FACTORS INFLUENCING PERFORMANCE OF SACCOS IN KENYA: A CASE OF UNAITAS SACCO

EDNA MWANGI

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF EXECUTIVE MASTER OF BUSINESS ADMINISTRATION OF MANAGEMENT UNIVERSITY OF AFRICA

SEPTEMBER, 2015
DECLARATION

STUDENT’S DECLARATION

This is my original work and has not been presented for a degree in any other university.

Sign: ………………………………………..     Date: ………………………

Edna Mwangi

REG NO. EMBA/7/00106/2/2014

SUPERVISOR’S DECLARATION

This Project has been submitted for examination with my approval as university supervisor

Sign: ………………………………………..     Date: ………………………

Dr. Leonard Wambua

Lecturer, School of Business

Management University of Africa
DEDICATION

This work is dedicated to my family who gave me invaluable moral support throughout the period. It is also dedicated to my mother, who taught me that even the largest task can be accomplished if it is done one step at a time.
ACKNOWLEDGEMENT

I have a special appreciation to God for life and the good health he gave me throughout this assignment. Through him all things are possible.

I wish to acknowledge the invaluable support of my family who endured many days of my absence as I tried to complete this assignment. To my parents, brothers and sisters, your words of encouragement moved mountains, and to my friends, who contributed in various ways, love you all.

I have a special mention for my supervisor, Dr. Leonard Wambua for his patience and advice throughout. I am greatly indebted to him for his guidance, support and the timely comments to this proposal. To the teaching fraternity, your words of encouragement and pieces of advice were very crucial.
# TABLE OF CONTENT

DECLARATION.................................................................................................................. ii
DEDICATION.................................................................................................................... iii
ACKNOWLEDGEMENT........................................................................................................ iv
TABLE OF CONTENT........................................................................................................ v
LIST OF TABLES................................................................................................................ ix
LIST OF FIGURES............................................................................................................. x
ABBREVIATIONS AND ACRONYMS.................................................................................. xi
ABSTRACT.......................................................................................................................... xii
CHAPTER ONE .................................................................................................................... 1
INTRODUCTION.................................................................................................................. 1
  1.1 Background of the Study ............................................................................................. 1
    1.1.1 Importance of SACCOs to the Kenyan Economy .................................................. 2
    1.1.2 SACCO Societies in Kenya .................................................................................. 3
    1.1.3 UNAITAS Sacco Society Limited ....................................................................... 4
  1.2 Problem statement....................................................................................................... 5
  1.3 Research Objective ..................................................................................................... 6
    1.3.1 General Objective ............................................................................................... 6
    1.3.2 Specific Objectives ............................................................................................. 6
  1.4 Research Questions .................................................................................................... 6
  1.5 Importance of the Study ............................................................................................ 6
CHAPTER TWO .................................................................................................................... 8
LITERATURE REVIEW ........................................................................................................ 8
  2.1 Introduction................................................................................................................ 8
  2.2 Theoretical Perspective of the Study ........................................................................ 8
2.2.1 Institutional Perspective theory ................................................................. 8
2.2.2 Resource Based View theory ....................................................................... 9
2.2.3 Agency Theory ............................................................................................ 9
2.2.4 Taylor’s motivational theory ....................................................................... 10
2.3 Performance Management Process .................................................................. 11
2.4 Performance Factors ....................................................................................... 11
2.5 Critical Success Factors .................................................................................. 12
2.6 Empirical Review ............................................................................................ 13
  2.6.1 Influence of Organization sub-culture on performance ................................ 13
  2.6.2 Influence of Organization Structure/ governance on performance ............. 15
  2.6.3 Influence of Organization Leadership capacity on performance .............. 16
  2.6.4 Influence of organization rewarding practices on performance ............... 18
2.7 Conceptual Framework ................................................................................. 19
2.8 Operationalization of Variables ..................................................................... 20

CHAPTER THREE .................................................................................................. 24
RESEARCH METHODOLOGY ............................................................................... 24
  3.1 Introduction ................................................................................................. 24
  3.2 Research Design ........................................................................................... 24
  3.3 Target Population ......................................................................................... 24
  3.4 Sample Size ................................................................................................. 24
  3.5 Data Collection ............................................................................................. 25
  3.6 Data Analysis ............................................................................................... 25
  3.7 Ethical Issues ............................................................................................... 26

CHAPTER FOUR ................................................................................................... 27
ANALYSIS, RESULTS AND DISCUSSIONS ......................................................... 27
5.5 Areas for Further Studies ........................................................................................................ 41

REFERENCE .................................................................................................................................. 42

Appendix I: Letter of Introduction .............................................................................................. 48
Appendix II: Questionnaire ........................................................................................................... 48
Appendix III: Research Work Plan .............................................................................................. 53
Appendix IV: Estimated Research Budget .................................................................................. 53
LIST OF TABLES

Table 4.1: Response Rate........................................................................................................27
Table 4.2: Organization Sub culture ..........................................................................................31
Table 4.3: Organizational Structure/ governance ......................................................................32
Table 4.4: Organizational leadership capacity ............................................................................33
Table 4.5: Organization rewarding practices .............................................................................34
Table 4.6: Correlation Matrix ....................................................................................................35
Table 4.7: Model Fitness............................................................................................................36
Table 4.8: Analysis of Variance ................................................................................................36
Table 4.9: Regression of Coefficients .......................................................................................37
LIST OF FIGURES

Figure 2.1: Conceptual Framework ................................................................. 20
Figure 2.2: Operationalization ........................................................................ 21
Figure 4.1: Gender of Respondents ................................................................. 28
Figure 4.3: Highest level of Education of Respondents .................................. 29
Figure 4.4: Duration of being in employment .................................................. 30
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPR</td>
<td>Business Process Re-engineering</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>TQM</td>
<td>Total Quality Management</td>
</tr>
<tr>
<td>RBV</td>
<td>Resource Based View</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise Resource Planning</td>
</tr>
</tbody>
</table>
ABSTRACT

Performance involves organization of the firm's resources and motivation of the staff to achieve objectives. Performance is important because its success or failure rate may have a significant impact on the success and sustainability of the business. However the success of Performance is not assured. Performance is recorded to have a unsatisfying low success rate in most organizations. UNAITAS Sacco has gone through a rebranding and is expecting to convert into a bank in the next two years. However, performance of the Unaitas Sacco is still below target as indicated by the budgeted figures. The general objective of this study was to establish factors influencing performance of saccos in Kenya: a case Unaitas Sacco. The study adopted a case study where primary data was gathered using the questionnaire. The population of the study was all the senior staff (top, middle and supervisory levels of management). There were total 96 such managers in UNAITAS Sacco. The list was obtained from the human resource department. The sample size was 50% of the population. The sample size was therefore 48 managers. The sampling technique/design was simple random sampling. The researcher used quantitative techniques in analyzing the data. The tool of analysis was SPSS version 20 was used. Descriptive analysis was employed; which included; mean standard deviations and frequencies/percentages. Inferential statistics that was used was correlation and regression analysis. Results of the study indicated that organization subculture, organization structure, organization leadership capacity and organization rewarding practices had a positive and significant effect on the performance. The study concluded that organizational subculture, organizational structure, leadership capacity and rewarding practices had an active and direct role in performance. The study recommended that the institution should undertake an internal review of the administrative functions that impact the suppression/operations division and identify structure as one the determining factor of performance.
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

A Savings and Credit Cooperative (SACCO) is a type of cooperative whose objective is to pool savings for the members and in turn provide them with credit facilities (Lari, 2009). Other objectives of SACCOS are to encourage thrift amongst the members and also to encourage them on the proper management of money and proper investments practices. Whereas in urban areas salary and wage earners have formed Urban SACCOs, in rural areas, farmers have formed Rural SACCOs. There are also traders, transport, jua-kali and community-based SACCOs. Indeed SACCOs, with their diverse products and services, have given a new meaning to the financial sector in Kenya. Their most popular service is that of saving, which has evidently been the surest way to break the vicious cycle of poverty and is fundamental to sustainable economic development (Kuria, 2011).

Savings and credit co-operative societies have a number of principles one of which is the belief in cooperative and mutual self-help for the uplifting of the standards of living (KUSCCO, 2006). Members with common bond join hands to form those quasi-banks institutions. With finances mobilized through such joint efforts the savings and credit co-operative society members build up the capital which they can use through local arrangements to finance their own social as well as economic development. The primary purpose of savings and credit co-operative society is to meet the common needs of members. Co-operatives are perceived to be organization which are mobilized and controlled largely by small producers, workers and other less economically endowed members of the society who own and obtain service and other benefits from them. The statement of co-operative identify from ICA defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

The impact of co-operative in the world economy is both extensive and impressive. It is estimated that there are 800 million people globally, who are members of the co-operatives and 100 million are employed by co-operatives. In nearly all developed countries, they have been the main contributors to 2 economic growth and poverty alleviation. Europe has 58,000 co-operatives, with a membership of 13.8 million. In the US, there are an estimated 72,000 co-
operatives with over 140 million members, including 90 million members of SACCOs. Study show that co-operative are more sustainable than other entities and boast impressive survival and growth rate. Silas Kobia (2011). Recent studies show that co-operatives in many developing countries are experiencing renaissance. For instance there were 554 registered co-operatives in Uganda in 1995 but recent estimates indicate more than 7500. Savings and credit co-operatives, housing, consumer and cottage industries are fast growing. There is potential for farmers producing co-operatives to meet demand from super markets, for fresh fruits, vegetables and dairy products.

Marketing co-operatives are emerging in Ethiopia, Zambia and Tanzania. According to National Micro and Small Enterprises (MSE) baseline survey (1999/2000) Kenya had a relatively well developed banking and formal financial sector. This consist of the central Bank, 43 commercial banks, 16 non-bank financial institutions, 2 mortgage finance companies, 4 building societies, 8 developed financial institutions, and about 387 savings and credit co-operative societies, 38 insurance companies, the National stock exchange and venture capital companies. The survey further indicates that nearly 89.6% of micro and small enterprises had never received credit and other financial services. SACCOs face numerous challenges that hinders the exploitation of their full potential. Mudibo (2005) raised concerns on the caliber of leaders who run SACCOs noting that since these are voluntary organization, members can elect anybody they like, who may not necessarily have the skills to run a SACCO. He suggested that before a member is elected he should have certain number of shares so that he has something to loose if he mismanages the SACCO

1.1.1 Importance of SACCOs to the Kenyan Economy

The ministry of Cooperative Development & Marketing (2008) estimated that the Cooperative movement, SACCOs included, employed over 300,000 people directly and 1.5 million people indirectly. Besides creating employment, cooperatives are also sources of income generating opportunities for many people. Accordingly, the Coop Africa paper adds, in 2007, SACCOs in Kenya had over 6 million members, 98 per cent of whom were active in the lending activities of their cooperatives. It is therefore evident that the multiplier effect of cooperative membership would see the income generating opportunities spread to more people (Finaccess, 2009).
It goes without saying that the cooperative sector in Kenya presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDGs) such as primary education for children, gender equality and reducing child mortality. This is because cooperatives as economic associations provide the opportunity for poor people to raise their incomes and because they are democracies with each member having one vote, they empower people to own their own solutions. This is evidenced in the formation of trader based SACCOs in Kenya: in the Matatu Industry, Jua Kali and others (Allen and Maghimbi, 2009).

The Cooperative movement contributes over 31% of the country’s national savings, having mobilized over Ksh. 170 billion in domestic savings. Up to 63% of the country’s population also derives their livelihood, in one way or another from the movement. In view of all these, the importance of the movement in the goal of making Kenya a globally competitive and prosperous country with a high quality of life cannot be overemphasized (Kuria, 2011).

From statistics, it is clear therefore, that the Kenyan economy is heavily dependent on the Cooperatives sector. The economic impact of savings and credit co-operatives on the Kenyan economy extends to all sectors: Agriculture, Health, and Finance etc. Two types of SACCOs exist in Kenya: employer and rural-based. Statistics show that more than 1.5 million people in Kenya are involved in the SACCO movement. This population segment is participating in a variety of savings and credit related activities whether direct or indirect (Financial Sector Deepening Survey, 2010)

1.1.2 SACCO Societies in Kenya

The first co-operative in Kenya was initiated by the European settlers in the Rift Valley in 1908. The cooperative was called Lubwa Farmers Cooperative Society. It was not until 1931 when the cooperative society’s ordinance became law that these societies could formally be registered as cooperatives. The first society to be registered under the new Act was the Kenya Farmers Association (KFA) which started as a company in 1923. A new ordinance was then passed in 1945 and a commissioner of co-operative was appointed the following year. By independence time, there were over 600 primary cooperatives in Kenya. Kenya National Federation of Cooperatives (KNFC) was formed in 1964, and in 1966 a new Act was passed under cap 490 of the laws of Kenya (Maina, and Kibanga, 2004).
There are 5,122 registered SACCOs out of the total 12,000 registered co-operatives, which is about 44% of the total number of co-operatives in Kenya. Out of the 5,122 Saccos 150 are rural Saccos (commodity based) while the rest are Urban Saccos (employee based). All Saccos operate Back Office Service Activities and have been able to mobilize over Kshs 230 billion, which is about 31 percent of the national saving and granted loans to the tune of Kshs 210 billion (Ministry of Cooperative Development and Marketing, 2010). Saccos have registered tremendous growth since mid 1970s and have currently achieved an average growth rate of 25 percent per year in deposits and assets. SACCOS have grown tremendously and currently have about 3.7 million members. The 230 SACCOs with FOSAs have diversified into specialized bank-like activities which include deposit taking, saving facilities, debit card (ATM) and money transfers both local and international (Ministry of Cooperative Development and Marketing, 2007). SACCOs play an important role of serving the financing requirements need of households, small and medium enterprises (SMEs). They encourage individuals to save thereby creating or accumulating capital which contribute to economic development of the country.

Saccos in Kenya faces performance challenges. This has made Saccos to face competition from banks especially the Kenya commercial bank. This is because banks have undergone series of transformations that have made them to realize outstanding performance. Therefore it is worth to study the determinants of performance outcome/success of Saccos.

1.1.3 UNAITAS Sacco Society Limited

In 1993 when members of Murang’a Tea growers came together, pooling their resources, they were only interested in creating a financial basket, save and advance loans to each other at affordable rates. They had no idea the organization would be an inspiration to many. They latter formed a Sacco they called Muramati Sacco in 2007. It would later diversify and roped in more farmers, medium size entrepreneurs and salaried employees. In line with its growth and expansion strategy, Muramati rebranded to Unaitas in 2012 adopting a strong, bold brand inclusive of members from all Walks of life. In April 2013, Unaitas entered into a partnership with ABC Bank to open current accounts for Unaitas members across the country. Under this arrangement, ABC became an agent for Unaitas, allowing the Saccos members access to the national payment system. The Sacco members are given cheques and receive cheque processing services from ABC bank, beating legal constraints that limit Saccos from running
clearing houses. Today, Unaitas has nearly 100,000 members. “We plan to open branches in Mlolongo and Kawangware possibly early next year. The process has already begun. We are also going to open another branch within the Nairobi central business district within the first or second quarter of next year,” said Mr Mwangi (UNAITAS CEO) “We want to grow by 100,000 members within the next one year and the driver is the issue of corporate branding. It is one of the value propositions that we are getting from the new brand,” said Mr Mwangi. The areas that the Sacco has chosen indicate that it is looking to tap into traders and individuals in the low-end market, many of who perform high volume of transactions which could be of lower value.

UNAITAS Sacco has gone through a rebranding and is expecting to convert into a bank in the next two years so it is in the process of change. The transformation process has not been a smooth one considering various challenges which are acting as a stumbling block. Therefore this study wished to answer the question on what are the determinants of transformation process in UNAITAS Sacco.

1.2 Problem statement

SACCOs face numerous challenges that hinder the exploitation of their full potential (Muchibo, 2005). He raised concerns on the caliber of leaders who run SACCOs noting that since these are voluntary organizations, members can elect anybody they like, who may not necessarily have skills to run a SACCO. UNAITAS Sacco has gone through a rebranding and is expecting to convert into a bank in the next two years. Despite a lot of efforts and resources being channeled to strategic planning in UNAITAS Sacco, majority of strategic documents produced by the Sacco collect dust on the shelves or face imminent failure. This implies that, transformation plan remains a challenge for UNAITAS Sacco. Therefore this study sought to answer the question on what were the factors that influence performance of UNAITAS Sacco.

Quite a number of SACCOs in Kenya have a long string of pending loan applications from the members; some pay little or no dividends/interest on members savings. Some others have low multiplier factor or limited concurrent loans compared to some well performing counter parts. As compared to other financial institutions some of the SACCOs have their members and FOSA clients queue for long hours to receive their services because of the services not computerized.
leading to a number of complaints from these clients and some are rudely answered due to poor public relations from staff.

Judging from the above mentioned points it can be concluded that the main reason for this research project report is to fill a gap left by other researchers by way of critically analyzing the factors influencing the performance of SACCOs. Based on the evaluation there is a gap literature to warrant a study to be conducted in this industry. This is what prompted the researcher to carry out a study to investigate the factors influencing the performance of UNAITAS Sacco.

1.3 Research Objective

1.3.1 General Objective

To establish the determinants of performance success/outcomes adopted by Unaitas Sacco, Kenya

1.3.2 Specific Objectives

i. To establish the influence of organization subculture on performance in Unaitas Sacco

ii. To determine the influence of organization structure/governance on performance in Unaitas Sacco

iii. To find out the influence of organization leadership capacity on performance in Unaitas Sacco

iv. To establish the influence of organization rewarding practices on performance in Unaitas Sacco

1.4 Research Questions

i. What is the effect of organization subculture on performance in Unaitas Sacco?

ii. To what extent organization structure/governance influence performance in Unaitas Sacco?

iii. What is the influence of organization leadership capacity on performance in Unaitas Sacco?

iv. What is the influence of organization rewarding practices on performance in Unaitas Sacco?

1.5 Importance of the Study

The study findings will guide policy formulation and may inform the deliberations of the Management Team of UNAITAS to come up with a policy on best practices of performance and use the similar concept in future.
From a practical point of view, the findings of the study will be important to UNAITAS, as it will identify and analyse changes that are aimed at increasing organisational efficiency, increase initiative and manage strategic change better in the future.

From a theory point of view, the study will come up with a framework of critical factors that influence strategic change management. Such a framework will be available for future theory building and empirical testing.

The results of this study will also be invaluable to researchers and scholars, as it will form a basis for further research. The results will also add value to the literature available in implementing strategic change initiatives especially in public sector in Kenya.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the academic and practitioner’s literature published performance as one of the biggest tasks an organization may be involved in. This does not only require a significant amount of funding but also require unappealing commitment throughout the whole business component. The theories behind performance were discussed first followed by a review of empirical literature.

2.2 Theoretical Perspective of the Study

The change management strategic framework required addresses the current needs that were impacted by various variables. Two theoretical perspectives that provided guidance in identifying the components that make up a strategic framework to change management practices were discussed.

2.2.1 Institutional Perspective theory

Institutional theory attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemas; rules, norms, and routines, become established as authoritative guidelines for social behavior. It inquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Although the ostensible subject is stability and order in social life, students of institutions must perforce attend not just to consensus and conformity but to conflict and change in social structures (Meyer and Rowan, 1991).

The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations. This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (McAdam and Scott, 2004). The environment is conceptualized as the organizational field, represented by institutions that may include regulatory structures, governmental agencies, courts,
professionals, professional norms, interest groups, public opinion, laws, rules, and social values. Institutional theory assumes that an organization conforms to its environment. There are, however, some fundamental aspects of organizational environments and activities not fully addressed by institutional theory that make the approach problematic for fully understanding organizations and their environment: the organization being dependent on external resources and the organization’s ability to adapt to or even change its environment (Scott, 2004).

2.2.2 Resource Based View theory

Resources of the right quality and quantity are important for strategy implementation (Aosa, 1992, Machuki and Aosa, 2011). Resource based view of the firm starts with the assumption that the desired outcome of managerial effort within the firm is a sustainable competitive advantage (SCA). Achieving a SCA allows the firm to earn economic rents or above-average returns. In turn, this focuses attention on how firms achieve and sustain advantages. The resource-based view contends that the answer to this question lies in the possession of certain key resources, that is, resources that have characteristics such as value, barriers to duplication and relevance. A SCA can be obtained if the firm effectively deploys these resources in its product-markets. Therefore, the RBV emphasizes strategic choice, charging the firm’s management with the important tasks of identifying, developing and deploying key resources to maximize return.

Resources comprise three distinct sub-groups, namely tangible assets, intangible assets and capabilities. Tangible assets refer to the fixed and current assets of the organization that have a fixed long run capacity. Intangible assets include intellectual property such as trademarks and patents as well as brand and company reputation, company networks and databases (Williams, 1992). Capabilities have proved more difficult to delineate and are often described as invisible assets or intermediate goods (Itami, 1987). Essentially capabilities encompass the skills of individuals or groups as well as the organizational routines and interactions through which all the firm’s resources are coordinated (Grant, 1991).

2.2.3 Agency Theory

In the Agency Theory a contractual relationship is entered by two persons that are the principal and the agent so as to perform some service. This involves delegating some decision making authority to the agent by the principal (Jensen & Meckling, 1976). At the same time an agent is a
person employed for the purpose of bringing his principal into a contractual relationship with a third party and does not make a contract on his own behalf (Wright & Oakes, 2002).

Agency Theory was directed at the person presenting the agency relationship. This is where one party delegated work to another party who performed the duty on behalf of the principal (Eisenhardt, 1989). This person was authorized to perform legal acts within his competence and not on his own behalf but for the principal. A growing view in the modern literature recognized however that the two were strange bed fellows. An Insurance Brokers is an agent employed to buy and sell on behalf of another. However, in performing his role, he owes a duty to his principal. The level of care expected is varied; a higher level of care will be expected from a professional broker than from a part-time insurance agent (Wright & Oakes, 2002).

According to the English and American law the liability of a principle for his agent torts in the ordinary course of his employment depended upon the existence of a master- servant relationship. The master was vicariously liable for his servant tortuous conduct committed within the course of employment (Yin, 1989). There were cases where an agency relationship arose when an individual group called principal hired someone called an agent to perform some service, where the principal delegated decision-making power to the agent. This kind of relation included those between stockholders and managers and between stockholders and debt holder.

This theory is relevant to this study since it informs the organization structure/governance variable. The managers of UNAITAS Sacco are the agents while the shareholders are the principles. The management of UNAITAS is expected to work on the interest of the shareholders rather than their own interests.

2.2.4 Taylor’s motivational theory

This theory was published by Frederick Taylor in 1911. According to Taylor’s research, people worked purely for money. In the early years of the car assembly industry work on a production line was based on producing quantity and was repetitive. Workers were paid ‘piece rate’, that is, paid for every item produced. This approach of paying workers by results was good for the business. The outcome was greater production but gave little opportunity, encouragement or time for employees to think for themselves or be creative in what they did. This limited people’s development and their use within the company.
This theory is relevant to the topic under the study since it informs organization rewarding practices variable. Employees are more motivated if they feel content in their work. This often happens when their employer creates a good working environment where employees feel valued, generally through increased rewards and communication and being asked for their opinions. Employee motivation is also likely to be higher if the organization invests in its staff through remuneration, training and development. This in turn enhances their knowledge, skills and their sense of job satisfaction. This theory is relevant to this study since it focuses on one way of motivating employees.

2.3 Performance Management Process

A typical strategic change management often involves some degree of business process re-engineering (BPR) and systems customization. Arifet al. (2005) states that if a company is not already conducting its business in the manner assumed to be the best practice according software package they acquire, then the organization must reengineer its business processes, operations and practices. Therefore, BPR can be considered as a key practice in change management process.

In BPR the goal is to replace the existing business processes with ones that are much more effective for both the customer and the organization itself. Therefore, BPR can be conceived as a technique for restructuring business operations to achieve improvements. Improvement of business operations can also be achieved through TQM or process improvement, but with BPR the targeted improvements will be more significant and radical. Eardley et al. (2008) states that the aim of TQM or process improvement approach is to streamline the system operations in the organization’s value chain in order to add value incrementally.

2.4 Performance Factors

The context factor refers to the organization’s external and internal environments, such as a changing political environment or the institutionalization of a public organization (Philippidou et al. 2008). The content factor focuses on the content of the change, including the organization’s strategies, structures and systems (Armenakis and Bedeian 1999). An example of a content issue in the public sector could be New Public Management (NPM), a world-wide reform trend in the public sector (Pollitt and Bouckaert 2004). Third, Armenakis and Bedeian (1999) mention the
process factor, which describes the interventions and processes that are involved in the implementation of change.

Generally, both the management and public administration literature distinguish between radical and emergent change processes. Fourth, Armenakis and Bedeian (1999) raise criterion variables, referring to the outcomes of change, including the attitudes, behaviors and experiences of those involved with the change. An additional factor we include in our frame relates to the leadership of change, which has been receiving increasing attention in the change management literature (Higgs and Rowland 2005).

2.5 Critical Success Factors

The identification of ‘success factors’ was first proposed by Daniel (1961) in an article on Management Information Crisis. It was later refined by Rockart (1979) who used the term ‘Critical Success Factors’ (CSF) to mean the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance in an organization.

Research on managing strategic change have focused on critical success factors in order to advise managers about which of the factors are most critical for the organization (Somers and Nelson, 2001). The study by Umble et al. (2003) has categorized the key factors under 10 main points namely: clear understanding of strategic goals, commitment by top management, excellent implementation project management, great implementation team, successful coping with technical issues, organizational commitment to change, extensive education and training, data accuracy, focused performance measures, and multi-site issues resolved.

As noted by Robey et al. (2002), while these findings are useful in predicting the successful outcome of projects, they offer few insights beyond conventional wisdom because they do not adequately explain why the investigated business outcome occurred. In light with their observation, we argue that these studies are not without benefit because they highlight important issues for consideration and point to the complexity of software project initiatives. Organizations and researchers may find consulting a list of a priority ‘factors of success' beneficial, such items are not in-themselves keys to a preferred outcome. Rather, they tend to focus attention on controlling and simplifying innately complex situations. Most of the studies carried on critical success factors areas lack theoretical basis that successfully link the critical success factors to
implementation outcomes of any kind. Besides, there is no consensus on critical success factors owing to difference in context between implementing organizations (Leopoldo and Otieno, 2005).

2.6 Empirical Review

This session presented previous studies related to transformation strategy.

2.6.1 Influence of Organization sub-culture on performance

Pavitt, (2006) noted that culture may affect performance. Organizational culture can be cited as a key factor contributing to the success of or the failure of organizations. Organizational culture can be defined as a pattern of beliefs, norms or social expectations shared by individuals in organizational systems. These beliefs and expectations, although produced by the interaction between individuals and groups in organizational systems, influence back (through a retroactive feedback loop) the behavior of these same individuals and groups and nothing more than a representation of a socially constructed reality in which individuals and groups know what is important, what is acceptable and how to behave in specific situations. For culture to promote change and increase the capacity of individuals, groups and organizational systems to innovate, it needs to ingrain in individuals the capacity to continually question their assumptions to reflect on the appropriateness of their actions in the light of unfolding events. Such a culture will be in a continual construction through learning, more specifically double loop learning (Argyris, 1976). As Kofman and Senge, (1993) stated that “Those contexts that display their precarious nature, those contexts that invite revision and recreation are inherently better than those which hide their precarious nature and fight revisionist attempts. They will be in a continual state of becoming.” Even culture will need to be in a continual state of becoming to evolve with the organizational system, its individuals, its structure and other elements. Organizational systems fostering such cultures can become learning organizations where interdependence, capacity for feedback, balance and adaptation are valued. In such systems, what individuals know is not as crucial as what they could know through learning and answers are always less important than questions.

Studies by Okumus (2003) found that the main barriers to the performance include lack of coordination and support from other levels of management and resistance from lower levels and lack of or poor planning activities. Freedman (2003), lists out a number of implementation pitfalls such as isolation, lack of stakeholder commitment, strategic drift, strategic dilution, strategic isolation, failure to understand progress, initiative fatigue, impatience, and not
celebrating success. Sterling (2003), identified reasons why strategies fail as unanticipated market changes; lack of senior management support; effective competitor responses to strategy application of insufficient resources; failure of buy in, understanding, and/or communication; timeliness and distinctiveness; lack of focus; and bad strategy poorly conceived business models. Sometimes strategies fail because they are simply ill conceived. For example business models are flawed because of a misunderstanding of how demand would be met in the market.

Rapert, Lynch and Suter (1996) and Heracleous (2000) all think that the shared understanding of middle management and those at the operational level to the top management team’s strategic goals is of critical importance to effective implementation (Rapert & Velliquette & Garretson, 2002). Strategy implementation efforts may fail if the strategy does not enjoy support and commitment by the majority of employees and middle management. This may be the case if they were not consulted during the development phase Heracleous, (2000). Okumus (2003) thinks obtaining employee commitment and involvement can promote successful strategy implementation. Rapert, Velliquette and Garretson (2002) find that organizations where employees have easy access to management through open and supportive communication climates tend to outperform those with more restrictive communication environments. Also the findings of Peng and Littlejohn (2001) show that effective communication is a key requirement for effective strategy implementation.

Musyoka (2011) says that performance is inextricably connected to organizational change. If members of an organization resist change and maintain the status quo, implementation will not take place. The sources of this resistance are varied but they yield unsatisfactory implementation results. Resources in any form, whether they are financial, human (in skills or experience that they contribute to implementation), equipment and buildings, are a prerequisite for successful implementation, inadequacy of any one or all of the resources poses a stumbling block to implementation efforts. The operating environment in which local authorities find themselves in poses challenges to their implementation efforts. The dynamic technological environment implies that organizations have to keep abreast with changes in the technological environment, as use of technology, in particular computers, makes the job easier and faster. Failure to adopt use of computers slows down the implementation efforts. The political-legal environment poses challenges to implementation as new laws and policies have to be taken into consideration by the local government institution.

14
2.6.2 Influence of Organization Structure/ governance on performance

Jones and Hill (1997) noted that performance is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively. Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Leadership may affect change management.

Leadership is widely described as one of the key drivers of effective strategy implementation (Pearce and Robinson, 2005) However, a lack of leadership, and specifically by the top management of the organization, has been identified as one of the major barriers to effective strategy implementation (Hrebiniak, 2005). Leadership is defined as “the leader’s ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary” (Hitt, Ireland, & Hoskisson 2007). Leadership is multifunctional, involves managing through others, and helps organizations cope with change that seems to be increasing exponentially in today’s globalized business environment. Identifiable actions characterizing leadership that positively contributes to effective strategy implementation are determining strategic direction, establishing balanced organizational controls, effectively managing the organization’s resource portfolio, sustaining an effective organizational culture and emphasizing ethical practices.

Sorooshian, Norzima, Yusof&Rosnah (2010) did a study on the effect analysis on strategy implementation drivers on performance within the small and medium manufacturing firms. The author identified three fundamental factors in Strategy Implementation: the structure, leadership style and resources and discusses the main drivers of strategy implementation, prevailing in the smaller industries. In this regard, empirical relationships were established relating strategy implementation and performance of the firm. The author also provided a structural equation model on the relationship among drivers of strategy implementation and organization performance and also sensitivity analysis on the drivers.

Lorsch, (1967) in the study found out that organization structure may affect performance. Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted. Thompson and Strickland (1980) notes that strategy implementation involves working with and through other
people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes. Strategies are formulated and implemented by managers operating within the current structure.

Owen (1982) in his study noted that performance depends on a large part on how a firm is organized. The study agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objective set. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm’s strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm’s capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce and Robinson, 2007). One reason strategy implementation processes frequently result in problems or even fail is that the assignments of responsibilities are unclear. The organization structure therefore should fit with the intended strategies (Birnbaum, 2000).

Okumus,(2001) found out that organization structure is a crucial factor influencing transformation strategy. Those organizations that are successful at implementing strategy give thought to their organizational structure. They ask if their intended strategy fits their current structure. And they ask a deeper question as well, that is, whether the organization's current structure is appropriate to the intended strategy.

2.6.3 Influence of Organization Leadership capacity on performance

Pearce and Robinson,( 2005) on their study noted that Leadership may affect performance. Leadership is widely described as one of the key drivers of effective strategy implementation. However, a lack of leadership, and specifically by the top management of the organization, has been identified as one of the major barriers to effective strategy implementation (Hrebinjak, 2005). Leadership is defined as the leader’s ability to anticipate, envisions, and maintain flexibility and to empower others to create strategic change as necessary (Hitt, Ireland, & Hoskisson 2007: 375). Leadership is multifunctional, involves managing through others, and helps organizations cope with change that seems to be increasing exponentially in today’s globalized business environment. Identifiable actions characterizing leadership that positively
contributes to effective strategy implementation are determining strategic direction, establishing balanced organizational controls, effectively managing the organization’s resource portfolio, sustaining an effective organizational culture and emphasizing ethical practices.

Harrington (2006) investigated the moderating effects of size, manager tactics and involvement on strategy implementation in Canadian food service sector. Schaap (2006) conducted an empirical study on the role of Senior-Level Leaders in the Nevada Gaming Industry in USA. On the other hand, Lehner (2004) investigated strategy implementation tactics as response to organizational, strategic, and environmental imperatives among 136 upper-austrian firms. However, all these studies were carried out in developed countries. Drazin and Howard (2004) see a proper strategy-structure alignment as a necessary precursor to the successful implementation of new business strategies. They point out that changes in the competitive environment require adjustments to the organizational structure.

According to Jooste & Fourie (2006) Many barriers to performance exist. A lack of leadership, and specifically strategic leadership, at the top of the organization has been identified as one of the major barriers to effective strategy implementation. In turn, Strategic leadership is also viewed as a key driver to effective strategy implementation.

According to Hamid (2010) studies show that most big companies have had problems in implementing their strategies. His study identified effective factors, like: leadership, organizational structure, human resources, information systems and technology, on successful implementation of strategies in service sector. For this purpose, statistical population were randomly selected from Pasargad Bank branches in Tehran and include the branch presidents, their deputies and executives working in the bank branches as well as managers of Central Office of Pasargad Bank. Sampling was based on the simple random sampling. The questionnaire was used as the information gathering device. Reliability of questionnaire was studied by three experts and two managers of central office, and for validity measurement Cronbach’s Alpha test was used. He used sign test for measuring the effects and Wilcoxon for group difference on depended variable. The findings showed that all mentioned factors affect the strategy implementation but their effects rates are different.
2.6.4 Influence of organization rewarding practices on performance

According to Heracleous, (2000) developing effective incentives and controls is a way of dealing with challenges in poor performance. Strategy execution is usually not yet complete because the creation of strategy, objectives, structure, accountabilities, and coordinating mechanisms is not sufficient to ensure that individuals will embrace the goals of the organization. Incentives motivate or guide performance and support the key aspects of the strategy-execution model. Controls, in turn, provide timely and valid feedback about organizational performance so that change and adaptation become a routine part of the implementation effort. Controls allow for the revision of execution-related factors if desired goals are not being met.

Bartók & Ješka, (2006) argued that non-involvement of employees and rewards extended to them is a challenge facing performance. One frequent problem is the exclusion of human factors from the process of innovation strategy. Staff who are not involved in the creation of an innovation strategy, they do not get sufficient information about the objectives innovation strategy, are not thoroughly familiar with the intentions of firm's innovation activities, may be in some activities passively. As a useful tool in this analysis can help managers create their own business model of innovation relationship management.

Birnbaum (2000) indicates that strategy implementation requires the transfer of information from one person to another through specific channels. Communication allows sharing of ideas, facts, opinions and emotions and above all provides feedback. In organizational strategy implementation, information flows in all directions; downwards, upwards and literally. The management of the organization therefore thinks about the communication needs that to be articulated during strategy implementation.

Freedman (2003) ultimately suggested the following keys to successful strategy implementation: communicating the strategy; driving and prioritizing planning; aligning the organization; reducing complexity; and installing an issue resolution system. According to Kaplan and Norton (2001) the following are viewed as sets of best practices and their sub-components for implementing and executing strategy in organizations: mobile change through effective leadership; translate the strategy to operational terms; align the organization to the strategy; motivate to make strategy everyone’s job; and govern to make strategy a continual process. In an attempt to simplify quite a complex model, Kaplan and Norton (2001) provided five key areas
that need to be addressed to support successful strategy execution. They offered the following facilities available, providing necessary budgets for training, meetings, equipment, and implementation.

Kaplan and Norton, (2001) noted that clarifying responsibility and accountability is vital to making strategy work. Managers cannot create coordination mechanisms or integrate strategic and short-term operating objectives if job responsibilities and accountability are unclear. The problem is that job-related responsibilities are not always clear, and even authority is not always unambiguous. Responsibility and accountability are often blurred when people from different divisions, functions, or hierarchical levels come together to solve a problem. Matrix-like structures in global settings marked by lateral, hierarchical, and country influences often suffer from a cloudy picture of responsibility, accountability, and authority. To execute strategy, responsibility and accountability must be clear. Use of a responsibility matrix or similar tool can help to define key execution tasks or activities and the people responsible for them. Without this clarification of roles and responsibilities for critical tasks, decisions, and outcomes, making strategy work is difficult (Kaplan and Norton, 2001)

2.7 Conceptual Framework

The conceptual framework illustrated the dependent and independent variables.
2.8 Operationalization of Variables

Figure 2.2 shows the operationalization of variables. Each variable was operationalized as shown in the figure.
Figure 2.2: Operationalization

- Revenue growth
- Profitability
- Efficiency
Organizational culture has been defined as patterns of shared values and beliefs over time which produces behavioral norms that are adopted in solving problems (Owens 1987; Schein, 1990). Chatman, J.A., & Eunyoung Cha, S. (2003) refers to organizational culture as a system of shared assumptions, values, and beliefs that show people what is appropriate and inappropriate behavior. The organization’s internal environment is represented by its culture and is construed by the assumptions and beliefs of the managers and employees (Aycan et al., 1999). Organizational Culture manifested in beliefs and assumptions, values, attitudes and behaviors of its members is a valuable source of firm’s competitive advantage (Hall, 1993; Peteraf, 1993) since it shapes organizational procedures, unifies organizational capabilities into a cohesive whole, provides solutions to the problems faced by the organization, and, thereby, hindering or facilitating the organization’s achievement of its goals (Yilmaz, 2008). Organization sub culture under this study was measured using consistency, flatness and adaptability.

According to Kandula (2006) the key to good performance is a strong culture. He further maintains that due to difference in organizational culture, same strategies do not yield same results for two organizations in the same industry and in the same location. A positive and strong culture can make an average individual perform and achieve brilliantly whereas a negative and weak culture may demotivate an outstanding employee to underperform and end up with no achievement. Therefore organizational culture has an active and direct role in performance. Murphy and Cleveland (1995) believe that research on culture contributes to the understanding of performance.

Organizational structure is defined as the formal system of authority relationships and tasks that control and coordinate employee actions and behavior to achieve goals in organizations (Jones, 2013). Organizational structure describes the formal arrangement of jobs and tasks in organizations (Robbins and Coulter, 2007); it describes the allocation of authority and responsibility, and how rules and regulation are executed by workers in firms (Nahm et al., 2003). In organization theory Borgatti (1996) asserts an organization develops based on its size, its technology and its environmental requirements. Borgatti includes degrees and types of horizontal and vertical differentiation control and coordination mechanisms, formalization and centralization of power as determinants of organizational structure. Hierarchical organizations of past years must be flattened to today’s, so as to become process-oriented, learning, team-based, and fast-cycle organizational models; Flat, flexible and focusing on core competence. Inside,
empowered, interfunctional teams of knowledge workers are reengineering and continually improving core business processes. To accomplish the organizations of the year 2000 and beyond, firms must change the way they are organized, and employees at all levels must become information literate - not just computer literate and should think globally and act locally. Organization culture under this study was explained by the functional department, centralization and flatness.

Organization leadership capacity was explained by the transformational leadership style, participative leadership style and autocratic leadership style. Pearce and Robinson (2005) on their study noted that Leadership may affect performance. Leadership is widely described as one of the key drivers of effective strategy implementation. However, a lack of leadership, and specifically by the top management of the organization, has been identified as one of the major barriers to effective strategy implementation (Hrebiniak, 2005).

Organization rewarding practices was explained by salaries bonus and commission. Bartók&Ješka, (2006) argued that non-involvement of employees and rewards extended to them is a challenge facing performance. One frequent problem is the exclusion of human factors from the process of innovation strategy. Staff who are not involved in the creation of an innovation strategy, they do not get sufficient information about the objectives innovation strategy, are not thoroughly familiar with the intentions of firm's innovation activities, may be in some activities passively.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provided the pathway through which the objective of this study was achieved. It set out various stages and phases that were used in the study. In this stage, most decisions about how research was executed and how questionnaires were administered, as well as when, where and how the research was conducted is addressed. Specifically the research design, data collection method and procedures and data analysis were included.

3.2 Research Design

This study adopted a case study since the unit of analysis was biased to one organization that is UANITAS Sacco. It aimed at getting detailed information regarding factors affecting the performance of UANITAs Sacco.

According to Yin (1994), a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. It involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations.

3.3 Target Population

A population is a complete set of units to be studied (Kothari, 2004). The population of the study was all the senior staff (top, middle and supervisory levels of management). There were a total 96 such managers in UANITAS Sacco. The list was obtained from the human resource department.

3.4 Sample Size

A sample is a subset of a population (Kothari, 2004). The sample size was 50% of the population. This is in line with Mugenda and Mugenda (2003) who suggest that 10% or more of a population is adequate for a study. The sample size was therefore be 48 managers.

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.
3.5 Data Collection

The study used primary data; original information was collected from a first-hand experience. Primary data was received first hand from instruments such as questionnaires where a person collected the data using drop and pick approaches.

The data collection instrument that was used in this study was the questionnaire. A likert scale questionnaire is a set of questions that seeks to find out information about variables. Permission from the organization was sought and consent from individual managers was requested through a formal introduction letter. Two research assistants were used for administering the questionnaire.

3.6 Data Analysis

The researcher used quantitative techniques in analyzing the data. Descriptive analysis was employed; which included; mean standard deviations and frequencies/percentages. Inferential statistics such as correlation and regression analysis were used. The organised data was interpreted on account of concurrence to objectives using assistance of computer packages especially Statistical Package for Social Sciences (SPSS) version 20 to communicate the research findings. The analyzed data was presented in frequency and percentage tables; this enhanced easier interpretation and understanding of the research findings.

A simple regression model was used to test the significance of the influence of the independent variables on the dependent variable. The multiple regression model was as laid below.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \]

Where:

- \( Y \) = Performance
- \( X_1 \) = Organizational sub culture
- \( X_2 \) = Organization structure/governance
- \( X_3 \) = Organization leadership capacity
- \( X_4 \) = Organization rewarding practices
- \( e \) is error term
- \( \beta_0 \) represents the constant
$\beta_{1,2,3,4}$ are regression coefficients

3.7 Ethical Issues

The researcher upheld ethical issues in the process of the study and gave respondents assurance that confidentiality was observed and data collected was only used for research purposes only.

The researcher obtained an informed consent from every respondent and all the relevant authorities were consulted. The researcher sought permission to collect all the necessary data required.
CHAPTER FOUR
ANALYSIS, RESULTS AND DISCUSSIONS

4.0 Introduction

This chapter comprised of data analysis, findings and interpretation. Results were presented in tables and diagrams. The analyzed data was arranged under themes that reflected the research objectives.

4.1 Response Rate

The number of questionnaires that were administered to UNAITAS Sacco managers was 48. A total of 45 questionnaires were properly filled and returned. This represented an overall successful response rate of 93.75% as shown on Table 4.1. According to Mugenda and Mugenda (2003) and also Kothari (2004) a response rate of above 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of above 50% are acceptable to analyze and publish, 60% is good and 70% is very good.

Based on these assertions from renowned scholars, 93.75% response rate is very good for the study. Thus the response rate of 93.75% under this study was very good for study.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>45</td>
<td>93.75%</td>
</tr>
<tr>
<td>Unreturned</td>
<td>3</td>
<td>6.25%</td>
</tr>
<tr>
<td>Total</td>
<td>48</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2 Demographic Characteristics

This section consists of information that describes basic characteristics such as gender of the respondent, age of the respondent, level of education and years worked in their current position.

4.2.1 Gender of the respondents

The respondents were asked to indicate their gender. Majority of the respondents were male who represented 60% of the sample while 40% were female. This implies that the managerial positions at UNAITAS are male dominated.
4.2.2 Age of the respondents

Respondents were requested to indicate their age brackets. Majority of the respondents who was 36% were on age bracket of 31-40 years. 29% were on age bracket of 41-50 years, 22% were above 50 years while 13% who were the least were less than 30 years old. This implies that majority of the employees in the UNAITAS Sacco were older managers and these were expected to have a good background of the operations within the organization.
4.2.3 Highest Level of Education

The respondents were asked to indicate their highest level of education. Results in figure 4.3 show that 53% of the respondents had their highest level of education being university level, 38% had college qualification while 9% had secondary qualification. In as far as the title of study is concerned, the results imply that, the respondents were expected to understand the questionnaire and give valid response since they had better understanding as guided by the their level of education which in this case majority having university as the highest level of education.

![Figure 4.3: Highest level of Education of Respondents](image)

4.2.4 Duration of being in the employment

On the question of the duration being in employment, majority of the respondents (53%) have been in the employment for 4-6 years, 22% have been in the employment for over 6 years, 16% have been in the employment for 1-3 years while 9% have been in employment for a period less than 1 year.

This implies that majority of the respondents have been in the employment for a good period of time thus they were experienced.
4.3 Descriptive Statistics

This section presents the descriptive results on organization subculture, organization structure, organization leadership capacity and organization rewarding practices.

4.3.1 Organization Sub culture

The first objective of the study was to assess the effect of organizational subculture on performance of UNAITAS Sacco. The respondents were asked to respond on statements on organization subculture. The responses were rated on a five likert scale as presented in Table 4.2. Majority of 80% (51.1% + 28.9%) of the respondents agreed with the statement that the organization supports innovative culture, 71.2% agreed with the statement that the organization supports an employee participative/involvement culture, 66.7% of the respondents agreed that the organization supports mission focus culture, 80% of the respondents agreed that the organization insists on the consistency of effectiveness, while 82.1% of the respondents agreed that the organization supports a customer focus culture.

On a five point scale, the average mean of the responses was 3.91 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 1.11.
Table 4.2: Organization Sub culture

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization supports innovative culture</td>
<td>4.40%</td>
<td>6.70%</td>
<td>8.90%</td>
<td>51.10%</td>
<td>28.90%</td>
<td>3.93</td>
<td>1.031</td>
</tr>
<tr>
<td>The organization supports an employee participative/involvement culture</td>
<td>4.40%</td>
<td>11.10%</td>
<td>13.30%</td>
<td>35.60%</td>
<td>35.60%</td>
<td>3.87</td>
<td>1.16</td>
</tr>
<tr>
<td>The organization supports mission focus culture</td>
<td>11.10%</td>
<td>4.40%</td>
<td>17.80%</td>
<td>37.80%</td>
<td>28.90%</td>
<td>3.69</td>
<td>1.258</td>
</tr>
<tr>
<td>The organization insists on the consistency of effectiveness</td>
<td>6.70%</td>
<td>8.90%</td>
<td>4.40%</td>
<td>57.80%</td>
<td>22.20%</td>
<td>3.8</td>
<td>1.1</td>
</tr>
<tr>
<td>The organization supports a customer focus culture</td>
<td>0.00%</td>
<td>11.10%</td>
<td>6.70%</td>
<td>28.90%</td>
<td>53.30%</td>
<td>4.24</td>
<td>1.004</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>3.91</strong></td>
<td><strong>1.11</strong></td>
<td><strong>1.11</strong></td>
<td><strong>1.11</strong></td>
<td><strong>1.11</strong></td>
<td><strong>1.11</strong></td>
<td><strong>1.11</strong></td>
</tr>
</tbody>
</table>

4.3.2 Organizational Structure/ governance

The second objective of the study was to establish the effect of organizational structure/governance on performance of UAITAS Sacco. The results are presented in Table 4.3 below show that 68.9% (11.10% + 57.80%) of the respondents agreed that the organization has proper governance structures, 71.1% of the respondents agreed that the organization has an effective board of directors, 80% of the respondents supported that The organization has an appropriate independent directors, 82.2% agreed that the organization has a fully functioning audit committee while 71.1% agreed that the organization has a clear chain of command.

Using a five point scale likert mean, the overall mean of the responses was 3.90 which indicates that majority of the respondents agreed to the statement of the questionnaire. Additionally, the standard deviation of 1.2 indicates that the responses were varied. The results herein imply that organizational culture/governance influence the performance of UAITAS Sacco.
Table 4.3: Organizational Structure/ governance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean ± Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has proper governance structures</td>
<td>17.80%</td>
<td>4.40%</td>
<td>8.90%</td>
<td>11.10%</td>
<td>57.80%</td>
<td>3.87 ± 1.575</td>
</tr>
<tr>
<td>The organization has an effective board of directors</td>
<td>4.40%</td>
<td>15.60%</td>
<td>8.90%</td>
<td>40.00%</td>
<td>31.10%</td>
<td>3.78 ± 1.185</td>
</tr>
<tr>
<td>The organization has an appropriate independent directors</td>
<td>4.40%</td>
<td>4.40%</td>
<td>11.10%</td>
<td>40.00%</td>
<td>40.00%</td>
<td>4.07 ± 1.053</td>
</tr>
<tr>
<td>The organization has a fully functioning audit committee</td>
<td>4.40%</td>
<td>4.40%</td>
<td>8.90%</td>
<td>42.20%</td>
<td>40.00%</td>
<td>4.09 ± 1.041</td>
</tr>
<tr>
<td>The organization has a clear chain of command</td>
<td>11.10%</td>
<td>4.40%</td>
<td>13.30%</td>
<td>42.20%</td>
<td>28.90%</td>
<td>3.73 ± 1.25</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>3.90 ± 1.2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3.3 Organizational leadership capacity

The third objective of the study was to determine the effect of organizational leadership capacity on performance of UAINITAS Sacco in Kenya. The results are presented in table 4.4 show 71.1% (31.1%+40%) of the respondents agreed that the organization leadership is transformation. Further results found that the organization employs participative leadership style in management as indicated by 68.9% of the respondents. Results also showed that 73.4% of the respondents agreed that the organization employs transactional leadership style in management. In addition, results show that 66.6% of the respondents agreed that the organization leadership plays the relevant oversight roles.

Further, 75.5% of the respondents agreed that the organization leadership is familiar with the current business trends. These results imply that Organizational leadership capacity influence performance of UAINITAS Sacco in Kenya.

The average likert scale of the responses is 3.87 which indicates that majority of the respondents agreed to the statements. The standard deviation was 1.29 which indicates that the responses were varied.
### Table 4.4: Organizational leadership capacity

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization leadership is transformation</td>
<td>6.70%</td>
<td>17.80%</td>
<td>4.40%</td>
<td>31.10%</td>
<td>40.00%</td>
<td>3.8</td>
<td>1.325</td>
</tr>
<tr>
<td>The organization employs participative leadership style in management</td>
<td>11.10%</td>
<td>11.10%</td>
<td>8.90%</td>
<td>22.20%</td>
<td>46.70%</td>
<td>3.82</td>
<td>1.419</td>
</tr>
<tr>
<td>The organization employs transactional leadership style in management</td>
<td>6.70%</td>
<td>4.40%</td>
<td>15.60%</td>
<td>35.60%</td>
<td>37.80%</td>
<td>3.93</td>
<td>1.156</td>
</tr>
<tr>
<td>The organization leadership plays the relevant oversight roles.</td>
<td>6.70%</td>
<td>8.90%</td>
<td>17.80%</td>
<td>24.40%</td>
<td>42.20%</td>
<td>3.87</td>
<td>1.254</td>
</tr>
<tr>
<td>The organization leadership is familiar with the current business trends.</td>
<td>11.10%</td>
<td>4.40%</td>
<td>8.90%</td>
<td>33.30%</td>
<td>42.20%</td>
<td>3.91</td>
<td>1.311</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>3.87</strong></td>
<td><strong>1.29</strong></td>
</tr>
</tbody>
</table>

### 4.3.4 Organization rewarding practices

The fourth objective of the study was to establish the effect of organization rewarding practices on performance of UAITAS Sacco in Kenya. Results in table 4.5 show that 80% (33.3%+46.7%) of the respondents agreed that the organization have a policy for reviewing salaries for employees, 68.9% of the respondents agreed that the employees are paid commission commensurate to their position and sales targets in employment, 66.7% of the respondents agreed that employees receive financial or non-financial rewards and compensations, another 66.7% of the respondents agreed that the employees are given bonus when the company performs well, while 84.4% of the respondents indicated that salary paid to employees is commensurate with skills and job responsibilities.

On an average likert scale the responses had an overall mean of 3.95 which indicated that the respondents agreed to the majority of the questions asked. The standard deviation of 1.07 indicates that the responses were varied. The results imply that organization rewarding practices influence the performance of UAITAS Sacco in Kenya.
Table 4.5: Organization rewarding practices

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization have a policy for reviewing salaries for employees</td>
<td>4.40%</td>
<td>4.40%</td>
<td>11.10%</td>
<td>33.30%</td>
<td>46.70%</td>
<td>4.13</td>
<td>1.079</td>
</tr>
<tr>
<td>The employees are paid commission commensurate to their position and sales targets in employment</td>
<td>4.40%</td>
<td>8.90%</td>
<td>17.80%</td>
<td>42.00%</td>
<td>26.70%</td>
<td>3.78</td>
<td>1.085</td>
</tr>
<tr>
<td>Employees receive financial or non-financial Rewards and compensations</td>
<td>4.40%</td>
<td>11.10%</td>
<td>17.80%</td>
<td>26.70%</td>
<td>40.00%</td>
<td>3.87</td>
<td>1.198</td>
</tr>
<tr>
<td>The employees are given Bonus when the company performs well.</td>
<td>8.90%</td>
<td>11.10%</td>
<td>13.30%</td>
<td>31.10%</td>
<td>35.60%</td>
<td>3.73</td>
<td>1.304</td>
</tr>
<tr>
<td>Salary paid to employees is commensurate with skills and job responsibilities.</td>
<td>0.00%</td>
<td>0.00%</td>
<td>15.60%</td>
<td>44.40%</td>
<td>40.00%</td>
<td>4.24</td>
<td>0.712</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>0.00%</strong></td>
<td><strong>0.00%</strong></td>
<td><strong>15.60%</strong></td>
<td><strong>44.40%</strong></td>
<td><strong>40.00%</strong></td>
<td><strong>3.95</strong></td>
<td><strong>1.07</strong></td>
</tr>
</tbody>
</table>

4.4 Inferential Statistics

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

4.4.1 Correlation Analysis

Table 4.7 below presents the results of the correlation analysis. The results revealed that organization substructure and performance are positively and significant related \((r=0.440, p=0.003)\). The table further indicated that organization structure/governance and performance are positively and significantly related \((r=0.568, p=0.000)\). It was further established that organizational leadership capacity and performance were positively and significantly related \((r=0.375, p=0.011)\). Similarly, results showed that organizational rewarding practices and performance were positively and significantly related \((r=0.388, p=0.008)\). This implies that an increase in any unit of the variables leads to an improvement in performance.
### Table 4.6: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Mean performance</th>
<th>Mean subculture</th>
<th>Mean structure</th>
<th>Mean leadership</th>
<th>Mean rewarding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean performance</td>
<td>Pearson Correlation</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean subculture</td>
<td>Pearson Correlation</td>
<td>.440**</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean structure</td>
<td>Pearson Correlation</td>
<td>.568**</td>
<td>.331*</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.026</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean leadership</td>
<td>Pearson Correlation</td>
<td>.375*</td>
<td>0.124</td>
<td>0.186</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.011</td>
<td>0.416</td>
<td>0.221</td>
<td></td>
</tr>
<tr>
<td>Mean rewarding</td>
<td>Pearson Correlation</td>
<td>.388**</td>
<td>0.156</td>
<td>.449**</td>
<td>0.088</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.008</td>
<td>0.306</td>
<td>0.002</td>
<td>0.565</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

### 4.4.2 Regression Analysis

The results presented in table 4.7 present the fitness of model used of the regression model in explaining the study phenomena. Organization subculture, organization structure, organization leadership capacity and organization rewarding practices were found to be satisfactory variables in performance. This is supported by coefficient of determination also known as the R square of 48.1%. This means that organization subculture, organization structure, organization leadership capacity and organization rewarding practices explain 48.1% of the variations in the dependent
variable which is performance of UNAITAS Sacco in Kenya. This results further means that the model applied to link the relationship of the variables was satisfactory.

**Table 4.7: Model Fitness**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.693</td>
</tr>
<tr>
<td>R Square</td>
<td>0.481</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.429</td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>0.3767297</td>
</tr>
</tbody>
</table>

In statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non-significant.

Table 4.8 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of performance. This was supported by an F statistic of 9.25 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

**Table 4.8: Analysis of Variance**

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5.251</td>
<td>4</td>
<td>1.313</td>
<td>9.25</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>5.677</td>
<td>40</td>
<td>0.142</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10.928</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Regression of coefficients results in table 4.9 shows that organization subculture and performance are positively and significant related (r=0.245, p=0.036). The table further indicates that organization structure and performance are positively and significant related (r=0.364, p=0.011). It was further established that organization leadership capacity and performance were positively and significantly related (r=0.234, p=0.030) while organization rewarding practices and performance were also positively and significantly related (r=0.139, p=0.021)
Table 4.9: Regression of Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.242</td>
<td>0.629</td>
<td>0.385</td>
<td>0.702</td>
</tr>
<tr>
<td>Organization subculture</td>
<td>0.245</td>
<td>0.112</td>
<td>2.176</td>
<td>0.036</td>
</tr>
<tr>
<td>Organization structure</td>
<td>0.364</td>
<td>0.137</td>
<td>2.663</td>
<td>0.011</td>
</tr>
<tr>
<td>Organization leadership capacity</td>
<td>0.234</td>
<td>0.104</td>
<td>2.246</td>
<td>0.030</td>
</tr>
<tr>
<td>Organization rewarding practices</td>
<td>0.139</td>
<td>0.109</td>
<td>1.275</td>
<td>0.021</td>
</tr>
</tbody>
</table>

Thus, the optimal model for the study is;

\[
\text{Performance of UNAITAS Sacco} = 1.242 + 0.245 \text{ Organization subculture} + 0.364 \text{ Organization structure} + 0.234 \text{ Organization leadership capacity} + 0.139 \text{ Organization rewarding practices}.
\]
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter addresses the summary of the findings, the conclusions and the recommendations. This is done in line with the objectives of the study.

5.2 Summary of Findings

This section provides a summary of the findings from the analysis. This is done in line with the objectives of the study.

5.2.1 Organization subculture

The first objective of the study was to establish the effect of organization subculture on performance of UNAITAS Sacco. The findings revealed that organization subculture has a positive and significant effect on the performance of UNAITAS Sacco. This is also supported by the statements in the questionnaire which majority of the respondents agreed.

These findings agree with that of Pavitt, (2006) who found out that culture may affect performance. Organizational culture can be cited as a key factor contributing to the success of or the failure of organizations. Organizational culture can be defined as a pattern of beliefs, norms or social expectations shared by individuals in organizational systems. These beliefs and expectations, although produced by the interaction between individuals and groups in organizational systems, influence back (through a retroactive feedback loop) the behavior of these same individuals and groups and nothing more than a representation of a socially constructed reality in which individuals and groups know what is important, what is acceptable and how to behave in specific situations. For culture to promote change and increase the capacity of individuals, groups and organizational systems to innovate, it needs to ingrain in individuals the capacity to continually question their assumptions to reflect on the appropriateness of their actions in the light if unfolding events.

5.2.2 Organization structure

The second objective of the study was to establish the effect of organization structure on performance of UNAITAS Sacco. Results reveal that organization structure has a positive and
significant relationship on performance of UNAITAS Sacco. This is also supported by majority of the respondents who agreed with most of the statements in the questionnaire.

This finding agree with that of Rick Ledbetter (2003) who conducted a study at Grand Prairie Fire Department Texas on influencing factors and impact of organizational structure identified consistent components underlying organizational restructuring. These common determinants include environment, technology, size, strategy, goals, culture and philosophy. The finding also agrees with that of Anderson and Zbirenko (2014) who undertook a research on the Effect of organizational structure, leadership and communication on efficiency and productivity in a public health-care organization and from their findings, they concluded that structure facilitates processes and to what extent they are performed efficiently.

5.2.3 Organization leadership capacity

The third objective of the study was to determine the effect of organization leadership capacity on performance. The regression model indicated that organization leadership capacity has a positive and significant effect on performance. This is also supported by majority of the respondents who agreed with most of the statements in the questionnaire.

This finding agree with that of Pearce and Robinson (2005) who found out that leadership affect performance. Leadership is widely described as one of the key drivers of effective strategy implementation. However, a lack of leadership, and specifically by the top management of the organization, has been identified as one of the major barriers to effective strategy implementation (Hrebiniak, 2005). Leadership is defined as the leader’s ability to anticipate, envisions, and maintains flexibility and to empower others to create strategic change as necessary (Hitt, Ireland, &Hoskisson 2007). Leadership is multifunctional, involves managing through others, and helps organizations cope with change that seems to be increasing exponentially in today’s globalized business environment. Identifiable actions characterizing leadership that positively contributes to effective strategy implementation are determining strategic direction, establishing balanced organizational controls, effectively managing the organization’s resource portfolio, sustaining an effective organizational culture and emphasizing ethical practices.
5.2.4 Organization rewarding practices

The forth and the last objective was to establish the effect of organization rewarding practices on performance of UANITAS Sacco. The regression results revealed that organization rewarding practices has a positive and a significant effect on performance of UANITAS Sacco.

This finding agrees with that of Bartók & Ješka, (2006) who found out that non-involvement of employees and rewards extended to them is a challenge facing performance. One frequent problem is the exclusion of human factors from the process of innovation strategy. Staff who are not involved in the creation of an innovation strategy, they do not get sufficient information about the objectives innovation strategy, are not thoroughly familiar with the intentions of firm's innovation activities, may be in some activities passively. As a useful tool in this analysis can help managers create their own business model of innovation relationship management.

5.3 Conclusions

Based on the findings above the study concluded that Organizational subculture, organizational structure, organizational leadership capacity and organization rewarding practices influence the performance of Saccos.

The study concluded that organizational culture has an active and direct role in performance. Organizational culture contributes to the positive performance. Organizational structure plays a central role, as it defines how information flows and is aggregated inside organizations, allowing organizations to accomplish goals that would be otherwise unattainable by any of its individual members.

In addition, the study concluded that identifiable actions characterizing leadership that positively contributes to effective strategy implementation are determining strategic direction, establishing balanced organizational controls, effectively managing the organization’s resource portfolio, sustaining an effective organizational culture and emphasizing ethical practices.

Further, the study concluded that incentives motivate or guide performance and support the key aspects of the strategy-execution model. Controls, in turn, provide timely and valid feedback about organizational performance so that change and adaptation become a routine part of the implementation effort. Controls allow for the revision of execution-related factors if desired goals are not being met.
5.4 Recommendations

Based on the research findings, the study recommended that the institution should undertake an internal review of the administrative functions that impact the suppression/operations division and identify structure as one the determining factor of performance.

The study also recommended that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes. Strategies are formulated and implemented by managers operating within the current structure.

In addition, the study recommended that the organization need to have effective board of directors and a clear chain of command. Transformational leadership should also be upheld in order to bring positive changes within the organization and thus an improved performance.

5.5 Areas for Further Studies

The study sought to find the effects of on organization subculture, organization structure, organization leadership capacity and organization rewarding practices. This called for the analysis of UNAITAS Sacco only, thus area for further studies could consider public sectors for example state owned corporations for purpose of making a comparison of the findings with those of the current study.
REFERENCE


Jooste, C & Fourie, B (2006) The role of strategic leadership in effective strategy implementation: *Perceptions of South African strategic leaders*


Ongaki, K. B. (2012). Determinants of profitability of deposit-taking microfinance institutions and co-operative societies that have front office service activities registered with Sasra (Doctoral dissertation, University of Nairobi).


Appendix I: Letter of Introduction

Dear Participants,

I am a student at MUA University. I am conducting a research on factors influencing performance of Saccos in Kenya: a case of Unaita Sacco. Kindly fill up this information and return. Any information obtained for this purpose will be kept strictly confidential and will only be used for academic purpose. Your cooperation will be highly appreciated in this regard. Thank You!

Yours truly: Edna Mwangi

Appendix II: Questionnaire

Social demographic information

1. Gender of respondents
   Male □
   Female □

2. How old are you? (Years)
   Less than 30: □
   31-40: □
   41-50: □
   Above 50: □

3. What is your level of education?
   Primary □
   Secondary □
   College □
   University □

4. How long have you been employed in the company
   a) less than 1 year □
b) 2 to 3 years  

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization supports innovative culture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization supports an employee participative/ involvement culture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization supports mission focus culture.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization insists on the consistency of effectiveness.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization supports a customer focus culture.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section A: Organizational sub-culture

This section attempts to establish the effect of organizational subculture on performance.

Use the likert scale. The response scale for the questions is as below:

1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5 = Strongly Disagree

Section B: Organizational structure/governance

This section attempts to establish the effect of organizational structure/governance on performance.
Use the likert scale. The response scale for the questions is as below:

1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5 = Strongly Disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has proper governance structures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has an effective board of directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has an appropriate independent directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has a fully functioning audit committee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has a clear chain of command</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section C: Organizational leadership capacity

This section attempts to establish the effect of organizational leadership capacity on performance

Use the likert scale. The response scale for the questions is as below:

1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5 = Strongly Disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization leadership is transformation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization employs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>----------</td>
<td>---------</td>
<td>-------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>participative leadership style in management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization employs transactional leadership style in management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization leadership plays the relevant oversight roles.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization leadership is familiar with the current business trends.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Section D: Organizational rewarding practices**

This section attempts to establish the effect of organizational rewarding capacity on performance

Use the likert scale. The response scale for the questions is as below:

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The organization have a policy for reviewing salaries for employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees are paid commission commensurate to their position and sales targets in employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees receive financial or non-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>----------</td>
<td>---------</td>
<td>-------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>financial Rewards and compensations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees are given Bonus when the company performs well.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary paid to employees is commensurate with skills and job responsibilities.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section E: Performance

This section attempts assess performance of Unaitas Sacco

Use the likert scale. The response scale for the questions is as below:

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The organization has experienced an improvement in profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has experienced an improvement in total assets/base assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has experienced an improvement in customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has experienced an improvement in internal processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has experienced an</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement</td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
<td>Strongly agree</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------------------</td>
<td>----------</td>
<td>---------</td>
<td>-------</td>
<td>----------------</td>
</tr>
<tr>
<td>improvement in employee satisfaction</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Appendix III: Research Work Plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>TIMEFRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topic selection &amp; approval</td>
<td>Month 1</td>
</tr>
<tr>
<td>Supervisor appointment</td>
<td>Month 2</td>
</tr>
<tr>
<td>Produce draft proposal</td>
<td>Month 3</td>
</tr>
<tr>
<td>Incorporate supervisors reviews</td>
<td>Month 4</td>
</tr>
<tr>
<td>Proposal ready for presentation</td>
<td>Month 5</td>
</tr>
<tr>
<td>Incorporation of panel comments</td>
<td></td>
</tr>
<tr>
<td>Pilot testing of questionnaire</td>
<td></td>
</tr>
<tr>
<td>Data collection</td>
<td></td>
</tr>
<tr>
<td>Data processing and analysis</td>
<td></td>
</tr>
<tr>
<td>Review of draft by supervisor</td>
<td></td>
</tr>
<tr>
<td>Incorporate supervisor comments</td>
<td></td>
</tr>
<tr>
<td>Submit thesis</td>
<td></td>
</tr>
<tr>
<td>Defend thesis</td>
<td></td>
</tr>
</tbody>
</table>

Appendix IV: Estimated Research Budget

<table>
<thead>
<tr>
<th>TASK/ACTIVITY</th>
<th>COST(Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilot Testing of questionnaire</td>
<td>5,000</td>
</tr>
<tr>
<td>Questionnaire printing &amp; photocopying</td>
<td>20,000</td>
</tr>
<tr>
<td>Local Travelling for data collection</td>
<td>10,000</td>
</tr>
<tr>
<td>Field data collection</td>
<td>10,000</td>
</tr>
<tr>
<td>Data sorting, coding &amp; input</td>
<td>40,000</td>
</tr>
<tr>
<td>Data Analysis</td>
<td>50,000</td>
</tr>
<tr>
<td>Printing &amp; binding thesis report</td>
<td>20,000</td>
</tr>
<tr>
<td>Contingency budget</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>175,000</strong></td>
</tr>
</tbody>
</table>