problem that occurs when the explanatory variables are very highly correlated with each other. Burns and Burns (2008), asserted that multi-collinearity is the presence of very high correlations between the independent variables and should be avoided.

4.5 Goodness of fit statistics

Table 4.5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.863	0.744	0.738	0.5115

a. Predictors: (Constant), strategy Evaluation, strategy Implementation, strategy Formulation

b. Dependent Variable: Performance

From table 4.5 the values of the adjusted R square were 0.738. This value clearly suggests that there is a strong relationship between, strategy Evaluation, strategy Implementation, strategy performance and transport Sacco’s performance. This indicates that strategy Evaluation, strategy Implementation and strategy formulation causes a variation of 0.73% on Sacco’s performance. The conclusion is that the three variables used only explains 74% of the variation on the dependent variable.

The results of ANOVA analysis indicates that the overall models was a good fit since the value of F-statistic was found to be 127.046 and their p-values were found to be 0.000 which is less than the critical value of 0.05. This suggest that all the three variables considered were relevant in explaining the partnership performance.

4.6 Regression Results

The fitted regression model is

$$Y = 1.672 + 0.418 X_1 + 0.343 X_2 + 0.248 X_3 + \epsilon$$

Standard Error	0.440	0.062	0.057	0.058
T-Statistics	3.800	6.705	6.028	4.281
P-value	0.000	0.000	0.000	0.000

Where; Y = SACCOS performance, X1 = Strategy formulation, X2 = Strategy Implementation, X3 = Strategy Evaluation, ϵ = Error Term, β_0 = Intercept, β_1 , β_2 , β_3 = Coefficients

4.7.1 Strategy Formulation

From the regression coefficient of organizational Strategy Formulation was found to be 0.418. This value shows that holding other variables in the model constant, an increase in Strategy Formulation by one unit causes the transport SACCO performance to increase by 0.418 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between Strategy Formulation and transport Sacco’s performance.

The coefficient was positive and also statistically significant with a t-statistic value of 6.705. The p-value was found to be 0.000. These findings inline those of McCormick, et al, (2011); Kourdi, (2009); Melchorita, (2013) and Meier, (2010) who found that Strategy Formulation can have significant effect on SACCOs performance. The interpretation was that strategy formulation causes the performance to increase. The SACCOs in the transport sector should consider the effect of transport to their performance.

4.7.2 Strategy Implementation

From the regression analysis the regression coefficient of organizational Strategy Implementation was found to be 0.343. This value shows that holding other variables in the model constant, an increase in Strategy Implementation by one unit causes the transport SACCO performance to increase by 0.343 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between Strategy Implementation and transport Sacco’s performance.

The coefficient was positive and also statistically significant with a t-statistic value of 6.028. The p-value was found to be 0.000. These findings supports those of Munoz & Gschwender, (2008), Mumero, (2005), Muturia, (2013), Murimbika, (2011) Ofunya, (2013) and Orero et al., (2012) who found that Strategy Implementation had effect on SACCOs performance. The interpretation was that strategy implementation causes the performance to increase. The SACCOs in the transport sector should consider the effect of transport to their performance.

4.7.3 Strategy Evaluation

From the regression coefficient of organizational Strategy Evaluation was found to be 0.248. This value shows that holding other variables in the model constant, an increase in Strategy Evaluation by one unit causes the transport SACCO performance to increase by 0.248 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between Strategy Evaluation and transport Sacco's performance.

The coefficient was positive and also statistically significant with a t-statistic value of 4.281. The p-value was found to be 0.000. These findings supports those of Finn et al., (2011), Cervero & Golub, (2007) ; Graeff, (2009); Dauda et al., (2010) who found that Strategy Evaluation had effect on SACCOs performance. The interpretation was that strategy evaluation causes the performance to increase. The SACCOs in the transport sector should consider the effect of transport to their performance.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of the findings

All the measurers of strategy formulation, strategy implementation and strategy evaluation were found to have effect on the SACCOs performance as depicted by the various responses from the respondents that were presented using table where the response was also in converted to means and standard deviations. The constructs were found to be of good reliability that allowed the researcher to proceed to the actual data analysis, qualitative and inferential analysis. This measures were found to have a positive effect on Sacco's performance. This meant that increase in strategy formulation, strategy implementation and strategy evaluation facilitated the increase in Sacco's performance.

The study also employed factor analysis in order to extract the factors scores. The study found out one factor that had an eigenvalue greater than one. The factor also accounted for a variance of 91.278, 94.21 and 82.002 respectively for strategy formulation, strategy implementation and strategy evaluation. The factor scores obtained from the factor extraction process were used in regression analysis.

5.2 Conclusion

The findings that, Strategy formulation had a positive effect on Sacco's performance were good indications that increase in Strategy formulation motivate good performance in Sacco's. This meant that Strategy formulation has a significant effect on Sacco's performance.

The findings that, Strategy Implementation had a positive effect on Sacco's performance were good indications that increase in Strategy Implementation motivate better performance. This variable was found to have a statistically significant effect on Sacco's performance. The findings that, Strategy Evaluation had a positive effect on Sacco's performance were good indications that increase in Strategy Evaluation leads to better performance. This variable was found to have a statistically significant effect on employee performance.

5.3 Recommendation

5.3.1 Strategy formulation

Since this variable was found to be a key determinant of Sacco's performance, the owners of the SACCOs should keep a keen eye on enhancing strategy formulation. SACCOs in Kenya should therefore come up with more innovative ways of improving strategies that enhance proper strategy formulation. Since the results showed that strategy formulation facilitates the tendency for the SACCOs to perform better, the market players should be aware of this. The SACCOs should also come up with plans to form a formidable team that will facilitate proper strategies formulation.

5.3.2 Strategy Implementation

Since this variable was found to be a key determinant of Sacco's performance, the owners of the SACCOs should keep a keen eye on enhancing Strategy Implementation. SACCOs in Kenya should therefore come up with more innovative ways of improving strategies that enhance proper Strategy Implementation. Since the results showed that Strategy Implementation facilitates the tendency for the SACCOs to perform better, the market players should be aware of this. The SACCOs should also come up with plans to form a formidable team that will facilitate proper Strategy Implementation.

5.3.3 Strategy Evaluation

Since this variable was found to be a key determinant of Sacco's performance, the owners of the SACCOs should keep a keen eye on enhancing Strategy Evaluation. SACCOs in Kenya should therefore come up with more innovative ways of improving strategies that enhance proper Strategy Evaluation. Since the results showed that Strategy Evaluation facilitates the tendency for the SACCOs to perform better, the market players should be aware of this. The SACCOs should also come up with plans to form a formidable team that will facilitate proper Strategy Evaluation.

5.4 Area for further research

From the regression model it was noted that the variables included were only able to explained 73.8 % of the variation in Sacco's performance. This study therefore recommends the improvement of this model by including more variables that may be relevant in explaining the variation. This paper also recommends further research to include studies in other SACCOs apart from the SACCOs in the transport sector.

REFERENCES

- Arshad, A. (2012): Net Present Value is better than Internal Rate of Return. Interdisciplinary Journal of Research in Business, 4 (8), 211-219.*
- Bakar, A.H.A., Tufail M. A., Yusof, M. N. &Virgiyanti, W. (2011): Implementation of Strategic Management Practices in the Malaysian Construction Industry. Pak. J. Commer. Soc. Sci, 5 (1), 140-154*
- Browning, P. (2011): Integrated Public Transport Networks in South Africa Incorporating the Informal Sector: The Nelson Mandela Bay Model, Paper Presented in Thredbo 12 Conference Series, Durban, South Africa.*

- Bryceson, K., & Slaughter, G. J. (2011): Aligning operational and corporate goals: A case study in cultivating a whole-of-business approach using a supply chain simulation game. Extension Farming Systems Journal, 7 (2), 7-16.*
- Cervero, R., and A. Golub.(2007): Informal transport: A global perspective. Transport Policy 14: 445-447.*
- Cooper, D. R. & Schindler, P. S. (2008):Business Research Methods. 10th Edition, Singapore: McGraw-Hill.*
- Dauda, Y. A., Akingbade W. A. &Akinlabi, H. B. (2010): Strategic Management Practice and Corporate Performance of Selected Small Business Enterprises in Lagos Metropolis. International Journal of Business and Management, 5 (11), 97-105*
- Dr. E.N. Gicheru (2009): An analysis of the Contemporary socio-economic impacts of the New Integrated National Transport Policy; The case of 14 seat transport SACCOs in Kenya. A research paper first presented at the ICA Global Conference held at Mikkeli in Finland, August 2011.*
- Finn, B., Kumarage, A., and Gyamera, S., (2011):Organizational Structure, Ownership and Dynamics on Control in the Informal Local Road Passenger Transport Sector, Paper Presented in Thredbo 12 Conference Series, Durban, South Africa.*
- Graeff, J. (2009): The Organization, Issues and the Future Role of the Matatu Industry in Nairobi, Kenya. New York: CSUD Earth Institute.*
- Jeffs, C. (2012): Strategic Management. Sage Publications.*
- Johnson, G. (2009): “Measuring Organizational Performance: Towards Methodological Best Practice” Journal of Management, 35, 718-804.*
- Kioy, D., (2011): Matatu Entrepreneurs: A Study on Investors in Kenya’s Informal Transport Business, Saarbrücken: Lambert Academic Publishing.*
- Kourdi, J. (2009): Business Strategy: a guide to taking your business forward. London: Profile Books Limited.*
- Kumar, A. and F. Barret (2008): Stuck In Traffic. Washington DC: World Bank.*
- McCormick, D., W. Mitullah, P. Chitere, R. Orero and M. Ommeh (2011): Institutions and Business Strategies of Matatu Operators in Nairobi: A Scoping Study, ACET Project WP 2. Cape Town: University of Cape Town.*
- McCormick,D., W. Mitullah, P. Chitere, R. Orero, M. Ommeh, (2013): Paratransit Business Strategies: A Bird’s-Eye View of Matatus In Nairobi, Journal of Public Transportation, Vol. 16, No. 2, pp 135-152.*
- Meier, B., E. O’Toole, E. Boyne and F. Walker, (2010): Strategic Management: An Integrated Approach, 7th ed., Houghton Mifflin Company, Boston: New York.*
- Melchorita S. S. (2013): The Influence of Strategic Management Practices and Competitive Advantage on the Organizational Performance of Higher Education Institutions.*
- Mugenda, O.M and A.G. Mugenda (1999): Research Methods; Quantitative and Qualitative Approaches. Nairobi: Acts Press.*

- Mumero, M. (2005): Battle of the Buses in the Streets of Nairobi. African Review of Business and Technology 19: (2) 4.*
- Munoz, J., and A. Gschwender (2008): Transantiago: A Tale of Two Cities. Research in Transport Economics 22: 45-53.*
- Murimbika, M. (2011): Influence of strategic management practices on the entrepreneurial orientation of South African firms in the financial and business services sector. Dissertation, University of the Witwatersrand, Johannesburg.*
- Muturia, S.M. (2013): An Investigation of the Factors Influencing the Performance of Matatu Saccos in Kiambu County: The Case of Selected Matatu Saccos Operating in Thika Town, Kenya, Published Thesis, Kenyatta University, Nairobi.*
- Ofunya, F.A. (2013): Strategic management practices on Performance of Post banks in Kenya, International Journal of Business Management and Administration, 2(6), 122-141.*
- Orero, R., D. McCormick, W. Mitullah, P. Chitere and M.Ommeh (2012): Assessing progress with the implementation of the public transport policy in Kenya, Abstracts of the 31st Southern African Transport Conference, 9-12 July 2012 Pretoria, South Africa.*
- Pearce, J.A. and R.B. Robinson, Jr, (2009): Strategic Management: Formulation, Implementation and Stoner, J.A.F., Freeman.*
- Pearce. J. A. & Robinson, J. B. (2007): Strategic Management: Formulation, Implementation Control, 10th edition.*
- Wu, T. (2010): Strategic Choice-Johnson and Scholes stability, Feasibility and Acceptability Model. Learning Centre, News Update, pp. 16-20.*