



INFLUENCE OF STRATEGIC LEADERSHIP ON PERFORMANCE OF DT-SACCOS IN EMBU COUNTY

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ABSTRACT

The study examined the influence of strategic leadership on performance of deposit taking SACCOS. The study took place in Embu County which according to SASRA 2020 had six registered Deposit taking SACCOS. The study was guided by Stakeholders' theory which identifies well with cooperatives and serves the interests of varying stakeholders in the society and Resource-Based View theory which advocates for better use of internal resources of an organization. The target population of the study was all the Management staff (CEOs and Head of departments) at the head offices of the six registered deposit taking SACCOS in Embu County. The study took on a descriptive research design and used both quantitative and qualitative methods of collecting data. A semi-structured questionnaire used as the instrument of collecting data was administered to the chief executive officers and departmental managers of the six deposit taking SACCOS, who were the study population. The study used census with the attempt of gathering information from the targeted study population. The collected data was analysed with the use of Statistical Package for Social Sciences (SPSS) Software and a regression model was used to assess the extent to which the independent variable influenced the dependent variable. From the analyzed results all the 54 responds were available during data collection, making a total of 100% of available response rate. The findings indicated that strategic leadership influences the performance of DT-SACCOS. A pilot test was done to determine whether there was any significant correlation between strategic leadership and performance and Cronbach's alpha method was used to assess and compute alpha values. The study concluded that strategic leadership positively influenced performance of DT-SACCOS and recommends Strategic leadership was found out to be a key factor that affects performance in deposit taking SACCOS in Embu County therefore the study recommended that the management of the deposit taking SACCOS continue to use effective leadership roles in ensuring that the goals for the SACCOS are well articulated by all the employees.

Key words: Strategic Leadership, Performance, Deposit Taking SACCOS

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INTRODUCTION

Strategic leadership is all about how organizations effectively manage strategy making process in order to create competitive advantage. According to Okibo and Agili (2015), strategic leadership is trying to cope with changes in the organization's environment and also leading an organization to constructive change by setting direction, resource alignment with systems, inspiration and motivation of the workforce. It is all about creating vision and strategies and providing of focus which allows realistic planning to be carried out. In strategic path, leaders need to have transparency of ideas and purpose which are expressed through vision and mission statement and objectives of the organization. People motivation involves satisfaction of their basic needs, having a sense of belonging, recognition, feeling of control over one's life and the ability to have a good life and have self-esteem.

Strategic leadership involves ensuring that organization's resources are well utilized to enhance its survival and prosperity. Resources in the organization can either be tangible or intangible and the efficiency and effectiveness of their use depend entirely on not just their existence but how they are managed. Strategic leadership ensures that there is good cooperation between people, their innovatory capacity, their adaptability to changes, good relationship with all stakeholders and enhance there is proper experience and learning about what works well and what does not in the organization.

Strategic leadership should stress on having skills and capabilities in the organization. Competence according to Pearce and Robinson (2013) is the actions and methods through which an organization positions its resources well for greater performance. According to Halawi, Aronson and McCarthy (2015), to implement valuable competences, capabilities and strategies for organization operations and activities that encourage competitive advantage and achievement of the organization performance,

strategic leadership is the basis in which organization's vision, mission and objective are explained. Strategic leadership in organizations leads to achievement of high performance and customer satisfaction hence organizational success in all its undertakings.

Problem Statement

The SACCO sector in Kenya is the largest in Africa and seventh worldwide (Ademba, 2010). The movement of SACCO in Kenya is made up of 20% of the country's savings; hence SACCOS are vital components in the country's economy and social development. However, inadequate strategic management factors have been a challenge facing especially DT-SACCOS in Kenya. It is worth noting that every organization is created with the intention of achieving precise ends of creating value for owners and other stakeholders. Most of DT-SACCOS are managed by individuals appointed by members and these individuals are not familiar with strategic leadership issues. Therefore, it is important for DT-SACCOS to make sure that leaders are strategically trained on how to manage the organization with the aim of attaining greater performance, quality delivery of services, how to venture into new businesses and how to engage on corporate social responsibility issues. Hence this study wanted to fully uncover if DT-SACCOS in Embu County had embraced this strategy of strategic leadership in managing their SACCOS.

Purpose of the Study

The purpose of the study was to assess the influence of strategic leadership on performance of DT-SACCOS in Embu County.

LITERATURE REVIEW

Stakeholders' Theory

This theory was pioneered by Edward Freeman in 1984 and stresses on the unified association between a business and its interested party. The theory stressed that organizations through good strategic leadership should create value for all stakeholders not just the shareholders because stakeholders are those groups without whose

support the organization would cease to exist. Managing stakeholder relationships is useful once identified and analyzed for fit. That is, the firm must make equilibrium between its goal and of its stakeholders.

With good leadership that has the organization's strategy at hand, assessing of attention that stakeholders have in the firm, the firm must become aware of the type of interests the firm has on stakeholders as well as what interests the stakeholders have on firm. According to Freeman (1984) these interests are classified into social, economic, technological managerial and political. He further pointed out that the stakeholders have economic, equity, financial or influence and the power that they exert as formal or voting power, economic power or political power in the firm and therefore there should be provision of motivating principles logic to stakeholder analysis. The theory further emphasized on handling all stakeholders with fairness, honesty and generosity (Harrison et, al., 2015). More resources were distributed for the purpose of satisfying the needs and demands of stakeholders in order to retain their deliberate participation in productive process of the firm. Stakeholders' theory promoted practicability, efficiency, effectiveness and ethical way of managing the organization within a highly complex environment.

METHODOLOGY

The study population comprised of the six registered DT-SACCOs in Embu County with the target population being six (6) CEOs and forty eight (48) departmental heads based at the head offices of the DT-SACCOs. A census method was used because the whole target population was expected to respond the data collecting instrument. The study assumed a descriptive research design which sought to determine the influence of strategic leadership on performance of DT-SACCOs performance in Embu County. The study examined this variable among the respondents and collected data through self-administered semi-structured questionnaire and consequently came up with recommendations to DT-SACCOs which sought to improve performance of these SACCOs. The data collected was analyzed using both descriptive and inferential statistics and presented in the form of frequency distributions and means for descriptive statistics and tables for inferential statistics. The data was analyzed using the Statistical Program for Social Sciences (SPSS) as a tool.

FINDINGS

Descriptive Finding

The objective in this study was to assess the influence of strategic leadership on the performance of DT-SACCOS in Embu County. The findings were as tabulated below;

Table 1: Strategic Leadership and DT-SACCO Performance

	Mean	Std. Deviation
Leadership	4.5000	.54079
Routine review	3.6852	.63911
Management well conversant	4.0185	.62919
Stakeholders' involvement	3.6481	.97434
Proactive measures	3.9815	.62919
Management Participation	3.9630	.72588
Legal Requirement	4.9444	.23121
Aggregate Score	4.105	0.624

The findings as per table above showed that majority of the respondents were in agreement that the management ensured there was legal requirement compliance that promoted the

stability of the SACCOS as indicated by a mean of 4.944. The respondents were also in agreement that leadership in their SACCOS enhanced coordination within the SACCOS that improved

performance and especially service delivery as indicated by a mean of 4.5. In addition, the respondent agreed that management was well conversant with the existing strategic plans and communicated them to the workforce this making workers to offer quality services to customers for enhanced performance as indicated by a mean of 4.01. The fact that leaders in the SACCOS encouraged proactive rather than reactive measures of change implementation thus minimizing resistance from workers for enhanced performance was indicated by a mean of 3.98 showing that respondents agreed that this was something affecting performance in their SACCOS.

Management participation in strategy formulation with intention to ensuring that resources are allocated adequately for greater performance was pointed out by a mean of 3.96 this indicating that strategy formulation were well implemented when those in management were involved in the process of creating them. Routine review of work output by leaders enhanced work performance in the SACCOS because workforce was motivated as indicated by a mean of 3.68. This is a key suggestion that when leaders checked employees work output, there was more likelihood of better performance than if they did not. Lastly, on whether key stakeholders are involved in strategic decision making by management, an indication by a mean of 3.65 insinuated that involvement of stakeholders in the process of strategic decision making, performance is enhanced and this gave DT-SACCOS the capability to grow.

Inferential Findings

Table 2: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	.840	.593			1.417	.163
Leadership Variable	.550	.145	.442		3.795	.000

From the findings above the results indicated that strategic leadership had a statistically significant effect on performance in that their P-Values were below 0.05. A unit increase in strategic leadership

A mean of 4.104 and a standard deviation of 0.624 on the overall showed that strategic leadership as an independent variable was a major component that influenced performance in the Deposit-Taking SACCOS in Embu County. The leadership has a pivotal role in guiding the SACCOS to ensure compliance with legal requirements which could otherwise lead to fines and closure of business. Compliance with the legal framework set in place by the regulatory bodies ensured that the SACCOS acted and undertook their functions as stipulated by law thus they were shielded from lawsuits and other losses that may arise from non-compliance. The synergy and coordination was a key thing that managements in these SACCOS have worked on to ensure that they existed to improve performance and service delivery to their clients. This ensured that customers are professionally served thus they are retained for longer periods.

The findings are in agreement with Nyamao (2016) who studied on how performance of small and medium enterprises in Kenya was effected by strategic leadership and uncovered that the leaders of SMEs in Kenya needed to determine the vision and strategic purpose in their organizations that ensured movement to the same direction by the leadership and employees hence integrating the goals of the organization with those of the individuals. The finding also agreed with Kabetu (2018) who found out that effective management of resources by every leader was needed as an aspect that enhanced the competitive advantage in the organization over its rivals.

would lead to an increased performance by 0.550. This meant that strategic leadership had a 55% influence on performance of DT-SACCOS in Embu County.

SUMMARY

The study discovered that there was strategic leadership in the DT-SACCOS that ensured there was a strict adherence to the legal requirements that are stipulated in the industry in order to ensure compliance and that the DT-SACCOS remained afloat. Most of the respondents were also in agreement that the leadership in their DT-SACCOS was important in ensuring coordinated efforts are in place at the respective SACCOS thus leading to improved performance and service delivery was at its highest levels. The study also indicated that there were good communication channels which were used to communicate the existing strategic plans thus the employees felt part of the team of the SACCOS allowing them to work diligently all in pursuit of a common well set up goal of their SACCOS.

The study also revealed that the leaderships of the SACCOS were engaging in preferring the generation of ideas that would lead to solutions even before they affected the Sacco. That was through being proactive in handling issues that affected their SACCOS leading to lesser downtimes and at the same time encouraging teamwork among the employees. Routine review of work was also a key issue that was found out in this research in that with constant review of outputs at work ensured that there was timely resolve of errors that could occur and also led to the employees being keener as nothing would go un-noticed for long. The study also revealed that key stakeholders are involved in strategic decision making by management thus leading to a deeper understanding of the key

elements required for success in the respective DT-SACCOS.

CONCLUSION AND RECOMMENDATION

The study concluded that strategic leadership was an integral part in enhancing performance of the deposit taking SACCOS in Embu County. The leaderships of these SACCOS have ensured strict compliance with the legal provisions that govern the industry thus this has led to professionalism in the execution of roles and duties by the respective SACCOS. Through proper communication to the stakeholders in regards to the strategic plans for the Sacco the management has managed to bring everyone on board and thus there is alignment in the key resources in the SACCOS. Management of these SACCOS have ensured the involvement and participation of different stakeholders in strategy formulation in ensuring that while the resources are aligned that there is synergy thus ensuring greater performance.

Strategic leadership was found out to be a key factor that affects performance in Deposit Taking SACCOS in Embu County therefore the study recommends that the management of the Deposit Taking SACCOS continue to use effective leadership roles in ensuring that the goals for the SACCOS are well articulated by all the employees. Proper leadership was pivotal in ensuring that the Sacco heads to the right direction following the laid-out policies by government and at the same time ensuring strategies are well formulated and rolled out.

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