

**EFFECTIVENESS OF STRATEGIC PLANNING ON PERFORMANCE OF  
SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN THARAKA  
NITHI COUNTY, KENYA**

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## DECLARATION AND RECOMMENDATIONS

### Declaration

This thesis is my original work and has not been presented for an award of diploma or conferment of degree in this or any other University.

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### Recommendations

This thesis has been examined, passed and submitted with our approval as University supervisors.

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## **DEDICATION**

To my dear wife Jackline Gaichugi and sons, Tedd Munene and Lonny Muthomi

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## ABSTRACT

Strategic planning is a logical process of visualizing the desired future of a business and how the business will accomplish it. Many Savings and Credit Cooperative Societies (SACCOs) have engaged in strategic planning but ended up recording little or no performance improvement. Whether it is a weakness in their strategic plans or it's in the Implementation of the strategic plans where the weakness lies, is a question best answered by empirical research. Therefore, the general objective of this study was to establish the effectiveness of strategic planning on performance of SACCOs in Tharaka Nithi County. The specific objectives of this study were; to establish the effectiveness of strategy formalization, employee participation in strategic planning and strategic planning control on performance of the SACCOs in Tharaka Nithi County. The study was anchored on the theory of competitive advantage, the synoptic model and the contingency theory. The study adopted descriptive survey research design. The study targeted 13 Chief Executive Officers of SACCOs operating within Chuka town and 52 management staff of these SACCOS. The researcher used a questionnaire as the data collection instrument. The research instrument was piloted in two SACCOs operating in the neighboring Embu County. Validity was established with the assistance of the supervisors and other experts in the faculty of Business Studies of Chuka University. Reliability of the instrument was calculated the using Pearson's correlation coefficient and a correlation coefficient of 0.934 was obtained concluding that the instruments were reliable. Data analysis was done through multiple linear regression to establish the effectiveness of strategic planning on performance of Savings and Credit Cooperative Societies in Tharaka Nithi County, Kenya. The overall significance of the model was tested using F-statistic at 5% level of significance. The findings indicated that strategy formalization has a significant and positive effect on performance of SACCOs in Tharaka Nithi County ( $r=.089$ ,  $p<.05$ ). Further the study findings showed that employee participation in strategy planning has a significant and positive effect on performance of SACCOs in Tharaka Nithi County ( $r=.085$ ,  $p<.05$ ). Finally, the study findings indicated that strategic control has a positive and statistically significant effect on performance of SACCOs in Tharaka Nithi County ( $r=.218$ ,  $p<.05$ ). The study recommended that SACCO's regulatory bodies, should make it compulsory for all the SACCOS to have a formalized strategic plan, before their approval to enable the SACCOS to reap the benefits of strategic planning, as well as guide the SACCO towards attainment of its goals, and overall prosperity. The study also recommended that management of the SACCOS need to emphasize employee and stakeholders' participation in strategic planning of the SACCOS to enable the workers to own the plan and thus work towards achieving it. Finally, the study recommended that management of the SACCOS as well as the stakeholders need to attend seminars on the evaluation and feedback of strategic planning. The study suggested that further studies should be done on the relationship between strategic planning and organizational performance in other financial institutions like the banks, microfinance and insurance companies.