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INFLUENCE OF STRATEGIC POSITION ANALYSIS ON PERFORMANCE OF MATATU SAVINGS AND CREDIT COOPERATIVES IN KENYA

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Strategy

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Abstract

Purpose: The study aimed at establishing the influence of strategic position analysis on performance of Matatu Savings and Credit Cooperatives in Kenya.

Materials and methods: This study adopted a mixed design approach using quantitative cross-sectional survey including causal and descriptive research designs. The target population was 635 registered Matatu Saccos according to (NTSA,2015). Random sampling was adopted as it is advantageous for objectivity. A sample size of 245 was obtained for the study. Primary data was required to gain deeper insight and a better interpretation of the quantitative data. The researcher used a questionnaire for this. In this study, quantitative data was coded and analyzed, while content coding was used in coding the qualitative data. Statistical techniques such as measures of central tendency, dispersion, symmetry and inferential statistics were used to analyze the data. In descriptive analysis, the raw data of the indicators was analyzed and presented in frequency tables and graphs for all the variables depending on the nature of the categorical data of the indicator.

Results: The results of the analysis indicated that strategic position analysis has a positive relationship with performance of Matatu Saccos. The strategic position analysis was concluded to have a 0.132 influence on performance of Matatu Saccos.

Recommendations: All Matatu Saccos should seek strategic planning process .The National Transport and Safety Authority should make it possible for all Matatu Saccos to be registered and adhere to the regulations. Strategic planning process bring in new and fresh ideas to Matatu Saccos and a being a catalyst for change in an organization which brings growth and success to the organization.

Keywords: *Strategic position analysis, performance, Matatu Savings and Credit Cooperatives in Kenya.*

1.0 INTRODUCTION

1.1 Background to the Study

Co-operatives are user owned and user benefited organizations that could be agricultural, non-agricultural, unions or savings and credit co-operatives (SACCOs) which operate in different sectors of the economy including agricultural, handicraft, juakali, transport, housing and development, building and construction, consumer services, banking and finance (Gamba & Komo, 2010). Co-operatives are being considered useful mechanisms to manage risk for members in agricultural or other similar co-operatives that help salary/wages earners save for the future through a soft felt monthly contribution that is deducted from source, own what might be difficult for individuals to own by their efforts, strengthen the communities in which they operate thorough job provision and payment of local taxes.

In addition to the direct benefits provided to members, co-operatives strengthen the communities. According to Somavia (2002) a co-operative is specifically seen as a significant tool for the creation of jobs and for the mobilization of resources for income generation. Many co-operatives provide jobs and marketing and pay local taxes and operate in specific geographical regions. The policy objective of the Kenyan co-operative was to spur sustainable economic growth by focusing on achievement of desired outcomes through strengthening of the movement, improving co-operative extension service delivery, corporate governance, access to markets and marketing efficiency (IMF, 2007).

1.2 Matatu Saccos in Kenya

To bring sanity to public transport, Matatu and bus operators have to organize themselves into Saccos or companies for ease of management and enforcement of discipline. According to NTSA (2015) 635 Matatu Saccos and companies have been registered. Matatu Saccos contribute ksh 4 billion insurance premiums every year and ksh 1billion taxes annually. Matatu Saccos have played a significant role in the growth of public transport. Saccos are proved to be the most viable way of managing large public transport fleets and pioneers in changing the image of public transport which was dominated by rogue drivers and touts who did not follow traffic rules. Public service vehicles (PSV) in Kenya operate in major towns as well as in rural areas. Matatus are small scale transport that exists nearly all over the world. The vital role of the Matatu Saccos in national development has been observed. It is important for managers, scholars and policy makers to know from empirical research, how strategic planning process affects performance.

Co-operatives are a major economic force in the economy. Statistics show that 63% of the population derive livelihood directly or indirectly from co-operatives. The enterprise mobilizes 31% of the national savings and also contributes 45% of the GDP to the Kenyan economy (Economic Survey, 2005). According to the Ministry of Co-operative Development and Marketing, it was estimated that there were around 25,000 public service vehicles operating in the country by December 2010 and over 445 Matatu Saccos had been registered

1.3 Statement of the Problem

The Matatu sector in Kenya is a key driver of the economy that keeps recording significant positive contributions and growth. The sector is an employer of thousands of Kenyans who would otherwise

be unemployed. The sector is hugely responsible for the flexible movement of Kenyan workers and the general public as they go about their daily activities in an effort to contribute to nation building. In terms of absolute figures, the sector contributed about 3% to the country's GDP in 2008, 3.5% in 2009 and 5.9% in 2010. The Sacco movement within the Matatu sector was introduced in 2010 and since then, the sector has witnessed decrease in growth. In 2011, the sector generated a GDP of 5.0%, 4.7% in 2012, 4.5% in 2013 and 4.2% in 2014 (KNBS, 2014). According to the economic survey report of 2015, this statistical analysis shows a trend of a decrease in growth in the sector between 2010 and 2014 in the economy. This study seeks to find out causes of decline in performance since introduction of Matatu Saccos in Kenya.

Aldehayyat and Twaissi (2011) indicate that little attention has been given to the study of strategic planning process in small businesses in the developing countries. Small businesses do not have the means to ensure continuous implementation of strategic planning process. Adegbie and Fakile (2013) investigated strategic planning process and performance: catalyst for sustainability and stability in the Nigerian financial sector using multivariate analysis of variance (MANOVA) model. The findings from the empirical study revealed that strategic planning process was not properly instituted. Oloo (2012) also investigated the challenges of strategy implementation in Public Corporations in Kenya. The study adopted a descriptive research design in which 189 respondents were sampled using census survey. The study targeted the personnel in charge of planning in the organizations. The study established that staff resistance to change and lack of skills to some extent affected the implementation of strategies by the organizations.

Alaka, Abass and Tijiani (2011) conducted a study on impact of strategic planning process on the performance of insurance companies in Nigeria using Analysis of Variance (ANOVA) technique. Their findings showed that strategic planning process enhances customer patronage and reduces unethical practices in Nigeria insurance industry, thus indicating that strategic planning process can prepare companies irrespective of sectors for the future, establish long term goals and direction and indicate the company's intent to stake out a particular business position. The previous studies on strategic planning process and performance have focused on banks and Saccos but no study has been done on influence of strategic planning process on performance of Matatu Saccos. This study seeks to fill the gap in the literature by focusing on the influence of strategic position analysis on performance of Matatu Savings and Credit Cooperatives in Kenya. The previous studies adopted descriptive research design but this study will focus on cross sectional survey design.

1.4 Objective of the Study

To establish the influence of strategic position analysis on performance of Matatu Savings and Credit Cooperatives in Kenya.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Resource Based View Theory

Resource Based View (RBV) states that firms compete on the basis of their resources and capabilities. The resource based view assumes that firms within an industry may be

heterogeneous with respect to the bundle of resources that they control. Secondly, it assumes that resources heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms and are difficult to accumulate and imitate (Barney, 1991; Peteraf & Bergen, 2003).

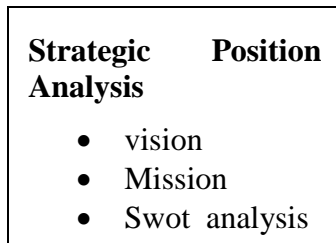
A resource based view of firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their actions cannot be imitated by competitors which creates competitive advantage barriers (Hooley & Greenley, 2005). Phillips and Peterson (1991) assert that formal strategic planning process and its underlying processes can contribute a source of competitive advantage. For instance an effective strategic planning process that entails exceptional scanning of an environment may be considered the type of competence that could allow it to identify opportunities before competitors. Small businesses are noted to have unique characteristics such as flexibility, inadequate resources such as time, low management capacity and technical expertise.

These special characteristics and circumstances make strategic planning process vital for effective management of Matatu Saccos. It is noted that all the resources a firm may contribute is sustainable (Helfat & Peteraf, 2003). The theory argues that strategic planning process will not continue unless there is resources. Performance of Matatu Saccos requires adequate resources to achieve competitive advantage over their competitors. The above Resource based view informed the choice of strategic position analysis, environmental scanning, strategic formulation, strategic implementation and evaluation and control as study variables.

2.2 Conceptual Framework

The variables to be considered when studying influence of strategic position analysis on the performance of Matatu Saccos in Kenya are; vision Mission and Swot analysis. Dependent variable (performance) was measured by capital adequacy, assets quality and liquidity.

Independent Variables



Dependent Variable

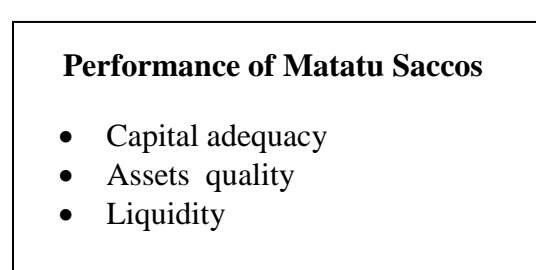


Figure 1: Conceptual Framework

2.2.1 Strategic Position Analysis

According to Faria (2002), he argues that in defining the business mission it should be based on a careful analysis of benefits sought by present and potential customers and analysis of existing and anticipated environmental conditions. A mission statement should focus on the market or markets the organization is attempting to serve rather than on the good or service offered. Otherwise, a new technology may quickly make the good or service offered obsolete and the mission statement

irrelevant to company functions. Donnelly (2007) notes that it is important that the mission statement comes from the heart and is practical, easy to identify, easy to remember so that it will provide direction and significance to all members of the organization regardless of their organizational level.

2.2.2 Performance of Matatu Saccos

Mvula(2013) presented a report on common issues affecting performance of Saccos and pointed out that the issues affecting performance of Saccos are inadequate capital, poor asset quality, poor governance, poor profitability, poor liquidity and compliance. CAMEL (capital adequacy, asset quality, management competency, earning quality and liquidity) analysis is approach for researchers to measure bank financial performance (Douglas, Lant & Scott, 2014). The CAMEL framework also uses the financial ratios and analysis but evaluates in categories such as capital adequacy, asset quality, management competency, earning quality and liquidity. Mwangi (2008) the rate of getting dividends are generally lower than those in developed countries, therefore better dividend policy should usually be a priority for Saccos in developing countries. Default on loan payments poses the greatest risk to stability of the multi-billion shillings savings and credit co-operatives (Saccos).

2.3 Empirical Literature Review

2.3.1 Strategic Position Analysis

A number of studies have been executed by several scholars on the subject matter. Adegbe and Fakile (2013) investigated strategic planning process and performance: catalyst for sustainability and stability in the Nigerian financial sector using multivariate analysis of variance (MANOVA) model. The findings from the empirical study revealed that strategic planning was not properly instituted and in some cases missing in some financial sector which created a serious problem for the nation in a related development. Strategic planning process has positive influence on performance of Nigerian Financial sector.

Falilat (2013) examined strategic marketing planning and the Nigerian banking industry. Using Chi-square technique, he found that marketing department is the main revenue generation in the banking industry. Therefore; he concluded that for a bank to be successful in its goals and objectives for processing an increase in long run profitability it has to develop good marketing plan and strategy. The study concluded that strategic marketing planning has positive influence to achievement of organizational goals hence performance.

Study by Obasan and Ogunkoya (2013) investigated strategic planning process and bank management in Nigeria: Issues for policy consideration; employing regression and correlation between bank management, strategic planning and bank distress meaning that there are other factors which ultimately determine bank distress such as the government economic policies. The study concluded that strategic planning process and management had positive significant impact on performance. Alaka, Abass and Tijiani (2011) conducted study on impact of strategic planning process on the performance of insurance companies in Nigeria using Analysis of Variance (ANOVA) technique. Their findings showed that strategic planning process enhances customer patronage and reduces unethical practices in Nigeria insurance industry. Thus indicating that strategic planning process can prepare companies irrespective of sectors for the future, establish long term goals and direction and

indicate the company's intent to stake out a particular business position. The study concluded that unethical practices negatively affect performance. The null hypothesis to be tested was:

H₀₁: Strategic position analysis had no significant influence on performance of Matatu Savings and Credit Cooperatives in Kenya.

2.3.2 Performance of Matatu Saccos

Mohammad, Ridwan, John (2012) did a study on Strategic Planning process on Organizational Performance in the Regional Government Owned Banks in Indonesia. The purpose of the study was to investigate the link between strategic planning process and organizational performance in the regional government owned banks in Indonesia. The main objective was; to determine the link between strategic planning process and performance. This study employed a qualitative research method for a framework in this study.

The other findings revealed that by creating a sharp link between goals, plans and resources during strategic planning process, the organization would much better select action plans based on their advantage, cost and return on investment (ROI) and assess the attractiveness of numerous strategies versus the cost of their achievement. Environmental scanning revealed that the constant scanning of the external environment of the three banks was crucial for the effective strategic planning decision making hence positively influences performance.

Anamel *et.al* (2012) examined liquidity risk management practices of Islamic Banks of Brunei Darussalam from two perspectives. The first part covered the issue related to understanding risk, risk assessment and analysis, risk identification, risk monitoring, credit analysis and risk management practices. The second part covered the methods of risk identification in addition to risks faced by the Islamic banks. The study revealed that there are three significant types of risks that face the Islamic banks in Brunei Darussalam. The first type of risk is foreign exchange risks and the second type is credit risk and finally the operation risk. The most important methods used in risk identification of Islamic bankers, the results revealed that inspection by Sharia's supervisors', executive and supervisory staff; audit and physical inspection; financial statement analysis; and risk survey are the most significant factors of risk identification and positively affect performance. The study concluded that liquidity risk management practices positively influence performance.

According to a study done in KIFI SACCO (Kibaigwa Financial Services and Credit Co-operatives) in Tanzania in 2011 it was observed that management leniency on loan follow ups seemed to have been going for some time. In 2006 the board extended the repayment time for a year for all agricultural loan debtors. One of the key factors that is likely to influence performance in Sacco's microfinance institutions and commercial banks is loans defaulting. The lending modality is one reason influencing loan repayment. There are more factors that have an effect on settling loans which include; inadequate loan follow ups by management, inadequate collateral verification, and bad repayment system and members failure to honour their obligations (Karumuna & Akyoo, 2011). The study concluded that failure to repay loan negatively affects performance.

3.0 METHODOLOGY

This study adopted a mixed design approach using quantitative cross-sectional survey including causal and descriptive research designs. The target population was 635 registered Matatu Saccos according to (NTSA,2015). Random sampling was adopted as it is advantageous for objectivity.

Given that the population size of 635 is finite, the study adopted sampling techniques for finite population to determine the sample size. Slonim (1960) provided a formula to use in determining the sample size for a finite population given by;

$$n = \frac{N}{1 + Ne^2}$$

Where;

N is the population size

e is the marginal error

n is the sample size

The formula has also been proposed by Anderson, Sweeney and Williams (2004) and has also been adopted by researchers such as Wachiuri (2015). From the sample size calculations, the study randomly selected 245 respondents from the population of 635.

The sample for the study was therefore obtained as follows;

$$n = \frac{N}{1 + Ne^2}$$

Taking a marginal error of 0.05 and the population of 635,

$$n = \frac{635}{1 + 635 \times 0.05^2}$$

$$n = 245$$

Primary data was required to gain deeper insight and a better interpretation of the quantitative data. The researcher used a questionnaire for this. In this study, quantitative data was coded and analyzed, while content coding was used in coding the qualitative data. Statistical techniques such as measures of central tendency, dispersion, symmetry and inferential statistics were used to analyze the data. In descriptive analysis, the raw data of the indicators was analyzed and presented in frequency tables and graphs for all the variables depending on the nature of the categorical data of the indicator.

4.0 RESEARCH FINDINGS AND DISCUSSIONS

4.1 Response Rate

The study was conducted in Kenya, and targeted a population of 635 Matatu Saccos registered by NTSA. Given the population size, the study was conducted considering a sample size of 245 registered Matatu Saccos. Out of these 245 Saccos, 199 responded, translating to an overall response rate of 81.22% (See Table 1).

Table 1: Response rate

Sampled	Responded	Response rate (%)
245	199	81.224%

4.2 Missing Data Analysis

Mugenda (2008) and Tabachnick and Fidell (2007) state that, missing data is one of the most common problems in data analysis process. As expected when collecting data, some respondents adamantly refuse to respond to some questions.

Table 2: Missing data analysis

Missing Response	Respondents	Percentage	Cumulative Percentage	Action
2%	192	96%	96%	Retained
5%	4	2%	98%	Retained
7%	2	1%	99%	Retained
14%	1	1%	100%	Deleted

The table 2 shows the percentage of responses that were missing in any random variable. There are no agreed principles of what constitute large amount of missing data. However, researchers suggested that less than 10% of missing data on a particular variable or response is not large and does not constitute large amount of missing data (Cohen & Cohen, West & Aiken, 2003). Those respondents that had more than 10% missing responses in any of the whole questions asked were candidates for deletion.

Only 1 respondent was deleted who had more than 10% of the response missing and the overall sample was reduced from 199 to 198. Tabachnick and Fidell (2007) suggests that cases that have less than 10% missing responses could be allowed for further analysis subject to dealing with missing responses empirically. The study examined the missing responses and concluded that they were independent and missing completely at random. With this in mind, the study did impute for the missing values by replacing it using median as one element of measures of central tendency (Yohai, Stahel & Zamar, 1991).

4.3 Demographic Information

The background information of the Sacco was analysed and reported in graphs. The respondents were asked to state their years of experience with the Saccos. As presented in figure 2 below, majority (125) of the respondents had only 1 to 5 years of experience. 26 of the respondents had 6 to 10 years of experience. Only one respondent had between 11 to 15 years of experience and 3

of the respondents had over 15 years of experience. This indicates that most of the employees in the Matatu Saccos studied in Kenya have 1-5 years of experience working in Matatu Saccos.

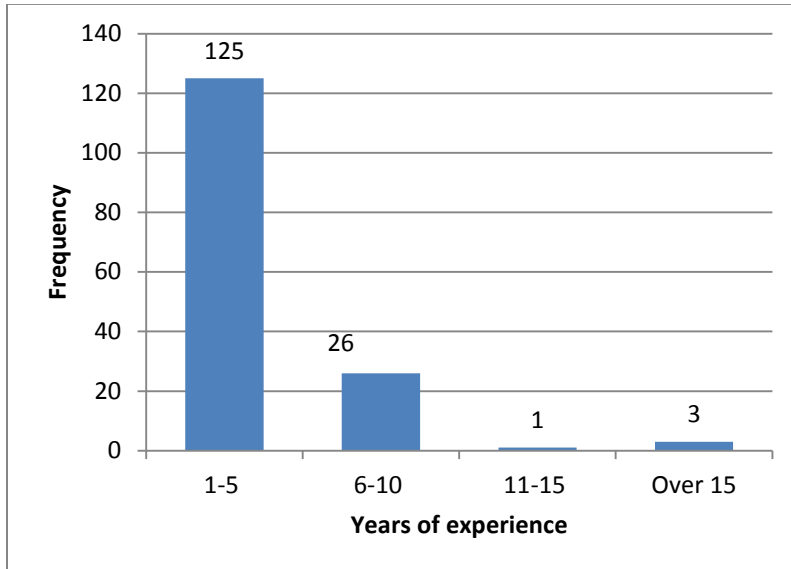


Figure 2: Years of experience.

Studies (Heide, Gronhaug & Johannessen, 2002) support these view and point out that many strategies fail because adequate resources were not decisively allocated at the beginning in line with the requirements of a new strategic direction. This was because allocation of resources was an essential part of strategy implementation. Without sufficient resources an organization may find it difficult to implement the strategy. Examples of these resources are finances, material, human resource, skills and knowledge. The study concluded that adequate resource allocation positively influences performance. Mankins and Steele (2005) observed that companies typically realize only about 60 percent of their strategies potential value because of defects and break down in planning and execution. Herold (1992) surveyed 10 companies comparing performance of formal and informal planners over a seven year period. He concluded that formal planners outperform informal planners supporting the results of Thune and House. They concluded that formal strategic planners positively affect performance.

The respondents were also asked on highest level of education by Sacco employees. Majority (91) of the Saccos have employees with up to diploma level of education. There are 17 Saccos with employees with only up to certificate level of education. There are also 43 Saccos with employees who hold bachelor's degrees and 4 Saccos with masters' holders as employees. None of the Saccos had PhD holders as employees. The results to this item were presented in figure 3. This indicates that most of the Matatu Saccos studied in Kenya have attained bachelor's degree and diploma levels of education. The Matatu sector has four employees with masters and no employee with PhD. This explains why they did not require highest qualifications because most Matatu owners are not well educated to understand the need to employee workers with higher qualifications to help in implememntation of strategic planning processes in Matatu Saccos in Kenya.

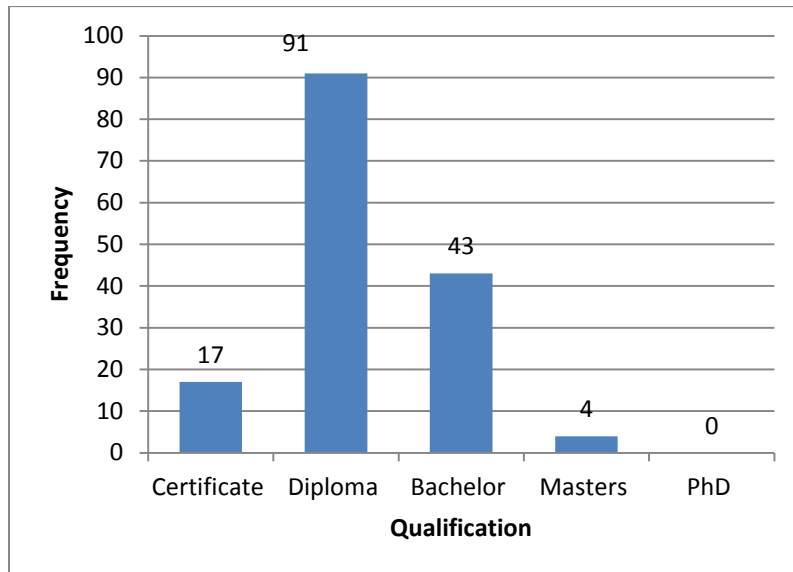


Figure 3: Highest academic qualification

Odhiambo (2006) carried out a study on challenges of strategic plan implementation on Non-Governmental Organizations in Kenya. The study observed that most Non –Governmental Organizations are faced with challenges during strategic plan implementation which included; employee motivation, resources allocation, communication and introduction of change. In Kenya reforms have attempted to improve private sector development. They are aimed at changing the perception about government from being viewed as an obstacle to development which must be removed. Accountability in the use of public resources and efficiency in service delivery. To improve performance, corporate governance and management in public service was through performance contracts. The study concluded that performance contracting together with employee’s motivation, resource allocation and communication strongly influences performance.

KIPPRA (2013) conducted a study on Factors influencing Organizational Strategy Implementation clearly indicating that organizations failed to achieve their objectives in the long run due to improper planning .However, from the findings of previous studies little has been done on factors affecting the implementation of strategic plan. Mawanda (2008) conducted a study to establish the effects of internal control systems on financial performance in an institution of higher learning in Uganda while Jones (2008) compared internal control accountability and corporate governance in Medieval and modern Britain. The studies aimed at establishing if there exist a link between the effectiveness of internal control and the financial performance of an institution and also seek to establish the duration of time that internal control has been in existence.

Mawanda carried out a study in Uganda’s institutions of higher learning and did a case study on Uganda Martyrs University during the year 2008 and concluded that there was a significant positive relationship between internal control systems comprising of control environment,

internal audit and control activities one hand and financial performance as measured by liquidity, accountability and reporting on the other hand. The researcher was of view that Matatu Saccos do not need highly qualified employees with PHD and masters since most work done was clerical suitable for mostly certificate and diploma holders.

Regarding number of employees in the Saccos, the results were presented in figure 4. Majority (80) Saccos had 20 to 50 employees while only 6 Saccos had 1 to 10 employees. There were 49 Saccos with 10 to 20 employees, 14 Saccos with 50 to 100 employees and only 6 Saccos had up to over 100 employees.

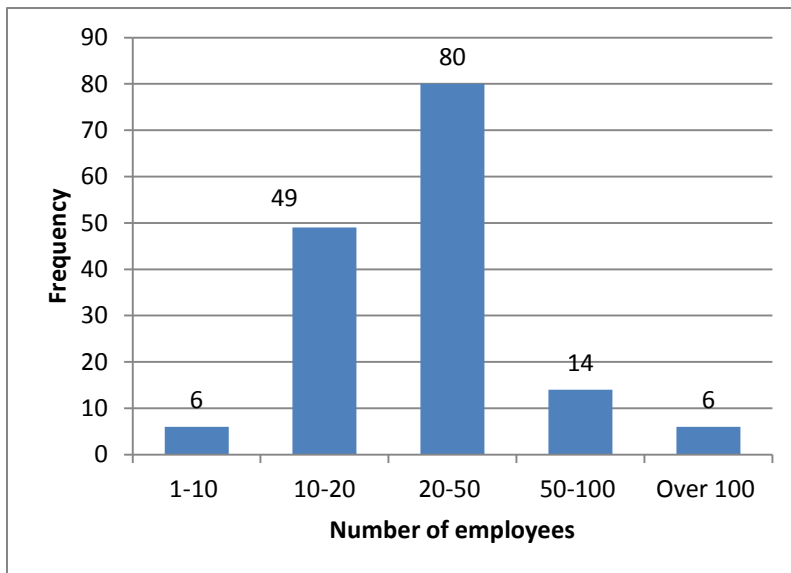


Figure 4: Number of employees

A study conducted by Konzo(2012) in Tanzania on the Relationship between Strategic plan Implementation and Performance of manufacturing firms clearly indicated that strategic plan implementation was a determinant of any successful organization and was realized by organizational culture and determination by all employees. Strategic implementation strongly has positive influence on performance. Oloo (2012) also investigated the challenges of strategy implementation in Public Corporations in Kenya. The objectives of the study were to establish the challenges in strategy implementation in public corporation and the possible solutions to the challenges. The study adopted a descriptive research design in which 189 respondents were sampled using census survey. The study targeted the personnel in charge of planning in the organizations. The study established that staff resistance to change and lack of skills to some extent affected the implementation of strategies by the organizations.

Njeha and Mwangi (2010) conducted a study on the effects of enterprise resource planning systems on firm's performance .A survey of commercial banks in Kenya. The study had five objectives of finding out how the financial resource availability, organizational complexities, employees' perceptions, regulatory requirements and having a top management support affects the effective implementation of ERP systems which in turn will affect the firm' performance.

The research adopted a descriptive design employing the use of mainly questionnaires as the primary data collection tool. The researcher was of view that the lower the number of employees the higher the performance since it reduces on wage bill and maximize returns in profit generated.

4.4 Strategic Position Analysis

Strategic position analysis was the independent variable used to formulate the objective of the study. The variable was measured using various indicators that were analysed and presented. The respondents were asked whether their Saccos have strategic plans.99% of the Saccos said to have strategic plans formulated. Only 1% of the respondents did not have strategic plans.

Table 3 Strategic position Analysis.

	Strongly disagree	disagree	Moderately agree	Agree	Disagree	Mode
Mission statements are clear	1%	45%	54%	0%	0%	3
Conduct SWOT analysis	1%	1%	54%	45%	0%	3

4.4.1 Strategic plan

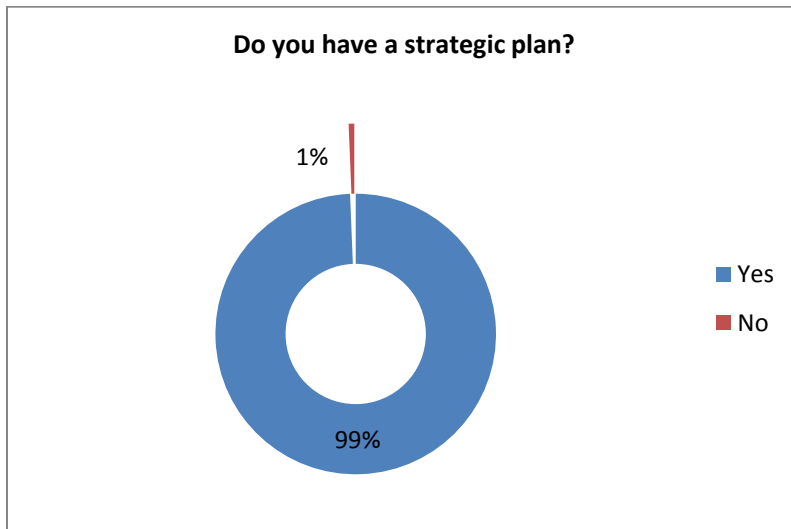


Figure 5: Strategic plan

Figure 6 shows the response to the question on whether the strategic plans are necessary. 99% of the respondents believe that strategic plans are necessary while 1% of the respondents think that strategic plan was not necessary.

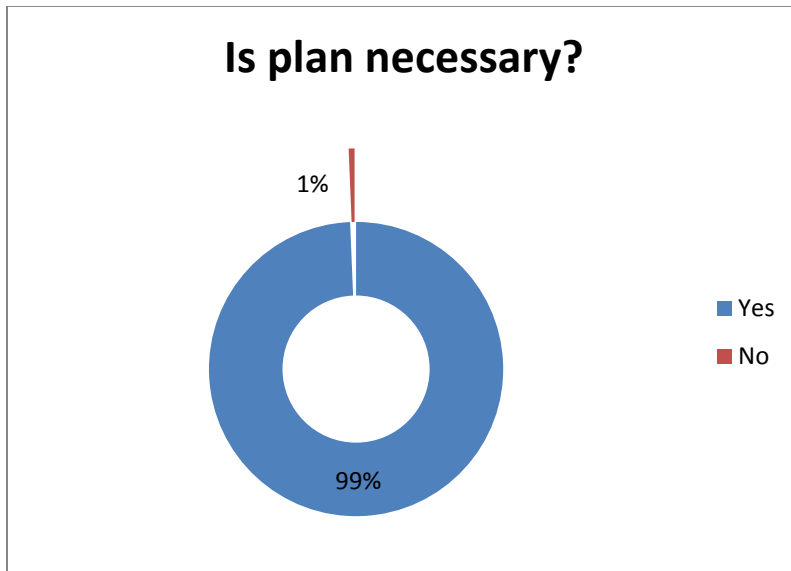


Figure 6: necessity of the strategic plan

Further measurements of strategic position analysis was analysed and presented in frequency table 3. With regards to the clarity of mission statements, a very small percentage (1%) thought that their mission statements were not clear at all while almost half (45%) thought their mission statements were a bit vague. Majority (54%) of the respondents were in agreement that their mission statement was very clear as also implied by the modal class which was found to be 3. The mode of 3 implies that on average, the Matatu Saccos in Kenya agree that their mission statements are clear. A small percentage of the respondents (2%) disagreed that they do conduct SWOT analysis while 45% agreed that they do conduct SWOT analysis. Majority (54%) of the respondents were in agreement that they do conduct SWOT analysis as also implied by the modal class which was found to be 3. The mode of 3 implies that on average, the Matatu Saccos in Kenya agree that they conduct SWOT analysis.

Adegbie and Fakile(2013) investigated strategic planning process and performance: catalyst for suitability and stability in the Nigerian financial sector using multivariate analysis for sustainability and stability in the Nigerian financial sector using multivariate analysis of variance (MANOVA) model .Strategic planning process has positive influence on performance of Nigerian financial sector.

Obasan and Ogunkoya (2013) did study on strategic planning process and bank management in Nigeria: Issues for policy consideration. Employing regression and correlation. The study concluded that strategic planning process and management has positive significant impact on performance. Falilat (2013) examined strategic marketing planning and the Nigerian banking industry. Therefore, he concluded that for a bank to successfully achieve its goals and objectives for an increase in long run profitability, it has to develop good marketing plan and strategy. The study concluded that strategic marketing planning positively influence achievement of organizational goals.

The finding of this variable on the study clearly indicates that strategic position analysis positively influences performance of Matatu Saccos in Kenya. This can be explained by sub variables such as strategic plan which shows that 99% of Matatu Saccos does strategic planning which positively influence performance. Matatu Saccos also does SWOT analysis, the findings indicates that 54% agree that it positively influence performance. The researcher was of view that strategic position analysis positively influences performance of Matatu Saccos which was measured by strategic plan, vision and SWOT analysis.

4.4.2 Performance

Performance of the Matatu Saccos in Kenya was the dependent variable of the study. The variable was measured by various indicators considering capital adequacy, asset quality and liquidity of the Saccos. The items under capital adequacy of the Saccos were measured analysed and presented in table 4.12.

Table 4: Capital Adequacy

	Strongly disagree	disagree	Moderately agree	Agree	Strongly agree	Mode
Capital adequacy is a challenge	1%	3%	8%	60%	28%	4
Retained earnings improve			17%	49%	34%	4
Have enough funds to recruit	1%	6%	33%	49%	11%	4
Member savings have improved			29%	58%	13%	4
Sufficient funds for withdrawals	1%	6%	19%	57%	16%	4

On matters of capital adequacy, only 4% of the respondents did not think that capital adequacy was a challenge to their Saccos. On the other hand, 60% agreed that capital adequacy was a challenge to their Saccos and 28% of the respondents strongly agreed. A few however seemed not to be sure of the capital adequacy of their Sacco. Majority (60%) of the respondents were in agreement as also implied by the modal class which was found to be 4. The mode of 4 implies that on average, the Matatu Saccos in Kenya agreed that capital adequacy was a challenge to their Sacco.

Majority of the respondents (49%) agreed that retained earnings help improve their Sacco wealth and 34% of them strongly agreed with the statement. 17% of the respondents however moderately agreed with the question. Seeing that majority of the respondents was in agreement,

the mode was found to be 4. The mode of 4 implies that on average, the Matatu Saccos in Kenya agreed that retained earnings improved their Sacco wealth. A few of the respondents (7%) thought that the Saccos did not have enough funds to recruit qualified personnel. On the other hand, 60% agreed that their Sacco had enough funds to recruit qualified and competent employees. 33% of the respondents however, moderately agreed with the question. Majority of the respondents were in agreement as also implied by the modal class which was found to be 4.

Critically analysing the value and impact of people's contributions, 58% agreed that members savings have improved their Saccos wealth and 13% of the respondents strongly agreed with the statement. 29% of the respondents however moderately agreed with the question. Majority (58%) of the respondents were in agreement as also implied by the modal class which was found to be 4. 4.7% of the respondents generally though that their Sacco had no sufficient funds for members withdrawals. On the other hand, 57% agreed that their Sacco had sufficient funds for members' withdrawals and 16% of the respondents strongly agreed with the statement. 19% of the respondents however were not certain. Majority (57%) of the respondents were in agreement as also implied by the modal class which was found to be 4. Other items measured performance of the Saccos was considered under asset quality of the Saccos. The analysis results of the items under asset quality were presented in table 5.

Table 5 Asset Quality

	0%-20%	21%-40%	41%-60%	61%-80%	81%-100%	Mode
Loan defaults control	10%	7%	76%	6%	1%	3
Gross income of Sacco	1%	3%	5%	9%	83%	5
Share capital of Sacco	8%	33%		56%	3%	5
Rate of dividend	2%	40%	52%	6%	0%	3
Loan issued	3%	8%	36%	53%	0%	4

10% of the respondents believed that the proportion to which the loan default control of their Sacco affected performance ranged within 0%-20% while 7% believed that it ranges within 21%-40%. On the other hand, 76% believed that the proportion to which the loan default control of their Sacco affected performance ranged within 41%-60% and 6% of the respondents believed that it ranged within 61%-80%. 1% of the respondents however believe that it ranges within 81%-100%.

Majority (76%) of the respondents believed that the proportion to which the loan default control of their Sacco affected performance ranged within 41%-60% as was also implied by the modal class which was found to be 3. The mode of 3 implies that on average, the Matatu Saccos in Kenya believed that the proportion to which the loan default control of their Saccos affected performance ranged within 41%-60%.

Gross income goes hand in hand with performance. 1% of the respondents believed that the proportion to which the gross income of their Saccos affects performance ranged within 0%-20% while 3% believed that it ranged within 21%-40%.

On the other hand, 5% believed that the proportion to which the gross income of their Sacco affected performance ranged within 41%-60% and 9% of the respondents believed that it ranged within 61%-80%. 83% of the respondents however believed that it ranged within 81%-100%. Majority (83%) of the respondents believed that the proportion to which the gross income of their Sacco affected performance ranged within 81%-100% as also implied by the modal class which was found to be 5. 8% of the respondents believed that the proportion to which their Saccos share capital affected performance ranged within 0%-20% while 33% believed that it ranged within 21%-40%. On the other hand, 0% believed that the proportion to which their Saccos share capital affected performance ranged within 41%-60% and 56% of the respondents believed that it ranged within 61%-80%. 3% of the respondents however believed that it ranged within 81%-100%. Majority (56%) of the respondents believed that the proportion to which their Saccos share capital affected performance ranged within 81%-100% as implied by the modal class which was found to be 5. 2% of the respondents believed that the proportion to which the rate of dividends in their Sacco affected performance ranged within 0%-20% while 40% believed that it ranged within 21%-40%. Consequently, 52% believed that the proportion to which the rate of dividends in their Saccos affected performance ranged within 41%-60% and 6% of the respondents believed that it ranged within 61%-80%.

Majority (52%) of the respondents believed that the proportion to which the rate of dividends in their Sacco affected performance ranged within 41%-60% as was also implied by the modal class which was found to be 3. Loans affected the performance of lending institution. 3% of the respondents believed that the proportion to which loans issued by their Sacco affected performance ranged within 0%-20% while 8% believed that it ranged within 21%-40%. On the other hand, 36% believed that the proportion to which loans issued by their Sacco affected performance ranged within 41%-60% and 53% of the respondents believed that it ranged within 61%-80%. Majority (53%) of the respondents believed that the proportion to which loans issued by their Sacco affected performance ranged within 61%-80% as was also implied by the modal class which was found to be 4.

According to a study done in KIFI SACCO (Kibaigwa Financial Services and Credit Co-operatives) in Tanzania in 2011 it was observed that management leniency on loan follow ups seemed to have been going for some time. The study concluded that failure to repay loan negatively affected performance. Anamel *et.al* (2012) examined liquidity risk management practices of Islamic Banks of Brunei Darussalam from two perspectives. The most important methods used in risk identification of Islamic bankers, the results revealed that inspection by Sharia's supervisors', executive and supervisory staff; audit and physical inspection; financial statement analysis; and risk survey are the most significant factors of risk identification and positively affected performance. The study concluded that liquidity risk management practices positively influenced performance.

Liquidity of the Matatu Saccos was also considered when measuring performance of the Saccos. Table 6 shows the results of the descriptive analysis of items under liquidity of the Saccos.

Table 6: Liquidity

	0%- 20%	21%- 40%	41%- 60%	61%- 80%	81%- 100%	Mode
Cash at bank	1%	10%	46%	14%	28%	3
Cash at hand	8%	14%	26%	9%	43%	5
Assets owned	1%	12%	75%	11%	0%	3
Amount of money in savings	1%	15%	72%	12%	0%	3
Trading on securities	58%	39%	3%	1%	0%	1

Liquidity affected financial performance too. A very minimal (1%) of the respondents believed that the proportion to which the cash at bank in their Saccos affected performance ranged within 0%-20% while 10% believed that it ranged within 21%-40%. On the other hand, 46% believed that the proportion to which the cash at bank in their Saccos affected performance ranged within 41%-60% and 14% of the respondents believed that it ranged within 61%-80%. 28% of the respondents however believed that it ranged within 81%-100%. Majority (46%) of the respondents believed that the proportion to which the cash at bank in their Saccos affected performance ranged within 41%-60% as was also implied by the modal class which was found to be 3.

8% of the respondents believed that the proportion to which the cash at hand in their Saccos affected performance ranged within 0%-20% while 14% believed that it ranged within 21%-40%. On the other hand, 26% believed that the proportion to which the cash at hand in their Saccos affected performance ranged within 41%-60% and 9% of the respondents believed that it ranged within 61%-80%. 43% of the respondents however believed that it ranged within 81%-100%. Majority (43%) of the respondents believed that the proportion to which the cash at hand in their Saccos affected performance ranged within 81%-100% as was also implied by the modal class which was found to be 5.

Ownership of assets by the Saccos seemed to be a big performance indicator. 1% of the respondents believed that the proportion to which the assets owned by your Sacco affected performance ranged within 0%-20% while 12% believed that it ranged within 21%-40%. On the other hand, 75% believed that the proportion to which the assets owned by your Saccos affected performance ranged within 41%-60% and 11% of the respondents believed that it ranged within 61%-80%. Majority (75%) of the respondents believed that the proportion to which the assets owned by your Sacco affected performance ranged within 41%-60% as was also implied by the modal class which was found to be 3. Amount of money in savings proved to be a great performance indicator too. 1% of the respondents believed that the proportion to which the

amount of money in saving in their Sacco affected performance ranged within 0%-20% while 15% believed that it ranged within 21%-40%. On the other hand, 72% believed that the proportion to which the amount of money in saving in their Sacco affected performance ranged within 41%-60% and 12% of the respondents believed that it ranged within 61%-80%.

None of the respondents however believed that it ranged within 81%-100%. Majority (72%) of the respondents believed that the proportion to which the amount of money in saving in their Sacco affected performance ranged within 41%-60% as was also implied by the modal class which was found to be 3. 58% of the respondents believed that the proportion to which the trading on securities of their Sacco affected performance ranged within 0%-20% while 39% believed that it ranged within 21%-40%. On the other hand, 3% believed that the proportion to which the trading on securities of their Sacco affected performance ranged within 41%-60% and 1% of the respondents believed that it ranges within 61%-80%. Majority (58%) of the respondents believed that the proportion to which the trading on securities of their Sacco affected performance ranged within 0%-20% as was also implied by the modal class which was found to be 1.

4.5 Inferential Analysis

4.5.1 Strategic Position Analysis and Performance

To determine the influence of strategic position analysis on performance of Matatu Saccos, a bivariate regression model was fitted. Table 7 presents the results of the relationship and explanatory power of the bivariate regression analysis relating strategic position analysis and performance.

Table 7 Model summary for Strategic Position Analysis and Performance

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.262	0.0833	0.075	0.994

The figure 0.262, the R value shows a positive linear relationship between strategic position analysis and performance. The R^2 also referred to as the coefficient of determination indicates that explanatory power of the independent variables was 0.083. This was an implication that 8.3% of the variation in performance was explained by the variation of the variable strategic position analysis in the model $Y = \beta_0 + \beta_1 X_1$. The remaining 91.67% of the variation in the dependent variable unexplained by this one predictor model but by other factors that have not been considered in the model.

The ANOVA results for strategic position analysis and performance of Matatu Saccos are shown in Table 8.

Table 8 ANOVA table for Strategic Position Analysis and Performance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	16.419	1	16.419	17.821	0.001

Residual	180.581	196	0.921
Total	197.000	197	

According to the results, strategic position analysis of Saccos have significant effect ($p = 0.001$) on the performance of that Sacco. ANOVA determines the general significance of the model, thus the further analysis was carried out to determine significance level of its influence. The study further determined the beta coefficient of strategic position analysis as shown in Table 9.

Table 9 Coefficients table Strategic Position Analysis and Performance

	B	Std. Error	T	Sig.
(Constant)	0.000	0.080	0.000	1.000
Strategic position analysis	0.262	0.078	3.341	0.001

The results showed that the beta coefficient of strategic position analysis was 0.262 that generated the model $Y=0.000+0.262X_1$ for strategic position analysis versus performance. The T statistic of the coefficient of strategic position analysis had a p-value of 0.001 which was less than 0.05 implying that strategic position analysis had a significant influence on performance.

The implication for the significance of the coefficient was that every unit increase in the measure of strategic position analysis of a Sacco leads to a 0.262 increase in the level of performance of the Sacco. Adegbe and Fakile (2013) investigated strategic planning process and performance: catalyst for suitability and stability in the Nigerian financial sector using multivariate analysis for sustainability and stability in the Nigerian financial sector using multivariate analysis of variance (MANOVA) model. Strategic planning process had positive influence on performance of Nigerian financial sector.

Obasan and Ogunkoya (2013) did study on strategic planning process and bank management in Nigeria: Issues for policy consideration. Employing regression and correlation. The study concluded that strategic planning process and management had positive significant impact on performance. Falilat (2013) examined strategic marketing planning and the Nigerian banking industry. Using Chi-square technique, he found that marketing department the main revenue generation in the banking industry. The study concluded that strategic marketing planning had positive influence to achievement of organizational goals. The finding of this variable on the study clearly indicates that strategic position analysis positively influenced performance of Matatu Saccos in Kenya. This can be explained by sub variables such as strategic plan which shows that 99% of Matatu Saccos does strategic planning which positively influenced performance. Matatu Saccos also does SWOT analysis, the findings indicates that 54% agree that it positively influenced performance.

4.6 Hypothesis Testing

The null hypotheses stated in Section 1.4 were tested using Students t-test at 5% level of significance. The rejection criteria of the null hypothesis were based on the results of the

multiple regression. If the calculated p-value of the t-statistic was less than 0.05 level of significance then the null hypothesis was rejected and alternative hypothesis was accepted.

H₀₁: Strategic position analysis has no significant influence on performance of Matatu Savings and Credit Cooperatives in Kenya.

The p-value of the t-statistic for this variable was 0.042. Since the p-value 0.042 was less than 0.05, we reject the null hypothesis and conclude that Strategic position analysis had a significant influence on performance of Matatu Savings and Credit Cooperatives in Kenya.

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

5.1.1 Strategic Position Analysis and Performance of Matatu Saccos in Kenya

The study sought to determine the influence of strategic position analysis on performance of Matatu Savings and Credit Cooperatives in Kenya. On average the Saccos tend to have moderately high levels of strategic position analysis. 99% of the sampled Saccos have strategic plans formulated, 99% believed in necessity of having strategic plans.

The Over 54% of the Saccos moderately agreed to be conducting a SWOT analysis and 45% agreed to be conducting SWOT analysis. The bivariate analysis of the objective showed that strategic position analysis had 0.262 influence on performance of Matatu Saccos in Kenya. This level of influence was considered significant at 95% level of confidence. With regards to the clarity of mission statements, a very small percentage (1%) thought that their mission statements were not clear at all while almost half (45%) thought their mission statements were a bit vague.

5.2 Conclusion

The study concluded that strategic position analysis had a significant influence on performance of Matatu Saccos in Kenya. This conclusion was based on the first objective of the study which was to determine the effect of strategic position analysis on performance of Matatu Saccos in Kenya. Based on the results of the statistical models fitted, the study found that the coefficients of strategic position analysis in the models are significant at 5%. A conclusion was thus drawn that strategic position analysis has a significant influence on performance of Matatu Saccos in Kenya. This was in line with Adegbe and Fakile (2013) who investigated strategic planning process and performance: catalyst for suitability and stability in the Nigerian financial sector using multivariate analysis for sustainability and stability in the Nigerian financial sector.

5.3 Recommendations

All Matatu Saccos should seek strategic planning process .The National Transport and Safety Authority should make it possible for all Matatu Saccos to be registered and adhere to the regulations. Strategic planning process bring in new and fresh ideas to Matatu Saccos and a being a catalyst for change in an organization which brings growth and success to the organization.

5.4 Recommendations for further research

The study recommends that similar studies should be done on other factors such as gender, insecurity and crime, compliance with regulations, infrastructure of an area, type of business organization and government's influence on the performance of Matatu Saccos.

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