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STRATEGIC MANAGEMENT FACTORS AFFECTING PERFORMANCE OF DEPOSIT TAKING SACCOS IN MACHAKOS SUB-COUNTY

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ABSTRACT

This study sought to investigate the strategic management factors that affect the performance of SACCOs. This study took place in Machakos sub-county which had 42 registered deposit taking SACCOs and studied the following objectives:- to determine the influence of management competency on performance of SACCOs, to examine the influence of corporate governance on performance of SACCOs in Machakos Sub- county, To examine the influence of ICT on performance of SACCOS , to evaluate the influence of competitive strategies on performance of SACCOs in Machakos Sub -county and to come up with recommendations on ways to improve sustainability and high performance of SACCOs. The study was guided by agency theory which identifies well with corporate governance structure and stake holder's theory which identifies well with cooperatives which were serving the interests of varying stakeholders in society. The study adopted a descriptive survey research design. By use of questionnaires, 42 respondents who comprised of chief executive officers and board of directors of the DT-SACCOs; who in this case were the target population, were interviewed. Data was collected using observation and key informant interviews. Simple random sampling was the main method of sampling techniques employed in this study. The findings was significant to the scholarly world in that it had informed further research on strategic management practices affecting the SACCO sector and informed management of the SACCOs as it would act as a guide to setting up strategies of improving their performance. In conclusion the study recommended that SACCOs should ensure that their management teams possess the necessary competencies and skills so as to ensure high effectiveness and efficiency in their management work. From the findings the study further recommended that SACCOs should ensure proper structures are in place, invest in recent and efficient ICT applications and continuously formulate and implement strategies that can set them apart from their competitors and improve their profitability and sustainability.

Key Words: *Management Competency, Corporate Governance, ICT, Competitive Strategies*

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INTRODUCTION

Managerial competencies contain a range of features required to accomplish some responsibilities explicit to organizational positions. The ownership and effective use of such capabilities aids effective staff management, which leads to the accomplishment of goals and targets by the organization. The growth of competencies is a lasting process which should be understood as a constant effort to advance one's skilled credentials (Witaszek, 2011). In this continuous growth process education and skill complement each other. However, occasionally they may wield undesirable effect upon the performance of tasks. On should always be careful that experience, in particular, does not affect the competencies through learned bad habits. An organization's core competencies form the internal strengths. Therefore, to achieve high performance; management which is very important in steering the organization forward needs to have the required competencies and capabilities that are unmatched by their industry rivals (Turek &Wojtczuk-Turek, 2006). Thus, having management with core competences turns out to be vital to competitive advantage. This is especially true in an era where existing business boundaries are been shifted by technology. Competencies enjoyed at the very roots of the organization lead to strategic advantage. Therefore, it is only through proficiency of numerous skills and a comprehensive command of their unlimited variety of users, a firm can achieve an extremely advantageous position (Brown & Davison, 2010). Managerial staff, who within their competencies delegate tasks striving towards increasing organization's profits, play a crucial role in every organization, regardless of its size or sector.

Competencies are a group of tendencies of a given individual to take certain actions (Witaszek, 2011). Managerial competencies' is a very wide concept and modern literature gives differences between various groups of competencies and further divides them into the following categories; basic competencies which include: cognitive skills understood as the ability to solve conflicts, the ability to adjust to the new surroundings, creativity; social skills which include good manners, conversation and negotiation skills; personal competencies such as conscientiousness, reliability, decision-making skills and stress management skills; competencies of executive nature, such as: task delegation and motivation skills and the ability to plan and communicate tasks; the ability to manage a team and build a strong team composed of co-workers (Witaszek, 2011). Other significant executive features include: a good knowledge of the sector, knowledge of sales techniques, and the ability to predict customer behavior and needs, knowledge of foreign languages, being able to relate to the organization, general and professional knowledge. One should note that competency is not a natural gift, but a quality developed by the managerial staff.

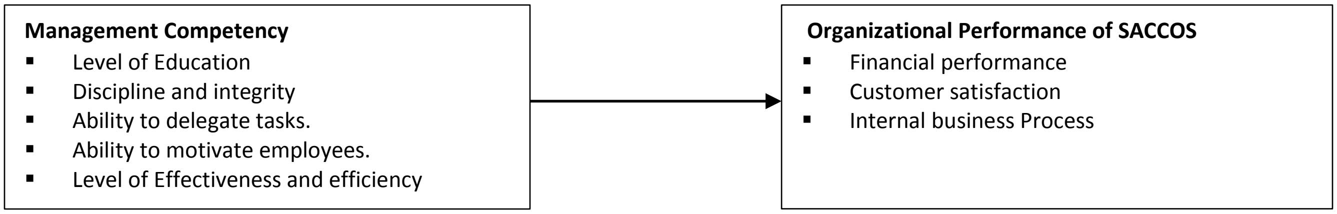
The multifaceted and multidimensional perception of competencies comprises a selection of tendencies of a human being which determine the effective performance of actions and fulfillment of organizational roles which have a diverse scope and structure. For some types of tasks and roles, very narrow predispositions are required, while for others, very extensive ones. Management theorists link the concept of competencies with an act that determines the quality of performance of particular tasks (Turek & Wojtczuk-Turek, 2006) .The author assumes (based on the analysis of reference literature) that managerial competencies refer to predispositions within one's universal and specialist knowledge, skills, personal features and attitudes, qualifications and professional experience, which guarantee efficiency and, as a result, effectiveness in the performance of professional tasks on an adequate level, which are undoubtedly important factors which influence the pro-market orientation (Wojcik-Kośla, 2013). In summary, managerial competencies consist of a wide range of features, and no manager in the world can have them all. The features are diverse dependent on the sector, specifics of manager's work or the necessities laid down for a manager. One cannot specify and determine which features are more and less significant, or which are not important at all. Most of all, every manager should have the capacity to obtain new competencies through the identification and conclusion of identified gaps.

All studies of organizational failure emanate from poor management (Noebere, 2000). The good performance of an organization is determined by how profitable it is which on the other hand is subject to the competency and prowess of the executive. The main goal of the executive which comprise of the chief executive officer and other below him is to ensure wealth maximization through performance. Management is usually overseen by the board of governors whose main aim is to ensure that managers are following the laid down policies and procedures while at the same time ensuring accountability. Managers therefore need to have the required management competencies, skills and abilities to steer the organization into the path of success. Such abilities range from having the required educational competencies to leadership skills and been visionary and charismatic.

Management is a combination of tasks that are geared towards the efficient and effective utilization of resources as a means to achieving one's objectives and goals (Kibera, 1996). The resources can be manpower, effort, time, raw materials and machines. A manager's main duties include, planning, organizing, directing, controlling and motivating. For DT-SACCOs to be successful the board of governors must elect good management teams that have the ability and skills to move the company forward. Integrity should also be put into consideration to avoid issues where managers misuse shareholders resources. Managers also need to be visionary leaders who are able to sell the organizations vision to all stakeholders therefore ensuring ownership and sustainability. Kirimi and Minja (2010) noted that many organizations fail due to lack of visionary leaders.

A manager's main tasks include planning. Cole (2010) argues that planning is deciding ahead what needs to be done and laying down a plan of how it will get done. Cooperatives do this by formulating plans of how shareholders money will be spent and these plans are then officiated by shareholders during annual general meetings and resources allocated to each activity. Preparing work plans also helps managers to plan their work. Sometimes however the management does not put into consideration the members approved budgets and these results in problems and conflict between the shareholders and management (Mudibo, 2009). Organizing is coordinating all activities and making sure things go as planned an activity that is left entirely on management and which sometimes leads to mismanagement of resources. A manager also has the responsibility of motivating the employees by ensuring their social, psychological and physical needs are met in the fulfillment of organizational purposes.

DT-SACCOs have Audit committees that are required to regulate the management however in most cases the management is also part of the audit committees. This reduces the level at which these committees are effective. Many societies elect leaders according to the popularity of the leader who may not necessarily possess management or leadership skills. This eventually leads to a poorly managed cooperative (Mudibo, 2009). Mudibo further noted that members have the authority and right to demand for accountability from managers and to expect that their resources are utilized for the intended purpose.



Independent variables **Dependent Variable**

Figure 1: Conceptual Framework

METHODOLOGY

The study assumed a descriptive research design meant at examining strategic management factors of SACCOs performance in Machakos Sub-county, Kenya. The study took place in Machakos sub- County and the population of the study consisted of all the chief executive officers of the 42 DT-SACCOs and all the 42 chairpersons of the boards of directors of the 42 DT-SACCOs in Machakos Sub-County. There were a total of 84 such respondents. The sample size was 50% of the population. This is in line with Mugenda and Mugenda (2003) who suggests that 10% or more of a population is adequate for a study. The sample size was 42 respondents who comprised of CEOs and chair persons of the board of directors. The sampling technique/design was simple random sampling. The choice of simple random sampling was that it avoided bias and also ensured that there was representativeness.

Questionnaires and informal interviews were used to collect primary data while annual reports of the SACCOs and reports from the Ministry of co-operative development and marketing were used to collect secondary data. The researcher used the drop and pick method which was favored for questionnaire administration so as to enable respondents to have satisfactory time fill the questionnaires.

RESULTS

The study targeted a sample size of respondents from which 36 filled in and returned the questionnaires leading to a response rate of 86 %. This response rate was considered satisfactory to draw conclusions for the study according to Mugenda and Mugenda (2003) requirements that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

The research revealed that the average weighted mean for management level of training was 4.25 which translated to great extent as per the measurement scale; in more refined words this implied that the manager's level of training affects the performance of SACCOs to a great extent. The study also noted that the level of training influences decision making process and how the managers viewed their business world hence improving efficiency and effectiveness. The research revealed that the average weighted mean for discipline and integrity was 4.75 which translated to a very great extent as per the measurement scale; in more refined words this implied that the manager's level of discipline and integrity affects the performance of the organization to a very great extent. The study also noted that the average weighted mean for manager's ability to motivate and mobilize employees to improve their work was 4.16 which translated to great extent as per the measurement scale; in more refined words this implies that the ability of a manager to motivate their employees influenced the performance of the organization to a great extent.

The research revealed that the average weighted mean for a manager's level of efficiency and effectiveness was 4.16 which translated to great extent as per the measurement scale; in more refined words this implied that the level at which managers are effective and efficient in their work influences the performance of the organization to a great extent. Lastly from the research findings, the study noted that the average weighted mean for a manager's ability to delegate work and empower junior staff was 4.08 which translated to great extent as per the measurement scale; in more refined words this implied that the ability of a manager to motivate and empower other staff affects the performance of the organization to a great extent. The findings of this study were in line with management theorists who connected the concept of competencies with an action that determined the quality of performance of particular tasks (Turek &Wojtczuk-Turek, 2006). These findings also agreed with that of Pearce and Robinson (2005) who found out that leadership affect performance. Leadership is extensively defined as very important in actualization of strategy. However, bad leadership mostly from the executives was noted to be a major challenge to success of an organization (Hrebiniak, 2005).

The study concluded that management competency has an active and direct role in performance. Discipline, level of effectiveness and efficiency and integrity affected the performance of the organization. Managers who show great levels of discipline and integrity also lead their organizations to higher performance.

RECOMMENDATION

In view of improving performance DT-SACCOs in Kenya; the study recommended that SACCOs in Kenya should employ competent and skilled management teams who have the ability to transform and move forward their organizations

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